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**DHARMAJ**<sup>®</sup>  
CROP GUARD LIMITED

Limitless  
GROWTH

June 06, 2025

To,

BSE Limited Corporate Relationship Department PJ Towers, 25th Floor, Dalal Street, Mumbai- 400 001	National Stock Exchange of India Limited Exchange Plaza, Plot No.C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.
BSE Scrip Code No. 543687	NSE Symbol:-DHARMAJ

Dear Sir/Madam,

**Subject: - Transcript of Earning Call of Q4/FY2025 Financial Results [Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

With reference to our previous intimation for the Q4FY25 Earnings Conference call of the Company held on June 03,2025 at 12.00 PM IST and further in accordance with the requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule-III Part-A thereof, we hereby inform you that the transcript of the Earning Conference call of Q4/FY25 Financial Results is attached as **Annexure –A;**

**The same is also being made available on the Company's website at:**  
<https://www.dharmajcrop.com/investor/investors-analyst-meet-conference-call/>

We request you to kindly take note of the same and consider for official records.

Thanking you,  
For Dharmaj Crop Guard Limited,

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**Malvika Bhadreshbhai Kapasi**  
**Company Secretary & Compliance Officer**  
**ACS-52602**



**“Dharmaj Crop Guard Limited**  
Q4 & FY'25 Earnings Conference Call”  
June 03, 2025



MANAGEMENT: **MR. RAMESHBHAI TALAVIA**  
CHAIRMAN AND MANAGING DIRECTOR  
DHARMAJ CROP GUARD LIMITED

**MR. JAMANKUMAR TALAVIA**  
WHOLE TIME DIRECTOR  
DHARMAJ CROP GUARD LIMITED

**MR. VISHAL DOMADIA**  
CHIEF EXECUTIVE OFFICER  
DHARMAJ CROP GUARD LIMITED

**MR. VIKAS AGARWAL**  
CHIEF FINANCIAL OFFICER  
DHARMAJ CROP GUARD LIMITED

**Dharmaj Crop Guard Limited**  
**Q4 and FY'25 Earnings Conference Call**  
**June 03, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Dharmaj Crop Guard Limited Q4 and FY'25 Earnings Conference Call hosted by TIL Advisors.

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.

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

**Sayam Pokhrana:** Thank you Steve. Welcome everyone, Good afternoon and thank you for taking out the time to join us in this earnings conference call of Dharmaj Crop Guard Limited. The investors update have already been uploaded on the stock exchange and on the company's website.

To take us through today's results, we have with us from the management Mr. Ramesh Talavia – Chairman and Managing Director, Mr. Jaman Talavia – Whole Time Director, Mr. Vishal Domadia – Chief Executive Officer and Mr. Vikas Agarwal – Chief Financial Officer.

We will start with a brief opening remarks on the business performance from Ramesh sir, followed by opening remarks and financial performance by Mr. Vikas Agarwal and then open the floor for the Q&A session. I would like to remind you all that anything and everything said on this call represents 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 mentioned in our annual reports.

With that said, I would now like to hand over the call to Ramesh sir. Over to you sir.

**Ramesh Talavia:** Good Afternoon everyone and thank you for joining us today. The past year has continued to be challenging for the Indian agrochemical industry. Adding to the sluggish environment of 23-24 marked by challenging environment, pricing pressure and disruption in key export markets. Despite this headwind Dharmaj has continued to demonstrate notable growth in its style of operation be it in existing formulation business or the emerging active ingredient business. Our revenue from operations for quarter four stood at Rs. 210 crores, a significant increase of 81% over the previous year. This growth was possible due to formulation business branded and

institutional and increasing progress of our new growth that is active ingredient. The rabi season unfolded as per our expectation driving strong growth in second half of FY'25 and allowing us to partly offset the impact of irregular monsoon during the kharif season particularly in August and September '24. As a result, we successfully delivered our topline target for FY'25 of Rs. 951 crore registering a healthy 45% growth year-on-year. It is important to recognize that this topline performance was delivered despite a lower pricing environment and ongoing industry challenges. Our volume growth has been 25% to 30% across the majority products. Even though value growth does not fully capture this account of lower realization. We also headwinds in export business particularly in the early part of the year due to social and political disruptions in markets like Bangladesh. However, our strong revenue growth has not translated into higher profitability. The lower product price and front loaded expenses related to our Sayakha facility has compressed our margin especially in the new active ingredient segment. Well, Sayakha has ramp up well in its first full financial year of operation, is operated below financial price due to its industry wise price pressure. Nevertheless, we have met our production and capacity utilization target and we are confident that the ground work laid this year will bring stronger results as we move further. Looking ahead, we are optimistic about the future. The ongoing kharif season has given positively supported by favorable monsoon forecasts from the Indian Meteorological Department which projects rainfall at 106% of long- period average. This forms well for agriculture economy and by extending our business we are eyeing healthy growth in the ongoing kharif season.

Our focus remains clear, we will continue to scale formulation business and accelerate the ramp up of active ingredients. Aiming for improved profitability as the industry environment improves we are also excited for new product launches and our recent geographical expansion which position us well for continuous momentum in FY'26 and beyond. Additionally, the export market recovers and the new product registration comes through. We anticipate the growth to come back in the export and thus diversify all our revenue streams. I also want to highlight that during this entire downtime Dharmaj has been consistently winning more market share in this industry. We have been consistently outgrowing the industry by healthy purpose thus securing stronger position within the industry which will help us leverage our position as the industry environment becomes more conducive.

For the some highlights on financials, I would like to invite our CFO, Mr. Vikas Agarwal.

**Vikas Agarwal:**

Thank you sir. Good afternoon everyone. While most key point have already been addressed by Ramesh sir, I would like to highlight a few additional aspect for everyone's benefit.

On the working capital front, we observed an increase in trade receivables. It is primarily due to higher sales reported in Q4 and to some extent in Q3. A significant portion of our trade receivable by around 75% is attributable to sales made from Q4 onwards resulting in a relatively low return. Similarly there has been a notable rise in trade payables which results to procurement activity in the later part of the year. Again, a direct consequence of the increased

business volume during H2 FY'25. As a result, our cash conversion cycles have improved, decreasing from 84 days last year to 67 days this year. This improvement has also contributed to stronger cash flow from operations in FY'25. It is important to clarify that part of the increase of inventory is due to active ingredient business which by nature involves longer manufacturing cycle. The remaining inventory is in the preparation of for the upcoming kharif season.

At Sayakha we have achieved a comfortable ramp up in the operation. In its first full year, revenue from operation for active ingredient is Rs. 217 crores with domestic sale accounting to Rs. 200 crores. We anticipate future growth in export sales in the coming year as product registration is in progress. With Rs. 217 crore in sales Sayakha contribute to some EBITDA loss while PBT loss was even higher on account of higher depreciation and interest. On the leverage plan we continue to maintain a moderate debt to equity ratio of 0.29 a slight improvement from last year of 0.31. Term borrowing related to the new plant has reduced to Rs. 75 crores from Rs. 86 crore, with the remainder consisting of short term working capital in it. Our debt servicing ratio remains robust and we continue to maintain healthy liquidity supported by unutilized working capital.

With that said we would like to open the floor for question and answer.

**Moderator:** Thank you very much sir. We will begin the question and answer session. The first question is from the line of Ankit Manocha from Azidi ventures. Please go ahead.

**Ankit Manocha:** Namaskar, What is your outlook for FY'26? What could be the growth in topline and what could be our EBITDA margin percentage?

**Ramesh Talavia:** Topline growth as we expected for FY'26 is 20% to 25% in all segments, B2B, B2C and some export also.

**Ankit Manocha:** What will be the outlook for EBITDA margin?

**Ramesh Talavia:** Our EBITDA margin will also improve around 1%.

**Ankit Manocha:** Year-on-year, means 1% from last year or 1% from last quarter?

**Ramesh Talavia:** Sir, it will be 1% from formulation, overall it will be improved around 9.5%.

**Ankit Manocha:** Alright, secondly I wanted to understand the impact of China's tariffs. If US imposes tariffs on China, so can we anticipate any pricing pressure on your products and your market? How many of your product portfolio will get effected because of imports from China?

**Ramesh Talavia:** There will be no effect from Chinese imports. What will happened from that?

**Ankit Manocha:** In competition?

**Ramesh Talavia:** Competition, our agrochemical industry has a lot of dependency on Chinese imports, but we have not that much dependency. We import around 25% from China and there will not be any negative impact from that.

**Ankit Manocha:** Sir, I am talking about finished products. You do not import finished products from China in competition, right?

**Ramesh Talavia:** No, we do not import any finished products from China. We import raw materials. In our industry there will be no harm or impact.

**Management:** What we import from China and our product mix from here is different. So it does not have a direct competition. Dumping from China has lower rate, so we will get benefit from it because formulation is raw material in a lot of product. There is no direct competition. The molecule supplied by China and India is different.

**Ramesh Talavia:** Its effect might be on exports. Competition issue comes when the exports we do for China and the exports we do after importing raw materials from China, but we do not have any segment like that.

**Ankit Manocha:** Okay sir. Thank you. And secondly, if I look at the base of H1 of first half of last year, we did not sale from sayakha perhaps our margin was also very healthy, we were doing margin of 10%, 11% comfortably. Can we say that, this time H1s base outlook ahead, if I compare H1 of this this year to H1 of previous year, our EBITDA could be compressed because there is a little bit of pricing pressure.

**Ramesh Talavia:** No, EBITDA will improve compared to last year because our business is seasonal. You must have marked H1 is better than H2. So, the H1 for this year will improve as compared to the H1 of the last year. As we told our topline growth will be in the range of 20% to 25%.

**Ankit Manocha:** Yes sir. You were telling that your H1 margin will be better because you are anticipating topline growth of 20% to 25%.

**Ramesh Talavia:** Yes. Definitely.

**Ankit Manocha:** And the pricing pressure that you are talking about in Q4 Earnings conference call. Will there be no impact of that? How will be your Q1 pricing?

**Ramesh Talavia:** No, pricing is stable and there is no downward trend from last two months. Pricing is stable, there is no downward trend.

**Ankit Manocha:** Alright, and my next question is on secondary sale. Do you measure your secondary sale in B2C? Is it like there is channel stocking or how do you know about sale is going to final consumers?

**Management:** Generally, there is no secondary sale. The sales to dealers and distributors is final sales.

**Ramesh Talavia:** There is no stockiest & C&F system.

**Ankit Manocha:** Is there any risk on return on sales?

**Ramesh Talavia:** There are returns, but it is minor. It is around 1% sometimes due to wrong dispatch. We do not have return policy.

**Ankit Manocha:** Finally, if I remove the impact of Sayakha, then what will be the effective percentage of EBITDA margin? I understand that your margin will not get affected now but what will be your overall EBITDA excluding from Sayakha?

**Ramesh Talavia:** Excluding Sayakha, the EBITDA margin will be around 11%.

**Moderator:** Thank you. Our next question is from the line of Rajat Setiya from ithoughtpms. Please go ahead.

**Rajat Setiya:** Thanks for the opportunity. Sir, one question was that, on technical level what will be our gross margin for the full year?

**Vikas Agarwal:** On technical level gross margin around 19%.

**Rajat Setiya:** Alright. On EBITDA level and PBT level what will be our loss technically?

**Vikas Agarwal:** On EBITDA level there is a loss of Rs. 7 crore and on PBT level there is a loss of Rs. 27 crore but in PBT level we have to consider Rs. 2.5 crore from interest subsidiary which is to be received. So, actually at PBT level it was Rs. 25 crore.

**Rajat Setiya:** Our gross margin is 19% in this year. What do you think s per current outlook and current situation, how much gross margin will be needed in coming years?

**Vikas Agarwal:** In technical, we have taken it as 22%, around 20% to 22% in technical.

**Rajat Setiya:** Okay, it can be 22%, 23% this year?

**Vikas Agarwal:** Yes, on a conservative mode we have taken this. It might increase, it depends on the market actually.

**Rajat Setiya:** Okay. Sir, Cyhalothrin is our main product for this year?

**Ramesh Talavia:** Our major products are Fipronil, Alfa Fipronil, Lambda Cyhalothrin, Bifenthrin and we have lined up so many products suppose 10 products are in the plant are going on, in that

additionally we have started Thiamethoxam, CTPR, Metalaxyl, Pymetrozine so it total we have ten products lined up.

**Rajat Setiya:** Okay, can you tell about the pricing movement about the main products? Were they flat in last two, three months or there are some changes?

**Ramesh Talavia:** No, from last two, three months it is mostly on stable side. Sometimes it Rs. 5 – Rs. 10 plus or minus, majority if you look at the bundle of products then it is stable.

**Rajat Setiya:** And sir last year's average of these products, we have done sale of Rs. 200 crore, whatever was the average and the prices now, how much will be the difference in that?

**Ramesh Talavia:** If we talk about this improvement, it is better from last year if we compare.

**Rajat Setiya:** Okay. Can you give some indication on how much it is better?

**Ramesh Talavia:** For indication can tell you this, that last year we had to sell some products on loss but it is not like that this time.

**Rajat Setiya:** Okay and sir big congratulation, last year on technical side for new plant you gave estimation of Rs. 150 crore and you finished it on more than Rs. 200 crore, a big congratulations on that. So, we plans for export from this plant, right?

**Ramesh Talavia:** Yes, we did export last year.

**Rajat Setiya:** Okay. How much was export? Rs. 10 crore, Rs. 15 crore?

**Ramesh Talavia:** Tentatively speaking our export was Rs. 15 crore, Rs. 17 crore.

**Rajat Setiya:** If we talk about gross margin, is there any difference in export sales and domestic sales?

**Ramesh Talavia:** No, there is no major difference. There will be a difference of 2% to 3%.

**Rajat Setiya:** Okay and sir going forward, we can do sales of Rs. 400 crore – Rs. 450 crore from this plant at full potential. Out of this how much are you targeting exports?

**Ramesh Talavia:** Our exports could be around Rs. 60 crore to Rs. 75 crore.

**Rajat Setiya:** Okay, so majority will be in domestic.

**Ramesh Talavia:** Yes.



**Rajat Setiya:** And sir the pricing situation has no link with China because the products that we make and we sell it in China. So, is there domestic over capacity from these products as there is pricing pressure in industry?

**Ramesh Talavia:** It is from China to India like we are making Pyrethroids , Fipronil alpha, Bifenthrin China is not there in that actually, so we can do major exports of that product, as I told about other product Thiamethoxam, CTPR, so we purchase its intermediary from China and then we do the process of making it technical. We utilize is domestically because we cannot export those products because China directly exports it everywhere, so our pricing does not match in competition. Our major export is of Thiamethoxam and its intermediary like last year we started exporting Pyrethroids and their intermediates, like we started CMAC export in China. So, now we have five, six customers in China, it all got line up. We exported 1,2 containers also, so now we are fulfilling monthly and yearly requirements and export will be of that product only. That is why we are majorly exporting export is Pyrethroids and its intermediary, there is no export of other product. We have competition with China in export like we are importing intermediary and then we are making technical of that and if we plan to export it is not possible. No company will be able to do it. China has no role in domestic sales.

**Ramesh Talavia:** We have set our product portfolio in Sayakha plant for future in a way that the product that we make, suppose Thiamethoxam that we make, so the Thiamethoxam maximum it is used in capacity consumption domestically. We also do technical sales after doing formulation we sell in institutional, and we also sell in B2C. So, we are lining up such products where we have selling point in also the three places. We can sell in technical, domestic, after doing formulation we can sell in institution and B2C. We lined up last year, Thiamethoxam, CTPR, Metalaxy, Pymetrozine, Tebuconazole same kind of products we are identifying two, three more products to add in that portfolio, it can be used in maximum capacity consumption and in formulation and rest this Pyrethroids exports, we are lining up its exports where the opportunities are available.

**Moderator:** Thank you. The next question is form Sanjay from Baskin Research. Please go ahead.

**Sanjay:** Hi sir, thank you for the opportunity and congratulations on a very good set of numbers. Sir, my question is we are targeting an Rs. 2,000 crore revenue in 2030, means we are targeting 20% growth every year but in the past our growth has been 35%, 40% in the last three, four years. So have you put the growth lower guidance on the conservative side? If you can talk something about this.

**Ramesh Talavia:** Sir, we are taking conservative numbers and secondly what happens when we are doing business of Rs. 200 crores it can go to Rs. 250 crore, Rs. 300 crore but Rs. 1,000 crore cannot be Rs. 2,000 crore.

**Sanjay:** Right, okay.

**Ramesh Talavia:** It depends on the number. Suppose, we have done Rs. 951 crore, so if we take 30%, 40% of Rs. 951 crore then risk is more. So, we are taking conservative growth, keep doing 20%, 30% average growth and we can complete our vision of crossing Rs. 2,000 in 2030 on safe side.

**Sanjay:** Okay sir. Thank you so much. And sir Rs. 2,000 crore revenue that we are talking about, there will be no CAPEX in that?

**Ramesh Talavia:** There will be no major CAPEX. Little bit is there.

**Sanjay:** Okay, sir my second question was that in the past we used to talk about increasing margin by 3%, 4% from 11%. Earlier we were talking about 13%, 14% margin at EBITDA level, I understand that this year cost heavy for us and because of that our margin was less but if I think about two, three years from here, are we thinking about reaching to 13%, 14% margin. Do you think it will happen sir?

**Ramesh Talavia:** Si, it will definitely happen because our capacity utilization will keep on increasing, so it is natural our overhead will remain fixed. So, EBITDA level will increase. Last year was the first year of our Sayakha plant. Right? So, the capacity that we utilized last year that will increase our capacity utilization for this year. Like, we did production of 4,700 tons so this year naturally we will go up till 5,000, 5,500 tons. So, the production that has increased, in comparison the will not increase that much.

**Ramesh Talavia:** So, the game plan, our EBITDA margin will increase and secondly our interest cost will come down as compared to last year.

**Sanjay:** So, sir we will reduce debt this year, how much will it reduce.

**Ramesh Talavia:** Naturally the principle which comes down.

**Moderator:** Thank you. The next question is from the line of Pavan kumar from RatnaTraya Capital. Please go ahead.

**Pavan Kumar:** Sir, did I heard it right that this time the production was 4,700 ton of technical plant and next year we are aiming for 5,500 ton? Is it correct?

**Ramesh Talavia:** Yes, 100% correct.

**Pavan Kumar:** Sir, from technical plant how much we use for captive consumption and how much we use in exports and how much we use in formulations?

**Ramesh Talavia:** Around 30% is our captive consumption, intermediate and in technical. And 8% to 10% is used in formulation.

**Pavan Kumar:** Okay, 8% to 10% is used in formulation.

**Ramesh Talavia:** Yes that we sell to institutional.

**Pavan Kumar:** Okay. And sir how much technical are we selling directly?

**Ramesh Talavia:** Last year we did direct sales of Rs. 200 crores.

**Pavan Kumar:** Okay, this is external sales without the captive that we consume right? Correct?

**Ramesh Talavia:** Yes, right.

**Pavan Kumar:** Okay, and sir last year also we were telling that the capacity of formulation is 51% and this year also we are saying that the capacity of formulation is 51%. But still, revenue are not so, revenue are up, does that mean that product mix has changed. What is the reason behind this difference?

**Ramesh Talavia:** Generally, by working in B2C, we focus on the product in which the margin is high, its value is also more so we are slowly reducing, discontinuing commodity product. Last year we discontinued around eight to ten products, in which there was no volume and margin. And we are focusing on valuable products, that is why you seeing the capacity utilization of formulation business less. And another reason is, we cannot utilize more than 60% of any formulation unit because the product depends on season to season. One products works only in rabi season for two months and then does not work for the whole year. So, in that type of formulation unit on around capacity utilization is 50%, 60% maximum it is 65%, it cannot be more than that.

**Pavan Kumar:** Okay. Are we trying to grow over 25% in formulation business? 20%, 25% or is it difficult.

**Ramesh Talavia:** There will be growth around 20% in growth.

**Pavan Kumar:** Okay. We are saying that we do not require CAPEX for now right?

**Ramesh Talavia:** We do not require major CAPEX. But we have planned now, that our herbicide unit, we are developing it at other location, the existing formulation unit has space issue. So, we have recently acquired land and we will plan it. So, in this we will require CAPEX of Rs. 15 crore, this year will go in this and next year we will use its capacity.

**Moderator:** Thank you. The next question is from the line of Smit Shah from JHP Securities. Please go ahead.

**Smit Shah:** Hi sir, I want to know that we have given the guidance of 20% for growth for FY'26, we said that in technical plant we have done Rs. 200 crores and ramp up was good, we said that if in two years there will be good ramp up then it will be around Rs. 400 crores, so you will get Rs.

200 crore that is 20% growth from technical. So does that mean formulation will not grow that much? If you will tell growth rate formulation wise and technical wise then it will be better.

**Ramesh Talavia:** In every segment there will be a growth of 20% to 25%. It will be in formulation and technical also. In formulation it will in B2C and in institutional sales also. Average growth will be 25% to 30%.

**Smit Shah:** So, in technical the revenue of Rs. 200 crore in FY'25, it will not be possible to generate revenue of around Rs. 400 crore in FY'26 right?

**Ramesh Talavia:** No, it will be possible around Rs. 250 crores to Rs. 260 crores.

**Smit Shah:** Sir, Companies like ours who are in formulations, listed ones, their EBITDA margin is 16% to 17%. So why our margin is lower in formulation business, it is 8% to 10%?

**Ramesh Talavia:** It is not less in formulation sir. It is 11% because of the average of technical.

**Smit Shah:** Okay, what is the EBITDA margin in formulation?

**Ramesh Talavia:** In formulation business EBITDA margin is around 16%.

**Smit Shah:** Okay. And sir we were about to get subsidy, did we get that? When are we expecting that?

**Ramesh Talavia:** Subsidy has been approved, the process will start now. We have got the approval from government's side.

**Smit Shah:** How much? It was Rs. 2.5 crores right?

**Ramesh Talavia:** Yes, right.

**Moderator:** Thank you. The next question is from the line of Kartik from Samatva. Please go ahead.

**Kartik:** A big congratulation to you sir for achieving topline growth of 45% in last year. My question is did we had any inventory loss in Q4 or anytime in the last year?

**Ramesh Talavia:** No, never.

**Kartik:** Okay, thank you sir. And my second question is in last few con calls we were told that of all the subsidies that we are receiving and after combing all of them the interest rate is 3% to 4% on our debt. What is our current interest rate and what will it be after receiving subsidy?

**Ramesh Talavia:** Our current interest rate is around 9% and 7% subsidy.

**Kartik:** Net to net how much debt can we take on interest rate?

**Vikas Agarwal:** Interest rate is 9%, it is 2.50 in value terms. We can take it 4% to 5% interest cost.

**Kartik:** Yes sir, and sir we said that in presentation that our export business will increase dramatically and as we are waiting for registration and we were told that our registration will come and it is nearby, If we are saying dramatically then what you told about 20%, 25% organically, regularly, are we expecting to come more from export?

**Ramesh Talavia:** In export the thing is sir, registration process is going on and it depends on the government of country where the registration is going on. Until the registration is in our hands we cannot count it. Understood? Our registration is lined up in Brazil and the process is going on in USA. As the registration will come our export business can grow a lot, till then we cannot be sure about it. That is why we did not count it in the growth path we are taking.

**Kartik:** And sir our branded formulation growth for this year was 14% and our historical growth has been more than that. Are we satisfied with the branded formulation growth of 14%? And our entry in South India, are the results at the expected level because we talked about team changes last time. Can you please give some sense on performance of top states including how it is going on in South India and why do we think that 14% that we did this year, next year we will do 20%, 25% in branded formulations?

**Management:** If we look into formulations in last year, because of price pressure it was 10% normally you can take growth of 25%. Price pressure is stable now, so we can predict of volume. Rest, the states we started with, we are stable in it. The sales of 7% to 8% this year we can predict that it can be 12% to 14% next year and the states that we open in 24 in UP and before that in North India, there is a lot of improvement there and we are doing better there. So, we can expect 25%, there is no doubt in that.

**Kartik:** Yes sir. We are increasing our customers list in institutional business. We have seen that some of the names that are given, their capacity is running on low utilization but we are getting business from them.

**Ramesh Talavia:** Sir, the products get changed in this.

**Kartik:** Can you give an example?

**Ramesh Talavia:** Yes, suppose if we talk about Coromandel. Our business that is growing from Coromandel, if you are saying that Coromandel's capacity is not utilized then Coromandel buys that product from us which it does not make. Today, we are handling around 200 products including formulation and technical. Every company cannot make every product, it has to buy something from outside, we are also buying it from outside like we are not making 2,4 - Dichlorophenoxyacetic acid we have to purchase it from Atul and Meghmani. We are utilizing

our capacity less but we have to buy it from outside because we cannot make that product. We do not have the infrastructure to make that product.

**Ramesh Talavia:** So, in that way every individual company has situation. A single company cannot make every product, so it has to take some products from outside and it sells some product outside.

**Ramesh Talavia:** Like, we are making Cypermethrin, we have not sold Cypermethrin to Heranba because they are making on their on. The products which they are not making we sell it to them. And the ones we do not make we buy it from them.

**Kartik:** Right sir. And just one clarification, as you already told that the new land that we got, can I understand that to increase the formulation capacity we are planning CAPEX worth Rs. 15 crore in next year and will this CAPEX complete in next year and the production will start?

**Ramesh Talavia:** Capacity will increase and we will shift the herbicide plant there. So, the location will change, we have the issue of space in formulation unit for material movement. That is why we are planning for unit.

**Moderator:** The next question is from the line of Gaurav Sud from Kanav Capital. Please go ahead.

**Gaurav Sud:** Yes sir, Many congratulations on doing such a huge production in technicals, this is an achievement. Just wanted to understand regarding technicals, when you formulated the plan of technicals plant, like you said your growth margin was 19%, this year you are targeting 22%, 23%. When you set up this plant and you invested this much CAPEX and you wanted return on it, so to get the desired return what should be your ideal gross margin?

**Ramesh Talavia:** Gross margin should be 25% to 26% on an average. More than 25%. Because of the price pressure in the industry, it has happened that our gross margin has reduced.

**Gaurav Sud:** Sir, the price pressure that is coming from the industry, on one side we are competing with China because in China there is not much work in Pyrethroids. So, the pricing pressure that has come, did it happen because in India companies have got over capacity? Why is it happening exactly?

**Ramesh Talavia:** We can say that there is a bit of overcapacity and secondly in the last two years, the exports that should have boom up have come down. If you will look at the export number of every company it has come down. When export will line up automatically everything will come in place.

**Gaurav Sud:** Earlier it was being said that, globally a lot of channel stockings happened, distributors were given a lot of stock which could not be sold further, because of that restocking was happening. So, sir I heard the con call of UPL, UPL said things are changing for them, they have done a lot of improvement in working capital plus they are saying that restocking has finished in USA,

South America and Europe and they are seeing that demand is coming back again. So, sir if globally restocking is happening so ultimately, should we not get benefits and exports should also start increasing in Pyrethroids.

**Ramesh Talavia:** It will happen sir. It is happening now.

**Gaurav Sud:** Okay, so you are hopeful that exports will improve this year of Pyrethroids overall.

**Ramesh Talavia:** Absolutely.

**Gaurav Sud:** Okay, sir another thing, this year in technical plant at PBT level there was a loss of Rs. 25 crores, so this year volume growth at PBT level, little bit gross margin will improve and utilization will improve, so do you see any scope of breakeven in technicals or not?

**Ramesh Talavia:** For now, we can do breakeven at EBITDA level in technicals.

**Gaurav Sud:** This year we can do at EBITDA level but cannot do at PBT level.

**Vikas Agarwal:** Gaurav Jee It actually depends on the pricing. On EBITDA level we are definitely going to breakeven but as far as PBT level is concerned it depends on how the pricing will go actually.

**Gaurav Sud:** Okay. So, sir monsoon progress is good this year, so how do you feel about our coming season and how do you see demands?

**Ramesh Talavia:** It is a lot better from last year.

**Gaurav Sud:** Okay, sir my question is when the IPO was launched, there was a goal of achieving Rs. 2,000 crore turnover in 2028. We have postponed it for two years, is it because of the challenges that have come in the industry the way you have thought it or is it because you feel that to grow at that level and to grow at that speed will be quite challenging the way the company's size is increasing.

**Ramesh Talavia:** No, we are moving ahead with that goal and there is no change in that.

**Gaurav Sud:** If I remember earlier your target was to achieve Rs. 2,000 crore turnover in 2028 then it was postponed further.

**Management:** This target of Rs. 2,000 crore was defined by us in 2018 that in 2030 we will achieve Rs. 2,000 crore in 2030.

**Gaurav Sud:** Okay, this was your target from earlier and 2030 was the date selected.

**Management:** Yes, will do it till 2030 and we told that it can definitely happen earlier because of the situation now. If we will do it according to 20%, 25% we will definitely achieve that goal.

**Gaurav Sud:** Okay, and sir my final question is, the original molecules that you manufacture, you were also seeing that you could do collaboration with Japanese companies, is there any progress on that side, and is there any discussion?

**Ramesh Talavia:** We are on discussion, it has not been concluded yet.

**Gaurav Sud:** Okay, it has not been concluded. So are you hopeful on that side or do you think it will take some time?

**Ramesh Talavia:** It will take time but we are definitely hopeful.

**Moderator:** Thank you. The next question is from the line of Meghna Agarwal from Mount Intra. Please go ahead.

**Meghna Agarwal:** Hello, I was asking about the rainfall outlook that you are expecting in a broader way, what you think has the monsoon started coming in or you are expecting it to stop and come later. What are your views on that?

**Management:** IMD's forecast on monsoon is very positive, it is 106%, it is very positive at this point of time.

**Moderator:** Thank you. The next question is from the line of Madhur Rath from Counter Cyclical Investments. Please go ahead.

**Madhur Rath:** Sir, I wanted to understand that in this quarter our revenue has doubled and our trade receivables has also increased. Sir, I wanted to understand that have we sold out stock in the market for the coming season and whatever the margins we will receive in the next one, two quarters, will we book it according to the money that we will receive or is it something else that margin is different in this quarter.

**Ramesh Talavia:** It is not like that sir. Generally, companies start planning for next year in February, March. So, if you will see our major sales growth is in institutional.

**Madhur Rath:** Sir, in institutional margin is lower from others and one more question was

**Ramesh Talavia:** Generally, in institutional margin is less and major sales growth was from technical ingredients. There was a pricing pressure and institutional sales is more. B2C is less in last quarter.

**Madhur Rath:** Sir you told that in formulation EBITDA margin is 16%, are we talking about branded formulation or institutional formulation?



**Ramesh Talavia:** Branded formulation.

**Madhur Rathi:** Okay sir. And sir I wanted to ask that our inventory and trade receivable have increased, so in September quarter we will bring it to how many days?

**Ramesh Talavia:** Sir, what happens in last quarter is the planning for next year is more so there is more purchase, sometimes we get it at a good price so we acquire it. So, because of that we see little inventory but it is routine. You can see that it happens every year because it is like that only. Sales revenue has increased so inventory will also increase.

**Madhur Rathi:** Yes sir. And sir this quarter how much was technical sales and how much losses was there from technical. Sir, the breakeven that we are expecting next year are we expecting any pricing improvement or is it without any pricing improvement and if there is a little bit of pricing improvement EBITDA breakeven will turn positive.

**Management:** We will work on every aspect. There will be growth and revenue will increase so the capacity utilization will also increase so naturally our EBITDA margin will also increase and suppose our price remains stable then also.

**Madhur Rathi:** Okay sir. And sir how much was our losses in Q4 from technical plant?

**Ramesh Talavia:** We have not calculated losses from technical plant in Q4 yet.

**Moderator:** Thank you. The next question is from the line of Shreyas, an individual investor. Please go ahead.

**Shreyas:** Hello sir, from a promoter's perspective, in the next three, four years which of your business verticals do you see as a strength? Or which business vertical will be in focus?

**Ramesh Talavia:** Our major focus is on B2C in branded products and rest will be in institutional sales and exports.

**Moderator:** Thank you, the next question is from Vaibhav from Bulls Eye. Please go ahead.

**Vaibhav:** Hello, I want to know what will be the capacity utilization for this year.

**Ramesh Talavia:** Of technical plant?

**Vaibhav:** Yes.

**Ramesh Talavia:** Around 55% to 60%.

**Vaibhav:** 55% to 60% okay sir. And PAT margin guidance?

**Ramesh Talavia:** PAT margin will improve only sir when revenue growth will increase.

**Vaibhav:** Okay, Alright sir. Thank you.

**Moderator:** Thank you. Ladies and gentlemen this will be our last question, it is from the line of Maitri Shah from Sapphire Capital. Please go ahead.

**Maitri Shah:** Yes, hello. Congratulations for results. I have two questions. First, our sales for the first half is better, so how much growth are we expecting from first half?

**Ramesh Talavia:** 20% to 25%.

**Maitri Shah:** But it the overall sales growth that we are expecting for the whole year, so it could be a little more in first half.

**Ramesh Talavia:** Madam last year comparative sale of every quarter, so there will be parallel growth in it. Suppose in H1 of last year our business was more so growth will be according to that.

**Maitri Shah:** Okay, and our margin was 11% in first half so can we expect similar margin or overall you are expecting a

**Ramesh Talavia:** Margin will also improve in parallel.

**Maitri Shah:** Sir, there will an improvement of over 11% right?

**Ramesh Talavia:** Yes, right.

**Maitri Shah:** Okay, and our EBITDA margin for full year is 9.5%. Is it correct?

**Ramesh Talavia:** Approximately.

**Maitri Shah:** And what is the split of formulations and technical that you are expecting from target of Rs. 2,000 crore? Like 60:40, 70:30?

**Ramesh Talavia:** Technical will be around 30%, 35%.

**Maitri Shah:** And what is the margin that we can expect at that time?

**Ramesh Talavia:** There will be an improvement of 2%, 3% in margin.

**Maitri Shah:** Like 12.5%, 13%?

**Ramesh Talavia:** Yes, 13%.

**Maitri Shah:** Okay, thank you so much.

**Moderator:** Thank you. Ladies and gentlemen that was the last question. With that we conclude today's conference call. On behalf of TIL Advisors that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.