



NATH SEEDS®

## **Nath Bio-Genes (I) Ltd.**

(CIN L01110MH1993PLC072842)

03<sup>rd</sup> February 2020

The Manager-Listing  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai-400001

The Manager-Listing  
National Stock Exchange of India Ltd.,  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E)  
Mumbai-400051

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Subject- Transcript of Conference Call with the Investors/ Analysts.

Dear Sir/Madam,

The Company had organized a conference call with the Investors/Analysts on 31<sup>st</sup> January, 2020 post declaration of its Unaudited Standalone Financial Results for the quarter and nine month ended 31<sup>st</sup> December 2019. A copy of transcript of conference call held with Investors/Analysts is enclosed herewith and the same being uploaded on Company's website.

We request you to please take the above on record

Thanking You

For Nath Bio-Genes (India) Limited

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**NATH**  
**GROUP**

## Transcript

### Conference Call of Nath Bio Genes A3FY20 earnings

**Event Date / Time** : **31<sup>st</sup> January 2020, 02:00 PM IST**

**Event Duration** : **49 mins 28 secs**

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**Bharati:** Good afternoon ladies and gentlemen! I am Bharati, Moderator for the conference call. Welcome to Nath Bio Gene Limited's Q-3 FY 20 earnings conference call. At this moment all participants are in listen-only mode. Later, we will conduct a question and answer session. At that time if you have a question, please press STAR and 1 on your telephone key-pad. Please note, this conference is recorded. I now would like to handover the floor to Ms. Radha Agarawal from Go India Advises. Thank you and over to you ma'am.

**Radha Agarwal:** Good afternoon everyone and welcome to Nath Bio Genes Ltd's earnings call to discuss the Q-3 and 9 months FY 20 results. We have on the call Mr. Devendra Khurana, CFO and Mr. Madhav Dhande, Head of Marketing and Business Leads. We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the company faces. May I now request Mr. Devendra Khurana to take us through the company's business outlook and financial highlights. Subsequent to which we will open the floor for Q & A. Thank you sir, and over to you.

**Devendra Khurana:** Good afternoon ladies and gentlemen! Thank you for joining us for the Q-3 9 months earning con-call. I am sure you would have seen the earnings presentation which has been uploaded on the company website and the stock-exchanges. As you are aware, the seed business is clearly divided between two seasons – *Kharif* and *Rabi*. And Nath Bio Genes is one of the few companies in India which has a diverse product portfolio to cover both these seasons. Our cotton and paddy seeds are the key growth drivers in Kharif season in H1 and vegetable and plant nutrients supplement called 'Win Chi Win' drives the growth during Rabi season in H2. During this fiscal, the Kharif season was adversely impacted by erratic climatic conditions and elongated monsoon, which however, would be a boon for the Rabi season. Heavy monsoon meant all the water reservoirs were up to the brink at 75% capacity and area under Rabi crop has increased by about 8% as compared to last year. These factors would work well for the company in Q-3 and Q-4. For the 9 months FY 20 period, we delivered a 23% revenue growth, 24% EBITDA growth and 29% PAT growth on Y-o-Y basis. This was driven by a strong operating performance. We sold 3200 quintal of vegetable seeds achieving 92% of our volume guidance. During the same period, we also sold 25000 litres of plant nutrient Win Chi Win supplement. We are focusing on strengthening our distribution network in vegetable and PNS vertical. The vegetable segment saw significant hiring in the sales and marketing verticals under the leadership of Mr. Ravikumar duly guided by Mr. Dhande. We are also ramping up the sales and marketing teams in the plant nutrient supplements and are in the process of appointing exclusive distributors to strengthen our foot-prints in the segment.

Consequently, our gross and EBITDA margins for the quarter were slightly lower on account of paddy returns and additional credit which is passed to the trade to protect our growth. While the outcome from Kharif season were discussed in details during our Q-2 concall, I would like to once again highlight a few points here. Our cotton seeds have continuously ranked 1, 2 and 3 in the ICAR trials for two consecutive years and are performing well in the fields also. The farmers have accepted them well widely across the regions. We provisioned for around 21% sales return for quarter but were able to reduce it to almost 11% which is amongst the lowest in our recent past. Company continues to research and improve its seeds portfolio. Given our widely diverse portfolio, of top ranked seeds and our strong distribution network, we are confident of making our stated guidance of nil long-term debt and revenue target of 280 to 301 cr for FY 20. We have a strong revenue visibility for the next 3 to 4 years and I am confident of delivering superior returns. We expect sales from our top ranked cotton seeds to deliver a 4-times volume growth by FY 23 and our diverse vegetable segment to deliver a 30% CAGR during the same period. Lastly, I would like to reiterate that the company is staying put to the guidance given for FY 20 and the production is on target to meet the guidance for FY 21. With this I would like to conclude my opening remarks and open the floor for questions please.

**Bharati:** Thank you sir! Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press STAR and 1 on your telephone key-pad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing STAR and 1 again. Ladies and gentlemen, if you have a question, please press STAR and 1 on your telephone key-pad. The first question comes from Parthiv Jhonsa from NVS Brokerage. Please go-ahead sir.

**Parthiv Jhonsa:** Yeah, Hi! Good afternoon!

**Devendra Khurana:** Afternoon!

**Parthiv Jhonsa:** Yeah. Sir, I have got multiple questions actually, so I would start with the first one. So, I was just going through your, you know, last year's Q-4 results and this year's 9 months results and all. So, you know, our major revenue comes from Q-1 but even then, you know, in Q-4 we did last year, you know, we did top line of 55 crores and 5 crores of profitability. And we have grown 23% in 9 months but even if I assume 25% growth, I just want to understand your stance on our 400 crores of top line for FY 20-21 and you know, with the kind of production numbers which (Inaudible 7.18) cotton, paddy and vegetables, so (Inaudible 7.20) your stance on 20-21.

**Devendra Khurana:** A little bit of misconception, I won't say that now a days bulk of the revenues come from Q-1. We have been trying to balance between Kharif and Rabi for quite so many years. With the onset of extension in cotton definitely H1 will be a better revenue generator. But then, with the movement in vegetables and the PNS segment we also expect good results in H2 also. As regards... Let me complete please. Now, as regards, Q-4 is concerned or Q-3 is concerned, we always concentrate on some cotton, some paddy, some maize, major vegetable and PNS segment. Now, you are asking me about FY 21, say 400 crores. We expect the cotton to grow, paddy to grow at a lower pace. Cotton to grow... I am expecting 20 to 25 lakh packets next year hopefully. Paddy would grow at a regular pace. Vegetables I just said we expect to grow at 30%. Plant Nutrient Supplements also, growing at a respectable pace. Let us see, we

should be able to touch our target for next year. We still have time. The production like I said, is on target for all these.

**Parthiv Jhonsa:** Ok. And sir, this year's target also you said 280 to 301 crores of top line, with only 2 months to go, are you confident of achieving that kind of top line? Because I was just going on... I was just looking at the slide no. 5, you know, where you know, guidance achievable midterm is given. So, on a few places you are yet to achieve on huge targets. So...

**Devendra Khurana:** Who said?

**Parthiv Jhonsa:** So, will you be able to achieve... Win Chi Win...

**Devendra Khurana:** Who said that?

**Parthiv Jhonsa:** Win Chi Win, you have achieved a target of 45%

**Devendra Khurana:** Please understand, Win Chi Win is a Rabi crop, mostly. It always goes in the 4<sup>th</sup> quarter. We have achieved 25,000 which was almost 75% of the last year's sales.

**Parthiv Jhonsa:** Ok. So, you confident of achieving the 300 crore

**Devendra Khurana:** It should go through. Barring something which unnecessarily happens.

**Parthiv Jhonsa:** Of course. I can absolutely understand that aspect. Absolutely understand that. Ok. So, my next question was, you have anyways given a good target for next 5 years for paddy, cotton, vegetable and all, till FY 2023 almost I would say. As per your internal understanding, what kind of a top line you are looking at over next 5 to... may be 3 to 5 years kind of timeframe? Just for a rough understanding.

**Devendra Khurana:** My personal thought is that this company should touch 1000 crores.

**Parthiv Jhonsa:** By 2023?

**Devendra Khurana:** No. We are taking it too fast, right?

**Parthiv Jhonsa:** Yeah, that's what. I just wanted to understand.

**Devendra Khurana:** We are also trying to. By the time, I will come back to you at the end of this Financial Year. We will also give you our guidelines for next 5 years.

**Parthiv Jhonsa:** Ok. Ok. Thank you, I will...

**Devendra Khurana:** Today, if I start pitching and we do not feel confident about product being accepted by the market, guidelines are going to tend to go vary.

**Parthiv Jhonsa:** Correct, correct. Absolutely. I can understand and...

**Devendra Khurana:** We are very very confident about what is happening in FY 20, Production of 21 and if those go through, I will definitely come back to you people for 23 and even 25 for that matter.

**Parthiv Jhonsa:** Ok. Ok. Umm ... sir, I was just going through you know, the tax structure (Inaudible 11.05) practically not paying tax, so that anything due to our farming nature, is there any kind of allowance which you are getting from the government or... can you just throw some light on it?

**Devendra Khurana:** If you are talking about Income Tax allowances as given to rubber industry and others, that is not applicable for seed industry as on such.

**Parthiv Jhonsa:** No, no. I was just looking at your current tax. Which is like a very minute number when you compare, you know, so just wanted to understand is there any kind of incentive what we get or... Just wanted to under what kind of overall structure is there.

**Devendra Khurana:** We do not get any incentive as far as the government is concerned. No seed company gets it, but we are taking this as an agriculture income for which there is no tax.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** The tax that we are paying is basically on the income which do as trading, which we do not produce. So, the Win Chi Win like it is imported for it is produced all vegetables which we import or buy and sell without taking them through the agriculture route are not treated as agriculture income.

**Parthiv Jhonsa:** Ok

**Devendra Khurana:** And on those we are paying the tax, so you will find that the tax is minimal as compared to the turnover.

**Parthiv Jhonsa:** Ok. Ok. Got it. Sir, actually I was going through even your, just to, you know, go back may be a quarter or so, umm, in half-yearly result, there was a thing where you had appointed M K Ghatia and Associates as an internal auditor for the head office. So, is there a thing that, because these are the Company Secretaries. So, why not an internal auditor per say and why a company secretary. Just wanted to understand.

**Devendra Khurana:** I am, I am in umm... I am in touch with Grand Thompson.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** We already had a preliminary meeting. Hopefully next year, my internal auditors would change to that.

**Parthiv Jhonsa:** Ok. So, they are still M K Ghatia and Associate are still there?

**Devendra Khurana:** M K Ghatia and Associates are also nationally confirmed but this is just an interim arrangement for about 2 quarters. And by next year, I would have go roped in G T for my internal audit system. That is already in an advanced stage of discussion.

**Parthiv Jhonsa:** Ok. And also, if you see our, there is a huge item on balance sheet. The loans basically... on the assets side. Loans and advances of 108 crores on a top line of around 200 crores. So, can you just throw some light, what exactly is that loans given?

**Devendra Khurana:** This issue was discussed in last con-call also. Maybe you were not there. Let me re-touch it please. We have to... please understand, what happens is that I have to give advances to protect my production. The land is scares and good producers and good organizers are also not available aplenty. We have to give them advances for taking up production on my behalf.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** Now, if I expect this year to clock 20 lakh or 22 lakh packets, I would need to produce 25 to 27, may be 30.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** Now these advances given to these producers for next years' production are shown on the balance sheet on that particular day as advances.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** Now, even if I have removed, received the stock, I cannot negate off because I have to hold on to stock given by them to me against their advances for lack of quality testing.

**Parthiv Jhonsa:** Hmm...

**Devendra Khurana:** So, hence once that goes through, these advances gets cleared off against the credits.

**Parthiv Jhonsa:** Ok. And also, you know, trade receivables are on 130 odd crores against payables of you know, just mere 11 crores. So is that a thing that we have to pay our creditors on time and it is almost 7 to 8 months of trade receivables on book I would say. So, why such a huge parity between receivables and payables?

**Devendra Khurana:** Trade receivables also, this has become a pertinent question, you know, every time it must come up, which is good.

**Parthiv Jhonsa:** See, you know, it is a very big chunk of amount which is shown on the balance sheet.

**Devendra Khurana:** I understand. Let me also explain the debtor part of it. You see, as far as trade payable is concerned, I find that it is better to pay on time if I have the funds. Which I have because my accruals are good. Hello?

**Parthiv Jhonsa:** Hello... yeah...

**Devendra Khurana:** Yeah. So, we like to pay trade payables on time basically because my accruals are good. But I need to make my debtors, there is a reason why debtors are always a little on the higher side. Please understand that this company is enhancing growth. We need to compensate the people who are doing trade on my behalf.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** So, I have to give additional schemes and extended credit to these people so that they continue to sell my products.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** Now, I have 3 to 4 thousand distributors. In each vertical these distributors are represented. Vertical means field crop separately, vegetable separately, and Win Chi Win separately.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** So, even if every distributor holds a minimum of say, 2-3 lakhs, it goes to almost 70 to 80 crores.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** But, 2 good things. Firstly, we do not have many very bad debts. So, we are not worried on those because these distributors are with us for quite some time now. For years together.

**Parthiv Jhonsa:** Ok.

**Devendra Khurana:** And secondly, you don't have figures of 9 that is Q-3, but Y to Y, the debtors have reduced by almost about 30 to 35 days.

**Parthiv Jhonsa:** Ok. (Inaudible) as on end of Q-3.

**Devendra Khurana:** Sorry... Yeah, as on end of Q-3.

**Parthiv Jhonsa:** Ok. Ok.

**Devendra Khurana:** But, to put all of you at rest, we are continuously monitoring this and only need based debt is extended to the people. And we are in the process of reducing it time and again. And we are doing it.

**Parthiv Jhonsa:** Ok. So, but... out of that 130 crore... these are half yearly out of the 130 crores what would be the write-off that you would have done as bad debt?

- Devendra Khurana:** I just said, I just made a point that we hardly have any bad debt. We don't write-off.
- Parthiv Jhonsa:** Ok. Ok.
- Devendra Khurana:** We hardly have any bad debts.
- Parthiv Jhonsa:** Ok. Ok. But... so, you are saying, overall, end of Q-3 you will reduce by 30-35 days.
- Devendra Khurana:** It has. It has.
- Parthiv Jhonsa:** Ok. Ok. That's it from my side for now. If anything, else, I will definitely give you I will definitely ask you. Thank you so much. Thank you for all the clarifications.
- Devendra Khurana:** Welcome.
- Bharati:** Thank you sir! Dear participants, if you have a question please press STAR and 1 on your telephone key-pad. I repeat, participants, if you have a question please press STAR and 1 on your telephone key-pad. The next question comes from Rohit Nagaraj from Sunidhi Securities. Please go-ahead sir.
- Rohit Nagaraj:** Thanks for the opportunity and congratulations for good numbers sir.
- Devendra Khurana:** Yes Rohit.
- Rohit Nagaraj:** Yeah, sir, there is a question, we have maintained our guidance to 280 to 300 crores and we have done about 220 crores. So, we expect on a lower side of guidance 50 crores of increase in revenues in Q-4. So, most of the growth will be divided only between vegetables and Win Chi Win. That is understanding. Second thing is, given that one month is over for the quarter, how do we foresee to achieve this guidance in term of sales or order placement that has happened?
- Devendra Khurana:** Yeah Rohit, I already reiterated that we should hopefully be able to do it. Just now, the previous speaker said last year the Q-4 was around 55. I am sure and I hoping that my marketing people will be able to give me more than that.
- Rohit Nagaraj:** Alright. Fair enough. And sir, another question on the stock cost, so you mentioned that we have enhanced our sales team for vegetable segment, we are planning to add some exclusive distributors. So, what could be the incremental staff cost or the salary expenses that we need to expect, may be for FY 21 because this quarter we have had about 5 crores of staff cost with an increase from 4 crores in Q-1 and about 3.5 crores in Q-2.
- Devendra Khurana:** What you people are doing is you are looking at staff cost as a gross value. If you look at it as a percentage to the sales, and then you find that last Y to Y it has reduced 8.69 to 5.70 percent, right?

**Rohit Nagaraj:** Right, right.

**Devendra Khurana:** Now but... we contemplate to adding more to the staff. We have already added about 70 to 80 people for vegetables. We are thinking of advancing our field force for Win Chi Win also. And all these will finally result into the increase of top line. So, if I need to grow on the top line, I need to put good people on sales side also. Basically, the recruitment is taking place only in the market.

**Rohit Nagaraj:** Correct, correct. Fine. So, effectively next year the staff cost will certainly move up from the current levels. Because it will be streamlined and there will be addition of people.

**Devendra Khurana:** Percentage basis – no.

**Rohit Nagaraj:** Right. Absolute basis it will increase.  
(Inaudible 21.19) Hello!

**Devendra Khurana:** Yes please... I am here. Sorry...

**Rohit Nagaraj:** Yeah. Sir, absolute basis it will increase. On percentage basis, certainly it will come down.

**Devendra Khurana:** .... Here it may go up to 18, next year it may go up to 21. No problem.

**Rohit Nagaraj:** Right. Sir, and on the reservoir level, so what is the expectation, may be for Q-1 of the next financial year based on the current water reservoir levels? And feedback from the ground level of farmers?

**Devendra Khurana:** I think, I will request Mr. Dhande to answer that. It is a market, technical question.

**Rohit Nagaraj:** Yeah.

**Madhav Dhande:** Yes Mr. Rohit, good afternoon!

**Rohit Nagaraj:** Yeah. Good afternoon sir.

**Madhav Dhande:** Good afternoon. Basically, the situation for the agriculture and the seed industry is positive as of now because of the improved soil water levels. We are expecting the normal season. Particularly, our major growth comes from the cotton and paddy and for that initial water requirement is very very important to have normal crop and normal acreages. We are not foreseeing any uncertainties, that is why the first quarter is very crucial and we see that we will see from the industry point of view that it will be very normal as compared to last 2-3 years. There is no scarcity of the water. So, we are expecting that overall, all India level the paddy may increase, maize will certainly increase, Bajra will increase. Cotton may drop down a little at all India level – 10 percent. But being our market share in cotton at present at very initial stage and we are growing at the double speed. It is not going to harm us. Our paddy is well established, Bajra few of the cultivars are doing well and that is why the first quarter is

very crucial and we are hopeful of achieving the budget. Sometimes if the availability exceeds, or if we may get an opportunity, it may increase also. So, signs are very positive, trade is very positive, farmers are very positive. Prices of the produce are very good. Maize prices are good, and paddy prices are good. And then Bajra prices improved a lot and we are achieving the leadership position in crop segment. Cotton of course, because of very heavy rainfall this year (Inaudible 23.50) so cotton may dropdown. And (Inaudible 23.56) the late payment by the government to the farmers. So, it will impact upon but to the extent of 10%, but our stake is very low in cotton at this stage as compared to some of the competitors. We have no fear.

**Rohit Nagaraj:** Ok. Ok. That is good to hear. In terms of cotton, we are expecting close to about 2 million packets, how are we placed in terms of our inventory level for cotton, because the season must be over and we must have had, you know, the inventories must have been placed. So, we are comfortably placed to have that stock with us, right?

**Devendra Khurana:** Yeah. The production was lined up, areas were already marked, advances were made, cotton is under production, the crop has been reasonably good. And we are getting the returns back slowly over the period of time. We don't expect the inventory to shorten out for achieving the target for the next year.

**Rohit Nagaraj:** Perfect. And sir, just one last question on the international side. So, what is the progress on the Philippines, Sudan and Myanmar? Because last time we had some snippets on the same and what could be the potential for these particular geographies?

**Devendra Khurana:** You are talking for exports... See, last time as I said Philippines everything was sorted out, we were awaiting the government approval. no Movement in that but we are still awaiting for government to say yes. That is still awaited.

**Rohit Nagaraj:** Ok.

**Devendra Khurana:** As far is (Inaudible 0.15) is concerned we had done our testing in Kharif 18, we went for government trials in kharif 19, the results are out, production has been good, performance has been nice and the government is evaluating that. In the middle they have given us the permission for LST for kharif 20 which will be planted almost in the same kharif season that we do. I hope that that should do very well. If that goes well, we will go commercial in year 21.

**Rohit Nagaraj:** Ok. That is good. And Myanmar?

**Devendra Khurana:** Myanmar also we have got the government permission for trials and kharif 19. There we have 2-year trial period. Right, kharif 19 and kharif 20. 19 is looking like going well. 20 should go well because we are very confident. If that goes well, we will go commercial in Myanmar in 21 also.

**Rohit Nagaraj:** Right. Perfect, perfect. Thank you so much and best of luck! If there are any questions I'll come back later on. Thank you so much!

**Devendra Khurana:** Welcome.

**Bharati:** Thank you sir! Participants, if you have a question please press STAR and 1 on your telephone keypad. I repeat, participants, if you have a question please press STAR and 1 on your telephone keypad. The next question comes from Prafull Rai from Aarjav Partners. Please go ahead.

**Prafull:** Khurana ji, hi! one question, what is the total value of valuation reserves we have in the balance-sheet? Asset valuation reserves?

**Devendra Khurana:** I think it is 200. Exact figures I will have to take a little time.

**Prafull:** That is ok. Second is, by March 31<sup>st</sup> how much advances do we expect to receive from these cotton distributors in terms of rupees per packet?

**Devendra Khurana:** It should be between 35 to 40.

**Prafull:** 40 crores? 35 to 40 crores?

**Devendra Khurana:** Yeah.

**Prafull:** That is per packet?

**Devendra Khurana:** Mr. Dhande says a little more, but let me be a little conservative.

**Prafull:** Ok. Thanks. Thank you very much!

**Rohit Nagaraj:** Right, right.

**Devendra Khurana:** Welcome!

**Bharati:** Thank you sir! The next question comes from Viraj Kacharia from Securities Investment Management. Please go ahead.

**Viraj:** Hi! Thanks for the opportunity. Congratulations for a good set of numbers. I just have a couple of question. The first is on the paddy part of the business. You know, if I look at the overall hybrid rice seed market, we have seen a significant growth in last 4-5 years, so, from 9 – 10 thousand tons in 2012 we are now at least 55 to 60 tons market. But when we see, you know, that is what I want to

understand how our performance have been and who else is driving the market, you know, in hybrid seeds.

**Devendra Khurana:** Mr. Dhande is answering that.

**Madhav Dhande:** Hello Mr. Kacharia! Hello?

**Viraj:** Hello! Hi!

**Madhav Dhande:** Can you hear me?

**Viraj:** Yes, I can hear you sir.

**Madhav Dhande:** So far as hybrid rice is concerned, no doubt that segment is not growing but whatever the figure that you have given is correct, that is 4 lakh quintal to 5 lakh quintal total market. Although, contrary it is stagnant, and the research being developed by the companies like Associated Hybrid or the simple research. So those are things (Inaudible 3.45). So far as hybrid is concerned, we are already having a prominent market share. Now we are in a position to introduce one more product in Kharif 20. And initial test marketing of the two-hybrid rice, that will meet our requirements because what happened, in case of long duration hybrid we had very limited numbers, but now we are getting three hybrids. So, we can be in a position to represent the high duration segment – long duration segment also. And we expect that we will maintain our market share in the vicinity of 10 to 12%.

**Viraj:** Sir, who will be the other key players in the hybrid rice?

**Madhav Dhande:** In particularly hybrid rice, pro agro that is not... CSA Pioneer and Bayer, these are the leading. Then, upcoming is Dhanya Seeds that is Rallis Group. And then so many Indian companies are there.

(Inaudible – 4.45)

**Madhav Dhande:** We are in 4<sup>th</sup> number right now.

**Viraj:** Ok. And top 3 players, what would be there market share? Just to get a perspective.

**Madhav Dhande:** In fact, 22% market share is enjoyed by the CHI and Bayer, I think around 17-18% market share. Dhanya is at par with us 10%. Then (Inaudible 5.10) is there. Almost 40 companies are dealing in hybrid rice. And there are different segments, duration wise, size wise, cooking quality.

**Viraj:** What I understand is you are saying there is a gap in terms of product portfolio when it comes to hybrid rice and we are kind of looking at it, right?

**Madhav Dhande:** Particularly long duration which is presently almost 25% market.

**Viraj:** Ok. And how about the mid and the short duration?

**Madhav Dhande:** Mid and short duration we are comfortable.

**Viraj:** Ok. Ok. And so...for...

**Devendra Khurana:** Wait, wait. I would like to add here please. Dr. Ish Kumar our Research Chief on paddy has moved with us almost 3 years back and he is heading our Rice Research Farm at Medgel. And he has taken on himself only... He is secondly known as Father of Hybrid Rice in India. And he is working with the company to ensure that down the line, the product portfolio in the segments in which today we feel a little down are also augmented and supplemented. That is just an information.

**Viraj:** Ok. Ok. So, for us when it comes to paddy, in distribution also we are driver? You know, are we adequately covering regional network?

**Madhav Dhande:** See, we are very strong in eastern UP, western UP, Jharkhand, Bihar. Now we are catching up in Chhattisgarh, Odisha and Madhya Pradesh. At present we are weak in north i.e. Punjab and Haryana.

**Viraj:** But when it comes to Punjab and Haryana, traditionally there are markets where by and large conventional varieties are sown and yield currently for a hybrid which is not that attractive. So, from a cost cum additional yield it is not, you know, there are not much technologies also. How are we kind of looking to break-in?

**Madhav Dhande:** See, what happens, Punjab and Haryana conventionally go for the fine rice and coarse rice. But now the hybrids are picking up and that is why we were also not concentrating in Punjab. But now we started concentrating in Punjab to cope up the requirement because what happened is that market is also a very big market. Rather it is a (Inaudible 7.32) paddy market of India. And, UP, Bihar, Jharkhand these are the traditional hybridized markets. Those are not growing, those are stagnant. Only segments are changing and we have to keep watch on segments. Fortunately, we were weak in one segment that is being taken care of by the upcoming products.

**Viraj:** Ok. Alright. And any thoughts on... So, if I look at it broadly, we are mostly concentrating on cotton and paddy and growing on vegetable seeds part but any thoughts on looking on corn? Because is also hybridization is probably on mid stages or might be scope for us to... so...

**Madhav Dhande:** See, this Bajra is a tropical crop. Yes, we are aiming for upcoming hybrids are coming up. Many Indian companies may not compete with the multinationals. The kind of (Inaudible 8.34) they are having. So that we will have to go slow in case of Maize.

**Viraj:** Ok. So...Vegetables if you could provide some color in terms of how big is the market, how are we looking to, you know.

**Madhav Dhande:** Yes, in case of vegetables, after coming of Ravikumar as new Business Lead, he has taken very good steps where we are absent. He has outsourced the material from good company. That is a normal practice in vegetables. And now we are in agri segment. Cabbage, Cauliflower, Chilly segment and watermelon segments. So, we are foreseeing a very good growth by March end. And I am hopeful of a prominent presence in vegetable in Financial year 20-21.

**Viraj:** Ok. So, when you say outsourced material, are you kind of in-licensing, co-marketing? Is that the way one should understand?

**Devendra Khurana:** No. Not that way. Please understand our vegetable research team headed by Dr. Chandra Pathak has been in place for almost about 7-8 years now. The products of Tomato, Okra and Chilies and all that are our internal research created products – not bought, not sourced, not outsourced. And that is occupying almost 75-80% of vegetable portfolio. What Mr. Ravi is doing is, he wants to add into certain areas in which we are not having our researched products. So, to initially fill the gap, we may outsource, not on franchise or lease basis or something. But on procurement basis. And maybe, 2 years down the line we will also be able to give our researched products also.

**Viraj:** Ok. Ok.

**Devendra Khurana:** And lastly, I would also like to say that, we as a company would like to encash on our strength as on today, which is paddy, may be cotton then paddy, and vegetables and plant nutrient supplements. Other seed crops can generally wait. We will let it run, because we should be present but there is no point in expanding our fronts on all the sides.

**Viraj:** No, I understand the reason, I am just (Inaudible 10.54) because it is a market where the penetrations in case of hybrids are quite high (Inaudible 10.58) especially from MNCs like (Inaudible 11.03) and others so, just trying to understand how we are kind of looking to break-in. I mean one can (Inaudible 11.09) 25-30 crores...

**Devendra Khurana:** As far as vegetable is concerned, we had decided 2 years back to give it the kind of impetus that it requires. Accordingly, we raised a vegetable vertical. Because we found the research was good and the products are available. The need was to give it an impetus in the market. So, we created a vertical. We created a separate distributor channel. Then we got the people lined up and now Mr. Ravikumar was brought in to head that channel so that vegetables can be taken up to the kind of growth that it deserves.

**Viraj:** Ok.

**Devendra Khurana:** We planned, like I said in my opening remarks we planned to make a CAGR of around 30% in vegetable. If that goes through, we should be touching 100 crores in vegetables soon.

**Viraj:** Understand. How big is the market when you say vegetables? Because there are a lot of sub-segments.

**Madhav Dhande:** Hybrid vegetable market is around 5000 crores.

**Viraj:** Sorry?

**Madhav Dhande:** 5000 crores.

**Viraj:** 5000 crores. Ok. And, just last question, you know, if you look at part of the global consolidation what you are seeing in India also, companies,

MNCs say like, Bayer, Monsanto and like merge and they also understand using a lot of integration in solution in the market place. So, you have seed and crop production bundled into one solution. So, are you seeing any of those things, you know, any aggression in the market place which may affect our ability to scale up, you know...

**Devendra Khurana:** See, what happens is finally the strength of the product is what counts in the market.

**Viraj:** Right.

**Devendra Khurana:** If my product is good, it will beat any competition. We have been into research for a very very long time. And we have one of the best – top 3 or top 4 research people lined up with our company. And they are here to make a mark and they are here to prove a point. Competition in seed will always be there. We don't expect to override it, we expect to face it.

**Viraj:** Ok but are you seeing anything in the market or on the field anything? Because even Syngenta earlier tried to do similar kind of approach. So, just trying to understand.

**Madhav Dhande:** In fact, we should take it in a positive stand. Because vegetable business growth is almost 12% year-on-year. And multinational companies are entering into crop segments. That is why Indian farmers have also adopted to a good price for the vegetables. So, the Indian companies are doing good research. (Inaudible 13.51) available in India so far as vegetable is concerned. In certain crops it is a fantastic. So that is why India seed companies will thrive well in vegetables with a good margin. And multinational companies limit their business to certain crop segments only, not all crops.

**Viraj:** Ok

**Madhav Dhande:** And it is a good combination. I personally feel that the entrance of multinational companies in vegetables, it is a value addition to our product also.

**Viraj:** Understand. Ok. That is all. Thank you very much.

**Madhav Dhande:** Thank you!

**Bharati:** Thank you sir! Participants, if you have a question please press STAR and 1 on your telephone keypad. I repeat, participants, if you have a question please press STAR and 1 on your telephone keypad. The next question comes from Nitin Awasthi from East India Securities. Please go ahead.

**Nitin Awasthi:** Hello sir, thank you for taking my question. Sir, two questions and more on industry per say. So, there have been articles where they have been saying that in Maharashtra in particular there has been this hybrid – genetically modified cotton seeds which are not permitted by the government, which have been adopted by the farmers. (Inaudible 15.10) cotton seeds to be exact, at least that is what the papers were quoting. And is that affecting the industry as such? Because these are not coming

through official channels. Whichever channels they are coming through, are they taking some pie from the segment?

**Devendra Khurana:** I will answer it Awashi, Hello...

**Nitin Awasthi:** Yes sir,

**Devendra Khurana:** So, these are R R cotton that is the herbiant tolerant cotton. Or the roundup ready cotton. Unofficially it is being produced and it is being sold. But one thing is phenomenal, it is getting in certain corner of the state, particular state. It is not getting sold in Madhya Pradesh, it is not getting sold in Karnataka. It is only getting sold in Nagpur belt or Vidarbha belt of Maharashtra. Then Adilabad area of Andhra Pradesh. But one thing is very fantastic, that once that particular village or grower goes for the HT cotton, the next year he will not go for it because what happened that physiological reddenning, reduction in yield is tremendous. Why it is so? Because it is RR cotton. Roundup ready cotton. But (Inaudible 16.39) gene is not incorporated in it. That is why it adversely affects the cotton life also that is called as physiological disturbances in the plant. So, no doubt, at present they are occupying some 18 to 20 lakh packets out of 500 lakh packets, but it is stagnant since last 2-3 years. And now what happens is, in normal cotton also, the cotton that we are selling, developed by Monsento. For that also selective herbicides are available. And people, they can very well go in the cotton with the herbicides. So, that limitation is also going out.

**Nitin Awasthi:** Ok sir. Understood sir. Sir, the second question was on the front of a specific news which had come through some of the rice institutes in India which started to quote saying that, specially a Kushara is in development in India, there was a special hand from government in the research side. They should be getting a pie from the gain that is made from that. May be a cess or something should be levied wherever the government research is concerned. Any news or anything like that which has come to your understanding or any talks ever happened in the past and any outcome of those?

**Devendra Khurana:** Umm. Not so. Of course, Pusa may have approached for rice development. Most of the universities are no functioning well so far as new researches so far as concerned. Second thing, if they are coming up with new rice, so we can have a public – private partnership with them and we can acquire those products.

**Nitin Awasthi:** Ok Ok. And in our portfolio, do we have Pusa sir?

**Devendra Khurana:** Right now, we do not have any Pusa product but we have a tie up with ICAR.

**Nitin Awasthi:** Ok sir. Thank you so much for patiently answering all the question I had.

**Devendra Khurana:** Welcome!

**Bharati:** Thank you sir! The last question for the day comes from Anik Mithra from Stewart and Mackertich. Please go ahead.

**Anik Mithra:** Hello!

**Devendra Khurana:** Yes please.

**Anik Mithra:** Hello!

**Devendra Khurana:** Yeah, we are here.

**Anik Mithra:** Congratulations on good set of numbers. Sir, most of my questions have been answered. I just want to understand like how your R & D is going on. Like can you throw some light? What are the products in line, what are the products you are launching in future?

**Madhav Dhande:** Yes Mr. Mithra I will answer. Madhav Dhande here. So far as cotton is concerned, we have two products 1821 and 1811. These are the upcoming future pick hold and insect free cotton. Then in case of paddy, we are having 29, 33, Gadak these are the three hybrid products. Which are representing (Inaudible 19.46) where I was not sufficient product life. In Bajra we have a fantastic product called Super 27. In fact, it is eye-catching and competitors are also watching those segments. So far as vegetable is concerned, we are coming up with the virus or moderate virus chilly hybrids. Which is good (Inaudible 20.06) and all other things. That could make a good presentation in Chilly segment which is the biggest segment in the vegetable seeds. So, our research department, R & D Department is really doing well. So far as Maize is concerned, we are having 2 products in the pipeline which is a single crop segment. Bajra at present we don't have much product.

**Anik Mithra:** Ok. And sir, what I understood that around 5 to 6 products are in pipeline at this point of time, so when these products are likely to be launched?

**Devendra Khurana:** First please understand, it is not that we have 6 products in pipeline. Mr. Dhande has given you just the top ones.

**Anik Mithra:** Ok. Yeah.

**Devendra Khurana:** And as far as R & D is concerned, we have 4 segments headed by 4 stalwarts. Dr. Satish Raina looking after cotton exclusively. Dr. Ish Kumar looking after paddy. Dr. Kulkarni looking after other field crops and Dr. Pathak looking after vegetables. The strength of this company has always been research and we have been banking on research. And research is still the basic USP for which want to survive over next quite so many years. As far as product pipeline is concerned, in cotton what happened was, my next product was trying to topple my existing product which had not yet lived its life. That talks of strength of our pipeline. So, your question as to when these products will be launched into the market, my existing products themselves were launched 2 - 3 years back, we are trying to not yet replace them because they are good. It is like my having 4G, 5G, 6G you know. So, all our products in pipeline will be launched in due course of time when we find that either we don't have a product in that segment or we find that our existing product is waning.

**Anik Mithra:** Ok.

**Madhav Dhande:** In a nut-shell, we shall be maintaining consistency in bringing the products.

**Anik Mithra:** Ok. Sir, in let us say FY 21, so how many products we can expect to be launched?

**Devendra Khurana:** That is a very interesting question. You should be more interested in the top line, right? Which is the product that gives it is not that important.

**Anik Mithra:** Yeah. Top line yeah.

**Devendra Khurana:** You see, in cotton we have products which came first and second in ICAR trials. We are going to hold them on. Let my existing products go out. Paddy we don't expect many, may be Dr. Ish Kumar comes of age and gives us a new product. Vegetable, we are adding our Tomato variety and the Chilly variety, may be one or two of Okra varieties also. But this is a flexible scenario. This will continue to carry on. I can't exactly tell you how many products will be launched when. It depends on the market same place. We have the availability.

**Anik Mithra:** Ok sir. Fair enough. Thank you! Thank you, sir.

**Bharati:** Thank you sir! Now I will hand over the floor to Mr. Devendra Khurana for closing comments.

**Devendra Khurana:** At the outset, let me thank all of you. The attendance and questions show the kind of interest that is being taken in our company. We are very proud of it. We will continue to strive in various fields like research, product development, quality control and marketing to ensure that all our well-earned products reach the farming community which in any case is also appreciating the kind of products that we are giving them at this juncture. And we will try to continue to strive hard to whatever we commit. Thank you! Thank you very much!

**Bharati:** Ladies and Gentlemen, this concludes you call today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant evening.

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**Note:**1. This document has been edited to improve readability.  
2. Blanks in this transcript represent inaudible or incomprehensible words.