



NATH SEEDS®

Nath Bio-Genes (I) Ltd.

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02nd June 2022

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

BSE Code-537291

NSE Code-NATHBIOGEN

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

Dear Sir/Madam,

The Company had organized a conference call with the Investors/Analysts on Monday 30th May, 2022, post declaration of its audited financial results for the quarter and financial year ended 31st March 2022.

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

Dhiraj Rathi
Company Secretary



“Nath Bio-Genes Limited
Q4 FY2022 Earnings Conference Call

May 30, 2022



ANALYST: MS. MONALI JAIN – GO INDIA ADVISORS

**MANAGEMENT: MR. SATISH KAGLIWAL – MANAGING DIRECTOR -
NATH BIO-GENES LIMITED
MR. DEVINDER KHURANA – CHIEF FINANCIAL
OFFICER - NATH BIO-GENES LIMITED**



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Moderator: Ladies and gentlemen, good day and welcome to the Nath Bio-Genes Earnings Conference Call hosted by Go India 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 '*' and then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Monali Jain from Go India Advisors. Thank you and over to you, Madam!

Monali Jain: Thank you, Mike. Good evening everyone and welcome to the Nath Bio-Genes Limited earnings call to discuss Q4 and FY2022 results. We have on the call Mr. Satish Kagliwal – Managing Director and Mr. Devinder Khurana – Chief Financial Officer. 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. Satish to take us through the company's business outlook and financial highlight subsequent to which we will open the floor for Q&A. Thank you and over to you, Sir!

Satish Kagliwal: Good evening. I have a great pleasure and welcome you all to discuss results of financial year 2022 and future outlook of Nath Bio-Genes. The entire farm sector and farming community is absolutely buoyant with unprecedented farm produce prices currently hovering in the country. More before farm produce prices have remained little so high. The news of bountiful monsoon has also added the cheer. With all these things, we expect a fantastic Kharif season this year. Presently, Government of India has approved usage of gene technology in the country. This technology would lead to faster development of innovative and neutral products in several crops.

We at Nath Bio-Genes are also working on several projects in certain crops with this technology hence the spread of illegal BT cotton continues to disturb and affects the peak cotton sales. The seed industry has been pursuing, has been logging with the government for approval of for the much awaited HDBT technology. In spite of above the future outlook for the entire industry and especially our company is very positive. We will continue to harness genomics and modern technology to develop superior seeds. We plan to launch several products in different crops and segments. Our focus as we go forward with the mustard, cabbage and wheat crops.



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This is besides working on current portfolio of cotton, paddy, maize and bajra. We grow in vegetable and PHN verticals as well now that our team building efforts are complete and are much faster. We also will expand our presence offshore; we introduce our products and get government approvals in next few countries. With the above welcome from my side, I will now hand over to Mr. Khurana.

Devinder Khurana:

Thank you, Sir. Good evening, ladies and gentlemen and thank you for joining us for the Nath Bio-Genes earning call to discuss financial year 2022 results and outlook hereafter. I hope you would have seen the presentation, which has been uploaded on the stock exchanges. Dr. V N Kulkarni our Research and Development Chief would have joined this conference, but he is currently in Sudan trying to seek permission for our cotton seeds from the Government of Sudan. We wish him all the luck. As you are all aware, the entire seed sector has been facing significant stress on an account of climate vagaries and influx of illegal seeds in cotton that goes apart from the problems faced by the farming community because of COVID.

We too have been facing these headwinds; however, despite these challenges we have been able to maintain our performance on various parameters and I will discuss those in detail. A few years ago, we had embarked on an exercise to derisk our business model and diversify the revenue contribution from our product portfolio. We had mentioned that we are making efforts to reduce the revenue contribution from cotton and paddy to around 50% of the topline and at the same time increase the contribution from non-cotton, non-paddy segment. I am happy to report that this strategy is delivering and contribution from cotton and paddy segment has gone down to 59% from 62% last year.

Similarly, the company had started working on rationalization and improving of the working capital cycle. I am happy to report that despite an extremely challenging environment, we have been able to reduce our working capital cycle, we have also been able to rationalize our receivable days, which has come down from 130 to almost 150 now. Overall inventory has decreased and we expect the inventory levels to normalize further over the next two seasons. While we are discussing the balance sheet, I would also like to discuss the provision that we have created this year. These provisions are created against the advances, which had been given to our contract farmers to grow the seed, a usual practice in the sector.



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We have been working with over 50000 contract farmers over the last three to four years and have had a natural cycle of production; however, the situation has been on a decline over the last two, three years primarily on an account of COVID. Our farming community has been facing undue stress either on an account of climate vagaries or due to loss of lives of the key family member on an account of COVID. While we are working on an amicable solution with the farmers and growers to recover our advances as a matter of abundant precaution, we have made a provision for the potential bad advances to the farmers.

The company would continue to make all the necessary efforts to recover these payments through recovery or through future production; however, we would ensure that our farmers are not grieved further and all viable option are worked out with them. I will now discuss the operational and financial performance in more details. As I mentioned earlier, this was a challenging year for the sector as a whole and we had been facing our own headwinds. The biggest challenge has been in the cotton segment, where the industry is still reeling from the pressure of illegal BT cotton. The country saw a record rise in the sale of illegal BT cotton with sales of over 70 lakhs packets almost 20% of the national sales and growing for them.

While we are working closely with industry body and government, there is insignificant impact on the ground for these stocks and the situation continues to remain the same. Our marketing team has been collaborating closely with the farmer to educate them and because of their efforts; we have been able to maintain our cotton sales in lines with what we delivered last year. We sold approximately 12 lakhs packets of cotton in FY2022, which is at par with FY2021; however, what we are confident that our efforts with farmers will yield returns and we should be able to achieve a decent volume growth this year.

Coming to the paddy, paddy volumes saw a decline of almost 29% this year; however, the decline in value was much lower at only 18%. The reason for the same was our focus on hybrid paddy, which is high value, low volume product. We have been consciously working through our research and development team towards increasing the products and sales of hybrid paddy over OP paddy and hence this aspect and impact. Going forward while there could be volume stagnancy in paddy, the revenue and margins from these segments are expected to remain high. Coming to vegetable and PNS segment, we had



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created a separate vertical for these two segments with resolute leagues and teams and have tried to penetrate new territories in both these segments.

However, these areas are yet to stabilize and hence there has been some decline in the segment; however, here also we are trying to create a suitable product mix with low volumes, but high revenues and we expect this to grow. Other green crops like bajra, maize, mustard and wheat have shown strong value growth of more than 27%. This is in spite of the volume reduction of 12%, thereby proving our efforts to create low volume, high value products and the effort would continue to boost the segment in future also.

I will now touch on the financial performance, revenue was down 9.5% year-to-year primarily due reduced sales of paddy; however, I am happy to inform once again that the contribution margin was maintained at 55% this year.

EBITDA fell to around 13% due to enhanced credit passed through for the trade the same was done to ensure sales in this turbulent times, but we expect this to be covered this year. We have had in spite of all the issues, an operating positive cash flow of around 17 Crores. The board has once again recommended a 20% dividend for financial year 2022.

Coming to our future growth outlook, in cotton we are confident of achieving a volume growth of around 10% to 15%, paddy would be again on similar lines. In vegetable and non- PNS crops we are confident of achieving a 20% plus growth rate, this should help us to achieve a revenue growth of 10% to 15% in FY2023. We are once again confident that our gross margins will be maintained at 50% plus.

With this, I will open the floor for questions. Thank you.

Moderator: Thank you. We will now begin the question and answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Varun Ghia from Dimensional Securities. Please go ahead.

Varun Ghia: Sir, I have two questions, firstly if you could let us know that in the other crops, what is impacting the volume in Q4?

Devinder Khurana: If you go through the presentation you would be able to get the price, but let me tell you in cotton there was no volumetric decline, paddy declined by about 29% in volume and 18% in value.



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Varun Ghia: In other crops, which crop impacted the volume overall because in Q3 our overall volume were better than FY2021?

Devinder Khurana: Cotton I said, paddy I said, field crops, crops like bajra, jowar, maize, wheat and mustard, this one showed a 27% rise in value and in vegetable and PNS segment, the volumetric growth was down by 41%, but the value was down by only 28%. We basically cover cotton separately, paddy separately, field crop separately and vegetables and PNS separately.

Varun Ghia: Other crops volume was down because of vegetables?

Devinder Khurana: Sir, you cannot say other crops volume was down. Other crop volume was okay, vegetable volume was down and paddy volume was down, others there was a rise and cotton was the maintenance.

Varun Ghia: Secondly, you guided for 15% to 20% growth in paddy, so that would be on what level on this 59000, in low base or would it be on the previous year base?

Devinder Khurana: My request would be that when I made a statement, I am trying to say that we are trying to create a low volume, high value fixed price even if the volumes go down technically the value should go up this is exactly what happened in paddy, we dropped in volume by 29%, but we dropped in value by only 18%, hybrid is a better contributing and better rise with the lower volumes, the company can be judged from drop in value, not by drop in volumes that is my request.

Varun Ghia: So, overall the revenue will grew in paddy in FY2022?

Devinder Khurana: Yes.

Varun Ghia: How are you seeing the overall demand for the Kharif crops and Rabi crop going forward and due to climate change there has been some drop in the yields of wheat and other crops if you could throw some light on that?

Devinder Khurana: I would request, Mr. Kagliwal to let you know that, please.

Satish Kagliwal: Can you please repeat the question?



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- Varun Ghia:** Wanted to know the outlook for the crops the overall like wheat and all, I have been reading that there has been the overall production in due heat wave and all, and even other crops if you could throw some light on how do you see the overall production and demand?
- Satish Kagliwal:** Like Mr. Khurana has already explained we have working on a 50% growth practically all the crops, especially in paddy we are talking about minimum, the value growth will more and volume growth will be less, in cotton we have talked about maintaining last year, and this year will be a slight growth, and in terms production there have been challenges in production of seeds because of climatic changes, but we will be able to maintain to the requirement and with our stocks that we hold and also the production which has been taken up, so overall we will be growing by I would say 20% plus.
- Varun Ghia:** 20% plus we will have to around 10% FY2021 because this year the revenues have degrown approximate 10%?
- Devinder Khurana:** Yes, you can calculate like that, no problem.
- Varun Ghia:** Could you throw some light on the new products, which were launched this quarter, this year?
- Satish Kagliwal:** We have launched several new products this year and we have very interesting names, we have in cotton, our product called Sanket, we have in paddy, hybrid, we have a product called **(inaudible) 17:49** so several products, we have a big lineup of products being launched this year coming up from our research and development wing so many products have been launched.
- Varun Ghia:** This would increase the realization with the new products?
- Satish Kagliwal:** Yes, obviously, the idea is to give better products, superior product and also volumes and value growth.
- Varun Ghia:** What guidance do you provide on the EBITDA margin?
- Devinder Khurana:** We have been working on that. Even as on date EBITDA fell this year basically because of additional credit, which was given to the market. We were trying to maintain the topline, we did get maintain this only by about 8% to 9%, which is okay in a bad year,



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our employee costs has also gone upper based on our expectations for this year, they will not increase, financial cost will not increase and the employee cost will not increase, so EBITDA margin is going to go up, it has been around 25% plus, but it should touching of 20%.

Varun Ghia: Around 20%

Devinder Khurana: Yes, this is a wide guess.

Varun Ghia: Thank you.

Moderator: Thank you. We have the next question from the line of Pratik Prajapati from Anand Rathi. Please go ahead.

Pratik Prajapati: Good evening, Sir. My first question would be on the revenue side, what were the major causes of revenue decline especially on the paddy volume decline, if you can give me some explanation on this?

Devinder Khurana: Pratik, I put you down categorically in my opening remarks that the topline has taken a beating basically because of paddy. Paddy there was a volumetric decline because we are trying to switch from OP to hybrid paddy and the overall decline of paddy has brought down my topline by about 8% to 9%. This is a strategic shift in which we are trying to create introduce, you see when a new product is introduced into the market it does not get accepted the same day it takes a year, two years, three years for the same to be accepted so this revenue decline is a temporary setback, this will be recovered in our next year two years.

Pratik Prajapati: On the EBITDA margin, the previous question they have just said that there would not be the 1x effect, so that would be the reason for margin decline for the current year from 13% volume from 21% in what we can see for the next two to three years would be the EBITDA margin?

Devinder Khurana: Like I said that EBITDA margin has taken a beating because of additional incentive that was passed to trade, normally we give around 18%, this year it went to almost about 26% to 27% and that would be remaining same even based on the top line, so that will help and the employee cost and other expenses will not change, so automatically I expect



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EBITDA to go back to if not to the original level immediately, but at least go to 25% I would be conservative.

Pratik Prajapati: Sir, one more question on outlook side, what is the outlook on the ongoing Kharif season, how do you expect it to be for the rest of the year?

Devinder Khurana: We have placed all our products already into the market like Mr. Kagliwal said the monsoon news is good, our products are already lined up with the dealers and distributors and people are waiting for the proper range to set in, so that the goods can be lifted, so hopefully by the time this quarter end, we should be in a good position, cotton has been placed, paddy has been placed, all of the field crops have been placed.

Pratik Prajapati: One more last question on the cotton side, how do we see cotton production this year, did it will be better and what are the early trends suggesting regarding the cotton production and the demand?

Satish Kagliwal: Cotton production?

Pratik Prajapati: Yes, production in the garment.

Satish Kagliwal: Production has been sustainable. The cotton production has not been to the level expected, but naturally the higher inventory, so there is definitely a little bit of a shortage in supply of cotton and in certain products, not all products, certain products.

Pratik Prajapati: The demand side anything would you like to say in the content demand side?

Satish Kagliwal: Demand side also is very good, there is expectation that cotton overall sales will grow in the entire country by 15% to 12% it may from state to state, but there is a upswing in cotton sales because garments are preferring cotton, so there can be a growth of 10% to 15% minimum in cotton sales compared to last year, it is only affected by illegal BT, which has been making endless activity in many areas so the illegal keep growing BT or the illegal HTBT is growing, so we are hoping that this year at least does not grow, but the current news or information is that illegal BT has already being supplied and is growing, so the outlook is 10% to 15% growth.

Pratik Prajapati: So, industries wise you said, right?



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- Satish Kagliwal:** Yes.
- Pratik Prajapati:** Then last question on the cotton pricing side, so we have recently seen the cotton pricing has risen, so how can one see the current pricing happen in the quarter, it will be in the rising trend or would be the stable or you can see more consolidated?
- Satish Kagliwal:** I am not able to hear you clearly, there is some disturbance, so I am not able to get to your question, can you repeat, please?
- Pratik Prajapati:** I will repeat you, so recently we have seen the price rise in the cotton, how can one see the current pricing in the cotton?
- Satish Kagliwal:** Current price, the government has permitted the increase of price 5% to Rs.810 a packet, so naturally the farmers are buying at a higher price compared to last year.
- Pratik Prajapati:** So, do you think the price would be corrected or maybe sustainable at that level or maybe have a chance to rise more from this level?
- Satish Kagliwal:** Mr. Prajapati, it varies from product to product, area to area, time to time, this is a little bit of a business or nothing like takes price it varies, there was an effort to increase the price by the company and dealers and the demand supply obviously we see the big thing, but definitely there is improvement in selling price compared to last year.
- Devinder Khurana:** So let me answer to this, Pratik, sorry, the cotton price is government regulated we do not think about it, the cotton it is market demand and supply which creates a wholesale, so when the boss says the price will be increased and softening of all our crops, cotton is government regulated, government has given a 810, okay 810, next year if they say 800 or 830, 800 or 830 okay that comes under the government regulation.
- Pratik Prajapati:** Thank you from my side.
- Moderator:** Thank you. We have the next question from the line of Priya Harwani from Perpetuity Ventures. Please go ahead.
- Priya Harwani:** Sir, the first question was on vegetable segment, so how we are seeing growth in this segment and have we introduced any new categories or product?



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Devinder Khurana: Madam, I said that in vegetable we expect to grow 20% plus year-to-year, our research team has been working, we have a dedicated research team headed by Dr. Chandra Pathak and he looks after vegetable research only, we have five, seven leaders working under each crop like wheat, tomato or okra or chilly or Brinjal or cucumber and others, so constantly new products are introduced into the market and vegetable we expect to be one of our strongest segments down the line.

Priya Harwani: That is helpful, and one more question, what are the growth prospects in rainy season?

Devinder Khurana: Rainy season, we had extremely high hopes, government regulations are pending it down, we are trying to fight it out because this product needs to be regulated and licensed in each state and without that it cannot be sold, so as a result we find that we had expected to grow around 30% plus, which currently it is not growing, although the product deserves to grow like that, so we are hoping that it will be maintained like 20% plus in a year or so until the government regulations and the state licenses are placed in place, once that is done we will go back to 30% plus, it is a beautiful product.

Priya Harwani: That is helpful. Thank you so much.

Moderator: Thank you. We have the next question from the line of Anirudh Agarwal from AAA Investments. Please go ahead.

Anirudh Agarwal: Thanks for the opportunity. My first question was actually on cotton, so how many packets have been placed this year?

Devinder Khurana: It is around 16 lakhs to 17 lakhs.

Anirudh Agarwal: So, you are expecting sales return to be lower this year that is this volume growth?

Devinder Khurana: Last year was 27, this year we are hoping to maintain that about let us say 15% upper limit, this is our marketing assured me, let us hope it stays that way.

Anirudh Agarwal: Right, got it and secondary, in terms of vegetables I mean I got the answer on non-PNS but vegetables a couple of years back we were expecting that to be a really high growth segment right, so what has changed or what is impacting us there in terms of growth?



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Devinder Khurana: Nothing has changed, we were expecting it to be a high growth segment, it continues to be a high growth segment, I made a statement that for other products or other segments are going at 10% to 15% then this one grow at 20% plus, we had a change of leadership last year, so the whole team had to be changed because the leader wanted the team based on his system plus we added more territory, which take time to establish, please understand agriculture is a slow growing process, you put a very good product this year and if people like it, next year it goes by about 10% and the next it goes by 40%, so consistency in product, consistency in effort is still on at our level, research is also continuing to get in more products over a period of time and we are still very update on the vegetables segment.

Anirudh Agarwal: Understood, Sir. My next question is over the advances write off, I mean how are we going to protect ourselves because this advances is in the core of business or the nature of our business, so what steps are we going to take to protect ourselves from this recurring in the future?

Devinder Khurana: I think this is a very nice question, it covers one area, which I have touched upon during my presentation, please understand that this company has been business for almost about 24 to 25 years now and we have never reached the situation where about once we have gone back, I always create a provision for bad debts year after year, any bad debt, any customer does not pay me within three years I provide for it and I get out of the system by taking a hit on the profit and loss account, advances we have never faced the situation, this was a unique situation, last three years the entire farming community was under pressure, so the farmers were either dying or they were committing suicide at this particular juncture if you force them for recovery through whatever fair or unfair me this will create a very bad effect on the farming community, we are the company do have the strength to take a hit as and when required, so your question, why it will not be or what we are doing to ensure that it will not happen in future, the answer automatically it has just never happened before, so we do not expect it to happen again even if we find that some grower is unable to give the required supply, we cover it in the next production, but here year after year the poor guys got stuck, so as a result we cannot you know wish it away, so that is why we have taken a break this year one for all so that then next year also you can start with the fresh products but to add to this I am not saying that they are being written off, I have only created a provision for this, we will continue in our effort looking at each farmer or the grower if he has the capacity I will give him production



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next year maybe pay me only 50% and get 100% reduction of reproduction and that way reduces this bad debts or advances thereby showing recovery in the coming years.

Anirudh Agarwal: Right, on researchers this amount and now understanding must have been accumulated over the last three, four years?

Devinder Khurana: Because I have completed over last three, four years, basically this is a COVID hit to my company.

Anirudh Agarwal: Understood right, also in terms of cotton, what is the price differential that you are seeing in the market between the legal seeds and our product?

Devinder Khurana: Sorry?

Anirudh Agarwal: What is the price differential between the illegal seeds that are plaguing the market and official rate, which we are selling?

Devinder Khurana: Like I said that our price is controlled by the government, so this was 810 this year, and they said would you know what the illegal case is.

Satish Kagliwal: There is still stands about so it varies from place to place, some products which people are commanding this is a premium even selling at Rs.1500 a packet, this is the information we have, we have no proof and some people even selling the product, they can even sell at Rs.600 to Rs.700, so this is varying from place to place, but they wanted to command a premium saying that this is replay technology and farmers who gets convinced they have for Rs.1500 a packet.

Anirudh Agarwal: Got it. That is all from side.

Moderator: Thank you. We have the next question from the line of Niket from Grubbrr systems. Please go ahead.

Niket: My first question is on climate changes and inflation any crisis which comes across, I am an avid reader for many years and I have been knowing that this is going to come in fact I keep sharing my articles to the company, so climate change and inflation I see this as an opportunity for company like us, which is the research and science oriented company, so



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how do we see this as a company because this is going to be the theme for next five, ten years and as a research and science oriented company, how do we see the future?

Satish Kagliwal:

Actually, it is a big challenge because climate change is sitting practically entire agriculture all over the world, now basically it is a heat rising tactically everywhere, so this is one point, so we are predicting what kind of a climate change is going to happen and based on those changes what can affect crop, what kind of change will begin in the crop like if I give an example to you, while we are working on the heat tolerance is a big way in India because there is hardly any production of any vegetables in summer, planting beginning January-February and growing in the month of May-June, so we had absolute drought of vegetables especially tomatoes and things like that, so we know to developed a tomato hybrid called North Akhand and we last week only our team harvested this product in Rajasthan at 47 degrees temperature absolutely firm and tasty and growing fantastically, we have been also working on state free capacity for things like paddy supposing the crop gets little rains because of incessant rains so the crops should not be damaged, so we have been working on introducing certain more preventability in crop, so that our crop which is found due to climatic change, we are practically working in several crops in different, different regions and different segments so that farmers does not have that much loss because of the climatic change happens, the challenge is to predict what will happen and then to do research in that direction is not easy, but we are over planned, we have plan to develop several climate resilient products.

Niket:

Exactly, Sir, because I mean that crisis can be an opportunity for company like us.

Satish Kagliwal:

Absolutely, the challenge. Opportunity is a challenge.

Niket:

Yes, Sir and one more thing and I asked Mr. Devinder also, so I mean in general inflation good for our company because that is also again a cream in for the next five years?

Satish Kagliwal:

What happens is please understand, seed cost is only 8% to 10% to the overall input that the farmer puts into the field, so even if there is the inflation of say 8% to 10% the price will go up by only 1% in the overall system, so inflation generally does not help much especially in cotton where the government does not implement the inflation and rates of the cotton, but if you have good products with good demand and they are doing good yield and the farmers are happy automatically the price rise that happens is much more than the inflation.



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Niket: Alright, Sir, one more thing you said like we are focusing on premium products rather than volume, so being in India from a business background, do you think how should we keep revisiting our strategy because India is basically a high volume, low margin in many cases you know is this strategy, how would it pan out?

Devinder Khurana: Let me answer that. I did not say premium products. I only said low volume, high margin product okay, if you take cotton in any case is all hybrid, there is no regular cotton there, but if you take paddy and if you sell a hybrid seed and sell it at Rs.120, Rs.130, Rs.140 a packet per kg, whereas the other one sells only Rs. 30 or Rs.40, Rs.35, so as a result hybrid gives you better yield, so when I say we are going for low volume, high value products, there also please understand high yield products.

Niket: Understood, Sir.

Devinder Khurana: Otherwise, farmer will not take high value products with lower yield.

Niket: Exactly, Sir, one more thing, so last year the government had a statement saying that they would like to double the farmer income, so do we see that as a big positive in our business, how is it?

Satish Kagliwal: Yes, surely, it is positive, as you see the government had already increased the MSP by about 50% to 60% from paddy at Rs.13 it will become Rs.19, wheat was almost Rs.14 that becomes Rs.20, so MSP is increasing of the major commodity prices so when the prices is good, probably at a better price, he is ready to invest more in seeds, it is very good for us, having good prices I would say good for the entire agriculture system.

Niket: Sir, one more thing, I have been reading about buyback, so any plan since the stock is available at a good price, so was there any plan to execute the buyback?

Devinder Khurana: Listen we had heard about it. My existing bankers are saying either you go for dividend or you go for buyback as of now.

Niket: Buyback and the dividend means the same?

Devinder Khurana: Your point is well taken. We have not ruled it out. Only thing is we have continued to maintain our dividend for this year also in spite of topline, bottomline whatever we deserve that we feel that the investing community deserves that much or more down the



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line, I know that the price is very lucrative at this juncture mostly it must be floating less than intrinsic value, we have full faith in our company and I am sure investment community also has full faith, that currently stay with it, we will continue to argue with our bankers and the moment it comes through we will come back to you.

Niket: Sir, lastly any plan to modernize our website where you know is there any chance in agriculture where we can directly have something like an online portal where the farmers can directly buy seeds from us, which can also be a small initiative, but it can reduce our cycle?

Devinder Khurana: This is a beauty good point, we are working towards digital marketing, we are also trying to tie-up with this Amazon and people like that so that even our vegetable kits can be put onto the site and you can go and buy directly from either our site or e-commerce portal or if that does not happen immediately then maybe from other side, but please understand, digital marketing, retail marketing is a different concept altogether, we are into distributor marketing, putting our products with the farmer on the field and teaching him how to grow it, but we are definitely working on it, it would come through down the line.

Niket: Just an example, if I am a farmer let us assume I consistently use our seeds, so in that case I can also go online to our website directly and have a discount where there is no middle man?

Devinder Khurana: We would love that, they would love, we would love to pass a dealer distributor discount directly to the farmer, we do not want to earn anything out of it, but please understand in villages the distributor or the dealers are supreme, the moment I start circumventing the gentlemen the whole village will be told aaj ka seed is not good, why are you taking it. and I do not have an option in that, but we are trying to get into the urban population which would like to grow our seeds like to create a garden behind your house or even in pulley for that matter in Mumbai, we trying to cater to that first.

Niket: Exactly, Sir, one more segment, which is coming as we know organic and all natural segment where the urban sector is looking for seeds and home cultivation that can only be?



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Devinder Khurana: Now in that what happens it, let us say you go to the market that you pick up organic tomato, the feel still remains the same it is a way of growing, so the farmer will ensure that whether you uses organic fertilizers or users NCT or whatever he wants to use.

Niket: Correct, Sir, so we are viable for that segment?

Devinder Khurana: We are viable for that segment, that segment is likely to grow on its own depending on the demand coming from the aggregated sector.

Niket: Sir, last question, so we have taken a hit based on loans, so that seems to impacted our profitability, which you have maintained from last many years, so is this an industry prone issue or maybe it just happened to us to our company, how is it like, Sir?

Devinder Khurana: I answered this explicitly in the last one, I will reiterate on that, firstly, it was not a loan, it was an advance given for seed production, secondly, definitely it is not a regular feature, it happen once in a while mine and if it happens once in a while, we would lock off everything, I do not want to unnecessarily carry the legacy over a period of time, thirdly, this has only happened the profitability as an exceptional item, it has not happened or hampered my profitability and this is the one time feature, it does not happen every day.

Niket: Alright, Sir. Thank you so much and lovely talking to you.

Moderator: Thank you. Due to paucity of time that was the last question. I would now like to hand the conference over to Mr. Khurana for closing comments, please.

Devinder Khurana: At the outset, let me tell everybody, it is not easy to be coming at around 05:30, but then since we are in the peak of season, we also did not have much time and for your information Mr. Kagliwal landed in Aurangabad only at 4 o'clock in the morning today and he is attending with you, thank you for being with us, I only request to the investing community and analytic company is that once in a while if I like to knock out certain things, which happened as a temporary setback, the company does not stop growing, our research for all the vertical is beautiful in place, we have a vertical for cotton and paddy and the vegetable and other field crops, scientist of repute are heading that, company is giving good products year after year, they are being well accepted by the farming community also, our cotton continues to remain first, second in the ICR trials conducted



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by an independent government body, so we are here to stay and grow, please stay with us. Thank you.

Moderator:

Thank you. On behalf of Go India Advisor that concludes this conference. Thank you for joining us. You may now disconnect your lines.