



NATH SEEDS®

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

(CIN L01110MH1993PLC072842)

28<sup>th</sup> October 2024

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

Dear Sirs,

The Company had organized a conference call with the Investors/Analysts on Thursday 24<sup>th</sup> October, 2024, post declaration of its Unaudited Financial results for the quarter and half year ended 30<sup>th</sup> September 2024.

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

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हर बीज खरा, शक्ति भरा



"Nath Bio-Genes Limited Q2 & H1 FY'25 Earnings Conference Call"

**October 24, 2024**



**MANAGEMENT:** **MR. SATISH KAGLIWAL – MANAGING DIRECTOR, NATH BIO-GENES (I) LIMITED**  
**DR. DEVINDER KHURANA – NATH BIO-GENES LIMITED**  
**MR. AMOL GUPTA – CHIEF FINANCIAL OFFICER, NATH BIO-GENES LIMITED**  
**MR. HARISH PANDEY – BUSINESS LEAD, NATH BIO-GENES LIMITED**  
**MR. VENKATESH KULKARNI – RESEARCH LEAD, NATH BIO-GENES LIMITED**

**MODERATOR:** **MS. DEEPIKA SHARMA – GO INDIA ADVISORS**



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**Moderator:** Ladies and gentlemen, good day and welcome to Q2 and H1 FY'25 Nath Bio-Genes Limited Conference Call hosted by Go India Advisors.

As a reminder, all participants' 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Deepika Sharma from Go India Advisors. Thank you and over to you ma'am.

**Deepika Sharma:** Good evening, everyone, and welcome to the Q2 and H1 FY'25 Earnings Call of Nath Bio-Genes Limited.

We have on the call Mr. Satish Kagliwal – Managing Director, Dr. Devinder Khurana, Mr. Amol Gupta – Chief Financial Officer, Mr. Harish Pandey – Business Lead, Dr. Venkatesh Kulkarni – Research Lead.

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 may face.

May I know request and “Management to take us through the Financials and the Business Outlook” subsequent to which we will be opening the floor for “Q&A.” Thank you and over to you, sir.

**Satish Kagliwal:** Thank you, Deepika, and a warm welcome to all of you. This is Satish Kagliwal, representing Nath Bio-Genes. I take this opportunity to thank you all for joining today's call.

The agriculture sector is currently riding a wave of huge optimism. The minimum support price, especially Rabi crop have been increased for the 2025-26 marketing season with the government expecting rice to ensure remunerative prices for farmers and promote crop diversification. These timely hikes bring fresh motivation to farmers and open new avenues for growth.

At Nath Bio-Genes, we have always prioritized providing high quality seeds that meet the expectations of our farmers. Our portfolio, particularly in Rabi crops like wheat, mustard and vegetables such as tomatoes, Okra and chili is poised to benefit from this sectoral tailwinds.

R&D has always been central to our growth strategy and will be immense on advancing our efforts in this area. We are **(Inaudible) 2:43** that are resistant to diseases and pests, **(Inaudible) 2.50**



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collection of germplasm. This **(Inaudible) 2:50** allows us to continue enhancing all the robust product lineup. Cotton remains a core part of our portfolio with hybrid paddy seeds being a key driver for our future growth. Beyond cotton, we maintain a strong focus on maize, bajra, vegetables and plant nutrients, ensuring a well-rounded and resilient product offering.

While we continue to improve the quality of our products, we're also making strides in expanding our marketing reach, working to establish a well-entrenched distribution network for our brands like Super Surprise Bajra Pack, Nath Sanket, Nath Jumbo, Rana and Hybrid Paddy Dhadak and Dhadak Gold. The momentum we are seeing across these areas supported by the MSP increases, sets the stage for a strong second half of Financial Year '25.

Building on our solid distribution and product quality, we have made significant progress internationally too, particularly in Philippines and Uzbekistan. In Uzbekistan, our joint venture has seen notable advancements with production of cotton seeds in over 600 hectares of land. Harvesting is currently underway, and we are optimistic about the results. Once successful, we may consider further expansion and extending the same strategy to neighboring countries overtime. In Philippines, after successful trials we are currently preparing for trial marketing for our products in the upcoming season.

Friends, with these developments, we are confident in our ability to maintain a strong product pipeline while keeping a strong financial position and expanding our market presence.

I would like to announce now that Mr. Amol Gupta has taken over the charge of CFO from Dr. Devinder Khurana. Mr. Amol Gupta has been with the company for a few years now and was being mentored for the CFO role as the process of succession plan. Dr. Devinder Khurana will continue to be with the company as senior vice president of the company. His role also has been enhanced and will be involved in multifarious activities to help the growth of the company.

At this point, I would like to invite Dr. Devinder Khurana to walk us through the Financial and Operational Highlights for the First Half. Thank you very much.

**Dr. Devinder Khurana:**

Thank you, sir. At the outset, I would like to inform you that our credit rating has seen a double upgradation from Triple B Minus to Triple B Plus. This is the confirmation of our operational stability.

During the previous communications, I had made a point that our company would continue the cotton story. Hybrid paddy would be emphasized upon, and we would lay enhanced effort on non-cotton,



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non-paddy, NCP portfolios. The same has been pursued over the last 2-3 years. The results are evident in the growth in top line as also in the bottom line.

Our diversified product portfolio has once again delivered strong results for H1 FY'25, led by our top performing Cotton Hybrid Sanket and Jumbo, which both have shown growth in volume and value. Cotton saw an 11% increase in value over this period. The cotton and paddy segment also recorded 8.1% year-to-year growth. Although the Paddy volume dropped by 4.5%, the value increased by 5.48% aligning with our focus on hybrid seeds.

Maize had a bumper season with year-to-year value growth of 35.18%. Bajra also performed well with the value of growth of 7.6%.

Overall, our field crops grew by 2.3% in volume; however, the value growth was 9.62% supported by better pricing.

Our NCP portfolio also expanded by 7.3% in value with the vegetable segment recording a 12.3% increase in the value.

You may wonder that I have not touched upon volumetric growth. Kindly note that we have been strategically working on the product mix to get better pricing with lesser volumes. This reduces the burden on logistics but ensures the top line and margins.

From a financial perspective, H1 FY'25 top line clocked 276.07 crores, reflecting a growth of YoY 7% as compared to H1 FY'24. The gross profit margin has been maintained at 51%. The EBITDA for the first half stands at 42.18 crores and the profit after tax is 36.78 crores. Our working capital has significantly improved, and we maintain a comfortable position in terms of debt being zero debt. The operating cash flows remain positive, although we used the cash deposit of 75 crores as of March 24th for the current Kharif operations.

Now, I would also like to hand over the floor to Mr. Amol Gupta to kindly address the gathering. Mr. Gupta?

**Amol Gupta:**

Hello, friends. Good afternoon. At the first, I am very grateful for the trust the management has placed. I am committed to carry forward the Nath vision and goal while collaborating closely with the team to drive our success. Our success means not only company but the stakeholders also. Together, we will build on our accomplishments and continue exploring new growth opportunities. Thank you once again, Khurana, sir. Over to you to continue.



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- Dr. Devinder Khurana:** Thank you, Amol and now I would like to open the forum for questions please.
- Moderator:** We will now begin the question-and-answer session. The first question is from the line of Deepesh Sancheti from Shefali Art. Please go ahead.
- Deepesh Sancheti:** How has the recent increase in minimum support price for Rabi crops influence the overall strategy and the sales outlook?
- Dr. Devinder Khurana:** What you're asking is that the MSP if it has been raised by the government, then whether it will impact our seed sale, something like that?
- Deepesh Sancheti:** Yes, something like that. So, is there any strategy or I mean will that affect the sales?
- Dr. Devinder Khurana:** I think we have Mr. Harish Pandey here, who is the business lead, he will answer this question.
- Harish Pandey:** Yes, definitely it will help us because when government increase MSP, farmer attracts to buy the better seed to get the better pricing at the time of sell; when he goes to the mandi, he will get the better prices, so it's good for us.
- Deepesh Sancheti:** And what specific growth opportunities do you see in this Rabi crop segment, particularly wheat, mustard and vegetables, given the current scenario tailwinds?
- Harish Pandey:** Yes, because the good rainfall has been received, so definitely it will help. It's not to the Nath seeds, it will help the entire industry, right? And definitely the seed sale will go up and the farmer will get better yield because of the irrigation facilities available across. So, it's not only one or two states, maximum states are having good rainfall this time.
- Deepesh Sancheti:** And can you elaborate on your R&D initiatives, especially the disease and the pest resistance piece, how are they giving you a competitive advantage? And secondly, is the margin better on them?
- Dr. Devinder Khurana:** Thank you very much for this question. We are approaching disease resistance in both conventional way as well as molecular marker therapy. Mostly, in rice as well as in tomato we are approaching this into a molecular marker DNA based marker system, and in other crops we are approaching this with conventional system. This resistance is very important in almost all the crops, especially when the disease is creating big losses. Our seeds which are getting emerged in okra as well as in tomato, are totally resistant. Our company has taken a policy that without appropriate markers, at least two to three markers, we should not reach hybrid. Similarly in rice also, we are ready with two products,



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and we are going to come to the market. This indicates that we also get a better price for especially in okra and tomato for disease resistance.

**Deepesh Sancheti:** You said in okra and tomato you get a higher price?

**Dr. Devinder Khurana:** That's yes, higher price on the resistant.

**Deepesh Sancheti:** How much does it contribute to the sales?

**Dr. Devinder Khurana:** That would depend upon the market conditions. The quantifiability cannot be addressed at this particular time; however, kindly understand that we are deeply into research. And any product that goes into the market is basically researched properly through labs or outside the lab in the field. So, the product will demand the price, and the product will also demand the quantity, which is unpredictable at the beginning of the research.

**Deepesh Sancheti:** What are the gross profit margins in the paddy segment, if you can just mention this?

**Dr. Devinder Khurana:** Overall, the company has been maintaining the gross margin of around 51%, 52%. In paddy and in hybrid, we have a good margin goes to 60%-plus, in RS it goes down to around 40%-plus, similarly, cotton has different margins, we have crops coming, vegetables is a better margin than wheat. So, as a result, overall, if you have a look at it, you will find that the company has been able to maintain the gross profit margins of 51%, 52%, 53% depending upon various product mixes and we are always in the process of maintaining and improving upon it.

**Deepesh Sancheti:** That's exactly my question is. Despite the fluctuations in product volumes, still you are able to maintain the gross profit margin above 51%. How do you do that? That's why I wanted to –

**Dr. Devinder Khurana:** If you move to hybrid paddy, then your profit goes up definitely with the reduction in volume, right? If you sell something which is Rs.100 and you get Rs.70 and if you sell something which is Rs.100 and you get 30, that is where the product mix is matter.

**Deepesh Sancheti:** Then are we doing something about our debt, I mean how much is the debt and if we can segregate the debt in long term and what is the working capital debt?

**Dr. Devinder Khurana:** I think you need to go through my balance sheet, and you should have also heard when I said that we have zero debt and we have had zero debt for almost about 5-7 years now, we don't have any long-term debt.

**Deepesh Sancheti:** And what is the ROE of the company then?



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- Dr. Devinder Khurana:** ROE of the company I have not yet calculated the way you're asking for it. Maybe I can let you know separately.
- Moderator:** The next question is from the line of Jinesh, an individual investor. Please go ahead.
- Jinesh:** As per the result, it shows that the inventory at the end of Q2 is 150 crores. So, it is fair to understand that this inventory will be liquidated in Q3?
- Dr. Devinder Khurana:** We give you H1 and H2 results purposely because by the end of September, the Kharif season is over, the sales have been clocked and the sales return have also been booked. Now the inventory which is lying at the end of H1 also includes cotton, which is going to be sold in next Kharif, because Cotton gets produced only once in a year. Our predicament is that this inventory will get liquidated in H2, not Q3 in any case, H2 is Rabi, the vegetables and maize and certain other crops which go through, yes, but as far as cotton is concerned, it is going to go over to the next year, that's happening factually year-after-year.
- Jinesh:** So, out of 160 crores inventory, how much inventory is going to be liquidated in H2?
- Dr. Devinder Khurana:** Maybe around 50-60 crores.
- Jinesh:** And what was our inventory level at the end of Q1?
- Dr. Devinder Khurana:** We don't work into Q1 because Q1, we have made the sales, inventory is lying into the market, the sales return has not been booked, the rains have not set in, and the returns have not yet come. I have always requested the investor community not to judge the company on Q basis, please do it on H basis, it's much, much, much easier for all of you.
- Jinesh:** Sir, what is total available land we have on lease for seed cultivation as on today in India?
- Dr. Devinder Khurana:** We go through cultivation through organizers and farmers for our production, and the state we take land on leasehold rights, and it goes to around 15,000, 20,000 acres or even more at times. It depends; it keeps changing with the crop, it keeps changing with the season, it keeps changing with the state.
- Jinesh:** Do you have any advance order book as on today for Q3 and Q4?
- Dr. Devinder Khurana:** In seeds, there is nothing called advance order book. Let's not compare seed industry with manufacturing industry. What we have is advanced booking which comes through advance of sales. Last year, the advance booking was almost 70-80 crores, which was for the next year. So, there's nothing called advance book, but that happens only in the manufacturing industry. In the seed





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industry, we have advance which is received against sales provided your product is good and your market demand is high. And we normally launch our advance bookings scheme from December onwards and by March they are closed for Kharif.

- Jinesh:** So, who are our major competitors in India?
- Dr. Devinder Khurana:** Now that would also depend from crop-to-crop. I think I'll let Mr. Harish Pandey handle that.
- Harish Pandey:** So, you are asking crop wise competitors?
- Jinesh:** No, I am asking a general question the way we have the product mix who are our competitors in India?
- Harish Pandey:** Competitors like Rasi is our competitor, Kaveri is our competitor, Nishabd Seeds is our competitor or you can take Mahyco is our competitor. These are the 4-5 big companies who are competing with us.
- Jinesh:** Are we planning for any inorganic growth in terms of JV with local seed manufacturers as of now?
- Dr. Devinder Khurana:** Not yet. I made the statement about a year and a half back. Let the company stabilize in the kind of growth target that we have set for ourselves. Once we cross 500 crores top line, then maybe we'll think of further diversification as of now.
- Jinesh:** Sir, you mentioned about 600 hectares of land where initial trial has been done, post-trial is successful, and this land is used for the crop, for seed cultivation. What can be expected revenue from this?
- Management:** Uzbekistan as a country had a good beginning. We have started seed production; we have already started research there. And based on the success of this particular initiative, which will be known to us by January, February, next year's plans will be firmed up. So, all will depend on how next six months we really fare in terms of quality of seed production and demand for seeds and also in sales how you really go through it, how is the initial response, based on that in the month of February, March, we'll be deciding next year's plans. If everything goes well, at least we should double the seed production there and also improve the genetics through our research. This is the kind of a plan I can tell you at this stance.
- Jinesh:** What was our spend on R&D last year and this year?
- Dr. Devinder Khurana:** Around 8 to 10 crores.



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- Jinesh:** For this year or last year?
- Management:** No, I think you can open the balance sheet, there is a separate schedule which gives our R&D expenses detail wise for last year also as well as for this year, but we generally maintain around 9 to 10 crores, which we have been spending on research.
- Jinesh:** What is the contribution of vegetable seeds normally in our revenue if we talk about H1, H2 or entire year?
- Dr. Devinder Khurana:** Entire year we have around 60% coming from cotton and paddy, around 20% coming from other clean crops, around 10% coming from vegetable and around 10% coming from nutrient supplement. Now, this is something which we have been trying to improve upon by reducing the dependence on cotton and paddy and increasing the revenues from other big crop. It is happening, but what happens is that when other field crops grow, the cotton also grows, and paddy also grows. So, as a result the whole thing remains the same. And you had asked for a question on research. Last year it was 9.37 crores, this year it is 11.28 crores.
- Jinesh:** Sir, the company is filing GST every month or quarterly basis?
- Dr. Devinder Khurana:** Monthly basis please and we File 16, I think 18 GST every month because every branch is registered with GST, and we have 16 branches all over the country.
- Moderator:** The next question is from the line of Avi Agarwal from Arihant Capital Markets Limited. Please go ahead.
- Avi Agarwal:** I wanted to ask if you can provide more details on the progress made in the Uzbekistan joint venture and how do you plan to scale the cotton seed production?
- Dr. Devinder Khurana:** What my colleague said was we are into cotton seed production in Uzbekistan. This is the first year on which we have taken 600 hectares of land under cotton seed production. This year, being the first year, we are producing the local varieties there and growing them and selling them back to the public at large basically for seed production. Okay? And if this goes through properly, which is likely to go through because we are very sure of it and all efforts have been put, next year, we will continue this process by increasing the production as also trying to add our own BT canine varieties in a country because they don't have that and once that goes through then we'll set up a plant of our own. Now, this is a long drawn-out process, but over a period of time definitely progressing.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.



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- Saket Kapoor:** Firstly, sir, if you could explain to us what goes into the consolidation of our numbers and why are our profits lower on consolidation?
- Dr. Devinder Khurana:** We are consolidating the results with the profit & loss account of Uzbekistan. This is the first year and the sales have not yet taken place although we have taken the production expenses into the inventory for the time being but the salaries and administrative expenses and all the other expenses we lost, so I bear the 90% in my book. That is why there is a reduction in profit of the consolidated results vis-à-vis the standalone results.
- Saket Kapoor:** And sir, in that JV, we hold what state, sir? I missed your point.
- Dr. Devinder Khurana:** 90%.
- Saket Kapoor:** How much have we invested?
- Dr. Devinder Khurana:** As of September, it was around US\$7 or US\$8 lakh.
- Saket Kapoor:** Sir, when we look at our borrowing, we do not have any long term, but we have finance cost to the tune of I think so they have mentioned is Rs.5 crores, that is the working capital.
- Dr. Devinder Khurana:** Sorry, I have a working capital of 105 crores, that carry cost, right?
- Saket Kapoor:** And you mentioned about our rating being upgraded also. The last rating by CRISIL is dated November '23. Any further update post that?
- Management:** I have two rating agencies looking after me. One is CRISIL of course and second is India Rating. India Rating has already given their current year results, and they have taken it up from Triple B Minus to triple B, one short double jump. As far as CRISIL is concerned, they are still mulling over the results that we have given. It is likely to go to the committee this week or next week.
- Saket Kapoor:** Looking at the growth aspect, other than the Uzbekistan ventures which we are currently pursuing, what else would lead to growth as you alluded to the fact that we would be first eyeing to stabilize the operation or to reach to that 500-revenue mark. So, what steps are we taking and by when can we think that taking into account the current product profile we will be reaching 500, what is our endeavor?
- Dr. Devinder Khurana:** If it was for me to reach, I would have reached last year only, but markets have their own way, products have their own way of selling. We are expecting that if we continue to maintain a general growth of say 15% plus, it may take around two to three years.



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- Saket Kapoor:** Taking into account the current product profile only we will be achieving this PAT of 15% to 20% growth?
- Dr. Devinder Khurana:** I would say yes and no, because current profile is also a very flexible profile which has been changed with the help of research and development people. Like Sanket came and suddenly it helped us, Jumbo came, it helped us Akhand came in tomato has helped us. So, as a result the product portfolio which is existing well-accepted into the market plus the new products that are expected maybe this year, next year, next year, all this will contribute to the growth of the company. Now secondly, we have not yet touched Uzbekistan. If that goes through by the end of this year or next year, maybe that will also support. And to add to that, there has been an issue regarding Philippines. I would request M.D. sir to also throw a light on that, because if that happens properly, that will also give an impetus to the top line. But let me tell you, Philippines, we have been burning fire for almost about quite many years and it has been Philippines, Philippines, Philippines. Finally, last year we got our possessions, and the trials were conducted, and things were very well accepted and this year we are trying to sell to the government. And if that goes through this year, the next year will become multiple growth.
- Saket Kapoor:** In Philippines, what is our business model there, it is again through a JV only that we have and what have been our business?
- Dr. Devinder Khurana:** It is only a direct export to the government. If that establishes, then we'll come to know what is to be done, that's a little flexible as of now.
- Saket Kapoor:** Currently, the last few years, what have been the business we have done with the Philippines government?
- Dr. Devinder Khurana:** Zero.
- Saket Kapoor:** So, currently we are only scratching the surface and getting the enrollment and the certification done?
- Dr. Devinder Khurana:** Yes. So, that in any seed industry, in any country, it's a long drawn out process. It takes about 5-7 years because there are hundreds of tests that has to be done in every country, it happens in India also. But once we have broken that, then the sky is the limit.
- Saket Kapoor:** But you were mentioning that we are at an inflection point for them. If you could just complete that part?



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- Dr. Devinder Khurana:** For the simple reason, because now if this year the sales is given on a larger scale and if that performs as the as the demonstration trials have performed, then maybe by the time we come to our next con call, we will be able to elaborate much better on that.
- Saket Kapoor:** Sir, I missed your point. Come again, please.
- Dr. Devinder Khurana:** I said that once the demonstrations are closed and the product reviews are good, the acceptance is okay by the government, then we go for larger production areas. There it is government controls; the government is buying, and the government will sell or plant itself or whatever happens. If that goes through this year properly, then maybe next year we'll be able to upscale the exports.
- Saket Kapoor:** And when we will hear about it sir, what is the timeline?
- Management:** Maybe after one crop year, maybe next year.
- Saket Kapoor:** One more year we have to wait for the government -
- Dr. Devinder Khurana:** Are we looking on Philippines for the company to grow? No, no. I have a domestic sales happening, I have domestic sales having capability of going beyond 500 and am I going to only rely up on Philippines to take the company forward? I think there is something missing. It is cherry on the cake. If it happens, it will happen. Definitely it will happen. Let's not bank upon Philippines for **nath-bio genes to** grow.
- Saket Kapoor:** So, two small points. H2 generally is seasonally weak quarter as you very well mentioned, which we cannot look at our H2 which is a weak half year. You are trying to say that?
- Dr. Devinder Khurana:** Yes, H2 generally traditionally also and also seasonality also the reflection is there in the numbers also. So, as per our understanding how should the second half look for the current financial year?
- Dr. Devinder Khurana:** Generally it is around 70:30. That is the basic seed industry norms until you are very strong in vegetable and supplement, which we are trying to be, not yet. So, as a result I am expecting another maybe around 80 to 100 added in the H2.
- Saket Kapoor:** When you mentioned about the heat resistance to the pesticide, can you elaborate, there is no need of spraying of fungicides or insecticides on the harvest, if you could just give more clarity on the same?
- Dr. Devinder Khurana:** Sir, would you please like to explain?



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- Management:** Yes, there is resistance to virus means, the virus will not appear. Otherwise, if the virus appears, there will be losses to the crop, to the tune of 50% to 70%. So, that that much of yield is saved to the farmers. For that only, resistance is very important in this. For example, in cotton, BTG in parts resistance to **bollworm**, otherwise we have to spray for four or five times and in spite of spraying there will be about 40% to 60% losses. So, resistance will bring you that much of recovery from the losses.
- Saket Kapoor:** Sir, last point I missed about the spraying and what you mentioned.
- Management:** For example, BT cotton is resistant to **bollworm**. In case if it is non-BT cotton, then the farmers used to spray about four to six times to control the **bollworm**. O. In spite of that, there used to be great losses to the yield. Now, with the introduction of BTG, the cotton is resistant to **bollworm**. That means to say that 40% of the losses that whatever they used to have that is being recovered and then insecticide spray for balloons is really, like that.
- Saket Kapoor:** So, it will act as a prevention. We need spray but –
- Management:** It actually prevents.
- Moderator:** The next question is from the line of Reena Shah, an individual investor. Please go ahead.
- Reena Shah:** Just wanted to know how you have diversified your portfolio in maize and bajra and how it can help you to offset the challenges in other crop segments?
- Dr. Devinder Khurana:** Ma'am, diversification is not only in maize and bajra. Our company has a fully diversified portfolio because we are into cotton that is fiber, then we are into seed crops which consists of paddy, maize, bajra wheat, then we are into oil which is mustard, then we are into vegetables which is like tomato, okra and such other vegetables and then we are also into a nutrient supplement segments. All the major five segments of seed industry are covered by Nath Bio-Genes India Limited. And when I say maize or bajra, it is like promoting, you get good product, you promote maize, it doesn't set off the losses or anything else of others because every product, every crop is supposed to perform the way it is supposed to perform. There is no setting of every diversification portfolio goes forward, the whole diversified portfolio goes forward. Okay?
- Reena Shah:** And so how do you see H2 FY'25 panning out in terms of growth?
- Dr. Devinder Khurana:** Anyway, I am expecting around 80 to 100 crores.



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- Moderator:** The next question is from the line of Deepesh Sancheti from Shefali Art. Please go ahead.
- Deepesh Sancheti:** Now I can see from your balance sheet as well as from your profit & loss that you have about 9 to 10 crores of yearly interest. Now what this interest is being paid only on term loan or is it paying only on the working capital?
- Dr. Devinder Khurana:** I did mention that we don't have a term loan. So, the interest doesn't work on term loan. We only pay interest on the working capital and at times in between in the season if I need more monies for the time being then maybe I will raise an NCD-2 which gets repaid over 2-3 months, then the interest is paid on the deposits of the customers that we are holding in our books, all that put together comes to the interest cost, no term loan again.
- Deepesh Sancheti:** Who has given the company about 11 crores of loan in that because there is the asset side, there is the 11 crores loan pending?
- Dr. Devinder Khurana:** That is a temporary advance which we had put into one of our ventures in Uzbekistan also that is one, because that's an asset which is showing into my books. Once Uzbekistan starts paying backward, maybe their money will be received.
- Deepesh Sancheti:** I wanted to know where will the sales growth actually come from, because I know that the company cannot be seeing quarter-on-quarter basis, it has to be seen in yearly basis, but in the next 2-3 years for long term investor, where will the sales growth will come from?
- Dr. Devinder Khurana:** Cotton should continue to grow 15% to 20%, paddy should grow by about 10% to 15%, vegetables should grow by about 20%, 25%, supplement should grow, which has fantastic margins should grow around 25% to 30%, maize and bajra have been supporting us, mustard this year is also doing very well. So, as a result, the entire basket will contribute towards the growth of the company.
- Deepesh Sancheti:** And you see approximately, I mean on an average about 20% growth because most of the factors are doing 20%, 25%?
- Dr. Devinder Khurana:** I am a very conservative finance guy. I would always say 15% plus, then wherever even if they give me 25%, I'll be very, very happy, you and me both.
- Deepesh Sancheti:** My last question is actually on overall industry as well as on this. Do we have any scheme like a KUSUM Scheme or we should see this company as a B2C company which only sells it to the farmers, how does the industry work actually?



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- Dr. Devinder Khurana:** You see, the seed companies will sell to the distributors who sell to the dealers who sell to the farmers. It's a CCC effect. Because if I am creating say 15,00,000 packets of cotton and one farmer is taking one packet on a per acre, I can't be handling 15 lakh or 10 lakh farmers there. So, as a result all seed companies go through distributor lanes. We have around 4,000 or 5,000 distributors all over the country and we just go through them. Every distributor has around 10, 15 dealers and every dealer has around 15, 20, 25, 30 farmers. That's how the chain goes.
- Deepesh Sancheti:** So, there is no government involvement or there is no government scheme which helps the farmers to get these at a better price?
- Dr. Devinder Khurana:** What Harish Pandey ji is telling me is that small companies do sell it to the farmers, but they are like some sporadic product, for those who are not into deep research, and they're very small in numbers, and small in volume. They can do B2B, but we cannot run through our distributors only at the time-tested group model. You're saying something about the government?
- Deepesh Sancheti:** Yes. Perfect. I mean I understood the model. I just wanted to know that there is no government scheme in which they procure it and they gave it at a subsidized rate to the farmers, there is nothing like that which we participate.
- Dr. Devinder Khurana:** No, we don't. We have already burnt our fingers in one or two governments, and we are very, very wary of it, thank you very much, we aren't going into that route, the monies don't come.
- Deepesh Sancheti:** But in the foreign government, what you said that it takes about five years for approval and then you will be supplying it to the government, or you will be following the same distributor model?
- Dr. Devinder Khurana:** No, no, no. When I said five years, it is a question of testing. You put in 23 and then you get it tested by human being, you get it tested by animals and so many things. That is the testing period. Once that is over, then you set up your module depending upon how strong you are into your product and how strong you are into that nation and what is their system.
- Moderator:** The next question is from the line of Jinesh, an individual investor. Please go ahead.
- Jinesh:** How many states in India we are present as of now?
- Management:** All the states, Pan-India.
- Jinesh:** Can you please elaborate what is the cotton seed market in Philippines as on today?





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- Management:** See, cotton, several years ago, we grown, then, due to several reasons, including climate and including variety, the area and the cotton growing reduced substantially, it is very, very low area now, but the government there is very keen to reestablish cotton as a crop. So, we have been working with the government to sort of promote cotton cultivation into the country. So, first step was to go with the right varieties, the right technology, which has been done. So, now our task is to bring back the cotton cultivation in Philippines, which was earlier in large area. Now, it will be beginning from a very low practically zero area to a large area. So, as of now cotton growing is not much there in Philippines. Okay?
- Jinesh:** Sir, at the end of H1, we have 160 crores of inventory and as you elaborated mostly this inventory will be sold in next year H1. So, are we planning anything to optimize this inventory year-on-year because this is going to occupy most of our working capital?
- Dr. Devinder Khurana:** Yes, but please understand there are two ways of doing it. One is you spread yourself then maintain your top line and gain the bottom line. Second is you reduce your working capital dependence, and then you suffer on the top line, and you suffer on the bottom line. I prefer to be on the first line. Okay? I can have debtors of around 100 crores spread over 5,000 people, with everybody owing me Rs.2 lakhs and I can still maintain that because working capital is funded beautifully by my bankers and by the advance booking coming from the market. So, we are having on working capital, but we are not suffering because of working capital rather we are gaining because of the spread of working capital. I think we are a good model.
- Jinesh:** So, you are going to keep a similar kind of inventory level every year at the end of H1. Is it the right understanding?
- Dr. Devinder Khurana:** If you look into the balance sheet and if you go through the working capital available at the end of March, what an analyst will do is divide that inventory by last year sales, whereas you forget that this inventory like for the next year sale, you expect me to grow by 20%, my inventory would also grow, right, and my debtors will also grow. So, the growth itself will result into enhanced working capital and enhance the debtors. But as long as we have fund at the end of the year to fund that, I haven't increased the working capital from the bank for us almost about three years now, because we are funding through the advance bookings.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.
- Saket Kapoor:** When we look at our property, plant and equipment, the closing balance as on September is 243 crores. So, what exactly goes into it because it is one time or 1.10 times asset turnover. If you could just –



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- Dr. Devinder Khurana:** Please go through my balance sheet of March for the time being. Okay? Just hear me out. Go through the balance sheet of March and you will find, out of these 243 crores, the major chunk is land and not property and plant and equipment. Now that land is being used by the company for the search operation. I need land because I am a land-based company. So, the fixed assets are hardly 2-3 crores. The land itself is 223 crores. To reduce that and you find that we come down which is very, very low. Land cannot be compared for the overall ratios. Please remove that and you will find we are very, very comfortable more than that.
- Management:** And these lands are where the labs are situated or what is the applicability of these huge land values?
- Dr. Devinder Khurana:** No. The lab is situated in Aurangabad, where our registered office and head office is. It is right behind where I am talking and sitting now. Lands are spread in the field areas. We have almost about 250, 300, 400 acres of land. It's well irrigated, well cultivated, all our breeder seeds and research is carried out on these lands, because I cannot give it to outsiders, otherwise my product will get spill with it.
- Saket Kapoor:** Which are the geographies we are holding this land bank?
- Dr. Devinder Khurana:** This is basically in Maharashtra.
- Saket Kapoor:** And these are at market value, sir, is this current land bank of 223 crores?
- Dr. Devinder Khurana:** It was made to market value way back three or four years back when Ind AS has set in. So, based on that Ind AS system it has been taken on the market value at that particular time.
- Saket Kapoor:** Sir, on the use of pesticides, fungicides and insecticides with the quality of seed, the resistance part of the story, which was explained earlier, you are trying to explain that does the dependence on the use of the same goes down or we can also claim that there would not be any use when there won't be any need of the use of the same to prevent the crop from a particular disease?
- Management:** There is nothing like that. This is a continuous war between plants and diseases or tests. There will be emerging tests and emerging strains of viruses, emerging strains of insects. So, this is a continuous process in agriculture. It's very dynamic in nature. So, we have to have a continuous this thing. There is no end of chemical pesticides in agriculture. There can be new safe molecules might come, but this war will continue. We will treat diseases, and they become susceptible to the new racist, new this thing, new biotypes, and then the insecticide use will increase. Again, the cycle goes on boom-and-bust cycle.



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**Saket Kapoor:** No, my point was, when we claim that or when we put forward seeds in the market in the hands of farmers putting stress on the point that these are resistant to say XYZ attack of it, does that pertain to no uses of these protective as insecticides and fungicides we have that claim on the same?

**Management:** No. We will only say that these are resistant to these pests and diseases.

**Saket Kapoor:** But as you mentioned that this is a dynamic situation, another category of pests may attack, so we need to continue with the -?

**Management:** In our R&D. Yes, our work we should be continuing.

**Saket Kapoor:** Depending upon the R&D part, how many other seeds are in the pipeline that we are working with and particularly with reference to maize, we have seen that because of this ethanol blending and I think the country liquor part of the story gaining traction the requirement for maize crop may be increasing significantly. So, what is our product profile on the maize seed part, if you could just elaborate?

**Management:** Yes, we are present in medium maturity, we are present in early maturity, and we also have a sizeable single cross hybrids. In fact, I have to congratulate Mr. Harish ji because he is putting up a lot of efforts. Probably you might be knowing that our maize sales had good traction this time and had a good jump in back and we expect in maize to grow much faster next year.

**Saket Kapoor:** So, we are working with new varieties. That is what you are trying to -

**Management:** Yes, very new.

**Management:** All single crops.

**Saket Kapoor:** When we mention NCP portfolio, can you just elaborate what are we trying to explain?

**Dr. Devinder Khurana:** NCP portfolio means non-cotton non-paddy portfolio. That means it will consist of field crops, it will also consist of vegetable crops, and it will also consist of plant nutrient supplement. PNS you are aware, vegetable you are aware, when I say other seed crops, it would include mustard, jawar, bajra, wheat and maize. What was happening was that CP portfolio has become dominant in overall growth. We had around 70% plus happening from cotton and paddy and other vegetables and other seeds were not getting the kind of due importance that they were supposed to be given. So, three, three and a half, four years back, I had mentioned that we are going to maintain cotton and paddy, but we are also going to emphasize the NCP crops. That is what we mean by that.



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- Saket Kapoor:** The contribution of plant nutrients and supplements, if you could just elaborate what are we alluding to and how are these sales applicable and implemented?
- Management:** I did say earlier that it should be around 10% of the top line.
- Saket Kapoor:** These are applied at the time of sowing just to improve the quality of the harvest?
- Management:** No, no. Win-Chi-Win that is our main plant nutrient supplement is a photosynthesis product. It is sprayed onto the leaves and through the process of photosynthesis it is taken in and it is used by the plant. You can compare this product with the Revisal. It has all the necessary ingredients and minerals, including some portions of NPK, but it doesn't go through the roots, it goes through the leaves and photosynthesis. However, we are also introducing GOLii and another product which is going through the root system also. We are trying to diversify even our PNS segment.
- Saket Kapoor:** We can consider this as a value-added product. That is the margins for the plant nutrients, the payments are higher than –
- Management:** Two, three years back I used to get around 70% on that. However, to enhance our sales and top line, we are passing some margins to the market, so that not only we benefit, they also benefit but it still gives me easily around 60-plus.
- Saket Kapoor:** Sir, going ahead, what are the growth plans for plant nutrients and supplement? Today, it is 10%. So, going ahead, what are we eyeing and what R&D are we doing that we can get the new supplement?
- Management:** We don't need any research on this. These are ready-made products. The only research is in the field that when you spray it, if it gives good results, it becomes a research-oriented product, there's no genetic or lab research involved in that. And secondly, PNS to become 30% and then say that my cotton is reducing, or my field crops are reducing. And like I made the statement earlier the entire diversified portfolio has to grow together. It is a team. We aren't competing with each other. We are supplementing and supporting each other in each product, each crop.
- Moderator:** The next question is from the line of Jinesh, an individual investor. Please go ahead.
- Jinesh:** Are we planning for any CAPEX on plant and machinery this year or next year?
- Dr. Devinder Khurana:** No. The reason is very simple that CAPEX are not required. You will find over my last five, seven balance sheets, there are hardly any CAPEX. The reason is very simple that I can get the processing done from a vendor. There are people with godown, there are people with processing facilities, I don't



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need to maintain maize which takes about 15 days, one month to be maintained that plant and machinery for 365 days. So, we are low on CAPEX, we don't much spend on that. Saves me depreciation, saves me maintenance cost and saves me the breakages.

**Jinesh:** And whatever plant and machinery we have, what is our current utilization on that?

**Dr. Devinder Khurana:** We are processing our own vegetables in our own plant, we are processing cotton in our own plant, we are packing Win-Chi-Win a plant nutrient supplement in our own plant.

**Jinesh:** And what is the utilization as of now of our own asset in terms of plant and machinery?

**Dr. Devinder Khurana:** When it is a season, we work maybe two shifts at a time.

**Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.

**Dr. Devinder Khurana:** So, once again, I will take the opportunity to thank everybody. It is more than an hour and the interest shown by all of you into our company is heart whelming. It helps us to continue to strive better and grow better. Down the line, we hope that we are able to meet the target that we have set for ourselves, which should be a little more than the target that I see giving it to you. Thank you and a very, very, very happy diwali to all of you. Let's hope that this Rabi also gives us the kind of quantum that we are looking for. Thank you and thank you very much.

**Moderator:** On behalf of Go India Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.