6th February, 2025

Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G. Block,
Bandra- Kurla Complex,
Bandra East, Mumbai-400 051

Corporate Relationship Department
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Symbol- DHANUKA

Scrip Code : 507717

Sub: Transcript of Conference Call held on 3rd February, 2025 with Analysts/ Investors to discuss Un-Audited Standalone & Consolidated Financial Results of the Company for the Quarter and Nine-Month ended on 31st December, 2024.

Dear Sir,

In pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, Please find enclosed the Transcript of the Conference Call held on 3rd February, 2025, which was hosted by Antique Stock Broking Limited via telephonic mode with Analysts/ Investors to discuss Un-Audited Standalone & Consolidated Financial Results of the Company for the Quarter and Nine-Month ended on 31st December, 2024.

Please take the above information in your record.

Thanking You,
Yours faithfully,

For Dhanuka Agritech Limited

JITIN SADANA
Digitally signed by JITIN SADANA
Date: 2025.02.06 17:13:19 +05'30'

Jitin Sadana
Company Secretary and Compliance Officer
FCS-7612

Encl: a/a

"Dhanuka Agritech Limited Q32025 Earnings Call"

February 03, 2025

MANAGEMENT:	**MR. M.K. DHANUKA – CHAIRMAN, DHANUKA AGRITECH LIMITED**
	MR. RAHUL DHANUKA – MANAGING DIRECTOR, DHANUKA AGRITECH LIMITED
	MR. HARSH DHANUKA – EXECUTIVE DIRECTOR, DHANUKA AGRITECH LIMITED
	MR. V.K. BANSAL – CHIEF FINANCIAL OFFICER, DHANUKA AGRITECH LIMITED
MODERATOR:	**MR. RIJU DALUI – ANTIQUE STOCKBROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Dhanuka Agritech Limited's Q3 FY '25 Earnings Conference Call, hosted by Antique Stockbroking Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing the '*', then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Riju Dalui from Antique StockBroking. Thank you, and over to you, sir.

Riju Dalui: Thank you. On behalf of Antique Stockbroking, a warm welcome to all the participants on 3Q FY '25 Earnings Call of Dhanuka Agritech.

Today, we have Mr. M.K. Dhanuka – Chairman; Mr. Rahul Dhanuka – Managing Director; Mr. Harsh Dhanuka – Executive Director; and Mr. V.K. Bansal – CFO, on the Call.

Without any further delay, I would like to hand over the call to Mr. M.K. Dhanuka for opening remarks, post which we will open the floor for Q&A. Thank you, and over to you, sir.

M. K. Dhanuka: Thank you. Good afternoon, ladies and gentlemen. Myself, M.K. Dhanuka – Chairman of Dhanuka Agritech Limited, welcome you all to the Q3 Earnings Call. I hope all of you are doing well and keeping safe.

I have with me Mr. Rahul Dhanuka – Managing Director; Mr. Harsh Dhanuka – Executive Director; and Mr. V.K. Bansal – CFO of the company.

As you are aware, Dhanuka Agritech is a leading Indian agrochemical company. Dhanuka is working with the vision of transforming India through agriculture. We have a pan-India presence in all major states to reach out to more than 10 million farmers with our products and services.

Dhanuka's key focus has been on the introduction of novel chemistry and extensive product development, distinguishing us from the rest of the industry. With 4 manufacturing units and 41 warehouses across India, we cater to around 6,500 distributors and around 80,000 retailers.

Dhanuka has a strong sales and marketing team to promote and develop new products. Dhanuka's strong R&D division, has world-class NABL-accredited laboratory as well as an excellent team for new product registration and development. Dhanuka has international collaboration with 10 leading global agrochemical companies from Japan, U.S. and Europe, which helps us to introduce our latest technology in India.

Quarter 3 is important from the perspective of Rabi crops like rice in South and East India, wheat in North and Central India. This quarter is also important for farmers for harvest of Kharif crop and selling the harvest to generate money for the next season.

In Horticulture segment, Q3 is key season for potato in North India; grapes in West India; chilli in South India. This year, the disease appearance in potato, grapes and chilli was less, resulting in lower sales of some key fungicides. Also due to carryover inventory of chilli from last season, the commodity prices remain low, resulting in fewer space in the crop.

However, I am happy to share that we got excellent sales and liquidation for key products, LaNevo as well as MYCORe Super in this season. Both these products were introduced in this year itself, and have been well accepted by the farmers across India. Further, we introduced one new 9(4) product, Roxa, pyroxasulfone, 85% WG to control weeds in wheat crop, and received good response from the market.

In terms of financial performance for the Q3 FY '24-'25:

Revenue from the operations stood at INR 445.27 crores in Q3 of FY '24-'25 versus INR 403.24 crores in Q3 FY '23-'24, representing an increase of 10.42%. EBITDA stood at INR 75.56 crores in Q3 of FY '24-'25, versus INR 62.16 crores in Q3 of FY '23-'24, up by 21.55%. Profit after tax stood at INR 55.04 crores in Q3 of FY '24-'25 versus INR 45.37 crores in Q3 FY ‘23-’24, up by 21.33%.

Zone wise share of turnover for Q3 FY '24-'25, North India, 22.63%. East India, 11.18%. West India, 27.57% and South India, 38.62%. Product category-wise percentage share of turnover for Q3 FY '24-'25, Insecticide, 29.99%. Fungicide 19.96%. Herbicides 34.71% and others 15.34%.

We have also informed that the company has acquired international rights to the active ingredients, iprovalicarb and triadimenol invented by Bayer AG, Germany. With this acquisition, Dhanuka plans to expand its footprint in more than 20 countries including the regions of Latin America, Europe, Middle East and Africa as well as Asia, including India. This acquisition will enable Dhanuka to embark on a journey of global market expansion.

Dhanuka will be shifting the manufacturing of at least one of the products to India, leveraging the capabilities of our manufacturing units at Dahej, Gujarat.

Dhanuka considers itself responsible towards securing the farmer's welfare and preserving food security of the nation. We continue to strengthen our association with the agriculture Universities, Krishi Vigyan Kendra, and other critical institutions to impart knowledge and latest technology to the farmers.

I am happy that in spite of a challenging environment, the company has been able to deliver double-digit growth in top line and around 21% growth in the bottom line. So, considering the low pest attack, low rainfall in the rabi season and challenging environment, I congratulate the team for this reasonably good results.

Thank you very much for your kind attention. And now we would like to open the forum to take the question. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*"and 1 on their touchstone telephone.

If you wish to remove yourself from the question queue, you may "*"and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Himanshu Upadhyay from BugleRock PMS.

Himanshu Upadhyay: Yes, hi. Good afternoon. My question was regarding the acquisition we made, okay. We did not buy a brand name for triadimenol, which is a larger product, and the market share is around 25% for the existing brand. Can you give some thoughts for it and our strategy here, when it's a larger product and why we do not choose to buy the rights for that brand?

Harsh Dhanuka: Yes. Thank you for your question. So, these 2 products, iprovalicarb and triadimenol, they both contribute about 55%-45% to the revenue. Iprovalicarb is the larger revenue contributor out of these 2 products. With respect to the brand name around triadimenol, so these were tried brand names in series of other products also with Bayer, and had Bayer's initial B-A-Y in some of these products attached. So, they cannot transfer these brands to Dhanuka. So, that was the reason not to acquire those brand names.

Himanshu Upadhyay: Okay. And outside India, the type of model we are thinking is of owning or having basket of products and brands, and registration for these products will be ours, and generally, it would be 1 national distributor, manufacturing may be ours or from third-party, depending upon situation. So, is this the type of business model we like to be building outside India, our thought process based on acquisition should we understand this?

Harsh Dhanuka: Yes, absolutely. So, this acquisition is for a couple of products. Of course, we have our own products right now from Dahej, which is bifenthrin, which is already there. And we are looking at expanding this basket of products further in the future, maybe through organic or inorganic route, whatever will be feasible in the future.

But yes, have a basket of products available for international markets, where most of the country, we will appoint national distributors where the registrations are owned by us, and they will be doing the sales of the products.

Himanshu Upadhyay: And what are the challenges in such a business model? And what are the capabilities we will need to develop? Because currently, when we are working in our country, the whole distribution is ours. And we have a pretty good connect in the country with the distributors from top level to bottom, and we have a pretty good understanding now for the country. So, what type of challenges are there? And how do we overcome those challenges in the business model what we are trying to build outside India?

Harsh Dhanuka: Yes. I think 1 of the biggest challenges is around registrations. Global registrations are time-taking process. And to understand the registration process across different countries and their rules and regulations, and doing the entire documentation work, that is the challenging work and of course, building the customer base. So, with these two products, we will get the customer base and the existing registration for increasing the new products, adding new products within this customer basket, and acquiring more customers that is going to be the path forward. For building these skills, we have some team members already. We have created a specialist team for focusing on international business. And we've identified few positions, where we'd like to get capability from outside.

Himanshu Upadhyay: And are these products already present in India? What is the size of these products in India? And can you give what crops are they used in India for or they are not present in India currently?

Harsh Dhanuka: Yes. So, iprovalicarb is present in India, roughly the revenue would be in the range of about INR 30 crores for last year. And triadimenol is not present in India, the crops in which iprovalicarb is used is horticultural crops, grapes, tomatoes and other fruits and vegetables.

Himanshu Upadhyay: And one thing you stated in the last call when after the acquisition, that we expect these products to grow by 10% to 15%. But last 2 years have been painful for these products. So, what are the things you are planning or thinking that, which can take the growth ahead for these products and gain market share in those geographies or, let's say, presence across more countries? So, some thoughts on that will be helpful and that was the last question. Thanks from my side.

Harsh Dhanuka: Yes. Thank you, and very really interesting questions from your side. And yes, to revive the volumes of these products, we are working on a marketing campaign. Last 2, 3 years, due to portfolio clashes within Bayer's internal portfolio, their attention to this product has been reduced, and there has been no marketing spend on this product. Now we will be doing marketing spends further to enhance the volumes of these products over the next few years.

Himanshu Upadhyay: Yes. Thanks so much, sir.

Moderator: Thank you. Before we take the next question, we would like to remind participants that you may press "*" and 1 to ask a question. The next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Yes. Thanks for the opportunity and congrats on the consistent set of numbers. First question is for this quarter, of the 10% Y-o-Y growth, how much has been contributed from volumes and pricing?

Vinod Bansal: You see there is a difference of 125 basis points, value is 10.42% and volume is around 11.67x.

Rohit Nagraj: Okay. So, basically, there is still continued impact on the pricing for the product. So, pricing has not improved. It is more or less stable to slightly plus-minus. Is that understanding correct?

Vinod Bansal: You see during this financial year from Quarter 2 and then Quarter 3. And in Quarter 4, value and volume must be similar.

Rohit Nagraj: Okay. So, we expect in Q4 that the growth will be driven both from volumes as well as pricing?

Vinod Bansal: Absolutely.

Rohit Nagraj: Okay. Fair enough. The second question is on the Dahej manufacturing facility. So, again, a similar question, what was the revenues in Q3, 9 months? And what was the EBITDA level, negative contribution from the same for Q3 and 9 months?

Vinod Bansal: You see in Q3, the revenue is around INR 4 crores. And in 9 months, the revenue is around INR 26 crores. And in terms of EBITDA loss in Q3 is around INR 4.25 crores, and in 9 months is around INR 12 crores.

Rohit Nagraj: Okay. Fair enough. Now coming to the products lineup. So, we have mentioned that we will be having multiple set of products over the next 2 years, almost 8 new product launches are planned. If you can just give us an idea about in FY '26, which and all products, and which categories are these products used for which we are planning to launch? Thank you.

Harsh Dhanuka: You're talking about from Dahej or for the brand sales?

Rohit Nagraj: For the brand sales. And if you can provide the Dahej details as well.

Harsh Dhanuka: Yes. For brand sales, we have a lineup of products. In the next financial year, we will be launching 1 rice herbicide and a new fungicide for grapes and horticultural crops. These are the 2 new 9(3) introductions, plus a few 9(4) products Me-Too introductions, as identified by our portfolio gap. And moving forward also, we will have new products being introduced every year, 9(3) as well as 9(4).

With respect to Dahej, we have developed many products in the lab. Right now, the commercial viability is slightly on the lower side, and the fresh CAPEX is not justified for low viability products. So, we have not gone ahead for any new fresh CAPEX in Dahej plant. But yes, we are working on some more new products development in the R&D, and we will be coming out with some more products in the next 2 to 3 years.

Rohit Nagraj: Sure. Just 1 last question again on the Dahej facility. Given that currently, it is operating at low levels, what do we expect in terms of revenue and contribution in FY '26, given that probably we will be only continuing bifenthrin for the time being? So, any plans, how does FY '26 look like from Dahej perspective? Thank you.

Harsh Dhanuka: Yes. For FY '26, we are looking at revenue in the range of INR 60 crores to INR 70 crores. And assuming only bifenthrin over there and the efforts around that is, of course, domestic sales is there, and we are looking at international registrations. Some of them are at advanced stage, some of them are at early stage. So, we are working on international registration for bifenthrin.

Rohit Nagraj: Sure. That's it from my side. Thanks a lot. All the best.

Vinod Bansal: Thank you.

Moderator: Participants who wish to ask a question may press "*" and 1. The next question is from the line of Bharat Gupta from Fair Value Capital. Please go ahead.

Bharat Gupta: Hi, sir. Thanks for the opportunity, and congratulations for a good set of numbers. A couple of questions, sir, from my side. So, first, when we look particularly since you will be gearing up for the next Kharif, so how do you see the pricing of the RMs currently in place? Like do you see a stabilization, which is there in the RM prices?

Mahendra Kumar Dhanuka: Yes. As per the discussion with the Chinese players, because China plays an important role in deciding the prices, so overall, the prices are more or less stable, but it defers from product to product. Some of the product price increases also there like in the Cartap, in the Mancozeb, in Chlorpyrifos, Cypermethrin, et cetera. But overall, in general, the prices are stable, and in near future, we don't foresee any major change in the prices.

Bharat Gupta: Right. Sir, particularly with respect to the regime change in U.S., so tariffs are one of the critical things which has been bringing everything to toe. So, how do you see this particular thing playing out for us? Eventually, we are also one of the manufacturers in the technical side. So, do you think it will be a sizable amount of opportunity, which we will be getting? And how do you see with respect to our core business?

Rahul Dhanuka: This will take time to play out the impact of tariffs, because China continues to impact the chemical industry globally, because of their really low prices and almost eating into very sharp price that they have managed.

In addition to that, in anticipation of tariffs, China has front-loaded various markets, including U.S. in the last quarter. So, that will have its own impact over the next few months to go. Yet China plus 1 story has more grounds to play out as we see that this tariff regime as of now appears to be favoring Indian growth story, and Indian chemical industry growth story and Indian partnership with U.S. and other countries story. So, that appears to be more favourable.

Now impact of tariffs from U.S. will have another side of it, which is if China will not be able to export to U.S., then Chinese prices will come down further for other countries. Now will that happen or not, we are yet to see and a few more months before we can really understand and break through or see through the impact.

Bharat Gupta: Right. The reason I was asking is because in terms of kharif, so we will be procuring a majority amount of RMs, our contracts should be in place. So, thereby my question was like whether there has been some sort of a moderation in the prices, it has stabilized or you anticipate that because of the actions which should be taking in place, so the prices can see a further amount of correction?

Rahul Dhanuka: So, as of now, like you said earlier, most prices appear to be balanced. Many product prices have already shown upward trend for kharif. So, we are looking at no further corrections, not major corrections for sure in the next few months.

Bharat Gupta: And sir, with respect to the gross margin, so how are we looking at FY '26? Like, will there be any kind of an improvement, which currently we are factoring in?

Vinod Kumar Bansal: You see, in the gross margin, continuous improvement is really very difficult. This year, the gross margin is almost best in the last 5 years. So, maintaining the gross margin would be really difficult task in the year FY '26.

Bharat Gupta: Right. And sir, my last question remains on the Bayer side. So, like what is the overall revenue potential which we can factor in from these 2 products?

Harsh Dhanuka: So, for the next year, part of the revenue will come in the P&L, because the transition will be over a period of time. In the initial period, Bayer continues to sell, they will be transferring royalties to Dhanuka. So, by the end of next FY, the entire 100% revenue will come on Dhanuka's books. For FY '27 onwards, yes, we are looking at 15% growth in the product revenues year-on-year for first 5 years.

Bharat Gupta: Right. So, these 2 molecules are generic in nature, right?

Harsh Dhanuka: Yes, that is correct.

Bharat Gupta: And like overall market potential for these 2 molecules in dollars or in INR terms, what it will be?

Harsh Dhanuka: In terms of value or volume?

Bharat Gupta: In terms of value.

Harsh Dhanuka: In terms of value, both the products combined can go up to INR 250 crores.

Bharat Gupta: Okay. That's it from my side. Thanks so much.

Moderator: Thank you. The next question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh: Thank you, and good evening, and congratulations on the results. Sir, in the presentation, in the product mix you have shown, the other category seems to have increased the share. So, is the margin improvement driven by the other category? And what are these products in the other categories?

Vinod Kumar Bansal: See margin improvement is almost all round, largely is driven by the Lifeline category, which is specialty molecules. But in some of the molecules where the price drop was there, but that was not passed on to the brand in the same percentage. Therefore, in generic also, there's an improvement in the basic gross margins.

S. Ramesh: So, these other categories is what plant growth regulators? What are these other categories, where there is a 300 basis point increase?

Vinod Kumar Bansal: In generics.

S. Ramesh: They are the generics, okay. Okay. And secondly, on the Bayer products, is there any cost you have booked? And what is the overall acquisition cost, because you will have to amortize that, right? So, in terms of the P&L impact and the balance sheet, what is the cost you will book in your balance sheet in terms of the value of the acquisition? And what will be the amortization per annum for that acquisition?

Vinod Kumar Bansal: You see the overall cost would be around INR 160 crores, which will be capitalized in Q4.

S. Ramesh: Okay. And how would the amortization be over the next 4, 5 years?

Vinod Kumar Bansal: Everything you see it is under depreciation will gain the depreciation.

S. Ramesh: And there will all be registrations, right? So, it will be under the higher rate of depreciation.

Vinod Kumar Bansal: Rate I need to check, but depreciation, we are eligible for the depreciation claim every year.

S. Ramesh: Okay. And so, to the extent that you are seeing visibility on royalty and the income from sale of these products by the end of next year, when do you think you'll be able to generate the kind of IRR you expect for this acquisition in terms of ROC or IRR, whatever measure you're using? Would it be visible from the second half of FY '26? Or would it be more like towards FY '27?

Rahul Dhanuka: No, I think in the second half of the next financial year, that visibility will definitely be there.

S. Ramesh: Okay. So, one last thought. In terms of the volume growth for FY '26, now this year, we have seen very high volume growth in most geographies, especially in the export market, for you, of course, in the domestic market. So, on the kind of performance we have seen in your company year-to-date and likely for FY '25, what is the more realistic top line growth we can expect next year? And how much of that would be driven by volume growth in FY '26?

Vinod Kumar Bansal: I think other than Bayer molecules, it should be around 15%.

S. Ramesh: 15% will be your top line growth?

Vinod Kumar Bansal: Yes, plus whatever revenue we will generate from the Bayer molecules.

S. Ramesh: Yes. And this 15% growth, what is the ballpark volume growth you would expect?

Vinod Kumar Bansal: What is the….

Vinod Bansal: Volume growth.

Vinod Kumar Bansal: Volume, I am thinking almost similar.

S. Ramesh: So, mostly driven by volume growth, okay. I appreciate. Thank you very much, sir.

Moderator: Thank you. The next question is from the line of Dhruv Muchhal from HDFC. Please go ahead.

Dhruv Muchhal: Yes. Thank you so much. Sir, if I look at the 9 months volume growth versus the last year, it seems it has been reasonable, and it's not as if the last year was a very weak year. So, just trying to understand, is there something which is structurally helping us? Or is it across the industry or if it's structural, what's aiding such decent volume growths? Just trying to understand what's helping.

Rahul Dhanuka: Your question is not clear to me. Could you repeat that, Dhruv?

Dhruv Muchhal: Yes. So, if I look at the 9 months numbers for volumes, the growth has been quite reasonable. And it is not as if the last year's base was weak. So, there continues to be consistent volume growth. So, just trying to understand, what's helping? Is it across the industry that volumes are strong? Or there are some fundamental factors which are aiding this?

Rahul Dhanuka: Okay. So, what's happening across the industry, of course, you would have a better idea in terms of the financial numbers. Some have come in, some more will come in a few days. I can say that at Dhanuka, our team is doing a good job in terms of reaching out to the farmer, educating them and servicing the retail channel, which is the secondary sales channel, which we are working on aggressively.

In addition to that, the volume growth has been aided, supported by the new products that we have introduced. LaNevo, a powerful insecticide; MYCORe Super, a soil health rejuvenator; Purge, a very wonderful Japanese herbicide; Miyako, again, a Japanese miticide; and a couple of other products. So, they have done a good job, and we have done a good job of introducing them and quickly commercializing them, ramping up the volumes. So, I think, that's what's behind our volume growth overall.

Generic products in our portfolio have taken a beating. So, I would say, generic products across the industry have taken a sharp beating. And overall, the season has not been very favourable. And that's why generic products have taken a price as well as volume beating.

Dhruv Muchhal: So, for you, on a ballpark basis, if you split the business between generic and your specialty, what would be the decline in generic volumes and what is the specialty growth? Or what is the range of specialty and generic growth in volumes?

Vinod Kumar Bansal: So, you see, overall growth is largely driven by the specialty molecules. Generic, there is no growth in terms of value. Volume could be 3%, 4%.

Dhruv Muchhal: Okay. And for you, the split between generic and specialty, as you classify is about two-third, one-third, right?

Vinod Kumar Bansal: Yes, largely, you can say.

Dhruv Muchhal: And sir, the second question is on the margins. So, again, here also consistent steadiness in margins. So, again, the same question I've been asking for some time. Is it primarily because of the fall in AI prices, which is probably not passed on to the market at some point that will happen? Or do you think these margins are now consistent, sustainable and can continue whatever had to be passed on, is largely passed on?

Vinod Kumar Bansal: You see, gross margin in the range of 38% to 39%, I feel is sustainable, right? And beyond that, in this year, exceptionally is in the range of around 40%. So, that is basically because of decline in trade and prices and all. But in the long run, I think between 38% to 39% gross margin is absolutely sustainable.

Dhruv Muchhal: But I am just wondering, it has been more than a year now where the AI prices have been low, and the market is probably, in some sense, it seems absorbing the final formulation prices despite the low AI prices. So, do you think there is scope for correction? Or I am just trying to understand what's helping. If the AIs are lower and the formulation has not passed on, but still the market is accepting it, so why do you worry that the margins can probably revert back?

Rahul Dhanuka: So, you are repeatedly using a word called correction. So, when you say correction, what do you mean by correction is my point, that is one. I will leave that question over there. And the second one is what is helping. So, helping is our approach. Our approach of educating the farmer with Dhanuka doctors, servicing our primary channel, keeping robust relationship wherein rather than working with other competitors, they would prefer to work with Dhanuka.

And our efforts to work with the secondary channel, the retail network, as we call it. These are some of the dimensions of what is working in our favour in terms of why we are able to grow our specialty products and why we are kind of holding back margin loss on generic products.

Having said that, demonstrating margin growth year-on-year may not work out due to some seen and some unforeseen reasons. Still, our commitment is to stay around 38%, 39% bracket and that would be the effort.

Dhruv Muchhal: Correct. That’s helpful. Thank you so much and all the best. Thanks.

Moderator: The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking. Please go ahead.

Bhavya Gandhi: Yes, hi, thanks for the opportunity. Hope I am audible. Sir, my first question is with respect to the Rabi season, how has been the January offtakes? If you can throw some light, how have the offtakes been in the January month for the domestic market?

Rahul Dhanuka: Overall, January, and if I may say, December, both the months have not been very great in terms of rabi offtake, and the pest pressure, disease pressure has been pretty low in North India as well as in West India, including chilli of South India. So, pest and disease pressure has been really low, unconventionally low for December and January.

Bhavya Gandhi: Okay. So, we will be able to achieve the guidance that we mentioned around 14% sort of revenue guidance and 100 basis points improvement in the margin in the 4th Quarter?

Rahul Dhanuka: That's right. That's right. We stick to that.

Bhavya Gandhi: We stick to that. Okay. And sir, just wanted to understand what would be the trade margins for the dealers and distributors, if you can throw some light on that front as well?

Rahul Dhanuka: Is it like trade margin is important to throw some light? Can we skip that one? You can find out from your market visits.

Bhavya Gandhi: Sure. Sure. And just wanted to know one more thing on the number of registrations that would be transferred from Bayer to Dhanuka. How many number of registrations would be transferred for both the products?

Harsh Dhanuka: So, see products are registered in almost, if I talk about across all the formulations, so 2 products into 2 formulations each, 4 formulations. Across the 4 formulations, almost 30 registrations will be passed on to Dhanuka. And at the same time, we are finding out from our market connects, there are some registrations which Bayer has not renewed in the past. So, there is possibility to renew those registrations as well.

Bhavya Gandhi: Okay. And is it possible to share any gross margin or EBITDA margin for these products? And what would be like, maybe a 2-year forward guidance for these products, on gross margin and EBITDA?

Harsh Dhanuka: Yes. The EBITDA margin will be in line with our existing EBITDA margins.

Bhavya Gandhi: Okay. Fair enough, sir. That's it from my end. Thank you so much, sir. Thank you.

Moderator: The next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani: Yes, thank you for the opportunity. Sir, by when would you be shifting manufacturing for both the molecules to India?

Harsh Dhanuka: Right. So, one of the molecules we are planning to shift for sure, that will take about 1.5, 2 years to get the regulatory approvals, because it doesn't have an India manufacturing approval to date. So, it will take roughly 2 to 3 years. And the other product, currently, we are not planning to manufacture in India, because it was already outsourced by a buyer to a third party. So, cost reduction and optimization over there will take longer. So, that is not in the plan immediately.

Prashant Biyani: Okay. Sir, then keeping it outside, would it be margin accretive for us? Generally, people shift manufacturing to India for the sake of lower cost, India or China. So, keeping the manufacturing there, would it be margin accretive at the current price?

Harsh Dhanuka: So, for triadimenol, it is not being manufactured in Europe. So, it is already outsourced to another country. So, we believe it is at a fairly competitive price already.

Prashant Biyani: Okay. And sir, would you be looking at geographical expansion for these molecules? I believe one of the molecules you sold only in Brazil for Bayer. So, would you be eyeing some registrations in newer geographies?

Harsh Dhanuka: Yes. So, for triadimenol, the product registration is only in Brazil, the part of the business that we have purchased. So, Brazil, as you are aware, is a high entry barrier country, where new registrations take 5 to 6 years' time even for existing registered product. So, that is why it's a critical acquisition for us.

Expanding this product to other countries, we bring demand for this product in other countries as well, because it is used in cereal crops also. But in Europe, it is restricted usage. So, there are other countries like Australia and some countries in South Asia, which are looking forward for this product as well.

Prashant Biyani: And sir, for this molecule, I believe you bought only the LATAM business or Brazil business. So, Bayer might be selling this product in other geographies? And can you compete with them on this?

Harsh Dhanuka: In Brazil, we have exclusive rights. And in other countries, currently, we do not know Bayer's position.

Prashant Biyani: Okay. And next year, how much could be the top line contribution from these molecules, these 2?

Harsh Dhanuka: Top line contribution from these 2 products in FY '27 when the full revenue will come from the books of Dhanuka will be in the range of INR 175 crores to INR 200 crores.

Prashant Biyani: No, in '26, I was asking.

HarshDhanuka: In '26 because the business will be in transition country by country. So, once we appoint the distributor in each country, the revenue will start. Till that time, it will be in the form of royalty. It will not come in as revenue on the books.

Prashant Biyani: And could you share the tentative royalty number, how much could it be?

Vinod Kumar Bansal: You see, it depends when things are transferred in the name of Dhanuka. So, basically, sharing of this number is little difficult.

Rahul Dhanuka: Revenue versus royalty split sharing is difficult.

Prashant Biyani: Okay. And once we start to book revenue, we will not receive any royalty after that?

Vinod Kumar Bansal: Yes, absolutely.

Prashant Biyani: Okay. And for these molecules, what will drive the 10%, 15% CAGR that you are expecting?

Harsh Dhanuka: One is for iprovalicarb, there are new registrations for a new combination, which some of them are coming in '25 and '26. So, that is one. Second is renewing the marketing efforts, so that will revive the volumes. For triadimenol also, there is a new registration, maybe 4- or 5-year-old in Brazil itself, which is already growing at a good pace, and we intend to continue increasing that growth in the second formulation.

Prashant Biyani: Right, okay that's it from my side. Thank you.

Moderator: Thank you. The next question is from the line of S Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh: Thanks for the follow-up. So, what is the sense you get on the channel inventory for your own company and the industry as of now? And secondly, is there any structural change you expect in terms of the Indian crop because of the budget focus on cotton, the pulses and oilseeds? How do you see that shaping up in the next 2, 3 years?

Rahul Dhanuka: Right. So, as a matter of practice, at Dhanuka, we continue to clean channel inventory as and when it piles up. And we also do not frontload our channel. December has not been a very good consumption month, so we kind of picked up whatever was unsold inventory. And we believe for Dhanuka, there is hardly any channel inventory out there, but we do believe that the industry normally conventionally front-loads the channel. So, there should be quarter-ending channel inventory for most of the industry players. So, that's part 1.

Part 2 is crop shift. So, government's focus on pulses has been like deep rooted and pulses is costing us some ForEx. Pulse import has gone up by double to manage the inflation. So, that is 1 area which is certainly going to dominate the acreage increase of toor, chana, yellow peas and all.

So, these increase in pulse area, which will be nutrition management and protein management for the nation, gives a fillip to Dhanuka as we have one of the best portfolio to service pulses, both in terms of weed management as well as insect management. We have a wide portfolio with label claims on most pulses.

Cotton, government is bringing in renewed attention to manage cotton loss caused by pink bollworm. Cotton was revived and most states, Punjab, Haryana, Rajasthan, all the Western states, Central and Southern states, except for some Eastern states bank upon cotton for their agriculture revenue. So, that will bring renewed energy and attention on the farmer for investments in cotton.

Our products like Targa Super, MYCORe Super, various other insecticides, fungicides will find a lot of opportunity in cotton. So, this attention, this focus will certainly bring a fillip to our portfolio for sure.

And I want to add one thing here that the government did not talk much about ethanol, yet the ethanol price correction from molasses was done just few days before the budget. This will give a boost to the Sugarcane economy where, again, Dhanuka is really strongly positioned to leverage that opportunity.

S. Ramesh: Thank you very much, sir. Thank you. Wish you all the best.

Rahul Dhanuka: Thanks.

Moderator: Thank you. A reminder to all participants that you may press star and one to ask a question. Ladies and gentlemen, if you wish to ask a question to the management you may press "*" and1. The next question is from the line of Riju from Antique Stock Broking. Please go ahead.

Riju Dalui: So, during Q3, if you could break it up, like how was the Domestic Formulation business growth and the export formulation business growth for Q3 as well as for 9 months FY '25?

Vinod Kumar Bansal: You see, entire growth largely from domestic export, there is no significant growth.

Riju Dalui: Understood. Understood. And sir, a few bookkeeping questions. Like this quarter, we have seen roughly 100% kind of rise in the interest costs. So, what has actually driven this kind of increase in the interest cost?

Vinod Kumar Bansal: You see, normally, we are not using our limits for the last so many years. but there was some limit utilization at the time of buyback that has happened in some time in September. So, because of which the limits were utilized in the month of October, and there was 0 in the month of November.

And there is a provision for this acquisition, we have taken a loan of INR 50 crores in the month of December for buy acquisition. And the rest INR 115 crores basically is met with the internal accruals, because of which the interest cost has increased, but the base is very nominal. Therefore, it appears to be significant. Otherwise, again, as a percentage terms it is very low as of now.

Riju Dalui: Understood. So, sir, you have said that you have raised some borrowings to fund the acquisition. So, if you could quantify that number broadly?

Vinod Kumar Bansal: INR 50 crores.

Riju Dalui: Yes. Okay. INR 50 crores. And this will be repaid by when? Like maybe by next year or next to next year?

Vinod Kumar Bansal: Before December '25.

Riju Dalui: Okay. Understood. So, this is short-term borrowings. Okay. And another question that I had was like you said that you will get royalty in FY '26. And if you could give us a sense like how much percentage royalty you will get on a total revenue? So, I will not ask about the number, but the percentage that you will get from the revenue?

Vinod Kumar Bansal: That clarity is about to come from Bayer, probably will be better off by the end of February.

Riju Dalui: Okay. Understood, sir. Yes. Thank you. That's all from my side.

Moderator: The next question is from the line of Prashant Biyani from Elara Securities. Please go ahead.

Prashant Biyani: Rahul Ji, I had a question for you. This was regarding sugarcane only. So, we heard of red rot disease cropping up in UP from the Eastern side and then now it has spread to Central and Western. And what we hear from the company is that once sugarcane is infested with red rot, then you have to burn the crop, there's no other option.

So, I just wanted to check whether as an industry, do we have any solution? And if yes, why either Dhanuka or the industry has not been able to capitalize on it, because the sugarcane variety, which is getting infected with red rot is a very good or the best variety that was there available right now in terms of yield?

Rahul Dhanuka: Right. So, thanks for that question. That gives me an opportunity to highlight the portfolio that we have. But let me try and address the second part first, which is why we have not been able to capitalize. So, that's not really true. Industry has really worked hard to deal with the red rot opportunity or, let's say, red rot crisis that the North Indian sugarcane faces. This brings to forefront the challenge of working in agriculture, which is the education of the farmer.

How do you educate the farmer for a crisis, which is looming large? And now as we talk on this call, this crisis has been on the horizon since 2019, because the variety 60238, which is the highest yielding variety. Now any variety, at any given point of time, should not cross 25% of the total acreage. Because if and when a disease strikes, then it will become a pandemic for the entire variety. Now this variety, as you said, is the most high-yielding variety. It has the highest sugar content. So, this is covering more than 75% of the total sugarcane acreage in North India, which also makes us almost disaster-prone in our sugarcane production.

The challenge is farmer education, the challenge is seed quality upgradation, the challenge is corrective work to be done in an integrated way by the Department of Agriculture, KVKs, universities, farmer bodies and industry together.

At Dhanuka, we are offering biological solutions as well as our product, Godiva Super. We are exploring 1 more Japanese product with seed treatment trials, how it is performing. So, there are various options we are putting on the table for the farmer and educating the farmer. Yet, to your point, the crisis is pretty imminent and out there.

Prashant Biyani: So, I thought that because sugar companies are also involved. So, at least on the sugarcane side, there won't be any problem regarding the imparting of knowledge to farmers, because it might come from the sugar companies itself who are there in the hinterland. Is that not the case?

Rahul Dhanuka: Your question is not clear to me. Educating through sugar mills is what we do.

Prashant Biyani: No, I was asking the flow of knowledge to the farmers might not have happened properly, if I have understood you correctly.

Rahul Dhanuka: That's right.

Prashant Biyani: But sugarcane farmers and sugar mills work in very close association with each other. And generally, sugar mills advise them which seed to use or which crop protection products to use, which fertilizer to use. So, I thought, at least in that industry, the use of right crop protection products to use is not a problem. Is that not the case?

Rahul Dhanuka: Well, the evidence in front of us puts it differently. And it's a chicken and egg situation, because this is the most high-yielding variety. And the next variety, the yields are 25% to 30% lower than what this variety provides. There are certain sugar mills, which are really managing it well, and are able to generate good sugar yield, and are able to educate the farmer on disease management better than the others. Yet there are sugar mills, there are farmers and vast acreages, which are not well managed against red rot.

Prashant Biyani: Okay. Sir, last question on maize. Government has opened FCI rice as alternative route, and that too at a very attractive price, which has reduced the price of maize also I think in mandis. So, would you expect that in the upcoming seasons or even in the rabi harvest, maize farmers' income may be under threat, and hence, the investment in crop protection in future may reduce?

Rahul Dhanuka: We are looking at maize acreages to go up, because of its sturdy nature, consumption in animal feed and other opportunities, including ethanol and starch extraction. So, maize acreages are certainly going up. As of now, the economics have not become unfavorable. However, if the commodity prices and the economics become unfavorable at certain point of time, then yes, the Agri input investments does get impacted.

The current high temperatures that we are witnessing in North India is impacting wheat yields, wheat crop yields are getting impacted. This impact on commodity and wheat production can actually move the maize prices in another direction, which means maize prices can actually go up, again, driven by the market opportunity of cross balancing the nutrition of the carbohydrates required from serviced by wheat versus carbohydrates serviced by maize.

So, there's actually opportunity of maize prices going up. Acreages will certainly remain stable or go up marginally.

Prashant Biyani: Right. Okay, sir. Thank you. That's it from my side.

Rahul Dhanuka: Thank you.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

M. K. Dhanuka: Thank you. Once again, I would like to thank all the investors and analysts for your support and confidence in Dhanuka. With the transition in management, we have embarked on our next era of growth and business success. I reassure our stakeholders that we are committed to the task of transforming the landscape of agriculture and farmers in India. "India Ka Pranaam, Har Kisan Ke Naam". Thank you, and goodbye until next time. Thank you.

Moderator: On behalf of Dhanuka Agritech Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.