



NATH SEEDS®

Nath Bio-Genes (I) Ltd.

(CIN L01110MH1993PLC072842)

01st July 2021

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

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

BSE Code-537291

NSE Code-NATHBIOGEN

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

Dear Sir/Madam,

The Company had organized a conference call with the Investors/Analysts on Friday 25th June, 2021 post declaration of its Audited financial results for the quarter and financial year ended 31st March 2021. 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

Transcript

Nath Bio Genes Q4FY21 Earnings Conference call

Event Date / Time : **25.06.2021 at 11.00 Hrs IST**

Event Duration : **52 mins 58 secs**

Presentation Session

Moderator: Good morning, ladies and gentlemen. I am Bharati, moderator for the conference all. Welcome to Nath Bio Gene Q4FY21 earnings conference call hosted by Go India Advisors. As a reminder, all participants are in listen only mode, later we will conduct a question-and-answer session. At that time if you have a question, please press star and one on your telephone keypad. Please note this conference is recorded. I would now like to handover the floor to Ms Sheetal Khanduja of Go India Advisors. Thank you and over to you ma'am.

Sheetal Khanduja: Thank you, Bharati. Good morning everyone and welcome to the Nath Bio Genes earnings call to discuss the FY21. We have on the call with us today Mr Satish Kagliwal, Managing Director, Mr Devinder Khurana, CFO and Mr V N Kulkarni from research. 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 risk that the company faces. I will now handover Mr Kagliwal for his opening remarks. Thank you and over to you, Sir.

Satish Kagliwal: Thank you, Sheetal. Good morning, ladies and gentlemen. Thank you for being there on this call today and I hope you and your loved ones are keeping safe in these difficult times. Since the second wave of corona has affected the economy once again at a very crucial time affecting the moment of men and materials, more particularly for agriculture sector which is undergoing preparations for the kharif season. Despite the restrictions imposed your company through supply chain team were able to deliver goods in time PAN India. The kharif season is all abridged this year due to a very favorable monsoon prediction. The sowings are progressing very well across India. Our sales and marketing teams have been taking extra efforts to deliver seeds to our farmers. They are even giving home deliveries wherever required when the farmers are not able to reach the shops in time. Following all the necessary covid protocols these regional activities were conducted effectively. We are now in this season also using new technologies like sharing short videos of our product testing materials to the selected farmer groups. We are also using social media, multimedia, messaging services and daily calls to reach the farmer and also our channel partners. This is all to remind them like recall our products. We continue our efforts to further enhance our management bandwidth by believe in challenge and highly experienced professionals with addition of chief people officer, new business lead for our PHL vertical and many more at different levels. Now I would like to touch upon some new things which are happening in the company, more particularly on the product front. We have launched two new products in our PNS vertical, granules. Both are soil conditioners and help in improving the quality of soil and also raise a good crop. They will help us create a basket of products for our plant health, nutrition vertically. This is also helped us in getting aligned with the soil

amendment market. Government of India enhanced the cotton seed prices by Rs 37 per packet this year, which is surely helping add better value this year. Means following all the necessary protocols, we have put extraordinary efforts to promote our unique cotton products mainly NBC-10, Sanket, Jumbo and Dana this year. The response to these efforts is visible. The threat of illegal HTBt cotton continues to affect the industry. We through our associations are working very hard to request Government of India to regularize HTBt cotton and also in the meantime also stop the business of illegal supply of illegal HTBt through governmental intervention. We have been investing heavily in our Hybrid Research Program ever since the inclusion of Dr Ish Kumar and Dr Kulkarni in our team. I am very happy to announce that we have launched four new products this year in different segments of hybrid paddy, and they are Dhoom, Dhadak and Dhadak Gold. And the response to these new products launching has been phenomenal. Before I handover to Mr Khurana for his remarks, I am indeed pleased to share the announcement of dividend this year by our company. We are also exploring various capital restoration plans about which Mr Khurana will give further details. Finally, we are continuously focusing on strengthening the obligation - new product discovery, product development, sales and marketing, working with new technologies, new linkages. These all will allow to us to create long term value for all our stakeholders and increasing national agricultural productivity. Thank you, friends. Over to Mr Khurana.

Devinder Khurana: Thank you Mr Kagliwal. Good morning, ladies and gentlemen and thank you for joining us today. I hope you would have seen our earnings presentation which was released yesterday. As Mr Kagliwal pointed, we have had a very difficult year on the account of Covid. The pandemic hit us at a crucial time last year, just at the beginning of Kharif and it did impact our cotton seed sale. However, despite a difficult operating year, we have been able to deliver 10% revenue growth this year. Before we start discussing the operating and financial performance, I would like to touch upon what Mr Kagliwal spoke about, we have been wanting to reward our shareholders for their faith and trust they have shown in us. To begin with, we are recommending amazing 20% dividend. We are seriously contemplating buyback and working with our merchant bankers for the same. However, this would require lending institution approval and would take some time. I understand that there is a natural concern regarding funding of some of these options and I would like to address that. We are contemplating buybacks and as and when we get the approval for the same, which might happen in Q2 or Q3 of this fiscal. My working capital requirements would be quite eased and since the working capital requirement will suitably ease out, sufficient funds will be available with the company. If you all recall, last year we announced a major shift in strategy as we moved towards de-risking and diversifying our portfolio. We took significant steps to ensure that besides paddy and cotton segment, our other portfolio would be strengthened [to create a more de-risked business model. I am happy to report that we have been able to deliver strong growth in each of our verticals of vegetable, field crops, and supplement. Our vegetable portfolio volumetrically grew by 13% this year. As you are aware, this is a high margin portfolio with EBITDA margin, sorry with contribution margin of 60% and above. If we see the growth value, it was over 14%. This vertical was strengthened with new marketing head joining and he has undertaken many new initiatives by defining new territories and managers. We are also in the process of launching multiple new products in tomato, which would have high level disease resistance assisted by markets. In okra, which will have high level disease resistance with short internode resistances. In chilly, with high yield and excellent virus resistance, in cucumber with high yield and no bitterness and in bitter melon, high virus resistance with high yield. This would further strengthen our vegetable portfolio. The other biggest

contribution to revenue came from field crops besides paddy and cotton. This portfolio performed quite well, and the strong growth seen here is a testament of the wide acceptability of bajra and wheat products. This portfolio contributed 17% to the revenue this year as compared to 15% last year. Maize grew by 32% and bajra by 10%. Wheat also grew by 34%. However, jawar declined. The overall volumetric growth was 10% and revenue wise around 14%. Coming to plant nutrient segment, this segment was massively impacted because of Covid, and it delivered a moderate growth of 80%. The product continues to give a margin of around 70% plus and in revenue contribution it maintained the 10% of the overall sales. It is and it remains a wonder product with excellent margins. We have high expectation from this product, and I have set up a suitable vertical to enhance sales and margin. Apart from the same, we are also diversifying within the segment into our different products this year for which the details would be given in the subsequent quarters. I will now discuss our cotton portfolio. Cotton delivered a 5% growth this year. The portfolio took a significant hit due to Covid in both the ways. We saw a significant sales return of 27% this year as compared to 11% in the previous year. The distributors were unable to place the product and subsequently we had inventory build up. We expect the quarter inventory to normalize over next two years, but we have already rationalized the cotton production to absorb the higher inventory. Government has gone away with royalty on cotton seeds although the reduction is only around 20 rupees per packet and volume it would have a reasonable impact. We would continue to be present in cotton and paddy simultaneously enhancing our efforts in other crops too. I will now briefly talk about our financial performance. Our top line grew by a moderate 10%, which was largely driven by good operational performance in vegetable and field crops. The growth although not matching the guidance was still commendable pursuant to the pandemic situation, which hampered farmer and marketing personnel movement simultaneously. However, we maintained our gross contribution margin of 56% this year with a net profit margin of around 18%. We have maintained a tight working capital cycle; however, it has been adversely impacted on account of cotton sales returns. The same is being rationalized with reduced cotton production since we have sufficient inventory of the same. Luckily the cotton seeds can be easily carried forward for many years. Receivable days period has further reduced from 140 to 130 days. We plan to continue to prune it more. The finance cost has marginally increased from 2.34% to 2.87% of the sales, the same is on account of enhanced working capital limits. I would also like to point out that the promoters have considerably reduced the pledge of their holding in the company to under 20% and it is further being reduced. Before I open the floor for questions, I would like to discuss FY22 outlook. While the Covid situation seems to be getting under control, it would still impact Kharif of this year. We hence expect to deliver a top line growth of around 15 to 20% in FY22. However, we will be able to maintain our contribution and EBITDA and PAT margins of each I am reasonably sure. With this I will open the floor for questions.

Moderator: Thank you Sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press star and one on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing star and one again. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. First question comes from Nitin Awasthi from East India Securities. Please go ahead.

Nitin Awasthi: Hello, Sir. We have had a few questions on various topics. So, I will go through them one by one. Firstly, on the bonus issue, you mentioned that you see significant amount of cash being released from the working capital cycle, could

you just explain how and why would the cash be required again, you know, going ahead if this is cyclical.

Satish Kagliwal: Let me take this question. Although we are currently contemplating buyback, if buyback has to happen, I will need three crores that would be eased out by end of the season and working capital because whatever funds are available with the company at the end of the year are all infused into the working capital to ensure a growth in the coming Kharif season. The season would be over and your question, why the funds would be required, the company will definitely need funds if we are going for buyback.

Nitin Awasthi: No, sir. My question was like you said rightly, that these funds are deployed for the growth of the company, so once these working capital cycle when it eases and you pull out those funds for buyback, wouldn't there be a vacuum of funds which is required for growth next year?

Devinder Khurana: Definitely, no. The reason being very simple that the profits also add, we have sufficient bank limit, the working capital got stretched this year because of enhanced cotton inventory which has been eased out in the coming production, so that should not be an issue. The growth of the company will not be hampered even if we go for buyback.

Nitin Awasthi: Got it sir. Sir, the second question would be on the plant growth regulators market and the products that you have, online also there are lot of videos, I don't know whether many participants have seen it or not, but the company has done a lot of things whether the single product has been now multiple product, basically under the same brand has started to come up and you mentioned like granules and etc are the products also coming out. What I wanted to understand is that, could there be a possibility of a tech transfer from your partner in China whereas you can manufacture these products yourself over here because a lot of companies other than yourself, like even Godrej Agrovet is tying up with companies abroad to transfer that tech to India and then manufacture those goods themselves.

Devinder Khurana: Sir, would you like to answer that?

Satish Kagliwal: I would like to answer this question. The possibility of manufacturing in India will be explored the moment we feel that manufacturing here is cheaper than getting it from China. Then will that be manufactured in India is cheaper, so until then we consider to import. Two new product, which we have launched are being manufactured here only, in India only.

Nitin Awasthi: Okay. So, the granules and the newer products in the portfolio are not imported, they are manufactured by the company, so the company is today a manufacturer of plant nutritional products.

Satish Kagliwal: Yes. Value addition has been taken place in India; the raw material may be imported. Okay?

Nitin Awasthi: Noted, sir. Noted. Noted. Sir, the third question would be on the illegal seed front. We are seeing a lot of news articles stating that there is a ramped increase in the illegal cotton seeds and if I am not wrong, the two markets where the

companies have significant presence is Gujarat and Maharashtra and both these markets are significantly getting hit by the illegal seeds, so are we going to see a significant impact on our growth being compromised because of this influx of the seeds?

Satish Kagliwal: Yeah. I had also discussion, we see this illegal infiltration of illegal BT has definitely increased this year and this will impact not only us, all the organized seed players in the country. So, we depend on sales and just like somebody just coming before us and taking away the share and this definitely will affect all the seed industries including us. So, as I said, we are making efforts on the governmental front to stop this, but this is difficult to control because it's widespread number one. Number two, on the regulatory front, we are also encouraging.

Nitin Awasthi: Yes, sir. Noted sir. Sir, finally on the PNS technology, your competitor, has been stating that he has this technology, and this will add significantly to his bottom line. Any comments whether the company is also having the same impact and if not by when will we have that tech so that we can also add significantly to our bottom line?

V N Kulkarni: I would like to answer this question. I am V N Kulkarni here. Thank you for asking this question and this year we are making a trial production with PNS lines and hopefully, we will be entering into commercial production next year.

Nitin Awasthi: Okay. Finally, sir the last question. How much is the current pledge on the promoter entity? With which entity is this pledged and by when is this pledge going to be released or any timeline that the promoter entity has?

Devinder Khurana: Let me answer that. The current promoter pledge has come down to less than 20%, which was around almost 35-40% earlier and if it is going to further reduce by another 5-10%, we have made some pledge to our bankers which will definitely never go away but leaving that aside almost the entire pledge will be taken out before September.

Nitin Awasthi: Okay. So, there are what I am seeing through the documents there are some private entities through which the pledges are being made, so all those pledges you are saying that by September they will be cleared and the pledge to the bankers which is guaranteed would stay?

Devinder Khurana: Yeah, something like that. You are right.

Nitin Awasthi: Okay, then. Noted, sir. Thank you so much for answering all the questions patiently and best of luck for the coming years.

Devinder Khurana: Thank you very much.

Satish Kagliwal: Thank you.

Moderator: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next question comes from Niteen Dharmawat from Aurum Capital. Please go ahead.

Niteen Dharmawat: Yeah, thank you for the opportunity. Sir, you talked about buyback share, buyback program, I wanted to know what is the total consolidated net debt back you are having as of today and which you also mentioned that you see some improvement in the working capital cycle, so what is the net consolidate debt that you see after that working capital cycle improves? So, that's my first question.

Devinder Khurana: Let me answer you on that. You are expecting me to tell you today how much our working capital will be eased out post season. I think it's very difficult to predict at this particular when the season has not even started, right? So, depending upon how much usable funds we have at that particular time, the quantum will be contemplated, and I also have already mentioned that I need to take permission from my existing bankers, so today my being able to tell you what exactly will happen after the permission comes or when the permission come is a little difficult. Do you want to add me on that something? Sorry.

Niteen Dharmawat: What is the net consolidate as of now?

Devinder Khurana: We only have working capital which is touching around 90-96, balance sheet has already been put on this thing, you can have a look at that. We have around 90, say 90 to 100.

Niteen Dharmawat: 90 to 100, okay, got it and okay.

Devinder Khurana: Yeah, so let me add to that. Let me also add to that. Let it be noted that this company has got no long-term debts. We only have working capital bankers and they are the only lenders to the institute, to the company.

Niteen Dharmawat: Got it sir. Second question, yeah and the second question is regarding the rural demand since you mentioned that the change in the demand pattern now, so how is the demand now in the quarter 1 from the rural sector if you can elaborate further on that.

Satish Kagliwal: Yeah, I actually. Your questions are difficult to answer. Now the rural demand is definitely changing because as I said for example vegetable market, madis are not functioning well during these last few months, second wave, so the vegetable demand is, vegetable fresh produce demand is little less, so that automatically the farmers are not coming to buy more seeds, right? So, there are shifts in the cropping pattern, there are sifts in the way the farmer is looking at growth in the crop and this is varying from geography to geography. So, this is different in let's say Assam and different in Maharashtra or Gujarat. Like Rajasthan was very badly affected because of the very strict restrictions they imposed on movement of people. Okay, so that definitely impacted the rural, so the impacts have been different in different geographies, and I think by the time we go back at the end of July, things should have been normalized. Okay?

Niteen Dharmawat: Got it. Thank you so much. Thank you.

Moderator: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next question comes from Arvind Bhatt, an individual investor. Please go ahead.

Arvind Bhatt: Good morning, Sir. Hello.

Devinder Khurana: Yeah, Mr Bhatt, good morning. We are here.

Arvind Bhatt: Good morning, Sir. सर आपने डिविडेंड अनौन्स किया, बहुत खुशी मिली क्योंकि from last 20 years I have been invested into the company and these are happy moment for dividends from the company and thank you for that. And one more thing sir, actually last year आपने इसका, कॉटन सीड्स का जो एक फ्यूचर सेल्स के बारे में आपने एक, हमको एक डेटा दिया था, कि FY 20 में आपका अराउंड सेल्स रहेगा १५ लाख पैकेट्स and in FY21 25 लाख रहेगा, so आपका जो प्रेसेंटेशन देखा तो किधर भी आपने इसको मैच भी नहीं किया, due to Covid and uncertain इससे भी रहेगा, क्योंकि सेल्स डाउन है पर ये साल आपका टारगेट कितना है कॉटन सीड्स के उसमें?

Devinder Khurana: भट साहेब पहले तो डिविडेंड का शुक्रिया, बोलने के लिए शुक्रिया.

Arvind Bhatt: Thank you, sir.

Devinder Khurana: क्योंकि आप जैसे शेअरहोल्डर्स हमारे पास अनंत हैं जो ससालों साल से कंपनी के साथ जुड़े हुए हैं जिनको कंपनी के ऊपर ट्रस्ट है, भरोसा है, और वो कंपनी के शुभ चिन्तक हैं और कंपनी की ग्रोथ की इंतजार करते हैं, कंपनी ग्रो कर भी रही है, और आगे इससे भी अच्छा करेगी, so thank you for thanking us. Secondly,

Arvind Bhatt: Yes, yes.

Devinder Khurana: कॉटन की जो फिगर्स आपने दी है, ये हमारी पुरानी प्रेसेंटेशन में थी जब हम ये चाह रहे थे कि कॉटन सुप्रीम हो जाए. कॉटन कंपनी का मेजर कॉन्ट्रीब्यूटर बने, लेकिन जब कॉटन की ओवरऑल ग्रोथ रुकी और हमको लगा कि अभी कॉटन में सिर्फ रहने से कंपनी आगे जाके मुश्किल में आ सकती है तो उस टाइम पे हमने कंपनी की स्ट्राटेजी पिछले साल चेंज करी. हमने बोला हैं कि हम कॉटन में तो रहेंगे ही, लेकिन उसके साथ साथ पैडी छोड़ के बाकी क्रॉप्स में भी आएँगे. उसका फायदा इस साल हमको देखने को मिला. कॉटन हमारी सेल्स रिटर्न में ज्यादा आई, कॉटन के सिर्फ १३ लाख के आसपास पैकेट्स बीके. अगर सिर्फ कॉटन पे निर्भर रहते थे तो कंपनी प्रॉफिट डिक्लेअर नहीं कर पाती थी. आगे भी कॉटन ऐसेही ग्रो करेगी, १०, १५, २०% depending upon the situation, पैडी के अच्छे प्रोडक्ट आने के कारण उसमें exponential growth मिलने के चान्सेस हैं और बाकि फिल्ड क्रॉप्स और वेजिटेबल और सप्लीमेंट के ऊपर हम ज्यादा जोर देंगे ताकि हमारा बैलेंस पोर्टफोलियो रहे और कंपनी अपनी ग्रोथ प्रोफाइल को मेंटेन कर सके.

Arvind Bhatt: सर आपका ये साल का टारगेट कितना है कंपनी का, ओवरऑल सेल्स? In terms of sales, overall.

Devinder Khurana: हमारी इच्छा १५ से २०% कम से कम करने कि हैं. क्लैरिटी S1 के एंड तक हमको आ जाएगी के इस साल खरीफ़ की जो क्रॉप्स की जो प्लांटिंग है या सेल्स है वो कोविड के रहते कितनी अच्छी हुई या कितनी ख़राब हुई.

Arvind Bhatt: ओके. सर one more question. सर आपने २००१ में जो Chinese BT कॉटन में इन्वेस्टमेंट किया था वो टाइम में ऑलमोस्ट १० यीअर्स आपने उसमें लगा दिए थे, multiple trials वगैरा करके, so बाद में वो टेक्नोलोजी टोटली फेलुअर हो गई आपको BT कॉटन adapt करना पड़ा, तो ऑलमोस्ट टेन यीअर्स उसके चले गए और again आपने इसमें सेम टेक्नोलोजी को आगे रखके उधर आपने ऑलमोस्ट ४-५ यीअर्स उधर लगा दिए अभी, सर अभी तक उधर से कुछ भी रिजल्ट नहीं है, आपने कौन से बेसिस पे में आपको कितना सेल्स आपका मिलेगा, नहीं तो कितना रेवेन्यु मिलेगा करके आपने ४-५ यीअर्स उधर इन्वेस्ट किए?

Satish Kagliwal: भट साहब आपके बड़े गहरे research कर के प्रश्न किए गए हैं आपने. I am very happy that you are so much involved into the company's progress.

Arvind Bhatt: Thank you.

Satish Kagliwal: So, this is definitely technology में इनवेस्ट करना है, नये मार्केट्स में इनवेस्ट करना है, तो एक प्रोजेक्ट पड़ता है. ये जो फ्यूजन BT पे काम किया था तो बहुत यूनिक टेक्नोलोजी का इंडिया में alternate to technology लाने का प्रोजेक्ट था, काफ़ी काम हुआ, काफ़ी हद तक सब्सिडी मिली लेकिन ठीक है, we had go to a newer and better technology, हमको शिफ्ट करना पड़ा That was the first phase of your question. So, we have to invest in technologies and new markets because our new markets of Philippines. फिलिपिन्स में we have the first more advantage and we will consider to have that advantage for long period of time. और जैसे जैसे हमारे टेक्नोलोजी और प्रोडक्ट्स वहां पर जाएंगे वॉल्यूम बढ़ता जाएगा. आज हम वॉल्यूम को प्रेडिक्ट करना मुश्किल हैं लेकिन इंडिया में भी जैसे टेक्नोलोजी आती है तो वॉल्यूम बढ़ता है, जिस दिन मार्केट साइझ भले कितनी छोटी भी क्यों न हो अगर फार्मर को इनकम मिल रही है तो वो definitely बढ़नेवाला है. तो फिलिपिन्स में वॉल्यूम भले छोटे थे, we had first advantage, हमको ये भी इच्छा थी कि हमारी टेक्नोलोजी को हम लोग दुसरे देश में ले जाए. और वो हमारी कोशिश में हमको काफ़ी सक्सेस भी मिली, लेकिन ये कुछ रेगुलेटरी जाती है कई बार and that delays the whole process, so that is where it is struck. आज की तारीख में एक लास्ट स्टेज पे रुका हुआ है वो और hopefully this year that should happen. We are continuing to make our efforts. We will also continue to work in several new markets with taking our technology to the newer markets like Philippines में किया वैसे हम और देशों में भी हमारी कोशिशें जारी हैं और इसमें समय लगता है, पेशंस लगता है, जो इस इंडस्ट्री का, हमारे जैसे प्रमोटर की विशेषता है कि we work patiently with time, you have to have work on research projects where gestation period is longer, but finally when it comes we have the advantage of being first one or new things, something new, something impact making. ठीक है भट साहब?

Arvind Bhatt: ओके सर. सर और एक आपका जो अभी, आपने अफ्रीका में और उज्बेकिस्तान ऐसा कई जगह आप अभी कौनसा इस्ट एशिया में सब आप अभी इनवेस्ट कर रहे हैं आपका जो, आपको कितना साल लगेगा उधर, कुछ रेवेन्यु जनरेट होने में कितना साल लगेगा, क्योंकि ऑलमोस्ट अभी दो तीन साल से आप एफोर्ट्स कर रहे हैं उधर, इंटरनेशनल इसपे, तो आपको कितना और साल लगेगा?

Devinder Khurana: I will take this. I will take the opportunity to answer you. I am very happy that you have touched something which is newly happening in the company.

In fact, Sudan was to begin in this season itself, but the government has changed there. So, that might delay, probably next year we will be in the market with a good volume. Our two-year trial has been happened and we are going to register at least three products there and that will be sold next year. We were aiming this year only, we struggled hard to organize the release the meeting, but probably that might be happening in July or so, by the time we aim for the next season. I am very happy to say that Myanmar we have already started, again you know that we have shipped the material because of the political tantrum there, the material has, the part of the material has reached to the farmers, they have planted and part of that has not reached. However, we have got revenue whatever we were aiming at. The other one which we are working with PWC we probably by next month we will be registering our company there. These are some of the updates and in our neighbors, we are already in the market, and we will continue to be there.

Arvind Bhatt: Sir, one more question. अभी फ्यूचर ग्रोथ को देखके मेरा एक पूछना था आप से, ऐसा कुछ मल्टीनैशनल कंपनी को ऐसा स्टोक वगैरा बेच के उनके साथ कोलैबोरेशन करके कंपनी ज्यादा बढ़ सकती है, इंटरनेशनल मार्केट में भी और डोमेस्टिक मार्केट में भी, ऐसा कुछ चान्सेस आपको दिख रहा हैं सर?

Satish Kagliwal: नहीं ऐसी कोई थिंकिंग मतलब अभी न है न हमको नजर आ रही है, हमको तो हमारी खुदकी स्ट्रेंथ पे हम जहा जहा अच्छा काम कर सकते हैं हम लोग कर रहे हैं और करते रंगेंगे आज की तरिकज में तारीख में, हैं न यह हमारी आज की थिंकिंग है.

Arvind Bhatt: Okay, sir. Okay Okay. Thank you, sir. Thank you very much.

Satish Kagliwal: Thank you.

Moderator: Thank you Sir. Ladies and gentlemen, if you have a question, please press star and one on your telephone keypad. Next question comes from Sunil Modi an individual investor. Please go ahead.

Sunil Modi: Hello Mr Satish.

Satish Kagliwal: Hello.

Sunil Modi: मेरा सीधा एक सवाल है, आपने जो कल प्रेसेंटेशन रिलीज किया उसमे लिखा है कि you are suffering from working capital crises. Knowingly that you are suffering from working capital crises, why the meeting was, board meeting was called for buyback at this time? Timing is more important. When Mr Khurana is saying that you will have ease in working capital in Q2 or Q3, why you are calling board meeting at present to discuss buyback proposal when you are very well aware that you don't have that working capital to buyback?

Devinder Khurana: Mr Modi, let me answer that question.

Sunil Modi: Who is this?

Devinder Khurana: Let me answer that question I said, I am Khurana.

Sunil Modi: नहीं, आपका नाम क्या है सर?

Devinder Khurana: Mr Modi, I am Devinder Khurana. I am the CFO of the company.

Sunil Modi: I had addressed the question to Mr Satish. If he doesn't want to answer, let him tell, let this to be answered by Mr Khurana. जरा प्रोटोकॉल थोडा फॉलो करिए सर.

Devinder Khurana: Mr Modi, Kagliwal will answer your question. Firstly, I would like to put across a point which you have wrongly....

Sunil Modi: मिस्टर खुराना जी मेरी बात सुनिए. आपने इसके पहले एक इन्वेस्टर का क्वेश्चन आपने आधा आंसर किया. उन्होंने पूछा था कितना प्लेज था और कौनसे कौनसे प्राइवेट फाइनेंसर से प्लेज किया उसका नाम चाहिए. आपने नाम नहीं दिया.

Devinder Khurana: पहले मैं आपके सवाल का आधा जवाब दूंगा, फिर कगालिवाल जी करेंगे.

Sunil Modi: ठीक है, मेहरबानी.

Devinder Khurana: Yeah, please have patience. Thank you very much.

Sunil Modi: पेंशंस है सर हमारे पास, हमआठ साल से इन्वेस्टर है. बिना डिविडेंड, बिना कुछ बेनिफिट आठ साल से कंपनी से जुड़े हुए हैं पर ऐसे कोहनी पे गुड मत लगाइए आप. बायबैक का ऑफर बोलते हैं पैसा नहीं है, Q3 में पैसा आएगा तो अभी क्यों बोर्ड मीटिंग बुलाया आपने?

Devinder Khurana: Okay.

Sunil Modi: Don't play with investors. Please answer now.

Devinder Khurana: पहली बात, we are not arguing on this call please, my request. Let's maintain....

Sunil Modi: Where is argument? I am asking you. Sir, I am asking you, why board meeting is called when you are very well aware that you don't have fund.

Devinder Khurana: Now can I answer if you have done, please?

Sunil Modi: बायबैक आंसर करना है की करिएगा, otherwise let Mr Satish answer this.

Devinder Khurana: फर्स्टली आपने जो बोला that the company is facing working capital crises that is a wrong statement.

Sunil Modi: In your presentation it is written. In your presentation it is mentioned, but company, because of that...

Devinder Khurana: The protocol says you ask your question and let the company answer, okay?

Sunil Modi: Okay, okay, sorry. Sorry. You also follow the protocol.

Devinder Khurana: Yes.

Sunil Modi: Yeah, yeah.

Devinder Khurana: Okay, your statement or the statement being understood today that the company is facing working capital crises is not correct. The presentation says the working capital is stretched. There is a difference between stretched and crises. The working capital is stretched because of additional inventory of cotton which we had to carry. We are able to carry it subsequently over, there is no problem in that. Second is the company doesn't have funds why should it announce buyback. We have said we are contemplating buyback. It has not been announced in this board meeting, it was only considered. I cannot announce buyback until I have permission from my working capital lenders, the banks. Once the permission comes, the minutes clearly say we will take it back to the board for actual consideration. For two things I am clarifying. One, working capital is definitely not a crisis. It is always stretched at the end of March because we have enough inventory to be placed in the market for the next year. And secondly, the buyback has not been announced, it has been contemplated, it is being considered. Now I can request Mr Kagliwal to answer the balance of the year.

Satish Kagliwal: So, सर आपका प्रश्न क्या रहा है?

Sunil Modi: सतीश जी पहले मेरी बात सुनिए. वर्किंग कैपिटल स्ट्रेस में है, मेरा क्राइसिस का मीनिंग वही है स्ट्रेस है. चलो ठीक है, let's go by your word only stress. जब आपकी कंपनी को मि. खुराना जी को very well he is CFO उनको बरोबर पक्का मालूम है कि at this moment, और आपका सीजनल बिजिनेस है, ये सीजन में आपके पास कोई फंड नहीं होगा बायबैक के लिए. Unnecessary board meeting or board का टाइम क्यों वेस्ट कर रहे हैं? बोर्ड का टाइम वेस्ट किया, पुरे इनवेस्टर्स का दो दिन, तीन दिन, एक वीक से इंतज़ार कर रहे है कि क्या आएगा, क्या आएगा बोर्ड मीटिंग में, ultimately क्या decide किया बोर्ड मीटिंग में कि हम बाद में we will come out with better solution. ये सब नहीं चलेगा सतीश जी. हम इनवेस्टर्स हैं, आप की कंपनी में बहुत टाइम में इनवेस्ट कर के बैठे हैं, कभी हमने आपको पूछा भी नहीं आप डिविडेंड दीजिए. हमने कभी कुछ नहीं बोला, we are just waiting कि आप अच्छी तरह से कंपनी को ग्रो करिए. ये सब जो, अभी जो चल रहा है न जुमले वो पसंद नहीं आ रहे हैं हमको. As an investor हम आपको बोल देते है आपको. मैं तो आपसे. मतलब बहुत प्रेम से आपके हर मीटिंग में आया, सब बात सुन रहा हूँ. पर ये जो आपने ये बार कोई गलत advisor की आप के बोर्ड में ये जो एजेंडा फिक्स किया बायबैक का और बायबैक में ultimately रिजल्ट ये आया कि हम बाद में देखेंगे और आज ये बात हो रही कि Q2 और Q3 में हमारे पास वर्किंग कैपिटल आएगा, सर आपकी कंपनी इतने साल से यही टर्नओवर पे बिजिनेस कर रही है, यही सब है. स्टॉक में और receivables में पैसा पड़ा हुआ है. I don't know whether receivable में किधर से रिसीव होता है की नहीं. वो क्वेश्चन दूसरा है मेरा, I will request you to go for audit.

Sheetal Khanduja: Mr Modi, this is Sheetal from Go India Advisor. If you have a question, can you be specific. अभी क्योंकि हमारे बहुत इनवेस्टर्स हैं जो क्यू में हैं.

Sunil Modi: हाँ मेरा स्पेसिफिक क्वेश्चन है मैडम कि ये बोर्ड मीटिंग क्यों बुलाई गई है जब मालूम है कि you don't have money.

Sheetal Khanduja: आपका अगर वो आंसर हो गया है, मिस्टर खुराना ने आंसर कर दिया. जब आपके पास मिस्टर कागलिवाल के लिए कोई स्पेसिफिक क्वेश्चन है तो प्लीज आप पूछिए.

Sunil Modi: जी, जी है. सतीश जी एक क्वेश्चन आगे इनवेस्टर ने पूछा था वो अधूरा रह गया है. इनवेस्टर ने पूछा था जो शेअर्स प्लेज किए हैं तो कौन से इंस्टीट्यूशन के पास प्लेज किए गए हैं?

Devinder Khurana: Let me answer that.

Satish Kagliwal: इसके डिटेल्स आपको अलग से दे दिए जा सकते हैं. That will be much better. जिनको भी चाहिए वो स्पेसिफिक आंसर दिए जा सकते हैं जब ये बात करने कि यहाँ जरूरत नहीं है. हैं न?

Sunil Modi: समझा नहीं मैं.

Devinder Khurana: सर वो बोल रहे हैं कि....

Satish Kagliwal: Specific questions let it be addressed in one-to-one discussion, okay?

Sheetal Khanduja: Yes, मिस्टर मोदी हमारी टीम से आपको कोई कॉल करेंगे, they will address all your queries one on one.

Sunil Modi: Okay.

Sheetal Khanduja: We have very less time.

Sunil Modi: Okay. अभी एक ही लास्ट सवाल है. खुराना जी से एक लास्ट सवाल है. खुराना जी अभी आप बोल रहे हैं Q2 और Q3 में आपका वर्किंग कैपिटल ease out होगा, तो आप कितना, कितना अमाउंट का आप बायबैक प्रपोज करोगे उसमें?

Devinder Khurana: मोदी साहब, ये सवाल पहले भी पूछे हैं आप, मैंने पहले भी इसका जवाब दिया. आप फिर से वही लाइन दोहराने के लिए आप मुझे कह रहे हैं, मैं फिर से दोहराता हूँ. वर्किंग कैपिटल कितना ease होगा, कितना बायबैक होगा, कितने फंड्स आएंगे, कितने उसके अंदर infuse कर पाएंगे ये आज कि डेट में कहना कठिन है. मेरे इंस्टीट्यूशन लेंडर कितनी परमिशन देंगे ये भी आज कहना कठिन है. हमको करना है, और मैंने ये बोला कि कंपनी की ग्रोथ बायबैक के बेसिस पे हैम्पर नहीं होगी. I categorically made this statement in the first question itself.

Sunil Modi: ठीक है, चलो.

Satish Kagliwal: मोदी जी I just started to really acknowledge and appreciate your being with us for several years. We really appreciate and welcome such investors.

Sunil Modi: सतीश जी we have full faint in your management. Only question arises when there is an announcement of board meeting where the buyback will be discussed and at the end of the meeting, we have been informed that it has been deferred.

Satish Kagliwal: So, Modi ji your point is well checked, and our intension should be taken as

Sunil Modi: Sir, next time आप कोई अच्छे फाइनेंशियल एडवाइजर से बात करके फिर बोर्ड मीटिंग ये सब एजेंडा फिक्स करिए. ये इनवेस्टर्स, मैं आपको बताता हूँ सर इनवेस्टर्स I am in touch with many investors, high networked investors and they are all upset with this move. और एक बार इनवेस्टर्स का विश्वास चला जाएगा न वापस आना बहुत टाइम लगता है सर.

Sheetal Khanduja: मिस्टर मोदी आपसे मैं रिक्वेस्ट कि हम लोग ये डिस्कशन ऑफलाइन ले ले. We have lot of people waiting in the queue.

Sunil Modi: हाँ ठीक है, मेरा ख़त्म हो गया मैडम. मेरा बात ख़त्म हो गया.

Satish Kagliwal: चलो ठीक है. Sheetal go ahead please.

Sheetal Khanduja: Thank you. Bharati, please take the next question.

Moderator: Yes, ma'am. Thank you, sir. So, next we have a follow up question from Mr Nitin Awasthi from East India securities. Please go ahead.

Nitin Awasthi: Sir, very, very specific question about a competitor who is backed by a very big conglomerate in India, so this GK Group basically, this is a specific question I am asking, so this company was not doing much for long time now and now the promoter entities are infusing a lot of funds into this company and the company is stating they have big plans in Bangladesh. Now is that something specific that this company has that they can do in Bangladesh or if everybody including us also looking at Bangladesh? And specifically, the cotton market in Bangladesh.

Satish Kagliwal: Cotton seed market in Bangladesh. If your question regarding a competitor, I will like to refrain from answering such question, if your question is regarding cotton seed market in Bangladesh, yes cotton seed market in Bangladesh is growing and Dr Kulkarni can throw a little more light on that.

Dr V N Kulkarni: You know, every company has its own strategy. We saw that the growth in Bangladesh may not be as high as in central Asian country, so we moved to central Asian country where our competitors are not there. So, strategy is of placing our trades into a well grown and well identified markets are very important. We have Bangladesh because its very small mini scale market and we don't know why.

Nitin Awasthi: Okay, Sir. Noted, Sir. Thank you for answering that question.

Moderator: Thank you sir. Question from Preeti Singh from Value Investments. Please go ahead.

Preeti Singh: Hi, thank you for the opportunity. So, what is the opinion on upcoming Kharif season? How it would affect the first half of FY22?

Satish Kagliwal: I could share you clearly, but can you repeat the question please?

Preeti Singh: So, what is the opinion on the upcoming Kharif season and how will this affect the first half of FY22?

Satish Kagliwal: See the Kharif season as I said in the beginning itself that the Kharif season, the sentiment is very positive because of the very favorable monsoon announcements which have taken place in last one or two months and the monsoon has been having progressing well. There are of course little changes, aberrations and the deviations which happen, but overall, the Kharif outlook is very good. Indian agriculture and there will be impact of Covid despite of good favorable monsoon, there will be impact of Covid and restrictions and constraints that come with it. So, we are upbeat on Kharif this thing and first half year will truly determine that how we really do in the full year, okay?

Preeti Singh: Okay. And what could be the upside from the news in Myanmar.

Satish Kagliwal: Myanmar is highly affected at the moment, we are working on implementing this constraint solution there at the moment. We have registered the product, but we are not able to deliver it to the farmers, take it there, complete the process, but we will have it there little bit of constraint in Myanmar.

Preeti Singh: Okay. Okay. Yeah, got it. Thank you, sir. Thank you for your time.

Moderator: Thank you ma'am. Ladies and gentlemen, due to time constraints that would be the last question for the day. Now I handover the floor to Mr Devinder khurana for closing comments. Over to you sir.

Devinder Khurana: Thank you, ladies and gentlemen for having joined us for this annual con call. We do it every quarter. At the outset, I would like to make a point that the company is putting in all the efforts to maintain a sustained growth irrespective of what is happening in the market. We would like to note that our gross margin is around 50 plus have been maintained over last five years to around 56% now. The EBITDA margin has almost become one and a half times over last five years and the net profit margin has increased to almost double than that. The top line is growing, the bottom line is growing. We are into agriculture segment wherein covid has given a negative impact basically because of logistic movement, because of movement of the market persons being restricted by the government, by not allowing to get out and lastly because of farmer community also was not able to come out properly. In spite of that the company is

growing secondly. We are thankful to the investors who have been invested with us for years altogether. I personally am here for almost 20 years plus and I know investors who are here with us since Nath Seeds time. We have been contemplating giving something back to the investors, which we were unable to do because we wanted to grow. So, invariably all the internal accruals were infused back into the company for the growth, but this year we felt it was high time that we started rewarding back the investors irrespective of the increase in share price. The first step towards that is dividend. Now that we have started the dividend, that would become a continuous process. Apart from that we thought we will see whether we can go for the buyback, which we are still very seriously contemplating and we are very serious about it. Having said that, I would now like to genuinely thank everybody for being here with us. My request will be have trust in the growth of the company and stay invested. Thank you. Thank you very much.

Moderator: Thank you sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a pleasant day.

Note:

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