8th November, 2022

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 1st November, 2022 with Analysts/ Investors to discuss Un-Audited Standalone & Consolidated Financial Results of the Company for the Quarter and Half Year Ended on 30th September, 2022.

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 Conference Call held on 1st November, 2022, which was hosted by Antique Stock Broking Limited through virtual mode with Analysts/ Investors to discuss Un-Audited Standalone & Consolidated Financial Results of the Company for the Quarter and Half Year Ended on 30th September, 2022.

Please take above information in your record.

Thanking You,

Yours faithfully,

For Dhanuka Agritech Limited

jitin sadana
Digitally signed by jitin sadana
Date: 2022.11.08 15:14:18 +05'30'

Jitin Sadana
Company Secretary and Compliance Officer
FCS-7612

“Dhanuka Agritech Limited
Q2FY2023 Earnings Conference Call”

November 01, 2022

ANALYST:	**MR. MANISH MAHAWAR - ANTIQUE STOCK BROKING LIMITED**
MANAGEMENT:	**MR. M. K. DHANUKA – MANAGING DIRECTOR – DHANUKA AGRITECH LIMITED** **MR. RAHUL DHANUKA – CHIEF OPERATING OFFICER - DHANUKA AGRITECH LIMITED** **MR. V. K. BANSAL – CHIEF FINANCIAL OFFICER - DHANUKA AGRITECH LIMITED**

Moderator: Ladies and gentlemen good day and welcome to Q2 FY2023 earnings conference call of Dhanuka Agritech hosted by Antique Stock Broking. As a reminder, all participant lines will be in 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 Mr. Manish Mahawar from Antique Stock Broking. Thank you and over to you Sir!

Manish Mahawar: Thank you Rutuja. I welcome all the participants to the 2QFY2023 earnings call of Dhanuka Agritech. From the management, we have Mr. M. K. Dhanuka – Managing Director, Mr. Rahul Dhanuka – Chief Operating Officer; and V. K. Bansal – CFO on the call. Without any delay, I would like to handover the call to Mr. Dhanuka for opening remarks. Post which, we will open the floor for Q&A. Thank you and over to you Mr. Dhanuka.

M. K. Dhanuka: Thank you ManishJi. Good afternoon ladies and gentlemen. Myself M. K. Dhanuka, Managing Director of Dhanuka Agritech Limited. I hope all of you are doing well and keeping safe. Thank you for joining us in the conference call for results of Q2 FY2022-2023 of Dhanuka Agritech. I have with me Mr. Rahul Dhanuka – Chief Operating Officer and Mr. V. K. Bansal – CFO of the company.

Dhanuka Agritech is a leading Agrochemical Company in India focusing on branded sales in the market. The company's strength lies in manufacturing and marketing of formulated products. The product portfolio is spread across insecticides, herbicides, fungicides and plant growth promoters. Dhanuka Agritech is working with the vision of transforming India through agriculture. Our belief is that when we transform the lives of farmers by enhancing their productivity and quality in turn enhancing their income. We are making a small contribution in transforming India. We work in all major crops in India and have implemented the best in class technology to ensure a smooth and efficient supply chain. Dhanuka has a pan India presence through its marketing team and warehouses in all major states across India. With three manufacturing units and 41 warehouses across India we cater to around 6500 distributors and dealers and around 80000 retailers. Through this extensive network Dhanuka reaches out to approximately 10 million Indian farmers with its products and services. Dhanuka has more than 1000 techno-commercial staff supported by the strong sales and marketing team to promote and develop new products. Dhanuka's strong R&D division has world-class NABL accredited laboratories, as well as an excellent team for new products registration and development. Dhanuka has international collaboration with 10 leading global agrochemical companies from US, Japan and Europe, which helps us to introduce the latest technology in India. This year the rainfall has been very uneven and although the overall rainfall is above average east and north region have suffered from very less rainfall whereas south and west have seen unprecedented rains resulting in flooding in many regions.

Coming to the financial performance for Q2 of FY2022-2023 revenues from operations stood at Rs.542.9 Crores in Q2 of FY2022-2023 versus 438.82 Crores in Q2 of FY2021-2022. EBITDA stood at Rs.97.52 Crores in Q2 of FY2022-2023 versus Rs.82.16 Crores in Q2 of FY2021-2022. Profit after tax was at Rs.72.02 Crores in Q2 of FY2022-2023 versus 63.37 Crores in Q2 of FY2021-2022. The zone wise percentage share of turnover for Q2 FY2022-2023 is as under north India 26%, east India only 8%, the growth and the topline has suffered majorly in east zone because of the deficit in rainfall, west zone 37% and south zone 29%. Products category wise share of turnover for Q2 of FY2022-2023 insecticides 37%, fungicides 21%, and herbicides 31% and others 11%. The Board of Directors of the company in its meeting held today has approved the proposal for the buyback of 10 lakh equity shares of the company for an amount not exceeding Rs.85 Crores at a maximum price not exceeding Rs.850 per equity share of Rs.2 each. The buyback is subject to all applicable statutory approvals. We are happy to inform that company has setup the Dhanuka Agritech Research and Technology Centre at Palwal, Haryana on 6 acre land equipped with all laboratory facilities and a training hall with a capacity of 100 farmers. The R&D center will also be able to facilitate the demonstration of package of practice of various crops as per the season for increasing their quality, yield, and income. The Honourable Chief Minister of Haryana Sri Manohar Lal Khattar Ji has very kindly given his consent to inaugurate our R&D center at Palwal on November 4, 2022. After initiation of the exports department in September, we have started receiving queries from international market for our current product portfolio and we expect these leads to be used for export of products coming from Dahej plant as well. Further we are ready for launching our new range of biological products in the month of November with an initial portfolio of six products. These products are currently being sourced from the best third party vendors in the industry. Setting up of Dahej plant is progressing as per the scheduled time and we are expecting production to start from March end 2023. The company has obtained the registration certificate in CIB & RC under section 9(3) for the product Decide 31% WG for the control of various insects in Chilli and launched the product in Q2. We are getting very good response and unfortunately we were not having the technical which was not planned and we could not able to supply the material in the market as per demand. I am happy to inform the company was awarded in ABSA 2022 in the category "the Most Innovative Campaign on Horticulture." Further myself received Zee Business award for the contribution in agriculture sector conferred by the Honourable Sri Manohar Lal Khattar, Chief Minister of Haryana at MDU, Rohtak on September 15, 2022. The Ministry of Agriculture has issued notification restricting use of glyphosate through pest control operators only. The industry associations are approaching to the state governments to discuss the effect, implementation, strategies and challenges of implementation of this order. Being India's leading Agrochemical Company we are at the forefront of introducing digital solutions and innovations, streamlining policies and collaborating with various entities to boost the integration of technology across business segments. In the same endeavor we have tried to boost our reach through online farmer interactions and aggressive use of TV advertisement for all our key products. We are focused on expanding our market coverage through our network of distributors and our digital platforms where we engage with the end consumer. Also Dhanuka has tied up with upcoming online platforms like Agrostar, Dehaat, Gramophone, and Plantix for online sales of Dhanuka products through their platform. We consider ourselves responsible to us securing the farmers welfare and preserving food security of the nation. We continue to strengthen our association with the farmer producer organization that is FPO, Krishi Vigyan Kendra KVK and other critical institutions to increase our business expertise and boost our market presence. Thank you very much for your kind attention. We would now take the questions from you which you may have. Thank you very much.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Viraj Kacharia from SIMPL. Please go ahead.

Viraj Kacharia: Hi, thank you for the opportunity and congratulations on a good set of numbers in the challenging environment. Just had a few questions, first is on the overall sales growth for the quarter and for the first half, if you can just provide some perspective in terms of how is the volume price mix being for us and a related question is if I look at our contribution margins last quarter it has been trending considerably lower and this is despite the share of ITI increasing in overall mix, so I think in the first half it is overall revenue mix and it is highest in the last three to four years so in that sense just want to understand how should one understand the overall contribution margin behaving for the next couple of years for us so that is one and second question is largely in terms of the operating cost which we have kind of been able to manage it much better despite the challenges in terms of the RM headwinds so in which areas or avenues we have been able to continue the cost?

V. K. Bansal: So the first question is with regard to the value and volume growth am I right?

Viraj Kacharia: Yes and relatively on the contribution margins.

V. K. Bansal: The difference of value and volume is 7%. The volume growth is 16% plus in Q2.

Viraj Kacharia: So out of 24% , volume growth is 7 and the rest is value?

V. K. Bansal: Value growth is around 24% and volume is around 16%.

Viraj Kacharia: Okay sure.

M. K. Dhanuka: Your second question was regarding the ITI index, so we have introduced new molecules Decide Cornex and Zanet and terminal so we are getting very good response in three molecules out of four and that is why the ITI index has increased to 14.75% in comparison to 9.8% last year so we have around 50% growth over last year in the ITI index and we do hope that we will be able to get much larger share of these molecules in the coming year and definitely if the molecule share will increase then definitely it will have impact on the margins also.

Viraj Kacharia: The contribution margins in new products is always higher while they take time to mature and in the initial years one typically invest a lot in brand building and all so maybe the contribution at EBITDA level is not much but in terms of contribution level the margin in the new products is always higher so in that perspective if we see the increase in share of ITI despite that our contribution margins in the current quarter has seen a moderation, we have seen almost 300 basis points moderation in gross margin compared to last year so any perspective you can share, what has driven this, is it purely under recovery of RM or the base business itself has seen an erosion in terms of margins any perspective you can share, how should one look at gross margin behaving for next couple of years?

V. K. Bansal: Right your question is absolutely okay. Gross margin largely on account of liquidation of high value inventory as you know the prices were increasing on material in the month of April, May, and June 2022 and after that the declining trend was started so there is a hit on the margin on account of liquidation of high value inventory and to some extent on account of the product mix in Q2 percentage share of institutional share and the bulk sales also increased from 2% to 5% but because of that the hit in the gross margin and that will continue in Q3 as well this year but going forward after you see in the next year or in the couple of years our gross margins we should be able to maintain around 35% to 36% gross margin level we should be able to maintain. You are right that in new molecules which are under section 9(3) are the margins, levels are always higher but in 9(4) molecules or "Me Too" product the margins are lower so this year we have launched four products so terminal is one product which is a "Me Too" product and the share in ITI index for terminal is higher so since it is not a 9(3) molecule so margins in terminal were lower that is the reason that overall it has also impacted the margin.

Viraj Kacharia: Again sorry to harp on this and this is a followup on the contribution margin. Historically we have done close to 37% to 38%. There have been years where we have gone above 40% also in terms of contribution margin. I understand this year we had impact in terms of high cost inventory but if you have to look in the next 3 to 4 years your communication is that it should be around 35% to 36% so just trying to understand where is this disconnect as share of ITI improves over a period of time this should in a way kind of aid your overall contribution margins but what you are saying is it will still largely be around 35% to 36% so just trying to understand the disconnect?

V. K. Bansal: When we are producing new molecule margin is good but at the same time our new products that were introduced four or five years ago we are losing certain margins so overall we are confident to deliver gross margin around 35% to 36%, 38% yes we delivered in the past 38% or 39% at times it is because even the trend has increased in size if the price increase in a particular year that particular quarter we can deliver much more because we always get advantage of the carry over inventory that point of time, but largely on sustainable basis I think 35%, 36% appears to be realistic.

Viraj Kacharia: In terms of operating cost which elements we have seen savings or lower cost inflation so again last couple of years both in terms of employee cost and other expenses we have done a fairly good job in terms of containing this cost so just trying to understand how we have gone about achieving those savings if you can elaborate?

V. K. Bansal: In terms of cost after COVID this year was absolutely normalized year therefore increase was there. I think cost this particular year I think we will be able to maintain our cost in terms of the same percentage going forward.

Viraj Kacharia: Okay fine Sir. I will come back in the queue. Thank you.

Moderator: The next question is from the line of Yogesh Tiwari from Arihant Capital Markets. Please go ahead.

Yogesh Tiwari: My question was on China, so there were news of lockdown in China so is there any supply disruption similar to what we had in Q1 and what would be our exposure to China in terms of percentage?

Rahul Dhanuka: The supply disruption in China is actually a new norm and we have now seen it happening in 2020 in COVID then that continued in 2021 and 2022 also every month the disruption has showed up itself in a different form and now the supply disruption is not a Chinese factor alone the supply disruption is because of logistics, because of the supply chain disruption at the back end in many manufacturing units, availability of key basic materials so many things are impacting the supply chain in different form. A new update on China every morning sometimes talking about disrupting microchip or sometimes disrupting I phones or sometimes disrupting chemical plant we have to take that in stride. Normally this means a delay of 15 to 20 days and nothing else.

Yogesh Tiwari: As you told that there is delay of 15 to 20 days for raw materials from China so is this relating to any cost increase because of this delay?

Rahul Dhanuka: Cost increase I do not think so is much there because of the delay it is the opportunity loss which sets in.

Yogesh Tiwari: My second question is on the upcoming season, how do you see the demand for the upcoming season given there was erratic rains and uneven rain, so how do you see the demand?

Rahul Dhanuka: Widespread rains across the country has actually elevated the ground water as well as the soil moisture so this is really favorable for the favorite crop wheat right now so we are quite hopeful of wheat acreage is going up significantly across the country. Demand of oil seeds means that the mustard acreage will also remain high so these are the two crops certainly going to take a pace. In south India kharif and paddy acreages were lower which now due to availability of water should come up aggressively in south India as well as in east India. Crop damages in kharif prompts the farmer to go for his earnings protection through Rabi planting so again we are hopeful of Rabi planting and Rabi acreages to be overall the higher.

Yogesh Tiwari: In the last quarter basically the last 15 days of September there was heavy rains and flooding in north India basically Uttar Pradesh and we have a huge exposure in north India so where there any sales affected because of this erratic flooding in the last half of Q2.

Rahul Dhanuka: Erratic rains especially it is heavy then they do impact this consumption at the farmer end. These opportunities is lost that is one and standing water in the fields means that opportunity even if the rain has stopped that is impacted so yes this heavy rain has certainly impacted consumption for the farmer and for the industry.

Moderator: The next question is from the line of Resham Jain from DSP Investment Managers. Please go ahead.

Resham Jain: Hi good afternoon. So few questions first one is on inventory levels at the industry level for agrochemicals what is your sense given that the kharif season has not pan out as expected how are the inventory levels in the situation currently at the market place ?

Rahul Dhanuka: I would feel that the inventory levels would be substantially higher relatively higher for sure both at the channel as well as the industry end so industry would be holding relatively higher inventory.

Resham Jain: What is the situation for us at Dhanuka?

Rahul Dhanuka: So in channel we normally do not hold high inventories but at our end yes our inventories are relatively higher.

Resham Jain: Okay got it Sir and do you think because of the better outlook of Rabi things should get normalized in six months or some of the molecules may get used only in the next kharif season now?

Rahul Dhanuka: Some of the molecules are very specific but as of now I do not see which one would be impacted. In fact most of the products which are specific are Rabi is specific, kharif products will still have opportunity and Rabi also, so most of the kharif products will have Rabi opportunity in south India as well as in east India.

Resham Jain: Understood and the second part is on the technical plant at Dahej you mentioned that from March 23, 2023 onwards it will commission and production will start, but anymore further insights on it compared to what you were envisaging let us say six months or a year back is the overall in terms of expectation of the kind of product you were thinking about manufacturing and any other opportunity which is emerging there?

Rahul Dhanuka: Actually this plant will open up many opportunities in the new world order and huge attraction on China plus One overall chemical demand so we are banking on all that attraction around us. As of now our narrative is that we start production, we go live in March and then play from there.

Resham Jain: Okay perfect. Thank you Sir.

Moderator: The next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and congrats on a good set of numbers. Sir first question is in terms of the high cost inventories, which impacted our H1 performance so have we exhausted all the inventories and now we have come to the low cost inventories in Q3?

V.K. Bansal: Actually it is not because the declining trend will continue, the inventory which was procured in the month of June largely liquidated but whatever we procured in July or in August, it is liquidate in Q3 there will be impact on high cost inventory as well.

Rohit Nagraj: Sir second question is in terms of exports so we have recently started in the month of September our export unit so have we started feeding the market based on the products that we plan to manufacture in our new facility or the products where we have got enquiries from the export markets so have we started sending the samples and getting those approved before the commercial supply start?

Rahul Dhanuka: So we are exploring the export markets from all these angles and we are really hopeful to catch some elements there very aggressively and more so once our technical plants comes up.

Rohit Nagraj: Right Sir got it. Just one clarification on the guidance so we have said that revenue guidance will be double digit growth and as I understand the EBITDA margins will be at the same level as it was last year so effectively our topline growth will also reflect absolute EBITDA level growth as well, is the assumption right?

V.K. Bansal: You see in terms of percentage there would be decline in EBITDA margin.

Rohit Nagraj: Okay fair enough got it. Thank you so much Sir and best of luck.

Moderator: Thank you. The next question is from the line of Anurag Patil from Roha Asset Managers. Please go ahead.

Anurag Patil: Thank you for the opportunity. For our Dahej plant is there any upward revision in the total project cost?

V.K. Bansal: Not significantly, earlier we were expecting we will invest till March around 210 Crores now as per our estimate it is going to be 225 Crores.

Anurag Patil: What will be the revenue potential from this plant?

V.K. Bansal: We are working on it we will say in the next quarter call.

Anurag Patil: What is our glyphosate revenue contribution is it material enough to affect us?

Rahul Dhanuka: No glyphosate contribution in our portfolio is hardly 2% and as such there are two parts to it. One the contribution in our portfolio is hardly 2%, two the order does not stop us from selling glyphosate so we continue to sell and as we see it and as we interpret it we will continue to sell going forward also and the regulation does not stop us from selling. The regulation only says that it is to be used by PCO. So which is an ecosystem which the state governments are working on, industry is providing all the required support to the state government to create a PCO network and ecosystem so that the Indian agriculture is not deprived of glyphosate application. Just to add to it is another dimension. This could be an example of how two different departments work but eventually they will converge, the recently GM mustard has been approved genetically modified mustard and the genetic modification there in the mustard is weed control, weed control by application of glyphosate so that opportunity very much exists. The scientific community acknowledges that so it is there to stay. It is only that the relevant ecosystem has to come together to make it move.

Anurag Patil: Okay Sir, that is it from my side thank you very much.

Moderator: Thank you. The next question is from the line of Rohan Gupta from Nuvama Wealth Management, please go ahead.

Rohan Gupta: First one clarification. You mentioned the volume growth for the quarter is 16% right while the balance 7% is guideline growth?

M K Dhanuka: Right.

Rohan Gupta: Is not it that the price increase has been much higher and much sharper given the increase in chemical prices or it is that in our value added product basket or specialty product basket the price increase has been very limited and most price increase has been in a generic product category?

M K Dhanuka: Yes the price increase mainly happens in generic category, as shared earlier the prices for the specialty molecules are fixed usually for one year. In one year the price is not increased but unfortunately because of the devaluation of rupee our imports are in dollars so ultimately our costing increase because of the forex losses so that is the reason that it has impacted the margins apart from the high cost inventory the increasing of the dollars rate has also impacted the margins of the company.

Rohan Gupta: Sir second question is on our buyback so I understand and you have also earlier mentioned that the company will be on a capex mode given this Dahej plant and how we want to go ahead in terms of adding the capacity and also have few more intention to cater to the export market given that you still have decided to go ahead with the buyback of up to close to Rs.80 Crores so I thought that the company may go slow on this distribution of income to the shareholders do not we have any aggressive capex plans over next couple of years beyond this during the approval of capex which we are already putting on manufacturing?

M K Dhanuka: After some investment in Dahej unit immediately we do not have any plans. For the bio division and the export division we do not need any capex, so except Dahej for immediate capex plans are not there and then every year we are going to basically on profit of around 200 Crores so that way we do not need any funding and we will be able to manage our capex from the internal accruals only.

Rohan Gupta: I was saying that there has been significant increase in receivables in debtors' levels in first half any particular reason for that?

V.K. Bansal: You see there was basically cash flow was little tight in the Q2 because of which the debtors levels increased but if you see overall outstanding is little bit control which means the collection is better now in November and December we are expecting good collection by the end of Q3 debtors will be in line with the growth of the company.

Rohan Gupta: Okay Sir that is it from my side thank you.

Moderator: Thank you. The next question is from the line of Anika Mittal from Nvest Research, please go ahead.

Anika Mittal: Hello, Good evening Sir. I have only one question can you provide the overall Indian agrochemical companies outlook towards the ongoing energy crisis in Europe due to which many agrochemical companies in Europe have been curtailing their production so how are you seeing this situation will this situation benefit the Indian agrochemical companies and how are you seeing this as an opportunity not only in terms of exporting to Europe but also to other territories where earlier Europe are exporting?

Rahul Dhanuka: Your question kind of trailed out for me. I understand you are asking about the opportunities but in reference to what?

Anika Mittal: Opportunity due to energy crisis in Europe.

Rahul Dhanuka: Europe is in a completely different situation, it has various challenges to deal with right now in terms of energy required for keeping the houses warm and in terms of their own food supply coming from Ukraine and Russia, which were the large suppliers of wheat and sunflower for sure but lot of other food items as well. So Europe has to struggle through their food supply, their fuel supply and for running their chemical plants both in terms of basic raw materials as well as the energy. So this does open up opportunities in many ways for Indian agriculture as well as Indian chemical manufacturer. This is still opening up these dimensions. So this is not very clear as to how this opportunity will shape up but certainly India will have a big role to play both in terms of global food security and supplying basic raw material and key manufacturing chemicals for pharmaceutical as well as for agrochemicals.

Anika Mittal: Okay thank you Sir, that is it from my side.

Moderator: Thank you. The next question is from the line of Ayush from Nuvama, please go ahead.

Ayush: My question is for the gross margin we have seen six consecutive quarter of gross margin decay earlier on in the call you alluded to some mix change towards bulk sales I would just like to understand how that or the quantum of impact that it may have going forward on the gross margin, secondly on the Dahej plant which is coming up if the bulk of production is for captive consumption can we not see some gross margin advantage coming from that and thirdly how are we placing ourselves when it comes to exports I am really sorry to bunch up all my questions but then I would appreciate if you could take them?

V.K. Bansal: You see the impact on gross margin is basically because of two, three reasons. I will only share the major impact in this financial year first half is because of the high price inventory liquidation one. Second the impact of the rupee depreciation and product mix. As far as the share of increase in institutional sale in bulk the impact is not significant the overall impact could be 20 to 30 basis points in the first half of the financial year. Second question is with regard to captive consumption of Dahej production. We cannot share this thing now because we are evaluating of making this program but probably we will be in a better position to share this thing during the concall to be held in the month of April.

Ayush: Sure alright. Thanks a lot Sir.

Moderator: Thank you. The next question is from the line of Viraj Kacharia from SIMPL please go ahead.

Viraj Kacharia: Thanks for the opportunity again. Just had two questions first is on the export part you said in the earlier part of the call that you have started receiving enquiries both in terms of existing portfolio where you are receiving enquiries where are we in terms of registration on those, so just trying to understand that come March 2023 when we are commercializing the production we would be having the registrations for these in place or the registrations will be owned by the customers just trying to understand where are we in terms of registration both for this and second is in terms of the pipeline for new products for exports so how is that taking shape?

Rahul Dhanuka: That is absolutely very industry specific and insightful question I would say. So registration has three dimensions mostly there are countries in export opportunities where registration is not required or based upon Indian registration we get access to those markets. So to begin with we are exploring these markets where the registration process is not long drawn or complex. Then our easy registration markets where we have applied for registration and we will get probably access to those markets in the next few months so those will be our next target. Third one we are working on the investment in registration in different countries which we will expand towards the end of this financial year. So these are the three ways in which we are exploring the export market so we already have opportunity with some of our existing products, existing formulated products as well with which we are going for the export market access. Meanwhile we are working for developing products and formulations and recipes relevant for export market and we are working on that aggressively.

Viraj Kacharia: I think what you mentioned right now is that we are looking at exports of formulation and I think earlier communication was largely in terms of exports of technical?

Rahul Dhanuka: This is very interesting. As we ventured into exploring the markets for technical grade what we discovered is there is huge opportunity available to us for export of formulations also for which we already have capacity as well as capability so we are just leveraging that.

Viraj Kacharia: Okay so irrespective of Dahej we can actually look to scale of exports in a material way just commercialization of Dahej itself does not restrict us in scaling of the formulation fees right for exports?

Rahul Dhanuka: That is right. Irrespective of Dahej we have a plain export market is what we realize and understand. Yes the export market which is more of a B2B market we will certainly need specific levers to stay strong where Dahej comes into picture. So our in-house production are some of the key levers which we will use to get bigger in exports. Formulation export we feel and still we are discovering is not long term or independently sustainable without a technical backup but we are still learning.

Viraj Kacharia: Okay and usually when we talk about formulation exports also so typically these are two distributors and say countries which have less regulatory barriers or these are primarily to the MNCs just trying to understand because idea was over a period of time to leverage the relationship which we have with some of the MNCs eventually cater the time for specialty molecules?

M K Dhanuka: At this stage I would just say that exports is a good opportunity. We have just recently learned and are getting into it.

Viraj Kacharia: Okay sure good luck thank you.

Moderator: Thank you. The next question is from the line of Yogesh Tiwari from Arihant Capital Markets please go ahead.

Yogesh Tiwari: Thank you for the opportunity again. I just wanted to understand on glyphosate. I understand it is only 2% of the revenue but the prices had gone higher in the last few quarters so are the prices still higher or is there any correction you can see in glyphosate?

Rahul Dhanuka: For last 3 months prices have been correcting down side. The prices have been moving downwards.

Yogesh Tiwari: Yes sure and the other one is on a patent which we have received and the commercialization is in FY2023 the herbicide which has a base in Metribuzin so it will be helpful if you can share what would be the opportunity from this patent what are the demand dynamics in India for Metribuzin?

Rahul Dhanuka: Well the patent that we received is for an herbicide and it will find its application in sugarcane. Given the current global scenario sugar prices are up and also sugarcane factor has ethanol opportunity so these are the two specific dimensions which will keep sugar market buoyant and our product will find huge opportunity in weed management in sugarcane so that is where we see to have a place.

Yogesh Tiwari: Yes but this will be like domestic focus.

Rahul Dhanuka: Mostly domestic focus yes. Most of our focus is domestic here.

Yogesh Tiwari: Lastly on the insecticide portfolio so if I look at the split this time the proportion of insecticide has declined compared to the same period last year so is there any softening of demand related to insecticides in India?

Rahul Dhanuka: No not really. I would say that it was due to heavy rains that the insecticide application did not find adequate opportunity which also translated conversely into more of herbicide consumption thereby both in absolute terms as well as relative terms insecticides have not come down and this is just specific rain dependent pattern and this is a not a long-term pattern in the Indian market.

Yogesh Tiwari: Thank you.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Thanks for the followup. Just one question in terms of the capex and buyback so we have 225 Crores of capex for Dahej in FY2023, there is 85 Crores of buyback and maybe 15 to 20 Crores of maintenance capex so effectively 325 Crores of investment just wanted to know how we are planning to fund this entire investment based on the current cash on hand and the cash flows that we will receive in the second half?

V.K. Bansal: You see in terms of Dahej investment of 225 Crores to be happened in 2021-2022 and 2022-2023 so effectively in the year 2022-2023 it would be around 160 Crores and rest happened in the year 2021-2022 and with regard to the investment of Dahej and buyback that we will manage from internal accruals plus we are holding in the beginning of the year treasury around 300 Crores so out of treasury plus internal accruals for this year that will be managed.

Rohit Nagraj: Right got it. Thank you so much.

Moderator: Thank you. Ladies and gentlemen this was the last question for today. I would now like to hand the conference over to Manish Mahawar for closing comments.

Manish Mahawar: Thanks Rutuja. On behalf of Antique Stock Broking, I would like to thank the team of Dhanuka Agritech for providing us an opportunity to host the call. DhanukaJi, would you like to make closing comment?

M K Dhanuka: Yes sure. First of all I would like to thank all the participants to participate in this concall organized by the Antique Broking. To summarize at last Dhanuka continues to demonstrate our ability to overcome challenges and emerged stronger despite uncertain business environment. We will aggressively roll out new formulations in the upcoming quarters and would ensure that it reaches to the consumers. I reassure our shareholders that we are committed to the task of transforming the landscape of agriculture in India and will play an integral role in rewriting the future of a better and new India. Recently Dhanuka has started campaign "India Ka Pranam Har Kissan Ke Naam." We presume that farmer has not got that respect which he is entitled to, because he is working hard in the field in 50 degrees temperature and 0 degrees temperature, because of his hard work we are able to get the food and we are not only self sufficient in food now but we are in a position to export. Lot of countries are suffering from the shortage of food supply. Recently we learned about Lanka and now in Europe also the inflation rate has crossed 10% more than that so we are thankful to our farming community and I salute them that because of their hard work we are able to get the food so this corporate theme "India Ka Pranam Har Kissan Ke Naam we are basically made an ad which we are playing on various TV channels and newspapers and magazines, etc., so we hope that this will continue in times to come. Wishing you all the health and safety. Thank you very much.

Moderator: Thank you. On behalf of Antique Stock Broking that concludes this conference. Thank you for joining us. You may now disconnect your lines.