



ONLINE

June 15, 2020

The Manager (Listing)
Bombay Stock Exchange Limited
P J Towers
Dalal Street
Mumbai- 400 001

The Manager (Listing)
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra- Kurla Complex, Mumbai- 400 051

Scrip Code: 507717

Symbol: DHANUKA

Sub: Transcript of Conference Call With Analysts/Investors

Dear Sir,

Please find enclosed transcript of Conference call organized with Analysts/ Investors held on 10th June, 2020 post declaration of Audited Financial Results (Standalone and Consolidated) of the Company for the quarter and Financial Year ended 31st March, 2020.

We hope you will find the same in order.

Thanking you,

Yours faithfully
For Dhanuka Agritech Limited


Jitin Sadana
Company Secretary/ Compliance Officer
FCS: 7612



Dhanuka Agritech Limited

Earnings Conference Call

Q4 and Full Year FY2020

June 10, 2020

Management:

Mr. Mahendra Kumar Dhanuka – Managing Director

Mr. Rahul Dhanuka – Director (Marketing)

Mr. Vinod Kumar Bansal – Chief Financial Officer



Hosted by Antique Stock Broking Ltd.



Moderator: Ladies and gentlemen, good day and welcome to Dhanuka Agritech Q4 FY2020 Earnings Conference Call hosted by Antique Stock Broking. 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 “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Manish Mahawar from Antique Stock Broking. Thank you and over to you Sir!

Manish Mahawar: Thanks Janice. On behalf of Antique Stock Broking, I would like to welcome all the participants on the call. From the management, we have Mr. M. K. Dhanuka, Managing Director, Mr. Rahul Dhanuka, Director (Marketing) and Mr. V. K. Bansal, CFO on the call. Without further delay, I would like to hand over the call to Mr. M. K. Dhanuka for opening remarks. Over to you Mr. Dhanuka!

M. K. Dhanuka: Thank you Mr. Manish. Good evening ladies and gentlemen. Hope you are all doing well and keeping safe. We welcome all of you to discuss the Q4 and Full Year FY2020 audited results of Dhanuka Agritech Limited.

Myself, M. K. Dhanuka, Managing Director of Dhanuka Agritech Limited, I am joined today by my colleagues, Mr. Rahul Dhanuka, Director (Marketing) and Mr. V. K. Bansal, CFO.

As you are aware that Dhanuka Agritech is a leading agrochemical company in India. The company strength lies in the manufacturing of formulated products. The products portfolio is largely distributed across insecticides, herbicides and fungicides. Insecticides contributes a significant portion of the overall revenues and the company aims to ramp up presence in the fast growing herbicide segment.

Dhanuka Agritech is aggressively working towards the goal of transforming India through agriculture by initiatives such as doubling of farmer’s income. We cater to all major crops in India and have implemented the best in class technology to ensure a smooth and efficient supply chain. We have adopted a rural FMCG model. To service the diversity of Indian crops and needs of the farmers the company has wide range of products in its portfolio, over 80 brands in pack sizes ranging from 2 grams to 200 liters. These products are in various forms: liquids, dust, powder, and granules.

We have a pan India presence through our marketing offices in all major states across India. The three manufacturing units with 40 warehouses and network of over 14 branch offices across the Indian geography caters about 7,000 distributors and dealers and around 80,000 retailers. Dhanuka has more than 1,500 technocommercial staff, supported by a strong R&D division and a robust distribution network, which has Dhanuka to reach out to



approximately 10 million Indian farmers' touch points with its products and services. Dhanuka Agritech R&D division has class NABL accredited laboratories and has international collaboration with nine leading global agrochemical companies from the US, Japan and Europe, which helps us to introduce the latest technology in Indian farmlands.

The revenues from operation during Q4 FY2020 was Rs.227.57 Crores representing an increase of 18% over the corresponding period last year and it was Rs.1,120.07 Crores in FY2020 which was 11% up over last year. EBITDA stood at Rs. 45.78 Crores in Q4 FY2020 up 39% year-on-year and it was Rs.173.47 Crores in FY2020 up 19% over last year. EBITDA margin improved from 17.1% in Q4 FY2019 to 20.1% in Q4 FY2020 and improved from 14.5% in FY2019 to 15.5% in FY2020.

Profit after tax was at Rs.39 Crores in Q4 FY2020 up 46% compared to the corresponding previous last year and it was Rs.141.47 Crores in FY2020 up 26% year-on-year basis. PAT margin improved from 13.9% in Q4 FY2019 to 17.1% in Q4 FY2020 and improved from 11.2% in FY2019 to 12.6% in FY2020.

The Board of Directors had declared 600% interim dividend that is Rs.12 per equity share having face value of Rs.2 per share which has absorbed Rs. 68.83 Crores inclusive of DDT in its meeting as on February 13, 2020. The Board has decided to keep the interim dividend as its final dividend.

The zone wise percentage share of turnover for financial year as ended March 31, 2020 was North India 25%, East India 11%, West India 33% and South India 31%.

Category wise share of Insecticides was 43%, Fungicides were 15%, Herbicides were 31% and others 11%. As per IMD report last year monsoon was normal in the country and expected the same in the coming year. This has brought smile on the faces of the farmers. The monsoon onset of June 1, 2020 in Kerala and it is progressing very fast to the other states of Karnataka, Goa and other states.

As per April 2020 data the total summer crop area has increased to 52.7 lakh hectares from 38.64 lakh hectares as compared to the corresponding period a year ago. The area coverage under pulses, oats, cereals and oil seeds has increased to 20.05 lakh hectares from 14.79 lakh hectares as compared to last year during the corresponding period.

In view of the nationwide lockdown announced by the Government of India on March 24, 2020 to control the spread of COVID-19, the company's operations got temporarily disturbed at manufacturing facilities and sales report across the country. This resulted in partial deferment of company's revenues from the month of March last week to the first quarter of FY2021.



The company has resumed operations in a phased manner from the beginning of April as per government directive. Dhanuka Agritech was firm to implement various measures to protect employees, communities and operations to ensure supply chain was not impacted. We also encouraged noncritical operations to work from home and carry out interactions electronically.

The company adheres to social distancing norms across sites and by staff is encouraged to maintain 2 meters distance from co-worker and other stakeholders to operate in and around the site. The company closely engages with the suppliers, vendors and distributors to ensure that there is a minimum impact on business operations.

The pandemic is expected to slowdown overall business activity across each key sectors in India, however, since our products fall under the essential category we do not foresee any major impact to the business due to Coronavirus pandemic. Although it is expected that the GDP degrowth may be to the extent of 3% to 5% in India in FY2021 but this is expected that GDP growth will be around more than 3% from agriculture sector, so this is the sector from where GDP growth will be coming to India and hence relationship with the domestic manufacturers and distributors have helped the company sustain inventories in the pipeline during the lockdown period from March to May 2020.

The company will work towards engaging with all the participants across the value chain both upstream and downstream to deliver a strong Kharif season and build a solid momentum for the remaining part of FY2021.

The company has a strong pipeline of section 9(3) products which should drive the revenue growth in coming years. I am happy to share that Dhanuka has introduced two new molecules in June 2020 itself. One is Dabuch 84% WDD. This is herbicide. It is pre emergent herbicide for soybean crop. It has been introduced with the help of Corteva. Another product is Dozomak which is a herbicide for cotton crop. It has been introduced with the help of Godrej Agrovet. So these two herbicides have been introduced in this quarter. I am hopeful that these two herbicides will also contribute in the top line and bottom line of the company.

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. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Rahul Jain from Credence Wealth Please go ahead.

Rahul Jain: Thanks for the opportunity. Congratulations for best set of numbers. Couple of questions Sir. One with regards to your new product launches, so the earlier quarter you had launched



Zapak and Mycor and as you mentioned the launch of other two products in this quarter, so in last about four months to five months, four products have been launched, so part to this question, one if you could tell us on the opportunity size or the size of this product and further going ahead in next phase two quarters or next one year what kind of further product launches are you looking at? Second question is with regards to in the previous call you had mentioned there are various initiatives we are working on both two product launches as well as the penetration and further marketing network increasing our reach, so if you could spell out some of the new initiatives which you had mentioned in the previous calls there are certain projects which are under pilot stage and you had mentioned in the earlier call that you would probably give us more details in this call, so if you could just try to share some more details about various initiatives being taken which could help us to further grow for the next year or two or next two years or three years come? Thanks.

Rahul Dhanuka:

Thanks for your question. This is Rahul Dhanuka. In terms of introduction Dabuch which we have introduced is a soybean and a groundnut herbicide and it is a pre-emergent herbicide. Today when the farmer is facing extreme shortage of labor due to the movement of migrant labor this will be very important product to help the farmer overcome his weed management in soybean and groundnut seeds. The other products which is Dozomak is a premix product of Dhanuka's Targa Super, for application in cotton and controlling both broad leaf and narrow leaf weeds. Cotton acreage is 10 million hectares in the country and soybean acreage is more than 11 million hectares in the country and groundnut acreage is also quite substantial which gives huge space and opportunity to operate both these products aggressively in the changing landscape. I would just like to highlight that the overall agriculture landscape is changing for two reasons. One is conventionally farmer is moving towards use of more herbicide as he is looking to protect his yields and second is due to the migrant labor. Absence of labor makes the weeding process really tedious and almost impossible, so there is already an increased trend of herbicide consumption as we are seeing in Q1, so these two have huge opportunity I would say. We are not specifying the numbers in the call, sorry about that. In terms of upcoming introductions, we are looking at two new fungicides coming in for grapes this year. These two introductions have been delayed now till last year and we are looking at introducing these two fungicides for grapes very soon.

Rahul Jain:

Sir with regards to the new initiatives and increasing your reach and penetration?

Rahul Dhanuka:

Thanks, I missed out that one. So that project is underway. I must admit that the lockdown reduced the face to face interaction and has pushed at the project by about a month or so but we are absolutely committed and we have used this time to improve on our blueprint and we are going to hit the market aggressively that they will reach initiative.

Rahul Jain:

Sir just a follow up on the products parts. So you launched two products Zapak and Mycor in Q3 and further a rice herbicide Chempa which was from Nissan had been launched and



further you had launched two more products as you mentioned just now, so those are total five products which have been launched in last four months to five months, is that right?

Rahul Dhanuka: The overall introduction starting from Chempa till now will be seven products. Five products in last financial year and two products, two herbicides Dhanuka has already launched this financial year in Q1.

Rahul Jain: Sure. If you could just share the cumulative sales which can be possible from this seven products not product wise but if you could share what is the kind of potential of this seven products, the incremental sales which could be derived if that could be shared that will be helpful?

Rahul Dhanuka: I would say that the potential of these products is really very high and collectively if I put together the potential all these five products put together then this will be close to Rs.400 Crores to Rs.500 Crores.

Rahul Jain: Sure. That is helpful and thanks a lot for this. I will come back for a follow up question.

Moderator: Thank you. We will take the next question from the line of Varshit Shah from Emkay Global. Please go ahead.

Varshit Shah: Thanks for the opportunity and congratulations for management for the fantastic quarter despite all the challenges. My question is more on the margin side and gross margin I think we have this is the first quarter where our gross margin have actually exceeded the previous quarter same year in FY2020, so should I read the sign of raw material abating or is it more of a function of change in product mix? That is my question.

V.K. Bansal: Actually it is both you see Q4 numbers are basically result in numbers because of all that numbers minus reduction of the all Q3 numbers, Q1, Q2, Q3 which means what if we are making a provision of credit growth for the customers and pesticide as well. So that is why in Q4 at time the margins are better.

Varshit Shah: I am asking on a year-on-year basis that would have been true for last year also so I am saying on year-on-year margins, gross margins have improved by 84 bps, so this provisioning element would have been present last year as well. I am asking about comparable basis?

V.K. Bansal: That is right. That could be impact of full of product mix as well.

Varshit Shah: Okay so all of it largely would be because of change in product mix or there was some benefit of raw material cooling of especially after China resumed may be in February?



V.K. Bansal: It is both actually.

Varshit Shah: Okay. My second question is a continuation of the previous question, so on the go to market new initiatives and what do you see in terms of key changes which you are making your approach the market having that the you have been aggressive on the product launches and I am sure that getting all of these products in the market and making it successful would require some bit of different approach in marketing these products, so can you just put a bit so light more around that?

Rahul Dhanuka: I would say that go to market is critical after identifying and bringing in the right product and going through years and years of regulatory approval and registration cycle. It is go to market approach which decides channel satisfaction, channel engagement with the company and it is go to market which decides the consumer connect with the organization. At Dhanuka we take this very seriously to engage with our consumer as well as with our channel. Our all new launches are keeping in mind market opportunity or changing scenario. We identified that the farmer is going to significantly shift towards herbicides for one and three emergent herbicide for second, so last year we introduced Chempa which is a rice herbicide and especially for (DSR) Direct Seeded Rice and we were looking a Direct Seeded Rice increasing year-on-year that is how we introduced Chempa. This year we see due to absence of migrant labor it has become almost impossible for the farmers of Punjab, Haryana and various places to do transplanting. In absence of transplanting they have to depend upon pre-emergent herbicide that is Chempa fits in very aggressively for Punjab and Haryana. It is coming to the rescue of Punjab and Haryana farmers. Similarly Dabuch which is a per-emergent herbicide is finding favor with the farmer and the idea is to educate the farmer on use of these products because the farmer is not experienced and that is why we adopt different technologies to train the farmer. In fact we have learnt a lot ourselves on using digital platform to reach out to farmer communicate and train them. We are using similar tools and technology to reach our distributors and retailers also and we are talking about modifying some of our approaches in terms of go to market which I shared our pilot was delayed by a month as we had done homework on improving the blueprint and we are going to modify couple of things as we hit the market and work on our channel. I would also add here that the recent amendments to the APMC and Essential Commodity Act makes it all the more imperative for us to do this go to market approach aggressively because this is going to break our longstanding relationship between the commission agent and the farmer who was the creditor of loan for the farmer. Now if the farmer will have access for his commodity to different markets then he will purchase also from different markets, he will no longer be depending upon his local pesticide shop which means Dhanuka has to be aggressively present on all the areas where farmer is going to reach out and sell his product which will include deep retailer network, which will include SPOs, which will include the modern channel of internet sales, digital sales and we are harnessing all of them to stay on top of it.



- Varshit Shah:** Sure, that is very helpful. I will get back in the queue.
- Moderator:** Thank you. We will take the next question from the line of Madhav Marda from Fidelity Investments. Please go ahead.
- Madhav Marda:** Good evening. Thank you so much for your time. I just wanted to understand how was the raw material prices trending for us currently and I think the last time when we spoke there were some saving which could come and now with crude falling, I think there could be further raw material tailwinds for us, could you give us an update on raw material side of thing?
- Rahul Dhanuka:** Will you repeat your question please?
- Madhav Marda:** I am just saying in the raw material prices, our raw material sources are we seeing any benefit in the raw material process because of fall in crude?
- V.K. Bansal:** In Q,1 normally in the month of April, price was on very high side in the month of April. Now they are settled. Reduction side is not there.
- Madhav Marda:** Sir I was just asking more from our gross margin perspective for the Kharif season can it be maintained at last year or how the number be based upon any price hikes that we stated in the market as well could you tell something?
- V.K. Bansal:** Yes, you see last year during Kharif there was a heavy decline in the gross margins so I am hopeful this year there should be some improvement in gross margins but at least maintain your last year level absolutely for sure.
- Madhav Marda:** Okay, have we taken any price hikes this year or any plans to take price hike versus last year?
- V.K. Bansal:** Yes largely in the case of generics we have taken price hike in the month of May, June not very much significant. There was hike in the month of May.
- Madhav Marda:** Okay and any outlook on revenue growth for us for this year? Any numbers that you all are working with in 2020?
- V.K. Bansal:** We are expecting this year very good growth because of the good monsoon this year.
- Madhav Marda:** Okay and on the fixed cost side is there any initiative that we have running for the employee cost or any other expenses, advertising cost, any savings coming there versus FY 2020?



- V.K. Bansal:** You must have seen there we have seen improvement with regard to the employee cost in the year 2019-2020 and this year since we are expecting a good growth in FY2021, so we will expect the improvement in the employee cost as well as other expenses as well.
- Madhav Marda:** Thank you so much for your time.
- Moderator:** Thank you. We take the next question from the line of Probal Sen from Centrum Broking. Please go ahead.
- Probal Sen:** Thank you for the opportunity Sir. I just have couple of questions, one was you mentioned in your initial briefing that certain amount of revenue due to the lock down has to be actually deferred or rather postponed to Q1 of FY2021. Is it possible to share that number in terms of how much revenue has actually been deferred and because that amount has already been?
- M K Dhanuka:** Yes approximately 2% of the topline.
- Probal Sen:** 2% of March sale or total year sale Sir?
- M K Dhanuka:** Total year sale.
- Probal Sen:** So about Rs.1,150 crores whatever we did of that 2%?
- M K Dhanuka:** Rs. 20 Crores to Rs.25 Crores you can say.
- Probal Sen:** Got it that was one, and second the structural shape that you spoke about in terms of the market moving more and more towards herbicide, now last year if I got the number correct we did 31% of our sales from the herbicide category. Is that correct?
- M K Dhanuka:** Yes. That is visible 30%.
- Probal Sen:** Yes 30% right Sir. So is it fair to say that number could improve by a couple of 100 basis points every year if that shift actually continues to be there Sir over FY2021 and FY2022 and if so does it also have a positive impact on our margins in terms of if this category becomes a bigger share of our revenue?
- Rahul Dhanuka:** I will put it in two ways. First of all it is about the market need. So there are different opportunities which keep emerging in different markets and we try and identify the right products for those segments and create that opportunity. However, I cannot underplay the opportunity for insecticide in the country. So overall the value will continue to increase for herbicides I am very sure but the percentage shift will happen significantly or not I cannot say while I will just bring on that perspective mode for. While herbicide is a growing



opportunity we have recently faced over last two years fall armyworm issue in maize which is also exclude paddy and sugarcane area so that is the dangerous pest and we have to deal with it with use of insecticide, and secondly, we are seeing since last September locust attack which is also going to be a pesticide insecticide guzzler. So overall the value for those baskets will increase and we will through our product portfolio and ensure that the margins are impacted favorably.

Probal Sen: Right Sir one last question if I may. I got a little confused so Chempa plus six other products that have been launched in FY2020 as well as including the two in FY2021 so far when you mentioned the number of Rs. 400 Crores to Rs. 500 odd Crores roughly as the potential for all the seven products combined. Is that correct?

Rahul Dhanuka: All the seven products including FY2020 launch and two products launched in Q1 FY 2021.

Probal Sen: Got it, fair enough Sir thank you.

Moderator: Thank you. We take the next question from the line of Jitesh Shah from JM Financials. Please go ahead.

Jitesh Shah: Sir I just had two questions one on the APMC front, do we see that because farmers can have higher realization over coming days and years can we have higher price point for our products. That is one. Second is on supply chain front, how does like intermediaries and raw material source from China or elsewhere might impact given these lockdown and all these situations?

Rahul Dhanuka: I would say that, so first of all I would like to see the impact of APMC removal on the product portfolio. Farmer will have widest choice and farmer will go for value added products because he is getting a better realization. When he is trying to access modern markets of fruits and vegetables trade and then he is trying to access the export market that where he will need better yield, better quality and lower residual and he will go for a higher value so I see a upsell in the portfolio so there is going to be a major portfolio shift and I will not say that the price wise will change dramatically. I think so we will continue to offer value pricing in most of our products to our consumer also. But the up shift in the product choice itself will impact the overall portfolio and the margin significantly. Second in terms of the intermediates and raw material available I think so we shared earlier also that China at that point time itself was having huge inventory which was not moving out due to logistics. Eventually the logistics has been favorable and the material has moved in and come in aggressively. The challenge has been the clearance at Indian ports which was really bad in four weeks of April and even first week of May but subsequently ports have also come into active operation and material has been cleared from the port aggressively almost all raw material and intermediates. Yes Indian technical manufacturers I feel it has not been able to come up to seize to that extent and they are facing either labor shortage or operator



and quality controls is also some or the other resourcing shortage is plaguing the Indian manufacturing side which is probably impacting the production of generic products. I would say Dhanuka having a significant portfolio bent towards Japan, US, Europe and even some products coming in from China our pipeline of products and current inventories are really safe and secured to take care of next two-three months.

- Jitesh Shah:** Alright Sir. That is it from my side.
- Moderator:** Thank you. We take the next question from the line of Keshav Lahoti from Angel Broking. Please go ahead.
- Keshav Lahoti:** Thank you for the opportunity. Sir can you please elaborate how has locust impacted your business?
- Rahul Dhanuka:** Locust attack has given opportunity for selling agrochemicals in the government tender business across many states. It was a huge menace after 27 years and this has given opportunity for chloropyriphos, chlorocyper, Fipronil SC, Lendasyrocine 5% PC and Profeno phos, Profeno cyper and other variations of Lendasyrocine. So there are other products also approved by the Government of India but I am talking about the portfolio so out of all the approved products I think we have seven or eight offerings to the farmers depending upon what is the severity of the pests in their markets and what is the recommendation from the local university and the Department of Agriculture. Dhanuka is reaching out through trade channel, through department of agriculture and to farmers in terms of giving them training on how to deal with locust and offering them products to manage this menace.
- Keshav Lahoti:** Okay. How much topline could increase due to locust menace any idea?
- Rahul Dhanuka:** I would not even speculate I think so all of will be better off if this disappears sooner than later.
- Moderator:** Thank you. We take the next question from the line of Dipika Mehta from Axis Bank. Please go ahead.
- Dipika Mehta:** Sir two questions, one in the absence of labor in the farmland do you think cash crop would not be sown in the Kharif season and thus the requirement of a product is impacted and I have another question.
- Rahul Dhanuka:** I do not see why cash crops will not be sown in fact cotton acreages is up for increase, sugarcane is going to be favorable crop and fruits and vegetable have been impacted in short term however they will come back and be restored is my feeling though farmer would probably go for less labor intensive crop and more stable crop which can be used, grown



with mechanized tools or relatively lesser use of labor. So transplanting of rice is extremely labor intensive and breeding of any crop is labor intensive. So these two operations farmers are going to bypass either by crop shift or by use of rice chemicals.

Dipika Mehta: Okay. Other question is any opportunity on the pharma side you guys also chasing it because some of your competitors are?

Rahul Dhanuka: So Dhanuka Agritech Limited is focusing significantly on agriculture and development of agriculture. Dhanuka Laboratories Limited is a separate organization and as of now we are not talking about Dhanuka Labs and Orchid Pharma here.

Dipika Mehta: In terms of domestic manufacturing of intermediates in the long term is your company or overall in India companies are looking at domestic manufacturing of intermediates and technical's to move away from import dependant?

Rahul Dhanuka: I think so China phobia has really taken up this opportunity very aggressively and significantly for India as a country and India is country trying to move almost all global large chemical manufacturers to set manufacturing base in India which includes agrochemicals. So I think that this is a very relevant opportunity in certain context.

Dipika Mehta: Thank you.

Moderator: Thank you. We take the next question from the line of Saurabh Kapadia from Asian Market Securities. Please go ahead.

Saurabh Kapadia: Thank you for the opportunity. Sir, if I look at the balance sheet then compared to last year we have some higher inventories so is it like raw material inventory or this finished goods inventory we have kept just before the lockdown happened?

V.K. Bansal: It is largely raw material inventory and it was according to our plan actually.

Saurabh Kapadia: Okay and how is the current situation in terms of last mile delivery to the distributor and dealer because initially in April and May we faced some issue on the logistic side?

V.K. Bansal: Could you repeat your question?

Saurabh Kapadia: Sir, I am talking about the last mile delivery, are we able to deliver to the every part of the country because initially we had the logistic issue to supply the products?

V.K. Bansal: Yes, initially they were definitely issued in the month of April or by the last week of April things have regularized largely.



- Saurabh Kapadia:** Okay and one last question, your perspective on the 27 products that are to be banned, their notification so definitely we have more than 10% exposure so how do we look if the ban comes then what would be strategic upon turn over going ahead?
- Rahul Dhanuka:** So, while one perspective is that the government itself has two opinions on whether or not to go for this ban so I really feel that the ban will not get imposed immediately in the given timeline at worst the industry is prepared to take the issues in different forums, different influencing methodologies that is what we are going to adopt. Tomorrow there is an event in FICCI for discussing this subject of 27 products banning and I would also like to say that at Dhanuka as of now we have relevant dependence on some of these products which are up for ban; however, our portfolio allows us huge diversity and huge choice in terms of replacing each of the ban products with an alternative and we have a very robust pipeline with our principle companies especially from Japan whereby we can bring in and offer farmer a great substitute. The only challenge here would be that the substitute that we will bring in would have relatively higher price point for the farmer vis-à-vis the choices available right now so the banning should not move forward is a strong recommendation.
- Moderator:** Thank you. The next question is from the line of Sunil Kohli from Bowhead. Please go ahead.
- Sunil Kohli:** Congratulations on a very good set of numbers. I have two questions, considering that you are expecting this year to be good and you have rolled over of about Rs. 20 Crores of sales from last year and the base of last many years, do you think it is possible for you to grow as high as 20% this year, I am not asking for a guidance I am just asking in terms of possibilities? Secondly your margins had fallen significantly compared to what you should do earlier with raw material cost and operating leverage aligned, do you think a 17% to 18% margin is a possibility?
- Rahul Dhanuka:** Mr. Kohli, anything I say here would be taken as management guidance so I would really say we are looking as a very, very robust opportunity ahead of us with good monsoon, good ground water already the catchment area of Karnataka and Maharashtra they have received good rains which means we can foresee good water in Telangana and Andhra Pradesh where the river flows in from the catchment area of Karnataka and Maharashtra so our robust and a high double-digit growth is a certain possibility so I cannot underplay that one and we are aggressively geared to take up advantage of that opportunity.
- Sunil Kohli:** What do you expect margins?
- M K Dhanuka:** We will maintain the margins that we have and with that kind of a robust loan I think we will be improving on our margin also and probably you know our goal improvement. We hope to have 100-bps improvement in EBITDA margin in this year also, I will take that as a good wish and a blessing, thank you so much.



- Sunil Kohli:** Thank you.
- Moderator:** Thank you. The next question is from the line of Rohit Nagraj from Sunidhi Securities. Please go ahead.
- Rohit Nagraj:** Thanks for the opportunity. In terms of the lockdown issue you have indicated that the supply chain issues have been settled by the end of April, however is there any impact due to increase in cost of transportation and second allied question on that is, whether the debtors have gone up?
- V K Bansal:** 2019-20 debtors have grown up 10% it is in line with the increase in the turnover.
- Rohit Nagraj:** No, this is for the Q1 I mean for the period of April and May, have we seen any kind of such situation that the debtors have gone up or we need to give increased credit period?
- V K Bansal:** Not really.
- Rohit Nagraj:** The impact of higher transportation cost on the operating margins for the current quarter do we expect anything on the operating margins front?
- V K Bansal:** Cost could be higher but not more than 10 -15 bps.
- Rohit Nagraj:** Okay and if I look at the year-on-year numbers, the staff cost has been stable and other operating expenses have been down by say 6%, any specific reason and do we foresee this year that if we expect to grow double-digit on the top line level or similar kind of increase will happen on stock cost and other operating expenses?
- V K Bansal:** Both cost will increase definitely but not as high as seen physically. So there could be improvement in the EBITDA margin because of that only.
- Rohit Nagraj:** Okay and any indication on the innovation turnover index for FY 2020, what was it and FY2109?
- V K Bansal:** It was 12% as against 17% last year.
- Rohit Nagraj:** Thank you Sir. I understood.
- Moderator:** Thank you. The next question is from the line of Vishnu Kumar from Spark Capital. Please go ahead.
- Vishnu Kumar:** Thanks for your time. Firstly, just one question, because of the migrant issues we understand one section of the farm labor has moved probably towards UP, Bihar and all



these states so the behavior and the probably the requirement of herbicides, how will it play I mean if you could broadly explain that?

Rahul Dhanuka:

I got that you are asking what is the impact of farm labor?

Vishnu Kumar:

Sir, my first question is because of the shifting of people for example Punjab and Haryana people have gone towards UP and Bihar so how would we see the impact of farm labor one and that impact on herbicides to us and obviously in certain states the farm labor cost is going to go down because there are too many abundant availability for the season so the interplay of these sources how do we see the growth.

Rahul Dhanuka:

So, in the states of Punjab, Haryana, Maharashtra and other agrarian advanced farm states, the absence of labor will result in more use of herbicides for sure and more use of mechanization so Punjab and Haryana is facing a transplanting challenge and they are going to go for direct seeded drive which means more consumption of weedicides, herbicides like CHEMPA which is our Japanese product in Dhanuka and when we talk about the migration to, then the migration is to Chhattisgarh, Bihar, Jharkhand, Odisha, West Bengal, Eastern UP which are relatively not as advanced when it comes to agriculture in terms of both mechanization as well as advanced product consumption although these markets have also developed significantly and in fact the herbicides consumption is also been very high in some of these markets so there could be a marginal impact on herbicides consumption going down but given these disproportionate consumption of agrochemicals in the rest of the country in the northern, western, central and southern part of the country versus lesser consumption in Eastern India, the impact will only be favorable, the delta will not be negative it will be positive.

Vishnu Kumar:

Okay and in general do you see the cost of labor like probably we hire Rs. 300 to Rs. 400 that is doubling, any sense on that in these states?

V K Bansal:

Cost of labor doubling means?

Vishnu Kumar:

In these states for example Maharashtra, Punjab and Haryana the farm labor cost will it materially go up what we used to hear is Rs.300 to Rs.400 per day, would now that need a significant cost to the farmer side?

Rahul Dhanuka:

I think so the increase already what I am getting is 25% to 40% because transplanting is to be done in a given timeframe but the political influences have also prevailed because of which the timeframe which was earlier much lesser has been increased significantly for the farmer, for doing the transplantation and the labour cost has certainly gone up dramatically and so is the herbicide use, Sempra use in sugarcane and maize has increased manifold because the labour is not available in sugarcane and maize.



- Vishnu Kumar:** Sir second question is on the southern irrigation projects especially in Telangana a lot of, and I understand some projects have started, given the 30% of your revenue comes from this bucket, are we going to see a disproportionate growth, any thoughts on that?
- Rahul Dhanuka:** I will not speculate that owing to north, west and south are certainly going to be the growth drivers on the factor of shortage of farm labour. These three zones are the ones where the farm labour has migrated from to largely Eastern India and to some parts of Eastern UP, and to some parts of Karnataka and Madhya Pradesh. So, these three zones are going to actually get favorable delta on the sector of farm labour migration.
- Vishnu Kumar:** Sir, one final question on the fertilizer we are seeing there is a massive pickup in demand and one of the historic numbers normally we do not see it in April and May, we are seeing a sizable growth, so how are the first two months trends in terms of your placements, it has been very encouraging, I mean, if you could give us some insights into that?
- Rahul Dhanuka:** Q1 I think so far is going good for us and we are able to catch up on the logistics pressures put by the channel and the markets on us and we have been able to service and I think so we are doing a good double-digit growth.
- Vishnu Kumar:** Thanks and all the best.
- Moderator:** Thank you. The next question is from the line of Dhruv Maheshwari from Premji Invest. Please go ahead.
- Dhruv Maheshwari:** Thank you for this opportunity. Congrats on great set of numbers. Sir, just in continuation to the question of the previous participant, just wanted to understand if there was a certain level of prebuy that would have happened in 1Q and how is the system inventory currently and the price hikes that you would have taken in the generic segment. Would it be a function of demand supply mismatch? That is my first question.
- Rahul Dhanuka:** As such at Dhanuka, we do not really encourage prebuying or placement. However, markets are relatively more hungry because there was hardly any channel inventory and I had shared this in my previous concall in February also that the channel inventory is not significant and absence of channel inventory really intensifies the hunger and there was some prebuying also in the market and there was some panic purchase hearing that the products may not be available when they are actually required. So, these factors put together has resulted in some movement. At Dhanuka, we try and follow the practice of passing on the increased cost to the consumer, so we have done across March, April and May already and to some extent in June also we have passed on the increased cost on the product prices.
- Dhruv Maheshwari:** Sir, my next question was more qualitative in nature, just in terms of how do you see or could downtrading be a theme in FY2021, just based on COVID and the panic around



COVID and also what is the trend in the unorganized and spurious product segment that you see and how could that play out in the near future.

Rahul Dhanuka: When you say downtrading, what do you mean?

Dhruv Maheshwari: Just farmer probably referring a cheaper product over maybe premium product in terms when he has limited visibility in terms of if his cash flows are under pressure. Anything on those lines that could play out?

Rahul Dhanuka: I think farmers have umpteen choice available across the product range and I do not think so that there could be an easy shift towards taking up a cheaper product, that will depend upon the crop shifts if any. So, in short-term for example, in April we have seen the vegetable crops not doing well, now we can either relate it to COVID, but if we really look into the history of tomato, then every two years tomato prices go down significantly and then farmer has to make a choice between the cost of harvesting versus cost of leasing the crop in the feet. So that is not something very surprising according to me. All the initiatives being taken by FBOs, by NABARD, by the Government of India, the Department of Agriculture and Rural Welfare, I think so we are going towards a better atmosphere of agricultural commodities being up traded, agricultural commodities finding their way into organized and modern retail and agricultural commodities from India finding their way out for exports, all these three things will be favorable, I think so it can only lead to up pricing and up purchasing rather than down pricing.

Dhruv Maheshwari: Sir, if you could just comment on the unorganized and organized part?

Rahul Dhanuka: I think all shortages actually is a huge opportunity and as much opportunity to unorganized and spurious players also at the cost of the safety of their own people and teams and space and family; however, the Government of India is moving very aggressively and almost ruthlessly around that in terms of having a PMB in terms of making the QR Code mandatory on all packs, government has come out with new guidelines just day before yesterday on new packaging guidelines of QR Code and other things, which is a continuous industry, and government and regulated collaboration to hammer down on spurious and poor quality products and I think so at the end of it we will win the game.

Dhruv Maheshwari: Very, very helpful. Congratulations once again Sir. Thank you.

Moderator: Thank you. We take the next question from the line of Siddharth Gadekar from Equirus Securities. Please go ahead.

Siddharth Gadekar: Sir, could you just share a split between the volume and the realization growth in FY2020?

V.K. Bansal: Our volume growth was 12.71% as against the value growth of 11.36%.



- Siddharth Gadekar:** Thank you.
- Moderator:** Thank you. We will take the next question from the line of Nitin Agarwal from IDFC Securities. Please go ahead.
- Nitin Agarwal:** Thanks for taking my question. Sir, on the gross margin, just one question, historically we have had much higher gross margin than what we are doing right now. Factually is there anything which is change in the business that we cannot go back to the older growth margins or just the matter of time before the gross margin eventually begin to replay?
- V.K. Bansal:** Could you repeat your question? There is a sound at the background.
- Nitin Agarwal:** I am saying on the gross margins, usually it used to be fairly high in FY2016 and FY2017. This has come off of a fair bit over the last couple of years. So I am saying this reduction in gross margins is it structural because of the way the business is being done or there is a possibility that it could go back to our older historical gross margins about 40% odd going forward?
- V.K. Bansal:** You see possibility can never be denied, but yes over a period of time you see in the year which you are talking there was a significant increase in the prices. Whenever prices are increasing very rapidly we get the advantage on the carryover inventory or the inventory in the system. Last year because declining trend was there, there was a very bad impact on the gross margins. In the year which the huge increase is there, gross margins would be better next impact on account of the product mix. So, possibility is definitely there. That cannot be overruled.
- Nitin Agarwal:** Sir, on our overhead and staff costs and other expenses, this quarter other expenses came up quite sharply. Any particular reason on a Q-o-Q basis, on how they came up so much?
- V.K. Bansal:** You see in case of other expenses, one reduction on account of the change in the Ind-AS, some Rs.4 Crores, Rs.5 Crores figure has shifted from other expenses to depreciation and interest on account of the lease agreement of the godowns and the rent.
- Nitin Agarwal:** Sir, going forward these costs will continue to stay below or increase in revenues? Is there a fair assumption?
- V.K. Bansal:** Cost will definitely increase, but if we are delivering a good growth, good double-digit the impact would be positive on the EBITDA margins.
- Nitin Agarwal:** Okay Sir. Thank you.



- Moderator:** Thank you. We take the next question from the line of Deepak Kolhe from B&K Securities. Please go ahead.
- Deepak Kolhe:** Thanks for this opportunity and congratulations for good set of numbers. Sir my first question is what is the capex plan for this year?
- V.K. Bansal:** Capex plan is not very significant it would be around Rs.5 Crores to Rs.10 Crores.
- Deepak Kolhe:** Okay and Sir second question is it possible for you to provide a speciality and generic product mix for 4Q and FY2020?
- V.K. Bansal:** It is around two-third, one-third.
- Deepak Kolhe:** Okay and Sir if you look at a new molecule as a percentage of revenues in the past three years we are seeing it is declining it has almost declined from 20% to 12% so how do we see like if this continues to improve going ahead so will that lead to a improvement in the margins?
- Rahul Dhanuka:** See the new products they certainly influence our capability to leverage the channel and the farmers attraction towards our brand and our products and we have moved from 20% to 12% yes and I think so we are very soon going to move up higher also in coming year which is this financial year so from last year it was 16.6% from that we moved to 11.87%, so this will this will go up significantly because we have had some very good launches in FY2020 and some very good powerful launches coming up this year as well. The impact on the margins is actually visible as the overall portfolio impact in the EBITDA which is favorable so far we have been able to maintain that irrespective of the idea index.
- Deepak Kolhe:** Thank you Sir that is from my side, thank you very much.
- Rahul Dhanuka:** Thank you.
- Moderator:** Thank you. The next question is from the line of Keshav Lahoti from Angel Broking. Please go ahead.
- Keshav Lahoti:** Sir what are your plans regarding pledging 14% of the promoter is pledged?
- V.K. Bansal:** Dhanuka laboratories which is a closely held company owned by the promoters has acquired Orchid Pharma limited and the promoters have given their guarantee against which the shares were pledged although it was expected that bank guarantee will be returned once the payments is made but there is some technical lacuna we are expecting the bank guarantee very soon and once the bank guarantee will be returned by the bankers of Orchid Pharma then share will be unpledged.



- Keshav Lahoti:** That is helpful.
- Moderator:** Thank you. We take the next question from the line of Mithun Soni from GeeCee Investments. Please go ahead.
- Mithun Soni:** Hello sir I had couple of questions one you indicated that you are looking at a good double digit growth for FY2021 on delta like where is that majority of the growth going to come from are you saying because of this my migrant labors most of the incremental growth is coming from herbicides or is it going to be fairly balance from herbicide, insecticide and fungicide?
- Rahul Dhanuka:** It is going to be a balanced growth coming across the portfolio Sir and it will be riding on the back of a good monsoon and the migrant labor problem is short lived issue or short lived opportunity probably showing itself largely in Q1, otherwise it will be a balanced growth across portfolio, across geographies I feel riding on the strength of a good monsoon.
- Mithun Soni:** And this will also include some amount of benefit of increased geographic reach or is it going to be coming mostly from the existing geographies where we at present?
- Rahul Dhanuka:** Geographical reach has not changed dramatically we have presence across the country, across all districts, across all crop segments so geographical reach has not changed significantly we have certainly improved about penetration in each of these markets
- Mithun Soni:** Okay and my second question is of course like if you take the last few years and that is where we also had this mid-single digit growth now on a more stable basis what is the growth one should look at again this is a good monsoon phase which should help us but on a more stable basis what is the reasonable growth for a company like our size to think of that this is a stable growth which we can go over a period of two three years rather than you know just one particular year?
- Rahul Dhanuka:** Right so being an agri dependent industry we do depend on the monsoon and we also depend upon the commodities price fluctuation however I think 10-15% growth over a horizon of two to three years is a fairly reasonable expectation.
- Mithun Soni:** But Sir that is something what we were talking in the past also when the numbers where we had a slackness of four years of above single-digit so is it that the product basket what is we have today is good enough to give us that growth or is it just the more better consumption of the product or better pricing which is going to help us to get this growth?
- Rahul Dhanuka:** Well thank you those three are actually suggestions and a combination of the three will be helping us, we continuously work on cleaning out state cutting of our product range and adding new products so that we can take the advantage of changing trends and shifts in the



markets and we also try and keep our prices as rational as possible and value pricing of our consumers at the same time I think so aggression in the market is something which can never be overestimated and so I think so we got to continue to be extremely aggressive and reach out to our consumer with far more speed and agility.

- Mithun Soni:** Okay alright Sir, thank you very much.
- Moderator:** Thank you. We take the next question from the line Kaushik Dani from Reliance PMS. Please go ahead
- Kaushik Dani:** Congratulations on a good set of numbers I just missed out the volume and the realization numbers for Q4 and FY2020 can you just repeat?
- V.K. Bansal:** Yes. FY2020 our volume growth was 12.7% and against value growth of 11.36%.
- Kaushik Dani:** The realization was?
- V.K. Bansal:** Value growth was 11.36% and volume growth of 12.71%.
- Kaushik Dani:** Okay and for the quarter?
- V.K. Bansal:** For the whole year.
- Kaushik Dani:** Yes and for the quarter?
- V.K. Bansal:** Could be as against the value growth of 18%, volume growth was around 19%.
- Kaushik Dani:** Okay that is all from my side, thank you.
- Moderator:** Thank you. The next question is from the line of Vishnu Kumar from Spark Capital. Please go ahead.
- Vishnu Kumar:** Thanks again for the time I know this question might be asked multiple times but are we looking to probably put a technical plant any conversations or at least for the next 18 to 24 months should we probably expect some diversion of cash flows into this more like a business derisking strategy?
- Rahul Dhanuka:** So I would really like to come back and share this news formally and probably in the management note rather than in response to a question Sir so at the right time we will come and share the developments with the house.
- Vishnu Kumar:** Got it Sir thanks.



- Moderator:** Thank you. We take the next question from Kunal Mehta from Vallum Capital. Please go ahead.
- Kunal Mehta:** Thank you for the opportunity I have a single question, Sir you mentioned that you have been taking price increases in the last four months so could you please quantify on a portfolio level what would be average price increase we have been able to pass on?
- V.K. Bansal:** Price increase largely I told you in the month of April and May.
- Kunal Mehta:** Sure Sir so that would be around 5-6%?
- V.K. Bansal:** So far in the case of generic in few molecules it was 5-6% percent or more but overall basis could be around 2%.
- Kunal Mehta:** Okay Sir the followup on this is going forward this year across industry and across both agro chemicals and crop products we are expecting good demand so again the trend this we have seen in the last three years or four years where we had I say lackluster monsoon will this market allows us to take good price increase and grow our gross margin this year Sir in the region at least 4-5% apart from the volume which we have increased, which we are going to enjoy?
- V.K. Bansal:** This much would be difficult because now the crude is very soft in that case prices may not continue, prices have already been stabilized in the month of June so I do not see this much of growth but yes there is a scope of improvement definitely.
- Kunal Mehta:** Understood Sir, understood. Okay thank you that is it from my side.
- Moderator:** Thank you. We take the next question from the line of Rohan Gupta from Edelweiss. Please go ahead.
- Rohan Gupta:** Hi Sir, good evening. Sir my question is definitely on this government proposing ban on this 27 generic products though I understand that industry will definitely find its way to delay it but government's intention is very much clear that they want to keep moving the product portfolio more towards newer products in that sense we have a still one-third of the revenue coming from almost generic products so Rahul I want to know from you that how you see that this government approaching this new products and new registrations and where Dhanuka is sitting because we do have a global tie-ups with 8-10 companies, do you see that our product portfolio will more aligned towards new products in next two to three years it will be almost 90% new product I mean or generic product portfolio will keep on falling or how you see this and do we need to have more tie-ups more aggressive launches of the new product to correct this.



Rahul Dhanuka:

Thanks for that question Rohan, the market is 60% or more a generic market and rest of it is the specialty market, Dhanuka aggressively plays in both the segments of generic and specialty these 27 products ban would impact about eight or nine products in Dhanuka portfolio also and probably as many brands about 10 or 12 brands and at Dhanuka we are significantly well geared up to replace this entire portfolio over a period of two to three year's time because of our tie-ups with a gap of about 15-20% for which also we will explore aggressively and bring in befitting products so the whole thing will have three facets one to defend these products with industry collaboration and partnership taking the lightning as well as legal course hoping that that better sense prevails, two reducing our dependence on the restricted products or restricted crops if any and three bringing in better substitutes faster and at Dhanuka we will be doing aggressively on all the three fronts as of now the effort on one end is to deal with getting this proposed ban revoked and tomorrow our Chairman is leading a seminar in FICCI 3-5 pm to drive this message across the regulators which includes Ministry of Chemicals and Fertilizer, Ministry of Agriculture and Rural Welfare and the Minister Mr. Tomar himself so I think so this house I would like to give comfort and confidence that these products except bearing four or five which are red triangle or high toxicity profile products like mono protocols or something, bearing four or five products they are not going away.

Rohan Gupta:

But Rahul my question was definitely they may not go away immediately maybe we get an extension, we get a sufficient timeline to phase out these products it may take three years to three years but ultimately these products definitely they have been proposed they are in that list because of whatever reason the government can take. I am just saying that these are the Rs.3000, maybe Rs.4000 Crores revenue products if they have to be replaced will be replaced by probably Rs.10,000 to Rs.12,000 Crores high cost product that may open a clear opportunity for the entire industry, it may not happen soon, it may take its own time maybe two years, three years down the line but my whole point was that this generic market you also said that 60% in India market is generic and in value terms maybe the 40% so I am looking at this larger opportunities and where Dhanuka is placed to take the benefit of this industry keep on moving towards new generation product which will be costly product, which will be probably high margin product of Rs.4,000 Crores worth industry getting replaced by another Rs.10,000 to Rs.12,000 Crores may not immediately in another three to four to five years I just wanted to understand that do we need to look into this and are we making any strategy level changes to launch new products more aggressively in future definitely you have 8-9 products which you said that you already have a substitute to launching in a market but I am looking at that as why only 8-9 product which we right now we are selling and can replace. I am looking the entire 27 product basket which will be replaced by many new products and why we will not be aggressively benefiting from those new product launches that is what my question was?



Rahul Dhanuka: In fact I would say Rohan that your question is suggesting the answer itself and we will be very aggressive in terms of getting new growth as a replacement of these products and in fact this kind of replacement is an ongoing process and should be an ongoing process with the regulator reviewing the toxicity profile, the regulator reviewing the application methodology and the technology, regulator reviewing the upcoming technology and the cost of replacement so this should be an ongoing process and globally it is an ongoing process although in India it is appearing as a very large because government has talked about 27 products and Rs.4,000 Crores in one book which has not happened anywhere else in the globe so this kind of phasing out is a must because we are in a toxic industry so to say nothing against that particularly and at Dhanuka our rigorous effort will be to be free of this portfolio dependency over the next three years to four years' time so not only that but in addition to replacing this portfolio with better products we will be able to harness the opportunity of other products which are being banned and which are not present in Dhanuka portfolio currently so we should be able to take the advantage of the replacement in couple of ways, one bringing in new products, two creating better premixes and combination products in partnership with various multinational companies and three reach out to our deeper channel much deeper and use of the modern retail outlets so these three approaches we are going to ride the wave of replacement as and when it happens.

Moderator: Thank you, ladies and gentlemen that was the last question I would now like to hand the conference back to Mr. Manish Mahawar for his closing comments over to you Sir.

Manish Mahawar: Thank you Janice on behalf of Antique I would like to thank the team of Dhanuka Agritech for providing us an opportunity to host the call Mr. Dhanuka would you like to make closing comments Sir?

M. K. Dhanuka: Yes before closing the call I would like to make a few closing remarks. I will like to reiterate that due to good monsoon projection and availability of water in the reservoirs Dhanuka is expecting very good growth, I repeat very good growth in FY2021 and especially in the first quarter because first 70 days of this quarter has shown a very good growth and we hope in the next 20 days also we will have the similar kind of growth so the investors can expect very good numbers for the first quarter once the results are out. We continue our endeavors so that Dhanuka Agritech perform better than the industry average and delivers its best to meet the expectations of all stakeholders including the farmers and shareholders. I wish that the monsoon remains very good as per the forecast of the IMD and the Indian farmer community reach its good harvest and good crop in Kharif also as they did Rabi season. Thank you very much.

Moderator: Thank you. On behalf of Antique Stock Broking, we conclude today's conference. Thank you for joining, you may now disconnect your lines.



For further information, please contact:

<p>Jitin Sadana Company Secretary jitinsadana@dhanuka.com +91 124 3838 500</p>	<p>Rohan Rege/Himanshu Patel Churchgate Partners DhanukaAgritech@churchgatepartners.com +91 22 6169 5988</p>
--	--

Note: This transcript has been edited to improve readability



Dhanuka Agritech Limited

(CIN: L24219DL1985PLC020126)

14th Floor, Building 5A DLF Cyber Terrace,

Cyber City DLF Phase III Gurgaon- 122002 (Haryana)

Disclaimer: This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Dhanuka Agritech Limited (“Dhanuka Agritech” or the Company) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Dhanuka Agritech undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.