June 06, 2024

To,

~~BSE Limited Corporate Relationship Department PJ Towers, 25th Floor, Dalal Street, Mumbai- 400 001~~	National Stock Exchange of India Limited Exchange Plaza, Plot No.C/1, G-Block Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.
~~**BSE Scrip Code No. 543687**~~	**NSE Symbol:-DHARMAJ**

Dear Sir/Madam,

Subject: - Transcript of Earning Call of Q4/FY2024 Financial Results [Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

With reference to our previous intimation for the Q4FY24 Earnings Conference call of the Company held on June 03,2024 at 12.00 PM IST and further in accordance with the requirement of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule-III Part-A thereof, we hereby inform you that the transcript of the Earning Conference call of Q4/FY24 Financial Results is attached as **Annexure –A;**

The same is also being made available on the Company's website at:

https://www.dharmajcrop.com/investors-disclosures-under-regulation-46-and-62-of-sebi-lodr-regulations-2015/ - **Investor Analysts Meet/Conference call.**

We request you to kindly take note of the same and consider for official records.

Thanking you,
For Dharmaj Crop Guard Limited,

Malvika
Bhadresh Kapasi

Digitally signed by Malvika Bhadresh Kapasi
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Malvika Bhadreshbhai Kapasi
Company Secretary & Compliance Officer
ACS52602

"**Dharmaj Crop Guard Limited**
Q4 & FY'24 Earnings Conference Call"
June 03, 2024

MANAGEMENT: **MR. RAMESHBHAI TALAVIA**
CHAIRMAN AND MANAGING DIRECTOR
DHARMAJ CROP GUARD LIMITED

MR. JAMANKUMAR TALAVIA
WHOLE TIME DIRECTOR
DHARMAJ CROP GUARD LIMITED

MR. VISHAL DOMADIA
CHIEF EXECUTIVE OFFICER
DHARMAJ CROP GUARD LIMITED

MR. VINAY JOSHI
CHIEF FINANCIAL OFFICER
DHARMAJ CROP GUARD LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Dharmaj Crop Guard Limited Q4 & FY24 Earnings Conference Call hosted by TIL Advisors.

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

I now hand the conference over to Mr. Sayam Pokharna from TIL advisors. Thank you and over to you.

Sayam Pokharna: Thank you, Yashasree. Welcome everyone. Good morning and thanks for joining this Q4 & FY24 Earnings Conference call of Dharmaj Crop Guard Limited.

The Investor Updates have already been uploaded on the Stock Exchange on the company website and have been emailed to you. In case anyone does not have a copy, please feel free to write to us and we will add you to our email list. To take us through today's results, we have with us from the management team, Mr. Ramesh Talavia – Chairman& Managing Director, Mr. Jaman Talavia – Whole-Time Director, Mr. Vishal Domadia – Chief Executive Officer, and Mr. Vinay Joshi – Chief Financial Officer. We will start with brief opening remarks on the business performance from Ramesh sir, followed by opening remarks on financial performance by Vinay sir and then open the floor for Q&A session.

I would like to remind you all that anything and everything said on this call that represents any outlook for the future that can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties have been mentioned in our prospectus and follow-up annual reports.

With that said, I would like to hand over the call to Mr. Ramesh Talavia. Over to you, sir.

Ramesh Talavia: Yeah, Good Afternoon and welcome to Q4 & FY24 Earning Conference Call of Dharmaj Crop Guard Limited.

We appreciate your presence in this call and look forward to discussing our company's performance. First and foremost, since this is our first interaction since the commissioning of the Sayakha plant, I want to update you on the progress of this front. The Sayakha plant started manufacturing operations on January 22,2024 and we commenced trial batch production immediately, which has been scaled up to commercial batches as of April. We have started with 7 to 8 products initially in phase 1, including 5 synthetic pyrethroids and 3 non-synthetic pyrethroids products. In all of these products, we have achieved a desired purity levels as of May and in the products which were commercialized earlier, we have also achieved desired yield while we are in progress of optimizing yield for the recently launched product. This is a continuous process, and we will continue to work on it and are confident of doing better on this front going forward. Based on the initial performance and after deliberations with our team, we are eyeing an average monthly production of 200 metric tons per month which should means around 30% capacity utilization in the first year itself. We are confident of reaching optimum utilization in 3 years of operations at this facility that is FY27. I am also pleased to update you that we have started export of technical from this facility already in the Asian market and initial segment have been dispatched in April to May. As abated in earlier interactions, product registration in larger markets such as North and South America, Europe and Australia are ongoing and it is a time taking exercise. We will significantly expand our export footprint in the coming 2 years as the product registrations are done.

There is a notable progress in our core formulation business as well. We have tapped 4 new states in this year in the South India region, namely Odisha, Andhra Pradesh, Karnataka and Telangana. Marking our presence in 24 states in the brand formulation business, which was 15 states in FY21. Given that, we have established almost pan India presence now. We don't foresee adding more markets in the near future. The focus will be on scaling up the business from the markets we have added in the last 2 years. We see a lot of potential in this market and Dharmaj is fully prepared to create a space for itself in this market. Stock depot setup, in-building, and initial on-ground activity have been started and some more hiring is expected during the ongoing seasons. But more or less we have made majority investment for our brand business as of Q1FY25 and don't foresee anything major in coming 2 years. The coming years look very promising to Dharmaj with a good rainfall forecast and expectations of a good sowing season. We expected to start the year on good knocks. Apart from that, we will witness contributions from Sayakha this year and the recent price trend of many pyrethroid products are showing increasing trend as well. While export continued to be a challenging area of the overall industry, we are confident of doing well within our business verticals. Now, I will hand over to Mr. Vinay Joshi for comments of financial performance.

Vinay Joshi: Good afternoon, everyone and welcome to our earning conference call. Before I discuss the financial performance, I want to clarify some restatement of financial statements for the previous year that is FY23. As you all know, last year we appointed MSKA & Associates as our statutory auditors which is a firm affiliated with BDO, the global number 5th Audit and Assurance Group. This financial year was the first full audit conducted by BDO and as a part of certain recommendations by them, we restated certain items in the current and previous financial years.

To begin with, there was a line item of Rs. 6.25 crores pertaining to FY23, which was a one-time professional and consulting fee specific to the setup of Sayakha project, including technical consultants among other aspects. This was capitalized earlier, given the nature of this item, but has now been charged to other expenses. This restatement has affected the profitability of FY23. Secondly, we have changed the methodology for accounting of cash and quantity discounts which were mainly pertaining to our brand formulation businesses. While earlier, these cash and quantity discounts were reported as part of other expenses, they have been netted up directly from the revenue from operations now. Accordingly, the revenue for last year has been restated by approximately Rs. 9 crores. Lastly, there has been some regrouping within current assets and other current assets and current liabilities and other current liabilities for FY23, mainly pertaining to the line items for the Sayakha project. This is on the restatement front.

Now coming to the Sayakha project, we have done a final capitalization of Rs. 275 crores, out of which Rs. 260 crores is the expenditure on physical assets and the rest has been capitalization of interest, consulting fee, intangible items, among others. Detailed breakup of this Rs. 275 crores can be referred in our financial statement and has also been given in our investor presentation.

As mentioned earlier, part of the increase in our CAPEX from Rs. 200 crores to Rs. 250 crores have been on account of cost overruns, while the rest was on account of certain changes in the specification of the multipurpose plant and shifting of the boiler plant to an adjacent land which was purchased during the year for operation efficiencies.

Coming to the financial performance for the quarter, Q4 has witnessed a remarkable 69% sales growth year-on-year, although on a lower base, but in the context of the industry environment last year, the company has still managed to grow 25% in FY24 as a whole, which is commendable. Profitability for Q4 was mainly impacted on account of higher depreciation, finance cost, and operational expenditure, such as employee benefit expense and other fixed overheads. While our cost structure will rebase in Q4, please note this is only for 68 days out of 90 days as the plant was commissioned on January 22, and our cost structure will fully rebase in Q1 of current year. That is the first full quarter of operation in the Sayakha plant. Accordingly, our quarterly run rate for depreciation will be Rs. 3.7 crores. Finance cost will be around Rs. 1.1 crores and fixed overheads of Rs. 9 crores.

Other than Q4, for the full FY24, we have witnessed growth on all key parameters and the coming FY25 looks to be good as well. Working capital cycles have been stressed over the last 2 years. One of the major trade patterns of these new states and as a part of strategy, we decided to set up a new market. We are working on bringing this under control. While in the coming year, Sayakha plant will start contributing towards the topline, we are working to avoid any negative contribution from this plant at PBT level given the front-loaded expenses and lower capacity utilization in the first year.

All in all, Dharmaj is on a strong footing with sustainable growth in its core formulation business. While having the ability to take short-term pain for achieving long-term strategy objectives such as technical plant, this plant will mark a pivotal milestone on the company's journey, and we are confident of reaping the benefit of this investment for many years to come. Thank you, and we are now open to questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We'll take our first question from the line of Shreya Jain from Niveshaay. Please go ahead.

Shreya Jain: Thank you for the opportunity and congratulations sir for a great year and great numbers especially the topline. So, my question is that from the Sayakha side, what are the fixed operating expenses that we are incurring now, the fuel, power, manpower, altogether, what are the fixed operating expenses? And how much can be the breakeven sales in these sites?

Vinay Joshi: So, FY24, we have already mentioned that which started from January 22,2024. So, for FY24 specifically if you can see, it is around Rs. 10 crores was the overheads other than raw material and going forward as per our production plan, what we are targeting is total Rs. 70 crores will be the fixed overheads plus fixed will be around Rs. 33 crores, which comprise of employee cost, finance cost, depreciation, and other power, fuel, labor charges, and ETP and other variable overhead will be around 37. So, all in all, we are targeting around Rs. 70 crores overhead from this new Sayakha plant.

Shreya Jain: And what could be the breakeven say in terms of capacity utilization?

Vinay Joshi: Like we mentioned in our opening remark that in current year, we are targeting 30% utilization but for breakeven, we are targeting around 40% capacity utilization, which will be around Rs. 200 to Rs. 220 crores will be breakeven sales.

Shreya Jain: So, do you target of 2400 metric tons the annual volume from Sayakha? So, we have included the captive consumption as well or this is just the sales we are doing outside?

Vinay Joshi: Yes, captive also included.

Shreya Jain: So, what would be the ratio 30%?

Vinay Joshi: Yes, 25% to 30% will be the captive consumption.

Shreya Jain: So, another question that I had was that our CFO through EBITDA is very less. So, what could be the reason that we are able to make a profit, but then why isn't it coming in our CFO, cash flow operations. So, what could be the reason for that over the last 4-5 years?

Vinay Joshi: See we are a growing Company, and a lot of focus is on the core and mainly due to the working cycle extension which is the major factor. Additionally, as we have already mentioned in the past as to there will be lower cash generation compared to operating profit and EBITDA because majority of capital is flowed back into the growing business. What we are thinking we are going to improve the cash flow operation in coming future and this is because of growth trajectory what we are seeing. Our majority of the funds are it is flowed back into the growing businesses.

Moderator: Thank you. We'll take our next question from the line of Jainam Ghelani from Svan Investments. Please go ahead.

Jainam Ghelani: So, overall, I just wanted some form of guidance at an industry level and at the company level, where do we see the agrochemical performance in FY25 and FY26? Should we see that the pricing has bottomed out and do we see demand upticks, or they still exist supply in the market?

Vinay Joshi So, I think Ramesh sir will elaborate further. So, overall, agrochemical industry, now we are seeing, the prices are improving, and the forecast of rainfall is also good. So, we are thinking that going forward and this coming year will be a good year for the agrochemical industry.

Ramesh Talavia: In our agrochemical industry with the rainfall forecasting is good and the cropping patterns are also improving, so we expect this current year we can touch 900 around sales.

Jainam Ghelani: And sir what could be the margin level for us?

Ramesh Talavia: Margin level more or less the same.

Vinay Joshi As Sayakha plant is operational, so initial phase, we will have to take the burden of the overheads, but going forward, the margins are going to improve.

Jainam Ghelani: And sir what are the export percentage target over the next 2-3 years with currently 9%. Where do you see it going?

Vinay Joshi: It will be in the range of 10% to 15%.

Moderator: Thank you. We have our next question from the line of Gunit Singh from CCIPL. Please go ahead.

Gunit Singh: I would like to understand in the opening remarks you mentioned that we would be incurring fixed costs of the new plant and breakeven would be reached at 40% utilization. So, by which quarter do we expect to reach breakeven? How do we expect to maintain margins despite the new cost coming in and you said that we would be only reaching 30% utilization in FY25. So, I mean, according to your remarks, that is below the breakeven utilization. So, how do you expect to maintain margins in FY25?

Vinay Joshi: So, two things are there. So, first, as I mentioned on the Sayakha plant, in this current year, we are not going to see breakeven because we are targeting 30% utilization. But simultaneously, we are also growing in the formulation business, and we have already expanded our business in the new state as well in B2C segment, which is a high-margin segment. So, there we are going to compensate. So, overall, there will be a profitability and we are not seeing any breakeven in this current year.

Gunit Singh: Sir, in the first couple of quarters of production, we are seeing 30% utilization. So, out of this production, out of the new plant, how much would be captively consumed and how much would be sold outside?

Vinay Joshi: Okay, so we already mentioned 30% is the captive consumption from this new plant.

Gunit Singh: Alright, so this will help us improve margins of the existing operations. By how much?

Vinay Joshi: So, margin, initially we are thinking just 1%-1.5%, but going forward we are targeting margins will improve by 3% to 4% once we reach the optimum utilization level which we are targeting by FY27.

Gunit Singh: And sir, from the external sales, 70% of the production will be external sales. So, what is the potential revenue from the 70% of external sales?

Vinay Joshi: Which is what we are targeting around Rs. 200 crores. For the first year in this current year, we are targeting Rs. 150 crores. And the next year, we will be targeting with Rs. 200 to Rs. 220 plus crores.

Gunit Singh: I'm sorry sir, what did you mention? 106 crores this year?

Vinay Joshi: Rs. 150 crores in this year we are targeting, which is also a sale excluding captive consumption.

Gunit Singh: So, basically you had given guidance of about Rs. 900 Cr and Rs. 65 Cr PAT this year. So, I mean looking at the current conditions, do you think that we could perform better than that because the onset of monsoon looks good and the season ahead looks good. So, I mean, what are your expectations based on this? And you mentioned that the pricing is also improving.

Vinay Joshi: So, we are expecting better.

Ramesh Talavia : This all-positive factors, we have taken this around 25% growth in our existing business, B2B and B2C.

Moderator: Thank you. Next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir my first question is there was a de-growth in our B2C business this quarter, so any particular reasons, sir if you could tell a little about it?

Vishal Domadia: There is no particular reason. Last year's monsoon was a little weak, so the summer season which should have been was little weak, first. Secondly, last year prices were downward, so the dealers were confused that this year also the prices may be down or what will be the price scenario, so due to that the plans of the placement of orders were a little weak.

Dhwanil Desai: That means in FY25 we are targeting on the growth of 25% on Rs. 170 crores?

Vishal Domadia: Yes, you are right.

Dhwanil Desai: So, we are giving a guidance of Rs. 900 crores and currently we ended the year with Rs. 654 crores, so approximately a delta of Rs. 250 crores out of which Rs. 150 crores to Rs. 170 crores will come from technical and rest Rs. 80 crores will be from our existing formulation business. So, that translate into 12% to 15% growth, but you are saying that it will grow 25%, so if you could give more breakup on numbers?

Vinay Joshi: Technical plant, what we are saying Rs. 150 crores and Rs. 850 crores, around Rs. 800 crores we are saying from our formulation plant, so looking at the overall pricing sector and other aspects also. So, we are targeting 20%-25%, but in current year also since volume growth was much higher, 50% volume growth was there, value growth was only 25%. So, considering that and pricing thing, so we are seeing overall formulation business will grow also by 20%-25% and Rs. 150 crores will be the technical.

Dhwanil Desai: Sir, you are saying that volume growth will be 20%-25%, but value growth will be little less according to the pricing?

Vinay Joshi: Depending on the pricing pattern.

Dhwanil Desai: Sir, when you are saying about your breakeven point, the numbers that you are telling like overheads of Rs. 70 crores and depreciation of Rs. 12 crores, finance cost is about Rs. 4 crores to Rs. 5 crores and even if we assume 30% gross margin for technical business then approximately our breakeven point is around Rs. 275 crores to Rs. 300 crores for that Dahej plant, technical business? I am talking about the PBT levels?

Vinay Joshi: The PBT level but what we are saying GP margin you are taking 30% conservatively and of course the Rs. 70 crores what overheads we are targeting, there we are focusing to restrict those Rs. 70 crores to minimum, these are on higher side conservatively we are taking, but we are hopeful that this much will not be the overhead for this. Overall, our Rs. 220 to Rs. 225 crores will be a breakeven since what we have calculated as internally.

Dhwanil Desai: You are talking about breakeven of PBT level?

Vinay Joshi: Yes.

Moderator: Thank you. We have the next question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

Ankit Gupta: Sir I want to clarify one thing like you have given a guidance for topline of Rs. 900 crores and have you given a guidance for profit after tax of Rs. 65 crores for the next year or there is no guidance as it is the first year of technical, so it is difficult to say?

Vinay Joshi: We can't give guidance on that because you are right that technical is the first year we have to see, may be after H1 we will have more clarity on the profitability front.

Ankit Gupta: Sir in FY24, our volume growth has been 50%, so can you give a large breakup in this like in all the three segments how has been the volume growth in all of our 3 segments like B2C, B2B and in exports?

Vinay Joshi: All the three segments, it was more or less same. The volume growth was there around 45% to 50% in all the three verticals, but overall value wise it is 25%. So, more or less it is same in all the verticals.

Ankit Gupta: What volume growth are we targeting for next year?

Vinay Joshi: So, here like in technical, it will be around 30% and 2,400 metric tons will be there and in this formulation side, again there also we are targeting volume wise growth also around 30% to 35%. We are seeing the pricing improvements are visible in the market. So, overall it will help in the value growth as well.

Ankit Gupta: If we assume 30% then revenue of somewhere around net-net somewhere around Rs.775 crores to Rs. 800 crores are from formulation business?

Vinay Joshi: That formulation we are targeting Rs. 800 crores.

Ankit Gupta: And Rs. 150 crores revenue we are targeting from technicals and from that Rs. 150 crores is excluding in-house sales from the technicals formulation?

Vinay Joshi: Yes. It is excluding, Rs. 150 crores are excluding captive consumption.

Ankit Gupta: In this new B2C segment can you explain a little more about how we are doing in the new states which we have recently entered? And next year which states are we targeting? And how will be the ramp up there?

Vishal Domadia: In the last 2 years we have started in North India. Majorly first 2 years goes in team setup and dealer network setup and after that we see growth in revenue. Similarly, this year for FY25 we are opening in South India, so now we can say that we are present almost in entire PAN India and in future we will get good growth from that which means we will get a target growth of 25% which we are targeting in B2C segment.

Ankit Gupta: Sir, in B2C apart from Gujarat can we say our other 2, 3 big states are Maharashtra, MP and Rajasthan?

Vishal Domadia: We started Maharashtra 3 years ago, so first one will be Gujarat, second is Rajasthan and third is MP and you have rightly said that Maharashtra is also potential state, so from there also we have done a lot of revenue growth.

Moderator: Thank you. Next question is from the line of Guneet Singh from CCIPL. Please go ahead.

Guneet Singh: One follow up question, so how much loss at the EBITDA level are you looking just from the new plant in FY25 at Rs. 150 share revenue?

Vinay Joshi: Around Rs. 15 to Rs. 20 crores EBITDA loss we are looking at Sayakha plant, but subject to the pricing movement we have to see, that will vary, but as of now, Rs. 15 to Rs. 20 crores EBITDA loss we are seeing from this new plant.

Guneet Singh: Talking about the PAT guidance, do you have a PAT guidance for FY25 because you mentioned that existing business should be around Rs. 800 Cr and we would be improving margins on that and EBITDA will also be around Rs. 15-Rs. 20 Cr from this, so do you have any internal projection of the consolidated EBITDA, PAT?

Vinay Joshi: Exactly, as I mentioned in my earlier, I think I replied to one of the queries, so as of now, exact we can't say because being the first year and looking at after H1 we will have more visibility on this margin side.

Moderator: Thank you. We will take our next question from the line of Ketan Athavale from RoboCapital. Please go ahead.

Ketan Athavale: Sir, what is your revenue and margin value from FY26?

Vinay Joshi: Again, as we mentioned, year-on-year also 25% to 30% we are targeting. So, that will be again because here Rs. 900 crores we are targeting, so again 25% to 30% growth we are seeing in FY26 as well.

Ketan Athavale: And with improved margins as 1%-1.5% improved margins is possible?

Vinay Joshi: Yes.

Moderator: Thank you. We will take our next question from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Sir how much is our total investment in Sayakha plant?

Vinay Joshi: Rs. 275 crores.

Saket Kapoor: Right now, do we have any other CAPEX program or first we will do the asset….

Vinay Joshi: Now, near at least 2-3 years, we don't have any CAPEX plan. No major, small minor will be there, but no any major CAPEX, all CAPEX is done. At earlier calls also, we mentioned that because of this multipurpose plan, earlier original plan was for Synthetic Pyrethroid only. But looking at the market conditions and opportunities, we have decided to produce non-Synthetic Pyrethroid as well. So, for that we have changed certain machineries and there is change in the structure as well. That cause higher CAPEX, but now we are don't seeing any major CAPEX in near future.

Saket Kapoor: And sir, the changes that we have done, what kind of incremental revenue and the margin profile will change from that CAPEX? How much incremental CAPEX we have done because of the modifications?

Vinay Joshi: Initial plan we have planned of MPBD plant. Now we are not seeing major opportunity in those products. So, we have a plan for the other alternative products and for that we have to incur additional CAPEX, but initial first year, we can't see any major incremental revenue by this change in the production and this plant and machinery expenditure. But going forward, we are seeing there will be an incremental revenue from this new plant.

Saket Kapoor: How much additional CAPEX happened because of the modification?

Vinay Joshi: It will be around Rs. 5 to Rs. 8 crores.

Saket Kapoor: How much is the loan-repayment for this year?

Vinay Joshi: As of now, we have Rs. 84 crore is the loan outstanding we have and by the end of the year.

Saket Kapoor: And lastly, the one-off item you told us about this quarter, in terms of the overhead cost, that is, to the tune of Rs. 10 crores?

Vinay Joshi: Yes.

Saket Kapoor: Sir, since the plant is now operational, so for the first quarter, the incremental impact of this Rs. 10 crores would be lessened by the improved revenue for the first quarter?

Vinay Joshi: Yes, it will be less.

Saket Kapoor: Sir, please tell me how much is the repayment?

Vinay Joshi: I will just let you know the exact figure.

Moderator: Thank you. We will take our next question from the line of Sanjay Ladha from Bastion Research. Please go ahead.

Sanjay Ladha: Sir, just for a clarification purpose I am asking again. In FY24, we are doing revenue of Rs. 650 crores, since we have commissioned our new Sayakha plant does its revenue bifurcation is included in that Rs. 650 crores revenue?

Vinay Joshi: Because as I mentioned, we started in just from 22nd January onwards. So, during this Q4, it was just Rs. 2.6 crores only. And now in this current year, sales have started on full-fledged.

Sanjay Ladha: So, from Q1, it will be started?

Vinay Joshi: Yes. It is already started in April, May, already it is started.

Sanjay Ladha: How much is the number, if you can quantify that figure?

Vinay Joshi: Around Rs. 27 crores, we have already sold in this two month.

Sanjay Lada: Sir, the other business which we are doing, the formulation, domestic and branded formulation and other formulation business, so from there we got revenue of Rs. 600 crores to Rs. 630 crores. Sir, if I take a jump of 25% to 30%for the next year a number of around Rs. 800 crores to Rs. 830 crores is coming, so from there we are targeting 9% to 10% EBIT margins, is the assumption right?

Vinay Joshi: Yes, around 11%, which is normally we are targeting 11% EBITDA margin will be there.

Sanjay Lada: And sir, this will be offset by a Rs. 16 crores of loss which will happen, Rs. 15 crores, Rs. 16 crores whatever numbers are coming?

Vinay Joshi: Rs. 15 to Rs. 20 crores depending on the actual expenditure.

Sanjay Ladha: Can you give some clarity on the problem which is there on your cash flow? Over the period of time how are you seeing the stress over the working capital cycle it will be normalized or it will be reduced, sir how are we seeing on the working capital cycle?

Vinay Joshi: So, I think in past trend if you see our cash control cycle was very less, in last 2 years it has increased to 80 days. So, coming to the last year, if you see that was an exceptional year and we have said in earlier calls that looking at the downward pricing trend, we took this opportunity to procure heavily on this and got the cash discount margins. This had a lot of payment, and which resulted in the higher cash conversion cycle. Now, the technical plant is also operational. So, the technical plant's credit periods are normally higher than the formulation businesses because in formulation normally 90 days is the credit period, but here it is around 120 days. So, going forward, we are seeing that 85 to 90 days will be a normal working capital cycle for us. Cash from operations is going to improve. Now, because as I mentioned, most of the amount we have invested in our internal expansion. So, now going forward, this will be going to improve.

Sanjay Ladha: Another question would be as you already mentioned that our sale specific geographical area has also been expanded and CAPEX side has also expanded, so now it would be the revenue which will be flowing and the other OPEX and operating costs will be lesser on that side. Is that thinking right, sir?

Vinay Joshi: Exactly because FY26, I think we are seeing FY26 will be a turnaround here in all terms because now there will not be any major CAPEX and all the expenditures are already set and we are going to see revenue improvement in overall verticals.

Moderator: Thank you. We will take our next question from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead.

Yogansh Jeswani: My question is as you have told that technical prices are declining a lot, so what impact are we seeing in the formulation process? Is the impact visible in the prices of formulation or going forward in this season it is expected that formulation prices will decline further? And if the prices of formulations and technical declines in such a manner then how will we manage the sales guidance of Rs. 900 crores, how much is our expectation that we would do volume growth?

Ramesh Talavia: This price down which happened last year is almost over now and April onwards that price has started upward movement. If you see that last year's downward trend of price has already finished in March and April onwards it has started increasing, so we don't feel that any price downfall will be there in the future. We can do it in the same range as we are expecting.

Yogansh Jeswani: Sir, you are saying for technical and formulation both, right?

Ramesh Talavia: Both are connected like when technical prices are dropped then formulation prices will also fall and when technical prices are increased then formulation will already increase.

Yogansh Jeswani: In presentation you have mentioned that this time you have started 8 products, so our first plant was on Synthetic Pyrethroid and this time we have added few more products because it is a multi-purpose plant, so can you share some more details on them like what products are they, which type of products are they and what kind of technical capabilities have we developed so far in terms of yields or efficiency or our costing in comparison to the industry, whether it is Synthetic Pyrethroid or our other products in that according to you where do we stand in comparison to other major players costing?

Ramesh Talavia: As I told in my presentation also that we have already setup 5 Synthetic Pyrethroid products, its production has been started, its yield has also started, its purity has also done and its self-de-commercialization has also been done. In that our major products will be Cypermethrin, Alphamethrin, Lambda Cyhalothrin and Bifenthrin**.** These are 5 Pyrethroid products and non-Synthetic Pyrethroid which is used in captive consumption and which we can directly sell also in B2B. In that our major product is Thiamethoxam, second one is CTPR Chlorantraniliprole and third is Pymetrozine and fourth we are on way which is Dimethomorph**.** So, our phase one will be completed and in second phase we are taking another 3 molecules which we will commercialize before the year end. So, we are using such strategy that we can use 2-4 products which are sold routinely and the remaining products margin wise it should be good and can be used in our captive consumption and can also be sold directly in B2B, so we are making strategies to make such product portfolio, so two-way system goes on. Our production capacity should also be utilized, should be utilized in captive consumption also like in both B2B and B2C and also keep doing technical sales.

Yogansh Jeswani: My question was around the competitors or Synthetic Pyrethroid or whatever products you said are the major players, in their comparison and according to your working days, what is the difference between our costing and the yield or we have reached at par?

Ramesh Talavia: Mostly, we have reached at par. Raw material cost will be same, but in starting we will have little overhead which will be lined up within 2 months, 3 months, or 4 months as soon as the production capacity utilization starts up.

Yogansh Jeswani: One more thing, at the starting you told that before 3 years we started in Rajasthan and that market is growing very well, roughly what growth percentage would have come from the Rajasthan? This is because when we go to the new market it takes time to setup the so once the setup is done then what kind of growth come, I want to understand that perspective?

Ramesh Talavia: If I talk about Rajasthan side in particular –

Vishal Domadia: You want growth or sales of B2C?

Yogansh Jeswani: Tell the growth trajectory?

Vishal Domadia: Currently, our growth in Rajasthan is 67%.

Yogansh Jeswani: Year-on-year is 67%?

Vishal Domadia: Year-on-year, from Rs. 13.5 crores, we took it to Rs. 23 crores.

Yogansh Jeswani: In South from which markets are we starting off?

Vishal Domadia: In South, Telangana, Andhra Pradesh and Karnataka.

Yogansh Jeswani: We are starting together in 3 states?

Vishal Domadia: And with that we have also started Odisha which is the market of East.

Yogansh Jeswani: So, what is our expectation from these markets in terms of revenues like how much should be our revenues from these markets in the next 1 year or 2 years?

Vishal Domadia: After 2 years, we will have good revenue growth because if you look at these 4 South states including Maharashtra 40% to 50% there is a potential for agrochemical and good growth can come from there.

Moderator: Thank you. We will take our next question from the line of Shikhar Mundra from WeWork Commercial Limited. Please go ahead.

Shikhar Mundra: Sir I want to understand that out of the annual EBITDA of Rs. 63 crores how much of that was from formulation and in this how much was the loss from the Sayakha plant?

Vinay Joshi: In this loss from Sayakha plant is Rs. 7.3 crores.

Shikhar Mundra: So, this Rs. 70 crores are basically from the EBITDA from formulation, so in this just wanted to understand that we are targeting around 30% of volume growth for formulation plus there will be some cost savings because internally we will consume some technical plus you were saying that price is kind of bottoming out improvement is visible from here, so what kind of EBITDA we are expecting just from formulation business this year?

Vinay Joshi: Volume growth is 9.5 to 10, so we are saying if we are targeting one at least additional 1%, so 11% will be the EBITDA margin from formulation business and depending on that as we are looking the pricing Is improving, so that may vary, but as of now we are targeting 11% EBITDA margin.

Shikhar Mundra: So, around the Rs. 90 crores EBITDA from formulation we are expecting?

Vinay Joshi: Yes.

Shikhar Mundra: So, on EBITDA level Rs. 15-Rs. 20 crore loss we are expecting from Sayakha plant. So, company level we are expecting around Rs. 70-Rs. 75 crores EBITDA for next year?

Vinay Joshi: Yes.

Shikhar Mundra: So, this Rs. 3 crores of depreciation which was reflected in last quarter, now that is reflecting to the Sayakha.

Vinay Joshi: So, Sayakha plants total depreciation will be around Rs. 14.5 crores for whole year.

Shikhar Mundra: How much interest burden are you expecting for next year?

Vinay Joshi: Interest burden will be Rs. 6.39 crores, but just want to add that here we applied for the subsidy by the Gujarat government on the interest, so there we are going to save around Rs. 2.5 crores per year. So, overall net-net interest expense will be around Rs. 4.4 crores.

Moderator: Thank you. We'll take our next question from the line of Nitin Gandhi from InnerQuest Advisors. Please go ahead.

Nitin Gandhi: In FY27, what will be the optimal production coming from this Sayakha plant, and how much will be going for technical, and relatively, what will be the revenue from outside sales?

Vinay Joshi: So, as far as 27, we are targeting around Rs. 400 crores from this technical plant that will be outside cell, excluding the captive consumption.

Nitin Gandhi: So, can you give me tonnage? How much tonnage will go for captive?

Vinay Joshi: 25% to 30% will be the captive consumption.

Nitin Gandhi: And the sale will be, what, 60%? Because you will be operating maximum 85 right?

Vinay Joshi: So, 75% to 80% will be the maximum of our optimal utilization what we are seeing here.

Nitin Gandhi: So, we will be almost operating, 50% will be coming from the sale and 25%-30% will be for captive, right?

Vinay Joshi: Right.

Nitin Gandhi: And at that time, EBITDA would be somewhere close to the existing formulation business, which is 11%, 12% plus 3%, so 14%, right?

Vinay Joshi: Yes.

Nitin Gandhi: And formulation, what is the risk of not able to grow beyond 25%? Do you think that you will continuously grow beyond 25%-30% for the next 3 years, till FY27?

Vinay Joshi: Yes.

Nitin Gandhi: So, there is any risk which you perceive, which can make you go wrong?

Ramesh Talavia: If any unfortunate, suppose monsoon and other factors like that, otherwise we maintained next three years 25% growth in formulation business.

Nitin Gandhi: And any chance of improving EBITDA from current 11%?

Ramesh Talavia: 11% to 12%.

Nitin Gandhi: Overall, do you see in 3 years, can you improve that by 0.5% or anything or do you think that 10%-12% is a good bandwidth in which you will lie for formulation?

Ramesh Talavia: Yes.

Vinay Joshi:- We are targeting 2%-3% additional EBITDA margin in the next 3 years.

Nitin Gandhi: That is for technicals, or it is for formulation?

Vinay Joshi: No, overall, I am saying of overall. Technical plant is optimum utilization, then we are seeing overall EBITDA margin will improve by 3% to 4% in next 2 years.

Nitin Gandhi: That is because of the captive use of, correct?

Vinay Joshi: Exactly. And there are higher margins in the technical product.

Nitin Gandhi: So, technical on itself also reach 14 and this formulation will also gradually leave from 11% to 14% over 3 years. That is what you are saying, correct?

Vinay Joshi: Yes.

Moderator: Thank you. Next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: At peak, what will be our revenues from formulation business and technical you mentioned Rs. 400 crores?

Vinay Joshi: Rs. 400 to Rs. 450 crores will be the peak revenue.

Saket Kapoor: What will be in formulations if we take todays' prices as a base?

Ramesh Talavia: Rs. 1,000 crores around.

Saket Kapoor: We are telling this Rs. 800 band for this year? We will finish this Rs. 800-Rs. 850 band this year itself?

Ramesh Talavia: Yes, this year.

Saket Kapoor: Incrementally after 2 years we are seeing our margins growing more?

Ramesh Talavia: Yes, the margins will grow.

Saket Kapoor: This year what is our current maturity? How much is the loan re-payment?

Vinay Joshi: Around Rs. 15 crores will be repaired in this current year.

Moderator: Thank you. We will take a next question from the line of Aditya Shah, an Investor. Please go ahead.

Aditya Shah: Sorry, I joined late, so you would have answered it this new technical plant which you are setting up and doing ramp up and others who are already there in the industry are facing many problems in terms of scaling up and doing the sales and utilization, but we are still new in the plant. Our plant has not fully depreciated then also we are planning to utilize in 2 years to 3 years and still utilization is going well, so why is this happening?

Ramesh Talavia: This last 1-2 years it was because of heavy inventory exports were down. Basically the technical plant which we have set up is majorly based on export products. If you look at the entire business worldwide then you will see that India and China are the 2 countries which provide major agrochemical industry to the world. So, India's mastery is in Synthetic Pyrethroid, so for the last 1.5 years to 2 years this synthetic Pyrethroid market is going downward now the pickup has begun, like in April our commercial production has started in full fledge, so in April and May our exports has begun in 3-4 countries and domestic demand has also increased. So, it is not that if 1 or 2 project are running on a plant then this whole industry will be fed with it, still there was a gap in it, so we set up the plant keeping that in mind.

Aditya Shah: There are other listed and unlisted players who are doing Synthetic Pyrethroid and their utilization was very low in this quarter as compared to previous one and we have just started this and our volume has basically increased from 0 to whatever it is today, so same people are there I mean how are you entering into the customer place from where you are getting volumes in this?

Ramesh Talavia: Let me give you an example like Gharda is the largest manufacturer in this industry in Synthetic Pyrethroid, but Gharda's plant has been shut for the last 6 months-8 months. They are shifting the whole plant from Dombivli to Sayakha, so after 2 years only it will become operational, so to fill the entire gap which is there some product is required. You will see that in the last 2 months April and May we have got a very good volume, we have sold around 300 metric ton of Synthetic Pyrethroid and we also have captive consumption and one intermediary CMAC its export demand is also very good. Our export has started for that. Our plant is going according to our full capacity and day-to-day sales are also happening.

Aditya Shah: And sir this 300 ton which we have sold in the month of April and May, your production was that much or you sold that much because internally will be different?

Ramesh Talavia: We did the production and sold the same.

Aditya Shah: Would have done on internal basis so 300 is production or sales?

Ramesh Talavia: It depends like Synthetic Pyrethroid does not have that much market size in India. 25% to 30% captive consumption is done and remaining is exported. Like some we have exported directly and some indirectly through merchant exporter, but majority was exported.

Aditya Shah: So, 300 ton is production?

Ramesh Talavia: Yes.

Aditya Shah: One more thing, in USA some talks are going on regarding imposing anti-dumping duty on Synthetic Pyrethroid, so if that happens then what will be the impact on us?

Ramesh Talavia: We will not be impacted from it because where demand is there consumption will also be there like there are many products which comes from China though we have imposed the anti-dumping then also it is coming because the product demand will be there and if anti-dumping duty is there then it will be for the same product for all the companies. It is not like that anti-dumping duty will be imposed to one company and not on another.

Aditya Shah: Sir, what I was asking on the US ADD part if there ADD is imposed then is it possible that there will be domestic oversupply because of domestic exporters?

Ramesh Talavia: This does not happen because anti-dumping duty is imposed to save the locals and if you will see there is no production of Pyrethroid in US, so Pyrethroid's demand and consumption will be there. Let me tell you one example like in India government has imposed anti-dumping duty on AstraZeneca. Now AstraZeneca's production capacity in India is not much hence it has to be imported whatever may be the price, it does not matter because the of product requirement, the demand and the consumption and it does not change hence the price does not matter. Many products are such that when demand is high its price also increases yet it is sold such is anti-dumping duties logic.

Moderator: Thank you. We will take our next question from the line of Rohit from iThought PMS. Please go ahead.

Rohit: Sir, you said that the margins in formulation will also increase and has a potential to go to 11% to 14%, so can you please explain that what are drivers like product mix or new markets where you are entering?

Ramesh Talavia: Main drivers can be like if you look at the last 2 years, 4 years then there is more demand for mixed products, so our growth strategy is 3 way-pronged. The first one is we are adding new molecules to the basket every year and secondly we are developing new areas and by combining both sectors in B2B we have 700 customers we lineup that products only and manufacture those products which is require by the market so these are our 3, 4 pillars which are our growth engine, so the margin will also increase because we will have our own technical knowledge of the product, we will develop combination product by doing R&D and by monopolizing it and we will be able to move forward. So, we have made such strategy that by 2030 we will cross 2,000.

Rohit: In Southern markets which you have recently entered in that let us say after 2 years what kind of contribution are you seeing in that? And whenever you enter into new market then already players will be there, so what is your right to win like **you play on cost or 1:01:12___** can you explain a little regarding whatever success you have received in any other market?

Ramesh Talavia: Let me give you one example, in Gujarat we started our business in 2016. Previously we were zero and today our name is in top 5. Last year we closed our business at around Rs. 80 crores, so this is our policy and systems and a company with the kind of product range that we have is very rare in the market. This is how we manage our product portfolio, and our core focus is on customer identification, our team and marketing which is demand generation. We don't put pressure on direct sales like put goods in the market whatever gets sold is sold and rest take back, we don't have any sales return policy. So, by generating demand today we have 10 lakh farmers who are our direct sales, so in that way we keep developing slowly and step-by-step. So, by such policy a space is created where no space is there. If you see the records of last 10 years then many companies are such that who are not interested in B2C and they are going down and new players who are coming their growth is going on, like take example of ours. Look at the last 5 years to 10 years there are many corporate level companies where there is no growth in B2C, no growth means business is down because industry is growing at 7% to 8% level. So, we design that kind of product portfolio and identify the crop segment and in that we create our space by doing demand generating activities.

Ramesh Talavia: Last year, we have done B2C business around Rs. 170 crores. Look at the age of our company it has been 7 years to 8 years only, before we were zero still we have done the sale, same way we can grow in the future by making strategies.

Rohit: Tell me one more thing what is the current cost of your debt and what are you thinking about it in the sense like in the next 2 years, 3 years will be debt free or what is your thought process on debt?

Ramesh Talavia: At present, the cost is around 9% of our current debt and in that there is also a subsidy policy of Gujarat government, so in that we will get subsidy of around 6% of the interest. So, our interest cost will be over and around 3% to 3.5%. In the coming 3 years, 4 years we will not make any significant investment in the CAPEX, so we will try our best to become debt free. Our current debt is around Rs. 80 crores to Rs. 85 crores and not any major one.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to the management team for closing comments. Over to you, sir.

Vinay Joshi: Thanks a lot for attending this conference call. And on behalf of Dharmaj, I would like to say that we are committed to grow further and as a new plant is already operation, so we are seeing a good growth and margins from this new plant and for the company as a whole. Thank you very much again for this call.

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