



NATH SEEDS®

**Nath Bio-Genes (I) Ltd.**

(CIN L01110MH1993PLC072842)

08<sup>th</sup> November 2021

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

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

BSE Code-537291

NSE Code-NATHBIOGEN

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

Dear Sir/Madam,

The Company had organized a conference call with the Investors/Analysts on Tuesday 02<sup>nd</sup> November, 2021 post declaration of its unaudited financial results for the quarter and half year ended 30<sup>th</sup> September 2021.

A copy of transcript of conference call held with Investors/Analysts is enclosed herewith and the same being uploaded on Company's website.

We request you to please take the above on record

Thanking You

For Nath Bio-Genes (India) Limited

  
Dhiraj Rathi  
Company Secretary



**“Nath Bio Genes Q2 FY22 Earnings Conference Call  
hosted by Go India Advisors”**

**November 02, 2021**



**MANAGEMENT: MR. DEVINDER KHURANA – CFO, NATH BIO GENES  
MR. VENKATESH N KULKARNI FROM RESEARCH,  
NATH BIO GENES**

**MODERATOR: MS. SHEETAL KHANDUJA – GO INDIA ADVISORS**



*Nath Bio Genes  
November 02, 2021*

**Moderator:** Ladies and gentlemen, Good day and welcome to the Nath Bio-Genes Q2 FY22 Earnings Conference Call hosted by Go India Advisors. 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, please signal an operator by pressing ‘\*’ and then ‘0’ on your touchtone phone. Please note this conference is being recorded. I now hand the conference over to Ms. Sheetal Khanduja from Go India Advisors. Thank you and over to you, ma’am.

**Sheetal Khanduja:** Thank you Vikram. Good evening everyone and welcome to the Nath Bio-Genes Earning calls to discuss the H1 FY22 Results. We have on the call with us today Mr. Devinder Khurana – CFO and Mr. Venkatesh N Kulkarni from Research. We must remind you that the discussion on today’s call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks that the Company faces. I will now hand over to Mr. Khurana for his opening remarks. Thank you and over to you, Sir.

**Devinder Khurana:** Thank you Sheetal. Good afternoon ladies and gentlemen and welcome to our H1 Earnings Call. I hope you would have seen our earning presentation which has been uploaded on the exchanges and our website also. At the outset, let me wish you a very, very prosperous and auspicious Diwali on this auspicious day of Dhanteras being the beginning and I am sure with the courtesy of the God the investing communities will do extremely well. Now I will start with the strategic updates and then move on to the financial performance. Commencing with kharif season as for agriculture ministry data for kharif 2021 by 16<sup>th</sup> July only 57% of the 1,074 lakhs hectares was sown across the country. Cotton area had reduced by about 11.57%. Paddy has also reduced by about 7% on YoY basis.

Sowing of core **(Inaudible) 2.24** like maize, bajra and jowar is also down by about 20.63%. It did cover up to certain extent in the subsequent week, but overall there has been a lag in kharif 2021. Ironically, the reservoir level are also trading as compared to the previous year. As per central water commission the life storage across the country is lower by of 7% from last year and it is 15% all from the 10 year average. It goes without saying that these have affected the kharif sowing across the nation. Our net cotton sales also clocked lower to approximately 12 million bales which is around 11% lower than last year. This has been primarily on account of higher sales return which was close to 27%. While COVID second wave did hamper kharif sowing. There is also the issue of illegal BT cotton which the entire organized sector is there.

We are seeing that farmers are now using an unapproved version of BT cotton. Sales of SCBD doubles to a record high 75 lakhs packets of illegal cotton seeds. Industry lobbies have return to the agriculture ministry demanding the action be taken to stop our sales noting that the cultivation of GMO cotton variant has serious environment and economic consequences I am talking of activity. We are also actively working with the farmers to educate them. Paddy sales



*Nath Bio Genes  
November 02, 2021*

we have been able to maintain inspite of the overall lag in sowing and we are proud to announce that our other seed crops especially bajra, maize, jowar they registered a strong YoY growth of around 35% in H1 FY22. So, I would like to say that apart from a temporary setback in cotton otherwise we are good to go. Rabi season are safe. We are well positioned for the Rabi season and we have lined up the vegetable sales and have well stocked mustered and wheat also. The new products in P&L segments are being pushed actively.

The three verticals created to ensure sales are being consolidated and further augmented. Various farmer education programs and road shows are being organized to reach the farthest corners of the country. Our research department is constantly endeavoring to create better products to serve the forming community at large. On export front we are in the process of establishing an outfit in Uzbekistan to cater to the Central Asian market. We propose to setup a for pea for posterity. Coming to the H1 operations and financials our H1 revenue grew although marginally to 229 crores. We have maintained the gross market of 50% plus on YoY basis.

Our EBITDA margins has marginally improved to 22.56%. We continue to maintain our long term debt free status. Our YoY finance cost is higher marginally on account of increased working capital financing. We are keeping our working capital under control although the inventory level has increased due to sales return, but they are well manageable and we do not expect any write offs. Debtors have increased due to sales spread and are still being realized and under control. The Company has made a positive operational cash flow once again and that would help in easing out the working capital cycle. Company had declared its major dividend and warrant for dispatch to all shareholders in August those who have not been able to encash due to any issue may please get in touch with our RTA.

Coming to FY23 growth outlook in cotton we expect a volume growth of 10% to 15% in FY23, paddy we are confident of a strong volume growth of 15% to 20%, vegetable segment is still showing strong result and we are anticipating a growth of 25% to 30% in the segment.

Overall, the Company is poised to grow at a steady pace irrespective of the issues being faced by the sowing community. With this, I would like to open the floor for questions. Thank you.

**Moderator:** Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. We have a first question from the line of Ankita Nayak from Rubik's Investments. Please go ahead.

**Ankita Nayak:** Sir, I have a couple of questions what kind of products are in the pipeline in the R&D pipeline for the vegetable segment?

**Devinder Khurana:** We have pipeline tomato hybrids for both acidic and salad one which we are selling better than that which is pyramid with the molecular markets then other is we are bringing out very new



*Nath Bio Genes  
November 02, 2021*

innovative chilly habits which are recent to viruses the complete trialing has happened just yesterday we had a product advancement making of Okra. We have identified two Okra habits coming in that along with that two cucumber habits. These are some of the products which are going to be lined up in the next year and the next-to-next year. In addition to that in the gourds we have a new person looking after for the gourds we are getting gourd products also in the pipeline.

**Ankita Nayak:** My next question is what is the rate of interest for our working capital loan?

**Devinder Khurana:** Our rate of interest works around 7.5 around 8 consortium rate.

**Moderator:** Thank you. The next question is from the line of Niket Dhruv from Grubber Systems. Please go ahead.

**Niket Dhruv:** As far as my understanding goes I think in the next at least 5 to 10 years we can see a major inflation going up especially in the area of food and agriculture, so if that is the case how does it positively affect the Company or how does it affect the Company?

**Devinder Khurana:** Let me just briefly touch on this. You see we are into a sector which can never go down because food, clothing and cotton are always going to be the basic primary need of an individual. The irrigable land is always at a premium because the land cannot increase and the yields on their particular land cannot be increased too multifold. So, what you say is actually very correct between the demand and supply gap what is going to happen is if the demand is going to continue to increase based on the population levels of a globe and a supply not coming through with that definitely it is going to be a premium product. We as a Company has always been a research based research strong Company. So, we always try and create products based on the changing agro climatic condition and the changing environment. I think we are poised to continue to grow along with the industry and do well for our sales and do well for our industrial also. Agriculture is first drawn out process

**Management:** Also I just to add in fact our Company is also thinking of value addition into the seed because we are coming out with new innovative products and our product should capture better value in the market is also our aim. So, if you think of commodity inflation that will also reflect into our seed cost increase because at the commodity level if the prices are realized better than we also expect that our prices in the seed sector will also get realized better.

**Niket Dhruv:** And sir second question is these days we keep reading about genetically modified seeds, so what are the view on GMO seeds, are they good, are they bad and how can we see on the world?

**Devinder Khurana:** It is a fantastic question I am one person who was involved in gene education not bio gene has complete belief in new science and technology especially Biotech integrated crop building when



*Nath Bio Genes  
November 02, 2021*

I say bio tech integrated crop breeding it involves GMOs also. GMOs are Bio-16 Level-1 kind of organism which are to be tested for toxicology and Nath Bio-gene is one of the leading GMO supplier especially in cotton and we in our lab there are still some more GMO are lined up only we are looking for the policy environment to be improved in India. GMOs are something which really create innovations and high yielding ability among the farmers because these are added with some genes and all the cash for toxicology and bio safety, etc., are done before releasing trade. There are two sciences that I encounter in my life one is prescience wherein a lot of people without data they will be making some of the vague statements in the society to create some confusion otherwise we are with a data-based people we really create the data one is short-term feeding, long-term feeding then the progenies also, etc., means after the reproduction what happens. All these data is taken and submitted to the relevant agency and that approval is given based on certain committee which discusses it thoroughly that committee involves ministry of health, ministry of environment forest, ministry of agriculture, ministry of science and technology everybody involves in making this decision whoever are listening to me please note that GMO are not dangerous we should welcome these GMO because these help in improving both the quantity and quality of the agriculture produce. This will help us in creating both nutritionally rich, nutritionally secure and food security society in the world and with GMO adaptation India can become a net exporter for agricultural produce to the needy countries all over the world and best examples are Brazil, Argentina, US because of GMOs they have become a net exporter of many agricultural commodities in the world and India can be one with GMO realized harmonization, policy harmonization is done.

**Niket Dhruv:**

Just one last question to end sir just wanted to know like in case if inflation comes and there is good realization about for our products, so how capacity expansion what are our plans and how prepared we are for the next 5 year or 10 years good time which is ahead?

**Devinder Khurana:**

Capacity production as far as the seed industry is concerned has never been a concern of a simple reason because firstly the production takes place on the land and we have a line of growth as farmers was not growing with us for almost about effect, all these can be outsourced with the processing plants storage is hardly an issue because the government is giving lot of infrastructure facilities to create GMO storage and cold storage. So, capacity production is least of my worries yes products and good products these would be well accepted into the market are more important and Dr Kulkarni and army is basically doing that giving us product after product year after year.

**Management:**

I would like to endorse with that capacity expansion for Nath Biogen will never a problem because the contract seed production happens and we have a very big network. The moment we feel that we have to enhance our capacity it is just employing few more people and occupying few more territories and do it and all the territories where we are producing and expanding our business are all known to us. So, be it in North India, be it in Central India or Aurangabad or Hyderabad we know already known people to expand that and I am very happy to say that



*Nath Bio Genes  
November 02, 2021*

Khurana ji our MD we are all in expansion mode now because last time last year we have wonderful product coming out and in fact we expand it to the maximum possible because our Chairman always says that do it early and take capture the profits as early as possible with the volume expansion this is what is our slogan is now.

**Moderator:** Thank you. We have next question from the line of Palak Chopra from Kapoor Capitals Private Limited.

**Palak Chopra:** Sir my first question is that is there any update on the exports market which you were pursuing like what exactly are we stating up in Uzbekistan?

**Devinder Khurana:** In 2019 we made a feasibility study for Central Asia I was the one who went there currently the addressable market present status of the marketing in Uzbekistan alone is around \$400 million which is expected to increase \$700 million by 2027 and \$1 billion in 2030 meaning that there is the government has very favorable policies from the kind of the communist policies which was very stringent wherein investment in seed sector was not possible. Now the governments have opened up and we would like to amend their laws to help the investors to come and operate there. You know that Uzbekistan is cotton country wherein whole Russian federation was producing the cotton and fortunately North Brazil has its own cotton [19:51] which it is introducing in Myanmar which it is introducing in Sudan and we are also introducing in Uzbekistan. We have after that feasibility study unfortunately we delayed because of the COVID however we picked up our phase we have established the Company Nath [20:11] Central Asia to cater the needs of those Central Asian countries and we would like to establish our R&D and product development and production facility is there. Government of Uzbekistan is helping us in giving us some facilities and infrastructure to us. You will be very happy to know that our Company has already appointed a country manager there and we have begun our vegetables trials in the winter we have vegetables trials going. So, that will be a subsidiary Company which we are going to operate it. In addition to other places, other places are like Sudan unfortunately the meetings have been postponed because of the unrisk there and which has started happened in the last year and we are now trying to project our own image into Myanmar because it is peaceful now. So, we are trying to expand ourselves be it as a Company as well as also expanding the distribution ship not being present there also. These are our two strategies which we are operating in other countries.

**Palak Chopra:** Sir, my next question is why has cotton returns been higher than anticipated if you could please throw some light on that?

**Devinder Khurana:** You are talking of sales cotton.

**Palak Chopra:** Cotton returns.



*Nath Bio Genes  
November 02, 2021*

**Devinder Khurana:** See what happens Palak is that by the end of June we have only placed the material into the market and we are only anticipating that the sales return will take place on a x percentage or y percentage, but by the end of H1 the entire good which are not being sold have already brought back. Last year we had around 26% of sales return here before that the only 11%. So, this year I had anticipated around 22% it went up to 27% this is still fine we are okay with that. It basically because the sowing areas have reduced overall, the farmers are still confused as to whether to come out properly and put the sowing so many things are happening and water tables have gone down. So, we are generally borrowing the general average if I may say that.

**Palak Chopra:** Also sir if you could please just tell me about what marketing strategies are we adopting for vegetables segment?

**Devinder Khurana:** We have created a separate vegetable vertical which has been headed by Mr. R. Pandey, he is a guy of immense experience in vegetable sales. He has been given a dedicated set of people including hierarchal regional managers and factory managers and field advisors down the line and there only job is to sell vegetables and the cost now it will be a separate team selling vegetables and only vegetables definitely the dedication will help that we go much beyond what we have been doing so far firstly. Secondly we have also identified the territories in which vegetable is supreme rather vegetable grow in a supreme. So, extra efforts are being given to those areas to ensure the vegetable growth and of course like Dr. Kulkarni said products are in any case there.

**Management:** I would like to add with Mr. Khurana that we have a very clear strategy on two, three fronts like one is extracting our own strength because we have R&D and product development and product delivery strength in some of the crops we are not very strong. So, we have developed two strategy. One is in house sourcing and the marketing wherever we are weak and develop upon it and the second one is we expand our presence through our own research and development. So, both the strategies are in place. So, we believe in some places we would like to collaboration as a mantra and in some places we would like to have our own R&D delivered products also. So, with this what we are doing is that we are not going to compromise our product basket on our product basket side and as well as on the revenue flow front also.

**Moderator:** Thank you. The next question is from the line of Anil Sharma from AB Capital. Please go ahead.

**Anil Sharma:** Just a couple of quick questions I wanted to know from you first in terms of paddy I can see that the sales we did not see much growth over there, so if you could please elaborate a bit on that and new product pipeline that we might have in paddy and number two I just wanted to check regarding the employee turnover amongst the senior managers so probably I would just like to understand how many employees might have left the organization in the past quarters also SPV management level?



*Nath Bio Genes  
November 02, 2021*

**Management:**

Actually in 2019 we made a product status statement in that in which segment we do not have product and in which segment we are strong and how do we move those products into market and one of the area which is lacking was 120 days maturity products. I am very happy to announce you that there are two products probably there are some TV channels which have covered and there are some local newspaper which have reported there is one Dhadak, Dhadak Gold, and there is one Dhoom. So, these are all suitable for different territory which we had test marketed last year and which have been successfully taken approved by the farmers community and forming community and thanks to our sales people also they have worked very hard and next year we are thinking of exactly doubling whatever we have done it. Our products are successful and competitive in these 120 days one crop. So, another is that we have tested initially few products on M series means which have DNA markers in that. In that also there are two products which are successful, but that will be going for next year test marketing. However, this test marketed product will be gain into the volume building in the next season probably in the next season if we find rise a very different picture that is what we have withstand.

**Devinder Khurana:**

Just now let me tell you about actually in our Company we have employee who have with us maybe more than two to three decades I have myself in **(Inaudible) 27:02**. Our management upward assistant general manager upward at HOD level we have around about 40 people and I am proud to say that over last one year not even two to three people left. So, that way our employee retention is quite good and the motivation level is good to stay all because everybody feel that the Company is going to do well in the future and those who leave in any case we always have replacement lined up and the work for operation don't suffer.

**Moderator:**

Thank you. Ladies and gentlemen that was the last question I would now like to hand the conference over to the management for closing comments. Over to you, Sir.

**Devinder Khurana:**

At outset let me thank you from the core of my heart for having attended this conference although it was scheduled at the fag end of the holidays, but somehow because of operations reason we could do it earlier. So, thank you for being with us and thank you for the continued interest in our Company. I would like to only reiterate the fact that based on the research and the effort being put in research by the Company we are always trying to create pipeline products which will be well accepted by the farming community and create an overall benefit to the farmer. This would result in the Company growing. The growth has been partially stagnated over last two years basically because of COVID and COVID related problem still I am proud to announce that we have not suffered as much as others have suffered, but we plan to jump back to our original growth prospect that we have been announcing and hopefully Kharif 22 is going to be another bumper year for the Company. Thank you stay with us. Thank you very much.



*Nath Bio Genes  
November 02, 2021*

**Moderator:**

Thank you very much. Thank you gentlemen of the management. Ladies and gentlemen on behalf of Go India Advisors that concludes this conference call. Thank you for joining with us and you may now disconnect your lines.