



NATH SEEDS®

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

(CIN L01110MH1993PLC072842)

09<sup>th</sup> August 2019

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

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

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

Dear Sir/Madam,

The Company had organized a conference call with the Investors/Analysts on 06<sup>th</sup> August, 2019 post declaration of its Unaudited Standalone Financial Results for the quarter ended 30<sup>th</sup> June 2019. 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

Devinder Khurana  
Chief Financial Officer

## Transcript

### Conference Call of Nath Bio-Genes (India) Limited

**Event Date / Time** : **6<sup>th</sup> August 2019, 03:00 PM IST**

#### *Presentation Session*

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**Moderator:** Good evening ladies and gentlemen. I am Priyanka, the moderator for the conference call. Welcome to the Nath Bio-Genes (India) Limited's, Q1 FY20 earnings conference call. We have with us today Mr. Devinder Khurana, CFO of the company as well as Mr. Madhav Dhande, Business Lead. At this moment all participants are in the listen only mode. Later, we will conduct a question and answer session. At that time if you have a question, please press \* and 1 on your telephone keypad. Please note this conference is recorded. I would now like to handover the floor to Ms. Tanya Khosla from Go India Advisors. Thank you and over to you ma'am.

**Tanya Khosla:** Thank you. Good afternoon everybody and welcome to Nath Bio-Genes (India) Limited's earnings call to discuss the Q1 FY20 results. As she mentioned we have on the call Mr. Devinder Khurana, CFO of the company and Mr. Madhav Dhande, Business Lead and Head of Marketing. We must remind you that the discussions in today's call may include certain forward-looking statements and must be therefore, viewed in conjunction with the risk that the company faces. May I now request Mr. Devinder Khurana to take us through the company's business outlook and financial highlights, subsequent to which we will open the floor for questions. Thank you and over to you sir.

**Devinder Khurana:** Good afternoon everyone. I thank you and welcome everyone attending the conference call today. I am sure you would have had a chance to look through the corporate presentation which has been put on the exchanges and which is also available on my website.

I am happy to report that Nath Bio-Genes has posted a strong first quarter FY20 despite the fact that the monsoons have been playing truant and consequently the Kharif sowing has seen some slowdown in the first quarter. In the first quarter of this year, the company posted revenues of 165 crores, which is up by almost 30% on a year on year basis from 128 which was last year. We have continued to maintain the gross margin of around 50%, which is quite standard in our company. The EBITDA for the first quarter has also grown by about 33% from 28 to 37.5 crores. Similarly, the profit after tax has also gone up by over about 30% on YoY basis from 25.9 to almost 35.3 crores. Now, I would fully attribute this robust growth in revenue and the profits to our superior research and development activities. The R&D backed products were supported by our strong distribution network, led by Mr. Madhav Dhande, who is right next to me. Despite the weak monsoons, Bio-Genes has sold across the country due to its ability of producing high yielding plants even in adverse drought like conditions.

Coming to specifics, we have sold over 10 lakhs packets of cotton seeds in the first three months of FY20. This means achieving almost 84% of the full year sales guidance. We have placed around 12.75 and I have taken a sales return provision of around 21%, so

that whatever sales takes place in Q2, that can be compensated. Similarly, in paddy we have logged around 48,000 quintals of paddy in the first quarter, thus achieving 80% of the full year guidance in the first quarter itself and we propose to grow it even further.

The other key revenue contributors like vegetables seeds and plant nutrients will be coming in the second half because they are basically Rabi crops. However, we have been able to get around 30 crores of other crops like jowar, bajra and so on and little bit of vegetables also.

Now, the climate, the climatic conditions have been dismal in June and there were delays the first half of July. Monsoons have, thank god, picked up drastically and as on August 2<sup>nd</sup> 2019, the monsoon was deficit only by about 9% as compared to 18% at the end of June. This augurs well for the Kharif sowing patterns of 2019 and it may assuage concerns of drought like conditions of the country. With the gradual uptick in cotton and paddy sowing, as would be seen on our presentation, we expect that Bio-Genes will be able to achieve its sale guidance in cotton and paddy for FY20, maybe even surpass it. Sowings of Rabi will definitely ensure that our annual targets are also met. And we are quite hopeful of the same. To add to that, we have added the verticals of vegetables and Win-Chi-Win separately & in vegetables, we have had Mr. Ravi Kumar, he is from Syngenta and he was the Head of South Asia. He has joined as the Business Lead for vegetables working with Mr. Dhande. Similarly, for Win-Chi-Win we have created a vertical, in which Mr. Ajay Chite has joined us and he is supposed to lead specifically the Win-Chi-Win sales.

All in all the company is on the track to achieve the FY20 revenue guidance of between say around, 280 crores to 310 crores this year, while maintaining the gross margins of 50%. Kindly remember that we have no long term debts. With this, I would like to conclude my opening remarks and would be happy to answer any questions. Thank you. Thank you very much.

### ***Question and Answer Session***

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***Moderator:*** Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask your question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. I repeat, ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad.

We have the first question, which comes from Mr. Raghav Kabra from Excel Investments. Please go ahead.

***Raghav Kabra:*** Hello? Congratulations sir on a good set of numbers.

***Devinder Khurana:*** Can you be a little louder, because we can't hear you.

***Raghav Kabra:*** Am I audible right now?

***Devinder Khurana:*** Yeah, you are audible, but low.

***Raghav Kabra:*** Okay fine, I will speak louder. I have couple of questions. Sir, the first one is for cotton seeds. Now with the delayed rainfall, do you expect the significant spill over of sales into Q2 and if yes, how much?

**Devinder Khurana:** Your question is because of the delayed rainfall whether the sales will spill over to second quarter and if yes, how much, right?

**Raghav Kabra:** Yeah, yeah.

**Devinder Khurana:** I am asking Mr. Dhande to please address that.

**Madhav Dhande:** Good afternoon. Myself Dhande. In fact your question is very valid. In our traditional area where the cotton is being cultivated in early Kharif, there the season is over and acreages have dropped because of the scanty rains. But, there are certain areas, where cotton cultivation takes place after 15<sup>th</sup> of August only and that is like some parts of Maharashtra, then Northern Karnataka and Tamil Nadu. So, these are the States where the total consumption of the seed is in the vicinity of 30 lakhs to 35 lakhs packets, so that reason is valid.

**Raghav Kabra:** Okay. And my second question is, the 10 lakhs packet sales for cotton is including or excluding sales return?

**Devinder Khurana:** Sorry?

**Raghav Kabra:** The 10 lakhs packet sales for cotton which we have done is, it is including or excluding the sales return?

**Devinder Khurana:** I got that. So, what you are saying is, whether the 10 lakhs packet which the company has achieved, whether it is excluding or including sales return?

**Raghav Kabra:** Yeah, yeah.

**Devinder Khurana:** For all seed companies, we place the seeds in the first quarter. The sales returns is booked in the second quarter pursuant to the monsoons being over and the sowing being completed. So, at the end of first quarter we always make a provision. This time I have made for around 21%, expecting the sales return to be around 21%. If it increases, the chances are quite low. If it decreases, at that point of time, my second quarter sales of the cotton would go up.

**Raghav Kabra:** Okay, go it. The next question of mine is that in the last fifteen to twenty days, Maharashtra farmers have witnessed pink bollworm attack. So, will that be a major cause of concern for our company?

**Devinder Khurana:** No, what do the Maharashtra farmers have, it was not clear please?

**Raghav Kabra:** Maharashtra farmers are witnessing pink bollworm attacks. So, will that be a major cause of concern for our company?

**Madhav Dhande:** Yes gentleman. What happened here is there is staggered sowing because of these scanty rains and within the crop days of fifty days also and fifteen days also. So, these will encourage development of the pink bollworm. In initial days, Government and the private industry put together are putting the efforts on how to

manage the pink bollworm. And last year, industry as well as the Government remained successful in maintaining the pink bollworm below ETL level. So, hopefully this wouldn't be a problem and pink bollworm we can control very well. The other sucking pests are a major problem with the cotton in India at this moment.

**Raghav Kabra:** Okay sir. That is all from my side.

**Madhav Dhande:** Yes please.

**Moderator:** Thank you sir. The next question comes from Mr. Arvind Bhatt, an Individual Investor. Please go ahead.

**Arvind Bhatt:** Congratulations sir on the robust sales.

**Devinder Khurana:** Yeah, thank you Mr. Bhatt. Thank you very much.

**Arvind Bhatt:** Sir, actually Nath Bio-Genes has invested almost ten to twelve years in setting up an overseas venture. When will Nath Bio-Genes get return from the overseas ventures?

**Devinder Khurana:** Mr. Bhatt, I understand you have been with us for quite some time, right?

**Arvind Bhatt:** Yes sir, from 2001.

**Devinder Khurana:** I understand that. Okay, now let me answer this. You see as far as the normal exports are concerned, our exports are not more than 5% to 7%, so we are fine with that. We export to Egypt. We export to Bangladesh. We export to Pakistan. We export to Saudi Arabia. These are our minor exports. The question you are asking is what happens to our overseas ventures? We have been trying to put our foot into Philippines for quite some time. As far as the Philippines is concerned, all tests, all approvals, everything, everything, everything has been done, almost about two-three years back, but we still await the final knock from the top. So, that is a political decision in which we cannot intervene. Kindly note currently also our cotton is the only cotton which has so far been approved in Philippines. We are waiting for it to go through. Hopefully nobody knows. But, in the meantime we have contemplated another overseas venture and that is in Sudan. We are trying to step into the African continent. Sudan, our cotton has been well accepted. This year for the first time, we have put almost about 10,000-12,000 packets. They have already gone and they are under sowing. If that goes through and if there the results are as we expect, because our trials have been beautifully done, we expect that maybe next year we should be able to scale up Sudan and through Sudan the other African countries in between. Philippines, unfortunately we are still waiting. It can be any day. It can be any day.

**Arvind Bhatt:** Okay. Sir, what type of turnover, what type of returns you are expecting from the overseas venture in the future, in two-three years?

**Devinder Khurana:** I think let us not touch that for the simple reason because I don't even have the permission and you are asking me what kind of quantum I will raise, right?

**Arvind Bhatt:** Yes sir.

**Devinder Khurana:** Let me only tell you, this is a seed market. This is not like sending in a product, which is fully developed. It has so many agro climatic conditions. It has so many systems. I can only tell you that the margins are much better when we go to do overseas ventures. Quantum, I will not be able to tell you at this particular stage.

**Arvind Bhatt:** Okay. Sir, any turnaround products in the pipeline for the next two-three years in the cotton and other segments?

**Devinder Khurana:** Gentleman, please note that ours is a research and development driven company. Our scientists and our doctors are twenty four by seven doing this fully. Even the products which are currently in the market, 1022, 102, King 101, they had stood first, second, third whatever in the ICAR trials two-three years back. Even last year and the year before that, our new products have also stood first again. They are our pipeline products. And we are continuing to churn out even more. So, technically we as a company feel that we have sufficient cotton products or at least how many? Five, seven, ten years?

**Madhav Dhande:** For the next ten years.

**Devinder Khurana:** For the next ten years Mr. Dhande says.

**Madhav Dhande:** Two are in pipeline. Two launched.

**Devinder Khurana:** So, we launched something which will replace the current products two years down the line. By that time the next products are ready. So, the company is geared up with cotton for the next about at least seven to ten years.

**Arvind Bhatt:** Okay. Sir, one more question. Why our cotton seed is not performing compared to our competitors though we have a good, best seed in our pockets? I am from actually Karnataka and I have enquired with many places in Karnataka. They don't even know about the Nath Bio-Genes, some farmers they are not aware of the Nath Bio-Genes seeds.

**Devinder Khurana:** Mr. Bhatt, I will let Mr. Dhande answer this. But, I want to clarify the question. Are you saying that our seeds are not performing or are you saying that we are not, certain areas are not aware of our seeds?

**Arvind Bhatt:** No, we are not actually, we have good seeds in our pockets, but we are not marketing our products compared to our competitors.

**Devinder Khurana:** Okay, he wants to tell why we are not marketing in the areas and which areas we are not marketing. Please answer.

**Madhav Dhande:** Actually Mr. Bhatt, it is a very valid question and as you are well aware that we are the new entrant in the cotton market since the last three years and the rest of the companies having standing for the last ten-fifteen years like Rasi, Nuziveedu and Kaveri. So, we will have to compare apple to apple first. Second thing, these products 102 and 1022, it has launched successfully and we have showed it to the



farmers, great number of farmers this result and now they have started harvesting. This year our plan to grow in cotton is almost 25 lakhs packet and which when we met last, I think it was 5 lakhs packets. That means we are expecting five times growth in two years time. No doubt, you are talking about Karnataka, but Karnataka is only 6 lakhs hectares of cotton. This year they have consumed only 13 lakhs-14 lakhs packets of cotton. Karnataka is not a state which will decide about the cotton. You talk about Maharashtra, you talk about Gujarat, you talk about Andhra Pradesh, they are our key markets. I have for your information: we are accepted as a leader in cotton by the competitors, though our volumes are less.

**Arvind Bhatt:** Okay. Sir, actually one more question, actually Nath Bio-Genes has invested in Paithan Mega Food Park. As one of the shareholders, what type of returns is Nath Bio-Genes expecting from this investment?

**Devinder Khurana:** I think this question is not technically connected with our Q1. But now that you have touched it, I can't shirk it away. I have explained Paithan Mega Food Park time and again in all the investor conferences. I have said that this was a dream project for Marathwada, which was given to our company. That is why this project has gone through. It is a project of 125 crores worth of asset base. We are only 20% stakeholders. The project has been completed. It was inaugurated by the Honorable Minister of Food Processing of Government of India. And they have already started functioning. The land sale there is taking place. Finally once the project completes, whatever profits are there we will definitely have a share in that. Please note that we are currently not adding anything to the project. It is already completed.

**Arvind Bhatt:** Sir, one more question. What is your target for 2021, where will you see the top line of Nath Bio-Genes in 2021?

**Devinder Khurana:** I can talk about 2020 and not of 2021 today. We are hoping that we should cross around 300 crores in 2020. Let us pray for that and let us work towards that.

**Arvind Bhatt:** Okay. No more question sir.

**Devinder Khurana:** Okay, thank you very much. Operator, the next one.

**Moderator:** Thank you sir. Ladies and gentlemen, if you have a question please press \* and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have a question please press \* and 1 on your telephone keypad.

The next question comes from Mr. Anirudh Agrawal from AAA Investments. Please go ahead.

**Anirudh Agrawal:** Hi sir. Thank you for the opportunity. My first question is what are the major markets for cotton seeds for North?

**Devinder Khurana:** Okay Mr. Dhande, major markets for cotton please.

**Madhav Dhande:** Mr. Agrawal-ji, our major markets for cotton is Maharashtra, Andhra Pradesh, Madhya Pradesh and Gujarat. Recently we have launched one product in North India. At present in North India we are just the beginners, selling few

packets. But, the product which we launched and it is named as Himalaya is picking up very fast, because cotton in Punjab, Haryana and North Rajasthan, it is at the harvest stage. We had a first round of evaluation and it is standing product number two so far as the performance is concerned. And we have a desired hope from this product in North, otherwise our stake in North is not that big. Karnataka is big for paddy and maize and of course cotton is there. And there is one product called Arjun which is steadily growing in Karnataka every year. And we can say that for certain rainfed areas, it is a monopoly kind of a product. We have big, big hopes from Maharashtra. Maharashtra is a rainfed cotton and we have a suitable product for that kind of cultivation. The products which is very popular occupying almost 30% here is not the product of Maharashtra in most of the areas. So, we see areas where we can grow very quick.

**Anirudh Agrawal:** Okay, thanks for that. And also in terms of the number of packets of cotton seeds that we are planning to sell sir, like you said in certain areas cotton is only post 15<sup>th</sup> August, so how many more packets do you think you can sell this year?

**Devinder Khurana:** Your question is not very clear. Are you saying where all we will be selling the cotton packets?

**Anirudh Agrawal:** No, I am saying how many more packets? Do you think you will be able to achieve the guidance of 12 lakhs packets or even exceed it this year?

**Devinder Khurana:** It all depends on how much sowing will take place over the next two months. I think we can discuss that in the month of October when I come back again.

**Anirudh Agrawal:** Okay. And in terms of sales returns, so you have taken a provision of 21% for this year, but what has been the experience in terms of the sales returns for the last two financial years?

**Devinder Khurana:** FY19, sales return for the entire year was around 25%-26%. But now that is like, today we are unable to predict, though it is just a very wide guess that we are keeping it here. So, I don't think it should increase, because our products are better accepted than last year.

**Anirudh Agrawal:** Okay. And in terms of the growth in cotton, so are we taking market share away from our competitors or is there growth in the market itself that is expanding at present?

**Devinder Khurana:** Market is expanding in cotton if the rains are good, but it is expanding at a slow pace. So, invariably you cannot say that I am creating a niche for myself. In any case definitely we are also displacing others, so it is a mix of both. The market expands, we expand, we displace somebody because of our product is better when accepted, so we have our growth.

**Anirudh Agrawal:** Okay. In terms of trade receivables sir, what would be the level of trade receivables as on 30<sup>th</sup> June?

**Devinder Khurana:** It should be around five months plus.



**Anirudh Agrawal:** So, does that worry you in any manner, because the receivables days have been going up over the last two-three years?

**Devinder Khurana:** What happens is that, you are talking of trade receivables, right?

**Anirudh Agrawal:** Yeah, trade receivables.

**Devinder Khurana:** The trade receivables in the month of June have like skyrocketed, because all sales are there, returns have not yet come in. So, it is very difficult to predict the trade receivables at the end of the first quarter. Of course as I keep telling everybody, let us look at the seed companies on H1, H2 basis. By the time we declare H1, it would be totally clear, the returns would have been booked, the stocks would have been taken in and the trade receivables would have come down to the basic level.

**Anirudh Agrawal:** But, on average what do you think your, what level of trade receivables would you be comfortable with?

**Devinder Khurana:** We are okay with five to six months. Please understand there is a delay in trade receivables. I place my goods in the month of March and April. And the sales start picking only in the month of June, this year July. So, the first two and a half months, we call it technically trade receivables, all you analysts will calculate it as of sixty days gone. For me the sales have not even yet started. It is just placed; they will start paying only after the lifting takes place. The farmer comes back with the money, so invariably around five to six months have become the norm today. That is fine and we are okay with it.

**Anirudh Agrawal:** Okay sir, thanks. And in terms of Win-Chi-Win, do you think the high price point is acting as a barrier or what are the impediments to the growth in sales in this vertical?

**Devinder Khurana:** As per Mr. Dhande, the Win-Chi-Win price is quite competitive. There is nothing called high price barrier. Please understand there are tons of products floating around in the market. So, we have to sell it down. We have created a separate vertical with people, with R&D of almost 100-150 people, who will be going field to field and selling this, trying to sell this product. We hope to get good volumes in this year and next year and the year after that.

**Anirudh Agrawal:** Right sir. Because, I am just trying to understand that since our Win-Chi-Win is a high margin product, what if we reduce the price point of this product and would that gain a better acceptance?

**Madhav Dhande:** We should not, when we are not going to reduce the price, because per acre recommended dose for Win-Chi-Win is very less. Rest other such kind of products requires 250 to 300 ml per acre. In our case it is 50 to 70 ml per acre. So far as the cost is concerned, per acre cost almost remains the same. Secondly, the residual impact of this crop on soil is very long. So, farmer does not have to have a number of sprays. Even for a short duration crop, single spray will do for crops like soya beans, vegetables, whereas in the case of long duration crops like cotton, it just needs two sprays of Win-Chi-Win and farmers are comfortable. The only thing is that, we are

planning and we have to do it that it should be made available at the doorstep of the farmer. And for that we have a very aggressive plan. And we are thinking that so far as the spread is concerned.

**Anirudh Agrawal:** Okay sir. And in terms of maize and mustard, we are not really looking to grow those crops, right? Those are not our focus crops. Is that a right assumption?

**Madhav Dhande:** So far as the maize is concerned, in Asian continent there is one big problem that is for viruses. And farmers are scared of it, because this spreads beyond control and it needs a daily spray and zonal kind of approach. The Government is also thinking to have an aerial application or aerial spray on maize. Risk however is there. The maize industry is in great trouble and maize are not doing well and that we may have to import the maize. And so far as the mustard is concerned, mustard, now bookings are going on, but it will happen sometime in the month of October.

**Anirudh Agrawal:** Okay sir. Thanks a lot. That is it from my side.

**Moderator:** Thank you sir. The next question comes from Mr. Rohit Nagraj from Sunidhi Securities. Please go ahead.

**Rohit Nagraj:** Thanks and congratulations Khurana-ji and Dhande-ji for a good Q1 performance.

**Devinder Khurana:** Thank you.

**Rohit Nagraj:** Yeah. Sir, one question on the cotton front, it is almost a month gone after the quarter is over, so how has been the pick up today in the month of July, because the rainfalls have been pretty good post at least the end of July? So, what is the ground level feeder from the market on the cotton front?

**Devinder Khurana:** You see Rohit what happens is that sitting here or sitting in the branches, the company is actually unable to find out what is the picking from the distributor level on day to day basis. So, what happens is we have given them a target of say, 20<sup>th</sup>, 21<sup>st</sup> of August or 30<sup>th</sup> of August, wherein Mr. Dhande has said that all goods not sold at the distributor level in the channel should be picked up and returned back to the company. Once that goes through, I will be able to make a prudent judgment as to how much of cotton has been actually picked up for this year.

**Rohit Nagraj:** Alright, fair enough sir. Sir, and how are we placed for our seeds inventory for the next season, because we are planning to have almost 40% increase in our sales for the year FY21, so how are you placed in terms of creating that inventory?

**Devinder Khurana:** We have identified areas and we are on the job, we have started putting next year's cotton on the line and we expect 20 plus lakh packets next year, then we will need these 20 by the end of this year or maybe the beginning of the next year. That is lined up, let us see. I am sure it will go through.

**Rohit Nagraj:** Right. And on the marketing front, you have said in the presentation that we have entered Odisha and the West Bengal, so these are predominantly the vegetable market or there are other crops we are looking at?

**Devinder Khurana:** Rohit, what is your question? I did not understand. Can you repeat it?

**Rohit Nagraj:** Yeah, we have said in the presentation on the marketing front that we have entered into two new States Odisha and West Bengal.

**Devinder Khurana:** Yeah, okay two States of Odisha and West Bengal, how do we plan to tap it? Let Mr. Dhande be answering that please.

**Madhav Dhande:** In fact at present we are not concentrating in West Bengal, expect Northern parts of it. So far as Odisha is concerned, we have a full concentration as Odisha is a growing market, where cotton is there, maize is there and paddy is there. We are extremely happy with the market. We are doing extremely well with cotton. We are doing extremely well in paddy. And so far as the maize is concerned, now we have introduced two new single crops. But, our presence and corporate image is very high in Odisha.

**Rohit Nagraj:** Okay. So, West Bengal we will be starting off with maybe vegetable market and investing seeds in the future?

**Madhav Dhande:** Sorry?

**Rohit Nagraj:** In the West Bengal, we will be primarily targeting the vegetables seeds, if my understanding is correct.

**Madhav Dhande:** Rohit, so far as the vegetable is concerned, Uttar Pradesh is very potential. Maharashtra is very potential. Gujarat is very potential and West Bengal is highly potential and Tamil Nadu is highly potential. Now, we have a product and we are coming with later in okra and tomato. So, okra is the cash crop of West Bengal and thus we are thinking to have a marketing set up for okra in West Bengal also. Otherwise in West Bengal market, vegetable season will start now in second quarter. First quarter is chili but now for us from July onwards really the season will start and it will pick up in August, September, October and November. And we have a big plant in one section of WB, particularly okra, tomato and gourds.

**Rohit Nagraj:** Okay, alright. I just have a couple of book keeping questions. This staff cost on a year on year basis has come down as well as the admin and R&D expenditure. So, is it because of some postponement into the second quarter or so?

**Devinder Khurana:** No, it hasn't come down. What has happened is the sales in the first quarter are almost two-third of the whole year. If you compare it with quarter it is fine. We are still, and please understand my R&D expenditure vis-à-vis my top line will continue to reduce, because the top line is growing but in terms of R&D it will not be going up at that rate. I don't need them at that rate.

**Rohit Nagraj:** Correct. Fair enough sir. So, on a yearly basis it will get normalized?

**Devinder Khurana:** Yeah, of course.

**Rohit Nagraj:** Okay. Thank you so much and best of luck sir.

**Devinder Khurana:** You are welcome.

**Moderator:** Thank you sir. Ladies and gentlemen, if you have a question please press \* and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have a question please press \* and 1 on your telephone keypad.

**Devinder Khurana:** Anybody?

**Moderator:** Yes sir, we have Mr. Navdeep Singh, an Individual Investor. Please go ahead.

**Navdeep Singh:** Hello, first of all I would like to say great results. Thank you, I really congratulate each and everybody which was involved in this. So, the only question I am having, I just wanted to know what is the percentage of the share which are pledged at present and when we are planning to release them?

**Devinder Khurana:** I think we have already put the shareholding pattern on the website. Can you please have a look at that please?

**Navdeep Singh:** No, I think after this was released, after that some share was released, correct, if I am not wrong?

**Devinder Khurana:** My Company Secretary is right in front of me and he says, he has already filed the June shareholding pattern, please check that.

**Navdeep Singh:** Okay. But, what I can understand is like, whatever is shown there in June, after that the company pledged some shares, so that is the reason I just asked this question.

**Devinder Khurana:** In case of the pledge we have and informed the stock exchanges and it will be again reflected on the next shareholding pattern. The promoters are putting in so much of effort to run the company, so just give them a little leeway to handle the shares. But, it is already put on the stock exchanges. If they do anything more, I will put it up. They don't plan to. They don't plan to.

**Navdeep Singh:** Okay, fair enough. Thanks a lot actually I don't have any other question. The company on the sale and profit point of view it is doing great and at the same time whatever guidance are given for the next financial year also looks great, like 40% wise. So, great talk. Thanks a lot. I don't have anything else, anything else more.

**Devinder Khurana:** Okay, thank you.

**Moderator:** Thank you sir. The next question comes from Mr. Pankaj Prasun, an Individual Investor. Please go ahead.

**Pankaj Prasun:** Good afternoon Khurana sir. Good afternoon Dhande sir.

**Devinder Khurana:** Yes, Pankaj.

**Madhav Dhande:** Yes Prasun (speaks in Hindi).

**Pankaj Prasun:** Sir, only one question. I understand we have major breakthrough in chili variety which is good at drought resistance and pest resistance also. So, how are you looking at taking it to in the next level in the next two-three years?

**Madhav Dhande:** Yes Prasun, in fact the chili major problem is virus. And coincidentally the breeding for the last seven years, we have got two hybrids which have got the desired tolerance for virus. That is why we are scaling up that product steadily. So, I think in 2020, we may launch this product on a very small scale, say multi location kind of a thing, so as to just check virus resistance at the farmers level in different agro climate. We are quite hopeful, if we succeed in that product, nothing like that because the chili is a very big market and if we get the product which is virus tolerant, I think you can say that there are good days for the red chili and green chili also, of course. Okra we are doing well. Tomato we are doing well. And if we get chili, so these three crops put together almost attributes 35% to 40% of the vegetable seed market, Prasun.

**Pankaj Prasun:** Thank you sir. No more question.

**Devinder Khurana:** Thank you Pankaj. Thanks for asking.

**Moderator:** Thank you sir. That will be the last question for the day. Now, I hand over the floor to Mr. Khurana for closing comments.

**Devinder Khurana:** Let me thank all of you again. Let me thank you again, once again. It was quite good, a very pointed and very nice deep questions. I am happy with the interest that the investor and the analyst community is showing with our company. We expect to live up to your expectations. And hopefully when I come back in the next quarter, we should have something better to tell you, something more better to tell you. Thank you. Thank you very much.

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

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