

Ahmedabad, August 12, 2024

Dharmaj Crop Guard Limited, one of the fastest-growing agrochemicals Company, announced its financial results for Q1FY25.

Q1FY25 Financials Highlights

(₹ Mn)

REVENUE

2,553

⬆️ 62% YoY

EBITDA

270

⬆️ 42% YoY

PAT

151

⬆️ 4% YoY

Commenting on the results, Rameshbhai Talavia, Chairman and Managing Director, said:

"Dharmaj has commenced the financial year with a strong performance, marked by significant growth and strategic advancements. Our Revenue from Operations for the first quarter reached an impressive ₹2,553 million, representing a 62% YOY increase. This growth is attributed to the solid performance of our existing Formulation operations and the successful introduction of our new Active Ingredients vertical, which contributed to our revenue for the first time this quarter. Our Gross Profit margins have improved, on both YOY and sequential basis.

Due to the commissioning of the new plant, fixed operating expenses, such as an increase in employee headcount and subsequent employee benefit expenses, and other operating expenses, have caused a marginal contraction in our EBITDA margins. Additionally, our depreciation and finance costs have risen due to the plant commissioning. As the capacity utilization ramps up, we expect these expenses to normalize a percentage of revenue.

The domestic agrochemical industry has started the season on a positive note. Although rainfall has not entirely met initial expectations, it has been adequate, and the India Meteorological Department (IMD) forecasts improved rainfall between August and September 2024, which is promising for the agricultural sector.

Our Institutional Formulations business remains a cornerstone of our growth, continuing to strengthen and drive our overall performance. In the Branded Formulations vertical, our growth has been partially offset by lower realizations in our generic portfolio as compared to Q1FY24, thus resulting in lower growth rate from this vertical. We have also strategically discontinued certain low-price products and focussed on high value products. Within Branded vertical, our 'Focus Portfolio' has performed better, and we anticipate improved results as we move forward. The performance of our Institutional Formulation Exports was sluggish in April and May, affected by delayed orders from certain customers & unexpected lumpiness. However, we have observed a positive shift in demand July onwards.

In the Active Ingredients vertical, following the commissioning of our Saykha unit in the previous quarter, we have begun to see commercial scaling at the plant, with external sales reaching ₹556 million in the first quarter. We have a healthy order book for the upcoming quarter. While the scale-up has started, the financial benefits are yet to be realized due to the rebasing of operational expenses and depreciation & finance costs associated with the project. These costs have impacted short-term profitability but are expected to normalize as revenues from Unit 2 increase.

On the operational front, we have launched 7 new products this quarter, including 3 in the new Plant Health vertical, which focuses on micronutrient products. Additionally, we have added 4 products to our existing B2C portfolio. Our workforce has expanded with the addition of 10 sales and marketing personnel and cumulative 88 new hires at the company level, primarily for Unit-2 at Saykha. Efforts in product registrations and commercialization are ongoing, with the Saykha plant producing 9 molecules, including 1 intermediate, in the first quarter. We are poised for further commercializations as we continue to scale up production at Unit-2. Dharmaj remains committed to its growth trajectory, leveraging strategic initiatives and market conditions to enhance its operational and financial performance."

About Dharmaj Crop Guard Limited

Dharmaj Crop Guard Limited ("Dharmaj", "the Company") is a dynamic and fast-growing agrochemicals company engaged in manufacturing & marketing agrochemical formulations like insecticides, fungicides, herbicides, plant growth regulators, and micro fertilisers. The Company markets and distributes generic & licensed formulations to B2C customers (farmers) under its brands and to B2B customers (institutional). Dharmaj is also engaged in the business of general insect and pest control chemicals for public and animal health protection.

The Company recently entered active ingredients manufacturing to become an integrated player across the agrochemical value chain, with its 8,000 TPA intermediates & technicals greenfield unit at Sayakha, commissioned in Q4FY24. Dharmaj has been redefining the crop protection segment with top-quality formulation, product performance, ability to continually expand its portfolio, making it a trusted player to more than 700+ customers in India and across 26+ countries in Latin America, East African Countries, the Middle East and Far East Asia.

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