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**DHARMAJ**<sup>®</sup>  
CROP GUARD LIMITED

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GROWTH

November 14, 2024

To,

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

Dear Sir/Madam,

**Subject: - Transcript of Earning Call of Q2/FY2025 Financial Results [Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

With reference to our previous intimation for the Q2FY25 Earnings Conference call of the Company held on November 11,2024 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 Q2/ FY25 Un-audited 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 Bhadreshbhai Kapasi  
Company Secretary & Compliance Officer  
ACS52602



**Dharmaj Crop Guard Limited**  
**Q2 & H1 FY'25 Earnings Conference Call**  
**November 11, 2024**



E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 11<sup>th</sup> November 2024 will prevail.

**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

**Q2 & H1 FY25**  
**November 11, 2024**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Dharmaj Crop Guard Limited Q2 and H1 FY25 Earnings Conference Call. 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 touch tone 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, Sir.

**Sayam Pokharna:** Thank you, Michelle. Welcome, everyone. Good afternoon and thanks for joining this Q2 and H1FY25 earnings conference Call of Dharmaj Crop Guard Limited. The investor updates have already been uploaded on the Stock Exchange and on the company website.

To take us through today's results, we have with us from the management team, Mr. Ramesh Talavia - Chairman and Managing Director, Mr. Jaman Talavia - Whole Time Director, Mr. Vishal Domadia - Chief Executive Officer, Mr. Vinay Joshi - Chief Financial Officer.

We will start with a brief opening remark on the business performance from Ramesh Sir, followed by opening remarks and financial performance by Vinay sir and then open the floor for the 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 risk and uncertainties that we face. These risks and uncertainties have been mentioned in our prospectus and our follow up annual reports.

At that side, I would now like to hand over the call to Mr. Talavia. Over to you sir.

**Ramesh Talavia:** Good afternoon, ladies and gentlemen. Thank you for joining us today for Dharmaj's Q2 & H1 FY25 earnings conference call. I'm pleased to share with you our company's performance and key developments for the quarter and half-year.

Dharmaj has delivered a strong performance in Q2 FY25 following a robust Q1; our Revenue from Operations registered a robust 21% growth. This growth was primarily driven by our Active Ingredients vertical, demonstrating our ability to capitalize on market opportunities in this segment.

Our formulations business remained relatively flat YOY, as we faced some headwinds on account of:

1. First, a significantly higher rainfall in August and September across major geographies, which disturbed the usual insecticide spraying schedule towards the end of the season, leading to slower business momentum across the industry. This was contrary to original expectations of the industry at the beginning of the season, wherein a good monsoon was expected to help domestic sales. However, excess rains towards the end of seasons led to lesser demand for agrochemicals in the last 2 months of season.

2. Secondly, we also observed a price contraction of approximately 10% across the board in September, following promising price trends for Agrochemicals from April to August.

These factors contributed to a marginal decrease in our B2B and B2C sales during Q2. However, it's important to note that we still achieved volume growth in formulations, however it was offset by lower realizations towards the end of Q2.

I'm pleased to report that operations at Unit 2 in Sayakha are progressing as expected, with a 12% quarter-over-quarter growth. In the first half of FY25, Unit 2 has registered sales of ₹1,180 million. We are gradually ramping up production activities, and the performance in H1 FY25 has been satisfactory.

Looking at the bigger picture, Dharmaj has achieved an impressive 37% top-line growth in H1 FY25, with a higher contribution coming from the Active Ingredients segment.

Another silver lining is that abundant rainfall across the country has led to record reservoir & water levels across the country, which bodes well for a strong Rabi season. We anticipate recovering some of the momentum lost in the formulations business during the Kharif season in the upcoming Rabi season.

Now, I would like to hand-over to Mr. Vinay Joshi for a brief on financial performance:

**Vinay Joshi:**

Hi, good afternoon, everyone. Firstly, I would like to touch upon top line growth. For Q2 we have managed a growth of 21% YOY, despite some impact of lower realizations. However, growth in Q2 has been more Active Ingredients driven. For H1 as whole, we have registered

an impressive 37% YOY growth. It is important to note, while comparing growth YOY in FY25 vs. FY24, there has been a broad-based fall in realizations from the previous half-year to this. So in effect, our volume growth is in fact higher.

Coming to the profitability front, our Gross Margins remained healthy and in line with Q1, we experienced some compression in EBITDA margins year-over-year due to a few factors, as communicated earlier in our Q4 call:

1. Higher Operating Expenses associated with Unit 2 operations
2. Increased Employee Benefit expenses resulting from annual appraisals in July and new hirings
3. Higher Depreciation & Finance Costs

These factors led to a decrease in PAT on a year-over-year basis, both in Q2 and H1. However, we expect the costs associated with Unit 2 to normalize as revenues from the unit increase.

Further, on the working capital front, you will notice an increase in our inventories which is on account of operations ramp-up at Unit-2 where manufacturing lead time & inventories are higher than our formulation operations. The increase in receivables in September-24, vs September-23 is in line with the H1FY25 vs. H1FY24 revenue growth.

You will also see that increase in inventories has been offset by higher trade payables. Since last year, we had higher cash reserves which have now been deployed in our Unit-2, we made higher cash purchases in 2023. While this year we have limited cash purchases to very attractive deals, and made standard credit purchases, in the case of some imported RM for Unit-2 we have also received longer-credit purchases.

I would also like to share that the Board has approved the incorporation of a wholly-owned subsidiary in Brazil. This is keeping in our mind our plans to grow export business in Latin America now that Unit-2 has been commissioned.

The outlook for the upcoming Rabi season remains positive, supported by expectations of bumper sowing. We are making concentrated efforts to ramp up production at Unit 2, positioning it as a key growth engine for our future expansion.

Thank you for your attention. We'll now open the floor for questions.

**Moderator:** Thank you very much, Sir. The first question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta:** Yeah. Thanks for the opportunity. And my question was on both the branded as well as domestic formulations. So, Sir, first I would like to talk on branded. The 2% decline which has come on branded

formulations in this quarter, but if we see Q1 performance, we had not seen too much growth in branded formulations. Normally what I understand is Dharmaj had very limited presence across all the states. Major presence was in Western India, primarily focused in Gujarat but if we are expanding geographically, then season effect should not have impacted our revenue growth keeping branded formulations because let's say for example, if we were not present in some places geographically which we have entered this year, then their growth will be zero. So, Sir, I wanted to understand that in H1, how and what has impacted the performance of branded formulations and why did we not see any growth in it? Second question I have is on Domestic institutional formulation.

**Vishal Domadia:** In branded formulation, as you are saying that we have expanded in new geographies, but the 1<sup>st</sup> year in B2C, we align the brand sales team and then goes into channel management. If you see the data, the new state we have launched, there is only 5.28% which came from south state, rest of the revenues have come from the places we have been operating with.

**Ankit Gupta:** But Sir, even before you entered the states in the last 1-2 years, those territories would have been new then..

**Vishal Domadia:** The reason for that is if you see the price realization in branded sales then from the last year, 10-15% product to product is down. So, we have definitely got volume growth and in volume growth also, we discontinued 1-2 bulky products, and the high-priced products were launched so if you see product to product in that, then in many of the key products, we have done a growth of more than 30%, like Padgham, Urja Potash.

**Ankit Gupta:** Sir, so can I say that in H1, our volume growth would have been 15% roughly in branded formulations if we factor the price decline?

**Vishal Domadia:** If you see product to product, then there is 15% average.

**Ankit Gupta:** OK, OK. So, Sir as you mentioned in your commentary, that there was an impact in Q2, so what growth do we expect in the second half for branded formulations? Let's say, if the price decline stops, let's assume September was the bottom, so now what growth can we expect in branded formulations in the second half?

**Vishal Domadia:** It will reach the normal growth which is there. There is no difficulty, it's already coming in these both months, October and November.

**Ankit Gupta:** OK, Rabi is not very big in the formulation relatively compared to the first half so what growth can we expect in the full year in branded formulations?

**Vishal Domadia:** 15% till year end.

**Ankit Gupta:** OK. My second question is on domestic institutional formulations. We have faced a challenge in that like 4% decline so what were the issues there if you can please throw some light on it?

**Ramesh Talavia:** See, in B2B formulations, major issue has been the price impact. So, because of that, it is looking weak otherwise our volume has been on a growth trend. There is volumetric growth and against last year H1 and this year H1, there has been a downfall of 10% on an average. Because last year, what happened is if you see on an average price between April to September, same price has been declined by 10% for all products. We have volumetric growth but because of the price, we can't see the revenue growth.

**Ankit Gupta:** Ok. As you mentioned the 10% fall which came in September, what price trend do you see in October and November?

**Ramesh Talavia:** September means if we average out the whole of H1, some products were stable, some products saw downfall, some even grew for the time being like in July, so on an average if we calculate then last year H1 and this year H1, average price is down by 10 odd percent.

**Ankit Gupta:** Ok and what is the trend now in October and November?

**Ramesh Talavia:** It is stable now, whatever down in Kharif, actually the heavy rainfall in the last 2 months caused panic sales selling which led to the price decline in Kharif. Now, everything is stable and now the product scenario also changes between Kharif and Rabi, so Rabi products momentum is stable, nothing problematic and Rabi this time what will happen, compared to last year, Rabi this time should be good because water levels are up, reservoirs are full so it's not that we will have to do less sowing because of which our business will happen less. Basically, compared do last year, Rabi's data which is coming in from the government also is coming on an increased mode and sowing of all crops has also started and the movement that should be there initially, that also as per demand and our planning is going well. So, the shortfall we saw in Kharif, we can recover in Rabi. We don't see any doubt in our original plan.

**Ankit Gupta:** How is it going on the technical side? What are the losses? How much was the loss in Q2? On what capacity utilization is our plant working? How many products did we commercialize there and how many new are we planning to launch in the second half?

**Ramesh Talavia:** If I tell you about products on technical, then we had 8 products which we commercialized and the market selling has also started wherever we had plans to do. According to the planning which we had given for the technical plant, that has happened and will happen further also. For financials, Vinay will answer your question.

**Vinay Joshi:** The original plan we did for Unit 2 that 30% capacity utilization will happen, but it is almost more than 50% utilization we had in this H1. So, it is above expectation. However, the second-half we have to see because normally it is lower than H1, but now we have to see how Rabi season is going on. So, we are expecting the overall capacity utilization will be around 50 to 60% for whole year. What we are expecting as of now and expenditure wise, if you see the fixed overhead for H1, we can see it is around 9.5 crore other than financial & depreciation cost. So, this will be same for the next part of year also and in our earlier call.

**Ankit Gupta:** Sir, 9.5 crore, what did you say? Sorry, I...

**Vinay Joshi:** 9.5 crore, which is fixed overhead for H1. It is other than finance and depreciation cost because finance and depreciation cost is around 20 crores p.a. for Unit 2 only.

**Ankit Gupta:** In comparison to Fixed overheads, how much has been our Gross profit in H1?

**Vinay Joshi:** Gross profit depends, On certain products it is high and it is more, but we are finding it around 20% GP for this quarter and the major reason is the reduction in the pricing realizations.

**Ankit Gupta:** How much would have our losses been on the EBITDA levels on the technical side?

**Vinay Joshi:** From EBITDA level it is around 15 EBITDA level, sorry, PBT level 15 crore losses are there.

**Ankit Gupta:** OK, so let's say if we add 20 crores finance and depreciation cost, then have we achieved breakeven at EBITDA levels?

**Vinay Joshi:** EBITDA level, yeah. And this year EBITDA level, we will be achieving our break even. Sure, the PBT level, we are targeting next year only once we reach the revenue of 225 to 230 crores.

**Ankit Gupta:** Sure. Thank you. Wish you all the best. I'll come back.

**Moderator:** Thank you. We'll take the next question from the line of Poojan Shah from Molecule Ventures. Please go ahead.

**Poojan Shah:** Hello Sir. My first question is how is organophosphorus chemistry going on in our portfolio and DUCT prices which have risen, how has that impacted our portfolios?

**Ramesh Talavia:** Organophosphorus molecules are not in the technical manufacturing range. That is only for our formulations and B2C. The group of Organophosphorus like parathion, chlorpyrifos has separately seen a downward trend from august.



- Poojan Shah:** So, is the price correction showcased or what is it in current scenario?
- Ramesh Talavia:** Now, it is stable. September-October has been the fall but now it is stable.
- Poojan Shah:** OK. Thank you.
- Moderator:** The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.
- Dhwanil Desai:** Good morning, Sir. I would like to understand more about like our peers Rallis and Dhanuka, seeing their numbers, they volume growth has been good plus their price impact has been 5% negative whereas ours we are saying more than 10%. So, both's volume growth has been 17% in the domestic market so sir, as earlier also some participant mentioned, our base is small and we have more room to expand into geographies, so given this environment, our growth should have been more, is that understanding fair? Is this issue due to the product mix or are we doing more discounting or are we giving more distribution to the distributors?
- Vishal Domadia:** That is product mix because Dhanuka has tie up products so it did not that much effect but all the products that we have mostly product matrix had a plus or minus.
- Dhwanil Desai:** OK. So, Sir, if we see our history leaving the recent two, three quarters, but before that, 4-5 years our branded formulation almost grew around 25% so when this price impact part will normalize, after that next year onwards, can we expect 20-25% growth from this base or has our base reached the level from which we might have to taper our growth expectations?
- Vishal Domadia:** If price is stable, if we do not count the price factor then more than 30% normal growth we can count for B2C.
- Dhwanil Desai:** Ok. My second question is on a technical plant that we said we have operated on 50% capacity utilization in H1 while our first expectation was, we will operate at 30%. So, now as mentioned, capacity utilization level will be on the lower side, so a very small number showing loss might increase because utilization level will reduce but fixed cost will remain same. Is this a fair understanding?
- Vinay Joshi:** As of now, capacity utilization it is around 58% percent for H1, but now we have to see what we are expecting is Rabi season is going to be good. So, we have to wait and see how Rabi season is going on and if it is better than the losses may reduce and as initially told, but in normal scenario or the breakeven will be for next year only but now where to see the Rabi season, how it is going on accordingly, our losses will impact on the overall performance.

- Dhwanil Desai:** Ok. And third question, again is on technical that let's say about the 55-58% utilization that we have, from here towards next year to increase, is our product basket of 7-8 products sufficient and has room to go up to 65-70% just by tapping new markets and new geographies or on the Brazil, the new subsidiary which we have made received any registration in the market?
- Vinay Joshi:** OK, I think your voice is breaking anyway. What I understood so see now this year also we have added some 2-3 new products against the original plans and we are also working on to add on some few more products for next year which will help us in overall growth of the revenue. Regarding Brazil, Board has approved to incorporate a subsidiary in Latin America as well and it will help us in the faster registration of our product there. So, we already applied for registration in Brazil, but for incorporation of company now we have to start the process and which will help us in overall revenue growth for overseas import-export as well.
- Dhwanil Desai:** So, Sir, how many registrations have we applied for in Brazil?
- Ramesh Talavia:** We have already for 3 products in Brazil. Alphacypermethrin, Permethrin and Lambda Cyhalothrin.
- Dhwanil Desai:** And Sir, generally this takes up to 2 years so I think next to next year or next year if it comes then great otherwise, we should consider Brazil market, is that right understanding?
- Ramesh Talavia:** Yes, because in that, 2-3 years is the minimum grace period for approval of registration. It's already been a year so we expect after 1 year, means next to next year, we can start business in Brazil.
- Dhwanil Desai:** OK, that's it from my side. Wish you all the best. Thank you.
- Moderator:** The next question is from the line of Smit Shah from JHP Securities. Please go ahead.
- Smit Shah:** Yeah. Hi, Sir. I wanted to ask about our technical plant when it ramps up quite high, at peak utilization how much margins are it reach?
- Vinay Joshi:** At Peak utilization, we are targeting around 450 crore sales. In addition to the captive consumption, and that we are targeting around FY28 onwards.
- Smith Shah:** OK. What margin profile?
- Vinay Joshi:** So, once it will reach optimal utilisation, then we are targeting margin of around 15 to 18%.

**Smith Shah:** OK, OK. Understood. And what is the status on the subsidiary of Rs. 2.5 crores that we were to receive from the Gujarat government?

**Vinay Joshi:** So initial approval we got and we have submitted all the documents. We are hoping that by Jan-Feb we will get the final approval of the subsidy, but primary approval we've already received from the government.

**Smith Shah:** OK. And Sir, about the formulation business, did you mention that for FY25, a 15% growth will be seen?

**Vinay Joshi:** That is on B2C segment.

**Smith Shah:** OK. Got it. Thank you so much.

**Moderator:** The next question is from the line of Nirav Jimudia from Anvil corporation. Please go ahead.

**Nirav Jimudia:** Yeah. So, thanks for the opportunity, Sir. I have two questions. Firstly, if we see the Gujarat market then this time, cotton and soya bean has been impacted a lot in terms of crop so how much will our exposure be in these 2 crops and if we see along with that, potato and onion production has increased, farmers have had very good production, even price realization so if you can explain product wise, how is our overall product portfolio in the formulation side, how is our exposure in these 3-4 crops, this is my first question, Sir.

**Vishal Domadia:** If we talk about Cotton and Kharif in H1, Cotton and Kharif has major exposure in Gujarat so we got slightly impacted in cotton but soya bean and groundnut, we did good. But, the continuous rainfall in August and September caused the last suffer. Now, next season will be of Potato and Rabi season. So, we have exposure in potato in UP, Gujarat and Bengal, we have product also, network also so we will get good benefit from it.

**Nirav Jimudia:** And Sir, the 15% volume growth which you were mentioning in H1, do we factor in the sales return?

**Vishal Domadia:** Yes, yes.

**Nirav Jimudia:** OK, so, Sir, in the first year, how was the sales return? Did it increase in comparison to last year or was it at similar levels if you can throw some light on that?

**Vishal Domadia:** Nirav bhai, we have negligible sales return around 1.5% in that because our policy is only that so there are no sales return policy as such, last H1 to current year H1.

**Nirav Jimudia:** And Sir, secondly, I wanted to ask like predominantly, our revenue comes from Gujarat. So, if we talk about the market, Gujarat market is

around 1,800-2,000 crores market. And if we talk about farmers, farmer penetration in terms of the number of products we offer is also important. So, if you can share our farmer penetration, in terms of, number of farmers is how much and our sales levels as per the Gujarat market?

**Vishal Domadia:** If we look at Gujarat, from previous H1, we are in growth only in B2C and farmer penetration is more than 2,00,000 customers.

**Nirav Jimudia:** So, Sir, what will that size be like there are 2 lakhs so what is our penetration because in that farmer education, meeting with the farmer, their understanding about crops because all these play out like there's a population of farmers, how much will our share be in that population? Like you mentioned 2 lakhs, so much % will that be?

**Vishal Domadia:** Nirav bhai, in Gujarat if we see, then it will be around 10% but any farmer reach market share. Farmers do not use products of one company at 100% they mix the products.

**Nirav Jimudia:** And Sir, last 2 questions were as we spoke on the technical side like all the insecticides like Cypermethrin, Alphacypermethrin and Deltamethrin, if we look from April to September then there price increases so is this a correct assumption that prices had increased and we also have got a little benefit from it or is it a wrong assumption?

**Ramesh Talavia:** We have also got like April to August, there was a price increase.

**Nirav Jimudia:** Ok. Sir, how much would that be on an average?

**Ramesh Talavia:** It was not at an optimum level how much it should have been, but there was some benefit we got as prices rose and after that again, it started coming down in September season as it was a slack period and there was not much demand in Exports also because of which it went down in September.

**Nirav Jimudia:** And Sir, last question is that if we see in India, the water-soluble side penetration level is less so going forward do we have any plans to bring in new products and along with our portfolio, it could be in added one because of which our sales also increase and margins can also improve?

**Ramesh Talavia:** We already have our thought process and we have nutrition based as you said fertilizer, so nutrition based, we already run a portfolio of 7-8 products and next year, we will improve by adding new products and working more on nutrition-based product because we had executed an industry survey where it showed nutrition based is a growing market.

**Nirav Jimudia:** And Sir, is the turnover substantial or can we not talk about it now?

**Ramesh Talavia:** Right now, we do not have much because once we focus on the product range then it will be growing and the products that we are already doing are in good volume like this year, we had started Bio-organic potash and boron, zinc, Sulphur segment so these products are in our pipeline and we are doing already so there will be growth in this and will do more additions too. Now, next liquid fertilizers are coming in and we have already started 2 products of Liquid fertilizer and we are working on that because it can be used in spraying as well as drip irrigation.

**Nirav Jimudia:** Thank you so much, Sir, and wish you. All the best.

**Moderator:** The next question is from the line of Siddharth Agarwal from Prudence value. Please go ahead.

**Siddharth Agarwal:** Hi, good afternoon, Sir. Sir, I would like to understand the sales reach and the response in regards to the new geographies we have entered into plus the production of our plant will increase in technical so in next year, how are we planning with new geographies, new products, what is our planning to improve the utilization of our plant and to improve our sales growth, which we are saying normal markets we expect 25-30% growth, so for that what are we doing from the sales side on the ground or at the company level?

**Vishal Domadia:** As you said, we have launched in new geographies, from which Karnataka and Orissa is almost appointed with a channel and in Telangana, it is in the development stage and next year and Rabi season will also have opportunity so we will benefit from all.

**Siddharth Agarwal:** Sir, can you explain a little more in detail like in Karnataka, Orissa on the ground, how many districts

**Vishal Domadia:** In Orissa, generally there are 4 territories which almost covers the entire state and if we see in Karnataka, it is still going on in South. Maharashtra side, we have launched.

**Siddharth Agarwal:** So, if we plan for our sales growth of 25% for next year, then what will our expectations be from the new geographies?

**Vishal Domadia:** It will come in combination. The four states that we have launched in, we expect 15% of B2C to come from here and where we have launched before this year in UP, Haryana, we expect growth and also from the new products. So, growth will come from all three combinations.

**Siddharth Agarwal:** So, how has the response been from UP and Haryana?

**Vishal Domadia:** All responses have been good. What are you specifically asking for? Farmer response, repeat demand?

**Siddharth Agarwal:** Farmer demand.

**Vishal Domadia:** Wherever we have reached, all those places we have got repeat demand from the farmers and now we are also reaching new farmers.

**Siddharth Agarwal:** And finally, Sir you mentioned that sales did not happen in September because of the season so does that mean that inventory level in the industry will also be quite high since everyone would have stocked up at the ground level and will be impact the sales in the coming quarter or two?

**Vishal Domadia:** The adverse condition in the past 2 years and inventory levels are controlled And like Sir mentioned earlier, molecules for both are different, there is no one in the market who has kept inventory of 20-30%. So, there will not be any impact in H2.

**Siddharth Agarwal:** On the ground inventory, it is not too much. It is not that the stockist will have the inventory next year.

**Vishal Domadia:** Right.

**Siddharth Agarwal:** Thank you.

**Moderator:** Thank you. We'll take the next question from the line of Ketan Athavale from Robo Capital. Please go ahead.

**Ketan Athavale:** Hello. Thank you for the opportunity, Sir. In our last call, we had given a guidance of revenue growth of around 25-30% with margin improvement of 1-1.5%. So, are we still holding this guidance?

**Vinay Joshi:** See this because price realization is reduced so the margin what 1 to 2%, we are expecting for this year, we may not see but of course GP margin, we are seeing improvement. In EBITDA margin, we may see going forward that initial margin of 1 to 2% and once we reach the optimal utilization in next three to four years then we'll see almost around 4% margin improvement.

**Ketan Athavale:** Ok Sir. But is it possible at EBITDA margin level FY24 level can be maintained or is there a chance of it going lower?

**Vinay Joshi:** H1 level, more or less we will maintain at same level.

**Ketan Athavale:** OK.

**Moderator:** Thank you. We'll take the next question from the line of Manthan from Alpha Wealth. Please go ahead.

**Manthan:** Hello. Thank you for the opportunity. My question is that how much of our sales is coming from Gujarat?

**Ramesh Talavia:** 25% in B2C.

**Manthan:** And from other states like UP, Haryana?

**Ramesh Talavia:** 2<sup>nd</sup> will be Maharashtra; 3<sup>rd</sup> will be MP and 4<sup>th</sup> Rajasthan. We are more focused on the West right now.

**Manthan:** Ok. And in which year can we have a substantial revenue from Karnataka?

**Ramesh Talavia:** Financial year 27. The next-to-next year.

**Manthan:** Ok.

**Moderator:** Sir, do you have any further questions?

**Manthan:** No, nothing from my side.

**Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta:** Thanks for the opportunity. Sir, if you can share some insights on our retails sales B2C state wise contribution and in the next 2-3 years, what growth can we expect?

**Ramesh Talavia:** We will have normal growth in Gujarat but from Maharashtra, MP and Rajasthan, we will see major growth, also we are focusing on UP which is a growing market and South India which has almost 40% potential of the market on which also we will be focusing.

**Ankit Gupta:** Ok, so Gujarat we should consider growth of 10% and how is the contribution from other states, MP, Rajasthan and Maharashtra?

**Ramesh Talavia:** MP 12%, Maharashtra 12% and Rajasthan 9%.

**Ankit Gupta:** Ok. So how much growth do we expect from these in next 2-3 years?

**Ramesh Talavia:** More than 30%.

**Ankit Gupta:** And how much does Gujarat? Sorry I missed it.

**Ramesh Talavia:** 34%

**Ankit Gupta:** 34% and here we can expect a growth of about 10%?

**Ramesh Talavia:** Yes.

**Ankit Gupta:** Ok, and Sir, as you mentioned, South is a big market and UP, so how much...?

**Ramesh Talavia:** Right now, our sales is only more than just double, triple.

**Ankit Gupta:** Ok, thank you.

**Moderator:** Ladies and gentlemen, that was the last question for today on behalf of Dharmaj Crop Guard Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line. Thank you.