



4th November, 2025

Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G. Block,
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Bandra East, Mumbai-400 051

Corporate Relationship Department
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Symbol- DHANUKA

Scrip Code : 507717

Sub: Transcript of Conference Call held on 31st October 2025 with Analysts/ Investors to discuss Un-Audited Financial Results of the Company for the Quarter & Half-Year ended on 30th September 2025.

Dear Sir,

In pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015, Please find enclosed the Transcript of the Conference Call held on 31st October, 2025, which was hosted by Antique Stock Broking Limited via telephonic mode with Analysts/ Investors to discuss Un-Audited Financial Results of the Company for the Quarter & Half-Year ended on 30th September, 2025.

Please take the above information in your record.

Thanking You,
Yours faithfully,

For Dhanuka Agritech Limited

Jitin Sadana
Company Secretary and Compliance Officer
FCS-7612

Encl: a/a



Dhanuka Agritech Limited
Q2 & H1FY26 Earnings Conference Call
October 31, 2025



MANAGEMENT: **MR. M.K. DHANUKA – CHAIRMAN – DHANUKA AGRITECH LIMITED**
MR. RAHUL DHANUKA – MANAGING DIRECTOR -- DHANUKA AGRITECH LIMITED
MR. HARSH DHANUKA – EXECUTIVE DIRECTOR – DHANUKA AGRITECH LIMITED
MR. V.K. BANSAL – CHIEF FINANCIAL OFFICER – DHANUKA AGRITECH LIMITED

MODERATOR: **MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to Dhanuka Agritech Limited Q2 and H1 FY'26 Earnings Conference Call, hosted by Antique Stock Broking Limited. 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 call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking Limited. Thank you, and over to you, sir.

Manish Mahawar:

Thank you, moderator. Good afternoon, everyone. I'm pleased to host today's earnings call of Dhanuka Agritech. We have leadership team represented by Mr. M.K. Dhanuka, Chairman; Mr. Rahul Dhanuka, Managing Director; Mr. Harsh Dhanuka, Executive Director; and Mr. V.K. Bansal, CFO on the call.

Without any delay, I would like to invite Mr. M.K. Dhanuka to start with opening comments, post which we will open the floor for Q&A. Thank you, and over to you, Dhanuka Ji.

M.K. Dhanuka:

Thank you, Manishji. Good afternoon, ladies and gentlemen. I'm M.K. Dhanuka, Chairman of Dhanuka Agritech Limited, and I welcome you all to the Q2 FY '26 earnings call. I have with me Mr. Rahul Dhanuka, Managing Director; Mr. Harsh Dhanuka, Executive Director; and Mr. V.K. Bansal, CFO of the company. On behalf of whole Dhanuka family, I would like to convey Season's Greetings to you, and I trust Diwali was a time of joy -- family bonding for all of you.

As you are aware, Dhanuka Agritech is a leading Indian agrochemical company. Dhanuka is working with the vision of transforming India through agriculture. We have a pan-India presence in all major states to reach out to more than 10 million farmers with our products and services.

Dhanuka's key focus has been on introduction of novel chemistries and extensive product development, distinguishing us from the rest of the industry. With four manufacturing units and 41 warehouses across India, we cater to around 6,500 distributors and 80,000 retailers.

Dhanuka has a strong sales and marketing team to promote and develop new products. Dhanuka, with two R&D laboratories, has world-class NABL-accredited laboratory, as well as an excellent team, for new product registration and development. Dhanuka has international collaboration with 10 leading global agrochemical companies from Japan, US and Europe, which helps us to introduce the latest technology in India.

During this quarter, abnormal and uneven rainfall distribution led to significant crop losses in various states. Some regions experienced excess rainfall, while others faced deficient showers, creating uneven soil moisture conditions. Crops in waterlogged areas suffered significant damage, reducing the application of agrochemicals.

These conditions delayed harvesting and the application of crop protection product, limited pest infestation due to heavy rain washing off the pest, resulting in lower demand for agrochemical products from farmers.

We are happy to inform you that we have received the registration certificate of Ipflufenquin for indigenous manufacture under Section 9(3) duly approved by the Secretary, CIB&RC for use in transplanted paddy for the control of leaf blast and neck blast. This product is introduced in collaboration with Nippon Soda, Japan.

We have also introduced a biostimulant by the name Wardu recently to enhance our nutrition portfolio. We are soon expecting clearance of our existing biostimulant products as per the new government guidelines. And then, we will start the sales of the biostimulants also, which is being stopped by the Government of India due to some regulations.

Further, I would like to share that we have started trial production of second product from Dahej plant. We expect this product to help us increase the revenue from Dahej plant. Also, our sales of Bifenthrin Technical from Dahej is on track and in line with our annual objective.

Now, moving onto financial performance for the last quarter, our revenue from operations stood at INR598.25 crores in Q2 of FY '25-'26 versus INR654.28 crores in Q2 of FY '24-'25. EBITDA stood at INR136.73 crores in Q2 of FY '25-'26 versus INR159.58 crores in Q2 of FY '24-'25. Profit after tax stood at INR93.97 crores in Q2 of FY '25-'26 versus INR117.52 crores in Q2 of FY '24-'25.

Zone-wise share of turnover for Q2 of FY '25-'26: North India, 30%; East India, 13%; West India, 24%; and South Zone, 33%. Product category-wise share of turnover for Q2 FY '25-'26: insecticides category, 46%; fungicides, 29%; herbicides, only 9%. This is the herbicides category which has hit the top line of the company in this quarter to the maximum. And others is 16%.

We consider ourselves responsible towards securing the farmers' welfare and preserving food security of the nation. We continue to strengthen our association with the agriculture universities, Krishi Vigyan Kendra and other physical institutions to impart knowledge and latest technology to the farmers.

Thank you very much for your kind attention. And now, we would like to open the forum to take the questions. Thank you.

Moderator:

The first question is from the line of Darshita Shah from DSP Asset Managers.

Darshita Shah:

My first question was regarding the second product that we are manufacturing at the Dahej plant. if you could share which product this is? And what size are we expecting this to reach over the next few years?

Harsh Dhanuka:

Yes. Thanks. This second product is Difenconazole, which we have started trial production and expecting to scale up as we stabilize this new product. The potential for this molecule, we are right now restricting to India because the -- for the international markets, the cost from China is lower. So, we are not planning to compete in the international markets. We believe, for the Indian market, the potential to be close to 200 metric tons.

- Darshita Shah:** Okay. Got it. And for both Bifenthrin and Difenconazole, the margins will be around -- I mean, once the scale-up is done, what kind of margins do you expect?
- Harsh Dhanuka:** Similar margins that we are having right now. For both Bifenthrin and Difenconazole, similar margins will be there.
- Darshita Shah:** Got it. And my second question was regarding the herbicides segment being hit the most, as Dhanuka-ji mentioned. Was it specific to one product where we had excess inventory or was it the entire segment altogether?
- Harsh Dhanuka:** We faced this challenge of herbicide almost across the board for all our specialty herbicides in soybean, groundnut, cotton mostly. So there was this challenge. However, paddy herbicides and total weed killers, they did really well in spite of the challenge. But specialty herbicides in major crops took a beating.
- Darshita Shah:** Got it. And was this more to do with the crop acreages being down or rainfall-related issues there? Or is it a more broader issue with respect to farmers shifting away from specialty products and going -- using more of generic products, considering the lower prices?
- Rahul Dhanuka:** No, farmer has not shifted to generic products. That's not the case. What has happened is that in the earlier application window, it was a dry period in quarter 1. And subsequent application window, it did not stop raining. So farmer did not get an opportunity to apply the herbicides in cotton, soybean, groundnut, these crops. Farmer has certainly not shifted to generic choices.
- Farmer makes a decision based upon the weed profile and the right product. At Dhanuka, we are able to offer a spectrum of products, a choice of products within herbicide segment also to the farmer, depending upon the profile of weeds each farmer has. However, the climatic situation has not allowed an application window.
- Darshita Shah:** Got it. That's clear. And just one last question regarding sales returns. Have we taken all the -- impact of all the sales returns that we had in the second quarter? And is the channel -- I mean, how filled is the channel now specifically for Dhanuka, like for Dhanuka's products?
- Rahul Dhanuka:** Right. So, talking about Dhanuka, we enjoy a very deep and intense relationship with our channel, and we work very closely with them in terms of rotating the unsellable inventory and giving them fresh product or what is going to come next. So, we clean out our sales return as soon as possible and as fast as permitted and then load the channel with what is coming next.
- Moderator:** The next question is from the line of Viraj from Simpl.
- Viraj:** Just a couple of questions. First is, can you give the breakup of domestic B2C sales and sales from B2B business, Dahej in the quarter, both sales and EBITDA?
- Vinod Bansal:** You see, Dahej sale is not very significant. It is around -- sorry, it is around INR22 crores of Dahej -- in terms of Dahej sales. And in terms of EBITDA, there is a nominal EBITDA loss around INR46lakhs of Dahej in this quarter.



Viraj: Okay. Got it. So sir, we also -- I think last quarter, we talked about us consolidating Bayer sales. So, one, there would be a royalty income, which is typically we report as a part of revenue.

And second, we will also be consolidating the business, the P&L in different phases during the year. So, for the quarter gone by, was there any consolidation played out in the numbers for Bayer -- to Bayer products? And similarly, if you can give the royalty income figures?

Vinod Bansal: Quarter 2 royalty income was not significant. It is around INR4.5 crores. And in terms of the consolidation of the revenue, in terms of export, nothing has happened so far now in quarter 2. But yes, for the indigenous business of Melody Duo, it has happened from the quarter 1. It is happening from the quarter 1.

Viraj: So, of the, say, roughly INR200 crores sales for both the products of Bayer, how much will be the India business?

Vinod Bansal: India, we were expecting around INR30 crores.

Viraj: Okay. Got it. Now, see, so if I adjust the B2B sales of INR22 crores and even adjust for the royalty income, I think we've seen a degrowth of roughly around 12% in the domestic B2C piece. So just trying to understand, one, was it largely the impact of herbicides portfolio in this or something on -- the ban on the bio products, the plant growth nutrients? Between the 2, which was the larger factor in terms of the hit on the sales?

Vinod Bansal: See, larger of part of herbicide, but yes, there is an impact of the biostimulant as well.

Viraj: How much would that be, sir?

Vinod Bansal: Biostimulant portion, we can say in the quarter 2 is around 2.5% to 3%.

Viraj: Of the sales. So roughly around, say, INR20 crores-odd hit on sales?

Vinod Bansal: More than INR20 crores.

Viraj: Okay. And this -- should we expect a normalized sales starting in Q3, or it will take some time for us to normalize?

Vinod Bansal: No, no, the impact of biostimulant will be in Q3 and Q4 as well, but bigger impact was in Q2.

Viraj: Got it. Now, just last question I had. I'm just trying to understand, see, bio products typically carry a higher margin structure. And similarly, it has been the case with herbicides. But if you look at our own contribution margins, gross margins in this quarter, they have largely been flat for us, right?

Vinod Bansal: Yes.

Viraj: I'm just trying to understand -- because even the new product contribution has also been kind of flattish Q-on-Q and both year-on-year. So, I'm just trying to understand what is driving this better margin?



- Vinod Bansal:** You see herbicides, we have a big range of molecules. There are certain molecules we are having average margins; some is good and some is low. So, in the case of herbicide, many molecules, which are having less margin, their sale has badly impacted this time.
- Moderator:** The next question is from the line of Rohit Nagraj from B&K Securities.
- Rohit Nagraj:** Sir, first question again on the Bayer set of products. So earlier, we had indicated that this year, the royalty income could be in the range of INR15 crores and overall sales would be in the range of INR100 crores. So where are we now after 1H? And do we stick to the same guidance? Or we'll have to revise it based on the first half performance?
- Harsh Dhanuka:** Yes. Thank you, Mr. Rohit. The revenue other than the India market has not started coming in as yet, as we are taking some longer time to establish the distributors and the registration transfers in various countries. So, we will continue to get the royalty because Bayer is continuing the business operations on behalf of Dhanuka.
- So, the royalty figures will get revised upwards. Already we have received till now, till H1, INR13.5 crores royalty. And for the rest of the year, there will be more. And the revenue will have to be revised downwards.
- Rohit Nagraj:** So, are we expecting any revenue this year? Or probably a large part of it will be recognized only in next year?
- Harsh Dhanuka:** Large part will be realized in the next year. In this year, we are expecting very few countries to be transferred.
- Rohit Nagraj:** Perfect. That helps. Second question, in terms of the EBITDA margins, given that earlier also, we had indicated that there will be some slippage during this year because last year was extraordinary, so do we stick to that guidance? And hopefully, this year, again, I mean, the same guidance remains of 100 bps decline or there will be more pronounced decline, based on the first half performance?
- Vinod Bansal:** Yes. In terms of EBITDA, you see earlier, we were giving the basically 100 bps decline in the GP margin. Now we are revising. So now, we are seeing our gross margin will remain the same as per the actuals of '24-'25. So now, we are expecting the impact on EBITDA margin, approx. 100 basis points.
- Rohit Nagraj:** Sure. That is helpful. And last question, in terms of Dahej scalability. So, we were expecting that FY '26, we will be able to break even. And you also alluded second quarter, there was a marginal loss. So are we on track to achieve the revenue number, as well as the breakeven or slightly better profitability?
- Harsh Dhanuka:** So, revenue, we are on track for this year. But EBITDA profitability, we -- last call, we mentioned FY '27. So we are trying for FY '27. Right now, it is challenging looking at the current environment, but we are still trying for FY '27 EBITDA positive. Revenue for the FY '26, we are on target on our annual projections.

- Moderator:** The next question is from the line of Archit Joshi from Nuvama Wealth.
- Archit Joshi:** So, first question, I think, on the PPT, you have mentioned that you're expecting a flattish revenue performance in FY '26. And given that first half has also been flattish, but the expectation for second half, given that the moisture content will be quite good, coupled with very good levels of water availability, should this be a more conservative way to look at the second half?
- Rahul Dhanuka:** So, second half would be relatively better, of course, because of good moisture in the soil, good water in the reservoirs and the commitment to grow the agriculture sector by the government also. Yet, October has not done well as a carry forward of kharif and as opening of rabi.
- So, with that, I think so we are well placed in terms of our initial forecast of H2, and I think so that's how it will be. October rainfalls, and then add to it the impact of recent Cyclone Montha, that has really pushed forward the positive impact that rabi should have started giving by now.
- Archit Joshi:** Understood. So, this judgment is basis what we are seeing in October despite the macros in India still being very favorable, is that correct?
- Rahul Dhanuka:** Macros are absolutely favorable. That is one thing. And this judgment is not only based on the October situation, but the judgment is also based upon the change in the micro factors of the farmers' economy in short term. So for example, Maharashtra soybean is still playing below MSP.
- And due to heavy rainfall, there has been crop damages in Andhra, Telangana, some parts of Maharashtra, a large patch of Punjab. All this is going to impact in a way, giving rabi a slow start or a delayed start, which could also probably impact farmers' investment sentiment in short term.
- Archit Joshi:** Sure, sir. Got it. Sir, I have one more question on our longer-term strategy maybe, given that we have 2 -- hopefully 2 manufacturing -- or rather 2 products that we'll be manufacturing. We, I think, always wanted to have some sort of partnership or an arrangement where we could utilize these assets in Dahej in the form of contract manufacturing or something of that sort.
- But I think over the last 3 years, I don't think any company in India, at least from a CDMO perspective, has been able to generate a decent ROE, or has been able to grow that well. Does our strategy still hold intact that we will keep scouting for such products or try to deepen our relationship with the Japanese guys that we have been working with for over decades, and should that translate to any material opportunity? So given the industry dynamics, do we still wish to pursue that? If you may answer that?
- Harsh Dhanuka:** Thank you for that question. Yes, we truly believe that India has a manufacturing opportunity, especially for chemicals. And within chemicals, agrochemicals is a bright and very lucrative opportunity. As we know, especially in Europe, US, Japan, all these locations, any new investments are very challenging.

So, a lot of manufacturing is already coming to India. Dhanuka has not been able to capitalize on such opportunities coming till now, but we are in constant communication with our partners. There are some green shoots which are visible, some discussions which are going on. And we are hopeful that in future, we'll be converting some of these opportunities into business results.

Archit Joshi:

Sure, sir. One last one, if I may squeeze in. The Bayer arrangement that we have had, I don't think that exactly falls under the gambit of doing any toll manufacturing or contract manufacturing.

So such kind of opportunities also would be welcome, given that I think the margin profile of these two generic products was a little tad lower than what generally companies make in CMO or CDMO? Would those also be evaluated in the future? That would be my last question.

Harsh Dhanuka:

We are not closed to such opportunities in the future. We can explore, depending on what kind of opportunity comes our way. In this -- yes, contract manufacturing is not there. But definitely, we will be manufacturing at least one of the products in Dahej in the future.

Moderator:

The next question is from the line of Prashant Biyani from Elara Securities.

Prashant Biyani:

Sir, with a recent round of cyclone on the Eastern Coast, have we heard of any crop damages which can lead to kind of seed shortages that we saw around 2 years back?

Rahul Dhanuka:

So crop damages are certainly there in terms of -- not only on the Eastern side, earlier in Punjab also, yet -- am I audible?

Prashant Biyani:

Yes.

Rahul Dhanuka:

I am. Right. So we have seen -- now the seed has grown, of course, on the eastern side of Andhra and Telangana. So there could be some impact. Yet, as of now, we have not heard of any seed production damage or the impact, which is on the eastern side, yet away from the coast. So more about it probably later.

Prashant Biyani:

And sir, start-up of rabi has probably been soft all across or any specific pockets you were referring to earlier?

Rahul Dhanuka:

See, it has rained excessively in Punjab, in Haryana, in Rajasthan, where rabi would have started early as compared to rest of the country. It starts with north. So yes, it has been, as of now, soft and slow in terms of rabi starting and rabi linked investments starting.

Prashant Biyani:

Sir, just lastly, typically, crops grown in North, primarily wheat and all, if there is continuous drizzle or drizzle in pockets, say, maybe in some weeks or so due to intermittent La Nina formation, would those kind of rainfall be negative for the crop quality?

Rahul Dhanuka:

It really depends upon when it is happening. So any rainfall after the sowing is like really, really beneficial to the North crops. And any rains almost for 30, 40 days will only bring cheers to the farmer in the wheat belt, so in the mustard belt, in the gram belt, which is the Bengal gram. So, all this is -- after sowing, if it's raining, no harm.

But when it rained in October, when it was the peak of paddy harvesting, harvested paddy in the fields, ready to harvest paddy, mandis full with things, so all that was like really difficult and challenging for the farmer, which has slowed down the harvesting activity, which has slowed down the cleaning the field activity, which will delay the payment rotation and cycles. So all that is kind of pushing the rabi forward.

Moderator: The next question is from the line of Himanshu Upadhyay from Steadfort Investment Managers.

Himanshu Upadhyay: I had a question. At the point of the two brands' acquisition from Bayer, we had thought of getting product manufactured in India. Now what is the progress there? And by when do we think we can start the manufacturing?

Harsh Dhanuka: Yes. So out of the two products, Iprovalicarb, we are planning to manufacture in India, and this will start in FY '27.

Himanshu Upadhyay: Okay. And second question is slightly broader in terms. In the last 5, 6 years, we have been working on two ventures, okay, or two efforts. One is backward integration and getting more backward integrated. And second is acquisitions like Bayer's or brand and to grow our exports business.

What is the thought process on evaluating opportunities now after both these two steps? And having seen the -- tasted some -- tested some time in the market, what will be our strategy? And are we still thinking of acquiring brands? Or do you think it is still time to make a clear judgment? And also, on the backward integration part, where are we in that whole journey?

Rahul Dhanuka: We're here in a growing market -- sorry, I missed your last point.

Himanshu Upadhyay: So where are we in our thought process now on both these things?

Rahul Dhanuka: Right. So, A, we are in a growing market, and these are all growth opportunities which we are trying to capitalize. Yes, all these opportunities, as you would appreciate, are relatively having a long gestation period. So, that goes with that.

We have not only a debt-free balance sheet, we have a significantly strong balance sheet, which positions us well in terms of continuing to explore backward integration, as well as acquisition opportunities. So, while we are not going crazy with that, we are also not averse to a good deal on the horizon.

Himanshu Upadhyay: And are we getting such deals more? Or what is the thought process...

Rahul Dhanuka: These are two different questions -- yes, two different questions. Are we getting such deals? Well, may I ask you to refer some good ones to me. And the thought process is, if we get a good one, we are open to explore.

Moderator: The next question is from the line of Sanjay K., an Individual Investor.

Sanjay K.:

Yes. So, my question is like I'm not expert in agriculture, but what I'm seeing that there is a lot of impact or changes into the seasons because of the extended monsoon. And kharif would have probably -- the sowing should have ended and harvesting should have started.

But because of the extended rain, are we seeing that the kharif is extended or it's kind of getting merged into rabi and the whole season is getting shifted -- is shifting? And it will be -- even rabi will be shifting a little bit 1 or 2 months down the line. And how that will be impacting Q3 and Q4 for the company?

Rahul Dhanuka:

Right. You are a surprise entrant and a welcome one to the call as an individual investor. Really appreciate you being here and asking this question, which certainly doesn't appear like not knowing agriculture. You really do understand agriculture is what I can get from your question. Yet I'll make an attempt to what I know.

We would kind of peg end of kharif region by region as harvesting completes. So, we can say that for farmer, kharif is over when harvesting is over. In many parts, because of October rains, harvesting is delayed. So yes, kharif is delayed.

Second part is rabi. So, we can say rabi has started when farmer is getting into sowing. So, some parts, because harvesting is not yet complete, sowing has not yet started. Kharif is not yet over and rabi has not yet started. So yes, that is how this window of October is playing out. Especially in North India, in the wheat belt, in the Bengal gram belt, in the mustard belt, that's how it's playing out.

In some parts of South India, Maharashtra and South of India also, the recent cyclone has impacted ongoing crop itself where the maturity and the harvesting would have come sometime in November. So there, the impact assessment will come in over the next few days for us to understand how much is the negative impact and what is the positive impact of these rains. As of now, October business has not happened. And hopefully, it has moved to November.

Sanjay K.:

Sure. So, does that mean that usually, whatever business happens in November and December, because of this delayed thing, the business should be better because the harvesting will be happening delayed and something -- delayed in November and December? So, it is possible -- I mean, is it possible that the business should...

Rahul Dhanuka:

Yes, it is possible that November-December is unusually better.

Moderator:

The next question is from the line of Siddharth Gadekar from Equirus.

Siddharth Gadekar:

So first question is on acquisitions. Are we evaluating FMC's India business by any chance? And could you throw some light, with FMC exiting the India business, what kind of opportunities does it open up for players like us?

Rahul Dhanuka:

Siddharth, you will not really want me to answer either in yes or no for the previous question. So, I'll skip that. And I'll jump to the next one, which is the opportunity by -- created by FMC's exit. So, I'll first dwell upon why the exit could be happening and why entry or the exits happen.

So, the entry happens because India is a growing market. It offers still about 7% to 8% growth opportunity in agri input industry, which keeps Dhanuka and everyone else probably excited. At Dhanuka, we have kind of registered almost a 7% CAGR over the last 5 years, and we continue to bring in really new and powerful products in herbicide, fungicide, insecticide segments.

And now, we are bringing some good products for biostimulants also, which is dependent -- which is like driving the growth opportunity of the Indian agriculture. Yet, the market dynamics of managing a difficult season in terms of inventory, as well as in terms of receivables, is what decides your cash flow, what decides your working capital, the business prudence, ability to manage the downside, is what would probably differentiate in terms of who will survive and who will not.

Siddharth Gadekar: Sir, just one more follow-up question on this. So in terms of FMC, is the brand value still very relevant in the market for someone to hire that brand? Or the acquisition in your sense would be more for the newer products?

Rahul Dhanuka: I would really have to resist answering that, Siddharth. Commenting on another organization is not a usual practice with Dhanuka.

Siddharth Gadekar: Okay. Secondly, on Difenconazole, just wanted to know that in terms of sourcing the raw material, we would be sourcing raw material from India or we would be dependent on China on that? And how many steps are we going to be doing in India?

Harsh Dhanuka: Yes. So the raw materials are being sourced from China. We are doing currently 4-step process. So we're starting from n-4. And we are also evaluating developing some suppliers for the raw materials in India.

Moderator: The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking Private Limited.

Bhavya Gandhi: Sir, if you can just highlight on the -- I just missed out on the impact of biostimulant. If you can throw some light on what is the regulation, why are the biostimulants being banned or being -- requiring permissions for further sale and all that? And is there any substitute available to the farmers? If you can throw some light on the entire scenario of biostimulant, that will be great.

Rahul Dhanuka: So the financial impact we shared already of the biostimulant in quarter 2 is slightly more than INR20 crores. Yes. And could you repeat the second part of the question?

Bhavya Gandhi: Sir, what is the exact scenario of biostimulants? What is happening in the agrochemical ecosystem that biostimulants are not being allowed to be sold? Or what is the future of biostimulants, if you can throw some light on that?

Rahul Dhanuka: Right. So, no, it's not that biostimulants are not being allowed to sold. Biostimulants were out of a regulatory emit before this happened. Almost 2 years back, Government of India tried to bring in a regulatory framework in terms of how to drive quality control, production and distribution of biostimulants. I think so this regulatory framework is relevant. Yet it has been implemented, A, suddenly, and B, without adequate consultation with the industry and other stakeholders.

Still, moving forward, Government of India, over the last few months, has opened up various biostimulants, more than 146, if I'm not wrong, with their quality control testing methodologies and also sharing the list of laboratories where the biostimulants can now be tested for their quality. And the farmer cannot be taken for a ride by fly-by-night operators and unscrupulous elements.

At Dhanuka, we also have applied for approval of our proprietary biostimulants with the regulator, and we are awaiting its clearances. The regulator, of course, has a long queue of a few thousands. We are somewhere there in the queue. And we'll be launching our biostimulants as soon as we are getting those clearances. Having a regulatory framework is always good for organized and structured and ethical players like Dhanuka.

Bhavya Gandhi: Got it, sir. So can we assume like it will be like a 3, 4-quarter phenomenon, and post that, you'll be able to resume? And as you said, organized players will stand to benefit in the longer run. Is that the right understanding?

Rahul Dhanuka: Absolutely, organized players stand to really gain and benefit in immediate terms, I would say.

Bhavya Gandhi: Okay. And how soon can we expect the sales to start picking up?

Rahul Dhanuka: I would assume, if not last quarter, first quarter next year for sure.

Moderator: The next question is from the line of Riju from Antique Stock Broking.

Riju: So a few bookkeeping questions in terms of the Bayer products revenue in India market for the H1, if you could indicate that number.

Vinod Bansal: Yes. You see, Bayer molecules is around INR25 crores in the first half of this financial year.

Riju: Okay. And sir, earlier, we have stated that INR100 crores kind of revenue from the Bayer products in our book in FY '26. So, is this number we are going to -- going to frame that number because most of the geographies are not -- we haven't got the registration? So how we should look at the total revenue number for these two products for the entire year?

Vinod Bansal: You see, in the entire year, yes, you're right, we're expecting around INR100 crores business, which should come in the Dhanuka's books. But because of a little delay in the registration process, exports will be -- is not coming significantly in this financial year. So the number would be in the range of around INR40 crores in this financial year probably.

Riju: INR40 crores including the India revenue that we have recorded of INR25 crores, correct?

Vinod Bansal: Yes.

Riju: And sir, in terms of the rabi season that you have indicated the strong growth we are expecting for the rabi season, but if I do the math in terms of INR40 crores revenue from the Bayer product, I think we are expecting H2 run rate of only 1%. So if you could explain this like the lower growth assumption for the H2 in our domestic business?

Harsh Dhanuka: INR40 crores is for the whole year. For the Bayer products, what Bansalji mentioned, INR40 crores revenue is for the whole year, not for H2.

Riju: Got it, sir. For the whole year...

Management: Already done in H1. So H2 is only INR15 crores from Bayer products.

Riju: Okay. And sir, if I calculate this thing, so I think our H2 run rate for the domestic business, excluding H1 and including Dahej business, should -- revenue should come roughly around INR890 crores -- maybe INR900 crores, if I look at your guidance of maintaining the '25 revenue numbers or the flat growth for the '25.

So, our H2 revenue should be around INR900 crores, and it is somehow flattish compared to the last year H2 number, so -- in spite of a strong rabi season perspective and we are expecting a bit of slower growth in the H2. So if you could explain that thing?

Vinod Bansal: You see, when we are saying our annual number would be flattish, you are seeing in the H1, there is a negative of around INR21 crores, right? So if we recover that, there, we are expecting around 2% to 3% growth in the H2.

It's broadly impacted -- you see, October was not absolutely good in the second half of this financial year because of which the second half growth is impacted significantly. So we are expecting bare minimum should be 2% to 3% growth in the H2, so that our annual number would be almost flattish.

Riju: Understood, sir.

Vinod Bansal: Another impact would be the biostimulant as well in the H2 as well.

Riju: Got it. So biostimulants and the overall period for the month of October, so that might impact rabi season growth. Does it make sense, sir?

Vinod Bansal: Yes, absolutely.

Riju: Yes. So, sir, in terms of royalty, so earlier, we have guided royalty only for the H1. I think for the H2, our royalty income will show. So how much we can look for the number for royalty income in H2?

Vinod Bansal: See, last year also, royalty income was there in H2. So this year, it is really difficult to calculate, but we are expecting slightly better than last year, not significantly better.

Riju: Understood. And sir, in the 2Q, we have received royalty a bit lower number compared to the 1Q. Is it because of the slower growth in the LatAm market? Or is it linked of the royalty to the LatAm market growth or the global market growth?

Vinod Bansal: See, that calculation is a little complex. The royalty depends on the price we are realizing. At times the realization price is impacted, the royalty is impacted. So in Q2, yes, some is part of

business volume and some part of the realization. So, the entire number will be reconciled at the end of the year.

- Moderator:** The next question is from the line of Bharat Gupta from Fair Value Capital.
- Bharat Gupta:** Just a bookkeeping question. So, can you quantify with respect to what has been the sales return during the quarter?
- Vinod Bansal:** Can you repeat the question?
- Bharat Gupta:** What has been the sales return for the quarter?
- Vinod Bansal:** Sales return has increased in the quarter significantly as compared to the previous year because of the continuous rains. Whatever we have sold basically -- particularly in the segment of herbicide -- so herbicide material -- the herbicide has increased significantly in quarter 2.
- Bharat Gupta:** Any approximation like in terms of percentage of sales, what will be the figure?
- Vinod Bansal:** In terms of percentage of sales in FY H1 is around 2% increase of the sales, as against 11%, to around 13.5%.
- Bharat Gupta:** Overall, 13.5% of the overall sales, right?
- Vinod Bansal:** Yes.
- Bharat Gupta:** Okay. And sir, with respect to like you also mentioned that there would be a stretch with respect to the collection cycle. So can we see that there will be an increase in the overall working capital requirement for the financial year?
- Rahul Dhanuka:** Well, that may not happen because we'll be kind of managing our working capital really up close and tight, so may not be.
- Moderator:** The next question is from the line of S. Ramesh, an Individual Investor.
- S. Ramesh:** So if you look at the Bayer impact, when do you think we can reach the normalized revenue run rate, sometime in the first quarter or second quarter next year? And in terms of the cost, would you then expect the operating leverage to increase EBITDA from the Bayer molecules next year?
- Harsh Dhanuka:** So two parts of the question. First part, next year, we are definitely expecting the revenue to start coming in Dhanuka books for most of the countries. And with respect to the operating costs, once we shift the production to India, definitely, there will be some operating leverage. It's difficult to quantify how much at this stage.
- S. Ramesh:** Okay. So if you look at your margin profile, and of course, there is some negative impact because of the herbicide return. So how are you seeing the current rabi prospects, actual seed demand from customers, given the good soil moisture and the modest monsoon?

And if you assume normalized season next year, would you see an improvement in the growth rate for FY '27 over the full year, assuming that all the seasonal negative impact we saw in the first half is evened out next year, how do you see that?

Rahul Dhanuka: Yes. The negative impact of kharif would have evened out probably by another month. And we are looking at a really upbeat rabi, to begin with. And then, of course, the macros of the Indian economy, especially the rural economy and the agriculture ecosystem, is like really positive. So, we are looking forward to a great '26, '27 in any case. So, we are committed to our investments. We are committed to our growth plan, and we are committed to bringing in new products as we move forward.

S. Ramesh: So, if you do some crystal ball guessing, obviously, this year, you see some attrition in margins. So, assuming all these positives kick in FY '25, including the Bayer ramp-up, can we expect the margins to possibly go back to FY '25 levels and 20%, 21%? Is that possible? Or will it take slightly longer?

Rahul Dhanuka: Ideally, it should be. Still a bit too early for me to answer that. I am looking forward to have you again in our February call.

Moderator: The next question is from the line of Viraj from Simpl.

Viraj: Just a few questions. So if I look on an annual basis, what would be the contribution from bio and PTR products?

Vinod Bansal: Biostimulants, which are, you see, banned as of now, their impact in the annual basis would be around 2.5% of the top line.

Viraj: Roughly both bio and PTR...

Vinod Bansal: Roughly, the impact would be -- negative impact would be around 2.5%.

Viraj: No, I'm just asking about the total contribution from this category for us.

Vinod Bansal: Around 8% to 10%.

Viraj: 8% to 10%. Got it. Second question is, if I look at the current quarter opex cost, right, it's largely been sticky despite the drop in sales, especially in the B2C. So just trying to understand what is the reason behind that. And in the presentation also, we talked about quite a good success in terms of the scale-up of digital communication and good coverage there in terms of viewership and mind share. But what kind of investments we're making in the digital space, if I have to look on an annual basis?

Rahul Dhanuka: So we are investing -- we have kind of diverted some non-digital investments into now digital field. So we are ramping up our Instagram, Facebook and WhatsApp communications. We are also present and visible on YouTube. We are doing YouTube launch, live Facebook launches for our customers, and we are able to kind of rope in diverse audience for such launches.

What we could not mention and is a separate communication as well is farmers are joining our Zoom meetings for farmer training programs. We are inviting scientists from KVKs and universities to conduct a farmer training program on the platform that we specially create for them.

So, all this is really working out, making it easier for us to reach out to the next generation and the younger farmer who's looking for education and knowledge on this platform. And we are going to continue to do that and ramp it up further. We have, as of now, not kind of bifurcated the absolute investment amount here. Yet we'll be doing that. You can probably consider it as small single-digit, few crores.

Viraj: Okay. But in the opex cost for the quarter, it's largely been flat despite the drop in sales. So, any one-off there? I'm just trying to...

Vinod Bansal: Yes. You see, the expense is flat in the sense that there are certain had -- where the expenses increased. But because there is a decline in sales, there is a significant reduction in the freight and cartage cost and the C&F commission. But increase in the -- advertisement and publicity and other expenses increased. Our overall marketing and other expenses appear to be flat.

Viraj: Okay. Just last question for you, Mr. Dhanuka. See, a few quarters back, we talked about us evaluating whether we want to have a much more larger play in the ag input value chain. So we started with -- we have been doing the domestic B2C.

And then, now with exports and even the B2B domestic business, the cash accretion will just keep on increasing year-by-year. So any thoughts we now have formed up in terms of what we want to do with Dhanuka's play in the broader ag input value chain?

Rahul Dhanuka: So we have kind of done a backward integration with our Dahej plant where we started manufacturing second active ingredient also. We have increased, at Dhanuka, our B2B and then export foothold. Then we have acquired 2 brands and global rights from Bayer Crop Science for Melody Duo and Triadimenol.

Going forward -- in recent past, we have also worked very closely with Internet of Things, agriculture-based start-up, which we are kind of recommending and promoting with horticulture crop growers and farmers. We are working with a drone start-up for delivering spray-as-a-service to the farmers of Punjab, Haryana and Karnataka.

And of course, going ahead, there are many more opportunities for us to explore and upgrade the value that we bring to the Indian grower and the farmer in the country. So hopefully, things are looking up to a positive and a better situation with really strong macros out there and a strong balance sheet to support.

Viraj: My question was largely -- so even if you see the platform we have created, right, we have a very strong distribution platform, a very good capability in terms of demand generation, good connect with farmer...

Moderator: Sorry to interrupt, Viraj. If you have a follow-up question, please rejoin the queue.



Viraj:

Just one. I'm just -- this is the question I've been -- I think it's not been properly portrayed. So I'm just kind of trying to rephrase it. So, the distribution platform is very strong. Farmer connect is also quite strong. And we have a very good capability in terms of demand generation.

So do you think something of this can be leveraged, say, other ag input like seeds or, say, water soluble fertilizers, something of those extensions? Is the other promoters now thinking of extending their portfolio to these categories also?

Rahul Dhanuka:

So yes, absolutely, our market reach and our farmer connect can certainly be leveraged for other ag inputs also. We have consistently added some of the products to our portfolio. For example, 3 years back, we added MYCORE Super, our mycorrhizal offering, which comes as a fertilizer category.

Then we have just launched Wardu, another fertilizer category plant nutrition. And we are also exploring a few product additions and a few portfolio additions as we go ahead. So our -- the funnel -- a robust funnel and a very strong funnel is in place with really good processes of sales, distribution, collection and farmer education. We are going to leverage this funnel strongly.

Moderator:

Ladies and gentlemen, due to time constraint, this was the last question for today. I now hand the conference over to the management for closing comments.

M.K. Dhanuka:

Friends, once again, I would like to thank all the investors and the analysts for your support and confidence in Dhanuka. Now, we will connect with you in the new year 2026 with Q3 results, which we hope to be significantly better than Q2 results. As we approach the dawn of a new year, we extend our heartfelt gratitude and best wishes for a 2026 filled with health, prosperity and sheer success.

May the coming year bring renewed energy, bold opportunities and continued growth for all of us. I reassure our stakeholders that we are committed to the task of transforming the landscape of agriculture and farmers in India. India's salute to every farmer. Thank you, and goodbye until next time.

Moderator:

Thank you very much, sir. On behalf of Dhanuka Agritech Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.