

Best Agrolife Limited
Q1 FY'26 Earnings Conference Call
August 08, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Best Agrolife Limited Q1 FY'26 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 this conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. The statements are not guarantees of future performance and involves risks and uncertainties that are difficult to predict.

Today from the management side, we have with us Mr. Vimal Kumar, Managing Director, Mr. Surendra Sai, Director and Mr. Vikas Jain, Chief Financial Officer. I would now like to hand the conference over to Mr. Vimal Kumar for his opening remarks. Thank you and over to you, sir.

Vimal Kumar: Thank you. Good afternoon everyone. Thank you for joining us on the Quarter 1 Financial Year 26 Earnings Call of Best Agrolife Limited.

This monsoon, we observed a mixed season with most parts of India witnessing normal to above normal rainfall with the expectation of Telangana and Maharashtra. In certain regions, this variability impacted showing activity. Despite these regular climatic variations, this is a fair year for agriculture. We are pleased to report that our newly launched patented products are performing well in their debut season. This quarter, we have taken multiple steps to strengthen our sales performance from the Groupon given our path to the disciplined approach in sales, we are reducing inventories and improving margins.

As per our expectations, we have seen a margin improvement on a lower base of Quarter 1 revenue numbers when compared with year-on-year Quarter 1 Quarter 2. We view this as in alignment with our strategic decision to implement revised sales policies with the aim to increase profitability, reduce excess placement and reduce inventory levels across the value chain and focusing on our patented molecules. We made a deliberate shift from early product placement to focus on more sales during this season. This, we believe, is a critical step toward building a learning, normal and more sustainable business model. While this has resulted in a

dip in Q1 revenues, we see this approach toward positive outcomes in terms of lower sales returns and lower inventories. In addition to that, this year's season is a little bit late because of the monsoon delay in various states. Our patented formulations, Shot downs, packaging, Bestman, along with Hustler, Suflex and Executive under the Sudarshan farm brand have received positive feedback from the field. Channel partners and farmers have found the products to be excellent. Over 5 lakh acres coverage was achieved by shot downs and Hustler in their very first season, which is again our patented molecule for soybean herbicide.

Farmers are trusting our products and our innovation-based approach. Overall market feedback and sentiment towards the Best and Sudarshan brand is positive. We received two new patents in Quarter 1, both of which are novel insecticide plus fungicide combinations.

One patent is for a novel formulation combining nitenpyram, pymetrozine, dinotefuran and isopropylene. This combination offers broad-spectrum pests and disease control across key crops such as paddy, cotton, brinjal, groundnut, and soybean. This formulation is designed to target multiple major pests like brown bullet, hopper, whiteflies, jassids and diseases including blast and powdery mildew.

This second patent granted this quarter was for a unique combination of fluoxaferone, thiamethoxam, tabuconazole. This combination can provide comprehensive management of white crops, thrips, food borers and fungal infections like leaf spores and blast. This product will be applicable across a wide spectrum of crops such as chili, soybean, maize, mango, pea and grapes.

This quarter we received new FIM registration which we call 9(3) FIM registration for Cubax Power Extra which is a three-way formulation containing spiromesifen, hexythiazox and abamectin. This product is useful against blackthrips and yellow mites. Our product, Trishanku, which is an advanced combination of Tolfenpyrad, pyriproxyfen and Acetamiprid is now approved for crop like chilli and cotton. This product targets aphids, black thrips, whiteflies and jassids.

Looking ahead, we remain optimistic about the Kharif region and confident in our ability to sustain momentum through a combination of product innovation, margin improvement and operational efficiency.

Now I will hand over the call to our CFO, Mr. Vikas Jain, who will take you through the financial highlights. Thank you very much.

Vikas Jain:

Thank you, Vimal ji, and good afternoon to all the participants. Let me walk you through the key financial and operational performance for Q1 FY'26.

As mentioned, coming to the third point with respect to dip in the sales, there were various reasons. The most important were the Shape-IR strategic shifting sales policy, which deferred a portion of our quarter placements closer to the season, along with the details mentioned by Vimal ji wherein there was a considerable delay in season, especially in the south, and also our strategy to place less Ronfen during June and mostly to do it in cash sales closer to the season in the month of July and August. So, these were the reasons that we even explained in our earlier call as well that will result in much lesser sales in June, but also that this will give a good benefit and a good quarter for Q2. Despite this, the overall reduction in the sales was 25%, 27% year-on-year from Rs. 519 crores in Q1 FY'25 to Rs. 382 crores this quarter.

We were able to maintain profitability and improve margin metrics, a significant validation of our margin-focused execution strategy for this year. Even though we believe that we will have much lesser sales returns this year, we have done provision for sales returns on a higher side on a conservative basis. So, for this quarter, we have made close to Rs. 50 crores plus sales return provision which is there, even though we believe that the actual sales return will be much lesser than this.

Despite the year-on-year dip in revenue, the company's profitability improved, driven by a richer product mix and disciplined pricing. Gross margins stood at Rs. 111 crores, with the margin percentage improving to 30% from 24% year-on-year.

EBITDA for the quarter came in at Rs. 46 crores compared to Rs. 55 crores in the same period last year, with EBITDA margin expanding by 140 basis points to 12%.

Profit after tax remained stable at Rs. 20 crores, resulting in a PAT margin of 5% up from 4% in Q1 FY'25. On a sequential basis, operating efficiency improved significantly, with EBITDA margin expanding by 960 basis points and PAT margin improving by 1300 basis points, highlighting a strong turnaround from Q4 FY'25.

We believe the implementation of our revised sales return policies will yield clear benefits, with a significant reduction in sales return in the upcoming quarters, contributing to improved inventory hygiene and enhanced profitability. Strategic restructuring across regional operations have also led to reduced operating expenses and tighter cost control. Our pivot towards in-season execution continues to prove effective, enabling us to respond more accurately to real-time demand, minimize exposure to excess placements, and enhance working capital efficiency. This has resulted in much lower sales return in this quarter itself. Last year, in a similar quarter, we had crores to Rs. 35 crores to Rs. 40 crores return, whereas during this quarter, it was only Rs. 13 crores. Looking ahead, we anticipate a revenue pickup in Q2, aligned with seasonal trends and a delayed carry swing.

We are targeting a conservative annual revenue for FY'26-27, which can be in the range of Rs. 1,600 crores to Rs. 1,700 crores, with an annual EBITDA margin expected to exceed 15% plus.

We expect our strong margin profile to be supported by the growing contribution of patented high margin formulations. For this quarter, our patented portfolio within the brand sales was close to 45% as compared to 29% last year. Accordingly, we foresee continued improvements in the operating leverage as a result of optimized field operations and more efficient marketing spend. These factors collectively position us for sustained growth and profitability in the coming quarters. In closing, Q1 results underscore our ability to deliver profitability and margin expansion even in a transitional phase. We are confident that the operational foundation laid this quarter will translate into stronger performance in the coming quarters.

I will now hand over the call to Mr. Sai, who will take you through the international business highlights.

Surendra Sai:

Thank you, Mr. Vikas, for the update. We thank you for your efforts to improve margins through financial discipline.

We continue to work on developing the international business segment. We have successfully completed three assignments to an African nation with advanced payment terms and we are expecting repeat business based on our service and quality. We have received interest in registration of patented products in African countries, which is including for Ronfen, and we will be pursuing registration with our customers. Looking ahead, we are looking to register nano-urea as well as bio-fertilizers and bio-stimulants in Mauritius, which happens to be a gateway to the neighboring African countries. The registration process for our patented products has been initiated in Sri Lanka, while the export registration for nano-urea is underway in Australia, where we have an approved label. Customer and field demonstrations are ongoing as we speak. We have ongoing trials of our products in countries like Thailand and Cambodia.

Additionally, we are commencing the registration process for our patented formulations in South America, starting with Bolivia and Brazil. Our active ingredients and formulations are also approved through registration in multiple countries, including Taiwan, Mexico, Thailand, Sri Lanka, as well as other global regions. We have made global filings for patents during this quarter in jurisdictions such as the US, EU, UAE, Brazil, Vietnam, Egypt, Indonesia, and others, reinforcing the company's focus on innovation-led international growth. The technical manufacturing unit's strategy is aligned with these global potential markets. With this, I will conclude this short update. We thank you all for your participation and time to attend this quarterly earnings call.

We now welcome your questions. Thank you.

Moderator:

Thank you very much. We will now begin the question and answer session. The first question is from the line of Hemant, an individual investor. Please go ahead.

Hemant: Hi, sir. Good afternoon. My first question is related to sales for this quarter. I understand that we are trying to stabilize our branded sales. But in this space, why are not we concentrating on technical sales to be on par with our business? This point, I am not understanding.

Vimal Kumar: Thank you, Mr. Hemant, for your question. Definitely, your question is relevant. When we have brand we are changing some, for positive in the brand business and we are doing some big changes in the brand business. Mainly because last year and last to last year we have learned that each four quarter the first two quarters are very strong. The next two quarters sometime because of sales returns and many other things. Definitely, we have changed that policy.

Now, I come to your question as to why we are not doing technical sales. Definitely, we have technical sales. We are also selling some technical sales. But the main thing is that technical sales do not have that much of a margin. If you see, our total margin is around 29% - 30% as a growth margin. If we talk about the technical sales, their margin will be very less. So, we are now moving towards a profitable organization rather than keeping only the sales revenues. That is our idea for this year, Mr. Hemant.

Hemant: Okay. And sir, we were supplying this Ronfen to other B2C players and they were selling this product with their brand name. So, when will you start supplying other patented products to other B2C players?

Vimal Kumar: Definitely, because any new product, either we have very great products in the agrochemical industry, there is any of the companies, whatever they bring, either MNCs or Indian companies or any of the companies, when they bring any molecule, it needs a tested trial with the commercial use of that product. Then only the farmers have confidence, dealer-distributor have confidence. So, of course, in the last four, five years, we have many new products which are really commercially very good for the farmers as well as for the distributor-dealer. A good margin they are having on this and they have, of course, monopoly because of our patented product. So, in this way, if you see, to give to any B2C, B2B plan for this, generally we call it principle to principle sales, which we are talking. In that way, we are not in very hurry because first we have to establish and make it as a big brand in the farmers and dealer-distributor, then only we will give to some of the co-partners like big companies because many small companies, many mid-size companies are asking us, but we are always aiming, you know, for the MNCs company or like that. That is the only reason.

Hemant: But this will happen in coming years, sir?

Vimal Kumar: Definitely, it will happen.

Hemant: Most of the patents, whatever we have today, those were mostly used in Chilli and cotton, right? So, if we see the cotton acreage in Q1, it was down 3% year-on- year and sentiment for

Chilli is also very bad this year, particularly in South India. So, how do you see Q3 and Q4 this year?

Vimal Kumar: Definitely, your question is relevant, of course, and you have good knowledge about the agriculture. Happy to answer you. Quarter 1 generally do not have any kind of sales in South India. That, of course, you know because you are aware about some right information. Q1 does not have any kind of output sales in South India. Definitely, it will go in Q2 and mainly in Q3. And that we are balancing. In my commentary also, I said we are not doing any kind of dumping. We are not giving any material to any distributor dealer for sale. Just we are selling whatever we are selling. So, that is what we have changed. And definitely, Chilli prices have some issues in the market and cotton acreage has less. But that does not make any big difference. The market still has a big scope for both the products, cotton and chilli.

Hemant: Is this the main reason, sir, for decreased target of our top line this year?

Vimal Kumar: Not at all, Mr. Hemant. This is not like that way. Because our total market share is not that big, that it will influence it directly. Not at all.

Hemant: Sir, sales return number, whatever sales return number you told for Q1. Can you repeat that, sir? I could not understand when you were commenting.

Vikas Jain: To add in the previous point, first of all, sales are down by close to 27%. Our patented portfolio compared to Q1, FY'25 is higher by 14%. So, you can understand the patented portfolio keeps on growing. The other material, the other differentiated alternative products, which we used to place a little earlier, those we are doing now in Q2. Otherwise, the patented product has gone up by 14% this quarter compared to previous quarter. And for the sales return, last year we had sales return of close to Rs. 35 crores to Rs. 40 crores in Q1. And this quarter in Q1, we have only Rs. 13 crores.

Hemant: And there is a provision of 15 crores, right?

Vikas Jain: The provision is of 50 crores.

Hemant: Okay.

Vimal Kumar: We are hoping that will not come and that provision will be reversed.

Vikas Jain: Whatever has happened in the previous history, now, since we have changed the policies this year, the history does not support to say that, okay, we are going to get lesser. So, we have been forced to keep little higher sales provision. But we are confident that our lesser placement and sales provision will help us to have much lesser sales return.

Hemant: Okay. Sir, one last question from my side. If you compare your B2C revenues for your distributors with competitors, it seems to be very less on year-on-year basis if we compare to other companies like Dhanuka and Infecticide. So, where do you see this number moving towards maybe in the next two, three years?

Vikas Jain: What was your first sentence? What sales you mentioned?

Hemant: Actually, whatever sales you are doing per distributor per year, if we compare that with other listed players like Dhanuka and Infecticide, they were doing more than Rs. 20 lakhs per distributor per year. If we see our branded revenues, we were doing only Rs. 10 lakhs to Rs. 12 lakhs per distributor per year. So, where do you see this revenue going towards maybe in the next two, three years?

Vimal Kumar: Yes, Mr. Amit. You have right information. Definitely, this company has a little generic product which is accepted by farmers long back like forty, fifty years. And what we are doing that is mostly patented molecules and which is a different kind of product and it is a kind of revolution, I would say, which some Indian companies are doing like us. And definitely, I will not say the name, of course, all companies have their USP and they are doing well in their area. If we talk about the Best Agro, definitely, where our total sales is Rs. 10 lakhs, Rs. 12 lakhs per distributor, average is coming, definitely, it will grow too much. Because if you talk about total number of customers, we have hundreds of customers which they are doing more than Rs. 1 crore sales per distributor. That level we have as of now, but definitely, gradually, it will grow in the next two, three years. Definitely, it will grow.

Hemant: Okay. There is a lot of commentary about international businesses also. So, where do you see Best Agro maybe in the next 5 years in terms of revenue?

Surendra Sai: Thank you for this question. I really appreciate. I will just give a little background on this. While we see that the Indian internal consumption business is great, we also see that there is a potential that needs to be exploited across the world. And the reason is that there are good products that we are doing, A - in terms of the patented formulations, and B - also to be able to support our patented formulations, what we have been doing is to be able to align the technical manufacturing for these products and to be able to do that, we have been identifying new processes for off-patent molecules and to be able to create a portfolio of technicals which will be useful for our patented molecules as well as across the world. So, for this, as you know, this is a heavily regulated field where multiple registrations are required. Registrations are required for both patented molecules, which come under the category of new molecules, as well as the technicals, which are just off-patented and very new. Some of the technicals that we are working on are right now, yet to be registered in large geographies such as EU. So, over the next four to five years, we do feel that there is a great potential for this. In terms of an absolute number, it would be a little premature to be able to make any prediction. But we do hope to see that this will be our strategy and it will contribute to a percentage of our revenue

in the next four to five years. We are very hopeful on that and we are taking all the relevant and reasonable steps to be able to meet this particular goal and achieve it.

Hemant: Okay, sir. That is it from my side.

Moderator: Thank you, sir. The next question is from the line of Nishant Bhat from Equity Works Limited. Please go ahead.

Nishant Bhat: Am I audible, sir?

Moderator: Yes, sir.

Nishant Bhat: Thank you. First of all, I want to congratulate the management on the improvement in margins. And if I understand right, sir, we have actually recalibrated our business model from a push to pull model. And that is why there has been a decrease in revenue. Because of the focus on patented, it takes a little bit of time to have a ramp-up. And I just wanted to ask this question that in the coming next quarter, I think even in that quarter we should see a little bit of reduced revenue compared to previous year because of this recalibration which we have done in the business. Is my understanding right, sir?

Vimal Kumar: Yes, Mr. Nishant. Yes, sir, your question is relevant. When you see there is a Q1 decreasing, so you can say another quarter, how it will be. But in our understanding, what we understand from the market, that we learn how we change. Because earlier, any company, if you talk about any company, generally we do placement in quarter one. Directly if we talk about insecticide and fungicide, there is no direct sale in Q1 in entire India only except some vegetable bags. If you talk about, there is no direct consumption at the farmer end in Q1. But if you talk about all fungicide, insecticide, and of course some of the herbicide, like I told you, shot down that also liquidated directly on the July only. Again, it will be the quarter two. So, if we delay and we are not placing that material in quarter one, it does not, in my understanding, it does not make that much of difference and that sale has to come in the quarter two, which is not coming in quarter one. That is my understanding.

Nishant Bhat: No, I understood, sir. Because, see, this was a management's decision, right? Because the first model, we were kind of pushing sales and now we are going into, improving the quality of earnings. That is why we have been focusing on patented products and everything. And, I think the rewards of what we are doing should be actually visible in FY'27 onwards. If I think that is where the business is going. This particular year should be a little bit muted compared to the previous year because of the change in the models. Even the quarter- on- quarter, there might be some improvement, but the actual growth will start coming onwards of FY'27. Is that understanding right, sir?

Vikas Jain: So, for this year, what will happen is, one is there will be a recalibration of our top line over the quarters. For example, as we just mentioned, Q1 was heavy because of baselines, which we are not doing. So, there will be recalibration because in Q3 and Q4, there used to be huge sales returns, which used to reduce our sales drastically. So, you might see different numbers coming. So, it might be possible that Q2 might be similar or a little lesser than previous Q2. But still, for full year, even though we will not have the growth, but what we will have is a drastic increase in our gross margins and a huge improvement in our profitability. So, the impact of this year itself, because once we have much lesser sales returns, it will give an immediate impact on the cash flows as well by way of lesser inventory, where we can manage our inventory as well. Otherwise, to push much heavy inventory, we had to bring a lot of inventory earlier and then wait for the season to happen. But now, we are buying just closer, not even buying, but selling closer to the season. So, sales returns are also expected to be lesser. So, there will be a huge improvement in the gross margin and the profitability. This is what will happen. With respect to top line, there will be recalibration of the top line throughout the quarters.

Nishant Bhat: Okay. So, basically, the thing is like in Q3, usually there was the seasonality, Q3 usually is a little bit subdued. But going forward, that will change if I am getting it right. And plus, obviously, there will be improvement in gross margins. But even on a distinct basis, revenue basis going forward, there should not be significant dip in Q3.

Vimal Kumar: Yes.

Nishant Bhat: Yes, sir. Continue.

Vimal Kumar: Absolutely, you are watching us very clearly. Thank you for that. And this is really what your observation is, I would say you are correct. Because in other senses, we will see. Generally, what we sold in Q1, we got some sales return in Q2. What we sold in Q1 and Q2, or Q3, you can see the last year was badly impacted because of this, all the reasons. So, this year, we are just keeping it for the again and again. Our CFOs mentioned that inventory management and our cycle of payment cycle, debtor side that we are improving and for that, somehow for Q1, we have to do that. But according to the seasonality and the demand of our product, that has increased a lot. And that will, in fact, you can see in Quarter 2, Quarter 3, and of course, in Quarter 4 also. So, we are balancing this year. Rather than two is very good and two is bad. So, definitely, this year will be better for the company, I would say.

Nishant Bhat: Okay. Now, that clears a lot of questions. Another point I wanted to ask is, you have received an award also this year in that chemical synthesis, right? Congratulations on that front because your focus on R&D is improving. Currently, how many scientists do we have in our R&D team?

Vimal Kumar: Thank you, sir. Thank you for your question. And as of now, if you talk about scientists, there are two kinds of scientists. One, we talk about synthesis and the technical or maybe backward

integration when we talk about N-1 and N-2. In that area, we have around forty five numbers which are really highly qualified and most of them are PhD. And if you talk about that level of and if you talk about the formulation where we do patented molecule, there are other more than twenty six people which are working for the formulation R&D. There are two different kind of R&D. Got it. Thank you.

Nishant Bhat: Got it. Thank you. That is it from my side.

Vimal Kumar: Thank you.

Moderator: Thank you, sir. The next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.

Saket Kapoor: Namaskar, sir. You can hear me now?

Vimal Kumar: Namaskar, sir.

Saket Kapoor: Thank you for this opportunity, sir. So, my first question is for Mr. Jain. When you are referring to the number of turnover at 1600 to 1700, what are you factoring in terms of the actual sales returns for the year? How do we come to this number?

Vikas Jain: See, last year, one is we are expecting that our new products, which has already shown that there is a good acceptance. So, for our other products, which are differential or generic products, where our sales will be little lesser. Why? Because we are not pushing too much of those products. So, we believe our patented product portfolio will go up. The other portfolio, because we are expecting our sales team not to push too much and not to take sales returns, they might be a little hesitant in placing full-fledged, but there will be little lesser sales returns. So, we believe even though our patented portfolio will go up, the other generic portfolio will go down a little bit. So, we might be similar revenue or a little lesser. That is why we are giving a guidance of Rs. 1600 crores to Rs. 1700 crores. And for sales return, since last two years, we have been facing this issue of anywhere between 20% to 24% of sales return. So, this year, our target is not to have more than 10% to 12%. So, we want to test about half our sales return from previous years. And that is why the huge change in policy is what we have done this year to correct the issues from last year.

Saket Kapoor: Okay. So, 10% of it, that means we are closer to, say, RS. 1700 crores, Rs. 1800 crores. That is factoring in 10% comes down to 1600. That could be a fair assumption that you are factoring in?

Vikas Jain: Rs. 1700 crores is after reduction of all those taking considering the sales return. Okay. We had Rs. 1800 crores, which was after reducing all those 20% plus sales returns. So, this year, we are

saying 1700, which is after reducing the 10% sales return. But this will be much better because we have much better control over the property.

Saket Kapoor: Okay. Jain Sahab, you mentioned EBITDA margin of 15%. Whereas, for the first quarter, we are at 12%. So, do you think that overall on the remaining nine months, our margins will improve higher than 15% so that the average comes out at 15%? Is that understanding correct?

Vikas Jain: Yes. So, for example, as we said Ronfen, we did not place much. So, in Ronfen and other patented products, where our potential is much higher, we were conservative in placing this in June. That means we are not placing much in June. So, now all these sales will happen this quarter. So, this quarter, we will see a huge jump in the gross margin as well as EBITDA, much higher than 17%, 18%. So, this will take care of the 15% plus for the year.

Saket Kapoor: Okay. Which product you mentioned, sir? I missed the name.

Vikas Jain: Ronfen.

Saket Kapoor: Please speak closer to the mic, sir. Hello.

Vikas Jain: Ronfen.

Saket Kapoor: Okay, sir. So, you are alluding to the fact that with the product name which you mentioned, the higher sales will contribute to higher gross margin and that will result in better profitability, what we are ensuring for this current quarter. That is what the understanding should be.

Vikas Jain: Yes.

Vimal Kumar: And moreover, I would add...

Saket Kapoor: Yes, sir. Please speak, sir.

Vimal Kumar: Yes. And moreover, I would say, if you talk about our Quarter 2 portfolio, according to the herbicide, insecticide, and fungicide, our major product, which is end-use for the farmer that will come into Q2 and Q3. The major, our portfolio product and our secondary one, which is the liquidation and the real sales, will come into the Quarter 2 and Quarter 3.

Saket Kapoor: Okay. So, sir, the way you are mapping your business strategy, according to that, sir, has the first month gone in the same way that things are still not in control? I mean, for the month of July, the strategy that you are telling now, have we been able to do sales according to that? That understanding you can share now?

Vimal Kumar: Definitely, what you are thinking, that is in that same line. And in July, we have got good response and in August and September, also we are getting good signals from the market, especially from the brand.

Saket Kapoor: Just to come to the point, sir, that when we are, I think it is the sales return component only that is differentiating our numbers to the other companies. Is that understanding also correct? Because when we see, whether, firstly, correct me, whether our earnings are comparable to people like India Pesticides and not. They also came up with their number yesterday. And the numbers were starkly different for both the entities. So are we comparable with the entity firstly? Then I can put forward my next question.

Vikas Jain: Yes, we are comparable. And to your previous, what I understand your question is to, even though sales return was a problem which was affecting our inventory and profitability. So that correction we are doing. But when you compare on the product-wise, the potential of our product is much higher. It is only that we have been coming to the market with this patented product in the last two, three years. So other players are there since thirty, forty years. So they might be, and we have pushed our brand in the last two, three years and the huge marketing spend. So with respect to our numbers, yes, we have great potential. But here our OPEX also was higher since last two years because we had to spend a lot in the marketing. So this year, not only sales return, we are taking care of our operating expenses as well. We are more considerate and trying to manage our OPEX much lesser than previous year. And you will see a stark reduction as well in our OPEX as well.

Saket Kapoor: Sir, can you dwell more on this OPEX part? For this quarter, we have seen the finance cost going down. The other expenses are also down in turnover and Vikas ji, there is also always an impact of Forex translation in our numbers. So if you could just allude, where do we stand there? And also in your opening remarks, kindly cover the point of Forex. We have a full loan on foreign currency. So its impact will be in every quarter.

Vikas Jain: So we do not have a foreign currency loan. Okay. So we do import from China and then the payments happen during the due dates and there might be sometimes foreign gain or sometimes foreign loss based on the situation. So other than that, for OPEX, we already gave a clear guidance to say that our last year's spend on the marketing was a little on the higher side because we were coming up with a lot of new products, especially patented products. So this year, from this quarter itself, you saw that there is a reduction of close to Rs. 8 crores to Rs. 9 crores reduction in our OPEX. So we believe for a full year, our OPEX will be lesser by anywhere between Rs. 30 crores to Rs. 40 crores compared to last year.

Saket Kapoor: Rs. 30 crores to Rs. 40 crores. What were the last year numbers, sir? And which line item we will take reference for?

Vikas Jain: All OPEX, including depreciation and interest, put together close to Rs. 420 crores. So this year, we should be anywhere in the range of 380.

Saket Kapoor: Okay. And can you give the debt number, the inventory number? And one more point, sir. You mentioned about EBITDA margin at 15%. What should be the trajectory for the PAT margin? How should we look at the PAT shaping up since that is also the number which investing community keenly looks into?

Vikas Jain: So mostly, more or less, if you see our EBITDA margin being 15% plus, our depreciation and interest is more or less fixed at around Rs. 100 crores per annum. So accordingly, we can calculate what will be our PAT margin. So this will be our number.

Saket Kapoor: And the debt number and inventory, you can share, sir?

Vikas Jain: So interest and our depreciation is close to Rs. 100 crores. 8 to 9% of PBT. PBT percent. And our income tax is on a range of around 22%.

Saket Kapoor: Sir, I was looking for the absolute net debt numbers in rupee terms and also the value of inventory which we are carrying as on 30th June.

Vikas Jain: So last year was, the inventory was pretty high because 23-24 was a bad seasonal condition. So we had to carry higher inventory. So this year across all the quarters you will see a drastic reduction in our inventory compared to 24-25. So already we saw in March itself, in March'24, we had an inventory of around Rs. 950 crores. In March'25, we had around Rs. 750 crores. So since our season is beginning, we had around Rs. 800 crores as of June. But those, most of the inventory will get liquidated during this quarter itself.

Saket Kapoor: Okay. And my next question is for Mr. Sai. In terms of the strategy outlined for, especially for the pretended part and looking into the new geography and the overall change to improve the profitability, where are we, sir, at today's juncture and what are the remaining steps, remaining things that are there that will start to flow into the numbers and the profitability going ahead?

Surendra Sai: Thank you for the question. This is a forward-looking question and this is something that will be done in the coming years and these are the actions that we have been taking forward in this particular direction. What we recognize is that there is a significant global market for off-patent molecules, especially in the fungicides and the herbicide segment. The insecticide segment is quite strong in India. The initial patented products that we have been able to get some success have been based on the India consumption. We see there is a significant interest on patented insecticide, fungicide combinations in the global market. But the caution I would like to mention is that the time for registration of this is a little bit longer than our normal registration process. And the reason for this is the fact that these are new molecules and new formulations. So they take a longer duration and longer time of field trials. The markets I had already

previously mentioned where customers have shown interest in patented formulation registration. These continue to be Sri Lanka, Vietnam. There are ongoing ones which are going around in Thailand. There are ongoing registration processes in places like Australia. We are focusing on the Brazilian market is something that no agrochemical company can avoid focusing on. So we are focusing on that and we have started work on that particular geography. This is as far as the patented formulation is concerned. There is a second part of the whole story as far as the international market is concerned. And that is related to technical. I will come back to the initial statement that fungicides and herbicides in the international market are technical for this there is a good demand for high-value, low-volume technical and this is an area which requires significant amount of R&D in terms of processes and also in terms of being fully backward integrated and that is where the technical plant is completely focusing itself on to be able to produce these technicals at the time that where we have become off patent and to be able to have good partners and customers to be able to take this to the global market. So we see good exciting times in the coming years to come. We have been taking small steps in both the registration process as well as in terms of doing some patents in terms of both synthesis as well as being able to identify new processes. So I hope I was able to answer your question.

Saket Kapoor:

Sir, I was trying to get the things written down because you have spoken a lot and let me reconcile the same. Sir, two small questions for Jain sahab also. Firstly, on the CAPEX part how much are we spending for this year on CAPEX and the new facility, some CAPEX which we have done earlier years when are the new facilities getting commissioned? And third question is this Rs. 50 crore sales return provision which we have taken by which quarter we will be getting the actual sales done and the reversal happening? Will it be in the second quarter itself or if you could just give us some understanding on the same?

Vikas Jain:

So on the CAPEX part we should be starting anytime. So it is a project of Rs. 90 crores wherein funded by a financier by Rs. 60 crores. So that will start anytime now. For the other sales return related part this Rs. 50 crores, since there is a little bit delay in the season, what we are expecting either it should be by September or October we should have an idea about the actual sales returns.

Saket Kapoor:

Okay sir. And on the CAPEX I missed your comment Rs. 90 crores will get what kind of effect turnover ratio for this year sir? And whether it is for backward integration or whether you could just give some more color on this sir.

Vikas Jain:

Sir, this is an additional plant in our existing facility itself in Gajraula. Here it will take close to one year for us to get this completed. So the benefit of it which will only come in 26-27.

Saket Kapoor:

Okay. Right sir. I will join the queue and both Sai sir, Vikas ji and Vimal ji all investors look for modelling patterns wherein the predictability with variations is what market is all about and that is what gets factored into the earning. So, it would be very grateful if the steps which you

people have outlined will give us industry comparable predictable numbers and not haywire as has been the case earlier. Sorry for my words but this is what is not allowing investors to model out how will Best Agro earning trajectory would be. If you take the comparison with other listed companies and the type of valuation that today we are commanding. So, would request all three of you and the other team to take those steps wherein the predictability model starts to play out in the mind of the investors and hence giving us the respect in terms of the enterprise value which is absent today. I hope sir that I have tried to convey what my thought process is and I hope it makes you deliberate on the same and I hope it makes some sense also.

Vikas Jain: This is our endeavor for this year that is why you see a lot of changes whatever we have made because we want to have predictable results wherein the investors are confident and accordingly the valuation also is fine.

Saket Kapoor: Okay sir and I hope that next quarter also when September results are there we do not remain at the flag end part because at that time we will be also coming up with our balance sheet and cash flows. Last year I think because of some issues or some internal meetings we had late results and declarations.

Moderator: The line for the current participant is stopped. The next question is from the line of Sanjay, an individual investor. Please go ahead.

Sanjay: Hello, good afternoon. Can you hear me?

Vimal Kumar: Yes.

Sanjay: First of all congratulations to your team for a good operational performance though the top line was less compared to last year but really the margins have improved. So, good work and we are hoping this will really help in future quarters preferably mostly in Q2 to get better margins. So, my question is you mentioned some different placements happened in Q1 so what is that and how will it impact in Q2? And on the Q2 side are we seeing that the margins are really going to be better than Q2 of last year?

Vikas Jain: With respect to placement what we meant was that in previous years for example as Vimal ji mentioned the change of insecticide and fungicide the consumption, liquidation at the farmer level happens in the month of August and later on. But we used to place order in June itself in previous year. So now we are going to all this closer to the season. So, if it is August then we will place in July, if it is September we will place in August. So, this is the placement what we meant by deferred placement. With respect to margins as we mentioned that even though our sales mix is going to improve because for Q1 itself as I mentioned our patented portfolio even though my sales have gone down by 25% my patent portfolio has gone up by 14%. That means I am improving my sales in the patent products that is why you see the improvement in the margin itself from this quarter from 24% to 30%. And also since we are doing a lot on the OPEX

part the operational expenses, you will see a drastic improvement in the profitability for the full year.

Sanjay: Thank you and we used to get a lot of press releases about new product releases or any patent granted but in the last quarter there was not a single press release. We have launched multiple products and even we got patent so is there any strategy that has changed to not have more press releases or anything has changed there?

Vikas Jain: So we continue to put all those press releases in the market whenever we get the patents. For example, for our three products which we had launched, we had done enough not only the press releases but also in the field itself doing all the trials and all because trials and all that will actually bring us more revenue so we have done all those efforts and we already see good response to our products especially Shot Down which is a herbicide which was a little missing in our portfolio which we added and the response was pretty great and we see good sales of shot down in the sales itself.

Sanjay: Sir, sales is happening, I am just talking about informing to exchange or doing a press release. Shot Down there are multiple two, three products launched in Q1 or even some products are going to get launched in Q2 and some patents received so there was no press release I think. I have not seen any press release in the exchanges. So is there any strategy?

Vikas Jain: Going forward we will take care of it.

Sanjay: Okay. And the last question is about as now things are really improving, the operational performance is improving. Are there going to be efforts to get more investors I mean institutional investors on the board or having more connect with institutional investors or HNI to get more on this with the company?

Vikas Jain: We continue to have our investor engagement so what we do is after the end of quarter and after our earnings call we generally do a visit in Mumbai that is also informed to the exchanges. So two days we are in Mumbai and meeting all the investors but as almost you can understand from almost all the investors they are waiting for us to do all the changes and improvements so possibly people are on the sidelines and we are hopeful that investors will show confidence this year but we continue to engage with them so after two weeks we will be coming to Mumbai and we generally meet a lot of investors on every quarter basis.

Sanjay: That is great. And just last question about are we trying to launch new products in Q2 and Q3?

Vimal Kumar: Yes, I will answer that. Thank you. This Quarter 2 definitely we are launching our Shot down and in fact we have launched but sales will start in the Quarter 2 only for our Bestman product. That is our plan. Also, I mentioned there is one more product that we will launch in Quarter 3.

Sanjay: That is really great. Wishing you all the best for the remaining of the year. Thank you.

Vimal Kumar: Thank you.

Moderator: Ladies and gentlemen, due to interest of time, that was the last question for today. I now hand the conference over to Mr. Sai for closing comments.

Surendra Sai: We thank our partners, customers and investors for their continued support. In an uncertain geopolitical environment, we feel that our current focus on internal consumption as well as backward integration will help us be able to be immune to these changes and all of us are seeing how the tariff changes are going around between India, U.S., China, and etcetera. We will continue our path of financial discipline. We will continue to take short-term actions as well as continue to focus on medium and long-term strategies. With this, I will conclude. Thank you all and thank you for your time.

Moderator: Thank you, sir. On behalf of Best Agrolife Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.