

Best Agrolife Limited
Q2 and H1 FY'26 Earnings Conference Call
November 14, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Q2 and H1 FY'26 Earnings Conference Call of Best Agrolife 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 “*”, then “0” on your touch-tone phone.

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 the guarantee of future performance and involve 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 – Whole Time Director and Mr. Vikas Jain – Chief Financial Officer.

I would now like to hand over the call to Mr. Vimal Kumar for his opening remarks. Thank you and over to you, sir.

Vimal Kumar: Thank you. Thank you very much. Good afternoon. I welcome our investors, analysts and shareholders to the Q2 FY'26 earnings call. Thank you for joining us today and your continued trust in the company.

This year, the Khareef season has once again reminded us that the Indian farmers are heavily dependent on monsoons. The rains have been very difficult and very seasonal. Many parts of the country experienced heavy and untimely rainfall. Several key regions experienced floods, causing crop damages and losses. According to the Indian Meteorological Department, the country received about 8% above normal rainfall during August and September 2025. However, Punjab and Haryana recorded 40% to 50% higher than normal rainfall, leading to floods. Rajasthan and Haryana recorded 40% to 50% higher than normal rainfall, leading to floods. Rajasthan received 30% excess rain. In Maharashtra, more than 6 million hectares of farmland were affected by floods, water logging and submergence. Overall, a challenging situation for the farmers. These extreme conditions caused serious damage to the major Khareef crop such as soybean, maize, cotton and pulses. Many fields remained submerged for a long period and many farmers faced delayed harvesting and crop losses. At the same time, heavy rain also

washed away pest infestation and with fewer number of sprays. As a result, demand for agrochemicals remained weak in several regions. The early rains were good for the Khareef sowing and supported the crops. But then the excessive rainfall at the large stage of harvesting washed away all the gains. Unseasonal rain conditions till late August, September and October, these rains resulted in substantial crop losses, especially for cotton, soybean, pulses, groundnuts and vegetables. Looking ahead, the positives for the Rabi season are plenty of groundwater and dams full of water, but the poor Khareef season led to delayed Rabi sowing and farmer losses and financial stress. Overall, we have seen the demand for agrochemicals being disrupted.

Despite these challenges, Best Agrolife has navigated the season with discipline and resilience. We carefully managed our operations, maintained strict control on inventory and stayed close to our customers through our strong field presence. Our focus has remained on maintaining regular inventories and financial discipline in every aspect of our operations. This year we did significantly less pre-placement and sold our products closer to liquidation period. This strategy has been a great positive for us. Traditionally, the agrochemical industry experiences the bulk of sale return in the third quarter. However, with our revised sales return policy and our reduced pre-season order placement strategy, we expect significantly lower sales return in Q3 FY'26 compared to previous years. This has resulted in our proactive approach and strong operational planning. Our focus will be profitable and long-term growth.

Another major strength this year has been our growing portfolio of patented products. Patented products now contribute to more than half of our brand portfolio. This shift is slowly enhancing our brand value. Our margin profile will continue to improve and our competitive advantage will continue to grow. Today, whenever I speak with our customers, farmer feedback, I hear only positive feedback about our products. Despite the lower revenue, the quality of our revenue mix has improved. We are selling more of our patented products.

Looking ahead, I am optimistically positive the outlook for the Rabi season is cautiously favourable. With focus on research and development, operational discipline and significantly lower sales return in Q3, I am confident that Best Agro is well positioned for growth and profitability.

Thank you. Now I request our CFO, Mr. Vikas Jain to give a detailed financial performance.

Vikas Jain:

Thank you Vimal ji and good afternoon to everyone. I will now take you through the financial performance for the quarter and half year ended September 30, 2025.

For Q2 FY'26 the company reported revenue of Rs. 516.8 crores compared to Rs. 746.6 crores in Q2 FY'25. Margin is 30.8% year-on-year decline due to unfavorable weather conditions. The moderation was expected as we consciously focused on optimizing inventory, streamlining channels and aligning production with actual market demand to reduce working capital stress.

Gross margins stood at Rs. 169.6 crore compared to Rs. 252.1 crore in Q2 FY'25. While the absolute margin declined, the product mix improvement towards higher value patented formulation supported overall profitability resilience. EBITDA for the quarter was Rs. 77.5 crore as against Rs. 147.1 crore in the same period last year, translating into an EBITDA margin of 15% compared to 19.7% in Q2 FY'25. Sequentially, however, margins have shown improvement, reflecting the impacts of tighter cost controls and efficiency measures. Profit after tax for Q2 FY'26 was Rs. 38.3 crore compared to Rs. 94.7 crore in Q2 FY'25, resulting in a PAT margin of 7.4% versus 12.7% last year.

For H1 FY'26, revenue stood at Rs. 898.1 crore, EBITDA at Rs. 123.3 crore and PAT at around Rs. 58.2 crore, reflecting a phase of realignment and strategy consolidation.

During the quarter, we maintained a strong focus on cash flow discipline, expense rationalization and balance sheet efficiency. Our efforts on reducing OPEX and improving collections from trade partners have started yielding results, helping us sustain financial stability in a volatile environment. The business is steadily progressing towards stabilization, with notable improvements in key operational areas, including lower sales returns and optimization of operational expenses, as well as a tight control on inventory. Inventory levels have decreased by Rs. 207 crore from Rs. 873 crore in H1 FY'25 to Rs. 666 crore in H1 FY'26, marking a 24% year-on-year reduction. Through strategic restructuring across regional operations, the company has achieved an OPEX reduction of 13% compared to Q2 FY'25 and 11% compared to H1 FY'25. We believe this belt-tightening will be the base for our future. As we enter the rabi season, we expect volume growth to recover, driven by improved farmer sentiments and a stronger demand for wheat and potato-related crop solutions. With reservoirs filled and soil moisture levels favourable, the outlook for the next quarter is positive.

Moving into the second half of FY'26, our primary focus will be on returning to profitability in Q3 and Q4. We are aiming to achieve an EBITDA margin of around 13% to 14%, with an approximate turnover of around Rs. 1,500 crore for the fiscal year.

In summary, while Q2 was impacted by short-term challenges, we are confident that our strategic focus on operational efficiency, innovation and financial prudence will help us to deliver strong performance in the second half of FY'26.

With that, I will hand over to Mr. Surendra Sai.

Surendra Sai:

Thank you, Vikas Ji. Good afternoon to everyone on the call.

Notwithstanding a tough half-year, we remain positive about our future direction. Agrochemical business globally is subjected to unexpected peaks and troughs. We are cognizant of this unpredictability, and the management focus has been towards building a sustainable and predictable business. It is this endeavor that will be our focus. We believe that

the steps taken by us in terms of expense reduction, sales policy, inventory control and focus on analytics and the use of R&D will weather us through the H1 storm. Our IT systems are maturing as we roll out SAP automation and analytical dashboards. Each step will strengthen the organization. We are determined in setting the direction for becoming an agri-tech R&D based company. Our R&D and IT teams were successful in garnering a new and novel nano-urea footprint. This is our first foray into the field of nanomaterials.

In H1, we added four more patents to our IT portfolio. Our basket of intellectual property now includes synergistic patents, synthesis patents, nano-formulation patents and we hope to make more breakthroughs with agri-tech patents. Our ability to synergize these R&D efforts into a sustained top line and bottom line will be our goal.

As a forward-looking company, our commentary would be incomplete without mentioning the role of AI. Developments in the arena of generating AI are transformational. Every week, there are new foundational models being released and new use cases for AI are being conceptualized. There is a significant scope for adoption of AI in the Indian context. We are cognizant of this transformation and as a company, we will adopt, develop and benefit from this revolution.

Export is an area of focus and our business in Africa is continuing. As previously stated, after the successful completion of three consignments, we have been awarded further orders based on our quality. The feedback from the customers has been overwhelmingly positive. This year, we hope to do around \$1 million business with this customer alone. We have started generating revenue from our China subsidiary and look forward to end the year with \$6 million to \$8 million in revenue generation.

In terms of international trade, we are actively looking at Rupee and RMB trade as a natural hedge against the dollar volatility. Our patented product registration in Mauritius, Sri Lanka and Vietnam are progressing. Our active ingredients and formulation products are moving through the approval process in Taiwan, Mexico, Thailand, Vietnam and other key markets. With these efforts, we are strategizing on creating additional revenue streams in the coming years. We are actively pursuing opportunities in the Kenyan market to commercialize our patented products and establish a market presence in East Africa.

I thank all the participants, investors, shareholders and well-wishers for taking the time to attend this earnings call. With this, I will conclude this short update and we are now open for questions.

Moderator:

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

Hemant M: Hi, sir. Good afternoon. Thank you so much for the opportunity. Coming to my question, sir, my first question is related to our patented revenues. We have done around Rs. 290 crores in H1 this year compared to Rs. 367 crores last year. In the AGM call, you were mentioning that you are placing a few patented products before the season. Can you give me a break-up of this Rs. 290 crores? How much have you placed before the season?

Vikas Jain: Hello? You are talking about only patented products?

Hemant M: Yes, only patented products.

Vikas Jain: Patented products are a strategy. This year, we had decided that as against placing 50 to 60 products, our focus would be only to place patented products. So, the placement had happened before the start of Khareef season. Now, for Rabi, the placements would start from November end and the main sales will happen in December.

Hemant M: Okay. And how much of this Rs. 290 crores is liquidated till now?

Vikas Jain: So, we have almost in October, we got 90%, 95% of our sales returned back as was endeavored this year by changing our policy. So, whatever we have got back was around 10% to 12% of our sales from the patented products. So, we have got everything back So, there is hardly anything left from the Khareef season in the market. There might be something where small year-end day liquidation might be pending. But other than that, 90% to 95% everything is liquidated. And for the sales return what we had in October, we had adequately made provision in September itself. So, we have made enough provision for the actual return what we are supposed to get in October. And our returns are little lesser only as compared to what provision we have made.

Hemant M: What is the provision for Khareef season?

Vikas Jain: So, September we have made a provision close to Rs. 80 crores.

Hemant M: Okay. And coming to the Q1 numbers, this includes the provision of Rs. 50 crores. So, we have done around Rs. 430 crores. How much of this Rs. 430 crores is liquidated till now? And what is the sales return?

Vikas Jain: So, liquidation is, as I said, for Khareef season, most of our returns have come in October and there is hardly any liquidation which is pending. Because of the delaying season in South, there might be some where the season is going on a little bit. But most of it has been liquidated and whatever is not there has already been returned.

Hemant M: This includes generic products as well, right?

Vikas Jain: Yes, yes. So, our overall strategy was to ensure a much lesser sales return which includes for both generic as well as liquidated products.

Hemant M: Okay. So, with the new approach, we might do well in Q3 this year with all these changes, whatever we have done. But if you see our Q4 revenue last year, only Rs. 90 crores came from branded revenues and balance Rs. 180 crores came from technical. So, if we see our technical margins are very less compared to branded revenues, we need to do at least Rs. 27 crores, Rs. 28 crores PAT in Q4 to be back positive. So, what will be the approach for this year to be PAT positive for Q3 and Q4?

Vikas Jain: So, last year what you see is Rs. 90 crores, not just Rs. 90 crores, but gross was much higher and we had sales return also in Q4. So, now this year we have ensured that all the Khareef related sales return has already been closed. But last year we had certain material which came back later on in Q1 as well which we would not see this year. So, last year also our branded sales was much higher. It was almost double, but because of sales return it was only 90 what we could have seen. But this year we will not see such kind of sales return and the sales of branded itself will be higher and the technical sales will be little lower as compared to previous year.

Hemant M: Okay. Next question is related to the patented launches. How many were planned in the next 12 months?

Vimal Kumar: You are talking about new products which we have to launch, right?

Hemant M: Yes, new products. How many were planned?

Vimal Kumar: This year we already have launched our product like Bestman. We have already launched and one product which we have launched is 34+ brand new SHOT DOWN which we have launched already. For this year we have launched, but for next year we have planned for new products also. Next financial year.

Hemant M: Can we expect three to four products in the next 12 months?

Vimal Kumar: No, maximum two products we will launch in next financial year.

Hemant M: Looks like Bestman has done very well this year. Congratulations for that.

Vimal Kumar: Yes, definitely. Bestman, Fetagen and SHOT DOWN. These three products have done fantastically, really good in the field. These three products, Fetagen, SHOT DOWN and Bestman. And you are correct, Bestman is also getting very good response, especially on the thrips. Which was a really serious issue for the farmer this year. And our Bestman has done really good, especially for the thrips and mites.

Hemant M: Sir, and my last question is, if you see our products like Ronfen, Bestman and upcoming products Cubax Power Extra, all of these were related to sucking pests. What kind of challenges do you see in terms of selling these products in the next two, three years?

Vimal Kumar: No, it is not like the same, because if you talk about Fetagen, that is mainly the crops, it goes in the paddy.

Hemant M: No, I am asking about Ronfen, Bestman and Cubax Power Extra.

Vimal Kumar: Yes, actually Cubax Power Extra, what you are talking about, definitely. And Bestman, if you are talking about Ronfen, if you talk about Ronfen, it goes mainly on the whiteflies and the sucking pests, generally if you talk about. And Bestman has Tolfenpyrad and Fipronil. There are two different chemistries. You can say as a broader way, both are working on the whiteflies and both are working on the sucking pests. But if you go specifically, the Bestman is for Aphids, Acids, Thrips, Whiteflies, Mites and Poros. It depends on the climatic condition and area to area. But it is different sales than Ronfen because Ronfen mainly is with the Diafenthiuron, which goes on the whiteflies. If you talk about Ronfen and Bestman comparison.

Hemant M: Okay. Sir, in terms of this top line target for this year, in the previous call you were mentioning it will be around Rs. 1,700 crores.

Vimal Kumar: Yes.

Hemant M: Any reason for the reduction to 1500 now?

Vimal Kumar: Yes. No, this is only because we are going conservative and our total debtors and stocks has reduced a lot, if you see. And even in the last one and a half year, we have reduced our debt of Rs. 150 crores. That is also there. So, if you talk about that way, that is the positive side, which we are controlling our debtors and stocks.

Hemant M: Sir, but if you see the average, it is Rs. 600 crores for next two quarters. So, we will do only Rs. 300 crores per quarter. And we were not able to do positive margins with these numbers from past two, three years. So, how confident are you this year to be PAT positive for both quarters?

Vimal Kumar: Yes, definitely. We have changed our strategy for this year. I already told in my commentary also that we have changed our strategy. According to our strategy, we are going in the right direction. If it is 1500, 1600, not because only we are reducing our sales return and control. Also, it is a season failure also in some of the regions. That is also one of the reasons for the sales. But we are doing conservatively. That is also an effect. But at the year end, I think all will be satisfied with our numbers and EBITDA margins. That I can say. Either it is less or more, but each number will be satisfied in the terms of inventory, in the terms of debtors, in the terms of

creditors, in the terms of our total debt. So, if you talk about total, in totality, it will be a good number, I would say.

Hemant M: Okay, sir. Thank you so much.

Vimal Kumar: Thank you.

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

Saket Kapoor: Namaskar, sir.

Vimal Kumar: Namaskar. Namaskar, Saketji.

Saket Kapoor: Sir, as you were replying to the earlier participants that we have made the necessary course corrections, wherein we are confident that going ahead, we will be reporting sustainable and predictable numbers going ahead. So, firstly, if you could just allude to, in a much descriptive way, what are the few key changes, other than the one which you have just explained, if anything else you would have to say, that how will the investors get the sense of your this sustainable and predictability coming into force. Because this is the first quarter wherein the quality of statement has changed, definitely from earlier conversations. And secondly, my question to Vikas sir, sir in the cash flow, we have seen provision for expected credit loss at Rs. 8.5 crores. So, we have been speaking about sales return, then provisions, and then again this expected ECL also. So, if sir could explain the nature of this line item.

Vikas Jain: Yes, so, with respect to your first question on the predictability, so, as we have been discussing since last two meetings that this year we are realigning our quarters. So, you would have noticed that we are doing higher sales and higher profit in Q2, and then in Q3 and Q4 we are suffering because of the sales return and incurring losses. So, this year the realignment has already been done and we are already start giving the results. As we mentioned, inventory and debtors and all those numbers are already under control. Sales return also has gone down by 50% compared to last year. So, this will help. And also with respect to the profitability number, because we are increasing our patented portfolio and whatever reduction we see in sales number are either because of the generic products going down or there is lesser sales of technical sales. Otherwise, our patent portfolio is still strong and almost similar to last year. So, this is on your first question.

For the second question, it is just a temporary provision which has been done because we have put a formula that beyond a certain number of days we need to provide for the debtors. But November and December being the key collection months, we will be able to collect those and these provisions will be reversed. So, you will see in December that there will be a reversal because we use a certain formula for certain days of outstanding we provide. So, we have on

a conservative basis provided and which is signed off by auditors as well. But these are not actually bad in that sense because most of our collection generally comes in November and December when the harvest season is on and the cash flow moves in the market. So, rest assured that would be reversed in December.

Saket Kapoor: Sir, if you could just give the number for sales return for the second quarter and the first quarter and the provisions which we have made accordingly. Provisions for sales return and the actual sales return.

Vikas Jain: So, second quarter, anyway it is mostly some part of rabi, we had around Rs. 30 crores, Rs. 40 crores and we had a provision of Rs. 50 crores. For September, we have done provision of Rs. 80 crores and what we are expecting is our returns would be around Rs. 60 crores. But same thing last year was actually around close to Rs. 140 crores of sales return. So, from about Rs. 140 crores last year, we are going to have less than 70, around Rs. 60 crores to Rs. 70 crores for which we made a provision of Rs. 80 crores.

Saket Kapoor: When you mentioned that Rs. 80 crores as provisions and the actual should be Rs. 60 crores only. So, there will be a reversal of Rs. 20 crores going ahead in the net from the provision.

Vikas Jain: So, we will wait for November, December as for some part of sales still there is liquidation happening in South. So, in case we do not receive much returns, then obviously you are right, it might be Rs. 20 crores or it could be Rs. 15 crores or Rs. 10 crores also. Reversal will happen in December. But anyways, the provision is much higher than the actuals.

Saket Kapoor: Sir, my question to Sai sir is about the international business that sir has alluded to and I think sir mentioned about one of the clients from which we have also got some million dollar contract, I missed that number. So, out of the total sales for the first half, what portion is towards the international business and how should H2 shape up in terms of behind the international sales?

Surendra Sai: Yes, sir. So, as far as our, from one customer for which we have already completed the registration process. So, we have done approximately around USD 600K to USD 650K of business with this customer and we look forward to another USD 350K to USD 400K of orders in the next H2. So, this is our optimism and the key point being that, you know, this is just from one single customer. There are other customers with whom we are working. This will be a little slow, but we hope that once we are able to start with the customer, our product quality will be beneficial and our pricing will be beneficial, that will continue to grow. This is an early start. As far as our total overall sales numbers are concerned, one million international sales is relatively a very small drop in the bucket. But this is a segment that will continue to grow. This is just one aspect of the international business that we are looking at. There is some amount of institutional trading business that we are doing with our China subsidiary also and that is also sort of generating revenue. Our ability to be able to get profitability and better bottom

line being generated and supported from the international business will be something that we will be looking forward in the next few quarters.

Saket Kapoor: Sir, Can you quantify for the first half what is the contribution in revenue terms?

Surendra Sai: In the revenue terms I had already mentioned that approximately USD 650K was with one customer and overall around 6 million top line was from our Chinese subsidiary.

Saket Kapoor: You are talking in dollar terms, 6 million dollars?

Surendra Sai: I am speaking in terms of dollar terms. But in terms of profitability, yes.

Saket Kapoor: Sir, last two points I completely missed out. Come again.

Surendra Sai: As I mentioned, in H1 we have done around 650k with one customer and we have around the top line of around 6 million dollars from our China subsidiary. This is only from a top line perspective.

Saket Kapoor: And bottom line, sir?

Surendra Sai: Bottom line at this particular point of time we still have expenses. So, we are still trying to get these things into a better shape. So, this will happen over a period of time.

Saket Kapoor: Okay, so they are not contributing to the bottom line. This is what you are attributing to.

Surendra Sai: Not much. Very marginal.

Saket Kapoor: And what steps have been taken to improve on the same and going forward what can we expect?

Surendra Sai: Definitely. I think international business will become one more pillar over a period of time based on all the steps that we are taking. In terms of the registrations that we are going on, in terms of our ability to have a subsidiary start, do an opening innings of a top line, that itself is a good step. We also hope to look forward to our technicals and intermediaries to come online. Because that is one area of R&D which has been going on for the last two years. We hope this will also start off. So, by next year definitely I think we should be able to see some positivity from the technicals.

Saket Kapoor: Okay, so last two points. Firstly on the CAPEX part, if you could just explain where are we in terms of the CAPEX that we have outlined earlier. Because in the capital work in progress, we are unable to find any meaningful number just as you can see. The capital work in progress is only one curve.

Surendra Sai: You are absolutely right. You are absolutely right on the CAPEX front. We have been a little bit slow. I mean in a sense that the monsoons were so bad that we thought we wanted to focus on our regular business and the financial belt tightening to be able to invest immediately on the CAPEX front. So, we have been slow on that aspect. I agree. But we hope to be able to start very soon.

Saket Kapoor: So, in H2 what should we expect the CAPEX to be?

Vikas Jain: So, the plan was only for this addition in our Gajraula plant. So, as we said we are going slow because the focus is more on stabilizing the business. We do not want to focus another part on the CAPEX immediately. So, that we have put on a second priority. So, it would take anywhere from three to six months for us to start this project. Other than this, we do not have any other CAPEX.

Saket Kapoor: Okay. So, in a nutshell, we will be taking a second look again for when to start the CAPEX. It will not happen in the H2 also.

Vikas Jain: Yes. So, this is for sure that we want to do it. So, it is only the timing part, which you mentioned rightly, that we are re-looking. It could be three to six months.

Saket Kapoor: Okay. Then the fund raising exercise and all, whatever we have done, that fund is also not being utilized for the purpose for which we have drawn. So, we will re-look on?

Vikas Jain: So, we did not want to take additional burden of all these, including to spend a lot of efforts on starting this plant, plus financing and everything. So, since this year, as you see, the numbers have been tough for us to realign, to do a lot of discussion with the sales team and everything. So, we decided we will delay by three to six months. So, it is possible. So, financing is not a problem. Already we had confirmation from financing earlier to start as well. It is only from our side that we want to just take some few more months so that this rabi season also does not get affected. And then post that, we will be able to start.

Saket Kapoor: Okay. So, just to conclude, sir, as Vimal sir was mentioning in the opening remark, we have to put the house in order, if we can say, from the earlier experiences, what we had for the last 12, 18 months. And now going ahead, we might look at a better H2 in terms of a good bottom line that we can expect, which was not the case earlier, as we have already made the necessary changes with respect to the sales returns and provision. So, this understanding is correct as of now?

Vikas Jain: Yes. So, we have put three important steps for this year. And on all those three steps, we are pretty happy that we are able to follow it. So, one was reduction in OPEX that we had reduced by 11% to 13%. Next was reduction in inventory. We have reduced by close to Rs. 200 crores. The third was reduction in sales return. We have reduced our sales return by more than 50%.

So, we are pretty happy that all these steps are not only planned and have been implemented properly.

Saket Kapoor: Okay. And lastly, sir, how was the generally sales for the H2? Means how does, in the total proportionate of businesses that we do, the December quarter and the March quarter generally plans out? I think the December would be wherein the pre-purchases for Rabi's come in. And how should these two quarters behave for business sentiment?

Vikas Jain: So, Rabi generally mostly depends upon the water which is there in the dams. So, we are pretty optimistic because the dams are at good levels, which will help the Rabi crop. So, too early to give on any number, but as we said, if we are going to do Rs. 1,500 crores, around 1,500, so we have good Rs. 600 crores to cover in the next six months. So, the proportion could be a little higher or lower, but this is what 600 we are going to do in the next H2.

Saket Kapoor: Okay. You just mentioned 16 to 17 now. You were telling something. No, no. I interrupted you, sir. You were telling something.

Vikas Jain: What I was saying was Rs. 600 crores plus a better patent portfolio, which will help us to and much lesser sales return, which will help us to have profitable quarters here.

Saket Kapoor: Fine, sir. Let us see how things shape up going ahead. And sir, for the debt part, sir, if this is all the working capital and the ECB part, that means foreign currency loans that we have currently in our books?

Vikas Jain: We do not have any foreign currency loans.

Saket Kapoor: Okay.

Vikas Jain: That thing is working capital. We do not even have any term loans as well.

Saket Kapoor: And what is the cost of funds, sir, currently?

Vikas Jain: So, we are on an average between, you can say around 9.5%.

Saket Kapoor: Okay. And our rating, sir, last week?

Vikas Jain: Rating is BBB.

Saket Kapoor: And when are the revision due, sir?

Vikas Jain: Revision will happen again next year. So, we had our rating close to four, five months back. So, another six, seven months.

Saket Kapoor: Okay. All right, sir. Thank you, sir, and we will join back the queue. Thank you to the team.

Vikas Jain: Thank you.

Moderator: Thank you. The next question is from the line of Sanjod Khare, an individual investor. Please go ahead.

Sanjod Khare: Hello. Good afternoon. Am I audible?

Vimal Kumar: Yes.

Sanjod Khare: So, because of this extended rain, definitely many regions got impacted. And even Rabi has been again pushed, right, compared to earlier years. So, which regions we are seeing now which are getting ready for Rabi? I mean, are we seeing that many regions are impacted and Rabi will be again pushed into Q4? Or some states are now we are seeing that Rabi will be starting in Q3? That is the first question. And are we seeing that because of all this extension of monsoon and even harvesting is getting delayed and everything is getting delayed. So, are we seeing that Q4 is going to be better than Q3? Or Q3 is going to be better than Q4?

Vimal Kumar: Yes, Mr. Sanjod, thank you for your question. And yes, your question is relevant. But which I said in my commentary also that Rabi season in Q3 for the herbicide that is going on as of now. That is a delay for one month. But still we can say which was the sales in October and that will be in November end. But definitely it will come under Q3 only if we talk about the herbicide of the Rabi season. And if we talk about insecticide or fungicide, that will come in the quarter 4. So, if we talk about year end, then there will be not any push of the Q4. Q4 will be just some of the sales. Generally, we have insecticide, fungicide sale in Q4 only. It is a month-to-month change which was impacted on the second quarter to third quarter. But it will impact for Q3 or Q4. It will be in Q3 only and Q4 only.

Sanjod Khare: Okay. So, on the ground, are we seeing now that the regions are getting ready? I mean many regions are getting ready for Rabi or there are still many regions are not ready for Rabi?

Vimal Kumar: No, no. As per our understanding, Q3 and Q4 as industry will be better because of the over rainfall. There is moisture which is needed for the Rabi crop that is already on the ground. So, we can say it is for the betterment only which excess rainfall in the Khareef. That is some damage in the Khareef crop. But if we talk about Rabi, it will be beneficial to Rabi crops.

Sanjod Khare: All right. Thank you and all the best.

Vimal Kumar: Thank you. Thank you, Mr. Sanjod.

Moderator: Thank you. The next question is from the line of Vijay Jhavar, an individual investor. Please go ahead.

Vijay Jhawar: Hi, sir.

Vimal Kumar: Yes, Mr. Vijay. Yes, please.

Vijay Jhawar: Yes. Sir, I just have two questions. So, my first question is like in January or February, we have raised a warrant with the investors at the price of 640. So, today our share price is trading like Rs. 300. So, how confident are we to get back the remaining 75% from the investors?

Vimal Kumar: Yes, Mr. Vijay. In fact, you are talking about the preferential which we have done in January, February. So, definitely there is an 18 month of time as per the guideline. And I think till that time it should be okay because all the participants had said it was 25%, which was Rs. 150 crore. So, we have already got Rs. 37.5 crore. So, Rs. 112.5 crore. It has to come through that and there is a time. So, let us see. I think the third quarter performance, I hope it should be there.

Vijay Jhawar: Yes, sir. But my question is like because we have a fixed cost of Rs. 120 crore, Rs. 130 crore per quarter in Q3. So, how confident are we to break even?

Vimal Kumar: Yes, definitely. As of now, we are confident because Rabi season is going good and there is no extra burden which last two years we are facing the extra sale return that was impacting our profitability in Q3 and Q4, which is not here in this year, which we already told that under provision it is coming. Whatever the return are coming, which is under provision only and we have some excess amount which we will add in Q3, which is not returned yet. So, that is our stance for the Q3 results and Q4 results, which was not last two years.

Vikas Jain: Just to clarify, our fixed cost during season was close to that number, but off-season generally we are at around Rs. 80 crores to Rs. 90 crores. So, we have reduced our OPEX. So, our last year total OPEX was around 420, which is an average of 100 per quarter. So, this year we have reduced it by around 20% to 30%. So, we will be at around for full year close to Rs. 380 crores also, which comes to around 80 to 90.

Vijay Jhawar: Sir, my another question is we had an inventory of Rs. 666 crores. So, I just want to understand how much is the finished product and how much is the technical?

Vikas Jain: So, out of 666, now in September we have Rs. 666 crores. In Rs. 666 crores, close to Rs. 300 crores would be our finished goods and balance would be in technical and bulk form.

Vijay Jhawar: And sir, do we have anything which is getting expired, finished product?

Vikas Jain: No, no, we do not have any such inventory.

Vijay Jhawar: So, what we actually do if some product gets returned for two to three years and then if it gets expired, what actually we do with it?

Vimal Kumar: No, Mr. Vijay, this is not like this. Maybe you have heard about our industry also. Returns, whenever we calculate return, it is calculated return from the one distributor. It does not mean it is return to the company directly. It can return to the depot and it resells also. So, we calculate as a return because once we sold, it got return, we calculate as a return. But after return, it comes to the stock and we sell it immediately or we try to sell it in the same season only. We never carry the one season product to another season.

Vijay Jhawar: Yes. So, do we have any provision for that in our balance sheet if it gets expired or something?

Vimal Kumar: No, we always keep tracking. We have SAP system, very strong system. We never come back and there is no expiry at all. We always sell before the expiry, all the goods.

Vijay Jhawar: Sir, I am an investor since last three years or four years maybe. So, in 2022-23, when our company was at all time high like Rs.1500 to Rs. 1700. So, you keep on saying that our margin business is around 35% to 40%. So, now all the patented products we have and we have a good sale in terms of patented products. Why our margin is still in 12%, 13%?

Vimal Kumar: What you said in the last line, Mr. Vijay?

Vijay Jhawar: No, I am just asking if our patented product is going higher. But in 2022-23, I do not remember, you told that our patented products have EBITDA margin of 30%, 35%. So, why our entire business is now only ranging between 13%, 14%, 15% EBITDA?

Vimal Kumar: No, actually if you see our total growth margin, if you talk about that is around 45%. But on average in total balance sheet, our growth margin is more than 36%. If you talk about this first half result, this is more than 36% is our total growth margin which is there. Definitely with the expenditure and if you talk about the total top revenue, if you match it, then it will reduce in the EBITDA. But in the next years, you will see when our sales will grow, that totally will come by EBITDA, whatever our growth margin, additional growth margin will come. Now it is 36% and now this last six months, we have changed a lot. Again and again we are trying to say that we have changed a lot in our strategy to reduce our inventory, to reduce our debtors, to reduce our cycle and to better cash flow. We are doing that effort. Last six months we have done and that result we will show in the next six months as well as next year. Because when we are pushing to patented and we are not selling generic products, that result you will see in next one year, what you are asking for the total growth margin. Our total growth margin will increase, definitely EBITDA will also increase.

Vijay Jhawar: Okay, sir. My next question is, do you have any plans to increase the shareholding in the company as a promoter?

Vimal Kumar: No, as of now we do not have any plans.

Vijay Jhavar: Okay, sir. Thank you. That is all from my side.

Vimal Kumar: Thank you. Thank you, Mr. Vijay.

Moderator: Thank you. As there are no questions from the participants, I now hand the conference over to the management for closing comments.

Surendra Sai: We thank all the people on the call for their participation. Predictability and resilience in our business will be the goal. Every quarter we will focus on our sustainable business and we will strive for long term growth. I thank everybody once again and we look forward to next quarter. Thank you.

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