Best Agrolife Limited

Serving Globe Through Agriculture

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Sub: Transcript of Q4 Earnings Conference Call - FY 2024-25

Dear Sir/Mam

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the "Listing Regulations"), please find enclosed herewith the transcript of earnings conference call for the quarter and year ended March 31, 2025 held on Tuesday, May 27, 2025.

The above transcript is also available on the website of the company i.e. www.bestagrolife.com

Submitted for your information and record.

Thanking You,

Yours Faithfully,

For Best Agrolife Limited

Astha Wahi

Best Agrolife Limited

Astha Wahi

CS & Compliance Officer

Best Agrolife Limited
Q4 FY'25 Earnings Conference Call
May 27, 2025

Moderator: Good day, and welcome to the Q4 and FY'25 Conference Call of Best Agrolife Limited.

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not the guarantees of future performance of the company, and it may involve risk and uncertainties that are difficult to predict. As a reminder, all participant lines will remain 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 the operator by pressing "*" then "0" on your touchstone telephone. Please note that this conference is being recorded.

Today, from the management side, we have with us Mr. Vimal Kumar – Managing Director, Mr. N. Surendra Sai – Head of Strategy and Overseas, 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: I welcome all to the Quarter 4 and Financial Year 2025 Earning Call. Thank you all for joining today's call.

Agrochemical industry in India is in need of transformation, unseasonal rains, sudden climate changes, unusually hot weather are impacting the crops in a way they are unexpected. Farmers in India continue to be dependent on rainfall irrigation. Our farmer first spends on agriculture inputs using credit but how much the farmer can earn from the crop is not predictable. This unpredictability impact the complete ecosystem associated with agriculture. These are the facts, in this challenging environment we are working to achieve business predictability by introducing farmer oriented products. Our aim is to release three to four patented product every year. Product that are farmer oriented and well-earned the trust by farmer. Our research and development is working with the mission of creating the best brand.

Best Agrolife will continue to focus on product innovation for brand business. This quarter, we have reduced our costs, changed our credit and return policies, and improved the operational efficiency in our brand business. We have reduced our Quarter 4 loss as compared with Quarter 4 of last year 24, our loss has been reduced from Rs.92 crore in Quarter 4 Financial Year 2024 to Rs.20 crore in Quarter 4 of Financial Year 25. We are on turnaround path in our financial and operational performance. We expect to see benefits of our operational and business improvements. We hope to see good result in the coming year, with the new challenges in force, casting sales demand, our inventory management and new sales policies.

In the full year, we have improved our gross margin from 24.7% to 29.5%. This is a reflection of our commitment to sustainable growth with focus on inventory management. We have reduced our inventory position by Rs.185 crore and improvement of 19% year-on-year and reduced our working capital by Rs.146 crore, which is a 54% year-on-year improvement. This year we improved our operating cash flow position to Rs.192 crore, which is 40% improvement from last year. We have also reduced our total borrowing by Rs.161 crore, which is a 25% reduction from last year, which is a significant amount our borrowing had reduced. Sales return has always been a challenge, major concern in the agrochemical industry. For the FY'25-26 we have introduced strategic sales policy design to drive demand of our specialty products. We expect to see a reduction in our sales returns. At the same time, we are actively monitoring the demand and supply. We expect to drive profitability and accountability across the sales channel with our new changes.

Field trial of our patented product Shot Down has earned very good feedback from farmer across India, and we have officially launched this product Shot Down. It is a combination of Haloxyfop and Imazethapyr and is a powerful herbicide for use in crops like groundnuts and soybean. We have aligned our backward integration by producing the technical Haloxyfop in our Gajraula plant. Building on this momentum, we will be launching two more patent products. One is an advanced insecticide brand name Bestman, which is a combination of Fipronil, Abamectin, and Tolfenpyrad is an SC formulation. This product controls aphids, thrips, and fruit borers. This is a single source solution for important crops such as Chilli.

We will also be launching another powerful insecticide, Futagin, which is a combination of CTPR, emamectin, and Fipronil in a GR formulation. For this formulation, I mentioned in last two earning calls also that we are going to launch so this time, we have launched this product also. This product is for sucking pest and borer in crops such as Paddy and vegetables. Like this we have many more in the pipeline with the CTPR combination, as I said many time in the call, this is one of that. Moreover, we will be launching an exciting range of organic fertilizer and bio stimulants. These products represent the next wave of our research driven approach and are designed to support farmer in achieving higher yield and support sustainable farming practices. Our dealers, distributors and farmers are requesting us for new product that can solve their multiple problems with one shot for which Best Agro is famous in the farming community. We will keep up with our commitment to delivering three to four cutting edge, patented crop protection solution every year.

Our technical research and development team has taken up the challenge of fully backward manufacturing of new herbicide. We were the first in India to develop fully backward production of Diafenthiuron, which was a core technical in our brand Ronfen, our first patented which we launched in 2022. We will soon be the first of make fully backward topramezone herbicide also. This year we are planning to brownfield expansion of our technical plan with a CAPEX investment for the project will be tuned to Rs.90 crores. We will strategically expand our R&D capabilities with new product release. We will be committed to developing safe product for the benefit of the farmer and the environment.

In summary, at Best Agrolife Limited we are well positioned to expand our combining innovative products regulatory momentum and strategic partnerships. Our commitment to newer chemistries patents and brand business will lead us forward. As we look ahead, we are fully aware of the short term headwinds that we are facing, but we are equally confident in our ability to whether these challenges, despite the fluctuation in financial performance, we continue to focus on a long term sustainable growth. Our commitment to innovation, strategic investment and customer centric approach remains strong than ever. We are confident that the foundations we are lying today will enable us to achieve sustained profitability and create value of our shareholders, customer and employees in the years to come. In our slogan, we always say farmer first, always and best.

Thank you once again for your attention, and we look forward to addressing your question. Thank you very much. Now, I hand over to Mr. Vikas. Thank you very much.

Vikas Jain: Good afternoon everyone. Thank you for joining us today. Let me start by sharing the financial performance for the 4th Quarter and FY'25. Revenue from operations for Q4 stood at Rs.274 crores as compared to Rs.135 crores in Q4 FY'24, reflecting a year-on-year increase of more than 103%. This increase was due to the fact that in the previous year, which is Q4 FY'24 due to unfavorable seasonal conditions, Rabi season was a total failure. However, this quarter has been a mixed bag. We saw that market conditions were more challenging than what we had anticipated, particularly in terms of demand in certain key segments, such as cotton, where the acreage is very lower, and also there were issues with the Chilli produce price that impacted the company's performance.

However, as Vimalji in his speech mentioned despite the numerous challenges faced throughout the year, we have delivered an improvement in our financials and operational performance for Q4 FY'25. Our focus initiative on cost optimization, strategic restructuring and enhancing operational efficiency have yielded an encouraging results, leading to a significant reduction in losses. From a negative EBITDA of Rs.67 crore in Q4 FY'24 to a positive EBITDA of Rs.4 crore in this current quarter. We improve the results of Q4 performance. Previously our Q4 FY'24 PAT was negative at Rs.72.5 crores, as against a reduced loss of Rs.21.6 crores in this current quarter.

Despite these challenges, we remain optimistic about our strategic direction. The direction is to invest in building a stronger brand presence in the key long term priority for the company, and we believe it will position us for sustainable growth in the future. While these investments have contributed to short term cost pressures, there are essentials to our brand focus model. Looking at the full year performance of FY'25 revenue from operations was Rs.1814 crores, as compared to Rs.1873 crores in FY'24. We saw revenue growth coming from a strong performance in the branded sales. The volume growth in branded sales was 14% but due to the price decline in various non-patented portfolio, the overall revenue from branded sales was flat at rupees around Rs.1190 crores. Branded sales was a primary revenue generator, when compared to the institutional sales segment, contributing in a ratio of 66:34 marginal gain from the previous year which was close to 64% and 36%. This shift towards branded products reflect our strategy to focus on premium value driven offerings that cater to ever evolving market needs.

For FY'25 EBITDA stood at Rs.200 crores, as compared to Rs.225 crores in FY'24. The contraction in EBITDA is mainly attributed to the increased cost associated with the strategic pivot to branded products, this transition involved higher employee cost, particularly as we expanded our marketing sales and especially the geographical expansion in South and the support team to manage the growing brand portfolio. In addition to this, other operating systems also arose due to the incremental travel and marketing costs as we scaled our market presence and engaged more actively with our customer base across various regions. The focus on the branded sales has led to improvement in margins from 24.7% to 29.5% and which is likely to improve further in coming years.

Cash flow from operations saw a drastic improvement from Rs.35 crores in FY'24 to Rs.228, crores in FY'25. This led to a reduction of our short term borrowing from Rs.670 crores to Rs.453 crores. Based on our learning's from the years that have gone by, we have done various changes to the policies to improve the performance for 25-26. We will continue to concentrate on the branded business and improve our gross profits. We have strong patented product portfolio as of today, and as has been discussed, we will be launching another three to four products this year. In addition, we will also be launching a range of bio stimulants.

We are on the course of cost optimization drive for Financial Year 25-26. Our investment last year in brand focus has helped us to create a brand pool, we would now be spending much lesser this year also, we are restructuring and merging various regions so as to reduce our OPEX. Additionally, we have made several changes in our policies for majority of our products to reduce the sales returns. Our key focus would also be to reduce the working capital cycle, and especially within better inventory management.

Once again, thank you for being with us today. We look forward to your continued support as we move ahead with our transformation. I now hand over to Mr. Sai for updates and concluding remarks.

N. Surendra Sai: Good afternoon everyone. Thank you for joining us today. I am pleased to give you an update on the progress in our international effort and the strides we are making to build our presence overseas. We have made progress in expanding our portfolio across countries such as Vietnam, Sudan, Australia, EU region, Guyana, Bolivia, Thailand, Cambodia, Mexico, Taiwan, Mauritius and Sri Lanka. We have started our exports to offer Africa, showcasing early traction in the MENA region. International customers in countries such as Sri Lanka, Vietnam, Thailand and Bolivia are interested in our patented product, and they are interested in going ahead with the registration of these specialized products. Also, we see significant amount of interest in our own nano urea formulation. This year, we were granted an international patent in the OAPI Group of nations for Ronfen.

Additionally, collaborations will play a key part in our international expansion. This year as we had already previously stated, we had signed a MOU with Shanghai E-Tong Chemical Company Limited based out of China, and this was aimed at exploring joint registration opportunities, potential partnership and an exchange of technical know how. I am pleased to give an update that early work on intermediate collaboration is in progress for the technical manufacturing. Likewise, our R&D is a fully backwards technical manufacturing is progressing well with pilot production of newer chemistry based herbicides and fungicides. Based on the good progress in the technical manufacturing and R&D effort, we are now going ahead with our Rs.90 crores brownfield expansion at the Gajraula plant. This primarily will lead to us having three functionally separate blocks for the production of insecticides, fungicides and herbicides. After the success of our fully backward manufacturing of **(Inaudible) 18:05**, the plant is now on plan to develop a fully backward process for the manufacturing of high value herbicides, the first of which, as Mr. Vimal, you already mentioned, will be topramezone.

Meanwhile, while we focus on our India operations in the short term, we believe overseas market is an important lever for us in the medium to long term, specialty formulations, newer chemistry based fungicides and herbicides will be our product for the overseas market. Thank you again, once again, for your attention, and we all look forward to addressing your questions. I now hand over to the event moderators.

Moderator: Thank you. Ladies and gentlemen we will now begin the question-and-answer session. The first question comes from the line of Hemant an Investor. Please go ahead.

Hemant: My first question is regarding this patent, which we received for Ronfen in Africa. So what kind of revenue we are expecting in FY'26 for this product?

Management: Yes, while we have got the patent for Ronfen in Africa, I would like to advise that this will take a time for registration. As you know, there are two types of registrations. One is a equivalent or what you call as a B2 registration. And another is what you call as a newer chemistry registration, or a newer formulation registration. Patented products and formulations like Ronfen fall into the category of newer chemistry and which have a longer duration of time frame for regulatory approvals. Hence, this will take at least a couple of years before we see the revenue stream from product like Ronfen in Africa.

Hemant: And regarding the sales return that we had in FY'24 and 25, number is too big. So what kind of policies we have this year so that we can decrease those sales returns?

Management: So we have made a couple of changes. So as you know that we have grown pretty fast in last two years, and have increased our brand sales tremendously. So whatever we have understood in these two, three years, we have change a little bit of policy for example, there were close to 50, 60 specialty products where we had based on whatever seasonal condition in last two years, might have taken little higher sales return, but this year we have put certain restrictions that we are not going to take more than 5% and accordingly, have planned our numbers with the sales team to say that, the demand planning would be much better so that our sales realization will be much lower. So this is one, and secondly few of the key products also, we have put under cash sales which were having certain issues with respect to undercutting in the market, this also will help in reducing the sales return. So these policies we have done for the current year.

Hemant: Okay. Are we planning for any additional incentives for dealers to reduce these numbers?

Management: It doesn't depend upon the incentives to dealers. So rather, it will depend upon the work which we put along with the farmer. So we have close to a huge number of field staff, or the demand generation executives what we call. So their primary task is to go and educate the farmers. And once the farmer is educated and there is a demand which is created, the sales team will accordingly do the sales. So this combined effort will help in much reduced sales return.

Hemant: Okay. And one number was surprising to me when I saw today's presentation, the patented revenue for this year is only Rs.357 crores. So is the number correct?

Management: Yes, so our patented products is close to that number correct.

Hemant: If I am not wrong, we were expecting around Rs.300 crores of revenues from Ronfen itself. Then why this kind of less revenue is there for patented products?

Management: So Ronfen, as I mentioned in the previous year, there is certain pockets. One is that the cotton acreages itself had went down by 30% to 40% so there was a huge reduction in the cotton acreages in the last year that was the main reason, because of which the Ronfen sales were lesser as compared to what you thought. But this year, we see that the acreages are increasing compared to last year. So we are hopeful that this year we should be coming back to much higher number for the patented products.

Hemant: Okay. One last question from my side. In Q1 and Q2 last year we had high cost inventory. Is that fully completed now?

Management: So last year, when we started there was a big issue with the China dumping in India market. And there were many products where the cost had gone down by 30% to 40% but this year, when we begin, there are hardly any such dumping what we see, there might be some modern election here and there for products.

Hemant: I am not asking about the dumping, in the Q1 and Q2 last year we had high cost inventory in our books, which was sent to the dealer, but few sales items were there in Q3 and Q4. So did we get those high cost inventories back to our books, that's the question?

Management: Okay, so whatever returns we had, so mostly it is from the patented products. And those patented products was always at our lowest cost only, we didn't had the correction was mostly from the specialty or the generic products when price had corrected. So we don't face that problem, because mostly the returns were from the patented product, and it is not at high cost.

Hemant: And what kind of numbers we are looking for FY'26?

Management: So we are not giving any projection with respect to what percentage increase we want. Rather, our main focus this year would be with respect to the profitability, improving the gross margins and reducing our cost and improve our cash flow. So, the concentration is more on the bottom line.

Moderator: Thank you. The next question comes from the line of Vansh an Investor. Please go ahead.

Vansh: Sir my question is on the, what sort of revenue contribution do we expect from our additional launches, the new two products that we are launching plus the three to four patent target that we have, what sort of additional contribution and profit in order we see in future?

Management: Yes, Mr. Vansh, thank you for the question. In fact, which we are launching this year, more three product which is our patent, any product which we start in a first year, revenue didn't come like in three digits. It will come in two digit only, but we are trying and our target is to achieve with this three product. So this three product will give us near about Rs.150 crore additional revenue for first year that we are expecting. But in general, any product like we launched first year our product Ronfen, was also like less than Rs.50 crore, then next year it was Rs.100 crore. This year, you can say near about Rs.150 crore. So each year it grows according to the market potential. But these three products can be very big product for next three year after three year. But right now only we can say this year we are expecting for three combined product Rs.150 crore for the revenue.

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

Saket Kapoor: Firstly, if we take the Q-on-Q performance, we see in the P&L line item, the other expenses line item showing a significant decrease. So if you could just give what kind of comparison should we draw Q-on-Q basis, because the revenue has been flat, but December versus March quarter, I am just alluding to the calculated financial results. So first the question, if you could just explain to us how comparable are these numbers?

Management: So you are talking about Q1, Q2 and Q3, Q4?

Saket Kapoor: Q3, Q4.

Management: Q3, Q4 right. So Q3, Q4 the even though revenue is flat, so other expenses, the majority number which is included is the marketing expenses and in that marketing expenses also the major expenses is going to be the demand generation executive, the off roll employees. Now what happens is, since it's a seasonal business so there is higher demand of these executives during the season, and based on the requirement, these people are reduced as and when the season is not there. So the majority expenses was higher and lower based on that. And since Jan to March is the most lean season, the number of employees for the executive will be much lesser. And also, as we mentioned, that based on whatever learning's we had, we are trying to restructure our regions and the areas. So we had restructured various regions wherein, which based on our expectations were not performing. So we had merged those regions and reduced our headcount as well. So that is the reason you see much lower other expenses in Q4 as compared to Q3.

Saket Kapoor: But sir when we take this number for a year as a whole, although our top line has remained flat or reduced, but this line item has moved up significantly from Rs.151 crore to Rs.224 crore. So with the type of cost optimization you have spoken, what should we look into this going ahead, if you could just throw some light. And also, one point was about the Forex impact also, how has Forex impacted the P&L for this quarter and year as a whole if you could just allude outline these two sectors?

Management: For this, coming to the increase in other expenses compared to last year. So as we mentioned, that because we had launched four patented products. So there is obviously initial higher marketing costs and the branding expenses, because you need to launch these products across India, and that was the reason that our cost was higher. Also we were setting base in various regions which we were not present earlier, and we had hired a lot of people last year, this is also one of the reason that our expenses were higher. With respect to Forex, Yes, because of volatility between from November till just about February, there was a lot of volatility in Forex, and we had incurred for almost about Rs.10 to Rs.12 crores per annum which also is included in other expenses.

Saket Kapoor: Right. Sir, when investors look at companies or sectors, there are factors which we investors also need to understand, wherein we can model out how the working of the sector and the company in specific will be. So taking into account the type of lumpiness in the numbers, the nature, agri nature of the industry where we operate and if you refer to the previous calls also, we have fallen short of in various aspects for whatever good or bad reason. What should exactly investors be looking forward for from the management in terms of the operational and financial performance for the current year, if you would have definitely budgeted and worked out, which is achievable taking into account the exigencies of the businesses?

Management: So few points, one is with respect to the projections and our actual results. So one is because we have put ourselves a very high expectation that we want to grow pretty fast. And obviously we are on that course, there might be chances that we might miss the number because our number or the position itself, are very high. So many companies which would have taken close to five, seven years to achieve similar kind of numbers, we are trying to achieve those in two to three years. So now that we have found that base in last two, three years wherein we are able to put our brands and we are able to put the entire setup. We are confident that going forward, our numbers would be as a year-on-year or quarter-on-quarter will be much better. So last two years, obviously as you would have seen our branded business has grown from almost Rs.400 crores to Rs.1000 crores. So you might see certain hiccups our projections or sales are pretty high, and there might be some shortage here and there. But with respect to agri business again, few points is the whole USP for us is, we are launching with various patented products. So as an when the company grows, and if you are only stuck with only specialty or generic products, then it becomes difficult to grow in this business. But since we are growing, since we are launching various patented products, we are actually capturing market share of various MNCs. So this will help us grow, and also to avoid this seasonal factors because once you have more patented products, the acceptability of the brand by the farmers once it is established, it becomes easier to grow for next year, which is not the case with generic or the specialty product. So yes, we are in the seasonal business but the answer to is that the patented products, is our main strategy, wherein we want to grow pretty fast and also not to deviate from these, not to have issues with these seasonal conditions.

Saket Kapoor: A small point, and then I will join the queue. Sir we are already two third into the 1st Quarter of the current financial year, and also we have seen that monsoon headwind has been a week or 10 days earlier when it had hit the showed for Kerala and the Southern region. So taking these factors into the premises, are we in-line with what we have anticipated for the Q1 at least, in terms of what we have planned. Are things in the right direction or here also we are, how are we positioned in terms of since we are almost done two third with the quarter?

Management: See this is the time May or rather, I said end of May is the time where the big flow of placements and sales will start. So yes, we are geared up and almost the entire factory is working full time. The warehouses have been sent all the material. And the good part is that the season is good. So once the season is good, so you can assume that the sales also will happen. So there is no specific number which we can give, because as we mentioned that we have done some changes to our policies wherein we don't want to come to a situation where we push too much and then take back later on. So there might be a situation wherein, we are selling but suppose some sales which we are supposed to do in June might come in July, or based on seasonal condition might happen in June as well. So we are tracking it on daily basis. And since the season is good, rest assured that the numbers also will be good.

Saket Kapoor: And sir, can I take one more question about the finance cost, that has also moved up for this financial year on a console basis, it is up to Rs.107 crore from Rs.82 crore. So as of now, what should be our net debt and the cost of fund, which is only the working capital requirement that we have, that is in foreign currency?

Management: So last two years, because of various reasons, especially the seasonal conditions, we have been having pretty high working capital, especially the inventory. But as you saw, that just about in the March end, our inventories were lower by Rs.185 crores, and even our borrowings were lower. So the present borrowings what you see will mostly remain the lower number what you see will mostly remain because we will need that for our growth. So our loan borrowings have gone down by more than Rs.100 crores. So the present borrowing will remain for this year, and accordingly the finance cost also will go down.

Saket Kapoor: Sorry, sir I mentioned the number.

Management: Just to add, our cost of capital is between 9.5% to 10%.

Saket Kapoor: Okay, sir I have mistaken in mentioning the finance cost it is Rs.66 crore. So it is similar to the last year levels only, it was the employee cost so I just mistaken the number. So, this should remain flat only sir because quarterly run rate is Rs.17 crore.

Management: Yes, it will remain flat.

Saket Kapoor: Correct sir. And sir lastly about the Brownfield expansion and the money which we have put in Rs.90 crore Sai sir was mentioning about it. So, what we will be achieving through this Rs.90 crore investment in terms of the top line, and if you could just elute this brownfield expansion, and what is the CAPEX that we have outlined for the current year?

Management: So the overall project cost is Rs.90 crores, and this will mostly start within a month or so, and it will take close to one year or so to complete. So the effective generation or revenue or on the profit will start only from 26-27.

Saket Kapoor: And what could be the….

Management: So with respect to top line, what I can mention is the products what we are planning to manufacture will, the revenue and the EBITDA will be much higher than the average what we have presently. So this obviously will be increasing our EBITDA percentage overall.

Moderator: Thank you. The next question comes from the line of Sanjay an Investor. Please go ahead.

Sanjay: My question is about, in Q4 what were the contributions from the export revenue, and how are we seeing export doing in Q1 and Q2 of this FY'26?

Management: Yes, please. So, I am happy to say that we started our exports. Currently we have had a few smaller orders. So the range of exports currently, the order value that we are seeing is in the range of around $250,000 USD, there we have completed two consignments. We are expecting another consignment in the order range of around $150,000 USD. These are initial and starting steps. Over a period of time you will obviously see a good amount of product traction based on the fact that, the quality of the products that we have sent has been accepted and been appreciated. There will be a larger amount of exports which will kick in when we are able to send across more of our specialized products. And work for that, in terms of getting the registration, is the ongoing process which we had mentioned, but over a range of countries, the registration workforce are specialized products, is what we are looking for. I might take a special mention, of a couple of countries that where we have seen a good amount of attraction. The first is the Vietnam and the second is Sri Lanka. In both these countries, our partners have shown significant amount of interest in registering our patented formulation to be able to take across in these countries, and they are willing to be able to fund the complete registration process itself, which if I may say so, is significant when these are not of the Me Too variety. That said, when it comes to the actual numbers and what we sort of expect in this year and in the next year, that will slowly grow over a period of time, while we take the low hanging fruits of using the existing registration for exports, the higher value registration of the patented and specialty products will kick in over a period of time.

Sanjay: Okay. And this time, you are not planning to give any guidance that's what I am hearing from your call. But considering now almost two months are over and now the monsoon has started early, are we seeing that Q1 and Q2 is going to be better than last financial years Q1 and Q2?

Management: Yes, Q1 and Q2 based on seasonal conditions we see as of now, looks to be good. And as you mentioned, based on whatever we have had in our previous years, we are concentrating more with respect to quality sales, especially with respect to our patented products to avoid sales returns and to reduce our cost. So yes, our team is geared up, and already all the infrastructure with respect to inventory and warehouses and the sales which are already started happening. So we see a good Q1, Q2 numbers.

Sanjay: And my last question is about, we have launched Shot Down recently. Was there any PR done, or it was just launched and any PR was done, and new products you are going to launch, are we going to launch any products in Q1 and Q2 or it will be in Q3 and Q4?

Management: So as we speak, Shot Down must be sold from our mediums as of now so Short Down is one herbicide which we were not having in our portfolio, and it was a pretty big market. So Shot

Down is being presently sold from our warehouses and other two products, Bestman will also come by Q2 and Futagin will take little more time possibly in Q3 or Q4.

Moderator: Thank you. The next question comes from the line of Ankur Agarwal from RC Business House Private Limited. Please go ahead.

Ankur Agarwal: In Financial Year '22-23 we saw 18% margin in our balance sheet, and today we are on 11%, do you see any possibility in this year 25-26 can we go to 18% mark?

Management: Are you talking about EBITDA margin?

Ankur Agarwal: Yes, EBITDA margin.

Management: So, as I have been clearly saying that our target for 25-26 is to improve the profitability, so you will certainly see a drastic improvement in our EBITDA percentages this year. So the key would be the profitability to improve our profitability this year.

Ankur Agarwal: Better than 15%?

Management: Sorry?

Ankur Agarwal: Better than 15%?

Management: I do not want to give any specific number, but yes.

Ankur Agarwal: In the range of 15%, 18% or maybe 11%, 12% or 13%?

Management: Yes, in that range of 15% to 18%.

Ankur Agarwal: And the volume increase top end will be somewhere 20% improvement growth in top line?

Management: So top line clearly we are not giving any numbers which we would want to achieve, because we have done certain changes. So we would want to see how it happens this year. So we are pretty hopeful to say that we should not be having much sales return and also based on the new products which we are launching, less the bio stimulants we should see growth in our business this year.

Ankur Agarwal: Okay. Main focus in bottom line to improve the bottom line?

Management: Yes.

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

Saket Kapoor: Sir, Rs.90 crore which you have mentioned about the CAPEX we have last year in the plant machinery, we have spent Rs.21 crore and previous year was Rs.45 crore, and our property, plant and equipment is closing balance is Rs.177 crore. So can you give where this Rs.90 crore figure has been subsumed, how much have been spent, and when will the entire amount be spent?

Management: So we have just about spent close to Rs.7 to Rs.10 crores. This will be extension in our existing plant in Gajraula which is in UP. So we have a technical plant there. So these three, four products, the setup which you are going to do. So the base of Rs.7to Rs.10 crores is just an initial expense which we have recently spent. The actual full fledge will start only from, I can say in the month of June, possibly mid of June or end of June. So we have not started full-fledged we got it sanctioned from a financing company, and start in June.

Saket Kapoor: So how much we will be spending this year on this Rs.90 crore project, wherein you have spent Rs.7 so balance Rs.83 how much we will spend now?

Management: So, if I go by the target, mostly we should be closing this completion by March or April. So it will take between 10 to 12 months.

Saket Kapoor: Okay. And sir when we look at this line item of right of huge assets, these are any tolling services that we do or what does this amount signifies closing balance of Rs.66 crore?

Management: Sorry I missed your question.

Saket Kapoor: Sir in the non-current asset, we see closing balance of right of huge assets. So are these any tolling activities that that we do, what is the significance of this amount lying in the non-current assets?

Management: So these are mostly during the acquisition what we had done for various entities last year in March 24 and before. So those had come along with those acquisitions.

Saket Kapoor: Okay. And lastly sir, for investors what should be we look at the peer comparison. So in the case where we operate, where we compete with other listed players who are our key competitors where in a like-to-like comparison in terms of product profile can be made through and also the returns of the raw material basket what kind of integration do we have, backwards integration currently or in the process going ahead, and how are the raw material prices currently shaping, and the key ingredients for that?

Management: So, I will answer the first question. So with respect to the kind of portfolio we have, most of it, we are gaining our market share from the MNCs because those are the players who were having specialized products, and a market was there. So we are getting from there this would include various MNCs plus, if you see various Indian companies almost it's not that one-to-one comparison of just one or two companies, because each state there are different crops, and within that different crops, there are different companies who are selling higher or lower. So we compete in each state differently with different companies, so almost if you take all the listed peers, they are our competitors in one or the other way, in one or the other state. So that's the peer comparison, for second question Sai will answer.

N. Surendra Sai: Yes, your second point was, if I am right was regarding the cost of raw materials and its impact on us. So, if I may say so, one of the key raw material providers was China, and it continues to be China in terms of the intermediate. Now, over the period, what we had seen was there was we had seen a significant amount of crash in the prices of both the technical as well as the intermediate. This year, I would say somewhere between Q4 till now, what we are seeing is, we have seen prices stabilizing, at least on the upward trend, but we do not see a much of a crash continuing, which we had seen previously. Now that said, what we have indeed doing over the past couple of years has been to try and reduce our dependence on the China intermediate market. And this is an ongoing process and when we had talked about a fully backward, integrated technical manufacturing, which Mr. Vimalji and I had mentioned previously, we are 100% using raw materials and intermediates which are based out of India. So certain processes, we will try to be able to see how much we can be completely independent of intermediate market from abroad that we, at this particular point of time what we will be doing is, we will be working on producing these technical, primarily to be able to drive our brand business in terms of the patented and specialty products. But over a period of time, technical manufacturing unit will be able to produce more amount of technical first global market, which is essentially aligned with our complete strategy of specialized materials for India market as well as for global overseas markets.

Moderator: Thank you. The next question comes from the line of Abhijit Mitra from Ioneos Alpha Investment Management. Please go ahead.

Abhijit Mitra: My question is more on the cash flows. If I see post September, that is in the second half, it's almost a Rs.400 crore release in receivables and Rs.100 crore release of inventory. So just wanted to understand that what kind of measures you would have taken to see this kind of significant release in cash flow in second half, and how much of that would sort of you feel can carry over, how many of those measures can you carry over in the next year as well. So just your thoughts on them?

Management: So, hi Abhijit since beginning of the year we had been discussing that we were beginning it was a pretty set level, especially the inventory also was at highest level, and including the receivables. So as the year went by, we had improved and we had clearly given the guidance that the working capital will improve going forward. And that's what you saw that throughout the year, almost we had more than improvement by cash flow by Rs.200 crores as compared to last year. Even presently, what you see still we feel there's a lot of scope, a good 20% or so reduction. What we feel should happen throughout this year. This will involve the cash flow further for this year as well. With respect to receivable yes, there might be certain times where we are little higher or lower, branded business based on the condition. There might be certain receivables which might take time to recall also, but it is pretty clear that with respect to inventory, from this present number also you will see a lot of improvement going forward, and in the new policies, which you are bringing for this year will certainly help.

Abhijit Mitra: Got it. And, just to confirm or sort of few book keeping questions what was the final, sales return number for the full year, and what was the discount and revenue number for the full year if you have those handy?

Management: See overall, the sales return for this year was anywhere between 17% to 18% and with respect to discounts and all generally for this industry, is between 12% to 14%. So that remains to us.

Abhijit Mitra: Understood, great and we can see a substantial reduction in this percentage of at least the returns over next year or in terms of?

Management: Yes, exactly we are hopeful to have a substantial reduction this year in the sales return.

Abhijit Mitra: Okay. Any percentage that you have thought of say, 70.5 can go down to say 10% or 5% any numbers that you have sort of?

Management: This is just the start of the season, we don't know how the market will perceive and what will happen. We want to be pretty agile to say what might happen, but the reduction should come, and because this thing should happen, that the goal of the of the company is reach to a place where our returns are much lesser, because it creates a lot of issue with respect to inventory, with respect to cash flow. So reduction will happen, now up to what percentage, what thing we have to see this year.

Moderator: Thank you. We take the last question from the line of Sanjay an Investor. Please go ahead.

Sanjay: This last thing, December Q3 there were convertible warrants were issued about in 31 last 25,000 and it was mentioned in the last release that about 25% the warrant money was not received due to some technical issue. So is the money received completely and what is the probability now we are seeing that remaining 75% of the payment will happen in this financial year considering the market condition and drastic reduction share price?

Management: Yes, Sanjay so we had got a couple, we have got commitment for Rs.150 crores for the overall QIP and the 25% of which was Rs.35 crores we received it fully. But there was some technical issue at that time from one or two of the investors, which we got after a week or so. So we got 25% now, as you rightly mentioned, there is certain challenges in the market wherein we cannot go and take the balance 75% but as and when we feel the improvement in the market, we will certainly go back to our investors to take the balance 75% as well.

Sanjay: Okay. So, we are hopeful of closing this and getting the money raised in financial year?

Management: Yes, we should be hopeful to raise it this year.

Moderator: Thank you. Ladies and gentlemen with that, we conclude the question-and-answer session. I now hand the conference over to Mr. Surendra Sai for his closing comments.

N. Surendra Sai: Thank you very much for the question and we hope that we were able to address the questions in completeness. Feel free to be able to reach out to us on our investor relationship channel for any follow up and further questions. We will always be open to these. Q4 may be called as a cusp as we continue to focus on financial brand and sales discipline. Work on profitability, cash flows, inventory and returns is what our direction will be for Q1, Q2, Q3, and Q4 of this year. If I may say so, today we are very positive on FY25-26 as we are affirmative on our disciplined approach, and yet we will continue to have an aggressive R&D and a product approach. Our products, we believe are still valued by our customers, and they see a certain strength in the brand best. I will conclude that our commitment to our stakeholders is our primary goal, and we look forward to a very positive 25-26. Thank you very much, with this we conclude.

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