Best Agrolife

Operator: Greetings, ladies and gentlemen. Good day and welcome to the Q1 FY27 conference call of Best Agrolife Ltd. As a reminder, all participant lines will be in 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 the operator by pressing star and then zero on your touchtone 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 of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Today, from the management side, we have with us Mr. Surendra Sai, Executive Director, and Mr. Vikas Jain, Chief Financial Officer. I would now like to hand the call over to Mr. Surendra Sai for his opening remarks. Thank you, and over to you, sir.

Management: Good afternoon, everyone. A warm welcome to all of you. Thank you for joining us today to discuss Best Agrolife's financial performance for the first quarter of the current financial year. This year started with apprehension regarding the monsoon, primarily driven by early indications that 2026 and part of 2027 could be a super El Niño year. These early predictions indicated that in 2026 itself, El Niño could become the strongest event in the last 150 years and push global temperatures to record highs, triggering extreme weather. The impact on the monsoon and its cascading effect on sowing and agriculture were the main concerns. In the first quarter of FY27, the key observation was a delayed monsoon with irregular rainfall and above-normal temperatures across several agricultural regions. Overall, as of the date of this call, the cumulative deviation from the long-term average for rainfall is around 113%. The central region has hardly a deficit of 1%, while the rainfall deficit in the east and south is higher. We have been monitoring and adjusting our placement in alignment with the season dynamics.

The current water storage situation across all reservoirs is 81.5 billion cubic meters against the expected level of 87.6 billion cubic meters. These are positive signs to tide over the winter crop season, especially in the south, where reservoirs play an important role. As of now, reservoirs in the south are receiving inflows, and we hope this will improve in the following months. Overall, the impact has been on seed treatment. Demand has primarily remained subdued due to delayed planting. Lower crop establishment reduced the requirement for the first round of herbicide and insecticide applications, primarily in soybean, cotton, vegetables, chili, and groundnut, which are our major crops. Despite these seasonal challenges, I am pleased to share that Best Agrolife delivered a resilient performance during the quarter. We are also cautiously optimistic about the monsoon crop season and our next few quarters.

Revenue from operations increased 4% year-on-year to 396 crores. More importantly, our profitability improved significantly, with EBITDA growing 70% year-on-year and PAT doubling, or increasing a little more than twofold, to 41 crores. Our gross margin expanded by 37%, while EBITDA margin reached 20%, reflecting the strength of our differentiated product portfolio, disciplined pricing, operational efficiency, and our focus on profitability. The improvement in profitability demonstrates that the strategic initiatives undertaken over the past few years are starting to yield better-quality earnings. Our differentiated product portfolio continues to gain strong acceptance among farmers. The improvement in profitability demonstrates that the strategic initiatives undertaken over the past few years are starting to yield better-quality earnings. Our differentiated product portfolio continues to gain strong acceptance among farmers, and we

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are also seeing the benefits of our digital outreach through social media as well as WhatsApp.

We have expanded our product portfolio to represent specialized products, and we have increased the contribution of our patented portfolio to 65% from 45% in Q1 last year. Products such as Tricolor, Warden, and Warden Extra continue to be key performers, including in paddy, cotton, sugarcane, and vegetables. We have increased the number of farmers and channel partners looking to our branded products. We have consistently received feedback and have also observed repurchase orders, and we hope this will continue to increase as we consolidate farmer confidence. For FY27, our focus remains on profitability, and we have continued to introduce patented and specialized products into the market. Our new product portfolio continues to demonstrate excellent efficiency in the dynamic environment. Warden Extra and Tricolor Extra have delivered promising field performance and are expected to contribute meaningfully during the second half of the financial year.

Similarly, based on market feedback, we introduced a new PGR portfolio. This business had a relatively slow start due to delayed crop growth; however, as the crop enters the active vegetative phase, we expect demand to improve from the second quarter onwards. The field feedback that we have been receiving for the PGR portfolio has been positive. Across the country, we continue to invest in farmer engagement through field demonstrations, digital campaigns, farmer interactions, wholesale agricultural market activation, and a strong focus on our digital awareness program. These initiatives are strengthening our brand recall and accelerating farmer adoption of our differentiated technology. We also remain focused on improving operational efficiency. Our gross margin expansion was supported by a favorable product mix, selective price increases, and disciplined procurement and manufacturing practices. At the same time, we maintained tight control over our operating costs while continuing to invest in market development activities.

Working capital has remained an area of focus, and during the quarter, our inventory levels reduced compared with the same period last year, reflecting our emphasis on inventory optimization and efficient capital utilization. We continue to make progress across international markets, with successful product registrations taking place in Nepal, Thailand, Vietnam, and Mexico. Our regulatory approvals for specialized products have also been received for these markets in Sri Lanka. Looking ahead, the outlook remains encouraging. Monsoon activity has improved across most agricultural regions, and sowing has gathered pace. As crops move into the vegetative and reproductive cycles, we expect demand for herbicides, insecticides, fungicides, and PGR to improve during the following quarter. Our strategy remains unchanged. We will continue to strengthen our innovation pipeline, extend our differentiated products, increase market penetration across key crop segments, deepen farmer engagement, and improve operational efficiency. We remain confident that these initiatives will enable us to deliver sustainable, profitable growth while creating long-term value for all our stakeholders. Before I conclude and hand over to Mr. Vikas, I would like to thank our farmers, channel partners, employees, research team, and shareholders for their continued trust and support. With that, I would now request our CFO, Mr. Vikas, to take you through the financial performance for the quarter in greater detail. Thank you.

Management: Thank you, Mr. Sai. Good afternoon, everyone. I will now take you through the financial performance for the first quarter of FY27. Despite a challenging operating environment during the quarter due to the delayed monsoon, we delivered a strong improvement in profitability

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while maintaining healthy revenue growth. Revenue from operations stood at 396 crores compared with 381 crores in Q1 FY26, representing year-on-year growth of 4%. The more significant improvement came at the gross profit level. Gross profit increased by 32% year-on-year to 146 crores compared with 111 crores in the corresponding quarter last year. Consequently, gross margins improved to 37% from 29%, reflecting a favorable product mix, selective price increases, and our continued focus on procurement and manufacturing efficiencies. This improvement was further supported by our ongoing product rationalization strategy. During the quarter, we reduced the number of generic products, increasing the contribution of our patented portfolio to 65% from 45%. Despite higher raw material costs arising from the US-Iran conflict, we were able to successfully pass on a significant portion of the cost inflation across our product portfolio. We also implemented selective price increases for certain patented products, combined with our disciplined go-to-market strategy. These initiatives position us to further incentivize our dealer network while supporting sustainable margin expansion.

EBITDA for the quarter stood at 78 crores compared with 46 crores in Q1 FY26, registering growth of 70% year-on-year. EBITDA margin improved significantly to 20% compared with 12% in the same period last year. The expansion in EBITDA margin reflects the combined impact of higher gross margins, improved operational efficiency, and disciplined cost management. Our brand business continued to demonstrate healthy momentum during the quarter, with branded sales volumes to dealers increasing by 13% year-on-year. Within this growth, our patented portfolio delivered an impressive 37% increase in volumes, reflecting the strong acceptance of our differentiated products. On the other hand, sales of generic products declined significantly, in line with the company's strategic decision at the beginning of the year to discontinue select generic products and sharpen its focus on higher-value branded and patented offerings. Profit after tax more than doubled during the quarter to 41 crores compared with 20 crores in Q1 FY26, representing growth of 104%. PAT margin improved to 10% from 5% during the corresponding quarter last year, demonstrating the operating leverage in our business model. Operating expenses, including finance costs and depreciation, increased only 4.5% year-on-year to 92.97 crores despite continued investment in market development and business expansion. This reflects our continued focus on cost optimization while supporting long-term growth initiatives. From a balance sheet perspective, we continue to improve working capital efficiencies. Inventory stood at 764 crores as of June 30 compared with 812 crores a year ago, representing a reduction of around 6%. Inventory optimization remains an important management priority, and we expect further improvements as sales momentum strengthens during the monsoon crop season. Overall, the first quarter demonstrates the resilience of our business model, although weather-related [inaudible].

Management: ...affected the timing of market demand, our differentiated product portfolio, disciplined pricing strategy, and operational efficiency enabled us to deliver a significant improvement in margins and profitability. Moving ahead, improving monsoon conditions, healthy crop prospects, and increasing acceptance of our differentiated products provide confidence of stronger business momentum during the remainder of FY27. We remain focused on maintaining profitability, improving working capital efficiency, optimizing cash flows, and delivering sustainable returns to our shareholders. With that, we conclude our remarks and are now ready to take questions from the participants. Thank you.

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Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Participants, you may press star and one to ask a question.

Operator: The first question is from the line of Disha from Sapphire Capital Partners. Please go ahead.

Disha – Sapphire Capital Partners: Hello. Am I audible, sir?

Management: Yes, Disha. Go ahead.

Disha – Sapphire Capital Partners: Thank you so much, sir, for this opportunity. I have a couple of questions. Firstly, we have seen very strong gross margin improvement and EBITDA margin improvement. You alluded to the fact that this was because of the product mix. Could you elaborate a bit more on what has worked well for us? We have seen a 37% increase in patented product volumes, so where are we seeing the most traction, and how sustainable are these margins?

Management: With respect to the product mix, there were two points. First, we cut sales of many generic products that we had decided to discontinue, so that portfolio went down. Secondly, we also launched a new patented portfolio of three products. In addition to our previous 9 products, we launched 3 further products. As of today, we have around 12 patented products, and the volume of this patented portfolio increased by 37%. In this segment, one of our key products, which is [inaudible] Plus, along with our 3 new products, contributed at a much higher pace, resulting in the overall growth of the branded portfolio. Last year, patented sales were around 45% of our branded sales, and this year we reached around 65%. This was the reason that margins increased, and this will continue. This addresses your second question about whether these margins are sustainable. They will be sustained because the generic portfolio will obviously be lower once we discontinue those products, and as and when we launch newer products, the proportion of patented products will obviously go up. Therefore, margins will remain at a higher level.

Management: Yes, Disha. Just to add to the answer, your point about sustainability is very valid. What happens in the field, among farmers and dealers, is that there is a strong preference for having a basket of products available. A large number of specialized and patented products require this basket to be available. However, the basket of generic products generally pulls down profitability and gross margins. What we have been observing in the field and at the farmer level is that the growing adoption of specialized products is helping us avoid relying on generics. We will continue to focus our marketing strategy and sharpen our marketing strategy, as well as our digital outreach, to ensure that we carry only a relevant and meaningful percentage of generics along with our specialized portfolio. We hope this will help us operate sustainably, enabling us to deliver higher top-line growth as well as a better bottom line. You can continue. I think you may have had another question.

Disha – Sapphire Capital Partners: Sixty-five percent of sales came from patented products. So, if you could just…

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Operator: Disha, sorry to interrupt you. We were not able to hear your question. May I request you to repeat it from the beginning, please?

Disha – Sapphire Capital Partners: Hello, am I audible now?

Management: Yes, you are.

Disha – Sapphire Capital Partners: For the first quarter, 65% of sales came from patented products. Where do we see this percentage going for this year, and what is the target for next year? Also, are there any new product launches in the pipeline for this year? If so, could you elaborate a bit more on that?

Management: In our previous calls as well, we had indicated that the company is moving toward more specialized products. Our patented portfolio has been increasing over the last few years, and this year, in addition to launching 3 new products, we discontinued some low-margin generic products. We believe that in the current year and in the future, our patented portfolio should be above 60%. Depending on the season and the crop, it could vary, but we believe it would be anywhere between 60% and 70% of our total branded sales.

Disha – Sapphire Capital Partners: Are any more launches planned for this year, apart from the 3 that you have already completed?

Management: The 3 launches for this year have already been completed, and the products are already in the market. As of now, there are no new products planned for the current year because once we launch a product, it will take care of the current and the next season. However, there are products in the pipeline that will come later. This could begin in January-February or from next year onwards, depending on how quickly we receive the registrations. The 3 products are already in the portfolio, and the pipeline is already in place.

Disha – Sapphire Capital Partners: Okay. My last question is regarding demand. What sort of overall growth should we expect for this year and next year? How are you viewing the overall demand environment?

Management: If we had spoken to you about the same thing 10 days ago, we would have been in a worse situation because rainfall was considerably lower than it is today. Within a span of 10 days, there has been a lot of coverage. The situation is still difficult in a few pockets of the country, but we believe we are at least better off than we were 15 days ago. We understand that it should improve over the next 10 to 15 days. If all of this goes well, you will see consumption and growth follow in the same manner.

Disha – Sapphire Capital Partners: Okay. That is all from my side, sir. All the best. I will get back in the queue. Thank you.

Management: Thank you, Disha.

Operator: Thank you very much. The next question is from the line of Rehan Sayed from Trimeta Asset Managers. Please go ahead.

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Rehan Sayed – Trimeta Asset Managers: Hello. Am I audible?

Management: Yes, but please speak a little louder, Rehan.

Rehan Sayed – Trimeta Asset Managers: Hello. Am I clear now?

Management: Yes, please continue.

Rehan Sayed – Trimeta Asset Managers: My first question is about your patented agricultural portfolio. Your patented portfolio contributed 64% of branded sales during Q1 FY27 versus 45% last year, whereas branded sales increased 39% from 35%. What is the medium-term target for the contribution of patented products? Can this portfolio exceed 75-80% of branded sales over the next 2-3 years? What are you seeing, and what is your view on this?

Management: Rehan, your voice was not clear. If I understand correctly, one of your questions was whether our patented portfolio will increase to 80%. Is that one of your questions?

Rehan Sayed – Trimeta Asset Managers: Yes, exactly.

Management: Since we have to provide an entire portfolio of products, the season generally starts with generics. Our team has to engage with dealers and start with generic products, followed by specialized products. Therefore, it is very difficult for any company to work only with specialized products. The ratio would continue at around 60-65%.

Management: Probably higher. The patented portfolio will continue at that proportion of 60-65%, and the balance will be generics. This will remain more or less unchanged. I am sorry, we could not hear you clearly. If I understand correctly, was your question also regarding the margins on generics?

Rehan Sayed – Trimeta Asset Managers: Yes, exactly.

Management: You can see from the margin we reported this quarter that the margins on the patented portfolio are higher. These products are specialized, and we also need to undertake a lot of work at the field level to create awareness among farmers. Therefore, margins are higher in this portfolio. For generics, we are in competition and have to price them according to the market. As long as we sell a higher percentage of patented products, our margins will obviously remain on the higher side.

Rehan Sayed – Trimeta Asset Managers: My second and last question is regarding your market share during the monsoon crop season. Considering the strong growth in patented products despite the weak monsoon crop season, can you quantify your current market share in the generic crop protection market? Where can it go, and what do you expect this share to be over the next 3 years?

Management: With respect to the season, the situation generally changes on a day-to-day basis. For example, if there is good rainfall today in any part of the country, discussions among the sales team pick up immediately, followed by selling and liquidation. Therefore, it is never a matter of a general condition. Improvement in rainfall ensures an improvement in the business. As I said, 15

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days ago we were not in a very good situation, but as we speak today, we are somewhat better off. We are confident that within the next 10 days, conditions could improve further. It all depends on the monsoon and how it covers the country. The best part about our product portfolio is that we are present across almost all states, covering most crops and providing better solutions. Wherever there may be a few weak pockets—for example, sales of one or two of our patented products may be somewhat lower—we are better off in other products. That will continue.

Management: To add to your query, Rehan, I think you may also be looking at it from the perspective of a longer-term growth prospect. Would that be the right understanding? Are you looking for that information?

Rehan Sayed – Trimeta Asset Managers: Yes. What is your long-term view of the crop protection market, and how are you seeing it?

Management: From a macro perspective, while the crop protection market in India has been growing at a relatively modest pace, there are many intricacies at the crop-by-crop and region-by-region levels. A more detailed analysis of that could take longer, but at a very high level, there are 2-3 things happening. One is pesticides. Although the IPM methodology has been promulgated by the government and many farmers attempt to follow it, implementing integrated crop protection and learning how to juggle different pesticides to achieve maximum yield with a very modest set of pesticides has been difficult. It has also been difficult to educate farmers about what this essentially means. In one line, there is an increasing amount of pest resistance. Attempting to counter that pest resistance is a challenge. There are 2 ways of addressing this challenge. The first is to increase the use of generics somewhat, which is not a very good idea. The other option is to use highly specialized and newer molecules that have lower toxicity, higher efficiency, and different modes of action. This is the segment we are targeting, and we are actively trying to counter ongoing pest resistance by introducing new formulations with newer technicals. While the overall growth projection for the crop protection market in India might be anywhere between 4% and 6%, we hope to perform somewhat better. The challenge is always market adoption and our ability to educate farmers so that they continue to focus on our specialized portfolios. This is also one of the reasons why, with farmer acceptance, we are able to prune our generic portfolio and push our patented portfolio more. We hope to continue working on this. Farmer education is very important.

Management: This is important, and thank you for this question because it relatively demonstrates how we are positioned in a differentiated segment.

Dattatreya: Right. Thank you for the detailed answer, and good luck for the coming quarter, sir.

Management: Thank you. Thank you, Dattatreya.

Operator: Thank you. Participants who wish to ask a question may press star and one. The next question is from the line of Amit from Robocapital. Please go ahead.

Amit – Robocapital: Thank you. We have started tracking the company recently, and we see that 3 years ago we used to report almost 190 crores of PAT. Over the last 3 years, both our revenue and bottom line have declined substantially. Could you quickly summarize the challenges we faced over

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the last 3 years?

Management: We are discussing one quarter, while discussing 2 years would be a much longer discussion, but I will summarize it quickly. In one of the years, we faced a challenge due to the China price crash. The year before that, we had launched the B2C segment in a big way through the dealership network, our own brands, and our patented portfolio, and we had a very good year. As a result, our inventory and procurement were higher, and suddenly there was a price crash. This affected our existing inventory, and we had to sell at much lower gross margins.

The following year, the major factor was seasonality. We received a lot of sales returns, which also impacted our numbers. In addition, in our factory operations, we were working extensively on newer products and products that were not easily available in India, while trying to compete with China on a cost-competitive basis. We spent a lot of time on those products, and the capacities were utilized for them, whereas those capacities could otherwise have been used for other products and our turnover could have been higher. These 3-4 issues occurred over the last 2 years, due to which our numbers declined at both the top-line and bottom-line levels.

As you can see, we are relatively new to the B2C segment, so we have been learning over the last 3-4 years. However, we are also one of the fastest-growing companies in this segment. Over 3 years, our branded business increased from 400 crores to 1,000 crores. As part of our strategy, we reduced B2B, increased our own branded products, and reduced the B2B business, which is more of a generic portfolio. These factors affected us, but now, after 3-4 years, we are more experienced with respect to the issues we have faced, and we are able to tackle them much better.

On the expense front, we also spent a lot because new patented products require much greater efforts in the market and in the field. We therefore spent more over the last 3 years, but we are now trying to manage that at a reasonable level. These were the factors, but based on the learnings we have gained, we believe we are back in our growth phase. We will continue to push sales of our patented products and improve both the top line and the bottom line.

Amit - Robocapital: Thank you for that. When do we see our top line reaching 1,500 crores? Also, regarding sustainable margins, is it fair to say that around 13% or 13-14% would be a sustainable margin for the business? I am not asking for a specific year, but in general, how do you see sustainable margins for the business?

Management: The reasons for each of the years were obviously different. As I mentioned, we were relatively new, and we keep comparing ourselves with peers that have been in the industry for 20, 30, or 40 years. Obviously, we have to be compared with them, but we have our own challenges, which we have faced and improved upon.

What you mentioned is right. We have achieved EBITDA margins of more than 15% earlier as well. Therefore, 13-14% is a reasonable level for us to achieve under normal circumstances. We are quite confident that in each year we should be able to maintain levels of 13-14%; this is not specific guidance for this year. We are quite confident because Q1 was good, and July numbers, which are ending today, are also showing sales progressing well and in line with expectations. That level should be easily achievable. We are also quite confident about turnover. Even if we do not reach the target, being close to it would still be positive. As long as our specialized portfolio remains higher, it

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will ensure higher profitability. The top line could vary somewhat, but we are confident of easily achieving 13-14%.

Amit – Robocapital: My last question is on revenue growth over a slightly longer-term period, on a 3-4-year basis. What do you think the revenue CAGR will be, or what is the internal aspiration for revenue growth?

Management: We mostly bottomed out last year in {? March 24 ?}. From here, our plan is to easily achieve growth of 10-15% each year. There could be a year in which growth is somewhat higher and then another year in which it is somewhat lower, but on average, CAGR should be anywhere between 10% and 15%.

Amit – Robocapital: Great, sir. Thank you. That is all from my side.

Operator: Thank you very much. The next question is from the line of Koushik, an individual investor. Please go ahead.

Koushik – Individual Investor: Congratulations on a good set of numbers. I have been following the company for the last 3-4 years. Looking at the numbers, are you sure that you are not front-loading high-margin branded products to distributors in Q1, showing good numbers, and then taking a hit in Q3 and Q4, as you have done over the last 3 years or as is common in this sector?

Management: Initially, we would obviously have sold some of our patented products. However, because of the delay in the season, our patented portfolio, especially some of the products, has not yet been fully placed. The season starts from August itself, and there has also been a delay. Therefore, sales of patented products will continue not only in Q1 but also in Q2. With respect to Q3 and Q4, those are obviously the periods when the season ends and we receive some sales returns. However, this year we have been more careful, as we have been with respect to the sales return provision. We have created a buffer for the sales return provision, which we expect will begin from September-October. We are trying to reduce the volatility that occurred over the last 2-3 years. Hopefully, at a reasonable seasonal level, we should be able to curtail the volatility that used to occur in Q3 and Q4. We are conservative to that extent and have created a somewhat higher sales return provision.

Koushik – Individual Investor: Thank you.

Operator: Thank you. The next question is from the line of Gunit Singh from Counter-Cyclical PMS. Please go ahead.

Gunit Singh – Counter-Cyclical PMS: I want to understand the margins of our patented products and generic products.

Management: It would be difficult to state the exact gross margin. Generics are at lower levels, and different patented products have different margins. If you could clarify the difference between the margins—how many basis points higher are the patented products in terms of gross margins?

Management: Sorry, I could not understand your last sentence. Did you mean a broad range? A broad range would be that most patented products have margins of more than 40%, while generics

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have gross margins in the range of 15% to 25-30%.

Gunit Singh - Counter-Cyclical PMS: Understood. In this quarter, did we see any increase in raw material prices? I want to understand whether, if there is inflation in raw materials, we are able to pass on the price hikes? [inaudible]

Management: Mr. Gunit, we are not able to hear your question. Could you speak a little louder and repeat it, please?

Gunit Singh - Counter-Cyclical PMS: Hello? Am I audible?

Management: Yes, please go ahead.

Gunit Singh - Counter-Cyclical PMS: I am asking whether, if there is inflation in our raw materials and our raw material costs increase, we are able to pass on the price hikes.

Management: In my speech, I mentioned 2 things. First, we were aware that prices were increasing, and in the first week of April, even before the season started, we increased our prices. Then, for a few more products, we implemented a second round of increases in the first week of May. We have been able to pass on most of the price increases. For some of our patented products, we implemented a selective increase as well. Overall, our price increase is positive. We were able to pass on the cost increase, and for selected products, we increased prices somewhat more.

Gunit Singh - Counter-Cyclical PMS: Understood. In this quarter, did we have low-cost inventory that we had built up earlier, before prices started increasing? Is that the reason our margins are so positive?

Operator: Gunit, sorry, but we are losing your audio intermittently. Could you please move to an area with better reception?

Gunit Singh - Counter-Cyclical PMS: Yes, one second.

Management: I understood the question, so I will answer it. We did have some inventory at a low cost, which always happens because we generally have 60-90 days of inventory. Therefore, part of the inventory was at a lower cost. There was also some inventory that we imported at a higher price during the panic period from February to April, and prices later stabilized. Therefore, it is a mix of low-cost inventory, purchases made during the shortage situation, and subsequent stabilization. Our gross margins are not necessarily better only because we had a large amount of low-cost inventory.

Management: To add to the question, Mr. Gunit, one of the key advantages we have been trying to build is our technical manufacturing unit, which acts as a feeder for the critical and important molecules that go into our patented products. This creates resilience. Of course, the challenge over the last couple of years has been the R&D required to produce these complex molecules at a price point comparable with or competitive with China. The advantage of having a supply chain that feeds into our important molecules is the resilience it creates. Building that resilience took time, and we recognize that it took us a couple of years to reach that level of resilience. We hope to continue focusing on R&D to build in that resilience so that fluctuations in raw material prices are

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absorbed and we remain ahead of the curve in maintaining our gross margins.

Gunit Singh – Counter-Cyclical PMS: Understood. Now that raw material prices have also increased, our inventory would have caught up with the increase in the prices of our goods and products. Should we expect some normalization in EBITDA margins, or can we expect this 20% margin to continue? What are your thoughts on that? For FY27, what kind of margin range can we realistically expect?

Management: We are not providing any guidance regarding the future. Usually, Q1 and Q2 are at much higher levels because of the season. You will see a continuation of what we achieved in Q1 in Q2 as well, because Q2 is our major season and major quarter. You will see higher sales and higher gross margins continuing in line with Q1. Q3 and Q4 will depend on how the rainfall develops over the next 2-3 weeks, and they will also depend on sales returns and other factors. Therefore, it is difficult to say.

Management: We cannot predict any specific numbers with respect to the 20% margin we mentioned, but we mostly feel that we should return to our earlier growth trajectory and profitability. In terms of the top line, we are not being as aggressive as before in saying that we will achieve the higher 15-20% growth that we used to guide for. Our concentration is now more on profitability because we are also reducing some generics, which would have made it easier to increase our top line. We are reducing those products as well as the {? tail ?} and improving our {? EBITDA ?}. Q2 will be good. Q3 and Q4 will depend on how the season develops, and we will continue to work accordingly.

Dattatreya: Please go ahead, sir. Thank you very much. All the best.

Management: Thank you. Thank you, Dattatreya.

Operator: Thank you. As a reminder, participants may press star and one to ask a question. The next question is from the line of Sanjay, an individual investor. Please go ahead.

Sanjay – Individual Investor: Hello. Good evening. Am I audible?

Management: Yes, Sanjay. Please go ahead.

Sanjay – Individual Investor: Hi, Vikas and Sanjay. Congratulations on your good operational performance. It was a difficult period because the rain was delayed and the situation was not very good. Although margins were good, the top line was somewhat subdued. Since the rains started late, was there any impact on the top line in Q1? Otherwise, could it have been a better quarter?

Management: The situation was such that there was a fairly dry spell, so farmers and dealers tended to delay their purchases. If rainfall occurs across different areas, movement obviously takes place. Therefore, you would have expected the quarter to be somewhat better. However, procurement by farmers and, ultimately, by dealers was deferred, so some business was pushed into Q2. You are right that Q1 could have been better with respect to the top line. If rain occurs now, we are confident that we will be able to show a good Q2.

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Sanjay – Individual Investor: That means a lot of business has moved from Q1 to Q2, or at least some business has moved from Q1 to Q2. If the rain continues, we should see Q2 being good compared with last year, correct?

Management: Yes.

Sanjay – Individual Investor: I hope the rain continues. My second question is about raising funds. The warrant conversion did not happen last year. Warrants were issued but were not converted, so we could not raise the funds. For this financial year, do you have any plans to raise funds, and by what means? Also, what is the capital expenditure plan for this financial year?

Management: Capital expenditure is presently on hold. As you have seen, over the last few years we have been struggling with our numbers, both the top line and profitability. We did not want to shift our focus to new capital expenditure; rather, we first wanted to strengthen our existing business. Therefore, capital expenditure plans are on hold. With respect to the QIP we conducted, the last date was around June 26, which has passed. Since the current pricing was at a much lower level, the investors obviously did not contribute the remaining 75%. That process also closed.

However, we are in discussion with the investors regarding the next course of action because we do not want investors to lose their money. Once those discussions, which are currently ongoing, are completed, we may potentially come with another QIP. As I said, this is still under discussion. Once we have some confirmation, we will be able to provide further details. The current open QIP has now closed because investors, for the obvious reasons, did not pay the balance amount.

Working capital, however, has improved drastically. Over the last 2 years, we have reduced inventory from approximately 1,000 crores to the current level of 700 crores. This has ensured that working capital management is at much better levels. Until some time ago, there were also some delays in payments to creditors, but those have now been completely resolved. We are presently at a level where almost all payments are being made on time. Advance collections should also be at much better levels this year. Therefore, from a working capital perspective, we are quite stable. We have to see what we do with the QIP.

Management: To answer Sanjay, there is a significant advantage to undertaking capital expenditure. The primary reason for our capital expenditure requirement was to increase our manufacturing capability. Increased manufacturing capability would have helped us produce more material and increase our top line at a good pace. We did face these challenges last year, as Vikas has been saying, when we had some challenges in terms of our top line. Now that we are on a steady footing, we will look at the right time to undertake capital expenditure, enabling us to utilize it in a manner that does not put pressure on the system. It is therefore in our plans, and we have all the plans in place. We are looking for an opportune moment to initiate it.

Sanjay – Individual Investor: If we decide to launch the QIP, would it be in Q2 or Q3? I am only asking hypothetically.

Management: There is still no confirmation on that. As I said, it is still under discussion. Once we have confirmation, I will be able to tell you.

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Sanjay – Individual Investor: All right. That is all from my side. Thank you very much, and all the best.

Management: Thank you, Mr. Sanjay. We appreciate your concerns.

Operator: Thank you. As a reminder to all participants, you may press star and one to ask a question. The next question is from the line of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor – Kapoor and Company: Hello, Mr. Shinde. Hello, Mr. Vikas. I hope I am audible to both of you.

Management: Hello, Saket.

Saket Kapoor – Kapoor and Company: Thank you, sir, for the opportunity, the opening remarks, and the good set of numbers, which have not been visible for quite a long time. In continuation of the earlier participant's question on capital expenditure, if I am not mistaken, the capital expenditure that was envisaged earlier was also put on hold. What is the current status and nature of this plan, under which we were trying to expand capacity at our existing facility? I believe it involved the technical division, if I am not mistaken. Please correct me. What is the update on this?

Management: With respect to that capital expenditure plan, based on the capital expenditure plan and the sales expected to be generated from it, we had also given growth projections of around 20% or more in our earlier earnings call, when we said that we were going ahead with the capital expenditure. Based on that turnover, we had projected growth of around 20% or more. However, since the plan is on hold, we are back to normal organic growth from our existing business, which is around 10-15%. That is the impact. As I mentioned, the focus was mainly on stabilizing and improving the existing business. Once we have that confidence—for example, if one year performs well—capital expenditure and everything else will automatically follow. That was the reason management decided to keep it on hold. This will obviously have some impact on our top line in the future. As we have mentioned, instead of 20%, we will have growth of between 10% and 15%.

Saket Kapoor – Kapoor and Company: Mr. Vikas, when you were discussing the current financial year and particularly Q2, you seemed confident that, with one month of the quarter underway, sales being reported, and the weather becoming conducive for the industry, we would be able to repeat or remain on track with what Q1 delivered. Is it only in Q3 and Q4 that we will know how the sales returns will develop, or could you explain our situation this year? I also have a second part to the question.

Management: If we had been discussing this 15 days earlier, I would not have been so confident. However, I generally look at the IMD map on a daily basis to see how much it is raining across different places. Compared with 15 days ago, when most parts of the country had a rainfall deficit of up to 40%, the deficit today is only around 15%. We are also seeing rain in different parts that had received hardly any rain over the previous month or so. Therefore, today's situation is somewhat different. In July, despite the sales team putting in a lot of effort, we are seeing a good amount of sales coming in. We are also seeing some postponement from July to August in various parts. At least we are better off today, with a 15% deficit compared with the earlier 40% deficit. Hopefully, another week or 10 days of good rainfall will ensure that we perform much better than we anticipate.

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Saket Kapoor – Kapoor and Company: On the sales return front, how prudent are we regarding the reported top line of 396 crores? On a prudent basis, what percentage of this amount have we already provided for as sales returns, and what is our thought process on this?

Management: We have provided for a good amount of sales returns. We have taken 20% as the expected sales return and made a provision of around 60 crores. The reported number has actually been reduced by 60 crores to account for what we believe may arise in the future, which is a reasonable estimate. This should take care of some of the volatility that occurs in Q3 and Q4. We have also taken the gross margins for those sales returns at slightly higher levels, so that if we receive products with higher gross margins in the future, we are not again hit on profit at that time. We have taken sufficient buffer in this quarter itself. If Q2 also goes well, that buffer will take care of Q3 if there are higher sales returns.

Saket Kapoor – Kapoor and Company: Okay. And sir, as you were mentioning about...

Management: Yes, Saket.

Saket Kapoor – Kapoor and Company: Yes, just one. So basically, just...

Management: As you were mentioning, we are cautiously optimistic. Overall, as you rightly mentioned, there is a 10-15% deficit in rainfall. The southern reservoirs are somewhat on the lower side, but overall reservoir capacity is more or less in line with the long-term averages. Hopefully, in the south, we should be able to see the expected outcome, even assuming there is some deficit in winter-crop rainfall. We are cautiously optimistic. There has been a lot of discussion regarding El Niño and its impact. El Niño's impact has been present in the first half of the year, but it has been relatively limited. We will continue to monitor the situation and plan to change our placement strategies and sales strategies based on how the winter crop season progresses.

Saket Kapoor – Kapoor and Company: On a comparable basis, last year is not comparable on any front. There were many one-off factors or factors that did not play out earlier. To understand the revenue base, last year's top line was, I believe, 1,300 crores or 1,250 crores.

Management: Last year was 1,250 crores.

Saket Kapoor – Kapoor and Company: 1,250 crores at the consolidated level. What should be...

Management: ...factored in with 400 crores of top line for the first quarter as a number or a growth number on a base of {? 1,250 ?} last year, sir.

Management: We are not providing any projections regarding where we will land because the situation is still subject to certain factors that are not under our control. However, we are quite positive about the sales we have achieved and, looking at July, about the operations of one of our factories. Last year, that factory was working on newer products, and we believe it will be better placed this year. Some of the issues that occurred last year and subdued turnover are not expected to recur, and we will be in a better position. We are not providing any number as of now. That may become possible as each quarter progresses. We will see a good effect this year.

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Operator: Thank you very much. Ladies and gentlemen, we will take that as the last question for today. I will now hand the conference over to Mr. Surendra Sai for his closing comments. Over to you, sir.

Management: We thank all our investors, stakeholders, suppliers, and customers for their support as we transformed our business. We welcome the feedback from investors and assure our stakeholders of our intent to create long-term, sustainable growth. Thank you very much to everyone. We will now sign off. Thank you.

Operator: Thank you very much. On behalf of Best Agrolife Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you. Thank you. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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