Best Agrolife Limited

Serving Globe Through Agriculture

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Sub: Transcript of Q1 Earnings Conference Call - FY 2026-27

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 ended June 30, 2026 held on Friday, July 31, 2026.

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

Best Agrolife Limited

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MAKE IN INDIA

Best Agrolife Limited
Q1 FY 2027 Earnings Conference Call
July 31, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Q1 FY27 Conference Call of Best AgroLife Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing "*" then "0" 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 on date of this call. The statements are not the guarantee of future performance and involve risk 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.

Surendra Sai: Good afternoon, everyone. A warm welcome to all. Thank you for joining us today to discuss Best AgroLife's financial performance for the 1st Quarter of the current financial year.

This year started with an apprehension regarding the monsoons, primarily driven by the early indications of 2026 and part of 2027 being 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 may push global temperatures to a record high, triggering extreme weathers. The impact on monsoons and its cascading effect on sowing and agriculture was a concern.

In the 1st Quarter of FY27 the key observations were:

- Delayed monsoons with irregular rainfall.
- Above normal temperatures across several agricultural regions.

Overall, as on date, the cumulative deviation from long-term average for rainfall is around 113%. The central region has hardly a deficit of 1%, while the deficit rainfall 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 at 81.5 billion cubic meters against the expected level of 87.6 billion cubic meters. These are positive signs to tide over the rabi 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. Primarily, the demand has remained subdued due to the delayed planting, while lower crop establishment reduced the requirement for the first round of herbicide and insecticide applications primarily in soybeans, cotton, vegetables, chilies and groundnuts. These are major crops.

Despite these seasonal challenges, I am pleased to share that Best AgroLife has delivered resilient performance during the quarter. We are also cautiously optimistic about the rabi season and our next few quarters.

The revenue from operations increased 4% year-on-year to Rs. 396 crores. More importantly, our profitability improved significantly, with EBITDA growing 70% year-on-year and PAT doubling to a little bit or a little bit more than doubling to Rs. 41 crores. Gross margins expanded by 37%, while EBITDA margins reached 20%, reflecting on the strength of our differentiated product portfolio, disciplined pricing, operational efficiency and our focused cost management.

The improvement in profitability demonstrates that our strategic initiatives over the past few years are translating into better quality earnings rather than merely higher volumes. Our differentiated product portfolio continues to gain strong acceptance among the farmers. And we also see the benefits of our digital outreach via social media as well as WhatsApp.

We have been pruning our product portfolio with emphasis on patented products, and we have increased the branded contribution of our patented portfolio from 45% last year Q1 to 64% in this quarter.

Our products such as BEST MAN, Fetagen, Warden Extra, Ronfen, and Tricolor continue to perform well over the key crop segments including paddy, cotton, sugarcane and vegetables.

We have been in touch with the farmers at ground level to be able to understand their feedback and we have had consistently good feedback and this has been encouraging. We are also observing the repeat purchases and we hope this will continue to increase as we consolidate our farmer confidence. Our recently launched products are also progressing well and we have always been committing to continue to introduce key patented products and key specialized products which will help our farmers. Our new product portfolio, Fluzam, has demonstrated excellent efficiency in the ground level segment treatment.

Cubax PowerExtra has delivered promising field performance and is expected to contribute meaningfully during the second half of the financial year. Similarly, based on our market feedback, we introduced a new PGR portfolio and while this witnessed a relatively slow start due to the delayed crop growth, however, as the crop enters the active vegetative phase, we expect the demand to improve from the second quarter onwards. The ground 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, seed limiting, village campaigns, farmer interactions, Mandi activations, and putting a lot of focus on our digital awareness program. These initiatives are strengthening our brand recall and accelerating the farmer adoption of our differentiated technology. We also continue to 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 maintain tight control over our operating costs while continuing to invest in the market development activities. Working capital has remained an area of focus and during the quarter, our inventory levels reduced compared to the same period last year, reflecting our emphasis on inventory optimization and efficient capital utilization.

We continue to progress in the international market with successful product registrations happening in Nepal, Thailand, Vietnam, and Mexico. Our regulatory approval for patented products has also been approved for being fast-tracked in Sri Lanka. Looking ahead, the outlook remains encouraging.

Monsoon activity has improved across most agricultural regions. As crops move into vegetative and reproductive cycles, we expect demand for herbicides, insecticides, fungicides, and PGRs. to improve during the following quarters. 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 teams, shareholders for their continued trust and support.

With that, I will now request our CFO – Mr. Vikas, to take you through the financial performances for the quarter in greater detail. Thank you.

Vikas Jain: Thank you, Sai Ji.

Good afternoon, everyone. I will now take you through the financial performance for the 1st Quarter of FY27.

Despite a challenging operating environment during the quarter, we delivered a strong improvement in profitability while maintaining healthy revenue growth.

Revenue from operations stood at Rs.396 crores compared with Rs.381 crores in Q1 FY26. Year-on-year growth of 4%. The most significant improvement came at the gross profit level.

Gross profit increased by 32% year-on-year to Rs.146 crores compared with Rs.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 U.S.-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 strengthened go-to-market strategy, these initiatives position us to further incentivize our dealer network by supporting sustainable margin expansion. EBITDA for the quarter stood at Rs.78 crores compared with Rs.46 crores in Q1 FY26, registering a 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 margins 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 volumes of branded sales 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 Rs.41 crores compared with Rs.20 crores in Q1 FY26, representing a 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 Rs.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.

Inventories stood at Rs.764 crores as of 30th June compared to Rs.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 kharif season. Overall, the 1st Quarter demonstrated the resilience of our business model.

Although weather-related disruptions affected the timing of market demand, our differentiated product portfolio, disciplined pricing strategies and operational efficiencies enabled us to deliver significant improvement in margins and profitability. Looking 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.

Moderator: Thank you. We will now begin the question-and-answer session. First question is from the line of Disha from Sapphire Capital Partners. Please go ahead.

Disha Jain: Thank you so much, sir, for this opportunity. A couple of questions, sir. Firstly, we have seen very strong gross margin improvement and EBITDA margin improvement.

So, we alluded to the fact that it was because of the product mix. Could you elaborate a bit more on what has worked right for us? And we have seen 37% increase in the patented products volume.

So, where are we seeing the most traction and how sustainable are these margins?

Vikas Jain: So, with respect to product mix, so there were two points. One is because we feel mostly there are many direct products which we decided to discontinue. So, that portfolio went down.

And secondly, we also launched a new patent portfolio of three products. So, in addition to our previous nine products, we launched further three new products. So, as of today, we have around 12 patent products.

And the increase in this patent portfolio went up by 37%. In this segment also, one of our key products, which is Ronfen, plus our three new products contributed at a much higher pace, resulting in, if you see our overall portfolio branded, in last year, it was around 45%. And this year, we reached around 65% in patented sales within our branded.

So, this was the reason that the margins went up. And this will continue, because this is part of your second question that whether these are sustainable. It will be sustained because the portfolio of generic, obviously, once we have discontinued, will be lower.

And as and when we are launching newer products, the proportion of patent will obviously go up, and then the margins will remain at higher levels.

Surendra Sai: Just to add to what Mr. Vikas said, your very valid point is about sustainability. Now, what happens over the ground field and, you know, farmers and dealers is that there is a preponderance of wanting to have a basket of availability. And a large number of specialized and patented products require the presence of the basket to be available.

But generally, what happens with the basket of generic is that they will pull down the profitability and they pull down the gross margin. What we have been observing on the ground and what's happening at the farmer level is that the growing adoption of the specialized products is helping us to avoid piggybacking on the generics. And we will continue to focus our marketing strategy and sharpening our marketing strategy as well as our digital outreach to ensure that there is only a relevant and meaningful percentage of generics that we carry along with our specialized portfolio.

And we hope this will help us to be in a sustainable manner where we are able to deliver higher top line as well as a better bottom line. Please continue. I think you may have had another question.

Disha Jain: Yes, so for 1st Quarter, I think 64% of the sales came from patented products. So, where do we see this percentage going to for this year? And what is the target for the next year? Any sort of new products or launches that are in pipeline for this year also, if you could just elaborate a bit more on that.

Vikas Jain: So, in essence, in our previous calls as well, we had given an indication to say that the company is moving towards more specialized products. So, our patent portfolio over the last two years has been going up. And this year, in addition to launching three new products, we cut a few of the low margin generic products. So, we believe in current year or in future, it should be anywhere higher of 60%. Now, depending upon the season, the crop, it could vary. So, we believe it would be anywhere between 60 to 70% where our patent portfolio should remain out of our total branded sales.

Disha Jain: And any more launches planned for this year, sir, except for the three that we have already done?

Vikas Jain: So, three launches, which we have already done and have already been already there in the market. As of now, no new products for the current year, because once we have launched, this would obviously take care of the current and the next season. But yes, there are pipelines for which the products will come. Now, it could be starting in Jan, Feb, or it could be next year on as well. It all depends upon the registration, how quickly we get. But yes, already three are in the pocket and pipeline is already there.

Disha Jain: Okay, and just last question from my side, in terms of the demand and what sort of overall growth should we expect for this year? And for next year, how you see the overall demand environment?

Vikas Jain: See, in the sense, if you have spoken to me, same thing 10 days back, then we would have been worse situation, because the rainfall is pretty lesser as compared to what we are today. So, within a span of 10 days, we see a lot of coverage which has happened. So, obviously, still the situation is difficult in few of the pockets of the country. But we believe at least we are better off than what we were 15 days earlier. And what we understand is it should get better in next 10-15 days. So, if all these goes pretty well, then you will see the consumption also following and the growth also comes in the same manner.

Disha Jain: Okay, that is it for my side. All the best. I will get back in with you. Thank you.

Moderator: Thank you, Disha. Thank you very much. Next question is from the man over Rehan Syed, from Trinetra Asset Managers. Please go ahead.

Rehan Syed: Yes. So, my first question is around your patented portfolio side. So, you say your patent portfolio now contributing 64% of branded sales in quarter 1, extra 27% versus 45% last year. You know, while branded sales increased 39% from 35%. So, what is the medium term target for patent product contribution? And can this portfolio cross 75% to 80% of branded sales over the next two to three years? Like, what do you all think? What's your view?

Vikas Jain: Your voice was not clear. So, if I understand correctly, one of the questions was whether our portfolio patent in will go up to 80%, right? That's one of the questions? So, see, in the sense, since we are, have to provide an entire portfolio of products. And generally how it happens is the decision starts with generic. So, our team has to engage with dealers and start with generic products, followed by specialized products. So, it's very difficult for any company to just work only on specialized products. So, the ratio would continue at around 60-65%. So, patent portfolio will continue at that proportion of 60-65% and balance would be generic. So, this will remain more or less. So, this was, I am sorry, we couldn't, if I understand this was with respect to margins, you were asking on the margins? Yes, yes.

So, I think you can see from the margins, what we have reported this quarter, which itself justifies to say that the margins on the patent portfolio, because those are specialized. And also we need to do a lot of work at the field level to create awareness among farmers. So, the margins are higher here.

And generic, obviously, we are in competition and has to go as per the market price. So, till the time we are selling higher patents, our margins will obviously be on the higher side.

Rehan Syed: Okay, okay. My second and last question is on your market share regarding about Kharif season. So, there's a considering in the strong growth in patent products despite a weak Kharif season.

Can you please quantify its current market share in branded crop protection market and where it is? And what do you expect this year to be over next year?

Vikas Jain: See, this is with respect to the season. It generally happens on like a day-to-day basis to say that, okay, today, there was a good rainfall in say, any part of the country. So, then discussion on the sales team picks up there and then starts selling and the liquidation happens. So, it's never about as a general condition, but the improvement in rainfall ensures that it improves in the business. So, and also, as I said, 15 days back, we were in not so good situation. But since we are speaking today, we are a little better off. So, and we are confident that within next 10 days, it could be further better. So, it all depends upon the monsoons and how it is covering the country. And the best part about our product portfolio is we are there across almost all the states, covering most of the crops and providing better solutions.

So, wherever there might be a few pockets, for example, one or two of our patents, the sales were a little lower, but we are better off in other four products. So, that will continue.

Surendra Sai: So, just to add on to your query, I think maybe you are also looking from a perspective of a longer term growth prospects.

Would that be the right understanding? You are looking for that information?

Rehan Syed: So, like what's your view for the long term regarding this kind of crop protection market? Like how you are seeing?

Surendra Sai: Yes. So, from a macro perspective, while the crop protection market growth in India has been relatively on a modest scale, there are a lot of intricacies on a crop by crop or a region-by-region sort of a situation. The more detailed sort of analysis on that would take a longer time. But on a very high level, there are two, three things which are happening. One is, of course, the pest resistance. Although the IPM sort of a methodology has been promulgated by the government and attempted to be followed by a lot of farmers, the integrated crop protection and the way to be able to juggle among different pesticides to be able to get the maximum yield with a very modest set of pesticides is promulgated.

It is difficult to get the education of what this essentially means. In one line, there is an increasing amount of pest resistance. Attempting to be able to counter that pest resistance is something which is of a challenge.

There are two ways of solving this challenge. A is increasing a little bit more usage of the generics, which is not a really great idea. Other option is to go for very specialized and newer molecules, which have a lower toxicity, higher efficiency, and also are working on different modes of action.

This is the sort of segment that we are targeting. We are trying to actively counter the ongoing pest resistance by introducing new formulation with newer technical. So, while the overall projection of the crop protection market in India might be anywhere between 4 to 6 percent, we are hoping to be able to do a little better where the challenge has been always on the market adoption and ability for us to be able to get the farmers to be educated to continue with their focus on our special portfolios.

This is also one of the reasons why with the farmer's acceptance, we are able to prune our generic portfolio and be able to push our patented portfolio more. We hope to continue to work on this. Farmer education is very important.

Thank you for this question, because it sort of relatively tells us how we are in a differentiated segment.

Rehan Syed: Okay, sir. Thank you for the detailed answer and good luck for the coming quarter, sir. Thank you. Thank you.

Moderator: Thank you. Next question is from the line of Amit from Robo Capital. Please, go ahead.

Amit: Thank you. So, we started tracking the company recently. We see that last three years back, we used to do almost 190 crores of PAT and last three years, our revenue as well as bottom line has dropped substantially. So, could you just quickly summarize what were the challenges for the last three years?

Vikas Jain: So, yes, in a sense, for one quarter, we are discussing for two years, it will be a much longer discussion. But quickly, if I summarize one of the years, we had a challenge with respect to China price crash. So, just a year before that, we launched in a big way in B2C segment, which is through dealership network, our own brands, patent portfolio.

And we had a very good year. So, also our inventories were higher, our procurements were higher. And suddenly, there was a price crash, so which affected our existing inventory, and it became like we have to sell at much lower gross margins.

The next year, if I say was because of the seasonal factors, we got a lot of sales returns and that also impacted our number. So, also in our factory operations, we were trying a lot on newer products and products which are not easily available in India and trying to compete on cost competitive basis with China. So, we spent a lot of time on those products and the capacities got utilized there, which otherwise would have gone on in other products and our turnover could have been higher.

So, these three, four issues happened over the last two years, because of which the numbers, top line level as well as bottom line level went down. But you see in the sense, we are pretty new in the B2C segment. So, we are learning since last three, four years, but also we are one of the fastest growing in the segment, wherein if I say that in three years from branded business, we went up from 400 crores to 1000 crores and with the strategy of reducing B2B.

So, we went higher in branded products, our own, and reducing the B2B business, which was more of a generic kind of portfolio. So, yes, these few factors resulted, but now after three, four years, we are more experienced, you can say, with respect to the kind of issues we face. So, we are able to tackle it much better.

On expense front also, we have spent a lot because if you are coming with newer patent products, you need to have much larger efforts on the market, on the field. So, that also we spent higher in the last three years, but now we are trying to manage that at a reasonable level. So, yes, these were the factors, but it looks that from whatever learnings we had, we are back to our growth phase, wherein we will continue to push sales of our patented products, improve the top line as well as the bottom line.

Amit: Right. So, thank you for that. So, when do you see our top line reaching, say, 1,500 crores? And also for a sustainable margin, is it fair to say that about 13% or 13-14% will be a sustainable margin for the business? I am not asking for a specific year, but in general, how do you see like sustainable margins for the business?

Vikas Jain: Yes. So, as I said, the reasons for each of the years were obviously different, because of which, and as I mentioned that we were pretty new in the sense because we keep on comparing ourselves with years who are 20, 30, 40 years in the industry. Obviously, we have to be compared, but we have our own challenges which we faced and which we improved.

So, what you mentioned is right, EBITDA levels of, we have achieved earlier as well at much higher of 15% as well. So, 13%-14% is a pretty reasonable ask to achieve for us under normal circumstances. And we are pretty confident that at each of the years, we should be able to have these levels of 13%-14%, not as a specific guidance for this year, but yes, but we are pretty confident that seeing that Q1 went good and including July numbers, which already ending today, which we see the results, the sales are going pretty good as per expectation.

So, that number should be easily achievable. Even turnover as well, we are pretty confident, if not touching it, but okay, if we are even closer also, the point is till the time our specialized portfolio is higher, we will ensure that profitability will be higher. So, top line could be a little here and there, but yes, we are confident of easily achieving 13%-14%.

Amit: Right, sir. And my last question is on the revenue growth, on a slightly longer term basis, like 3–4-year basis, what do you think will be like a revenue CAGR or what is your internal aspiration to grow revenue at what rate?

Vikas Jain: So, we have mostly bottomed last year in March '26 and from here on, we should be in the sense, the plan is to easily be achieve a growth of 10%-15% each year. Now, there could be years where it could be a little higher and then a little lower as well, but yes, on an average CAGR should be anywhere between 10%-15%.

Amit: Great, sir. Thank you. That's it from mine. Thank you. Thank you.

Moderator: Thank you very much. Next question is from the line of Kaushik, Individual Investor. Please go ahead.

Kaushik: Yes, congratulations on a good set of numbers. So, looking at the numbers, and I have been following the company for the last 3-4 years, so are you sure like you are not concluding high margin branded products to distributors in Q1 and to show good numbers and like take hit in Q3 and Q4 like you have been doing in like last 3 years or as in the nature of the sector?

Vikas Jain: Yes, so in the sense, obviously, the products initially we would have sold are patented products, but still because of the delay in the season, our patented portfolio and especially few of the products are forced out and the season starts from August itself and also there's a delay. So, the sales of patented products will continue not only just in Q1, but in Q2 also. And with respect to Q3, Q4, obviously, those are the time when the season gets over and we get some sales, some sort of sales return. But this year, we have been more careful as we have been doing with respect to sales return provision. So, we have created a buffer for the sales return provision, which we expect will start coming from September, October, so that which we are trying to reduce that volatility, which is to happen in the last 2-3 years. So, hopefully, if at a reasonable season level, we should be able to curtail that volatility, what which has happened in Q3 and Q4. So, we are conservative to that extent, and we have created little sales return provision. Yes, thank you.

Moderator: Thank you. Next question is from the line of Gunit Singh from Counter-Cyclical PMS. Please go ahead.

Gunit Singh: Yes, I want to understand what are the margins of our patented products and of the generic products.

Vikas Jain: In a sense, it is difficult to say the exact margins. We are at lower levels and obviously, depending upon different patents, we have different margins?

Gunit Singh: If you can give the difference between margins how many basis points would the patented products be higher in terms of gross margins?

Vikas Jain: Sorry, I couldn't get you. What was your last sentence?

Gunit Singh: Broad range directly.

Vikas Jain: So, broad range is for most of the patented products, we are like +40% margin. And for generics, it's in the range of say, gross margins in the range of 15% to 25%-30%.

Gunit Singh: So, in this quarter, did we see any increase in raw material prices? So, I want to understand inflation in our raw materials. Will we able to pass--

Surendra Sai: We are not able to hear your question. Could you be a little louder and repeat it, please?

Gunit Singh: So, I am saying that if there's inflation in our raw materials, if our raw material costs go up, are we able to pass on the price hikes?

Vikas Jain: So, in my speech, I mentioned two things. One is we were aware that the prices were going up. And in first week of April, even before the season started, we had increased our prices. And then for further few of the products, we did a second round of increase in first week of May. So, for most of the price increase, we have been able to pass on. And for some of our patented products, rather, we have done a selective increase as well. So, overall, our price increase is positive in the sense we were able to pass on the cost increase. And for selective products, we had increased a little higher as well.

Gunit Singh: So, this quarter, did we have a low-cost inventory, which we had built up earlier before the prices started increasing? And is that the reason that our margins are lower in this quarter?

Vikas Jain: Yes, one minute. So, I just understood the question. So, possibly, I will just answer. So, one is, yes, we had a little bit of inventory, which was at low cost, which always happens in the sense you always have 60 to 90 days of inventory. So, there was part of inventory, which was at lower cost. And then, obviously, there were a few inventories, which during the panic time of Feb to March and April, we had imported at a higher price as well.

And then, later on, the prices stabilized as well. So, it's an average of low cost in inventory, buying at the time when there was a shortage situation, and later on, stabilization also. So, it's a mix of all three.

So, it's not necessary that our gross margins are better just because we had a huge low-cost inventory.

Surendra Sai: Just to add to the question Mr. Gunit so, one of the key advantages that we have been trying to have is that we have the technical manufacturing unit, which is sort of a feeder to the critical and important molecules, which go into the patented products. So, there is a resilience that gets built in. Of course, the challenge has been over the last couple of years has been the R&D to be able to have these complex molecules being produced at a price point, which is comparable or competitive with China. The advantages of this particular whole ability to have a supply chain, which is a feeder into our important molecules, is a resilience which gets created.

That resilience did take time, and we are cognizant of the fact that it took us a couple of years to get to that resilience. We hope to continue to focus on the R&D to be able to build in that resilience so that fluctuations in the raw materials are sort of absorbed and we are able to be ahead of the curve as far as maintaining a gross margin is concerned.

Gunit Singh: Got it, sir. So, in terms of now that the prices of our inventory would also have caught up with the increase in the price of our goods, our products, so, do we expect some normalization in the EBITDA margins, or can we expect this 20% margin to continue? So, what are your thoughts on that? And for the financial year 2027, I mean, what kind of a margin range can we realistically look at?

Vikas Jain: So, in a sense, we are not giving any guidance to say that what could be the future, but generally the Q1 and Q2 are at much higher levels because of the season. So, you will see continuation of what we had done in Q1 and Q2 as well because Q2 is our major quarter. So, you will see higher sales and higher gross margin continuing the way we have done in Q1. Q3, Q4 it all depends upon how the rainfall pans out in the next two, three weeks and it all depends upon sales. So, yes, it is difficult to predict any specific number with respect to 20% what you are mentioning, but what we feel is we should be back to our earlier growth trajectory and profitability. So, in terms of top line wise, we are not very aggressive to say that we will do a higher 15%-20% which we used to guide earlier, but now concentration is more on the profitability because we are also reducing some of the generics which would have been much easier to get our top line. So, that we are reducing as well as the tail and improving our patent. So, Q2 will be good. Q3, Q4, it depends on season how it pans out. So, that anyways, we will be watching.

Moderator: Thank you. Next question is from the line of Sanjay, an Individual Investor. Please go ahead.

Sanjay: Hello, good evening. Am I audible? Yes, please.

Surendra Sai: Yes, go ahead.

Sanjay: Yes. Yes. So, really congratulations on your good operational performance. I mean, it was really tough. The rain was delayed and the situation was not that great. So, I mean, the margins were good, but definitely the top line was a little bit subdued. And so, the rain started late because of that, was there any impact on the top line in Q1? Otherwise, it could have been a better quarter.

Surendra Sai: This is, of course, in the sense, because the situation was such that it was pretty dry spell. So, the farmers and the dealers tend to delay their purchases. So, if the rainfall is across places, then obviously, the movement happens. So, obviously, you would have thought that the quarter would be a little better. But because the deferment of procurement from farmers and ultimately from dealers happens so something gets pushed to Q2. And yes, you are right to the extent that Q1 could have been better with respect to top line. But yes, even if rain happens now, so we are confident to be able to show a good Q2.

Sanjay: Right and that means some of the business has moved from Q1 to Q2. So, if the rain continues, we are seeing that Q2 is going to be good if the rain continues compared to last year.

Surendra Sai: Yes, you are right.

Sanjay: So, I hope that rain continues. My second question was about raising funds. The warrant conversion didn't happen last year. I mean, last warrant was issued and those were not converted. So, we couldn't raise the funds. Now, for this financial year, whether you have any plans to raise funds and by what means and the CAPEX plan for this financial year?

Vikas Jain: Yes. So, CAPEX presently is on hold in the sense because in the sense you would have seen that last two years, we have been struggling with respect to the number, the top line as well as profitability. So, we didn't want to shift our focus into newer CAPEX. Rather, we wanted to first strengthen our existing business. So, CAPEX plans are on hold. But with respect to the QIP, which we have done, obviously, the last date was around June '26, which ended. And then, because of the obvious reason that the price was at much lower level. So, the investors, obviously, didn't put a balance 75%. So, that also got closed in the sense. Now, we are in discussion with the investors to say, okay, what could be our next? Obviously, we don't want investors to lose their money. So, once that discussion is still on, then possibly could be that, okay, we might come with another QIP. Still, it is as I said under discussion stage. Once we have some confirmation, that's the time we will be able to do it. But presently, the open QIP has been got closed, wherein the investors, because of the obvious reason, didn't pay the balance amount.

Otherwise, the working capital has been improved drastically. The inventory, since last two years, we have reduced from about Rs. 1000 crores to present Rs. 700 crores. So, this has ensured that the working capital management has been at much better levels. Till some time back, there were some delays in payment to creditors also. Those have also been all closed now. So, presently, we are at a level wherein almost all the payments and everything are paid on time. And the advanced collections also, we did at a much better level this year. So, working capital wise, we are pretty stable. We have to see what we will do with the QIP.

Surendra Sai: Sanjay, I get your point in terms of a CAPEX. There is a huge advantage of taking a CAPEX. And the primary reason for our CAPEX requirement was to increase our manufacturing capability.

And manufacturing capability would have helped us produce more material and be able to increase our top line at a good pace. We did face these challenges as Mr. Vikas has been saying in the last few years, where we had little challenges in terms of our top line. Now, that once we are on a steady wicket, we will look at the right time to be able to get into the CAPEX, where we will be able to utilize the CAPEX in a manner that does not stress the system.

So, it is there in our mind. And we have all the plans in place. And we are looking for an opportune moment to be able to trigger those.

Sanjay: Sure, that's great. Yes, if we decide to launch the QIP, will it be in Q2 or Q3? If we decide, I mean, is it something?

Vikas Jain: No, still there's no confirmation on that. As I said, it's still under discussion. Okay. So, once we have some confirmation, then only we will be able to tell you.

Sanjay: Sure, sure. All right. That's all from my side. Thank you very much and all the best.

Surendra Sai: Thank you, Mr. Sanjay. I appreciate your comments.

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

Saket Kapoor: Namaskar, Sunderji. Namaskar, Vikas. Thank you, sir, personally for the opportunity and the opening remarks and the good set of numbers, which were not visible for quite a long time. So, firstly, in continuation to the earlier participants on the CAPEX front, if I am not wrong, the earlier CAPEX, which was envisaged, was also put on hold. So, what is firstly the status on the nature of the same, wherein we were trying to, I think, to expand our capacity at our existing facilities? So, I think with the technical part, if I am not wrong, correct me there. So, firstly, what is the update on the same?

Vikas Jain: So, with respect to that CAPEX plan, based on that CAPEX plan and the sales deriving from that CAPEX plan, our growth projections also were given at around, say, 20%. So, in our earlier earnings calls, where we said that we are going to go with the CAPEX. So, based on that turnover, we had given the projections of (+20%) growth.

But now, if you see that since it is on hold, we are back to our normal organic growth from our existing business, which is around 10% to 15%. So, that is the impact. But yes, as I mentioned, the focus was mainly to stabilize and to improve the existing business.

And so, if one year looks great, and once you have that confidence, then automatically the CAPEX and everything will follow. So, that was the reason we thought that the Management that will keep it on hold. So, that obviously will have some impact on our top line in future, which we have mentioned that sort of 20% now will have between 10% to 15% of growth.

Saket Kapoor: Sir, Vikas ji, when you were mentioning about the current financial year, and particularly for Q2, correct me here, you seem to sound confident that with now one month of the quarter underway, and definitely with the sales reporting and the weather trending conducive for the industry, you are confident that we are able to or we are on track to be in line with what Q1 has been? And it is only in Q3 and Q4, we will be able to know how are the sales return going to happen? Can you just explain to us what is our preparation this year? That's my second question.

Vikas Jain: Yes. So, as I mentioned earlier, if you have been discussing this 15 days earlier, I would not have been so confident. But generally, I keep this IMD map on daily basis to see how much is raining across various places. So, what it was 15 days back that most part of the country was a deficient rainfall and going up to (-40%). And which as of today is just about (-15). But we see that different parts, which hardly received any rain across last one month or so, are getting rains.

So, today, the situation is a little different. And in July, we see that even though our sales is putting a lot of effort, we see good amount of sales coming in July. And see there's some postponement from July to August as well, which we see in various parts. But at least we are better off than (-40) than today (-15). And hopefully, another one week, 10 days of good rain will ensure that we do much, much better than what we anticipated.

Saket Kapoor: Sir, on the sales return front, how prudent are we in terms of the posted top line of Rs. 396 crores? So, on a prudent basis, what percentage of the same have we have already been provided in sales return? And what is our thought process on it?

Vikas Jain: So, we have provided a good amount of sales return. So, we have taken a number of say 20% as expected sales return and we have done a provision of around Rs. 60 crores. So, whatever number you see is actually Rs. 60 crores has been reduced to the extent that we believe that tomorrow it might come, which is a reasonable estimate. So, that should take care of some sort of volatility which happens in Q3, Q4. And also, we have also taken the gross margin for that sales return at little higher levels that tomorrow it should not happen that we receive some products which are of higher gross margin and again leaches to my profit at that time.

So, we have taken enough buffer in this quarter itself. And if Q2 also goes well so that buffer will take care of Q3 if there are any higher sales returns.

Surendra Sai: So, basically, just as we were mentioning that Rabi, we are cautiously optimistic. Overall, as you rightly mentioned, there is a 10% to 15% deficit in the rainfall. As far as the South Reservoirs are concerned, they are a little bit on the lower side, but the overall reservoir capacity is more or less as per the long-term averages. So, hopefully, in the South, we should be able to see, as expected, even if assuming there is some amount of a deficiency in the Rabi rainfall.

So, we are cautiously optimistic. A lot of discussion is on the El Niño and the impact on that. The first half of the year, the El Niño's impact has been there, but relatively less. We will continue to monitor the situation and we will plan to be able to change our placement strategies and our sales strategies based on how the Rabi season progresses.

Saket Kapoor: Because on a comparable basis, last year is not a comparable number on any front. There were many one-offs or the factors that have not played out earlier. So, only to keep the revenue base, on last year's top line, I think we were at Rs. 1,300 crore or Rs. 1,250 crore. Last year was Rs. 1,250 crore on consol levels. So, what should we factor in with Rs. 400 crore top line for the 1st Quarter as a number or a growth number on a base of Rs. 1,250 crore last year?

Vikas Jain: So, we are not giving any projections to say tentatively where we will land because, again, the situation is still dependent upon certain factors which are not in our control. But we are pretty positive with respect to whatever sales we have done and looking at July, plus the operations with respect to one of our factories last year where we were doing on our newer products, which also we feel will be at a better place this year. So, few of the issues which happened last year and subdued our turnover, we are seeing that those will not play out and we will be in a better position. So, not giving any number as of now. We believe that it happens through each quarter as and when it comes. So, we will see a good effect coming in this year.

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

Surendra Sai: All right. We thank all our investors, stakeholders, suppliers and customers for their support as we transformed our business. We welcome the voice of investors and assure our stakeholders of our intent to create a long-term sustainable growth. Thank you. Thank you very much to all.

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