



Best Agrolife Limited

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Sub: Transcript of Q1 Earnings Conference Call - FY 2024-25

Dear Sir/Mam

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the "Listing Regulations"), please find enclosed herewith the transcript of earnings conference call for the quarter ended June 30, 2024 held on Tuesday, August 13, 2024.

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

Submitted for your information and record.

Thanking You.

Yours Faithfully,

For Best Agrolife Limited

Astha Wahia
Astha Wahia
CS & Compliance Officer



Best Agrolife Limited
Q1 FY25 Conference Call
August 13, 2024

Moderator: Ladies and gentlemen, Good day, and welcome to the Q1 FY25 Conference Call of Best Agrolife Limited.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded. Please note that this conference is being recorded.

This Conference Call may contain “forward looking statements” about the Company which are based on beliefs, opinions and expectations of the Company as on the date of this call. The statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

Today, from the management side, we have Mr. Vimal Kumar – Managing Director and Mr. Vikas Jain– Chief Financial Officer. I now hand the conference over to Mr. Vimal Kumar for his opening remarks. Thank you and over to you, Sir.

Vimal Kumar: Thank you. Good afternoon, and welcome everyone to our Q1 FY25 earnings call.

I would like to open this call starting with the industry landscape followed by business milestones. Mr Vikas will then take you through the financial performance.

Monsoons continue to play a crucial role in the context of Indian agriculture. Even now, two-thirds of our farmlands are dependent on the monsoon rainfall for a good crop. A good monsoon leads to better sentiments among the farmers and lifts the demand for farm inputs. This year’s good monsoon is expected to ease inventory levels. The increased demand will hopefully help in liquidating the excess inventory across the sector.

Till now, the monsoon rains have been fair to above average and there are indications of increasing demand of agrochemicals leading to market growth. As per the Federation of Indian Chambers of Commerce and Industry, the government of India recognizes the agrochemical industry as one of its top 12 industries poised to help India achieve global leadership.

The Indian agrochemical manufacturing industry faces stiff competition from China with its large manufacturing capacities. At Best Agrolife, we have taken up the challenge to reduce this dependence by developing and manufacturing technicals in-house with a focus on our R&D capabilities. We continue to work on 9(3) TIM registrations and backward integration.

We are addressing the challenges of price unpredictability in imports by focusing on in-house manufacturing capabilities and strengthening our research and development to stay resilient.

As we close Q1 FY25, I am pleased to highlight milestones that underscore our commitment to patented products, innovation and sustainability.

In Q2, we launched our patented rice herbicide under the brand name “Orisulam,” which is a broad-spectrum pre-emergence, early post-emergence and post-emergence herbicide. This patented triple combination herbicide controls a wide variety of weeds, grasses and sedges. This season, we will be focussing on generating product awareness and promoting farmer education. We look forward to this product doing well in the years to come.

We introduced another new patented product under the brand name of “Nemagen”. This is an innovative broad-spectrum insecticide with 3 potent technicals of CTPR, Novaluron, and Emamectin. This product combats the developing pest resistance. This product is an excellent solution for farmers for crops such as cotton, paddy, maize, pulses and vegetables. With the product launch activities being carried out in Q1, we look forward to Nemagen doing well in the coming quarters.

We also introduced our patented soybean seed treatment and insecticide under the brand name “Warden Extra”. India ranks 5th in the world for soybean production and this product has an excellent scope for the years to come. In Q1 this product will be used for seed treatment while in Q2, Q3 and even Q4, this will be in demand as a foliar spray. This will be a good addition to our specialty product portfolio.

In Q2, we will be looking forward at another unique patented product “Defender”. This unique insecticide plus fungicide combination is an excellent paddy product with effectiveness against fungal diseases such as blight as well as for eradicating the major paddy pest of BPH. This combination will control the major threats to paddy crops, thus improving yields and crop resilience. With the expectation of good rains and a good paddy crop, this will be another good product for the years to come.

We will further expand our range of agrochemical solutions designed to meet the changing needs of the sector. Our patents and new product launches reinforce our dedication to research and development. We will continue our efforts to create new, effective and sustainable pesticide compositions that provide superior protection for crops.

Our mission is to support farmers with advanced, effective, and safe “Make in India” products.

I want to emphasize that despite anticipated industry challenges, we are confident that our unique portfolio will provide resilience to market trends and mitigate the impact of pricing uncertainties. Now I hand it over to Mr. Vikas Jain to elaborate on our financial performance for the quarter ended Q1 FY25.

Vikas Jain: Thank you, Vimal Ji. Good afternoon everyone, and thank you for joining us here today. So just to give the details on the financial performance, our revenue from operations for Q1 FY25 stood at Rs. 519 crores compared to 612 crores in Quarter 1 FY24. The decline was primarily due to our strategic shift on building the branded business and lowering the

institutional sales. Also, there was a delay in the monsoon in June which resulted in a postponement of sales from Q1 to Q2. Another major factor which reduced our sales was price variance because of the crash in the prices in China. There was a reduction in prices and much higher competition in the market.

Our focus on enhancing our branded business is showing promising results. Branded sales now contribute close to 63% to our overall revenue as against 55% in Q1 FY24. This aligned perfectly with our strategy to prioritize and expand our branded product offerings.

In terms of profitability, our Q1 FY25 EBITDA excluding other income was around 55 crores, against an EBITDA of 130 crores in Q1 FY24. This is not only due to the decline in revenues but also on account of our strategic business shift to branded sales and institutional sales which also led to higher employee and other expenses and the other major reason is due to liquidation of the expensive inventory which we are carrying from Q4 FY24.

The Q1 FY25 PAT stood at Rs 21 crores compared to Rs. 91 crores FY24.

With respect to the balance sheet, our working capital days for the receivables were 80 days for March which presently gets around 90 days, not much difference there. Similar increase we see in the payables also which is around 110 days. Presently we are at 130 days. Inventory days, if you take on the sales, which have already happened in March, we had inventory days of 200 days, which is presently also at around 200 days. But if you take the forward-looking sales, we will be adjusting this inventory in the coming season, plus the Rabi season.

So since our Director, Mr. Sai is not here, he would have given the details of the international business, so I would like to give the update on the international business.

Giving a short update on International Developments, we are pleased to update that we have opened a subsidiary in China. Since China subsidiary is an important step in increasing our business collaboration with China for registration, technologies and also potential tie-ups. China is an important agrochemical producer and supplier. We believe our presence here is a step towards expanding our international reach.

On the patent front, we have filed for 14 international patents. These include combinations as well as process patents. We look forward to continuing our work on international patents.

Our registrations are going on in Thailand, Mexico and Taiwan and we are planning for registrations in Brazil, the EU and Australia. We are aligning our registration and patents with global markets and country-specific requirements based on the R&D we are doing on the formulations and technical. We hope these steps will create a base for our future growth.

In Thailand, we have currently 5 products under registration, in Mexico, we have registration process underway for 2 products, while in Taiwan, we are in the process of registering 2 technical which we have developed our own back-integrated production process. In addition to these, we have successfully registered several products across diverse markets including Madagascar, Lebanon, Sudan, Ethiopia, Yemen and Zimbabwe.

Thanks all from our end. We can now take questions.

Moderator: Thank you very much. Our first question is from the line of Komal from AK Investments. Please go ahead.

Komal: Thanks for the opportunity. I just want to understand when you say branded and institutional sales, it means the institutional sales is basically B2B. Is there any trading revenue in these two reporting segments? That is my first question and can you elaborate on which is the high margin for you? I think the branded should be high margin and when you say Pyroxasulfone, does it sit in institutional sales and when you talk about all these patented, does it sit in branded? Can you explain this one?

Vikas Jain: Yes. So first question with respect to branded and institutional; branded is what we sell through our dealer network and also in case if we are packing the material in a final packed form to other companies, those are considered under branded material.

Then there is the other part which is B2B, which includes both parts formulation and technical manufacturing. We manufacture and give to others which is trading. So out of a total of 520 crores, around 100 crores is what we have been trading which is 20% of our business which keeps on reducing. Earlier it was close to 30, presently it is 20 and it will go down further.

With respect to your next question, all these patented products would be part of the branded business. So our branded business is through 2 entities, one is Best Agro Limited and the other one which we acquired last year, Sudarshan. So these 2 entities would be selling all these patented products.

Komal: And you said in institutional sales only there is trading, right. Is my understanding correct? In institutional sales, you are recording trading also, correct?

Vikas Jain: There is some trading which we said within B2B, there is one portion which is manufactured and we manufacture and sell and a small portion which is trading.

Komal: Okay. So when you say institution sales, it has trading also, right?

Vikas Jain: Yes.

Komal: Okay and in the patented, for each and every category you have patented, but I do not see anything is reflected in numbers. Can you just throw some light when can we expect because I think the patented should be approximately 20 to 25% of EBITDA margin or 30%, when you say patented, then when can we expect to see meaningfully in the numbers? Can you guide on that?

Vikas Jain: So for last 3-4 months we had launched close to three patented products. So those we have launched recently. And also in June, there was delay in monsoon by 15-20 days because of which the sales got shifted. So all those patented products obviously you start seeing the results now, but these patented products are not only for this year but also would give a lot of benefit to the company over the years. But for this year, you will see much higher numbers reflecting from next quarter.

Komal: So next quarter, we would see in the branded more contribution, it would increase up and we will see the margin also improvement there.

Vikas Jain: Sure.

Komal: Okay and from the balance sheet perspective, okay, it is all bloated unless you do a write-off or you do a debt, there is no way we can revive our balance sheet. If the balance sheet is not revivable, I do not think so it will be attractive for shareholders. So what is your thought for revival on the balance sheet because it is very huge.

Vikas Jain: So yes, so presently we are in the growth stage, so you are right that we might have some initial teething issues with respect to financing, but if you still see my receivable are within good range of 90 days. So my credit period is 90 days and presently my receivable days is also 90 days. With respect to inventory, yes, because we were carrying inventory from last year due to very bad season. I hope you will be aware that last year it was really bad for the Agrochemical not only domestically, but also globally and almost entire industry was carrying very high inventory. So, those inventories will get liquidated during this season. So by September end and much more in December, you will see a lot of improvement in the balance sheet.

Komal: So how much inventory can we expect? So you are expecting no write-off in this inventory of roughly 950 odd crores you have in March 2024.

Vikas Jain: Yes.

Komal: So you do not expect any write-off here.

Vikas Jain: There would be normal write-offs, but those would be very small and normal parts and parcel of which we do every year. We keep certain positions as well and those would be within their provision where only we do not see any major write off being seen. Generally, the shelf life is close to 2 years.

Komal: When all agrochemical has reported the strongest set of numbers in the Quarter 1, but only we are sitting with the inventory, then why were we not able to sell the inventory? I mean why it is taking time? Because across branded all the Agrochemical companies have reported a very strong set of numbers and we have not reported and we have lowered the guidance also for this year. What are your thoughts here?

Vimal Kumar: But not all industry, we can say they are performing well in Quarter 1. There are companies who are not performing well, but in case of Best Agro, our most of the product, you can say which is weedicide, which is insecticide, which is the combination of fungicide and insecticide which is our unique product and some of the new products also coming in the 2nd Quarter only and moreover, in Quarter 1, which product we sold, of course there was a margin. If you see as our purchase price and sale price, there is a huge margin we can see in another Quarter 1. But the problem what happened we were carrying the high-cost inventory, that is the main reason which is Q1 has fallen somewhere. Otherwise, if you compare today's purchase prices and today's sales price so of course we have good margin in Quarter 1 also. But unfortunately, there was a carrying inventory from last year which Mr. Vikas already explained. So that is the main reason where we are stuck and some preferences are there. In case of Best Agro I am talking. Some companies also have the same days and some 15 days delay also in the season so some of the sales in June that is for July.

Komal: So you are confident of reaching the EBITDA margin of 15 to 17% from the next quarter. I mean consistently can we consistently can we clock at quarter-on-quarter basis without any fluctuation?

Vikas Jain: Yes, yes. So next quarter onwards you will see, the next quarter possibly it will be a little higher. So our guidance is for the full year, so next quarter it will be much higher and because of the good monsoon last year, Rabi had washed out. But this year we feel we are pretty sure of the rabi season because almost all the dams are full, including you will be hearing news about the Tungabhadra being full and all the other dams of Andhra and Telangana are being full. So this gives the security of the rabi season which was lacking last year and last year also our Q3 and Q4 numbers were bad because the rabi was washed out. This year, we do not see those kinds of situations and our EBITDA will be close to 15 to 17% as we had mentioned.

Komal: And do you plan to do any fundraise? I know the stock price has beaten so dilution becomes very ineffective for us, but to maintain stability or to maintain a good balance sheet, we would require funds, right? So how are you thinking of financing because if you take debt also, I do not think no one will provide at a decent rate? So how investors should have a confidence in the company. I understand you are making a right progress in patented, but seeing the balance sheet or the numbers, it does not give confidence. So can you throw on the fund raise or how can we see revival in the Best Agro?

Vimal Kumar: Yeah. As of now, we cannot comment on it because we are not doing this kind of anything because we have inventory and we are thinking about that high level inventory which will be cleared in somehow in 2nd and 3rd Quarter and this year our target is high. So I feel 2nd and 3rd Quarter end of the 3rd Quarter there should be very less inventory. So when we will liquidate an inventory, so things will ease out and our balance sheet will be healthy that plan we have.

Komal: OK, sir, I wish you all the best and do report the trading revenue separately because that gives a clear picture as an investor right because trading will be less margin and institutional and branded I mean 10-12 and that is I think 15 to 20 right institutional and branding?

Vikas Jain: Yes, So we are giving guidance as part of the overall group business. So as I mentioned that trading we are reducing. So this pie would obviously get reduced in our sales of branded business will be much higher, which will give much higher margins.

Komal: But I think last year or 2023-2024 there was high amount of trading revenue, right? But that was not reported in the numbers. That does not give the right picture for investors to understand that ok there is a trading revenue here. That is why I came up with the question. In the last 2-3 participants also had asked this question also. So it was very difficult to understand. There is doubt when the stock price also falls, so in order to clear confusion we can make this practice for the investors.

Vimal Kumar: Definitely. Thank you.

Komal: I wish all the best and hope for the revival in the next quarter and see strong set in the next year. Wish you all the best.

Moderator: Thank you. Our next question is from the line of Deepak from Sapphire Capital. Please go ahead.

Deepak: Sir I wanted to understand in terms of seasonality, I mean first half, how much percentage of your total profitability you do versus second-half?

Vikas Jain: So this is changing if you compare from last year, obviously the numbers will not match because last year was a seasonal failure, but otherwise mostly the first 6 months should give anywhere close to 65% of the business and next 6 months the balance.

Deepak: First half should give about 65% right? Now given your guidance also, I mean if you have to take the lower end of the guidance of 15% kind of a top line growth and EBIDTA of about 15-17 let us say 16%, still you need to do about 350 crores of EBIDTA for this entire year out of which if 65% has to come, I mean ideally in the first half and 55 crores you have done in the 1st Quarter, so ideally your 2nd Quarter EBIDTA should be closed to about 171-180 crores, which is a very big number. I mean ideally what we have been doing, even last year we have not achieved such kind of numbers. So some comment would be very helpful because already 1.5 months we are through into this quarter. So is this the kind of number that we will be targeting for the 2nd Quarter?

Vikas Jain: For the 2nd Quarter we are hopeful of pretty good numbers which we want to achieve, so it might not be near exactly 65-35% ratio, but we are pretty sure that the guidance that we are giving for full year with respect to the EBITDA margin that we will achieve.

Deepak: For full-year guidance you are looking to achieve. So ideally if 2nd Quarter might not be that ideally then the second-half should be much better than what we have done in the past basically.

Vikas Jain: No. In fact, I want to say 2nd Quarter quarter definitely will be very good and because we are comparing from the last year 3rd and 4th Quarter, actually 3rd and 4th Quarter will be again good because of our product line because we got new patented products and because we have opened our South India market as well and major portion of the South India Market is for the 3rd Quarter. So that is the main reason we are hoping for the 2nd, 3rd and 4th Quarters, it all will be good. Of course, 2nd, we are hoping the best one, but the 3rd and 4th also will be very good as per our plan.

Deepak: Ok and from the industry perspective, I mean, has the inventory destocking stopped, I mean what is the situation out there?

Vikas Jain: So most of the inventory destocking at least for Best Agro, if I say that 90% of all the issues with respect to the earlier stocks are closed now, that is why we are pretty confident of the next quarter with respect to industry also what we understand is most of the inventory from earlier period has been liquidated and now whatever is there in the market is mostly all the new inventory.

Deepak: Ok, so when we speak most of the inventory destocking is done, what is the timeline benchmark, I mean we are talking as of June end or we are talking as of now. I mean last one and half months have we seen destocking to continue in the month of July and I mean 15 days of August?

Vikas Jain: So for Best Agro, most of it was closed by June and there was some portion say 80% got closed by June and another 10% by July. So that is why by end of July, 90% of whatever expensive inventory we had for few of the products where the prices have cashed, those all issues are over now.

Deepak: Ok, those issues are over. Ok, but then, if 80% of your inventory is done by June, but still our inventory days are still very high as of June, right?

Vikas Jain: When I say 80% means the inventory where very expensive inventory, I am not talking about my overall 900 core inventory. I am talking about, there were few products where the inventory was at high cost. Those high-cost inventory, most of it we have liquidated. So that means my wherever the problem inventory those have been sold. I am not talking about the overall inventory.

Moderator: Thank you. Our next question is from the line of Nitin Gandhi from Inoquest Advisors Private Limited. Please go ahead.

Nitin Gandhi: So taking my question, just continuing from the previous discussion, 950 crore inventory, so how confident we are by December, we should be clearing this with 15% EBITDA, 1100 crore revenue?

Vikas Jain: For the second quarter you are asking.

Nitin Gandhi: I think 6 months from June, so by December end I am saying.

Vikas Jain: You are asking for the 1100 number.

Nitin Gandhi: Correct.

Vikas Jain: Yes, in fact, we are hoping good numbers, but I think that it is not to say the number here, the exact number, but of course, we are hoping very good numbers for these 2 quarters, 2nd and 3rd quarters.

Nitin Gandhi: Ok, and past high-cost inventory is already over by June, right?

Vikas Jain: Yes.

Nitin: Ok, that's good to hear. And these differentiated products which you have launched, so when you do this registration and all, what are the expected target turnover from each of these? Can you share something? What do you think are your plans for this differentiated product? How much they will start contributing 2 or 3 years after the introduction?

Vikas Jain: So see these are all commercially launched. We obviously have some internal plans for each of the products. We will not be able to give you how much each products will contribute. But this is for sure that all these patented products even what we have launched last year are the one which are the growth drivers for the company, not only for the top line, but also for the bottom line. So, there are various products which we have launched in last 1.5 years, out of which close to 3-4 products are coming only just 3-4 months back. So those will

be launched, some are replacing our existing products, others are actually very new products. So those will be the growth drivers, but yes product-wise wise we will not be able to tell you what are the targets.

Nitin Gandhi: Ok, so how many of these 6 products which you have introduced could be more than 100 crore turnover?

Vimal Kumar: You are asking for the product, our patented molecule, we have many molecules which is more than hundred crore in a year.

Vikas Jain: So since we have already crossed 100 and the new products which we have launched, most of it the targets are above 100 crores only.

Nitin Gandhi: So that's a cumulative figure of every year figure?

Vikas Jain: So see, when we say patented, it is not necessarily supposed one product which we have launched, if most of the season is gone now, so it might not be in this way, it might be next year, it might be a soft launch, so not necessarily what we are talking about for this year, but since these are our long term strategy, wherever season are over and most part of it is over, then the numbers will be coming next year.

Nitin Gandhi: I am not saying even this year or next year, but after the 3rd year of launch from 4th year, each of these can contribute 100 crore minimum, that is what we are saying, right?

Vikas Jain: Yeah, already from our existing portfolio, there are 3 products which we had launched last year already 2 of them are contributing more than 100 crores.

Vimal Kumar: Even one of our molecule which we have launched last to last year, that is contributing 1 product, even first year it was close to 90 or 80 crore. Second year, it crossed 100 to 120 crores. This year, it is crossing like maybe it can go up to 200 crores also, the one product. So each year because there is a patented molecule, we have to go in a strategy from the field level, so each year it will increase. Any of the our patented molecule which we have launched.

Nitin Gandhi: Right. OK. Then will it be better if you share contributions from last 3 years launch, last 2 years launch so that we also know how you are moving and how the launch products are performing. If that is the statistics, if you can share, it will be helpful.

Vikas Jain: I think last March, I can tell you what we had given was close to 25% of our business was coming mostly from the new products. So that percentage would remain in future as well.

Nitin Gandhi: Ok, you don't think that can go to 30%?

Vikas Jain: Yes, surely because the number of products are increasing as Vimal Ji mentioned it was 3-4 products last year and now we have 3 products in 3 months. So this will certainly grow up because the other part what we are doing is a few months back we had discontinued 8 to 10 of our products. Those were more generic kind of products. So slowly we are trying to build a portfolio wherein our high-margin patented products take the much bigger share in the sales and trying to discontinue those which are lesser margin and not contributing much.

Moderator: Thank you. Our next question is from the line of Raj from Arjav Partners. Please go ahead.

Raj: Sir how much have you expected to grow in FY25?

Vikas Jain: So we are expected to grow from anywhere between 15 to 20%.

Raj: Alright and how much is the EBIDTA rate?

Vikas Jain: EBIDTA is in the range of 16 to 17%.

Raj: For the full year?

Vikas Jain: For the full year, yes.

Raj: And how much CAPEX are we intending to incur?

Vikas Jain: CAPEX, we are still in planning, so we already have certain thing in our mind. So we are just about discussing the way financing has to be done. So once that happens, we are all set to do the CAPEX. So it all depends upon how the financial discussion goes on.

Vimal Kumar: The expansion mostly will go for the debt or by ourselves.

Raj: All right and sir for Q2, are you also expecting EBIDTA in the same range of 15 to 17%?

Vimal Kumar: As per scenario as in today because 1.5 month already passed for the 2nd Quarter, it should be more than that.

Moderator: Thank you. Our next question is from the line of Hemant, an individual investor, please go ahead.

Hemant: Sir, I wanted to know the revenue of Sudarshan this Quarter.

Vikas Jain: So Sudarshan this quarter was close to 100 crores.

Hemant: 100 crores, ok. So based on the presentation that you have released today, I did some maths. So last year, you have done around 620 crores and this year you have done 520 crores. Say if I remove this 100 crores of Sudarshan business out of this 520 crores, you have done 420 crores and out of that only 220 crores came from your branded business. If I compare the 220 crores with last year, last year you have done around 340 crores of branded business. So can you please explain me the reason of downfall?

Vikas Jain: Even last year, we had shown Sudarshan as a 3rd party, so we had similar sales of around 80 crores to Sudarshan. So earlier it was coming as a third party and then we picked it over and now 100 crores is coming as our own subsidiary. So that way the numbers earlier 80 crores was coming as a third party sales and now 100 crores are coming as our own subsidiary.

Hemant: So the third party sales will come in B2B or B2C.

Vikas Jain: It will come under B2C because we were giving them the back material.

Hemant: Ok, so in that case, our branded revenues were flat this year?

Vimal Kumar: Yes, that is the main reason our branded sale are increasing and our institutional sale and trading are reducing.

Vikas Jain: So branded is also flat because there was a 20% price variance because of the price crash in China and much higher competition in here. So if you see my volumes went up, so there was a higher volume of course this year because of much better season. So volumes were higher by close to 21% and there was a price erosion of close to 19%. So as you mentioned, yes it is flat or just about 1 or 2% increase in the branded business.

Hemant: 10-12% increase in branded?

Vikas Jain: 1 to 2%.

Hemant: 1 to 2% okay. Sir and my 2nd question is related to our H2 business. So because of our low top line and higher expenses majorly because of the interest cost and employee expenses and all, from the past two years, we are actually showing minus EPS. So can you throw some light on that? So how will be your H2 this year? My question is related to our H2 business. So if we see our past two years business majorly in H2, our top line is less and our expenses in terms of interest cost, employee expenses have risen a lot in the past 2 years because of that we are showing minus EPS in the H2 specifically Q3 and Q4. If we continue to do less than 500 crores of business in Q3 and Q4 that would continue this year and even Q1 EPS is very less this year by compared to last year, Rs. 39 versus Rs. 9. So usually if I compare everything based on last year's performance, our earnings per share would be negative by end of this year.

Vimal Kumar: Yes in fact, when we are talking about our expenses. higher finance cost, of course it is correct. You can see the balance sheet the number is there for the 1st Quarter as well. But in other term, we can say that is kind of investment also like because when we are talking about the expenses, that expense is not for the 1 quarter or not for the 1 month this is for the entire year, like if we have South India market, if we are opening various market and international markets also. So everywhere we have to expand and of course we have to make expense there. We cannot say it is an investment in terms of balance sheet, but actually the results will come in the coming quarters only like if for example I will give you for the South India, 2nd Quarter, but the major shares will come in the 3rd and 4th Quarter. Because generally if you see our history as a Best Agro, 3rd and 4th Quarter was going low, so we have changed our strategy. We are making teams there. We have now many people in South India and our target is very high in the South India as well and fortunately this year looking good also when we are starting good operations in South India. We have earlier also operation in South India but aggressively we are doing this year. So that is the investment type you can say but it will come under expenses only.

Vikas Jain: Hemant just to add here what you mentioned that in case so what you see number for our Q3-Q4 500 crore is actually 500 after sales written-off 151 crores which came much higher because of the Rabi season was washed out. So 500 is not our number when the rabi was fully washed out so you can assume a much higher sales which we are expecting especially when we know that the dams are full and the Rabi season is guaranteed.

Hemant: Ok. Sir, as you mentioned regarding this South India, I am also from South and my father is a farmer. So I wanted to know one thing Best Agro is the recent company in South India. You have been here maybe from last 1-1.5 year. So what kind of investments you want to do here so that most of the farmers know about Best Agro patented products, mainly Orisulam and different products that you have launched this year.

Vimal Kumar: Yes Nemagen and Defender in the paddy crops, there are (Inaudible) 0:43:07.4 South India. There are many products which we are doing well in South India and investment which you can say expenses you can see in our 1st Quarter that is through the people. We have now big team in the entire South India, any part of South India you talk about now our presence will be there.

Hemant: Are you planning for any farmer engagements?

Vimal Kumar: Yeah, of course. There are many farmer meeting we are doing for awareness. We are doing different kind of campaigning. Our marketing budget is also very high for the entire India and of course for South India as well and we are doing very well in South India in terms of marketing.

Vikas Jain: So generally just one more point to add Hemant here is with respect to farmer engagement, we have around close to 500-600 people whom we call field staff or Demand Generation Executive. Their work is to meet the farmers. So they meet them in the morning, they meet them in the night, do farmers meeting. So in case if we have to build our products especially we are having patented products. We need to have close interaction which we are religiously doing since last 1 year.

Hemant: Ok. One thing I liked about Best Agro, most of the established Agro Chemical companies in India, they were not launching patented products, patented formulations, but you have been doing very well in the market, you have launched around 4 products this year. So number itself breaking, but only thing as an investor, we are hopefully hoping to see those numbers maybe in the next 1-2 years from Best Agro.

Vikas Jain: Yeah, definitely it will be there and each year when we launch any product each year there is an increase in the quantity and the value.

Moderator: Thank you. Our next question is from the line of Utkarsh Gupta, an individual investor. Please go ahead.

Utkarsh Gupta: Sir, my key question is that since we have pivoted the business model from institutional sales to branded, so I want to understand there will be a replacement in the sales distribution or it will be a new addition in the business. So are you closing our institutional sale and just doing B2C now or will it be continued the B2B part and there will be new addition in the B2C site?

Vikas Jain: So Utkarsh we are not going to close the institutional part, it is only that the branded business keeps on increasing and percentage of institution is go down. But under institutional also we want to keep certain very good molecules and very good products which we want to sell to others and to remove products which are of lower margin. So institutional

business will remain but as the year goes on the price of the branded business keeps on going up because of our much better products portfolio which we keep on adding over the year.

Utkarsh Gupta: OK, understood. The second question is regarding the new patent launches. So in your presentation which was published in IR deck, I could see there were 2 recent products, Nemagen and Defender and they are 2 upcoming product launch in the slide 11. So what is the market size like product wise? How much penetration you are looking in 2 to 3 years in these 4 new products?

Vimal Kumar: You are talking about which product we are going to launch in the future?

Utkarsh Gupta: Yeah, so basically the market size on Namagen and defender and upcoming 2 launches, one is the mix of three molecules is Haloxyfop.....

Vimal Kumar: Yes Mr. Utkarsh, each product have a different market size, different in terms.

Utkarsh Gupta: So product-wise number of the market.

Vimal Kumar: As a whole you are talking about number, or each product you are talking about number.

Utkarsh Gupta: Each product, the number for each product, what is the market size of each product?

Vimal Kumar: No, the same I am telling you, like if any product I suppose sucking pests segment is very big in India. If we talk about only India, the Indian market of sucking pests is more than 5000 crores but because its market is increasing in India as well as global, the margin is increasing. If you talk about if you are having share of starting from the first year like 2 to 3% in that segment, so it is coming around like any of the new molecule in 1st year, we launched it will be like 60-70 crores . So next year, we will jump into directly maybe double also if the product is very good because first year is also we have to push more. We have to do more efforts in the marketing because any of the product you have, even the very good product or very nice product, is still need to market and still it has to be coming to the knowledge of the farmer and farmer also want the results in the field because they are not like we are talking and they are buying. They need result in the field. So first year they will test, trial. It is a kind of trial also. It is a kind of sale also, but it will be a trial for the farmers, but next year, when they are confident on that product, it will be sometime goes double. We have an example of one of our products, Ronfen. First-year to second year, we have 50% growth, second year to third year, we can see it will be around 200 crores. So within the 3 years,220 crores also it can be. So within the 3 year, your 70 to 80 crores you are now 220 crores. So each product, each year we will increase which have potential and most of the products which we are commercializing in our presented portfolio that all will be in a commercially valuable and it will be give each year growth will be....

Utkarsh Gupta: Fair enough sir. And lastly, about the international sales, the international sales are largely generic sales, are these B2B or the branded ones also have potential in the international market?

Vimal Kumar: In fact, parallelly we are opening our international market, but right now we cannot say there is any good number of sales. There are very few, that is a small number but definitely we are opening in a different way, our branches in the international market and mainly because we are into the regulatory business and entire world in each country, different kind of regulations for each of the products. So if you talk about any market in South Asia like Thailand, Myanmar, you know, Indonesia, all these markets if we talk about each market, each country we have to go and register our product as per their regulatory requirements. So that we are doing. The results will come for this product at least by 2025 end you can say.

Utkarsh Gupta: Fair enough. Sir just last question. So one thing which I observed that there was some sales return in Q3 and Q4, so just as that perspective have you thought about introducing any sort of lending partner with you to mitigate that risk rather than doing the credit sales, maybe bringing the lending partner and you know mitigating risk from your books of this risk of sales return.

Vimal Kumar: Yeah, Utkarsh you can club your this question to my last answer. In fact, when we are launching any of the new products, we have to take some risk because of how much forward success will be there and we have to work very hard as some of the expenses if you talk about in the time of balance sheet, there will be expense, we will have marketing expense will be higher, sales expense will be higher and there is a possibility of the return. But in any of the way we are fixing the provision in the balance sheet in the same quarter when we are selling. It is not like there is a surprise that the 3rd or 4th quarter returns are so high. Last year there was some you can say end of the second quarter, there was a kind of season failure, that is a different situation, but we are hoping this year will be very good and each year will not be like last 2 years, you can say 3rd Quarter.

Moderator: Thank you. Our next question is from the line of Udit Segal, an individual investor. Please go ahead.

Udit Segal: Sir, I wanted to know our closing inventory for 31st March was 950 crores. So approximately what portion would be say in herbicides, insecticides and fungicides, just an approximate percentage?

Vimal Kumar: You are talking about segment wise or the inventory levels you are talking about.

Udit Segal: Yes sir.

Vimal Kumar: Yes, definitely in the first quarter, major sale is herbicides you can say if our total sale number is 520 after internal sale (Inaudible) 0:53:17.4. The final commodity number is 520. So out of the 520, you can say herbicides because that price has dropped that is why the results are B2B but we can say approximate, I do not have real number in front of me segment wise. But in my idea there will be more than 300 crores of the herbicide and other will be fungicide and Insecticides.

Udit Segal: So basically, there are turn around. It will be dependent on whether how the sale of insecticides and fungicides will be in the coming quarter.

Vimal Kumar: Of course, generally we see like this way only if you see in 2nd and 3rd quarter majorly insecticides and fungicides.

Udit Segal: And suppose our margins are also higher in insecticides and fungicides?

Vimal Kumar: Yeah, we have most of the products which we have our patented molecules that is mostly. Of course, we have herbicides also, but herbicides we have only one which we are this year Orisulam and in the 4th quarter also we are launching the new product that will come Shot Down. But that will come in the 4th Quarter FY25. But in the 2nd and 3rd Quarter, the major sale will be our major molecules like patented molecules which is insecticide and fungicide combinations and of course insecticide combinations.

Udit Segal: Okay, so sir what are the conditions I know nobody can predict, but what are the conditions which aid insect attacks or like fungus? I mean it's a humidity or the rainfall or some other conditions. How do we track whether there is going to be an insect attack or major insect attack or fungicides, I mean, how can we think about that?

Vimal Kumar: In fact, these 2 different questions, but I can explain you know if you talk about fungicide of course fungus comes mostly in the rainy season, if we talk about. But in general disease if we talk about the pest, it is not directly we can say there is a white fly, there is a fly so it will come or it will not come, your question like this way. But generally if you see in last 30-40 years pattern has changed and climate is also changing. But there is no year where you can say there is a crop and there do not have pest or fungus you can say like this way in a general way because otherwise I have elaborate very long. Generally you can say this.

Udit Segal: And sir you are mentioning that our sales would be good for the rabi.

Vimal Kumar: Yeah, I mean, you can see the history of the agriculture on the pesticides, so then you will know there is no season because if we talk about 9% growth in the industry so each year it is coming if you see of course, if there is no pest or there is no fungus, so how it come. In general, I am talking about. If I elaborate, I know everything, but I do not think that time will permit us to elaborate that way.

Udit Segal: And sir, you are talking about the Rabi season. So what kind of sales do we do in the Rabi season that would be in the 3rd Quarter typically?

Vimal Kumar: Yeah typically 3rd Quarter, Rabi season is typically 3rd Quarter, some goes in January also, but mostly in the 3rd Quarter.

Udit Segal: What kind of products do we sell during the Rabi season? It is again herbicides?

Vimal Kumar: Yeah, it is herbicides only because Rabi season also have insecticide and fungicide that will go into the 4th quarter, but if we talk about major weedicide which again in Rabi season mainly is the wheat that will be in 3rd Quarter only. You can say 3rd Quarter sales, so the Rabi season will be for herbicides and 4th quarter sale for insecticides and fungicides will be in the 4th quarter.

Udit Segal: So do we expect like.

Vikas jain: And for Rabi, major big market in South for pulses, for chili, those also we have good products.

Moderator: Ladies and gentlemen, that was the last question for the day. I now hand the conference over to Mr. Vimal Kumar for Closing Comments.

Vimal Kumar: Yes. Thank you everyone. We are excited about the future of Best Agrolife Limited. Our commitment to quality, innovation and farmers satisfaction remains unwavering as we continue to push the boundaries of what is achievable in agriculture for the prosperity of our farmer. If you have any other questions, please feel free to contact with Adfactors our PR and our Investor Relationship team. Thank you all for participating today. Thank you very much.

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