SUMITOMO CHEMICAL INDIA LTD.
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SCIL/SEC/2024
5th November, 2024

To,
BSE Limited,
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

The National Stock Exchange of
India Listing Department,
Exchange Plaza,
Bandra Kurla Complex
Bandra East,
Mumbai - 400 051

Sub: Written Transcript of Earnings Call held on 29th October, 2024

Dear Sirs,

This has reference to our letter, intimating about the earnings call on 29th October, 2024 with Investors/Analysts to discuss financial performance of the Company for the quarter and half year ended 30th September, 2024, and weblink for the audio-recording of the call submitted to you on 29th October, 2024.

Please find enclosed herewith written transcript of the aforesaid earnings call.

The said transcript will also be available on the Company's website: https://sumichem.co.in/investors-relations.php#Announcements.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Sumitomo Chemical India Limited

Deepika Trivedi
Digitally signed by: Deepika Trivedi
DN: CN = Deepika Trivedi
C = IN O = Personal
Date: 2024.11.05 07:38:48 +05'30'

Deepika Trivedi
Company Secretary & Compliance

Encl: a/a

“Sumitomo Chemical India Limited

Q2 and HI FY25 Earnings Conference Call”

October 29, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 29th October 2024 will prevail.

MANAGEMENT: **MR. CHETAN SHAH – MANAGING DIRECTOR**
DR. SURESH RAMACHANDRAN – DEPUTY MANAGING DIRECTOR
MR. MASANORI UZAWA – NON-EXECUTIVE DIRECTOR
MR. KUNAL MITTAL – SENIOR VICE PRESIDENT, PLANNING AND COORDINATION OFFICE
MR. ANIL NAWAL – CHIEF FINANCIAL OFFICER
MS. DEEPIKA TRIVEDI – COMPANY SECRETARY AND COMPLIANCE OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to Sumitomo Chemical India Limited Q2 and H1 FY '25 Earnings Conference Call. 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. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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

From the management today, we have on the call Mr. Chetan Shah, Managing Director; Mr. Masanori Uzawa, Non-Executive Director; Dr. Suresh Ramachandran, Deputy Managing Director; Mr. Kunal Mittal, Senior Vice President, Planning and Coordination Office; Mr. Anil Nawal, Chief Financial Officer; Mrs. Deepika Trivedi, Company Secretary and Compliance Officer; and colleagues from SGA, the Investor Relation advisors.

Now I hand over the conference to Mr. Chetan Shah, Managing Director of Sumitomo Chemical India Limited. Thank you, and over to you, Mr. Shah.

Chetan Shah: Thank you. Ladies and gentlemen, a very good afternoon to all of you, and wish you a very, very happy Dhanteras. Welcome to the conference call to discuss the Q2 and H1 financial year '24-'25 financial performances of our company, Sumitomo Chemical India Limited.

India's monsoon rainfall, according to IMD, over the country from June to September 2024 was 107.6% of its long period average. India received 11.6% more rainfall than average in September month alone, following 9% and 15.3% above average rainfall in July and August, respectively. This excess and uneven rainfall disrupted the timing of crop protection activities. Farmers faced difficulties with agrochemical applications, resulting in missed or delaying it spraying schedules, which affected the consumption of agrochemical products.

Additionally, cotton acreage declined sharply, especially in North India where the reduction was nearly 40%. Many farmers shifted away from cotton, one of the crops with the highest pesticide consumption, towards other alternatives. Delayed monsoon withdrawals also damaged some kharif season crops like rice, cotton, soybean, corn and pulses in certain regions of India.

Recognizing the challenging market dynamics, we focused during the first 6 months on volume growth. Through close monitoring and suitable corrections in both purchases and sales pricing, we successfully maintained stable profitability for the first 6 months.

Our gross profit margin expanded by 421 basis points year-over-year to 42.6%, driven by introduction of new products, normalization of export markets to some extent, and which has been impacted by high inventories last year and rigorous cost optimization in procurement. Thus, despite headwinds our focus on maintaining profitability through volume growth and managing margins demonstrated strong results.

Our Every Day Farmer's Day campaign of 100 days continued to foster deeper engagement with farmers, enhancing product awareness and adoption. Notably, new product launches such as Meshi, Ormie and Portion gained significant traction, driving 65% year-over-year growth in sales of these offerings.

The export market, which faced challenges last year due to inventory overhang, has normalized significantly. We experienced robust sales rebound across key geographies, including Japan and South America, reflecting a positive shift in global demand. At the same time, we continue to maintain strong focus on financial discipline through tight controls over collections, and ensuring timely payments as well as minimizing sales returns through proactive inventory and liquidation tracking.

The water level in 155 major reservoirs in the country is at 87% of the capacity, which is higher than last year's level as well as the normal range. The highest storage level will encourage farmers to go for higher acreage in Rabi season. Besides better soil moisture on account of above, will also aid in higher planting of the crops.

The government also has set an ambitious target of 341.55 million tons of food grain production in '24-'25, representing a 3% increase from the previous year. All these factors will potentially drive agrochemical consumption in the upcoming Rabi season.

In summary, despite volatile market environment, Sumitomo Chemical India Limited has demonstrated resilience and adaptability, balance, short-term challenges with long-term strategic priorities. Our focus on profitability, new product development, market recovery and financial discipline has positioned us well for the future.

With that, I now hand over the call to Mr. Anil Nawal to please take you through our Q2 and H1 financial year '24-'25 consolidated financial performance. Thank you. Thank you very much.

Anil Nawal: Thank you, sir. FY '24-'25 financial performance. We recorded revenue of INR998 crores in Q2 FY '24-'25, up by 9% as compared to INR903 crores in Q2 FY '23-'24, Sequentially, the revenue was up by 18% from INR839 crores in Q1 FY '24-'25. Gross margin in Q2 FY '24-'25 are 42.6%, which is up by 421 basis points as compared to 38.4% in Q2 FY '23-'24. Gross margin also witnessed sequential improvement of 365 basis points from 38.9% in Q1 FY '24-'25.

EBITDA came in at INR245 crores in Q2 FY '24-'25, witnessing a jump of 31%, as compared to INR188 crores in the same period last year. Sequentially, EBITDA was up by 52% from INR161 crores in Q1 FY '24-'25. EBITDA margin in the current quarter stood at 24.8%, up by 402 basis points as compared to 20.8% in Q2 FY '23-'24. Employee and operating expenses remained stable, ensuring the increased gross profit translated directly into higher profitability.

Profit after tax stood at INR193 crores in Q2 FY '24-'25 as compared to INR143 crores in the same quarter last year, a jump of 34%. Sequentially, PAT was up by 52% from this INR127 crores in Q1 FY '24-'25. PAT margin stood at 19.5%, up by 360 basis points vis-à-vis 15.9% in Q2 FY '23-'24.

Now coming to our consolidated performance for H1 '24-'25. Revenue from operations in H1 FY '24-'25 stood at INR1,827 crores, up by 12% as compared to INR1,628 crores in H1 FY '23-'24. In H1 FY '24-'25, domestic agrochemical revenue contributed about 83% of overall revenues, with export contributing the rest. In H1 FY '24-'25, insecticides contributed about 39% of total revenue, while herbicide plant growth regulator and fungicide contributed about 26%, 11% and 9% of total revenue, respectively.

The proportion of export earnings as a percent of total revenue has experienced a notable increase, jumping from approximately 11% in H1 FY '23-'24 to around 17% in H1 FY '24-'25. This was on account of normalization of export demand compared to last year wherein excess inventory had constrained sales with robust sales rebound across key geographies. H1 FY '24-'25 sales to South America and Japan increased by 167% and 122%, respectively, as compared to the same period last year.

EBITDA stood at INR406 crores in H1 FY '24-'25, witnessing a jump of 51% as compared to INR269 crores in H1 FY '23-'24. Our EBITDA margin stood at 22.2% in H1 FY '24-'25 as compared to 16.5% in the same period last year. The profit after tax for the H1 FY '24-'25 amounted to INR319 crores, reflecting an increase of 56%, as compared to previous year's figure of INR205 crores.

With that, I would like to hand over now to Dr. Suresh.

Suresh Ramachandran: Thanks, Anil. Good afternoon, everybody. First of all, I wish you all a happy festive season. So in this call, I would like to highlight you about our unique 100-day pan-India campaign that we focused on during the last quarter, starting from June. I would like to talk about that a little bit.

We took a 100-day campaign pan-India demand generation campaign, namely Every Day Farmers' Day campaign, also termed as EDFD campaign. EDFD is a flagship outreach initiative by Sumitomo Chemical India Limited designed to enhance connections with farmers and distributors. The objective of the campaign was to build sustained momentum in the field and market through high-intensity demand generation activities.

Meetings with 25 or more farmers and channel partners were qualified as EDFD meetings. About 17,000 meetings were conducted during the 100-day period from early June till the end of September across various parts of the country, ensuring direct interaction and fostering engagement. Over 5.5 lakh farmers were engaged during this campaign through these meetings, facilitating awareness and knowledge sharing. Almost 17,000-plus channel partners were involved to strengthen relationships, enhance product visibility and improve the distribution network.

A significant number of meetings were held with farmers across multiple regions, offering insights and technical training to enhance their productivity. We also connected with an impressive network distributors, ensuring they were well equipped with product knowledge and ready to serve farmers effectively.

Our emphasis was more on intensive training and equipping farmers with best practices in crop management, pest control and sustainable farming techniques. Distributed trainings were undertaken to ensure the product knowledge is always at the forefront.

The campaign resulted in a 144% increase in our website traffic, highlighting the impact on online presence and resource consumption. The campaign extended the reach on Facebook by 205%, substantially increasing engagement and visibility among the agriculture community. There was a 54% increase in YouTube subscription, reflecting greater interest in Sumitomo digital content.

The company's new offering products such as Meshi, Ormie and Portion contributed to a 65% growth compared to the same period last year, reflecting successful adoption of these newly launched products.

The campaign strengthened trust with the farmers and channel partners, promoted better agricultural practices, and positioned Sumitomo as a reliable industry leader. The campaign embodied the company's commitment to empowering agricultural stakeholders with advanced product knowledge and agronomic best practices.

On account of this campaign, farmers and channel partners have come closer and trust us more due to the consistent engagement and support. Our frontline managers received direct recognition from top management.

To conclude the EDFD campaign elevated demand generation activities to the next level. The success of this campaign has laid the foundation for EDFD season 2 planned from November 2024 to February 2025, coinciding with Rabi season, aiming for further scale-up and engagement and impact. The EDFD 2 campaign will also serve as a prelaunch initiative for some of our highly anticipated blockbuster product launches in India, along with actively promoting our existing products.

So with that, I turn over to the moderator, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Prashant Biyani from Elara Securities.

Prashant Biyani: Sir, we have done pretty well on the margins and that has been when exports have more than doubled. Is it that new export orders are of high margins and will continue to be the case? Because historically, we have been saying that exports as well as domestic would be around 20-odd percent EBITDA margin, but we have easily crossed that this time?

Chetan Shah: Yes. So you typically, the Rabi season margins are always lower than the Kharif season. However, having said that, I think we are -- we believe that we are in a position of very, very sustainable input costs. And we don't see our selling prices going down at all during Rabi season. So with this combination and also the product mix of Rabi season, which we are planning. I think our margins should be definitely superior to the historic levels. I cannot guarantee that it will be to the level of Kharif season or not, but they definitely better than historic rabi seasons. And we are hopeful that our endeavor will be to maintain these margins altogether.

Kunal Mittal: And just to add, I think what you had asked is that exports margin specifically were higher. So that was not the case. I think what Shah san commented gives a good comprehensive picture of the total business, both domestic and exports, and it was not like a few particular exports order of higher margin. This was comprehensive growth in the business, and it should be read that way.

Prashant Biyani: Sure. And sir, how are you looking at H2 demand-wise both domestic and export market?

Chetan Shah: We are very optimistic about the second season. As I mentioned earlier, there is enough water, and there is even a lot of moisture in the soil, which is very conducive for the second crop. And we expect that the sowing by the farmers will definitely increase. And we feel that there will be a robust demand in the second half.

Prashant Biyani: Sure. And lastly, on the Dahej plant, have we got EC approval? And have you firmed up any plans on the capex there?

Chetan Shah: Yes. So I'm happy to inform you that, yes, last month, or during this month, we received the EC clearance without any specific conditions. And so -- and it is whatever was our application, we got clearance on all our products.

Now we are in the process of deciding the cluster of products to be manufactured in the first phase, second phase, etcetera. There is 1 phase, which is that we want to manufacture the products of -- manufactured or introduced by Japan, and that is under deep discussion as of date.

As soon as we clear that, and some of the generic product portfolio that is within ourselves, we have to decide which cluster of products to go for, we will be, now that the environment clearance is out of the way, we are now on a speedy path of deciding this and getting ready to implement the project.

Prashant Biyani: Okay. And sir, like earlier times, it should be north of INR300 crores?

Chetan Shah: Yes, that is what we have planned.

Prashant Biyani: Okay. That's it from my side, and congrats on a good set of numbers.

Moderator: The next question is from the line of Yash Goenka from Awriga Capital Advisors LLP.

Yash Goenka: Okay. Can you break up the export business, which goes to the parent and export of technical, which was first Excel Crop business in H1? And how does it -- how both of these business look for the next 12 months and long term?

Kunal Mittal: Yes. So see, when we look at our exports, large part of this exports is for the off-patent segment, which as you rightly mentioned it is from the erstwhile Excel Crop Care portfolio. And that business has contributed to the large part of the exports which we had during this quarter, while the exports of the specialty products to our parent company, Sumitomo in the -- in that regard, that business is also continuing, but that business is continuing at a normal level, while exports of the basic business is contributing to the large part of the group, which we had.

Suresh Ramachandran: Out of these numbers, about 75% is coming from third parties, exports, and about roughly 25% comes from…

Yash Goenka: Okay. And outlook for this for the next 12 months and long term?

Suresh Ramachandran: See, the outlook, the inventory situation is easing out in those markets, and we expect to continue the volume growth. Of course, price may not grow, probably may take a slight beating also. But overall, it looks optimistic, I would say.

Yash Goenka: Okay. And my second question is, on the LATAM agri season, which is starting in September, how -- what are the early trends you can see there?

Kunal Mittal: LATAM season will start. So the early signs from LATAM market are positive. And that is something which is contributing to this growth in exports, especially in the off-patent segment. If you see our geographical breakup, there are good shipments to Latin America market. And while we don't think the problems are fully solved in terms of the inventory situation and all those things, but at least whatever we are hearing, there is a volume uptake in the market.

Moderator: The next question is from the line of Priyank Chheda from Vallum Capital.

Priyank Chheda: This is Priyank from Vallum Capital. Sir, my question is on domestic industry. If you see, we have growth for H1 at 5%, that is on a lower base. Last year we did see almost a price decline of 25% - 30%. And on that base, we have just grown at 5%. We were looking at a point of time to grow at 12%, 15%. So how should we look for the domestic industry in terms of value growth I'm sure volumes would be higher. So in terms of value growth, what should be the growth that we should look forward for in FY '25?

Kunal Mittal: So I think what you were asking specifically is about, let's say, quarter-to-quarter situation. We have always maintained that for industry like us, I think quarter-to-quarter is very difficult, because I think like in this particular, the monsoon season in India, it's a very important driver, spreads over 2 quarters.

So quarter-to-quarter, we should not look at it. But if you look at the comprehensive performance for the entire monsoon season, kharif season, first half, then the numbers are, I think, encouraging. And we have growth volumes, I think, significantly as compared to last year in that regard.

Suresh Ramachandran: Just to add to that point, in the first quarter, yes, volume growth was very good. In the second quarter, because of the continuous rains in August and September, the consumption got interrupted at the ground level. That impacted 1 to 2 sprays of overall spray in crop protection activities that has impacted in August and September in terms of overall growth.

Kunal Mittal: The volume growth is upwards of 15% plus. So what you mentioned like a single digit, low single digit, that could be like a one quarter kind of phenomena, but we kind of would like to analyze the performance for the 6 months basis. And in that, I think this 15% to 16% kind of volume growth is quite encouraging for us.

Priyank Chheda: Sure, definitely, sir, we understand -- I was looking out for all of the season, which is H1. H1 to H1, the value growth is around 5%. That's what I was alluding to. Yes, I got it. So what I was looking for is that, how should we look for the full year? Would our aspirations around 10% to 12% growth or 10% to 12% to 15% growth continue? Because we had a couple of good product launches in FY '24 and new product launches lined up in FY '25. So given the new product launches, which has both focus on specialty, how should we look for growth for domestic industry -- for domestic segment for the full year?

Suresh Ramachandran: So given that in the first half, as you said, we have recorded about 5% growth, for a full year scale, we are looking at 12% growth, that may be too stretching. Probably I would look at about 9% to 10% growth on a full year basis.

Priyank Chheda: Perfect. My second question is on the Tarapur plant where we had 3 products which were exclusive for the parent, because of the macro environment that got shifted, the targets got shifted to FY '26 in terms of full production. So any challenges, any revisions on that side? Or are we intent to do that full utilization in FY '26 onwards?

Kunal Mittal: So the situation remains almost same as we had mentioned on the last call, and there is no change in the situation. And as you rightly mentioned, at this point of time, that plant is not having a very robust level of production, and we are waiting and watching the situation, how it progresses.

Priyank Chheda: Okay. And just last question on the glyphosate industry. Overall, how has been the -- if you can just allude more towards how has been the supply and demand side of glyphosate in terms of supply from the China, demand from the Latin America or from the African markets, how has that been over the last 6 months?

Suresh Ramachandran: See, glyphosate, the domestic market is the first half up to H1, the product has been by and large stable, and the volume consumption has increased. Of course, prices dropped compared to last year. But in terms of overall growth, volume has grown definitely.

The second half is the general export market. We generally export only to African countries and some few other countries, but not to LATAM. African countries demand also looks good. Of course, now only the things will start moving in Africa. In terms of pricing, it's by and large stable for the last few months.

Moderator: The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.

Bhavya Gandhi: Congratulations on a good set of numbers. Sir, my first question is regarding the gross margin and EBITDA margin because we've clocked the highest ever gross margin and EBITDA margin. I mean considering the new product launches that you have done, is it fair to assume that this kind of margins are sustainable? Not absolute number, but at least this kind of range, is it possible to sustain?

Chetan Shah: Yes. We feel that with the kind of strategy that we have taken on both purchases and sales and positioning our products and improving the product mix, we feel that the margins are sustainable within a range. And surely, our endeavor will be, now that we have achieved this, our endeavor will be to sustain this going forward.

Bhavya Gandhi: Okay. Sir, another question is on the domestic quarterly numbers. I know you said that it's more to -- it's better to look at the annual numbers. But if I look at the only domestic number for the quarter, revenue has declined by 3%. So is it possible to give the split between volume and value just to understand if the volumes have grown? Has there been a decline on the prices?

Chetan Shah: So prices have declined on an average by 15% for sure in the quarter, or right from the first quarter itself. And whatever -- I think we have grown our volume by at least 26% -- 25%, 26%, we have increased our volumes. So even in the Q2, if we are saying that it is 3% lower, that means that we have grown the volumes by almost 12%.

Bhavya Gandhi: Got it, sir. And another thing, with respect to environmental clearance report, which is available in the public domain, as I see that the capex amount mentioned over there is closer to INR600 crores - INR650-odd crores, if I'm not wrong. So is it like a phased manner in which we are going to do the capex? Because you are mentioning about INR300 crores of capex.

Chetan Shah: So as I mentioned that we are discussing the cluster-wise phase-wise production. So maybe the first phase will be around this amount. And if we go in for the full site development, it can cost you INR600 crores - INR700 crores.

Bhavya Gandhi: Got it, sir. And this INR300 crores capex is for the older molecules, which parent wants to shift to India? Or are there any blockbuster new products altogether?

Chetan Shah: So it is a mix of both. What we are planning -- what we are thinking is there is 1 or 2 old products, there is 1 or 2 new products. And then there are various generic products which we would like to set up a kitchen plant, whereby we have a flexibility of manufacturing any product campaign-wise. So these are the 3 blocks basically that we are looking at. One is the new products from Japan, one is older products from Japan, and one the domestic basic, generic products.

Bhavya Gandhi: Okay. And sir, in the first half, previously, you used to give the name of products that we used to launch. If you can -- is it possible to mention the number of product launches in the first half of this year?

Suresh Ramachandran: We have launched this Portion. I mean it's there in the, I think, investor presentation. Portion, Ormie we launched. These are the 2 products that we launched. And towards the end of last year, we launched Tribasic Copper in the name of 2 brands. And also this year, we launched insecticide Yunico in 2 different formulations. So about 6 products we launched in H1.

Bhavya Gandhi: So all these products were there last year, if I'm not wrong: Yunico, Ormie, Portion. I mean because the investor PPT says that we've already grown on that older base.

Suresh Ramachandran: What it meant was, it was combined as an overall new product portfolio. This Ormie and Portion were launched this year, Meshi also, whereas Yunico also this year. Last year was products like basic Copper was launched. Promalin was launched. So it's overall combination of new products have grown by 65%.

Bhavya Gandhi: Got it. And is it possible to quantify what this amount would be in terms of absolute number, the new product launches that you are mentioning?

Chetan Shah: Just a second.

Kunal Mittal: See, we do not like to give the product-wise numbers. But as we have mentioned in the past that we keep tracking all the products launched in the last 2 to 3 years, kind of the new products which we have launched. And these products are contributing something between 8% to 9% of our revenue in the current year.

Bhavya Gandhi: Okay. 8% to 9%. So last year, probably, we were closer to maybe 3% to 4% of our overall revenue. Right?

Kunal Mittal: Yes.

Bhavya Gandhi: Because we've grown 65% only on the old base.

Kunal Mittal: All the products launched in the last 3 years.

Bhavya Gandhi: Okay. And just one last thing. With respect to the farm equipment, what we have mentioned in the last couple of con call that you were even looking to add farm equipment to the Indian entity. So if you can throw some light or any progress on that front.

Suresh Ramachandran: This is part of that Sumika. You want to explain, Kunal?

Kunal Mittal: Yes. So I think we are still under the discussions and in the planning stage in discussion with our parent company and our global affiliates. And that particular entity has both seed businesses and farm equipment. What we believe is that we have mentioned it as a strategy for the growth over medium to long term, we are not expecting that in short term they will really contribute a lot of, I think, our growth because these things take time in Indian market.

These products are made in Japan, a very high level of technology. So we will have to do a lot of evaluation, expansion and understanding the market, which we are in the process of. And we should not expect too much revenues coming in the short term, but this is more a strategy for the long term to medium-term growth, and diversification.

Bhavya Gandhi: Got it, sir. And just last thing to conclude, that anything on the IT chemicals or the semiconductor side are you looking at?

Kunal Mittal: Something exactly similar like this thing, I think the discussions are on with our global affiliates and our global colleagues in terms of understanding the Indian market, the landscape, the opportunity side, and what will be the right time and the right business model for that. So still at the drawing board and discussion. But discussions are progressing on a regular basis.

Moderator: The next question is from the line of S. Ramesh from Nirmal Bang Equities.

S. Ramesh: Thank you very much and congratulations on the numbers and wish you a happy Diwali. So if you look at the growth in exports and the absolute number, you done about INR300 crores -- close to INR300 crores in the first half. So in terms of the overall growth, if you say on an annual basis over the next 2 years, would you expect to maintain the domestic and export share at whatever you've reported in first half? Or do you see exports actually growing faster given that they are coming from a lower base, and perhaps in terms of volume growth, you may see a better tracking? How do you see that? And does it have any impact on your margins?

Suresh Ramachandran: As you said, the margin of export is lower. In terms of margin, if you look at percentage growth, yes, for sure, export is likely to be slightly higher than the domestic market. Sorry, I missed the other question. What was the...

Kunal Mittal: The growth in exports will be more than the domestic market.

Suresh Ramachandran: Yes, because the base is lower. As a percentage growth, it will be definitely higher.

Kunal Mittal: Yes. But on your question that our margins, will there be a significant impact because of this? We do not believe because, broadly, our margins in exports and domestic are not significantly different. Some percentage points here and there. But broadly, we would like to have good margins in both the businesses, exports and domestic. And exports growth is expected to be higher than domestic, as you rightly pointed out, because last year base was very low. But in the domestic market also, we want to continue our growth momentum in the second half because of various sectors, which were mentioned by our MD, Mr. Chetan Shah sir and also Dr. Suresh.

S. Ramesh: Okay. So if you look at your track record in terms of new launches in the last 18 months, I think you launched 13 products in the last 18 months, 6 products last year, another 3 -- or 6 this year. So if you take the whole basket of new products, what is the kind of growth you would continue to expect and what kind of share they could have in your portfolio, say, over the next 2 - 3 years? And would that give you higher margins? And what are the kind of target size you have for the 3 products you mentioned Portion, Ormie and Meshi in terms of the market size?

Suresh Ramachandran: The market is enormous. It fits into multiple crops. It could be in thousands of crores. But obviously, can we do everything? It's not possible to have addressed everywhere. If we get at least a 20% - 25% growth on these molecules or these brands year-on-year, I think that itself is a very decent growth. And we want to grow these newer products, which are new chemistry and some of them are patented also. And that's what our endeavor is.

S. Ramesh: Okay. So in terms of your plans to supply the 5 molecules to Japan, when do you plan to start that? And what's the business plan for next year? And when do you think you'll reach the full target of INR220 crores - INR250 crores?

Kunal Mittal: As we had explained, I think, in the last call also, let's divide that business in 2 parts. And 1 plant out of these 2 has started full level production and full level business. Last year, we booked a little bit revenues, but current year, we are targeting full level of production and full commercialization of these products in terms of shipment to our parent company and global affiliate.

And the second plant -- so this particular first plant is at Bhavnagar, which is doing the full production this year. The second plant, which is at Bhavnagar, as we mentioned earlier also in one of the questions, I think the production level currently is low in this particular plant because of various global market situation and registration kind of delays. And we are monitoring the situation. And hopefully, our plans are that if next year we can use this plant for -- to some levels.

S. Ramesh: Okay. If I can squeeze in one more thought. Any thoughts you can share on how Barrix has performed in the consolidated results? And when you see that giving a meaningful impact on your revenue and bottom line?

Kunal Mittal: So we believe that by end of this year, I think it should start giving us contribution, keeping in mind the overall size of Barrix. In terms of the total SCIL numbers, it's still the impact is likely to be not material for next 2 or 3 years kind of a period. But on a stand-alone basis, they are showing significant growth in the current year, very good growth as compared to their past trends in the current year. And also in terms of both top line and profitability level, we believe that they were very close to breakeven levels till last year. And in current year, whatever growth they are having, which is a significant growth over last year, it is adding directly to their bottom line.

So by end of this year, we believe that as a stand-alone entity, Barrix would have completed this year with a significant growth over last year with good profitability levels and much higher the profitability level would also be at a very, very decent level. But in the overall numbers of SCIL, they will not be material for the next 2 or 3 years.

Suresh Ramachandran: Yes. Just to recollect, the strategic intent of this acquisition was to enter into a new segment, green chemistry, environmentally safe chemistry, and like Kunal said, mid-term to long-term strategy, and that was the intent behind that.

S. Ramesh: Okay. How many of the new products will be in the bio and sustainable category? Because SCC Japan has a lot of strength there. In the products you have launched as on date, how many of them are bio and what is the thought process in terms of biological products in the next coming years?

Suresh Ramachandran: See, there are -- we are -- globally, we have another group company, which is called Valent BioSciences, which only specializes in biostimulants or biological products, the so-called green chemistry products. And we are in discussions with them. Some of the products we have launched already. Some of the products are under development. Some of the products are under pipeline, which will all come eventually. They also acquired globally another company, another green chemistry company last year. We are evaluating that portfolio also currently to bring into India.

So it would definitely add to our portfolio as we move forward in the coming years. Every year, at least 1 or 2 products we would keep adding in this segment.

Moderator: The next question is from the line of Darshita from Antique Broking. Please go ahead.

Darshita Shah: Yeah, hi. Thank you for the opportunity and happy Dhanteras wishes the team. My first question was regarding the price decline impact that you have seen in the first half. Should we expect -- can we expect it to normalize or the base to normalize in the second half of the year?

Kunal Mittal: Sorry, can you please repeat the question?

Darshita Shah: Sir, the price decline impact that we have seen in the first half of the year, can we expect that all of it is already priced in into the base and that the second half should not have any price decline impact any further on Y-o-Y basis?

Kunal Mittal: Yes, that is true.

Suresh Ramachandran: Yes. That is what our Managing Director also commented at the beginning in his opening comments or during the question and answer. Yes, all are factored in, and we don't expect any further price drop in the second half.

Kunal Mittal: Yes. But as compared to last year, second half, there will still be negative delta of the prices, but it will be lower than the impact which we had in the first half. Because if you remember, our -- in some of the earlier comments, we commented that the price drop in first half was between 10% to 15% on an average. So that much delta will not be there in the second half. It will be lower than that.

Darshita Shah: With respect to our market share in the first half of the year in the domestic market, what would it be?

Suresh Ramachandran: It's too early to talk about market share because we just closed the quarter. And we don't look at quarter-wise or half yearly market share. We look at full year market share once the year gets completed, maybe after 3 or 4 months, only those kind of data would come out.

Darshita Shah: My third question was regarding the CRAMS contribution. Kunal did explain that the Bhavnagar plant is at full level production. Are you still expecting INR150 crores of revenue to come through from the CRAMS product portfolio for FY '25?

Kunal Mittal: So we would not like to give the specific about any product or any particular plant. But yes, all the plants which we had for that particular Bhavnagar plant, that kind of revenue we are expecting current year.

Darshita Shah: Okay. And my last question was regarding the scale-up that we have seen in the off-patent portfolio, that Suresh sir mentioned that contributes about 75-odd percent overall export. Is it safe to assume that this is a sourcing shift benefit that we were expecting from the Nufarm business that was acquired by the parent? Is it a part -- the strong growth that we are seeing, is it a part of the sourcing shift benefit that you were anticipating to come through from -- to come in from China to India?

Suresh Ramachandran: Yes, actually.

Kunal Mittal: Yes. So, see this particular portfolio, which Dr. Suresh mentioned earlier, off-patent segment, which is the erstwhile Excel Crop Care portfolio. So this particular portfolio, they have third-party customers. And yes, they also do shipments to our affiliates in Nufarm, Latin America.

So that business is both ways. It is growing both in third-party customers because it has a very wide portfolio in terms of products and countries and geographies and registrations. So it is growing in third-party customers. And it is also benefited by the -- by some of our affiliates, taking more shipments from SCIL India. And that is also so they are getting benefit because of that. But rather the entire growth is coming only because of LATAM, that is not the case. We are also growing in other products, other geographies, other customers.

Darshita Shah: Okay. And sorry, just one last question, if I can squeeze in. So, Chetan Ji mentioned about the EBITDA margin to be in a certain range. The rate that we usually follow is about 18% to 20%. For FY '25, are we expecting it to probably be as high as 20% to 22-odd percent or something, some number like that?

Kunal Mittal: No. I think as our MD sir mentioned, I think we would think -- would like to believe that our EBITDA level margins should, I think, continue in the same range, 18% to 20%. And in the past also, we have seen that in certain quarters, in certain situations, generate EBITDA which are higher than this range. But on a full year basis, keeping in mind all the factors on domestic market, off-patent products, specialty, new products, exports, everything together, we should somewhere be in the similar range, 18% to 20% kind of EBITDA level growth -- EBITDA level margins.

Moderator: The next question is from the line of Viraj from SiMPL. Please go ahead.

Viraj: My question is already answered. Thank you.

Kunal Mittal: Question is already answered. We can move to the next question.

Moderator: The next question is from the line of Himanshu Binani from Anand Rathi. Please go ahead.

Himanshu Binani: Congratulations for a very good set of numbers, and happy festive season to the management. So sir, my first question was largely on the capex side. So what has been the capex amount for first half of FY '25?

Kunal Mittal: This would not be a very material level because we have not added any kind of capacities or anything like that. It would be in the nature of maybe some sort of a maintenance capex in the range of maybe INR20 crores - INR30 crores max. And as you remember, in '23-'24, our capacities level were certainly lower because of a lot of global factors and lower volumes. So overall capital utilizations have come down.

So this year, we are trying to increase the capacity levels, but we are not planning any kind of a significant capex in current year. We have done a few capex projects in last 2 years or 3 years in terms of new land and new plant set up. And this year, the plants are more to ramp up the volumes from that capex, which is already done. And the next cycle of capex, as Chetan sir mentioned earlier, is likely to come at Dahej, but we are still in finalization of the plans for that. And once the plans are finalized, approved by the Board, it will be announced in due course.

So this year, I think in the first half, we have not incurred too much capex. And that is how we are seeing this current year.

Himanshu Binani: Got it, sir. And sir, secondly, continuing with the previous participant's question on the EBITDA margin side. So what I understand is that during the first half, we did upwards of 22%. And going by this current trend, basically, what we have done in the last year second half is somewhere around a 17% sort of number, and we are still sticking to somewhere around 18% to 20% sort of like FY '25 EBITDA margin.

So to have this sort of like range, so we need to like -- actually we are declining during the second half as compared to the last year lower base of second half in terms of the margin. So what is like restricting the management in terms of the margins basically, what -- so maybe if you can like clariSfy on this side.

Kunal Mittal: Himanshu, we would like to be more, I think, realistic, and I think while we have got very good EBITDA margins in this particular quarter, almost to the extent of 24% - 25%, as you rightly mentioned, but we will keep trying. I think we are not saying that we are going to drop this EBITDA level margins as I think we already explained in detail by both, I think, Mr. Shah and Dr. Suresh, that we are trying to maintain this superior performance.

For sure, we will take our best, and we are not expecting that the margins in H2 are going to be historically lower as compared to past. But on a fundamental basis, what we are saying is, if you look at all the quarters in the investor presentation also on 18, Slide number 18, I think all our margins have broadly remained in the range of 18%, 20% on a full year basis.

And there are catches of quarters, even if you look at Q2 in '22 and also Q2 in financial year '23, we had done 23%, 24%, 25% kind of EBITDA levels. So even in that year on a full year basis, we did 18%, 20% kind of EBITDA level because in some of the quarters, which are low in terms of sales like Q3 and Q4, the EBITDA levels drop. So, on a full year basis, we will try to maintain the 18% - 20% kind of a range, which we believe is a very healthy profitability range.

Himanshu Binani: Sir, I completely take that. But then, sir, if you look at the last year second half, so we have like a lower base of last year second half. And maybe the last year number can be like treated as an aberration. So maybe if I compare that with FY '23 numbers also, which happens to be like lower in terms of the margins.

So basically, in terms of math, basically, they actually try to work out with the average numbers to the last year second half, despite all the difficulties, we did somewhere around the 17% sort of margins. So, if we are like sticking with that range of 18%, 20% of annualized or an FY '25 numbers, so maybe have to like decline basically as compared to the second half last year.

Kunal Mittal: So Himanshu, what we are looking is we are looking at last 3 years average. So let's say, last year, could be aberration in certain quarters, there were very low profitability in certain quarters, this was high profitability. So we honestly don't track quarter-to-quarter. And even if you look at '23, which you rightly mentioned, in the second quarter, we had done 24.8%. -- exactly same what we have done in this quarter in terms of percentage, 24.8% EBITDA level margin, which is so far highest in last so many years for us, one particular quarter.

So, in that year also. But in the Q3, Q4, if you see on an actual basis, then the margins EBITDA level was 16% and 12%. So, we have to be really mindful that certain quarters where the volumes are very large, the EBITDA level can go up. But we have to be more realistic that 18%, 20% kind of is what we are looking for. But certainly, we will see and try whatever best is possible given the demand and the supply situation, the input pricing, output prices. We'll keep taking efforts, but it is very difficult to commit that we will be having EBITDA at that level.

Chetan Shah: Himanshu, I will only add one thing over here. So in the last 2 years or 3 years, there were a lot of fluctuations from quarter-to-quarter, like the prices suddenly, of input costs, suddenly went up to -- every quarter, it was keeping on increasing. Then all of a sudden, in 1 quarter, it just started dropping. People were left with high inventory. There was a confusion in the -- in establishing the selling prices of the products in the market, etcetera, etcetera.

So there were many, many challenges in the past due to external reasons, either weather or inventory or prices fluctuations, etcetera. All I can tell you is that this rabi season, that is third and fourth quarter, I am personally seeing a lot more stability, a lot more clarity on both the input cost as well as the selling prices.

I don't think personally that input cost is going to go up significantly. And I don't think that the prices of products in the end-market is going to fall drastically. So it's a very healthy, balanced situation that we are in today.

And so hopefully we'll beat the historic numbers. But we say that we are still haunted by rabi season figures always been lower than kharif. So we need to be mindful of that. Because the companies or the competition will behave a little differently in rabi season. So even though I'm confident that the input cost and the selling price is not going to change. But in spite of that, if competition reacts adversely, we will have no choice but to match it. So we are taking more of a historic trend rather than an optimistic trend, which is truly there today.

Himanshu Binani: Got it, sir. And sir, last question from my side. So, if I actually look into your PPT, which is in Slide number 16, so in the working capital side, what we see is that reduction in the working capital is largely due to the prudent inventory management. However, if I actually look into the numbers both in terms of the inventory days as well as in terms of the absolute inventory value also, so it largely remained flat on a Y-o-Y basis. So maybe if you can clarify on the same.

Chetan Shah: So we have invested in higher inventories this year because of the commercial -- it made commercial sense to get out -- get the products at reasonable prices, and keeping in stock, so that we don't get into that volatile position of price adjustments, etcetera, or getting stuck with high cost inventory or anything of that sort. So yes, we have definitely by design, we have invested more money in raw materials and intermediates.

Kunal Mittal: The number is, as you rightly mentioned, absolutely similar to September '23 number, in both September '23 and '24, about INR560 crores to INR565 crores kind of inventory and 96 days of inventory days. So very similar to the past trend as on September.

Himanshu Binani: Right. But then, sir, if I actually look into the key highlights, basically in that slide, the working capital, the reason basically written over there is that these are decrease in the inventory days on account of improved inventory management and faster inventory turnover. So I was actually wondering.

Kunal Mittal: Yes Because you can look at it, but basically you see the inventory amount in absolute terms is exactly the same, INR564 crores, in a situation when we are growing the business by about 10%, 15%.

Himanshu Binani: Got it, sir. And just last question from my side, if I can squeeze in. So sir, how do we actually see the LATAM markets excluding Brazil during the second half? So in terms of the inventory position, demand level, as well as the pricing out there?

Suresh Ramachandran: Even though everybody talks about LATAM, out of that, 80% comes from Brazil only. Something there in Argentina, some in Colombia, some in small, small countries, Paraguay, Mexico and all those things. So when people say LATAM, primarily it refers to Brazil. Brazil so far looks good. The demand volume, demand looks good. So, the season is about to open up. And yes, Argentina is there. Argentina has its own issues in terms of foreign exchange and all those things. The rest of the markets are really small.

Kunal Mittal: So, from our company point of view, there is not significant impact from any of those markets, but what we keep hearing from other affiliates the situation in those countries continue to be challenging.

Moderator: The next question is from the line of Dhavan Shah from AlfAccurate Advisors. Please go ahead.

Dhavan Shah: My question is on the export side. Can you help us to understand which product category led growth for the first half? Is that -- like if I look at the breakup, I think the fungicide shows the strong growth for the first half. So can you help us to understand in terms of the export business?

Suresh Ramachandran: So, both fungicides and herbicides have grown. Specifically asking about exports. Both fungicide and herbicides have grown.

Dhavan Shah: And product wise can you help us to understand? Because if I even go to the geographical breakup, I think the South America revenue for the first half is roughly INR130-odd crores versus it was roughly INR50-odd crores last year first half. So here also, I mean, product-wise, if you can help us.

Then you also mentioned that there is some sourcing strategy, which led the higher growth for the LATAM business. So, if you can break it up the -- what kind of revenue growth came from the sourcing side of the business and what was the organic growth?

Suresh Ramachandran: See, all our portfolio compared to last year has grown, whether it's fungicides, herbicides or insecticides. If we are specifically talking about products, it's Tebuconazole, Chlorpyriphos, Fluroxypyr, and of course Clothianidin, okay? In terms of overall region, LATAM, South America registered almost double the growth. Last year, if you look at last year, they were having a severe inventory situation, that's why the business was significantly down in H1. Now it is getting back to normalcy. In all the products, whether it's insecticide, fungicide or herbicides, in all the products, it is coming back to normalcy.

Dhavan Shah: Okay. And this INR130-odd crores versus INR50-odd crores in the LATAM business or the South America business, how much is that because of the sourcing side of the business from China to India?

Kunal Mittal: So there is no shift in terms of any new product being shifted from China to India. All these products we were doing last year and current year. It is more a situation of better demand and better volumes.

Suresh Ramachandran: They were carrying inventory last year first half. This year, that inventory is slowly washed away. And that is helping us in this -- registering this business.

Kunal Mittal: And so all the regions are showing growth. If you look at like, say, Africa, we have already given the numbers in the presentation, it is from INR35 crores, INR40 crores level, it has gone INR60 crores. Japan from INR25 crores, INR55 crores - INR60 crores. And even the Latin America business, which was between INR45 crores to INR50 crores last year, it has almost become INR125 crores. So all these regions are contributing to the growth. And as Dr. Suresh mentioned, it is wide based. I think there are 4 or 5 products which have registered very good growth.

So we don't feel that export growth was dependent on any 1 particular country or geography or any product. It was a very wide concept-based growth because the fundamentals of the businesses coming back and some of the issues getting reduced as compared to last year.

Dhavan Shah: Got it. And out of that INR100 crores capex for 5 molecules, you were expecting roughly INR200 crores to INR250 crores kind of on the peak revenues. Out of that, how much revenue do we expect can materialize in FY '25 and '26?

Kunal Mittal: So I think that we have already mentioned this in a few questions and in the last call also. This revenue can be divided in 2 parts and 2 plants. So 1 plant full revenue should come this year.

Kunal Mittal: So out of this, like what you said, INR200 crores to INR250 crores, whatever the projections were given that time from these projects, so out of this 1 plant, we'll have the full production and full revenues in current financial year. And that will continue even next year. And next year, we will see the second plant, how much it can be used and commercialized, and we are monitoring the situation. But there will certainly be growth next year over current year.

Chetan Shah: '26 we should be fully there.

Dhavan Shah: Okay. And what is the size of that 1 plant you mentioned, Tarapur or...

Kunal Mittal: 50%-50% roughly in terms of revenue potential.

Dhavan Shah: INR50 crores.

Kunal Mittal: 50%-50%. Whatever is the total revenue potential of these products, you can take 50% - 50%.

Dhavan Shah: Got it. So this is largely going to Japan only, right?

Kunal Mittal: Yes. It is shipped maybe various affiliates, but our arrangements are with our parent company. So we ship the products and we invoice it to them, and then the actual shipments goes to different affiliates.

Dhavan Shah: Got it. And this INR300 crores capex you mentioned for the first phase. So this is going to be announced in the second half itself and the construction activity would start maybe in '26?

Kunal Mittal: So we are not in a position to give any fixed time lines. As it was mentioned earlier on the call, right now, we have got the environmental clearances. We are in the drawing board and feasibility study in terms of which product combination of SCC products, some of the new products, some of the existing products, and also some of the off-patent products.

And once the feasibility studies in terms of technical analysis, a lot of work has been done in terms of the financial feasibilities, in terms of the volume projection from this registration time lines, everything is being worked out, and once comprehensively the proposals are ready and they are approved by our shareholders and our Board, then we will be announcing it. We would not like to commit any fixed time lines that it will be done in 1 month or 2 months or 3 months. But the overall capex cycle is expected to run in 2 to 3 years this Phase 1 itself.

Chetan Shah: So if your question was that whether we'll start construction in '26, the answer will be definitely yes, that would be our endeavor, that I think 1.5 years -- or 1 year and 3 months will be good enough time for us to close in all the issues and all the question marks, and we should definitely start the construction beginning in '26.

Dhavan Shah: Got it. And the asset turn would be 2x only here. Should we assume the same asset turn?

Kunal Mittal: Correct, 2x of the capex size should be the revenue potential but on a maturity level. It may not be, because some of these are new products, so the volume uptick cannot be like immediately the plant will be fully 100% utilized, because all the other products are existing products. So there suddenly immediately we can produce and go to 100% level. These plants will take its own time, let's say, 2 - 3 years for full 100% ramp-up of capacities.

Dhavan Shah: Got it. So maybe by FY '29 and '30, we can assume INR600 crores kind of peak revenue? Hello?

Kunal Mittal: We'll not be in a position to give any fixed.

Dhavan Shah: No problem. That's all from my side. Thank you, sir.

Moderator: Thank you. The next question is from the line of Faisal Hawa from HG Hawa & Company. Please go ahead.

Faisal Hawa: Sir, are we doing any key hirings also on the sales marketing distribution front from outside the organization or even some outside industry to give this very large impetus or kind of a very different sales approach to our existing approach?

Suresh Ramachandran: We do hire people. Obviously, at the front line, we do hire people on a regular basis. We prefer agrochemical industry background or agriculture background, or working in allied industries, that would be for the first preference because it's easier to get them integrated into the system faster and they can start contributing.

But at the same time, we are also looking at people from outside the industry to bring in new perspectives. So it's a combination of both. I would say maybe about 80% - 85% would be from the agro and allied sectors, maybe about 10% - 15% from non-agri background.

Faisal Hawa: And then are you also looking at some kind of combination with drones or with any companies which do drone marketing to really spruce up our product acceptability also like added service to the farmer? And thirdly, sir, are we targeting something like a doubling of sales every 5 years in our company as a business plan?

Suresh Ramachandran: Yes, we have our internal targets. Obviously, I can't comment whether it's 5 years or 3 years or 7 years. Definitely, we do have a mid-range plan, which we discuss periodically and update it, that's an internal target. In terms of drones, yes, there has been a lot of talks on drones, and even we have applied for some registration for drone spraying. And we have got a couple of products already endorsed on -- endorsed for drone application. But we have not partnered with anybody specifically.

Eventually what in our view, it's like going to be like any other spraying operation, people will rent drone and take our product. The product is going to make the difference. Today, people are spraying using hand sprayers, tomorrow it will become drone, maybe in 3 years, 5 years, 7 years' time. So it's not really required that we need to partner with somebody to really utilize the drone application. But if there is any opportunity, definitely, if it's going to give us additional business benefits, yes, we will surely look into that.

Faisal Hawa: I appreciate your answering my question, sir.

Moderator: The last question is from -- the next question is from S Ramesh from Nirmal Bang Equities. Please go ahead.

S Ramesh: One is you mentioned that there was a problem in the cotton acreage showing a decline and that impacted insecticide consumption. So is that a structural issue or do you think it will possibly get sorted out over the next 1 or 2 seasons?

And secondly, on China, what is it that you're hearing in terms of their excess supply and any capacity rationalization? Because we see a lot of new capacities coming up. So if you can give your thoughts on these 2 aspects, will be great.

Suresh Ramachandran: Yes, I can comment on cotton crop in Asia, which reduced, declined by about 10%. In the last season, the commodity price of cotton was low. So the farmers switched to some other crops, maybe corn or paddy those kind of crops.

And what is happening primarily cotton is a major crop in northern states -- a couple of northern states, where there was a unique case that came up infesting last year. which was called pink bollworm. And that is not -- I mean, it's not easy to manage unless you have a very specific technique. There is some techniques required to manage that pest, which northern farmers were not exposed to because they never had this problem in the past.

Because of last 2 years, subsequent year, there was infestation, farmers left or reduced drastically the area, one because of commodity price, second, because of this pest infestation, it moved into some other crop. In South India and Western India, what had happened was the continuous rains damaged the crop, especially in Andhra, Telangana and in Maharashtra continuous rains damaged the crop to some extent. And subsequently, their pesticide consumption.

So the overall, the cotton area should bounce back to normalcy in other geographies of the country. But in north, I don't really see north cotton bouncing back. The area continues to decline, or maybe at the current year level.

So the second question was on China -- sorry, China excess capacity. Yes. I mean I think that what's happening in China, only the Chinese would know. But really, whatever we understand is that there has been excess capacity, and they are continuing to supply to the market depending on the situation. But we have our own strategy to contract that and we have our own customer base, how do we position ourselves, showing the premiumness of our products, that's what we are continuing to pursue. And so far, we have been successful in that. But yes, China plays a role also in this whole game.

S Ramesh: Thank you very much. And wish you the best of season greetings and congratulations once again. Thank you.

Moderator: Thank you. The next question is from Siddharth Gadekar from Equirus. Please go ahead.

Siddharth Gadekar: Sir, the first question on the export business, can you just quantify in terms of in the first half, what is the volume growth and how much of the pricing decline?

Chetan Shah: 95% is the total growth and 15% is the price reduction -- 20% price reduction and 95% growth. So the volume growth is around -- 95%.

Siddharth Gadekar: Sir, secondly, in terms of our per-kg EBITDA, have you been able to maintain a per-kg EBITDA even in the export business?

Chetan Shah: Yes.

Siddharth Gadekar: Thank you so much.

Moderator: Thank you so much. As there are no further questions, I would now like to hand over the conference over to Mr. Kunal Mittal for closing comments.

Kunal Mittal: Thank you, everyone. We thank our participants for joining the call and also asking some interesting questions, and we thank our colleagues for replying the same. And we hope we could address your queries.

Despite facing some global headwinds, the overall outlook for both Indian agriculture and the agrochemical sector overall remains positive in India. Our strategic focus on maintaining profitability has been proven effective in the last 6 months our performance. And this was largely driven, as mentioned in the call earlier, by our commitment to high-margin products, including new products, volume growth, which was led due to the extraordinary demand generation activities at the ground level, and effective management of variable costs and maintaining our fixed operating expenses at a stable level.

Looking ahead, we are encouraged by favourable conditions such as above-average monsoon rainfall and high reservoirs levels, which are expected to significantly benefit the agricultural landscape in India in upcoming rabi season. We recognize that while global challenges continue for some more time, we are committed to navigate this global dynamics in a strategic manner.

And we will continue to engage with our farmer community through our initiatives like we mentioned on the call Every Day Farmers' Day, and Phase 2 of the campaign is going to start very, very soon. And through this initiative, look to foster awareness of our product offering in the farmer community and also use these initiatives to support farmers education and learnings for betterment of the Indian farmers.

And the last, we would like to extend our warmest wishes for a joyful Diwali and prosperous new year to all of you. Thank you for your time for joining the conference call today. We really appreciate your participation. Thank you very much.

Moderator: Thank you on behalf of Sumitomo Chemical, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.