SUMITOMO CHEMICAL INDIA LTD.
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SCIL/SEC/2021
9th November, 2021

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 2nd November, 2021

Dear Sirs,

This has reference to our letter dated 29th October, 2021, intimating about the earnings call on 2nd November, 2021 with Investors / Analysts to discuss financial performance of the Company for the quarter and half year ended 30th September, 2021, and weblink for the audio-recording of the call submitted to you on 2nd November, 2021.

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

The said transcript will also be available on the Company's website: www.sumichem.co.in.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Sumitomo Chemical India Limited

Pravin D. Desai
Vice President and Company Secretary

Encl: a/a

"Sumitomo Chemical India Limited Q2 & H1 FY2022 Earnings Conference Call"

November 02, 2021

MANAGEMENT: **MR. CHETAN SHAH – MANAGING DIRECTOR - SUMITOMOCHEMICAL INDIA LIMITED**
MR. SUSHIL MARFATIA – EXECUTIVE DIRECTOR – SUMITOMO CHEMICAL INDIA LIMITED
MR. MASANORI UZAWA – NON-EXECUTIVE DIRECTOR – SUMITOMO CHEMICAL INDIA LIMITED
DR. SURESH RAMACHANDRAN – CHIEF COMMERCIAL OFFICER – SUMITOMO CHEMICAL INDIA LIMITED
MR. KUNAL MITTAL – SENIOR VICE PRESIDENT – PLANNING & CO-ORDINATION OFFICE – SUMITOMO CHEMICAL INDIA LIMITED
MR. PRAVIN DESAI – COMPANY SECRETARY & COMPLIANCE OFFICER – SUMITOMO CHEMICAL INDIA LIMITED
MR. ANIL NAWAL – CHIEF FINANCIAL OFFICER – SUMITOMO CHEMICAL INDIA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Sumitomo Chemical India Limited Q2 & H1 FY2022 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 the 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 "*" and then "0" 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. Sushil Marfatia, Executive Director, Mr. Masanori Uzawa, Non-Executive Director, Dr. Suresh Ramachandran, Chief Commercial Officer, Mr. Kunal Mittal, Senior VP, Planning & Co-ordination Office, Mr. Pravin Desai, Company Secretary & Compliance Officer and Mr. Anil Nawal, Chief Financial Officer and colleagues from SGA their investor relations advisors. I now hand the conference over to Mr. Chetan Shah. Thank you and over to you Sir!

Chetan Shah: A very good morning to all of you and also I take this opportunity to wish you a very, very Happy Dhanteras and of course a very Happy Diwali, which will be on the November 4, 2021 so all the best to all of you.

I will give you an overview of agri inputs industry landscape. India agrochemical industry faced multiple headwinds in the form of erratic monsoon distribution, input material shortages, and shipment delays in Q2 FY2022. Though the overall India level monsoon season rainfall - as in many reports you will find that it says it is normal, but lower rainfall in July and August months which are the peak Kharif months followed by excess rainfall in September month adversely affected the Kharif season. Flood like situation in key agriculture geographies across India further compounded the situation and impacted the spraying activities in the fields. Various estimates suggest that the overall agrochemical industry sales recorded a lower growth in current quarter primarily on account of higher base in the last financial year due to spill over of sales from the Q1 to Q2 due to COVID and higher cost pressure in the form of spiraling input costs on account of material shortages and escalating logistic freight rates which lead to weakening of industries margin profile. Despite inconsistent rainfall, unfavorable climatic environment and spiraling cost in the Q2 of current financial year, we are able to maintain our performance in this quarter and also record a 9% year to year growth in the first half of the current financial year, which as per our understanding is better or far better than the overall industry estimates. We continue to focus on disciplined sales through monitoring ground level liquidation, consumption patterns and disciplined credit policies along with collections from channel partners.

For the Indian agrochemical industry we anticipate a good Rabi season on the back of sufficient level of moisture in the soil and even the reserves of water is at a very good level. However, at the same time the industry is expected to face rising or I should say further rise in input cost due to reasons well known to everyone and the margin may come under pressure during the second half. It will be our endeavor to pass on as much cost as possible to the markets, but one has to see the level of stocks in the market of the last Kharif season and also how the competition behaves in the market. We have seen that the cost increases are relatively easily passed on for our export businesses. It has been relatively easy to pass on the cost in the international market, but Indian market remains a challenge. As a company we have taken reasonable initiatives in this regard in the last few months due to which we were able to protect our margins. As situation in second half is expected to be more challenging for the entire industry, I can assure you that we will gear ourselves up to face this challenge. With that I will now hand over the call to Mr. Sushil Marfatia our Executive Director to take you through the financials of Q2 and H1 FY2022.

Sushil Marfatia: Good morning everyone. Consolidated Q2 and H1 FY2022 financials. We recorded sales of Rs.910 Crores in Q2 FY2022 as compared to Rs.902 Crores in Q2 FY2021. The sales growth was flattish on account of a higher base effect of last year and erratic monsoon distribution as explained earlier. EBITDA came in at Rs.215 Crores in Q2 FY2022 as compared to Rs.219 Crores in same period last year. EBITDA margin in the current quarter stood at 23.6% as compared to 24.3% in Q2 FY2021. The marginal reduction in EBITDA margin was primarily on account of higher input cost for some of the products and higher logistics and distribution cost which cannot be passed on to the customers. Profit after tax stood at Rs.154 Crores in Q2 FY2022 as compared to Rs.158 Crores in the same quarter last year. Profit after tax margins stood at 16.9% versus 17.5% in Q2 FY2021.

Now coming to our consolidated performance for the first half of FY2022. Revenue from operations in H1 FY2022 stood at Rs.1,692 Crores up by 9% compared to Rs.1,550 Crores in H1 FY2021. In H1 FY2022, domestic revenues contributed about 85% of our overall revenues with export contributing the rest. In H1 FY2022 insecticides contributed about 47% of total revenue while herbicides, plant growth regulator and fungicide contributing about 21%, 12% and 10% of total revenues respectively.

EBITDA witnessed a growth of 8% from Rs.338 Crores in H1 FY2021 to Rs.365 Crores in H1 FY2022. Our EBITDA margin stood at 21.5% in H1 FY2022 as compared to 21.8% in the same period last year. We were able to sustain operating margins on higher base due to initiative taken to pass on the higher input cost. At the same time, improvement in operating leverage due to improved operational efficiencies, better product mix, cost of optimization and merger synergies enabled us in maintaining our operating margin. Profit after tax for H1 FY2022 witnessed a jump of 10% to Rs.260 Crores from Rs.237 Crores in H1 FY2021.

Our inventory levels are on the higher side primarily on account of lower-than-expected liquidation during the Q2. However, this could provide buffer against unprecedented input cost increase in the current challenging environment. The increase in inventory days partially offset gains made in the receivable days on account of increased focus on collection. During H1 FY2022 our collections were Rs.1,875 Crores as compared to Rs.1,764 Crores during H1 FY2021. Our net working capital cycle stood at 75 days in this quarter as compared to 103 days in Q4 FY2021. We have cash and cash equivalent of Rs.775 Crores as on September 30, 2021 as compared to Rs.532 Crores as on March 31, 2021.

In FY2021 we had disclosed plan to undertake additional capex of Rs.100 Crores to Rs.110 Crores over two years to manufacture five proprietary products for our parent company Sumitomo Chemical Japan and our global affiliates. This was supplementary capex in addition to our regular capex for maintenance and capacity enhancement in the existing products. The capex is on schedule, and we target the commercialization of these five products during FY2022-FY2023. The projects for these new products will come at our existing facilities and estimated operating margins are in line with current margins earned by our company for similar projects. As these products have growing global demand, we have potential to further grow capacities for some of these products in the medium to long term, post the above-mentioned capex plan are successfully commercialized.

Further several additional products to be manufactured in India are under various stages of evaluation and discussion. Once the products are shortlisted, we shall provide you the details about our capex plans, which we will explore for the medium to long term opportunities. With that I now request my colleague, Dr. Suresh Ramachandran our Chief Commercial Officer of our company to give more information on our business operations. Dr. Suresh.

Suresh Ramachandran: Thank you Mr. Marfatia. Good morning everybody. Let me start the conference by wishing you a very Happy Dhanteras and a Happy Diwali. Just getting into some business operational highlights. Currently we have about 200 brands addressing various crop protection needs of the farmers out of which more than 20 brands are mega brands with very high level of brand recall. We have one of the largest distribution network with over 14,000 direct distributors, more than 40,000 dealers serviced through more than 60 depots situated across pan India. We have a strong brand presence with the market leading positions across various product categories wherein branded products constituted about 82% of our domestic revenue in FY2021.

In domestic agro solution division, we witnessed marginal growth largely on account of price rises. In animal nutrition and environmental health divisions, we witnessed significant growth partly due to volume increases and partly price rises. We also have enduring presence in several export markets. In exports, we witnessed robust growth mainly on account of volume increases offset to some extent due to lower prices for some of the products in the current year as compared to the previous year. Our export business is growing rapidly due to synergies with our global affiliate's network especially in Latin American markets.

We continue to see robust demand across our product portfolios be it insecticides, herbicides, fungicides, PGR, or biostimulant portfolio. We expect to gain market share from unorganized players mainly on account of our high level of quality of the products and customer services that we offer to our entire range of customers, our strong supply chain network and strong branding of our products.

We aim to focus more on high growth, stable and high profitable segments such herbicides, plant growth regulators and biorational products. We plan to increase contribution from PGR segment and have increased product offerings for both Kharif and Rabi season as well to reduce the seasonality in the business.

Our direct connect with farmers through extensive field promotion activities is an enabler for them to have access to the best farm management practices and to maximize the productivity given more efficient agri business. This also helps us building our end customer loyalty and contributes to a strong business relationship and obtain real time feedback.

We have further strengthened digital marketing as a parallel support to our traditional marketing system to create awareness about our products and educate farmers in best farm management practices. Our digital assets constitute of 23 websites and several social media platforms via which we engage with two to three million farmers.

In H1 FY2022, we have launched one new product each in herbicides, fungicides, and insecticide segment. We have similar robust line of products to be launched during this year and every year going forward.

Additionally, our R&D team and product testing teams are working on manufacturing and marketing several products and some pre-mixture combination of products for India and domestic market demand and export demand from our global affiliates including high growth regions such as Latin America, Africa and Asia Pacific. With that we will take a pause now and request the moderator to open the floor for questions. Over to you moderator.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Amar Maurya from Alfaccurate Advisors. Please go ahead.

Amar Maurya: Thanks a lot for the opportunity Sir and congratulations for a decent set of numbers and specifically on the margin front in a challenging environment. Sir my first question is we had seen a degrowth in the herbicide business despite the glyphosate prices almost increasing 3.5 to 4 times - so was this a RM issue for us or this was a demand issue?

Chetan Shah: No neither. As a matter of fact our glyphosate business has increased in size. The price increases are not 3.5 to 4 times. According to me, the price increase would be 20% to 25% max and I think our volumes have gone up in glyphosate. We have no shortages of raw materials. There is no drop in the production. If you see the share of our herbicide portfolio in total revenue has grown from 21% last year to 24% this year.

Amar Maurya: You are saying first half versus first half then you will be right? I was talking about specifically for the Q2?

Chetan Shah: For Q2, you require proper rainfall for the wheat germination and as July and August were absolutely dry months. As I said that in the month of September there was so much of rain that the spraying activities could not take place - so that was the reason for lower sales in July, August, and September. We have no shortages of raw materials or no production constraint, etc.. As a matter of fact we are covered with the raw materials right up to December production..

Amar Maurya: That is great Sir. Sir secondly in terms of our capacity expansion just wanted to clarify the five products capacity which were likely to come I believe partially one product capacity will come in financial year FY2022 and remaining four products will come in financial year FY2023 is that correct?

Chetan Shah: No that is not so. We have one product, which will come in 2022 which is not part of these five products. So we will have six products. So one product will come in FY2022 and the remaining five products will come in 2022-2023. These five products are coming in our Tarapur site. So Tarapur site the product which we are already manufacturing today for exports, that capacity we have already enhanced. So we are getting the higher production this year and the sales export of this product will be higher in the entire financial year as compared to the previous year.

Amar Maurya: You are saying that Rs.100 Crores capex has six products right and not five products?

Chetan Shah: No. Rs.100 Crores to Rs.110 Crores capex is for five products. There is another product, which is coming up at Bhavnagar site. That capex is around Rs.40 Crores.

Kunal Mittal: Just to resummarize the numbers as explained by Shah san for easier reference, capex for 5 additional products is Rs.100- 110 Crores. one existing product which are already producing at Tarapur, we invested some money to increase capacities this year and that has already come in this year. So if we count that out, there are five new products, which are coming for which capex is being incurred and all of these are expected to start commercialization during the course of the financial year FY2022-FY2023 at different quarters.

Amar Maurya: For those five products the capex is Rs.60 Crores and this one product the capex was Rs.40 Crores right?

Kunal Mittal: For all these five new products together the capex is Rs.100 to 110 Crores. It is very difficult to bifurcate product wise. So the capex is being spent in the current year and partly next year and everything will commercialize during the financial year FY2022-FY2023.

Amar Maurya: This one product the capacity which we have expanded was that you are talking about the tebuconazole?

Kunal Mittal: No it is not tebuconazole. This is a SCC proprietary product which we are manufacturing at our Tarapur site exclusively for shipments to our parent company SCC. Tebuconazole is our existing off patent product which with are manufacturing at Bhavnagar and that is supplied to various customers all over the world.

Amar Maurya: Thank you Sir. Thanks for the clarification.

Moderator: Thank you. The next question is from the line of Ankur Periwal from Axis Capital. Please go ahead.

Ankur Periwal: Thanks for the opportunity and congratulations for a decent margin performance in tough environment. Sir just one clarity from the earlier question. You mentioned we are adequately covered on the raw material side till December? Was that specific to herbicide or that was for the overall portfolio?

Chetan Shah: No, I answered that question specifically on glyphosate or herbicides because that was the question. But to your question I can tell you that we are very well covered for all our technical productions right up to December. Some products, we are covered right up to March and we are not facing any difficulty in getting the shipments which we require. The only concern for the future will be at what price we get the shipments. But as of today we are covered quite well I would say right up to December and in some products right up to March.

Ankur Periwal: Sure Sir and so RM availability is not an issue. Pricing is the only part and, in your comments, earlier you did mention that exports pricing part were still easier. Domestic may take some time? In that context can you probably touch upon the channel inventory in the markets overall - specific to herbicide as well as the rest of the products?

Chetan Shah: As I said that is a big challenge. I think overall inventory level is high, which we expect that it will be disposed of by December because the Rabi season will start now in November onwards. And November and December we see in the market that lot of old inventories are getting disposed off. Just to give a very small example the whole of October we could not sell the glyphosate because we had passed on the increased cost to the market but in the last week of October we saw a very good demand of our brand at a new price, which means that the inventory is slowly getting liquidated. But overall situation of inventory is bad because of the failure of Kharif season.

Ankur Periwal: Sure Sir that is helpful and just secondly on the export side now while I agree that probably on a quarter on quarter I am not too sure whether we should look the export numbers there. But the quarterly run rate here has increased. So is this a trend or a base case scenario going ahead as well with may be further growth coming in once these four to five products also start contributing. And again just one clarification the time lines of these five products revenue contribution? Will it start from the Kharif season itself or it will be slightly back ended in FY2023?

Chetan Shah: Yes you are right export has increased and we see very good growth in exports even in the second half. I think this is a sustainable model. It is not a onetime situation. It is very highly sustainable because we are now exporting the products for which we have got new registrations like our chlorpyrifos is doing very well in Brazil because of our new registration. We have aluminum phosphate registration in Brazil now. We have our aluminum phosphate registration in the USA is also on the way. It should come very soon and we are seeing lot of demand of our generic products in Brazil and Latin America markets. So it is a highly sustainable business model and we hope that this will continue to grow or we are rather confident that it will continue to grow. And to your second question the timeline for this five products I think one of the five products is a little earlier - so the production should start in the beginning of financial year FY2022-FY2023 and the remaining four products will come probably in the Q3 and Q4 production. So that is the scenario.

Ankur Periwal: Sure very helpful. Thank you and wish you a very Happy Diwali. Thank you.

Moderator: Thank you. The next question is from the line of Satish Ramnathan from JM Mutual Fund. Please go ahead.

Satish Ramnathan: Good morning and Happy Diwali to all of you. I have just one question. We are seeing these reports of fertilizer shortage in the country? I just want to understand if the crop area would drop because of that and consequently the demand for our products? I just wanted to understand how bad the situation is as compared to what we read in the newspaper?

Suresh Ramachandran: Fertilizer shortage yes it has been widely covered in the media for the last few days and I think China situation is also contributing to this to some extent. But having said that, I think the government is putting all their efforts to ensure each of the states are supplied with the fertilizers. I do not think there is going to be a dramatic change or significant change in terms of cropping area or cropping pattern due to this reason. Even today in fertilizer the usage is more. Probably it is a blessing in disguise as farmers will be forced to use little bit lesser than what they would normally do and in my personal view, I do not think it is going to dramatically change any cropping area.

Satish Ramnathan: Because we are seeing stories of farmers fighting and all these kinds of things. So I just wanted to know on the ground across India you feel that at least there is supply when required?

Suresh Ramachandran: As you said I do not think we are a comfortable situation like what used to be in the previous years, but for sure I do not think it is an alarming situation. I know you see reports in the media. But I have seen myself travelling in some parts of the country over the last couple of weeks. It is a concern but not to the extent that it would impact the cropping patterns.

Satish Ramnathan: This will not necessarily impact our pesticide sales or anything of that sort?

Suresh Ramachandran: No, I do not think so.

Satish Ramnathan: Fine Sir. Thank you very much and wish you all the best.

Moderator: Thank you. The next question is from the line of Kapil Agrawal from Itus Capital. Please go ahead.

Kapil Agrawal: Sir looking at the agrochemical business in India, it is heavily fragmented and in some cases commoditized also. So are there any industry gaps in products or in geographical distribution that you as a company have identified and are focusing on. And if so could you describe your process how you approach this?

Chetan Shah: It is a very robust process. We have the development team separately placed in each area of the country. We have a very robust marketing team. So what happens is that any opportunities or say especially on combination products or the new products - we have a very intense development work. We screen the products. We take the trials in the field. This is even preregistration or premarketing or anything. We just go through various products and screen them out with actual testing in the fields. And then the marketing and the sales team get together after the screening process is over and they say which products are commercially viable and to which pest and which crop and where it can be used. So this is basically the process of screening out and deciding which products will come in. We have some very, very interesting products which are just currently registered or which will come in the next six months' time. So we have a very, very promising product range launch in the Kharif of 2022. That is basically the process of screening the products and zeroing it down to which products to commercialize.

Kapil Agrawal: Sure Sir. Just a followup on this. You particularly find the industry gaps in the products as before you try to catch the pause in those particular products or you get products and then try to get in the industry?

Chetan Shah: We do that. Just for example we see a gap in our portfolio for unique products for brown planthopper in rice and we are working hard towards that. Even our parent company has developed a product for brown planthopper, and we are looking forward to having that one day. And before that also we are trying to tie up with some local companies for a brown planthopper insecticide. We do take stalk of situation of the gaps of products in our own portfolio.

Kapil Agrawal: Got it. Sir my second question Sir regarding if I look back at some of your company's India's history, the primary topline growth has come from inorganic acquisitions and going forward in the next five years are you looking at some similar strategy to gain either market share or to expand your product portfolio? Are you looking at inorganic acquisitions?

Chetan Shah: Well, that is not a shut idea. We are looking at it., But with our side of the company and our range of products we have to find a very suitable match for that acquisition. It is very much on our minds and may be the acquisition can come not only through another agrochemical company but even the related agro activity companies like the delivery systems are going to be very, very important in next five to ten years. We see that there could be lot of changes in the usage of pesticides or the delivery of pesticides in the fields. For example, drones, we see a lot of opportunity in drones application or any such similar unique application system. So the acquisition can be also in those areas. So we are looking overall including agro chemical companies. We will also look at the entire agro systems and then decide on acquisition.

Kunal Mittal: Just to add here Mr Kapil, I think on your comments that large part of our growth has come in inorganically - so I would also like to highlight that organically also our teams have really performed well. We would like to give you an example. Our specialty proprietary business of the global molecules - in that business we have not done any inorganic growth and that business which was like roughly about Rs.1 billion about 10 years back, now it is almost like Rs.8 billion to Rs.9 billion. So it is 8x+ growth in 10 years. If you look at the New Chemi business which we acquired in year 2010, that business is almost 4x now in the last 10 years. And if you look at the Excel Crop Care business, which is mainly the off-patent business, which we acquired in 2016-2017 - that business is also I think between 1.75 to 2x currently. So lot of these growths have come organically also in addition to the inorganic growth. So it is a combination of both organic and inorganic growth.

Kapil Agrawal: Perfectly understood Sir. Thank you for your time.

Moderator: Thank you. The next question is from the line of Gagan Thareja from ASK Investment Managers. Please go ahead.

Gagan Thareja: Good morning Sir. Thanks for the opportunity Sir. My first question is around the CRAMS or the six molecules that you indicated? I think five you said will come next year - one out of that will come early on next year and four in the second half. And one that you will commercialize in FY2022. Has the commercialization of that one already started or is it due in the second half?

Chetan Shah: The production will not start. The capex and the machinery erection is going on and we are planning to start productions in the month of March 2022. However the timeline may go one month off in today's situation of prices of all materials, steel and everything has gone up. So we are taking a very careful look at that. We do not want to overrun our capex, but by March 2022 it is likely to start. That one product will start in March and the other products as I said will start at different stages in 2022-2023.

Gagan Thareja: I just wanted to know the capex that you have undertaken for this one product which will commission by March?

Chetan Shah: Yes that is what. Our target line is March. It is not a very large material capex amount.

Gagan Thareja: The reason I am asking is you have indicated that Rs.110 Crores that you will spend on the other five can have a revenue potential of around Rs.200 Crores to Rs.250 Crores as per your presentation? I am just trying to understand what possibly could be the contribution of this additional one product?

Kunal Mittal: I think what Shah san has explained - this is basically about this five products and this total Rs.100 to 110 Crores capex and this Rs.200 Crores+ revenue potential which will come during the course of 2022-2023. And what we are doing this year is part of one of the existing product portfolio where we have increased the capacities. The numbers like the capex versus the revenue generation etc is line with the our company's existing portfolio and whatever we have disclosed for these five products. It is broadly in the same range basically.

Gagan Thareja: If I look at the export growth for the first half of this year I think it is almost around 50% if I have got it right and I think there was also an indication that export growth will remain in a high growth trajectory? Would you say that the growth that you have seen in the first half for exports is representative of what growth you can see in exports in may be the second half or next year or so on and are we looking at numbers which could be materially different from what we have seen in the first half?

Chetan Shah: No, as I said that this is highly sustainable business model. And we feel that due to our new registrations globally, this growth is not a onetime growth or it is not market situation growth. It will remain quite sustainable.

Gagan Thareja: Sir while some bit of it is going to come from those five products as and when they start contributing. If you could elaborate a little more on exports - how has registrations grown and what are your plans specifically around the LATAM geography. And also if you could give an indication of when SCC's proprietary molecule related to which you might be able to expand - say tebuconazole when does that happen for you? Just to understand how exports are going to grow for you.

Chetan Shah: So that launch has been planed at the end of this year for the product in Latin America and we have already started discussions. And LATAM is also very keen to know how much we can produce and how much we can ship to them, etc., so all those talks are on the way, and we see Tebuconazole to be growing quite well. We see Chlorpyrifos also growing very well in Brazil. We have another product – Fluroxypyr - which we have started producing and that also has very high demand in Latin America. So we see this three, four and five products which will give us very good platform to grow our exports.

Gagan Thareja: Is it also possible to understand, if one were to say look three to five years out what could be the share of exports in your total sales? Today I think it is 17% to 18%, But since it is going to grow faster, if you could give some idea as to what we should think of sales composition with a view to exports may be three to five years out?

Chetan Shah: I have said this earlier may be in the earlier calls. We are not looking at export and domestic percentage wise. We want to grow all the business. So we want to grow domestic also. So may be in one year export will grow much faster than the domestic because due to the climatic conditions in the current year. So it is a question of that. But we do not want target of say 30% export in coming years as a composition of our overall sales. We want to grow both. We want to grow exports and we want to grow our domestic sales as well and that is why there are so many new products introductions coming in. I think next year we have a very challenging year. We have almost six products in the domestic market. So domestic market also is likely to grow. Now percentage wise maybe it will be plus or minus. May be export will be more or domestic will be more, but our aim is not to only concentrate on growing export. Our aim is to grow the overall business and we are doing fine with export and we want to see a similar type of growth even in the domestic market.

Gagan Thareja: Our receivable days for exports are quite similar to domestic market or is it very different in terms of net working capital?

Chetan Shah: It is not different - in some markets we have to give credit, some markets we get LC on site but it is quite similar. It is not worse off than the domestic credit sales.

Gagan Thareja: And the six products you plan to introduce in the domestic market. If you could give some idea - are they largely in the targeted growth areas for you? Are they spread sort of across insecticide, herbicide?

Chetan Shah: They are in our target growth areas. So, I think two or three products are bio-stimulants. As a part of our strategy, we want to grow bio-stimulants. So almost three products out of six are bio-stimulants.

Suresh Ramachandran: Some of the products maybe in the same segment but with better superior performance compared to the existing products in the market - that will help us to grow. And like Shah san mentioned couple of products are in the bio-stimulant segments which are growing very nicely in the country.

Gagan Thareja: If you look at overall market for crop protection in India it tends to grow across cycles that are very steady at 5 to 8% if I have understood it well. And obviously the underlying segments in insecticide, fungicide, and you say biostimulants and plant nutrition and so on have different addressable market sizes and different growth. If you could give some idea of how the different segments are sized and generally what is the growth trajectory in these underlying segments. It would be a great help if you could do that.

Suresh Ramachandran: See Indian pesticide market is about somewhere around $2.7 to $2.8 billion. Roughly 45 to 47% is insecticide - which is the largest one. I would say growing about 6 to 7% because the base is large. Fungicide and herbicide are almost equal approximately 500 to 600 million dollar each, growing on a long term average CAGR of somewhere around 10 to 12% as the base is low and also because of the nonavailability of labor. And also availability of the labor at the right time is getting more and more challenging - that is why herbicides tend to grow little faster than fungicide. So PGRs are bio-stimulants what we call, roughly contributes about 5 to 8% of the market. Probably because of the small size it is going at about 15 to 18% per annum on a CAGR basis

Gagan Thareja: And from a crop standpoint your exposure would be outsized to any two or three particular crops.

Sushil Marfatia: Obviously in India the biggest pesticide consuming crop is rice. So naturally we have a strong portfolio and strong presence in rice and that is probably contributing to a significant portion of revenue followed by fruits and vegetables growing very fast and then cotton. Still cotton is the biggest market in India. So these three, four crops and then you have the rest of crops like soya bean, wheat, ground nut - those are the other crops.

Gagan Thareja: Thanks a lot Sir. I will get back in the queue.

Moderator: The next question is from the line of Manish Gupta from Solidarity. Please go ahead.

Manish Gupta: Thank you for the opportunity. I had three questions. The first question was that many of our chemical companies in the agrochemical space feel very confident that there is 15 to 20% kind of growth visibility for the next decade for the Indian industry. So if you look at your growth plans on a more longer term perspective do you think your exports on a CAGR basis could grow at 15 to 20% for a decade from now. That is my first question.

Suresh Ramachandran: We are in the process of getting registrations in multiple countries across the globe and hopefully those markets will also have to respond growing in that respect. Yes we have plans and it is very difficult to put a percentage for over a period of 8 to 10 years. So, our endeavor would be yes we want to be better than the competition in delivering the growth.

Manish Gupta: My second question Sir was that given that a lot of exports are actually going to Sumitomo, how do you think about pricing of this. How much margin is retained in India? How much margin is retained overseas? How do you guys arrive at that price?

Chetan Shah: Our pricing is absolutely at arm’s length. And all the pricing - whether it is Sumitomo or our subsidiary or wherever whatever we do - is put up to the audit committee and they look at the arm’s length principle and all those parameters. It is not a CRAMS type of situation. It is buying and selling but since it is to a related party, we make sure our pricing is as per our normal norms. We would not be selling cheaper as compared to what we would sell to other parties, and they are not going to pay us any premium than what they are going to get from other suppliers. So, it is absolutely at arm's length and very clear-cut understanding with the parent company. Like Brazil prices are decided between us and Brazil. Japan does not even come into the picture. So it is purely the buying, selling economics - whether they can afford this price, whether we can afford the price to sell and whether it is at arm's length or not. So it is a very clear cut policy.

Manish Gupta: And currently Sir Brazil would be importing mainly from China. Would that be a fair assumption.

Chetan Shah: Yes.

Manish Gupta: Again I am not being able to understand what arm's length means right. Because say you were in India and you had a group company - you could say that the group company has to match the price another supplier in India is providing. But here there are strategic issues as well right. The whole world is trying to de-risk from China. So how do you weigh what is fair price when a strategic need to de-risk becomes more important than the price? So, in this scenario how do you come up with fair price - because say the cost in short term in India might be higher for power, infrastructure inefficiencies and all that. So, I think what I am struggling with is that when we have strategic considerations - how do you decide what is arm's length.

Chetan Shah: Arm's length is very clearly decided. Like suppose if I am selling product X at price Y to somebody and if I have to sell the same product at Y minus something that is not at arm's length. So it is not that we are selling our products only to Sumitomo group or affiliated companies. Our entire original export before this came into the picture of Sumitomo subsidiaries - we have our own exports to almost 80 countries. So we have a well-established prices. Now of course there could be some compulsions somewhere at the time of seeing the volumes or seeing how far the commitment of purchase is there, what are the quantities etc. - that can be another consideration. But we make sure that it is at arm's length. Similarly, the arm's length will also apply to the company in Brazil. They also cannot buy at a price higher than what they are going to get it from China. Of course, between China and India there is always some premium. So throughout the years of our exports we have got some premium over the Chinese price. Now that can be because of quality, because of the faith, because of the services, because of the commitment. You cannot get the same commitment from China as compared to us. So, we do get some premium. But that premium cannot be exorbitant . There will be some premium for sure.

Manish Gupta: Right Sir. My last question is that there is lot of money being spent in rural India and it is stated aspiration of the prime minister to double farm income. My question is that do we see an S curve effect playing out where spending on agri inputs could actually step up in this decade as farmers get both more educated and also have more incomes to reinvest back in the farm. So, could we actually see the 5 to 6% kind of growth rate that one has typically seen for crop protection notch up a little bit in this coming decade?

Chetan Shah: Actually, there are two aspects to it. One is the reason which you have mentioned of course is very valid that the growth can come because of that. And the second reason is that we are such low consumption per acre of agrochemicals that with the export markets of the crops like vegetable, fruits other things grows and farmer gets that open market or the produce that can be exported and even find a better sales price in domestic part, the consumption of pesticide is likely to go up. That is what the general feeling of ours is.

Manish Gupta: Question is that do you think this growth rate will notch up over what it is right now, or the same growth rates will be maintained.

Chetan Shah: I think it can go up.

Suresh Ramachandran: It can go up for two reasons. One probably the input usage will increase like Mr. Chetan just explained. And also if you look at long period of 10 years many new technologies would come. Obviously, those new technologies are going to be little bit expensive than what the current technologies are. So on account of value, as well as the treated area the overall market size would increase over a longer period of time maybe 5 years, 10 years.

Manish Gupta: Okay thank you Sir.

Moderator: The next question is from the line of Prashant Biyani from Elara Capital. Please go ahead.

Prashant Biyani: In the last one month we have seen decent amount of price increase in glyphosate and other product. How much of that have we passed on and how much do you see the demand getting impacted because of that.

Suresh Ramachandran: Actually, we have passed on the cost increase to some extent - not 100% yet. At the beginning of the conversation Mr. Chetan mentioned that season was not good, the consumption especially herbicide did not go of well and there was inventory in the market of glyphosate -if we are talking about specifically glyphosate. So there was initial slow pick up of our product but towards the end of October - I would say 1 week to 10 days - our new prices is getting accepted because the old inventory is getting exhausted in the market of all the brands of glyphosate. So going forward I am sure it will pick up further in the coming months.

Chetan Shah: We are not concerned or worried about asking on the cost as of today. Whatever cost increases of the raw material prices, not only raw material prices but you are surely aware that all the metals like tin or aluminum or HDP or LPD has gone up. All the packaging material, even the paper prices has hit the roof. Lot of cost increases are there, besides the raw material price increases from China. As of today, we are not worried that we will be able to pass on this cost increase or not. We have passed on the cost increases. The real challenges are going to be what about the price increases which will come in the fourth quarter which will have to be sold in the Kharif of 2022-2023. That is a real challenge. So that price increase also we will have to see on the basis of how Rabi season goes this year, the Kharif will depend on that. There will be lot of cost increases which will have to passed on even in Kharif of 2022, besides whatever we have done so far.

Prashant Biyani: For the domestic business how, much was the volume growth or decline in quarter two.

Kunal Mittal: We have H1 figures readily available. For H1, if we look at the agro solution business I think broadly our volumes are in line as compared to last year and most of the increase is coming from the price increases. In animal nutrition businesses, we have excellent growth in both volumes and prices so is in environmental healthdivision also. In exports, we have very good volume growth about almost 30 to 35%, but there was some bit of price reductions in some of the products in export market. Overall price variance in exports is negative, but positive volume variance is there.

Chetan Shah: Price variance is negative because of one product – tebuconazole. The prices had gone down significantly as compared to previous year. But at the same time the cost also has come down. But when you see the comparable figures, then you will see little bit of value drop.

Prashant Biyani: While on the branded side of the business we will launch six new products next year. On the technical side, how much molecules have been commercialized this year and what was the plans for next year.

Chetan Shah: These are basically imported from our affiliate company – Valent BioSciences - in US, three products are coming from there and one product is of course the Indian manufacturer. Other two products also will be Indian manufacturer which we are tying up for supply and marketing. But three products bio-stimulants which I talked about – they are all from Valent BioSciences.

Prashant Biyani: Sir my question is on the technical side. How much molecules are we commercializing this year and next year.

Kunal Mittal: For the technical side, from manufacturing point of view whatever commercialization we are doing this year and next year which we explained earlier is all related to SCC's proprietary products. In the of of-patent segment. right now immediately say 12 to 18 months or two years there are no new technical products to be manufactured, but in medium term say between 2 to 5 years there are some products which are under R&D and process development.

Prashant Biyani: Lastly our parent procures tebuconazole from one of your domestic competitors. Now going forward will the volume offtake from that company remain as it is or now that we are manufacturing tebuconazole here in India for a long time is the parent going to procure all its requirement of tebuconazole from us.

Chetan Shah: They are free to buy from anywhere. They have got existing suppliers, but we have to pitch for our tebuconazole sales to them by giving them the quality the want, by giving them the competitive prices which they get from China etc.. So of course, they are very keen to buy from India from us and could be partly because of some de-risking – procure small percentage of their volumes from China. Just because it is affiliate company, it cannot be that we have a clean run to sell our products. We have to prove ourselves to sell. We have to be in line with competition.

Prashant Biyani: That is true, but we are already selling some of the tebuconazole.

Chetan Shah: Yes, our tebuconazole volumes to Brazil are going up. We are seeing the increase in volumes and even the indication which they have given us for the next 1 year. We are talking about very, very healthy good volumes much higher than what we have been supplying - so that is all in place. And your other question was that the parent company -yes they are getting one product toll manufactured it is fungicide which they are procuring from outside since last many years and we have no plans to get into that product. So, I think it is very small product maybe 100 tons per year - but that they are procuring from elsewhere and they will continue to procure from there. So we have no plans to disturb that arrangement. But all the other new products which are coming in from our parent company, they are all coming to us now. So these five products also which we are talking about manufacturing they have all come from Japan and we will be manufacturing it over here. So, any new arrangements of any products should come to us - again provided we are competitive. Of course, they have faith in our technology and our capabilities - but at the end of day we have to meet finance and commercial reasons. So as long as we meet their expectations, we will keep on getting the products from them.

Prashant Biyani: Okay Sir. That is, it from side.

Moderator: The next question is from the line of Swati Hiroo from Ratnabali Investment. Please go ahead.

Swati Hiroo: My first question is that we have about Rs.800 Crores of cash on the books today - which is only going to increase going forward. So I just want to understand what would be our capital allocation and our dividend distribution policy going forward.

Chetan Shah: The dividend policy is very clear. It is on our website and you know that our capital base right from Excel Crop Care to now what has happened and we will follow our dividend policy which is on our website. And as far as what we are going to do with Rs.800 Crores - yes, we are looking at expansions. We are looking at, as I mentioned that inorganic growth will come in handy. Also I think in our business I firmly believe over period of last maybe 15 to 20 years, that cash is the king and I think what I just mentioned that on our inventory levels we are covered for many products right up to December production, many product right up to March and things like that. That can only happen when you are sitting on money. I cannot borrow money, pay interest and then do all these things. It is impossible to do it. I think cash is coming in quite handy to us and we will see some benefit of having this cash in terms of our cost being under control or we will not have to get entangled with this funny prices of China as of today. I think there are two, three avenues to utilize this cash including inorganic growth.

Kunal Mittal: Just a small factual correction, the amount is Rs.775 Crores as of September 30, 2021 - not Rs.800 Crores just for record.

Swati Hiroo: My second question is that Sumitomo Japan in one of their conference calls in somewhere around December 2019 they have mentioned that they have potentially found a substitute for glyphosate in the A2020 pipeline. What would you be able to shed some light or any update on that?

Chetan Shah: This information is correct. They have uploaded. It is at a very initial stages and we will get access to that product as and when they are about to commercialize. So, we are also looking at the product - because five years down the line if there is replacement of glyphosate it will be very good for us.

Kunal Mittal: As Shah san mentioned I think this product is expected to be come in long term period. I mean we do not know the exact timelines, but maybe you can say 5 years or 10 years or something like this. But it is not going to come in short to medium term.

Swati Hiroo: Alright.

Moderator: The next question is from the line of Saurabh from Asian Market Securities. Please go ahead.

Saurabh: First I wanted to know what is the investment we have made in two new land parcels that we have purchased. Any capex outlay we have finalized for those land parcels?

Kunal Mittal: For the first question what you mentioned, I think the total investment which we have made for the two land parcels is in the range of about Rs.70 to 80 Crores which has already been completed. And for the further utilization of these land parcels, the plans are under evaluation but nothing has been finalized. And as and when it will be approved and finalized, we will make announcements. But so far I think it will still take time. These lands have been taken to secure the future expansion and the five products which we have already announced they are coming at our existing sites as Mr. Marfatia explained during his speech.

Chetan Shah: So in these new land parcels, we are looking at the products which are going off patent in 2022 etc. Lot of work our R&D has already completed. In one or two products we are at the registration stage. So these new land parcels will be used for that expansion. So, for the expansion after these five products - we are screening almost another five products for Dahej land which will be the next expansion after 2022 - 2023. So, I think all our blue prints should be ready by 2022 to 2023 and then the expansion and capital outlay will be finalized.

Saurabh: So, this new expansion at Dahej will be mix off the off patented products and also for the few products from Japan.

Chetan Shah: It could be. These five products have come from Japan. During the next one year if they want us to give some additional products, we can always think of putting that up along with our R&D pipeline projects. We can put up in Dahej as well. So Dahej is a large land. It is as big as our Bhavnagar site. So we will have lot of opportunity to make lot of products over there.

Saurabh: Sir the second question was these five products, so we have mentioned about Rs.200 to 225 Crores revenue from these five products. But just to understand what is the total revenue size for the SCC from these five products.

Chetan Shah: I think they have given us the quantities of these five products whatever they are making, because what I believe is that they are going to stop production of these five items in Japan or four items at least they are going to stop. And one product which they may continue for some time. For four products, they have given us the total requirement of Japan and one product is part requirement.

Saurabh: Of the new three launches already done; how many are products aiming from the parent portfolio.

Kunal Mittal: For these products the total revenue in the first half of the current year for these new products is about Rs.22 Crores and if you look at the products which we have commercialized in last two to three years, the total contribution from these products is in the range of about Rs.180 to 190 Crores - which is almost about 11% of our total revenue in first half of current year.

Saurabh: So how many products from this new launches has come from the parent portfolio**.**

Kunal Mittal: In the last 6 months, in the first half I think none of these products are from parent company. The global product launches are in the pipeline for the second half and next year as Shah san and Dr. Suresh mentioned earlier. So, in current year most of these launches are not from the global portfolio and these products launches in current year were in off-patent segment.

Saurabh: Thank you for your time and happy Diwali.

Moderator: Ladies and gentleman we take the last question from the line of Dhavan Shah from ICICI Securities. Please go ahead.

Dhavan Shah: Yeah, thanks for the opportunity. So, I have question on gross margin front.

If I look at this quarterly numbers - the specialty revenue was of by 18% odd and the generic revenue was down by around 8% on y-o-y basis. But if I look at the gross margin it declines by roughly 90 basis points on y-o-y. If I am not wrong, I think you also built up inventory at the end of March to cater this Kharif season. So, I think the old cost inventory should also be there. So, I just wanted to understand this negative variance in terms of the gross margin. And also what is the gross margin differentiation between generic and specialty portfolio?

Chetan Shah: In specialty group there is no China effect or no price increase effect - so whether we have inventory in the month of March or April or May or June or July - that inventory cost is fixed for the year and there is no escalation of pricing on the specialty front. So we will not get the advantage of low cost and higher prices - that is what I mean to say. It is all on a fixed annual price that we get specialty portfolio. And in specialty portfolio I mean whatever we are seeing little bit of downfall in margins or anything, it is only purely due to climatic conditions which we had to face this year. There are no other reasons.

Dhavan Shah: And can you share the gross margin differentiation between these two - generic and specialty.

Chetan Shah: There will be lot of difference because specialty will be around 40% plus, whereas generic would be 27 to 28%, close to 30%.

Kunal Mittal: Plus there might be some differences but similarly the specialty and the proprietary molecules require more investments in term of manpower, lot of extra efforts. And overall I think at the net profit levels, the margin differentiation is not as high. There is differentiation of say 3 to 4% at the net profit level.

Dhavan Shah: Okay so given this specialty are on yearly contract basis, so the price revision would be from next January calendar year.

Chetan Shah: It is April to March.

Dhavan Shah: And secondly if I look at the export revenue for Japan and South America**,** so it reached to roughly Rs.100 Crores on the quarterly run rate basis. So we are going to commission these five new molecules for SCC Japan and going ahead we also purchased this land. So I wanted to understand the capex for maybe we can go ahead for the Latin market because I think Latin revenue if I look at on the quarterly basis it has been improving since last four five quarters and Japan I think has also improved in the last three four quarters. So if you can share thought on these two geographies. I mean what can be pertinent run rate you can see two three years down the line .

Kunal Mittal: Broadly we have covered this earlier. As Shah san and Dr. Suresh mentioned, as a strategy, we look at this export growth as a sustainable growth and hopefully we can maintain this kind of growth rates in future for exports both to our parent company SCC, their proprietary molecules - these five product which are coming for manufacturing next year and also for the Latin America market the generic product, off-patent products which we are manufacturing both on account of additional registration, additional product, additional volume - we are seeing good momentum and good growth potential for the future.

Dhavan Shah: Sure Sir. Thank you so much. Happy Diwali.

Moderator: Thank you. The next question is from S Ramesh from Nirmal Bang. Please go ahead.

S Ramesh: Thank you very much. Let me wish you a very happy Diwali. My first thought since we have discussed some much about tebuconazole and glyphosate - can you give what the share of these two products in your overall revenue.

Kunal Mittal: On an annual basis, none of these product are more than 15%. In some quarters, sometime this could be in the range of 15 to 20%. But overall on a yearly basis we have only one product in the bracket of 10 to 15% and rest all the products are less than 10% of our total revenue.

S Ramesh: Next thought is in terms of your current capacity if you want to grow your revenue say 10% line with the industry - what is the spare capacity available, what is the operating rate now?

Kunal Mittal: Overall on a company level we would be in the range of about 75 to 80% for our technicals and whatever capex we have mentioned - this Rs.100 Crores -is an extraordinary capex for additional products. For the existing products which we have already have capacities for, generally we spend about Rs.70 to 75 Crores every year to increase the capacity in line with demand. So I think we do not see it as a challenge or any bottleneck in terms of capacity in line with demand in next one year, two year. Every year we keep expanding the capacity by debottlenecking.

S Ramesh: Just one last thought. If you have this categorization of specialty and generics. So just to understand because in branded you give split between exports and domestic. So in terms of specialties, how much of that goes into exports?

Kunal Mittal: Specialty business is largely a domestic business and not so much of the exports - because these are the global proprietary molecules which get sold in India. So, for these products there is no exports currently and even if the exports will be there in the future, as was explained earlier, this will be to our group companies in the form of technicals.

Chetan Shah: There is only one product in specialty group which we manufacture technically in our plant which is exported to various affiliates of SCC. That will in the range of Rs.80 to 100 Crores.

S Ramesh: So how do we understand the pricing power in generics. If you look at the difference between specialty and generics. Specialty you are saying is fixed rate. So the branded products do they give you higher potential in margins compared to specialty and is that the way it works?

Chetan Shah: See the margins are on the basis of what price we can sell or what price the crop or the farmer can take it. So we have to go through farmer level cost of using our product per acer and then the pricing is decided. So as I said it will give us around 35 to 40% contribution which is very much in line with major multinational products coming into India. those kinds of margins are there. So that is what we are looking at 35% to 40 - something like that.

S Ramesh: That is on specialty side. Sir what I want to understand you give the split between branded and bulk. So if you are looking at the potential for margin expansion in your company, do the branded products give you similar spread compared to specialities or is it somewhere between the 30 to 40% range. How should we read that?

Chetan Shah: You are talking about specialty versus generic brand.

S Ramesh: Yeah.

Chetan Shah: As I said the generic brands would have close to 28 to 30% whereas specialty brands will get 35% to 40 contribution.

S Ramesh: Okay the branded is basically the generic brand. Thanks a lot. I appreciate it. Thanks a lot and have a good day. Happy Diwali.

Moderator: The next question is from the line of Rohit Nagaraj from Emkay Global. Please go ahead,

Rohit Nagaraj: Yeah thanks for the opportunity. The first question is in terms of margins. So you have alluded that margins maybe under pressure and we have heard the commentary from the other domestic agrochemical companies. They have actually indicated that Q2 margins were the worst hit because of input cost inflation and Q3 onwards there will be rather respite on the margin front. So I just wanted to have the understanding about the industry saying probably margins will improve from here on because of the price hikes that everybody will start exercising, but we are alluding that probably we will have some pressure. So your thoughts on the same.

Chetan Shah: I think what the industry is talking about is establishing the new prices of which the cost have already gone up. Those cost is in the inventory. What I am talking what is not in the inventory. Because if I take my pricing of October and if I compare at what price it will be available in January, February, March there is a huge difference. So I am talking about passing on that cost. As I said we are not worried about at all about passing on the cost which is already in our inventory. That cost will be passed on. The real challenge is going to be this very high price which will be coming in for the shipment in Jan, Feb, March - that will have to be also passed on in addition. That is challenging according to me.

Rohit Nagaraj: The second small clarification. Just know you have indicated that we will be having maintenance capex for Rs.70 to 75 Crores - this is for debottlenecking, some small expansion etc. So normally what is the kind of capacity which will get released - if you can quantify in terms of revenue potential from this Rs.70 to 75 Crores of this ongoing maintenance capex.

Chetan Shah: Just to give a small example. Last period of last three years, we have expanded Tebuconazole capacity from 65 tons to 130 tons per month - so it has already doubled. We are considering further expanding this capacity now from 130 tons to 165 tons per month. So that is kind of capacity expansion. Then Fluroxypyr we are expanding the capacity to 300 tons – earlier we were making nothing This current year was the first year of our export for this product for some 50 tons or something like that - a small beginning but we are expanding it to 300 tons. So those type of capexes will always come. We have two multipurpose plants - so even there we try to keep on increasing the capacity of one product or product which is in demand. Like we have expanded capacity of Quinalphos. So, these are the few examples of capacity expansion.

Rohit Nagaraj: Right Sir got it. Thanks for the explanation and Diwali wishes to the entire team,

Moderator: Ladies and gentlemen that was the last question. I now hand the conference over to management for closing comments.

Chetan Shah: Thank you very much all for joining. I think we have discussed enough and that I do not think I have to make any closing remarks. I can assure you that we will be as diligent as we have been so far. We will look into every aspect of our business with a microscope. We will see that we remain investor friendly. We remain compliant and we do not give our investors a chance to complain. So with that I would say thank you very much for joining in. Some very interesting questions and I hope that we have been able to answer your queries. At the end, I would like to once again say happy Diwali and prosperous new year. Also I would like to suggest that the COVID situation is much better than what we have seen in the past - but still I will urge each and every one of you to be safe, wear mask, do not party very hard, and really be safe. I think we being safe, also makes our family very safe, so all the best and once again happy Diwali.

Moderator: Ladies and gentlemen on behalf of Sumitomo Chemical India Limited that concludes this conference. We thank you all for joining us ands you may now disconnect your lines.