Tata Chemicals Limited

Q1 FY17 Conference Call Transcript
August 08, 2016

Moderator

Ladies and gentlemen, good day and welcome to the Tata Chemicals Limited Q1 FY17 Earnings Conference Call.. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Gavin Desa of CDR India. Thank you and over to you, sir.

Gavin Desa

Thank you. Good day, everyone, and thank you for joining us on Tata Chemicals Q1 FY17 earnings call. We have with us today, Mr. R. Mukundan – Managing Director and Mr. John Mulhall – Chief Financial Officer.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. A detailed statement in this regard is available in the results presentation. I now invite Mr. R. Mukundan to begin proceedings of the call.

R. Mukundan

Thank you, Gavin. Firstly, I would like to welcome my colleague, John Mulhall, on the call, and all of you as well. We will start briefly by sharing with you the key highlights of our performance during the quarter ended June 2016, following which my colleague, Mr. Mulhall, will share the key financial details. After this we will be happy to respond to your queries.

The results of the Company, on a standalone basis, were driven by robust performance of Indian chemicals and consumer portfolio businesses. The chemical business in India reported an increase in revenue as well as higher margin due to lower input costs, specifically energy cost. Globally, while demand of soda ash in key markets is balanced, prices remained range bound.

Our European business registered improved margin due to better sales mix and contribution from Energy business unit. The business was impacted partly by sharp fall in Pound at the end of Brexit by about £0.7 million. The Magadi team continues to focus on improving operational performance. This will be the focus for the year FY17, while production at TCNA continued to be stable after certain challenges last year, especially in the third quarter. The higher plant spending at TCNA was related to the timing of maintenance shut-downs compared to last year and a marginal dip in realizations have impacted the overall profits there when compared to Q1 FY16.

Higher volumes across portfolio of consumer products, salt, pulses and spices translated to higher revenues and performance**.** The consumer product portfolio continues to grow and maintain its leadership position in branded edible salts. The sales of besan and pulses have been encouraging. The rollout of nationwide launch of spices continues in line with Company's plan with entry now in the Eastern market in addition to the Northern market.

In farm facing business; volumes of urea have been lower consequent to annual maintenance shut down taken in the latter part of March 2016 which continued in April 2016. However, performance was completely in line with our expectation. The plant restarted on time and is running at full capacity. Sales of phosphatic fertilizers were reduced due to management decision to suspend operations of production at Haldia, consequent to a high input cost which made the margin structures unviable in phosphoric acid for part of the period. The sales of non-subsidy based products were lower due to delayed onset of monsoon which is well caught up and we expect this performance to reverse in the coming period. The high working capital, specifically outstanding subsidy continues to be a concern for us.

In summary, while consumer and Chemical businesses have registered an improvement, quarter one impacted our non-subsidy business slightly which should see a reversal going forward. The fertiliser business continues to have the general challenge of high working capital as well as a low margin structures in phosphatic business.

I now request John to give you some insights in financial performance.

John Mulhall

Thanks. Before I get into the financials for the quarter, I just wanted to remind everyone that this is the first quarter where the Company is reporting under the new accounting standard, Ind-AS. The areas of significant change for the TCL Group are in accounting for business combinations, derivatives and financial leases, changes in fair value of assets and shift in joint venture accounting to equity accounting. There is a reconciliation movement in the 3rd page of the SEBI Sheet that we have issued. At the end of the day, our operating profit and net profit before tax has not changed significantly between I-GAAP and Ind-AS.

Now coming to the result on a consolidated basis – net income for the quarter stood at Rs. 3,652 crs against Rs. 3,999 crs the same quarter last year. This Rs. 347 crs decrease in revenue was primarily in the fertilizer space; where lower trading and the impact of the annual turnaround in Babrala and the suspended operations at Haldia resulted in lower volumes.

At the same time, EBITDA registered an increase of 15% at Rs. 616 crs, compared to Rs. 537 crs last year, due to improved margins in the chemicals business and reduced sales in the lower margin fertilizers business.

Profit after tax adjustment for share minority interest is Rs. 206 crs against Rs. 148 crs for quarter one FY16.

On a standalone basis, net income for the quarter was Rs. 1,953 crs, down Rs.400 crs in the same period last year, again for the same reasons. Profit before tax was at Rs. 286 crs against Rs. 223 crs last year, and profit after tax was Rs. 203 crs compared to Rs. 168 crs in quarter one last year.

The Company's net debt at 30th June, 2016, stood at Rs. 2,117 crs against Rs. 2,710 crs last year and gross debt was Rs. 3,146 crs against Rs. 3,311 crs, the reduction is really down to Rs. 197 crs working capital we repaid in the quarter.

On a consolidated basis, the net debt stood at Rs. 6,757 crs against Rs. 7,686 crs at March 2016. The gross debt fell from Rs. 8,962 crs to Rs. 8,510 crs, the biggest movements being Rs. 197 crs working capital in TCL and Rs. 227 crs debt repayment at TCNA and Rs. 56 crs at Tata Chemicals Europe as well. The Company holds cash and cash equivalents of Rs. 1,753 crs on a consolidated basis at the end of Q1.

This brings me to the end of the highlights and I am happy to take any questions.

Moderator Thank you very much, sir. Our first question is from the line of Prakash Goel from ICICI Securities. Please go ahead.

Prakash Goel My first question is with respect to IMACID, we are not seeing it there in the presentation, but if I see the Y-o-Y turnover it gets reported. So how should we look at it? IMACID is there a lack of volume of revenue out there or is there any other thing which we are missing?

R. Mukundan Based on Ind-AS, as John clarified, the numbers you are seeing are with respect to the joint venture accounting. I think we should have clarified that IMACID, which used to get accounted as joint venture accounting, will now will be accounted based on equity accounting under Ind AS.

John Mulhall Is there any specific question you had with respect to IMACID or is it just what is happening at the business?

Prakash Goel Yes, so basically what has been the volume and what has been the profitability during the quarter, if you can highlight, that would be helpful

John Mulhall See, I will just check what it was last time.

(Explanation: In Q1 June16, IMACID had a loss of Rs 8.7 crs, as compared to Rs 14 crs of profit in Q1 June 15.)

R. Mukundan Yes, but otherwise it has now gone to equity accounting consolidation.

Prakash Goel It will not be consolidated line by line and probably we will get the single number?

John Mulhall Yes, right.

Prakash Goel Second, with respect to fertilizer, what is the long-term plan, if you can highlight, how should we look at it?

R. Mukundan So, the fertilizer business, as we said before has a large subsidy element and we will not be investing capital in that business, so we are going to be running it for cash. We will curtail sales when the margins drop. And that is reflected in a higher company margin. If fertiliser sector margins pickup we will bring the capacity on.

If you look at urea, urea is a steady margin business, so that will run at capacity. As far as phosphatic fertiliser is concerned, it clearly depends on the market margin structures and it will be run to add to the bottom-line and not just for any revenue. So we have seen a fall in the phosphate revenue this quarter and if margins improve because of the better monsoon and pipeline stocks coming down, you would see that production coming back on stream.

Prakash Goel Sir, I was trying to understand what is the long-term plan? I am sorry to highlight that, some of your peers are doing very well in terms of the profitability in the PNK segment. And obviously there are times when the margins went very thin, but being actively participating there are times when they make significant amount of money, so on an average they make between Rs. 2,000 per ton to Rs. 3,000 per ton EBITDA. So what are we missing as a company in terms of participating in that race?

R. Mukundan So, we are participating as much as they are, the only thing is we are focused on the bottom-line and we are not after revenue. We do not want to have a huge revenue with marginal number.

Prakash Goel So in long run are we planning to exit this business?

R. Mukundan That again, as we have been maintaining, is speculative. We are very focused on certain businesses which are our focus businesses for capital investment, certain businesses which are being run for cash and which will grow along with market.

The business which will be grown along with the market growth is the chemical business; which is soda ash and bicarb. Our growth segments are specialty farm inputs which is the non-subsidized business with TCL, also the businesses in Rallis and Metahelix, where we see a great future for that whether it be seeds, agrochemical or specialty fertilizer. We also would continue to focus to grow the consumer business and also the special materials business nutraceutical and special material business which is being done out of our innovation lab in Pune. So, we are in the process of reshaping the way the Company's businesses are today.

Moderator Thank you. Our next question is from the line of Abhijeet Dey from BNP Paribas Mutual Fund. Please go ahead.

Abhijeet Dey Two questions from my side, one related to Europe and the second one which is in Africa. Sir, in Europe we have seen a fall in soda ash sales volumes, yet the revenues are flattish on a YoY basis.

John Mulhall We have to split the sales figure between what we manufacture and what we buy for resale from North America both from our company and also from a third party. And the overall revenues were flat to last year and profitability has increased really to the mark-to-market charge we took last year as against nothing this year. That is really the real difference there since last year.

Abhijeet Dey So revenues I think was helped by sodium bicarbonate volumes being higher compared to soda ash volumes, right?

John Mulhall No, what I am saying is that we have to watch the mix of soda ash sales between what we buy in and what we manufacture ourselves in the UK.

Abhijeet Dey Sir, related to Africa, the sales volumes were flattish but there has been a decline of around 18% in rupee revenues in Africa, so any reasons for that, profits have also dropped Y-o-Y?

John Mulhall Yes, I think we talked before about this, the quality issues we have seen in the lake Magadi, which we have taken significant steps to rectify, was the main driver .

Abhijeet Dey But will that be a recurring issue with Magadi?

John Mulhall As we rectify the lake siltation issue, that will be resolved.

R. Mukundan On Magadi, I think most of the issues are behind us, we did have a push back in the market of the previous year which flowed into this first quarter, but I think most of the issues are behind us as we speak.

Abhijeet Dey And sir, coming to the fertilizer business, I mean, are you producing any NPK fertilizer this quarter or this quarter also you will be waiting and watching?

R. Mukundan No, the phos acid prices are being finalized, we stopped it because the acid prices were not economical. The new acid price which was being finalized which is USD610 for the entire industry. I think we are going to be commencing production as soon as the materials arrive, I think it should have already commenced.

Abhijeet Dey So it is effective when sir, this $610?

R. Mukundan I think this was finalized this quarter. I think the supplies which began last month or this month for the running quarter.

Abhijeet Dey So basically after only 1st of July then it will be effective, right?

R. Mukundan That is right.

Moderator Thank you. Our next question is from the line of Saket Kapoor from Kapoor & Co. Please go ahead.

Saket Kapoor Sir, just coming again to the point of phosphoric acid pass through, one of your peers, in their con-call, has indicated that the pass through will happen from the month of April, means whatever intake they have taken for the June quarter also they will get benefit of that also. So sir, are you saying that the effect will come not retrospective but as on date of July?

R. Mukundan Well, I can only tell you what, we have negotiated

Saket Kapoor We were informed that the industry structure is like that, the prices are fixed and then the pass through happens from the beginning of April, they told it for the industry only.

R. Mukundan Let me clarify, the fresh supply which were affected which has gone into production is what we are taking at the level which we will be getting at $610. We did not enter into any speculative contracts based on a provisional price pending the price finalization. We did not want to take any risk with that.

Saket Kapoor So you might have received the credit if you would have taken the risk?

R. Mukundan Nothing at all, again I am saying the business has a wafer thin margin. It is not a big margin business. So our position on this business has been fairly consistent.

Saket Kapoor Sir, give us more clarity on the subsidy front, sir what is the subsidy amount and how much you have received for this quarter?

John Mulhall At the end of the quarter our subsidies standing at was Rs. 1,479 crs, that is down from Rs. 1,902 crs in March and Rs. 1,403 crs at June 2015. So pretty much flat to last year and Rs. 420 crs down in March this year.

Saket Kapoor Meaning, quarter-on-quarter there has been a reduction of Rs. 400 crs?

John Mulhall Yes.

Saket Kapoor And this is the optimum level which is maintained, or is there a still a sluggishness on the front of government is clearing the dues?

John Mulhall We have seen in the last two years an increase in the level of subsidy outstanding

Saket Kapoor Just one question sir, your holistic outlook, since you have given that it would be a cash capped business for you as a fertilizer, but the continuous steps taken by the government in helping this sector, be it the crop insurance part, be it the reduction of prices in line with the raw material, how are you now looking at this sector? Because government has tried to help all the stress sectors whether it is steel, whether it is some other sector also, like sugar, how do you see the government's role now playing up and your outlook on that?

R. Mukundan So, again I go back to my regular commentary. So there is no change in our position. Farm sector is a great sector to focus on but our focus remains in those where there is no element of subsidy from government and which are more specialty products, and also newer products whether it be the high quality seeds which I think is a great future growth potential. We have agrochemicals which, again, India does not use enough of. And, thirdly, the specialty fertilizers; which could be water soluble fertilizers and other fertilizers where there is no element of government subsidy. Wherever there is an element of government subsidy, our view of that remains exactly the same. Between the two, the margins are protected more in urea than in phosphatic fertilizers where even a marginal pronouncement by government tends to impact the sector very sharply. So, I would again go back to say that our view is not view on farm sector, we are very bullish on farm sector. Our view is specific within the farm sector wherever there is an element of subsidy.

Saket Kapoor Sir, on part of the fertilizer segment, if you could give the breakup of sales between urea and non-urea products?

R. Mukundan We do not publish the breakup.

Saket Kapoor In percentage terms, sir could you give, I mean, majority was through urea only because NPKs were not viable.

R. Mukundan Yes, I think that is a fair assessment.

Saket Kapoor And we are not into water soluble fertilizers?

R. Mukundan No, the segment which is having specialty inputs which is seeds, pesticides and water soluble and all those fertilizers is what we call a segment called other agri inputs. So fertilizer is the one which has subsidies, so we generally report four segments of which B and C, which is fertilizers and other agri inputs are farm facing. And generally if you look at our other agri input segment, that has been more or less flattish on an overall basis, that is mainly because this year the first three months of this year monsoon was delayed which has caught up now, maybe we will expect now the situation there will change.

Saket Kapoor So we have now resumed NPK sales?

R. Mukundan Sorry, not for NPK, NPK is subsidized.

Moderator Thank you. Our next question is from the line of Abhijit Akella from IIFL. Please go ahead.

Abhijit Akella Just a quick clarification regarding the gain on land sale that Rallis had reported in its results, Rs. 158 crs of profit they have reported. Has that been included in our results anywhere, because I do not see any exceptional items?

John Mulhall Correct, as I referenced at the start, we are reporting under Ind-AS. One element of this was to fair value our acquisitions. So, against the gain Rallis reported Rs 150 crs on a 100% basis points, we are showing a gain of 30 which is included in the Other Income line of consolidated results.

Abhijit Akella So it is only Rs. 30 crs in our books?

John Mulhall Yes, that is right.

Abhijit Akella Second, on the US soda ash business you mentioned the fact that margins came down because of certain planned investments as well as a reduction in prices there. Now, we have reported only $40 a ton this quarter of EBITDA whereas the normal run rate should be closer to $50. So do you see these issues persisting into subsequent quarters or do you think we can go back to historical levels?

R. Mukundan The numbers should go back due to the higher maintenance expenditure this quarter.

Abhijit Akella And second, just on the consumer business, the growth in pulses has decelerated, I think it was 8% this quarter year-over-year. Last quarter you mentioned some availability issues, have those been sorted out and what is your outlook for this business for this year now?

R. Mukundan I think as far as the pulses are concerned, the availability should improve now with better acreage being reported for pulses. The first quarter also saw on pulses some action by government in terms of intervention which led to us slow down the trade, it is not that we could not have sold more, as there has been a very strong demand for the product. So, thoughwe did slow it down a bit but we will be back on that going forward. We are also finding within pulses products like besan achieving a much greater traction and also much better margin structure for us. So we are also tuning our product portfolio to a higher margin structure for us.

Moderator Thank you. Our next question is from the line of Alok Deshpande from HSBC. Please go ahead.

Alok Deshpande Again, a follow-up question on the North American soda ash business. So, if you could give us some clarify over how the utilizations will look like over the next three quarters? I mean, I believe this quarter we have seen utilization go below 85%, so are we looking at a stabilized or a regular number of about 90% or so on the utilization levels? And second question is on the pricing, what is the pricing scenario of soda ash or outlook that you see for pricing?

John Mulhall Utilization, as we said is down slightly this quarter than last year, as we took maintenance shuts in the quarter, we were something like 200,000 tons of production down last year and we expect to cover that this year. So you will see the utilization will go up, and expect to recover most of that production. On the pricing side, the structure in North America is such that half to two-thirds will set on annual basis, so we will see that continue through the year. The other pieces which are not under annual pricing are generally the Southeast Asian market and some of the African market that will move on a quarter basis, and we will see what happens through the year. But we had anticipated reductions that we see already.

Alok Deshpande And you said utilizations will go, means starting quarter, so July or August, have they already gone back to normal levels or is this something which we have seen September - October?

John Mulhall No, that has gone back to normal level about January this year and we will see this full year affect coming in soon.

Alok Deshpande And just one last question on the salt volumes, now this quarter basically was little bit, I mean, even if you see branded salt or branded I-Shakti put together, the growth was about in the range of 1% or 2%. But overall, we have seen really good growth over the last four quarters. So now going forward, can you give us some outlook on how the competitive landscape is shaping up for the salt volumes and also the pricing in salt?

R. Mukundan So as far as the branded sale in India whether it is the Tata Salt or Tata Sampann or I-Shakti, they have terrific consumer franchise, there is really no issue in terms of any competitive pressure we are facing. And we would continue to price them reasonably for our customers, we are really focused from customer perspective and not from competition perspective. And, whatever enables the entire supply chain and customers to get value, we would do the numbers accordingly. In terms of the spices, there are well established regional brands and we are new entrant. But there again, I think the initial market response has been positive. So we are actually watching and growing the spice market very carefully. So, if I were to see the entire branded portfolio, they would fall in two buckets, one would be the bucket of our salt and pulses and besan where there is no player, and effectively we are by far the leaders both in terms of mind share and market share. In terms of the spices, there are established players and we are making sure that the consumers have growing up affinity to our brand, which already we are seeing in northern market where we have been present the longest; east, we have just entered and we are not even present in south and west.

Alok Deshpande But would you expect the salt volume growth to, sort of, pick up in the second-half for the next two, three quarters compared to the Q1 number?

R. Mukundan So, largely salt is constrained, I would say, more by our movement of material and the supplies into market. We do not see any major issues, but we also want to grow the market in a sensible manner as we switch customers from local brands to national brand. And that effort will continue and there will be periods where it will grow by 6% - 7% and there will be periods where we will grow by 2% or 3%. But overall, this growth would be I think 2% - 3% ahead of the population growth. So, Indian population growth at about 1.5% - 2%, we would expect 4% - 5% as a broad range as an average for long-term.

Moderator Thank you. We have next question from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi Hi, in terms of the Indian pricing of soda ash, is there any colour you can give on with the Anti-Dumping Duty which is existing and if you expect it go away and the potential impact you would think it would have on the prices of soda ash?

R. Mukundan So, as far as Anti-Dumping Duty is concerned, I think protection is until somewhere around mid of next year and I think it probably will go. And in general, for Tata Chemicals it has two kinds of impact; one is that the net realisation in Magadi will increase while the net back in India will fall a little bit. So, I think overall, on the basis of what we are looking at, there is going to be a combination of margin shrinkage and price improvement in the market, both will happen, because the imports also will increase. Exporters also will tend to increase the price which they are now depressed to counter the Anti-Dumping Duty. So, effectively we would focus on the Magadi product into India so that our margin structure changes, and also at the same time work out on cost improvements in our India operations.

Riddhesh Gandhi But the India prices you would expect them to get impacted by 5% or 10% or you think it could actually be a higher margin of impact in terms of pricing?

R. Mukundan So, I think broadly it may be $10 - $15, but the issue really is, I cannot predict the foreign exchange rate what will remain at that point of time. One of the issues for us has been, rupee itself has been a natural protection for us, so if rupee depreciates by another 5% - 6% it will probably eat into most of the numbers I am speaking about. Which is why I am not making a statement on the rupee price, because a lot of it depends on USD-INR exchange rate and not just the Anti-Dumping Duty going on.

Riddhesh Gandhi And the incremental Turkey capacity which is expected to come online, do you expect that to have an impact on global prices of soda ash as well, or you think that the demand will grow into that?

R. Mukundan So, I think as a broad commentary, the kind of increase we have seen in China in the past have not happened, which is one of the reasons why with this industry it is fairly balanced. But come 2018, there is going to be a surplus capacity coming on in Turkey which may create an issue for one or two years after which it will again get absorbed if the current trend of Chinese moderation continues. So, we do believe it is not just Turkey but it is also a combination of Turkey and China we should watch. As of now, this news coming out of China is that capacity addition in China has slowed down and that should help as we move along by the time that capacity comes.

Moderator Thank you. Next question is from the line of Sumant Kumar from Elara Securities. Please go ahead.

Sumant Kumar Sir, my question is regarding Europe business, we have seen incremental EBITDA in Europe, so can we assume that the incremental EBITDA has come from power and fuel cost, saving from power and fuel cost?

R. Mukundan Incremental EBITDA in Europe has come on the back of this quarter, the same quarter last year did not have the energy turbine operation, so the turbine operation has fully kicked in this quarter. And also, we did not have mark-to-market losses, so I think both of these have helped us.

Sumant Kumar And regarding that we have see a Ind-AS positive impact of Rs. 46 crs in Q1 FY16 when you compare with I-GAAP in Q1 FY16. So what is the positive impact in EBITDA in Q1 FY17 compared to I-GAAP and IndAS?

John Mulhall So, it is Rs. 6 crs when we look at it on I-GAAP to IndAS on a consolidated basis, broadly will be both last year and this year, it is not a big number.

Sumant Kumar So is the Rs. 46 crs, same?

John Mulhall Sorry, where are you seeing this Rs. 46 crs?

R. Mukundan: If you go to the last page of the sheet and the notes to our accounts, in consolidated statement, there is a Rs. 5 crs movement between Rs. 206 and Rs. 211 crs and the impact for this year also is about Rs. 6 crs.

Sumant Kumar Rs. 6 crs?

John Mulhall Yes.

Sumant Kumar But when you see the console Q1 FY16 number, I-GAAP and then Ind-AS, it is around Rs. 46 crs positive impact in EBITDA level.

John Mulhall Sorry, you have to tell me where you are seeing this Rs. 46 crs?

Sumant Kumar So we have number, in Q1 FY16 you have around profit of Rs. 491 crs, right, but this quarter Q1 FY16 it is Rs. 537 crs, so the gap is positive impact of Rs. 46 crs.

John Mulhall We have a breakup of reconciliation between last year between I-GAAP and IndAS and we are reporting both this quarter and last quarter under IndAS. We are not reporting I-GAAP this year, IndAS only, and also have comparison to last year. So, there is difference in how we report, I am not going to restate I-GAAP for last year.

Sumant Kumar Other the question is regarding the soda ash price outlook, what is the scenario going forward and the US and India, Africa, we have seen a decline in Africa also. So, I would like to know how is the outlook?

R. Mukundan It should be flat to steady going forward.

Moderator Thank you. Next question is from the line of Rohan Gupta from Emkay Global. Please go ahead.

Rohan Gupta Sir, first on domestic soda ash business we have seen a significant margin improvement, also driven by the lower energy cost. So, sir this benefit which you have derived in first quarter, how long you are likely to sustain it? Or if the prices of soda ash are likely to weaken, what is the outlook there?

R. Mukundan We do not talk about prices, India import parity prices largely depends on FOREX movement, if the FOREX is stable then I think Indian prices should remain range bound. But it is a function of not just the dollar price worldwide but also act of the foreign exchanges. Second is, as far as the input materials are concerned, I think the bias is still weak, we have not seen a major switch and it continues to be weak on most fronts, unless some of these numbers start moving up, we don't anticipate big switches, the good thing is that the company has hit most of its positions and most of our energy input around the world is locked in, so in any upward moment we would not be impacted.

Rohan Gupta Sir, mostly in India it will be coke cost which will be affecting the Company's margins, right, and you have locked in there till December or how the…?

R. Mukundan Now we mostly used operations used thermal coal and we have ability to switch between coal and coke and various fuels.

Rohan Gupta So as far as the input is concerned, with the lock in now or the hedging, you are almost secured till December?

R. Mukundan In India, we got long-term contracts, overall, globally in other places we are hedged. And our numbers, we are not seeing any of the energy numbers moving.

Rohan Gupta So margins more or less will remain here, if we do not see the end product prices or soda ash prices changing?

R. Mukundan Yes.

Rohan Gupta Sir, second question on our other agri input which includes the maximum agro chemical sales probably sold through Tata Chemicals, that has been remaining in the range bound of almost Rs. 400 crs from last two to three years. With the current monsoon expectations, monsoon being good, what is the growth on that number the Company is expecting? Because in the first quarter you have reported almost 19% de-growth in other agri input in the domestic segment. So if you can just give some light on that?

R. Mukundan Yes, I think overall if you go to the consolidated, it is almost a flattish number on other agri inputs which is what I would look rather then look at standalone, because we do move our stuff between all the entities. So, as far the second quarter is concerned, we will see a robust growth, that is what our market assessment is, because the monsoon has come in strong.

Moderator Thank you. Ladies and gentlemen, this was the last question for today. I would now like to hand over the floor back to the management for their closing comments. Over to you, sir.

R. Mukundan Thank you, everyone, for this call. And all we wanted to again say is that the efforts of the Company restructuring international operations have begun to show results this quarter. And our focus on operating efficiencies in chemical business coupled with focus on growing branded and specialty business remains continued effort. And this should lead to a transformation of the portfolio into more stable and more higher quality performance of the Company. And we continue to remain focused on that transition and we will continue to work on that transition. Thank you all for joining on the call.