Rallis India Limited

Q1 FY27 Earnings Conference Call

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MANAGEMENT: **DR. GYANENDRA SHUKLA – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – RALLIS INDIA LIMITED**
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Moderator: Ladies and gentlemen, good morning, and welcome to the Rallis India Limited Q1FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchstone phone. We have with us today Dr. Gyanendra Shukla, Managing Director and CEO; and Mr Bhaskar Swaminathan, 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. Please note that this conference is being recorded.

I now invite Dr. Shukla to begin with proceedings of the call. Thank you, and over to you, sir.

Dr. Gyanendra Shukla: Thanks, good morning, everyone and thank you for joining us today on Rallis India Limited Q1 FY27 Earnings Call. As mentioned, I have alongside myself our CFO, Mr Bhaskar Swaminathan.

I will start with a synopsis of the industry landscape before addressing developments specific to Rallis.

Q1FY27 was characterised by a weak demand environment and sustained pricing pressure in the Indian agrochemical space. While the supply chain was not materially disrupted, it remained fragile and cost-sensitive, with volatility in raw materials availability, freight, and logistics. Dependence on Chinese inputs continued to influence sourcing dynamics, while selective disruptions and inventory constraints created intermittent supply tightness. However, the market did not face a structural shortage. The key takeaway is that costs remained elevated while demand recovery was insufficient to support price hikes, resulting in continued margin stress across the sector.

The Middle East war likely affected the agrochemical sector in Q1FY27 mainly through higher feedstock, energy, and freight costs, which compressed margins even when selling prices were adjusted upward. That said, the price increases triggered by Middle East supply disruptions are expected to partially offset the volume-led drag.

Companies with imported intermediates or fertilizer-linked input exposure were more vulnerable than those with stronger domestic sourcing. Margin pressure was likely strongest for businesses that could not fully hedge energy and freight costs or quickly revise realizations. The sector also faced uncertainty rather than a one-time shock, because even a ceasefire or pause does not immediately normalize energy and shipping costs.

Additionally, at the start of season, El Niño was described as a probable threat to a weaker monsoon because it tends to warm the central and eastern Pacific, which disrupts atmospheric circulation and can reduce the monsoon flow over India. Official and media reports said the IMD linked its below-normal rainfall outlook to developing El Niño conditions, especially for the second half of the season.

Markets witnessed aggressive channel filling in March ahead of anticipated price increases, delayed onset of the South-West monsoon weighing on on-ground consumption.

Cumulative rainfall deficit below normal and lagging kharif sowing deferred placements. The late arrival of this year's monsoons and the resultant delay in Kharif sowing impacted agrochemical offtake across the domestic markets.

As per IMD's latest available update, overall, India's seasonal rainfall remained around 15% below normal as of 8 July 2026. IMD's latest long-range seasonal outlook for the 2026 southwest monsoon projects below-normal rainfall for the country overall, most likely about 90% of the Long-Period Average (LPA) with a model error of ±4%. Monsoon Core Zone (i.e. main rain-fed belt) is most likely to be below normal (<94% of LPA).

Region-wise, the data suggest that central and western India improved sharply in early July, while east, northeast, and parts of the south continued to lag.

Rainfall shortfalls in June and early July slow kharif sowing, especially in rainfed belts and for crops like paddy, maize, pulses, soyabean, and groundnut. If rains arrive in bursts after a dry start, farmers often re-sow, which raises seed and crop-protection usage. Farmers tend to move toward shorter-duration crops, drought-tolerant varieties, and move away from water-sensitive crops where irrigation is limited. Northwest and some eastern/south-eastern pockets may fare better, while central, peninsular, and core rainfed regions face higher sowing stress.

As of end-June 2026, Kharif sowing was significantly lagging in comparison to last year, with only ~17% of the normal area covered. Overall acreage was lower by ~23% year-on-year, mainly due to reduced year-on-year sowing in rice (-25%), cotton (-35%), and oilseeds (-53%). Within oilseeds, soybean and groundnut showed sharp declines, with acreage down 65% and 42%, respectively. Kharif pulses sowing also witnessed weak start in key producing regions like Maharashtra & Karnataka with acreages down by ~40%.

However, by 5th July 2026, with the monsoon picking up pace, sowing activity accelerated, reaching ~32% of the normal area, up from 16.5% a week earlier. Despite this improvement, total acreage still remains ~21% lower compared to the same period last year.

A Central Water Commission (CWC) report quoted on 17th July that reservoir levels had risen to 34.46% by 16th July 2026, up from 26% as on 2th July. The 10-year average (i.e. normal storage) is higher than the current level, with current storage at ~98% of normal.

The FY27 Kharif MSP regime is broadly supportive of crop diversification. Sharper hikes in oilseeds, pulses, and cotton stand out, while paddy and maize saw only modest increases. The government approved MSPs for 14 Kharif crops for the 2026-27 marketing season, with estimated procurement of about 824.41 lakh metric tonnes and an estimated payout of around Rs 2.60 lakh crore. This pricing framework remains aligned with the policy of keeping MSPs at least 1.5 times the cost of production. The relatively stronger increase in oilseeds and pulses suggests an intent to encourage acreage shift away from paddy and move towards a more diversified crop mix. From an agrochemical perspective, this is constructive for demand diversification. It is particularly relevant for pulses and oilseeds, where input usage and crop-protection needs differ from those in paddy.

Volumes may shrink as acreage declines, but margins are likely to remain stable to slightly soft. Integrated firms with balanced portfolios, such as those combining seeds and crop protection, are generally better placed to navigate this volatility. The market is also likely to favour low-cost producers with a broad export presence and disciplined working-capital management.

On the biostimulant regulatory framework front, India has significantly modernized its biostimulant regulatory framework under the FCO, with standardized specifications for humic acid, fulvic acid and seaweed-based formulations. The move should improve regulatory clarity, product reliability and market formalization.

For FY27, the cleaner consensus is that agrochemicals are expected to grow around 6–8% in India, while seeds likely grow in the mid-to-high single digits but it will depend on the crop. Cotton, certainly, will see a significant decline.

The global crop protection market is estimated at roughly USD 70-80 billion in CY2026, depending on definition, and is expected to grow at around 4.5–6.5% CAGR, supported by rising food demand, limited arable land, and the need to improve farm productivity. Global crop protection markets are being shaped by tighter regulation, supply-chain de-risking, rising biologicals adoption, and continued innovation in formulations and new modes of action. Demand growth remains strongest in emerging markets, while pricing, margin pressure, and climate-driven crop volatility continue to influence the sector. The near-term outlook remains conditional on the evolution of the Middle East conflict, which has aggravated again in last few days and talks of tariff hikes again doing the rounds.

The sector's recovery remains uneven. U.S. demand is still supportive, but Brazil remains weak in key agri-linked end markets. China continues to drive pricing pressure and supply-chain risk, especially for APIs and intermediates.

There is no India stock build-up in the latest WASDE data which likely reflects a balance-sheet offset i.e. higher production was absorbed by demand and trade assumptions, leaving ending stocks broadly unchanged.

Moving on to Rallis Specific Developments –We had a reasonable Q1FY27 performance despite of the fact that several factors impacted planning including war in the west Asia, which led to panic buying of commodities with significant price increases and delayed monsoons in India.

The overall demand was subdued. Severe heatwave in Q1, delayed sowings due to delayed onset of monsoon, farmer crop switch, reduction in cotton acreages coupled with extensive spread of illegal HTBT cotton.

Trade channels rushed to secure fertilizer, which resulted in cash crunch for Crop Protection causing conservative inventory stocking and slower liquidation.

In domestic formulations, the growth was driven by aggressive preplacement, liquidation efforts, and volume scale up.

Talking about our Q1FY27 financials numbers, our revenue stood at ₹ 1022 cr versus ₹ 957 cr of Q1FY26. EBITDA improved by 23% to ₹ 184 cr from ₹ 150 cr in Q1FY26. Profit after tax stood at ₹ 125 cr versus ₹ 95 cr of Q1FY26. Exceptional items include profit on sale of a property ₹ 2cr.

Our formulation capacity utilization has increased in Q1FY27 in comparison to Q1FY26.

New Launches & Initiatives

During the quarter we launched 4 new crop care products Balwan (Herbicide), Prodim Ultra (Herbicide) and Kengen (Insecticide) and Aquafert Ginger & Turmeric (SPH).

In Seeds business we launched 2 new cotton hybrids for North India, Herbicide Tolerant Direct Seed Rice introduced in Dhaanya Brand and promoted short duration Bajra due to delayed rains. Total 9 products were launched across Cotton, Millet and Paddy.

Digital marketing interventions continue to promote products through Anubandh Edge Schemes, Farmers QR Code/Reward Schemes and enhancement in Sampark+.

Anubandh Edge initiative is a retailer level digital platform to support retailer engagement & benefit schemes and enabling tighter integration between dealers & retailers. Retailer's registration as on June end crossed 56,000 (including Seeds and common retailers). Farmers QR Code project helps in better product knowledge sharing with farmers.

Our initiative Sampark+ continues to capture farmer-level demand signals to generate actionable insights and improve sales conversion. We had launched Idea2Impact platform in Q4 of FY26 to establish an open innovation ecosystem to source, validate and commercialize agri-innovations. Till now we have received encouraging participation of ~40 applications, out of which 2 are in pilot stage.

We are continuously using tech assisted marketing initiatives to promote products & generate demand, digital led field AV Van campaigns. Balanced focus on physical and digital/distance connects, with focus on key products drive.

We are unceasingly enabling digital-led engagement that strengthens data-driven decision-making and enhances farmer outreach and advisor productivity. We are also shifting towards high-margin, sustainable and farmer-centric offerings including biologicals and next-generation products.

That concludes my opening remark. I will now hand it over to Bhaskar, our CFO for a detailed analysis of the financial situation.

Over to you, Bhaskar.

Bhaskar Swaminathan: Thank you, Dr. Gyanendra. Good morning, everyone and thank you for joining us today for our Q1FY27 Earnings Call.

I will walk you through our Financial Performance for the Quarter, post which we shall commence the Q&A session.

Starting with the top line for the quarter – Our Q1FY27 revenue stood at ₹ 1022 cr as against ₹ 957 cr for the same period last year resulting in overall growth of ~7%. Overall volume growth has been ~2% with pricing growth of ~5%.

Overall EBITDA for Q1FY27 stood at ₹ 184 cr, higher by 23% compared to Rs. 150 cr in Q1 of the previous year. Profit after tax at ₹ 125 cr versus ₹ 95 cr of Q1FY26, which is 31% higher than the same quarter of previous year.

Crop Care Segment grew by 7% to ₹ 697 cr in Q1FY27 from ₹ 652 cr in Q1FY26 due to both volume & price growth, new product promotion, & increased digital engagement. The volume growth is 2% and price growth is 5%.

Within the Crop Care segment, the Domestic (B2C) witnessed a 19% growth in Q1FY27 registering ₹ 534 cr revenue vis-a-vis ₹ 449 cr in Q1FY26, which was driven by volume growth of 15%.

Crop Protection category grew by 18% and registered Q1FY27 revenue of ₹ 455 cr vis-a-vis ₹ 386 cr in Q1FY26, which was driven by volume growth of 16%.

Soil & Plant Health category grew by 10% to ₹ 62 cr from ₹ 56 cr in Q1FY27 in comparison to Q1FY26, driven by price growth of 13%. We applied prudent pricing approach to drive the margins in the category.

Exports topline de-grew by 28% to ₹ 110 cr from ₹ 152 cr due to 35% de-growth in volumes. Reasons for degrowth are due to lower demand for pendimethalin in Europe coupled with competitive China market pricing. The price competitiveness adversely impacted volumes of Acephate, Pendi CS & Hexaconazole. There were delays & uncertainty in shipping timelines due to port congestion/logistical challenges. CSM Q1FY27 revenue displayed promising growth by lodging 191% growth to ₹ 24 cr from ₹ 8 cr, driven by rebound in PEKK sales volumes. Total B2B revenue stood at ₹ 163 cr vis-à-vis ₹ 203 cr, as decline of 19% was primarily due to volumes, which de-grew by 26%.

In the Crop Care segment, we are focused on expanding our customer base and product portfolio is enhancing Go-to-Market Strategy. We are driving focused execution across frontline and operational functions by optimizing the product portfolio, rationalizing territories, eliminating overlaps, and simplifying costs across the value chain. We are continuously putting effort into increasing customer centricity through digital initiatives to reach out to Channel Partners and Customers, Implementation of Customer Satisfaction Surveys and identifying new growth areas.

Moving to Seeds Business – Seeds Revenue grew by 6% to ₹ 325 Cr in Q1FY27 from ₹ 305 Cr in Q1FY26 due to 6% price growth. We witnessed acreage drop in North Cotton and intense competition in South & Central Cotton. The overall seed supply in terms of volume was sufficient but delayed due to non-availability of driers, processing facilities and concentrated arrivals coupled with labour shortages on the supply chain side. We will have a clear liquidation picture to emerge by end of July.

In the Seeds segment, our primary focus will be on five strategic crops: Cotton, Maize, Millet, Mustard, and Rice. A selective and concentrated approach in these crops is expected to drive operational scale and efficiency.

Overall, we remain disciplined in improving capital efficiency across both fixed capital and working capital. At quarter end our inventory levels remain elevated in comparison to the same quarter of last year; collection cycles remain smooth. We have healthy cash and liquid balance of ₹ 309 cr as of 30th June '26.

That concludes our opening remarks. We can now commence the Q&A session.

Moderator: Thank you. We will now begin the Question-and-Answer session.

Moderator: Thank you. The first question comes from the line of Ankur Periwal with Axis Capital. Please go ahead.

Ankur Periwal: First question on the exports market. How are you seeing the product-wise demand as well as the pricing scenario there, given that Chinese competition on pricing sort of still keeps depressing? So your thoughts there first.

Gyanendra Shukla: Yes. So thank you, Ankur, for asking question. So I think export, I must say, it is challenging unless you have a branded business in the countries you operate. So as far as CSM is concerned, where you have a contract with the company. I think it is okay, still fine because you can discuss with the counterparty and negotiate terms and conditions.

As far as catalogue products are concerned, I think we have to remain competitive. And one of the products where we face challenges is really acephate because raw material has to come from China and then we have to process back and sell it to countries like Brazil and U.S. And there also China is also competing directly in those markets. So, other than that, I think we are quite competitive. We can compete with China. And again, it only depends on the demand situation. On CSM, not a challenge. I mean, because we have a contract. It is only the catalogue product where challenge becomes significant.

Ankur Periwal: Sure, sir. And on the other products, Pendimethalin and other products, are we seeing.

Gyanendra Shukla: So Pendy, metribuzin, hexaconazole including Metalaxyl we are still competitive. I think we can compete. So, I think other than acephate, it's not a big challenge.

Ankur Periwal: Okay. Great. On the CSM side, we were thinking of or we had talked earlier that to increase the share of CSM here. Any luck there in terms of the ramp up?

Gyanendra Shukla: Yes. So we did start making a product for a customer in U.S. First shipments have gone this year, and subsequent volume. So first shipment is well received from a quality perspective and everything else. We are in the process of securing more customers. But I mean, as I've been saying in the past, that's a slow burn. It takes time to keep cultivating.

There are 3, 4 products we are working parallelly on CSM and one will be already with an existing customer from where we make and supply product. So we are going to be adding those products, but they're all slow rate. On catalogue category, we are going to launch, I would say, 3 to 4 products in the next 3 years. And we are at the different stages of either advanced registration or pilot production and trying to increase some commercial quantities.

Ankur Periwal: Sure, sir. Just next bit on the domestic part. If I heard the initial commentary right, we are looking at a lower cotton acreage for this financial year, at least given the macro, the rainfall and the new risk. And since our portfolio is slightly heavy on the cotton side, what are your thoughts on the domestic growth overall for this year?

Gyanendra Shukla: So cotton, I would say anybody operating in crop protection sector. So we have stakes as far as cotton is concerned, both in crop protection as well as seed. Now seed, we have already factored in that this year, it is unlikely that cotton business will grow. Two things have happened. We were pretty heavy on northern side and North side, Punjab and Haryana cotton area significant decline. Even in South and Central, 2 factors are playing. A) it's a rain-fed area. When it rains less, farmers plant anyway less cotton. B) On the top of that, there has been a lot of spread of illegal HTBT cotton, which is being sold.

So cotton, I think we are looking at maybe as we year, the end, maybe flat year, but we are focusing quite a lot on rice and maize and millet where we had launched quite a few products in last few years. This year, again, we have launched product in paddy, maize and millet. So focus has shifted right now for the current season to be more aggressive on other crops. I mean, cotton will remain important. In my view, cotton will recover. I mean these kind of rainfall situation happen once in a while. They do not happen every year.

Ankur Periwal: Sure, sir. And just on the domestic crop protection growth as well, related to cotton.

Gyanendra Shukla: Yes. So cotton is one crop that takes a lot of sprays. Now last year, if anybody remembers commentary, we said, look, cotton area, while there was a lot of area, farmers did not get chance to spray the crop because it was raining too much, right? Now while cotton area may go down, but sometimes this intermittent rain, whatever crop has been planted, cotton prices remain, I think, quite supportive. So farmers, those who have planted, if they are able to do field operations, it may have only marginal impact at the end of the day.

So I mean, this is something looking at a crystal ball and saying what will happen from a rain perspective in September, October, August. It's very difficult to say, but I wouldn't be very pessimistic at this point of time. I would say sometimes good distribution of rain even if it's marginally lower, even if 90%, 95% of the normal cotton acres get planted, might still lead to a similar situation as last year.

Moderator: Next question comes from the line of Praneet with SJ Investments.

Praneet: So I wanted to understand in terms of the El Nino effect that everyone has been really talking about. Has it transpired in the ground? Or how is the sentiment on the ground at this point of time?

Gyanendra Shukla: So El Nino certainly is a reality. Country has seen deficit rainfall. But you have to understand roughly 50% plus of the area in the country is irrigated has some kind of source of water. It's only the 50%, which is highly dependent upon on rainfall. So I mean, as we see because of the delayed rain, there has been delayed sowing, but there's also been catch-up, right? Farmers -- because most of our farmers, they are not 1,000 acre, 5,000-acre farmer, they're able to quickly plant their crop.

The only thing that changes is crop shift. So, for example, this year, pulses area has gone up, but we know for sure that groundnut area in Saurashtra has gone down because of delayed rain. We know cotton will be planted less, but rice seems to be on track. So it varies from area to area. Maize, certainly, initially, it was thought that maize will not be planted, but maize is getting planted. Some of the coarse grain, Bajra and all in the marginal areas in Rajasthan might get impacted. So it's a mixed picture. I still think that even in the worst-case scenario, 90%, 95% of the crop will get planted.

Clarity is yet to emerge what farmers would prefer. I mean, soybean has got planted. There was in between soybean seed-related challenges, but farmers did plant all those crops. So to me, if crop gets established, at least on those areas, I'm sure farmers will try to protect because commodity prices are also firming up in anticipation of lower yields this year.

Praneet: Sir, but in terms of volumes, do you think it will be more a flattish or a marginal degrowth for the year? Because I understand that if the sowing will happen, but the volumes might still take a hit right for the year?

Gyanendra Shukla: So for example, I mean, so it's a very difficult question to answer. Assuming including insecticide, fungicide, herbicide and on a national area basis, on an average, say, 3 sprays are happening, and I don't know whether it's 3 or 4 or 2. I'm just giving you an example. If on an average, 3 sprays are happening. And last year in 20%, 30% of the area because of the weather factor, one spray got missed. So maybe 3 became average of 2.7, right.

Now 90% area, if that crop gets sprayed more for farmers to protect their crop, we might still come back to the same number. I think it will be very situational. There are years where rainfall has been low, crop protection has still done well. So too early to predict. I think if you ask me this question in the middle of August, I'll be able to give you a better picture. It's too early to predict.

Praneet: Understood, sir. Coming to the pricing, I think this quarter, we took a large pricing increase and most of our growth was price. So do you think we're going to take more price increases going forward? Or have we completely passed on our price -- like raw material price increases to the farmer?

Gyanendra Shukla: So I think now focus has to be primarily competitive in the market. I think price increase during the mid-season is generally very difficult. So whatever price increases have to happen have happened. And somewhere we have been able to pass on the full cost increase, somewhere partial, somewhere none. But on an overall basis, I would think there will be marginal positive impact from the price.

Majority of the growth has to come from volume, and that's where your market excellence, your ability to work with the dealers, distributors, farmers generate demand, be very agile on positioning stocks in the market, all of those factors will come to play. And as I've been talking in the past, we have been very active in that area, more active than probably would have been in the past.

Praneet: Sir, I was actually referring to because we had -- in the last few months, we had a large price increase in the input commodities, right? Were we able to pass on, let's say, like 0.8% or 1 -- the entire part of it or only like 80% of it? Where are we in the overall passing on level so far?

Gyanendra Shukla: So I mean, overall, we have tried to increase the pass. But if you remember, I talked about when I discussed the March result in the April, we said, look, we are the first one to increase -- announce the price increase, we did. Until April, I think there was hardly any realization in the market. But of late, the market has moved on and price increase is effective. It depends on the product. Having said that, will everything will translate to margin? Answer is probably no, because you also have to make sure that you don't become uncompetitive in the market. We have to, at the end of the day, sell what we have produced.

So will there be a price increase on an overall basis? The answer is yes. Will there be more volume increase this year? Our emphasis will be to sell more and capture market share because I also believe this year might be challenging for quite a few small players where they might have working capital issues or money to promote and be aggressive in the market, and that's where players like organized players will try to take advantage.

Praneet: Got it, sir. But in terms of, let's say, channel inventory, I think we have a little elevated compared to last year. But how is the overall situation -- like in terms of the market, how is the channel inventory so far?

Gyanendra Shukla: So channel inventory, I would say, is normalized now. It was more worrisome a month ago. I think off late, we have seen even in crops like soybean, but there's a shift. For example, there's a lesser demand for pre-emergent herbicide in soybean, but there's more demand for post-emergent herbicide. So in these situations, what happens, farmers will wait.

So if they have sown the soybean seed, they'll say, "Okay, let me ensure that my crop emerges first, then I'll put money on the input." So this year, post-emergent herbicide demand is much more stronger than the pre-emergent. So as I said, because of the situation, mix will change. How it will change, it will depend on the situation on the ground, but we have to be ready for all the eventualities.

Praneet: Got it, sir. But do we expect any more returns compared to last year, this year extra because of the situation? Or like is the returns level going to come down next fiscal year?

Gyanendra Shukla: So return is another challenge, but I think every company, including ours, there's a method by which we account for returns. This year, we would be more cautious in accounting for returns. Probably we'll be accounting more rather than less, right? Because you don't know the situation, how situation evolve. And so there's always a formula and -- which is also -- there's AI-driven model, customer feedback, dealer distributor feedback. We try to factor everything. Am I provisioning enough? Answer is yes. How much enough that is going to be enough, I don't know.

Praneet: Got it, sir. So is it a fair understanding, sir, because it's so uncertain, you just want to put as much product as possible, whatever offtakes is going to offtake.

Gyanendra Shukla: Yes. So I mean, we are cautious about that situation certainly.

Praneet: Got it, sir. But you also mentioned this line of unorganized probably consolidating. So do you think how -- like what kind of impact can this have for the organized players? Because you mentioned the working capital issues this year is going to affect them badly. So do you think the organized share -- how much do you think it will grow?

Gyanendra Shukla: So this sector suffers from oversupply, right? So there's a slightly less supply in the market. It helps companies improve their return metrics and everything else. There's always more supply than the market can take. That's the reality of this market. I mean, be it seed, be it crop protection.

So -- I think the larger challenge, which we are not talking here is money getting stuck because of the fertilizer, right? Because when fertilizer deficit because of this war situation happened, everybody stocked fertilizers. So money went to fertilizer and then fertilizer liquidation got delayed because of the delayed rain. As a result, obviously, every company will have a delayed offtake of crop protection product and subsequent impact on the cash flows.

Praneet: Got it, sir. So -- but in terms of the raw material spiking, do you think -- do you see it stabilizing and going down? Or do you expect these levels to continue because crude and everything has been stabilizing?

Gyanendra Shukla: So about a month ago, when this MOU was signed between 2 countries, I think things have started looking as things have cooled down and prices have started trending towards normal. But last 5, 7 days of development, I mean, at this point of time, there's enough inventory for kharif. So nobody is panicking. As a result, it is not seen. But I think as fresh buying starts, we would see that. And I have to -- because we are not buying a lot now, we have stocked enough for the kharif season. It's only when rabi procurement will start now in the month of August, we will see how situation is.

But I'm sure things which are directly correlated, for example, people buy cyclohexanone C9 as a solvent. That is actually linked to crude prices. People increase up and down as soon as crude prices go up and down. So is it a general trend? I think most of the people have stocked for the kharif. So there's no panic at this point of time. Will it -- this situation persists, will people have to pay higher price than the rabi input? The answer is yes.

Praneet: Okay. So you expect still price to go up from here?

Gyanendra Shukla: It depends. I mean it depends how war will evolve.

Praneet: Okay. But have you seen any tapering down, let's say, from the peak? Like what percentage have you seen from the peak?

Gyanendra Shukla: They've significantly tapered down. Right now because demand-supply situation is normalized. So you don't see that spike. It's only when people go for a stocking for next season, things start beginning there.

Praneet: Got it, sir. I understand competitiveness, you mentioned that we want to remain competitive, and we don't want to raise the prices too much. Have you seen any new players or like the existing players getting more aggressive in the market now that they're becoming more competitive and they're being more aggressive in the market?

Gyanendra Shukla: I mean not noticed. I think everybody has the same challenge. Everybody would like to optimize their income and profit. So I haven't seen that kind of panic movement. Can that happen? We will see at this point of time. Generally, everybody is holding on. Everybody seems to be very optimistic.

Moderator: Next question comes from the line of Sonika Padulia, Millenium Mams. Please go ahead.

Sonika Padulia: My question is about long-term value creation. Like the agrochemical industry remaining quite competitive. So I wanted to know like a few years from now, what do you believe will be Rallis India's strongest competitive advantage?

Gyanendra Shukla: So I think our -- so I mean, 2 things. One thing is our brand, I think, is our biggest strength, I must say. The other thing, we are actually working on the portfolio because brand alone will not be enough. We are not able to supply product which farmer will need at the competitive price. So our focus on R&D is much more sharper than in the past, and we continue to put more effort on increasing our R&D output, our collaboration efforts.

I think a combination of these 3 things and really our customer outreach now more trackable with a lot of digital investment. These 3 core areas, as we have articulated and being a little bit more aggressive on seed as well as soil and plant health, which are a high-margin business.

I think a combination of these things and being on the top of fixed cost. I think these 4, 5 factors should ensure that we remain competitive in the marketplace and a formidable player. And as I said, look, these businesses margins cannot be tracked on a quarter-on-quarter basis. Two years ago, we said we want to deliver 500 basis points over a period of 5 years EBITDA margin, where I think we're on the track. That's how people should see that.

Sonika Padulia: Now talking about R&D, like Rallis has been consistently investing in R&D, product registration and the capabilities, manufacturing capabilities. Like you have taken a difficult decision of impairing certain development assets. Then how do you ensure that whatever has been invested, like that gives -- like how do you go with the project evaluation so that every rupee invested today generates superior returns?

Gyanendra Shukla: So I think 2 things fundamentally I've talked about in the past: a, focusing on R&D. So a few things we stopped doing and we'll not research vegetable seeds because we are not competitive. We will not invest money on GM crops. We stopped that. So we got very focused on only doing R&D on when it comes to seed 5 crops. Soil and plant health business primarily was dependent on third-party products. So we took a conscious choice to build capabilities in that area. To that extent, we have started taking steps.

So while we will continue to in-source products from other R&D and provide them market access, but we would build our capabilities on soil and plant health segment as well because I believe that's very critical, not only for Indian agriculture, but also bringing robustness to our portfolio and offering more comprehensive solution to the farmer. And even in soil and crop protection, we actually have focused on 2 areas more.

One is really being very sharp, laser-focused. And we have portfolio department, which has been strengthened. We have added a layer of product development team between marketing, R&D and sales so that we have more rigor in what we do, how we do. And then we also have put a strong B2B team, which is focusing and reaching out to global collaborators to access new products. So a combination of things will ensure that we remain competitive.

Sonika Padulia: Sir, my last question, like as a shareholder, if I meet you again after 3 years, so what are the measurable outcomes that you would want me to see in Rallis India that would conclude that there has been some structural transformation that has happened and like -- that it has been transferred into a higher quality business, delivering sustainable growth and superior shareholders.

Gyanendra Shukla: Let me ask your question. What would be your expectation 3 years down the line from us?

Sonika Padulia: 3 years down the line, I want to see Rallis as the only company that is coming to everyone's mind when we think about investing in this sector or segment.

Gyanendra Shukla: Okay. So Rallis should be top of mind is that's what I see, right? I mean, obviously, I mean, all what I said I'm doing, that's a single aim that we should be seen as a significant player in transformation of agriculture at the same time, delivering superior return to shareholders. I mean that's all we are working for. And that will not come unless we manage our back-end process as well, be it R&D, product advancement, be it cost competitiveness, collaborations, manufacturing operations.

So I think those are the component, how part of it. Our goals are very aligned with our aspirations. And ultimately, shareholders look for delivery of margins, right? So we want to be a consistent company, which delivers 15% plus EBITDA margin even in a bad year. So that kind of consistency and stability we want to bring in.

Moderator: Thank you. The next question comes from the line of Rajakumar Vaidyanathan with RK Investments.

Rajakumar V: Can you hear me?

Gyanendra Shukla: Yes, I can hear you.

Rajakumar V: Sir, just 2 questions. So the first question is this rupee depreciation, how much it has improved the competitiveness of Rallis with respect to the B2B business?

Gyanendra Shukla: Yes. I think it's a double-edged sword because when you buy raw material in dollar, you also end up paying more rupees. But I think because we are a net exporter, net-net, it is positive for us.

Rajakumar V: No. I know it's positive, but I'm asking because you're still saying that you're facing competition from Chinese. So just want to know, has it not helped you improve your competitiveness?

Gyanendra Shukla: I mean it does on an overall basis. And that's the reason in spite of delivering lower volume on export, our profitability contribution to the business has grown. So it has added to the profitability.

Rajakumar V: Okay. So -- but do you see yourself bettering the competition go forward with the current rupee levels?

Gyanendra Shukla: See, I think, look, so we are competing with Chinese players as well as Indian players in overseas market. So obviously, when it comes to Indian players, I don't think our situation gets any worse, right? With Chinese players, it is product specific. So for example, I keep saying acephate is a problem because acephate have to buy raw material from the same supplier who also produces acephate produces and sells to customers in Brazil and U.S. So I think there are 1 or 2 products that there is a specific issue. But otherwise, by and large, in other products, we are competitive. Okay.

Rajakumar V: Okay. Got it, sir. Sir, the second question is, I want to know what is your outlook on the sugarcane and the chilli crop. And I also want to know how much contribution you get from these 2 crops?

Gyanendra Shukla: So chilli is an important contributor to us, not only to us, but in general for crop protection industry. One of our products was badly impacted last year. Cluster we sell because of chilli and because commodity prices were very low. This year, chilli planting intentions are positive, even commodity prices are high. So I think this year, Chilli should see recovery. Now sugarcane, I think as of now, it's a crop which takes a lot of water, right? While planting is there, how water situation will evolve, I think it will. But as of now, I would say sugarcane is also broadly positive.

Rajakumar V: Okay. And this improvement in chilli, will it improve your top line and sales, I mean, significantly?

Gyanendra Shukla: It should, yes. I mean, the products which are specific to chilli have suffered last year, it should lead to positive sentiment. Now it is all going to happen in quarter 2. So I can't really say how things will evolve. But by and large, quarter 2 and 3 where chilli products go. I mean, at this point of time, I have no reason not to be optimistic.

Rajakumar V: Okay. Sorry to labor on the same question. So I just wonder whether this chilli improvement in chilli will it help you in terms of showing the growth on the domestic Crop Care segment?

Gyanendra Shukla: Yes, it should. I mean, if everything goes from here on as expected. It matter in every crop. And it's a general answer that crop, whether crop is there or not, whether farmers have enough resources in terms of water to raise the crop or not and then pet pressure and commodity prices. So farmers, if commodity prices are strong and they do not have any risk of not able to grow the crop, they tend to invest in the inputs.

Moderator: Next question comes from the line of Rohit Nagraj with 360 ONE Capital.

Rohit Nagraj: Sir, first question is due to the shift in cotton and short duration crops, will there be any impact on the agrochemical consumption for us and generally for the industry?

Gyanendra Shukla: So I think it depends. As I said, it's as a thumb rule. So last year, a lot of cotton was planted, I mean, certainly significantly higher than current year and rainfalls were also very good. But then what happened, it rained a lot in the month of August and September as a result, in spite of a standing crop, farmers did not get time to spray.

And then we said, okay, insecticide business in many crops has suffered because there was a low commodity prices that farmers did not get time to conduct the operation. Now -- so 5%, 10% less crop with an open window to farmers, those who have already planted the crop on 90% of the acre actually can nullify the impact of lower crop. I think what is important is a decent moisture environment for farmers to continue to grow crop actually might turn out to be more positive than what we think it could be in reality.

Rohit Nagraj: Sure Sir, second is on the biologicals or bio-fertilizers. So last year, it was impacted because of the ban. So prior to that, what could be the percentage of sales from biological bio-fertilizer in the total revenues? And will we see a material traction during the ongoing quarter and in Q1 from the biologicals perspective?

Gyanendra Shukla: I think overall, I would say biologicals should do better than -- significantly better than last year.

Rohit Nagraj: Right. And any understanding in terms of the overall sales, what could be the contribution?

Gyanendra Shukla: So it's a smaller segment relatively, but obviously, it's more profitable. I mean, for example, in quarter 1, it has grown by 10% -- now this was also a quarter where crop sowing was slow. So as crop sowing picks up and farmers come back to apply various micronutrients and bio-stimulant, bio-fertilizers, water-soluble fertilizer, I think I expect this to certainly pick up faster than what it has done in the past because there has been a lot of positive regulatory development. As of now, we do not have any challenges from our portfolio perspective from not able to sell. So it should become even more positive in my view.

Rohit Nagraj: Perfect. Sir, just one last clarification. In terms of the delay in monsoon, would it have any impact on the seed production for us and maybe for the next year season, we may have some scarcity of seeds?

Gyanendra Shukla: So I mean -- and this is a very interesting question because I can tell you in my more than 3 decades of career, nobody has been able to predict the future in this. So if you remember, in '24 and '25, we said we could have sold more because we were getting less seed from production, and it was happening because there was too much rain in the month of October and November and seed harvesting getting -- seed planting getting delayed as a result, harvesting or industry's ability to supply on time.

Last year -- so majority of the seed other than cotton gets planted in the month of October, okay? Cotton production is already in the field. And in fact, we have taken a proactive step to reduce the production acre this year because each company will carry forward cotton seed inventory, which is good enough to meet if not all, at least 30%, 40%, 50% of the next year requirement, right?

So from a seed production perspective, cotton companies will not have a challenge. Now if there's a significant failure of cotton seed production in the current season, this could become a challenge, but nobody can predict. We'll only know in October, November and December. Now all maize, rice, Bajra and other crop production season begins in October and crop comes from harvest in the month of March and April, processed packed and sold and some stored in the cold storage for future.

Last year, monsoon ended in the month of September. As a result, there was a significant planting because the industry has suffered for the last 2, 3 years because of the shortage of the seed. There was a lot of planting of seed crop and rains also cooperated. As a result, this year, actually, industry has excess production of everything. So there's enough corn, rice, everything is available.

But again, it is not enough to cover the next year. Again, seed companies will go for next planting season in the month of September. So if it continues to rain in the month of October, November, planting will get delayed and you get into a challenging situation. In normal course, I would say, seed industry is sitting on the surplus this year, which should help us in better managing next season.

Moderator: Next question comes from the line of Gunjan Sharma with Guruji Associates.

Gunjan Sharma: So my question would be for the seed segment. So first of all, what is the position of our inventory in comparison to the last year? In addition to cotton, which crops are majorly responsible for this variance? And what would be the reason for the same?

Gyanendra Shukla: So as I said, inventory situation is comfortable. I would say last year, our hero was cotton. This year, our hero is going to be rice, maize and millet and hopefully, mustard because oilseed prices are also up, but mustard season will come in the month of September. This year, because of the factors I explained earlier to the question, cotton is going to be subdued because North cotton did not get planted where we had very high stake with Diggaz. South and Central also cotton area is lower.

And also there has been a spread of illegal HT cotton in the northern area. So cotton, I do not expect much growth as we mean, when I look at the year-end forecast, but other crops, we should grow significantly over last year. And I mean that's an advantage of diversification in seeds while in plant health and crop protection, one of the other things works. So last year, cotton took us where we reached. This year, probably we'll have to rely on other crops.

Gunjan Sharma: Right, I ask which crops are leading to the higher inventory versus last year.

Gyanendra Shukla: Cotton, I mean everybody had planned for the production and planting got delayed. I mean not only delayed, also reduced. And then illegal HTBt cotton came in the market.

Gunjan Sharma: Other crops are on similar lines of inventory?

Gyanendra Shukla: So sometimes, I mean, in rice and corn, some extra inventory is a good problem to have.

Gunjan Sharma: Alright Sir. And sir, second question would be that EBITDA margin in seed business has gone up from 26% to 30%. So what are the key factors that drove this improvement?

Gyanendra Shukla: So I think the key factor really is the mix change. So what happens? Cotton because of the government price control, margins are always lower, whereas margins on rice, maize and millet are higher. So when proportion of these products go up relative to cotton, margins improve. So those are the -- it's basically product mix.

Gunjan Sharma: Product mix, right. And sir, how do we compare the yield of this year as compared to the earlier years?

Gyanendra Shukla: So productivity-wise, we can get you the details. But I think this year, the challenge at the time of harvest happened was that because of gas -- so all seed which gets harvested has to be gas dried, and majority of the drying capacity is located in and around in Hyderabad and seed intake starts coming in from the month of March. When war began in the month of end of February, there was a suddenly gas crisis, if some of you remember, right, including domestic and industrial.

As a result, gas was not available in farmers or harvesting crop and saying take away your crop. So we had to actually do what we call pad drying, what we call open field drying of the seed, not only us, many companies because enough seed capacity was not available. And the harvest was much bigger than the previous year to the extent of 50% in some crops.

So while yield was higher, but that may not translate to cost benefit because when you dry the seed in open field, your recovery is less. So whatever gains came from the yield improvement, probably for neutralized by the cost of extra drying in the field as well as lesser recovery. So we haven't done that math. I think that seasonal work is still in progress. We would be probably able to give you more clarity maybe later.

Maybe you can send an e-mail to Chirjeev, we can provide a greater clarity, but we are still working out those numbers. I mean as soon as harvest comes, our primary focus becomes on whatever is recovered, please process back and sell it then to the market. So what has happened, we do post mart analysis is done later on.

Gunjan Sharma: Sure. Just one last question, sir. Your seed business has grown well this quarter. I believe earlier you mentioned this was led by price improvement.

Gyanendra Shukla: So cotton, there's a volume drop, but there's a price, price, price as well as some marginal -- I mean, some improvement in the volumes of rice, maize, millet.

Gunjan Sharma: Okay. And what about the price improvement, sir?

Gyanendra Shukla: So if you look at the mix, I think we have about 6% overall improvement. I would say a lot of it is actually driven by price.

Moderator: Next question comes from the line of Abhijit Akella with Kotak Securities.

Abhijit Akella: Sir, there's a INR35 crores provision reversal within employee cost, I believe, this quarter, which is shown in footnote 6. Adjusted for that, the employee cost would be INR87 crores, which is up quite sharply both year-on-year and sequentially. So if you could please just help us understand what the reason for that is as well as the sharp increase in other expenses as well that we see this quarter.

Gyanendra Shukla: Yes. I'll ask Bhaskar to give you the details.

Bhaskar Swaminathan: Yes. As far as the INR35 crores number is concerned, INR10 crores of that would be more only Q4 of last year versus Q1 difference. But like-to-like quarter, June last year versus this, it's not a difference, okay? So that leaves us only with INR24 crores, which is more a onetime correction only of this year. This is not likely to repeat at all.

Abhijit Akella: Sorry, just to clarify, you said the year-on-year difference is INR34 crores because of the provision reversal.

Bhaskar Swaminathan: INR35 crores is the number, right? Out of that, around INR10 crores to INR11 crores is a difference, which was there in like-to-like quarter last quarter as well as last June as well as this June. So we do not need to take that for comparison because it happens every year. But INR24 crores is a onetime thing, which is specific for this year, you can say, but this is not likely to repeat in any other quarter. This is a onetime thing which is happening. That's it. Yes, exactly. So the increase in the cost would be around 12%, which is normal in inflation, which always happens year-on-year.

Abhijit Akella: Okay. So 1Q of every year tends to have some of these items which don't recur in the other quarters?

Bhaskar Swaminathan: Yes, exactly.

Abhijit Akella: Okay. Understood. And how about the other expenses? Those are up by about 13%, 14%. Is that also fairly normal?

Bhaskar Swaminathan: See, in certain cases, we have had certain onetime costs, which also may not be repetitive. But then yes, these costs are there.

Abhijit Akella: Okay. And this INR35 crores provision reversal, if you could please just help us understand what exactly this item is related to?

Bhaskar Swaminathan: As I mentioned, about INR11 crores is more about the performance incentive, right, at the year-end when we see what is to be given. So we understand what is to be given and then what is not given is reversed in the first quarter because the payouts happen during the first quarter. So any provision difference is settled in the first quarter.

And this is more a recurring thing, you can say. This would be happening in every Q1 of every year. However, the balance INR24 crores, what is there as a reversal, that's more to do with the certain restructuring and retiral stuff, which doesn't happen in every year actually.

Abhijit Akella: All right. And sir. For Mr. Shukla, just one question here. Sir, if I heard you correctly in your opening remarks, I think you mentioned that for the crop protection domestic market, you're expecting -- rather the industry is expected to grow at, say, 6% to 8% this year and seeds somewhere in the mid- to high single digits. Are those really a reasonable estimate for the year?

Gyanendra Shukla: Mid to high minus cotton.

Abhijit Akella: Sorry, mid to high minus cotton.

Gyanendra Shukla: Yes, cotton, you have to exclude from the conversation and cotton is a challenging year.

Abhijit Akella: Right, right. But agrochemicals, you still think 6%, 8% is possible for the year despite the...

Gyanendra Shukla: Because I think -- I mean price increase will be a reality, right? So it's quite fair to assume because that's the average cost -- input cost increase unless really it becomes so competitive, so much of inventory in the market that people resort to unnecessary discounting. At this point of time, I haven't seen any panic in the market. That means demand supply is probably fairly balanced. So the price has increase alone should take care of that 6% to 8% growth.

Abhijit Akella: Understood, sir. And just one last thing. Is there a spillover of sales for either of our businesses, crop protection or seeds from 1Q to 2Q?

Gyanendra Shukla: Actually, we are very careful because, I mean, the way we close our years, we try to -- I mean, the only thing happens is sometimes return provisions, right? Because that is very, very difficult to estimate what we have sold in the month of, say, March. Now when you relook at -- so other than, I mean, some here and there adjustment, we are very calibrated and careful about what we say and what we deliver. I mean there will always be some but it will be part of the normal course of business.

Moderator: Next question comes from the line of Himani Badetia with ICICI Prudential.

Himani Badetia: You mentioned in the opening remarks that the working capital, it has increased on the industry-wide. So just wanted to understand what is the working capital that we have at Rallis this year in the June versus last year in number of days?

Bhaskar Swaminathan: Yes. So working capital, net to net, it has kind of increased by around 15 to 20 days. So yes, so if you ask me the reason, the reason is more like the fertilizer availability, the shortage which was there, people flock to buy that and book that actually. So farmers had blocked their cash first into the fertilizer. So that's when they have rationing issues for the other agri inputs, which they need to spend on. It is pretty much the same situation for most of the people in this industry.

Himani Badetia: Okay. Sir, the next question that I wanted to understand was, so sir mentioned on the sales return side that it is difficult to predict what could be the sales return or it is an industry-wide phenomenon because while we have placed into the channel, it is not very clear as to we can have 100% liquidation of the thing. So until 21st of July, as we are sitting today, have you seen any sales return until now?

Gyanendra Shukla: So yes, I mean, we do. For example, cotton seed for North India would have taken back in the quarter 1 itself, right? So it's crop specific, product specific. Now for crop protection, I think majority of the returns will not happen by June. But whatever was may be supplied for rabi season before December quarter, and that does not get sold and there's no opportunity or in the March quarter, there's no opportunity to sell in Kharif will obviously be taken back. So it's product crop specific.

All the pre-emergence herbicide business for rice, soybean, ground nut, sugarcane everything will be taken back in this quarter. So it changes from crop to crop and product category to category. But it's again, it's a very normal thing because there's no point in leaving product, which is not going to be consumed and unnecessarily having receivables on the book.

Himani Badetia: Right. Also, sir, one last thing. You also mentioned on the capacity utilization that it has slightly increased from the last year. So could you just help us with what is the levels current year versus last year? And also the kind of capex that we have had in the past, what is the incremental sales that we are getting from that?

Gyanendra Shukla: So I think this is not a detailed question. I would ask Chirjeev to get back to you with the detail because there are multiple plants we have. It's plant specific, product specific, he can provide the detailed version of it.

Moderator: Next question comes from the line of Riju with Antique Stock Broking.

Riju: First question regarding the -- some of the media reports suggest that in North India, especially for the paddy crops, farmers are doing sowing. So what can impact in terms of demand in herbicides consumption? And if we have any portfolio, like if we have any strong product there, like how do you see that the opportunity in this season?

Gyanendra Shukla: So as a thumb rule, when farmers move from transplanted rice to direct seeded rice, consumption of both pre-emergence, early post and post-emergence increases. So your question is, do we have a portfolio, yes, and we are launching new products. Even this year, we have launched a new rice herbicide, including we have started participating by in-licensing a direct seeded rice technology, and we have already sold on a pilot basis some quantity particularly in Chhattisgarh region. So yes, we are participating in that segment. We are adding product.

Riju: But do we have any kind of existing product or a strong brand that can take the opportunity or like grow in the herbicide segment since until now herbicide revenue was not that much strong this year?

Gyanendra Shukla: Yes. So 2 years ago, I said that, look, our herbicide is our weakness, and we have started adding products. But as we speak this year, if you say this quarter, just this quarter, actually, herbicide is our largest contributor followed by insecticide and fungicide. And our herbicide business has grown by 12%.

Riju: Understood. And sir, in terms of second question, I think in 4Q, you have mentioned that we are -- like we have done some prebuying for the inputs or input material in the month of Feb or early March anticipation of price hike. So was there any kind of a positive impact that we have recorded this quarter? And if you could quantify the same?

Gyanendra Shukla: So I mean, you're right that we did say and we did procure and started procuring inventory because when war started, nobody had a clarity where it is heading and prices were going up every day. So we had to secure inventory for kharif season. So we did that. And as a result, at the end of the day, how season will end, I must say, at the end of the season, I'll be able to give you a clear answer what was our weighted average because something you would have bought lower and again at a higher price and all and then prices have stabilized. And I think now prices might again start firming up again given the war situation. But yes, I think we do track what is my weighted price increase. And at that point of time, because we had a cash, we were also able to negotiate better discount. I think overall, it should have positive impact.

Riju: And also, one last thing I would like to clarify with you that we have seen some of the price hike in the month of March to May, maybe 15%, 20% kind of price hike that we have seen in the channel. So how that scenario if you look at prices in the month of March or May and in the month of June, how much will be that price hike already there in the system? And how much we have to take it back in terms of -- like due to the lower consumption? And also, how was the generic product import during this period because of increasing prices?

Gyanendra Shukla: So I would say price and volume is always seen in combination depending on how much you want to sell and what you want to sell. So when we started buying product at a higher price, we also were probably one of the first few to go and increase the price. Price increase was not accepted by the market till really May end. It is really in the June when a lot of material already stocked maybe prior to March quarter got liquidated. Price acceptance reality of price increase became a reality.

But I think for us, what I believe is that it's a combination of -- when we report the number is a combination of volume as well as price, which is helping us. So just to give you a sense that --

so whatever you sold in quarter 1, probably it also had a carry forward from the previous low season. Price is very, very difficult to estimate. But given the challenges in the season, our priority will remain to strike a fine balance between volume and price, but give a precedence to volume if you have to make it after season.

Riju: Understood. And sir, in terms of the imports of generic products by the trader and what about the inventory by the importers of generics?

Gyanendra Shukla: So I think it's normal. Initially, it looked like they may not be very active, but a delayed monsoon also gave them opportunity, some extra time. So at this point of time, I wouldn't say industry is sitting with very high inventory. Industry is sitting with the normal inventory. And if things go as per the plan, I think we'll be -- I mean, if season cooperates, I think we might be in a decent situation. we might end up in a very decent situation as well.

Riju: Understood. And sir, I think you have clarified in terms of crop shape and all. So if I look at in terms of maize price and cotton price, so over the last 1-year period, I think maize price is continuing to trade at a lower level compared to MSP and still getting at a lower level across the Mandi, while the cotton prices have seen roughly around 40%, 50% jump over last year period.

So how do you -- how do you see in terms of profit in this season or maybe in next season? And if there is no -- there is not enough crop visible from maize to other crops. So what is the reason that farmers are still sticking towards the maize crops? And if cotton acres are going up in that scenario, how do you see the consumption of agrochemical products?

Gyanendra Shukla: So as a thumb rule, farmers -- so if you are, say, sitting in Vidarbha region, right, you have only 2 choices. Either you can grow cotton or you can grow soybean in Vidarbha, they will not grow normally corn, right? It is either cotton or soybean.

Now depending on the rainfall situation, they can switch, right? Now the switch can also be a combination of rainfall and commodities. But if they end up planting more of soybean, there's going to be increased consumption of herbicide and less consumption of insecticide and fungicide. Now if they end up planting cotton, there may be reduced use of herbicide, but insecticide and insecticides will be sitting on the top, maybe 60%, 70%, even fungicide might be low also.

I think situation is evolving. What we know that cotton has gone down, soybean and maize has gone up, pulses have gone up. But again, in pulse, if they end up planting urad or moong which is a short duration crop, they require lesser sprays. If they end up planting toor which is a long duration crop, more sprays. So I think I can give you a general principle how farmer operates. And even if there's a long duration crop but pest pressure is lower, like last year, too much of rain, farmers couldn’t spray. So how things evolve is very, very difficult to say.

Moderator: Ladies and gentlemen, we take that as a last question and conclude the question-and-answer session. On behalf of Rallis India Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.