“Sharda Cropchem Limited
Q4 FY2022 Earnings Conference Call”

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Analyst

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Management

1. Mr. Ramprakash V. Bubna – Chairman & MD – Sharda Cropchem Limited
2. Mr. Ashok Vashisht – CFO - Sharda Cropchem Limited
3. Mr. Dinesh Nahar – GM (Finance) - Sharda Cropchem Limited

Moderator: Ladies and gentlemen, good day and welcome to Sharda Cropchem Limited Q4 FY2022 Earnings Conference Call hosted by Antique Stock Broking. 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Manish Mahawar from Antique Stock Broking. Thank you and over to you, sir.

Manish Mahawar: Thank you Tanvi. On behalf of Antique Stock Broking, I would like to welcome all the participants on the call of Sharda Cropchem. From the management, we have Mr. R.V. Bubna – Chairman & Managing Director; Mr. Ashok Vashisht – CFO; and Mr. Dinesh Nahar – GM (Finance) on the call. Without further ado, I would like to handover the call to Mr. Bubna for opening remarks. Post which, we will open the floor for Q&A. Thank you and over to you, Mr. Bubna.

Ramprakash V. Bubna: Thank you Manishji. Good evening and warm welcome to everyone present on this call. I hope you all are keeping safe, healthy during these pandemic times. Along with me I have Mr. Ashok Vashisht – our Chief Financial Officer; Mr. Dinesh Nahar – General Manager and SGA our Investor Relations Advisors. Hope you all have received our investor deck by now. For those who have not you can view them on the stock exchanges and company website.

We have a vast and growing library of dossiers and IPRs, this provides us a solid foundation for growth in the global marketplace especially in advanced markets such as Europe, North America, and Latin America. It equips us with ability to operate in a diversified range of formulations and generic active ingredients space globally.

The company continues to identify opportunities in generic molecules. Our total registrations stand at 2,686 in FY2022, additionally 1,130 applications are in the pipeline. The Capex for the financial year 2022 stood at Rs. 413 Crores. We are placing special focus on expanding Biocide registrations. We maintain healthy relationship with our approved manufacturers, agrochemical industry mainly in China. Sourcing from approved manufacturers helps us in getting quality products at optimal price and also helps us to de-risk the sourcing capabilities.

Over the years we have a good brand franchise within our global markets. We are benefiting through scale of economics in our portfolio and leveraging value of our supply chain.

We have mastered flexibility to grow our business. At present we are present in 75 to 80 countries having a sales force of 400 plus and more than 500 distributors. Going ahead we plan to leverage market presence and execution capabilities and adopt the factory to farmer approach to be a one-stop solution provider to our global customers.

We have accelerated focus on revenue generating investments and are continually looking to improve the operational efficiencies which will help us improve our margins. Our revenues have grown by 32% to Rs.1,434 Crores, EBITDA has grown by 29% to Rs.317 Crores and PAT by 32% to Rs.177 Crores. This was for quarter four.

For the full year our revenues have grown by 49% to Rs.3,580 Crores, EBITDA by 60% to Rs.729 Crores and PAT by 52% to Rs.349 Crores. We are a net debt free company having strong balance sheet. Our ROE for the financial year 2022 stood at 19.8% and ROCE stood at 25.7%.

With this brief overview, I would now like to hand over the call to our CFO, Mr. Ashok Vashisht for discussing our financial performance. Thank you. Over to Ashok.

Ashok Vashisht: Thank you, Sir. Good evening friends. I am pleased to take you through Q4 FY2022 and full year FY2022 financial numbers.

First coming to Q4 FY2022 performance: We recorded a strong quarter. In this quarter revenue stood at Rs. 1,434 Crores against Rs. 1,088 Crores in Q4 of last year and we are seeing a growth of 32% year-on-year basis. Our revenue growth was mainly led by better product mix and better price realization. We had a favorable price and product mix impact to the tune of 42% coupled with exchange gain of around 0.3% during the quarter and volume de-growth around 10%.

In terms of gross margins, we were at 29.2% and gross margin is marginally lower than the last year mainly impacted by high freight cost and other inflation.

EBITDA stood at Rs. 317 Crores versus Rs. 246 Crores in Q4 FY2021 registering a growth of 29% on year-on-year basis. As we recall, our quarter four last year was one of the best quarters. So this growth we have built on that and the growth in EBITDA was mainly driven by high revenue, effective cost management across the company, which was marginally affected by higher freight cost.

For the quarter profit after tax stood at Rs. 177 Crores versus Rs. 134 Crores in same period last year registering a growth of 32% year-on-year basis.

Now deep dive coming to split, agrochemical business grew by 24% year-on-year basis to Rs.1,243 Crores whereas non-agro business grew by 129% year-on-year basis to Rs. 191 Crores. In agrochemicals space Europe grew by 14%, NAFTA region grew by 26%, Latin America 173% and the rest of the world de-grew by 18%.

Europe continues to be a major contributor to the overall revenue of Sharda, and for Q4 the revenue contribution of Europe was 49%, NAFTA 39%, Latin America 9% and rest of the world 3% of the agrochemical business for Q4 FY2022.

In the non-agrochemical space Europe grew by 105%, NAFTA 229%, Latin America 31% and rest of the world 9%.

Coming to the contribution in non-agro business by different regions, Europe contributed 29%, NAFTA 57%, Latin America 5% and rest of the world 9% of the non-agro business for Q4 FY2022.

Now coming to full year FY2022 performance, revenue increased to Rs. 3,580 Crores versus Rs. 2,396 Crores in FY2021 registering a strong growth of 49% on year-on-year basis. This was mainly driven by strong volume growth of 24% across the geographies, favorable price and product mix to the tune of 25% coupled with exchange gains 0.9% during the year.

Gross margin stood at 30.2% and gross margin were for the year was impacted by in line with the global trends due to the high freight cost. So, what we could majorly mitigate impact of adverse inflation or other spends. EBITDA stood at Rs. 729 Crores versus Rs. 455 Crores in FY2021 registering again a strong growth of 60% year-on-year basis. Profit after tax stood at Rs. 349 Crores versus Rs. 229 Crores in FY2021 giving a growth of 52% year-on-year basis.

Now for full year coming to split: Agrochemical business grew by 46% to Rs. 3,004 Crores out of Rs. 3,580 Crores whereas non-agrochemical business grew by 71% to Rs. 576 Crores on a year-on-year basis.

Now further into agrochemical space Europe grew by 32% for full year basis, NAFTA grew by 59% on full year basis and Latin America grew by 110% on full year basis and rest of the world grew by 10% on full year basis. In terms of a regional contribution to the total agro business revenue, Europe contributed 46%, NAFTA contributed 38%, Latin America 11% and ROW rest of the world 5% of the agrochemical business for the full year basis.

In non-agro space Europe grew by 67%, NAFTA grew by 93%, Latin America grew by 14% and rest of the world 44%. In terms of a contribution of non-agro business by the different regions, Europe contributed 31%, NAFTA 50%, Latin America 5%, rest of the world 14% of the non-agro business for full year FY2022.

We have also improved on the net working capital which stood at 89 days in FY2022. So, this was the brief performance for quarter four and FY2022. Now we open the floor for the questions. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Jigar Shah from Svan Investments. Please go ahead.

Jigar Shah: Sir, couple of questions. First sir you have mentioned in the last two calls about deepening our presence in our various markets. So could you please touch base upon that what sort of impact are we seeing by strengthening our distribution network number one, and second question would be your outlook given the Chinese lockdown, how have you secured the supplies from there and what sort of growth outlook would you like to give for the FY2023. These are my two questions.

Ramprakash V. Bubna: Your first question was mixed up because of the sound can you repeat the first question once again.

Jigar Shah: Sure Sir. The first question is about we have been continuously strengthening our distribution network as you are mentioning in the investor presentation and which has helped us to gain the market share in certain geographies. So, if you could just elaborate more that where do we stand vis-à-vis last year in terms of our network in terms of market share and what was our plan for the India and which other areas are you going to focus more on to strengthen the network.

Ramprakash V. Bubna: See it will be difficult for me to quantify what has been the improvement all I can say is that the distribution network the number of distributors are increasing and the volume for distributor is also increasing this is means of our ability to supply the goods to them on time on their demand and maintaining the quality of the goods.

Jigar Shah: And on the Chinese have we secured our supplies from China.

Ramprakash V. Bubna: See China has been a little up and down for up to June, July last year August the last year the supply from China was very normal it started getting impacted sometimes in the month of August to December then from January onwards they also started improving recently there has been again some impact of COVID infection in China. Government has strictly put a lockdown in many areas and when they say lockdown, it is complete lockdown, people are not even allowed to leave out of their houses. So, this has affected the shipments, the goods are waiting at the port to get into the ships and ships are waiting at the port also to get entry on the berth, but this development has been very recently and it has not been a crucial period for us. So, our impact on these restrictions have been very marginal, but we are very confident that the things will change. Chinese have been very flexible and very equipped to recover very fast immediately after they overcome this Corona problem.

Jigar Shah: Sir, what I would like to understand is due to the supply bottleneck as a Chinese spot which quarter should we see the impact.

Ramprakash V. Bubna: See our quarters are different and what is the impact of corona in the Chinese country and population that are two different things. For us, this quarter is not so significant because by this time all the goods required for the right season in the spring have already arrived and in the distributor's warehouses any impact of restrictions in the shipments will have impact on our business the next quarter which is a significantly quieter compared to Q4 and Q1 for us. So, we are not very much alarmed and I am sure by the time the crucial period comes the Chinese will be able to come out of this lockdown.

Jigar Shah: And what sort of growth outlook would you like to give for FY2023.

Ramprakash V. Bubna: Sir we should grow at the rate of 15% to 20%.

Jigar Shah: Okay fine I will come back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Somaiah from Spark Capital Advisors. Please go ahead.

Somaiah: Thanks for the opportunity. My first question is on the distributor count, you did mention, what has been the change over the last year. So, how many new distributors have been added over the last year that is the first thing and second thing in terms of the new regions, I mean over the last year any new geographies specifically we have entered or probably penetrated more which you want to kind of highlight.

Ramprakash V. Bubna: See geographies we were covering all the four geographies Europe, NAFTA, Latin America and rest of the world. We have gone a little more deeper into these geographies and this year we have been very effective and benefited by NAFTA region. The growth in NAFTA region has been very good and we hope to continue this, if the weather continues to be normal or friendly. We hear about some adverse weather in this month, some regions in US is having storm and snow. So, if these things happen then we may have some adverse impact otherwise we should be able to continue our growth in NAFTA region.

Somaiah: Also, if you can touch upon the distributor count you had given a total number anything that you can give on a geographic basis and more importantly on a Y-o-Y which are the areas which have seen a larger change.

Ramprakash V. Bubna: We have very little time to go into so many details. All I can tell you is that there is a general growth in the number of distributors, but it does not help us to know whether it has grown by 10% or 12%. They are growing and the distributors are gaining more and more confidence on Sharda. Sharda's ability to supply the goods on time and Sharda's ability to supply quality products. That is helping us with the distributors.

Somaiah: Sir one question on the RM sourcing from China. So over the last year things have been pretty tough. So, what has kind of really helped us in terms of getting the sourcing completely in place and in fact gaining market share amid such tough times?

Ramprakash V. Bubna: Developing good relationship with our manufacturers and gaining their confidence that we will pay them on time and decision taking even at a crucial time when we found things difficult, we have shifted the goods by air, it has cost us a lot, but we have been able to meet the demands of the customers also in time.

Somaiah: So can you help us with the volume I think you did mentioned about the volume, price and the effects to it for Q4 can you please repeat that the line was not clear and also if you could give the same number for FY2022 that will be helpful.

Ramprakash V. Bubna: Quantity wise our volume in 2021-2022 was 40,036,800 as compared to 32,320,000 in FY 2020-21.

Somaiah: So I was referring to the percentage breakup of your revenue which you give as how much volume had contributed how much price and etc., has contributed that number for Q4 and FY2022 of the 30% revenue growth.

Ramprakash V. Bubna: I will give you those figures. Volume has contributed 24%, foreign exchange 1%, and price variance about 25%. Overall about 50%.

Somaiah: For Q4 what would be the same number.

Ramprakash V. Bubna: For Q4 volume has degrown by 11%, Foreign exchange benefit 0.3% and price variance benefitted by 42%.

Somaiah: Thank you Sir helpful I will join back in the queue.

Moderator: Thank you. The next question is from the line of Yatin Kumar from Alpha Capital. Please go ahead.

Yatin Kumar: Congrats for a very good set of numbers and my first question would be you were just mentioning about the volume and pricing. So you said your volume has degrown by 11% this quarter can you please explain why that happened and any guidance for the next full year.

Ramprakash V. Bubna: One of the main factor is that our performance in the previous year, this quarter was very good and there have been some holds up because of the freight and logistic reasons, third was maybe some demand because of the corona pandemic.

Yatin Kumar: So any guidance you would like to give in terms of volume growth for next full year because there are issues rising in terms of recessionary worries in Europe and China also lockdown is there.

Ramprakash V. Bubna: We are confident we should be able to grow in the range of about 15% to 20% in the next year unless something happens like Ukraine Russia war getting expanded or going out of the world scale affecting Europe and US at the current stage. We feel we will be able to grow around 15% or plus.

Yatin Kumar: And this guidance is on volumes or value wise.

Ramprakash V. Bubna: Value wise.

Yatin Kumar: And any margin related things you would like to give us guidance.

Ramprakash V. Bubna: See margins we have been able to maintain around 31%-32% this time it was 30%, so we will be able to continue same range.

Yatin Kumar: Sure Sir. I will join back in the queue.

Moderator: Thank you very much. The next question is from the line of Rohan Gupta from Edelweiss. Please go ahead.

Rohan Gupta: Hi! Sir, good evening and congratulations on good set of number despite such a challenging environment. First thing is on a volume growth for the quarter which has degrown by almost 11% you mentioned that couple of reasons you just cited going in the current quarter. Do you see that the volume growth pressure is likely to continue though you gave the guidance also of 20% and that also if you can clarify further because the price led growth itself was significant and even likely to remain significant in the current year also. So, in that kind of scenario do you see that the price growth itself can 15% to 20% upward and the volume growth separate.

Ramprakash V. Bubna: What did you say price growth see first of all I did not say 20% I said 15% to 20%.

Rohan Gupta: Yes, 15% to 20% growth guidance, it should be more in the volume led growth right Sir.

Ramprakash V. Bubna: Yes and so I think the margins will be in the range of 30% to 32%.

Rohan Gupta: And prices are still holding up or prices are going up in the current scenario driven by the raw material price increase coming from China, how do we see the pricing.

Ramprakash V. Bubna: It depends from product-to-product in some products the prices are catching up with the increase in the cost, in other products there is no increase in the raw material or sourcing a product so in fact that is helping us in our margins. The selling prices are more or less stable.

Rohan Gupta: Sir, another is the clarification on the current quarter Q4 what we have seen that ROW markets have fallen significantly while other markets have reported a solid growth. So, any particular reason for ROW markets is weak in the current scenario.

Ramprakash V. Bubna: This ROW the markets are spread over geographically and many of these countries are not so well regulated. There the borders are not so fool proof and a lot of products goes under different names and other things so it is very difficult sometimes duplicate materials is there so it is very difficult to maintain the margins and when the margins are not so attractive our interest also gets little reduced our emphasis into these markets also get reduced we try to concentrate more in the markets of developed countries where the rule of law is effected and implemented very seriously and only genuine and authorized products enter the countries that is the area which gives us margin and our interest.

Rohan Gupta: So in that way the LATAM markets has been quite significant for you in Q4 and you have reported very solid growth do you see that these markets LATAM markets will continue to do well and the company will continue to focus more on this LATAM market.

Ramprakash V. Bubna: The company will continue to focus also on the LATAM market our emphasis is mainly in Europe and NAFTA and also in the LATAM market.

Rohan Gupta: Just last and I will come back in queue. The belting business that has also grown in line with the revenues in agrochemicals. I think, that will be more led by the price increase growth if you can give some comment on the belting business, how it is proceeding in the current scenario and are you seeing that the minings and increased mining operations are they helping the growth of this business.

Ramprakash V. Bubna: See the main driving force for the belting business is our service to the customers, deliveries on time in difficult times and quality of the product.

Rohan Gupta: So I was just looking for the growth guidance on that number and will the belting business also will keep on growing in line with the agrochemicals.

Ramprakash V. Bubna: This year the belting business has grown faster than the agrochemical business and we are starting the next New Year with a very big base, but we hope to continue almost as much the growth part as we have done this year.

Rohan Gupta: Great Sir. I will back in queue for any further questions. Thank you very much.

Moderator: Thank you. The next question is from the line of Rohit Nagraj from Emkay Global. Please go ahead.

Rohit Nagraj: Thanks a lot for the opportunity and congrats on good Q4 as well as FY2022. My first question is in the next five years there are $5 to $6 billion of products going off patent how are we able to capitalize on this or how our customers placed to capitalize on this. Thank you.

Ramprakash V. Bubna: Such a natural opportunity for us. This is not requiring any efforts from on our part, I mean, these are natural opportunities for us and we are confident of capitalizing on this as we have been doing it in the past.

Rohit Nagraj: Sir the second question is in terms of channel inventories how are the channel inventories across different markets currently and if channel inventories are high then probably that could have implications in future. So what is your sense on the same.

Ramprakash V. Bubna: See our experience is that the channel inventories were getting lesser and lesser and they are drying up during the last year in the period of corona and pandemic and that had helped us. It is very difficult for us to make a guess and estimate how the channel inventories are going on in the current year with the competitors because these informations are never published but I feel that the channel inventories are going to go down over the period of time because freight costs are also increasing significantly, the shipping times are increasing significantly and so it is becoming very difficult also for anybody to keep lot of product in the channel.

Rohit Nagraj: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Jigar Shah from Svan Investments. Please go ahead.

Jigar Shah: Sir we have around 72 days of inventory as per the presentation and so could you give us a break up and around 892 Crores of inventory in absolute term. So out of this how much would we finish goods and if you could share the breakup. Just want to understand like the disruption in the logistics which has been caused so for how many months would it be covered in terms of finished goods inventory.

Ramprakash V. Bubna: What was your main question break up in what way the formulated products or active ingredients.

Jigar Shah: The finished products yes and the raw material.

Ramprakash V. Bubna: I do not have that breakup and we do not maintain the breakup in this form because ultimately there is not big time gap between the raw materials and getting the product formulated. Our inventories have been in the range of 70 to 75 days and we feel that we will be able to content to this level in the next year.

Jigar Shah: So for us to grow at around 20% in the June and the September quarter would you be able to have sufficient stock assuming the supplies from China has got disrupted in last around 25-30 days and we do not know how the thing will open up so just want to get your confidence on that.

Ramprakash V. Bubna: Yes we will be able to maintain.

Jigar Shah: Okay fair enough. Thank you.

Moderator: Thank you. The next question is from the line of Bhavya Gandhi from Dalal & Broacha. Please go ahead.

Bhavya Gandhi: Thank you for taking my question. I just wanted to understand what is the overall dependency on China and what is the alternative source for example if China remains shut for 6-8 months so what is the alternative and what is our overall dependency.

Ramprakash V. Bubna: See I have told people in the past that China is a factory to the world and the entire world is dependent upon China. The real alternative does not exist in the real sense. There are some alternatives available in India but the quantity and the volumes are much lesser in India also we have lot of handicaps of logistics and so many things, ships availability and all that and I think China is very flexible in this respect and they have been able to meet the requirement of the world and I feel that they will continue to be.

Bhavya Gandhi: So what would be as a percentage of our procurement overall procurement.

Ramprakash V. Bubna: See our procurement from China is more than around 90%-95% and we will continue to be in that level.

Bhavya Gandhi: In terms of value.

Ramprakash V. Bubna: In terms of value yes.

Bhavya Gandhi: And you have given 30%-32% gross margin guidance what is the guidance with respect to EBIT or EBITDA margin.

Ramprakash V. Bubna: EBITDA margin is in the range of 20% to 21%, EBIT I will get back to you.

Bhavya Gandhi: Okay fair enough Sir I will get back in the queue.

Moderator: Thank you. The next question is from the line of Ritik Shrawak from Edelweiss Financial Services. Please go ahead.

Ritik Shrawak: Hello Sir thank you for the opportunity. I just wanted to know the gross margin breakup geographically.

Ramprakash V. Bubna: See in the financial year 2022 the gross margins in Europe is 35.7%, NAFTA 29%, LATAM 15.4% and rest of the world 22.6%. Overall is 30.2%.

Ritik Shrawak: And in Q4.

Ramprakash V. Bubna: Well in Q4 FY22, Europe 35.3%, NAFTA 25.9%, LATAM 14.9% and rest of the world 22.8%, more or less in the same range as the full financial year.

Moderator: The next question is from the line of Nitin Agarwal from DAM Capital. Please go ahead.

Nitin Agarwal: Sir, thanks for taking my question. On the belting business has there been any change in the margin profile of the business also.

Ramprakash V. Bubna: There has been, the margins have been under pressure mainly because of the freight cost. The freights have been so significant and they form a fairly significant part of the total cost. In other ways, the cost of agrochemicals the freight is much lesser in terms of percentage as compared to the belt parts and our customers have been sharing quite a lot of portion of the increase in the freight but not 100% so maybe 15% to 20% or 25% freight has to be also absorbed by us which we have to take out of our margins and that is why the margins are under pressure.

Nitin Agarwal: So the margin will be around 5% in this business or what is the range of that now.

Ramprakash V. Bubna: Overall the margin is in the range of 17% to 18%.

Nitin Agarwal: In the belting business also.

Ramprakash V. Bubna: In the belting business yes.

Nitin Agarwal: And secondly by the end of the year we have a slightly higher inventory than we used to have in the past you talked about reducing inventory going forward so any particular reason why the inventory, have we deliberately chosen to stock up a higher inventories in this quarter.

Ramprakash V. Bubna: You see we had planned the inventories as per the previous year but the off take has been a little bit slow in the fourth quarter that is why you would see some small increase in the inventory and that will be all utilized in this current quarter.

Moderator: Thank you Sir. The next question is from the line of Dhruv Muchhal from HDFC Asset Management. Please go ahead.

Dhruv Muchhal: Hello Sir, thank you so much. The first question was on the Capex. Now your EBITDA run rate is much higher than what it was for the last few years. So any upgrade in Capex that we should be looking for and that is first for the next two years if you can guide on the Capex.

Ramprakash V. Bubna: See the Capex has been always on an increase also because the requirement of the authorities are increasing for registering a product. The product registration costs have been continuously going up so I think our Capex would be in the same range this year it was more than Rs. 400 Crores next year it could be maybe Rs. 380 to Rs. 450 Crores.

Dhruv Muchhal: Rs. 300 to Rs. 400 Crores.

Ramprakash V. Bubna: Rs. 380 crores, I am saying closer to Rs. 400 Crores.

Dhruv Muchhal: And second was a question on the broader Europe market focusing on just on the Europe market. Are we seeing some change in the structure of the market in terms of how buyers are purchasing, how our customers are looking at the purchase from off-patent products because earlier what we used to understand is the innovators had a big hold in the market because of some bundled policies those incentives and all those factors. So the customers are not leaving these innovators for some or the other reason. But are you seeing so that changing at a relatively faster pace now and they are looking for off-patent suppliers like you more and more now is that a trend that you are seeing, earlier what we also used to see is these customers wanting a lot of data in terms of getting products from off-patent products from other suppliers and not from innovators but now is that changing.

Ramprakash V. Bubna: See your question has been a little long I will provide a shorter answer. The customers are getting accustomed to non-innovative products because they find that the quality is good enough and they have a slight soft corner because the prices are better than the innovators and the generic companies are more flexible they are very fast to change to the requirements of the customers whereas innovators the response to the changes in the market situations are comparatively slow. They are system driven and the generics are personality driven.

Dhruv Muchhal: Sir, but this has been the case always I mean you have always been cheaper than the innovator so what I am trying to understand in the last three years or so has this increased, I mean, is the acceptance increase even further and we should continue to see this because Europe is a big market for you and penetrating this market for other players has always been difficult but it seems you are doing very well.

Ramprakash V. Bubna: My answer to your question is yes their shift towards the generics is increasing and as it always happens the customers have a lesser confidence on a generic when it is new in the market but we have been operative in this market for more than 15 to 18 years now. So they know that we are a serious company and we are coming up to their needs and requirements. So they are having more confidence in us and that is how a small shift towards the company like Sharda.

Dhruv Muchhal: Perfect Sir, thank you.

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

Darshita Shah: Thank you Bubnaji, congratulations on the good set of numbers. I just had one question if you could get the volume and registration received geography wise breakup for 4Q and FY2022 that would be very helpful.

Ramprakash V. Bubna: What was your question, volume.

Darshita Shah: Volume and registration received geography wise breakup for 4Q and FY2022.

Darshita Shah: No, geography wise what was the volume.

Ramprakash V. Bubna: Geography wise the volume in Europe was about 18.6 million units, NAFTA it was about 13 million units, LATAM about 5.4 million and rest of the world about 3.1 million. Totally around 40 million units, you can call it kilograms or liters.

Darshita Shah: I actually wanted the Y-o-Y growth for the quarter as well as for the year.

Ramprakash V. Bubna: Y-o-Y growth is about 24% it was around 32.3 million units last year and it is around 40 million units this year. So, it is about 24% growth.

Darshita Shah: And for the regions that is Europe, NAFTA, LATAM and rest of the world the Y-o-Y growth.

Ramprakash V. Bubna: Y-o-Y growth is 20.3% in Europe, 14% in NAFTA, 112% in Latin America and 5% in rest of the world overall is about 24%.

Darshita Shah: And for the quarter.

Ramprakash V. Bubna: For the quarter Europe has been a slight degrowth about 4%, NAFTA around 30.7% degrowth, LATAM about 167.8% growth and rest of the world is about 40% degrowth. So for the quarter the biggest growth is in the LATAM region. Overall for Q4 there has been a degrowth of 10.6%.

Darshita Shah: Thank you so much and I needed the registration received geography wise breakup as well.

Ramprakash V. Bubna: Let me see if I have that information. You want the registrations received am I right.

Darshita Shah: Yes.

Ramprakash V. Bubna: We have received about 143 registrations in the whole year out of which 94 have come in Europe, 37 in NAFTA, 8 in LATAM and 4 in rest of the world. Total about 143.

Darshita Shah: That is helpful Sir. Thank you.

Moderator: Thank you. The next question is from the line of Himanshu Binani from Prabhudas Lilladher. Please go ahead.

Himanshu Binani: So, my first question was on the European region, what we have been like hearing from the competition as well as some entities is that companies are facing some regulatory issues in terms of the products into the region. So just wanted to have a sense that how are we placed into this region basically.

Ramprakash V. Bubna: Sir I am hearing from you for the first time that some companies are facing some challenges in terms of registration in Europe.

Himanshu Binani: Some challenges in terms of the generic products, products are getting banned due to the regulatory issues, etc. So just wanted to have a sense that are you also facing something of this sort in the European region.

Ramprakash V. Bubna: See my friend if a product is getting banned then that ban is for everybody including an innovator or a generic player. It is not restricted only to generic players and the process of ban is because of the technical reasons some products are found to be harmful to the environment or to the human consumptions and things like that as the R&D is developing they find some impurities in some products which are harmful. So this is a general trend which is affecting everybody, it is not affecting one company or one class of suppliers. So it is there but it is very normal, it is a normal process, the process of banning will continue because as and when the product becomes older the technical experts find some weaknesses in those products which affect the quality of the application on the agri products and they are slowly getting banned and newer products are coming. The new products are proving to be more expensive, but more environmental friendly and harmless for the human consumption. This is general trend it does not affect any generic or innovator separately. Have I answered your question correctly Sir, have I understood your question and answered you correctly.

Himanshu Binani: Right Sir, and secondly my second question was that on the opening remarks we have actually commented on focusing on the bio products. So just wanted to have a sense on the registration so how are we placed in getting the registrations etc. So we have got somewhere around 140 registrations during FY2022. So if we actually need to bifurcate that between the traditional and the bio so what would be the breakup basically of this?

Ramprakash V. Bubna: See bio products basically are not, I mean, it is only the agri products which are also used for bio application. So the molecules are the same, only the concentration and packing are different. Bio product the packings form a very significant part of the total product. Concentrations are much lesser and registration process is also slower and bio products the volume of sales is also very much lower compared to the agri products. So we are getting the registration of bio products the pace is little slow and our attention is also slow because it is not forming a significant part of the business and revenue.

Moderator: Thank you. We will move to the next question from the line of Bhavya Gandhi from Dalal & Broacha. Please go ahead.

Bhavya Gandhi: Sir I just wanted to understand that companies which are backward integrated especially in this inflationary scenario, do they tend to generate better margins and better hold because they will have pricing power vis-à-vis us because every layer some sort of margin gets added from intermediates to technicals to formulations, so what is your take on this.

Ramprakash V. Bubna: Mr. Gandhi if you take the total margin from the stage of manufacture in the factory or from the raw materials to the consumer the manufacturing stage contributes very small part from the total margin. Most of the margins come from marketing and from sales so there could be some saving in the cost for the manufacturing but the manufacturing has also lot of disadvantages mainly to continue their factory running during off season. Agrochemicals are purely season driven product and manufacturing companies find it very difficult to manufacture continue their products and then keep the goods in warehouses and store for a longer period till the season comes. So these kind of disadvantages eat away all the small margins that they have in saving the cost of manufacturing it is my impression.

Bhavya Gandhi: And one more question, so how many pyrethroid registration we would be having so do we in the overall registrations do we have pyrethroid registration globally.

Ramprakash V. Bubna: We do have pyrethroids.

Bhavya Gandhi: Quantify the number and which geography are the ones.

Ramprakash V. Bubna: That numbers I do not have because pyrethroids, see mainly the registrations are distributed among herbicides, fungicides and insecticides and all that, pyrethroids I think form a part of insecticides and insecticide is not a very significant part of the total agrochemical business, majorities in herbicides and fungicides. So we do not have, it does not help us.

Moderator: Sorry to interrupt Sir, you may email your questions. We will have to move to the closing comments in the interest of time. This was the last question for today. I now hand the conference over to management for closing comments.

Ramprakash V. Bubna: I would like to thank everyone, all of our participants' who have joined us in this conference. I hope we have been able to answer your queries to your satisfaction. We look forward to such interactions in the near future. We hope to meet your expectations in future. In case you require any further details you may contact us or Mr. Deven Dhruva from SGA our Investor Relations Partner. We are available to individual questions or communications in writing or on phone and we will be very happy to interact with you. Thank you very much.

Moderator: Thank you very much. On behalf of Antique Stock Broking that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Ramprakash V. Bubna: Thank you Madam. Thank you everybody.