



Sharda Cropchem Limited

**“Sharda Cropchem Limited
Q3 and 9MFY '25 Earnings Conference Call”**

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MODERATOR: MR. MANISH MAHAWAR – ANTIQUE STOCK BROKING

Moderator: Ladies and gentlemen, good day, and welcome to Q3 and 9 months FY '25 Earnings Conference Call of Sharda Cropchem Limited. As a reminder, all participant lines will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star then zero on your touch-tone telephone. 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, Mr. Manish.

Manish Mahawar: Thank you, Manav. On behalf of Antique Stock Broking, warm welcome to all the participants on the 3Q FY '25 Earnings Call of Sharda Cropchem. Today, we have Mr. R.V. Bubna, Chairman and Managing Director; and Mr. Shailesh Mehendale, CFO, on the call. Without any delay, I would like to hand over 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 Bubna: Thank you, Manish ji. Thank you very much. Good evening, and very warm welcome to everyone present on this call. Along with me, I have Mr. Shailesh Mehendale, our CFO; Mr. Jetkin Gudhka, Company Secretary 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 the company website.

As you are aware, we are engaged in marketing and distribution of wide range of agrochemical products that is herbicide, insecticide, fungicide and biocides, catering to diverse global customer base. We prepare comprehensive dossiers, seek registrations in our own name in all the countries that we market our products to. We allocate substantial resources and establish a foothold in the market by way of registrations. Our total product registration stood at 2,948 as on 31st December 2024. Additionally, 1,047 applications of the product registrations globally are in the pipeline at the approval stage.

In Q3 FY '25, the total revenues have grown by 47% to INR929 crores with substantial overall volume growth of 49% year-on-year. Europe, LATAM and NAFTA have been our key distributors in the agrochemical segment. Volumes from agrochemical segment grew by 50% year-on-year, whereas non-agrochemicals segment grew by 42% year-on-year.

With raw material pricing stabilizing, gross margins have improved by 660 basis points to 32.7%. EBITDA for the quarter has shown a year-on-year growth of 232%, which stands at INR157 crores. On similar lines, PAT of the quarter stands at INR31 crores. Overall growth is attributable to revival in the demand in agrochemical segment and cost optimization at company's level.

The capex for the 9 months FY '25 stood at INR268 crores and we expect the capex to be in the range of INR400 crores to INR450 crores for the full year. This has been the best Q3 in Sharda

Cropchem's history in terms of revenues and profitability and we expect the momentum to carry on forward in Q4 this year as well as FY '26.

As we step into last quarter of FY '25, we are optimistic on delivering high growth backed by substantial surge in demand, gradual price increase. Also, through our dedicated efforts to optimize cost, we should meet our FY '25 EBITDA margins guidance of 15% to 18%. To reward the shareholders for their continued support and confidence in the company, the Board of Directors have approved an interim dividend of INR3 per equity share.

With the above overview, I would now like to hand over the call to our CFO, Mr. Shailesh Mehendale, for discussing our financial performance. Thank you, everybody. Thank you so much.

Shailesh Mehendale:

Yes. Thank you, sir. Good evening, everyone. Coming to the quarter 3 FY '25 performance, revenue stood at INR929 crores in Q3 FY '25 versus INR632 crores in Q3 FY '24, an increase of 47% year-on-year. Coming to split, agrochemical business increased by 51% year-on-year to INR769 crores, whereas the non-agrochemical business increased by 30% year-on-year to INR160 crores. Gross margins stood at 32.7% in Q3 FY '25 as against 26.2% in Q3 FY '24, an increase of 660 basis points.

EBITDA for the quarter increased by 232% to INR157 crores versus INR47 crores in Q3 FY '24 with EBITDA margin at 16.9%. PAT stood at INR31 crores in Q3 FY '25 as against INR4.6 crores in Q3 FY '24. Coming to 9 months FY '25 performance, revenue stood at INR2,491 crores in 9 months FY '25 versus INR1,851 crores in 9 months FY '24, an increase of 35% year-on-year.

Coming to the split, agrochemical business increased by 46% year-on-year to INR2,082 crores, whereas the non-agrochemical business decreased by 4% year-on-year to INR409 crores. Gross margin stood at 30% in 9 months FY '25 as against 19.8% in 9 months FY '24. EBITDA for the 9 months period stood at INR330 crores with EBITDA margin at 13.2%. PAT stood at INR101 crores in 9 months FY '25 from a loss of INR112 crores in 9 months FY '24.

Working capital days stand at 98 days, an improvement by 60 days as compared to as 31st March '24. We remain net debt-free company and have cash, bank and liquid investment of INR742 crores as on 31st December 2024.

We can now open the floor for the question and answers. Thank you.

Moderator:

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We have a first question from the line of Viraj from SiMPL.

Viraj:

I have two questions. First question is in the volume growth we saw in agrochemical business in Europe and in North America, whom did we gain the market share from? So can you give some perspective on the competitive landscape and market share gains?

- Ramprakash Bubna:** Sir, that is going to be a guesswork. We are getting market share from the market and from all the players who are in the market, it's very difficult to identify whose share we are getting. It is from the market.
- Viraj:** No, sir. Okay. So I'll put it differently. Q4 is the peak season for us.
- Ramprakash Bubna:** Yes.
- Viraj:** The growth in Q3 was largely a channel filling and do you see any risk of sales return?
- Ramprakash Bubna:** Can you repeat the question once again? Your words are not very audible?
- Viraj:** So the volume growth we saw in quarter 3, is that largely channel filling? And do we see any risk of sales return in Q4?
- Ramprakash Bubna:** We don't see any risk of goods getting returned. It's a normal sale.
- Viraj:** Sir my question is, are you seeing any competition intensity from Chinese players in the market?
- Ramprakash Bubna:** No, we are not seeing.
- Viraj:** Okay. Just one last question, and I'll come back in queue. Our depreciation run rate is around...
- Moderator:** We are not able to hear you very clearly. May we please request you to rejoin.
- Viraj:** Sure, thank you.
- Moderator:** Thank you. We have our next question from the line of Rohit Nagraj from B&K Securities.
- Rohit Nagraj:** Thanks for the opportunity and congrats on a very good set of numbers. Sir, first question is on the Agrochemicals segment. So we have seen that the EBIT margins have been hardly 1% during the quarter. So what is the understanding here? Is it that we are not able to make money despite we have been successfully able to sell the products in terms of volumes? But on the margins front, the margins still look pretty benign. So just your understanding on the same?
- Ramprakash Bubna:** Mr. Nagraj, where did you get the figure of 1% of the EBIT quarter in this margin in this quarter?
- Rohit Nagraj:** The Agrochemicals segment, Agrochemical segment EBIT.
- Ramprakash Bubna:** It is not 1%, sir. It is 15.9% Mr. Nagraj.
- Rohit Nagraj:** Okay. Maybe I will check the number.
- Ramprakash Bubna:** This is overall he says, at company level, including agro and non-agro.

- Rohit Nagraj:** Right. And the segmental split up that we have given in our results in that we have made about INR7 crores of EBIT for the quarter. And in agrochemicals and non-agrochemicals, it is INR35 crores. So my question was related.
- Ramprakash Bubna:** Yes. I think EBIT margins are not split as agro and non-agro. Sir, there's no EBIT margin product-wise.
- Rohit Nagraj:** Okay. Fair enough, sir. No worries. I'll take that offline. Sir, second question is in terms of the guidance you again reiterated, that our EBITDA growth will be in the range of 15% to 18%, as we had suggested earlier. If I look at the 9-month numbers, our EBITDA percentage is closer to, say, 13%, 14%. So effectively, in next quarter, we will have to have more than, say, 17%, 18% of EBITDA. And given that...
- Ramprakash Bubna:** One minute, Mr. Nagraj, these 9 months consist of the first two quarters, which were not doing so well. In spite of that, all these things put together is close to 14%. But if you take the EBIT margin for the quarter 3 alone is almost 17%.
- Rohit Nagraj:** Correct. So we are fairly confident that last quarter also, we will be able to have similar or better margins to achieve the guidance for.
- Ramprakash Bubna:** We are sure. We are confident and we are sure.
- Rohit Nagraj:** Right. And just one last clarification. In terms of pricing of the generics, what is your sense during the month of January? I know it's very early to say that even China is probably not working as of today. But is there any gradual improvement in prices of the agrochemicals? And how is the customer feedback on the same?
- Ramprakash Bubna:** Sir, there is an improvement, but again, it is very slow. It is not very fast. The improvement is very slow and the competition still remains there, which is not permitting the price levels to go up.
- Rohit Nagraj:** Thanks for answering, all the best and I will come back in the queue.
- Moderator:** Thank you. We have our next question from the line of Pritesh Chheda from Lucky Investments. Please go ahead.
- Pritesh Chheda:** Sir, on the question which the previous participant asked. So on a base of 100, let's say, at the beginning of this financial year in terms of pricing, in 3 quarters where we would have moved on pricing of agrochemicals, we would be higher than 100 at 100 or lower than 100?
- Ramprakash Bubna:** And what is 100?
- Pritesh Chheda:** 100 is the pricing of last year, at the beginning of the year.
- Ramprakash Bubna:** Last year's prices at this time prices is more than 100.

- Pritesh Chheda:** And we are seeing gradual improvement every quarter?
- Ramprakash Bubna:** Yes.
- Pritesh Chheda:** Can you quantify the extent of improvement? Is it 4%, 3%, 5%, 10%, any number you want to peg to it?
- Ramprakash Bubna:** Mr. Pritesh, it depends from product to product and the sector of the product.
- Pritesh Chheda:** If you have to make market as a whole for you then?
- Ramprakash Bubna:** We don't do that calculation. And if you want, we can do that and you can come back to us later on.
- Pritesh Chheda:** Okay. But as a direction, as a general direction, the prices are up.
- Ramprakash Bubna:** Yes.
- Pritesh Chheda:** Okay.
- Ramprakash Bubna:** You have understood it clearly. Okay.
- Pritesh Chheda:** So the other question, if I want to ask here, this is the first year where we are seeing the pricing up. Do you have any comment on it, any specific input on the pricing part?
- Ramprakash Bubna:** I can't understand. What could I have a specific input?
- Pritesh Chheda:** In the sense that, reading on this pricing improvement because last 2 years, the pricing was on downtrend in general, about 15%, 20%, 25% fall. So any comment you have or you don't have any observation?
- Ramprakash Bubna:** No, sir, the prices have stopped going down, I think for the last 3 quarters. And these 3 quarters, the prices are gradually improving, but not to the extent which prevailed about 2 years back.
- Pritesh Chheda:** Correct. Is there any supply shrinkage in the system or it just takes a slightly better demand or any other observations?
- Ramprakash Bubna:** Mr. Pritesh, there is no supply shrinkage and this is all guided by the improved demand.
- Pritesh Chheda:** Okay. Thank you very much.
- Moderator:** Thank you. We have our next question from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.
- S. Ramesh:** So the first question is, if you look at your overall portfolio performance, you have seen very healthy growth in LATAM, although on a lower base. And you have also seen the herbicide segment do very well this quarter. So in terms of the outlook for fourth quarter and then FY '26,

do you see a similar trend in terms of the growth in each region and the categories like herbicides, insecticides and fungicides? Or do you see some changes in terms of the growth rates in different regions and across the categories?

- Ramprakash Bubna:** I will answer your long question in very few words. We see general growth in all the sectors.
- S. Ramesh:** Okay. So how do you see the LATAM season shaping up since October when they started the planting season? You see that kind of delivering growth in terms of the acreage and the demand for crop protection chemicals? And is the inventory situation in LATAM now largely under control?
- Ramprakash Bubna:** See, inventory situation with the customers, I cannot comment. But the general demand is growing, but LATAM has a very serious issues of the economy of various important countries. This will come in the way. The currencies are slowly devaluating against dollar and euro. So these are some counter factors. But at the end of the day, they are growing.
- S. Ramesh:** Okay. So if you look at the Chinese situation, any insight you have in terms of any reduction in production there because it seems to be adding a lot of capacity. And the second thing is in China, they are also talking about entering formulation market for exports. So how do you see these two aspects, the additional supply from China and the competition in formulations?
- Ramprakash Bubna:** Additional supply from China is growing and the products are available. Now competition from China and the international market at this stage is very insignificant.
- S. Ramesh:** Yes. But I understand that they are planning to enter formulations and they already started. So do you see that as a competitive threat for companies like you? Or is there enough...
- Ramprakash Bubna:** Not in the near future.
- S. Ramesh:** Okay, thank you very much and wish you all the best.
- Moderator:** Thank you. The next question is from the line of Shubham Sehgal from Skill Ventures. Please go ahead.
- Shubham Sehgal:** So my first question is on, depreciation. So we have been doing like increasing capex spends but our depreciation run rate still remains low. So can you explain this? And also what would be the sustainable run rate of depreciation going forward?
- Ramprakash Bubna:** Depreciation run rate will remain -- you have to look at overall 9 months period. And accordingly, you take this into the consideration. Our run rate will remain more or less same. If you look at, quarterly, it is INR69 crores. So it will continue even in quarter 4. Only there will be some small change in view of the capitalization but run rate remains the same.
- Shubham Sehgal:** Okay. And another question is on cash. So like even if we consider our capex of around INR400 crores, INR500 crores and like even after that, our cash position would be healthy. So do we have any plans for utilization of this cash reserves that we'll have?

- Ramprakash Bubna:** See, right now, our hands are full, and we don't have any plan to utilize the cash. We are keeping it ready for any next future, some ideas or opportunities we may get. But right now, no. We are only concentrating on investment in the nontangible assets, intellectual properties which are registrations.
- Shubham Sehgal:** Okay. Got it. And lastly, on our non-agrochem market. So can you give any perspective on what is driving the growth? And we saw good growth this quarter. So what could be driving that growth? And what would be the sustainable margins in this business?
- As previously, we've seen that the average margins were around 17%, 18%. But recently, in last 1, 2 years, we are doing above 20% margins even in a bad environment. So what's like driving the growth? And what would be the sustainable margins in this business going forward in the non-agrochem market?
- Ramprakash Bubna:** We are very confident that this level will continue.
- Shubham Sehgal:** But can you give any idea of what is driving the growth, like the growth we got in this quarter, what is driving that?
- Ramprakash Bubna:** Good relationship with the customers, customer satisfaction, good service, timely deliveries and no complain of quality.
- Shubham Sehgal:** Yes. I mean to ask that since the past 4, 5 quarters, we have seen degrowth in the non-agrochem business, right? So what has caused 30% growth in this quarter? That is what I'm meaning to ask you.
- Ramprakash Bubna:** See, the degrowth was mainly because of COVID and a very long period of transit. Transit from China to the various Western destinations, the time period has grown. And the customers are not able to get their supplies on time. But now all those things are getting normalized and the growth is continuing.
- Shubham Sehgal:** Okay. So like all the supply chain issues have resolved, that is why we are seeing good growth, right?
- Ramprakash Bubna:** Yes.
- Moderator:** Thank you. We have our next question from the line of Ahmed Madha from Unifi Capital. Please go ahead.
- Ahmed Madha:** I just have a simple question. I just want to understand our forex losses. Is this because we have the receivables in euros and we make the payments to our suppliers in dollars? So because of the euro depreciation, we have incurred these losses. Is it the correct understanding?

- Ramprakash Bubna:** Very correct. I'm very happy that you put the question and you also provided the answer.
- Ahmed Madha:** And sir, do you see further impact similar in the next quarter as well because of the currency?
- Ahmed Madha:** No, sir, but considering how much hedge you have and what is the current dollar -- current euro exchange rate?
- Ramprakash Bubna:** No, there is a trend in euro improving, strengthening against the dollar, and this trend is very healthy for our business. If euro goes up, then we'll not have exchange loss, we'll have exchange gain.
- Ahmed Madha:** Okay, sir. And how much do we hedge in generally to avoid the major forex fluctuation on the P&L?
- Ramprakash Bubna:** We hedge nominal, not very heavily because whenever we ask the experts, how will the euro be in the next 2 weeks or next 1 month, the answer is very vague. So we have a hedge, very nominal.
- And one more thing, we also have a natural hedge. All our sourcing is done mostly in US dollars. And apart from Europe, all other currencies also, we don't have much of a variation between dollar and those things. Wherever the currencies are depreciating and we have to invoice the customers in their currencies, that is where we have a chance of forex losses.
- Ahmed Madha:** Got it, sir. Final question. What will be your guidance for full year revenue growth and EBITDA margins, FY '25?
- Ramprakash Bubna:** It will be better than FY '24.
- Ahmed Madha:** Got it, sir. Thank you.
- Moderator:** Thank you. We have our next question from the line of Rajat Setiya from ithuboughtpms. Please go ahead.
- Rajat Setiya:** Thanks for the opportunity. Sir, one question, if we look at the segmental numbers, we can see a profit of only INR7 crores. We have done sales for INR700 crores. It is very less, only 1% margin. What do you have to say on that?
- Ramprakash Bubna:** Can you repeat your question once again, what is INR7 crores?
- Rajat Setiya:** INR7 crores of the segmental profit of agrochemicals that we have reported this year, on INR700 crores sales this year.
- Ramprakash Bubna:** Gentleman, this is after depreciation.

- Rajat Setiya:** Yes. Sir, if we look at the numbers earlier, it was above 10% in the last cycle. In this cycle we are around 1%. So what do you have to say?
- Ramprakash Bubna:** This is a small technical question. I'll give it to my CFO, let him reply to you.
- Shailesh Mehendale:** Can you repeat the question?
- Rajat Setiya:** The question is, we are making 1% in agrochemical on a segmental basis. Historically, we used to make 10%, 12%, 13% as well. So, I think we have been guiding for 15% to 18% margins overall. So why are we not able to make money on the segmental basis in the agrochemical?
- Shailesh Mehendale:** Yes. So I'll just answer your question. See, this segment results, if you're referring, is covering - after taking the depreciation amortization hit in case of agrochemical because see agrochemical requires the product registration and that requires the amortization, which has come in this after netting of this INR6.76 crores is our agrochemical result, whereas non-agrochemical doesn't have that kind of depreciation amortization. And the guidance which we have given so far for 15% to 18% will stand even for the financial year, and we'll be better off than compared to last financial year.
- Rajat Setiya:** This time the 17% EBITDA margin, I guess we are saying that on the basis of, I mean, pre-forex losses, right? We are talking about 17% margins in this quarter, right?
- Shailesh Mehendale:** Yes, 17% is pre-forex losses, right?
- Rajat Setiya:** Okay. This forex loss, does it really result in any cash flow expenses for us? Or is it just accounting?
- Shailesh Mehendale:** See, this is as per the accounting since we are operating in global markets, so there will be foreign currency receivables payables, that needs to be realigned. So that is coming in as an unrealized loss in our books. It is not realized. Major component is unrealized.
- Rajat Setiya:** Okay. So if the currency stays this way, then it can actually become a loss, right?
- Shailesh Mehendale:** If it continues at the time of actual realized or received payment that time, yes, it will come as realized, but it is presently unrealized.
- Rajat Setiya:** Okay. Can you please share the region-wise gross margin that we share every time like Europe and NAFTA and LATAM?
- Ramprakash Bubna:** Sir, your time is over. The gentleman has said asked 2 questions, and I would request you to give chance to other people also.
- Rajat Setiya:** Sure. Thank you so much.
- Moderator:** Thank you. We have the next question from the line of Himanshu Binani from Anand Rathi. Please go ahead.

- Himanshu Binani:** Thank you for taking my question and congratulations on a good set of numbers. So sir, coming back to the previous participant's question in terms of, when I actually look into the segmental revenue and the segmental results basically. So what the reported PDF says is that the agrochemical revenues have been somewhere around INR768 crores, while the results on the agrochemicals have posted somewhere around INR6.76 crores of segmental EBIT. So the EBIT margin is coming to somewhere around less than 1%. So this was the question basically. I want to have a clarity on that.
- Ramprakash Bubna:** Yes, Mr. Shailesh will answer this question.
- Shailesh Mehendale:** Sure, sir. Yes. So I think I have explained to earlier participant also. As per the disclosure of the segment results, this agrochemicals numbers, which is reported of INR6.76 crores is after taking the adjustment of the depreciation amortization, which is only there in case of agrochemical business. So those itself is around -- if you can say, INR69 crores, which is this agrochemical result is after adjusting INR69 crores of depreciation. So you have to look at that. Accordingly, reporting is done.
- Himanshu Binani:** Got it, sir. And the second question was largely on this when we actually look into some news articles stating that the concerns in the Red Sea that has been subsiding. So any sense you get in terms of the business, how one should actually look into the freight cost going forward into the subsequent quarters? Because the prices have been on the increasing trend and this is what the commentaries have been like suggesting. So if that can help the margins, how should one actually look into that?
- Ramprakash Bubna:** See, my friend, freight costs, we have been able to easily pass on to our customers. So freight cost is not directly affecting us, except sometimes because of the delays in the transit period, the customers get affected because of non-receipt of the goods on time. The cost is not so significant in case of agrochemicals. It is a little more significant in the non-agrochemicals but now they are also getting very normalized.
- Himanshu Binani:** Got it, sir. Thank you.
- Moderator:** Thank you. We have our next question from the line of Saket Kapoor from Kapoor Co. Please go ahead.
- Saket Kapoor:** Thank you for this opportunity. Sir, firstly, out of the total sales, how much is our domestic pricing? India-oriented.
- Ramprakash Bubna:** Saket Ji, you have not understood our company's business model. Our local sale is less than 1% all throughout. And that too, it is being done by one of our subsidiary companies. Sharda Cropchem Limited is not selling anything locally.
- Saket Kapoor:** So sir then if we go into comparables, who are we competing with in this space? India facing, there is no company we can make a comparison with. We can make a comparison only with the global landscape.

- Ramprakash Bubna:** We cannot make any comparison with India because we are not operating in India.
- Saket Kapoor:** What are the key factors to aid this growth? Firstly, the destocking exercise and prices plummeted were all arrested. Other than that, how much volume-led demand has come and what are the factors that can promote this? Are you confident that this business will continue to grow?
- Ramprakash Bubna:** Sir, our volume growth is 49.50% and it is the volume which is driving the demand.
- Saket Kapoor:** I did not understand sir, please could you explain.
- Ramprakash Bubna:** In the agrochemical sector, volume growth is 49.5% and non-agrochemical sectors is around 43% volume. It is the volume which is driving our business.
- Saket Kapoor:** Right, sir. But I was only looking for the underlying factors that contributed to this volume increase and their continuity in the near future.
- Ramprakash Bubna:** Sir, the underlying factor is the demand and the customer satisfaction with our services of timely deliveries and good quality.
- Saket Kapoor:** Ill join the queue, I am have asked two questions.
- Moderator:** Thank you. We have our next question from the line of from Riju Dalui from Antique Stock Broking. Please go ahead.
- Riju Dalui:** Yes. So our overall volume growth or like our overall growth for the quarter was 47%, right? How much it was volume-driven and currency driven and the pricing? So if you could break it up by volume, price and currency?
- Ramprakash Bubna:** One minute. Volume growth has been 49.1%. FX impact has been 0.4%. Product and product mix is negative 2.5% and total growth is 47%.
- Riju Dalui:** Okay. Understood. And if you could provide us the breakup of the registration by geography?
- Ramprakash Bubna:** See, we have, 2,948 registrations overall. If you go by geography, then Europe accounts for 1,634; NAFTA, 307, Latin America, 759 and Rest of the World, 248.
- Riju Dalui:** Understood. And if you allow me for one more question. So earlier, you used to give the region-wise gross margin for agrochem. So if you could break it up, the gross margin region-wise for agrochem.
- Ramprakash Bubna:** No, that information is not available right now.
- Riju Dalui:** And sir, if it is available like the sales volume for agrochem region-wise?
- Ramprakash Bubna:** I have that gross margin figures now. Europe is about 38%, NAFTA 31%, LATAM 35% and Rest of the World, 40%.

- Riju Dalui:** And the region-wise sales volume for agrochem?
- Ramprakash Bubna:** Region-wise sales volume is Europe. Europe is some 4.9 million units. NAFTA is also 4.9 million units. Latin America 0.75 million units and Rest of the World, 0.9 million units.
- Riju Dalui:** Thanks for the clarification. That's all from my side.
- Moderator:** Thank you. We have our next question from the line of Rakesh Sharma, a shareholder. Please go ahead.
- Rakesh Sharma:** Thanks for the opportunity. Bubna sir, I have just one question. Sir, as the market situation is improving, but our net profit margin has decreased from 5.41% in Q2 to 3.34%. What is the reason for this?
- Ramprakash Bubna:** Let me see. This sounds a little surprising to me also that the margins have decreased compared to quarter 2 but let us see. Are you talking about PAT margin?
- Rakesh Sharma:** Yes, sir, PAT margin, sir.
- Ramprakash Bubna:** Or gross margin?
- Rakesh Sharma:** PAT margin, sir.
- Ramprakash Bubna:** PAT margin is 3.1%.
- Rakesh Sharma:** Whereas in Q2, it was 5.4%, sir.
- Ramprakash Bubna:** The main reason is forex. Euro has gone substantially down in this quarter, which has impacted our margins adversely. So all our sourcing is in dollars. And if euro is weaker, then realization from the same quantity is lesser.
- Rakesh Sharma:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Viraj from SiMPL. Please go ahead.
- Viraj:** Yes. Just two questions. One is on the depreciation again. If the capex run rate is around INR400 crores to INR450 crores, then why is the depreciation moderating? I mean, the annual depreciation seems to be moderating. So what explains that? Is there any change in accounting policy or any write-off of intangible we have taken in 9 months?
- Ramprakash Bubna:** I give the mic to Mr. Shailesh.
- Shailesh Mehendale:** Yes. So see, our depreciation amortization will remain in that level only. If anything, product registrations are discontinued, then we take it as a hit in P&L. But otherwise, by and large, we will follow what we have given the guidance on the depreciation side.

- Viraj:** Okay. And second question. Sorry, go ahead.
- Shailesh Mehendale:** No, I have said that you have to look at the overall -- our year-end run rate, which we are having around INR69 crores to INR70 crores quarterly. So around INR270 crores will be our annual P&L charge on account of depreciation.
- Viraj:** Okay. Understood. And sir, second question is for the gross margin for different regions for agrochem. Can you give a similar figure for the last year, similar quarter?
- Shailesh Mehendale:** Yes. So quarter 3 of last year same period, Europe is 35%, NAFTA is 12%, LATAM is 31% and Rest of the World is 28%. Total is 26%, I'm talking about agro.
- Viraj:** These are the two questions I had. Thank you very much, good luck.
- Moderator:** Thank you. We have our next question from the line of Rohit Nagraj from B&K Securities. Please go ahead.
- Rohit Nagraj:** Thanks for the follow up. Sir, just one question. Again, talking about the competitive intensity from China, given that you must be traveling to multiple geographies from business perspective, have we seen Chinese companies registering their products in other geographies, the way we have been doing our business since a fairly long time?
- Ramprakash Bubna:** There are some stray incidences. Some Chinese companies are trying and registering their products.
- Rohit Nagraj:** That's it from my side. Thank you and all the best.
- Moderator:** Thank you. We have our next question from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.
- S. Ramesh:** Yes. So if you look at your past performance and if you look at the numbers you have given in your presentation, what is the time line you can envisage to achieve, say, INR4,000 crores revenue, assuming the current volume growth and demand sustains? And once you achieve that kind of scale in terms of top line, do you think you'll be able to achieve the kind of profitability you have seen in the past period?
- Ramprakash Bubna:** See, I think we'll be trying to reach this target this year of INR4,000 crores.
- S. Ramesh:** Okay. And if I might squeeze in one more question. In terms of the growth drivers, given the kind of base we have in terms of high-volume growth in the next 1 or 2 years, do you see volume growth in the double digits? And to the extent that you get price increase, will you see the volume growth and price increase contributing to top line growth? How do you see that performance?
- Ramprakash Bubna:** We see the same that your question suggests. When this will grow, the top line will also grow.
- S. Ramesh:** Okay. Thank you very much.

- Moderator:** Thank you. The next question is from the line of Shubham Sehgal from Skill Ventures. Please go ahead.
- Shubham Sehgal:** Yes. My question is on our non-agrochem business. So if you see in the past, the margins we used to get were around 16% to 18%. But in the last 1 to 2 years, we are getting consistently above 20% margins, like north of 20%, 25%. So are we doing anything differently here that we are getting better margins even after such bad environment?
- Ramprakash Bubna:** I think, I mean, some opportunities where our competitors are not able to meet the requirements of the customers and we are.
- Shubham Sehgal:** Okay. And like are we sourcing better now, that's why margins have increased? Or is this just the opportunities we are tackling?
- Ramprakash Bubna:** Sourcing what?
- Shubham Sehgal:** Have we improved our sourcing, that's why the margins are improving or just the opportunities you mentioned?
- Ramprakash Bubna:** I think it's both the opportunities as well as our relationship with our suppliers.
- Shubham Sehgal:** Okay. That's it, thank you.
- Moderator:** Thank you. The next question is from the line of Raja Kumar, a shareholder. Please go ahead.
- Raja Kumar:** Thanks for the opportunity. Sir, my question is, sir, in the previous call, you mentioned that the guidance that you gave for FY '25 was based on FY '23, you said from that top line number, we will do 15%. So if I see March '23, you did INR4,000 crores top line, so which means will you be doing INR4,600 crores plus in FY '25?
- Ramprakash Bubna:** No. INR4,600 crores is too ambitious a target. I think we'll be doing around INR4,000 crores.
- Raja Kumar:** Okay. So it will be better than the Q4 of the last year. That's because you did INR1,300 crores top line.
- Ramprakash Bubna:** Yes. It will be quite better than Q4 of last year.
- Raja Kumar:** Okay, sir. So we'll be able to maintain EBITDA of about 18% to 19% for Q4 so as to beat overall EBITDA number of 15%?
- Ramprakash Bubna:** Yes, please.
- Raja Kumar:** Okay sir, thanks a lot.
- Moderator:** Thank you. We have our next question from the line of Vivek Rathi, an individual investor. Please go ahead.

- Vivek Rathi:** Okay, sure sir. So my question was on the 1% margin, I think around for agrochemical, we got INR600-odd crores and 1% reported as EBITDA. You mentioned in previous answer that it was because of the depreciation. Is that only one quarter scenario? Or are we expecting it to continue further in a few other quarters?
- Shailesh Mehendale:** See, I think you're again referring to the segment disclosure, right?
- Vivek Rathi:** Right.
- Shailesh Mehendale:** Yes. So this is as per the segment reporting disclosure, these figures has to be after taking the depreciation charge into account, right? And this will continue, whatever depreciation on a quarterly basis, these numbers are coming after taking the depreciation charge. So it will continue.
- Vivek Rathi:** Okay. One last question. The registration, I remember in last few conference calls, the Chairman mentioned that the registration process is complex across geographies for the different products. So that continues to be the same even if companies in China or any other countries registering, that process remains the same, right?
- Shailesh Mehendale:** You are referring registration process?
- Vivek Rathi:** Yes, registration process for the various products which we have.
- Shailesh Mehendale:** Yes. So what is your question?
- Vivek Rathi:** In different geographies. So I recollect in the last few quarters, I mean, even before the team has mentioned that it is difficult to get it. It's a complex process, not easy, and it takes years. It's not much.
- Shailesh Mehendale:** That's correct. You are right on this, right? Yes, it is a complex process and takes time. You have to have patience to get registration. Yes, it is right.
- Vivek Rathi:** And it is for every country, I mean, let's say, if somebody is applying for other countries, the process remains the same. There's no leverage for anyone else as well, right?
- Shailesh Mehendale:** No.
- Vivek Rathi:** Okay. Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that would be the last question for today. And I now hand the conference over to the management for closing comments. Over to you.
- Ramprakash Bubna:** Yes. I want to say in the end, thank you, everyone, for joining us. I hope we have been able to answer all your queries. We look forward to such interactions in the future. We hope to meet

your expectations in future too. In case you require any further details, you may contact Mr. Deven Dhruva from SGA, our Investor Relations partner. Thank you.

Moderator:

Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.