“Sharda Cropchem Limited

Q4 FY25 Earnings Conference Call”

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MODERATOR: **MR. RIJU DALUI – ANTIQUE STOCK BROKING**

Moderator: Ladies and gentlemen, good day, and welcome to the Sharda Cropchem Limited 4Q and FY '25 post-results conference call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Riju Dalui from Antique Stock Broking Limited. Thank you, and over to you, sir.

Riju Dalui: Thanks. On behalf of Antique Stock Broking, welcome to all the participants on the 4Q FY '25 Earning Call of Sharda Cropchem. Today, we have Mr. R. V. Bubna, Chairman and Managing Director; and Mr. Shailesh ji, CFO on the call. Without any delay, I would like to hand over the call to Mr. Bubna ji for his opening remarks. Post which, we'll open the floor for Q&A. Thank you, and over to you sir.

R. V. Bubna: Good afternoon, and very warm welcome to everyone present on this call. Along with me, I have Mr Shailesh Mehendale, CFO; Mr. Jetkin Gudhka, Company Secretary and SGA, our Investment Relations advisors.

Hope you all have received our investor deck by now. As you are aware, we are engaged in marketing and distribution of wide range of agrochemical products, that is herbicides, insecticides, fungicides and biocides, catering to diverse global customer base. We prepare comprehensive dossiers, seek registrations in our own name. We allocate substantial resources and establish our foothold in the market. Our total product registration stood at 2,964 as on 31st March 2025. Additionally, 1,014 applications of the product registrations globally are in process.

For Q4 FY '25, despite ongoing global challenges and sustained pricing pressures, the total revenues have grown by 39% to INR1,829 crores, with substantial overall volume growth of over 50% year-on-year. Europe, Latin America and NAFTA have been the key contributors in the agrochemical segment. Volumes from agrochemical segment grew by 48% year-on-year, whereas on nonagrochemical segment, we grew by 116% year-on-year.

Our gross margin stood at 29.8%. With raw material price stabilizing, it is expected to further improve in the financial year 2026. EBITDA for the quarter stood at INR352 crores, a growth of 16% on Y-to-Y basis. PAT for the quarter stands at INR204 crores, showing a growth of 42% on a Y-on-Y basis. For FY '25, the total revenue has grown by 37%, that is INR4,320 crores, with volume growth of 42% year-on-year mainly through agrochemical segment. The volumes from agrochemicals grew by approximately 44% year-on-year, whereas nonagrochemicals segment grew by 9% year-on-year.

We aim to grow top line by more than 15% in FY '26. Gross margins stand at 29.9%, increase by 400 bps on Y-to-Y basis, and we expect gross margins to improve in the financial year with prices expected to increase. EBITDA for FY '25 stood at INR682 crores, a substantial growth of 114% on Y-to-Y basis. EBITDA margin stood at 15.8%, maintaining our FY '25 guidelines and aim to maintain the margins in the range of 15% to 18% for FY '26. PAT stood at INR304 crores, showing remarkable growth of 854% as compared to last year. The ROCE and ROE have improved drastically, which stood at 16% and 12.8% as of March '25.

The working capital days stands at 118 days as on 31st March 2025, showing an improvement of 40 days as compared to March '24. Cash and cash equivalents stood at INR558 crores as on 31st March 2025. The capex for FY stood at INR420 crores, and we are confident of our ongoing product registrations with capex to be in the range of INR400 crores to INR450 crores in FY '26.

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

Shailesh Mehendale: Thank you, sir. Good afternoon, everyone. Coming to quarter 4 FY '25 performance, revenue stood at INR1,829 crores in Q4 FY '25 versus INR1,312 crores in Q4 FY '24 with an increase of 39% year-on-year. Coming to the split, agrochemical business increased by 39% year-on-year to INR1,691 crores, whereas non-agrochemical business increased by 42% year-on-year to INR138 crores.

Gross margin stood at 29.8% in quarter 4 FY '25 as against 34.6% in quarter 4 FY '24 with an increase of 480 basis points. EBITDA for the quarter increased by 16% to INR352 crores with an EBITDA margin of 19.2% versus INR303 crores in quarter 4 FY '24. That stood at INR204 crores in quarter 4 FY '25 as against INR143 crores in quarter 4 FY '24, showing a growth of 42%.

Coming to full year financial performance for FY '25, revenue stood at INR4,320 crores in FY '25 versus INR3,163 crores in FY '24, with an increase of 37% year-on-year. Coming to the split, agrochemical business increased by 43% year-on-year to INR3,773 crores, whereas the non-agrochemical business increased by 4% year-on-year to INR547 crores.

Gross margin stood at 29.9% in FY '25 as against 25.9% in FY '24. EBITDA grew by 114%, which stood at INR682 crores with EBITDA margin at 15.8%. PAT stood at INR304 crores versus INR32 crores last year, showing 854% growth year-on-year basis. Working capital days stood at 118 days, improved by 40 days. ROCE and ROE stood at 16% and 12.8%, respectively, as at 31st March, 2025.

We remain net debt free company and have cash bank and liquid investment of INR558 crores as at 31st March, 2025. The Board of Directors have recommended a final dividend of INR6 per share, which is 60% of face value. We can now open the floor for questions and answers. Thank you.

Moderator: Thank you very much. We take the first question from the line of Viraj from SiMPL. Please go ahead.

Viraj: A couple of questions on non-agro business. We saw value growth of 42% in quarter 4, but the volume growth is 116%. So what explains the sharp drop in realization and was there pre-buy run-up to the tariff in quarter 4?

R. V. Bubna: Mr. Viraj your voice was not very clear. Can you please repeat the question because you have something wrong with the quality of voice.

Viraj: First question is on the non-agro business. In the quarter 4, the volume growth was 116% value growth was 42%. So what gave the sharp drop in realization and was there any pre-buying given there was a tariff hike in quarter 4 -- in April?

R. V. Bubna: See, I can answer you very clearly that there was no pre-buying in the previous time. This is in the normal course. And these variations are not very abnormal. They keep on happening year-to-year. But it is absolutely normal. There's nothing very specific to comment on.

Viraj: And sir, on realization in non-agro.

R. V. Bubna: No, realization has been very normal.

Viraj: Sir, because volume growth is 116%, while value growth is 42%.

R. V. Bubna: Volume growth is 116% and value growth is 46%.

Viraj: Yes, so there is a sharp drop in realization.

R. V. Bubna: One minute, let me. Sir, I can only comment that there have been some overall increase in the cost per unit and that is why the margins have been a little bit lesser. There's no specific reason, which -- this is obvious, which I can highlight to you.

Viraj: Okay. Sir, just two more questions. On the non-agro business in NAFTA, how is U.S. part of the NAFTA? And second question is, if we understand the overall industry price for non-agrochemical product in U.S., what -- who are the major players? Or is it local production we are competing? Is it Chinese or -- so just trying to understand this.

R. V. Bubna: I think we may be competing against the local production. There was no close competing in American non-agrochemical business.

Viraj: Yes, I'm asking how much sales we made to U.S. market in NAFTA? How much sales we made to U.S. market in non-agrochemical in FY '25?

R. V. Bubna: What is the word, sales. You mean sales? I see. I mean I was hearing as F-A-C-E so I was not able to understand. The sales in NAFTA region for non-agro, there's an increase of 27.5% from...

Viraj: How much sales we made to U.S. market in FY '25 in non-agro business?

R. V. Bubna: FY '25?

Viraj: Yes non-agro business, U.S. market.

R. V. Bubna: The figures that I have is 492 from 198. This is volume, you mean volume.

Viraj: Yes, sir only U.S. market.

R. V. Bubna: Sir, sales in the US of non-agrochemical touching almost INR315 crores.

Viraj: So post this tariff which has been announced, how does that affect us? And who will bear the tariff impact?

R. V. Bubna: We are able to pass on the tariff increase to the customers and customers are gracefully accepting it.

Moderator: The next question is from the line of Shubham Sehgal from Skill Ventures.

Shubham Sehgal: My first question is, so in our crop chem segment, so if you see the major MNC companies, we are talking that the prices are going to be stable or increasing. So my question is, what factors have led to low realization for us and the margin impact that you're seeing?

R. V. Bubna: The role -- I mean work you stated about the MNCs is for the future. But I think as far as the current year is concerned, the MNCs also have faced the same situation like Sharda. And we are all positive that in the future, the realization is going to be better per unit.

Shubham Sehgal: Okay. And so apart from that, are we going to see any pricing pressure in other regions other than U.S. due to the Chinese dumping?

R. V. Bubna: No, that Chinese dumping story is over about a year back. This was there about 12 to 15 months earlier. Now the dumping process is lower, but China is producing enough quantities to make the world requirement.

Shubham Sehgal: So I don't mean like what happened last year, it was different. I'm saying for right now as the U.S. has impose very high duties on China. So there are chances that with their high production as we mentioned, we might start dumping it in other regions other than U.S. because in U.S . they are facing high duty. So would you face any problems in other regions, that is my question.

R. V. Bubna: No, we don't see any such trend as you are getting.

Shubham Sehgal: Okay. And as you mentioned, as we are going to see the price improving in FY '26. So till what extent can we see that price improve and will it happen in maybe second half of the year? Or do you think we can start seeing that from Q1 itself?

R. V. Bubna: No. It will be a gradual process. We can see something from Q1 itself.

Shubham Sehgal: Okay. So what kind of mix sales guidance are we expecting then? Pricing and volume, both.

R. V. Bubna: Pardon me.

Shubham Sehgal: Pricing and volume, both, like what are we expecting for FY '26?

R. V. Bubna: About 10% to 15% growth.

Moderator: We take the next question from the line of Himanshu Binani from Anand Rathi.

Himanshu Binani: Congratulations on a good set of numbers. So sir, I have a few questions. So firstly, on the U.S.-China thing basically. So just wanted to have your sense in terms of the ongoing tariff war. And how do you intend to mitigate this, both in the agrochemical and the non-agrochemical segment?

R. V. Bubna: See the origin of tariff war is known to the everybody in the world, the new President of the United States. He has some ideas and which he feels that will help his country and other countries are taking advantage of their leniency, which in my opinion is a bit not true. So they have imposed some tariffs and China -- U.S. also does not have much alternatives to China in sourcing these products.

And suppliers are able to pass on the increase in tariff importers in U.S. So ultimately, it's the U.S. consumer who is bearing the burden of the increased tariffs. And I think the President will see these things in the near future. And he may think of still -- he has already reduced lot of fees, he may still correct himself.

Himanshu Binani: And sir, we have been doing both the active ingredients as well as the formulations. So the entire formulations, which we have been like exporting. So is it like largely manufactured from China? Or we are like doing the formulation in the mostly in the destination countries?

R. V. Bubna: We are doing both. We are doing the formulation in the destination countries as well as getting the formulations done in China and transporting them in the formulated shape. The only difference is that duty for the formulated products are much higher than the technical production.

On the other hand, cost of formulation in the U.S. is also extremely high compared to the cost in Canada. So and we are able to get the Chinese products formulated and transport it much faster than what happens in U.S. The capacity available in the U.S. for formulations is also limited and it's very expensive. So we -- and if we have to meet the requirement of the customers of time, we prefer to get the formulated product in China, and the quality of formulation in China is also very good.

Himanshu Binani: On cost-wise, the Chinese it's cheaper as compared to getting the product formulated in the United States?

R. V. Bubna: You have to repeat your question, because in-between few words were breaked up.

Himanshu Binani: So after this -- so getting our products formulated in the China is cheaper, which includes the increased tariffs also than that of what is the cost is in the United States, right?

R. V. Bubna: No. The cost of formulated product from China will be higher because the rate difference in the duty is very big. At the same time, the Chinese so U.S. formulating capacities are limited and they are also very expensive. So the customer does not care much for their prices. He prefers to get the goods in time, and that is possible only if you ship it from China.

Himanshu Binani: Okay. So maybe I'll just take this offline. So sir I have the next question maybe on your comments on the gradual price increase?

Moderator: Sir, sorry to interrupt you. May we request that you return to the question for follow-up questions. There are several other participants.

Himanshu Binani: Mam, that was the first question, which I have asked.

Moderator: Okay, continue.

Himanshu Binani: So sir, we have commented on the gradual price increase going forward in FY '26. So just wanted to have your sense in terms of any region or any product specific pricing we are likely to witness in FY '26 and the gross margin guidance?

R. V. Bubna: See, the main factor has been, there have been very excessive production in China in the year 2024 and end of second half of '23. Because of this excess production and excess availability, the prices took a very serious beating in that period. Many of the products today are being traded at a price of 25% of what it was being traded in the previous years. So this low price is also very abnormal and it will come to normalcy, that would mean increase in the prices.

Himanshu Binani: Okay. And the gross margin guidance basically for FY '26?

R. V. Bubna: The gross margin guidance would also improve because of the better service and better quality.

Himanshu Binani: Okay. Any number feedback?

R. V. Bubna: I mentioned that there should be a 10% to 15% increase in the prices. Should be more.

Moderator: We take the next question from the line of Surabhi from NV Alpha.

Surabhi: Sir, my first question is, you know, if we look at your agrochem EBIT margins that you provide separately and you go through all the quarter 4 EBIT margins, previously, 2, 3 years ago, you used to do around 15% to 16% margins. This Q4, you-all have done 12% EBIT margin. Sir, is there scope for your EBIT margin to increase to the previous levels? And what is the pressure apart -- despite being a 40% volume growth, what is the pressure on the margins?

R. V. Bubna: Madam, our EBIT margins have improved in the current year as compared to the previous year. And I think this process will continue.

Surabhi: No. Sir my question is, EBIT margin in the agrochem segment alone that we provide in the results separately. If I do -- if I check Q4 versus the other Q4, say, 2, 3 years back or even last year. Last year, our EBIT margin was 16%. This year, agrochem segment, EBIT margins are 12%. So I understand the overall improvement, but the agrochem EBIT margins have not normalized to the previous year level also. So when do we expect to see that revival?

R. V. Bubna: I think during the next year, you will see that revival.

Surabhi: And sir, in the non-agrochem segment also, if you see the margins, the EBIT margins are constantly increasing. So is this the new set of EBIT margins that we work with going forward or 20%, 21% what you-all used to do the last 3 years, is that on the normal margins that should be consider?

R. V. Bubna: I think that 20%, 23% margin is normal margin.

Moderator: Next question is from the line of Sonal Minhas from Prescient Capital.

Sonal Minhas: This is Sonal Minhas. I hope I'm audible.

Sonal Minhas: So sir, I wanted to understand the reason for a reduction in your working capital cycle by 40 days, what has happened on the ground, it led to an improvement in the working capital cycle?

R. V. Bubna: So our efforts to recover our receivables. We have had to put extra efforts to recover our receivables and our customers are fortunately responding to that.

Sonal Minhas: As there are no write-offs on the tables on the ground as the market is improving, any of that sort is known?

R. V. Bubna: No, sir. There are no write-off. Maybe 1 in 100 cases. I have no records for that.

Sonal Minhas: Okay, sir. So my second question is with regard to the agrochemical business. I wanted to understand the reason for such good volume growth and value growth in Europe. If you could just tell me what is happening on the ground in the market, which is leading to mixed growth. I'm trying to understand this in terms of the capability of this demand based on the guidance that we've given for the future.

R. V. Bubna: See, most of the customers in Europe, if they need a product, they want it tomorrow. So we are in touch with the customers 2, 3 months in advance, understanding what could be the estimated requirement of particular products and plan it, and we make it available to them when that is needed. This has worked out very well and good for us.

Sonal Minhas: All right, sir. So there is a strong demand in Europe basically based on this, is what I've seen.

R. V. Bubna: Yes, please.

Moderator: Next question is from the line of S. Ramesh from Nirmal Bang Equities.

S. Ramesh: Congratulations on your performance. Sir, if you look at your portfolio, the herbicides are leading the growth and then fungicides. So in terms of your future growth in FY '26, do you still see the same trend because herbicides have already possibly seen significant growth. So will that momentum continue? Or would you see some shift in terms of the growth towards maybe more of insecticides, how do you see that?

R. V. Bubna: See, I think herbicides will continue to grow.

S. Ramesh: So in terms of margins, is there any additional delta is there in herbicides compared to the other segment.

R. V. Bubna: See, when we get a new product which positions as second or third registration holder, the margins are better. So it depends upon the product mix, you know. And we are making efforts to get newer and newer products, and that is helping us the margins.

S. Ramesh: So can you share what is the percentage of revenue you're getting from new products launched in the last 3 or 5 years, do you have the number?

R. V. Bubna: No, we don't have that analysis and it's difficult to analyze it this way. This is a general trend that I explained to you. It's very difficult to put the figures to that.

S. Ramesh: So in terms of the demand for agrochemicals, crop protection chemicals. So one of the things that is perhaps still a challenge is the crop prices. So when you talk about the growth...

R. V. Bubna: Sir, few words I missed.

S. Ramesh: I'm referring to the weak agricultural crop prices. So when you talk about your 15% growth expectation, you have some line of sight for the growth, even with the current weak trend in the crop prices or do you expect any improvement in profit.

R. V. Bubna: There is no weak trend in the prices. If I understood you correctly, you said weak trend in the prices.

S. Ramesh: I'm referring to the agricultural crop prices, like corn, soyabean.

R. V. Bubna: I think the agriculture crop prices are also not weaker. They are improving.

S. Ramesh: Okay. So in terms of farmer demand and the channel inventory in your market, do you still have any residual high-cost inventory or that's all written off in your company and the industry.

R. V. Bubna: No, we don't have any residual high-cost inventories.

S. Ramesh: And would you say the same thing for the industry outside India, how do you see that?

R. V. Bubna: It's really difficult to comment for me for the -- because these are all openly available, and we don't have much time to go into the details.

Moderator: We take the next question from the line of Manish Jain from Wealthcare Advisors.

Manish Jain: Sir, my question regarding this U.S.-China tariff war. The tariff reduced by the U.S. on May 12 from 145% to 30%. But before that, it was 145%. I don't know how if you calculate on anything there. But -- and these rates, what was your backup plan for the U.S. market?

R. V. Bubna: Sir, first of all, this trend that you said was only for a very small period of time. And we are always prepared for whatever the prices the government decides. And we are very confident that at the end of the day, that gets passed on to our customers, but customers know that the situation is very transparent. It is the government of U.S. who's putting these tariffs. And nobody -- they cannot expect anybody else to absorb that tariff. So ultimately they have to face the tariff and they gracefully accepting.

Manish Jain: Have you thought of sourcing from India?

R. V. Bubna: The choice and the capacities in India are very limited. And at the end of the day, the prices from India are higher than the prices from China. In the international market, Indian prices are higher than China.

Manish Jain: What would be the difference, because if the tariff would have been. Suppose if ex-cost is of 56%, then they increase it to 145%, so where is that medium level?

R. V. Bubna: I'm not ready to comment this one. But as I told you many times, all these transactions are not decided by the prices. They are also decided by the needs. Indian capacities are not enough to cater to the requirements of the U.S. So ultimately, the Chinese had to play a role and the U.S. has to go to China.

Manish Jain: We are confident around that 15% revenue growth despite of all these things?

R. V. Bubna: More or less, yes. We cannot say 100%. This is our assumption.

Manish Jain: And margin also 15%, 18%, we guided, EBITDA margin?

R. V. Bubna: Yes.

Moderator: We'll take the next question from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: For the quarter, can you give the volume price and FX, sir?

R. V. Bubna: Beg your pardon?

Dhruv Muchhal: Sir, volume price and FX that you generally have for the quarter.

R. V. Bubna: 1 minute.

Dhruv Muchhal: Volume price and price mix and then also FX value.

R. V. Bubna: In Q4, the volume has grown by 50%, 49.8% to be precise. FX effect has been plus 13%. Price and product mix is minus 24%. And total growth is approximately 39.5%.

Dhruv Muchhal: Got it, sir. Sir, this price and mix is still negative. I'm just wondering, AI prices have stabilized now for more than a year, so they have not declined further. So why the price is still negative, sir. Is it primarily because of mix that you see this?

R. V. Bubna: It is price and product mix.

Dhruv Muchhal: Okay. So between price and product mix...

R. V. Bubna: Product should have a better margin. Other products because of maybe the nature of excess availability or become more commoditized or sometimes competition.

Dhruv Muchhal: Okay. Okay. So -- and you expect this pricing drag, so price and mix drag is now almost bottom and next year it should increase by about 10%, 15%.

R. V. Bubna: Yes, sir.

Dhruv Muchhal: And the same, can you give it for the full year, price, volume and FX, FY '25 full year.

R. V. Bubna: Yes. FY '25, the volume growth is 42%. FX impact is plus 7%, Price and product mix is minus 12% and total growth is 36.6%.

Dhruv Muchhal: Got it. Perfect, sir. And sir, just one question on the U.S. tariff -- U.S.-China tariff. Sir, you don't see any meaningful impact for your business? Because U.S. is 30% of your business and the tariffs have increased significantly, 20% plus to 30% now. Probably, they will come down, but let's assume the current tariffs continue, you don't see any material impact on your business figures?

R. V. Bubna: No. Because we are in touch with our customers and customers know it, and they don't jumble about China additional tariffs.

Dhruv Muchhal: Okay. Got it. And they're also not looking -- and there is no other option other than China to source. So that is the only option. So they can -- I'm just wondering, if somebody go to India and source and that is cheaper, but that's not possible. You don't see that going to happen?

R. V. Bubna: That's not possible. Let's not confuse.

Moderator: Next question is from the line of Rajakumar Vaidyanathan from RK Investments.

Rajakumar V.: Yes, just one question, sir. Just considering the euros settling against the U.S. dollar and the Indian rupee, which is the main reason for increasing profit margin this quarter. Are you expecting this positive impact to last, and if so, could you quantify the impact of the appreciation?

R. V. Bubna: See, Mr. Rajakumar, even the experts who have been expertising in foreign exchange, they cannot guess and make sense. Many times what they project comes out to be wrong. So it's a very speculative field. We just follow it and accept it. We try to hedge ourselves by making some forward contracts to some extent, but that also only to a limited extent, you know, because all the experts go wrong in their estimations and calculation and projections.

Moderator: Next question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Thanks for the opportunity and congrats on good recovery in FY '25. Sir, first question on the guidance, just to be a little more clear, in terms of agro and non-agro, how are we seeing the next year growth? On an aggregate basis, you have given 10% to 15% but will it be same across both segments or maybe agro will grow slightly higher than the non-agro? Just your thoughts on this.

R. V. Bubna: Sir, you answered my question. They could be slightly different, but overall, it's going to be in the same range of about 10% to 15% for both agro and non-agro.

Rohit Nagraj: Sir, second question, again, coming back to the tariff thing. Pardon me, but in terms of -- you seem to be very confident of our sales. Now this is primarily because even if the tariffs come, the U.S. customers or consumers will not have any other option to source from other geographies maybe because of product constraint or maybe because of capacity constraints. Is that the thought process?

R. V. Bubna: Absolutely. The other geographies do not have that manufacturing capacity and the experience. You understand?

Rohit Nagraj: Right. Sir, last clarification. Last 1, 1.5 years, we have been hearing that Chinese players have also started registering their products across the regulated markets. So what is your understanding of the same? And is it are they is the competition visible from our side?

R. V. Bubna: I would say it's not visible. I also hear and see that some Chinese companies are making an attempt, but considering the complexity and unpleasantness of the process of registration, which is highly capital-intensive, uncertainties and a very long time, discouragingly, many people are not making much of a progress, and we are waiting to see if they can really make an impact.

Moderator: We take the next question from the line of Shubham Sehgal from Skill Ventures.

Shubham Sehgal: My question was, if you see that in the last 3, 4 years, firstly we used to register our registration for yearly. It used to be around 130, 140 and now it has dropped to around 45. So for FY '25, we made 45 registrations. So how should one see this and because we are paying almost the same amount of capex for it. So how should I see this, are we able to drive more growth from our existing molecules or what is exactly going on here?

R. V. Bubna: Mr. Shubham, I've explained many times, the process of registration is so filled up with uncertainties. A lot of -- and it's also dependent upon a lot of bureaucratic processes in most of the countries. So it is very difficult to calculate and predict. Sometimes we...

Shubham Sehgal: I know that decisions takes a long time for you. But if we see a normal trend, it has been -- year-on-year, it has been decreasing, the amount of registration. As you already said that we require more require more and more registrations to drive growth. So that is what I was asking, that the resolutions are more or less increasing year-by-year. So how do we or how are you going to drive growth if the registrations are dropping? Are there enough molecules existing with us when we see there is good growth opportunities? That is what I want to understand.

R. V. Bubna: I'll answer your question without hesitation. There is enough opportunities. There's enough opportunities. And this registration and marketing of agrochemicals is mainly dominated by the multinational companies or innovators. In all the other industries including pharma, after a product goes off-patent and become available for the generics, the prices fall, crash substantially and the innovators do resist. But in agrochemicals, innovators still continue to dominate 70%, 75%, 80% of the market share even 10 years after the product goes off-patent. Have I answered your questions properly?

Shubham Sehgal: Just one follow-up on this itself. So if you see that even if the amount that you're paying for the registration, like the cash flow that we see, that has been gaining even though the number of registrations have declined. So what should be net of that?

R. V. Bubna: The last part I never understood. Our budget is INR200 crores to INR400 crores. But again, it is split into so many idea, so many fields, very difficult to calculate why is that. Only thing is the process of registration is becoming more and more expensive. With every passing year, if I could get something registered for INR20 crores 5 years back, today, I spend INR40 crores for the same.

Shubham Sehgal: Okay. Got it. Just lastly, if you could provide the data of region-wise registration for FY '25?

R. V. Bubna: Yes, sir. FY '25 in Europe, we are holding 1,648 registrations. In NAFTA region, 309. LatAm 759. And rest of the world, 248. Total about INR2,964.

Moderator: We'll take the next question from the line of Riju Dalui from Antique Stock Broking.

Riju Dalui: Sir, questions in terms of the volume growth. So in the European business, we have seen 48.4% of volume growth. But in terms of the overall growth, so our growth was roughly 40%. So the price declined. So that was mainly on account of gaining market shares at a cost of margin. So how it is like -- what is the thought of your -- if you could explain?

R. V. Bubna: See, whenever you want to have market share, it has to be, you have to sacrifice some margins. It is unwritten law. If you want to prepare for margins, then we have to sacrifice the market share. This is also very well established rule. So we have tried to get more market share more closest with our customers, more satisfying to this. And market share increases only, it will give them a little attractive price.

Riju Dalui: Got it, sir. So when you were saying that you were targeting roughly around 15% kind of top line growth in FY '26. So can we expect some kind of like -- can we expect the same gross margin that you have in Q4, so that will continue in FY '26 or it will be -- might be improved?

R. V. Bubna: I think it will continue, and there is a possibility for it to improve also.

Riju Dalui: So the possibility that you are saying, so that is nearly if the overall reduction increase or the overall price increase. So in that way, we can expect some kind of price hike, some kind of a margin improvement. That is correct?

R. V. Bubna: Prices, we are also looking at the improvement in the prices.

Riju Dalui: Okay. Understood. And in terms of some data points, if you could clarify. For the Q4, how was the region-wise sales volume?

R. V. Bubna: What was the last word? Region-wise volume?

Riju Dalui: Region-wise volume for agrochem.

R. V. Bubna: Agrochem, yes. For Europe, it was, we said in, what currency? I mean this is in quantities?

Riju Dalui: Yes, from quantity.

R. V. Bubna: It was about 15 million tons. NAFTA about 7.1. LatAm about 6.1. And rest of the world 6.7. Total 23.34.

Riju Dalui: Okay. And in terms of regional gross margin, if you could share the number for agrochemical.

R. V. Bubna: Give me a minute, please. The gross margins in Europe was about 34.2%. NAFTA 19.5%, LatAm 27%, and rest of the world 40%.

Riju Dalui: This is for agrochemical, right?

R. V. Bubna: This is for agrochemicals.

Moderator: Next question is from the line of Viren Deshpande from Alphapeak Investments.

Viren Deshpande: Congratulations for the excellent growth we have witnessed in current year as well as the Q4 because our volumes have really grown at exceptionally good rate of 50% we are turning to see. So there have been some compromise on the gross margins. That's okay for the year-on-year, we have done very well. And so as mentioned by you, this -- the trend is expected to be better in the current year.

So we hope the things are on track and these tariff issues, which seem to have been affecting everyone, from your confidence that there is no sustainable alternative for the U.S. to then to purchase from the companies like us for the Chinese products is very good for the investors like. So I don't want to ask any questions. I'm happy with the results and hope the current year is even a better one for us. All the best to you.

R. V. Bubna: Thank you very much for a nice compliment. We take it with a good heart.

Moderator: Next question is from the line of Rajat Setiya from ithought PMS.

Rajat Setiya: Is my voice audible, sir?

R. V. Bubna: Yes, sir.

Rajat Setiya: Congratulations, sir, on a good set of numbers. One question that I have is about the volume growth that we are expecting in this year in FY '26. So we are expecting 10% to 15% kind of growth largely. Globally, I think anything market grows by 2% to 4%. So what is driving this higher growth at our end?

R. V. Bubna: Sir, the main factor is that today, we are having only about 4% to 5% share of the world -- global market. So there's a lot of good scope for us to increase. If we can increase it by 1%, it would mean almost 20% to 25% increase for Sharda Cropchem. So that is what gives us a good enthusiasm, but there's a lot of scope and it is achievable.

Rajat Setiya: Sir, in the agro segment, what has been the volume growth in European and NAFTA region for the full year? Volume growth.

R. V. Bubna: 1 second sir. You want to know the percentage?

Rajat Setiya: Yes, sir, for the full year.

R. V. Bubna: Yes, sir. It is about 58% in Europe, 36% in NAFTA, 25% in LatAm and minus 1.5% in Rest of the World. Overall, 44%.

Rajat Setiya: This is volume growth, sir, right?

R. V. Bubna: Yes, sir.

Rajat Setiya: Okay. And sir, we are looking at margin expansion in the next year. I think this year, we reached around 14%, 15%. We are guiding to 15% to 18% margins in the next year. And will it be largely driven by gross margin expansion? Or you expect something else?

R. V. Bubna: No, gross margin expansion.

Rajat Setiya: Basically, we expect pricing to improve in this year.

R. V. Bubna: Also.

Moderator: We take the next question from the line of Dhara from Valuequest.

Dhara: Yes. Sir, my question is more on the gross margin front. If you could explain about our strategy of gross margin down by 500 basis points from 35% to 29% now in this quarter versus last year.

R. V. Bubna: You said reduction in margin from 34% to 29%, am I right?

Dhara: Yes, sir.

R. V. Bubna: Madam, I can only give a very general reply to it. Excess availability and increase in the market share.

Dhara: Are there any inventory losses or write-off?

R. V. Bubna: No.

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

R. V. Bubna: Thank you, everyone, for joining us. I hope we have been able to answer all your queries. We look forward to such interactions in future. And these questions are also giving us a good guidance to manage our business more efficiently. We hope to meet your expectations in future also. In case you require any further details, you may contact Mr. Deven Dhruva from SGA, our Investor Relations partner. Thank you very much once again. Have a nice day.

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