"Sharda Cropchem Q3FY2018 Earnings Conference Call"

January 29, 2018

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Moderator: Ladies and gentlemen, good day and welcome to the Sharda Cropchem Q3 FY2018 earnings conference call, hosted by Antique Stock Broking. 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone 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 Sir!

Manish Mahawar: Thanks. On behalf of Antique Stock Broking, I would like to welcome the entire participants in the earning call of Sharda CropChem. From the management, we have Mr. R.V. Bubna – Chairman and Managing Director, Mr. Conrad Fernandes – Chief Financial Officer on the call. Now, I would like to handover the call to Mr. Bubna for opening remarks. Over to you Sir!

Ramprakash V. Bubna: Thank you Manish. Good day ladies and gentlemen. A very warm welcome to everyone present here for the earning call of Sharda Cropchem Limited for the Q3 and nine months of financial year 2017-2018. Sharda Cropchem is represented by me, R.V. Bubna, Chairman and Managing Director and Mr. Conrad Fernandes, Chief Financial Officer.

Talking briefly about our Q3 results, the revenues for the quarter ended at December 31, 2017 increased by 34% from Rs.243 Crores to Rs.326 Crores as compared to the same period last year. This was driven by revenue growth of 40.3% in Europe, 80.9% in NAFTA, and 1.5% in LATAM while the revenues in Rest of the World declined by 16.5%. Gross profit for the year for the quarter ended December 31, 2017 increased by 10.6% from Rs.85 Crores to Rs.94 Crores as compared to the same period last year.

Gross margin for the quarter declined from 34.9% to 28.9%. EBITDA including foreign exchange impacts for the quarter ended December 31, 2017 increased by 10.2% from Rs.32.3 Crores to Rs.35.7 Crores. EBITDA margin for the quarter declined from 13.3% to 11%. Profit after tax for the quarter ended December 31, 2017 declined by 43.8% from Rs.17.6 Crores to Rs.9.9 Crores.

Cash PAT, which is PAT plus depreciation for the quarter ended dropped marginally from 30 Crores to 28.3 Crores. Total number of registrations as on December 31, 2017 was 2,133 as compared to 2,061 as of December 31, 2016. As of December 31, 2017 the company has another 852 registrations in pipeline across various geographies.

With this brief overview I would now like to handover the call to our CFO Mr. Conrad Fernandes for discussing our financial performance.

Conrad Fernandes: Thank you Mr. Bubna and a very good evening to all. During the quarter agrochemical revenues grew 44%. Region wise revenue composition for the quarter was as follows: Europe 35%, NAFTA 40%, LATAM 16% and Rest of the World 9%.

During the quarter share of sale of active ingredients was higher from 13.2% to 22.9%. The top 10 molecules accounted for 50.3% of the agro revenues for the current year for nine-month period.

Depreciation and amortization expenses for the quarter were higher by 48% year-on-year from Rs.12.4 Crores to Rs.18.3 Crores on account of capitalization of registrations cost. We continue to amortize our intangible assets over a five-year period. Other costs have not increased significantly. Net working capital days is marginally higher at 52 days as of December 31, 2017 as against 43 days as at December 31, 2016.

Thank you. We now invite questions from the participants.

Moderator: Sure. Thank you very much. We will now begin with the question and answer session. We have the first question from the line of Pasan Choksi, an individual investor. Please go ahead.

Pasan Choksi: Do you see any business coming from India or do we see any improvement focused on India?

Ramprakash V. Bubna: India the situation will remain same.

Pasan Choksi: Can I know the reason as to why we are not focusing on India because India providing a huge demographics and we can see benefits from India? Can we know the reasons as to why we are not focusing on India because even India is a good market?

Ramprakash V. Bubna: India is a good market, but we are working on the registrations. Our applications are in the pipeline once we get some number of registrations in India then we will be more interested and have more activity in India.

Pasan Choksi: That is it from me. Thank you so much Sir.

Moderator: Thank you. The next question is from the line of Chirag Dagli from HDFC Mutual Fund. Please go ahead.

Chirag Dagli: Thank you for the opportunity. Sir what is the outlook or an order book sort of the thing for upcoming season in Europe for the Q4?

Ramprakash V. Bubna: Mr. Chirag, the order book position is very comfortable both in Europe as well as in NAFTA regions.

Chirag Dagli: We have already passed a month or so of the Q4, is there a specific number you want to share for a full year what sort of volume growth or sales growth that we can do?

Ramprakash V. Bubna: Sales revenue growth we should expect in the range of 15% to 17% for the whole year to be plus or minus 2%.

Chirag Dagli: This is in INR terms?

Ramprakash V. Bubna: Yes. This is in INR terms, yes.

Chirag Dagli: Last time around you had indicated China price hikes we are not able to pass on. Is there any change in that or do you know how is the situation now looking?

Ramprakash V. Bubna: The situation remains the same as of now.

Chirag Dagli: For the Q4, should we assume that our gross margins like in the Q3 would remain lower than what you historically hinted?

Ramprakash V. Bubna: In absolute terms may not be but in percentage terms yes, it would be.

Chirag Dagli: So, this 29% is where sustainable margin is in the revised scheme of things Sir?

Ramprakash V. Bubna: I think this 29% is not for the nine months. It is only for the quarter. For the nine months it is around 32%.

Chirag Dagli: And that is where you think your comfort is?

Ramprakash V. Bubna: We should be able to stay at that level only or could be slight improvement as well.

Chirag Dagli: Thank you so much.

Moderator: Thank you. The next question is from the line of Chetan Thacker from ASK Investment Managers. Please go ahead.

Chetan Thacker: Good evening Sir. Sir just wanted to understand from a price increase perspective what is the key issue that no one has been able to take price increases because most of the players will be importing from China, cost would have gone up for everyone as well, so what is stopping? Is it overall extra inventory in the system because of no one has been able to take price increases?

Ramprakash V. Bubna: No, the competition. See we are following the innovators. As we always sell our products at some discount to the innovator prices. The innovators are not increasing the prices and we have to fall in line with them.

Chetan Thacker: Sir they are not been able to increase prices because of their own inventory overhang or is it because of the cost structure that they are still comfortable with?

Ramprakash V. Bubna: See I cannot say whether they are not able to or they do not want to, but the fact is that they are not increasing. Maybe they have some inventories and during time they should see the reality of the situation.

Chetan Thacker: So, would it be fair to assume that not Q4 but next fiscal year we can expect some bit of pricing actions from the MNC side so that this pressure eases off?

Ramprakash V. Bubna: We look forward to that.

Chetan Thacker: Sir on the working capital side is there any stress or this is the general course and we should revert to the normal by end of the quarter, the fiscal year?

Ramprakash V. Bubna: Working capital cycle has increased a little bit because of the inventories and we are increasing the level of inventories keeping in mind the time lag or delay in the supplies from China. Earlier we used to get the products shipped within two to three weeks of our order. Today it takes about one and half to two months.

Chetan Thacker: Sir what would be the volume growth for the quarter across regions or even overall?

Ramprakash V. Bubna: Volume growth would be there but I cannot predict it. We put more stress and attention on the revenue than the volume because we have such a wide range of products, which are priced so differently, some products are $2 per liter and other products could be $100 per liter so the volume is not so important for us.

Chetan Thacker: Okay and Sir Q4 broadly Europe is looking better than it was so far during the year?

Ramprakash V. Bubna: Yes.

Chetan Thacker: Thank you so much for that.

Moderator: Thank you. The next question is from the line of Udit Bokaria from Catamaran. Please go ahead.

Udit Bokaria: Thanks for taking my question. Sir just on the raw material cost pressure side. You mentioned that you are currently not able to pass on the price increases so in the near term should the Q3 margins be looked at as what will be trending going ahead? The second question is are you seeing competition like more number of people doing registrations for the same molecule or that is like stable what was there in the past like few companies only applying for registrations or that has changed?

Ramprakash V. Bubna: Mr. Udit, you will have to repeat your question because part of the question your voice was very low. Can you please repeat your question?

Udit Bokaria: My first question was you were mentioning that the raw material price hike increase is being not able to pass on to the end consumer so should we assume that the Q3 margins to be what would be trending ahead for Q4 and may be the next year as well? My second question was are you seeing competition increase like more number of players doing the registrations or that is fairly stable?

Ramprakash V. Bubna: I will answer your second question first. There is not more number of players entering into the registration process because it is very expensive and time consuming. It is very difficult to also state whether more numbers are there because this information is not publicly available. Now about situation remaining the same as in Q3. No, I would say that Q3 is the leanest quarter for us and Q4 is more active and we have made very interesting products being sold so Q4 should be better than Q3.

Udit Bokaria: So, like the long-term margin should again be 32% is that what you are hinting at?

Ramprakash V. Bubna: This is just an estimate, Mr. Udit. It could be 32 plus or minus 1%.

Udit Bokaria: Thank you Sir. Sir just a follow up question like what are your raw material supplies doing to reduce the price, you must be having discussion with them so are they saying that they would be doing some innovation and reduce the prices like do some cost cutting or they are saying that the price increase has to be done if you want to make up your margin?

Ramprakash V. Bubna: No Mr. Udit. See today it is a sellers' market so increasing the quantity does not excite the supplier because he is already stressed up with his and he has more demands than what he can produce.

Udit Bokaria: Thank you Sir. Thanks a lot.

Moderator: Thank you. Next question is from the line of Basanth Patil from HDFC. Please go ahead.

Basanth Patil: Thank you for taking my question. Sir just wanted to understand more on the raw material front actually couple of manufacturers had indicated that still the pain likely to continue so just wanted to understand from your side is that China the prices have peaked or still I mean there is more to this peak level, what as per your assumption, just wanted to take a view on that so could you please elaborate more on that?

Ramprakash V. Bubna: Mr. Patil, we have a very large portfolio so in general there is still a stress on the supplies and also on the prices. There are a few products where we see a little trend declining you can say may be few out of 100 have peaked but majority are still under stress.

Basanth Patil: Okay, so by next quarter this stress will, I mean we can see the declining trend in the stress. Is that correct fair to assume from current month onwards how the situation currently is now?

Ramprakash V. Bubna: I have no means to make an assessment or calculation, but I hope I think it will peak out.

Basanth Patil: Thank you Sir.

Moderator: Thank you. The next question is from the line of Nihal Jham from Edelweiss. Please go ahead.

Nihal Jham: Good evening. Just taking this point on raw material forward, you did mention that prices have been increasing and we are obviously confident of doing a better margin in Q4 so is this primarily based on an improved product mix as we will see a higher contribution coming in from Europe or is it that we overall expect margins across all the regions to improve?

Ramprakash V. Bubna: Mr. Nihal, you already answered my question. We are looking forward to a better product mix.

Nihal Jham: It will mainly be Europe driven that is what we expect it to be?

Ramprakash V. Bubna: European and NAFTA countries.

Nihal Jham: Sir if I just look at the trend in general we have seen a recent spurt in Europe and LATAM happened this quarter so any specific reasons why we have seen the revenue trajectory change?

Ramprakash V. Bubna: No. It is I think made mostly based on the season and the demands.

Nihal Jham: Okay so any expectation that this can continue going forward for especially for LATAM because LATAM has been a little bit on the lower side.

Ramprakash V. Bubna: It should follow atleast in this quarter the fourth quarter.

Nihal Jham: Is it possible that we could end up exceeding the 15% to 17% range because you have done a very good revenue growth in this quarter?

Ramprakash V. Bubna: 15% to 17% is not possible. It involves lot of challenge. I said plus or minus 2% it could also 19% it could also 15%.

Nihal Jham: Just one last point that this quarter has seen an increase in active ingredient share so has that impacted margin in any way this quarter?

Ramprakash V. Bubna: It has, because the active ingredients do not give us the same gross margins as the finished products.

Nihal Jham: Absolutely. Is it possible if there is anyway to quantify that what would be the contribution related to that?

Ramprakash V. Bubna: Difficult to quantify, Mr. Nihal.

Nihal Jham: That is it from my side. I will get back on the queue.

Moderator: Thank you. The next question is from the line of Vishnu Kumar from Spark Capital. Please so ahead.

Vishnu Kumar: Very good evening Sir. Thanks for the time. Is it possible to give the rough gross margin by region this quarter?

Ramprakash V. Bubna: Can you repeat it once again Mr. Vishnu Kumar?

Vishnu Kumar: Is it possible to give the gross margin by region this quarter?

Ramprakash V. Bubna: Yes we have. Gross margins in Europe in this quarter were about 44%, NAFTA 20%, LATAM 21.5% and Rest of the World 24.5%. Overall was 29%.

Vishnu Kumar: Okay, so a chunk of the drop is only in NAFTA, if it not all, because first half you have given about 27% gross margin for NAFTA, so there is a drop?

Ramprakash V. Bubna: Sir you must remember that the revenue has increased, disproportionately in this region.

Vishnu Kumar: So I was about to congratulate you for the stunning growth in North America, so wanted to really understand is there any large one-time opportunity or are we likely to see a more sustained growth in this particularly NAFTA pocket?

Ramprakash V. Bubna: Sir we will look forward to a more sustained growth. It is not just one-time opportunity.

Vishnu Kumar: Is this in the Midwest geography or rather I would like to understand what is changing in this US market where we are able to capture more growth? Are you seeing more opportunity, because we typically understand from you that this is a market, which is controlled by four or five distributors and it is very difficult to penetrate, but we do see that there is something changing, so if you could help us understand what is driving this growth for us?

Ramprakash V. Bubna: Mr. Vishnu Kumar, it is mainly the number of registrations. We have got the new registrations and they have given us an opportunity to increase the revenue.

Vishnu Kumar: So, is this in the soya or any specific crops if you can give us or any chemical any product line?

Ramprakash V. Bubna: Sir it is corn and soya.

Vishnu Kumar: Corn and soya.

Ramprakash V. Bubna: Yes please.

Vishnu Kumar: Sir and wanted to understand in terms of the inventory days. We see that there is more than 100 plus from a nine-month basis vis-à-vis yet 77 so there seems to be a sizable inventory at the end of December. Now which geography are we looking into in terms of pushing this into the next season?

Ramprakash V. Bubna: Sir NAFTA and Europe.

Vishnu Kumar: Based on these numbers looks like at least there is a 30% to 40% higher inventory vis a vis December so is this a direction in terms of the 4Q topline or just wanted to understand your views on that?

Ramprakash V. Bubna: See Mr. Vishnu Kumar, as explained, it is a seasonal business, Q3 quarter is otherwise lean but it is a quarter where we built up the inventory for sale in Q4. At the end of Q4 our inventory level should come down.

Vishnu Kumar: Sir finally just one more question if you could give us the breakup of the volumes in lakh kgs. for the Quarter earlier also you have shared?

Ramprakash V. Bubna: Sir in Europe region it is 14,81,000, NAFTA region 17,50,000, LATAM 5,50,000 and Rest of the World 1,14,000.

Vishnu Kumar: Revenue change impact broken into volume price and currency impact which you used to give earlier?

Ramprakash V. Bubna: Volume is 3.1%, currency is -0.3% and price is 31.2%.

Vishnu Kumar: Okay, so essentially large growth is because of price and product mix.

Moderator: Thank you. The next question is from the line of Shekhar Singh from Excelsior Capital.

Shekhar Singh: Sir just wanted to understand like this sharp increase in depreciation so what was the capex that you did during the quarter?

Ramprakash V. Bubna: Capex has been Rs 172.9 Crores in the first nine months.

Shekhar Singh: Sir just in terms of raw material prices, are you seeing an upward pressure in terms of raw material prices?

Ramprakash V. Bubna: We do not look forward to if you could hope but it happens, it is something, which cannot be predicted. There is the pressure in the production on China and the authorities are shutting down plants, which are not able to control the pollution, and it is a bit of a tug of war between the factories trying to meet the pollution standards and the authorities trying to not compromise on that.

Shekhar Singh: So, will that mean like going forward your capex will continue to increase?

Ramprakash V. Bubna: Sir my capex has nothing to do with that price increase and the raw materials.

Shekhar Singh: No in the sense like security of raw material at the prices at which you can as your business makes?

Ramprakash V. Bubna: Mr. Shekhar, I think you are mixing up. Capex is a capital expenditure which we are incurring on registrations or registrations in pipeline. This has nothing to do with the raw materials or raw material prices.

Shekhar Singh: Let me rephrase it, basically what I am saying is you had a different model where most of the capex was on registrations and you were basically dependent upon third parties for raw materials and for supplies. Now going forward do you think that model itself is under threat and considering whatever is happening in China and therefore you will be forced to setup your own capacities?

Ramprakash V. Bubna: No Sir neither is this model under threat and nor is any pressure on us to setup the manufacturing facilities. We are an asset light company. We are investing in intangible assets and that is our business model. There is no change or there is no change soon that we foresee in this business model and this business model is not under threat.

Shekhar Singh: Lastly Sir say last 12 months the performance has been quite mediocre so if we basically want to put a reason why exactly the performance of mediocre in last 12 months, what will that be?

Ramprakash V. Bubna: Mainly the pressure on the margins. Our cost of raw materials is increasing, and we are not able to pass it on to our customers.

Shekhar Singh: Thanks a lot.

Moderator: Thank you. The next question is from the line of Sumant Kumar from Motilal Oswal Securities. Please go ahead.

Sumant Kumar: Sir just you have mentioned that the product mix has given more than 30% so can you elaborate what is the product mix, which product you are talking about?

Ramprakash V. Bubna: You see this price we calculate is total number of kilograms that we have sold and the total revenues we have received. Now what happens is that some product, which is selling at $50 per liter and other products, which is selling at $2 per liter, if the product at $50 per liter quantity is more, it does not reflect anything on the margin. Just a quantity of that product more in the product mix then the overall price of the product per liter increases.

Sumant Kumar: No just I would like to know the name of the product?

Ramprakash V. Bubna: Name, I do not have.

Sumant Kumar: Just can you give some example in this season you have this kind of product mix, will be better and in Q2 the product mix compared to Q3, is not better so can you give some names?

Ramprakash V. Bubna: No names I cannot give you Sir.

Sumant Kumar: Thank you sir.

Moderator: Thank you. Next question is from the line of Kanwar S from Surge Trading & Finance. Please go ahead.

Kanwar S: Good evening Sir. I wish to know we are still having a conveyor belt division with us which is holding around 20% of our revenues and the profit what exactly is our view on holding on to such an asset, which is not core to us? Do you have any plans to demerge this whole division all together?

Ramprakash V. Bubna: No Sir. We do not have any plans to demerge this division. This plant is doing a very good job. It is contributing to 20% of our topline.

Kanwar S: That is what I am saying that it is contributing 20% of your revenues and profits and I believe it has been doing well but now I believe that you are only focusing on your agrochemical business too much because that is a core business for now, so I hope that it will not be neglected?

Ramprakash V. Bubna: No. We are not neglecting it and we are focusing on both the businesses, Mr. Kanwar.

Kanwar S: I am just wanting to say that would had it been, it would be better if we demerge it as a separate company and you would like given a better shareholder value to the investor.

Ramprakash V. Bubna: That is your opinion. We will take a note of it, but at present we do not have any such plans.

Kanwar S: Any future diversification in the build division?

Ramprakash V. Bubna: No Sir.

Kanwar S: Thank you.

Moderator: Thank you. We have Mr. Jasdeep Walia on the line from Infina Finance. Please go-ahead Mr. Walia.

Jasdeep Walia: Sir thanks for taking my question. Just wanted your thoughts on basically this whole supply disruption in China so how is the global supply chain-reacting to this. So is manufacturing outside China increasing rapidly or the manufacturing is consolidating in China so larger players who are more environmentally compliant, they are expanding capacity and taking market shares. How would this tightness in supply ease let us say in the next two, three years?

Ramprakash V. Bubna: Mr. Jasdeep, you have put a very long question if you ask me how the global supply situation of our supply chain is that your first part of the question.

Jasdeep Walia: Yes.

Ramprakash V. Bubna: The global situation is very much stressed up.

Jasdeep Walia: Sir that we know. I am asking you that how it will get resolved.

Ramprakash V. Bubna: Sir there is no alternate to the current situation globally. Most of the developed countries have stopped adding to the manufacturing capacities. In fact, they have been closing down their factories and you cannot build up a capacity at a short notice. Thirdly, people are still watching the situation in China. They are not ruling out what is happening in China. There will always be a solution and people do not want to invest money in the fixed assets and regret after two years. So to answer your question very correctly to my knowledge no additional capacities are being added in the globe outside China because of this situation.

Jasdeep Walia: Sir now so I am presuming demand has been flattish globally in terms of volumes let us say, if we compare versus last year. Now plants have been shut down in China so who is basically then supplying to take care of this deficit in production capacity?

Ramprakash V. Bubna: Sir it is also a question of game of price. Those who are not able to afford the price they are managing their agriculture without the inputs.

Jasdeep Walia: So, you are saying volumes have declined?

Ramprakash V. Bubna: Could be.

Jasdeep Walia: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Amit Hiremath from Mahindra Mutual Fund. Please go ahead.

Amit Hiremath: Thanks for the opportunity. Sir I want to know that in the current quarter the 23% contribution from active indigents is it equally distributed in geographies or it is concentrated in a particular geography?

Ramprakash V. Bubna: It is concentrated in some geography. It is mainly NAFTA region and Latin America.

Amit Hiremath: Going forward would this contribution be similar to it or there would be a change in it?

Ramprakash V. Bubna: I think there would be a change.

Amit Hiremath: This would be coming down or going up?

Ramprakash V. Bubna: It would be coming down.

Amit Hiremath: Last time you had mentioned regarding five molecules for which you are planning to launch in the European region, which would be kind of following the innovator any update in that development?

Ramprakash V. Bubna: I do not remember I had given a number to the new molecules but there were two, three molecules, which we were having hope and we were supposedly the only generic registrant after the innovator. One of them has materialized and it has contributed partly in the last quarter and it will contribute more in this current quarter. Another one or two are in the pipeline and we should be receiving the registrations maybe before end of this quarter or the first quarter of next year, but there is also a time lag between the receipts of registrations and getting its beneficial benefits, which is difficult to comment on at this stage.

Amit Hiremath: So, the immediate benefit would not be recognized in the current quarter itself it will take some time or what will be the timeframe Sir?

Ramprakash V. Bubna: I said that immediate benefit out of one or two molecules would be there also in the current quarter.

Amit Hiremath: Thanks. That is, it from my side.

Moderator: Thank you. Next question is from the line of Vishnu Kumar from Spark Capital. Please go ahead.

Vishnu Kumar: Thanks for your time again. I just wanted to understand are the Chinese raw material prices are they softening a little bit, or you are still seeing you are elevated on an average?

Ramprakash V. Bubna: On an average they are not softening. They are again increasing.

Vishnu Kumar: Okay so this quarter also they are increasing?

Ramprakash V. Bubna: Yes Sir.

Vishnu Kumar: How much was the total nine-month capex that we have done and what would be the full year capex you will do?

Ramprakash V. Bubna: Sir, I think I have mentioned the figures 172.9 Crores in the first nine months and in the fourth quarter as I am repeating the process of registration is very unpredictable, so we should be spending may be about another 20 Crores or around that in this quarter.

Vishnu Kumar: For next year what would be the rough number will we be spending would it be on the similar lines or higher?

Ramprakash V. Bubna: It is very difficult to say. It should be in the range of 150 to 200 Crores.

Vishnu Kumar: Thank you.

Moderator: Thank you. Next question is from the line of Chirag Dagli from HDFC Mutual Fund. Please go ahead.

Chirag Dagli: Thank you for the follow up. So, this Euro and USD rate difference for the fourth quarter we will start to see this 1.18 realization right the differential?

Ramprakash V. Bubna: Yes Sir.

Chirag Dagli: And have we seen this in Q3 Sir?

Ramprakash V. Bubna: Q3, very marginally.

Chirag Dagli: But Q4 you will see the full benefit?

Ramprakash V. Bubna: Yes please.

Chirag Dagli: Thank you so much. That is, it.

Moderator: Thank you. The next question is from the line of Alok Ranjan from L&T Mutual Fund. Please go ahead.

Alok Ranjan: Thank you. Thanks for taking my question. Sir can you throw some light on the registrations pipeline as on December 31, 2017?

Ramprakash V. Bubna: Sir we have about 852 registrations in the pipeline as of December 31, 2017.

Alok Ranjan: Can you give a breakup based on the region Sir?

Ramprakash V. Bubna: The breakup is European region 433, NAFTA 138, LATAM 197 and Rest of the World 84.

Alok Ranjan: My second question is related to the China issue. Sir if we talk about the attitude of the Chinese government can you throw some light on how the Chinese government is reacting to the current situation? Are they telling the companies to move to some different regions, which will not be viable for them to manufacture so if that is happening in China again why not other companies, which can produce the agrochemicals at a similar cost level why they are not coming up so whether the China situation is going to stabilize in the short to medium-term or will it persist because of the pollution issues?

Ramprakash V. Bubna: See Mr. Alok, the fact that we are continuing to get the products indicates that some factories have stopped but others are working and what is the mind of China Government is very difficult for us to judge and make out. What we learn from our partners in China is that they are hoping the things will be little softer soon in coming future.

Alok Ranjan: Thank you Sir.

Moderator: Thank you. The next question is from the line Manish Mahawar from Antique Stock Broking. Please go ahead.

Manish Mahawar: Most of the questions have been answered. One small question, can you give us a breakup of registrations geography wise?

Ramprakash V. Bubna: European region 1061, NAFTA 180, LATAM 680 and Rest of the World 212.

Manish Mahawar: That is from my part. Any other questions, Raymond?

Moderator: Well. No that was the last question in the queue.

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