

# MESSAGE BY CHAIRMAN AND MANAGING DIRECTOR

## Dear Shareholders

I am pleased to present our annual report for the fiscal 2016-17. It was a year of sustained growth and resilience. Our resilience was derived from the ability to identify opportunities, attaining product registration, investing in enduring relationships and prudent finance management - across geographies and industry cycles.

The result is reflected in our financial performance. The total revenue of Sharda Cropchem for FY 2017 increased by 14.5% from ₹ 12,221 mn in FY 2016 to ₹ 13,992 mn. EBITDA (excluding other income) grew by 15.1% from ₹ 2,714 mn in FY 2016 to ₹ 3,124 mn in FY 2017, in line with the higher revenues. Net profit after tax and minority interest grew by 8.7% to ₹ 1,904 mn. Our EBITDA margin and PAT margin stood at 22.3% and 13.6% in FY 2017. Our balance sheet remains debt free with net cash of ₹ 1,684 mn as on March 31, 2017.

During the year, the agrochemical division saw a volume growth of 16.8%, which translated into a revenue growth of 16.4% at ₹ 11,988 mn. The revenue of the business were driven primarily by the contribution of European Union region, which constitutes 50.4% of the agrochemical revenues, followed by NAFTA region with 26.5%, LATAM with 12.7% and rest of the world with 10.4% contribution.



**R. V. Bubna**  
*Chairman & Managing Director*

The revenues from non-agro division, which constitutes 14.3% of the revenues, grew by 4.4% from ₹ 1,921 mn in the previous year to ₹ 2,004 mn in FY 2017.

### OUR COMPETENCY

Our performance was a result of our competency in identifying opportunities in generic molecules, formulations, preparing dossiers and seeking registrations in the relevant jurisdictions. We have showcased our capability by securing registration in the toughest markets such as Europe. Sharda Cropchem has secured 1,041 registrations in Europe, out of its 2,174 total registration across geographies.

Our asset light business model helps us pay unfettered attention on product registrations and outsourcing manufacturing. As a result, our library of dossiers and the number of registrations have been increasing progressively. During FY 2017, we got 409 product registrations across various countries. This is an outcome of our understanding of different geographies, focused

**₹ 1,904<sup>mn</sup>**

Net Profit, FY 2017



WITH OUR READINESS FOR CHANGE AND DECADAL SECTORAL EXPERIENCE, WE REMAIN COMMITTED TOWARDS EMBARKING ON THE GLOBAL OPPORTUNITIES COMING OUR WAY.

₹ **1,684<sup>mn</sup>**

Net Cash, FY 2017

efforts in seeking registrations and our investment of time and capital towards this objective.

Our prudent financial management helps keep a tight control over the working capital cycle and managing foreign currency volatility, through sound hedging mechanisms.

It is the coming together of these diverse capabilities that makes us a well-rounded player and enhances the optimism of sustained outperformance.

### KEY DEVELOPMENTS

During the year, our supplies from China were affected owing to environmental concerns. This effected our terms of deliveries with respect to time and cost, and we are doing our best to minimise the impact.

The European region has been the key revenue contributor for the Company. We have majority of our registration in Europe because of the attractive margin it offers. However, we faced challenge on the incremental demand

front and we were unable to get timely registration owing to factors beyond our control. Also a combination of sharp depreciation of Euro against US Dollar and upward pressure on the sourcing prices, pulled down the growth in the region.

With slower growth in the European region, the Company enhanced its focus in the NAFTA region. We also received registration in crops of corn and soya and got into the markets of the USA and Canada.

### WAY FORWARD

We remain attuned to the concerns and challenges prevailing in the global economy. With our readiness for change and decadal sectoral experience, we remain committed towards embarking on the global opportunities coming our way.

With a strong line-up of new registration and molecules directed at over-coming the short-term challenges bodes well for us. Today, we have 458 registrations in the pipeline in European regions, 131 in

the NAFTA region, 199 registrations in LATAM and 57 registrations in the Rest of the World.

Our strategic extension into new markets and increasing market share in existing ones, along with our products and geographical diversity will help us generate sustainable and profitable growth.

Sincerely

**R. V. Bubna**

*Chairman & Managing Director*