

CHAIRMAN AND MD'S MESSAGE



“We have the rights of passage for augmented evolution, aided by our disciplined commitment to deliver value to our customers in the depth of our product portfolio; in our global market reach across all 5 continents; and in our virtuous cycle of free cash generation contributing to uninterrupted investments.”

R. V. BUBNA

Chairman & Managing Director

Dear Shareholders,

Fiscal FY21 will be remembered as the year of COVID-19. For Sharda Cropchem, it was a tale of resilience in terms of our team's hard work and determination in facing the challenges; which were met to deliver the performance. We closed FY21 with revenues growth by 19.6% YOY, backed by strong demand for our various products across the globe. Our ability to rapidly respond to the challenges demonstrates the unique value we bring to our global clients and the resilience of our business across geographies. We are proud that during fiscal FY21, “Team Sharda Cropchem” continued to deliver on our commitments. And at one of the most challenging times in world history, we have emerged stronger. We enter fiscal FY22 with the same disciplined commitment and passion to perform and are ready to navigate through new challenges.

Our financial performance underscoring our resilience

We delivered strong performance in fiscal FY21, reflecting continued growth ahead of the market, strong profitability and record free cash flow, driving superior shareholder value.

During the fiscal year of FY21, our revenues grew by 19.6% YoY, from ₹2,003 crores in FY20 to ₹2,396 crores in FY21. This was the result of our strong overall volume growth of 21.5%. Regionally speaking, we saw solid performance from Europe which grew by 20.2%, from the NAFTA region which grew by 23.6%, and from the LATAM region which grew by 30.6%. In contrast, we saw a modest decline in RoW regions by 3.7%. Exchange gain was favourable during the year by 6.1% which was negated by product mix and price impact to the extent of 8%.

OVERVIEW

Our Agrochemicals to Non-Agrochemicals mix stood at 86:14. The Agrochemicals business grew by 22.2%. Europe grew by 20.0%, NAFTA grew by 26.0%, LATAM grew by 24.6% and RoW grew by 17.1%. The Formulation to AI mix stood at 93:7 in FY21. The Non-Agrochemicals business grew by 6.0%. Europe grew by 22.4%, NAFTA grew by 12.7% and LATAM grew by 87.1%. On the other hand, RoW degrew by 33.4%.

In terms of contributions, our Gross profit grew by 23.6% YoY from ₹614 crores in FY20 to ₹760 crores in FY21. Our Gross margin expanded by 104 bps from 30.7% in FY20 to 31.7% in FY21 due to a favourable product mix. Our EBITDA too grew by 29.8% YoY from ₹351 crores in FY20 to ₹455 crores in FY21. The EBITDA margin expanded by 150 bps to 19.0% in FY21 predominantly led by favourable product mix and various cost efficiencies. In terms of our net contribution, our Profit after Tax grew by 39.2% YoY from ₹165 crores in FY20 to ₹229 crores in FY21. I am pleased to inform you that our PAT margin expanded by 135bps YoY to 9.6% in FY21. Our Cash Profit stood at ₹400 Crores in FY21 as compared to ₹302 Crores in FY20, and our Net working capital days stood at 86 days in FY21 as against 74 days in FY20.

During the year, Board of Directors have declared interim dividend of ₹2 per equity share and recommended final dividend of ₹3 per equity share subject to approval of shareholders. The aggregate amount of dividend including final dividend is ₹4,511.02 lakhs, subject to TDS as applicable.

Resilience from having a rich portfolio

At Sharda, we use market driven systematic approach in creating product variants in the pursuit of growth and delivering added value to our esteemed customers. We continue to build on our core capability to pick out interesting and hard-to-enter molecules to make a generic entry into advanced and regulated markets with critical entry barriers.

Despite the COVID 19 disruption, your Company has not let up in its investment commitments for their product registrations, and we have continued to strengthen our product portfolio by prudently investing in new registrations. We almost doubled our capex in FY21 to ₹309 Crores, vis-à-vis ₹162 Crores in FY20. As of March 31, 2021, the company has obtained 2,543 product registrations.

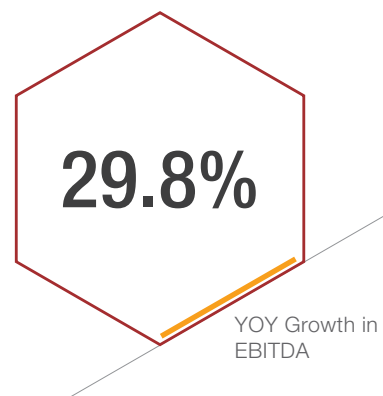
Our vast and growing library of dossiers and IPRs provide us foundations for growth in the global marketplace, especially in Advanced Markets such as Europe and North America. It equips us with the ability to operate in a diversified range of formulations and generic active ingredients space globally.

Your Company continues to embark on its Product Portfolio expansion journey, with a firm registration pipeline and as at March 31, 2021, we have 1,128 new applications at different stages made globally.

A stakeholder to mission-critical global food security

We continue to pursue our strategy of further penetrating of existing markets and entering new markets. As a global player taking part in markets across all continents, your Company continues to expand and strengthen its relationships with its customers & business partners. Today, we are a fast-growing global agrochemicals company with a peer position in the generic crop protection chemicals industry. Making deeper inroads into the evolving global markets has enabled us to improve our relevance, competitiveness and create value in an unstoppable world.

We are blessed by the fact that we belong to one of the world's most essential industry which is indirectly contributing towards the essential food security for the world's population. This fact also provides us another form of resilience from being part of the evergreen agriculture industry, which must play the lead role in increasing the world's food production by around 70% to support the population by 2050.



Given these fundamentals, we stand on firm ground to keep growing to support food security for the world.

Rising stronger from the crisis

Our culture is differentiated by shared success, based on our commitment to make a positive difference together with our clients, our people, our shareholders, our partners and our communities. Our formula for market influence is enduring, as we continually improve our business and embrace change to create more value for our customers. We view fiscal FY22 as turning a page - we are no longer navigating a crisis - we are facing a new reality, and we are ready.

Throughout our history, the people of Sharda Cropchem have embraced change. Today is no different. I want to thank all our people for their dedication, perseverance and commitment. I also want to thank all our shareholders for their continued trust and support. We expect your similar support in future as well, which helps us perform better.

Stay safe stay healthy.

Sincerely

R. V. BUBNA
Chairman & Managing Director