



# Chairman and Managing Director's Message



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WE REMAIN ATTUNED TO THE CONCERNS AND CHALLENGES PREVAILING IN THE GLOBAL ECONOMY. WITH OUR READINESS FOR CHANGE AND DECADEAL SECTORAL EXPERIENCE, WE REMAIN COMMITTED TOWARDS EMBRACING GLOBAL OPPORTUNITIES COMING OUR WAY.

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Dear Shareholders,

I am pleased to present our annual report for the fiscal 2017-18. Despite some challenging market conditions, it was a year of sustained growth and resilience. Our strength was derived from our unique, asset light business model, which gives us the ability to identify opportunities, attain product registrations, invest in enduring relationships and prudent finance management — across multiple geographies and industry cycles.

The result is reflected in our financial performance. The total revenue of Sharda Cropchem for FY 2018 increased by 22.5% yoy from ₹1,399 crores to ₹1,713 crores. This was driven by growth of 18.7% in Europe, 50.3% in the NAFTA region, -6.9% in LATAM and 5.4% in the Rest of the World. Gross profits increased by 13.5% yoy from ₹502 crores to ₹570 crores.

**STRONG  
FOUNDATION  
CONSISTENT  
GROWTH**

However because of pressures from the industry, gross margins declined from 35.9% to 33.2%. EBITDA, excluding foreign exchange impact, increased by 10.6% yoy from ₹312 crores to ₹345 crores. EBITDA margins declined from 22.3% to 20.2%. Profits after tax increased by 0.2% from ₹190 crores to ₹191 crores. As of March 31, 2018 the total number of registrations was at 2,157 and the company has another 978 registrations in the pipeline across various geographies.

During the year, government regulation and environmental concerns affected our supplies from China. This situation is now on the path of recovery, and should have a relatively lower impact on our deliveries with respect to time and cost.

During the year, the agrochemical division saw a volume growth of 11.0%. The revenue of the business was driven primarily by the contribution of European Union region and NAFTA region, which constitutes 47.0% and 33.6% of the agrochemical respectively. The revenues from the non-agro division, which constitutes 13.1% of total revenue, grew by 12.4% from ₹ 200 crores in the previous year to ₹ 225 crores in FY 2018.

The European and NAFTA regions have been key revenue contributors for the Company. A majority of our registrations come from this region as they yield the best margins. New registrations acquired during the year have helped us grow in the EU and NAFTA regions.

With a strong line-up of new registration and molecules directed at over-coming the short-term challenges bodes well for us. As of March 31, 2018 we have 625 registrations in the pipeline in European regions, 112 in the NAFTA region, 119 registrations in LATAM and 122 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.

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.

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.

Sincerely

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