

Shiva Global Agro Industries Limited Records highest growth in fertilizer segment amidst the pandemic; Boosts sales through right supply chain strategy

Shiva Global Agro Industries Limited recently announced the results of the fourth quarter and fiscal year 2020-21. With consolidated PAT for the year at Rs.932 Lacs compared to Rs.679.15 Lacs in the same period in 2019-20 (increase of 37.23%). The highest growth in terms of quantity in 28 years for the company comes from the stable growth in the fertilizer and solvent business despite the pandemic. The transportation of fertilizers to distributors and farmers continued even during the lockdown; since the company followed a strict supply chain strategy - gaining favorable access to markets across the country to sell their products.

Proactive measures from Shiva Global Agro were paramount in ensuring a quick recovery from the environmental conditions during the first half of the year. The company's strategic cost-control initiatives, along with price forecasting & procurement techniques and good supplier relationships, aided in meeting optimum nutrient to crops through their innovative products in fertilizers and solvent division.

Impact and Learnings from the pandemic

Globally, there was a decline (5%) in the production of agricultural chemicals including, crop protection chemicals and fertilizers, during the first half of 2020. Understanding this, Shiva Global Agro focused on the domestic supply chain and made sure the shortage of skilled labor and volatile crude oil prices during the pandemic doesn't affect production.

Also, later in the year, the country witnessed an above normal South West and North East monsoon, resulting in improved crop sowing, which helped the sales of fertilizers, De-oiled cake (DOC) and edible oil. Thus, the domestic effect of decline was minimal in India.

Also, Direct Income Support Schemes introduced by various State and the Central Government helped in improving the cash availability with farmers helped the agricultural sector to remain positive.

Financial Performance Highlights

Last fiscal year, company benefitted from a favorable business environment and improved liquidation profile, aiding the business performance. The company's consolidated revenue from Operations stood at Rs.48,963.36 Lacs as compared to previous year's Rs. 49,961.83 Lacs.

Also, the Net Profit Before Tax was Rs.1,170.28 Lacs for the year under review as against the previous year's consolidated Net Profit Before Tax of Rs.1,088.28

Future of Fertilizer and Solvent Industry

The company believes, fertilizers will continue to reduce the cost of produce for the farmers. Currently, looking at the cultivation cycles many farmers understand this is a seasonal business and they are increasingly adopting to fertilizers and crop inputs to reduce agriculture cycle crops, that will promote higher cultivation in low arable land.

Often, the fertilizer industry is influenced by a number of macroeconomic factors like population, reduction of farmable lands, alternative use of crops and change in diet preference among Indians. These factors will continue to

play their part creating price volatility in the market.

In the solvents, soy-based products are proving to be on par with other non-green products. Its advantages of natural emollients that help to stay on the crop and not evaporate or wash off during rainy days and non-corrosive performance over other traditional products will continue to make farmers prefer Soy-based resources.

In future, the collaboration between state and central government, NGOs, and other partners can result in zero-carbon ammonia production, and low-carbon fertilizers will be the sustainable goal of likes of Shiva Global Agro.

Upcoming Products & Business Plans

Shiva Global Agro Industries Limited's future CAPEX plan includes setting up a new plant in Nanded, Maharashtra, to produce Magnesium Sulphate - with a capacity to generate nearly 15,000MT per annum. The additional plant will help the company to meet growing nutrient demand in agriculture in India and accelerate product availability for commercial supply.

Also, plans are in progress to set up a new HDPE/PP packaging facility in Nanded - for better control over packaging quality and cost. The HDPE/PP bags are currently being used for both fertilizer and solvent products for higher resistance to temperature changes, water, and vapor.

The future CAPEX plans are the result of the company's success with the organic DOC plant inaugurated last year. The 270 Lacs investment is now fully operational and will yield more revenues for the solvent division in 2021. And, the decision to use indigenous rocks in fertilizer business more compared to high grade imported rocks has helped in reducing the product cost through the BRP facility in Nanded.

Some of the upcoming products in solvent business is to produce more Soya DOC and edible oil from soya beans, along with mustard and mahua products - informed the company.

Neem based organic fertilizers products that is packed with macro and micronutrients to nourish the crops naturally is also another product category on the pipeline.

Outlook 2021-22

"Agriculture continues to be a very important sector for the Indian economy. The recent reforms announced by the Government in the agriculture sector augur well for its future growth and farmer's welfare. Indian agriculture will see improved focus on Smart Agri practices like balanced nutrition, precision farming, micro-irrigation, digital connect and shared service model," Said Mr. Deepak Maliwal, Director of Shiva Global Agro Industries Limited.

"This will help to fulfill the changing dietary needs, mitigate rising pressure on natural resources and address the farm labor shortages. The Company with its rich experience and connect with farmers, customized product offerings, efficient supply chain and market presence is well placed to seize the opportunity presented by these trends," he added.