

# SHARDA CROPCHEM LIMITED

## Q4 & FY19 RESULTS UPDATE

May 2019



*Sharda Cropchem Limited*





*This presentation and the following discussion may contain “forward looking statements” by Sharda Cropchem Limited (“Sharda” or “the Company”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Sharda about the business, industry and markets in which Sharda operates.*

*These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Sharda’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Sharda.*

*In particular, such statements should not be regarded as a projection of future performance of Sharda. It should be noted that the actual performance or achievements of Sharda may vary significantly from such statements.*



- Q4 & FY19 Result Highlights**
- Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

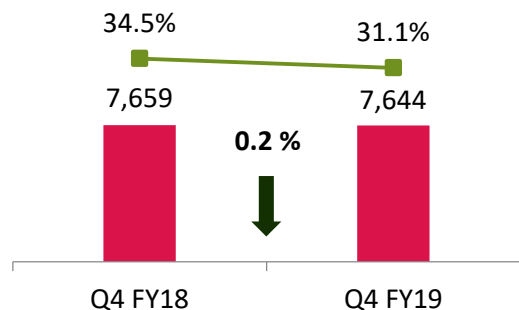
# Q4 & FY19: KEY HIGHLIGHTS



Sharda Cropchem Limited

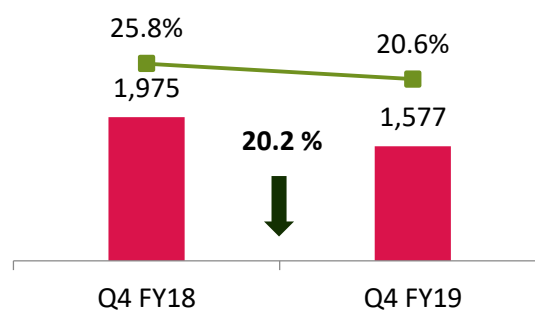
In Rs Mn

## REVENUES & GROSS MARGIN

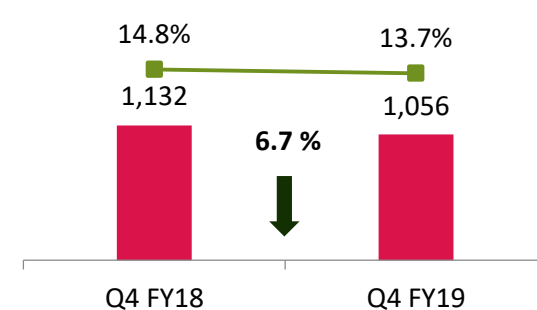


## Q4 FY19 YoY ANALYSIS

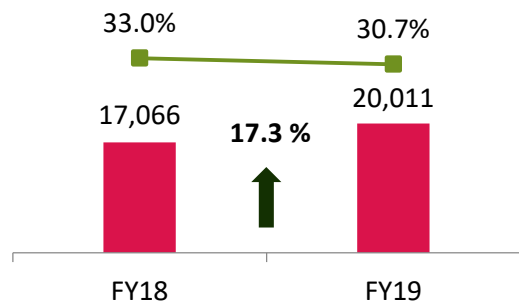
### EBITDA & EBITDA MARGIN



### PAT & PAT MARGIN

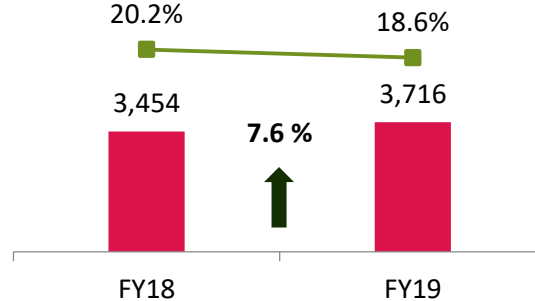


## REVENUES & GROSS MARGIN

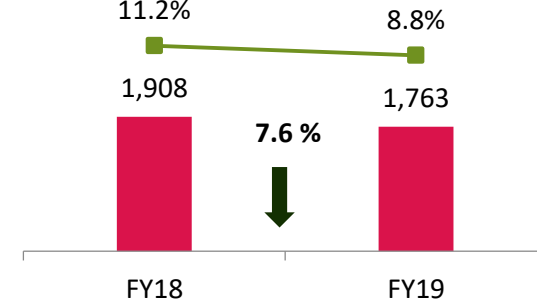


## FY19 YoY ANALYSIS

### EBITDA & EBITDA MARGIN\*



### PAT & PAT MARGIN



\* EBITDA excluding IA & IAUD write-off (Rs 422.4 mn in FY19)

IA & IAUD – Intangible Assets & Intangible Assets Under Development

# FY19: KEY PERFORMANCE HIGHLIGHTS



*Sharda Cropchem Limited*

- **Robust growth across both agrochemical and non-agrochemical business**
  - Revenues increased by 17.3% YoY from Rs 17,066 mn in FY18 to Rs 20,011 mn in FY19
    - Region wise growth YoY – Europe: 14.0%, NAFTA: 20.5%, LATAM: -18.8% and RoW: 64.2%.
  - Gross profit increased by 9.0% YoY from Rs 5,628 mn in FY18 to Rs 6,136 mn FY19. Gross margin declined by 232bps YoY to 30.7% in FY19.
  - EBITDA (excl. IA & IAUD write-offs) increased by 7.6% from Rs 3,454 mn in FY18 to Rs 3,716 mn in FY19. EBITDA margin declined from 20.2% in FY18 to 18.6% in FY19 due to lower gross margins.
  - PAT declined by 7.6% from Rs 1,908 mn in FY18 to 1,763 mn in FY19 due to -
    - IA & IAUD write-offs of Rs 422 mn in FY19
    - Forex loss of Rs 45 mn in FY19 compared to forex gain of Rs 85 mn in FY18
    - Higher depreciation of Rs 994 mn in FY19 compared to Rs 699 mn in FY18
- **Focus on strong cash flow generation**
  - Rs 3,826 mn of free cash flow generated in FY19
  - Strong balance sheet position – net cash of Rs 3,355 mn in FY19 compared to debt of Rs 1,696 mn in FY18
  - Working capital (inventory + receivables – payables) reduced by Rs 2,482 mn from Rs 7,884 mn in FY18 to Rs 5,402 mn in FY19. Net working capital days declined from 101 days in FY18 to 86 days in FY19
  - Capex of Rs 1,489 mn in FY19 vs Rs 2,093 mn in FY18.

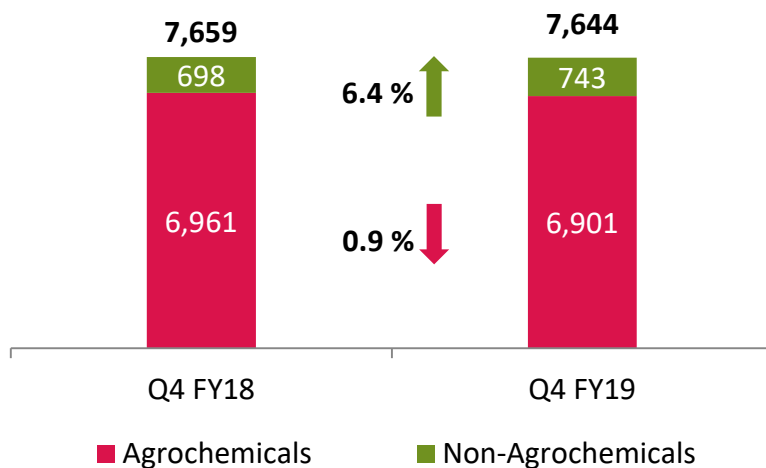
# Q4 & FY19: DIVISION WISE HIGHLIGHTS



Sharda Cropchem Limited

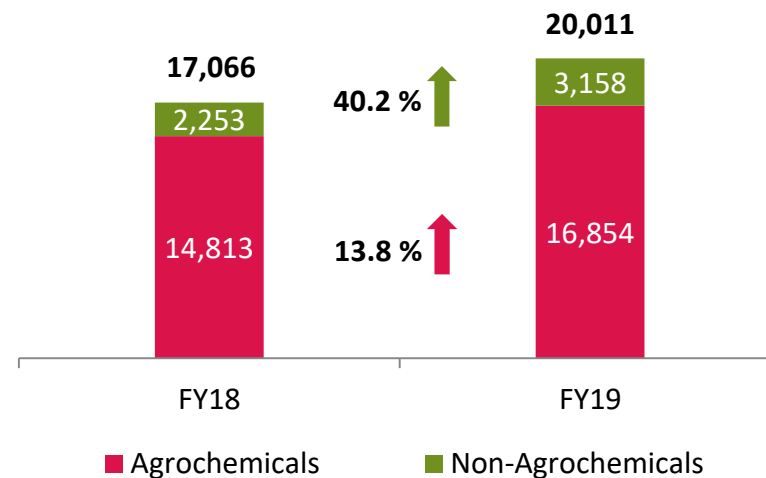
In Rs Mn

## Q4 FY19 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q4 FY18	Q4 FY19
Agrochemicals	90.9%	90.3%
Non-Agrochemicals	9.1%	9.7%

## FY19 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	FY18	FY19
Agrochemicals	86.8%	84.2%
Non-Agrochemicals	13.2%	15.8%

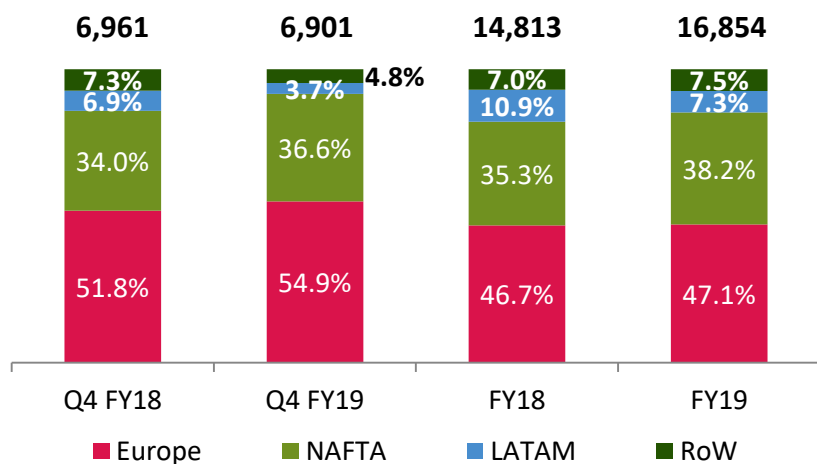
# Q4 & FY19: AGROCHEMICAL BUSINESS



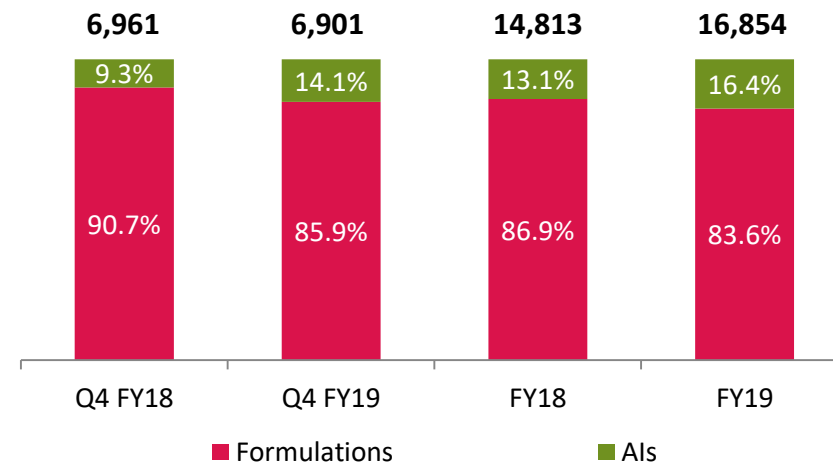
Sharda Cropchem Limited

In Rs Mn

### REVENUE BREAKUP: REGIONWISE

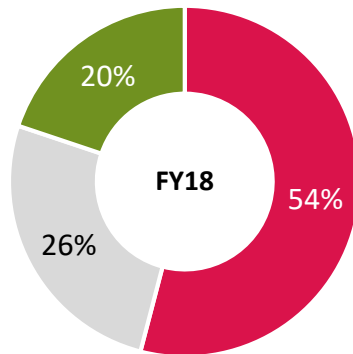


### REVENUE BREAKUP: FORMULATIONS VS. AIs



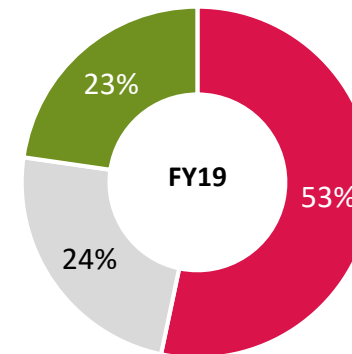
- Revenues in Europe increased by 5.0% in Q4 FY19.
- Revenues in NAFTA increased by 6.8% in Q4 FY19
- Revenues in LATAM declined by 46.5% in Q4 FY19
- Revenues in ROW declined by 35.5% in Q4 FY19.

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides   ■ Fungicides   ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides   ■ Fungicides   ■ Insecticides

- Herbicides revenues grew by 12.2% YoY in FY19 to Rs 8,987 mn
- Fungicides revenues grew by 4.5% YoY in FY19 to Rs 4,037 mn
- Insecticides revenues grew by 30.2% YoY in FY19 to Rs 3,829 mn

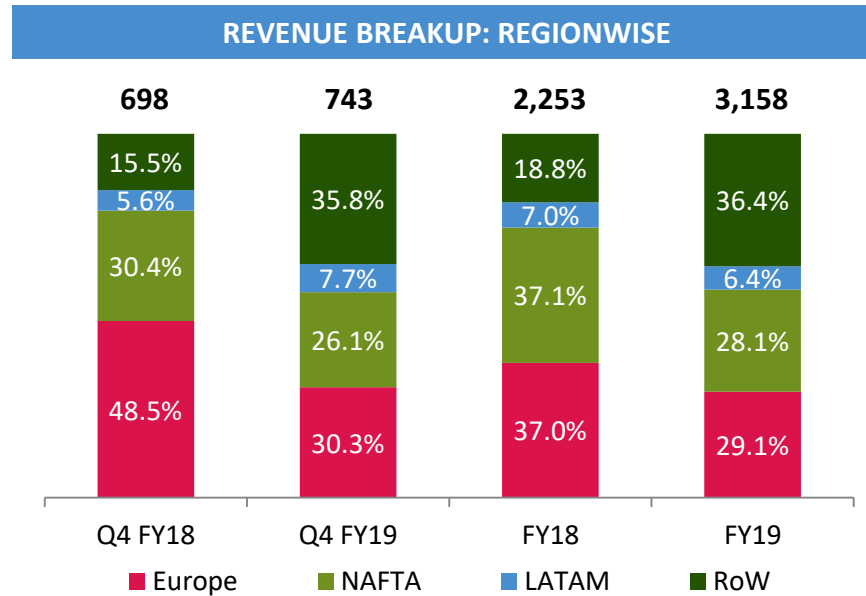


# Q4 & FY19: NON-AGROCHEMICAL BUSINESS



Sharda Cropchem Limited

In Rs Mn



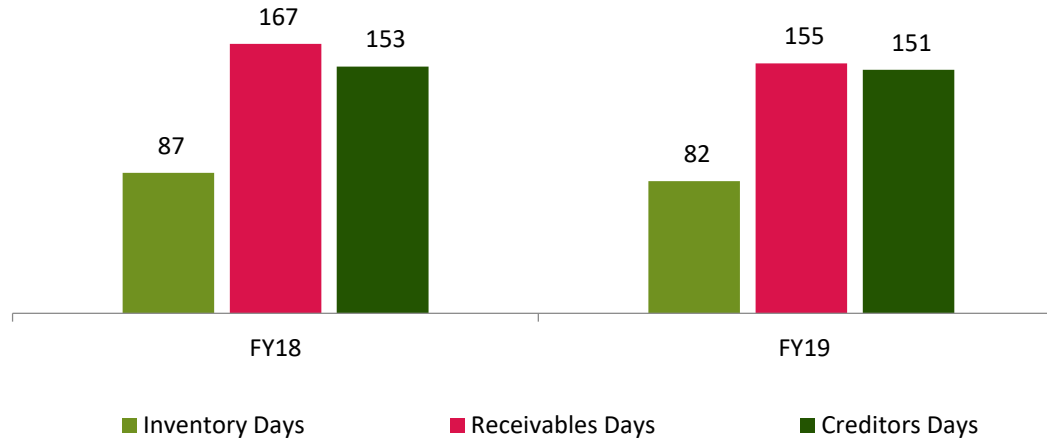
- Revenues in Europe declined by 33.4% in Q4 FY19 to Rs 225 mn
- Revenues in NAFTA declined by 8.5% in Q4 FY19 to Rs 194 mn
- Revenues in LATAM grew by 47.0% in Q4 FY19 to Rs 58 mn
- Revenues in RoW grew by 146.1% in Q4 FY19 to Rs 266 mn

# FY19: WORKING CAPITAL ANALYSIS



Sharda Cropchem Limited

## WORKING CAPITAL ANALYSIS \*



**NET WORKING CAPITAL DAYS**  
FY18: 101  
FY19: 86

\* Calculated on average inventory, receivables, creditors

# Q4 & FY19: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q4 FY19	Q4 FY18	YOY%	FY19	FY18	YOY%
<b>Total Revenue</b>	<b>7,643.6</b>	<b>7,658.9</b>	<b>-0.2%</b>	<b>20,011.4</b>	<b>17,065.9</b>	<b>17.3%</b>
COGS	5,265.5	5,019.3	4.9%	13,875.9	11,437.4	21.3%
<b>Gross Profit</b>	<b>2,378.1</b>	<b>2,639.6</b>	<b>-9.9%</b>	<b>6,135.5</b>	<b>5,628.4</b>	<b>9.0%</b>
<b>Gross Margin %</b>	<b>31.1%</b>	<b>34.5%</b>	<b>-335bps</b>	<b>30.7%</b>	<b>33.0%</b>	<b>-232bps</b>
Employee Expenses	94.2	110.6	-14.8%	333.6	335.4	-0.5%
Other Expenses	707.4	553.9	27.7%	2,508.5	1,838.8	36.4%
<b>EBITDA *</b>	<b>1,576.5</b>	<b>1,975.1</b>	<b>-20.2%</b>	<b>3,715.9</b>	<b>3,454.3</b>	<b>7.6%</b>
<b>EBITDA Margin % *</b>	<b>20.6%</b>	<b>25.8%</b>	<b>-516bps</b>	<b>18.6%</b>	<b>20.2%</b>	<b>-167bps</b>
Forex (Gain)/Loss	34.7	43.1	-19.6%	44.6	-84.9	-152.5%
Depreciation	380.4	185.5	105.1%	993.9	699.4	42.1%
Financial Cost	2.1	45.9	-95.5%	83.9	48.6	72.6%
Other Income	92.4	18.6	395.6%	179.2	80.7	122.2%
<b>Profit Before Tax (PBT)</b>	<b>1,251.8</b>	<b>1,719.3</b>	<b>-27.2%</b>	<b>2,350.3</b>	<b>2,871.9</b>	<b>-18.2%</b>
Tax	195.4	586.8	-66.7%	586.8	964.2	-39.1%
<b>Profit After Tax (PAT)</b>	<b>1,056.4</b>	<b>1,132.5</b>	<b>-6.7%</b>	<b>1,763.4</b>	<b>1,907.7</b>	<b>-7.6%</b>
<b>PAT Margin %</b>	<b>13.8%</b>	<b>14.8%</b>	<b>-97bps</b>	<b>8.8%</b>	<b>11.2%</b>	<b>-237bps</b>
<b>Earning Per Share (EPS) in Rs.</b>	<b>11.71</b>	<b>12.55</b>	<b>-6.7%</b>	<b>19.55</b>	<b>21.15</b>	<b>-7.6%</b>

\* EBITDA excluding IA & IAUD write-off (Rs 422.4 mn in FY19)

IA & IAUD – Intangible Assets & Intangible Assets Under Development

# CONSOLIDATED BALANCE SHEET

Particulars in Rs. Mn	FY19	FY18
<b>Equities &amp; Liabilities</b>		
<b>Shareholder's Funds</b>		
Equity and Share Capital	902.2	902.2
Other Equity	11,936.9	10,446.0
Non-controlling Interest	2.4	2.4
<b>Total Equity</b>	<b>12,841.5</b>	<b>11,350.6</b>
<b>Non-Current Liabilities</b>		
Borrowings	0.9	0.9
Trade Payables	28.6	30.1
Other Financial Liabilities	3.7	3.2
Provisions	22.2	20.6
Deferred Tax Liabilities (net)	910.0	831.3
<b>Total non-current liabilities</b>	<b>965.3</b>	<b>886.1</b>
<b>Current Liabilities</b>		
Borrowings	0.0	1,696.0
Trade Payables	6,360.7	6,338.2
Other Financial Liabilities	1,049.9	1,061.6
Other Current Liabilities	608.9	683.3
Current Tax Liabilities	6.5	240.3
Provisions	200.8	6.1
<b>Total current Liabilities</b>	<b>8,226.7</b>	<b>10,025.4</b>
<b>Total Equity &amp; Liabilities</b>	<b>22,033.5</b>	<b>22,262.1</b>

Particulars in Rs. Mn	FY19	FY18
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	135.5	106.8
Goodwill	4.0	4.0
Other Intangible assets	3,578.4	2,152.2
Intangible assets under development	2,197.6	3,599.5
Deferred Tax Assets (net)	54.6	73.2
Non-Current Tax Assets	492.9	400.3
Other non-current assets	94.6	293.0
<b>Total non-current assets</b>	<b>6,557.6</b>	<b>6,629.0</b>
<b>Current Assets</b>		
Inventories	3,649.4	5,303.8
Investments	2,119.5	220.7
Trade Receivables	8,113.9	8,919.3
Cash & Cash equivalents	506.7	612.5
Other Bank balances	729.8	392.9
Other Financial Assets	16.4	0.0
Other Current Assets	340.2	183.9
<b>Total current assets</b>	<b>15,475.8</b>	<b>15,633.2</b>
<b>Total Assets</b>	<b>22,033.5</b>	<b>22,262.1</b>

# ABOUT US: COMPANY OVERVIEW



*Sharda Cropchem Limited*

## BUSINESS OVERVIEW

- Sharda Cropchem Limited is a global crop protection chemical company largely operating across Europe, NAFTA, Latin America and ROW across fungicides, herbicides and insecticides.
- Sharda operates with an asset light business model focused on identification and registration of potential molecules with a strong demand.
- Sharda also runs a non-agrochemical business comprising of order-based procurement and supply of non-agrochemical products including conveyor belts and general chemicals, dyes and dyes intermediates.

## KEY STRENGTHS

- Asset light business model with core competency of registrations and an extensive library of dossiers and registrations.
- Strong geographical presence in more than 80 countries with an established global marketing & distribution network.
- Superior sourcing capabilities with an established access to cost competitive manufacturers in China and India.
- Significant promoter experience and experienced management team.

## STRONG FINANCIALS

- Consolidated Revenues, EBITDA \* and PAT were Rs 20,011 mn, Rs 3,716 mn and Rs 1,763 mn in FY19
- Strong balance sheet position with net cash & cash equivalents of Rs 3,355 mn and equity of Rs 12,841 mn in FY19
- Healthy Return Ratios in FY19:
  - ROCE – 21.0 %
  - ROE – 14.6 %

\* EBITDA excluding IA & IAUD write-off (Rs 422.4 mn in FY19) IA & IAUD – Intangible Assets & Intangible Assets Under Development

# ABOUT US: OUR PRESENCE



*Sharda Cropchem Limited*



# ABOUT US: FINANCIAL SUMMARY

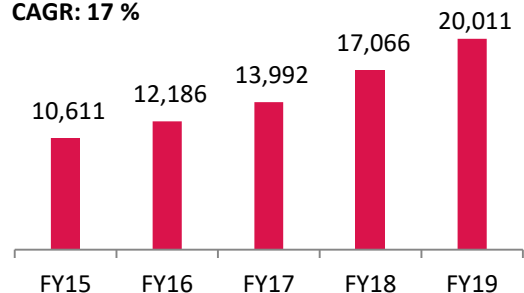


Sharda Cropchem Limited

In Rs Mn

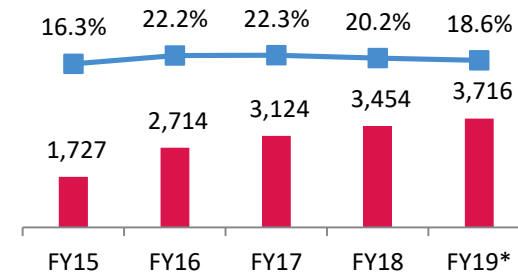
## REVENUE FROM OPERATIONS

CAGR: 17 %



## EBITDA & EBITDA Margin

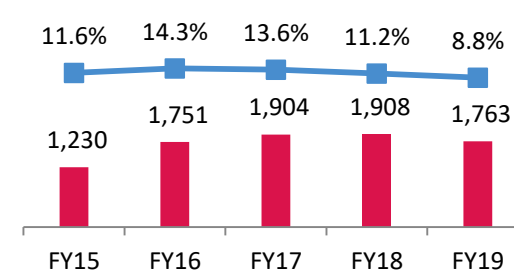
CAGR: 21 %



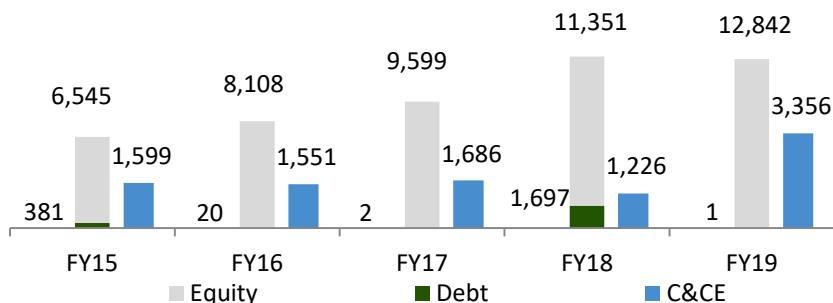
\* EBITDA excluding IA & IAUD write-off (Rs 422.4 mn in FY19)

## PAT & PAT Margin

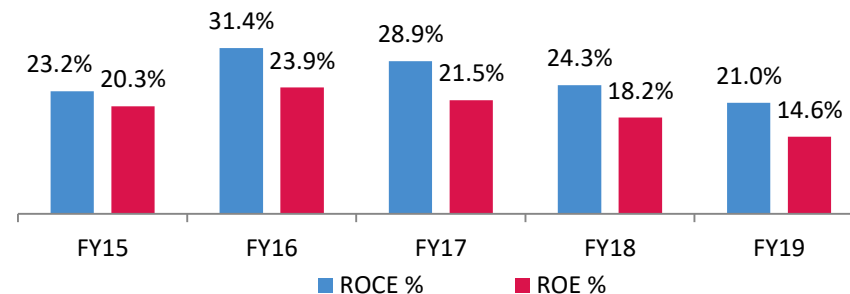
CAGR: 9 %



## LEVERAGE ANALYSIS



## RETURN METRICS



Source: Figures for FY15 are IGAAP, FY16 to FY18 are IND-AS, PAT Margin = PAT / Revenue from Operations, EBITDA Margin = EBITDA / Revenue from Operations, ROE: PAT/Avg. Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt)]

# ABOUT US: SHAREHOLDING STRUCTURE



*Sharda Cropchem Limited*

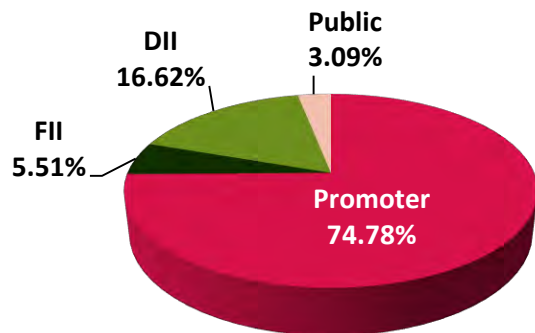
KEY INSTITUTIONAL INVESTORS – 31 <sup>ST</sup> Mar 2019	% HOLDING
HDFC MF	8.90%
L & T Mutual Fund	4.69%
Pinebridge Investments	4.14%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 10 <sup>TH</sup> MAY 2019
Market capitalization (Rs Mn)	34,951
Price (Rs.)	387.4
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	464.4 – 259.9

Source: BSE

## SHAREHOLDING – 31<sup>ST</sup> Mar 2019



Source: BSE

## SHARE PRICE PERFORMANCE



Source: BSE



# DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

## Agrochemical Value Chain

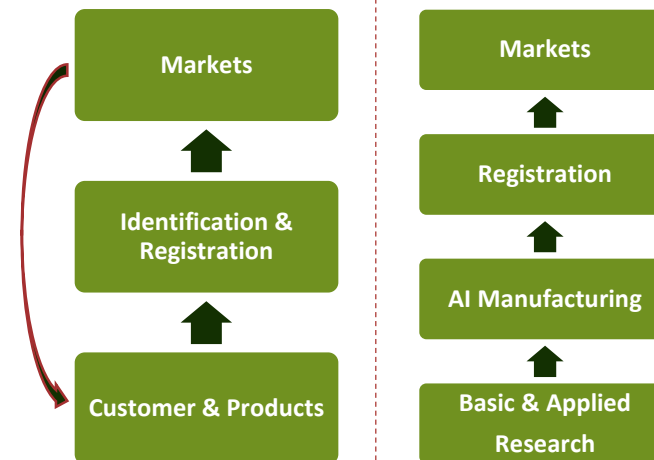
Sharda's Operating Area



### ASSET LIGHT BUSINESS MODEL

- Focus on identification of generic molecules, preparing dossiers, seeking registrations, marketing & distributing formulations through third party distributors and/or own sales
- Manufacturing of AIs and formulations is outsourced.
- Highly flexible operating model resulting in –
  - Overall cost competitiveness
  - Efficient management of fluctuating market demand across various geographies.
  - Offering wide range of formulations and AIs

### Sharda's Model: Demand Pulled / Customer Driven



SHARDA IS A FOCUSED GLOBAL AGROCHEMICAL MARKETING & DISTRIBUTION COMPANY

## Forward Integration - Build own Sales Force

- Leverage market presence and execution capabilities
- Adopt the factory-to-farmer approach and be a one-stop solution provider
- Strategy on-ground in Mexico, Colombia, Hungary, Spain, Poland, Italy, Portugal, USA & India

## Expand & Strengthen Distribution Presence

- Expand geographical reach using existing library of dossiers
- Two-fold strategy of further penetrating existing markets and entering new markets

## Continual Investment in Obtaining Registrations

- Continue to identify generic molecules going off- patent
- Investing in preparing dossiers and seeking registrations in own name

## Focus on Biocide Registrations

- Scale up marketing and distribution of biocides with a focus on Europe
- Increase biocide registrations

## Focus on Inorganic Growth

- Continue to explore possibilities of partnerships with other companies across jurisdictions



*Sharda Cropchem Limited*

**FOR FURTHER QUERIES:**



*Sharda Cropchem Limited*

Mr. Ashish Lodha  
Chief Financial Officer  
Email: [alodha@shardaintl.com](mailto:alodha@shardaintl.com)  
Contact No: +91 22 6678 2800

**DICKENSON**

Mr. Mitul Bhagat/Nilesh Dalvi  
IR Consultant  
Email: [mitul.bhagat@dickensonir.com](mailto:mitul.bhagat@dickensonir.com)  
Email: [nilesh.dalvi@dickensonir.com](mailto:nilesh.dalvi@dickensonir.com)  
Contact no: +91 8898214083/+91 9819289131

