

SHARDA CROP CHEM LIMITED

Q4 and FY20 RESULTS UPDATE

June 2020



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.



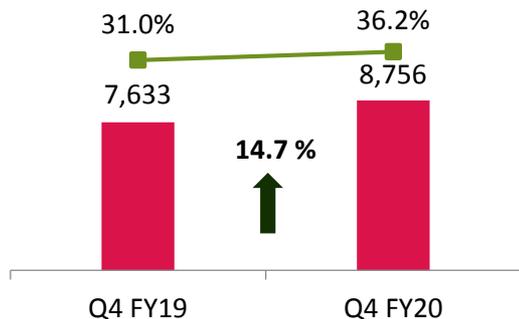
- Q4 & FY20 Result Highlights**
- Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

Q4 & FY20: KEY HIGHLIGHTS



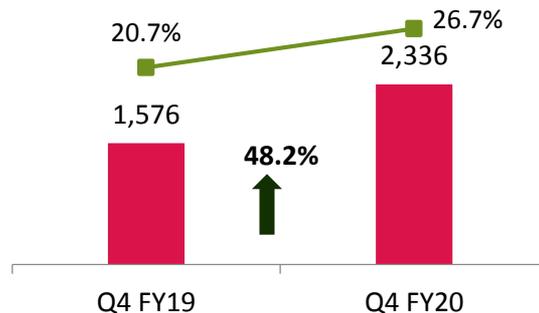
Sharda Cropchem Limited

REVENUES & GROSS MARGIN



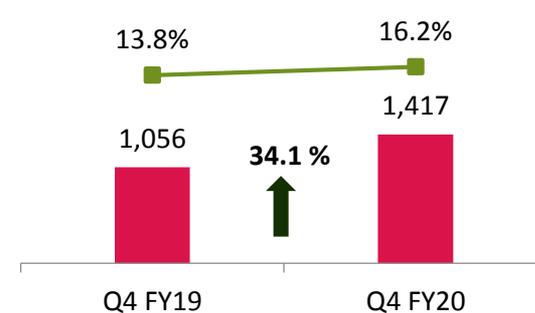
Q4 FY20 YoY ANALYSIS

EBITDA & EBITDA MARGIN*

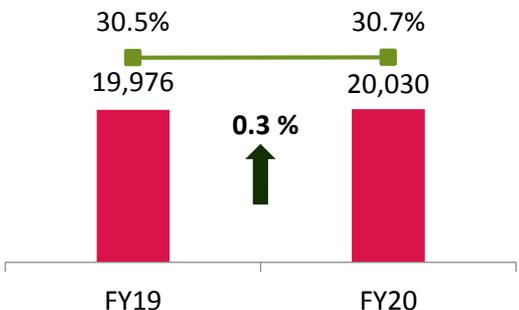


PAT & PAT MARGIN

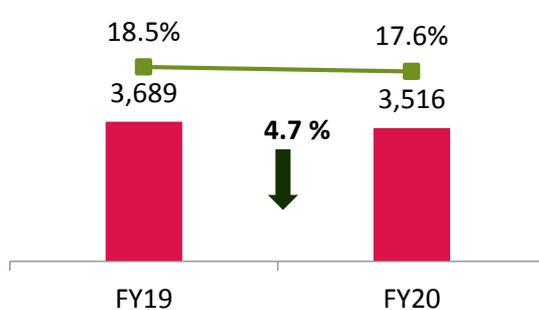
In Rs Mn



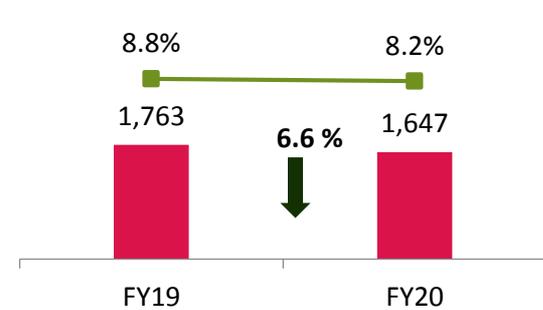
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN*



PAT & PAT MARGIN



* EBITDA excluding IA & IAUD write-off (Rs 546.5 mn in FY20 and Rs 422.4 mn in FY19)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

FY20: KEY PERFORMANCE HIGHLIGHTS



Sharda Cropchem Limited

• Financial Update

- Revenues marginally grew by 0.3% YoY to Rs 20,030.2 mn in FY20
 - Region wise growth YoY – Europe: 8.2%, NAFTA: -3.2%, LATAM: -7.3% and RoW: -13.9%.
- Gross profit grew marginally by 0.7% YoY to Rs 6,142.7 mn in FY20. Gross margin expanded marginally by 12bps YoY from 30.5% in FY19 to 30.7% in FY20.
- EBITDA declined by 4.7% YoY from Rs 3,689 mn in FY19 to Rs 3,516 mn in FY20. EBITDA margin contracted by 91bps YoY to 17.6% in FY20 due to rise in other expenses.
- PAT declined by 6.6% YoY from Rs 1,763.4 mn in FY19 to 1,646.9 mn in FY20 due to
 - Increase in forex loss from Rs 44.6 mn in FY19 to Rs 151.4 mn in FY20
 - Higher depreciation of Rs 993.9 mn in FY19 as compared to Rs 1,371.2 mn in FY20
- Cash Profit (PAT + Depreciation) for FY20 stood at Rs 3,018.3 mn as compared to Rs 2,757.4 mn in FY19.
- The Company's business operations remained unimpacted due to COVID-19 pandemic.

• Operational and Capex Highlights

- Net working capital days stood at 74 days in FY20 as against 87 days in FY19 due to better inventory management.
- Capex during the year stood at Rs 1,751.0 mn in FY20 vs Rs 1,490.0 mn in FY19.

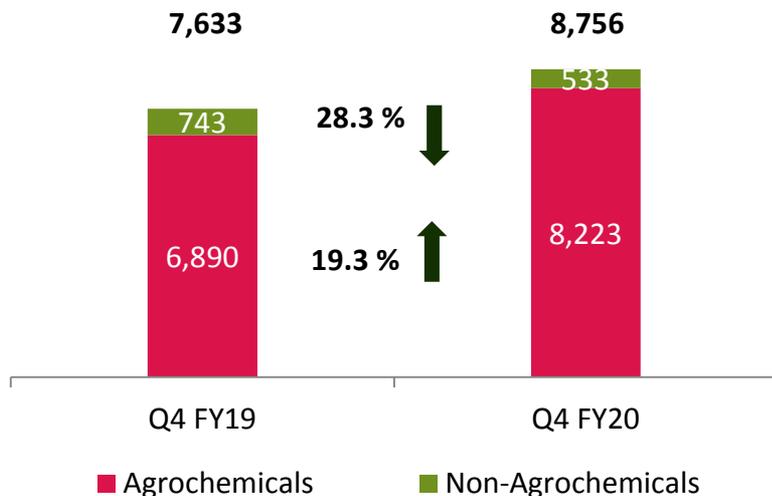
Q4 & FY20: DIVISION WISE HIGHLIGHTS



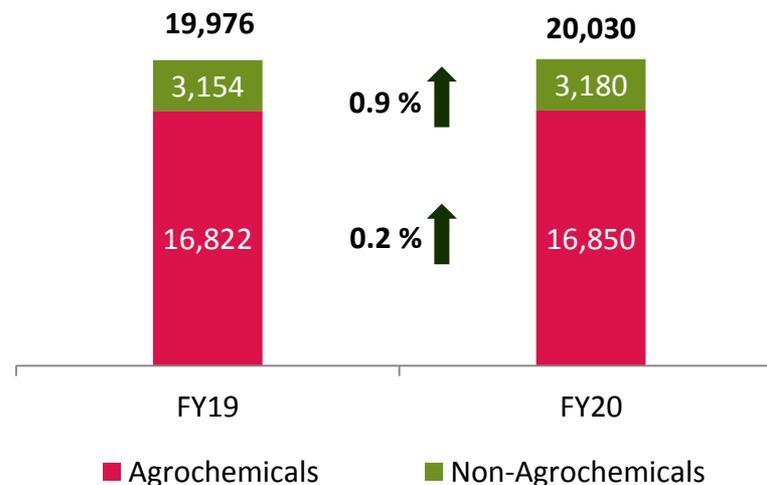
Sharda Cropchem Limited

In Rs Mn

Q4 FY20 YoY ANALYSIS: REVENUE BREAKUP



FY20 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q4 FY19	Q4 FY20
Agrochemicals	90.3%	93.9%
Non-Agrochemicals	9.7%	6.1%

Division Revenue Share %	FY19	FY20
Agrochemicals	84.2%	84.1%
Non-Agrochemicals	15.8%	15.9%

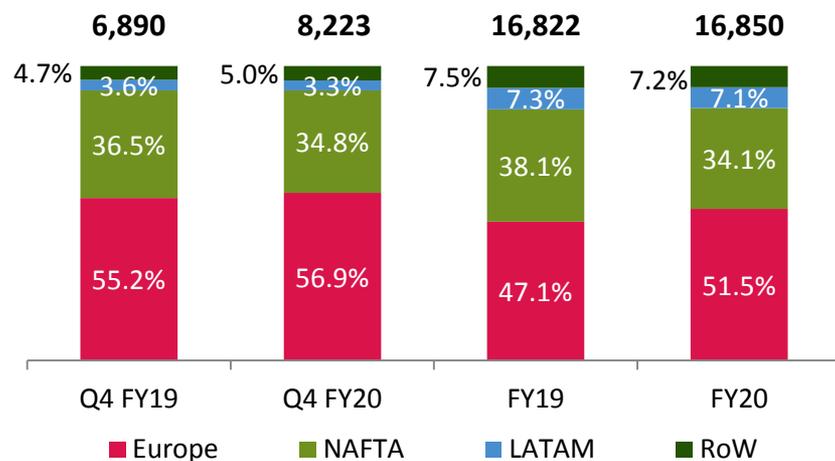
Q4 & FY20: AGROCHEMICAL BUSINESS



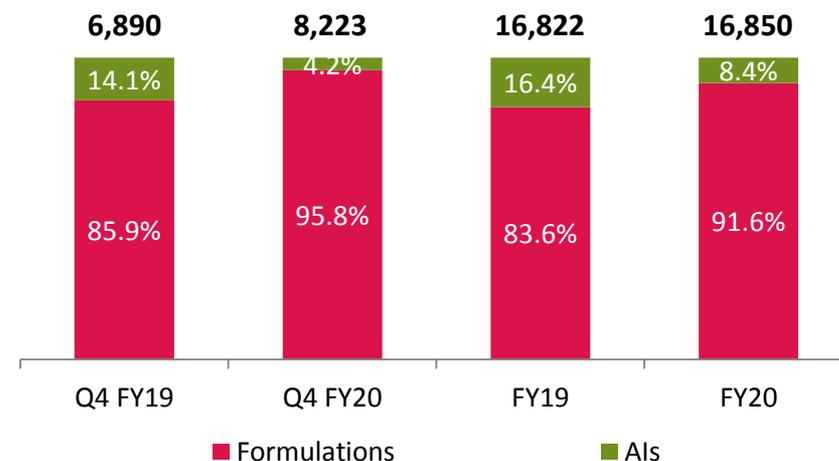
Sharda Cropchem Limited

In Rs Mn

REVENUE BREAKUP: REGIONWISE

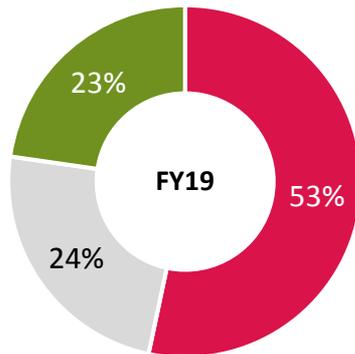


REVENUE BREAKUP: FORMULATIONS VS. AIs



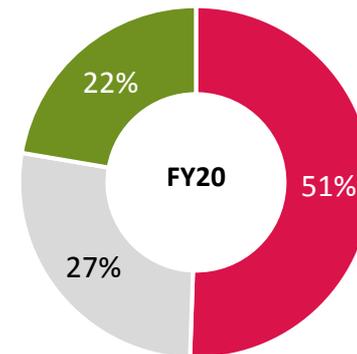
- Revenues in Europe grew by 23.1% in Q4 FY20
- Revenues in NAFTA grew by 13.8% in Q4 FY20
- Revenues in LATAM grew by 10% in Q4 FY20
- Revenues in ROW grew by 25.4% in Q4 FY20

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

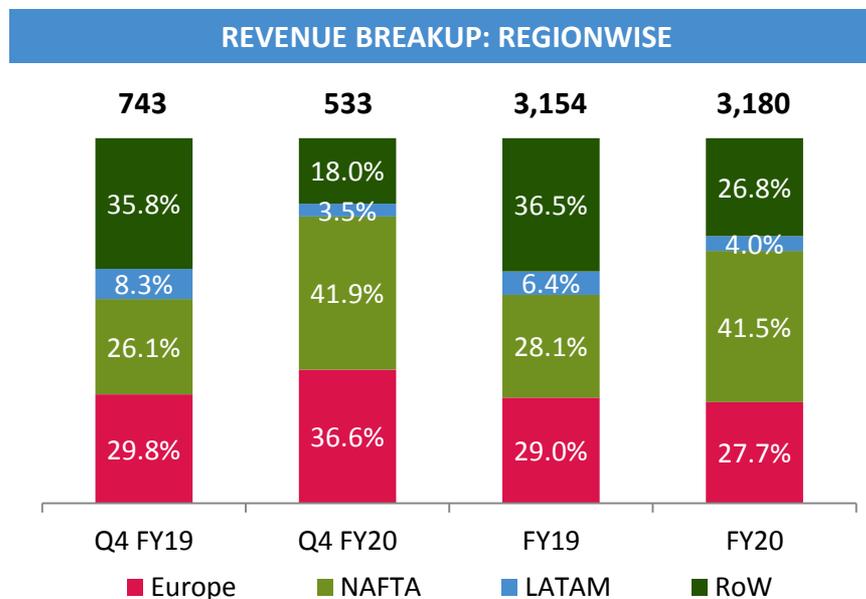
- Herbicides revenues declined by 5.1% YoY in FY20 to Rs 8,517 mn
- Fungicides revenues grew by 13.5% YoY in FY20 to Rs 4,572 mn
- Insecticides revenues declined by 1.6% YoY in FY20 to Rs 3,761 mn

Q4 & FY20: NON-AGROCHEMICAL BUSINESS



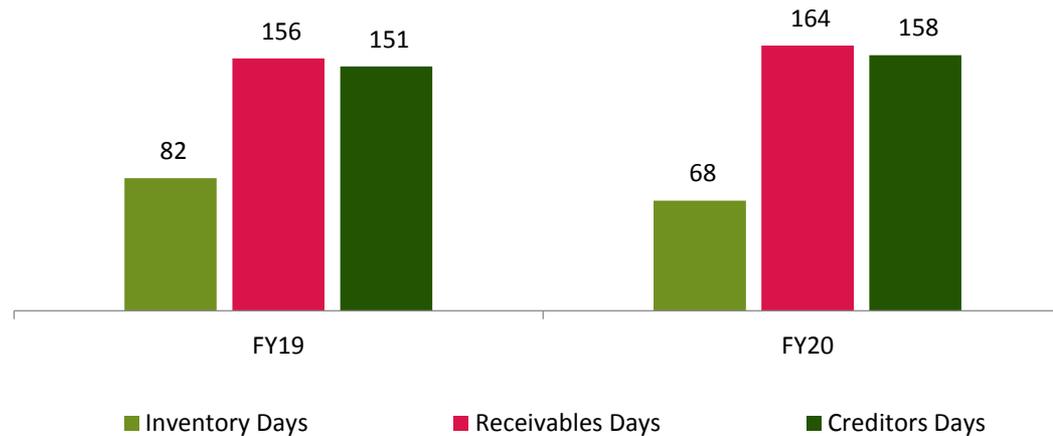
Sharda Cropchem Limited

In Rs Mn



- Revenues in Europe declined by 11.8% in Q4 FY20 to Rs 195 mn
- Revenues in NAFTA grew by 15.0% in Q4 FY20 to Rs 223 mn
- Revenues in LATAM declined by 69.9% in Q4 FY20 to Rs 19 mn
- Revenues in RoW declined by 63.9% in Q4 FY20 to Rs 96 mn

WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

FY19: 87
FY20: 74

* Calculated on average inventory, receivables, creditors

Q4 & FY20: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q4 FY20	Q4 FY19	YoY %	FY20	FY19	YoY%
Revenue from Operations	8,755.6	7,633.0	14.7%	20,030.2	19,975.6	0.3%
COGS	5,582.9	5,265.2	6.0%	13,887.5	13,873.2	0.1%
Gross Profit	3,172.7	2,367.8	34.0%	6,142.7	6,102.4	0.7%
Gross Margin	36.2%	31.0%	522 bps	30.7%	30.5%	12 bps
Employee Expenses	116.5	95.3	22.2%	349.0	334.7	4.3%
Other Expenses	1,243.4	696.0	78.6%	2,823.9	2,501.2	12.9%
EBITDA *	2,336.1	1,576.4	48.2%	3,516.3	3,688.6	-4.7%
EBITDA Margin % *	26.7%	20.7%	603 bps	17.6%	18.5%	-91 bps
Forex (Gain)/Loss	179.5	34.7	418.1%	151.4	44.6	239.5%
Depreciation	350.1	380.4	-8.0%	1,371.2	993.9	38.0%
Finance Cost	4.5	3.8	18.8%	19.2	83.9	-77.2%
Other Income	102.6	94.2	9.0%	420.7	206.2	104.0%
PBT	1,381.3	1,251.8	10.4%	1,848.7	2,350.3	-21.3%
Tax Expense	(35.5)	195.4	N.A.	201.8	586.8	-65.6%
PAT	1,416.8	1,056.4	34.1%	1,646.9	1,763.5	-6.6%
PAT Margin %	16.2%	13.8%	234 bps	8.2%	8.8%	-61 bps
Earnings Per Share (EPS) In Rs.	15.70	11.71	34.2%	18.25	19.55	-6.6%

* EBITDA excluding IA & IAUD write-off (Rs 546.5 mn in FY20 and Rs 422.4 mn in FY19)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

CONSOLIDATED BALANCE SHEET

Particulars in Rs. Mn	FY20	FY19
Equities & Liabilities		
Shareholder's Funds		
Equity and Share Capital	902.2	902.2
Other Equity	13125.7	11936.9
Non-controlling Interest	2.6	2.4
Total Equity	14030.5	12841.5
Non-Current Liabilities		
Borrowings	0.9	0.9
Trade Payables	23.8	28.6
Other Financial Liabilities	130.6	13.9
Provisions	26.6	22.2
Deferred Tax Liabilities (net)	693.1	910.0
Total non-current liabilities	875.0	975.6
Current Liabilities		
Borrowings	-	-
Trade Payables	6866.9	6362.2
Other Financial Liabilities	897.2	1039.5
Other Current Liabilities	543.5	607.4
Current Tax Liabilities	15.2	6.5
Provisions	243.9	200.8
Total current Liabilities	8566.7	8216.4
Total Equity & Liabilities	23472.2	22033.5

Particulars in Rs. Mn	FY20	FY19
Assets		
Non-Current Assets		
Property, Plant and Equipment	278.2	135.5
Goodwill	4.4	4.0
Other Intangible assets	3880.8	3578.4
Intangible assets under development	1614.0	2197.6
Deferred Tax Assets (net)	39.2	54.6
Non-Current Tax Assets	725.3	492.2
Other non-current assets	115.5	89.5
Total non-current assets	6657.4	6551.7
Current Assets		
Inventories	3822.4	3649.4
Investments	1155.3	2119.5
Trade Receivables	9893.9	8113.9
Cash & Cash equivalents	777.6	506.3
Other Bank balances	756.8	730.2
Other Financial Assets	112.8	119.1
Other Current Assets	295.9	243.4
Total current assets	16814.8	15481.8
Total Assets	23472.2	22033.5

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.
- As of 31st March 2020, Sharda owned 2,169 registrations for formulations and 249 registrations for active ingredients (AIs) and filed 1,038 applications for registrations globally pending at different stages.
- 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 at Rs 20,030 mn, Rs 3,516 mn and Rs 1,647 mn respectively in FY20
- Strong balance sheet position with net cash & cash equivalents of Rs 2,689 mn and equity of Rs 14,031 mn in FY20
- Return Ratios in FY20:
 - ROCE – 11.9 %
 - ROE – 12.3 %

* EBITDA excluding IA & IAUD write-off (Rs 546.5 mn in FY20) (IA & IAUD – Intangible Assets & Intangible Assets Under Development)

ABOUT US: OUR PRESENCE



Sharda Cropchem Limited



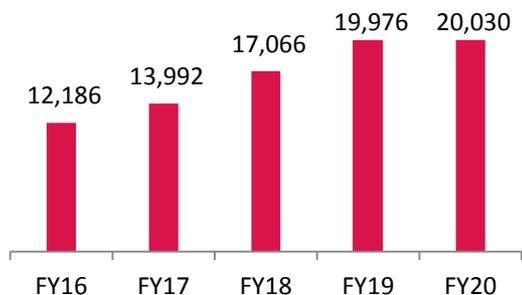
ABOUT US: FINANCIAL SUMMARY



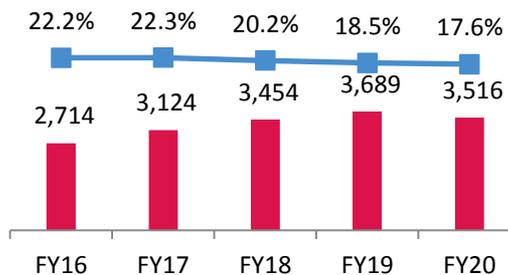
Sharda Cropchem Limited

In Rs Mn

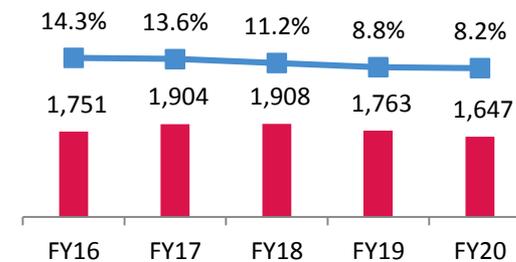
REVENUE FROM OPERATIONS



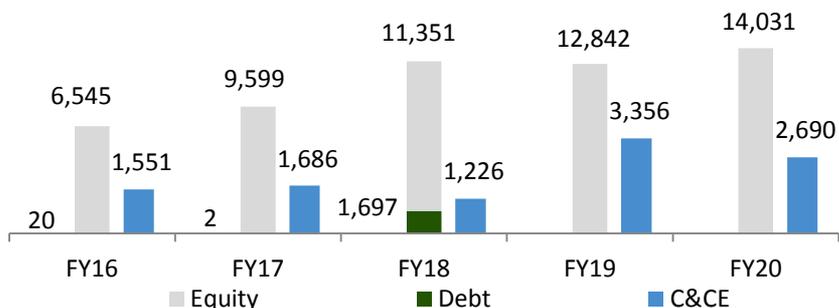
EBITDA & EBITDA Margin*



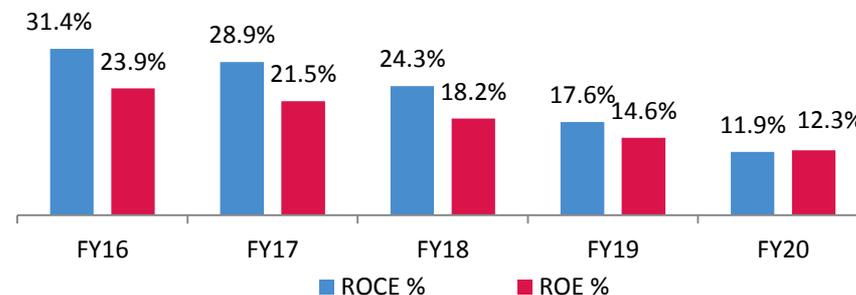
PAT & PAT Margin



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY16 to FY20 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) * EBITDA excluding IA & IAUD write-off (Rs 546.5 mn in FY20 and Rs 422.4 mn in FY19)

ABOUT US: SHAREHOLDING STRUCTURE



Sharda Cropchem Limited

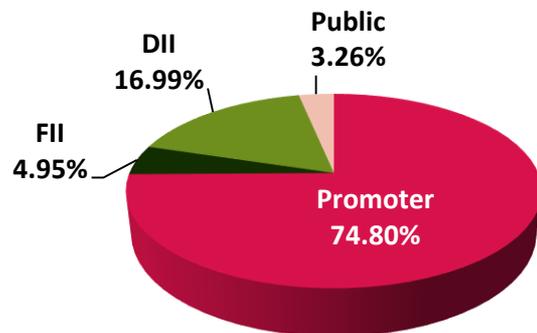
KEY INSTITUTIONAL INVESTORS – 31 ST Mar 2020	% HOLDING
HDFC MF	9.24%
L & T Mutual Fund	4.86%
Pinebridge Global	4.00%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 23 RD Jun 2020
Market capitalization (Rs Mn)	18,635
Price (Rs.)	206.6
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	341.5 – 99.0

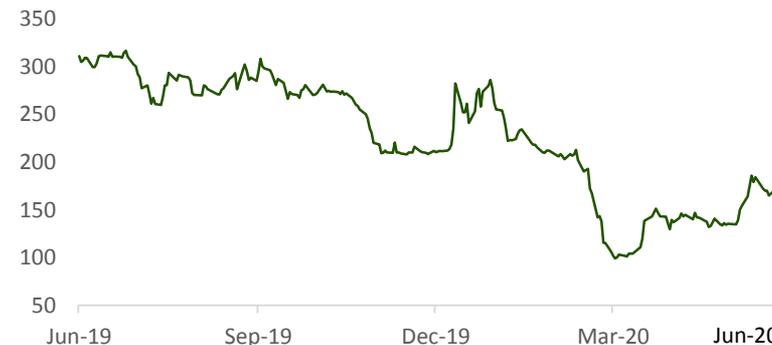
Source: BSE

SHAREHOLDING – 31ST Mar 2020



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

Agrochemical Value Chain

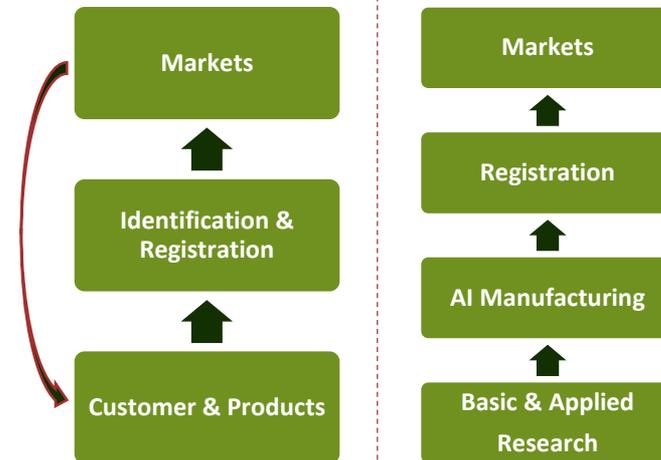
Sharda's Operating Area



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:



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