

SHARDA CROPChem LIMITED

Q2 FY21 RESULTS UPDATE

October 2020



Sharda Cropchem Limited



DISCLAIMER



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.

DISCUSSION SUMMARY



Sharda Cropchem Limited

- ❑ Q2 FY21 Result Highlights
- ❑ Consolidated Financials
- ❑ About Us
- ❑ Business Model
- ❑ Business Strategy & Outlook

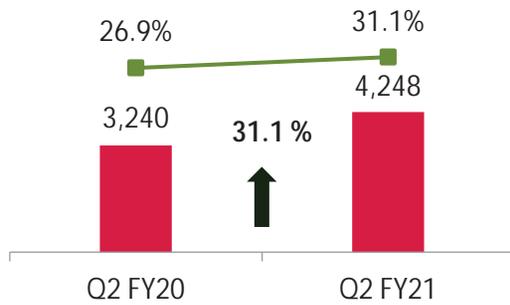
Q2 & H1 FY21: KEY HIGHLIGHTS



Sharda Cropchem Limited

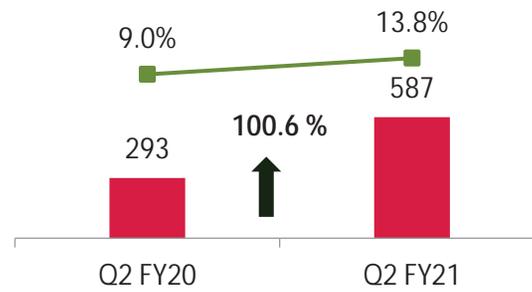
In Rs Mn

REVENUES & GROSS MARGIN

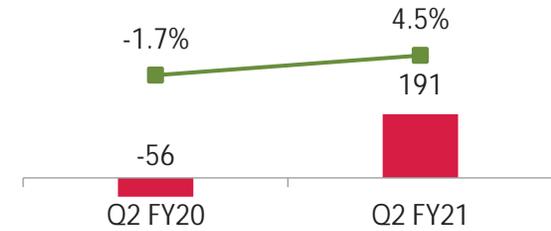


Q2 FY21 YoY ANALYSIS

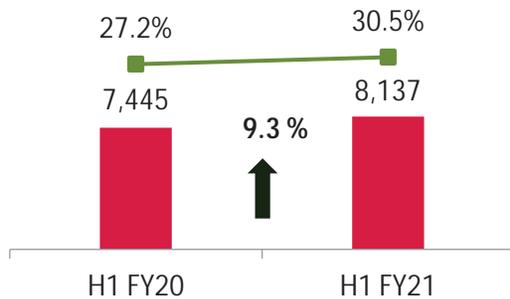
EBITDA & EBITDA MARGIN*



PAT & PAT MARGIN

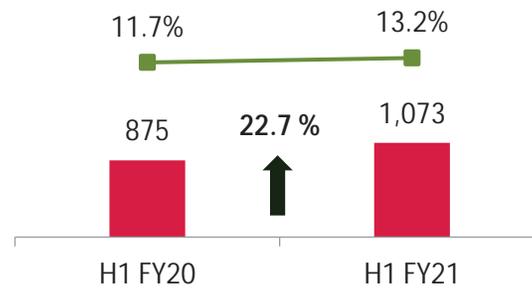


REVENUES & GROSS MARGIN

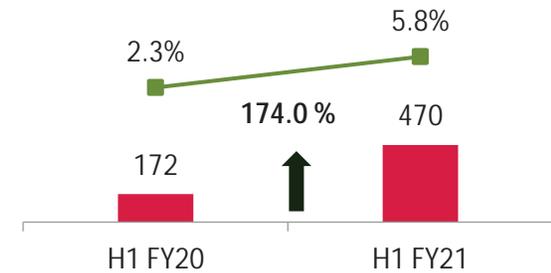


H1 FY21 YoY ANALYSIS

EBITDA & EBITDA MARGIN*



PAT & PAT MARGIN



* EBITDA excluding IA & IAUD write-off (Rs 19.1 mn in Q2 FY21, Rs 7.9 mn in Q2 FY20, Rs 29.6 mn in H1 FY21 and Rs 22.7 mn in H1 FY20)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

Q2 FY21: KEY PERFORMANCE HIGHLIGHTS



Sharda Cropchem Limited

- **Financial Update**

- Revenues grew by 31.1% YoY to Rs 4,248 mn in Q2 FY21
 - Region wise growth YoY – Europe: 57.5%, NAFTA: 18.2%, LATAM: 18.7% and RoW: -23.6%.
- Gross profit grew by 51.5% YoY to Rs 1,320 mn in Q2 FY21. Gross margin expanded by 417bps YoY from 26.9% in Q2 FY20 to 31.1% in Q2 FY21 due to better sales realizations and lower raw material costs.
- EBITDA grew by 100.6% YoY from Rs 293 mn in Q2 FY20 to Rs 587 mn in Q2 FY21. EBITDA margin expanded by 478bps YoY to 13.8% in Q2 FY21.
- PAT during the quarter stood at Rs 191 mn in Q2 FY21 as against PAT of Rs (56) mn in Q2 FY20.
- Cash Profit (PAT + Depreciation) for Q2 FY21 stood at Rs 614 mn as compared to Rs 274 mn in Q2 FY20.
- The Company's business operations remained insulated from COVID-19 pandemic.

- **Operational and Capex Highlights**

- Net working capital days stood at 98 days in H1 FY21 as against 113 days in H1 FY20 due to prudent working capital management.
- Capex stood at Rs 1,301 mn in H1 FY21 vs Rs 851 mn in H1 FY20.

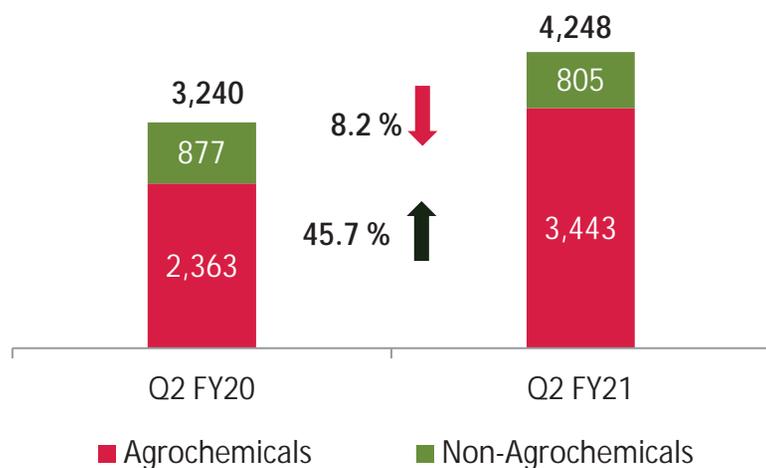
Q2 & H1 FY21: DIVISION WISE HIGHLIGHTS



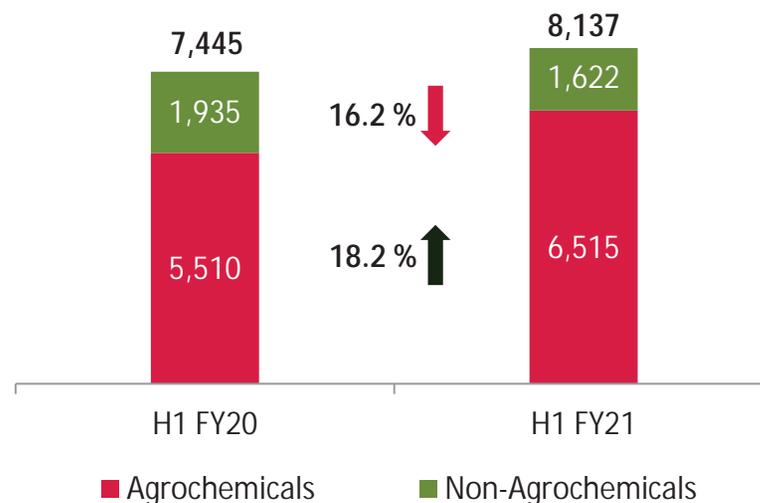
Sharda Cropchem Limited

In Rs Mn

Q2 FY21 YoY ANALYSIS: REVENUE BREAKUP



H1 FY21 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q2 FY20	Q2 FY21
Agrochemicals	73.0%	81.1%
Non-Agrochemicals	27.0%	18.9%

Division Revenue Share %	H1 FY20	H1 FY21
Agrochemicals	74.0%	80.1%
Non-Agrochemicals	26.0%	19.9%

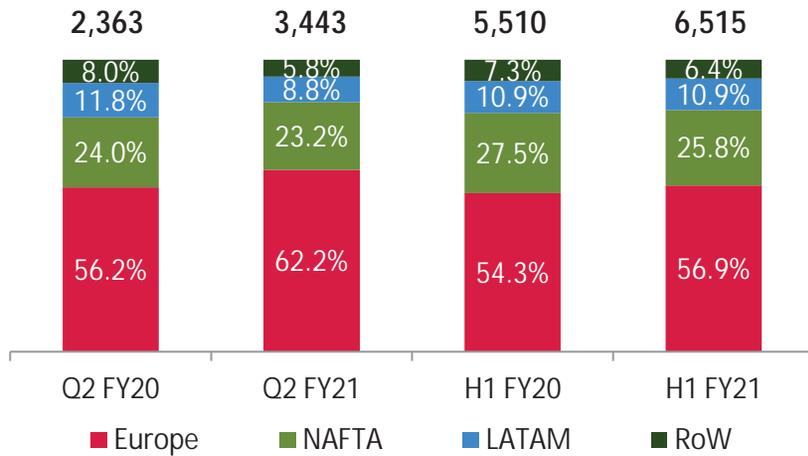
Q2 & H1 FY21: AGROCHEMICAL BUSINESS



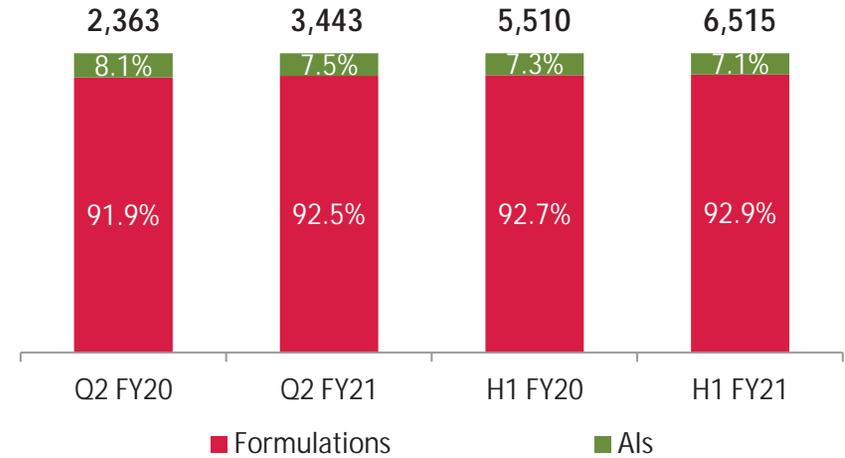
Sharda Cropchem Limited

In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs



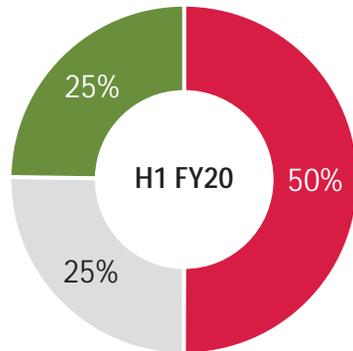
- Revenues in Europe surged by 61.1% in Q2 FY21 to Rs 2,142 mn
- Revenues in NAFTA grew by 41.0% in Q2 FY21 to Rs 800 mn
- Revenues in LATAM increased by 8.6% in Q2 FY21 to Rs 302 mn
- Revenues in ROW grew by 5.5% in Q2 FY21 to Rs 199 mn

H1 FY21: AGROCHEMICAL BUSINESS



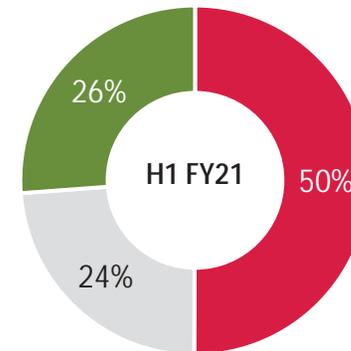
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REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

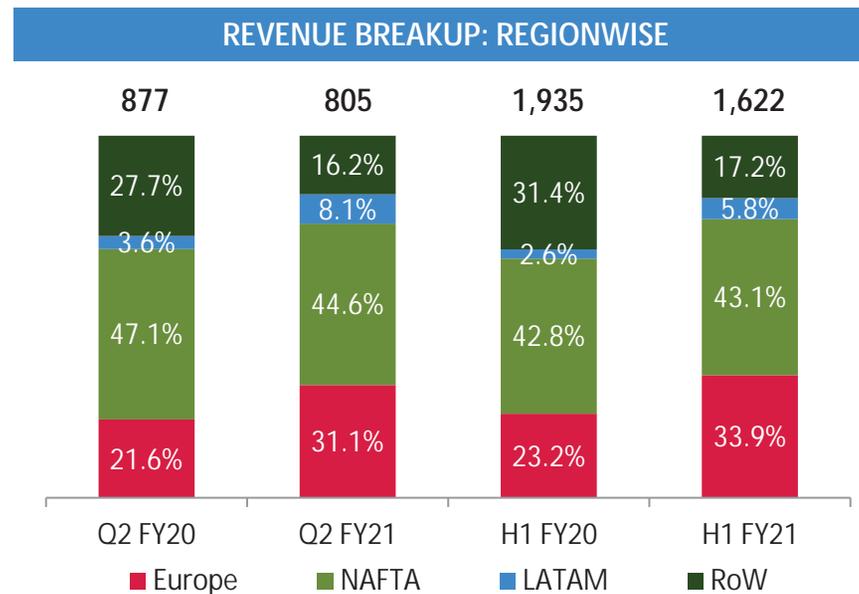
- Herbicides revenues grew by 17.6% YoY in H1 FY21 to Rs 3,242 mn
- Fungicides revenues increased by 10.8% YoY in H1 FY21 to Rs 1,537 mn
- Insecticides revenues surged by 27.2% YoY in H1 FY21 to Rs 1,737 mn

Q2 & H1 FY20: NON-AGROCHEMICAL BUSINESS



Sharda Cropchem Limited

In Rs Mn



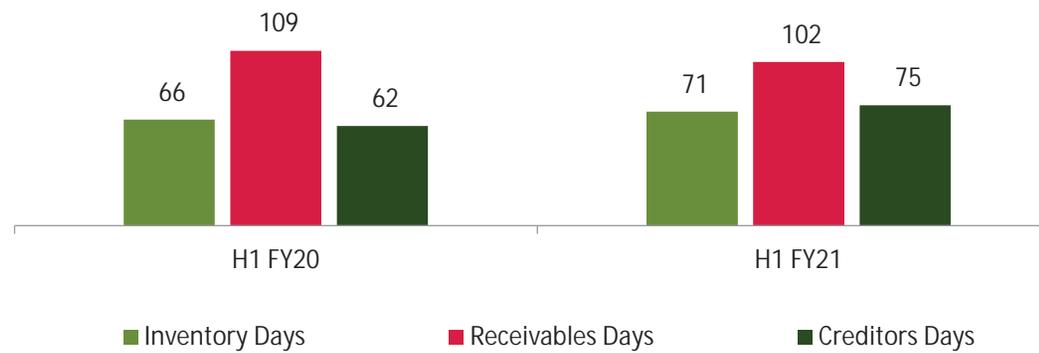
- Revenues in Europe grew by 32.3% in Q2 FY21 to Rs 250 mn
- Revenues in NAFTA declined by 13.2% in Q2 FY21 to Rs 358 mn
- Revenues in LATAM increased by 106.9% in Q2 FY21 to Rs 65 mn
- Revenues in RoW declined by 46.3% in Q2 FY21 to Rs 131 mn

H1 FY21: WORKING CAPITAL ANALYSIS



Sharda Cropchem Limited

WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

H1 FY20: 113

H1 FY21: 98

* Calculated on average inventory, receivables and creditors

Q2 & H1 FY21: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q2 FY21	Q2 FY20	YoY %	H1 FY21	H1 FY20	YoY%	FY20
Revenue from Operations	4,247.6	3,239.4	31.1%	8,136.6	7,445.0	9.3%	20,030.2
COGS	2,927.7	2,367.9	23.6%	5,655.1	5,422.1	4.3%	13,887.5
Gross Profit	1,319.9	871.5	51.5%	2,481.5	2,022.9	22.7%	6,142.7
<i>Gross Margin</i>	31.1%	26.9%	417bps	30.5%	27.2%	333bps	30.7%
Employee Expenses	74.2	72.4	2.4%	158.0	153.0	3.3%	349.0
Other Expenses	678.0	514.4	31.8%	1,280.3	1,018.1	25.8%	2,823.9
EBITDA*	586.9	292.6	100.6%	1,072.7	874.6	22.7%	3,516.3
<i>EBITDA Margin %</i>	13.8%	9.0%	478bps	13.2%	11.7%	144bps	17.6%
Forex (Gain)/Loss	-70.3	88.6	N.A.	-204.9	63.8	N.A.	151.4
Depreciation	423.2	329.7	28.4%	777.8	682.2	14.0%	1,371.2
Finance Cost	7.3	4.4	64.1%	15.6	10.3	51.5%	19.2
Other Income	94.7	90.5	4.6%	194.4	199.3	-2.5%	420.7
PBT	302.3	-47.5	N.A.	649.1	294.9	120.1%	1,848.7
Tax Expense	111.5	8.7	1,184.6%	179.2	123.4	45.2%	201.7
PAT	190.7	-56.2	N.A.	469.9	171.5	174.0%	1,647.0
<i>PAT Margin %</i>	4.5%	-1.7%	N.A.	5.8%	2.3%	347bps	8.2%
Earnings Per Share (EPS) In Rs.	2.11	-0.62	N.A.	5.20	1.90	173.7%	18.25

* EBITDA excluding IA & IAUD write-off (Rs 19.1 mn in Q2 FY21, Rs 7.9 mn in Q2 FY20, Rs 29.6 mn in H1 FY21, Rs 22.7 mn in H1 FY20 and Rs 546.5 mn in FY20)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

CONSOLIDATED BALANCE SHEET

Particulars in Rs. Mn	H1 FY21	FY20	Particulars in Rs. Mn	H1 FY21	FY20
Equities & Liabilities			Assets		
Shareholder's Funds			Non-Current Assets		
Equity and Share Capital	902.2	902.2	Property, Plant and Equipment	243.5	278.2
Other Equity	13,500.9	13,125.7	Goodwill	4.3	4.4
Non-controlling Interest	3.0	2.6	Other Intangible assets	4,100.8	3,880.8
Total Equity	14,406.1	14,030.5	Intangible assets under development	1,908.5	1,614.0
Non-Current Liabilities			Deferred Tax Assets (net)	59.8	39.2
Borrowings	-	0.9	Non-Current Tax Assets	715.2	725.3
Trade Payables	24.7	23.8	Other non-current assets	153.6	115.5
Other Financial Liabilities	108.4	130.6	Total non-current assets	7,185.6	6,657.4
Provisions	27.2	26.6	Current Assets		
Deferred Tax Liabilities (net)	746.8	693.1	Inventories	4,352.2	3,822.4
Total non-current liabilities	907.0	875.0	Investments	1,830.4	1,155.3
Current Liabilities			Trade Receivables	6,108.7	9,893.9
Borrowings	292.5	-	Cash & Cash equivalents	537.2	777.6
Trade Payables	3,895.0	6,866.9	Other Bank balances	777.2	756.8
Other Financial Liabilities	925.5	897.2	Other Financial Assets	90.8	112.8
Other Current Liabilities	397.8	543.5	Other Current Assets	225.6	295.9
Current Tax Liabilities	16.9	15.2	Total current assets	13,922.1	16,814.8
Provisions	266.9	243.9	Total Assets	21,107.7	23,472.2
Total current liabilities	5,794.6	8,566.7			
Total Equity & Liabilities	21,107.7	23,472.2			

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 30th September 2020, Sharda owned 2,461 registrations [2,211 registrations for formulations and 250 registrations for active ingredients (AIs)] and has filed 1,029 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 3,506 mn and Rs 1,647 mn respectively in FY20
- Strong balance sheet position with net cash & cash equivalents of Rs 2,690 mn and equity of Rs 14,031 mn in FY20
- Return Ratios in FY20:
 - ROCE – 11.9 %
 - ROE – 12.3 %

ABOUT US: OUR PRESENCE



Sharda Cropchem Limited



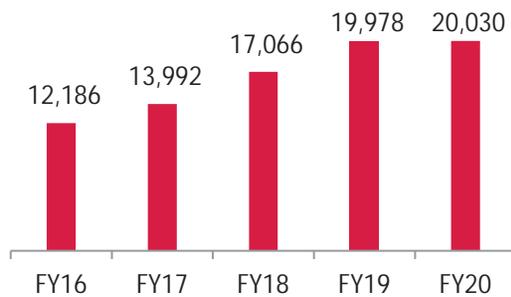
ABOUT US: FINANCIAL SUMMARY



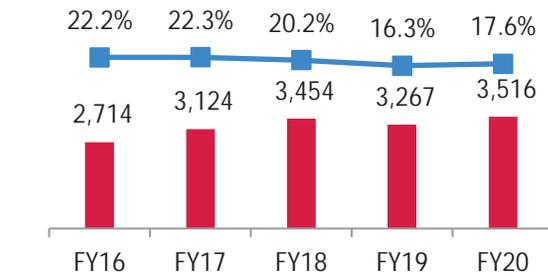
Sharda Cropchem Limited

In Rs Mn

REVENUE FROM OPERATIONS

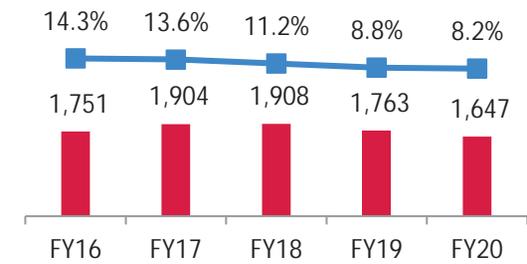


EBITDA & EBITDA Margin*

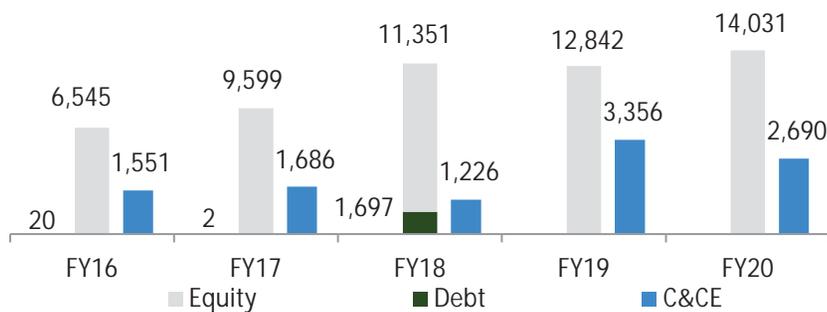


* EBITDA excluding IA & IAUD write-off (Rs.546.5 mn in FY20)

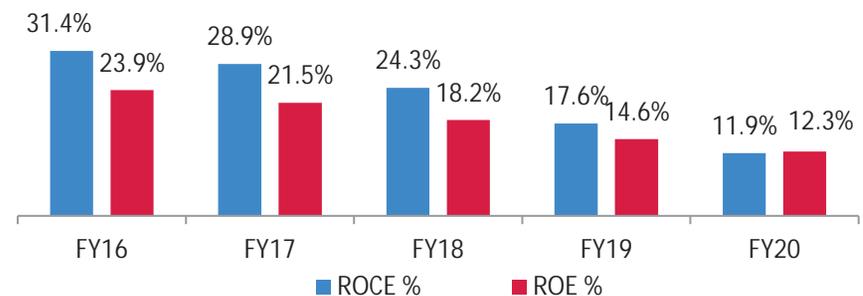
PAT & PAT Margin



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)

ABOUT US: SHAREHOLDING STRUCTURE



Sharda Cropchem Limited

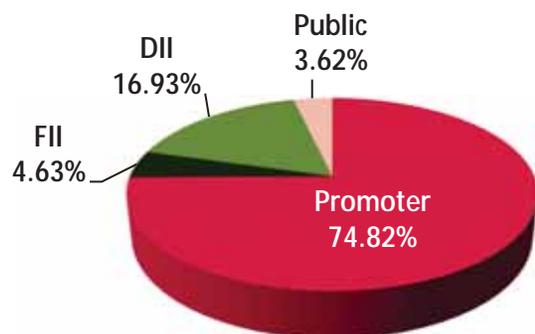
KEY INSTITUTIONAL INVESTORS – 30 TH Sept 2020	% HOLDING
HDFC MF	9.21%
L & T Mutual Fund	4.83%
Pinebridge Global	3.75%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 27 TH Oct 2020
Market capitalization (Rs Mn)	24,026
Price (Rs.)	265.3
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	329.1 – 99.0

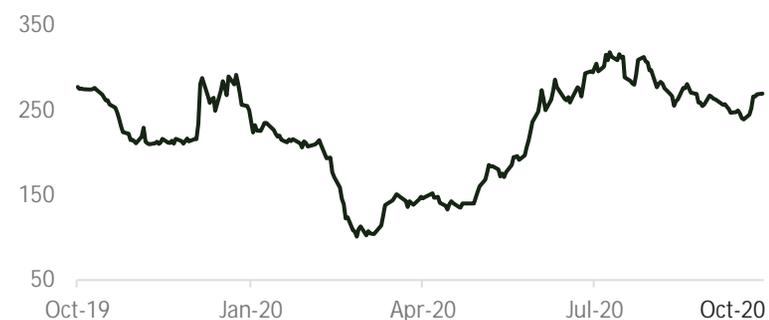
Source: BSE

SHAREHOLDING – 30TH Sept 2020



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

Agrochemical Value Chain

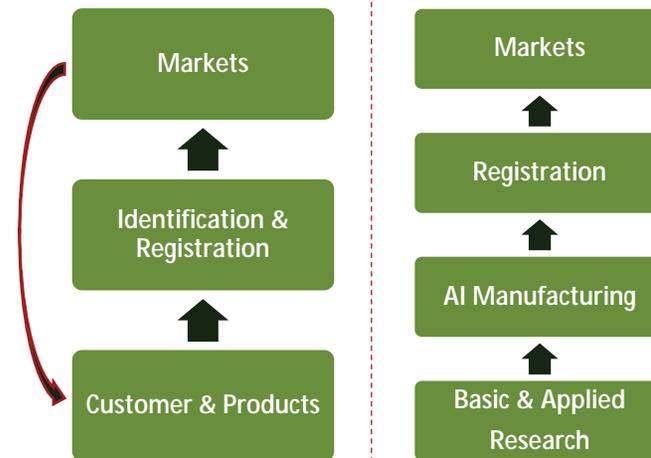
 Sharda's Operating Area



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 FOCUSSED GLOBAL AGROCHEMICAL MARKETING & DISTRIBUTION COMPANY

BUSINESS STRATEGY & OUTLOOK



Sharda Cropchem Limited

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



Sharda Cropchem Limited

FOR FURTHER QUERIES:



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