

Sharda Cropchem Limited
INVESTOR PRESENTATION
Q3 & 9M FY22 Results Update



Sharda Cropchem Limited





Sharda Cropchem Limited

PAGE NO.	CONTENTS
03	Q3 & 9M FY22 RESULT HIGHLIGHTS
13	FINANCIAL PERFORMANCE
15	COMPANY OVERVIEW
20	BUSINESS MODEL
22	BUSINESS STRATEGY & OUTLOOK





Sharda Cropchem Limited

Q3 & 9M FY22 Result Highlights



Q3 FY22: KEY FINANCIAL HIGHLIGHTS

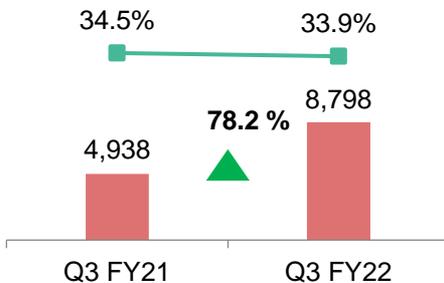
04



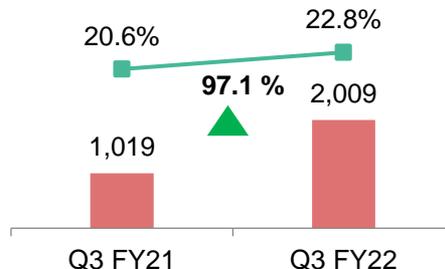
Sharda Cropchem Limited

In ₹ Mn

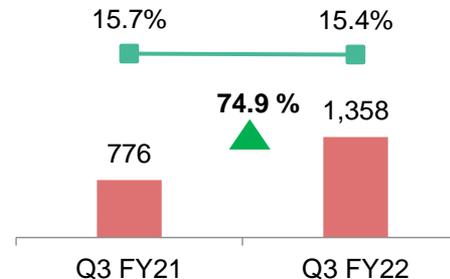
REVENUE & GM



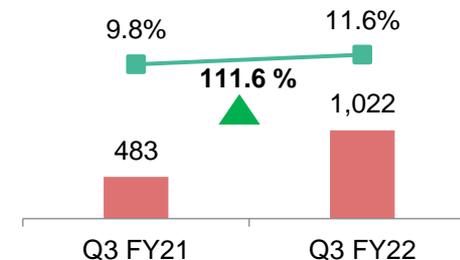
EBITDA & EBITDA MARGIN *



PBT & PBT MARGIN



PAT & PAT MARGIN



Revenues grew by 78.2% YoY to ₹ 8,798 mn in Q3 FY22 led by strong volume growth across geographies & better product mix & price realisation

Gross profit grew by 75% YoY to ₹ 2,984 mn in Q3 FY22. Gross margin during Q3 FY22 stood at 33.9%, which is marginally impacted by higher freight costs.

EBITDA grew by 97.1% YoY from ₹ 1,019 mn in Q3 FY21 to ₹ 2,009 mn in Q3 FY22

EBITDA margin expanded by 220 bps YoY to 22.8% in Q3 FY22 driven by economies of scale, effective cost management marginally set off by higher freight cost.

PBT grew by 74.9% YoY from ₹ 776 mn in Q3 FY21 to ₹ 1,358 mn in Q3 FY22 led by better operating leverage, however, it was partly impacted by higher depreciation and forex loss in Q3 FY22 vis-à-vis forex gain in Q3 FY21.

PAT surged by 111.6% YoY from ₹ 483 mn in Q3 FY21 to ₹ 1,022 mn in Q3 FY22

PAT margin expanded by 184 bps YoY to 11.6% in Q3 FY22 mainly due to lower effective tax rates (24.7% in Q3 FY22 vs. 37.8% in Q3 FY21)

* EBITDA excluding IA & IAUD write-off (₹ 70.1 mn in Q3 FY22, ₹ 56.9 mn in Q3 FY21)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

9M FY22: KEY FINANCIAL HIGHLIGHTS

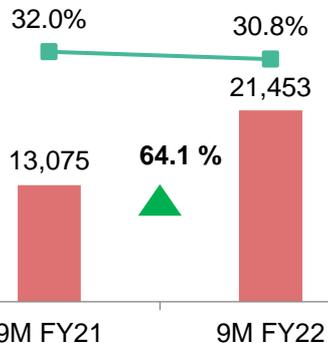
05



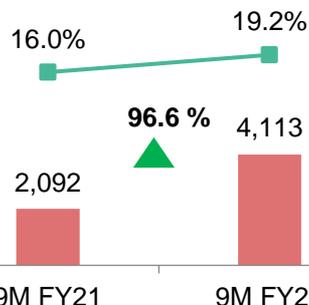
Sharda Cropchem Limited

In ₹ Mn

REVENUES & GM



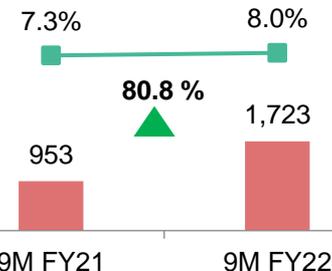
EBITDA & EBITDA MARGIN *



PBT & PBT MARGIN



PAT & PAT MARGIN



Revenues grew by 64.1% YoY to ₹ 21,453 mn in 9M FY22 led by strong volume growth across geographies & strong product mix

Gross profit grew by 57.8% YoY to ₹ 6,608 mn in 9M FY22. Gross margin during 9M FY22 stood at 30.8% , which is marginally impacted by higher freight cost.

EBITDA grew by 96.6% YoY from ₹ 2,092 mn in 9M FY21 to ₹ 4,113 mn in 9M FY22

EBITDA margin expanded by 317 bps YoY to 19.2 % in 9M FY22 driven by economies of scale & effective cost management , which is marginally impacted by higher freight costs.

PBT grew by 71.0% YoY from ₹ 1,425 mn in 9M FY21 to ₹ 2,438 mn in 9M FY22 led by better operating leverage, partly impacted by higher depreciation & forex loss in 9M FY22 vs forex gain in 9M FY21

PAT surged by 80.8% YoY from ₹ 953 mn in 9M FY21 to ₹ 1,723 mn in 9M FY22

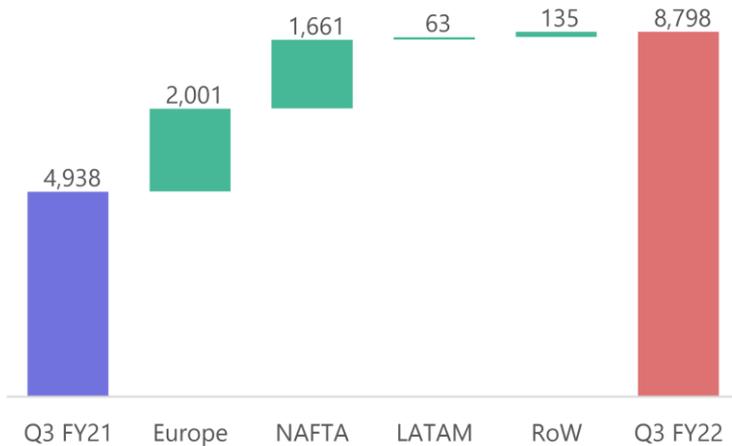
PAT margin expanded by 74 bps YoY to 8.0 % in 9M FY22 mainly due to lower effective tax rates (29.3% in 9M FY22 vs. 33.1% in 9M FY21)

* EBITDA excluding IA & IAUD write-off (₹ 114.2 mn in 9M FY22, ₹ 86.5 mn in 9M FY21) (IA & IAUD – Intangible Assets & Intangible Assets Under Development)

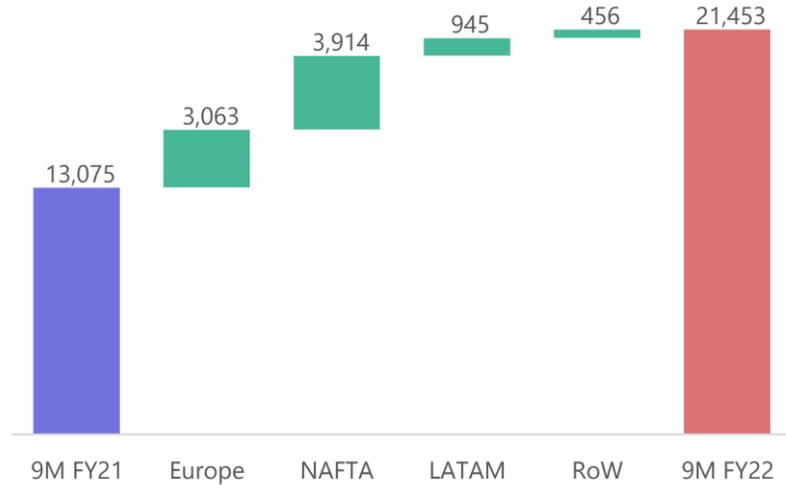


In ₹ Mn

Q3 FY22 REGIONWISE REVENUE BRIDGE



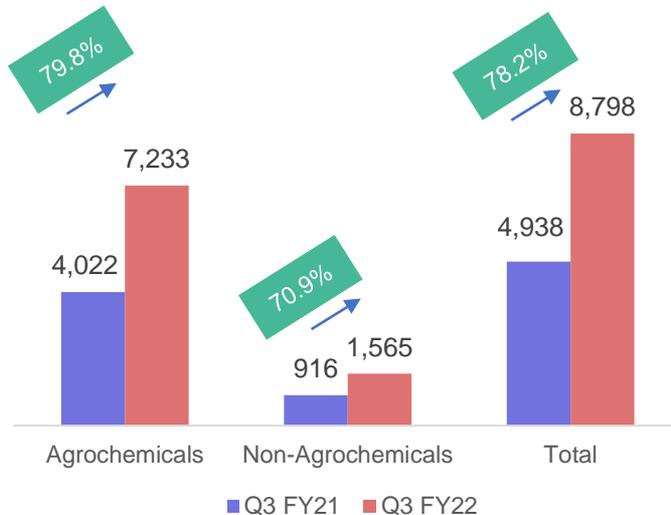
9M FY22 REGIONWISE REVENUE BRIDGE



➤ NAFTA , Europe & LATAM continues to be the growth engine for the Company

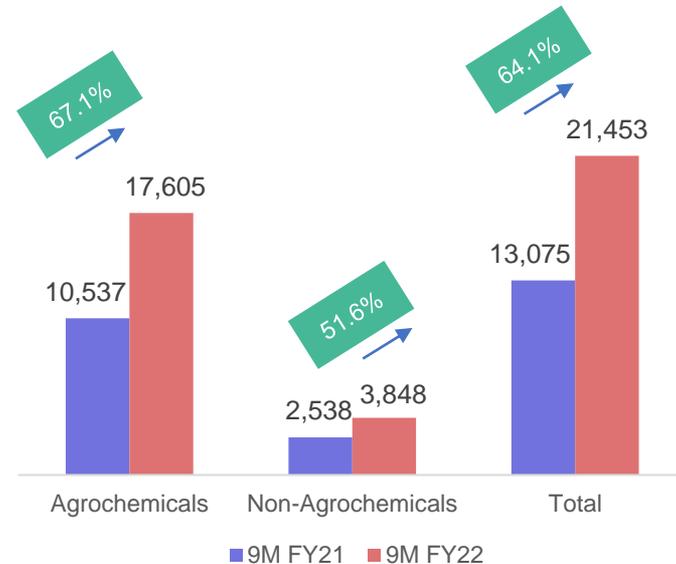
In ₹ Mn

Q3 FY22 YoY ANALYSIS: REVENUE BREAKUP



- Agrochemicals revenues during Q3 FY22 grew by 79.8% YoY
- Non-Agrochemicals revenues during Q3 FY22 grew by 70.9% YoY
- Revenue Mix:
Agrochemicals : Non-Agrochemicals mix stood at 82:18 in Q3 FY22 as against 81:19 in Q3 FY21

9M FY22 YoY ANALYSIS: REVENUE BREAKUP



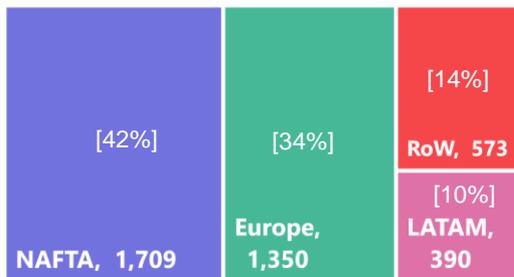
- Agrochemicals revenues during 9M FY22 grew by 67.1% YoY
- Non-Agrochemicals revenues during 9M FY22 grew by 51.6% YoY
- Revenue Mix:
Agrochemicals : Non-Agrochemicals mix stood at 82:18 in 9M FY22 as against 81:19 in 9M FY21



Q3 FY21: Agrochemicals Revenues : ₹ 4,022 Mn

In ₹ Mn

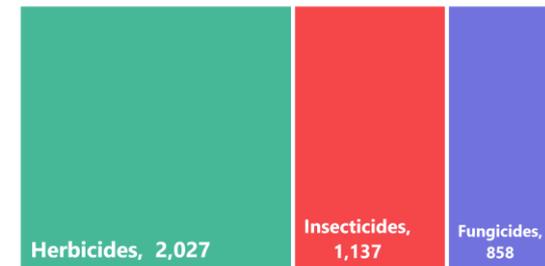
REGION WISE



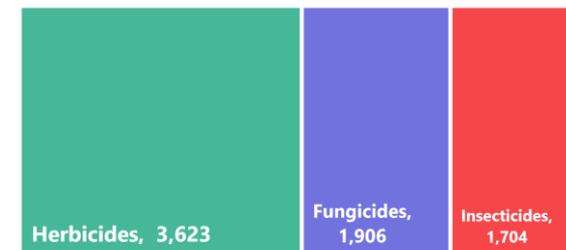
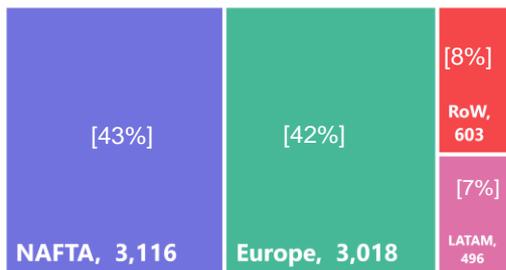
FORMULATION VS. AI



PRODUCT WISE



Q3 FY22: Agrochemicals Revenues : ₹ 7,233 Mn



➤ Q3 FY22 Revenue Growth:
Europe: 123.5%, NAFTA: 82.3%,
LATAM 27.1% & RoW: 5.3%

➤ Formulation: AI Mix
Q3 FY22 – 94:6
Q3 FY21 – 89:11

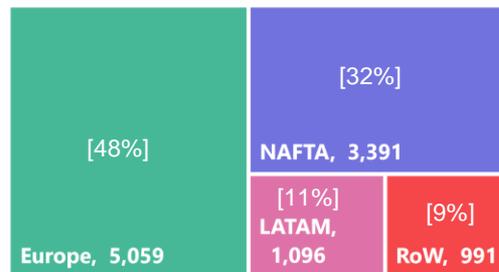
➤ Product Mix updates: Herbicides continues to command 50.1% of revenues in Q3 FY22 & 50.4% of revenues in Q3 FY21



9M FY21: Agrochemicals Revenues : ₹ 10,537 Mn

In ₹ Mn

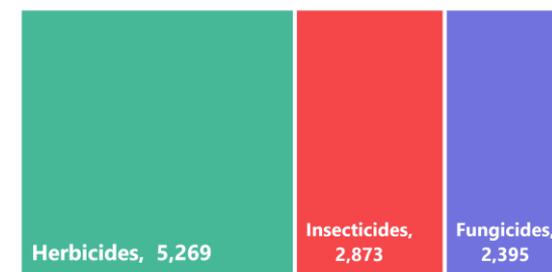
REGION WISE



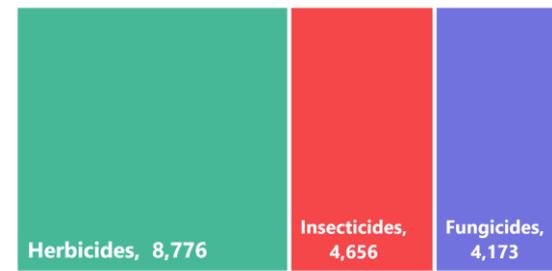
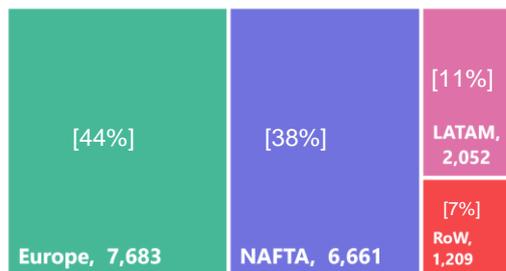
FORMULATION VS. AI



PRODUCT WISE



9M FY22: Agrochemicals Revenues : ₹ 17,605 Mn



➤ 9M FY22 Revenue Growth:
Europe: 51.9%, NAFTA: 96.5%,
LATAM 87.2% & RoW: 22.0%

➤ Formulation: AI Mix
9M FY22 – 93:7
9M FY21 – 92:8

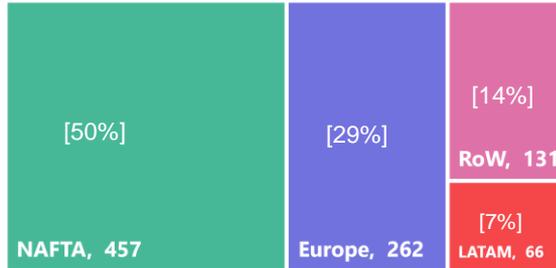
➤ Product Mix updates: Herbicides continues to command 49.8% of revenues in 9M FY22 & 50.0% of revenues in 9M FY21



In ₹ Mn

REVENUE BREAKUP: REGIONWISE

Q3 FY21: Non-Agrochemicals Revenues : ₹ 916 Mn



Q3 FY22: Non-Agrochemicals Revenues : ₹ 1,565 Mn



- **NAFTA grew by 51.3% in Q3 FY22 to ₹ 692 mn**
- **Europe grew by 127.4% in Q3 FY22 to ₹ 595 mn**
- **RoW grew by 80.0% in Q3 FY22 to ₹ 236 mn**
- **LATAM degrew by 36.0% in Q3 FY22 to ₹ 42 mn**

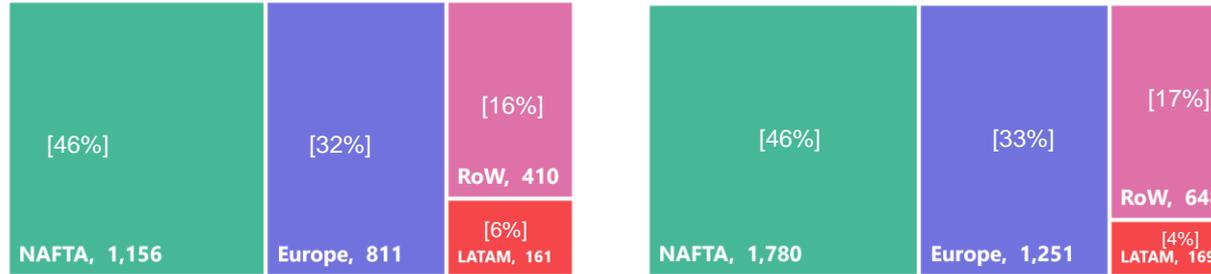


In ₹ Mn

REVENUE BREAKUP: REGIONWISE

9M FY21: Non-Agrochemicals Revenues : ₹ 2,538 Mn

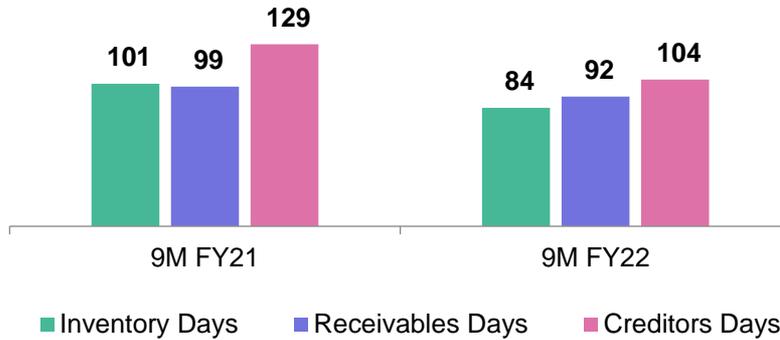
9M FY22: Non-Agrochemicals Revenues : ₹ 3,848 Mn



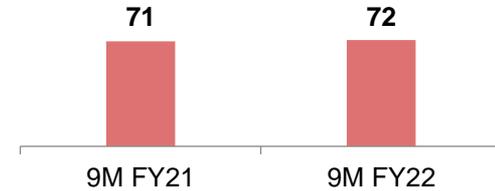
- NAFTA grew by 54.0% in 9M FY22 to ₹ 1,780 mn
- Europe grew by 54.2% in 9M FY22 to ₹ 1,251 mn
- RoW grew by 58.1% in 9M FY22 to ₹ 648 mn
- LATAM grew by 5.1% in 9M FY22 to ₹ 169 mn



WORKING CAPITAL DAYS*



NET WORKING CAPITAL DAYS



➤ Net working capital days stood at 72 days in 9M FY22

* Calculated on average inventory, receivables and creditors



Sharda Cropchem Limited

Financial Performance



Q3 & 9M FY22: CONSOLIDATED PROFIT & LOSS STATEMENT

14



Sharda Cropchem Limited

In ₹ Mn

Particulars	Q3 FY22	Q3 FY21	YoY%	9MFY22	9M FY21	YoY%	FY21
Revenue from Operations	8,798.1	4,938.1	78.2%	21,452.7	13,074.7	64.1%	23,956.1
COGS	5,814.3	3,233.0	79.8%	14,845.1	8,888.1	67.0%	16,359.6
Gross Profit	2,983.8	1,705.1	75.0%	6,607.5	4,186.6	57.8%	7,596.5
Gross Margin %	33.9%	34.5%	(61 bps)	30.8%	32.0%	(122 bps)	31.7%
Employee Expenses	108.4	96.6	12.2%	314.4	254.6	23.5%	373.2
Other Expenses	936.3	646.1	44.9%	2,294.4	1,926.4	19.1%	3,054.8
EBITDA*	2,009.2	1,019.2	97.1%	4,113.0	2,092.0	96.6%	4,551.7
EBITDA Margin %	22.8%	20.6%	220 bps	19.2%	16.0%	317 bps	19.0%
Forex (Gain)/Loss	55.5	(125.4)	N.A.	72.4	(330.3)	N.A.	(198.9)
Depreciation	590.4	404.3	46.0%	1,736.0	1,182.2	46.8%	1,704.4
Finance Cost	4.3	4.5	(2.9%)	14.8	20.1	(26.0%)	27.7
Other Income	69.1	97.4	(29.0%)	262.2	291.8	(10.1%)	459.4
PBT	1,357.9	776.2	74.9%	2,437.7	1,425.4	71.0%	3,094.5
Tax Expense	336.0	293.3	14.6%	714.9	472.5	51.3%	802.4
PAT	1,022.0	483.0	111.6%	1,722.9	952.9	80.8%	2,292.2
PAT Margin %	11.6%	9.8%	184 bps	8.0%	7.3%	74 bps	9.6%
Earnings Per Share (EPS) In ₹	11.3	5.4	111.8%	19.1	10.6	80.9%	25.4

* EBITDA excluding IA & IAUD write-off (₹ 70.1 mn in Q3 FY22, ₹ 56.9 mn in Q3 FY21, ₹ 114.2 mn in 9M FY22, ₹ 86.5 mn in 9M FY21 and ₹ 383.2 mn in FY21)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)



Sharda Cropchem Limited

Company Overview





Agrochemicals Focused Company

Intellectual Property (IP) driven company engaged in marketing and distribution of wide range formulations and generic active ingredients

Asset-Light Business Model

The Company efficiently channelises its time and resources for strengthening its core competency of identifying generic molecules and registration opportunities which offers scalable growth with limited capital requirements

Firm Registration Pipeline

The Company has procured 2,645 registrations* [2,355 registrations - Formulations and 290 registrations - Active Ingredients (AIs)]. Additionally, it has filed 1,099 applications for registrations globally pending at different stages

*As on 31st December, 2021

Diversified Sourcing Arrangements

Enduring relationship with multiple manufacturers and formulators enables the Company to source and supply formulations or generic active ingredients at competitive prices

Consistently Increasing Global Presence

With its diversified range of product portfolio, the Company has grown by expanding its business operations in 80+ countries, across Europe, NAFTA, Latin America and Rest of the World

Wide-spread Distribution Network

Presence in the entire agrochemical value chain with 500 third-party distributors and 400+ sales force serving the Company's esteemed clientele in 80+ countries

Prudent and Professional Management

The Company's apt domain knowledge and experience gives a substantial competitive advantage for expanding its business in existing markets and entering new geographies

Sound Financial Standing

Sharda Cropchem is a debt-free company which enables the Company to utilise its cash flows prudently

Financial Performance

Sales – 14.4% (FY17-21 CAGR)
ROCE – 16.0% (FY21),
ROE – 15.2% (FY21) and
Net Cash & Cash Equivalents - INR 3,435 mn (FY21)

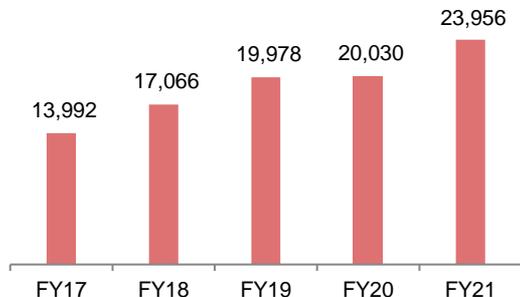
Presence in 80+ countries across Europe, NAFTA, LATAM & RoW



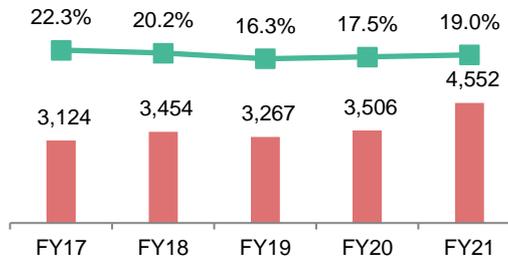


In ₹ Mn

REVENUE FROM OPERATIONS

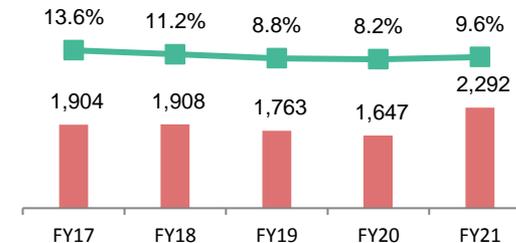


EBITDA & EBITDA Margin*

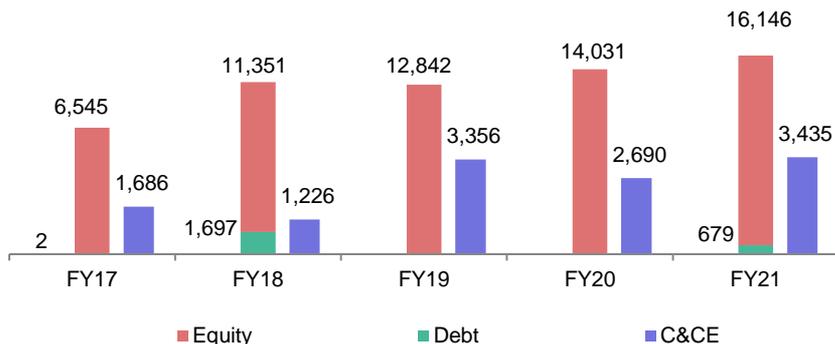


* EBITDA excluding IA & IAUD write-off

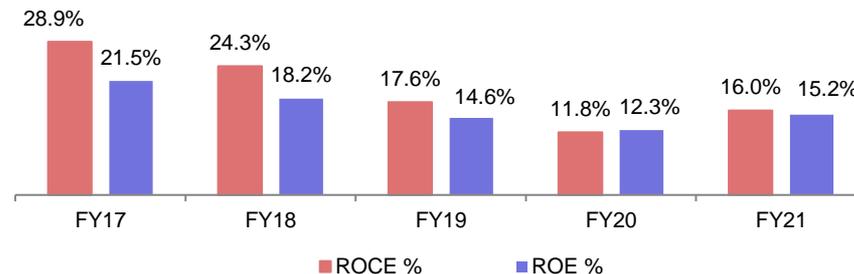
PAT & PAT Margin



LEVERAGE ANALYSIS



RETURN METRICS



Source: 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)]



KEY INSTITUTIONAL INVESTORS – 31ST DEC 2021 % HOLDING

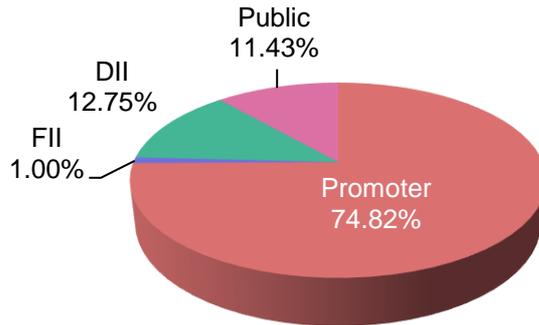
HDFC MF	9.20%
DSP MF	3.53%

MARKET DATA

AS ON 19TH JAN 2022

Market capitalization (INR Mn)	33,264.3
Price (INR)	368.7
No. of shares outstanding (Mn)	90.2
Face Value (INR)	10.0
52 week High-Low (INR)	387.1 – 262.0

SHAREHOLDING – 31ST DEC 2021



SHARE PRICE PERFORMANCE





Sharda Cropchem Limited

Business Model



Agrochemical Value Chain

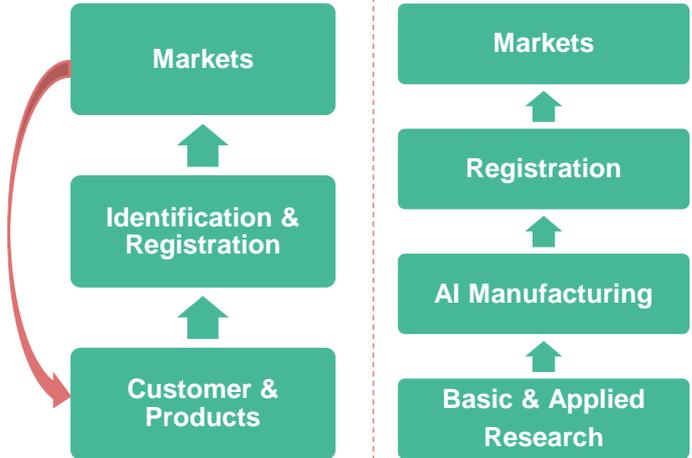


Sharda's Operating Area

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



Sharda Cropchem Limited

Business Strategy & Outlook



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 Product Registrations

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

Focus on Operational Efficiencies

- Accelerated focus on revenue generating investments
- Margin improvements
- Better cost management and eliminate NVAs



FOR FURTHER QUERIES



Sharda Cropchem Limited



Sharda Cropchem Limited

Mr. Ashok Vashisht
Chief Financial Officer
Email: cfo@shardaintl.com
Contact No: +91 22 6678 2800

DICKENSON

Mr. Hiral Keniya / Chintan Mehta
IR Consultants
Email: shardacropchem@dickensonworld.com
Contact no: +91 9029662801 / 9892183389

