

SHARDA CROPChem LIMITED

Q2 FY20 RESULTS UPDATE

October 2019



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.

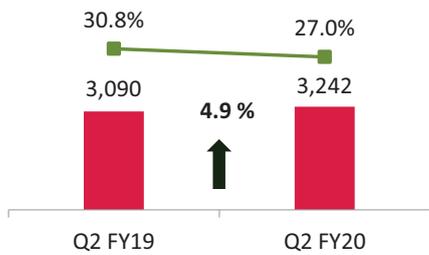


- Q2 & H1 FY20 Result Highlights**
- Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

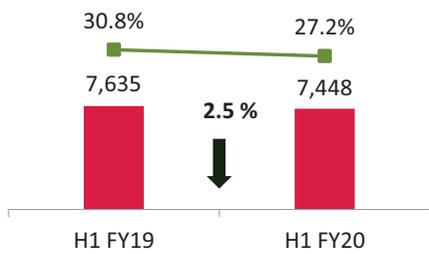
Q2 & H1 FY20: KEY HIGHLIGHTS



REVENUES & GROSS MARGIN



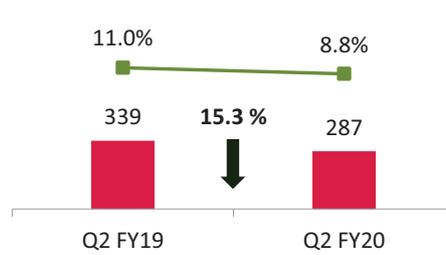
REVENUES & GROSS MARGIN



* EBITDA excluding foreign exchange impacts

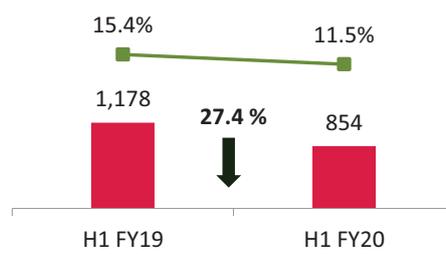
Q2 FY20 YoY ANALYSIS

EBITDA & EBITDA MARGIN*



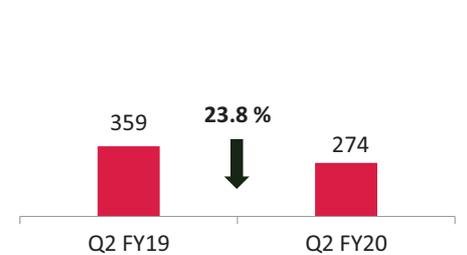
H1 FY20 YoY ANALYSIS

EBITDA & EBITDA MARGIN*

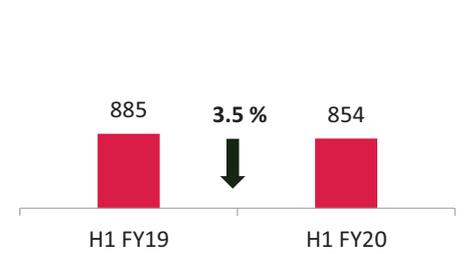


Cash Profit

In Rs Mn



Cash Profit



Cash Profit = PAT + Depreciation

Q2 FY20: KEY PERFORMANCE HIGHLIGHTS



Sharda Cropchem Limited

• Financial Update

- Revenues grew by 4.9% YoY to Rs 3,242.0 mn in Q2FY20 from Rs 3,090.0 mn in Q2FY19
 - Region wise growth YoY – Europe: 30.4%, NAFTA: -10.7%, LATAM: -11.6% and RoW: -9.2%.
- Gross profit declined to Rs 873.7 mn in Q2FY20 from Rs 952.1 mn in Q2FY19. Gross margin declined by 386bps YoY to 27.0% in Q2FY20 mainly due to decrease in gross margins in Europe & NAFTA.
- EBITDA declined to Rs 286.9 mn in Q2FY20 from Rs 338.8 mn in Q2FY19. EBITDA margin contracted to 8.8% in Q2FY20 from 11.0% in Q2FY19, owing to lower gross margins.
- PAT stood at Rs (56.2) mn in Q2FY20 as compared to Rs 161.9 mn in Q2FY19 due to higher depreciation of Rs 329.7 mn in Q2FY20 compared to Rs 196.8 mn in Q2FY19.
- Cash Profit for Q2FY20 stood at Rs 274.0 mn as compared to Rs 359.0 mn in Q2FY19.

• Operational and Capex Highlights

- Net working capital days stood at 113 days in H1FY20 as against 102 days in H1FY19.
- Capex of Rs 851 mn in H1FY20 vs Rs 639 mn in H1FY19.

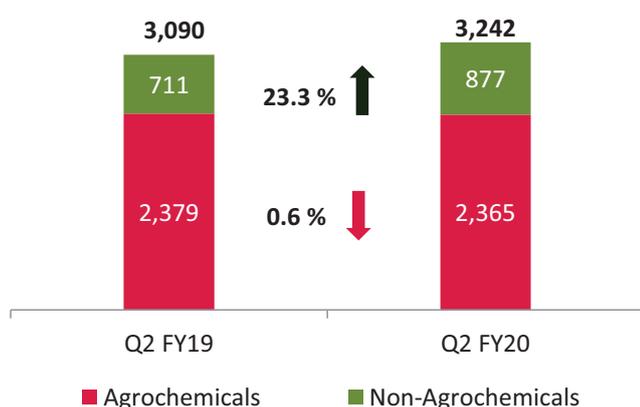
Q2 & H1 FY20: DIVISION WISE HIGHLIGHTS



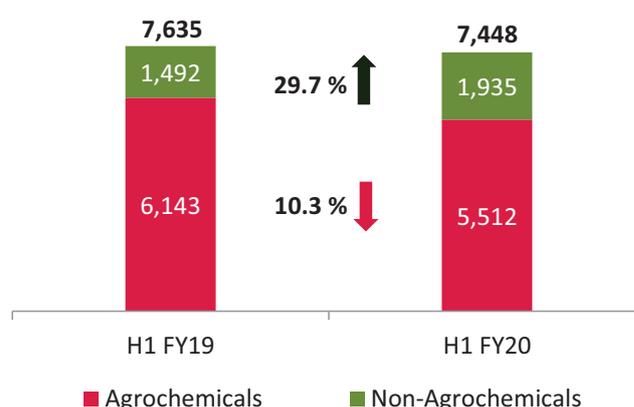
Sharda Cropchem Limited

In Rs Mn

Q2 FY20 YoY ANALYSIS: REVENUE BREAKUP



H1 FY20 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q2 FY19	Q2 FY20
Agrochemicals	77.0%	73.0%
Non-Agrochemicals	23.0%	27.0%

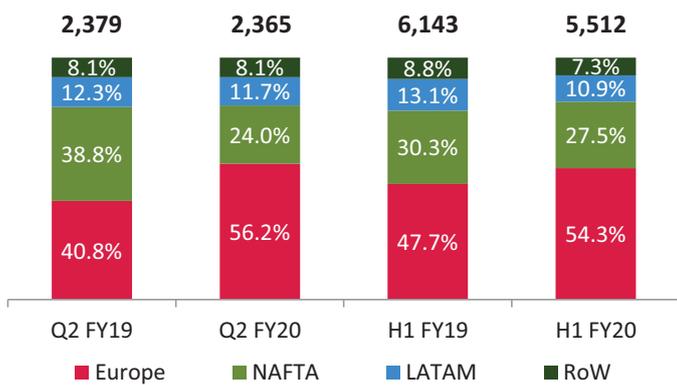
Division Revenue Share %	H1 FY19	H1 FY20
Agrochemicals	80.5%	74.0%
Non-Agrochemicals	19.5%	26.0%

Q2 & H1 FY20: AGROCHEMICAL BUSINESS

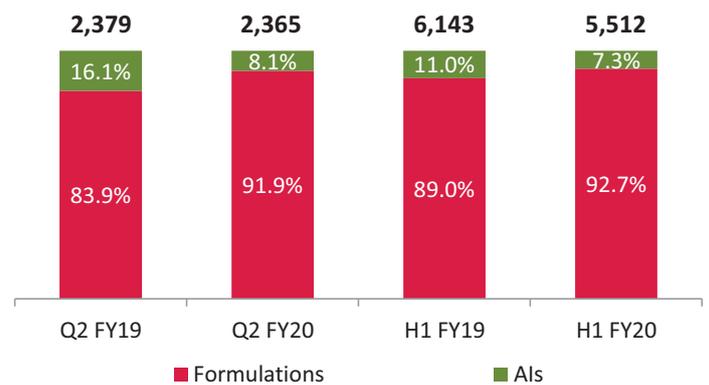


In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs

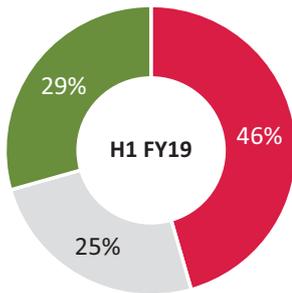


- Revenues in Europe grew by 37.0% in Q2 FY20
- Revenues in NAFTA declined by 38.4% in Q2 FY20
- Revenues in LATAM declined by 5.2% in Q2 FY20
- Revenues in ROW declined by 1.5% in Q2 FY20

H1 FY20: AGROCHEMICAL BUSINESS

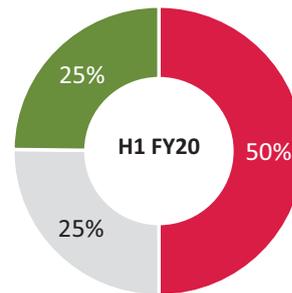


REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

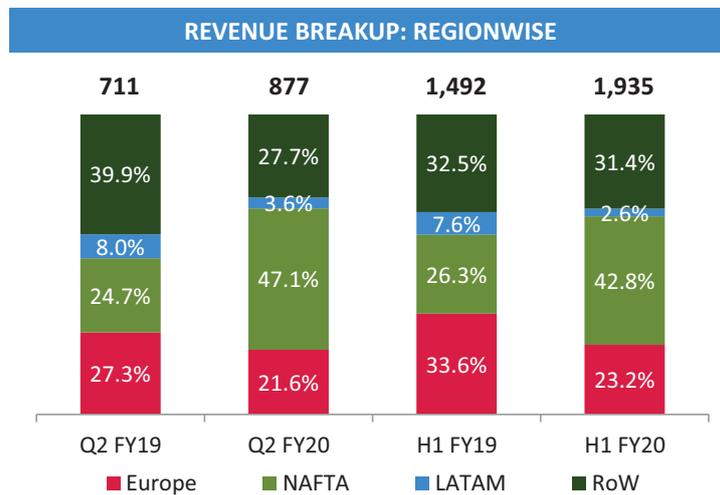
- Herbicides revenues declined by 1.5% YoY in H1FY20 to Rs 2,756 mn
- Fungicides revenues declined by 9.8% YoY in H1FY20 to Rs 1,388 mn
- Insecticides revenues declined by 24.2% YoY in H1FY20 to Rs 1,368 mn

Q2 & H1 FY20: NON-AGROCHEMICAL BUSINESS



Sharda Cropchem Limited

In Rs Mn

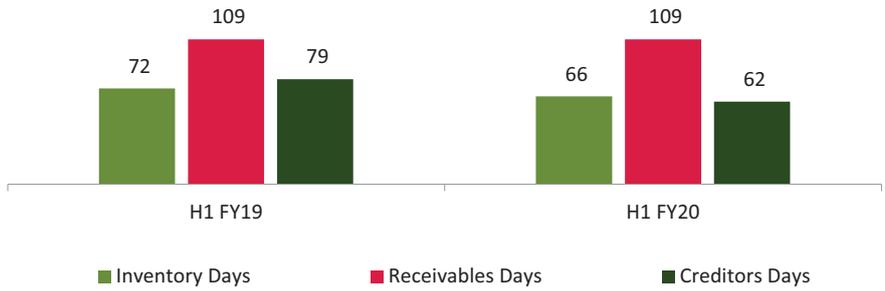


- Revenues in Europe declined by 2.7% in Q2 FY20 to Rs 189 mn
- Revenues in NAFTA grew by 134.8% in Q2 FY20 to Rs 413 mn
- Revenues in LATAM declined by 44.5% in Q2 FY20 to Rs 32 mn
- Revenues in RoW declined by 14.4% in Q2 FY20 to Rs 243 mn

H1 FY20: WORKING CAPITAL ANALYSIS



WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS
H1 FY19: 102
H1 FY20: 113

* Calculated on average inventory, receivables, creditors

Q2 & H1 FY20: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q2 FY20	Q2 FY19	YoY %	H1 FY20	H1 FY19	YoY%	FY19
Revenue from Operations	3,241.5	3,089.8	4.9%	7,447.5	7,635.3	-2.5%	19,977.9
COGS	2,367.9	2,137.8	10.8%	5,422.1	5,284.3	2.6%	13,875.9
Gross Profit	873.7	952.1	-8.2%	2,025.4	2,351.0	-13.8%	6,102.0
Gross Margin	27.0%	30.8%	-386 bps	27.2%	30.8%	-359 bps	30.5%
Employee Expenses	72.4	78.2	-7.4%	153.0	160.1	-4.4%	333.6
Other Expenses	514.4	535.1	-3.9%	1,018.1	1,013.3	0.5%	2,508.5
EBITDA	286.9	338.8	-15.3%	854.4	1,177.6	-27.4%	3,259.9
EBITDA Margin %	8.8%	11.0%	-211 bps	11.5%	15.4%	-395 bps	16.3%
Forex (Gain)/Loss	88.6	(174.1)	-150.9%	63.8	(34.4)	-285.6%	44.6
Depreciation	329.7	196.8	67.5%	682.2	380.3	79.4%	993.9
Finance Cost	4.4	43.0	-89.7%	10.3	79.7	-87.1%	83.9
Other Income	88.3	17.9	393.8%	196.8	65.0	202.8%	212.8
PBT	(47.5)	290.9	-116.3%	294.9	816.9	-63.9%	2,350.3
Tax Expense	8.7	129.0	-93.3%	123.4	312.6	-60.5%	586.8
PAT	(56.2)	161.9	-134.7%	171.5	504.3	-66.0%	1,763.4
PAT Margin %	-1.7%	5.2%	-697 bps	2.3%	6.6%	-430 bps	8.8%
Earnings Per Share (EPS) In Rs.	(0.62)	1.79	-134.6%	1.90	5.59	-66.0%	19.55

Q2 & H1 FY20: CONSOLIDATED BALANCE SHEET



Sharda Cropchem Limited

Particulars in Rs. Mn	H1 FY20	FY19
Equities & Liabilities		
Shareholder's Funds		
Equity And Share Capital	902.2	902.2
Other Equity	11,934.6	11,936.9
Non-controlling Interest	2.3	2.4
Total Equity	12,839.1	12,841.5
Non-current Liabilities		
Borrowings	0.9	0.9
Trade Payables	34.0	28.6
Other Financial Liabilities	164.9	13.0
Provisions	22.5	22.2
Deferred Tax Liabilities (Net)	951.4	910
Total Non-current Liabilities	1,173.8	974.6
Current Liabilities		
Borrowings	-	-
Trade Payables	2,915.4	6,360.7
Other Financial Liabilities	951.8	1,040.6
Other Current Liabilities	392.0	608.9
Current Tax Liabilities	7.5	6.5
Provisions	215.9	200.8
Total Current Liabilities	4,482.6	8,217.4
Total Equity & Liabilities	18,495.4	22,033.5

Particulars in Rs. Mn	H1 FY20	FY19
Assets		
Non-current Assets		
Property, Plant And Equipment	313.4	135.5
Goodwill	4.1	4.0
Other Intangible Assets	3,700.3	3,578.4
Intangible Assets Under Development	2,256.9	2,197.6
Deferred Tax Assets (Net)	67.3	54.6
Non-current Tax Assets	582.2	492.9
Other Non-current Assets	129.7	94.6
Total Non-current Assets	7,054.0	6,557.6
Current Assets		
Inventories	3,599.0	3,649.4
Investments	972.3	2,119.5
Trade Receivables	5,507.4	8,113.9
Cash & Cash Equivalents	285.9	506.7
Other Bank Balances	731.8	729.8
Other Financial Assets	4.0	16.4
Other Current Assets	341.0	340.2
Total Current Assets	11,441.5	15,475.8
Total Assets	18,495.4	22,033.5

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 30th September 2019, Sharda owned 2,109 registrations for formulations and 247 registrations for active ingredients (AIs) and filed 1,072 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 Rs 19,978 mn, Rs 3,260 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 – 17.5 %
 - 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



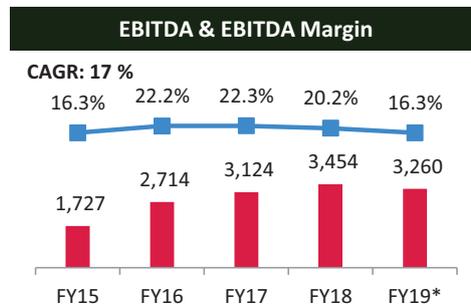
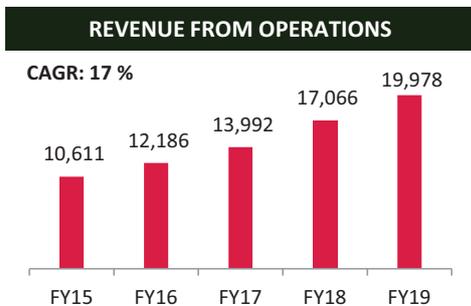
Sharda Cropchem Limited



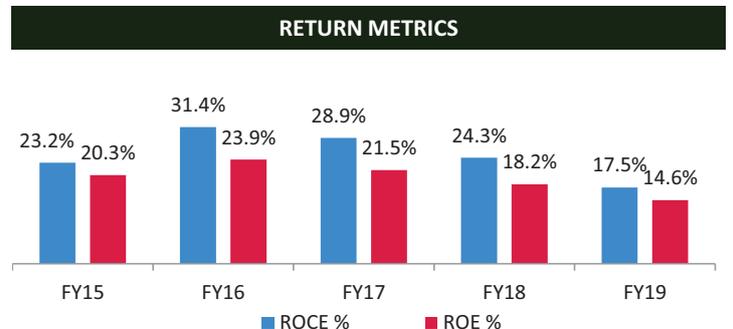
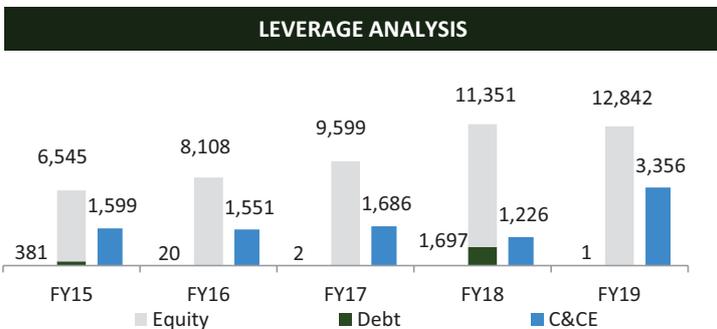
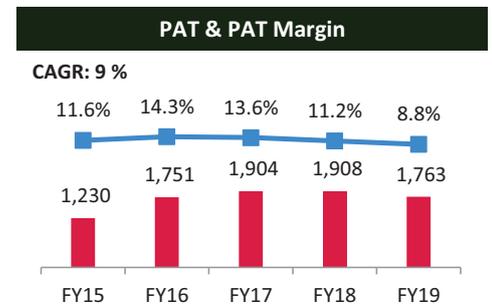
ABOUT US: FINANCIAL SUMMARY



In Rs Mn



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



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

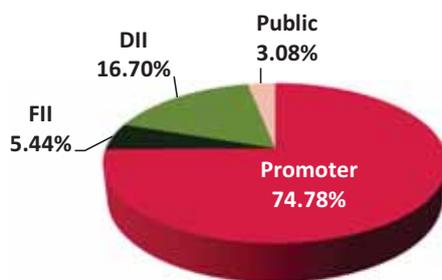
KEY INSTITUTIONAL INVESTORS – 30 TH Sept 2019	% HOLDING
HDFC MF	9.04%
L & T Mutual Fund	4.74%
Pinebridge Investments	4.14%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 18 TH Oct 2019
Market capitalization (Rs Mn)	25,844
Price (Rs.)	286.5
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	420.0 – 259.8

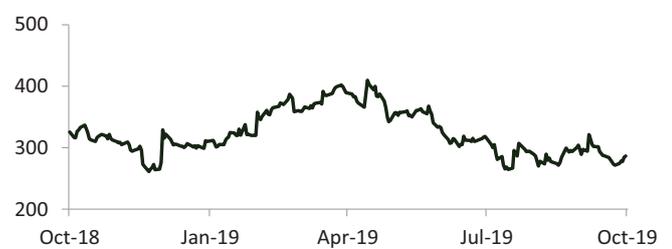
Source: BSE

SHAREHOLDING – 30TH Sept 2019



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

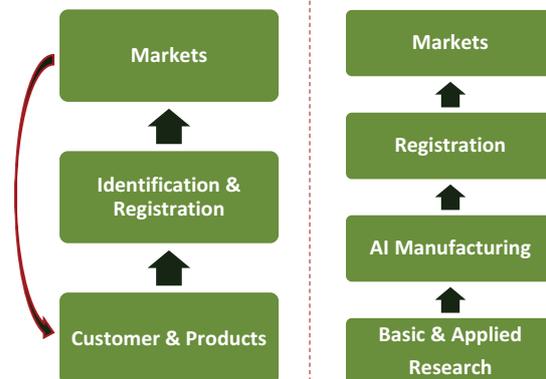
Agrochemical Value Chain



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

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

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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