

SHARDA CROPChem LIMITED

Q3 FY20 RESULTS UPDATE

January 2020



Sharda Cropchem Limited



DISCLAIMER



Sharda Cropchem Limited

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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.

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- ❑ Q3 & 9M FY20 Result Highlights
- ❑ Consolidated Financials
- ❑ About Us
- ❑ Business Model
- ❑ Business Strategy & Outlook

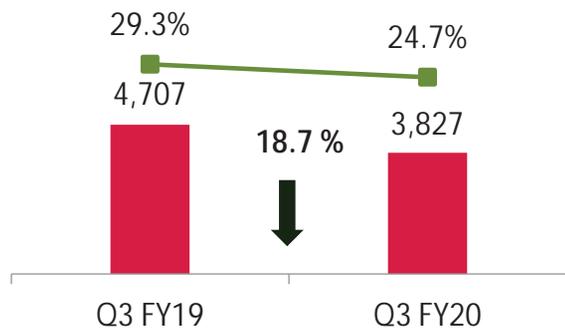
Q3 & 9M FY20: KEY HIGHLIGHTS



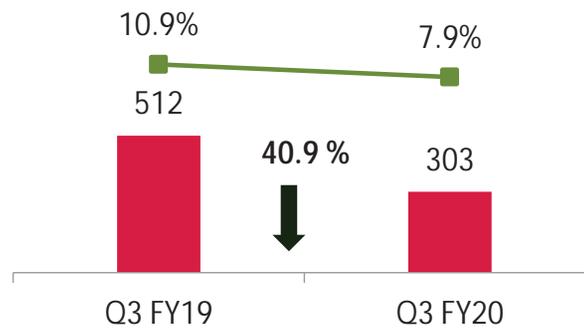
Sharda Cropchem Limited

In Rs Mn

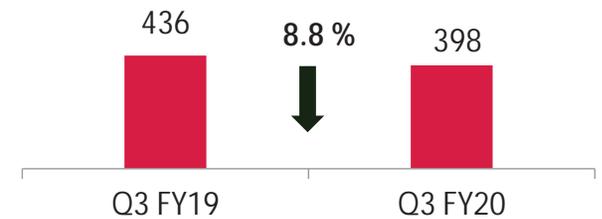
REVENUES & GROSS MARGIN



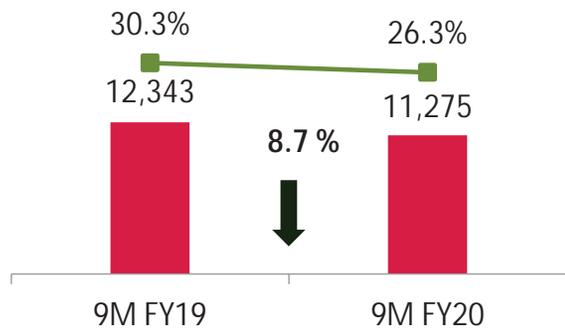
EBITDA & EBITDA MARGIN*



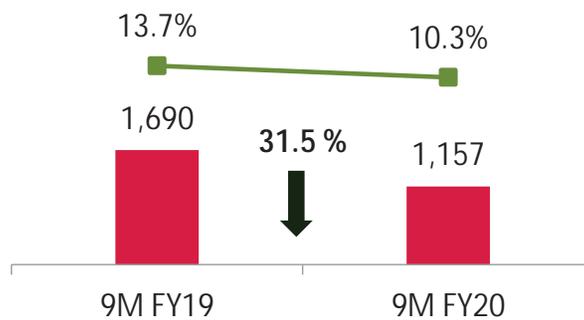
Cash Profit



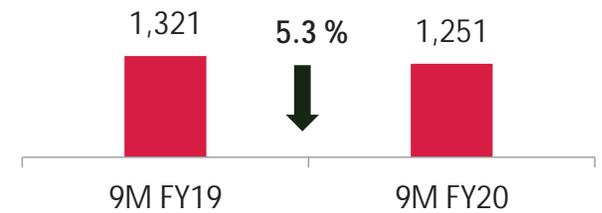
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN*



Cash Profit



* EBITDA excluding foreign exchange impacts

Cash Profit = PAT + Depreciation

Q3 FY20: KEY PERFORMANCE HIGHLIGHTS



Sharda Cropchem Limited

• Financial Update

- Revenues declined by 18.7% YoY from Rs 4,707.3 mn in Q3FY19 to Rs 3,827.0 mn in Q3FY20
 - Region wise growth YoY – Europe: -9.9%, NAFTA: -29.7%, LATAM: 87.0% and RoW: -29.1%.
- Gross profit declined by 31.6% YoY from Rs 1,381.5 mn in Q3FY19 to Rs 944.5 mn in Q3FY20. Gross margin declined by 467bps YoY to 24.7% in Q3FY20 mainly due to challenging market environment in Europe & NAFTA.
- EBITDA declined by 40.9% YoY from Rs 512.4 mn in Q3FY19 to Rs 302.6 mn in Q3FY20. EBITDA margin contracted by 298bps YoY to 7.9% in Q3FY20 due to lower gross margins.
- PAT stood at Rs 58.6 mn in Q3FY20 as compared to Rs 202.8 mn in Q3FY19 mainly due to higher depreciation of Rs 339.0 mn in Q3FY20 as compared to Rs 233.2 mn in Q3FY19.
- Cash Profit for Q3FY20 stood at Rs 397.6 mn as compared to Rs 436.0 mn in Q3FY19.

• Operational and Capex Highlights

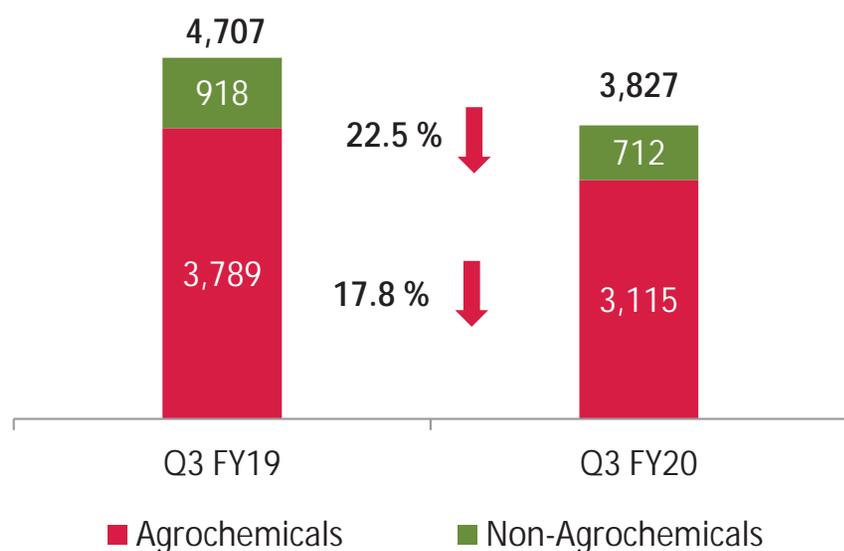
- Net working capital days stood at 84 days in 9MFY20 as against 59 days in 9MFY19.
- Capex of Rs 1,238.6 mn in 9MFY20 vs Rs 1,007.9 mn in 9MFY19.

Q3 & 9M FY20: DIVISION WISE HIGHLIGHTS

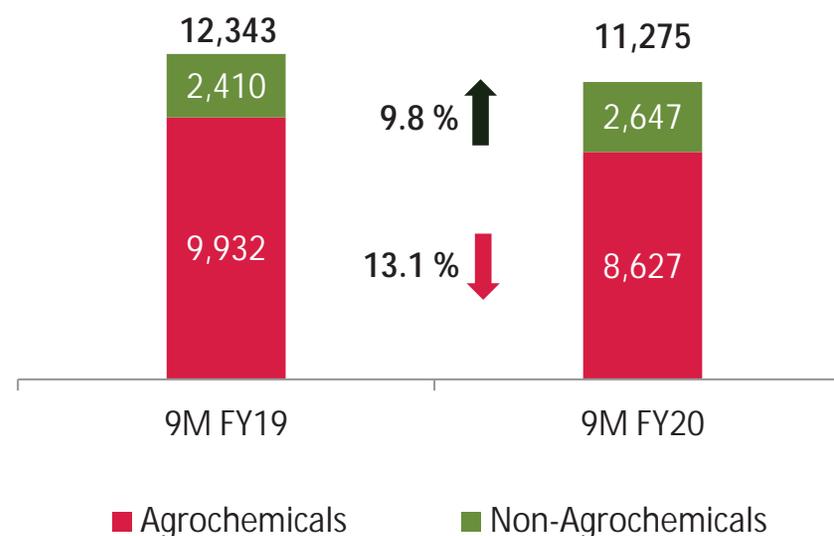


In Rs Mn

Q3 FY20 YoY ANALYSIS: REVENUE BREAKUP



9M FY20 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q3 FY19	Q3 FY20
Agrochemicals	80.5%	81.4%
Non-Agrochemicals	19.5%	18.6%

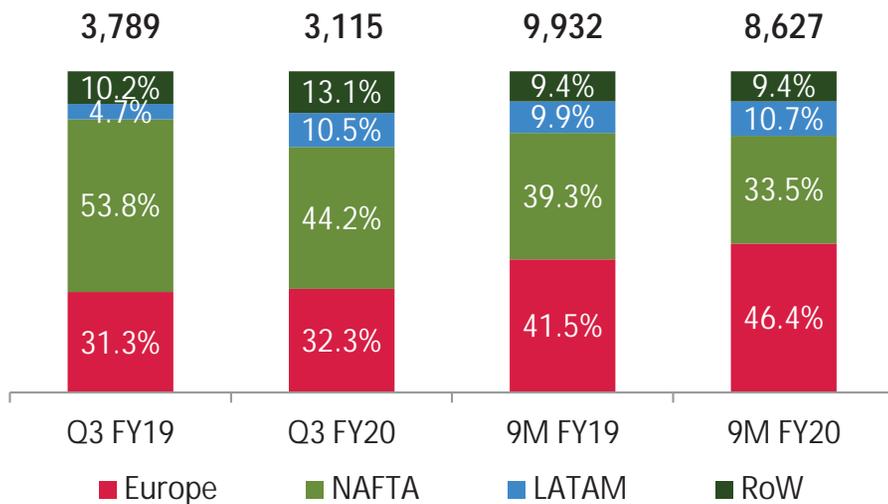
Division Revenue Share %	9M FY19	9M FY20
Agrochemicals	80.5%	76.5%
Non-Agrochemicals	19.5%	23.5%

Q3 & 9M FY20: AGROCHEMICAL BUSINESS

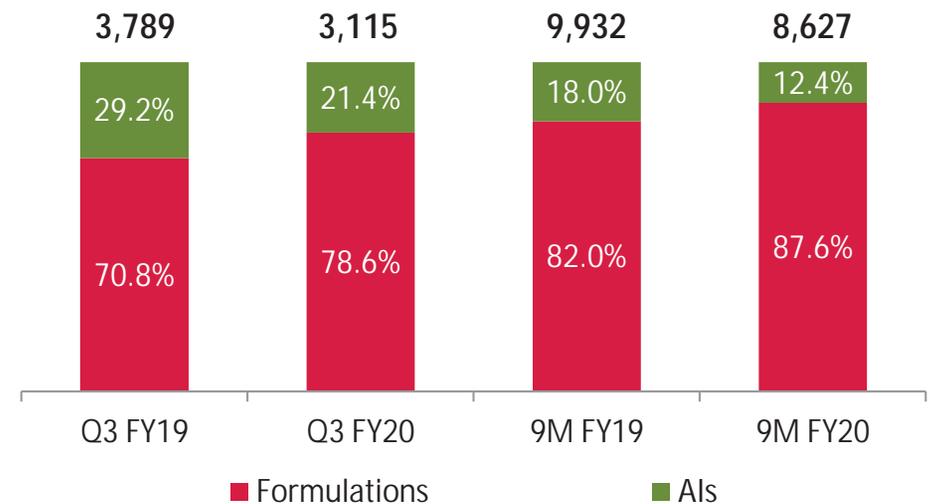


In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs



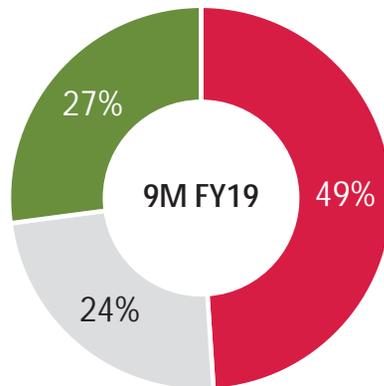
- Revenues in Europe declined by 15.1% in Q3 FY20
- Revenues in NAFTA declined by 32.5% in Q3 FY20
- Revenues in LATAM grew by 83.4% in Q3 FY20
- Revenues in ROW grew by 5.1% in Q3 FY20

9M FY20: AGROCHEMICAL BUSINESS



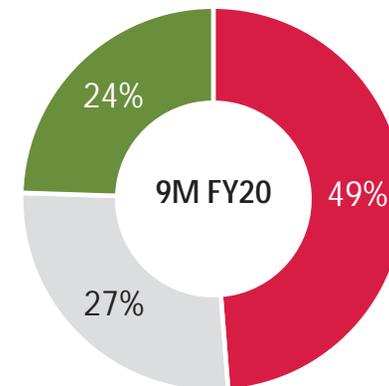
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REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

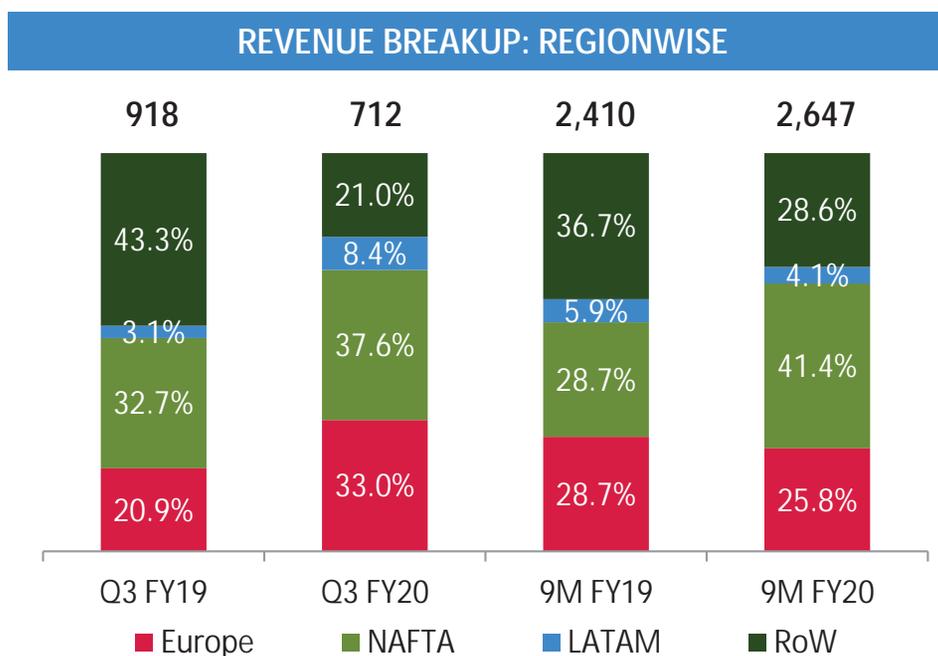
- Herbicides revenues declined by 13.7% YoY in 9MFY20 to Rs 4,207 mn
- Fungicides revenues declined by 2.5% YoY in 9MFY20 to Rs 2,307 mn
- Insecticides revenues declined by 21.5% YoY in 9MFY20 to Rs 2,113 mn

Q3 & 9M FY20: NON-AGROCHEMICAL BUSINESS



Sharda Cropchem Limited

In Rs Mn



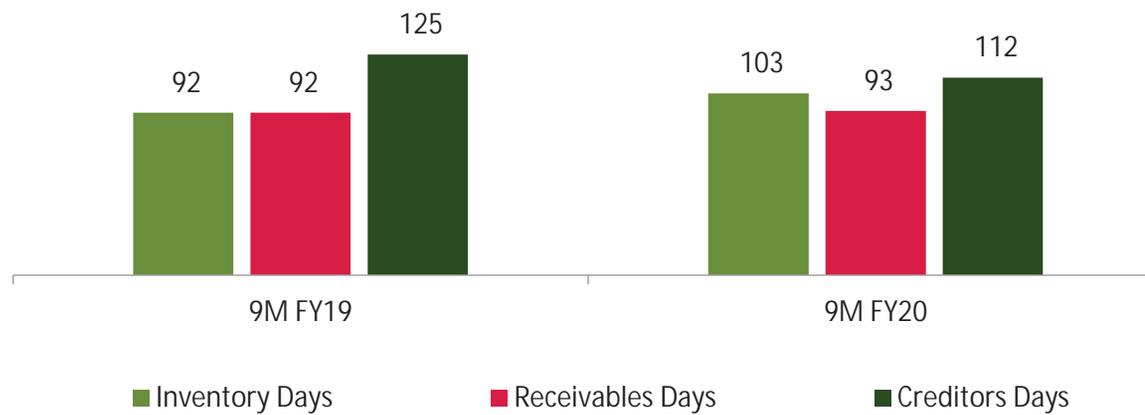
- Revenues in Europe grew by 22.7% in Q3 FY20 to Rs 235 mn
- Revenues in NAFTA declined by 10.8% in Q3 FY20 to Rs 268 mn
- Revenues in LATAM grew by 110.2% in Q3 FY20 to Rs 59 mn
- Revenues in RoW declined by 62.4% in Q3 FY20 to Rs 150 mn

9M FY20: WORKING CAPITAL ANALYSIS



Sharda Cropchem Limited

WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

9M FY19: 59
9M FY20: 84

* Calculated on average inventory, receivables, creditors

Q3 & 9M FY20: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q3 FY20	Q3 FY19	YoY %	9M FY20	9M FY19	YoY%	FY19
Revenue from Operations	3,827.0	4,707.3	-18.7%	11,274.5	12,342.6	-8.7%	19,977.9
COGS	2,882.5	3,325.7	-13.3%	8,304.6	8,607.9	-3.5%	13,875.9
Gross Profit	944.5	1,381.5	-31.6%	2,969.9	3,734.6	-20.5%	6,102.0
<i>Gross Margin</i>	24.7%	29.3%	-467 bps	26.3%	30.3%	-392 bps	30.5%
Employee Expenses	79.4	79.3	0.1%	232.4	239.4	-2.9%	333.6
Other Expenses	562.4	789.8	-28.8%	1,580.5	1,805.2	-12.4%	2,508.5
EBITDA	302.6	512.4	-40.9%	1,157.0	1,690.0	-31.5%	3,259.9
<i>EBITDA Margin %</i>	7.9%	10.9%	-298 bps	10.3%	13.7%	-343 bps	16.3%
Forex (Gain)/Loss	(91.9)	44.4	N.A.	(28.1)	9.9	N.A.	44.6
Depreciation	339.0	233.2	45.4%	1,021.2	613.6	66.4%	993.9
Finance Cost	4.4	0.4	924.7%	14.7	80.2	-81.6%	83.9
Other Income	121.4	47.1	157.6%	318.1	112.1	183.8%	212.8
PBT	172.4	281.6	-38.8%	467.3	1,098.5	-57.5%	2,350.3
Tax Expense	113.8	78.8	44.5%	237.2	391.4	-39.4%	586.8
PAT	58.6	202.8	-71.1%	230.1	707.1	-67.5%	1,763.4
<i>PAT Margin %</i>	1.5%	4.3%	-278 bps	2.0%	5.7%	-369 bps	8.8%
Earnings Per Share (EPS) In Rs.	0.65	2.25	-71.1%	2.55	7.84	-67.5%	19.55

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 December 2019, Sharda owned 2,136 registrations for formulations and 248 registrations for active ingredients (AIs) and filed 1,013 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



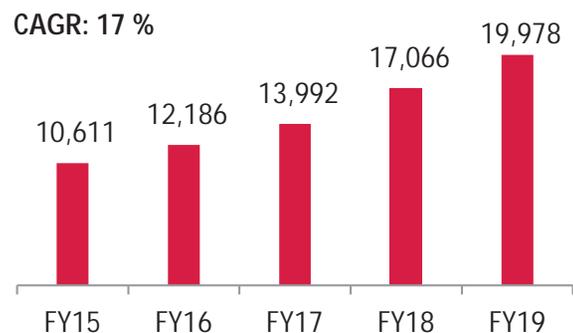
ABOUT US: FINANCIAL SUMMARY



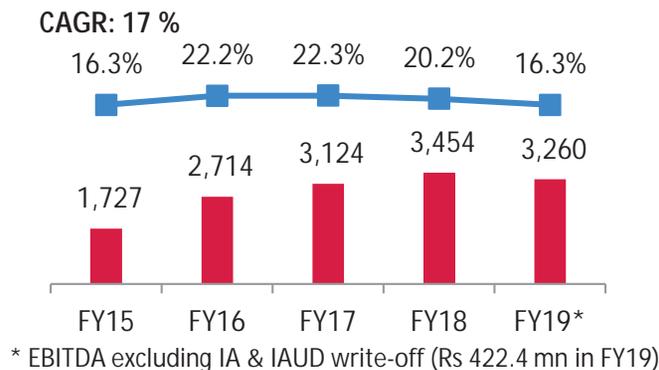
Sharda Cropchem Limited

In Rs Mn

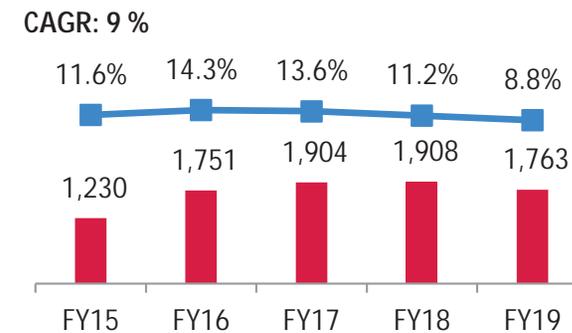
REVENUE FROM OPERATIONS



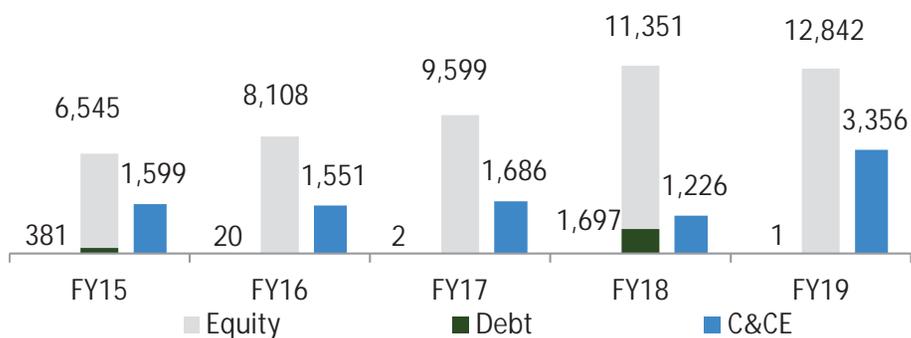
EBITDA & EBITDA Margin



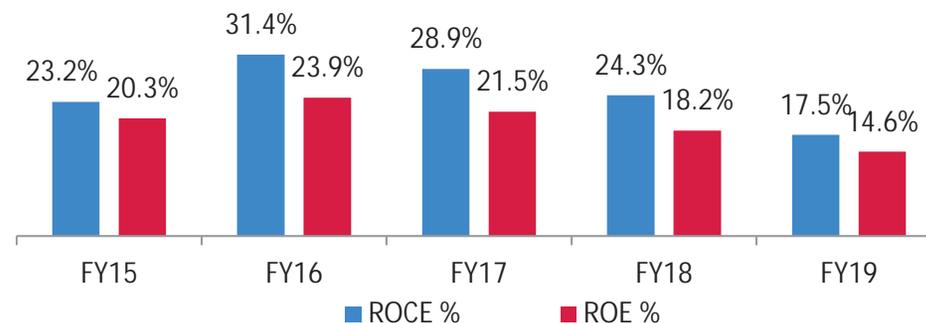
PAT & PAT Margin



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

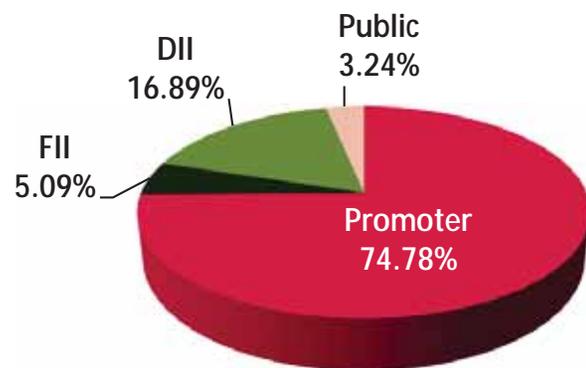
KEY INSTITUTIONAL INVESTORS – 31 ST Dec 2019	% HOLDING
HDFC MF	9.05%
L & T Mutual Fund	4.95%
Pinebridge Investments	4.02%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 21 ST Jan 2020
Market capitalization (Rs Mn)	26,335
Price (Rs.)	291.9
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	420.0 – 208.0

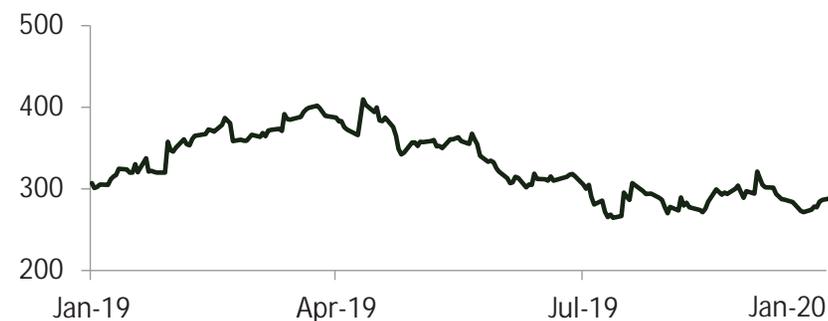
Source: BSE

SHAREHOLDING – 31ST Dec 2019



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

Agrochemical Value Chain

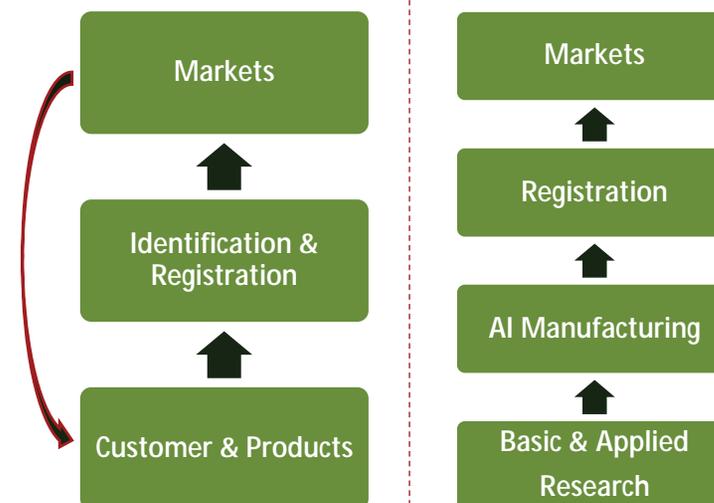
Sharda's Operating Area



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

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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