

SHARDA CROPChem LIMITED

Q1 FY20 RESULTS UPDATE

July 2019



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.

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.



- Q1 FY20 Result Highlights**
- Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

Q1 FY20: KEY HIGHLIGHTS

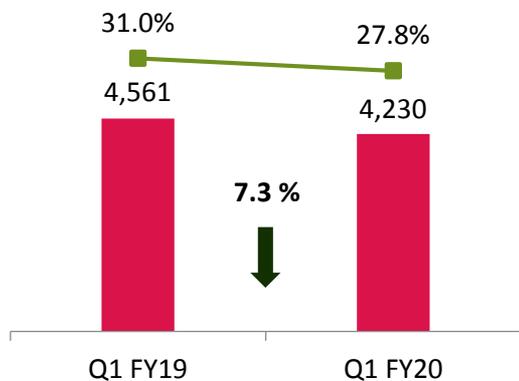


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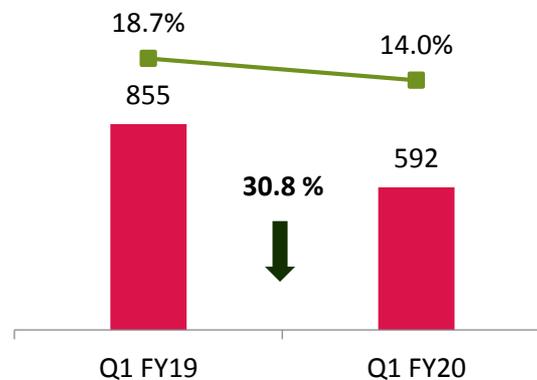
Q1 FY20 YoY ANALYSIS

In Rs Mn

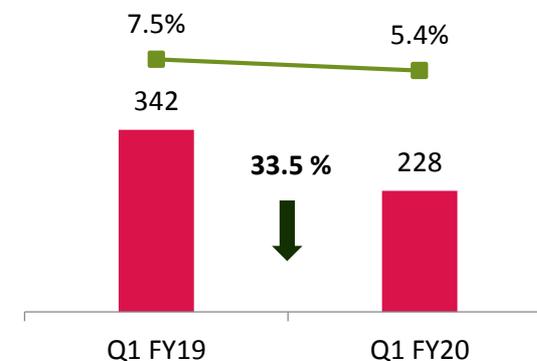
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



Q1 FY20: KEY PERFORMANCE HIGHLIGHTS



Sharda Cropchem Limited

- **Financial Update**

- Revenues declined by 7.3% YoY from Rs 4,561.3 mn in Q1FY19 to Rs 4,230.0 mn in Q1FY20
 - Region wise growth YoY – Europe: -15.2%, NAFTA: 18.2%, LATAM: -39.4% and RoW: 5.0%.
- Gross profit declined from Rs 1,414.8 mn in Q1FY19 to Rs 1,175.8 mn Q1FY20. Gross margin declined by 322bps YoY to 27.8% in Q1FY20 mainly due to lower margin in Europe.
- EBITDA declined from Rs 854.7 mn in Q1FY19 to Rs 591.5 mn in Q1FY20. EBITDA margin contracted from 18.7% in Q1FY19 to 14.0% in Q1FY20 due to decline in revenue and lower gross margins.
- PAT declined from Rs 342.3 mn in Q1FY19 to 227.6 mn in Q1FY20 due to higher depreciation of Rs 352.5 mn in Q1FY20 compared to Rs 183.5 mn in Q1FY19

- **Efficient Working Capital**

- Net working capital days improved from 117 days in Q1FY19 to 99 days in Q1FY20
- Strong balance sheet position – Net Cash balance of Rs 3,093 mn in Q1FY20 compared to cash balance of Rs 719 mn and debt of Rs 1,626 mn in Q1FY19
- Capex of Rs 377 mn in Q1FY20 vs Rs 307 mn in Q1FY19.

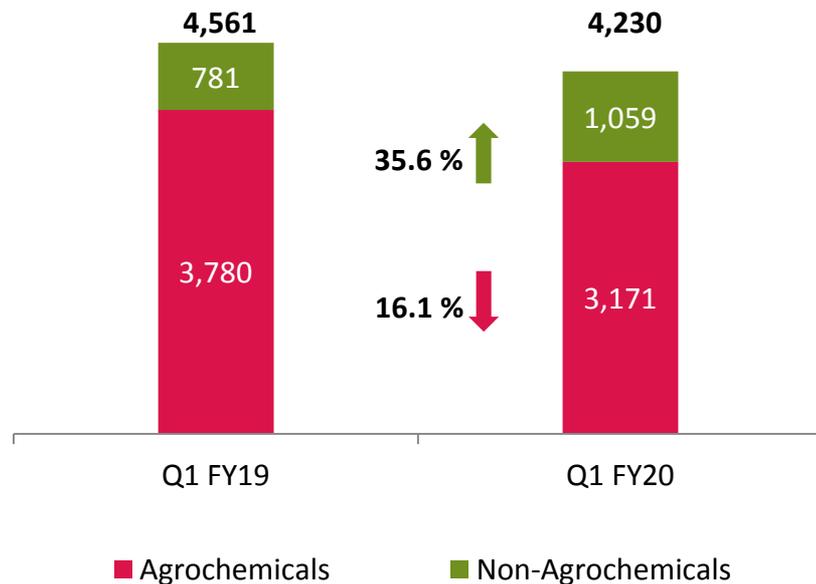
Q1 FY20: DIVISION WISE HIGHLIGHTS



Sharda Cropchem Limited

In Rs Mn

Q1 FY20 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q1 FY19	Q1 FY20
Agrochemicals	82.9%	75.0%
Non-Agrochemicals	17.1%	25.0%

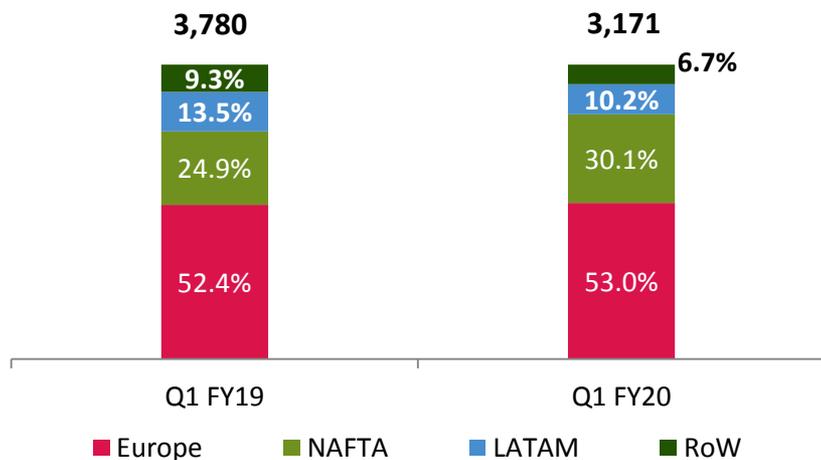
Q1 FY20: AGROCHEMICAL BUSINESS



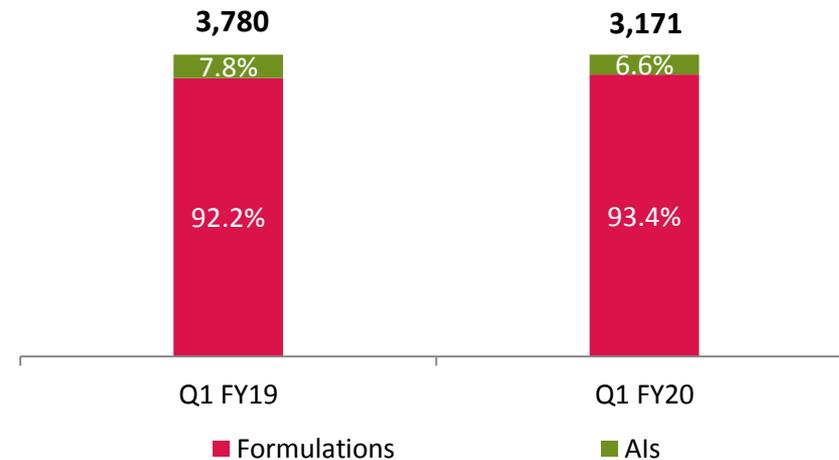
Sharda Cropchem Limited

In Rs Mn

REVENUE BREAKUP: REGIONWISE

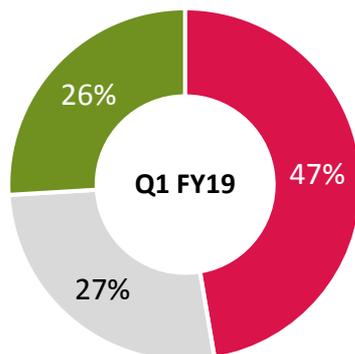


REVENUE BREAKUP: FORMULATIONS VS. AIs



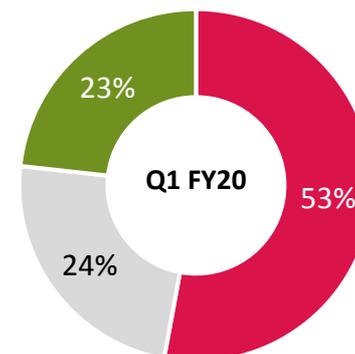
- Revenues in Europe declined by 15.2% in Q1 FY20
- Revenues in NAFTA increased by 1.2% in Q1 FY20
- Revenues in LATAM declined by 36.2% in Q1 FY20
- Revenues in ROW declined by 38.9% in Q1 FY20

REVENUE BREAKUP: PRODUCT TYPE



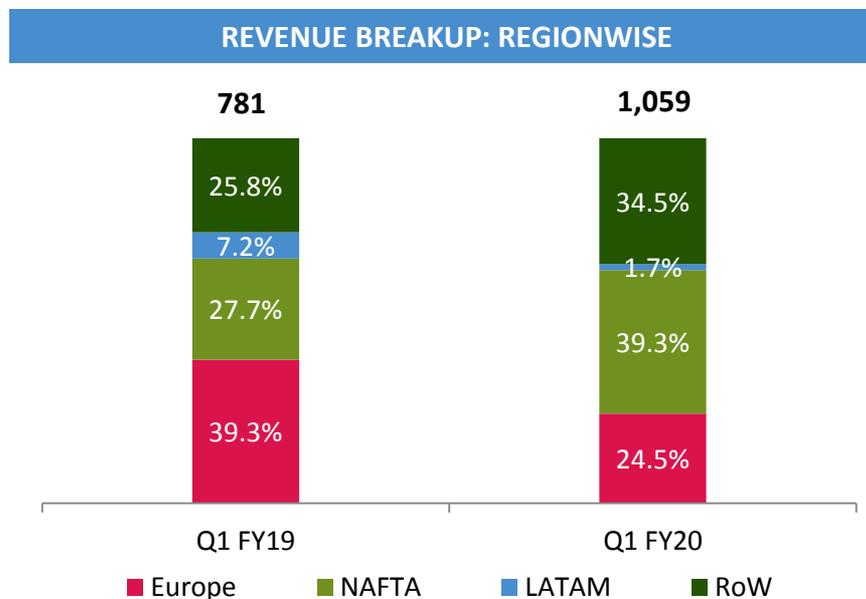
■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

- Herbicides revenues declined by 5.7% YoY in Q1FY20 to Rs 1,688 mn
- Fungicides revenues declined by 26.6% YoY in Q1FY20 to Rs 741 mn
- Insecticides revenues declined by 24.4% YoY in FY19 to Rs 742 mn



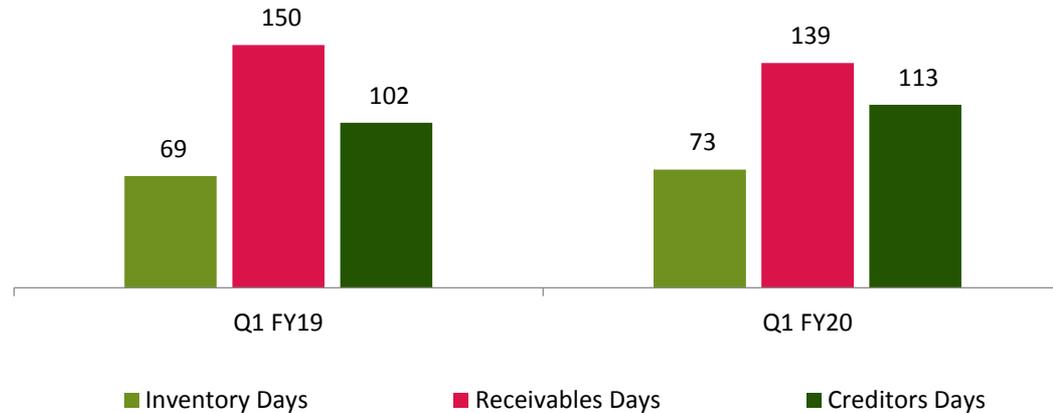
- Revenues in Europe declined by 15.4% in Q1 FY20 to Rs 260 mn
- Revenues in NAFTA grew by 92.2% in Q1 FY20 to Rs 416 mn
- Revenues in LATAM declined by 67.8% in Q1 FY20 to Rs 18 mn
- Revenues in RoW grew by 81.3% in Q1 FY20 to Rs 365 mn

Q1 FY20: WORKING CAPITAL ANALYSIS



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WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS
Q1 FY19: 117
Q1 FY20: 99

* Calculated on average inventory, receivables, creditors

Q1 FY20: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q1 FY20	Q1 FY19	YOY%
Revenue from Operations	4,230.0	4,561.3	-7.3%
COGS	3,054.2	3,146.6	-2.9%
Gross Profit	1,175.8	1,414.7	-16.9%
Gross Margin %	27.8%	31.0%	-322bps
Employee Expenses	80.6	81.9	-1.6%
Other Expenses	503.7	478.1	5.4%
EBITDA	591.5	854.7	-30.8%
EBITDA Margin %	14.0%	18.7%	-475bps
Forex (Gain)/Loss	-24.8	139.7	-117.8%
Depreciation	352.5	183.5	92.1%
Financial Cost	5.8	36.7	-84.1%
Other Income	84.4	31.2	170.5%
Profit Before Tax (PBT)	342.4	525.9	-34.9%
Tax	114.8	183.6	-37.5%
Profit After Tax (PAT)	227.6	342.3	-33.5%
PAT Margin %	5.4%	7.5%	-212bps
Earning Per Share (EPS) in Rs.	2.52	3.79	-33.5%

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 June 2019, Sharda owned 2,079 registrations for formulations and 246 registrations for active ingredients (AIs) and filed 1,095 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 20,011 mn, Rs 3,716 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 – 21.0 %
 - 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

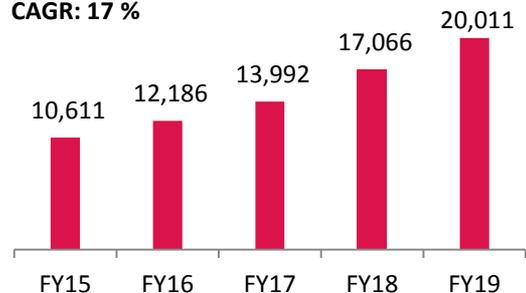


Sharda Cropchem Limited

In Rs Mn

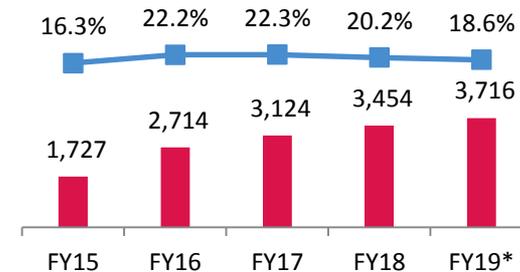
REVENUE FROM OPERATIONS

CAGR: 17 %



EBITDA & EBITDA Margin

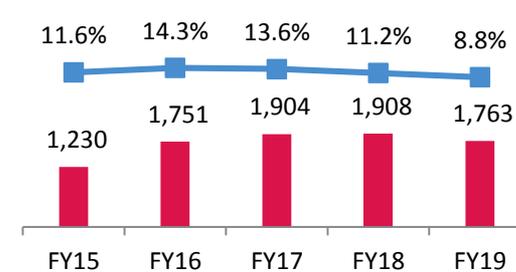
CAGR: 21 %



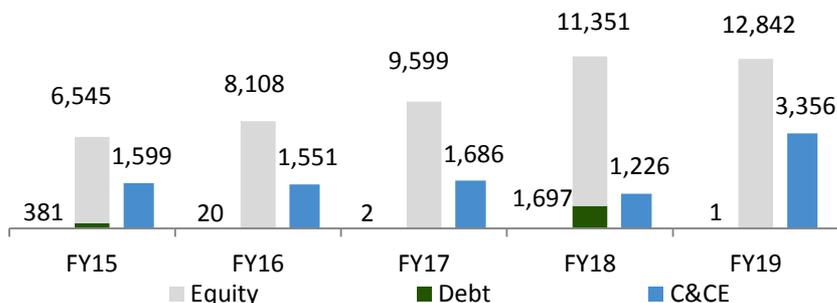
* EBITDA excluding IA & IAUD write-off (Rs 422.4 mn in FY19)

PAT & PAT Margin

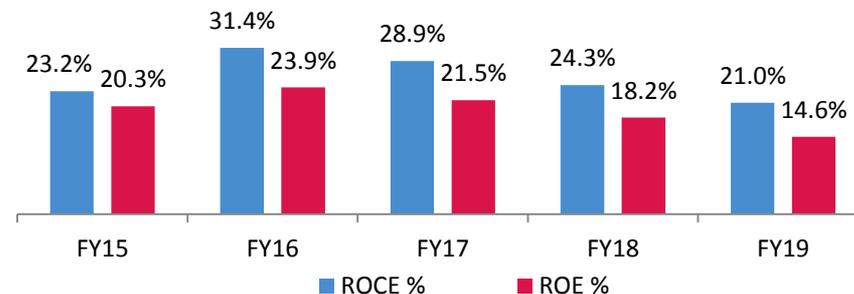
CAGR: 9 %



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

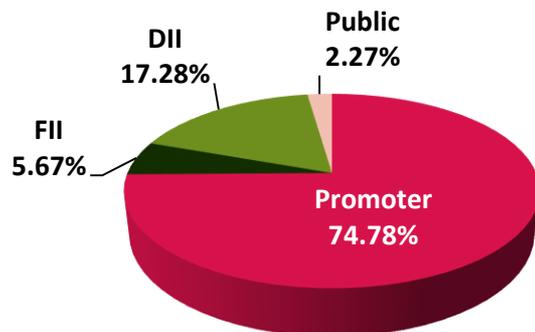
KEY INSTITUTIONAL INVESTORS – 30 TH Jun 2019	% HOLDING
HDFC MF	8.92%
L & T Mutual Fund	4.72%
Pinebridge Investments	4.23%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 23 RD JULY 2019
Market capitalization (Rs Mn)	27,066
Price (Rs.)	300.0
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	424.0 – 259.9

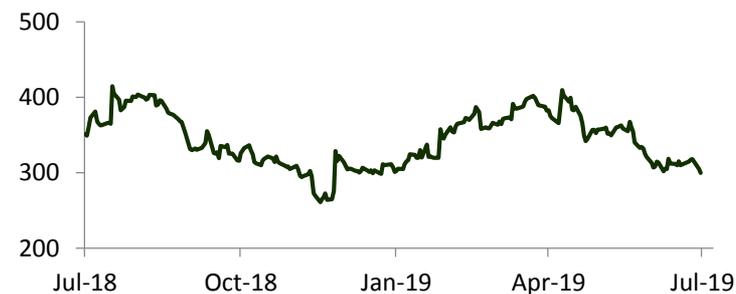
Source: BSE

SHAREHOLDING – 30TH Jun 2019



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



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Agrochemical Value Chain

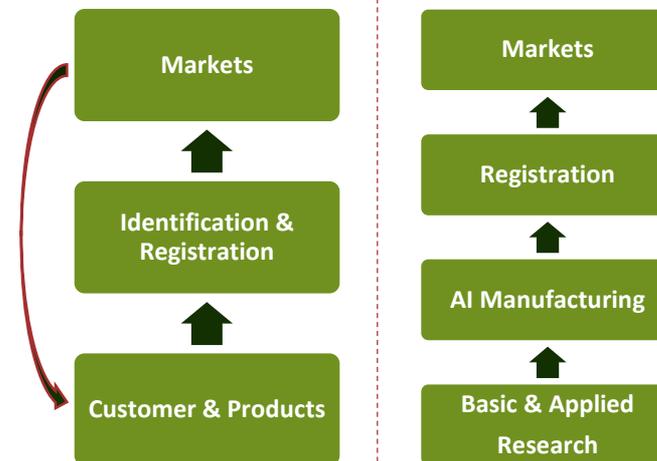
 Sharda's Operating Area



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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