

Sharda Cropchem Limited
INVESTOR PRESENTATION
Q1 FY22 Results Update



Sharda Cropchem Limited





Sharda Cropchem Limited

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Sharda Cropchem Limited

Q1 FY22 Result Highlights



Q1 FY22: KEY FINANCIAL HIGHLIGHTS

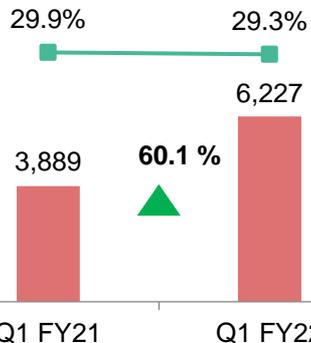
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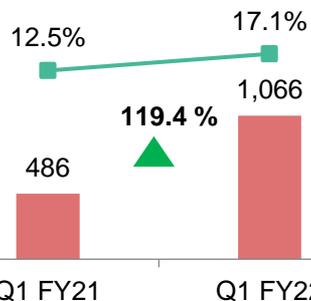
Sharda Cropchem Limited

In ₹ Mn

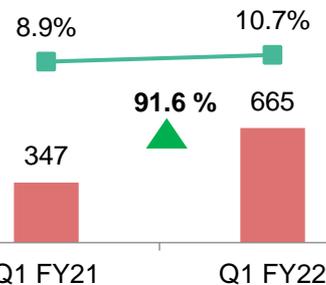
REVENUES & GM



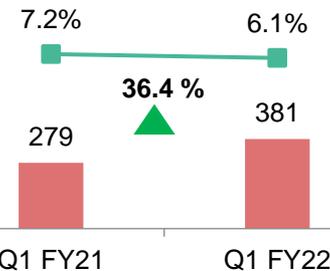
EBITDA & EBITDA MARGIN *



PBT & PBT MARGIN



PAT & PAT MARGIN



Revenues grew by 60.1% YoY to ₹ 6,227 mn in Q1 FY22 led by strong volume growth across geographies

Gross profit grew by 57.1% YoY to ₹ 1,825 mn in Q1 FY22. Gross margin remained flat at 29.3% in Q1 FY22 mainly due to product mix

EBITDA grew by 119.4% YoY from ₹ 486 mn in Q1 FY21 to ₹ 1,066 mn in Q1 FY22

EBITDA margin expanded by 463bps YoY to 17.1% in Q1 FY22 mainly due to better operating leverage

PBT grew by 91.6% YoY from ₹ 347 mn in Q1 FY21 to ₹ 665 mn in Q1 FY22 well supported by higher operating leverage

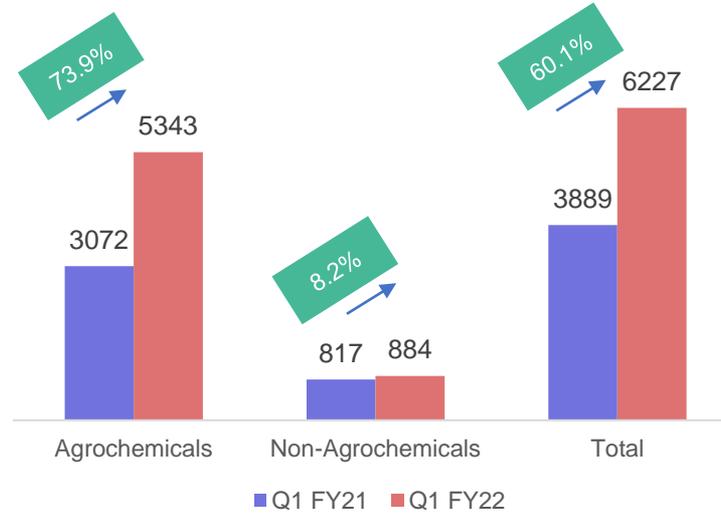
PAT surged by 36.4% YoY from ₹ 279 mn in Q1 FY21 to ₹ 381 mn in Q1 FY22

PAT margin contracted by 107bps YoY to 6.1% in Q1 FY22 mainly due to higher effective tax rates (42.7% in Q1 FY22 vs. 19.5% in Q1 FY21)

* EBITDA excluding IA & IAUD write-off (₹ 35.4 mn in Q1 FY22 and ₹ 10.4 mn in Q1 FY21)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)



Q1 FY22 YoY ANALYSIS: REVENUE BREAKUP



- Agrochemicals revenues during Q1 FY22 grew by 73.9% YoY
- Non-Agrochemicals revenues during Q1 FY22 grew by 8.2% YoY
- Revenue Mix:
Agrochemicals : Non-Agrochemicals mix stood at 86:14 in Q1 FY22 as against 79:21 in Q1 FY21

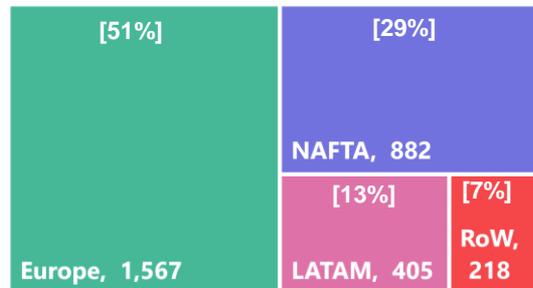
Q1 FY22: AGROCHEMICALS BUSINESS DEEP DIVE



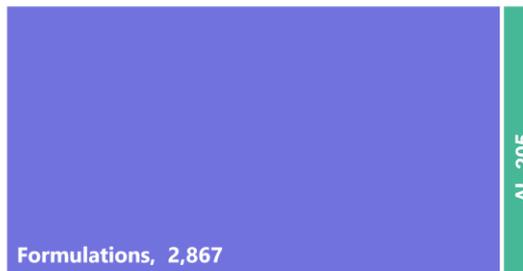
In ₹ Mn

Q1 FY21: Agrochemicals Revenues : 3,072

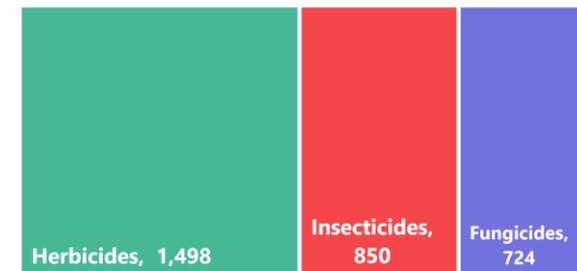
REGION WISE



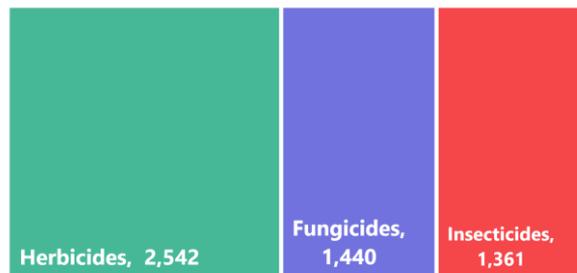
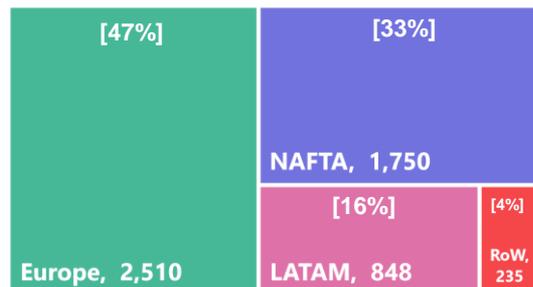
FORMULATION VS. AI



PRODUCT WISE



Q1 FY22: Agrochemicals Revenues : 5,343



* [] %age revenue share

➤ Q1 FY22 Revenue Growth:
Europe: 60.1%, NAFTA: 98.5%,
LATAM 109.6% & RoW: 7.4%

➤ Formulation: AI Mix
Q1 FY22 – 89:11
Q1 FY21 – 93:7

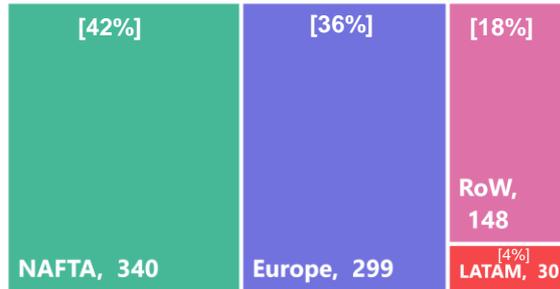
➤ Product Mix updates: Herbicides continues to command 48.0% of revenues in Q1 FY22 & 49.0% of revenues in Q1 FY21



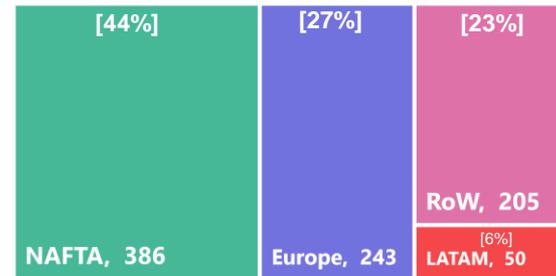
In ₹ Mn

REVENUE BREAKUP: REGIONWISE

Q1 FY21: Non-Agrochemicals Revenues : 817



Q1 FY22: Non-Agrochemicals Revenues : 884

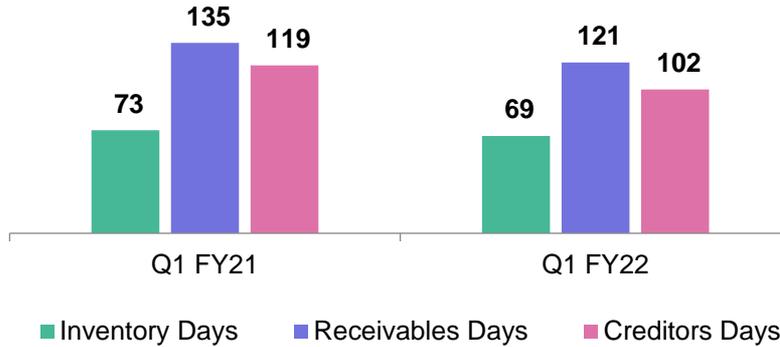


* [] %age revenue share

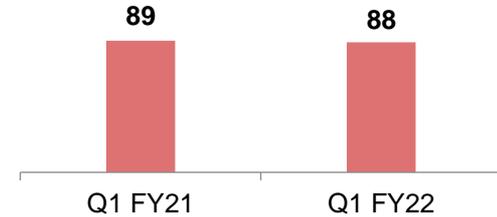
- NAFTA grew by 13.5% in Q1 FY22 to ₹ 386 mn
- LATAM grew by 69.0% in Q1 FY22 to ₹ 50 mn
- RoW grew by 38.0% in Q1 FY22 to ₹ 205 mn
- Europe degrew by 18.7% in Q1 FY22 to ₹ 243 mn



WORKING CAPITAL DAYS*



NET WORKING CAPITAL DAYS



➤ Net working capital days stood at 88 days in Q1 FY22 as against 89 days in Q1 FY21

* Calculated on average inventory, receivables and creditors



Sharda Cropchem Limited

Financial Performance



Q1 FY22: CONSOLIDATED PROFIT & LOSS STATEMENT

10



Sharda Cropchem Limited

In ₹ Mn				
Particulars	Q1 FY22	Q1 FY21	YoY %	FY21
Revenue from Operations	6,226.8	3,889.0	60.1%	23,956.1
COGS	4,401.5	2,727.4	61.4%	16,359.6
Gross Profit	1,825.3	1,161.6	57.1%	7,596.5
Gross Margin %	29.3%	29.9%	(56bps)	31.7%
Employee Expenses	100.5	83.9	19.8%	373.2
Other Expenses	694.3	602.4	15.3%	3,054.8
EBITDA*	1,065.9	485.8	119.4%	4,551.7
EBITDA Margin %	17.1%	12.5%	463bps	19.0%
Forex (Gain)/Loss	(114.8)	(134.7)	(14.7%)	(198.9)
Depreciation	539.2	354.6	52.1%	1,704.4
Finance Cost	6.1	8.3	(26.6%)	27.7
Other Income	64.6	99.7	(35.2%)	459.3
PBT	664.7	346.9	91.6%	3,094.5
Tax Expense	284.0	67.7	319.6%	802.3
PAT	380.7	279.2	36.4%	2,292.2
PAT Margin %	6.1%	7.2%	(107bps)	9.6%
Earnings Per Share (EPS) In ₹	4.22	3.09	36.6%	25.40

* EBITDA excluding IA & IAUD write-off (₹ 35.4 mn in Q1 FY22, ₹ 10.4 mn in Q1 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 2,570 registrations* [2,292 registrations - Formulations and 278 registrations - Active Ingredients (AIs)]. Additionally, it has filed 1,026 applications for registrations globally pending at different stages

*As on 30th June, 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



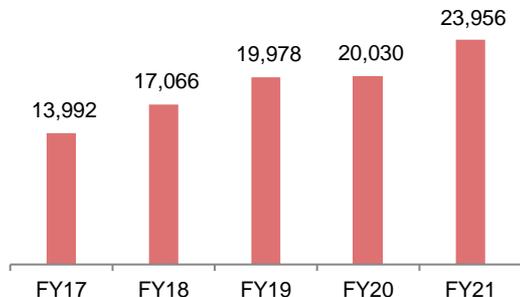
Q1 FY22 CAPEX: INR 635 Mn

KEY FINANCIAL PERFORMANCE INDICES

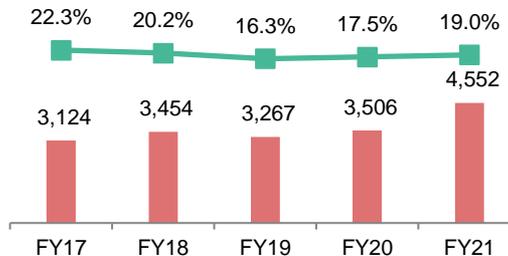


In ₹ Mn

REVENUE FROM OPERATIONS

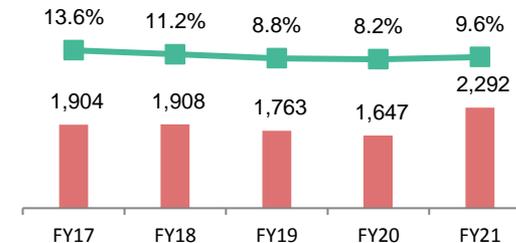


EBITDA & EBITDA Margin*

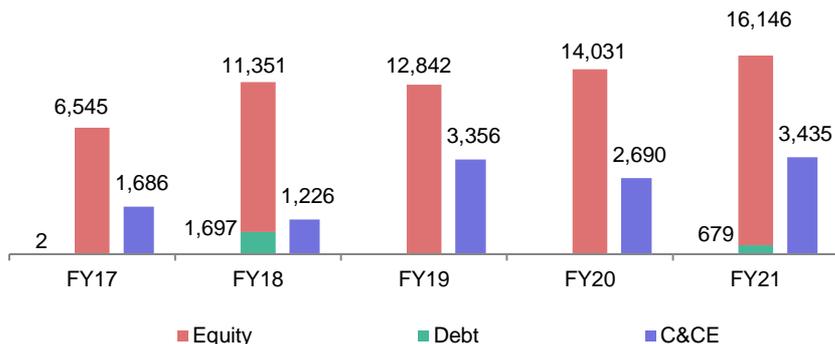


* EBITDA excluding IA & IAUD write-off

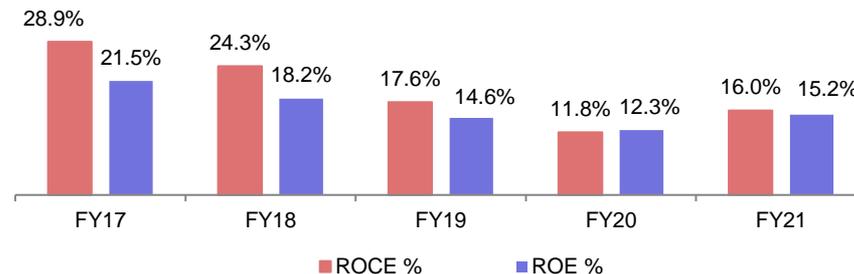
PAT & PAT Margin



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 – 30TH JUN 2021 % HOLDING

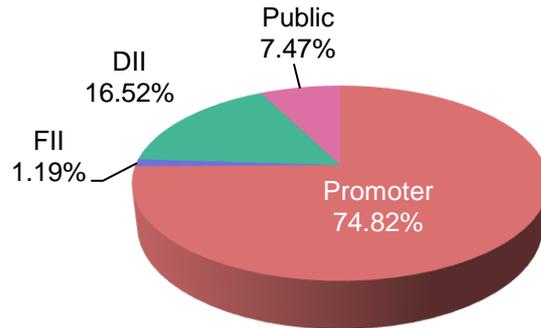
HDFC MF	9.20%
L & T Mutual Fund	4.41%
DSP MF	2.89%

MARKET DATA

AS ON 23RD Jul 2021

Market capitalization (INR Mn)	31,095
Price (INR)	344.7
No. of shares outstanding (Mn)	90.2
Face Value (INR)	10.0
52 week High-Low (INR)	387.1 – 230.8

SHAREHOLDING – 30TH JUN 2021



SHARE PRICE PERFORMANCE





Sharda Cropchem Limited

Business Model





Agrochemical Value Chain

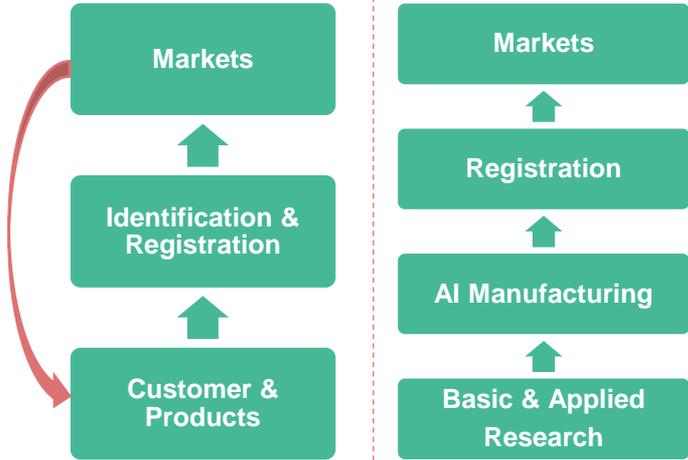


Sharda's Operating Area

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

01

Expand & Strengthen Distribution Presence

- Expand geographical reach using existing library of dossiers
- Two-fold strategy of further penetrating existing markets and entering new markets

02

Continual Investment in Obtaining Registrations

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

03

04

Focus on Biocide Registrations

- Scale up marketing and distribution of biocides with a focus on Europe
- Increase biocide registrations



FOR FURTHER QUERIES



Sharda Cropchem Limited



Sharda Cropchem Limited

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