

SHARDA CROPChem LIMITED

Q3 FY21 RESULTS UPDATE

January 2021



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.

DISCUSSION SUMMARY



Sharda Cropchem Limited

- ❑ Q3 & 9M FY21 Result Highlights
- ❑ Consolidated Financials
- ❑ About Us
- ❑ Business Model
- ❑ Business Strategy & Outlook

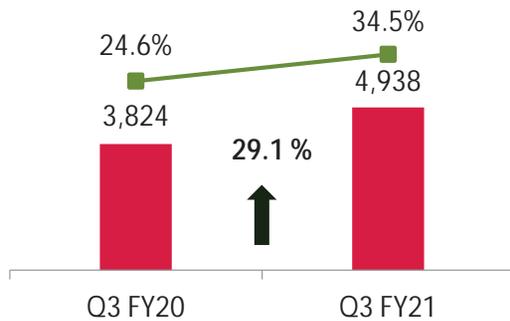
Q3 & 9M FY21: KEY HIGHLIGHTS



Sharda Cropchem Limited

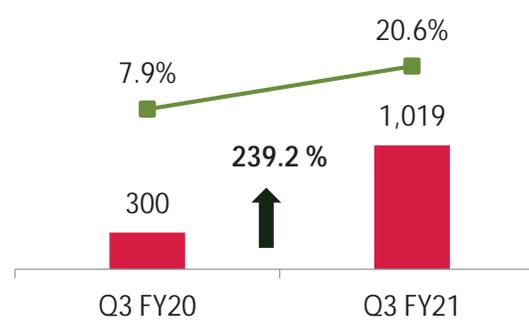
In Rs Mn

REVENUES & GROSS MARGIN (%)

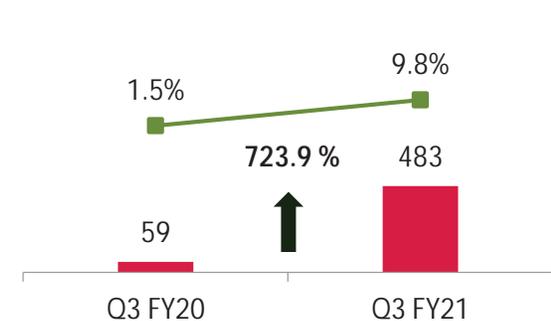


Q3 FY21 YoY ANALYSIS

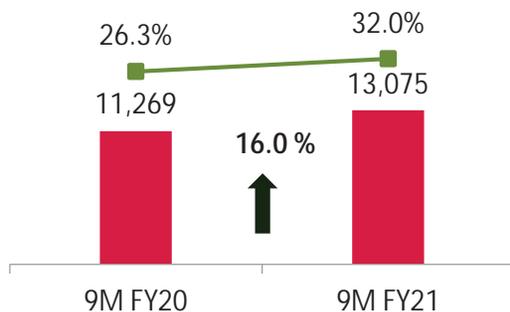
EBITDA & EBITDA MARGIN* (%)



PAT & PAT MARGIN (%)

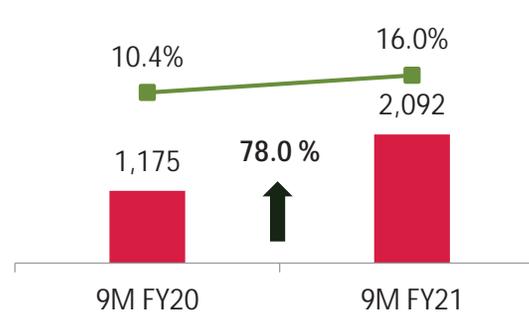


REVENUES & GROSS MARGIN (%)

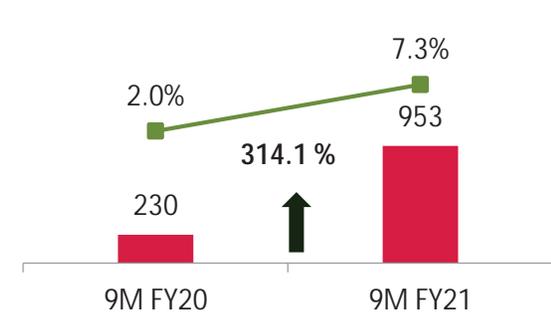


9M FY21 YoY ANALYSIS

EBITDA & EBITDA MARGIN* (%)



PAT & PAT MARGIN (%)



* EBITDA excluding IA & IAUD write-off (Rs 57.0 mn in Q3 FY21, Rs 0.5 mn in Q3 FY20, Rs 86.5 mn in 9M FY21 and Rs 23.2 mn in 9M FY20)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

Q3 FY21: KEY PERFORMANCE HIGHLIGHTS



Sharda Cropchem Limited

- **Financial Update**

- Revenues grew by 29.1% YoY to Rs 4,938 mn in Q3 FY21
 - Region wise growth YoY – Europe: 30.0%, NAFTA: 30.6%, LATAM: 23.0% and RoW: 27.0%.
- Gross profit grew by 81.0% YoY from Rs 942 mn in Q3 FY20 to Rs 1,705 mn in Q3 FY21. Gross margin expanded by 990bps YoY from 24.6% in Q3 FY20 to 34.5% in Q3 FY21 due to volume growth, better sales realizations and lower raw material costs.
- EBITDA grew by 239.2% YoY from Rs 300 mn in Q3 FY20 to Rs 1,019 mn in Q3 FY21. EBITDA margin expanded by 1,278bps YoY to 20.6% in Q3 FY21.
- PAT during the quarter grew by 723.9% YoY from 59 mn in Q3 FY20 to Rs 483 mn in Q3 FY21 attributed to higher foreign exchange gains and lower effective tax rate (37.8% in Q3 FY21 vs. 66.0% in Q3 FY20)
- Cash Profit (PAT + Depreciation) for Q3 FY21 stood at Rs 887 mn as compared to Rs 398 mn in Q3 FY20.

- **Operational and Capex Highlights**

- Net working capital days stood at 71 days in 9M FY21 as against 84 days in 9M FY20 due to prudent working capital management.
- Capex stood at Rs 1,696 mn in 9M FY21 vs Rs 1,220 mn in 9M FY20.

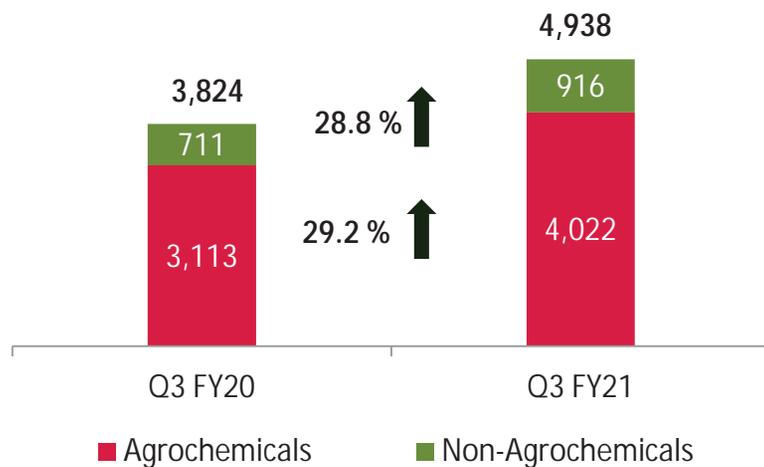
Q3 & 9M FY21: DIVISION WISE HIGHLIGHTS



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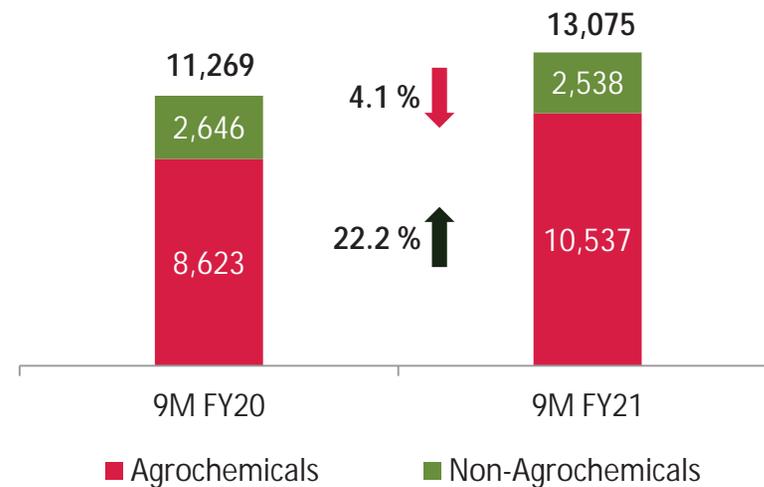
In Rs Mn

Q3 FY21 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q3 FY20	Q3 FY21
Agrochemicals	81.4%	81.4%
Non-Agrochemicals	18.6%	18.6%

9M FY21 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	9M FY20	9M FY21
Agrochemicals	76.5%	80.6%
Non-Agrochemicals	23.5%	19.4%

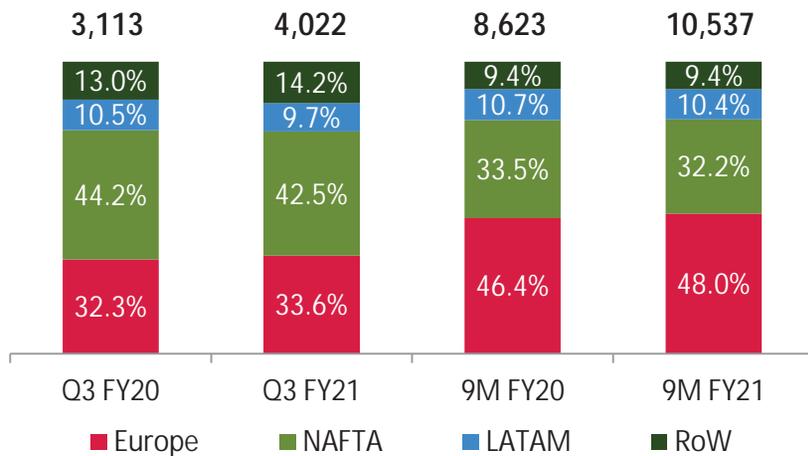
Q3 & 9M FY21: AGROCHEMICAL BUSINESS



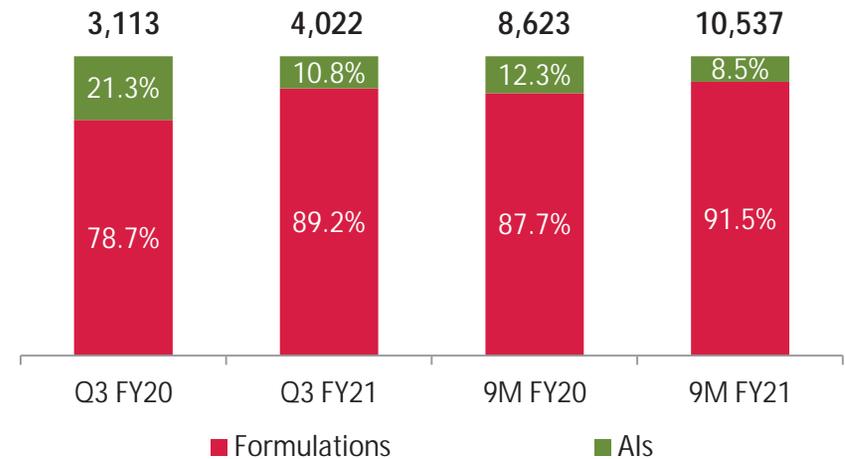
Sharda Cropchem Limited

In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs



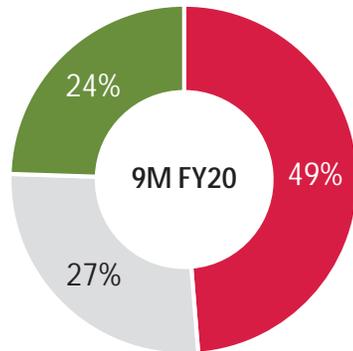
- Revenues in Europe grew by 34.3% in Q3 FY21 to Rs 1,350 mn
- Revenues in NAFTA surged by 24.2% in Q3 FY21 to Rs 1,709 mn
- Revenues in LATAM increased by 19.2% in Q3 FY21 to Rs 390 mn
- Revenues in ROW grew by 41.5% in Q3 FY21 to Rs 573 mn

9M FY21: AGROCHEMICAL BUSINESS



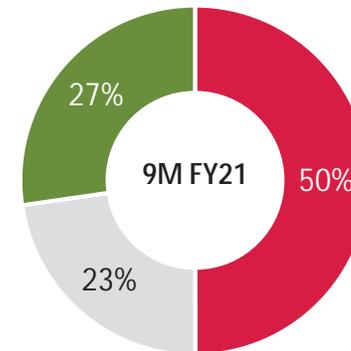
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REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

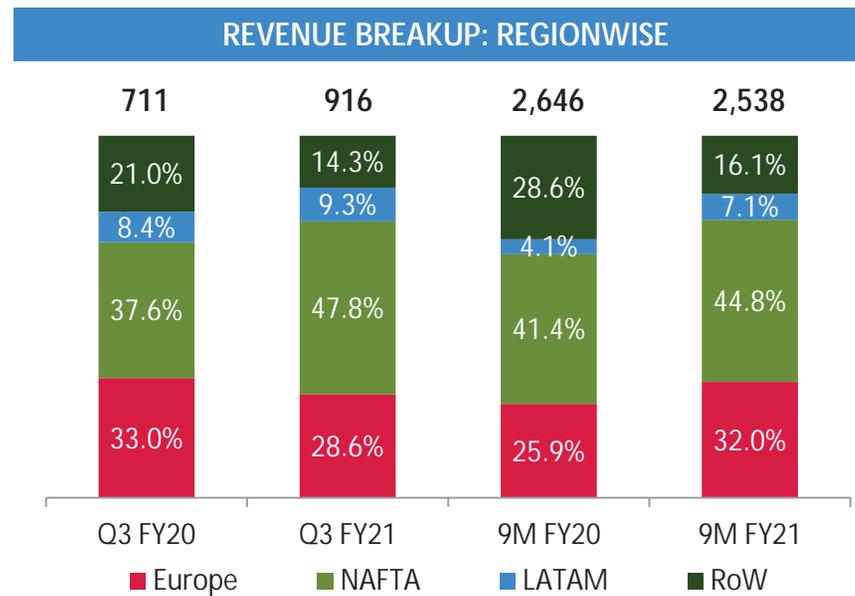
- Herbicides revenues increased by 25.4% YoY in 9M FY21 to Rs 5,267 mn
- Fungicides revenues grew by 3.6% YoY in 9M FY21 to Rs 2,396 mn
- Insecticides revenues surged by 36.1% YoY in 9M FY21 to Rs 2,874 mn

Q3 & 9M FY21: NON-AGROCHEMICAL BUSINESS



Sharda Cropchem Limited

In Rs Mn



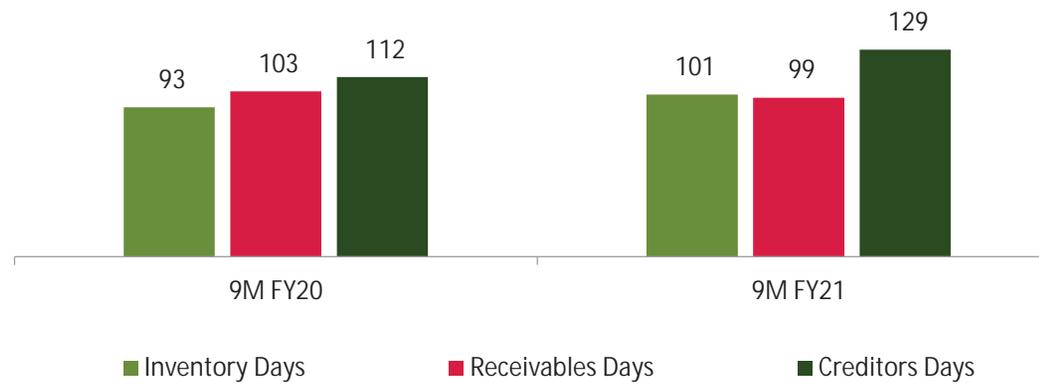
- Revenues in Europe grew by 11.4% in Q3 FY21 to Rs 262 mn
- Revenues in NAFTA surged by 63.9% in Q3 FY21 to Rs 438 mn
- Revenues in LATAM increased by 43.5% in Q3 FY21 to Rs 85 mn
- Revenues in RoW declined by 12.3% in Q3 FY21 to Rs 131 mn

9M FY21: WORKING CAPITAL ANALYSIS



Sharda Cropchem Limited

WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

9M FY20: 84

9M FY21: 71

* Calculated on average inventory, receivables and creditors

Q3 & 9M FY21: CONSOLIDATED PROFIT & LOSS STATEMENT



Sharda Cropchem Limited

Particulars (In Rs Mn)	Q3 FY21	Q3 FY20	YoY %	9M FY21	9M FY20	YoY%	FY20
Revenue from Operations	4,938.1	3,824.4	29.1%	13,074.7	11,269.4	16.0%	20,030.2
COGS	3,233.0	2,882.5	12.2%	8,888.1	8,304.6	7.0%	13,887.5
Gross Profit	1,705.1	941.8	81.0%	4,186.6	2,964.8	41.2%	6,142.7
<i>Gross Margin %</i>	34.5%	24.6%	990bps	32.0%	26.3%	571bps	30.7%
Employee Expenses	96.6	79.4	21.6%	254.6	232.4	9.5%	349.0
Other Expenses	646.1	562.4	14.9%	1,926.4	1,580.5	21.9%	2,823.9
EBITDA*	1,019.3	300.5	239.2%	2,092.0	1,175.0	78.0%	3,516.3
<i>EBITDA Margin %</i>	20.6%	7.9%	1,278bps	16.0%	10.4%	557bps	17.6%
Forex (Gain)/Loss	-125.4	-91.9	36.5%	-330.3	-28.1	1,075.2%	151.4
Depreciation	404.3	339.0	19.3%	1,182.2	1,021.2	15.8%	1,371.2
Finance Cost	4.5	4.4	0.8%	20.1	14.7	36.3%	19.2
Other Income	97.4	124.0	-21.5%	291.8	323.3	-9.7%	420.7
PBT	776.2	172.4	350.2%	1,425.4	467.3	205.0%	1,848.7
Tax Expense	293.3	113.8	157.7%	472.5	237.2	99.2%	201.7
PAT	483.0	58.6	723.9%	952.9	230.1	314.1%	1,647.0
<i>PAT Margin %</i>	9.8%	1.5%	538.1%	7.3%	2.0%	525bps	8.2%
Earnings Per Share (EPS) In Rs.	5.35	0.65	723.1%	10.56	2.55	314.1%	18.25

* EBITDA excluding IA & IAUD write-off (Rs 57.0 mn in Q3 FY21, Rs 0.5 mn in Q3 FY20, Rs 86.5 mn in 9M FY21, Rs 23.2 mn in 9M FY20 and Rs 546.5 mn in FY20)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

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 2020, Sharda owned 2,495 registrations [2,239 registrations for formulations and 256 registrations for active ingredients (AIs)] and has filed 1,062 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 at Rs 20,030 mn, Rs 3,506 mn and Rs 1,647 mn respectively in FY20
- Strong balance sheet position with net cash & cash equivalents of Rs 2,690 mn and equity of Rs 14,031 mn in FY20
- Return Ratios in FY20:
 - ROCE – 11.9 %
 - ROE – 12.3 %

ABOUT US: OUR PRESENCE



Sharda Cropchem Limited



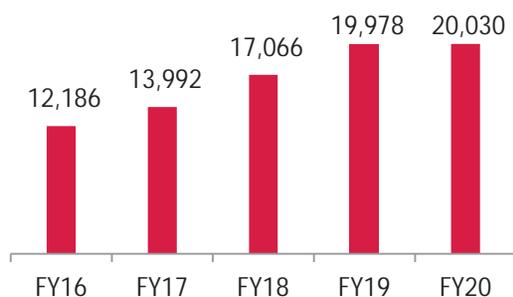
ABOUT US: FINANCIAL SUMMARY



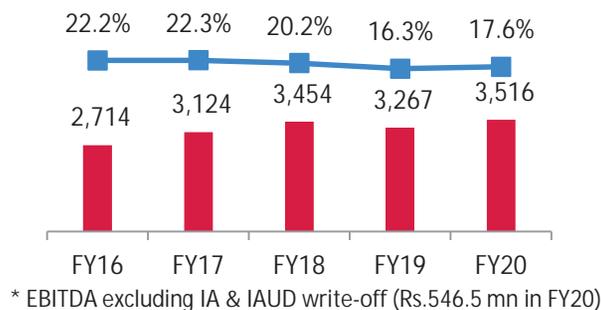
Sharda Cropchem Limited

In Rs Mn

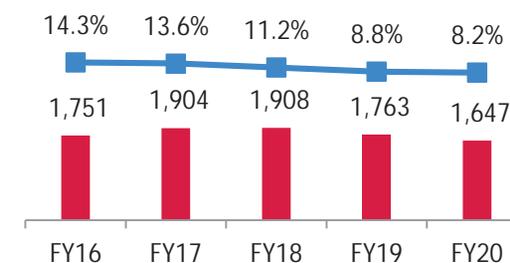
REVENUE FROM OPERATIONS



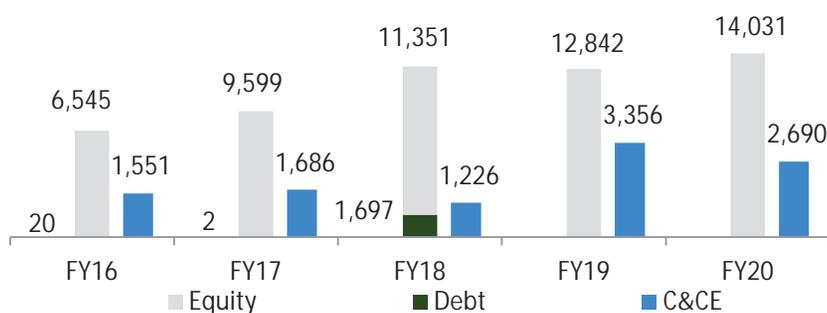
EBITDA & EBITDA Margin*



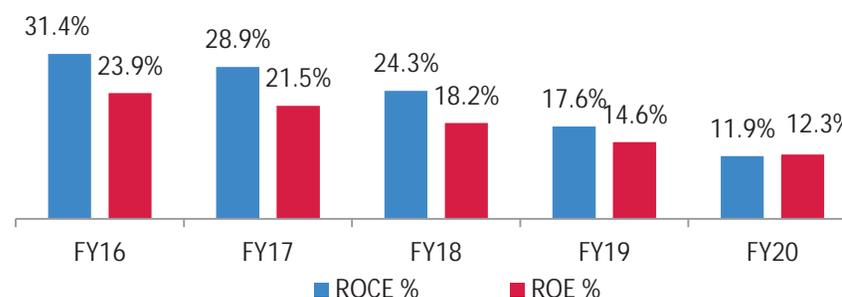
PAT & PAT Margin



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY16 to FY20 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

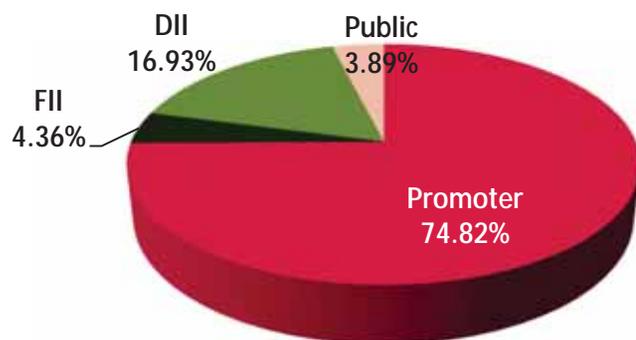
KEY INSTITUTIONAL INVESTORS – 31 ST Dec 2020	% HOLDING
HDFC MF	9.21%
L & T Mutual Fund	4.83%
Pinebridge Global	3.57%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 22 ND Jan 2021
Market capitalization (Rs Mn)	24,175
Price (Rs.)	268.0
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	329.1 – 99.0

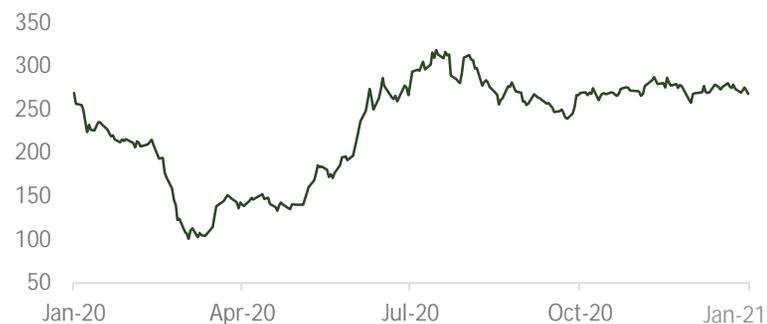
Source: BSE

SHAREHOLDING – 31ST Dec 2020



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

Agrochemical Value Chain

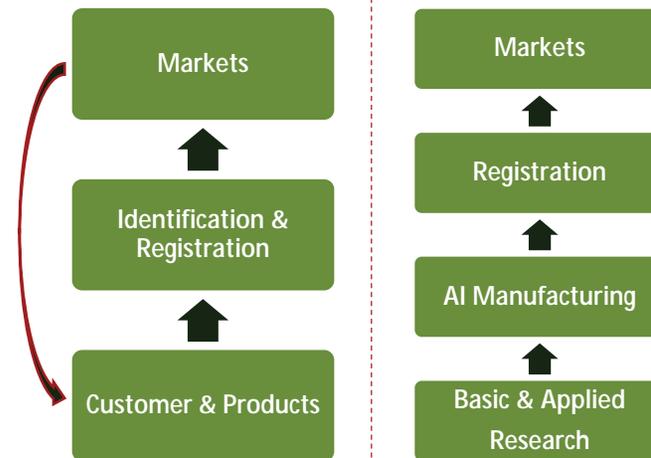
 Sharda's Operating Area



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 FOCUSSED 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



Sharda Cropchem Limited

FOR FURTHER QUERIES:



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