Sharda Cropchem Limited

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www.shardacropchem.com

ISO 9001: 2015 Reg. No: 702949
CIN: L51909MH2004PLC145007

August 13, 2020

The Manager
National Stock Exchange India Limited
Listing Department
"Exchange Plaza", 5th Floor
Bandra- Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Symbol: SHARDACROP EQ

Subject: Investors/Analyst's Presentation for the quarter ended June 30, 2020

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we are enclosing herewith the presentation to be made to the Investors/Analysts on the Financial Results of the Company for the Quarter ended June 30, 2020.

The presentation is also being uploaded on the website of the Company www.shardacropchem.com in accordance with Regulation 46 of the Listing Regulations.

We request you to take the same on record.

Yours faithfully,

Sharda Cropchem Limited MUMBAI 400 056

Jetkin Gudhka
Company Secretary &
Compliance Officer

mEncl: As above

SHARDA CROPCHEM LIMITED

Q1 FY21 RESULTS UPDATE

August 2020

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

- Q1 FY21 Result Highlights
- Consolidated Financials
- About Us
- Business Model
- Business Strategy & Outlook

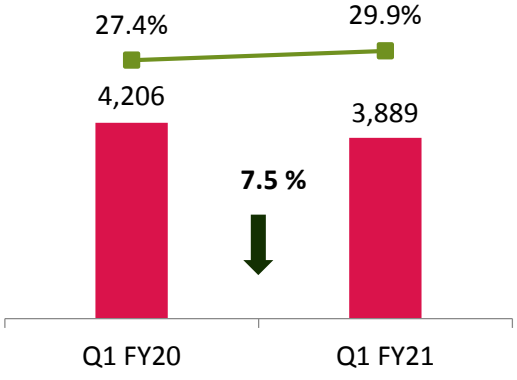
Q1 FY21: KEY HIGHLIGHTS

Sharda Cropchem Limited

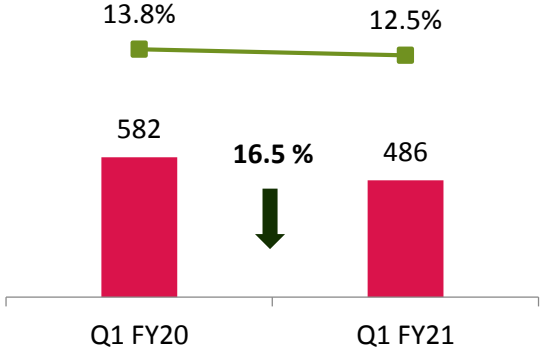
Q1 FY21 YoY ANALYSIS

In Rs Mn

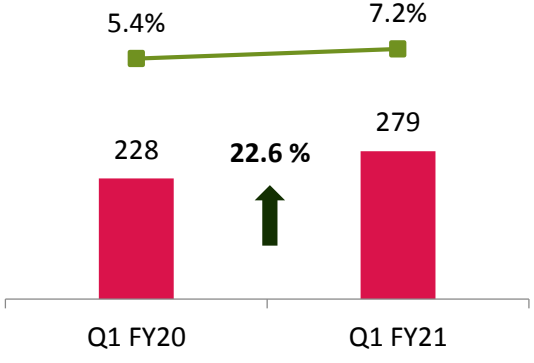
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN *



PAT & PAT MARGIN



* EBITDA excluding IA & IAUD write-off (Rs 10.4 mn in Q1 FY21 and Rs 14.8 mn in Q1 FY20)
(IA & IAUD – Intangible Assets & Intangible Assets Under Development)

Q1 FY21: KEY PERFORMANCE HIGHLIGHTS

Sharda Cropchem Limited

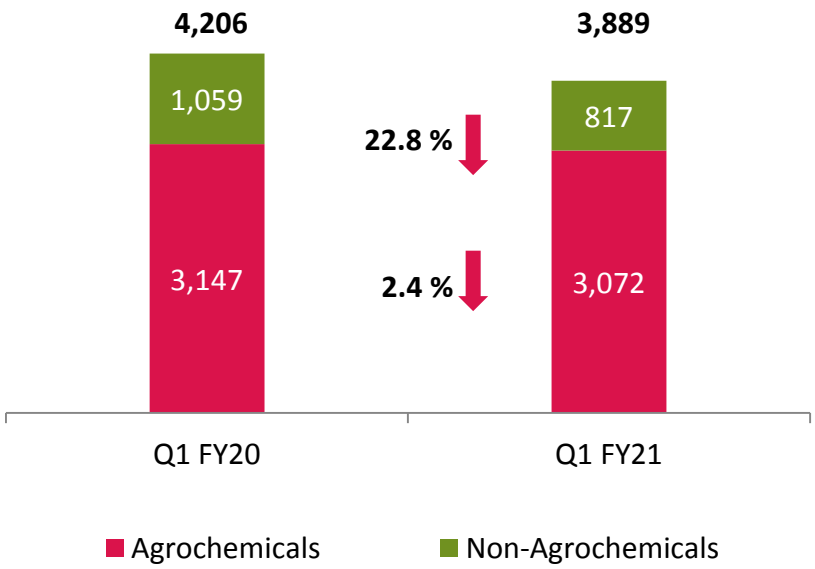
- **Financial Update**
  - Revenues declined by 7.5% YoY to Rs 3,889.0 mn in Q1 FY21
    - Region wise growth YoY – Europe: -3.1%, NAFTA: -10.3%, LATAM: 27.6% and RoW: -36.5%.
  - Gross profit grew marginally by 0.9% YoY to Rs 1,161.6 mn in Q1 FY21. Gross margin expanded by 249bps YoY from 27.4% in Q1 FY20 to 29.9% in Q1 FY21 due to decline in raw material cost.
  - EBITDA declined by 16.5% YoY from Rs 582.0 mn in Q1 FY20 to Rs 485.8 mn in Q1 FY21. EBITDA margin contracted by 135bps YoY to 12.5% in Q1 FY21 mainly due to rise in other expenses.
  - PAT grew by 22.6% YoY from Rs 227.6 mn in Q1 FY20 to 279.2 mn in Q1 FY21 due to;
    - Rise in forex gains from Rs 24.8 mn in Q1 FY20 to Rs 134.7 mn in Q1 FY21
    - Decline in taxes from Rs 114.8 mn in Q1 FY20 as compared to Rs 67.7 mn in Q1 FY21 owing to lower effective tax rate (34% in Q1 FY20 vs. 20% in Q1 FY21)
  - Cash Profit (PAT + Depreciation) for Q1 FY21 stood at Rs 633.8 mn as compared to Rs 580.1 mn in Q1 FY20.
  - The Company's business operations remained unimpacted due to COVID-19 pandemic.
- **Operational and Capex Highlights**
  - Net working capital days stood at 89 days in Q1 FY21 as against 99 days in Q1 FY20 due to prudent working capital management.
  - Capex during the quarter stood at Rs 711.0 mn in Q1 FY21 vs Rs 392.0 mn in Q1 FY20.

Q1 FY21: DIVISION WISE HIGHLIGHTS

Sharda Cropchem Limited

In Rs Mn

Q1 FY21 YoY ANALYSIS: REVENUE BREAKUP



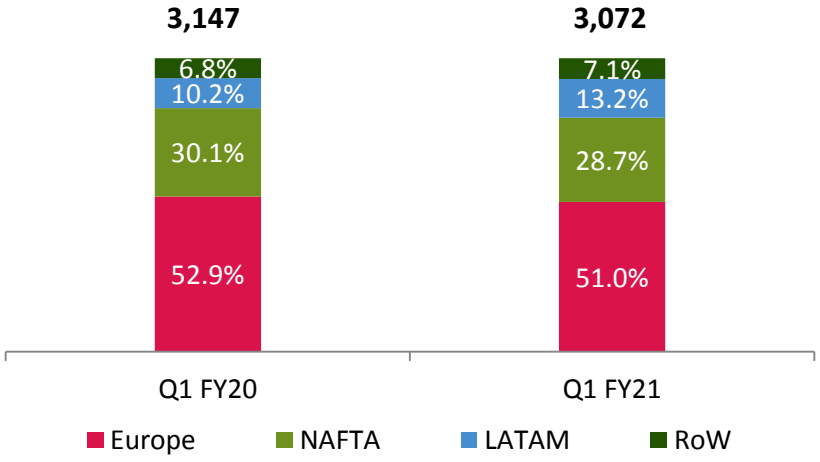
Division Revenue Share %	Q1 FY20	Q1 FY21
Agrochemicals	74.8%	79.0%
Non-Agrochemicals	25.2%	21.0%

Q1 FY21: AGROCHEMICAL BUSINESS

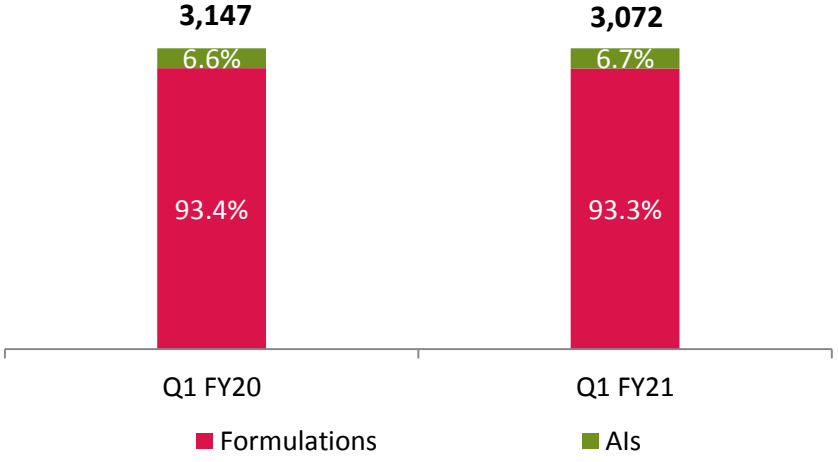
Sharda Cropchem Limited

In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs

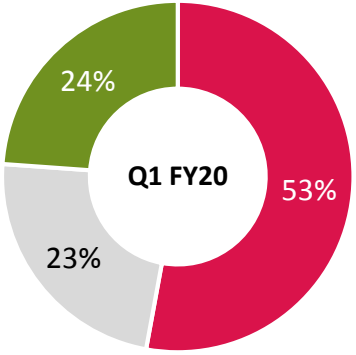


- Revenues in Europe declined by 5.9% in Q1 FY21 to Rs 1,567 mn
- Revenues in NAFTA declined by 6.8% in Q1 FY21 to Rs 882 mn
- Revenues in LATAM increased by 25.5% in Q1 FY21 to Rs 405 mn
- Revenues in ROW increased by 2.8% in Q1 FY21 to Rs 218 mn

Q1 FY21: AGROCHEMICAL BUSINESS

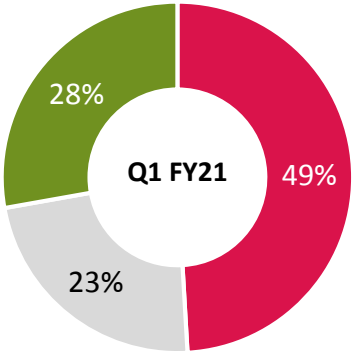
Sharda Cropchem Limited

REVENUE BREAKUP: PRODUCT TYPE



Herbicides Fungicides Insecticides

REVENUE BREAKUP: PRODUCT TYPE



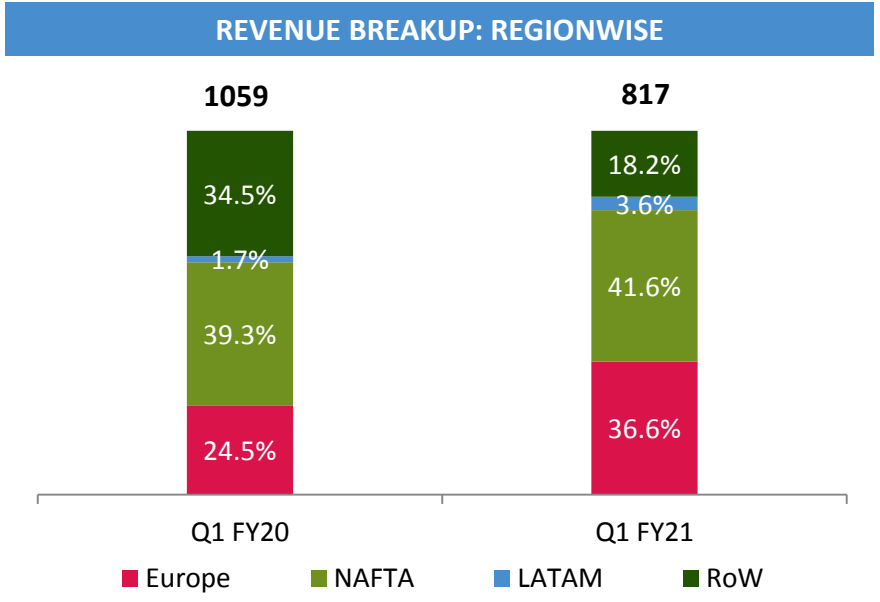
Herbicides Fungicides Insecticides

- Herbicides revenues declined by 10.5% YoY in Q1 FY21 to Rs 1,497 mn
- Fungicides revenues declined by 1.5% YoY in Q1 FY21 to Rs 724 mn
- Insecticides revenues grew by 15.4% YoY in Q1 FY21 to Rs 850 mn

Q1 FY21: NON-AGROCHEMICAL BUSINESS

Sharda Cropchem Limited

In Rs Mn

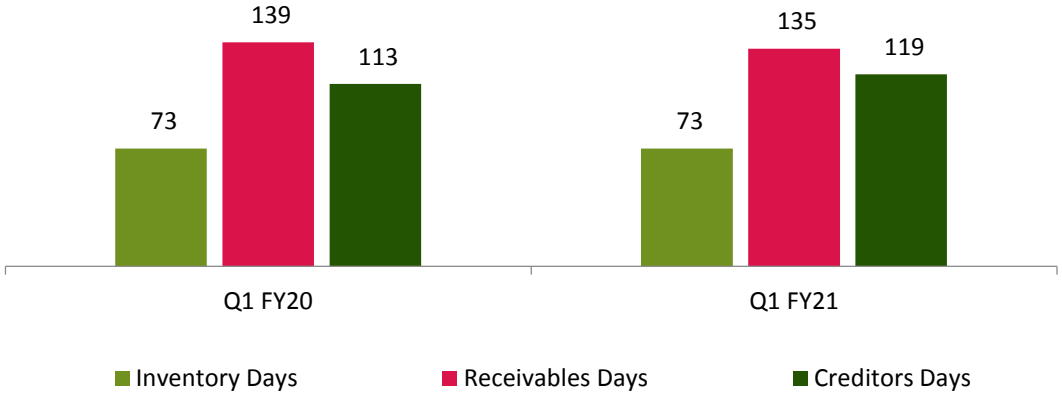


- Revenues in Europe grew by 15.1% in Q1 FY21 to Rs 299 mn
- Revenues in NAFTA declined by 18.2% in Q1 FY21 to Rs 340 mn
- Revenues in LATAM grew by 64.2% in Q1 FY21 to Rs 30 mn
- Revenues in RoW declined by 59.3% in Q1 FY21 to Rs 148 mn

Q1 FY21: WORKING CAPITAL ANALYSIS

Sharda Cropchem Limited

WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS
Q1 FY20: 99
Q1 FY21: 89

* Calculated on average inventory, receivables and creditors

Q1 FY21: CONSOLIDATED PROFIT & LOSS STATEMENT

Sharda Cropchem Limited

Particulars (In Rs Mn)	Q1 FY21	Q1 FY20	YOY%	FY20
Revenue from Operations	**3,889.0**	**4,205.7**	**-7.5%**	**20,030.1**
COGS	2,727.4	3,054.2	-10.7%	13,886.0
Gross Profit	**1,161.6**	**1,151.4**	**0.9%**	**6,144.0**
Gross Margin %	**29.9%**	**27.4%**	**249bps**	**30.7%**
Employee Expenses	83.9	80.6	4.0%	349.0
Other Expenses	602.4	503.7	19.6%	2,835.7
EBITDA*	**485.8**	**582.0**	**-16.5%**	**3,505.9**
EBITDA Margin %	**12.5%**	**13.8%**	**-135bps**	**17.5%**
Forex (Gain)/Loss	(134.7)	(24.8)	442.9%	151.4
Depreciation	354.6	352.5	0.6%	1,371.2
Financial Cost	8.3	5.8	42.0%	19.2
Other Income	99.7	108.8	-8.3%	431.1
Profit Before Tax (PBT)	**346.9**	**342.4**	1.3%	**1,848.7**
Tax	67.7	114.8	-41.0%	201.8
Profit After Tax (PAT)	**279.2**	**227.6**	**22.6%**	**1,646.9**
PAT Margin %	**7.2%**	**5.4%**	**177bps**	**8.2%**
Earning Per Share (EPS) in Rs.	**3.09**	**2.52**	**22.6%**	**18.25**

* EBITDA excluding IA & IAUD write-off (Rs 10.4 mn in Q1 FY21, Rs 14.8 mn in Q1 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 30th June 2020, Sharda owned 2,439 registrations [2,189 registrations for formulations and 250 registrations for active ingredients (AIs)] and has filed 1,017 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

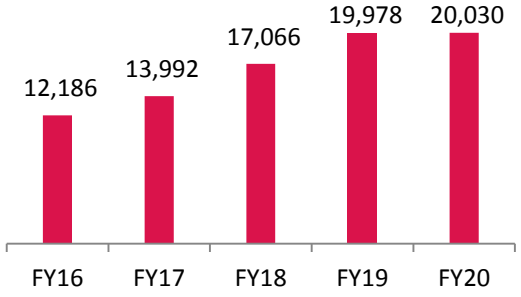
Sharda Cropchem Limited

ABOUT US: FINANCIAL SUMMARY

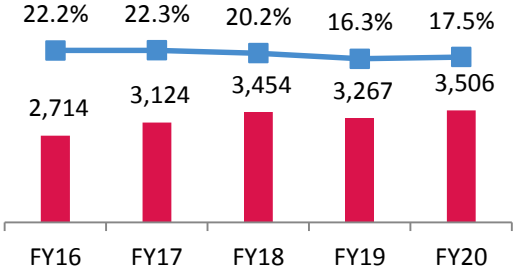
Sharda Cropchem Limited

In Rs Mn

REVENUE FROM OPERATIONS

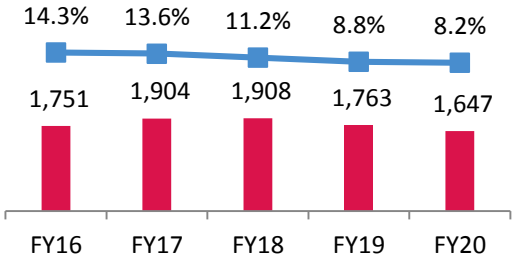


EBITDA & EBITDA Margin*

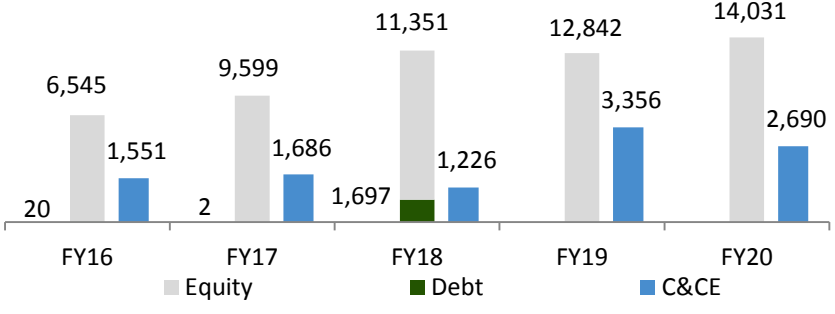


* EBITDA excluding IA & IAUD write-off (Rs.546.5 mn in FY20)

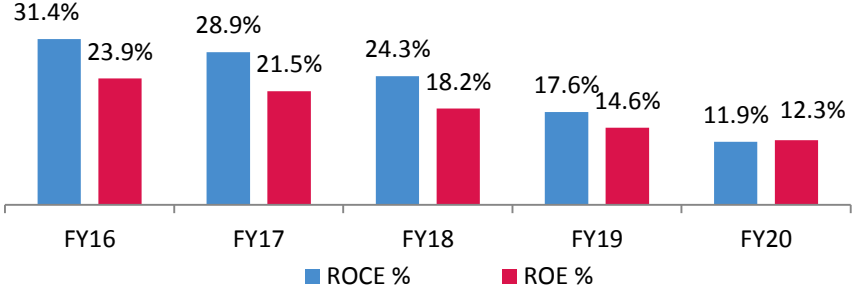
PAT & PAT Margin



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

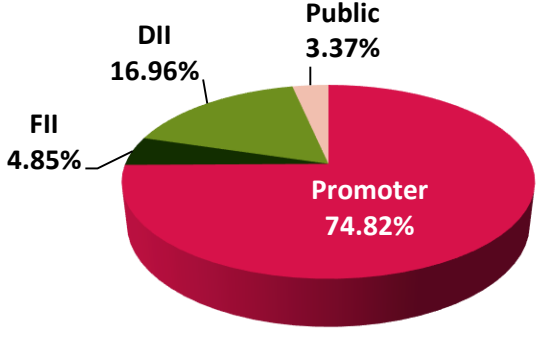
KEY INSTITUTIONAL INVESTORS – 30TH June 2020	% HOLDING
HDFC MF	9.24%
L & T Mutual Fund	4.83%
Pinebridge Global	3.92%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 12TH Aug 2020
Market capitalization (Rs Mn)	28,171
Price (Rs.)	312.3
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	341.5 – 99.0

Source: BSE

SHAREHOLDING – 30TH June 2020



Source: BSE

SHARE PRICE PERFORMANCE

Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL

Sharda Cropchem Limited

Agrochemical Value Chain

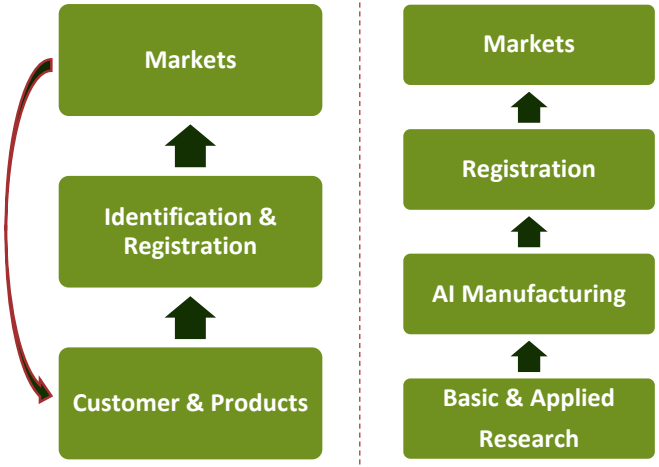
Sharda's Operating Area

Basic & Applied Research → Identification → Registration → Active Ingredient Manufacturing → Formulation & Packaging → Marketing & Distribution

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
Focus on Inorganic Growth	▪ Continue to explore possibilities of partnerships with other companies across jurisdictions

FOR FURTHER QUERIES:

Sharda Cropchem Limited

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DICKENSON

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