

# Sharda Cropchem Limited

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www.shardacropchem.com



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



January 22, 2020

The Secretary  
BSE Limited  
Listing Department  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai - 400 001

Scirp Code: 538666  
Scirp ID: SHARDACROP

**Subject: Investors/Analyst's Presentation for the quarter and nine months ended December 31, 2019**

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 and nine months ended December 31, 2019.

The presentation is also being uploaded on the website of the Company [www.shardacropchem.com](http://www.shardacropchem.com) in accordance with Regulation 46 of the Listing Regulations.

We request you to take the same on record.

Yours faithfully,

*Jetkin Gudhka*



Jetkin Gudhka  
Company Secretary &  
Compliance Officer

Encl: As above

# SHARDA CROP CHEM LIMITED

## Q3 FY20 RESULTS UPDATE

January 2020



*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.*



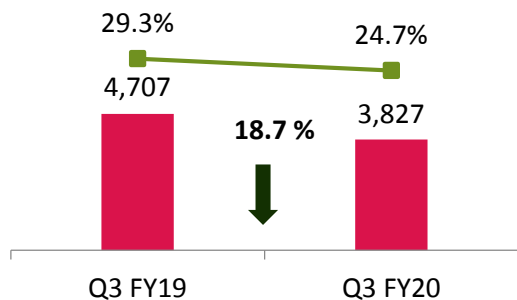
- Q3 & 9M FY20 Result Highlights**
- Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

# Q3 & 9M FY20: KEY HIGHLIGHTS



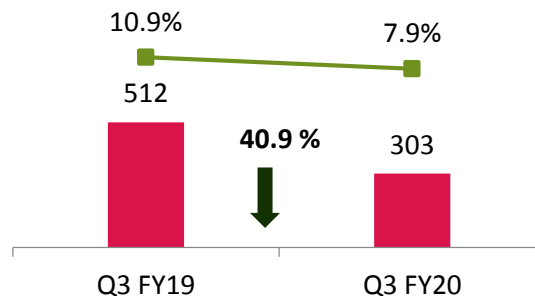
Sharda Cropchem Limited

## REVENUES & GROSS MARGIN



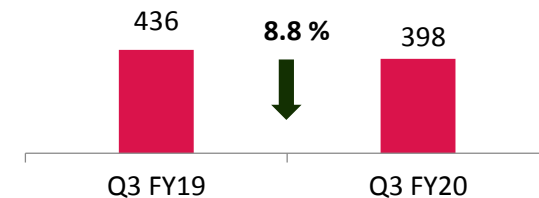
## Q3 FY20 YoY ANALYSIS

### EBITDA & EBITDA MARGIN\*

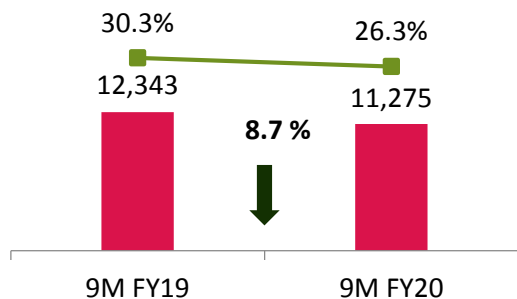


## Cash Profit #

In Rs Mn

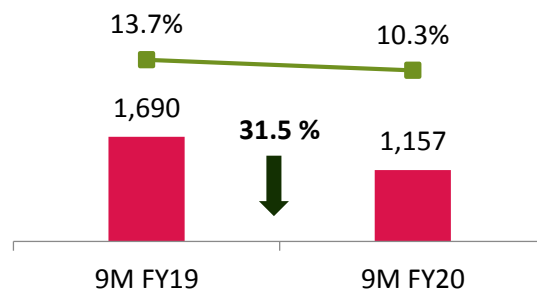


## REVENUES & GROSS MARGIN

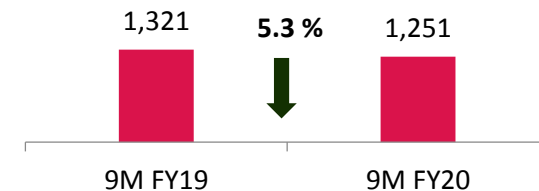


## 9M FY20 YoY ANALYSIS

### 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.

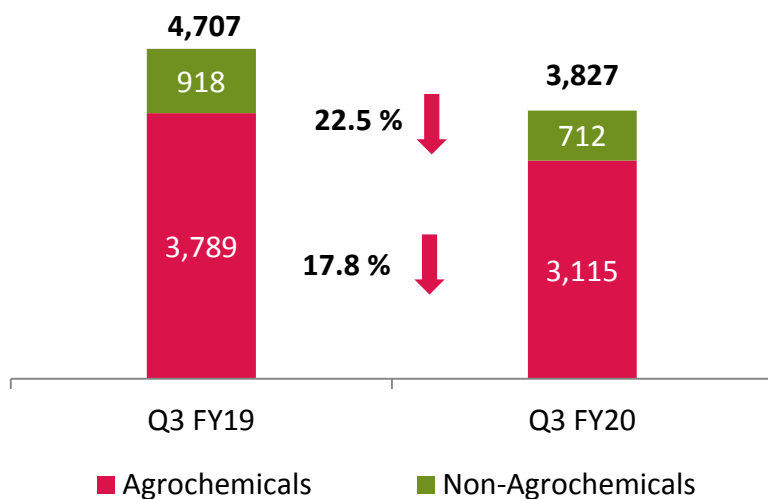
# Q3 & 9M FY20: DIVISION WISE HIGHLIGHTS



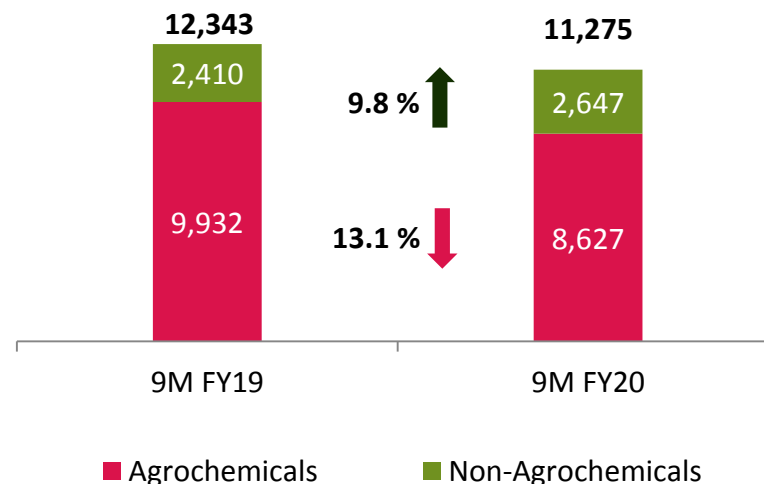
Sharda Cropchem Limited

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%

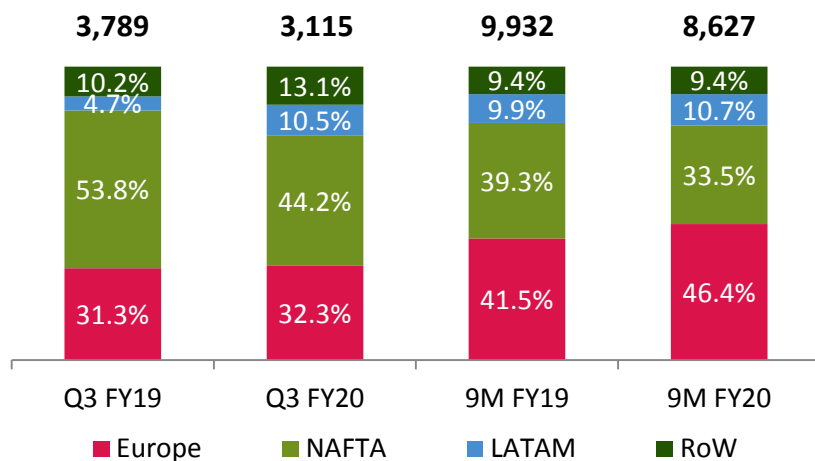
# Q3 & 9M FY20: AGROCHEMICAL BUSINESS



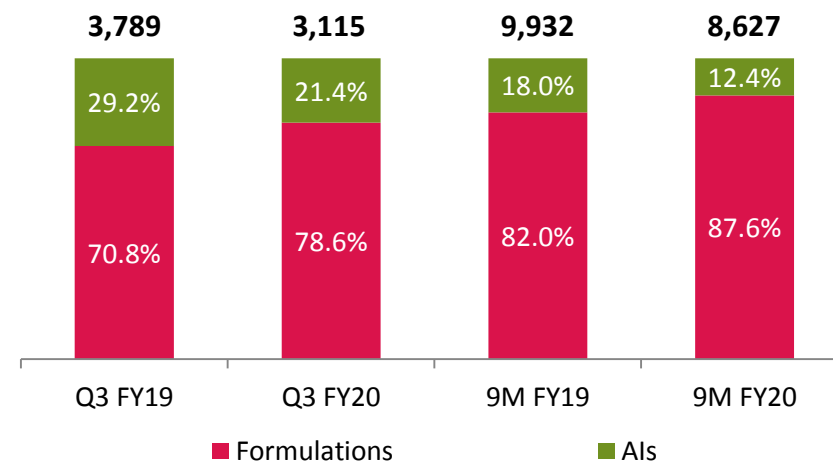
Sharda Cropchem Limited

In Rs Mn

## REVENUE BREAKUP: REGIONWISE



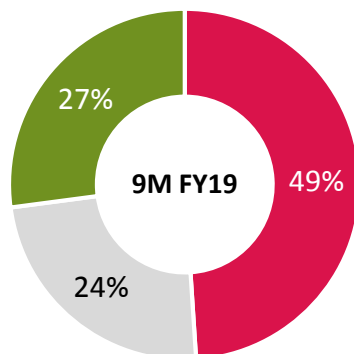
## REVENUE BREAKUP: FORMULATIONS VS. AIs



- 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

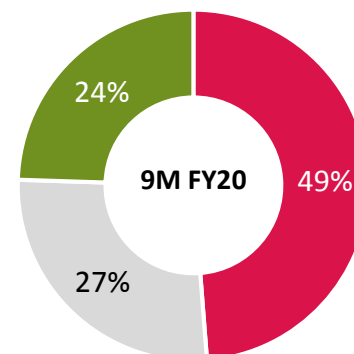


REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

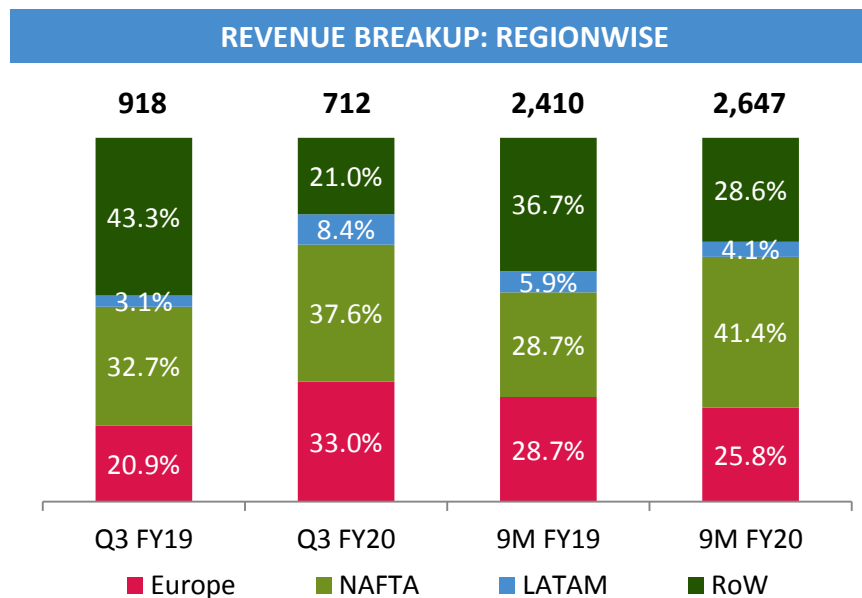
- Herbicides revenues declined by 13.7% YoY in 9MFY20 to Rs 4,207 mn
- Fungicides revenues declined by 2.5% YoY in 9MFY20 to Rs 2,307 mn
- Insecticides revenues declined by 21.5% YoY in 9MFY20 to Rs 2,113 mn

# Q3 & 9M FY20: NON-AGROCHEMICAL BUSINESS



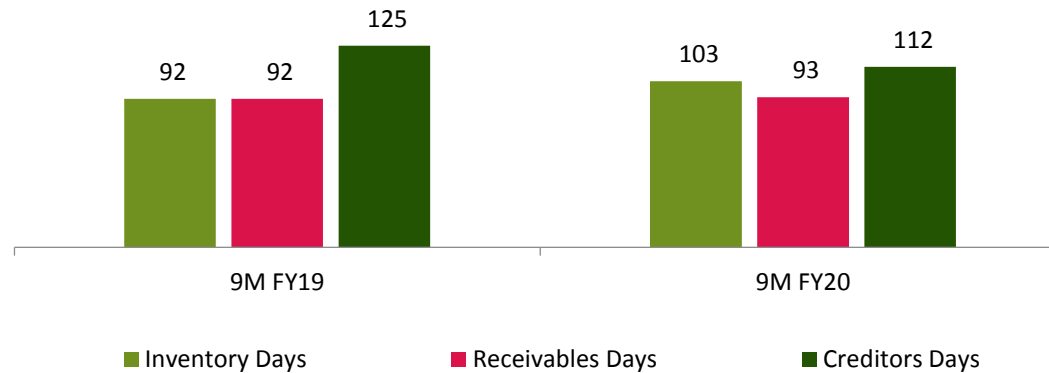
Sharda Cropchem Limited

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

## 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
<b>Revenue from Operations</b>	<b>3,827.0</b>	<b>4,707.3</b>	<b>-18.7%</b>	<b>11,274.5</b>	<b>12,342.6</b>	<b>-8.7%</b>	<b>19,977.9</b>
COGS	2,882.5	3,325.7	-13.3%	8,304.6	8,607.9	-3.5%	13,875.9
<b>Gross Profit</b>	<b>944.5</b>	<b>1,381.5</b>	<b>-31.6%</b>	<b>2,969.9</b>	<b>3,734.6</b>	<b>-20.5%</b>	<b>6,102.0</b>
<b>Gross Margin</b>	<b>24.7%</b>	<b>29.3%</b>	<b>-467 bps</b>	<b>26.3%</b>	<b>30.3%</b>	<b>-392 bps</b>	<b>30.5%</b>
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
<b>EBITDA</b>	<b>302.6</b>	<b>512.4</b>	<b>-40.9%</b>	<b>1,157.0</b>	<b>1,690.0</b>	<b>-31.5%</b>	<b>3,259.9</b>
<b>EBITDA Margin %</b>	<b>7.9%</b>	<b>10.9%</b>	<b>-298 bps</b>	<b>10.3%</b>	<b>13.7%</b>	<b>-343 bps</b>	<b>16.3%</b>
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
<b>PBT</b>	<b>172.4</b>	<b>281.6</b>	<b>-38.8%</b>	<b>467.3</b>	<b>1,098.5</b>	<b>-57.5%</b>	<b>2,350.3</b>
Tax Expense	113.8	78.8	44.5%	237.2	391.4	-39.4%	586.8
<b>PAT</b>	<b>58.6</b>	<b>202.8</b>	<b>-71.1%</b>	<b>230.1</b>	<b>707.1</b>	<b>-67.5%</b>	<b>1,763.4</b>
<b>PAT Margin %</b>	<b>1.5%</b>	<b>4.3%</b>	<b>-278 bps</b>	<b>2.0%</b>	<b>5.7%</b>	<b>-369 bps</b>	<b>8.8%</b>
<b>Earnings Per Share (EPS) In Rs.</b>	<b>0.65</b>	<b>2.25</b>	<b>-71.1%</b>	<b>2.55</b>	<b>7.84</b>	<b>-67.5%</b>	<b>19.55</b>

# 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 31<sup>st</sup> 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

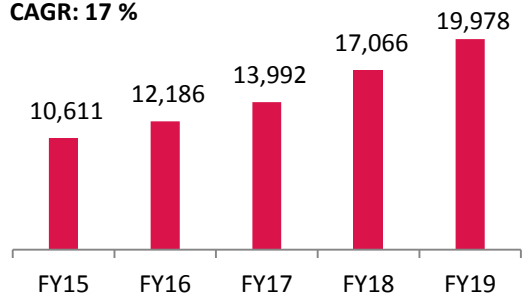


Sharda Cropchem Limited

In Rs Mn

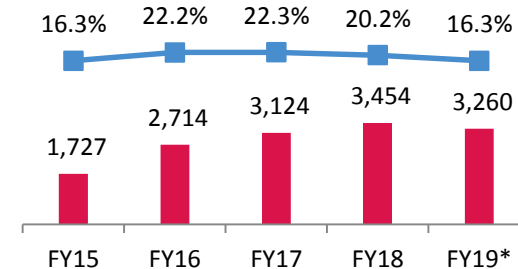
## REVENUE FROM OPERATIONS

CAGR: 17 %



## EBITDA & EBITDA Margin

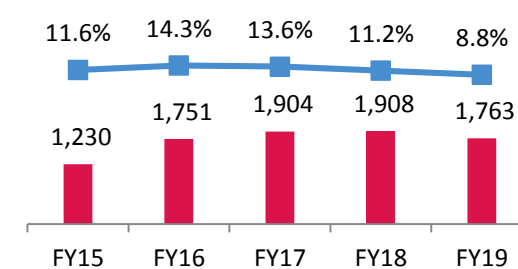
CAGR: 17 %



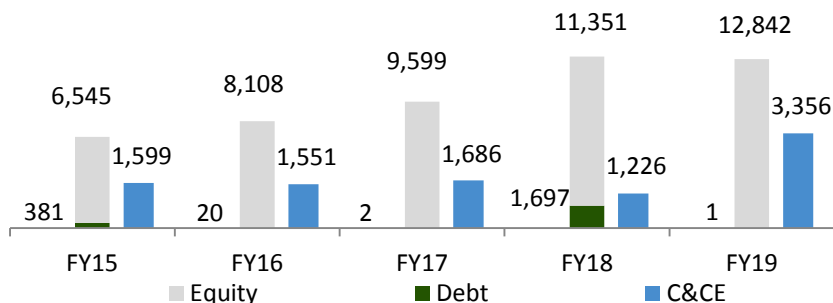
\* EBITDA excluding IA & IAUD write-off (Rs 422.4 mn in FY19)

## PAT & PAT Margin

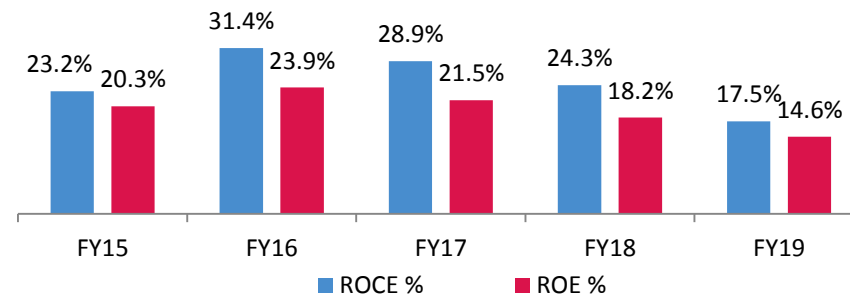
CAGR: 9 %



## 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*

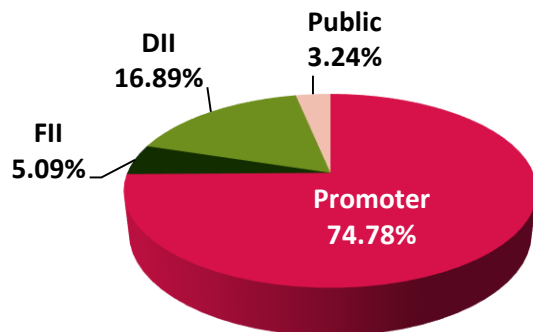
KEY INSTITUTIONAL INVESTORS – 31 <sup>ST</sup> Dec 2019	% HOLDING
HDFC MF	9.05%
L & T Mutual Fund	4.95%
Pinebridge Investments	4.02%
DSP MF	2.89%

Source: BSE

MARKET DATA	AS ON 21 <sup>ST</sup> 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

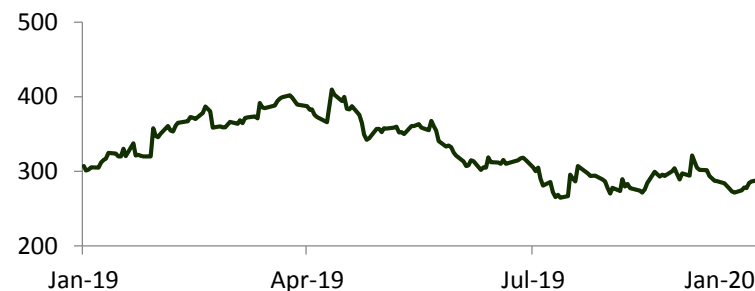
Source: BSE

## SHAREHOLDING – 31<sup>ST</sup> Dec 2019



Source: BSE

## SHARE PRICE PERFORMANCE



Source: BSE



# DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Sharda Cropchem Limited

## Agrochemical Value Chain

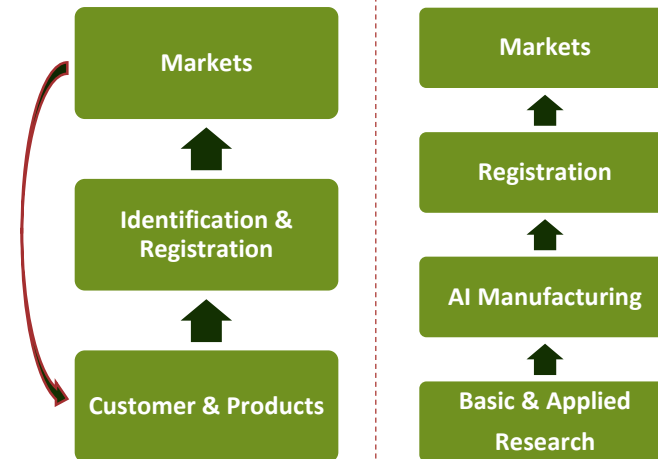
Sharda's Operating Area



### 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

## 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:**



***Sharda Cropchem Limited***

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**DICKENSON**

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