



Sharda Cropchem Limited

Q4 & FY17
RESULTS UPDATE
MAY 2017

**HELPING
FARMERS
PROSPER**
AND THE WORLD

DISCLAIMER



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



- Q4 & FY17 Results Highlights**
- Q4 & FY17 Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**



Q4 & FY17 RESULTS: KEY HIGHLIGHTS



FINANCIAL UPDATE -

- Q4 FY17 Total Revenues increased by 13.7% YoY from Rs. 523 cr. to Rs. 595 cr. primarily driven by volume growth of 19.5%, and adverse currency movement of 3.9%.
 - Region-wise growth YoY – Europe (4.5%), NAFTA 96.0%, LATAM (21.1%), ROW 24.7%
- Q4 FY17 gross profit increased by 6.2% YoY from Rs. 201 cr. to Rs. 214 cr.
- Q4 FY17 EBIDTA excluding foreign exchange impacts increased by 3.1% YoY from Rs. 153 cr. to Rs. 157 cr.
- Q4 FY17 EBIDTA including foreign exchange impacts increased by 6.6% YoY from Rs. 153 cr. to Rs. 163 cr.
- Q4 FY17 PAT after minority interest stands at Rs 99 cr.

OPERATIONAL UPDATE -

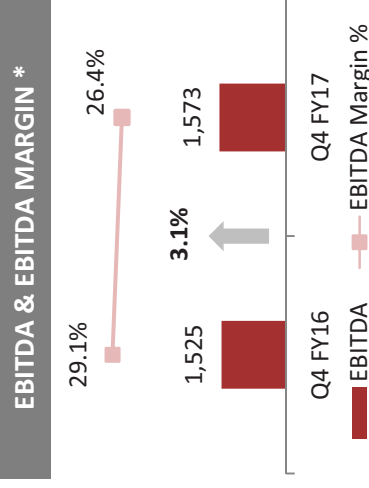
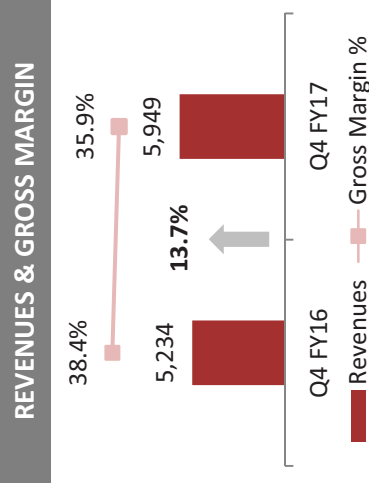
- Total number of registrations increased by 409 from 1,765 as of Mar-16 to 2,174 as of Mar-17.
- In Q4 FY17, the company added 113 registrations: Europe – 53, NAFTA – 8, LATAM – 59 and RoW – (7).
- The company has another 845 registrations in pipeline across geographies.
- Total revenue contribution from the Top 10 molecules has been 52.7% in FY17 as compared to 58.9% in FY16.



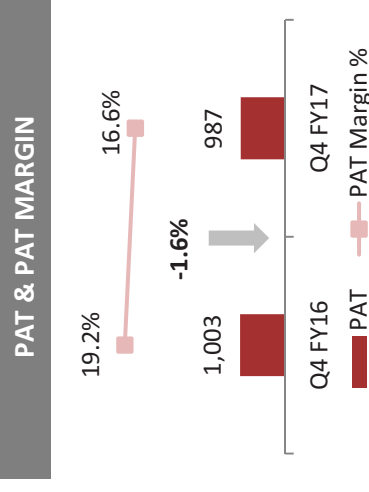
Q4 & FY17 RESULTS: KEY HIGHLIGHTS



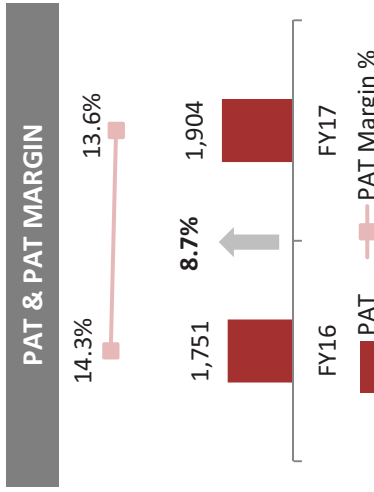
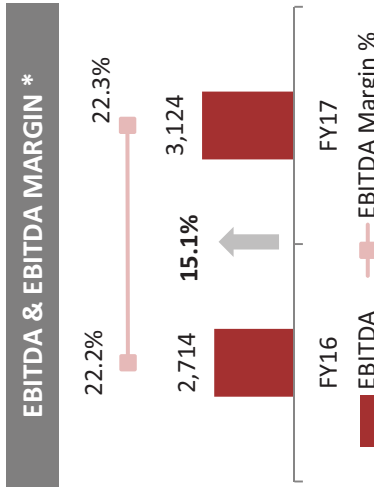
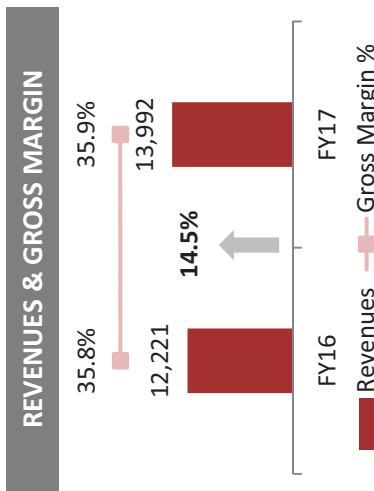
Q4 FY17 YoY ANALYSIS



In Rs Mn



FY17 YoY ANALYSIS



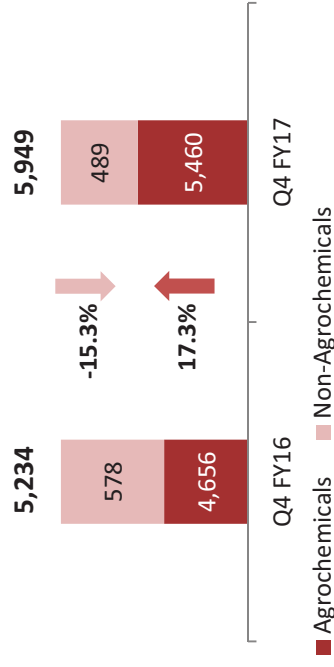
* Excluding Foreign Exchange Impacts

Q4 FY17 RESULTS: DIVISION WISE HIGHLIGHTS



In Rs Mn

Q4 FY17 YoY ANALYSIS: REVENUE * BREAKUP



* Revenue from Operations

FY17 YoY ANALYSIS: REVENUE * BREAKUP



Division Revenue Share %

Division	Q4 FY16	Q4 FY17
Agrochemicals	89.0%	91.8%
Non-Agrochemicals	11.0%	8.2%

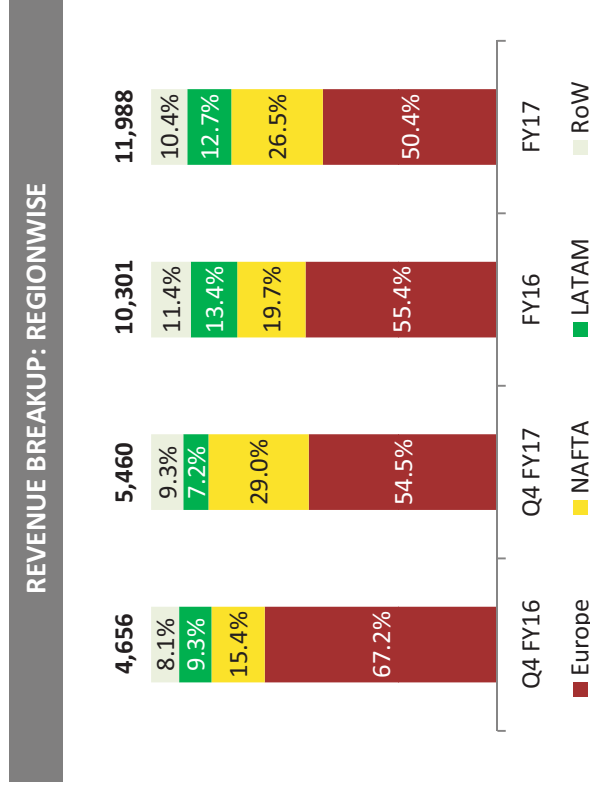
Division Revenue Share %

Division	FY16	FY17
Agrochemicals	84.3%	85.7%
Non-Agrochemicals	15.7%	14.3%

Q4 & FY17 RESULTS: AGROCHEMICALS BUSINESS



In Rs Mn

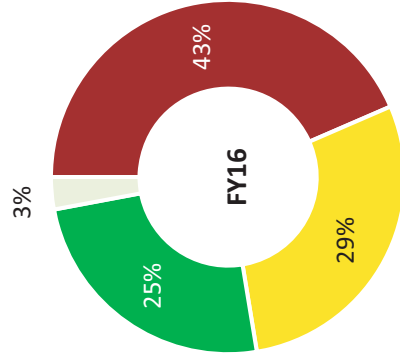


- Revenues in NAFTA region have risen by 120.5% during Q4 FY17 on the back of increase in new registrations.
- Revenues in ROW region have risen by 34.9% during Q4 FY17 mainly on account of growth in Morocco.

Q4 & FY17 RESULTS: AGROCHEMICALS BUSINESS

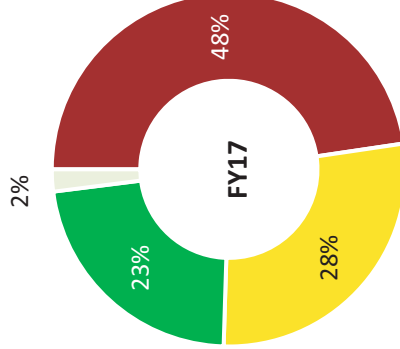


REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides ■ Others

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides ■ Others

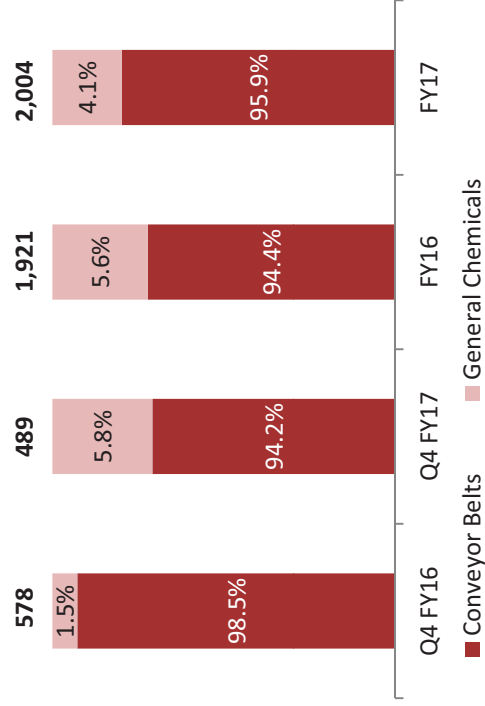
- Herbicides revenues have grown by 28% YoY in FY17 to INR 5,715 mn
- Fungicides revenues have grown by 12% YoY in FY17 to INR 3,334 mn
- Insecticides revenues have grown by 6% YoY in FY17 to INR 2,700 mn

Q4 & FY17 RESULTS: NON-AGROCHEMICALS BUSINESS

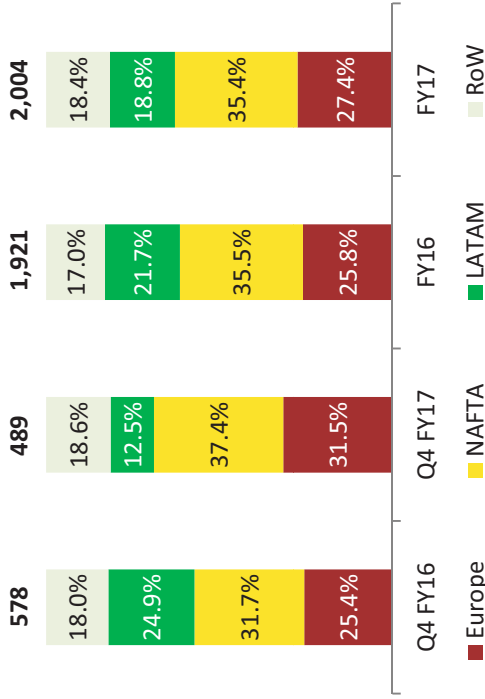


In Rs Mn

REVENUE BREAKUP: PRODUCT WISE



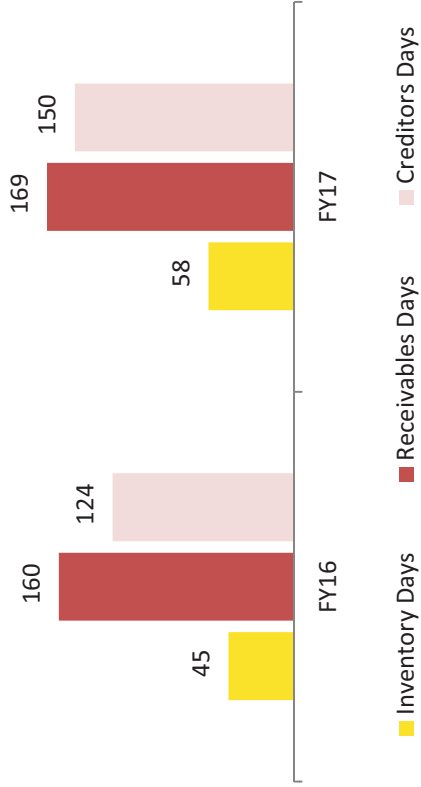
REVENUE BREAKUP: REGIONWISE



Q4 & FY17 RESULTS: BALANCE SHEET ANALYSIS



WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

FY17: 77
FY16: 81

* Calculated on average inventory, receivables, creditors

Q4 & FY17 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q4 FY17	Q4 FY16	YoY %	FY17	FY16	YoY %
Revenue from Operations	5,949.1	5,234.3	13.7%	13,992.3	12,221.2	14.5%
COGS	3,811.6	3,222.0	18.3%	8,973.7	7,842.5	14.4%
Gross Profit	2,137.4	2,012.2	6.2%	5,018.6	4,378.7	14.6%
Gross Margin	35.9%	38.4%	-251 bps	35.9%	35.8%	4 bps
Employee Expenses	91.2	86.5	5.4%	288.8	273.0	5.8%
Other Expenses	420.7	400.7	5.0%	1606.1	1391.4	15.4%
EBITDA	1,625.5	1,525.0	6.6%	3123.7	2714.4	15.1%
EBITDA Margin %	27.3%	29.1%	-181 bps	22.3%	22.2%	11 bps
Operating EBITDA Excl. Forex Impacts	1,572.7	1,525.0	3.1%	3124.2	2714.4	15.1%
Operating EBITDA Margin % excl. Forex Impacts	26.4%	29.1%	-270 bps	22.3%	22.2%	12 bps
Depreciation	193.4	103.9	86.1%	562.6	350.5	60.5%
Finance Cost	0.3	5.4	-	0.5	5.5	-
Other Income	15.6	109.5	-85.7%	156.8	254.5	-38.4%
PBT	1,447.4	1,525.2	-5.1%	2,717.5	2,612.8	4.0%
Tax Expense	460.6	521.8	-11.7%	813.9	860.9	-5.5%
PAT	986.8	1,003.4	-1.6%	1,903.6	1,752.0	8.7%
Minority Interest	-0.8	0.9	-	-0.7	0.7	-
PAT after minority interest	987.6	1,002.5	-1.5%	1,904.4	1,751.3	8.7%
PAT Margin %	16.6%	19.2%	-255 bps	13.6%	14.3%	-72 bps
Earnings Per Share (EPS)	10.95	11.11	-1.4%	21.11	19.41	8.8%

Q4 & FY17 RESULTS: CONSOLIDATED BALANCE SHEET



Particulars in Rs. Mn	FY17	FY16	Particulars in Rs. Mn	FY17	FY16
Assets			Equities & Liabilities		
Non-Current Assets			Equity		
Property, plant and equipment	9.6	14.2	Equity share capital	902.2	902.2
Capital work in progress	13.3	0.0	Other equity	8,696.2	7,152.3
Goodwill on consolidation	3.9	4.0	Total Shareholder's Funds	9,598.4	8,054.5
Other intangible assets	2085.0	1283.8	Non controlling interest	0.2	0.9
Intangible assets under development	2310.7	2098.5	Total Equity	9,598.6	8,055.4
Financial Assets			Non-Current Liabilities		
Loans	0.0	0.5	Financial Liabilities		
Other financial assets	0.0	0.0	Borrowings	0.0	0.0
Deferred Tax Assets (net)	33.8	21.6	Other financial liabilities	5.5	9.0
Non-Current tax assets	405.6	405.4	Provisions	11.6	9.3
Other non-current Investments	97.9	60.0	Defered tax liability (net)	807.3	548.4
Current Assets	4,959.9	3,888.0	Total non-current liabilities	824.5	566.7
Inventories	2,877.7	1,598.4	Financial Liabilities		
Financial Assets			Borrowings	2.4	20.0
Investments	606.8	901.8	Trade Payables	4,574.3	3,837.3
Trade Receivables	6,725.6	6,199.8	Other financial Liabilities	972.4	596.6
Cash & Cash equivalents	722.3	323.3	Other current liabilities	473.8	194.5
Bank balance	357.3	325.4	Current tax liabilities (net)	45.4	39.3
Loans	0.6	0.6	Provisions	5.0	4.0
Other financial assets	9.2	20.1	Total current liabilities	6,073.2	4,691.7
Other current assets	236.9	56.4	Total Equity & Liabilities	16,496.3	13,313.7
Total Assets	11,536.4	9,425.7			
	16,496.3	13,313.7			



ABOUT US

ABOUT US: COMPANY OVERVIEW



BUSINESS OVERVIEW

- Sharda Cropchem Limited is a global crop protection chemical company largely operating across Europe, NAFTA and Latin America 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 March 2017, Sharda owns 2,174 registrations and filed 845 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 79 countries with an established global marketing & distribution network (more than 724 third-party distributors and over 115 direct sales force).
- 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 13,992 mn, Rs 3,124 mn and Rs 1,904 mn in FY17
- Strong balance sheet and asset light model resulting into a strong cash position of Rs. 1,684 mn (net of gross debt of Rs 2.4 mn) and equity of Rs 9,599 mn in FY17.
- Healthy Return Ratios in FY17:
 - ROCE – 29.0%
 - ROE – 21.6%

ROE: PAT/Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt)]

ABOUT US: FINANCIAL SUMMARY



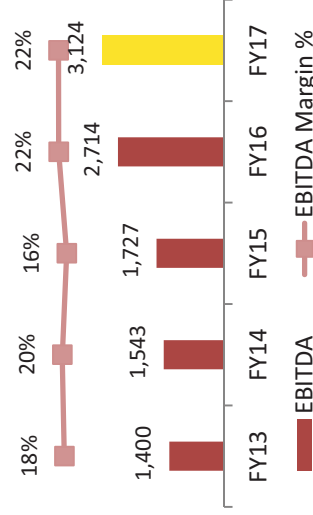
REVENUE FROM OPERATIONS

CAGR: 16 %



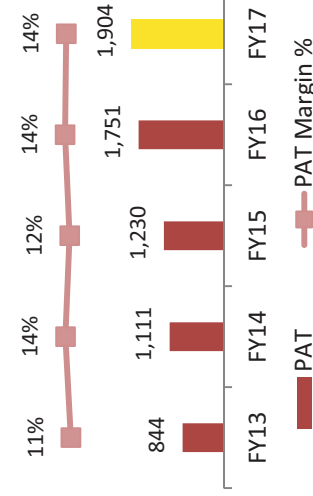
EBITDA & EBITDA Margin

CAGR: 22 %

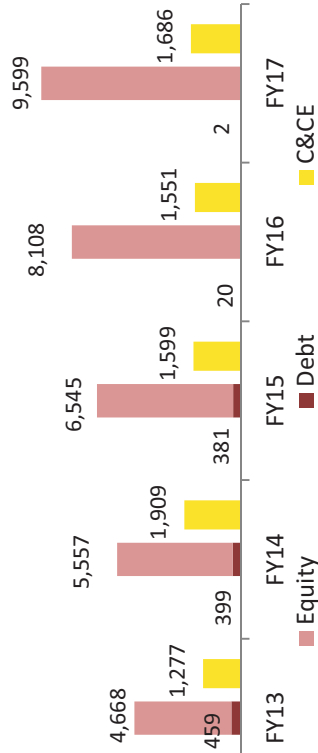


PAT & PAT Margin

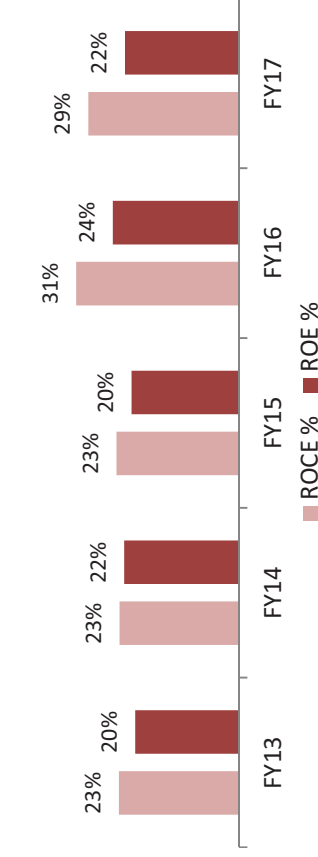
CAGR: 23 %



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY13 are sourced from Red Herring Prospectus of the company.

PAT Margin = PAT / Revenue from Operations, EBITDA Margin = EBITDA (excl. Other Income) / Revenue from Operations,

ROE = PAT/Avg. Equity, ROCE = EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt)

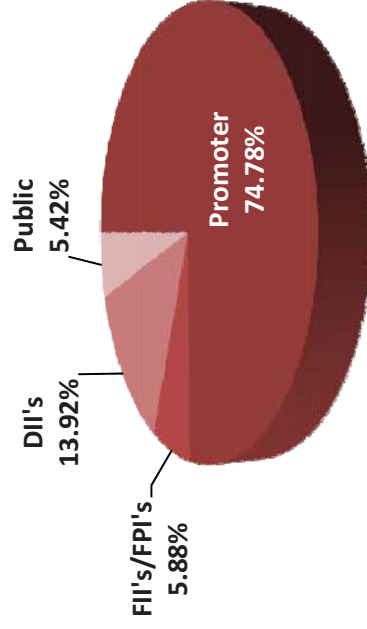
ABOUT US: SHAREHOLDING STRUCTURE



Key Institutional Investors – 31 st March 2017		% Holding
DSP Blackrock Investment Manager		6.71%
HDFC MF		4.29%
Pinebridge		2.56%
Goldman Sachs		2.15%
SBI Funds Management		2.02%

Source: Company

Shareholding – 31st March 2017

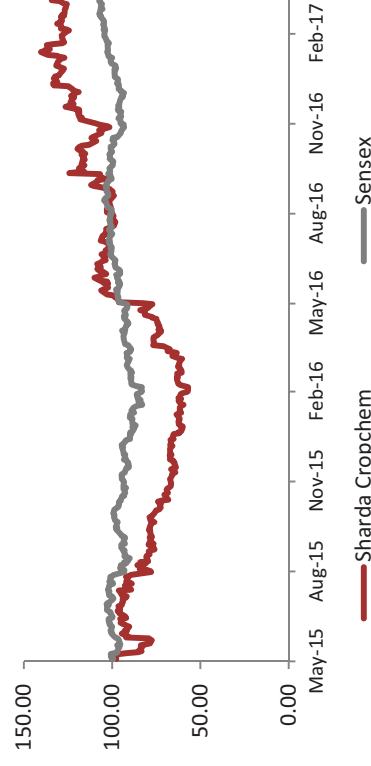


Source: Company

Market Data		As on 31 st March 2017
Market capitalization (Rs Mn)		43,933.0
Price (Rs.)		487.0
No. of shares outstanding (Mn)		90.2
Face Value (Rs.)		10.0
52 week High-Low (Rs.)		514.9 – 230

Source: BSE

Share Price Performance - 31st March 2017



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Agrochemical Value Chain



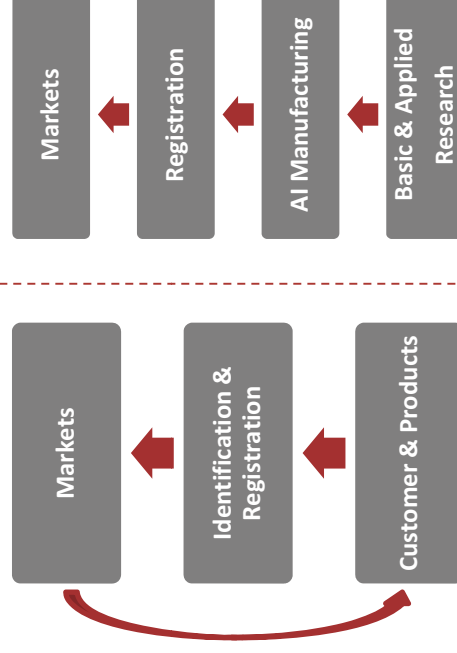
Sharda's Operating Area



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 FOCUSED GLOBAL AGROCHEMICAL MARKETING & DISTRIBUTION COMPANY

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 USA, Canada, Hungary, Spain, Poland, Italy, Ukraine and Morocco

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.

ABOUT US: OUR PRESENCE





Sharda Cropchem Limited

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