

SHARDA CROPChem LIMITED

Q1 FY18 RESULTS UPDATE

JULY 2017



Sharda Cropchem Limited



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



- Q1 FY18 Results Highlights**
- Q1 FY18 Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

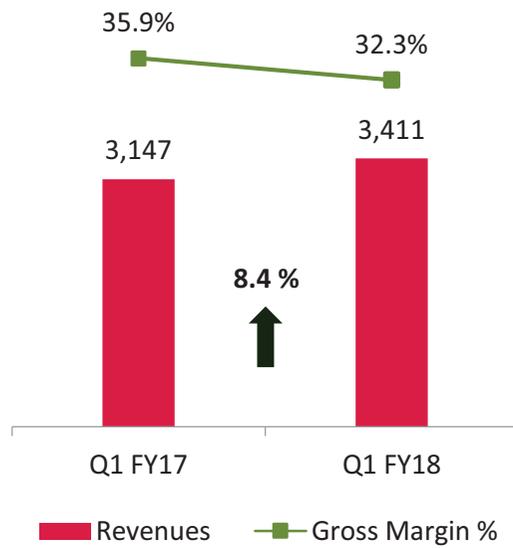
Q1 FY18 RESULTS: KEY HIGHLIGHTS



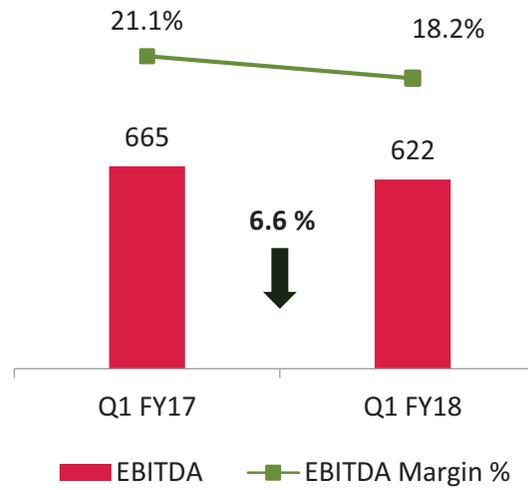
Q1 FY18 YoY ANALYSIS

In Rs Mn

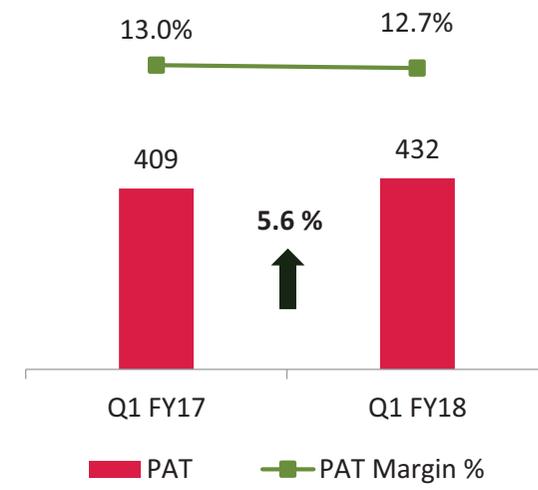
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



Q1 FY18 RESULTS: KEY HIGHLIGHTS



FINANCIAL UPDATE -

- Q1 FY18 Total Revenues increased by 8.4% YoY from Rs. 3,146.7 mn to Rs. 3,411.2 mn primarily driven by volume growth of 15.7% and adverse currency movement of -5.4%.
 - Region-wise growth YoY– Europe: -3.4%, NAFTA: 49.7%, LATAM: -26.5%, ROW 3.7%
- Q1 FY18 gross profit declined by 2.4% YoY from Rs. 1,129.9 mn to Rs. 1,102.7 mn. Gross margin declined by 358 bps from 35.9% to 32.3%
- Q1 FY18 EBIDTA including foreign exchange impacts declined by 6.6% YoY from Rs. 665.3 mn to Rs. 621.7 mn. EBIDTA margin declined by 292 bps from 21.1% to 18.2%.
- Q1 FY18 EBIDTA excluding foreign exchange impacts declined by 13.7% YoY from Rs. 720.1 mn to Rs. 621.7 mn. EBIDTA margin declined by 466 bps from 22.9% to 18.2%.
- Q1 FY18 PAT after minority interest increased by 5.6% from Rs. 409.2 mn to Rs. 432.2 mn. PAT margin marginally declined by 34 bps from 13.0% to 12.7%.

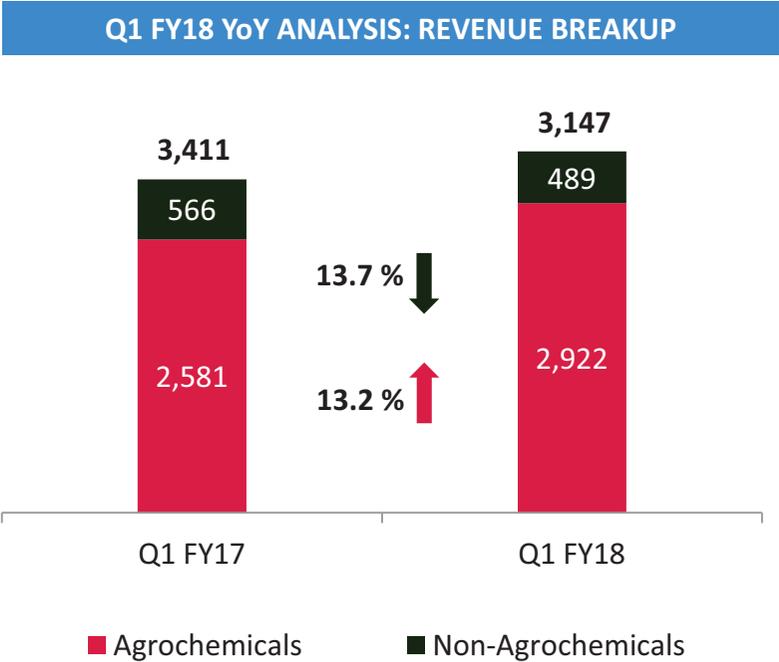
OPERATIONAL UPDATE -

- Total number of registrations were 2,069 as of Jun-17 as compared to 1,830 as of Jun-16 and 2,174 as of Mar-17. Registrations declined compared to Mar-17 as we did not renew few registrations which expired and had lower profitability.
- The company has another 862 registrations in pipeline across geographies.
- Revenue contribution from Top 10 molecules reduced from 61.6% in Q1 FY17 to 51.2% in Q1 FY18.

Q1 FY18 RESULTS: DIVISION WISE HIGHLIGHTS



In Rs Mn



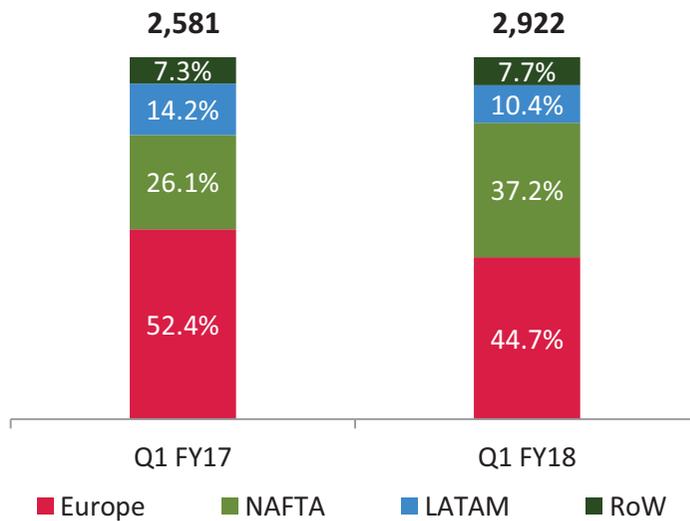
Division Revenue Share %	Q1 FY18	Q1 FY17
Agrochemicals	85.7%	82.0%
Non-Agrochemicals	14.3%	18.0%

Q1 FY18 RESULTS: AGROCHEMICAL BUSINESS

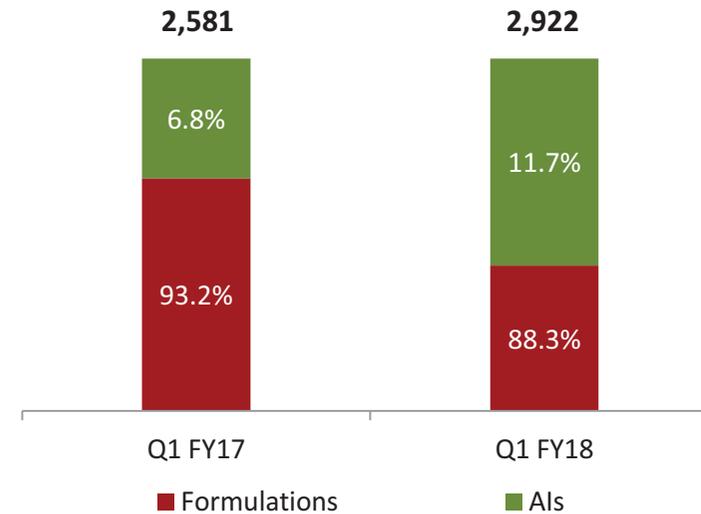


In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs

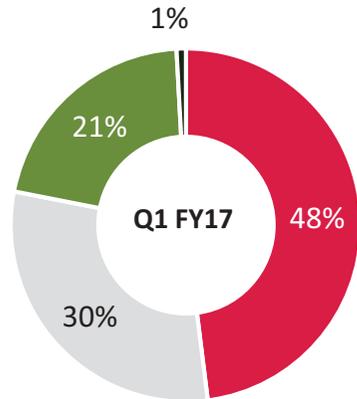


- Revenues in NAFTA region have risen by 61.4% during Q1 FY18 on the back of increase in new registrations.
- Revenues declined by 3.4% in Europe driven by unfavourable product mix.
- Revenues declined by 16.8% in LATAM region driven by increased competition.
- Revenues in ROW region have risen by 19.2% during Q1 FY18.

Q1 FY18 RESULTS: AGROCHEMICAL BUSINESS

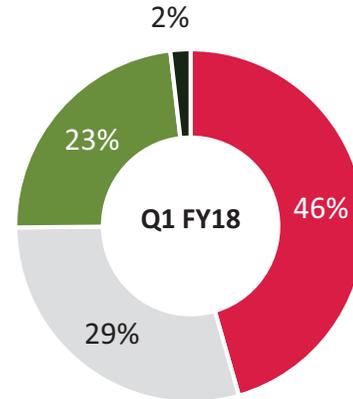


REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides ■ Others

REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides ■ Others

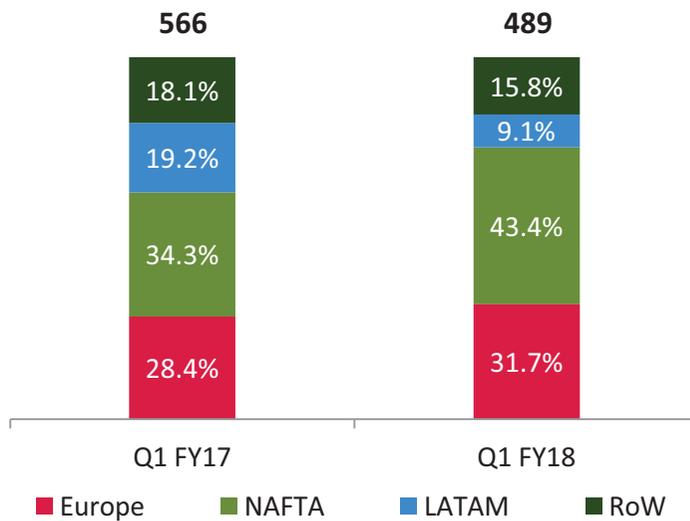
- Herbicides revenues have grown by 6.3% YoY in Q1 FY18 to Rs 1,338.7 mn
- Fungicides revenues have grown by 9.2% YoY in Q1 FY18 to Rs 861.2 mn
- Insecticides revenues have grown by 23.7% YoY in Q1 FY18 to Rs 684.1 mn

Q1 FY18 RESULTS: NON-AGROCHEMICAL BUSINESS

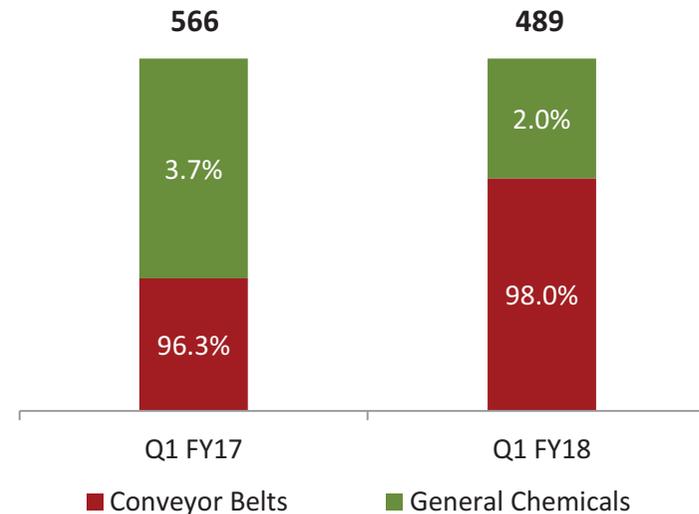


In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: PRODUCTWISE

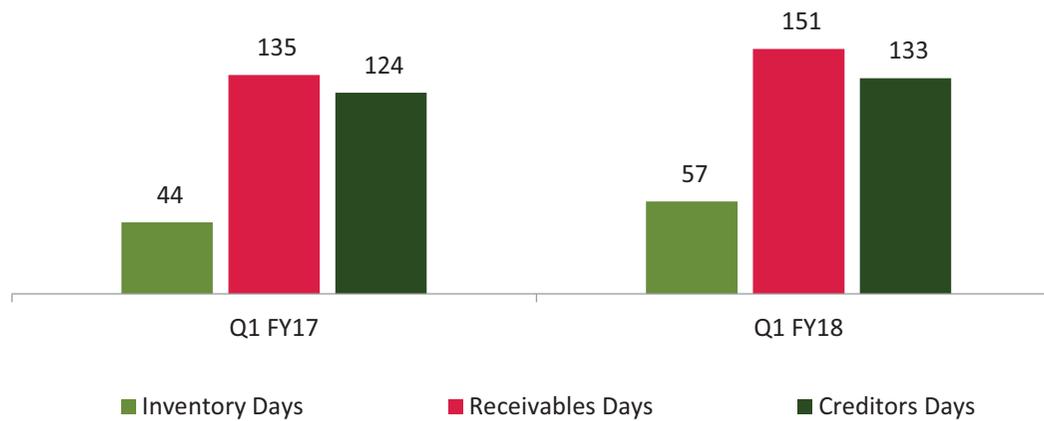


- Revenues in NAFTA region have risen by 9.4% during Q1 FY18
- Revenues in declined in LATAM, RoW & Europe.

Q1 FY18 RESULTS: WORKING CAPITAL ANALYSIS



WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

Q1 FY18: 75

Q1 FY17: 56

* Calculated on average inventory, receivables, creditors

Q1 FY18 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q1 FY18	Q1 FY17	YoY %	FY17
Revenue from Operations	3,411.2	3,146.7	8.4%	13,992.3
COGS	2,308.5	2,016.7	14.5%	8,973.7
Gross Profit	1,102.7	1,129.9	-2.4%	5,018.6
Gross Margin	32.3%	35.9%	-358 bps	35.9%
Employee Expenses	76.5	67.5	13.3%	288.8
Other Expenses	404.4	397.1	1.9%	1,606.1
EBITDA	621.7	665.3	-6.6%	3,123.7
EBITDA Margin %	18.2%	21.1%	-292 bps	22.3%
Operating EBITDA Excl. Forex Impacts	621.7	720.1	-13.7%	3,124.2
Operating EBITDA Margin % excl. Forex Impacts	18.2%	22.9%	-466 bps	22.3%
Depreciation	154.7	127.1	21.8%	562.6
Finance Cost	0.4	0.1	245.0%	0.5
Other Income	148.4	39.8	273.0%	156.8
PBT	615.0	577.9	6.4%	2,717.5
Tax Expense	182.8	169.2	8.0%	813.9
Minority Interest	0.0	-0.5	-	-0.7
PAT after Minority Interest	432.2	409.2	5.6%	1,904.4
PAT Margin %	12.7%	13.0%	-34 bps	13.6%
Earnings Per Share (EPS)	4.79	4.54	5.5%	21.11

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 30th June 2017, Sharda owned 1,835 registrations for formulations and 234 registrations for active ingredients (AIs) and filed 862 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%

ABOUT US: OUR PRESENCE

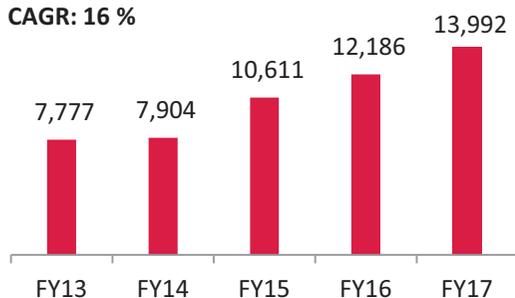


ABOUT US: FINANCIAL SUMMARY



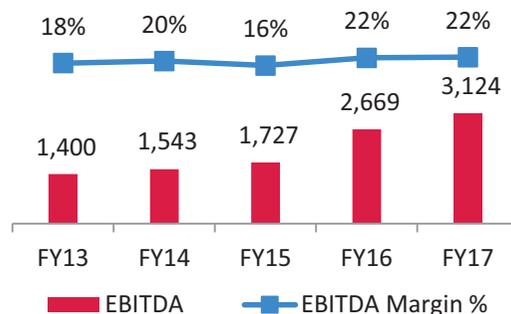
REVENUE FROM OPERATIONS

CAGR: 16 %



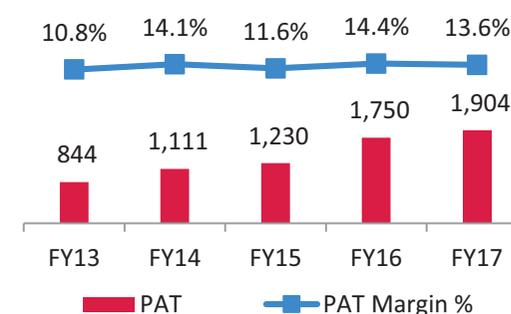
EBITDA & EBITDA Margin

CAGR: 22 %

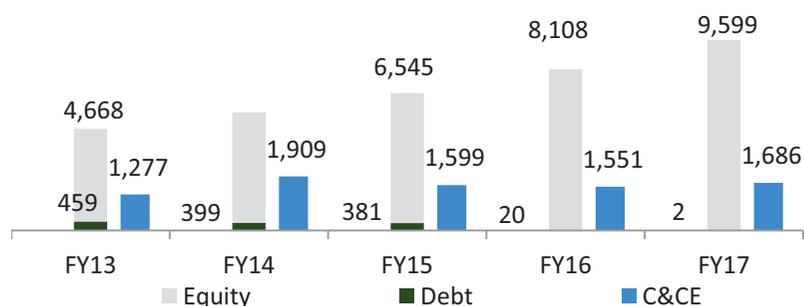


PAT & PAT Margin

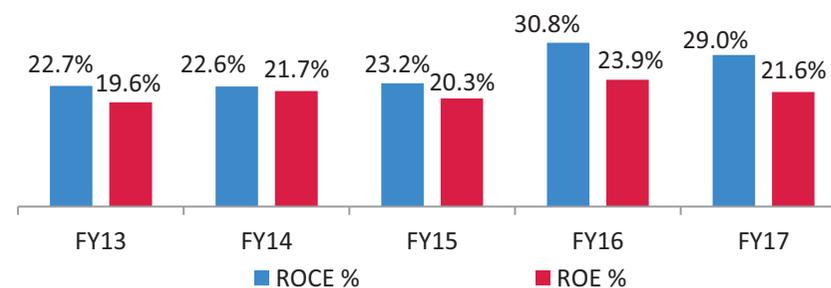
CAGR: 23 %



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



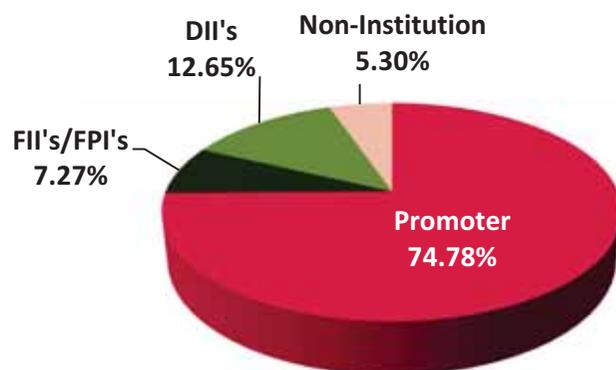
Key Institutional Investors – 30 th June 2017	% Holding
DSP Blackrock Investment Manager	6.26%
HDFC MF	4.29%
Pinebridge	3.51%
Goldman Sachs	2.16%
SBI Funds Management	2.02%

Source: BSE

Market Data	As on 28 th July 2017
Market capitalization (Rs Mn)	43,766
Price (Rs.)	485.1
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	567.8 – 325.0

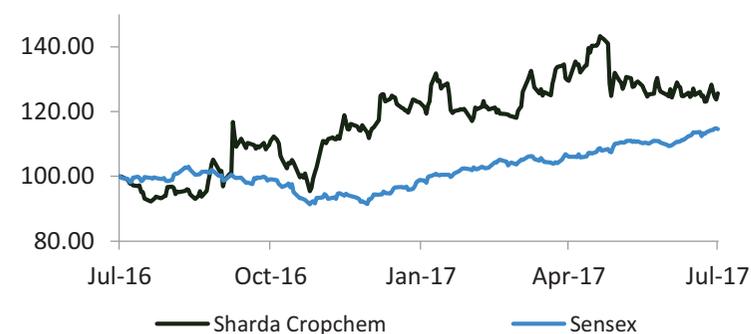
Source: BSE

Shareholding – 30th June 2017



Source: BSE

Share Price Performance



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Agrochemical Value Chain

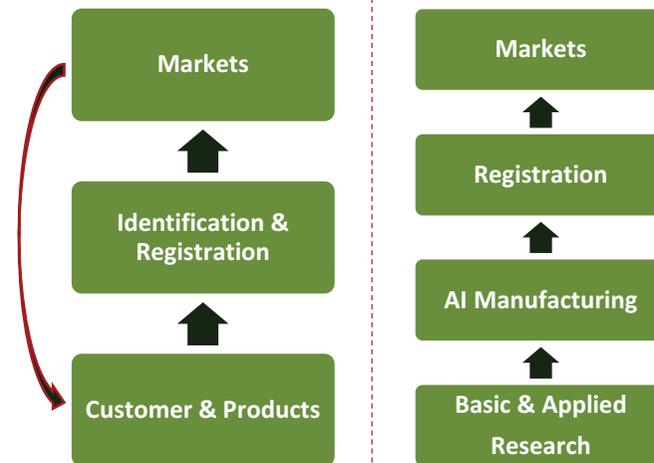
■ Sharda's Operating Area



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 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

Mr. Conrad Fernandes
Chief Financial Officer

Email: cfernandes@shardaintl.com

Contact No: +91 22 6678 2800



Mr. Nilesh Dalvi
IR Consultant

Email: nilesh.dalvi@dickensonir.com

Contact no: +91 9819289131

