

SHARDA CROP CHEM LIMITED

Q4 & FY18 RESULTS UPDATE

May 2018



Sharda Cropchem Limited





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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.

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- Q4 & FY18 Result Highlights**
- Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

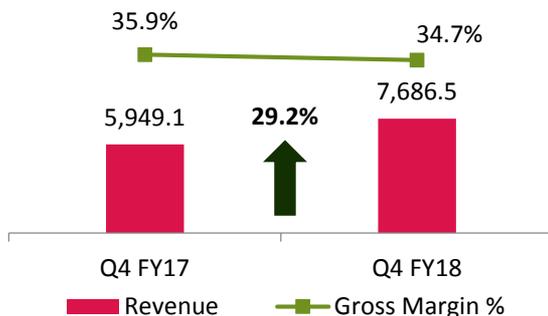
Q4 & FY18 RESULT: KEY HIGHLIGHTS



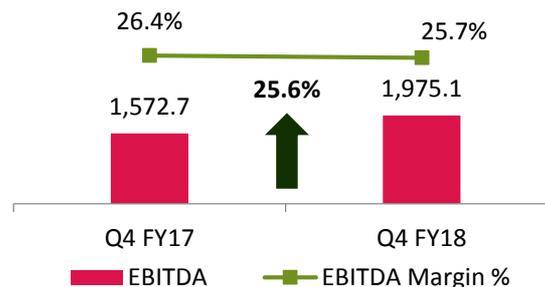
Q4 FY18 YoY ANALYSIS

In Rs Mn

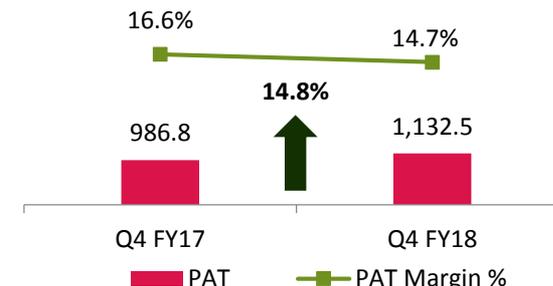
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN *

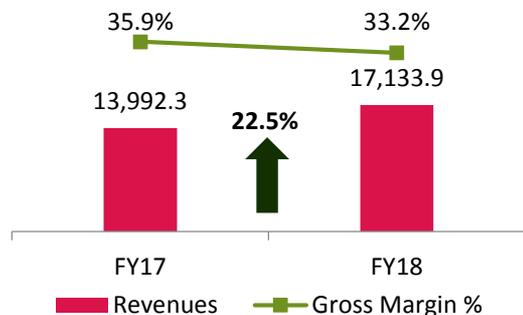


PAT & PAT MARGIN

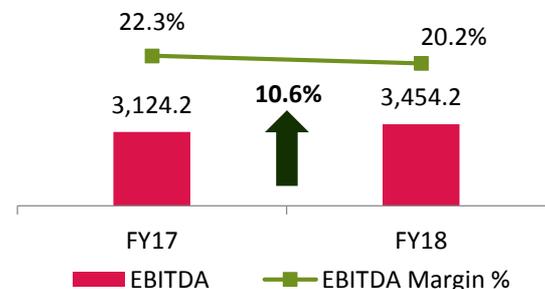


FY18 YoY ANALYSIS

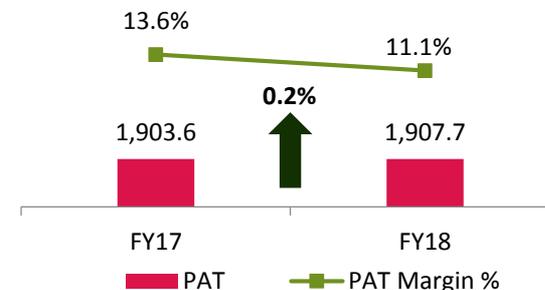
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN *



PAT & PAT MARGIN



* EBITDA excluding foreign exchange impacts

Q4 & FY18 RESULT: KEY HIGHLIGHTS



FINANCIAL UPDATE -

- Q4 FY18 Revenues increased by 29.2% YoY from Rs. 5,949.1 mn to Rs.7,686.5 mn.
 - Region-wise growth YoY– Europe: 28.2%, NAFTA: 34.7%, LATAM: 11.5%, ROW: 31.7%
- Q4 FY18 gross profit increased by 24.8% YoY from Rs.2,137.4 mn to Rs.2,667.2 mn. Gross margin declined by 123 bps from 35.9% to 34.7% primarily due to increased raw material prices from China.
- Q4 FY18 EBIDTA including foreign exchange impacts increased by 21.5% YoY from Rs. 1,625.5 mn to Rs. 1,975.1 mn. EBIDTA margin declined by 163 bps from 27.3% to 25.7%.
- Q4 FY18 EBIDTA excluding foreign exchange impacts increased by 25.6% YoY from Rs. 1,572.7 mn to Rs. 1,975.1 mn. EBIDTA margin declined by 74 bps from 26.4% to 25.7%.
- Q4 FY18 depreciation decreased by 4.1% from Rs 193.4 mn to Rs 185.5 mn.
- Q4 FY18 PAT increased by 14.8% from Rs. 986.8 mn to Rs. 1,132.5 mn. PAT margin declined by 186 bps from 16.6% to 14.7%.

OPERATIONAL UPDATE -

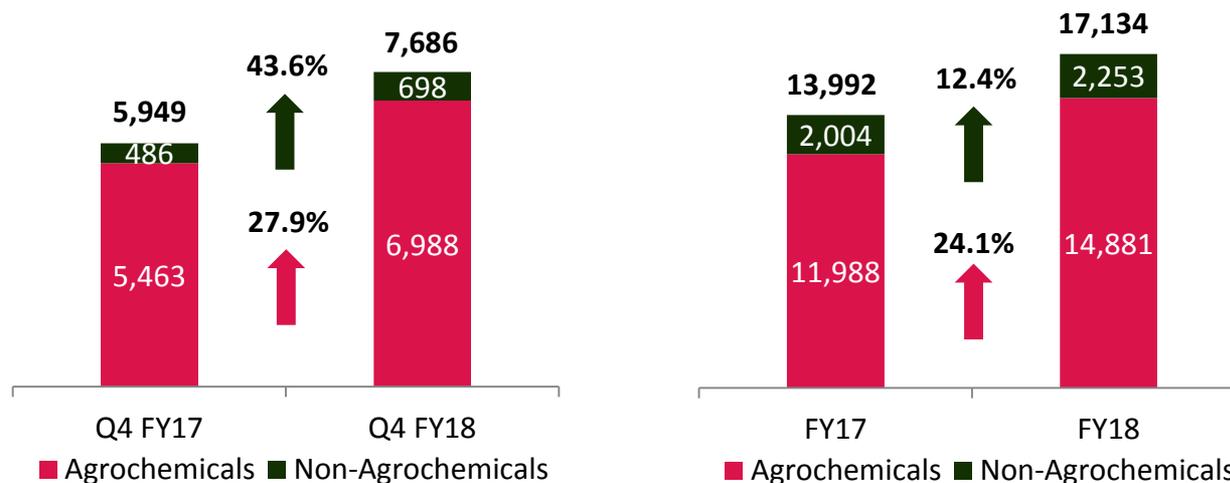
- Total number of registrations were 2,157 as of March-18 as compared to 2,174 as of March-17 and 2,133 as of Dec-17.
- The company has another 978 registrations in pipeline across geographies.
- Revenue contribution from Top 10 molecules decreased from 52.7% in FY17 to 50% in FY18. Four new molecules have entered into top 10 molecules list in FY18.

Q4 & FY18 RESULT: DIVISION WISE HIGHLIGHTS



In Rs Mn

Q4 & FY18 YoY ANALYSIS: REVENUE BREAKUP



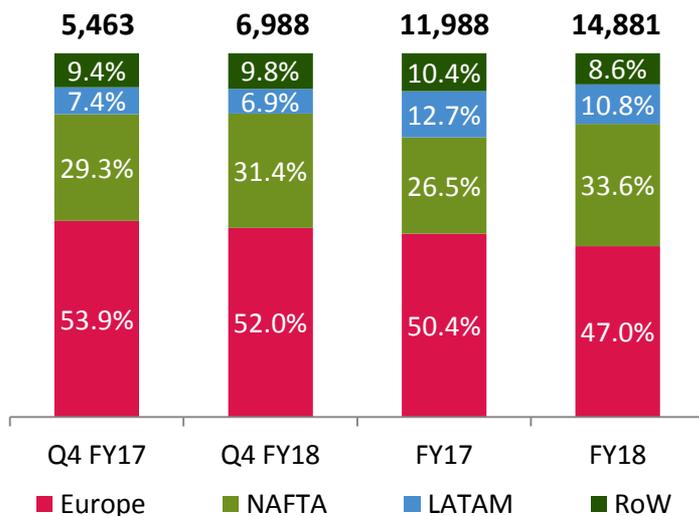
Division Revenue Share %	Q4 FY17	Q4 FY18	FY17	FY18
Agrochemicals	91.8 %	90.9 %	85.7 %	86.9 %
Non-Agrochemicals	8.2 %	9.1 %	14.3 %	13.1 %

Q4 & FY18 RESULT: AGROCHEMICAL BUSINESS

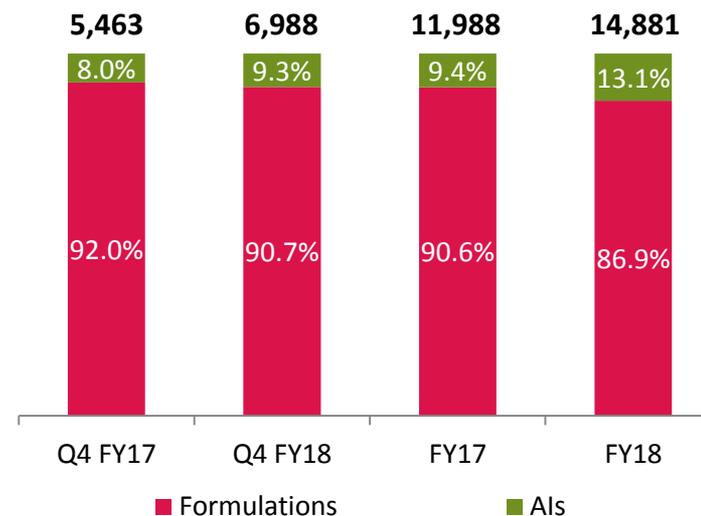


In Rs Mn

REVENUE BREAKUP : REGIONWISE



REVENUE BREAKUP : FORMULATIONS VS. AIs

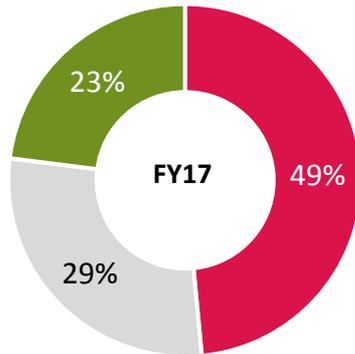


- Revenues increased by 23% in Europe in Q4 FY18.
- Revenues in NAFTA region have risen by 37% in Q4 FY18 on the back of increase in new registrations.
- Revenues in LATAM region has increased by 19% in Q4FY18.
- Revenues in ROW region increased by 33% in Q4FY18.

FY18 RESULT: AGROCHEMICAL BUSINESS

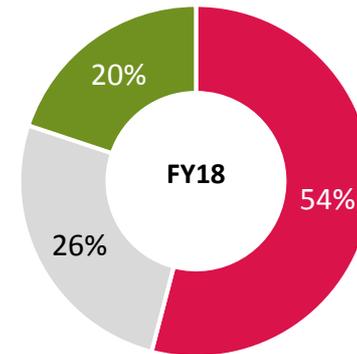


REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



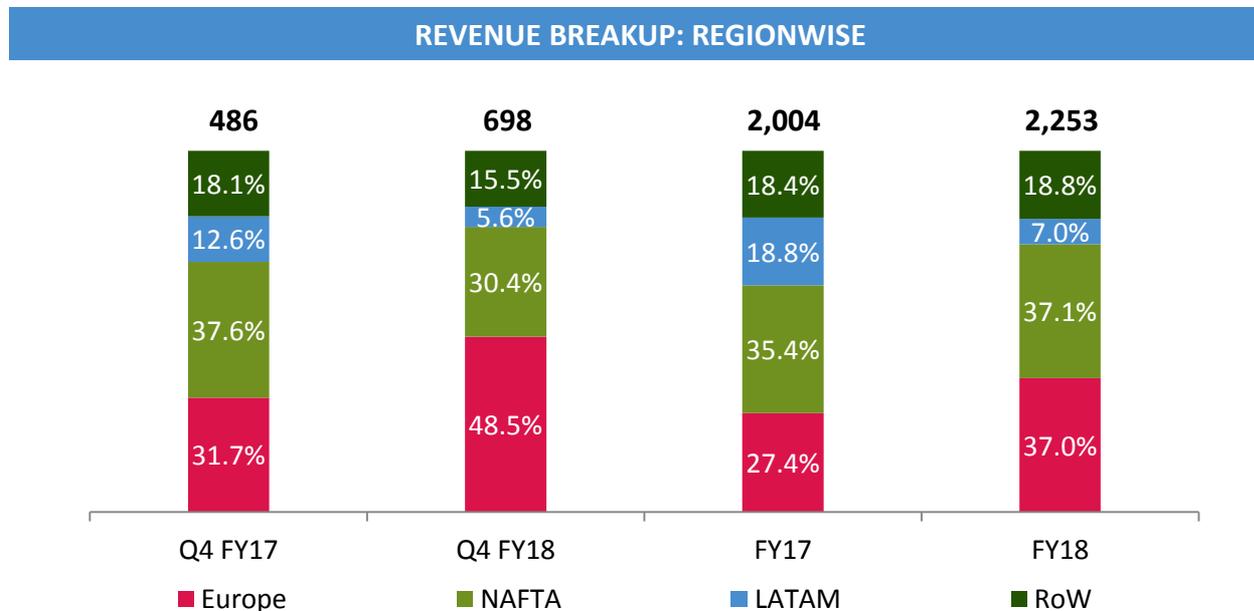
■ Herbicides ■ Fungicides ■ Insecticides

- Herbicides revenues have grown by 38.4% YoY in FY18 to Rs 8,048.1 mn
- Fungicides revenues have grown by 13.6% YoY in FY18 to Rs 3,877.6 mn
- Insecticides revenues have grown by 7.1% YoY in FY18 to Rs 2,955.2 mn

Q4 & FY18 RESULT: NON-AGROCHEMICAL BUSINESS



In Rs Mn

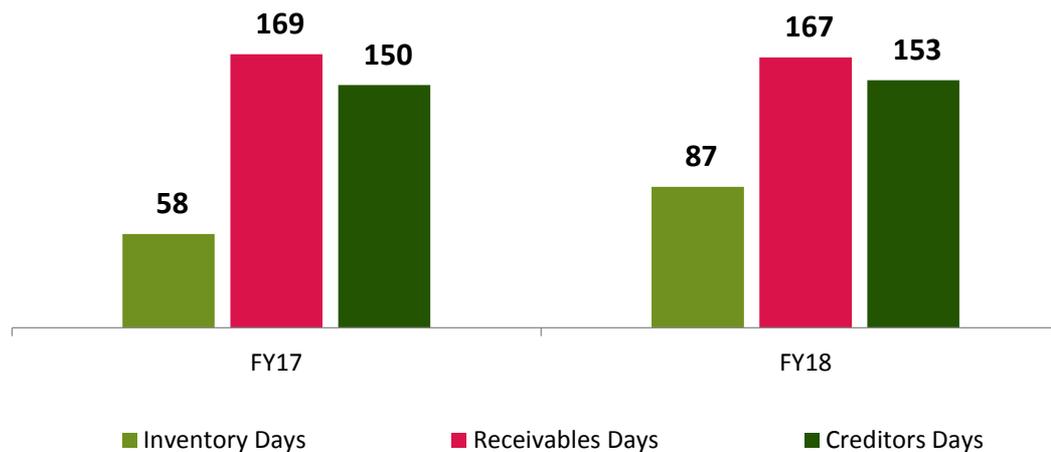


- Revenues in Europe region have risen by 120% during Q4 FY18.
- Revenues in NAFTA region & ROW have risen by 16% & 23% during Q4 FY18.
- Revenues in LATAM declined by 36% during Q4 FY18.

FY18 RESULT: WORKING CAPITAL ANALYSIS



WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS

FY17: 77
FY18: 101

* Calculated on average inventory, receivables, creditors

CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q4 FY18	Q4 FY17	YoY %	FY18	FY17	YoY %
Revenue from Operations	7,686.5	5,949.1	29.2%	17,133.9	13,992.3	22.5%
COGS	5,019.3	3,811.6	31.7%	11,437.4	8,973.7	27.5%
Gross Profit	2,667.2	2,137.4	24.8%	5,696.4	5,018.6	13.5%
Gross Margin	34.7%	35.9%	-123bps	33.2%	35.9%	-262bps
Employee Expenses	110.6	91.2	21.2%	335.4	288.8	16.1%
Other Expenses	581.6	420.7	38.2%	1,906.9	1,606.1	18.7%
EBITDA	1,975.1	1,625.5	21.5%	3,454.2	3,123.7	10.6%
EBITDA Margin %	25.7%	27.3%	-163bps	20.2%	22.3%	-216bps
EBITDA Excl. Forex Impacts	1,975.1	1,572.7	25.6%	3,454.2	3,124.2	10.6%
EBITDA Margin % excl. Forex Impacts	25.7%	26.4%	-74bps	20.2%	22.3%	-217bps
Depreciation	185.5	193.4	-4.1%	699.4	562.6	24.3%
Finance Cost	45.9	0.3	-	48.5	0.5	-
Other Income	-24.4	15.6	-256.2%	165.6	156.8	5.6%
PBT	1,719.3	1,447.4	18.8%	2,871.9	2,717.5	5.7%
Tax Expense	586.8	460.6	27.4%	964.2	813.9	18.5%
PAT	1,132.5	986.8	14.8%	1,907.7	1,903.6	0.2%
PAT Margin %	14.7%	16.6%	-186bps	11.1%	13.6%	-247bps
Earnings Per Share (EPS) In Rs.	12.55	10.94	14.7%	21.15	21.11	0.2%

CONSOLIDATED BALANCE SHEET



Particulars in Rs. Mn	FY18	FY17	Particulars in Rs. Mn	FY18	FY17
EQUITY AND LIABILITIES			ASSETS		
Shareholder's Funds			Non-Current Assets		
Equity Share Capital	902.2	902.2	Property, Plant and Equipment	106.8	9.6
Other Equity	10,446.0	8,696.2	Capital work in progress	0.0	13.3
Non-controlling Interest	2.4	0.2	Goodwill	4.0	3.9
Total Equity	11,350.6	9,598.6	Other Intangible assets	2,152.2	2,085.0
Non-Current Liabilities			Intangible assets under development	3,599.5	2,310.7
Financial Liabilities			Financial Assets		
Borrowings	0.9	0.0	Loans	0.0	0.0
Other Financial Liabilities	33.4	5.5	Other Financial Assets	0.0	0.0
Provisions	20.6	11.6	Deferred Tax Assets (net)	73.2	33.8
Deferred Tax Liabilities (net)	831.3	807.3	Non-Current Tax Assets	400.3	405.6
Total non-current liabilities	886.1	824.5	Other non-current assets	293.0	97.9
Current Liabilities			Total non-current assets	6,629.0	4,959.9
Financial Liabilities			Current Assets		
Borrowings	1,696.0	2.4	Inventories	5,303.8	2,877.7
Trade Payables	6,497.0	4,574.3	Financial Assets		
Other Financial Liabilities	1,061.6	972.4	Investments	220.7	606.8
Other Current Liabilities	524.4	473.8	Trade Receivables	8,919.3	6,725.6
Current Tax Liabilities	240.3	45.4	Cash & Cash equivalents	612.5	722.3
Provisions	6.1	5.0	Bank balances other than cash and cash equivalents	397.2	357.3
Total current liabilities	10,025.4	6,073.2	Loans	0.0	0.6
TOTAL EQUITY AND LIABILITIES	22,262.1	16,496.3	Other Financial Assets	0.0	9.2
			Other Current Assets	179.7	236.9
			Total current assets	15,633.2	11,536.4
			TOTAL ASSETS	22,262.1	16,496.3



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 March 2018, Sharda owned 1,929 registrations for formulations and 228 registrations for active ingredients (AIs) and filed 978 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 (more than 756 third-party distributors and over 99 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 17,134 mn, Rs 3,454 mn and Rs 1,908 mn in FY18
- Strong balance sheet position with net debt of Rs 467 mn and equity of Rs 11,351 mn in FY18
- Healthy Return Ratios in FY18:
 - ROCE – 24.3%
 - ROE – 18.2%

ABOUT US: OUR PRESENCE

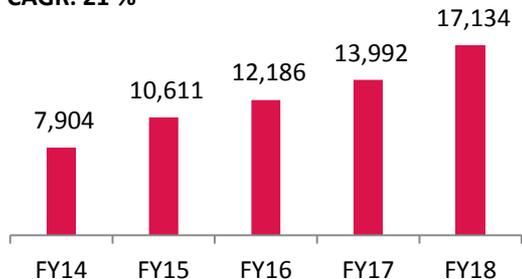


ABOUT US: FINANCIAL SUMMARY



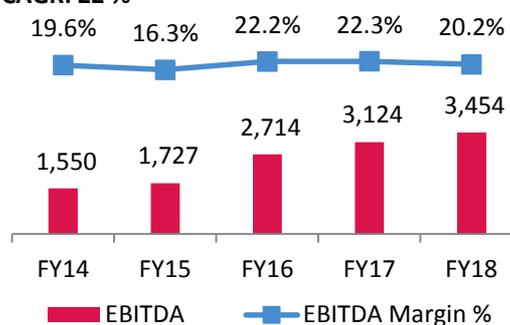
REVENUE FROM OPERATIONS

CAGR: 21 %



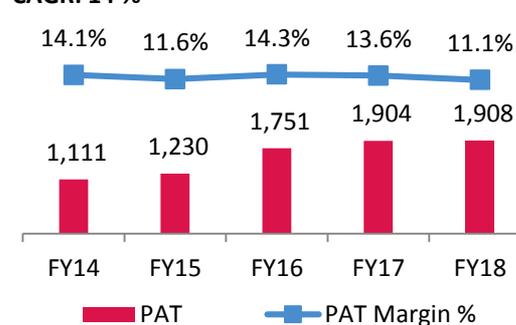
EBITDA & EBITDA Margin

CAGR: 22 %

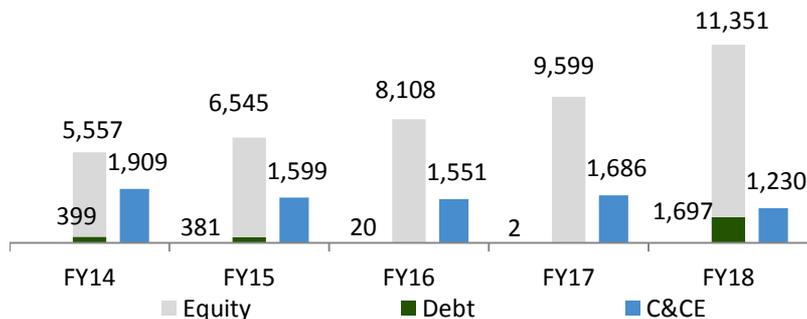


PAT & PAT Margin

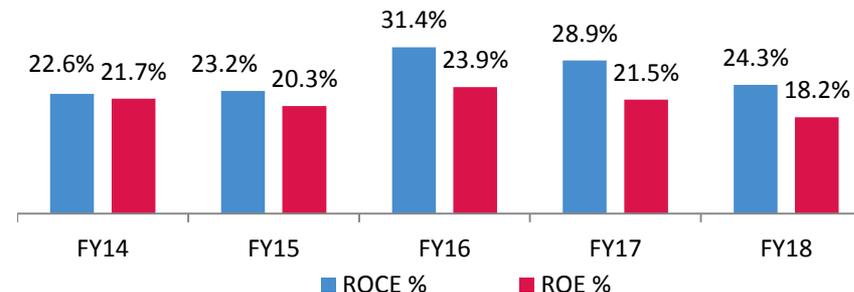
CAGR: 14 %



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY14 to FY15 are IGAAP, FY16, FY17 and 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



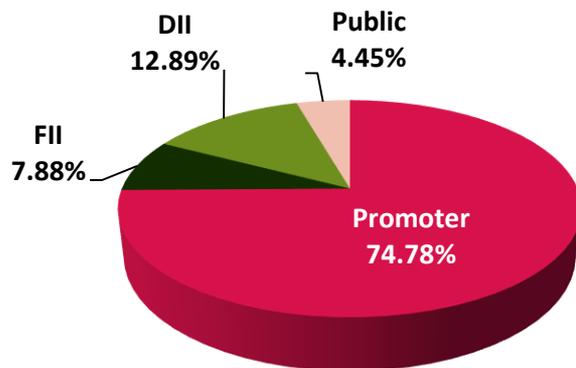
Key Institutional Investors – 31 st March 2018	% Holding
DSP Blackrock Investment Manager	6.52%
HDFC MF	6.12%
Pinebridge	4.28%
Goldman Sachs	1.84%

Source: BSE

Market Data	As on 8 th May 2018
Market capitalization (Rs Mn)	36,007.8
Price (Rs.)	399.2
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	567.8 – 360.0

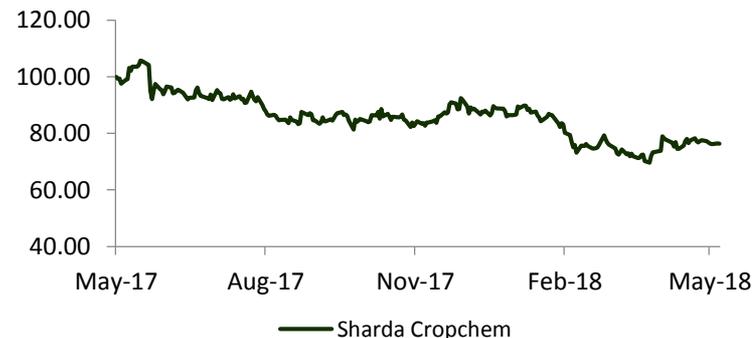
Source: BSE

Shareholding – 31st March 2018



Source: BSE

Share Price Performance



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Agrochemical Value Chain

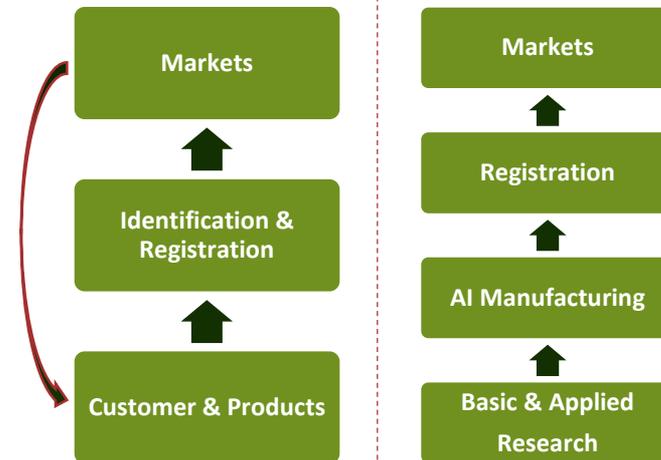
 Sharda's Operating Area



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

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:



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