

**FOURTH QUARTER & FULL YEAR FY15  
RESULTS PRESENTATION**

**MAY 2015**



**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.*

- Q4 & FY15 Results Highlights**
- Q4 & FY15 Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

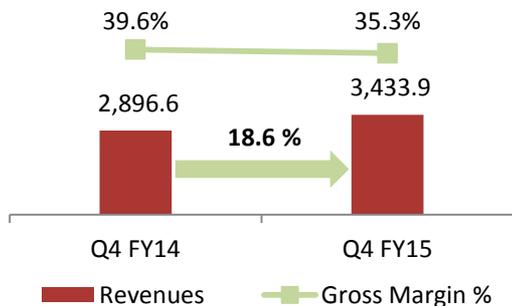


# Q4 & FY15 RESULTS: KEY HIGHLIGHTS

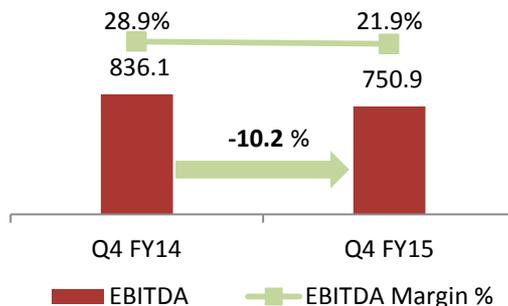


## Q4 FY15 YoY ANALYSIS

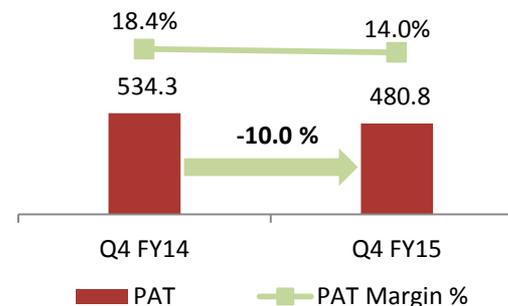
### REVENUES & GROSS MARGIN



### EBITDA & EBITDA MARGIN \*

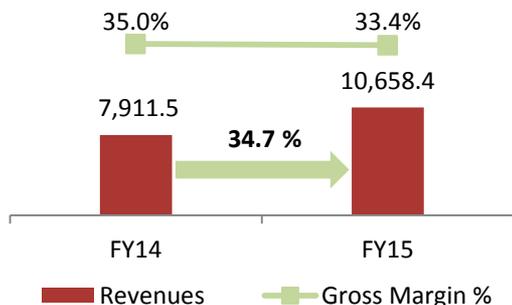


### PAT & PAT MARGIN

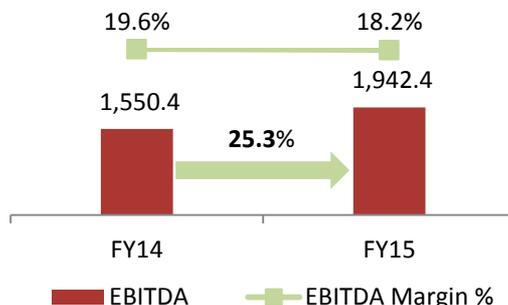


## FY15 YoY ANALYSIS

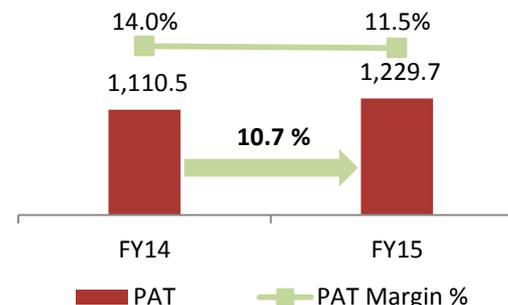
### REVENUES & GROSS MARGIN



### EBITDA & EBITDA MARGIN \*



### PAT & PAT MARGIN



\* Excluding Foreign Exchange Impacts

In Rs Mn



### FINANCIAL UPDATE -

- FY15 Total Revenues increased by 34.2% YoY to Rs. 10,658.4 mn from Rs. 7,911.5 mn in FY14.
- FY15 Gross Profit increased by 28.4% to Rs. 3,557.7 mn from Rs. 2,771.1 mn in FY14. Gross Margin marginally declined to 33.4% in FY15 compared to 35.0% in FY14.
- Company has been able to maintain strong growth along with sustained Gross margins.
- FY15 EBIDTA excluding foreign exchange impacts increased by 25.3% YoY to Rs. 1,942.4 mn from Rs. 1,550.4 mn in FY14. EBIDTA Margin declined by 137 bps to 18.2% in FY15 compared to 19.6% in FY14.

### OPERATIONAL UPDATE -

- Total number of registrations increased to 1,409 as of 31-Mar-15 as compared to 1,207 as of 15-Jul-14. The company currently has another 729 registrations in the pipeline across geographies.
- Total revenue contribution from the Top 10 molecules has been 61% in FY15 as compared to 62% in FY14.



## Q4 FY15 YoY % CHANGE IN REVENUE FROM OPERATIONS



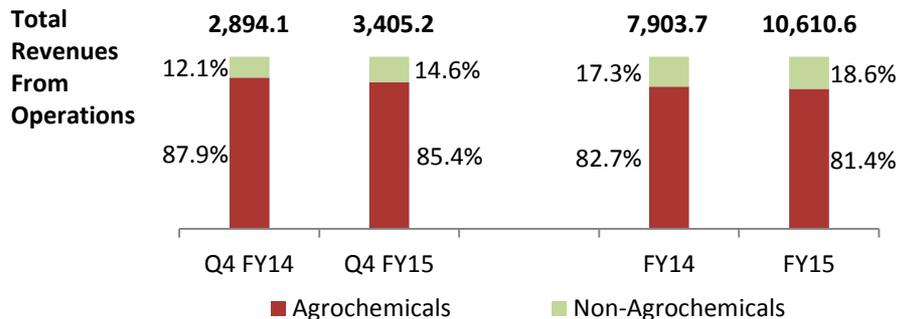
## FY15 YoY % CHANGE IN REVENUE FROM OPERATIONS



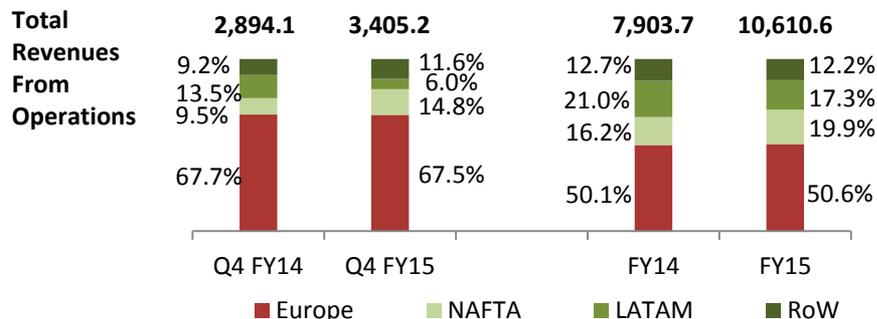
# Q4 & FY15 RESULTS: REVENUE ANALYSIS



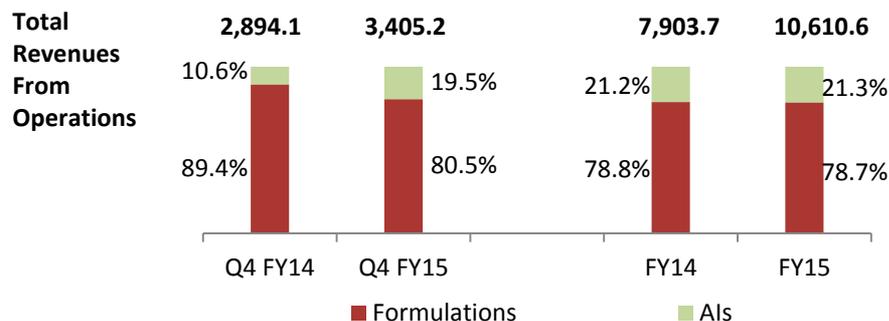
## AGROCHEMICALS VS. NON-AGROCHEMICALS



## GEOGRAPHICAL PRESENCE – AGROCHEMICAL SALES



## FORMULATIONS VS. ACTIVE INGREDIENTS



In Rs Mn

# UPDATE ON REGISTRATIONS



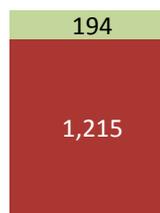
## REGISTRATIONS AS ON 31-MAR-15 : 1,409



Mar-15

■ Europe ■ NAFTA ■ LATAM ■ RoW

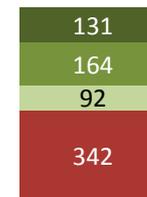
## REGISTRATIONS - FORMULATIONS VS. ACTIVE INGREDIENTS



Mar-15

■ Formulations ■ AIs

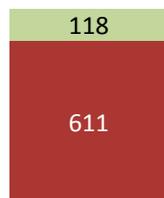
## REGISTRATIONS PIPELINE AS ON 31-MAR-15: 729



Mar-15

■ Europe ■ NAFTA ■ LATAM ■ RoW

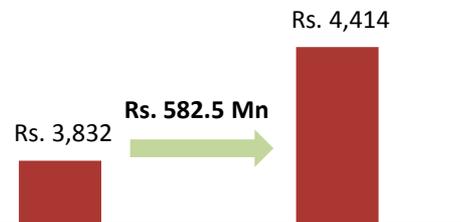
## REGISTRATIONS PIPELINE - FORMULATIONS VS. AIs



Mar-15

■ Formulations ■ AIs

## CAPEX INCURRED ON REGISTRATIONS

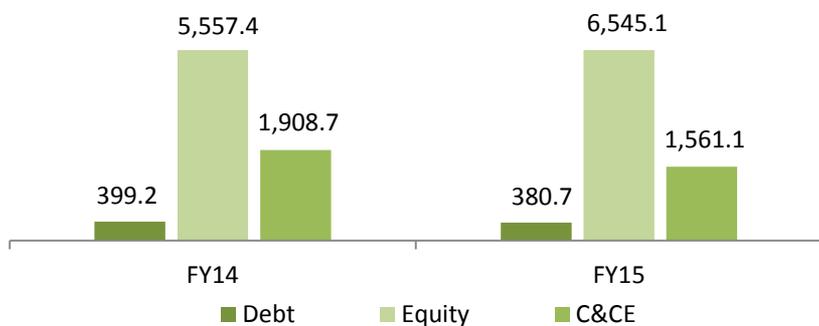


FY14

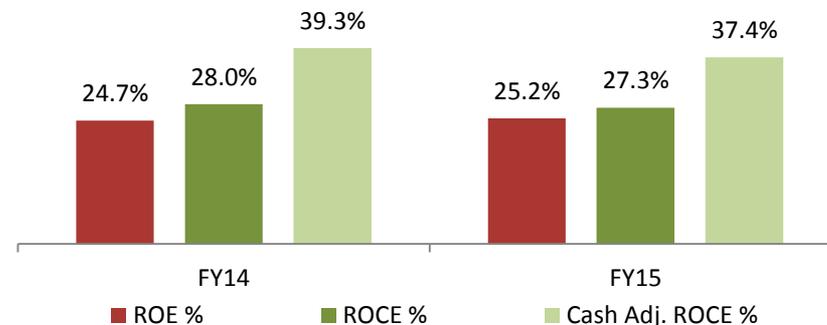
FY15

■ Gross Block + CWIP

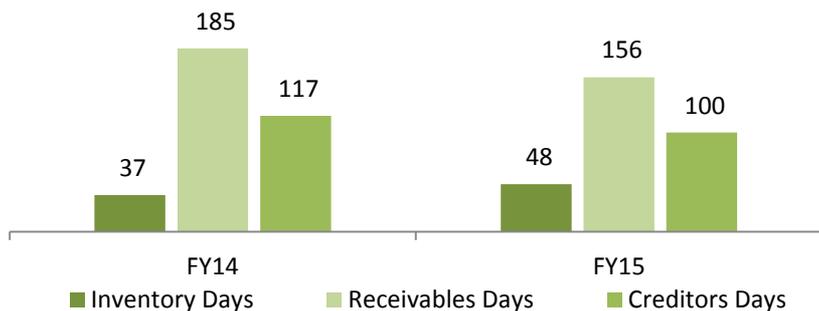
## LEVERAGE ANALYSIS



## RETURN METRICS



## WORKING CAPITAL ANALYSIS \*



\* Calculated on closing inventory, receivables, creditors

- **Total Debt to Equity at 0.06x and Net Cash Position of Rs. 1,180.4 mn as of FY15.**
- **Robust Balance sheet with Cash & Cash Equivalents of Rs. 1,561.1 mn as of FY15.**
- **Working capital cycle remained stable at 104 days as of FY15.**

ROE: PAT/Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt – C&CE)]

# CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q4 FY15	Q4 FY14	YoY %	Q3 FY15	QoQ %	FY15	FY14	YoY %
<b>Revenue from Operations</b>	<b>3,405.2</b>	<b>2,894.1</b>	<b>17.7%</b>	<b>1,838.1</b>	<b>85.3%</b>	<b>10,610.6</b>	<b>7,903.7</b>	<b>34.2%</b>
Other Operating Income	28.8	2.5	1052.1%	7.8	268.7%	47.7	7.7	517.1%
<b>Total Revenues</b>	<b>3,433.9</b>	<b>2,896.6</b>	<b>18.6%</b>	<b>1,845.9</b>	<b>86.0%</b>	<b>10,658.4</b>	<b>7,911.5</b>	<b>34.7%</b>
COGS	2,220.9	1,749.5	26.9%	1,332.3	66.7%	7,100.7	5,140.4	38.1%
<b>Gross Profit</b>	<b>1,213.0</b>	<b>1,147.1</b>	<b>5.7%</b>	<b>513.6</b>	<b>136.2%</b>	<b>3,557.7</b>	<b>2,771.1</b>	<b>28.4%</b>
<b>Gross Margin</b>	<b>35.3%</b>	<b>39.6%</b>	<b>-428 bps</b>	<b>27.8%</b>	<b>750 bps</b>	<b>33.4%</b>	<b>35.0%</b>	<b>-165 bps</b>
Employee Expenses	72.4	60.9	19.0%	55.7	30.1%	246.4	181.3	35.9%
Other Expenses	402.7	251.9	59.8%	408.5	-1.4%	1,551.0	1,039.4	49.2%
<b>EBITDA</b>	<b>737.9</b>	<b>834.3</b>	<b>-11.6%</b>	<b>49.5</b>	<b>1391.1%</b>	<b>1,760.3</b>	<b>1,550.4</b>	<b>13.5%</b>
<b>EBITDA Margin %</b>	<b>21.5%</b>	<b>28.8%</b>	<b>-731 bps</b>	<b>2.7%</b>	<b>1881 bps</b>	<b>16.5%</b>	<b>19.6%</b>	<b>-308 bps</b>
<b>Operating EBITDA Excl. Forex Impacts</b>	<b>750.9</b>	<b>836.1</b>	<b>-10.2%</b>	<b>115.0</b>	<b>552.9%</b>	<b>1,942.4</b>	<b>1,550.4</b>	<b>25.3%</b>
<b>Operating EBITDA Margin % excl. Forex Impacts</b>	<b>21.9%</b>	<b>28.9%</b>	<b>-699 bps</b>	<b>6.2%</b>	<b>1564 bps</b>	<b>18.2%</b>	<b>19.6%</b>	<b>-137 bps</b>
Depreciation	66.3	78.3	-15.3%	54.8	21.1%	233.1	289.3	-19.4%
Finance Cost	-0.1	5.2	-	5.7	-	8.0	13.7	-41.8%
Other Income	46.6	29.9	55.5%	63.8	-27.0%	239.4	320.5	-25.3%
Prior Period Adjustments (Net of tax)	0.3	24.0	-98.8%	-4.2	6.7%	4.5	14.2	-68.0%
<b>PBT</b>	<b>717.9</b>	<b>756.7</b>	<b>-5.1%</b>	<b>57.1</b>	<b>1158.3%</b>	<b>1,754.1</b>	<b>1,553.7</b>	<b>12.9%</b>
Tax Expense	238.6	222.4	7.3%	4.6	5080.1%	524.3	443.2	18.3%
Minority Interest	-1.5	0.0	-	0.0	-	0.0	0.0	-
<b>PAT after minority interest</b>	<b>480.8</b>	<b>534.3</b>	<b>-10.0%</b>	<b>52.5</b>	<b>815.9%</b>	<b>1,229.7</b>	<b>1,110.5</b>	<b>10.7%</b>
<b>PAT Margin %</b>	<b>14.0%</b>	<b>18.4%</b>	<b>-444 bps</b>	<b>2.8%</b>	<b>1116 bps</b>	<b>11.5%</b>	<b>14.0%</b>	<b>-250 bps</b>
<b>Earnings Per Share (EPS)</b>	<b>5.33</b>	<b>5.92</b>	<b>-10.0%</b>	<b>0.58</b>	<b>815.9%</b>	<b>13.63</b>	<b>12.31</b>	<b>10.7%</b>

# CONSOLIDATED BALANCE SHEET



Particulars (In Rs Mn)	FY15	FY14
Share Capital	902.2	902.2
Reserves & Surplus	5,642.9	4,655.2
<b>Shareholder's Funds</b>	<b>6,545.1</b>	<b>5,557.4</b>
Minority Interest	0.3	0.2
<b>Non-Current Liabilities</b>		
Long-term borrowings	0.0	0.0
Deferred tax liabilities (net)	215.9	101.8
Long term provisions	5.5	2.1
<b>Total Non-Current Liabilities</b>	<b>221.4</b>	<b>104.0</b>
<b>Current liabilities</b>		
Short-term borrowings	380.7	399.1
Trade payables	2,280.9	2,049.4
Other current liabilities	720.6	755.0
Short-term provisions	317.4	276.7
<b>Total Current Liabilities</b>	<b>3,699.5</b>	<b>3,480.2</b>
<b>Total Equity &amp; Liabilities</b>	<b>10,466.3</b>	<b>9,141.8</b>

Particulars (In Rs Mn)	FY15	FY14
<b>Non-current assets</b>		
Fixed assets	879.7	638.2
Intangible assets under development	1,487.8	1,334.8
Goodwill on consolidation	3.8	2.2
Deferred tax assets (net)	0.6	0.0
Non-current investments	90.0	52.5
Long-term loans and advances	366.8	204.8
Other non-current assets	0.0	80.0
<b>Total Non-Current Assets</b>	<b>2,828.8</b>	<b>2,312.5</b>
<b>Current assets</b>		
Current investments	858.8	1,692.4
Inventories	1,395.8	807.7
Trade receivables	4,544.4	4,002.1
Cash and cash equivalents	702.4	216.3
Short-term loans and advances	124.2	86.5
Other current assets	12.0	24.2
<b>Total Current Assets</b>	<b>7,637.6</b>	<b>6,829.3</b>
<b>Total Assets</b>	<b>10,466.3</b>	<b>9,141.8</b>



## BUSINESS OVERVIEW

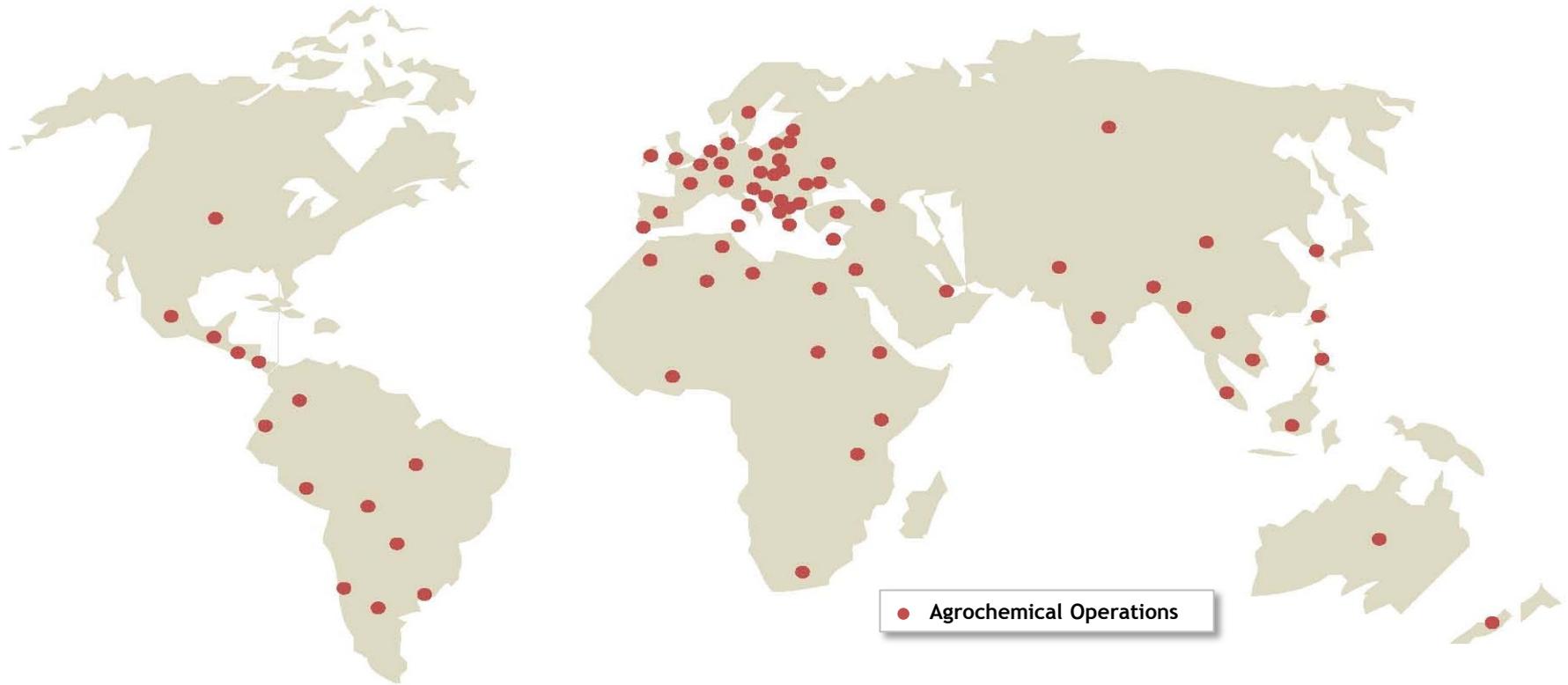
- Sharda Cropchem Limited is a global crop protection chemical company largely operating across Europe, NAFTA and Latin America across fungicides, herbicides and insecticides.
- Sharda operates with an asset light business model focused on identification and registration of potential molecules in strong demand.
- As of 31-Mar-15, Sharda owned 1,215 registrations for formulations & 194 registrations for active ingredients (AIs) and filed 729 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 76 countries with an established global marketing & distribution network (more than 605 third-party distributors and over 109 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 10,658.4 mn, Rs 1,760.3 mn and Rs 1,229.7 mn in FY15 having grown at CAGR of 25%, 22% and 31% over FY11 to FY15.
- Strong balance sheet and asset light model resulting into a strong net cash position of Rs 1,180.4 mn, gross debt of Rs 380.7 mn and equity of Rs 6,545.1 mn in FY15.
- Healthy Return Ratios in FY15 -
  - ROCE – 27.3%
  - Cash Adj. ROCE – 37.4%
  - ROE – 25.2%



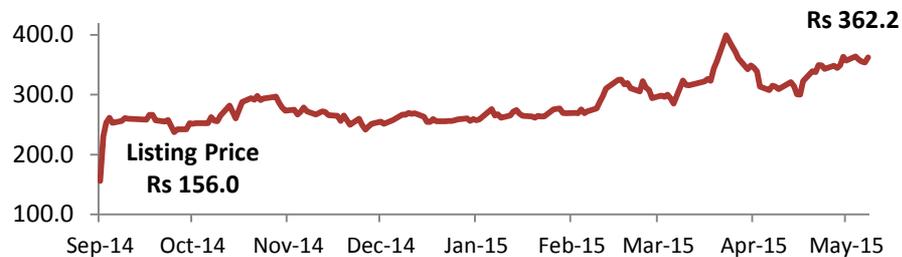
Diversified business operations across the globe leading to reduced risk of adverse market and seasonal conditions.

# ABOUT US: SHAREHOLDING STRUCTURE



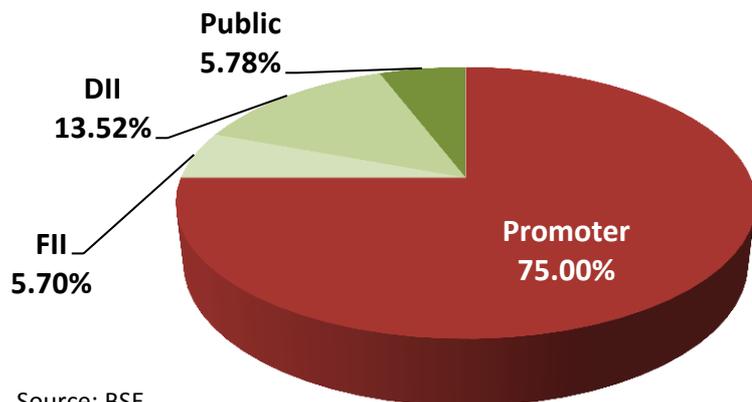
Market Data	As on 29.05.15 (BSE)
Market capitalization (Rs Mn)	32,677.9
Price (Rs.)	362.2
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	408.9 – 217.6

## Share Price Performance



Source: BSE

## 31-March-2015 Shareholding



Source: BSE

Key Institutional Investors at 31-Mar-15	% Holding
DSP Blackrock Investment Manager	3.95%
HDFC Asset Management	2.94%
SBI Funds Management	1.96%
Goldman Sachs	1.79%
L&T Investment Management	1.74%
Pinebridge Investments	1.53%
UTI Asset Management	0.93%
Kuwait Investment Authority	0.79%
Reliance Capital	0.62%

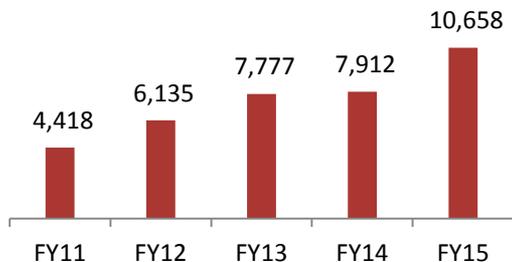
Source: Company

# ABOUT US: FINANCIAL SUMMARY



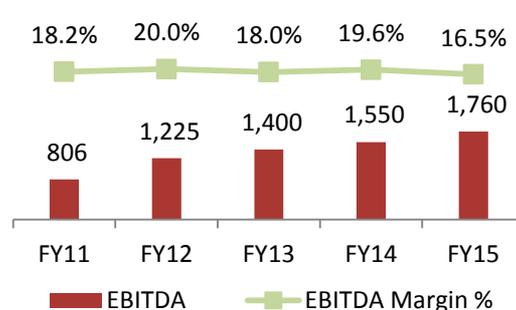
## REVENUES

CAGR: 24.6%



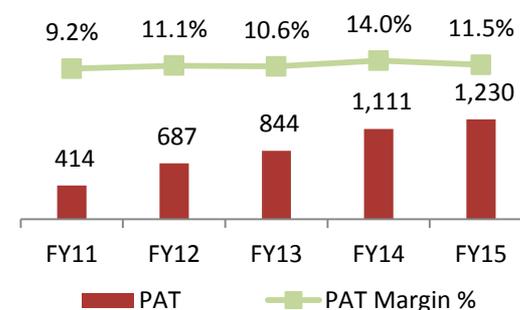
## EBITDA & EBITDA Margin

CAGR: 21.6%

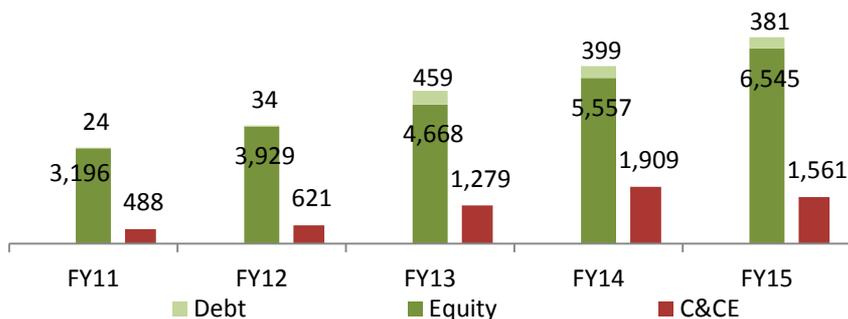


## PAT & PAT Margin

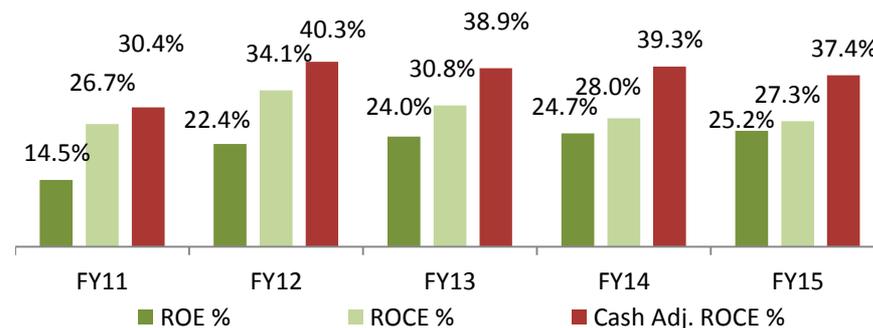
CAGR: 31.3%



## LEVERAGE ANALYSIS



## RETURN METRICS



Source: Red Herring Prospectus for FY11 to FY13

ROE: PAT/Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt – C&E)]

In Rs Mn



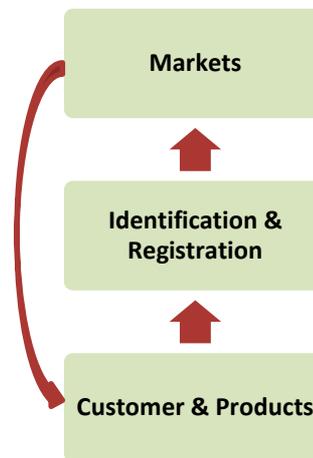
## Agrochemical Value Chain



### 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



### Traditional Model: Supply Pushed / Product 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 & be a one-stop solution provider.
- Strategy on ground in Mexico, Colombia, South Africa & India .

## Expand & Strengthen Distribution Presence

- Expand geographical reach using existing library of dossiers.
- Two-fold strategy of further penetrating existing markets & entering new markets.

## Continual Investment in Obtaining Registrations

- Continue to identify generic molecules going off- patent.
- Investing in preparing dossiers & seeking registrations in own name.

## Focus on Biocide Registrations

- Scale up marketing & distribution of biocides with a focus on Europe.
- Increase biocide registrations including through inorganic means.

## Focus on Inorganic Growth

- Continue to explore possibilities of partnerships with other companies across jurisdictions.

FOR FURTHER QUERIES:



# THANK YOU



**Sharda Cropchem Limited**

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