



**Q1 FY17  
RESULTS UPDATE  
AUGUST 2016**



## DISCLAIMER

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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.*

*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

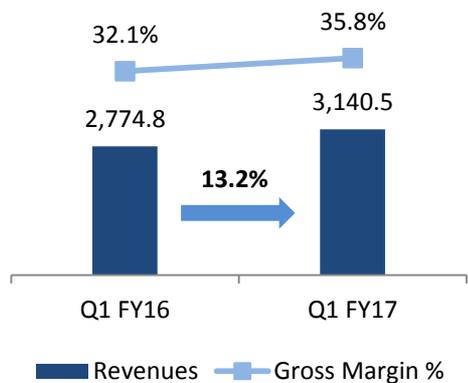
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- Q1 FY17 Results Highlights**
- Q1 FY17 Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

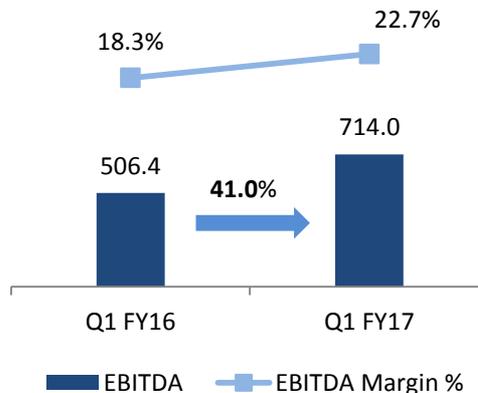
# Q1 FY17 RESULTS: KEY HIGHLIGHTS

In Rs Mn

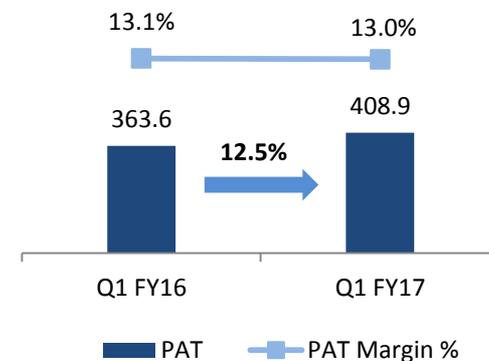
## REVENUES & GROSS MARGIN



## EBITDA & EBITDA MARGIN \*



## PAT & PAT MARGIN



\* Excluding Foreign Exchange Impacts

## Q1 FY17 RESULTS: KEY HIGHLIGHTS

### FINANCIAL UPDATE -

- Q1 FY17 total revenues grew by 13.2% YoY -
  - Region-wise Growth – Europe (22.9%), NAFTA (0.2%), LATAM (24.6%), ROW (-1.5%)
- Q1 FY17 gross profit grew by 26.3% YoY in line with revenues. Q1 FY17 gross margin increased by 373 bps from 32.1% to 35.8%.
- Q1 FY17 EBIDTA excluding foreign exchange impact increased by 41.0%. Q1 FY17 EBITDA margin increased by 448 bps from 18.3% to 22.7%.
- Q1 FY17 EBIDTA including foreign exchange impact increased by 30.2%. Q1 FY17 EBITDA margin increased by 274 bps from 18.3% to 21.0%.
- Q1 FY17 PAT grew by 12.5% YoY. Q1 FY17 PAT margin was stable at 13.1%.

### OPERATIONAL UPDATE -

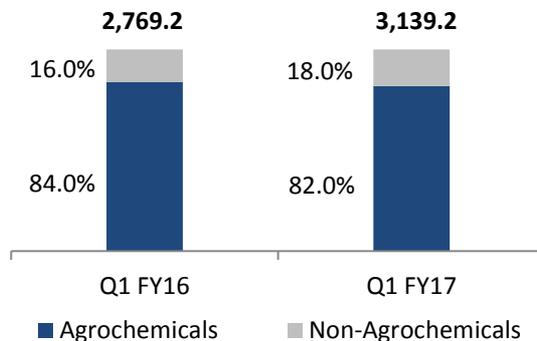
- Total number of registrations increased to 1,830 as on 30<sup>th</sup> June 2016, compared to 1,765 as on 31<sup>st</sup> March 2016.
- The company has another 831 registrations in the pipeline across geographies.
- Total revenue contribution from the Top 10 molecules has been 61.6% in Q1 FY17 as compared to 66.9% in Q1 FY16.

# Q1 FY17 RESULTS: REVENUE ANALYSIS

In Rs Mn

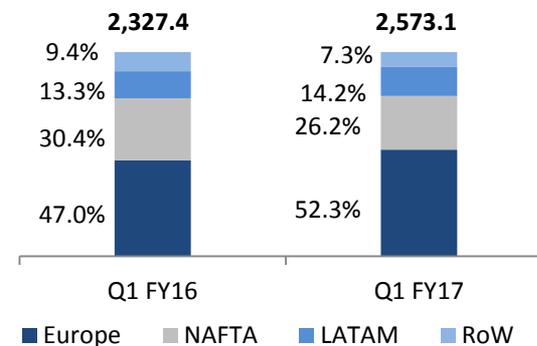
## AGROCHEMICALS VS. NON-AGROCHEMICALS

Revenues From Operations



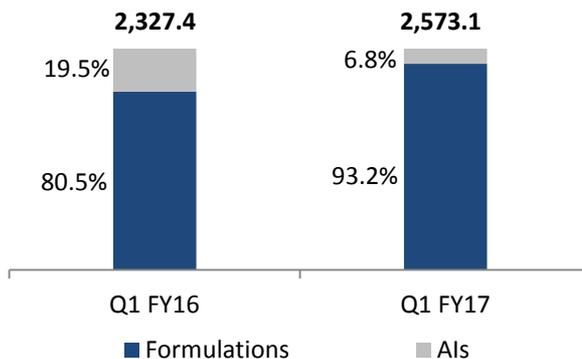
## GEOGRAPHICAL PRESENCE – AGROCHEMICAL SALES

Agrochemical Revenues



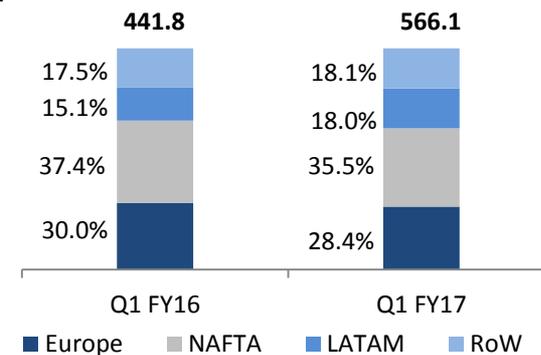
## FORMULATIONS VS. ACTIVE INGREDIENTS

Agrochemical Revenues



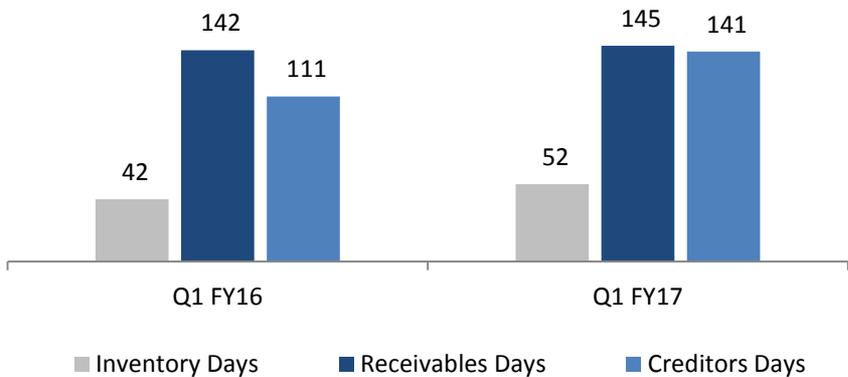
## GEOGRAPHICAL PRESENCE – NON-AGROCHEMICAL SALES

Non-Agrochemical Revenues



# Q1 FY17 WORKING CAPITAL ANALYSIS

## WORKING CAPITAL ANALYSIS \*



**NET WORKING CAPITAL DAYS DECREASED FROM 73 DAYS IN Q1 FY16 TO 56 DAYS IN Q1 FY17**

\* Calculated on closing inventory, receivables, creditors

# CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q1 FY16 IGAAP	Difference Q1 FY16 (IND AS Vs IGAAP)	Q1 FY16 IND AS	Q1 FY17 IND AS	YoY %	Remarks
Revenue from Operations	2,790.4	-21.2	2,769.2	3,139.2	13.4%	Provision for expected redemption of sales incentive vouchers, selling & distribution expenses and discounts
Other Operating Income	3.6	2.0	5.6	1.4	-75.9%	
<b>Total Revenues</b>	<b>2,794.0</b>	<b>-19.2</b>	<b>2,774.8</b>	<b>3,140.5</b>	<b>13.2%</b>	
COGS	1,886.4	-1.1	1,885.3	2,016.7	7.0%	
<b>Gross Profit</b>	<b>907.6</b>	<b>-18.1</b>	<b>889.5</b>	<b>1,123.8</b>	<b>26.3%</b>	
<b>Gross Margin</b>	<b>32.5%</b>		<b>32.1%</b>	<b>35.8%</b>	<b>373 bps</b>	
Employee Expenses	66.9	-0.5	66.4	67.5	1.7%	
Professional Charges	115.9	-0.0	115.9	140.5	21.2%	
Other Expenses	214.2	-13.4	200.8	256.6	27.8%	Regrouping of selling & distribution expenses and provision for MTM on outstanding derivative contracts
<b>EBITDA</b>	<b>510.6</b>	<b>-4.2</b>	<b>506.4</b>	<b>659.2</b>	<b>30.2%</b>	
<b>EBITDA Margin %</b>	<b>18.3%</b>		<b>18.3%</b>	<b>21.0%</b>	<b>274 bps</b>	
<b>EBITDA Excl. Forex Impacts</b>	<b>510.6</b>	<b>-4.2</b>	<b>506.4</b>	<b>714.0</b>	<b>41.0%</b>	
<b>EBITDA Margin % excl. Forex Impacts</b>	<b>18.3%</b>		<b>18.3%</b>	<b>22.7%</b>	<b>448 bps</b>	
Depreciation	91.6	-0.0	91.6	127.1	38.7%	
Finance Cost	0.1	-0.0	0.1	0.1	-	
Other Income	109.4	0.0	109.4	45.9	-58.1%	
Other Comprehensive Income (Net of tax)	0.0	-0.3	-0.3	-0.3	-	
<b>PBT</b>	<b>528.3</b>	<b>-4.4</b>	<b>523.9</b>	<b>577.6</b>	<b>10.3%</b>	
Tax Expense	168.2	-7.8	160.4	169.2	5.5%	Impact on account of Deferred Tax
Minority Interest	0.1	0.0	0.1	0.5	339.6%	
<b>PAT after minority interest</b>	<b>360.3</b>	<b>3.3</b>	<b>363.6</b>	<b>408.9</b>	<b>12.5%</b>	
<b>PAT Margin %</b>	<b>12.9%</b>		<b>13.1%</b>	<b>13.0%</b>	<b>-</b>	
<b>Earnings Per Share (EPS) In Rs.</b>	<b>3.99</b>	<b>0.04</b>	<b>4.03</b>	<b>4.54</b>	<b>12.7%</b>	

# 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 30<sup>TH</sup> June 2016, Sharda owned 1,605 registrations for formulations and 225 registrations for active ingredients (AIs) and filed 831 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 78 countries with an established global marketing & distribution network (more than 634 third-party distributors and over 120 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

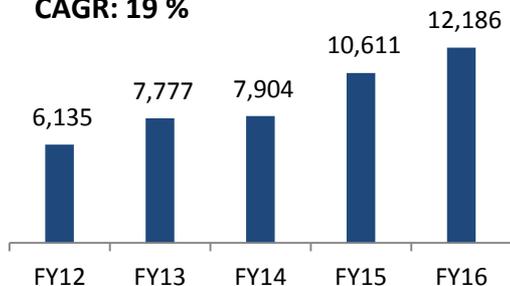
- Consolidated Revenues, EBITDA and PAT were Rs 12,206.1 mn, Rs 2,669.1 mn and Rs 1,749.7 mn in FY16 having grown at CAGR of 19%, 22% and 26% over FY12 to FY16.
- Strong balance sheet and asset light model resulting into a strong cash position of Rs 1,448.5 mn (net of gross debt of Rs 20.0 mn) and equity of Rs 8,108.1 mn in FY15.
- Healthy Return Ratios in FY16 :
  - ROCE – 30.8%
  - Cash Adj. ROCE – 38.6%
  - ROE – 23.9%

# ABOUT US: FINANCIAL SUMMARY

In Rs Mn

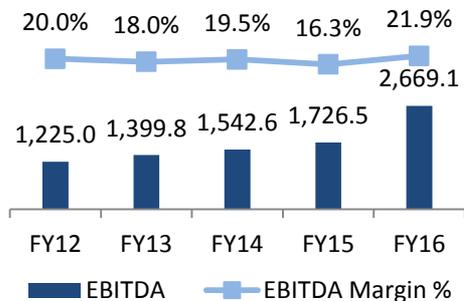
## REVENUE FROM OPERATIONS

CAGR: 19 %



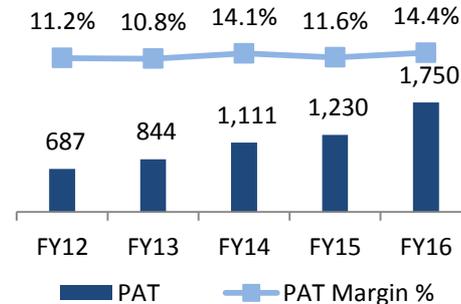
## EBITDA & EBITDA Margin

CAGR: 22 %

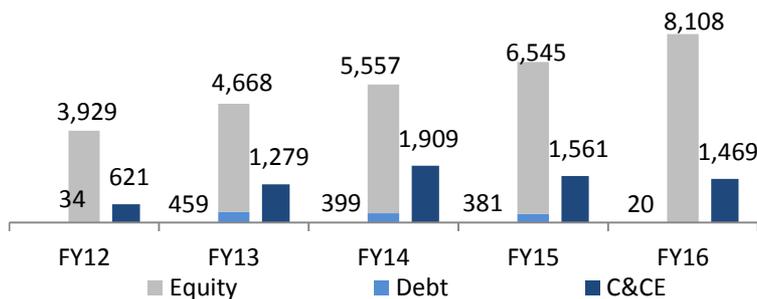


## PAT & PAT Margin

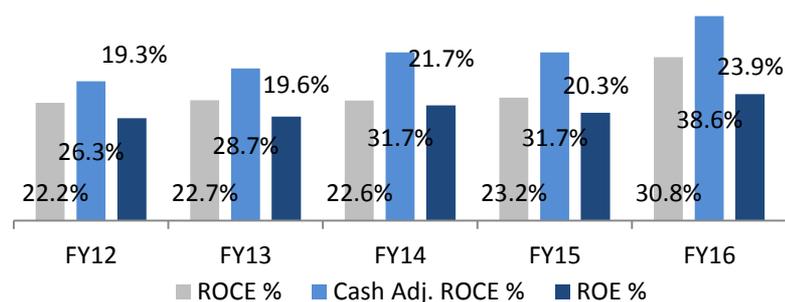
CAGR: 26 %



## LEVERAGE ANALYSIS



## RETURN METRICS



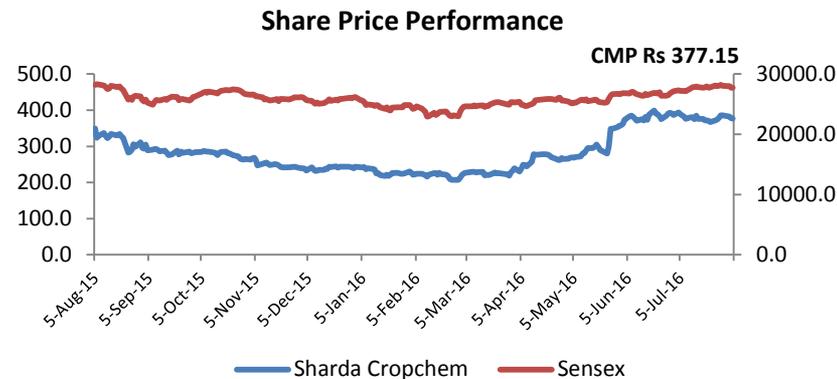
Source: Figures for FY12 and FY13 are sourced from Red Herring Prospectus of the company.

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), (Cash Adj. Capital Employed = Equity + Total Debt – C&E)]

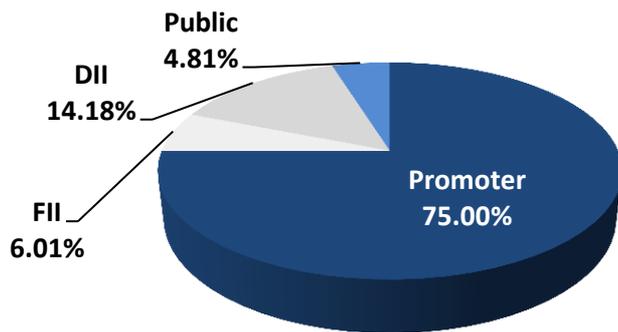
# ABOUT US: SHAREHOLDING STRUCTURE

Market Data	As on 4 <sup>th</sup> August 2016 (BSE)
Market capitalization (Rs Mn)	34,026.7
Price (Rs.)	377.15
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	409.0– 203.3



Source: BSE

## Shareholding – 30<sup>th</sup> June 2016



Source: Company

Key Institutional Investors – 30 <sup>th</sup> June 2016	% Holding
DSP Blackrock Investment Manager	7.04%
HDFC Asset Management	3.79%
Pinebridge	2.56%
Goldman Sachs	2.02%
SBI Funds Management	1.82%
UTI MF	0.82%
Reliance Capital	0.64%

Source: Company

# DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL

## Agrochemical Value Chain

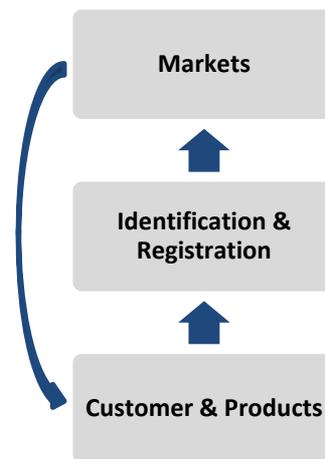
Sharda's Operating Area



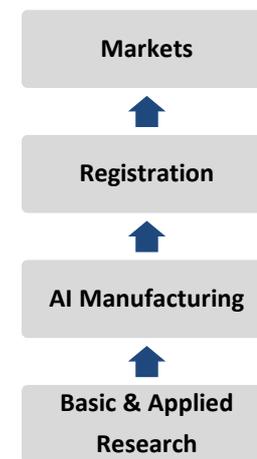
### ASSET LIGHT BUSINESS MODEL

- 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



### Traditional Model: Supply Pushed / Product 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.

# ABOUT US: OUR PRESENCE

● Agrochemical Operations



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





FOR FURTHER QUERIES:

THANK YOU



Sharda Cropchem Limited

Mr. Conrad Fernandes  
Chief Financial Officer  
Email: [cfernandes@shardaintl.com](mailto:cfernandes@shardaintl.com)  
Contact No: +91 22 6678 2800



Mr. Nilesh Dalvi / Mr. Yashesh Parekh  
IR Consultant  
Email: [nilesh.dalvi@dickensonir.com](mailto:nilesh.dalvi@dickensonir.com)  
[yashesh.parekh@dickensonir.com](mailto:yashesh.parekh@dickensonir.com)  
Contact No: +91 9819289131 / 8108321555