



Sharda Cropchem Limited

**FIRST QUARTER FY16
RESULTS UPDATE
AUGUST 2015**



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.

A vertical strip on the left side of the slide contains four images: a close-up of a green wheat stalk, a field of golden wheat under a cloudy sky, a field of golden wheat, and a field of green corn.

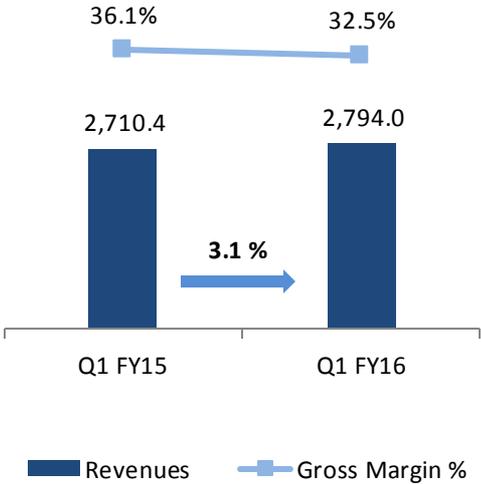
DISCUSSION SUMMARY

- Q1 FY16 Results Highlights**
- Q1 FY16 Consolidated Financials**
- About Us**
- Business Model**
- Business Strategy & Outlook**

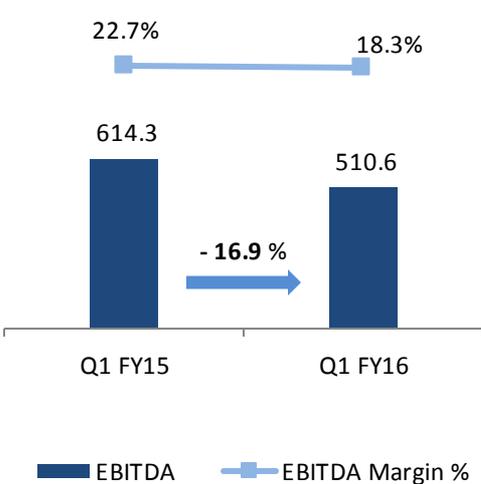
Q1 FY16 RESULTS: KEY HIGHLIGHTS

Q1 FY16 YoY ANALYSIS

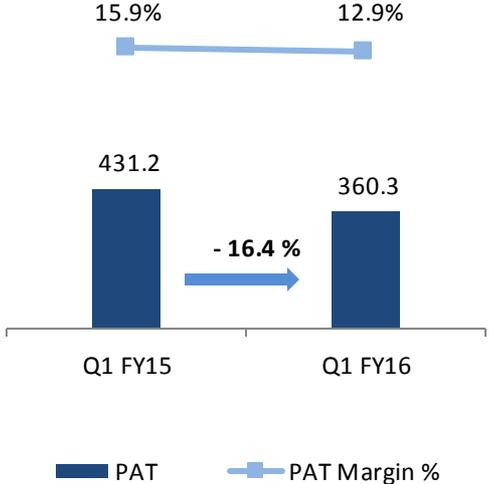
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN *



PAT & PAT MARGIN



* Excluding Foreign Exchange Impacts

Q1 FY16 RESULTS: KEY HIGHLIGHTS

FINANCIAL UPDATE -

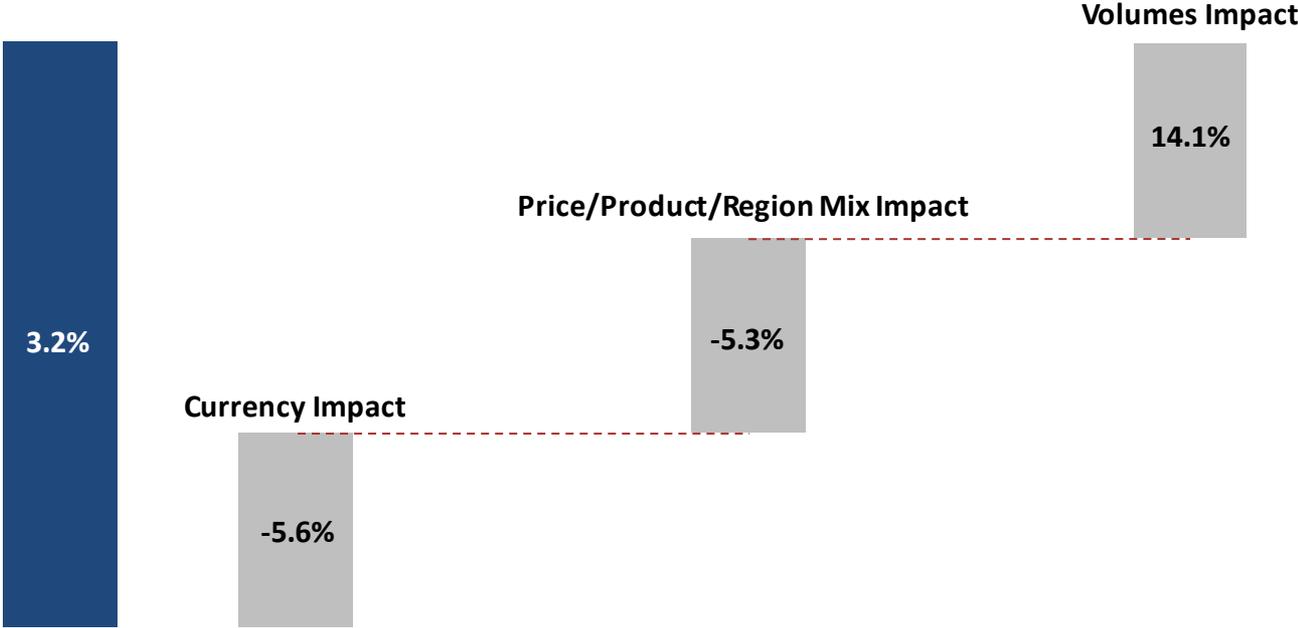
- Q1 FY16 Total Revenues grew 3.1% YoY to Rs. 2,794.0 mn primarily driven by volume growth of 14.1%, largely offset by unfavourable currency movement (majorly Euro-Dollar depreciation) leading to decline of 5.6% and lower realisations leading to decline of 5.3%.
- Q1 FY16 Gross Profit decreased by 7.3% to Rs. 907.6 mn due to lower revenue growth as explained above and also due to Rupee-Dollar depreciation which impacted the cost of goods sold. Gross Margin thus declined to 32.5% in Q1 FY16 compared to 36.1% in Q1 FY15.
- Q1 FY16 EBIDTA excluding foreign exchange impacts decreased by 16.9% YoY to Rs. 510.6 mn. EBIDTA Margin declined by 439 bps to 18.3% in Q1 FY16 compared to 22.7% in Q1 FY15.

OPERATIONAL UPDATE -

- Total number of registrations increased to 1,488 as of 30-Jun-15 as compared to 1,207 as of 15-Jul-14.
- In Q1 FY16, the company added 79 registrations (Europe – 60, NAFTA – 3, LATAM – 8 and RoW – 8).
- The company has another 726 registrations in the pipeline across geographies.
- Total revenue contribution from the Top 10 molecules has been 68% in Q1 FY16 as compared to 66% in Q1 FY15.

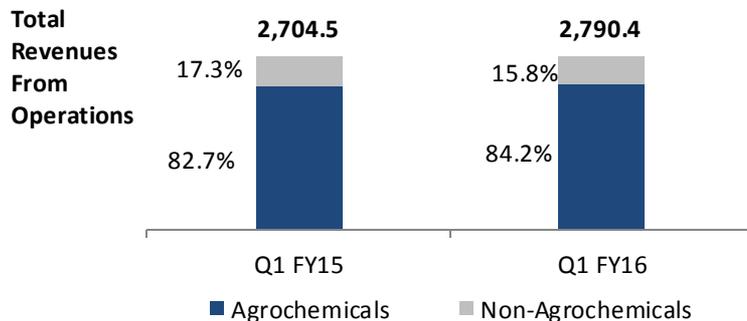
Q1 FY16 RESULTS: REVENUE ANALYSIS

Q1 FY16 YoY % CHANGE IN REVENUE FROM OPERATIONS

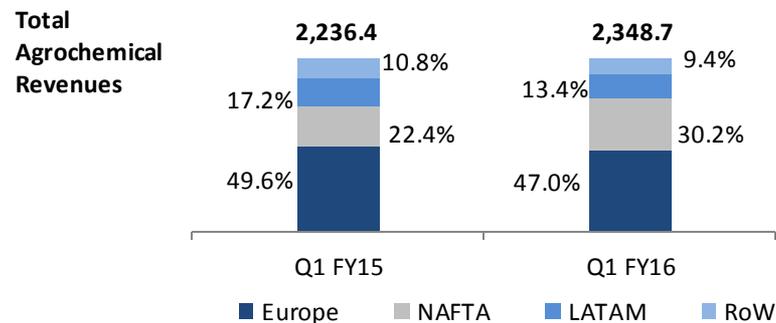


Q1 FY16 RESULTS: REVENUE ANALYSIS

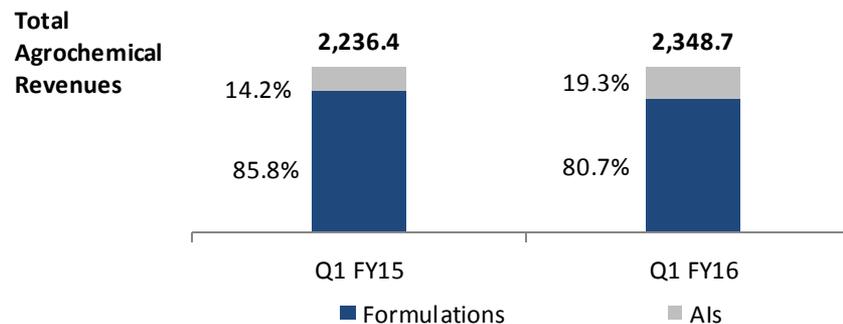
AGROCHEMICALS VS. NON-AGROCHEMICALS



GEOGRAPHICAL PRESENCE – AGROCHEMICAL SALES

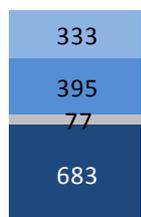


FORMULATIONS VS. ACTIVE INGREDIENTS



UPDATE ON REGISTRATIONS

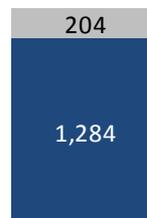
**REGISTRATIONS AS ON
30 - JUNE - 2015: 1,488**



Jun-15

■ Europe ■ NAFTA ■ LATAM ■ RoW

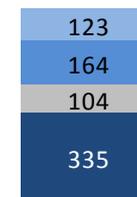
**REGISTRATIONS - FORMULATIONS
VS. ACTIVE INGREDIENTS**



Jun-15

■ Formulations ■ Als

**REGISTRATIONS PIPELINE AS ON
30 - JUNE - 2015: 726**



Jun-15

■ Europe ■ NAFTA ■ LATAM ■ RoW

**REGISTRATIONS PIPELINE -
FORMULATIONS VS. AIs**



Jun-15

■ Formulations ■ Als

**CAPEX INCURRED ON
REGISTRATIONS**



FY15

Q1 FY16

■ Gross Block + CWIP

CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (In Rs Mn)	Q1 FY16	Q1 FY15	YoY %	Q4 FY15	QoQ %	FY15	FY14	YoY %
Revenue from Operations	2,790.4	2,704.5	3.2%	3,405.2	-18.1%	10,610.6	7,903.7	34.2%
Other Operating Income	3.6	5.9	-38.7%	3.3	8.8%	47.7	7.7	517.1%
Total Revenues	2,794.0	2,710.4	3.1%	3,408.5	-18.0%	10,658.4	7,911.5	34.7%
COGS	1,886.4	1,731.5	8.9%	2,220.9	-15.1%	7,100.7	5,140.4	38.1%
Gross Profit	907.6	978.9	-7.3%	1,187.6	-23.6%	3,557.7	2,771.1	28.4%
Gross Margin	32.5%	36.1%	-363 bps	34.8%	-236 bps	33.4%	35.0%	-165 bps
Employee Expenses	66.9	60.6	10.3%	72.4	-7.6%	246.4	181.3	35.9%
Other Expenses	330.1	313.9	5.1%	402.7	-18.0%	1,551.0	1,039.4	49.2%
EBITDA	510.6	604.4	-15.5%	712.4	-28.3%	1,760.3	1,550.4	13.5%
EBITDA Margin %	18.3%	22.3%	-402 bps	20.9%	-263 bps	16.5%	19.6%	-308 bps
Operating EBITDA Excl. Forex Impacts	510.6	614.3	-16.9%	725.5	-29.6%	1,942.4	1,550.4	25.3%
Operating EBITDA Margin % excl. Forex Impacts	18.3%	22.7%	-439 bps	21.3%	-301 bps	18.2%	19.6%	-137 bps
Depreciation	91.6	52.6	74.2%	66.3	38.1%	233.1	289.3	-19.4%
Finance Cost	0.1	4.1	-98.4%	-0.1	-150.0%	8.0	13.7	-41.8%
Other Income	109.4	58.3	87.6%	72.0	52.0%	239.4	320.5	-25.3%
Prior Period Adjustments (Net of tax)	0.0	0.0	-	0.3	-100.0%	4.5	14.2	-68.0%
PBT	528.4	606.0	-12.8%	717.9	-26.4%	1,754.1	1,553.7	12.9%
Tax Expense	168.2	174.9	-3.8%	238.6	-29.5%	524.3	443.2	18.3%
Minority Interest	0.1	0.1	5.7%	1.5	-92.4%	0.0	0.0	-
PAT after minority interest	360.3	431.2	-16.4%	480.8	-25.1%	1,229.7	1,110.5	10.7%
PAT Margin %	12.9%	15.9%	-301 bps	14.1%	-121 bps	11.5%	14.0%	-250 bps
Earnings Per Share (EPS)	3.99	4.78	-16.5%	5.33	-25.1%	13.63	12.31	10.7%

CONSOLIDATED BALANCE SHEET

Particulars (In Rs Mn)	FY15	FY14
Share Capital	902.2	902.2
Reserves & Surplus	5,642.9	4,655.2
Shareholder's Funds	6,545.1	5,557.4
Minority Interest	0.3	0.2
Non-Current Liabilities		
Long-term borrowings	0.0	0.0
Deferred tax liabilities (net)	215.9	101.8
Long term provisions	5.5	2.1
Total Non-Current Liabilities	221.4	104.0
Current liabilities		
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
Total Current Liabilities	3,699.5	3,480.2
Total Equity & Liabilities	10,466.3	9,141.8

Particulars (In Rs Mn)	FY15	FY14
Non-current assets		
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
Total Non-Current Assets	2,828.8	2,312.5
Current assets		
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
Total Current Assets	7,637.6	6,829.3
Total Assets	10,466.3	9,141.8

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 in strong demand.
- As of 30-Jun-15, Sharda owned 1,284 registrations for formulations & 204 registrations for active ingredients (AIs) and filed 726 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.

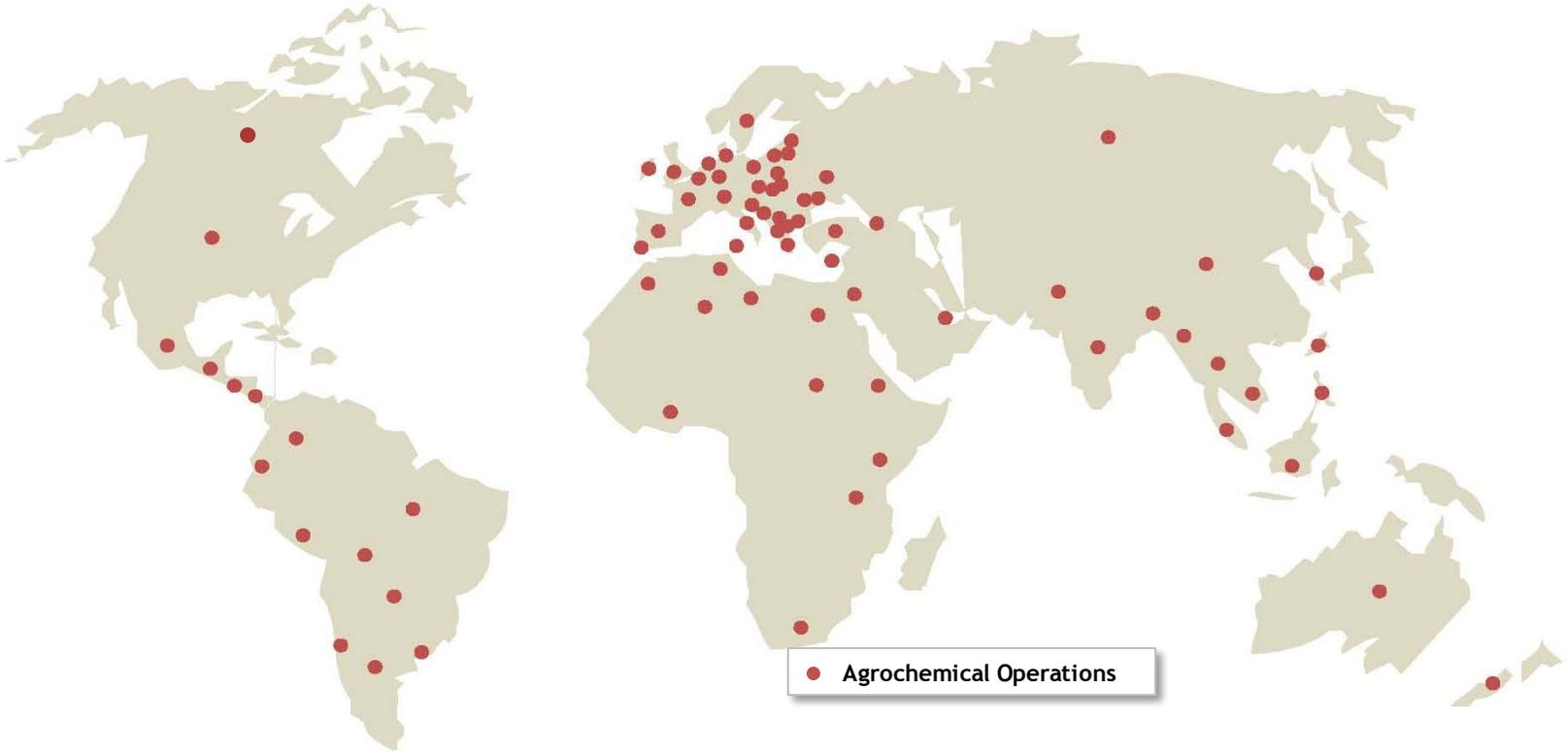
KEY STRENGTHS

- 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 – 23.7%
 - Cash Adj. ROCE – 32.5%
 - ROE – 20.3%

ABOUT US: OUR PRESENCE

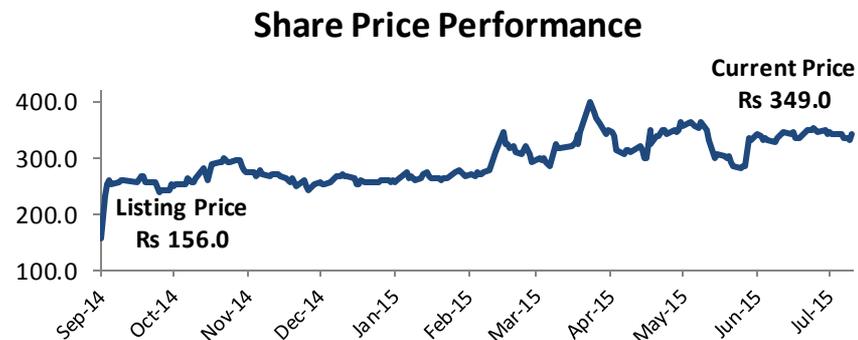


Diversified business operations across the globe leading to reduced risk of adverse market and seasonal conditions



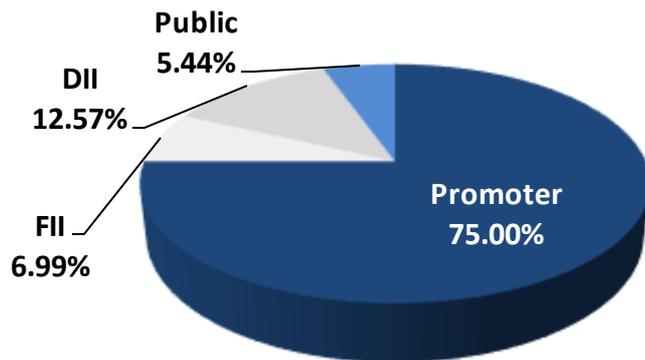
ABOUT US: SHAREHOLDING STRUCTURE

Market Data	As on 05.08.15 (BSE)
Market capitalization (Rs Mn)	31,487.0
Price (Rs.)	349.0
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	408.9 – 217.6



Source: BSE

30 – June – 2015 Shareholding



Source: BSE

Key Institutional Investors at 30 – June - 2015	% Holding
DSP Blackrock Investment Manager	3.95%
HDFC Asset Management	2.66%
Goldman Sachs	1.96%
SBI Funds Management	1.90%
L&T Investment Management	1.85%
Pinebridge Investments	1.55%
Reliance Capital	0.93%
UTI AMC	0.86%
Kuwait Investment Authority	0.79%
Morgan Stanley	0.62%

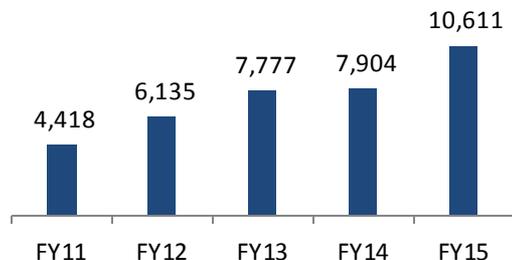
Source: Company

ABOUT US: FINANCIAL SUMMARY

In Rs Mn

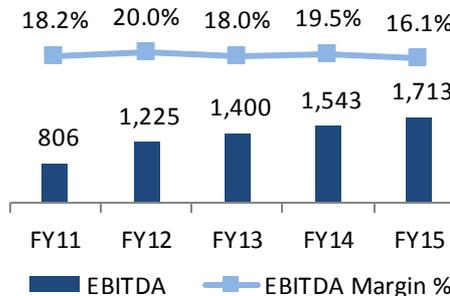
REVENUE FROM OPERATIONS

CAGR: 24.5%



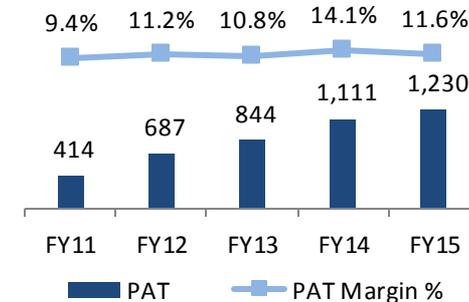
EBITDA & EBITDA Margin

CAGR: 20.7%

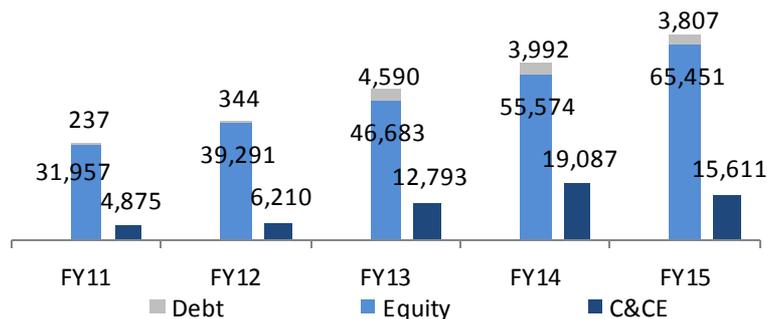


PAT & PAT Margin

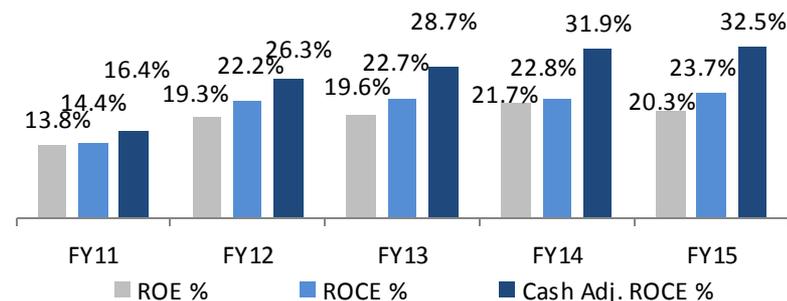
CAGR: 31.3%



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY11, 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)]

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL

Agrochemical Value Chain

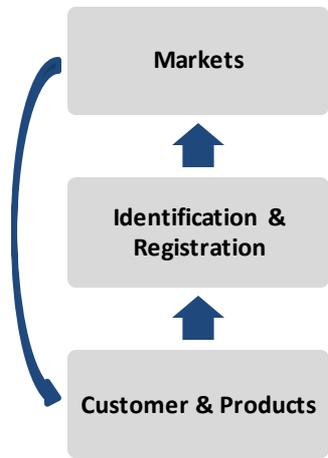
Sharda's Operating Area



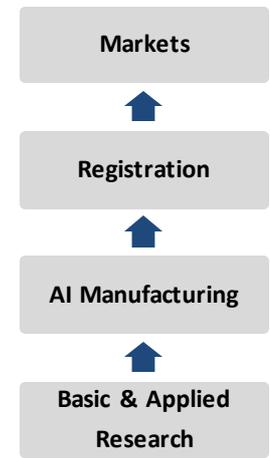
ASSET LIGHT BUSINESS MODEL

- 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 & 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



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DICKENSON**SEAGULL** **IR**

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