



Sharda Cropchem Limited

**Q4 & FY16
RESULTS UPDATE
MAY 2016**



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.

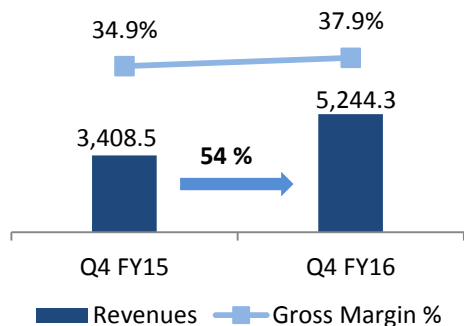
DISCUSSION SUMMARY

- ☐ **Q4 & FY16 Results Highlights**
- ☐ **Q4 & FY16 Consolidated Financials**
- ☐ **About Us**
- ☐ **Business Model**
- ☐ **Business Strategy & Outlook**

Q4 & FY16 RESULTS: KEY HIGHLIGHTS

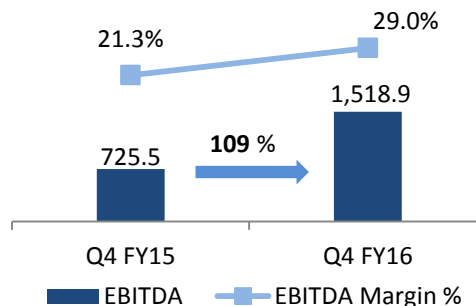
In Rs Mn

REVENUES & GROSS MARGIN

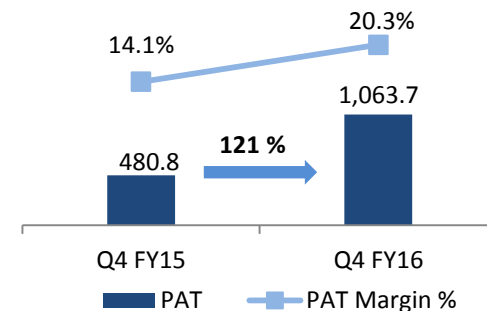


Q4 FY16 YoY ANALYSIS

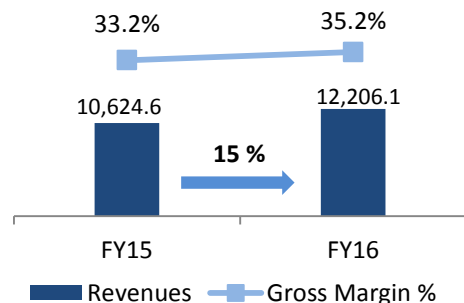
EBITDA & EBITDA MARGIN *



PAT & PAT MARGIN

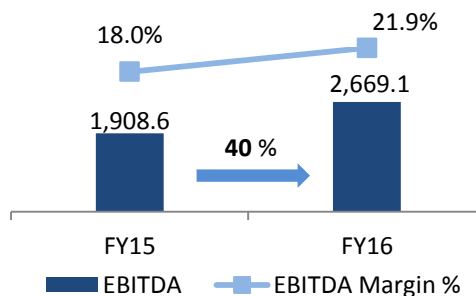


REVENUES & GROSS MARGIN

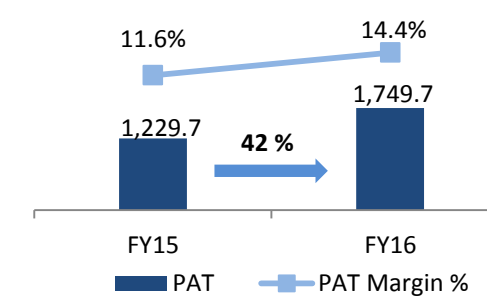


FY16 YoY ANALYSIS

EBITDA & EBITDA MARGIN *



PAT & PAT MARGIN



* Excluding Foreign Exchange Impacts

Q4 & FY16 RESULTS: KEY HIGHLIGHTS

FINANCIAL UPDATE -

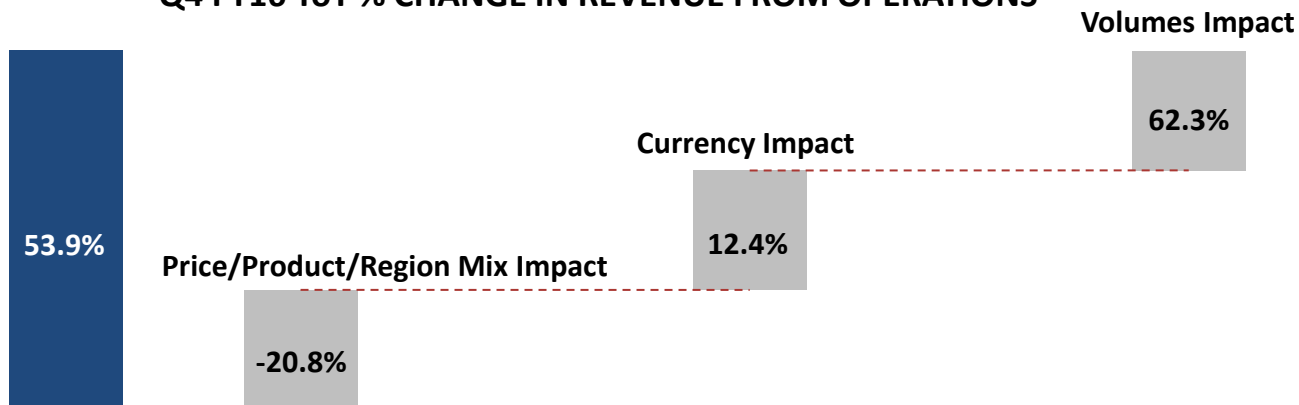
- Q4 FY16 total revenues grew by 53.9% YoY primarily driven by an overall volume growth of 62.3%, across all geographies and favourable currency impact of 12.4%. This was partially offset by adverse price/product/region mix impact of 20.8%. The fourth quarter of the financial year as always is the strongest quarter with highest quarterly sales. The key contributor this quarter has been the European region.
- Q4 FY16 gross profit increased by 67.2% YoY in line with revenues. Q4 FY16 gross margin increased by 303 bps to 37.9% in FY16.
- Q4 FY16 EBIDTA excluding foreign exchange impact increased by 109.4%. Q4 FY16 EBITDA margin increased by 768 bps to 29.0%

OPERATIONAL UPDATE -

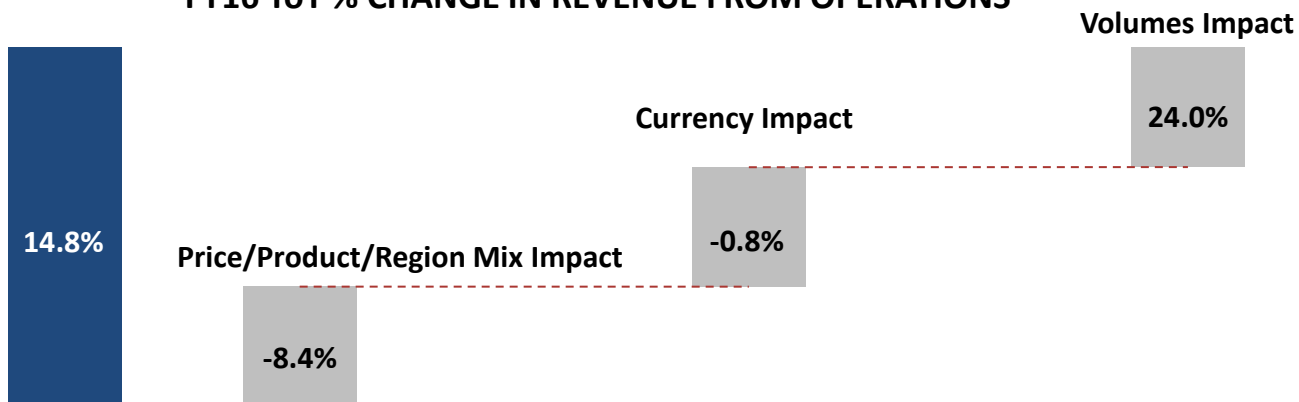
- Total number of registrations increased to 1,765 as on 31st March 2016, compared to 1,626 as on 31st December 2015 and 1,409 as on 31st March 2015.
- The company added 139 registrations in Q4 FY16 and 356 registrations in FY16.
- The company has another 818 registrations in the pipeline across geographies.
- Total revenue contribution from the Top 10 molecules has been 60.4% in FY16 as compared to 58.7% in FY15.

Q4 & FY16 RESULTS: REVENUE ANALYSIS

Q4 FY16 YoY % CHANGE IN REVENUE FROM OPERATIONS



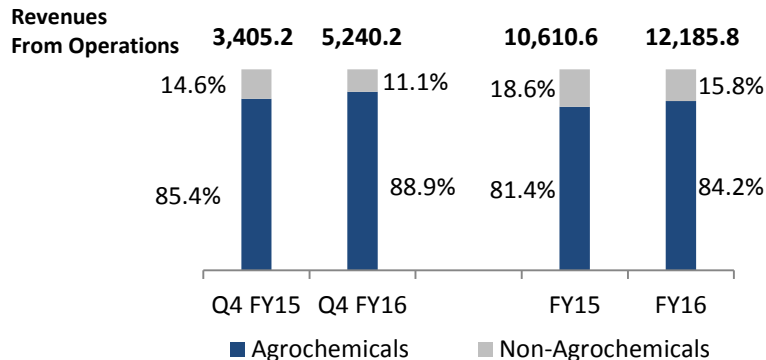
FY16 YoY % CHANGE IN REVENUE FROM OPERATIONS



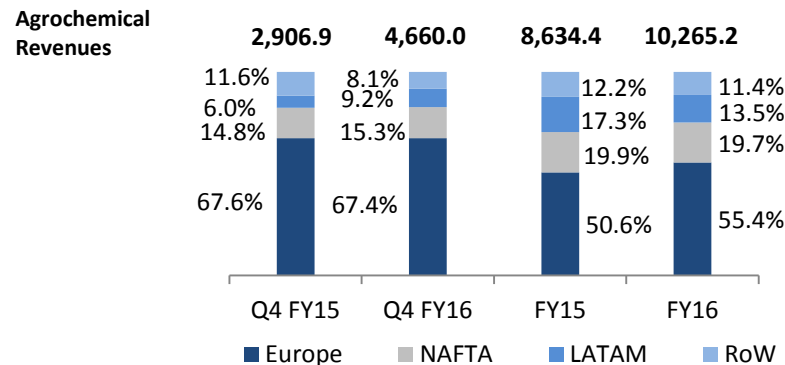
Q4 & FY16 RESULTS: REVENUE ANALYSIS

In Rs Mn

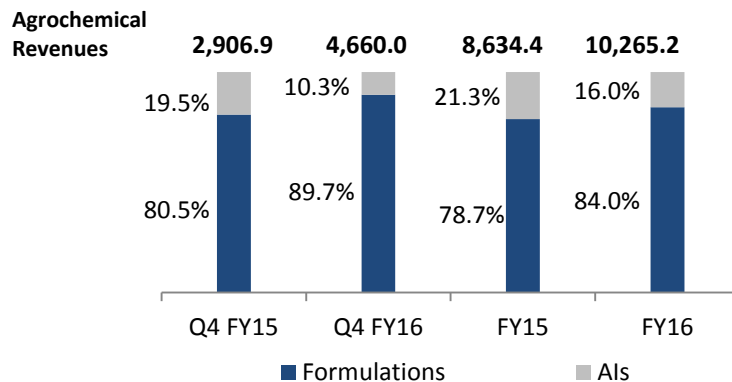
AGROCHEMICALS VS. NON-AGROCHEMICALS



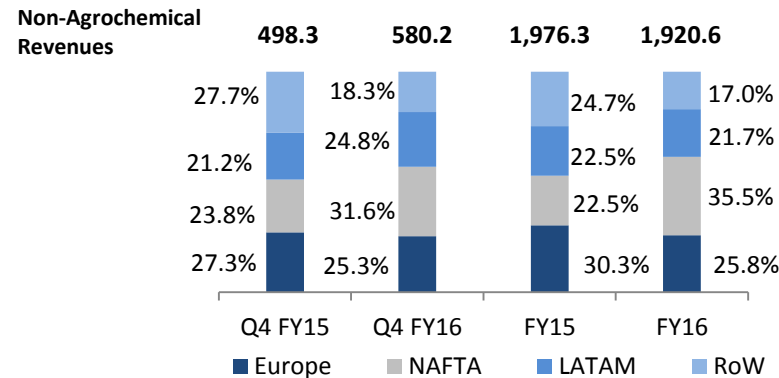
GEOGRAPHICAL PRESENCE – AGROCHEMICAL SALES



FORMULATIONS VS. ACTIVE INGREDIENTS

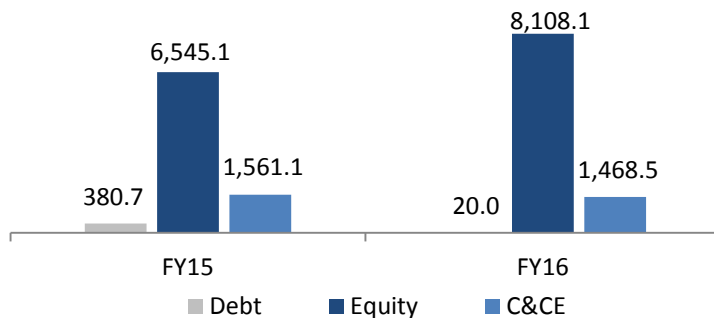


GEOGRAPHICAL PRESENCE – NON-AGROCHEMICAL SALES

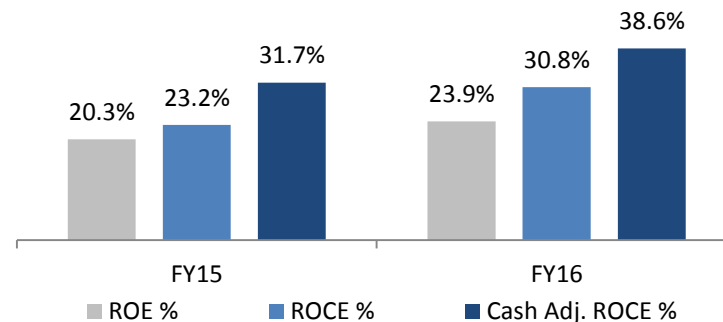


RATIO ANALYSIS

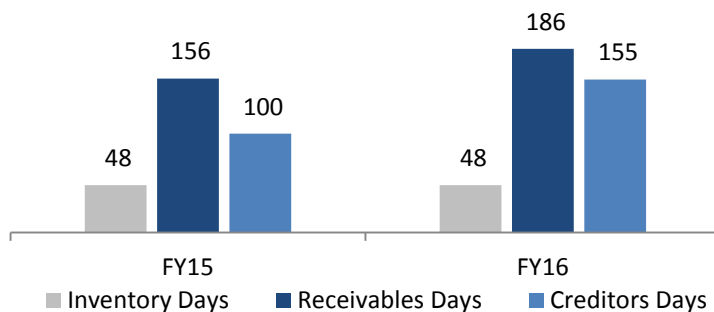
LEVERAGE ANALYSIS (In Rs Mn)



RETURN METRICS



WORKING CAPITAL ANALYSIS *



* Calculated on closing inventory, receivables, creditors

- **Virtually debt-free balance sheet with net cash position of Rs. 1,448.5 mn as of FY16.**
- **Working capital cycle significantly improved from 104 days in FY15 to 79 days in FY16.**

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 FY16	Q4 FY15	YoY %	FY16	FY15	YoY%
Revenue from Operations	5,240.2	3,405.2	53.9%	12,185.8	10,610.6	14.8%
Other Operating Income	4.1	3.3	24.2%	20.3	13.9	46.0%
Total Revenues	5,244.3	3,408.5	53.9%	12,206.1	10,624.6	14.9%
COGS	3,258.2	2,220.9	46.7%	7,922.7	7,100.7	11.6%
Gross Profit	1,986.1	1,187.6	67.2%	4,283.4	3,523.9	21.6%
Gross Margin	37.9%	34.9%	303 bps	35.2%	33.2%	194 bps
Employee Expenses	84.7	72.4	16.9%	274.9	243.7	12.8%
Other Expenses	382.5	402.7	-5.0%	1,339.4	1,553.7	-13.8%
EBITDA	1,518.9	712.4	113.2%	2,669.1	1,726.5	54.6%
EBITDA Margin %	29.0%	20.9%	806 bps	21.9%	16.3%	563 bps
Operating EBITDA Excl. Forex Impacts	1,518.9	725.5	109.4%	2,669.1	1,908.6	39.8%
Operating EBITDA Margin % excl. Forex Impacts	29.0%	21.3%	768 bps	21.9%	18.0%	392 bps
Depreciation	100.4	66.3	51.3%	350.5	233.1	50.4%
Finance Cost	5.4	-0.1	-	5.5	8.0	-31.2%
Other Income	137.8	72.0	91.4%	277.3	273.3	1.5%
Prior Period Adjustments (Net of tax)	8.6	0.3	-	5.0	4.5	11.1%
PBT	1,542.4	717.9	114.8%	2,585.3	1,754.1	47.4%
Tax Expense	477.8	238.6	100.3%	835.0	524.3	59.2%
Minority Interest	0.9	-1.5	-160.1%	0.7	-	-
PAT after minority interest	1,063.7	480.8	121.2%	1,749.7	1,229.7	42.3%
PAT Margin %	20.3%	14.1%	618 bps	14.4%	11.6%	277 bps
Earnings Per Share (EPS) In Rs.	11.79	5.33	121.2%	19.39	13.63	42.3%

CONSOLIDATED BALANCE SHEET

Particulars (In Rs Mn)	FY16	FY15
Equities & Liabilities		
Shareholder's Funds		
Share Capital	902.2	902.2
Reserves & Surplus	7,205.9	5,642.9
	8,108.1	6,545.1
Minority Interest	0.9	0.3
Non-Current Liabilities		
Deferred Tax Liability	389.2	215.9
Long-term Provisions	9.3	5.5
	398.5	221.4
Current Liabilities		
Short-term Borrowings	20.0	380.7
Trade Payables	3,837.3	2,280.9
Other Current Liabilities	785.8	720.6
Short-term Provisions	57.6	317.3
	4,700.7	3,699.5
Total Equity & Liabilities	13,208.2	10,466.3

Particulars (In Rs Mn)	FY16	FY15
Assets		
Non-Current Assets		
Fixed Assets		
Tangible assets	14.3	15.2
Intangible assets	1,283.7	864.5
Intangible assets under development	2,098.4	1,487.8
Goodwill on consolidation	3.8	3.8
Deferred Tax Assets (net)	-	0.6
Non-Current Investments	-	90.0
Long-term Loans & Advances	407.0	366.8
	3,807.2	2,828.7
Current Assets		
Current Investments	819.8	858.8
Inventories	1,598.4	1,395.8
Trade Receivables	6,199.8	4,544.4
Cash & Bank Balance	648.7	702.4
Short-term Loans & Advances	107.2	124.2
Other Current Assets	27.1	12.0
	9,401.0	7,637.6
Total Assets	13,208.2	10,466.3

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 31st March 2016, Sharda owned 1,545 registrations for formulations and 220 registrations for active ingredients (AIs) and filed 818 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

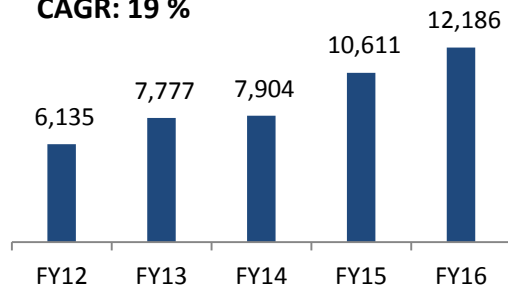
- Consolidated Revenues, EBITDA and PAT were Rs 12,206.1 mn, Rs 2,669.1 mn and Rs 1,749.7 mn in FY16 having grown at CAGR of 19%, 22% and 26% over FY12 to FY16.
- Strong balance sheet and asset light model resulting into a strong cash position of Rs 1,448.5 mn (net of gross debt of Rs 20.0 mn) and equity 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

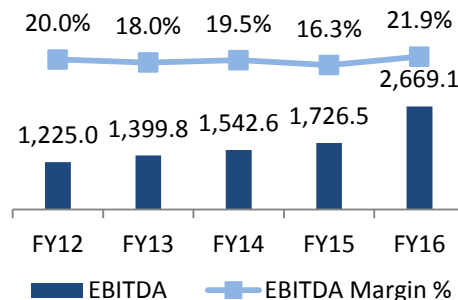
REVENUE FROM OPERATIONS

CAGR: 19 %



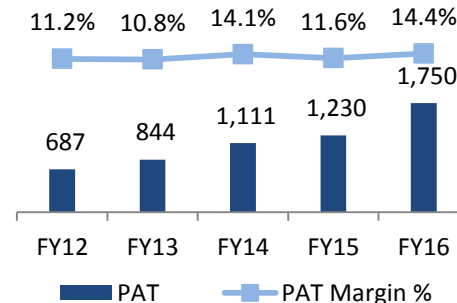
EBITDA & EBITDA Margin

CAGR: 22 %

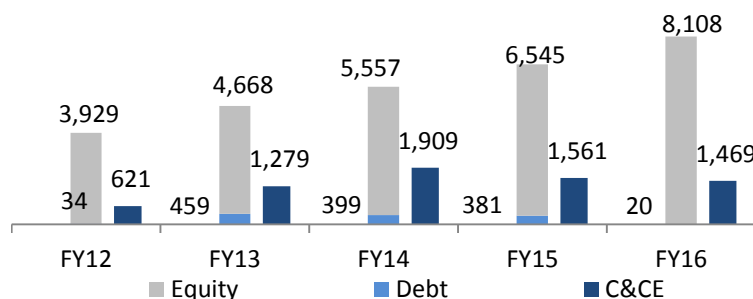


PAT & PAT Margin

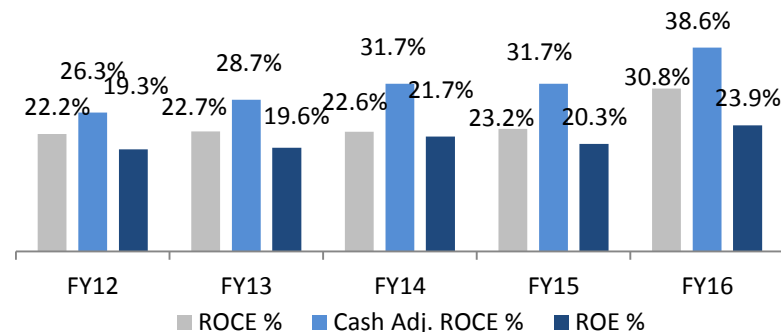
CAGR: 26 %



LEVERAGE ANALYSIS



RETURN METRICS



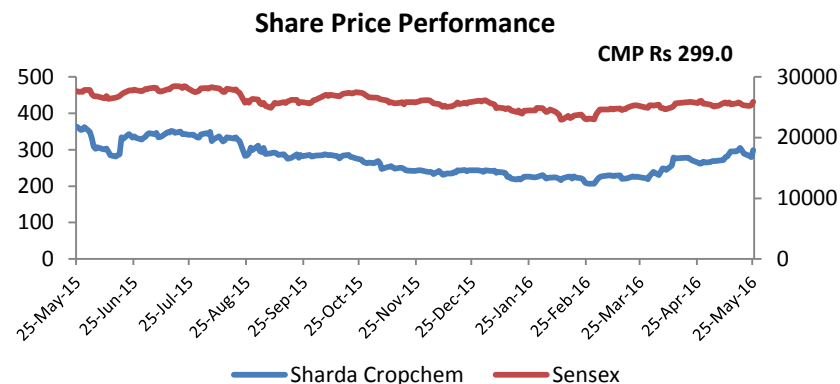
Source: Figures for FY12 and FY13 are sourced from Red Herring Prospectus of the company.

PAT Margin = PAT / Revenue from Operations, EBITDA Margin = EBITDA (excl. Other Income) / Revenue from Operations,

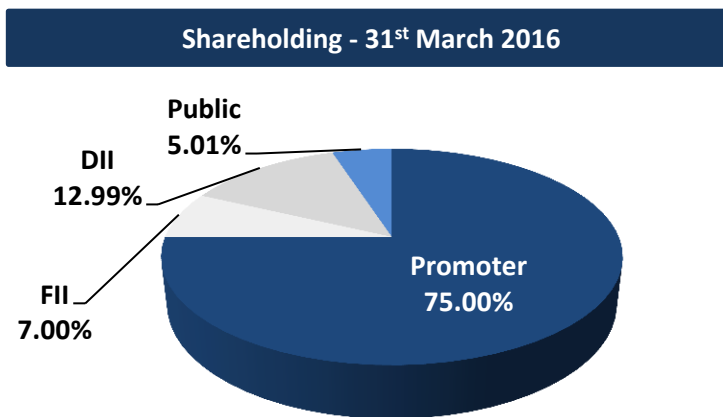
ROE: PAT/Avg. Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt), (Cash Adj. Capital Employed = Equity + Total Debt – C&CE)]

ABOUT US: SHAREHOLDING STRUCTURE

Market Data	As on 25.05.16 (BSE)
Market capitalization (Rs Mn)	26,975.9
Price (Rs.)	299.0
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	369.9 – 203.3



Source: BSE



Source: Company

Key Institutional Investors - 31 st March 2016	% Holding
DSP Blackrock Investment Manager	6.23%
HDFC Asset Management	3.54%
Pinebridge Investments	2.48%
Goldman Sachs	2.02%
SBI Funds Management	1.64%
UTI MF	0.86%
Amansa Holdings Pvt Ltd	0.83%
Kuwait Investment Authority Fund	0.65%
Reliance Capital	0.64%

Source: Company

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL

Agrochemical Value Chain

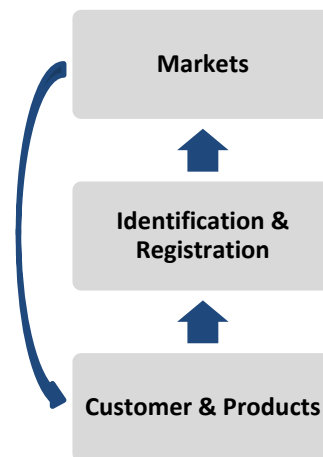
Sharda's Operating Area



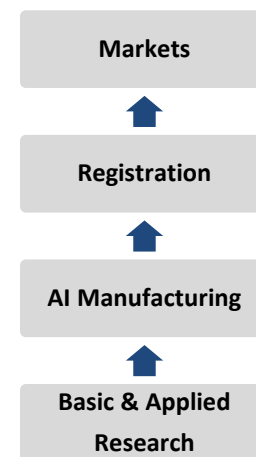
ASSET LIGHT BUSINESS MODEL

- 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



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
Contact No: +91 22 6678 2800



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