

Sharda Cropchem Limited

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ISO 9001: 2008 Reg. No: 690257
CIN: L51909MH2004PLC145007



January 27, 2018

The Manager
National Stock Exchange India Limited
Listing Department
"Exchange Plaza", 5th Floor
Bandra- Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Symbol: SHARDACROP EQ

Subject: Investors/Analyst's Presentation for the Quarter and Nine Months ended December 31, 2017

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), we are enclosing herewith the presentation to be made to the Investors/Analysts on the Financial Results of the Company for the quarter and nine months ended December 31, 2017.

The presentation is also being uploaded on the website of the Company www.shardacropchem.com in accordance with Regulation 46 of the Listing Regulations.

We request you to take the same on record.

Yours faithfully,

Jetkin Gudhka



Jetkin Gudhka
Company Secretary
& Compliance Officer

Encl: As above

SHARDA CROPChem LIMITED

Q3 & 9M FY18 RESULTS UPDATE

January 2018



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.

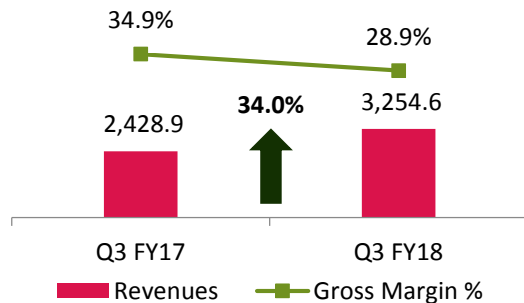
In particular, such statements should not be regarded as a projection of future performance of Sharda. It should be noted that the actual performance or achievements of Sharda may vary significantly from such statements.

- ☐ **Q3 & 9M FY18 Results Highlights**
- ☐ **Q3 & 9M FY18 Consolidated Financials**
- ☐ **About Us**
- ☐ **Business Model**
- ☐ **Business Strategy & Outlook**

Q3 & 9M FY18 RESULTS: KEY HIGHLIGHTS

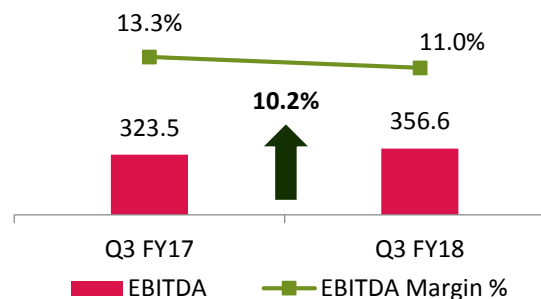


REVENUES & GROSS MARGIN



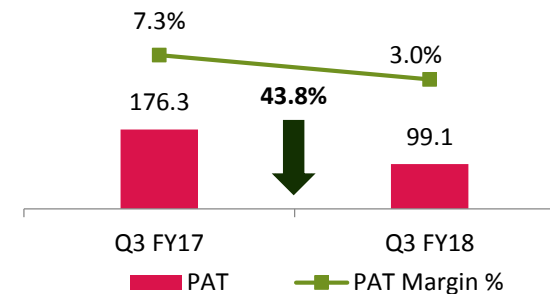
Q3 FY18 YoY ANALYSIS

EBITDA & EBITDA MARGIN



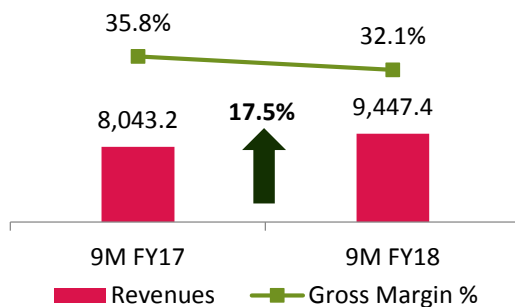
In Rs Mn

PAT & PAT MARGIN

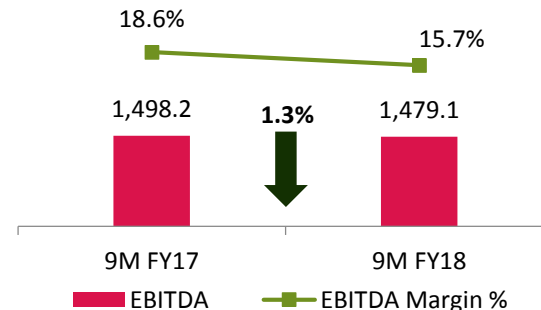


9M FY18 YoY ANALYSIS

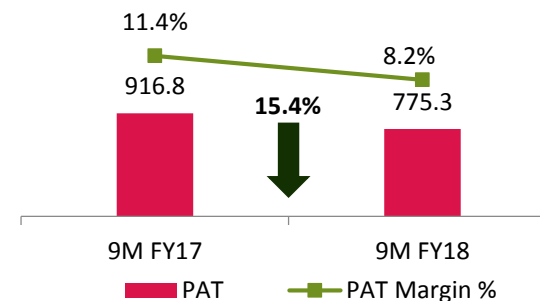
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



Q3 & 9M FY18 RESULTS: KEY HIGHLIGHTS



FINANCIAL UPDATE -

- Q3 FY18 Revenues increased by 34% YoY from Rs. 2,428.9 mn to Rs. 3,254.6 mn.
 - Region-wise growth YoY– Europe: 40.3%, NAFTA: 80.9%, LATAM: 1.5%, ROW -16.5%
- Q3 FY18 gross profit increased by 10.6% YoY from Rs. 848.7 mn to Rs. 939.0 mn. Gross margin declined by 609 bps from 34.9% to 28.9% primarily due to rising procurement prices of raw materials from China.
- Q3 FY18 EBIDTA including foreign exchange impacts increased by 10.2% YoY from Rs. 323.5 mn to Rs. 356.6 mn. EBIDTA margin declined by 236 bps from 13.3% to 11.0%.
- Q3 FY18 EBIDTA excluding foreign exchange impacts increased by 0.2% YoY from Rs. 355.7 mn to Rs. 356.6 mn. EBIDTA margin declined by 369 bps from 14.6% to 11.0%.
- Q3 FY18 depreciation increased by 48.0% from Rs 123.9 mn to Rs 183.4 mn due to higher base of intangible assets on account of registrations.
- Q3 FY18 PAT declined by 43.8% from Rs. 176.3 mn to Rs. 99.1 mn. PAT margin declined by 421 bps from 7.3% to 3.0%.

OPERATIONAL UPDATE -

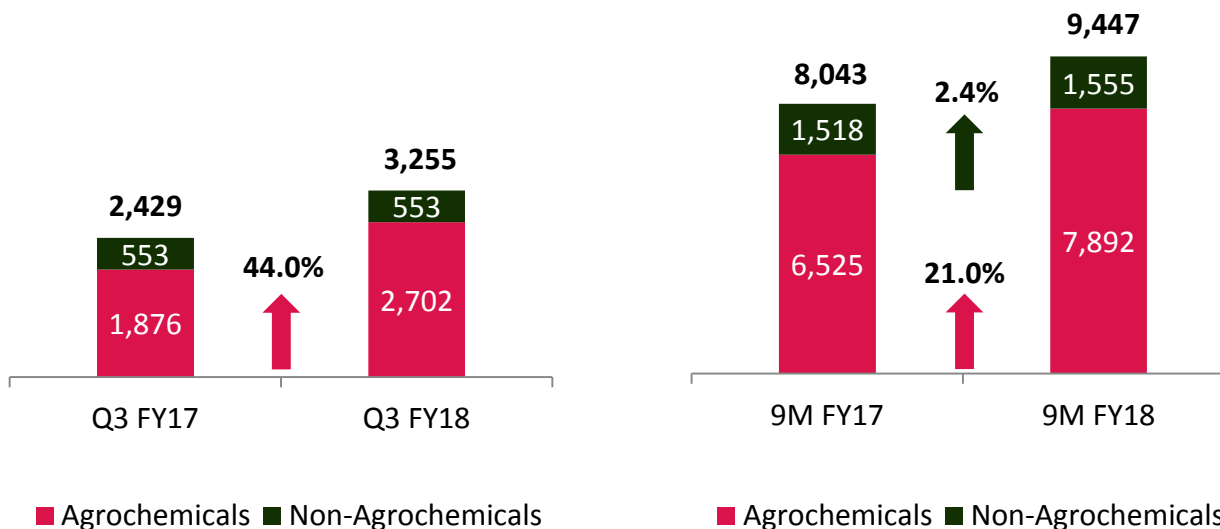
- Total number of registrations were 2,133 as of 31st Dec-17 as compared to 2,087 as of 30th Sep-17.
- The company has another 852 registrations in pipeline across geographies.
- Revenue contribution from Top 10 molecules reduced from 56.0% in 9M FY17 to 50.3% in 9M FY18.

Q3 & 9M FY18 RESULTS: DIVISION WISE HIGHLIGHTS



In Rs Mn

Q3 & 9M FY18 YoY ANALYSIS: REVENUE BREAKUP



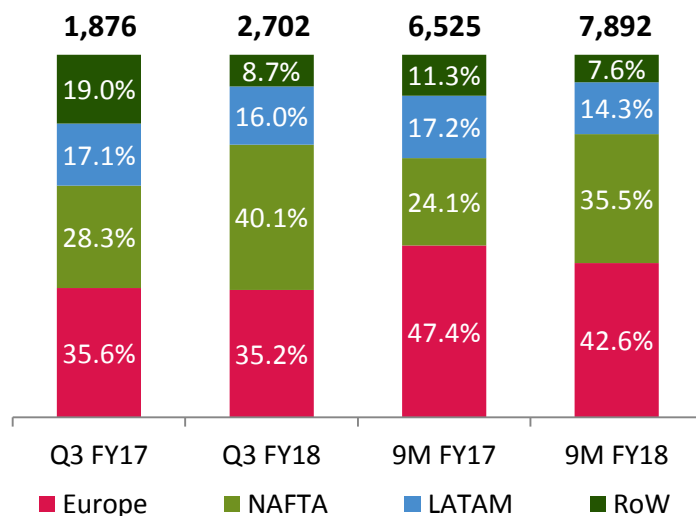
Division Revenue Share %	Q3 FY17	Q3 FY18	9M FY17	9M FY18
Agrochemicals	77.2 %	83.0 %	81.1 %	83.5 %
Non-Agrochemicals	22.8 %	17.0 %	18.9 %	16.5 %

Q3 & 9M FY18 RESULTS: AGROCHEMICAL BUSINESS

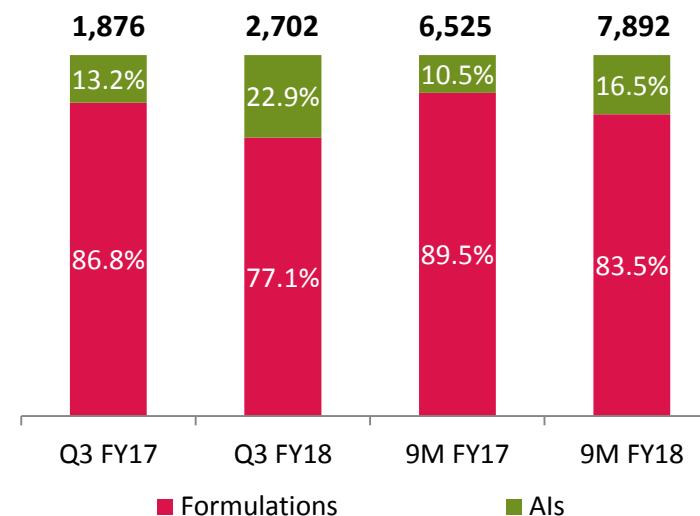


In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs

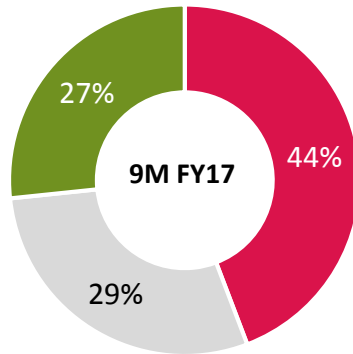


- Revenues in NAFTA region have risen by 104% in Q3 FY18 on the back of increase in new registrations.
- Revenues increased by 42% in Europe in Q3 FY18.
- Revenues in LATAM region has increased by 35% in Q3FY18.
- Revenues in ROW region declined by 34% in Q3FY18.

9M FY18 RESULTS: AGROCHEMICAL BUSINESS

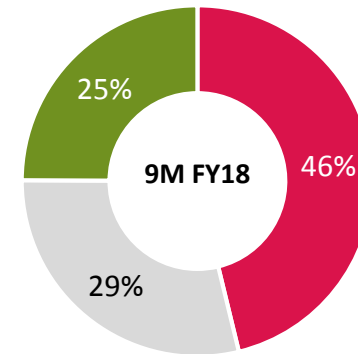


REVENUE BREAKUP: PRODUCT TYPE



■ Herbicides ■ Fungicides ■ Insecticides

REVENUE BREAKUP: PRODUCT TYPE



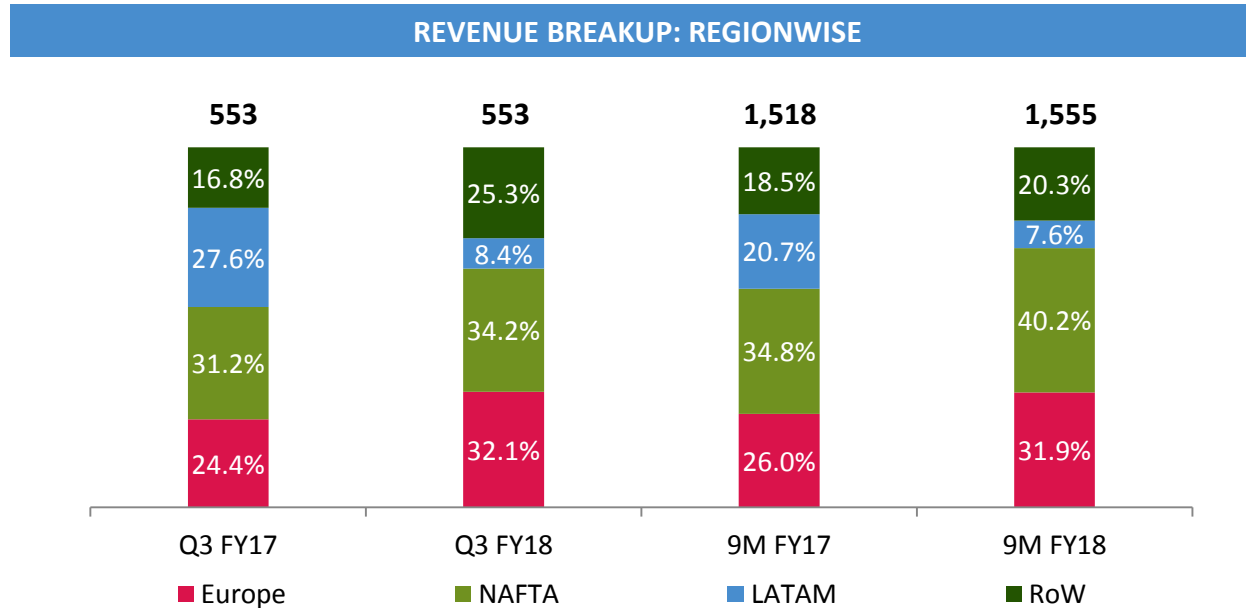
■ Herbicides ■ Fungicides ■ Insecticides

- Herbicides revenues have grown by 27.3% YoY in 9M FY18 to Rs 3,646.9 mn
- Fungicides revenues have grown by 20.5% YoY in 9M FY18 to Rs 2,278.5 mn
- Insecticides revenues have grown by 11.1% YoY in 9M FY18 to Rs 1,967.2 mn

Q3 & 9M FY18 RESULTS: NON-AGROCHEMICAL BUSINESS

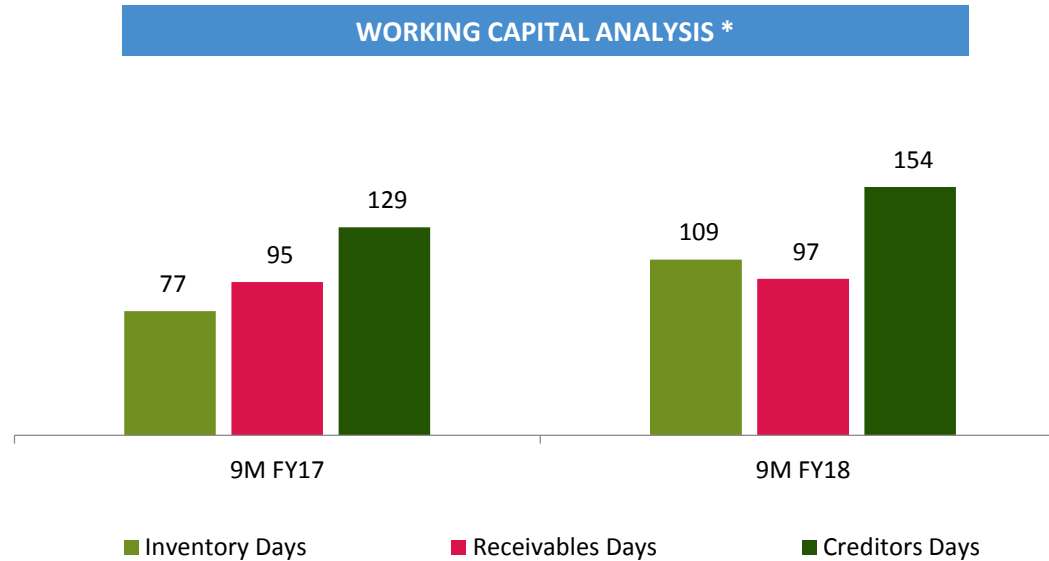


In Rs Mn



- Revenues in Europe & NAFTA region have risen by 31.3% and 9.8% respectively during Q3 FY18.
- Revenues in LATAM declined by 69.5% while in ROW increased by 49.9% during Q3 FY18.

9M FY18 RESULTS: WORKING CAPITAL ANALYSIS



NET WORKING CAPITAL DAYS
9M FY17: 43
9M FY18: 52

* Calculated on average inventory, receivables, creditors

Q3 & 9M FY18 RESULTS: CONSOLIDATED PROFIT & LOSS STATEMENT



Particulars (In Rs Mn)	Q3 FY18	Q3 FY17	YoY %	9M FY18	9M FY17	YoY %	FY17
Revenue from Operations	3,254.6	2,428.9	34.0%	9,447.4	8,043.2	17.5%	13,992.3
COGS	2,315.6	1,580.2	46.5%	6,418.1	5,162.0	24.3%	8973.7
Gross Profit	939.0	848.7	10.6%	3,029.3	2,881.2	5.1%	5,018.6
Gross Margin	28.9%	34.9%	-609 bps	32.1%	35.8%	-376 bps	35.9%
Employee Expenses	79.3	67.6	17.3%	224.8	197.6	13.8%	288.8
Other Expenses	503.1	457.6	10.0%	1325.3	1185.4	11.8%	1606.1
EBITDA	356.6	323.5	10.2%	1,479.1	1,498.2	-1.3%	3,123.7
EBITDA Margin %	11.0%	13.3%	-236 bps	15.7%	18.6%	-297 bps	22.3%
EBITDA Excl. Forex Impacts	356.6	355.7	0.2%	1,479.1	1,551.5	-4.7%	3,124.2
EBITDA Margin % excl. Forex Impacts	11.0%	14.6%	-369 bps	15.7%	19.3%	-363 bps	22.3%
Depreciation	183.4	123.9	48.0%	513.9	369.2	39.2%	562.6
Finance Cost	1.6	0.0	9111.8%	2.7	0.1	1823.9%	0.5
Other Income	27.2	42.7	-36.3%	190.0	141.2	34.6%	156.8
PBT	198.9	242.3	-17.9%	1,152.6	1,270.1	-9.3%	2,717.5
Tax Expense	99.8	66.1	51.0%	377.3	353.3	6.8%	813.9
PAT	99.1	176.3	-43.8%	775.3	916.8	-15.4%	1,903.6
PAT Margin %	3.0%	7.3%	-421 bps	8.2%	11.4%	-319 bps	13.6%
Earnings Per Share (EPS) In Rs.	1.10	1.95	-26.40%	8.59	10.16	-26.40%	21.11

ABOUT US: COMPANY OVERVIEW



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 December 2017, Sharda owned 1,911 registrations for formulations and 222 registrations for active ingredients (AIs) and filed 852 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 79 countries with an established global marketing & distribution network (more than 724 third-party distributors and over 115 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 13,992 mn, Rs 3,124 mn and Rs 1,904 mn in FY17
- Strong balance sheet and asset light model resulting into a strong cash position of Rs 1,684 mn (net of gross debt of Rs 2.4 mn) and equity of Rs 9,599 mn in FY17.
- Healthy Return Ratios in FY17:
 - ROCE – 29.0%
 - ROE – 21.6%

ABOUT US: OUR PRESENCE

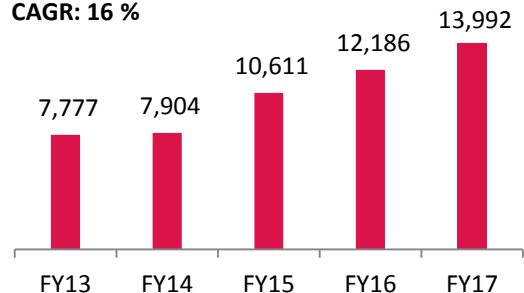


ABOUT US: FINANCIAL SUMMARY



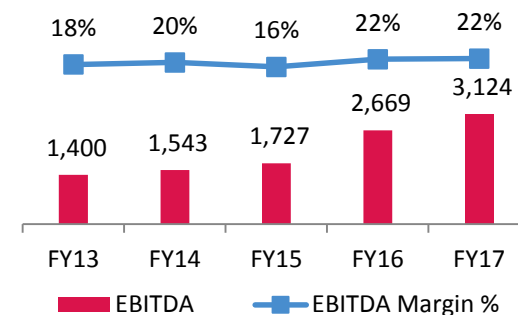
REVENUE FROM OPERATIONS

CAGR: 16 %



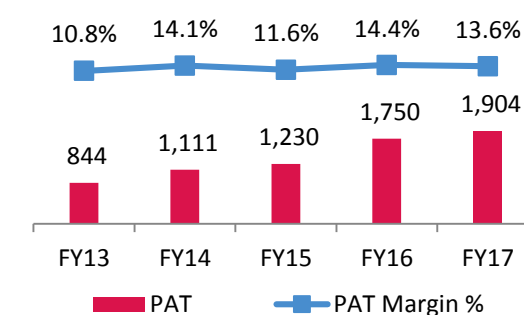
EBITDA & EBITDA Margin

CAGR: 22 %

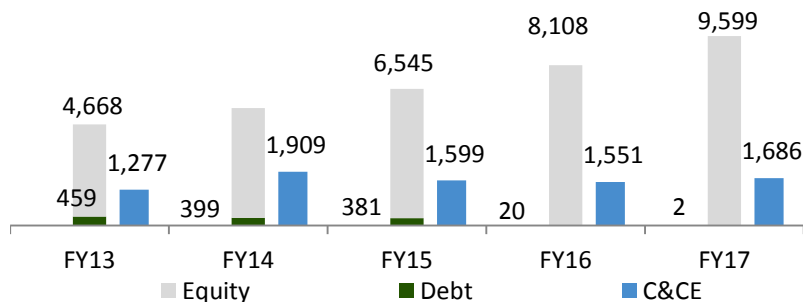


PAT & PAT Margin

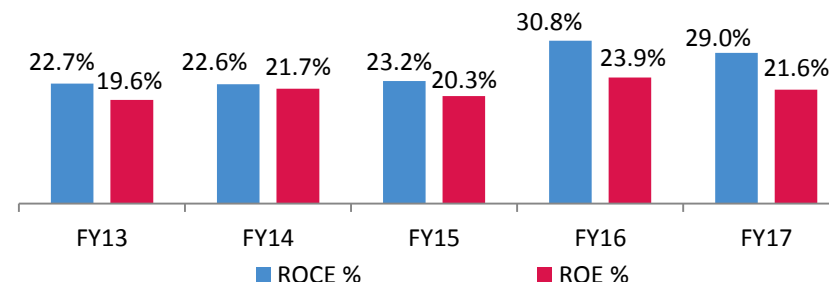
CAGR: 23 %



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY13 are sourced from Red Herring Prospectus of the company. FY13 to FY15 are IGAAP, FY16 and FY17 are IND-AS

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)]

ABOUT US: SHAREHOLDING STRUCTURE



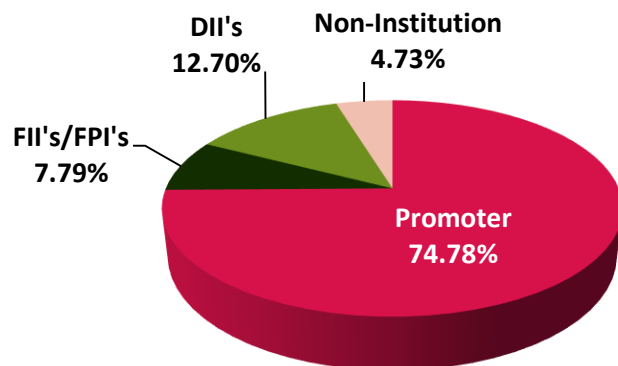
Key Institutional Investors – 31 st Dec 2017	% Holding
DSP Blackrock Investment Manager	6.27%
HDFC MF	4.56%
Pinebridge Investments	4.00%
Goldman Sachs	2.16%
SBI Funds Management	1.67%

Source: BSE

Market Data	As on 25 th January 2018
Market capitalization (Rs Mn)	40,761.4
Price (Rs.)	451.9
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	567.8 – 419.0

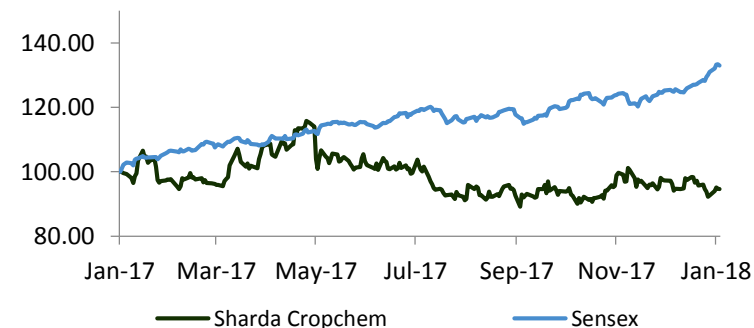
Source: BSE

Shareholding – 31st Dec 2017



Source: BSE

Share Price Performance



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL



Agrochemical Value Chain

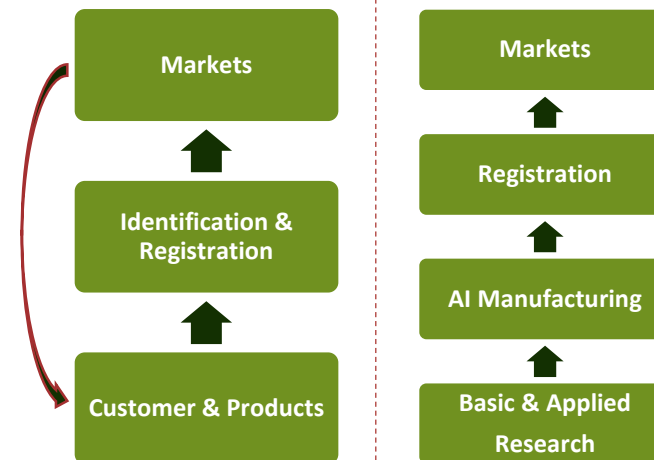
 Sharda's Operating Area



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.

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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