Sharda Cropchem Limited

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

January 24, 2019

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 ended December 31, 2018

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 ended December 31, 2018.

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,

Sharda Cropchem Limited MUMBAI 400 056

Jetkin Gudhka
Company Secretary
& Compliance Officer

Encl: As above

SHARDA CROPCHEM LIMITED

Q3 & 9M FY19 RESULTS UPDATE

January 2019

Sharda Cropchem Limited

DISCLAIMER

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.

DISCUSSION SUMMARY

Sharda Cropchem Limited

- Q3 & 9M FY19 Result Highlights
- Consolidated Financials
- About Us
- Business Model
- Business Strategy & Outlook

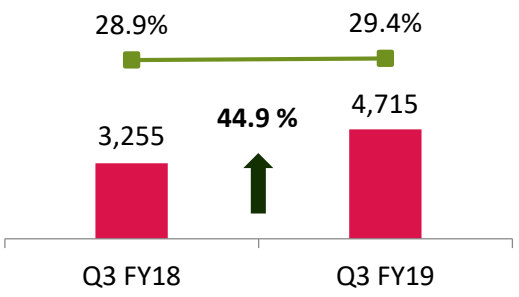
Q3 & 9M FY19: KEY HIGHLIGHTS

Sharda Cropchem Limited

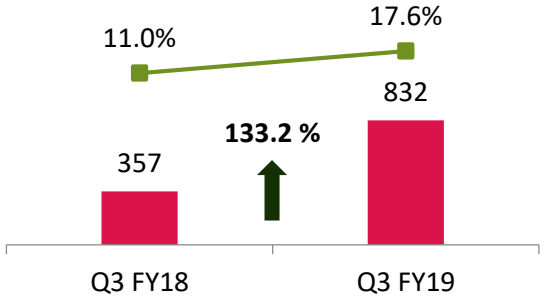
Q3 FY19 YoY ANALYSIS

In Rs Mn

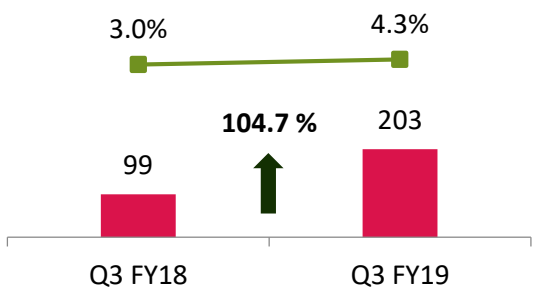
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN*

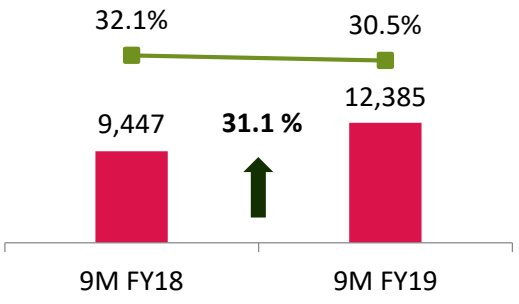


PAT & PAT MARGIN

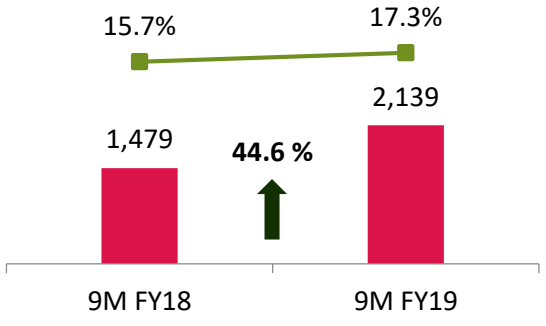


9M FY19 YoY ANALYSIS

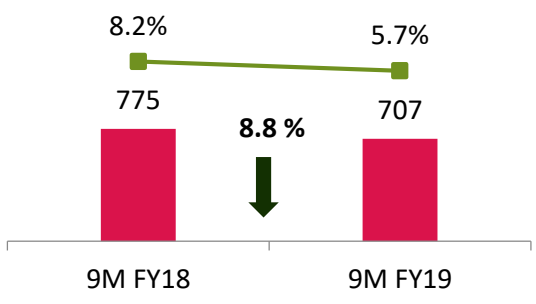
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN*



PAT & PAT MARGIN



* EBITDA excluding foreign exchange impacts and IA & IAUD write-off (Rs 314.2 mn in Q3 FY19 & Rs 422.4 mn in 9M FY19)

IA & IAUD – Intangible Assets & Intangible Assets Under Development

Q3 & 9M FY19: KEY HIGHLIGHTS

Sharda Cropchem Limited

FINANCIAL UPDATE -

- Q3 FY19 Revenues increased by 44.9% YoY from Rs. 3,255 mn to Rs. 4,715 mn.
    - Region-wise growth YoY – Europe: 22.3%, NAFTA: 75.2%, LATAM: -56.8%, ROW: 152.9%.
- Q3 FY19 gross profit increased by 47.9% YoY from Rs. 939 mn to Rs. 1,388 mn. Gross margin increased by 60 bps from 28.9% to 29.4%.
- Q3 FY19 EBITDA excluding foreign exchange impacts and CWIP write-off increased by 133.2% YoY from Rs. 357 mn to Rs. 832 mn. EBIDTA margin increased by 668 bps from 11.0% to 17.6%.
- Q3 FY19 depreciation increased by 27.2% from Rs 183 mn to Rs 233 mn.
- Q3 FY19 PAT increased by 104.7% from Rs. 99 mn to Rs. 203 mn.
- Balance sheet has become debt-free (Rs 1,697 mn in Mar-18) and cash balance & investments has increased from Rs 1,226 mn in Mar-18 to Rs 2,084 mn in Dec-18, backed by healthy free cashflow generation during 9M FY19.

OPERATIONAL UPDATE -

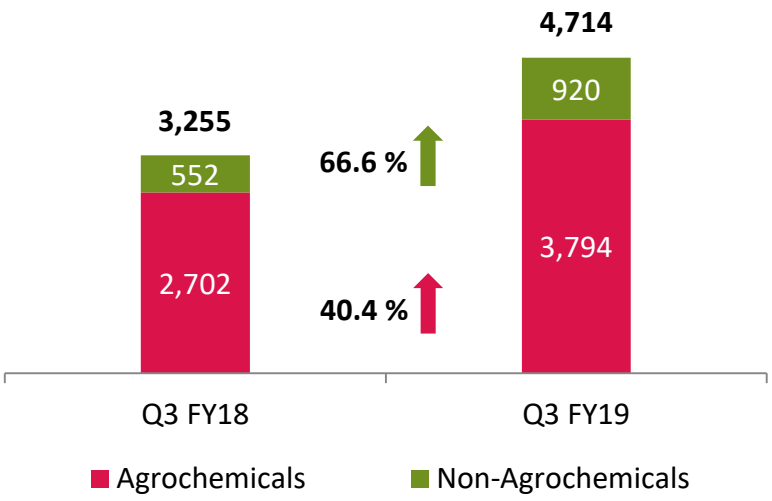
- Total number of registrations were 2,412 as of December-18 as compared to 2,157 as of March-18.
- The company has another 913 registrations in pipeline across geographies.
- Revenue contribution from Top 10 molecules is 49.4% in 9M FY19 as against 50.3% in 9M FY18.

Q3 & 9M FY19: DIVISION WISE HIGHLIGHTS

Sharda Cropchem Limited

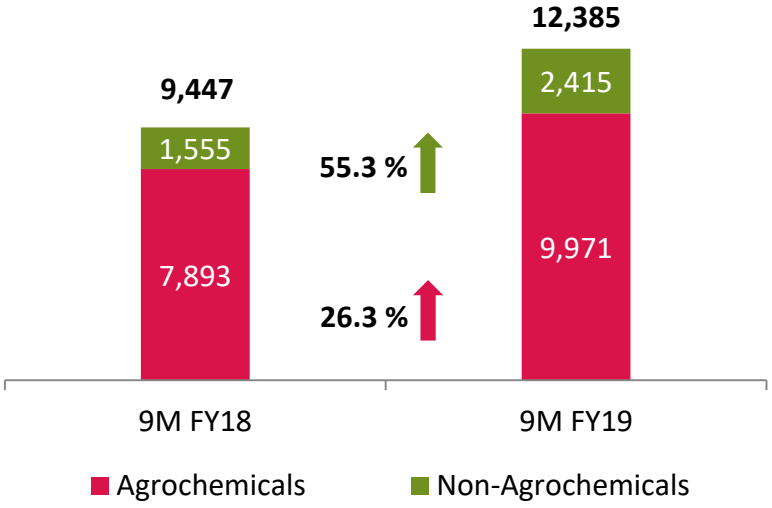
In Rs Mn

Q3 FY19 YoY ANALYSIS: REVENUE BREAKUP



Division Revenue Share %	Q3 FY18	Q3 FY19
Agrochemicals	83.0%	80.5%
Non-Agrochemicals	17.0%	19.5%

9M FY19 YoY ANALYSIS: REVENUE BREAKUP



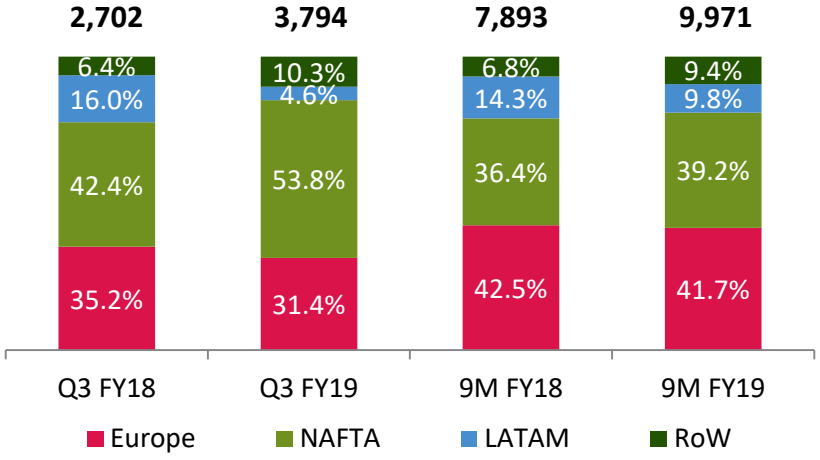
Division Revenue Share %	9M FY18	9M FY19
Agrochemicals	83.5%	80.5%
Non-Agrochemicals	16.5%	19.5%

Q3 & 9M FY19: AGROCHEMICAL BUSINESS

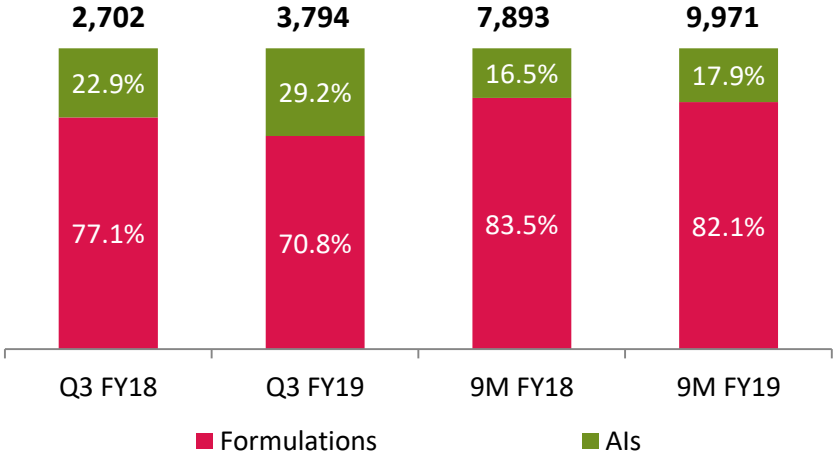
Sharda Cropchem Limited

In Rs Mn

REVENUE BREAKUP: REGIONWISE



REVENUE BREAKUP: FORMULATIONS VS. AIs

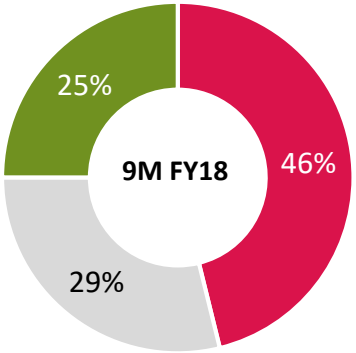


- Revenues in Europe increased by 25.2% in Q3 FY19
- Revenues in NAFTA grew by 77.9% in Q2 FY19 due to improved performance in USA
- Revenues in LATAM declined by 59.7% in Q3 FY19 due to lower sales in Argentina
- Revenues in ROW grew by 126.7% in Q3 FY19

Q3 & 9M FY19: AGROCHEMICAL BUSINESS

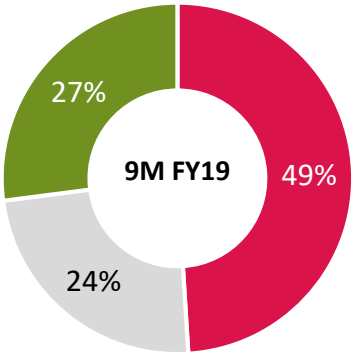
Sharda Cropchem Limited

REVENUE BREAKUP: PRODUCT TYPE



Herbicides Fungicides Insecticides

REVENUE BREAKUP: PRODUCT TYPE



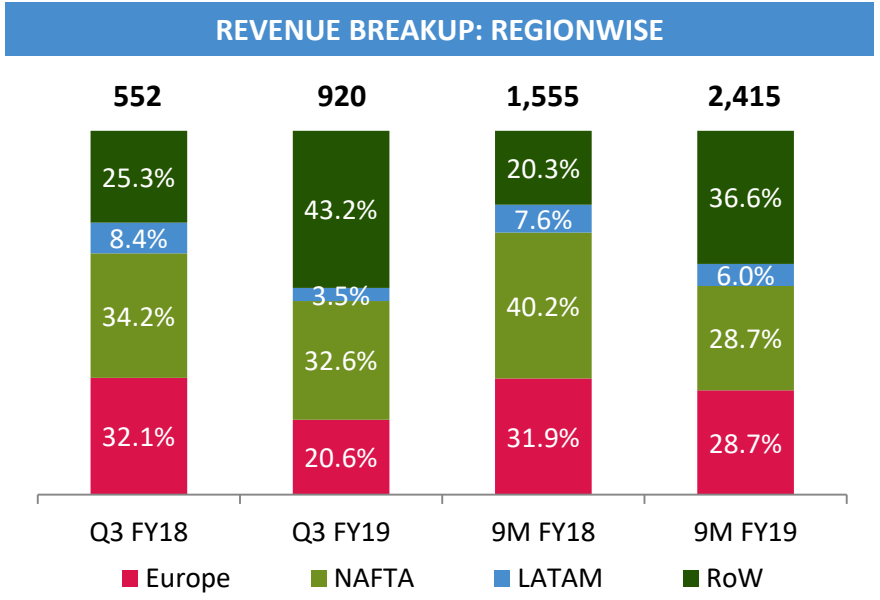
Herbicides Fungicides Insecticides

- Herbicides revenues grew by 34.2% YoY in 9M FY19 to Rs 4,887 mn
- Fungicides revenues grew by 4.8% YoY in 9M FY19 to Rs 2,388 mn
- Insecticides revenues grew by 36.7% YoY in 9M FY19 to Rs 2,696 mn

Q3 & 9M FY19: NON-AGROCHEMICAL BUSINESS

Sharda Cropchem Limited

In Rs Mn

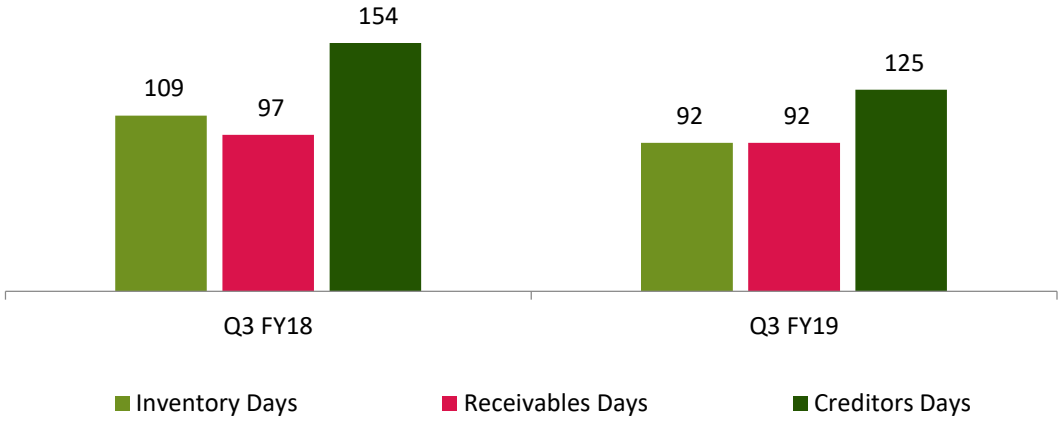


- Revenues in Europe grew by 6.8% in Q3 FY19 to Rs 189 mn
- Revenues in NAFTA grew by 59.1% in Q3 FY19 to Rs 300 mn
- Revenues in LATAM declined by 30.0% in Q3 FY19 to Rs 33 mn
- Revenues in RoW grew by 185.3% in Q3 FY19 to Rs 398 mn

Q3 & 9M FY19: WORKING CAPITAL ANALYSIS

Sharda Cropchem Limited

WORKING CAPITAL ANALYSIS *



NET WORKING CAPITAL DAYS
9M FY18: 53
9M FY19: 60

* Calculated on average inventory, receivables, creditors

Q3 & 9M FY19: CONSOLIDATED PROFIT & LOSS STATEMENT

Sharda Cropchem Limited

Particulars (In Rs Mn)	Q3 FY19	Q3 FY18	YOY%	9M FY19	9M FY18	YOY%	FY18
Total Revenue	**4,714.5**	**3,254.6**	**44.9%**	**12,385.4**	**9,447.4**	**31.1%**	**17,133.9**
COGS	3,326.1	2,315.6	43.6%	8,610.4	6,418.1	34.2%	11,437.4
Gross Profit	**1,388.4**	**939.0**	**47.9%**	**3,775.0**	**3,029.3**	**24.6%**	**5,696.4**
Gross Margin %	**29.4%**	**28.9%**	**60bps**	**30.5%**	**32.1%**	**-159bps**	**33.2%**
Employee Expenses	79.3	79.3	0.0%	239.4	224.8	6.5%	335.4
Other Expenses	836.1	503.1	66.2%	2,002.6	1,325.3	51.1%	1,906.9
EBITDA	**473.0**	**356.6**	**32.6%**	**1,532.9**	**1,479.1**	**3.6%**	**3,454.2**
EBITDA Margin %	**10.0%**	**11.0%**	**-92bps**	**12.4%**	**15.7%**	**-328bps**	**20.2%**
EBITDA Excl Forex impacts *	**831.5**	**356.6**	**133.2%**	**2,139.4**	**1,479.1**	**44.6%**	**3,454.2**
EBITDA Margin Excl Forex impacts % *	**17.6%**	**11.0%**	**668bps**	**17.3%**	**15.7%**	**162bps**	**20.2%**
Depreciation	233.2	183.4	27.2%	613.6	513.9	19.4%	699.4
Financial Cost	4.2	1.6	165.3%	81.8	2.7	2982.6%	48.5
Other Income	46.0	27.2	69.0%	260.9	190.0	37.3%	165.6
Profit Before Tax (PBT)	**281.6**	**198.9**	**41.6%**	**1,098.5**	**1,152.6**	**-4.7%**	**2,871.9**
Tax	78.8	99.8	-21.1%	391.4	377.3	3.7%	964.2
Profit After Tax (PAT)	**202.8**	**99.1**	**104.7%**	**707.1**	**775.3**	**-8.8%**	**1,907.7**
PAT Margin %	**4.3%**	**3.0%**	**126bps**	**5.7%**	**8.2%**	**-250bps**	**11.1%**
Earning Per Share (EPS) in Rs.	**2.25**	**1.10**	**104.5%**	**7.84**	**8.59**	**-8.7%**	**21.15**

* EBITDA excluding foreign exchange impacts and IA & IAUD write-off (Rs 314.2 mn in Q3 FY19 & Rs 422.4 mn in 9M FY19)

IA & IAUD – Intangible Assets & Intangible Assets Under Development

ABOUT US: COMPANY OVERVIEW

Sharda Cropchem Limited

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 2018, Sharda owned 2,154 registrations for formulations and 258 registrations for active ingredients (AIs) and filed 913 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 80 countries with an established global marketing & distribution network. ▪ 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 17,134 mn, Rs 3,454 mn and Rs 1,908 mn in FY18
	▪ Strong balance sheet position with net debt of Rs 467 mn and equity of Rs 11,351 mn in FY18
	▪ Healthy Return Ratios in FY18:
	  ▪ ROCE – 24.3%
	  ▪ ROE – 18.2%

ABOUT US: OUR PRESENCE

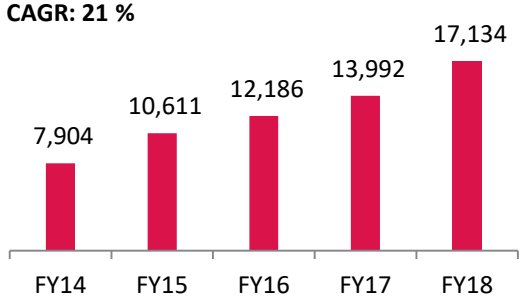
Sharda Cropchem Limited

ABOUT US: FINANCIAL SUMMARY

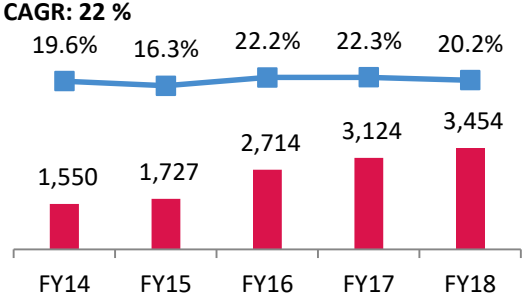
Sharda Cropchem Limited

In Rs Mn

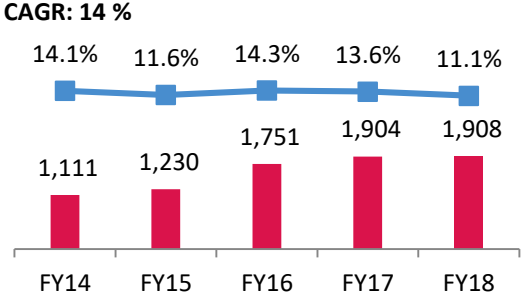
REVENUE FROM OPERATIONS



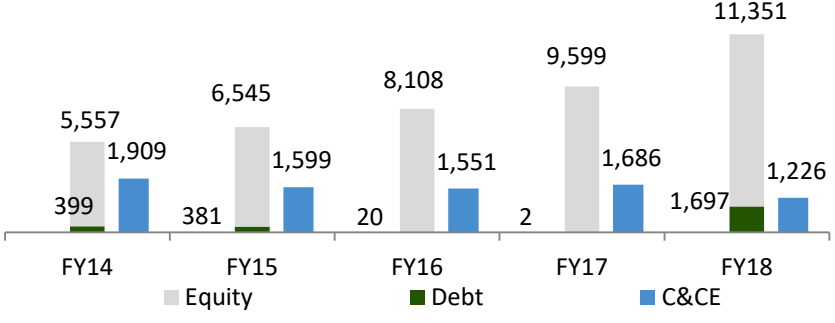
EBITDA & EBITDA Margin



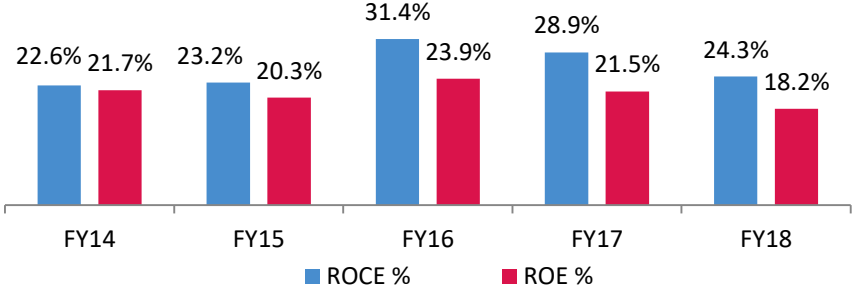
PAT & PAT Margin



LEVERAGE ANALYSIS



RETURN METRICS



Source: Figures for FY14 to FY15 are IGAAP, FY16, FY17 and FY18 are IND-AS, PAT Margin = PAT / Revenue from Operations, EBITDA Margin = EBITDA / Revenue from Operations, ROE: PAT/Avg. Equity, ROCE: EBIT/Avg. Capital Employed [(Capital Employed = Equity + Total Debt)

ABOUT US: SHAREHOLDING STRUCTURE

Sharda Cropchem Limited

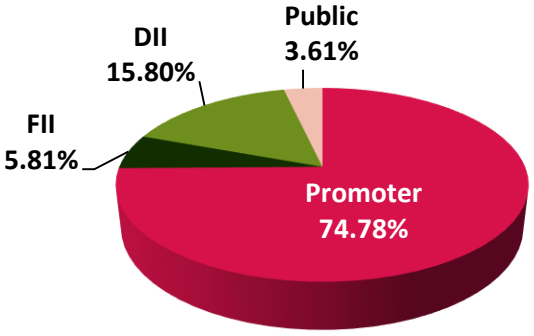
KEY INSTITUTIONAL INVESTORS – 31ST DEC 2018	% HOLDING
HDFC MF	8.90%
Pinebridge	4.14%
L & T Mutual Fund	4.02%
DSP Blackrock Investment Manager	2.73%

Source: BSE

MARKET DATA	AS ON 23RD DEC 2018
Market capitalization (Rs Mn)	27,183
Price (Rs.)	301.3
No. of shares outstanding (Mn)	90.2
Face Value (Rs.)	10.0
52 week High-Low (Rs.)	476.0 – 259.9

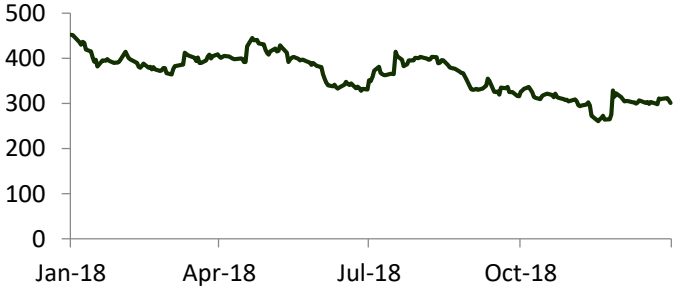
Source: BSE

SHAREHOLDING – 31ST DEC 2018



Source: BSE

SHARE PRICE PERFORMANCE



Source: BSE

DIFFERENTIATED BUSINESS MODEL: ASSET LIGHT MODEL

Sharda Cropchem Limited

Agrochemical Value Chain

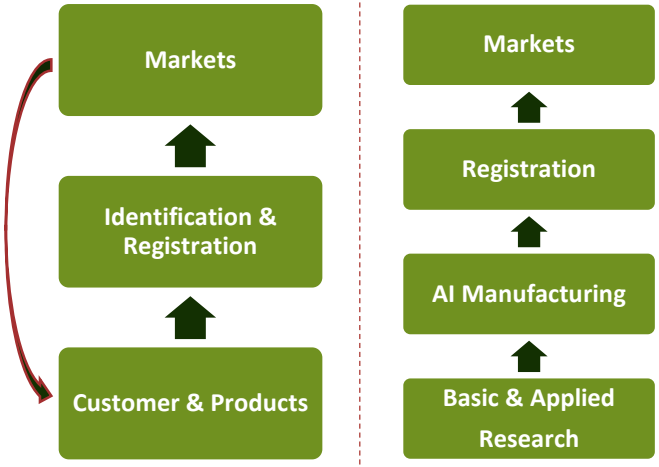
Sharda's Operating Area

Basic & Applied Research → Identification → Registration → Active Ingredient Manufacturing → Formulation & Packaging → Marketing & Distribution

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 FOCUSSED GLOBAL AGROCHEMICAL MARKETING & DISTRIBUTION COMPANY

BUSINESS STRATEGY & OUTLOOK

Sharda Cropchem Limited

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

Sharda Cropchem Limited

FOR FURTHER QUERIES:

Sharda Cropchem Limited

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DICKENSON

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Contact no: +91 9819289131