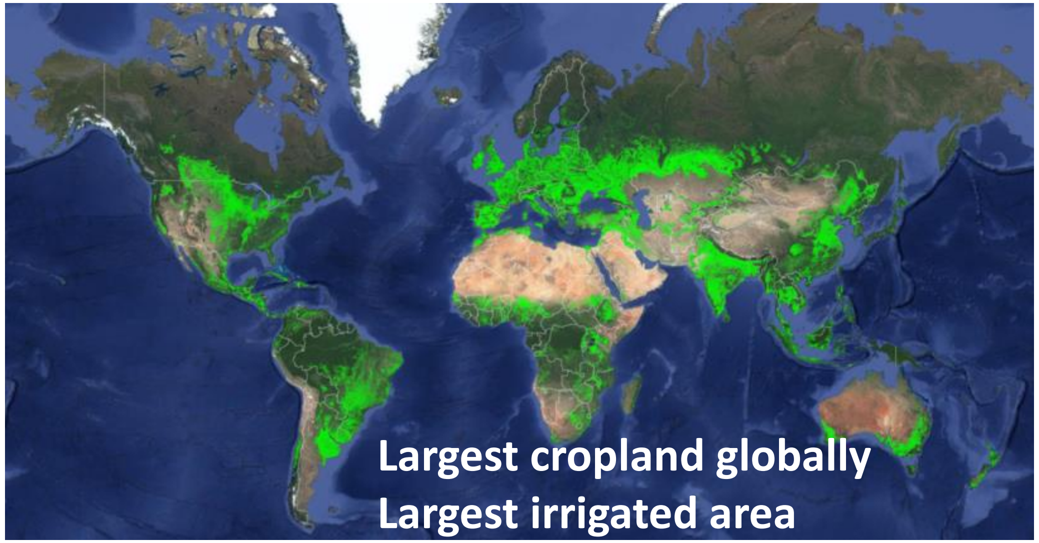
Coromandel: Future Positive

Aug 2019

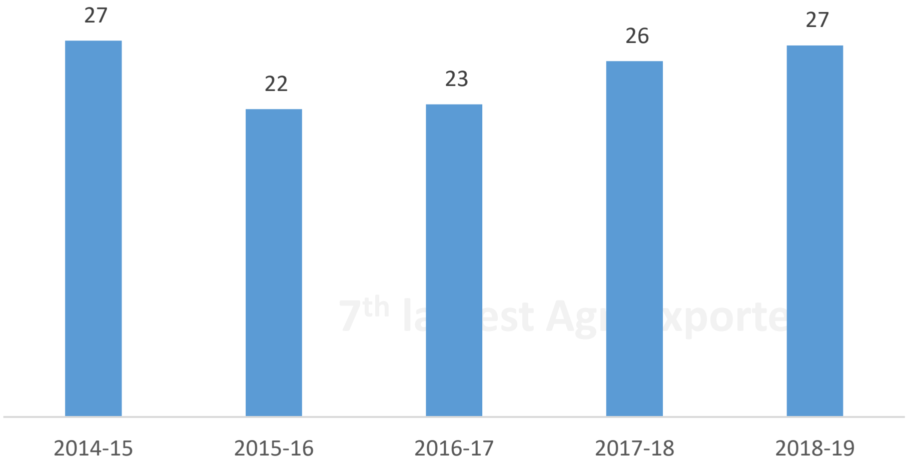

Agri Landscape
Birds Paradise:
Bio-Diversity at Coromandel's Kakinada Plant

Indian Agriculture: The Global Giant



Source: U.S. Geological Survey

India Agri Products Export - in USD Bn



Source: APEDA

Crop	India Ranking	% Share
Pulses	1st	21%
Seed Cotton	2nd	22%
F & V	2nd	11%
Sugarcane	2nd	18%
Cereals	3rd	10%

Source: FAOSTAT

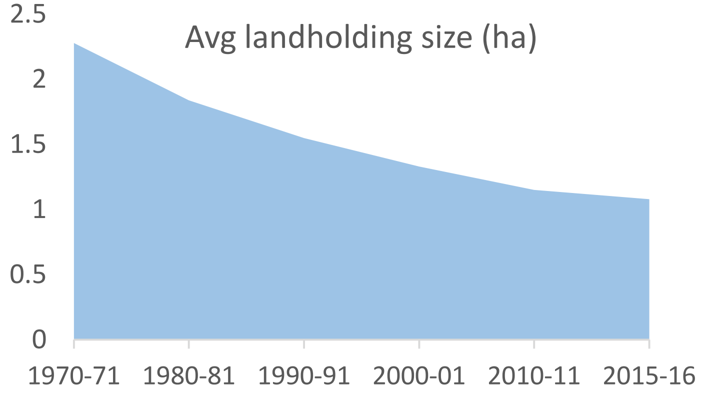
3rd largest Agriculture producer globally

Agriculture : Contribution to Indian Economy

- **18%** contribution to GDP
- **8%** of country exports
- **44%** of employment

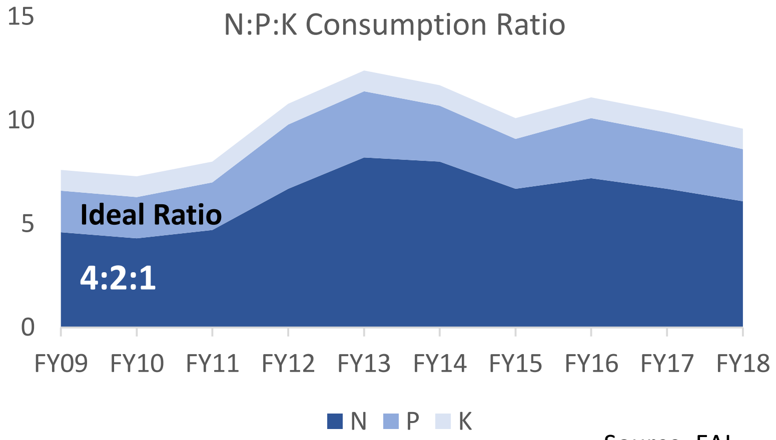
….But Productivity Gaps exist

Falling per capita land holding



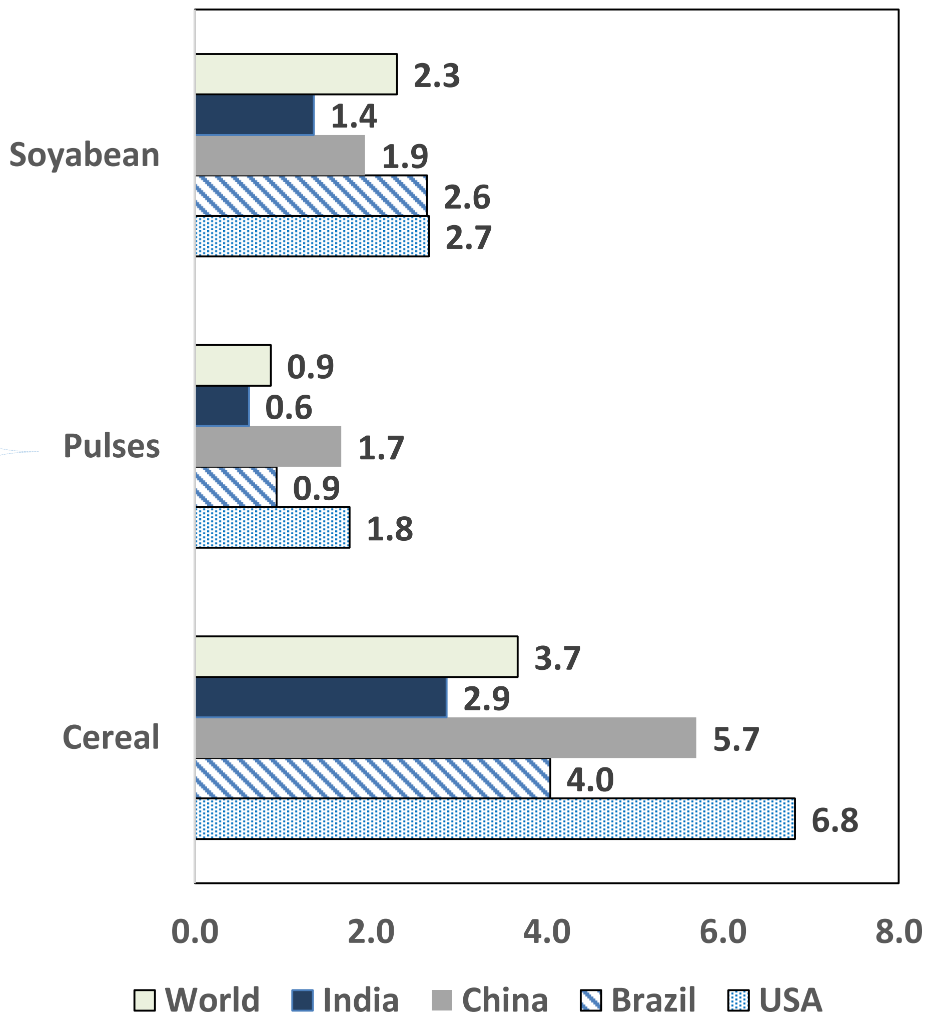
Source: Ministry of Agri

Imbalanced Nutrient Usage



Source: FAI

Yield comparison (Tonnes/ ha)



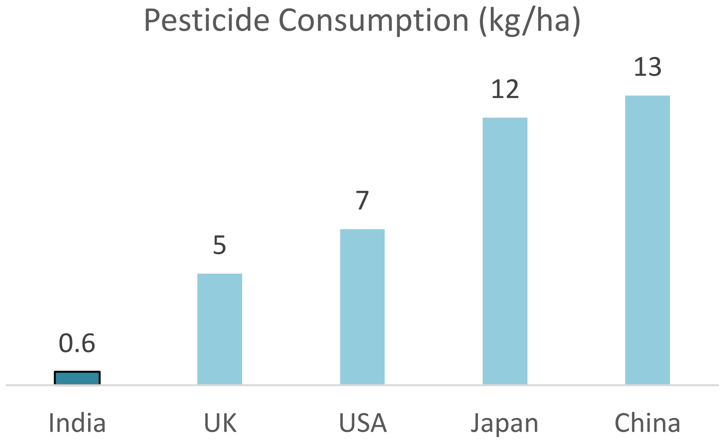
Source: FAO

Low Mechanization

Country	Level of farm Mechanization
India	40%
Brazil	75%
USA	95%
West Eur	95%
Russia	80%
China	48%

Source: World Bank, FAO

Low Crop Protection consumption

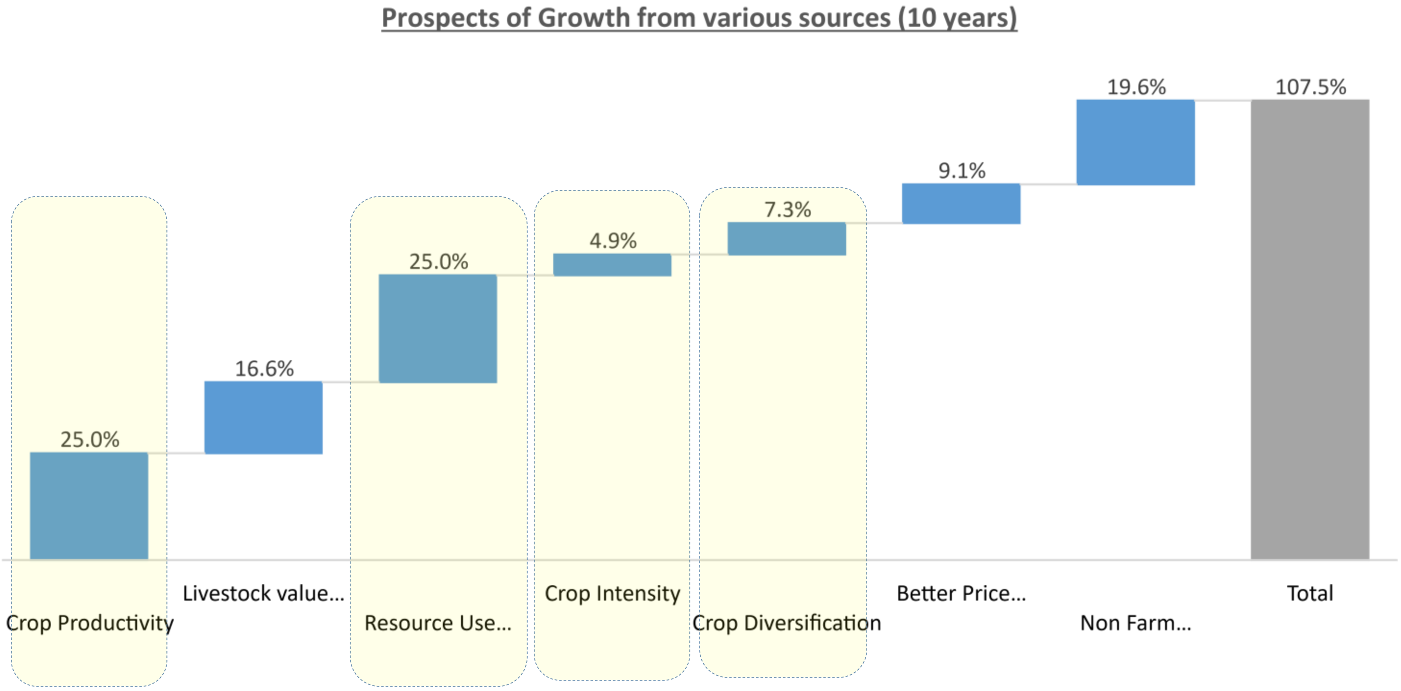


Source: FICCI

Mega Growth Opportunities for bridging the productivity gaps

Efforts being made to Double Farmer Income by 2022

Coromandel



Source: Niti Aayog

- **Increasing output** – Productivity, Cropping Intensity
- **Improving realization** – Price Discovery, Remunerative pricing, Crop Diversification
- **Reducing cost** - Balanced Application, Resource Use efficiency
- **Covering Risk** – Crop Insurance, Livestock & Non farm income

Highlights in Union Budget 19-20

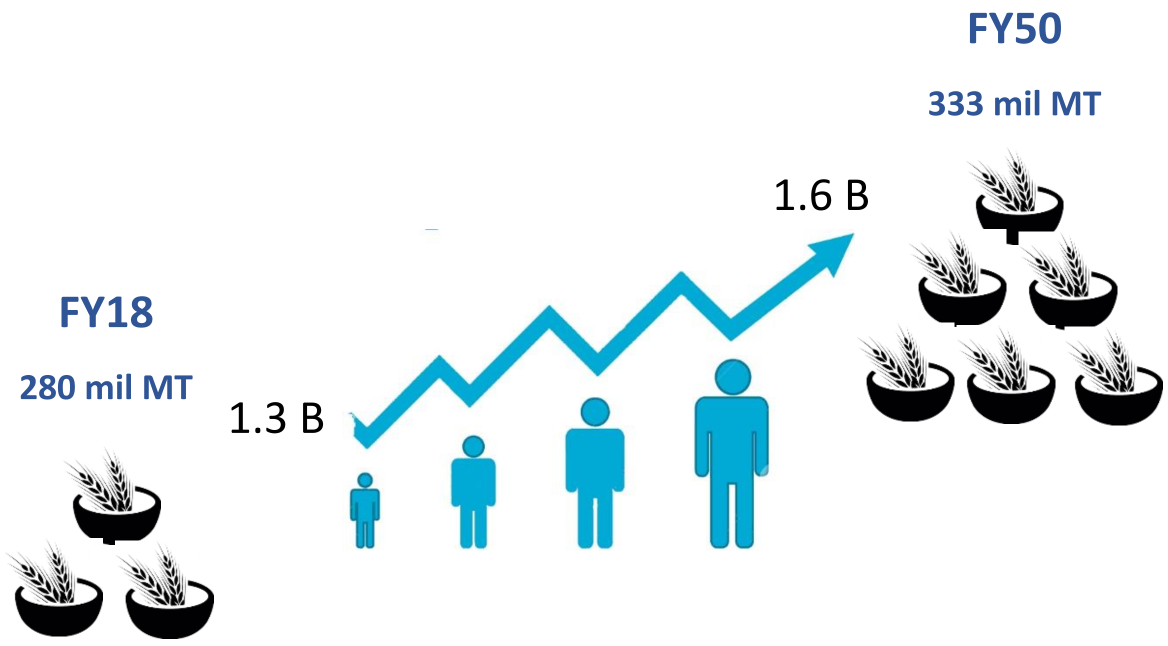
- Direct Income Support: USD 11 bil/ year
- Higher allocation under Institutional credit
- Agri exports focus
- Increase usage of Bio fuels
- Focus on Zero Budget Farming
- Increase in allocation for Fertilizer subsidy
- Greater focus on rural infrastructure and growth

Government plans to improve 'Commercial ability' of the Indian Farmers

Agri Growth Levers

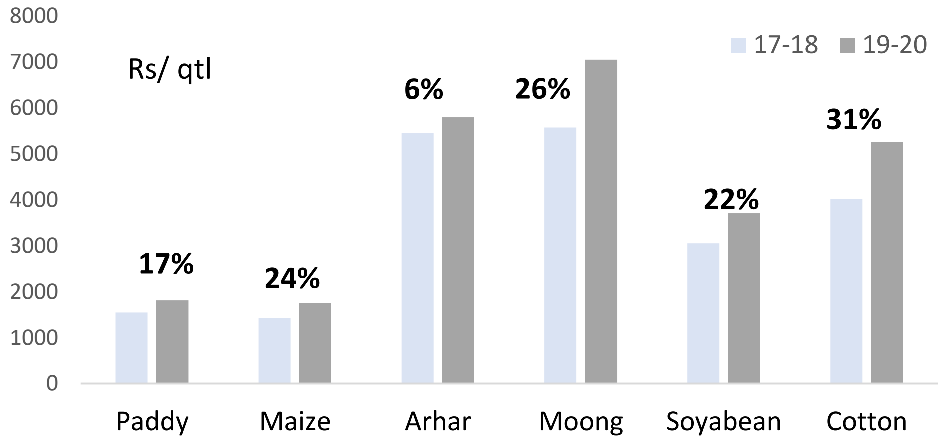
Coromandel

Food Security



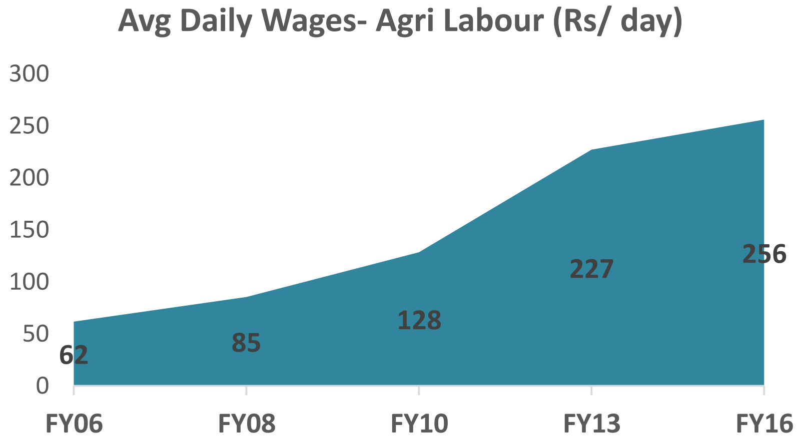
Annual food requirement in India to go up at 1% CAGR

Improved support price (at 50% Cost of Prod)



Source: Ministry of Agriculture

….Coupled with Rural Wage Growth

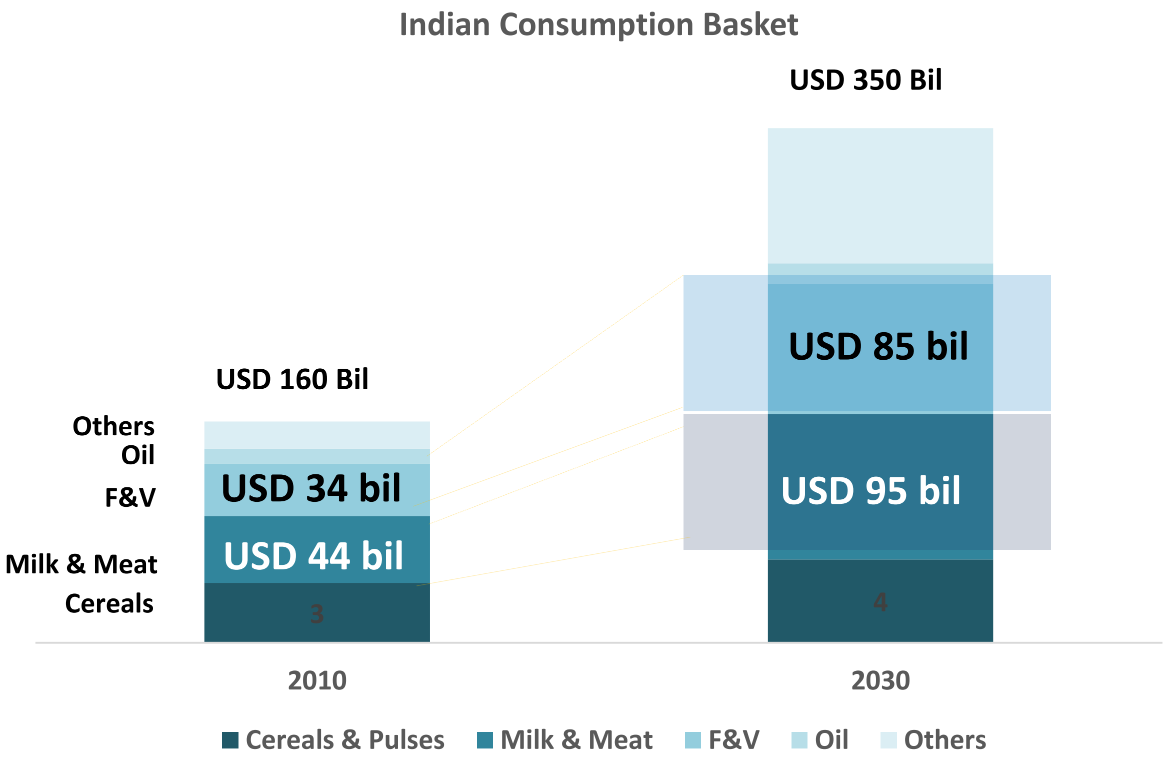


Source: Dept of Agri

Higher Disposable Income

Agri Growth Levers

Dietary Shifts

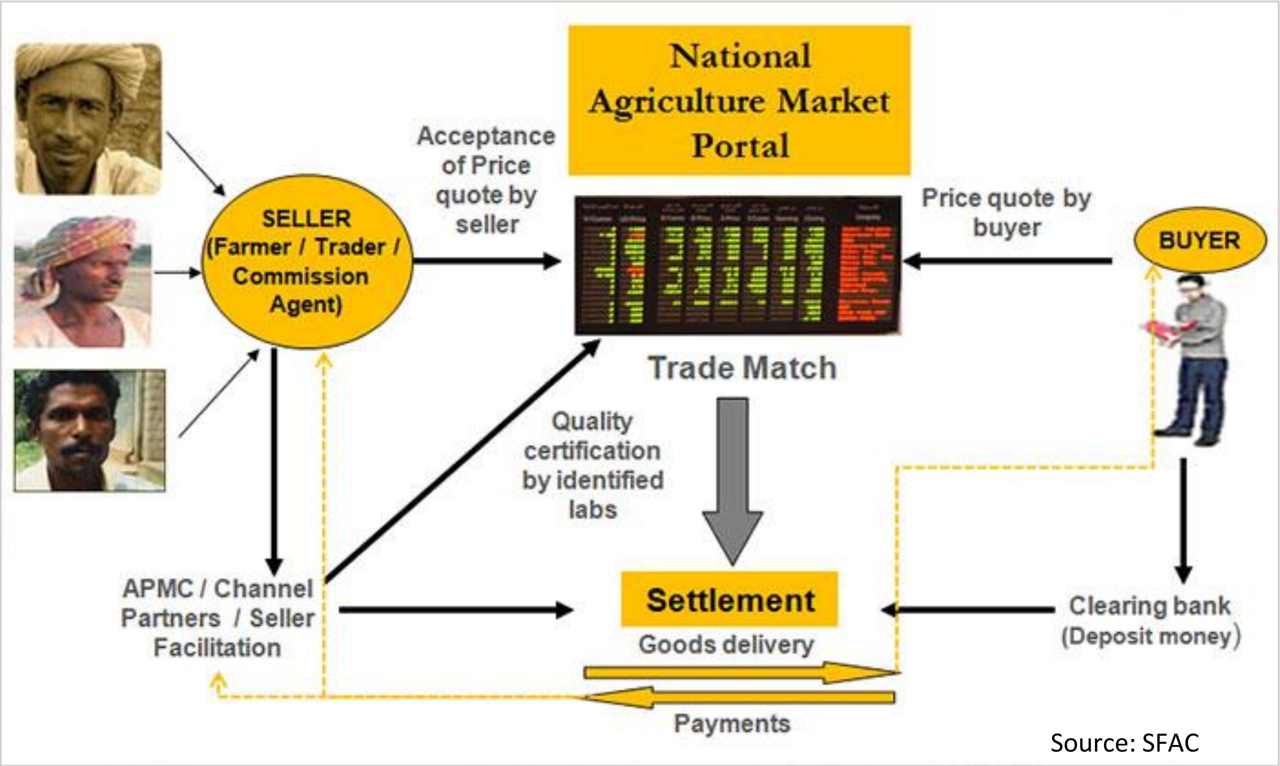


Source: CII Mckinsey

- Food consumption to more than double by 2030
- Consumption towards premium food

Digital India

Unified National Agriculture Market



Source: SFAC

- Efficient delivery mechanism- Ag Inputs & Output
- Towards Cashless agri credit

…along with Agriculture reforms

Coromandel

Doubling Farmer Income by 2022

Productivity Improvement		Water & Inputs			Integrated Farming	Improving Market Realization
Bio technology	Micro Irrigation	Minimizing crop losses: Crop Protection	Balancing nutrition	Increasing Irrigation Coverage	Allied Activities	E Procurement

More crop per drop: Potential to bring 69 million hectare area under Micro-Irrigation (8 mil currently)

Bringing additional area under irrigation coverage**: 8 mil ha**

Connecting **585 agri yards** centrally

Developing **Agri infrastructure & storage** capabilities

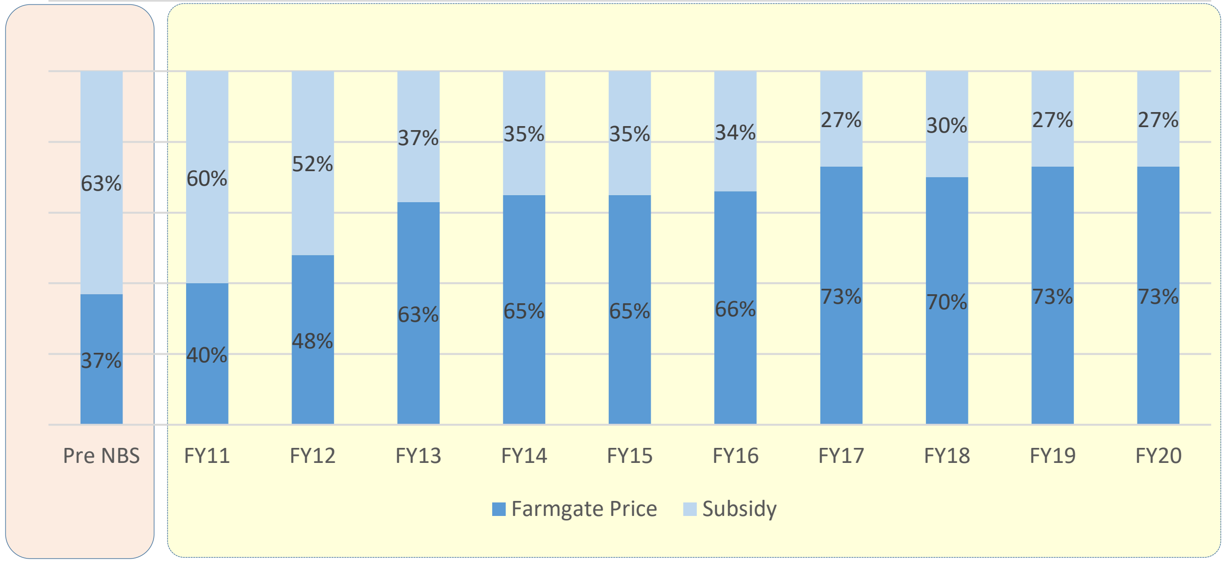
& Positive Policy Measures

Coromandel

Nutrient Based Subsidy

…..Towards **deregulating** the Fertiliser industry

Fixed MRP | **Fixed subsidy & variable farm gate prices**



- **DBT 2.0 Launched** – To link Soil Health Card with Fertilizer purchase
- Subsidy rates maintained at same level ex. Sulphur

Make in India

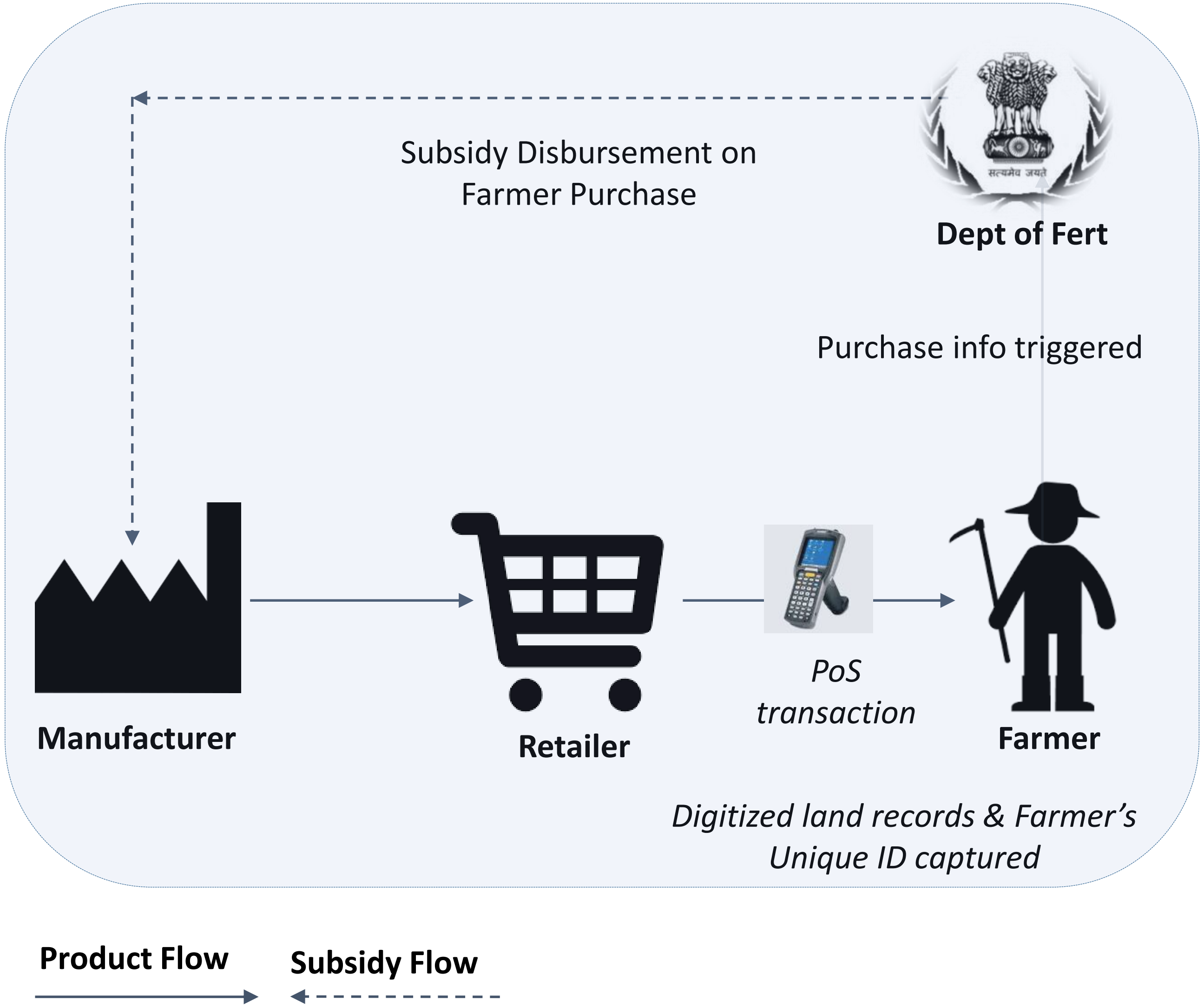
…..Thrust towards **Domestic Manufacturing**

Investment | **Innovation** | **Skill Devt** | **Protect IP** | **Best in Class**

- Promotes **infrastructure** development
- Supports **domestic** manufacturing
- R&D and **innovative** solutions

& Positive Policy Measures

<u>**Direct Benefit Transfer**</u> .....Towards **balancing Soil Health**



- Informed farmer purchases based on **Soil Health Status**
- Subsidy to manufacturer to be **paid on a periodic basis**
- Lead to **digitization** & improved rural connect
- **Prevention** on fertiliser **leakage** & diversion

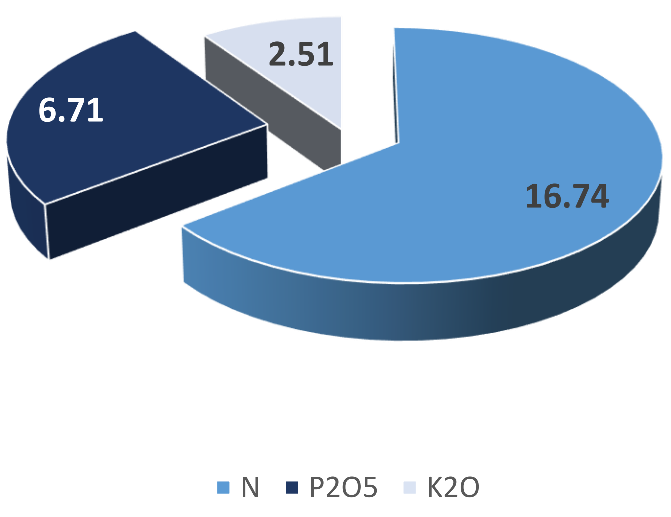
DBT to improve nutrient usage & promote balanced application

Our Industry

Birds Paradise at Coromandel's Kakinada Plant:
Home to ~100 species of migratory birds

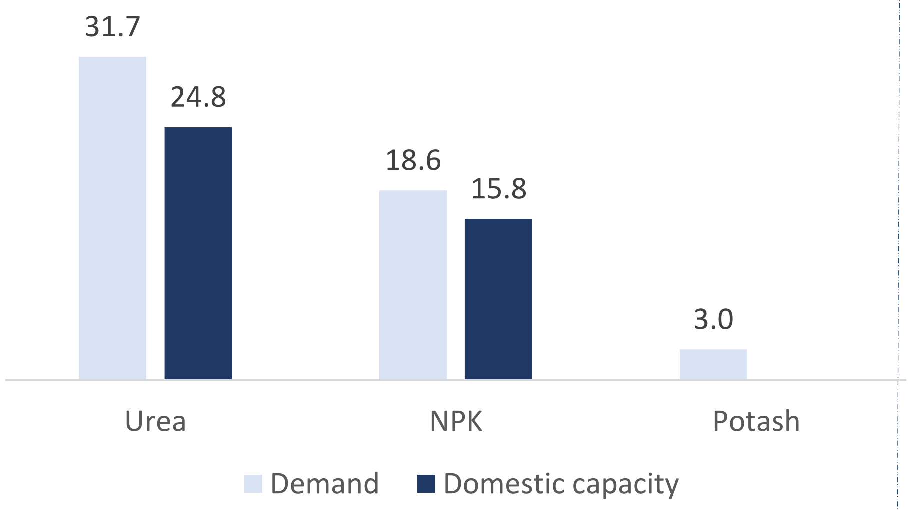
Indian Fertiliser Industry: Overview

Indian Nutrient Demand (mil tons)



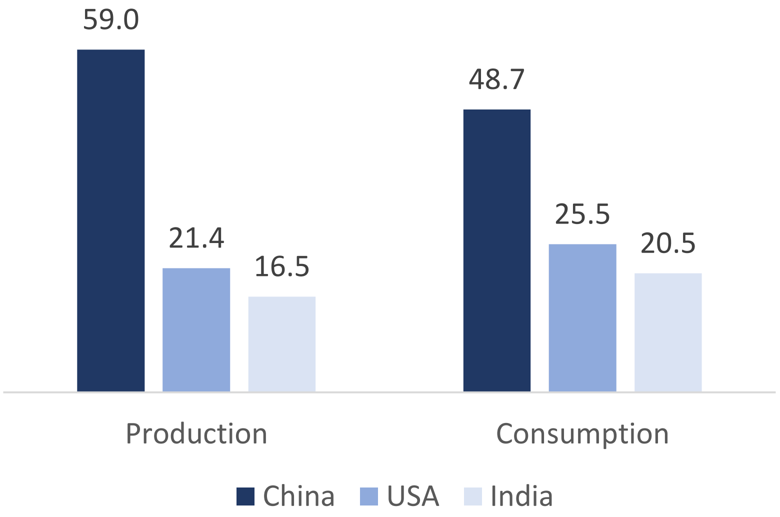
- High share of 'N' consumption (64%)
- Urea constitutes 55% of Fertiliser sales

Fertiliser: Supply Demand Balance 18-19 (in mil tons)



- Demand outstrips domestic capacity
- Capacity expansion in last 2 years in Urea space.

Production & Consumption (N+P2O5) in mil tons



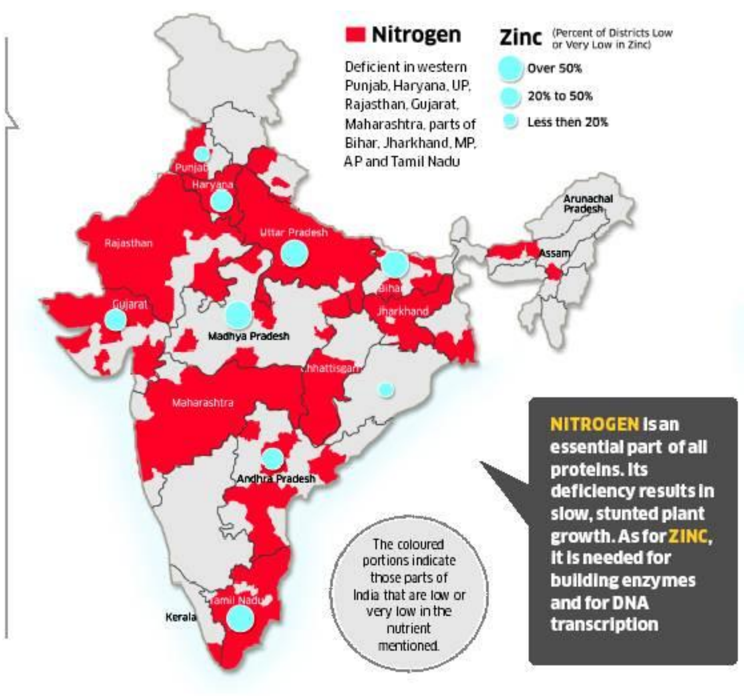
- Globally, 3rd largest Fertiliser production & consumption

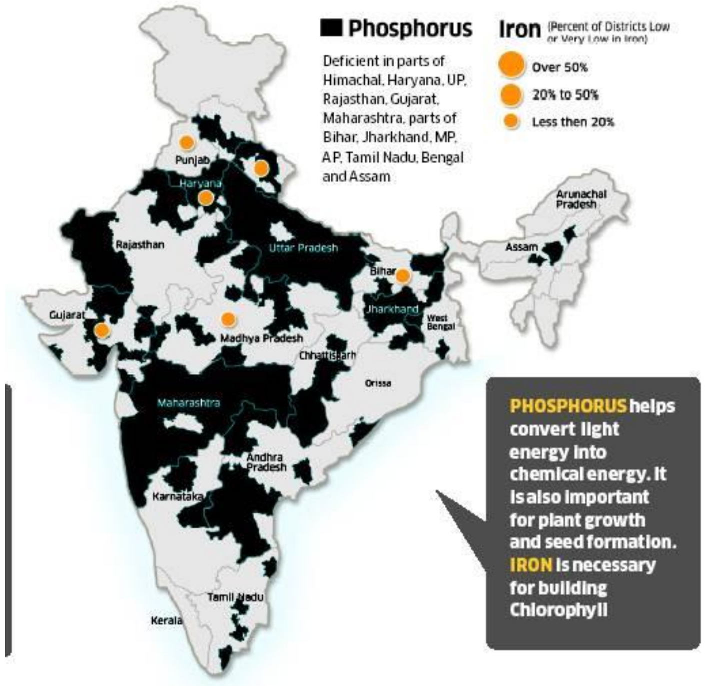
Source: FAI

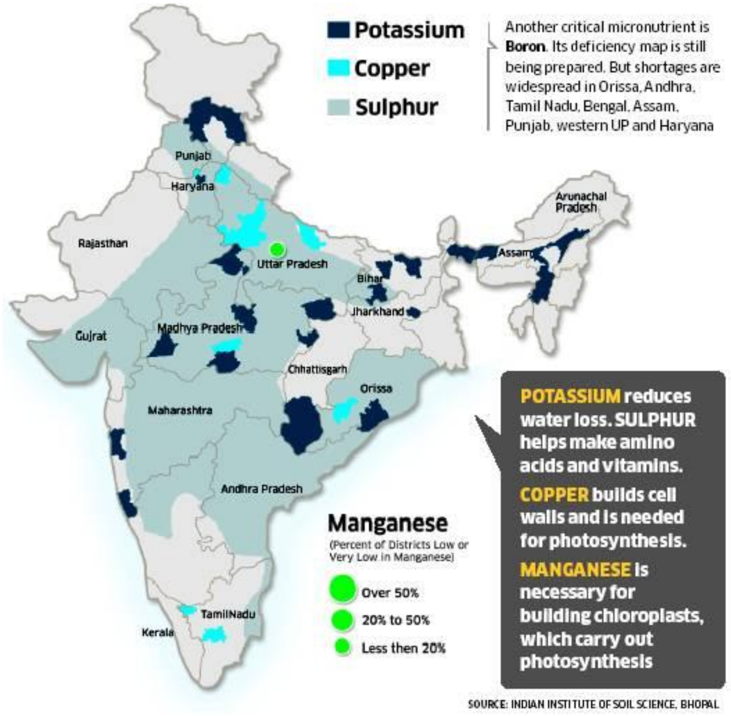
Opportunities in Inputs space: Ag Nutrients

Coromandel

Nutrient Deficient India Soils



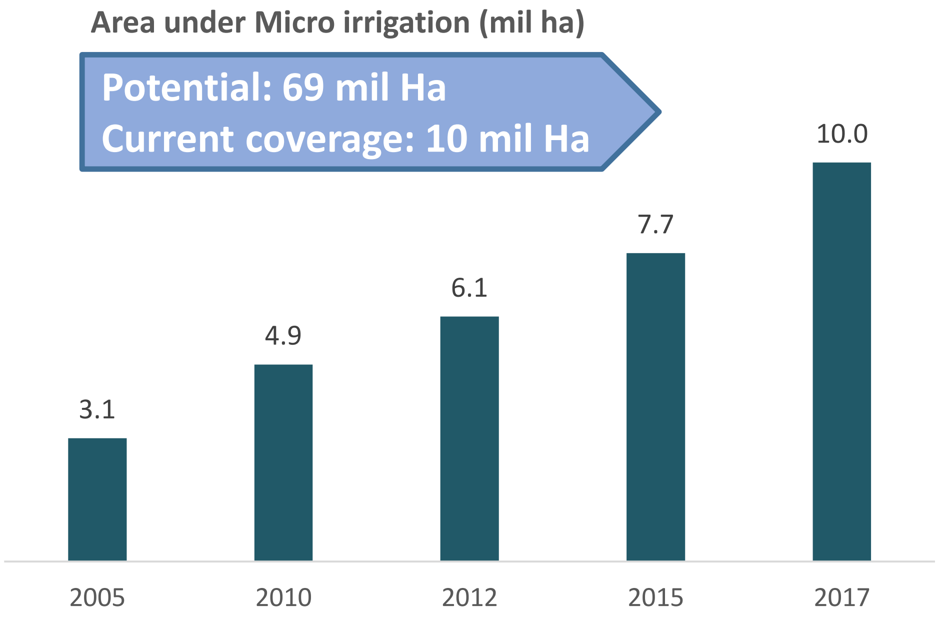


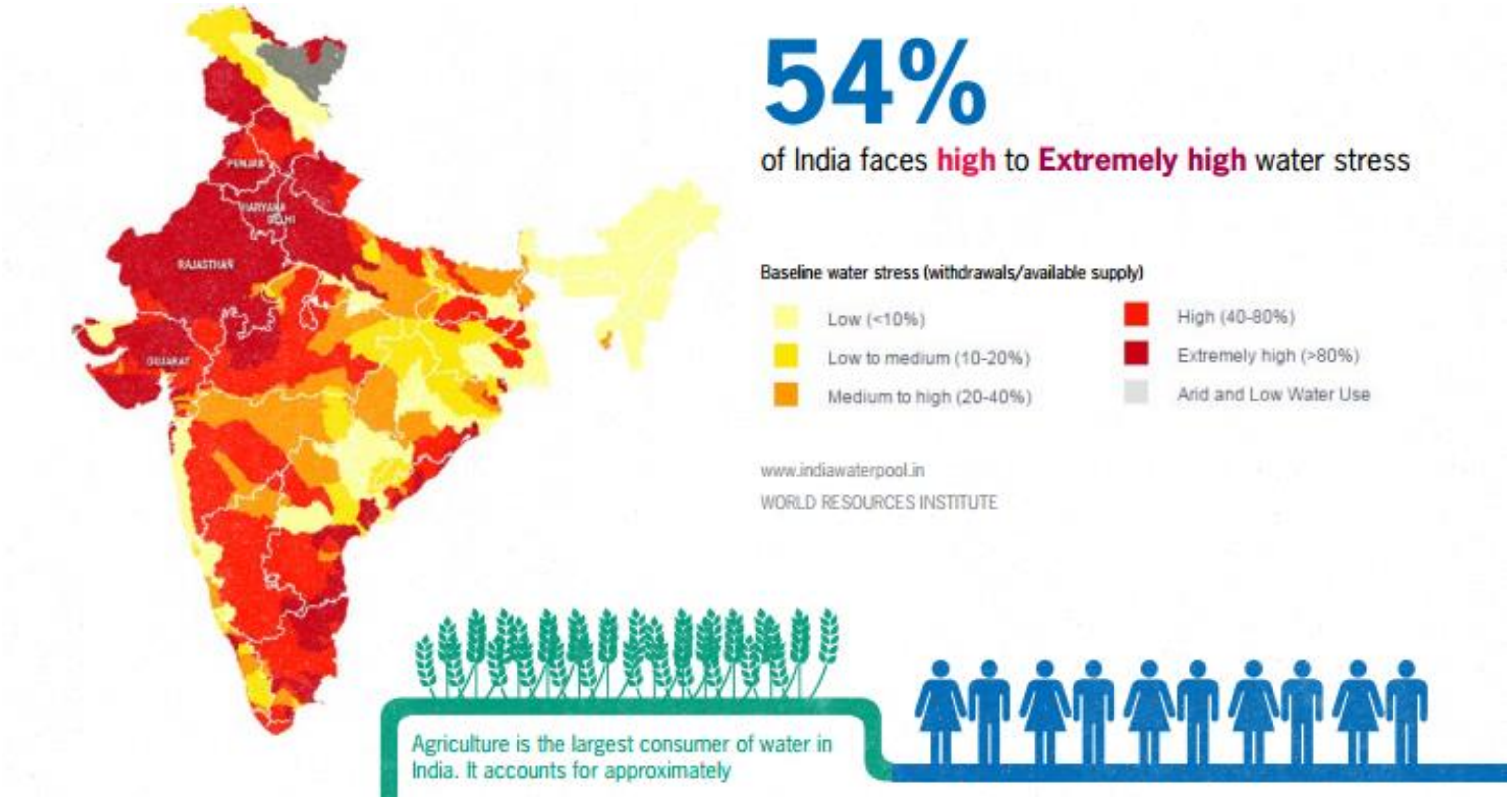


Source: IISS Bhopal

- More than 50% of the districts deficient in essential plant nutrients- **Opportunity for Balanced Nutrition**
- Relatively untapped Secondary & Micro Nutrients segment
- Organic products to balance plant growth

Opportunities in Inputs space: Micro Irrigation & Water Soluble Fertiliser





Benefits:

Increase in Water Use Efficiency: 50 – 90%

Productivity Increase: 40-50%

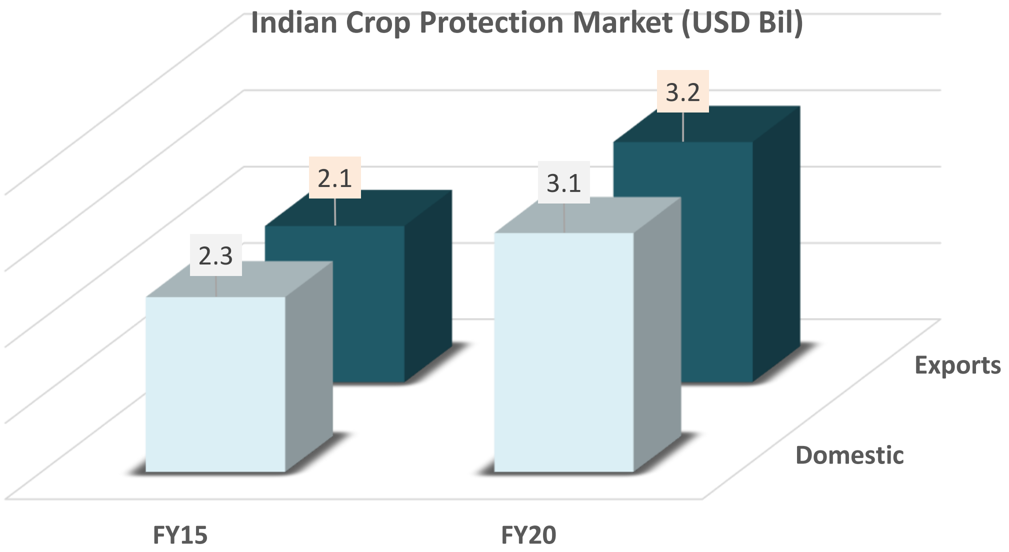
Increase in Farmer's income: 42%

- **Current Micro Irrigation coverage at 6% (US: 55%, Brazil: 52%, China: 10%)**
- **Scope to scale up consumption of Water soluble Fertilisers**

Source: Grant Thornton

Opportunities in Crop Protection space

Coromandel



- Exports segment to grow by 9% p.a.
- Domestic segment to grow by 7% p.a.

Increasing Pest Incidence

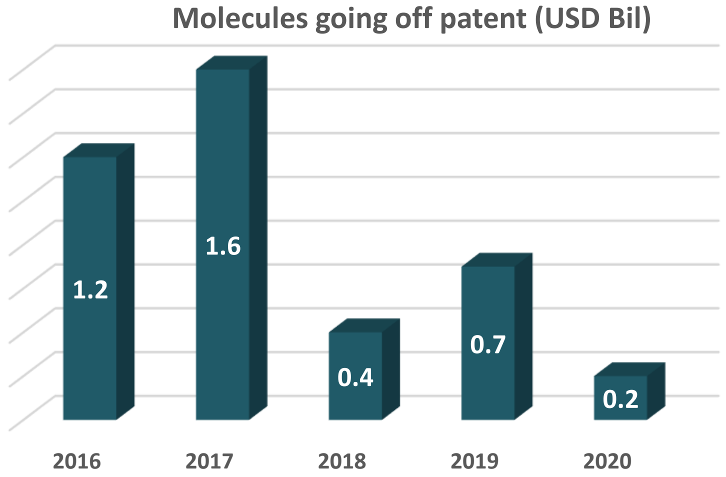
	1940		At Present	
	Total Pests	Serious Pests	Total Pests	Serious Pests
Rice	35	10	240	17
Wheat	20	2	100	19
Sugarcane	28	2	240	43
Ground Nut	10	4	100	12
Mustard	10	4	38	12
Pulses	35	6	250	34

Herbicide Opportunities

- **Increasing labour cost** to boost herbicide usage

Global share: 47% **India share: 16%**

Opportunities in Generic Space



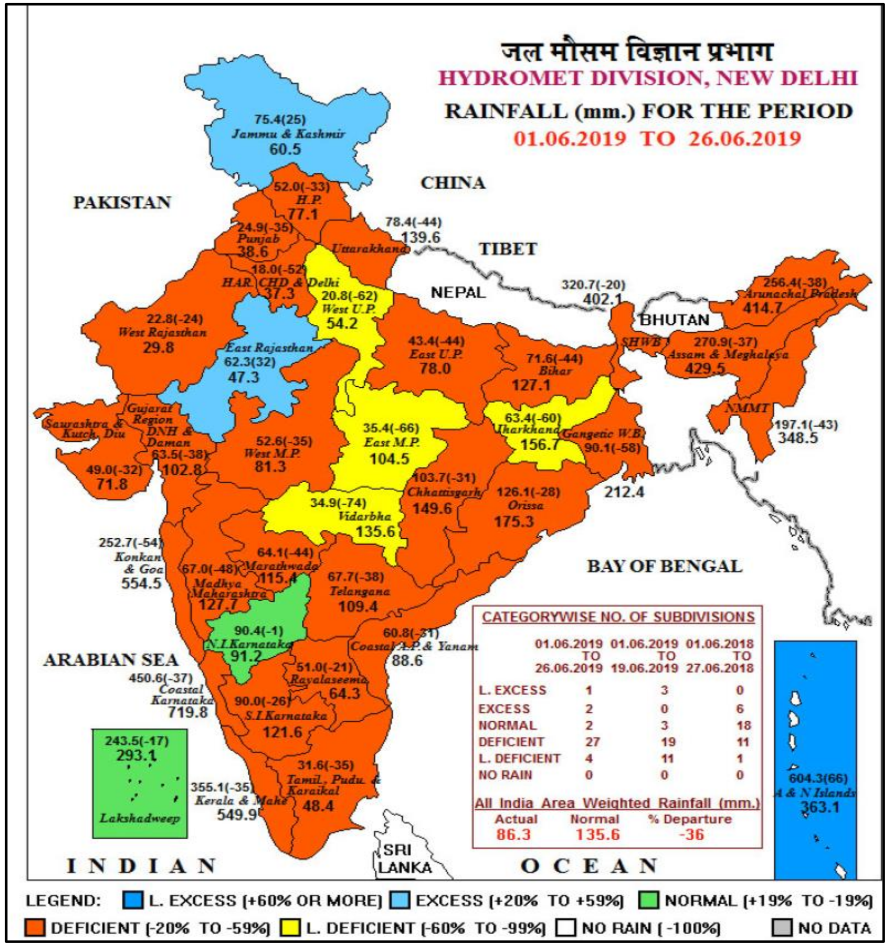
Industry Updates:

Q1 2019-20

Challenging Kharif 19-20 in Q1, Q2 improved situation

1 **All India SW Monsoon:**

64% LPA as of June Last week

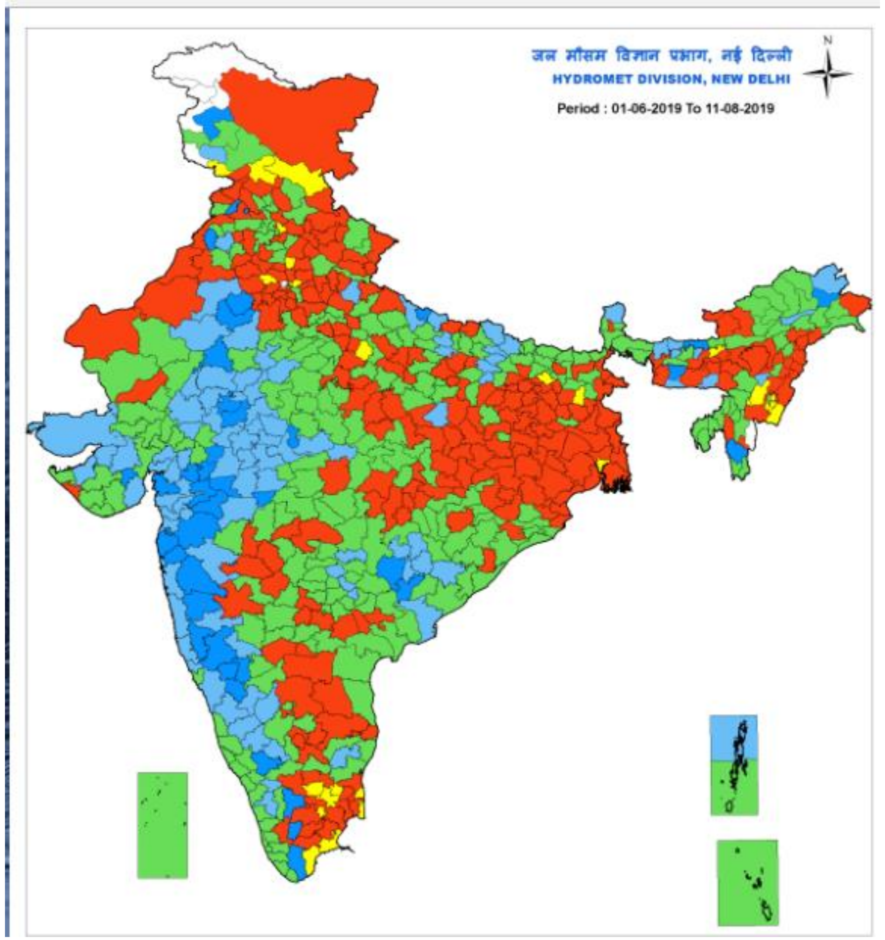


	01.06.2019 TO 26.06.2019	01.06.2019 TO 19.06.2019	01.06.2018 TO 27.06.2018
L. EXCESS	1	3	0
EXCESS	2	0	6
NORMAL	2	3	18
DEFICIENT	27	19	11
L. DEFICIENT	4	11	1
NO RAIN	0	0	0

All India Area Weighted Rainfall (mm.)

Actual	Normal	% Departure
86.3	135.6	-36

Improved to 101% in Aug 2nd Week



Source: Ministry of Agriculture

Challenging Kharif 19-20 in Q1, Q2 improved situation

2

Reservoir level 14% lower than 10 year average, and

44% lower for southern region as of 30th June,

This has improved to -3% for the country and -16% for southern region as of 8th Aug

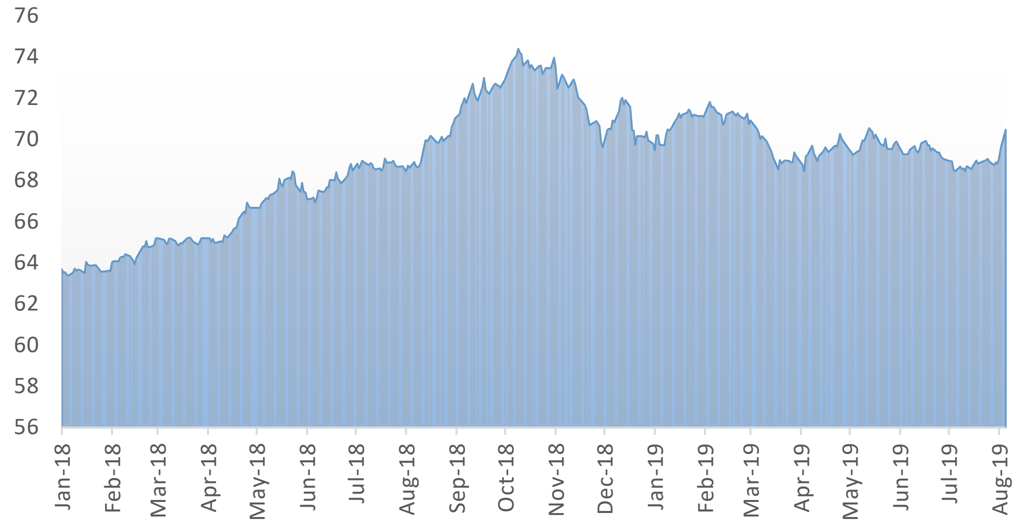
3

Resulting in Drop in acreage in Kharif (-10%) seasons as of 30th June

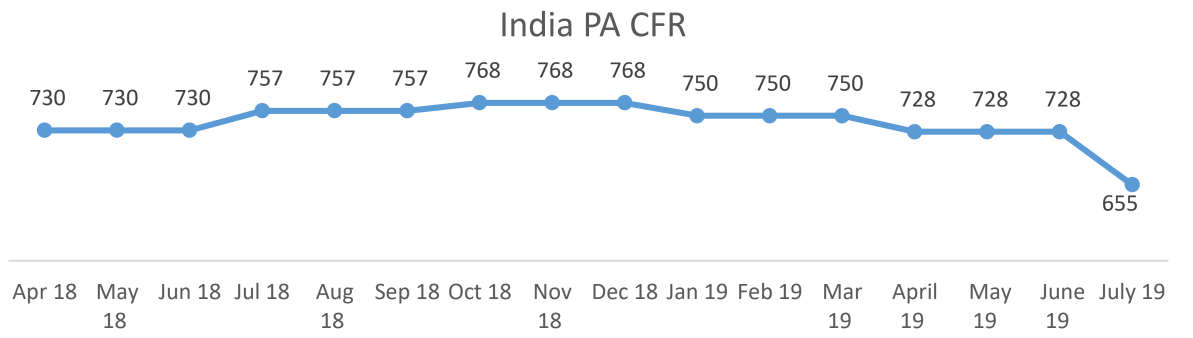
Which has improved to -5% as of 8th August

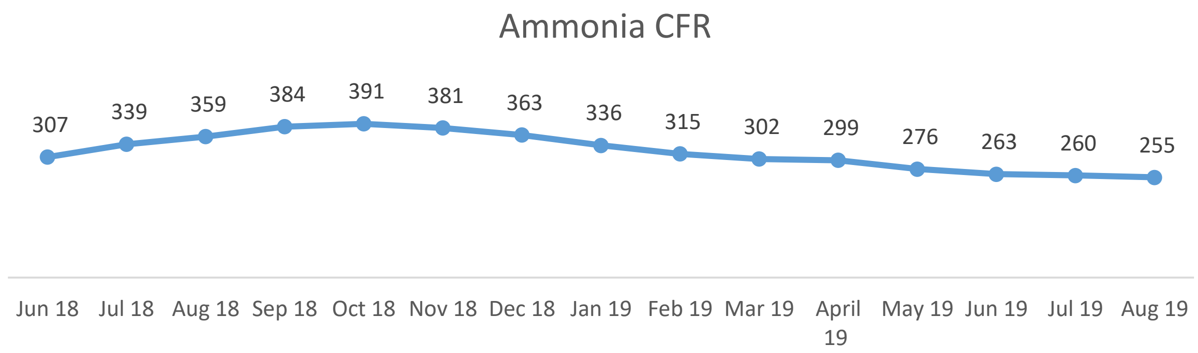
Rupee & commodity prices

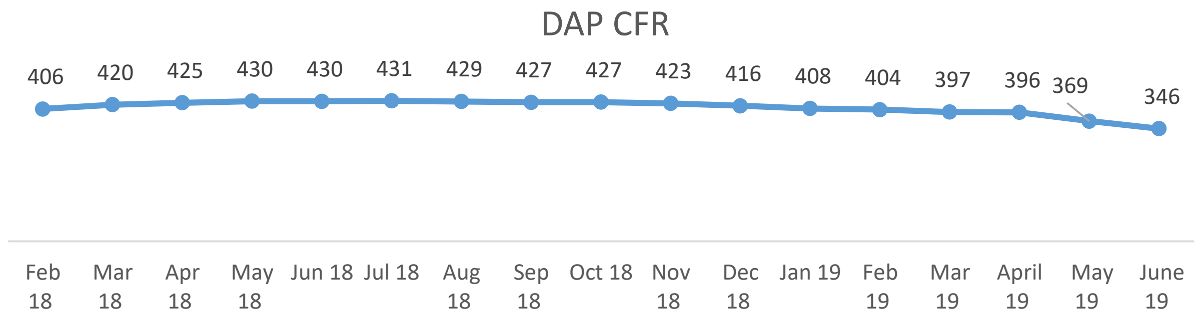
USD-INR Movement (Rs/USD)



- Rupee has been stable over last 5 months, except first two weeks of August
- Raw material softening in Q1







Coromandel: Who We Are

- About Coromandel
- Business Segments
- Financials

Birds Paradise at Coromandel’s Kakinada Plant:
More than 50% Plant area covered under Green Belt

About Coromandel

Coromandel

Coromandel's Manufacturing Presence

India's largest private sector **Phosphatic** Fertiliser company

5th largest Ag Chem Indian company

India's largest Single Super Phosphate (**SSP**) company

Pioneers & **market leaders** in **Specialty** Nutrients

No. 1 Organic Manure player in India

Largest Rural Retail Chain across India

Part of USD 5 bil Murugappa Group

About Coromandel

Key Facts :

- Turnover: **USD 1.9 bil** (FY18-19), **USD 300 Mil** (Q1 FY20)
- Market Cap: **USD 1.8 bil** (Jun 2019)
- Strong credit rating: **‘AA +’** (Stable outlook)’ with CRISIL India
- ~**4500** employees & ~7500 contract staff
- **International Linkages**: FOSKOR, GCT, CANPOTEX, SQM, GETAX , QAFCO, ICL, OCP, YANMAR etc
- **International Market** Serviced: Latin America, Africa, China, South East Asia, Middle East

Strong **Brand Equity**

Cost effective production

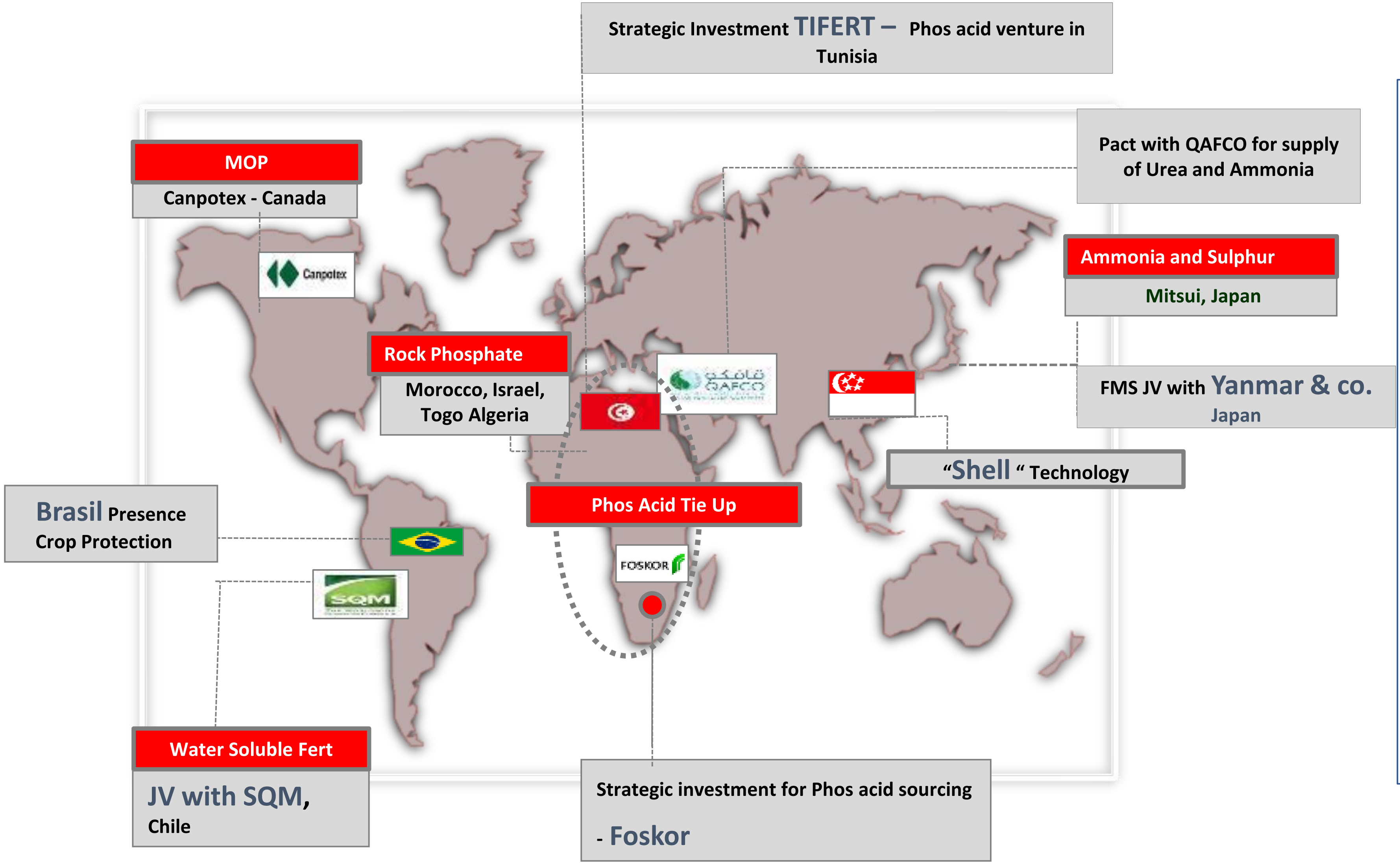
Doing it **Responsibly**

Bringing **Prosperity**

R&D Focus

Global Strategic Alliances

Coromandel

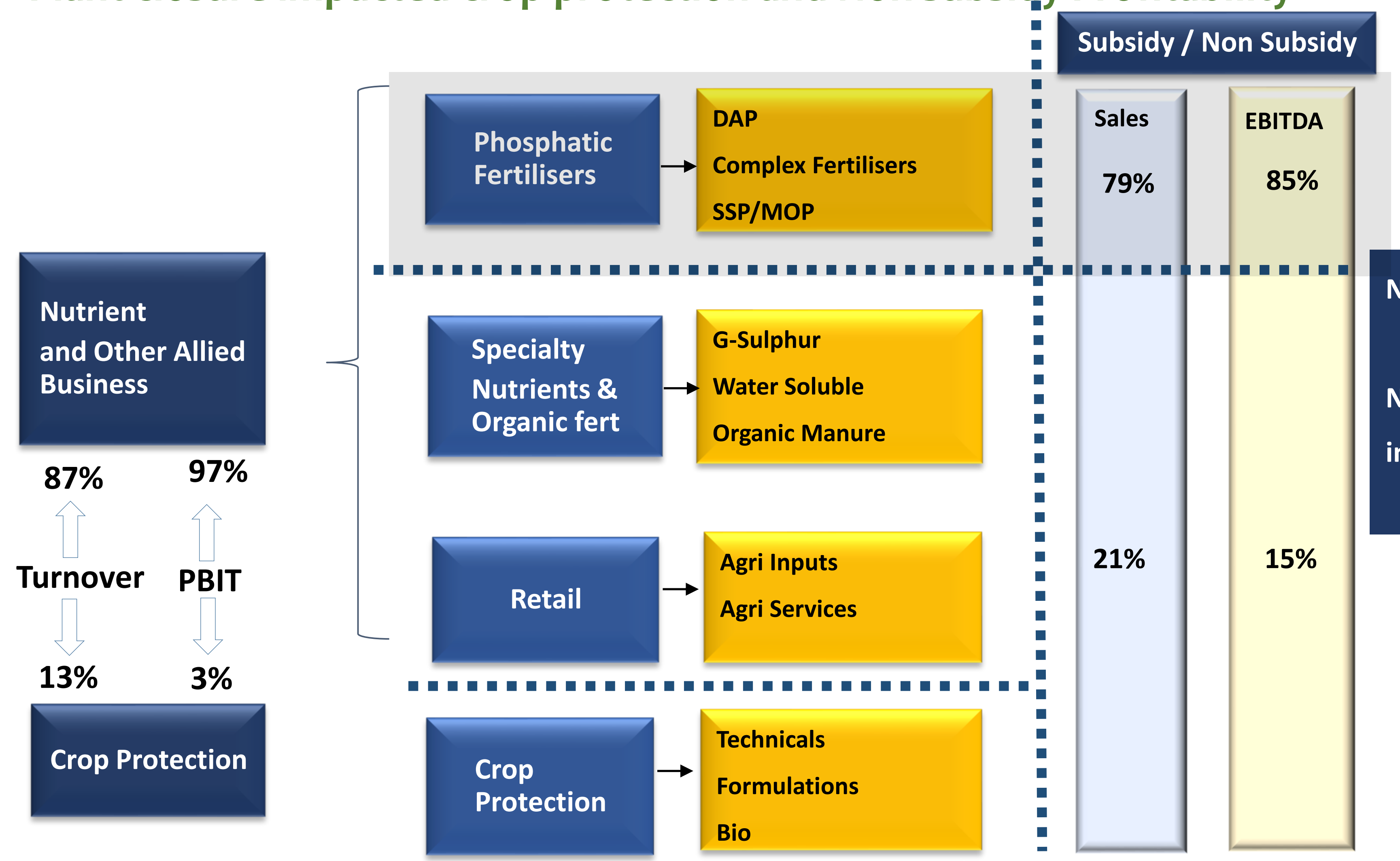


- Highly **diversified** sourcing
- Significant market presence in **International markets**
- **Technology** tie ups with global majors like **Shell**
- JV Partnership with global water soluble major, **SQM Chile**
- Farm Mechanization JV with **Yanmar, Japan**

Business Structure –

Coromandel

Plant closure impacted crop protection and Non subsidy Profitability



Nutrient profitability increased by 3 % point

Non Subsidy (Crop Protection) Business impacted – Sarigam Closure

Growth Journey

Towards New Growth Segments

2018	Bio Acquisition
2014	Farm Mechanization-Yanmar JV
2013	SSP-Liberty acquisition
2012	Technology tie up-Shell
2011	Crop Protection-Sabero acquisition
2010	WSF JV with SQM
2008	Entry into Retail
2006	Specialty & Organic Business

New capacity addition: ~3 mil tons over last decade

New Businesses: CPC, SND, Organic, Bio

Expansion into Retail Channel: 800 stores

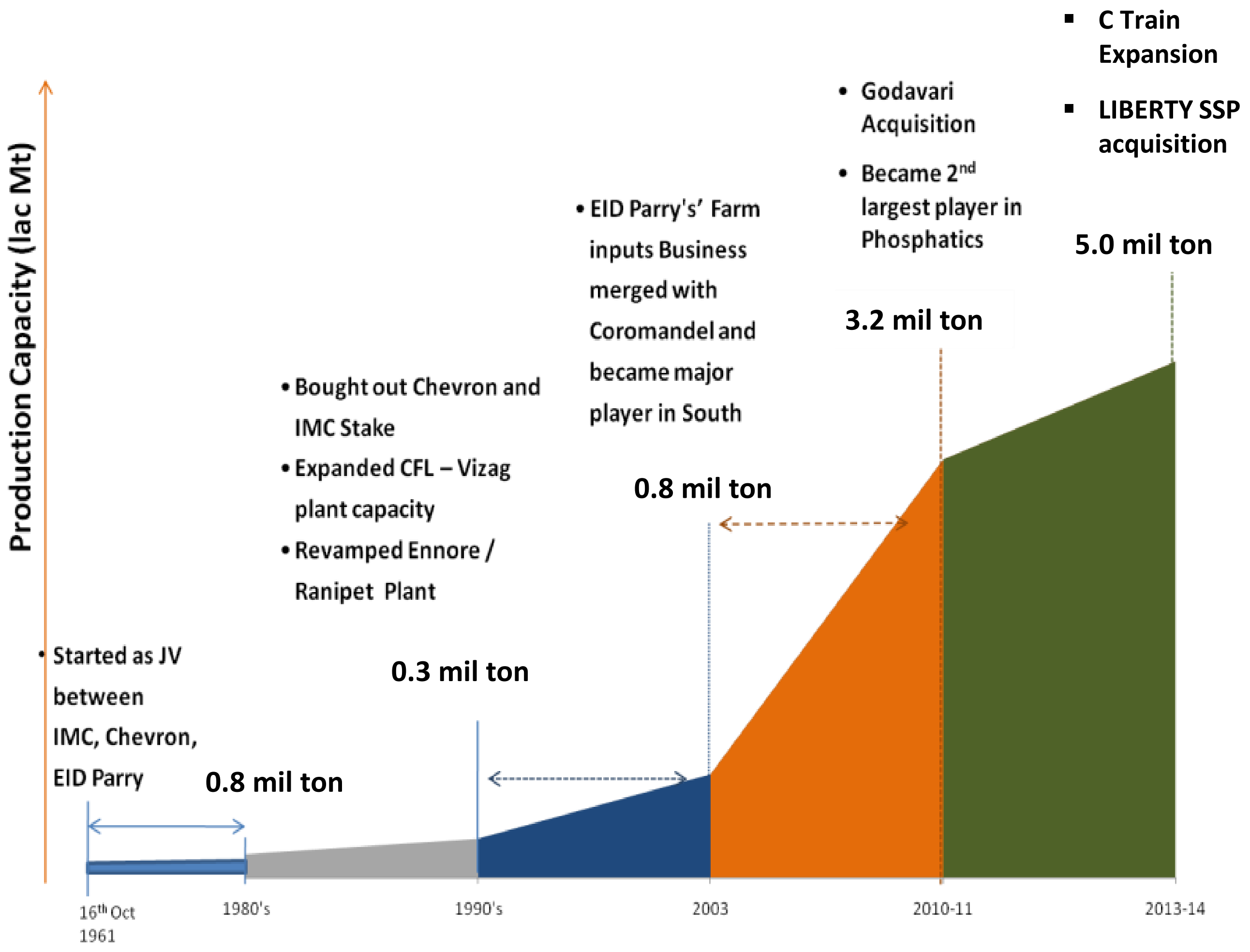
Strategic Partnership Yanmar, SQM, Foskor, Tifert

Technology Tie ups: Shell, IRRI, IITB-Monash

Business Segments

Birds Paradise at Coromandel's Kakinada Plant:
Largest breeding site in the East Godavari district for a variety of bird species

Coromandel Phosphatic Fertilisers

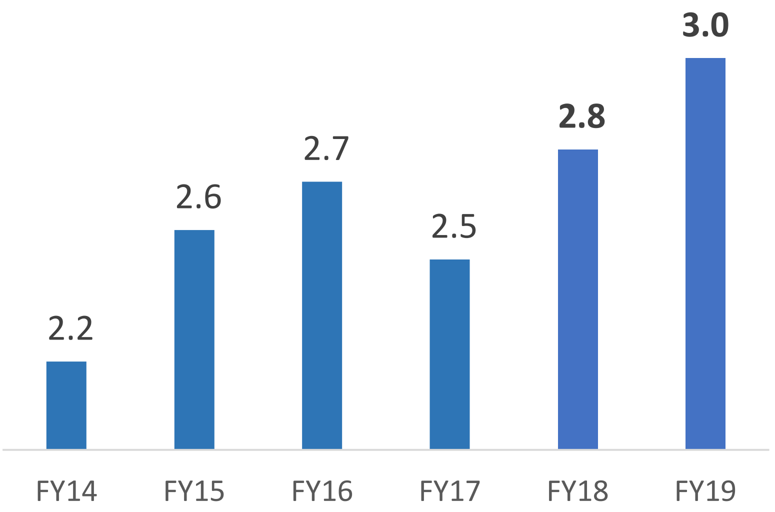


- Largest Complex marketer in India
- 22% of the domestic Phosphatics capacity
- Ability to manufacture 13 different grades
- Differentiated offering thru Unique grades
- Diversified presence in South, West & East markets

Fertiliser Marketing

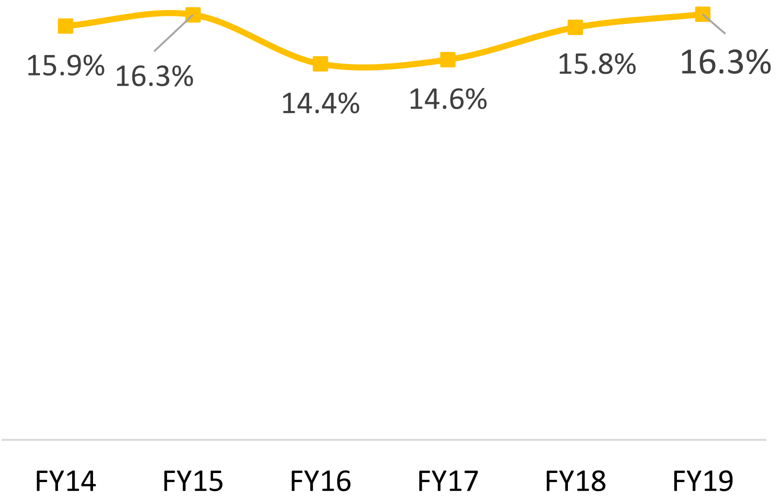
Coromandel

Sales (mil tons)



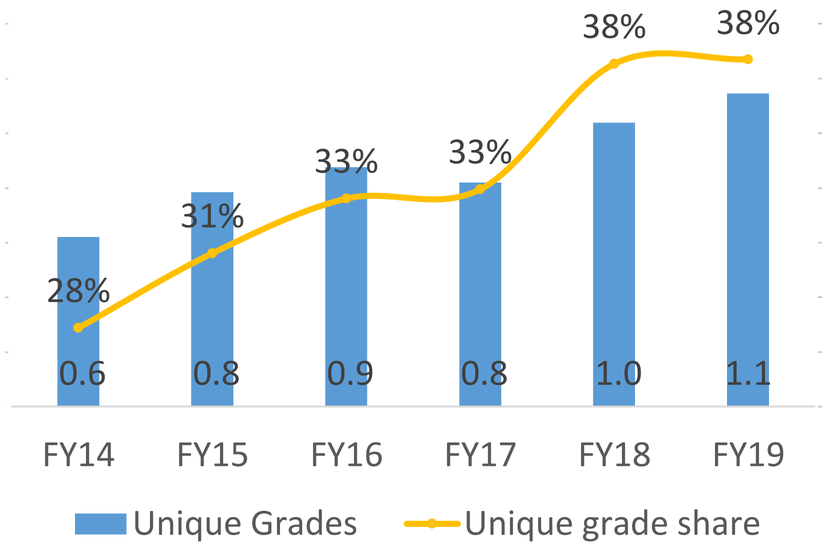
Improving Fertiliser Sales

Market Share



Rising Market share

Unique Grades (mil tons)



Creating Differentiation

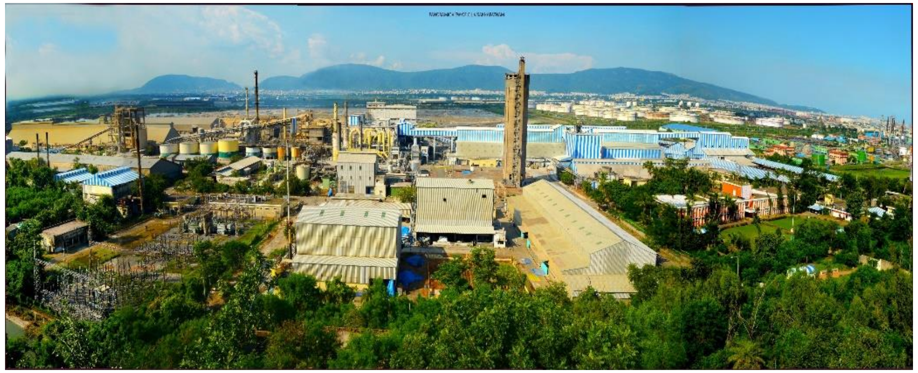
Fertiliser Manufacturing

Kakinada:

Capacity: 1.9 mil tons

High Nutrient Efficiency

Flexibility to manufacture multiple grades



Vizag:

Capacity: 1.2 mil tons

Integrated Phos Acid Production (0.2 mil ton)

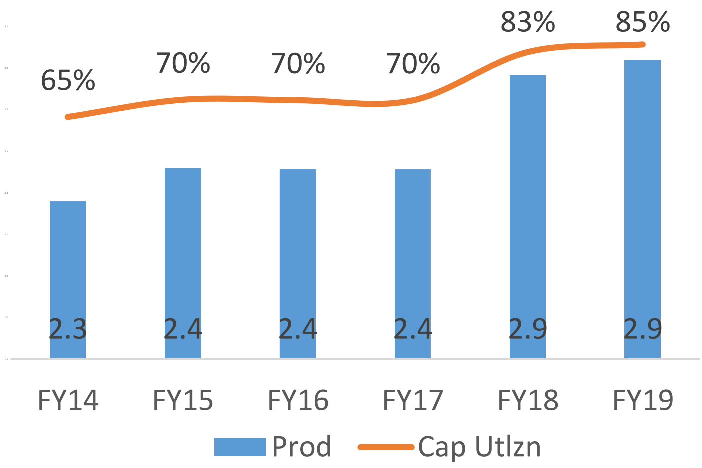
Captive Sulphuric Acid Plant

Ennore:

Capacity: 0.3 mil tons

Integrated Phos Acid Production (0.05 mil ton)

Phosphatic Production (in mil tons)



Coromandel ranks amongst the lowest cost manufacturers in India

Coromandel Crop Protection

1990's	2006	2009	2010	2011	2015	2018
Acquired pesticides unit of BPM	Acquisition of FICOM and setting up Jammu Unit I	Expansion to Latin America	Acquired Pasura Bio Tech – Jammu Unit II	Sabero Acquisition	Established: - China Office - R&D Centre	Bio Pesticide Acquisition

5th **Largest** Crop Protection Company in India

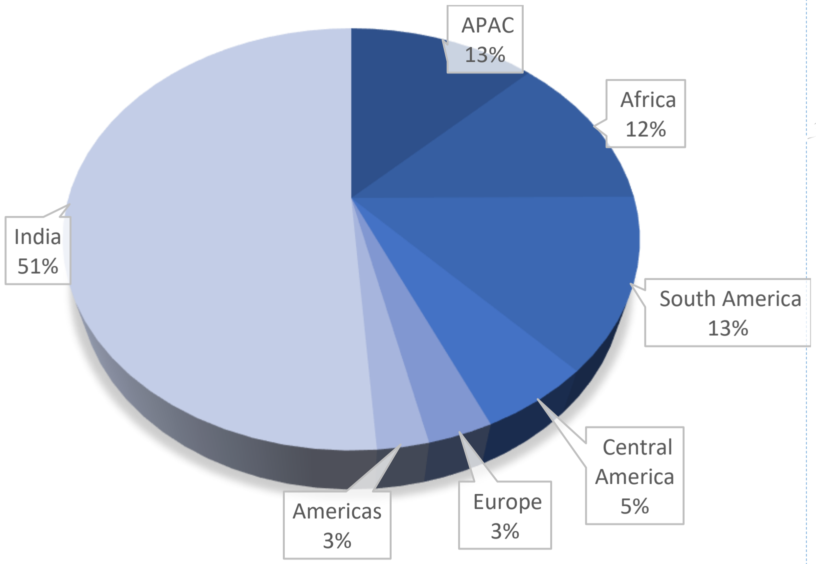
Ability to manufacture **15 technicals**

3rd **Largest** Mancozeb manufacturer globally

Crop Protection Operations

Coromandel

Diversified Sales

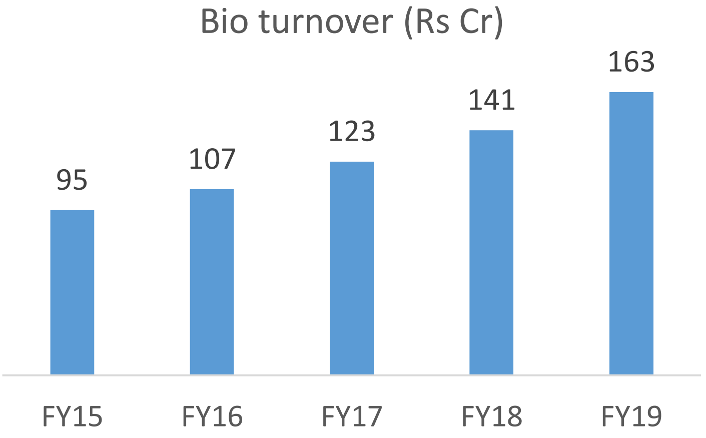


- **Exports** share: **49%**
- **~1000** global registrations
- B2B & B2C presence
- Customer reach thru **10000+ retailers**

Global presence through Subsidiaries

- **8 subsidiaries:** Expansion in Africa
- Presence across **~81 countries**

Bio Business: Synergistic Fit



15% CAGR

- **Export share: 60%** with significant presence in USA, Europe & Canada
- Manufacturing facility in Cuddalore, TN

Crop Protection Operations

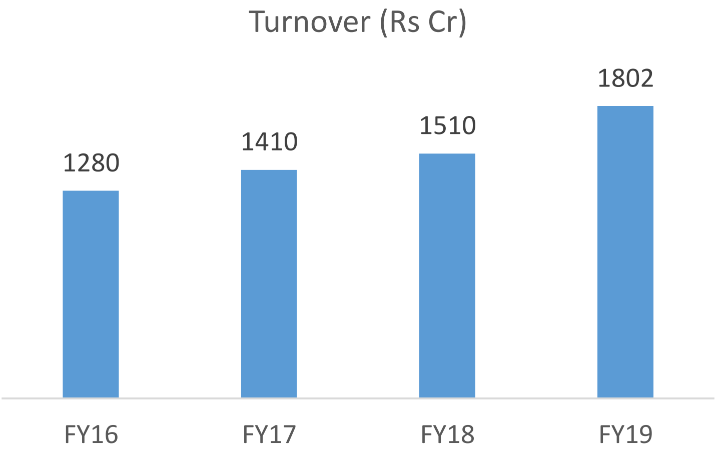
Significant Manufacturing presence

- Manufacturing **Capacity 80,000+** MT/ annum from 6 locations
- Wide product portfolio **~60 brands**

Ably supported by R&D Team

- **4 new Product** launches in FY19
- Plan to introduce **2-3 products** every year

Resulting in Significant growth



12% CAGR

- Growth across Domestic & Exports segments

Retail

Coromandel

Farming Solutions

Products	Services
Ag Nutrients	Farm Mechanization
Crop Chem	Agri Insurance
Seeds	Credit
Vet Feed	Soil/ Petiole Testing
Farm Implements	Extension Activities

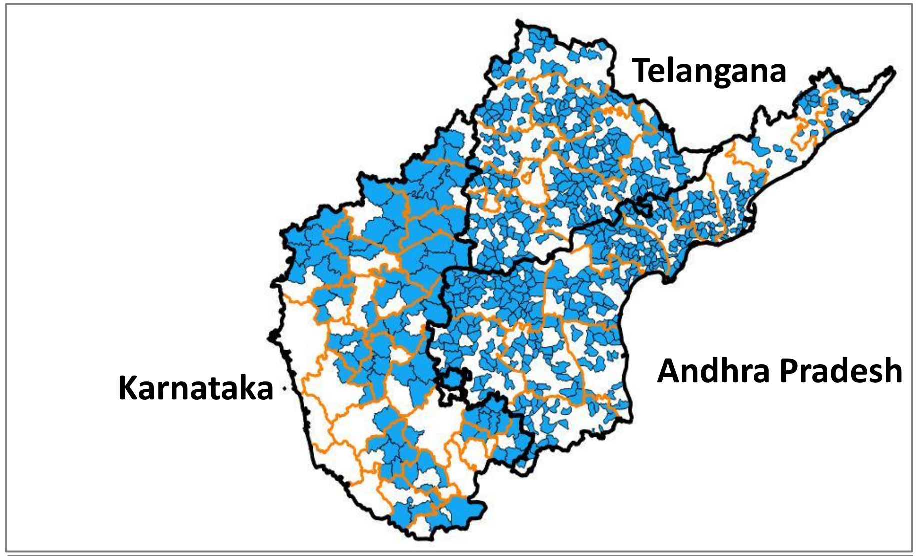
Convergence of

Products & Services:

One Stop Shop

for Agriculture needs

Customer Reach **3 million** farmers annually



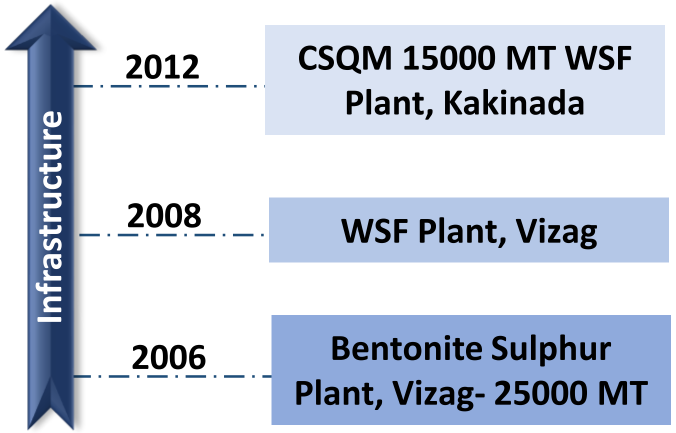
- **~70%** turnover through **Captive** products
- **Non Fertiliser** Focus: **~45%** of sales
- '**Retailer of the Year**' award by CMO Asia

Expansion into Maharashtra in FY18

Specialty Nutrients

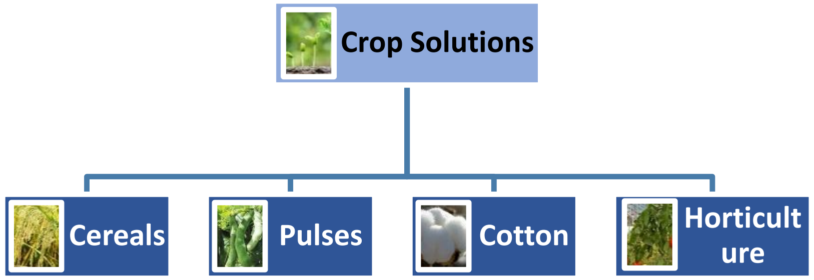
Coromandel

Manufacturing Capability



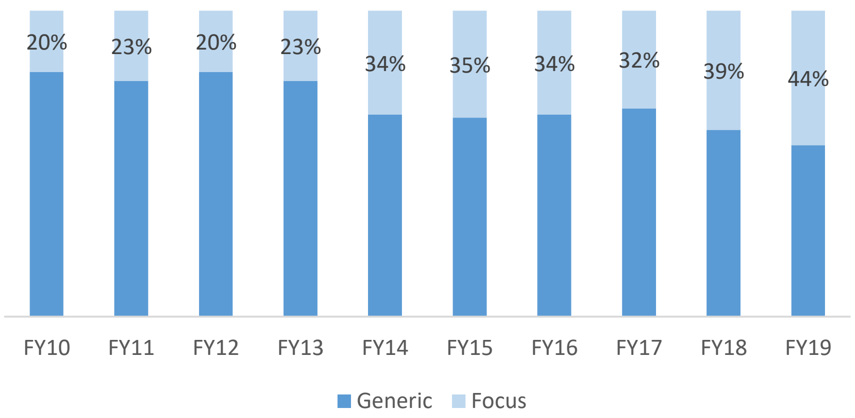
- 1st Bentonite Sulphur plant in India
- Exclusive manufacturers of WSF grades - Speedfol, Insta, Superia, Ultrasol
- JV with WSF major SQM

Crop based Product Solutions



- Introduced 7 crop specific grades in last 4 years: Cotton, Chilli, Cereals, Potato, Pulses, F&V
- Agronomist team for Extension support

Increasing share of Focus products



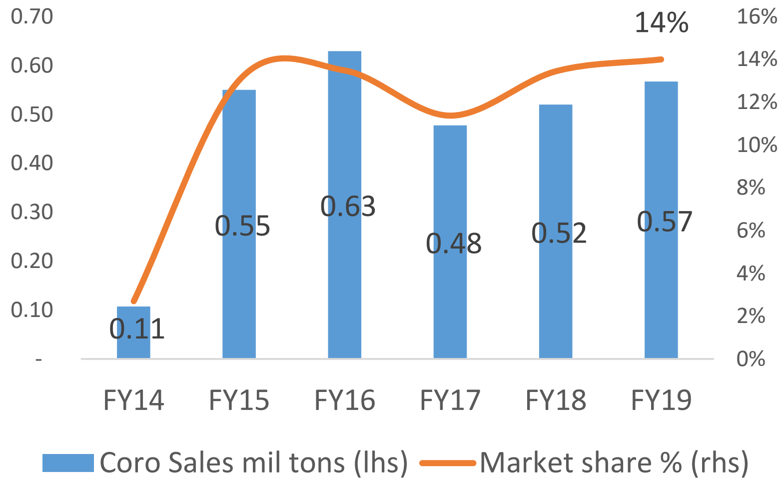
- Improving share of focus products

Amongst market leaders in WSF & Sulphur segments

WSF-Water Soluble Fertiliser

SSP

Maintaining Market Leadership

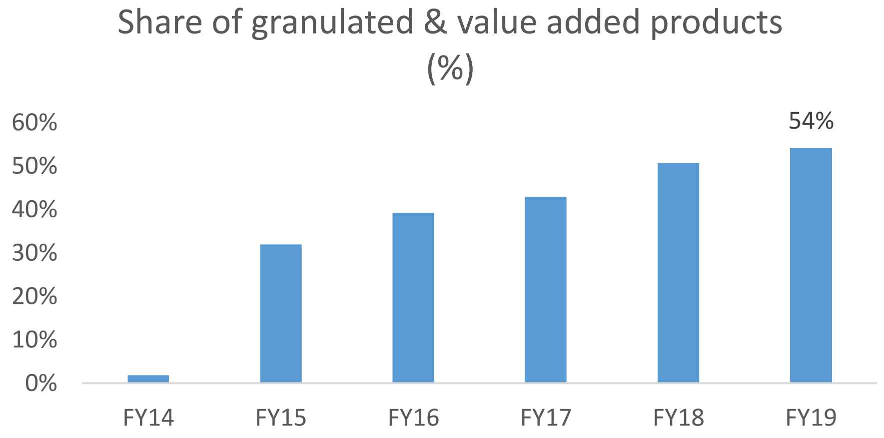


- Started SSP manufacturing in 1906 from Ranipet : **1st Fertiliser Plant** in India
- Manufacturing capacity ~**1 mil MT**/ annum

With Quality Focus

- Quality Differentiation demonstrated thru **Quick Test Kits**
- **Quality Certification**: ISO 9001, ISO 14001 & OHSAS 18001 Management

& Focus Product Approach



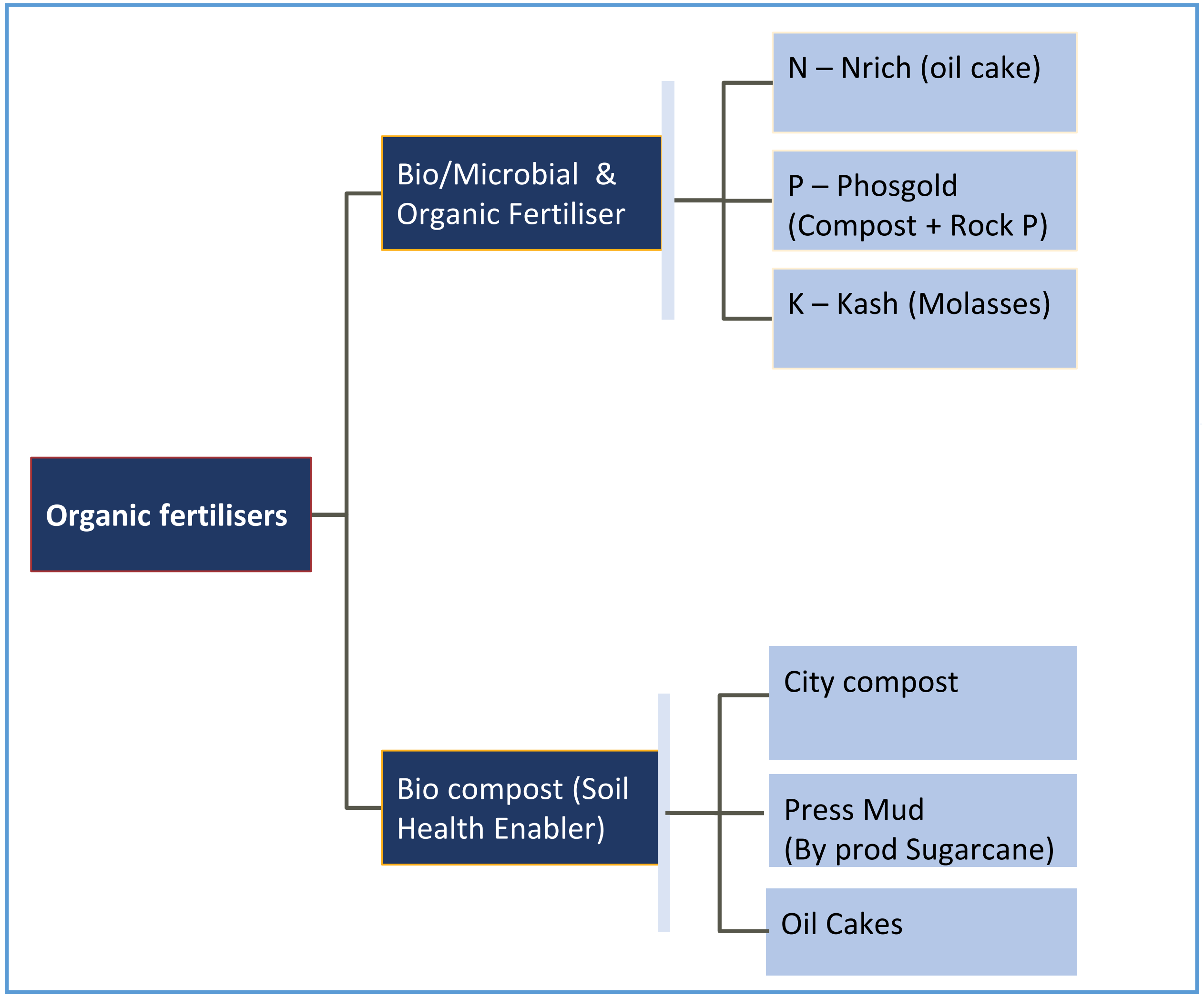
- Improving share of **granulated & value added** products

Expanded SSP presence thru Liberty Phosphate acquisition in 2013

Organic Manure

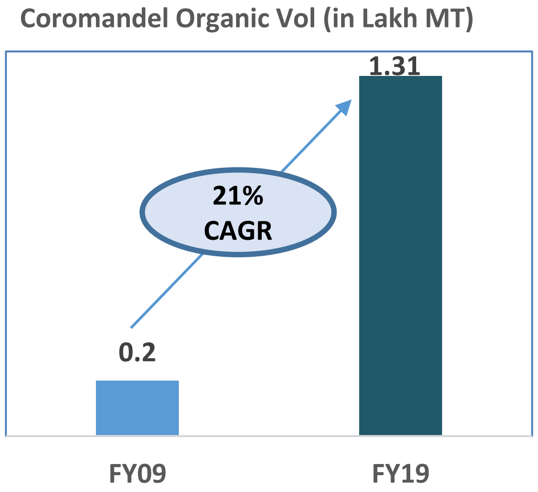
Coromandel

Product Portfolio



Growth Drivers

- Regulatory push from government- Market Development Assistance
- Push towards waste treatment & management
- Soil Health Focus- Sustainable Agriculture
- Consumption shift- Green Food

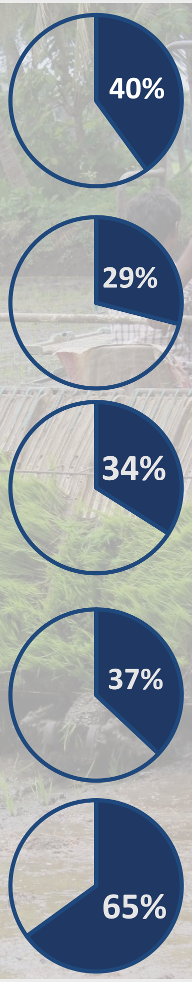


- **Pioneers** in Organic Fertilisers
- Efficient **sourcing** & distribution

Market Leader in City Compost segment: 18% market share

Farm Mechanization: Eyeing the Future

Mechanization across Ag Value Chain



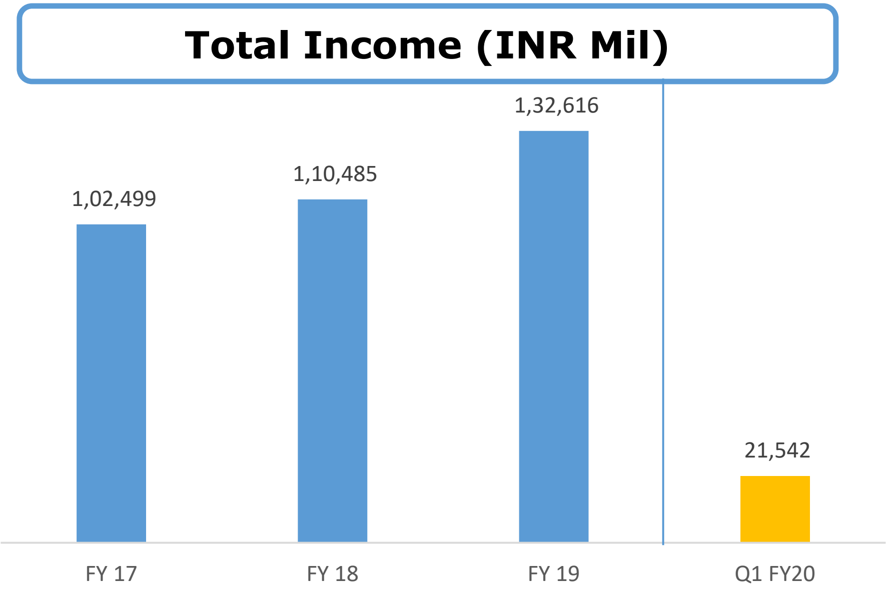
		Coromandel's Presence
Soil & seed bed preparation	40%	
Seeding & Planting	29%	Paddy Transplanters
Plant Protection	34%	Power Sprayers
Irrigation	37%	Drip
Harvesting & Threshing	65%	Combine Harvester

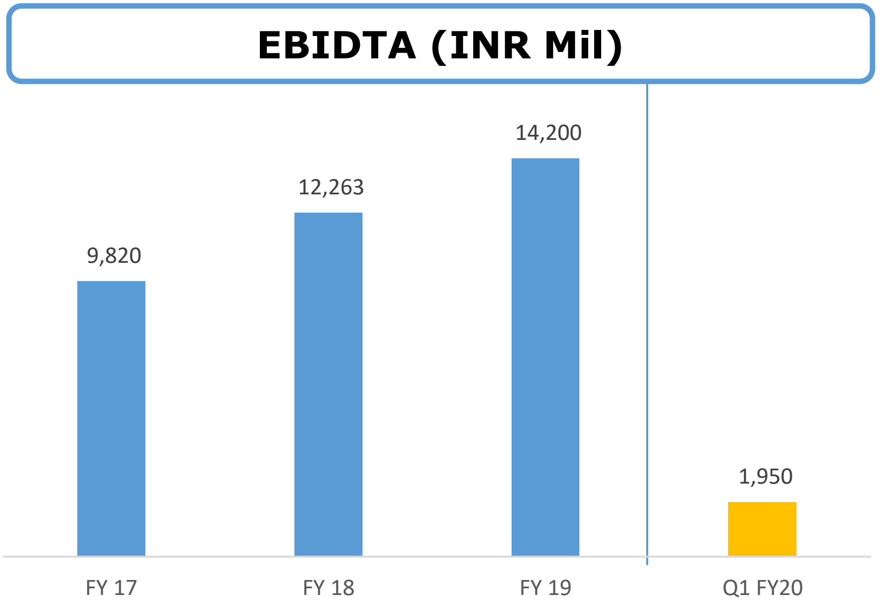
Source: Grand Thornton

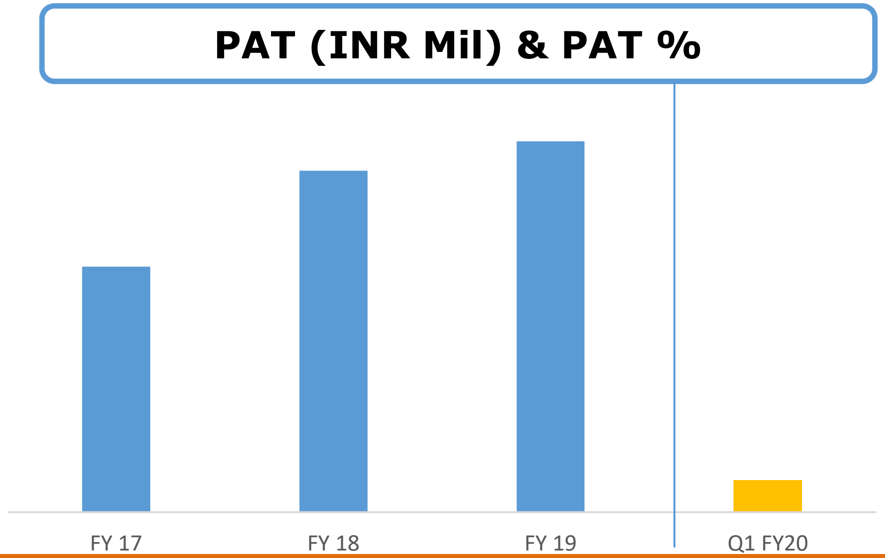
- Market leadership in **TN, AP, Kerala** for Rice transplanters
- Introduced **Combine harvester** in FY18
- **Service centers** in AP, Telangana, Odisha & Tamil Nadu
- **Synergistic approach** through Coromandel Retail operations
- **Indigenization** of spares
- Expanding portfolio to include **other Yanmar models**
- Partnering with Govt.- **Custom Hiring Centers**

Yanmar Coromandel Agrisolutions –JV between Coromandel (40%), Yanmar (40%) & Mitsui (20%)

Coromandel Key Financials

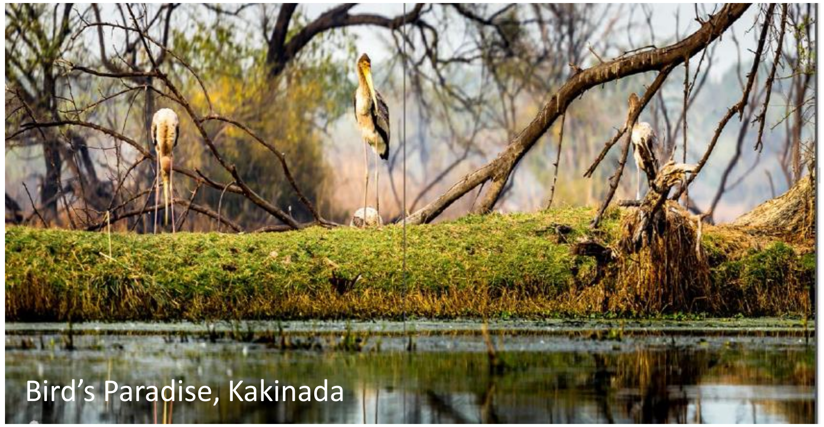






*As per new accounting standards Ind AS

Doing it Responsibly


Bird's Paradise, Kakinada


Girl Child Education Scheme


Green Belt at Vizag

- Established a **Bird's Paradise** at Kakinada plant (home to 100+ species): Covered by Discovery channel & UNDP
- **Green Visaka**: Coverage under **Green Belt:** ~10,000 new planting every year
- **Conversion of Phospho gypsum** heaps into Green belt at Vizag

Social Impact: Continuous Focus

16363 children impacted

1038 girls benefited through scholarships

7297 got benefited through medical camps

73268 medical services through 4 centers

469 women & 2161 youth beneficiaries

2688 benefited through sports

4485 benefitted through construction of toilets

Government general hospital- 7974 patients benefitted

9003 Plants planted

496 beneficiaries from ladies club activities

452 beneficiaries from TUSR activities

1474 –Employee volunteer hours

Impact: Q1 FY19-20

Scholarships – 200+

School Trainings – 2000+ Students

Retail Agri Skills – 100+

Medical Equipment Donation

Medical Campts – 550+ Patients

CMC Vizag & Mobile van – 20000+ Patients treated

Disclaimer

This presentation contains forward-looking statements which may be identified by their use of words contains “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements.

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Thank You