



# Investors Presentation

November 2013

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# GLOBAL FERTILIZER INDUSTRY OVERVIEW

# Global Mega Trends

## Rising Food Demand

- Global Food demand to increase 1.5x by 2030
- Changing dietary patterns, especially in developing countries

## Limited Resources

- Limited land and labor availability
- Degradation of soil quality

## High volatility in food prices with an upward trend

- Global staple food prices have doubled as compared with 2000 levels

## Innovation to drive productivity

- Commercial and small farm productivity increases to drive supply growth
- Innovation in inputs technology to drive supply

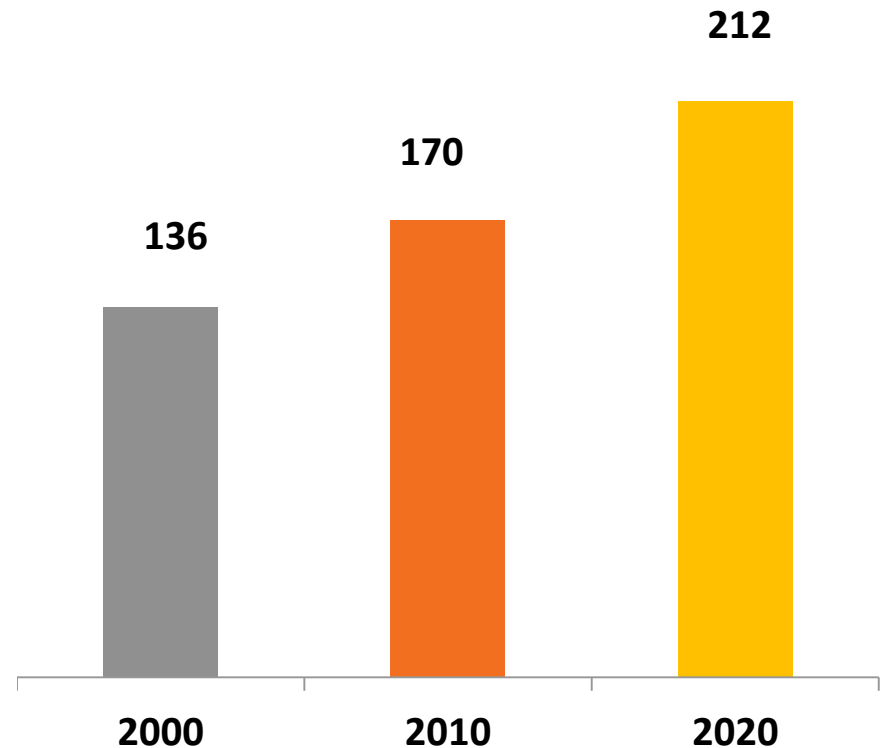
## Increased Value Chain Coordination

- Coordination across value chain – improve farm extension, market linkage, infrastructure

# Key Nutrient Demand Drivers

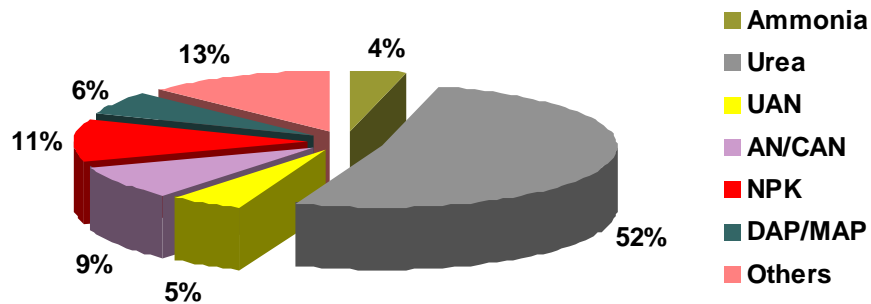
- Global population growth
- Growing affluence leading to higher protein usage
- Bio fuel production
- Farm economics
- Planted area
- Application rates
- High Commodity Prices

## Global Fertiliser Demand ( Million Mt)



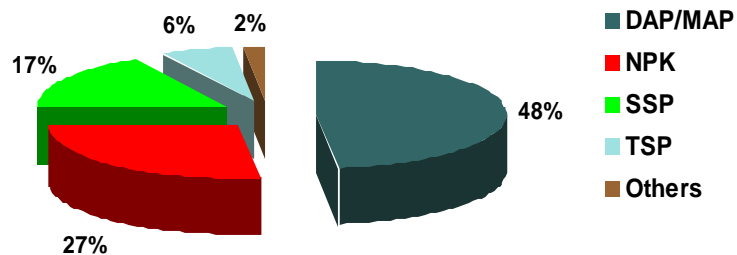
# Global N,P,K Market

"N" World Market



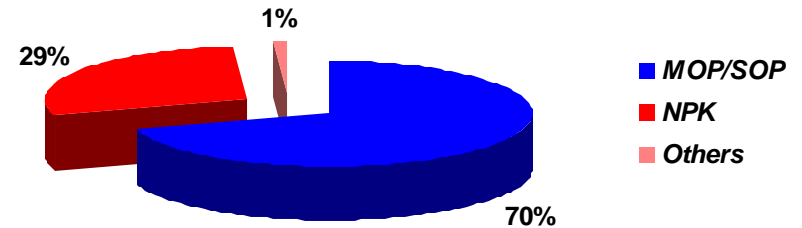
**"N" Market is 109 Million MT**

"P" World Market



**"P" Market is 42 Million MT**

"K" World Market



**"K" Market is 28 Million MT**

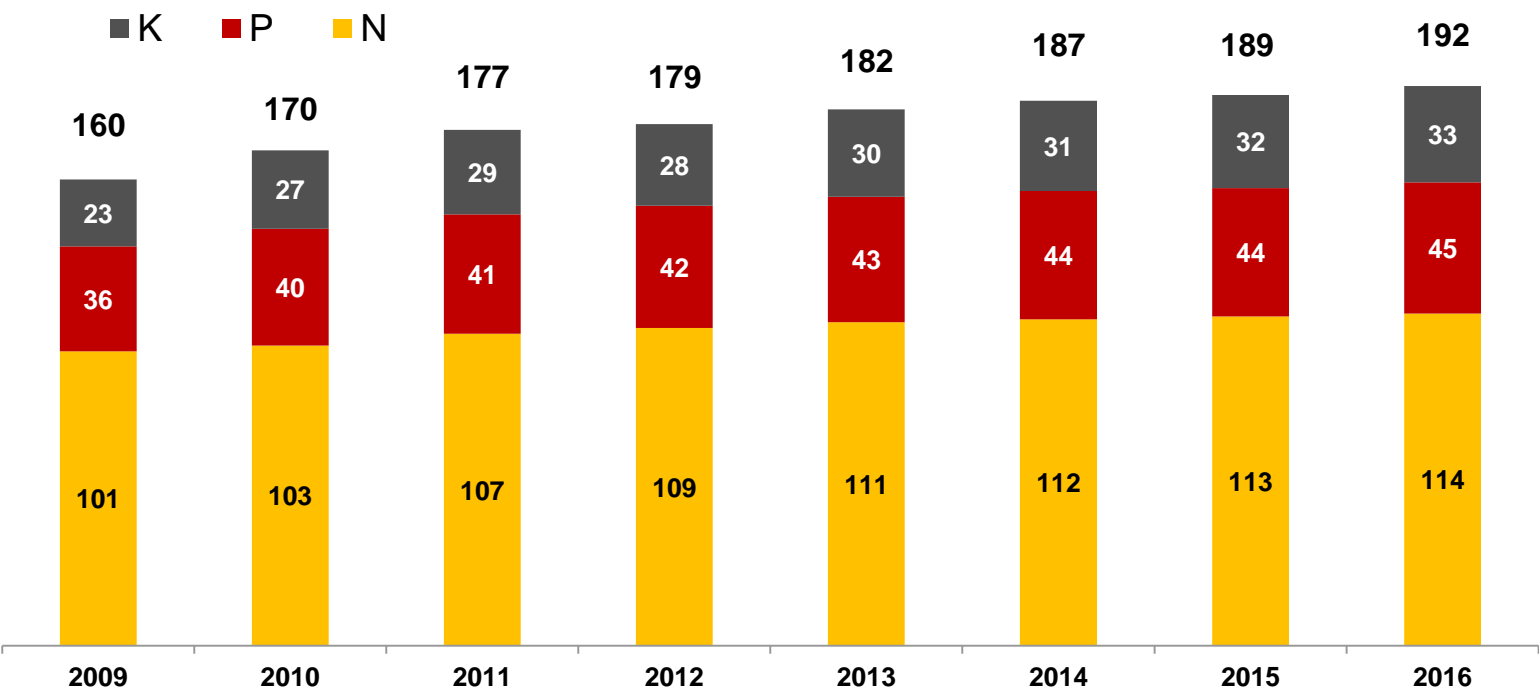
## Global Fertiliser Industry:

- Global fertiliser demand for 2013 is projected to increase by 2.8% to 184 Million mt
- India and China account for 40% of global consumption

Bulk availability of nutrient fertilisers is concentrated in certain regions

- 'N' nutrient in Middle East, USA & FSU
- 'P' nutrient in North/West Africa, USA & Jordan
- 'K' nutrient in Canada, FSU & Middle East

# Global Fertilizer Demand (Million Mt)



	N	P	K
CAGR	1.74%	3.24%	5.29%



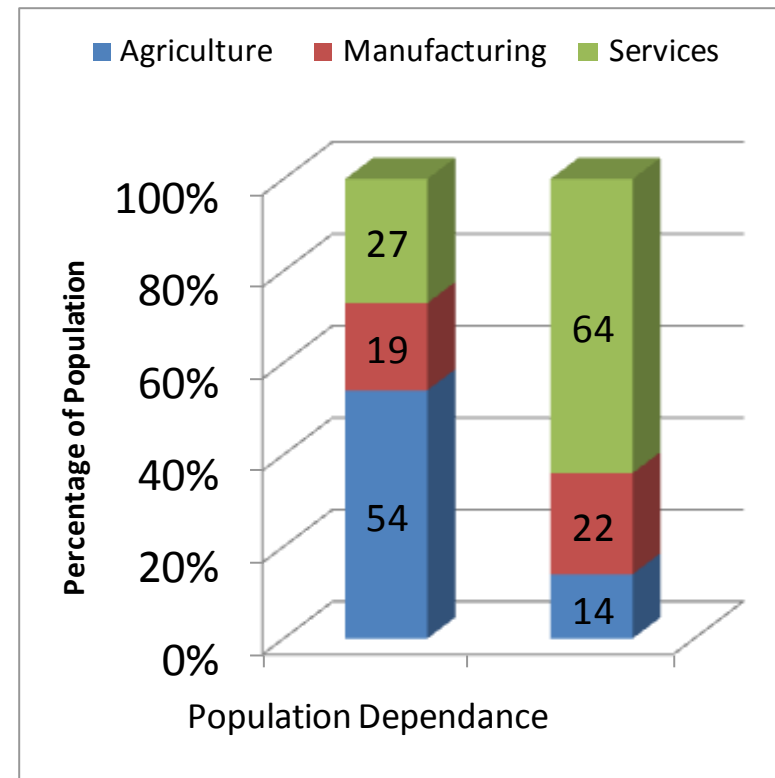
# Indian Agriculture



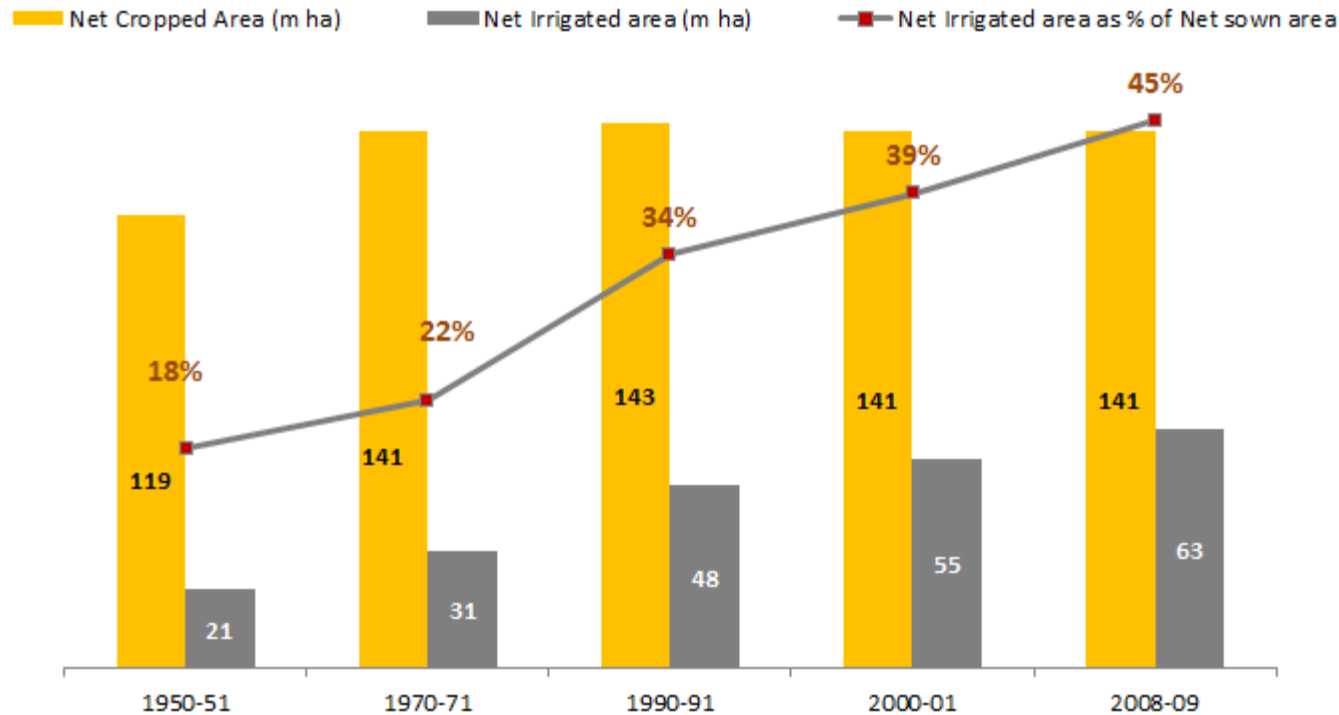


# Agriculture Impacts economic growth and large proportion of population

- Nearly 600 million Indians depend directly on Agriculture (54%)
- Agriculture contributed around 14% of GDP in 2012-13

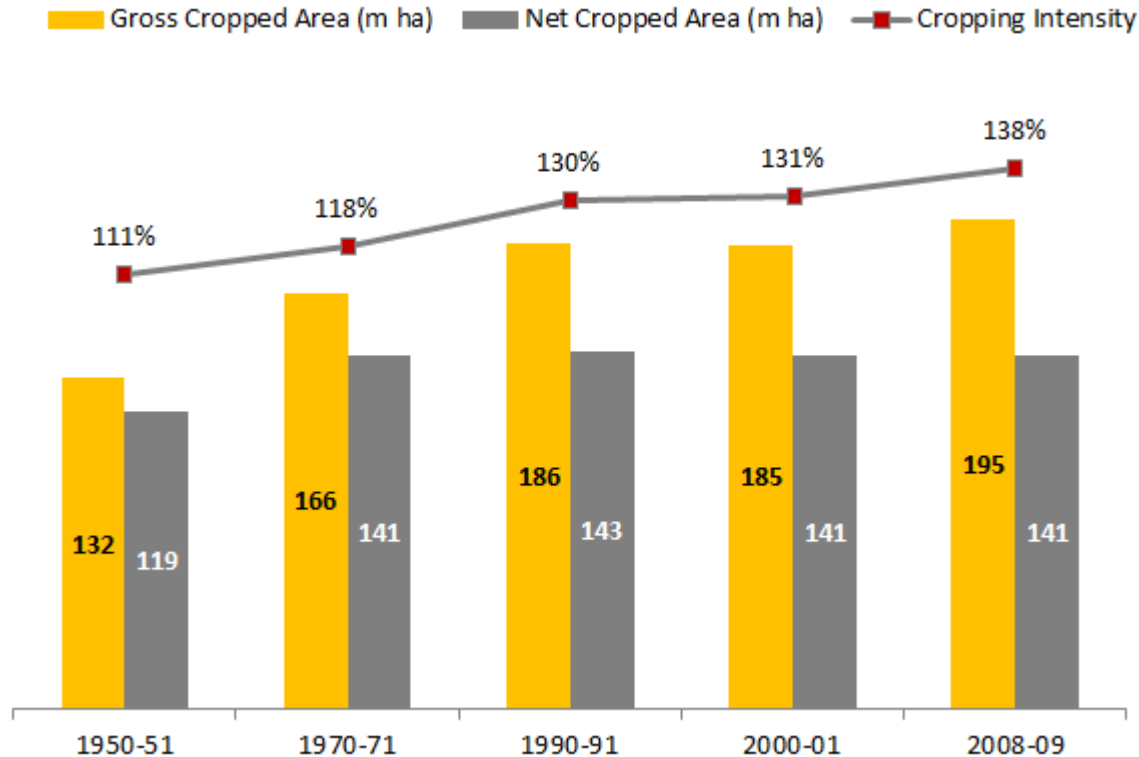


# Irrigated Area in India has been steadily increasing



The overall gross irrigated area a percent of gross cropped area has increased from 34% in the early 1990s to 45.3 in 2009

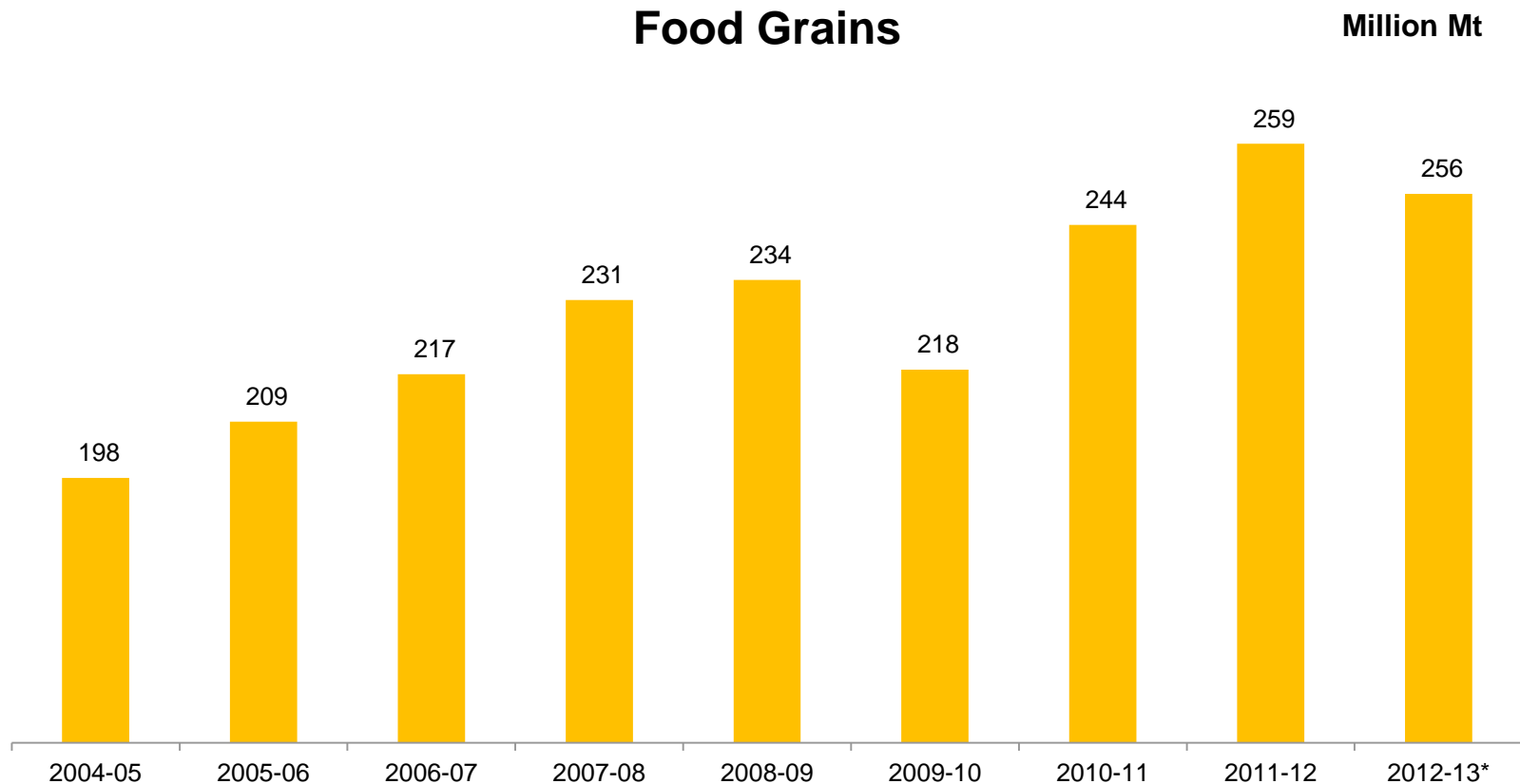
# Cropping Intensity has also steadily increased



Analysis of cropping intensity has gone up from 118% in early 1970s to 138% in FY09. A continuation of this trend is likely to push up demand for fertilizers.

# Food Grain Production

India will need additional 35-40 Million Ton of food grain and much more fruits and vegetables to feed its growing & affluent population



# Indian Agriculture Production

Crop	India Production (million tons)	World rank
Sugarcane	342	2
Rice, Paddy	156	2
Wheat	87	2
Potatoes	42	2
Bananas	30	1
Vegetables	28	2
Maize	22	5
Tomatoes	17	2

# India's crop productivity is low

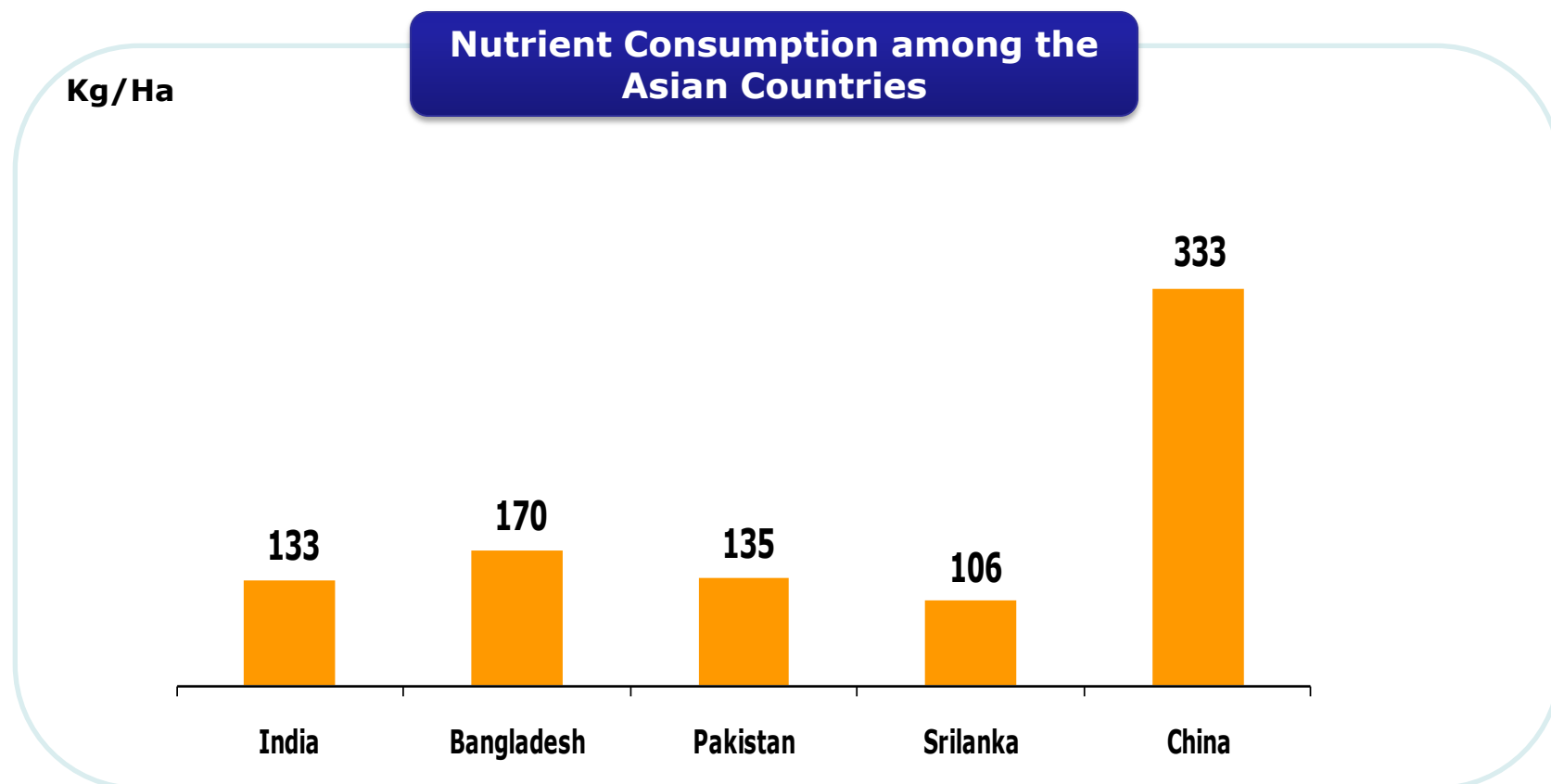
## Crop Productivity (Mt/ha)

	World	India	China
<b>Sugarcane</b>	74	67	69.8
<b>Wheat</b>	3	2.8	4.7
<b>Rice</b>	4.2	2.3	6.59
<b>Corn</b>	5	2.2	5
<b>Soybean</b>	2.2	0.9	1.6
<b>Rapeseed</b>	1.9	1.1	1.9
<b>Peanut</b>	1.6	0.9	3.3

**To enhance the crop productivity, Nutrient consumption in India has to go up with improved efficiency.**



# India's Nutrient Consumption



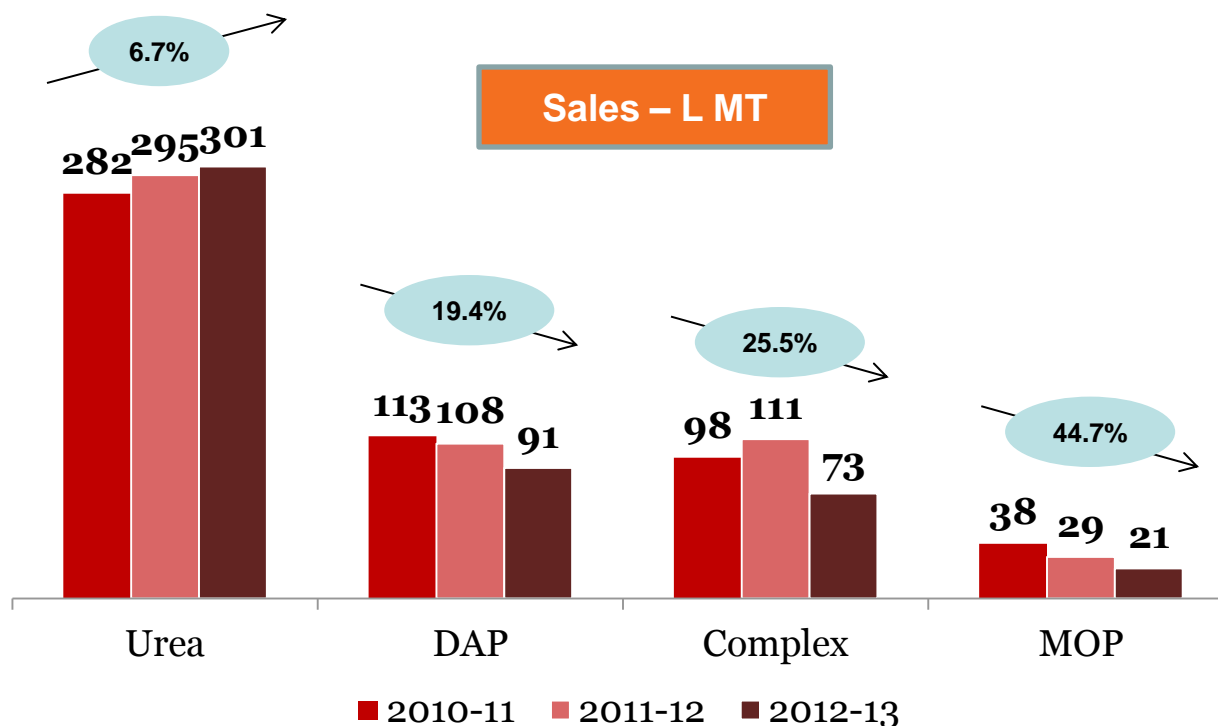
India's Nutrient consumption (Kg/Ha) is lower than countries like China (333), Bangladesh (170) and Pakistan (135).

# Long-term demand drivers and fundamentals are strong in India

- Population growth, urbanization and resulting food demand will be primary growth drivers
  - Population growth
  - Urbanization and higher income levels
  - Changing dietary mix
- Nutrient application rates will have to increase from current levels to sustain supply response to demand
- Cropping intensity, irrigation and other agricultural factors are improving
- Labor costs will continue to increase thereby affecting availability for agriculture

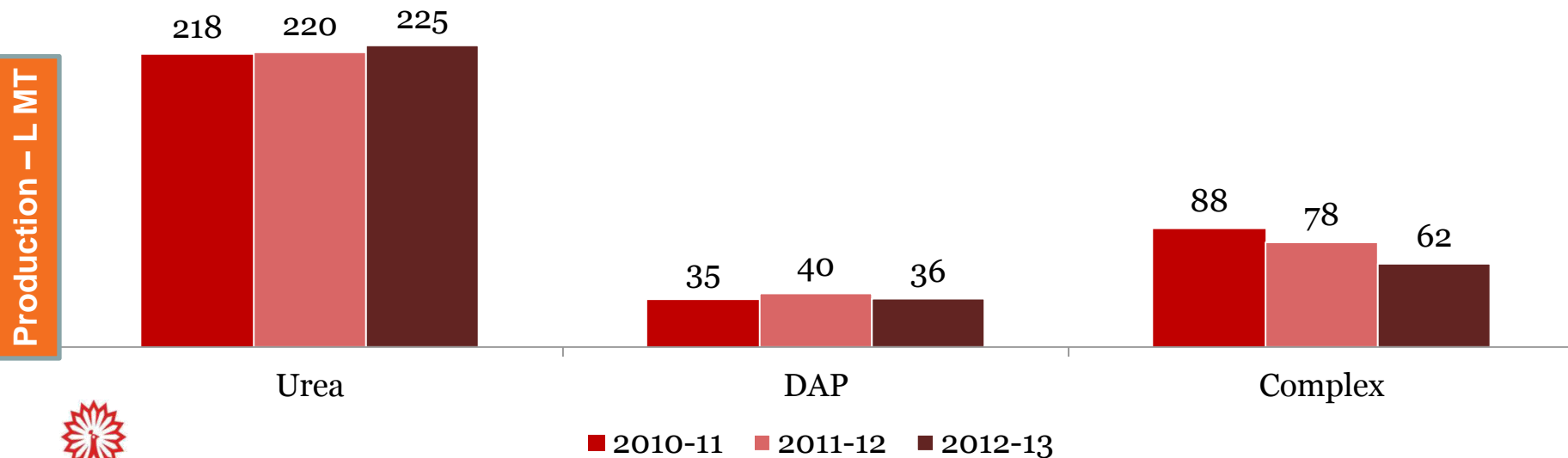
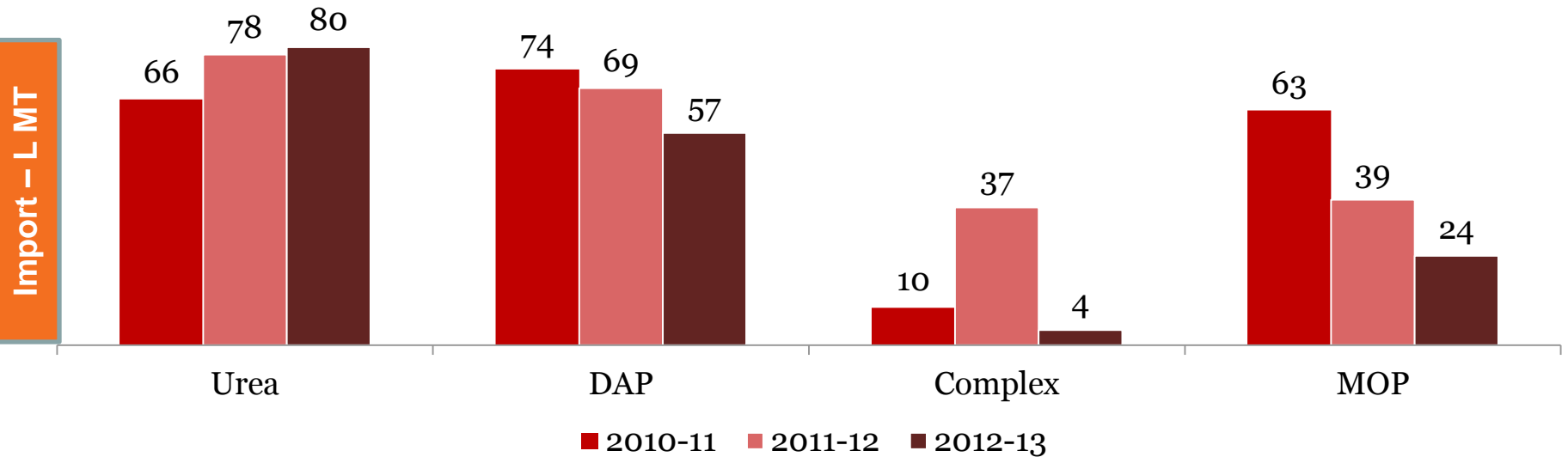
# INDIAN FERTILISER SCENARIO

# India's Fertiliser Consumption



# India's Fertiliser Consumption

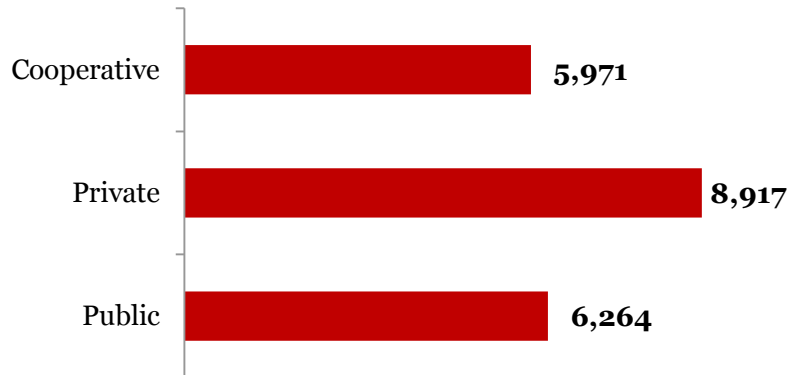
- India continues to remain one of the key drivers of growth of fertiliser demand in the World



# India – Strong presence of private sector in fertilizers

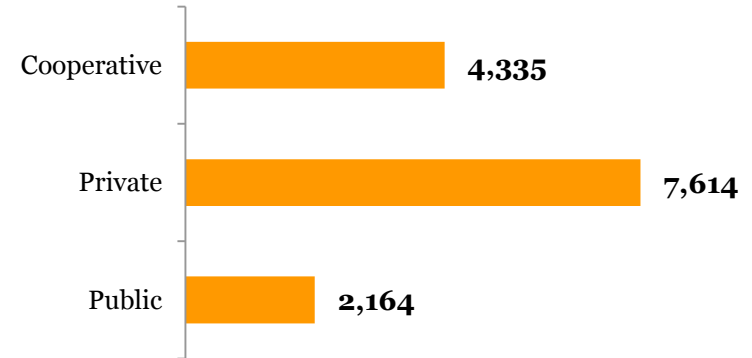
'000 Tons

## Urea



'000 Tons

## Complex Fertilisers (Incl DAP)



### Major Players

- IFFCO
- KRIBHCO
- Tata Chemicals
- Zuari Industries
- Chambal Fertilisers
- NFL

### Major Players

- IFFCO
- Coromandel
- TCL (HLCL)
- Zuari + PPL
- GSFC



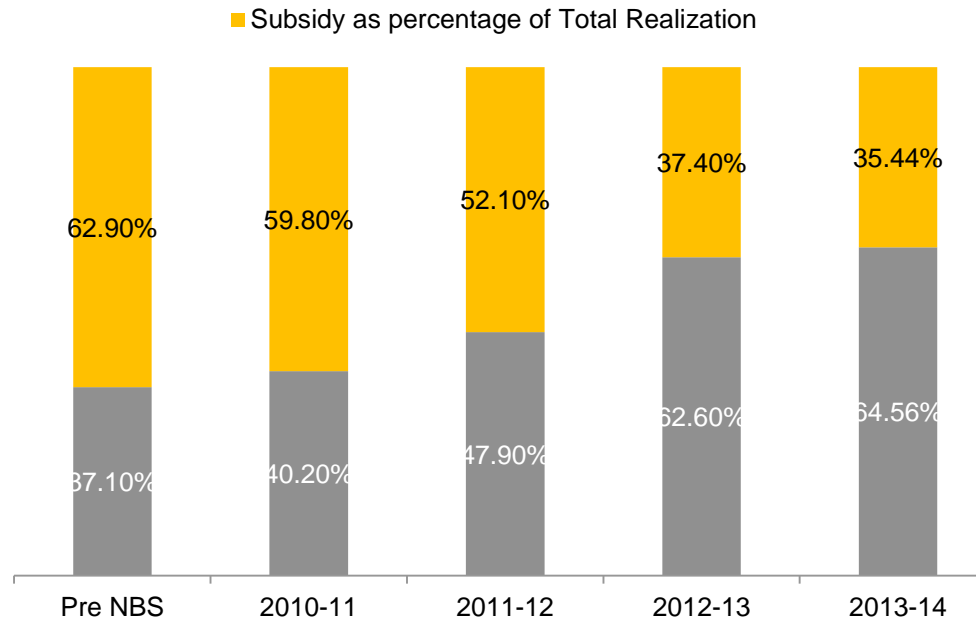
# P&K Subsidy evolution

Period	Subsidy policy	MRP	Subsidy
1977 – 1992	Cost + policy for individual units	Fixed	Variable
1992 – 2007/08	Cost + policy for industry	Fixed	Variable
2008 – 2009/10	Import parity	Fixed	Variable
2010/11 – Current	Nutrient Based Subsidy	Variable	Fixed

Subsidy - Rs. Per Kg

Nutrient	2010-11	2011-12	2012-13	2013-14	% Inc / (Dec)
N	23.227	27.153	24.000	20.875	(13%)
P	26.276	32.338	21.804	18.679	(14%)
K	24.487	26.756	24.000	18.833	(22%)
S	1.784	1.677	1.677	1.677	-

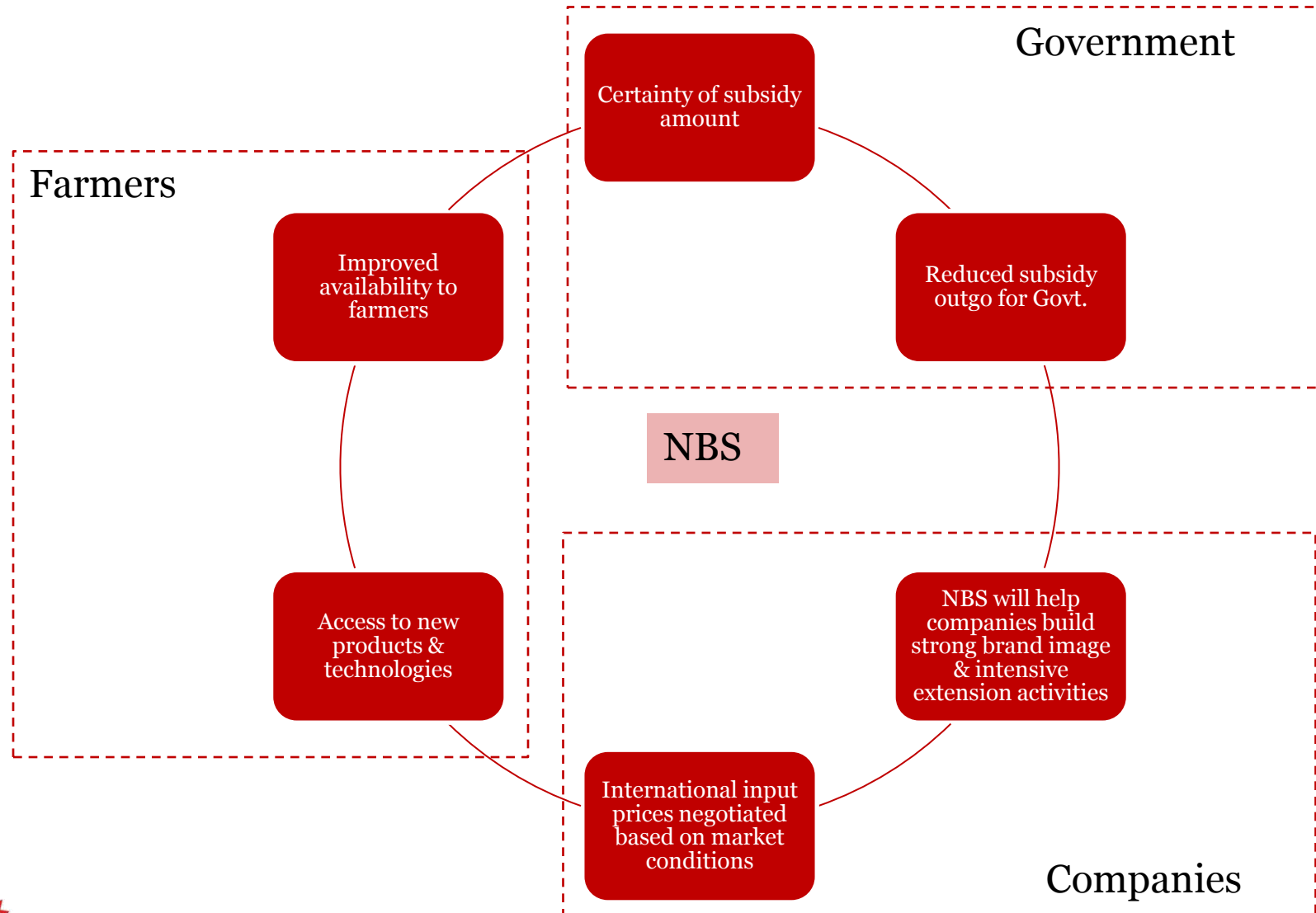
# NBS Evolution



Rs. Cr	FY12	FY13	FY14BE	YoY Growth %
Imported (Urea) fertilisers	13,883	13,398	15,544	16.02%
Indigenous (Urea) fertilisers	19,108	19,000	21,000	10.53%
Sale of decontrolled fertilizer with cons.	34,208	28,576	29,428	2.98%
<b>Total Fertiliser Subsidy (B)</b>	<b>67,199</b>	<b>60,974</b>	<b>65,972</b>	<b>8.20%</b>

Share of farm gate price of Complex Fertilizers in total realization has increased

# Nutrient Based Subsidy (NBS)– “Win-Win” Proposition for all Stakeholders



# CURRENT MARKET SCENARIO

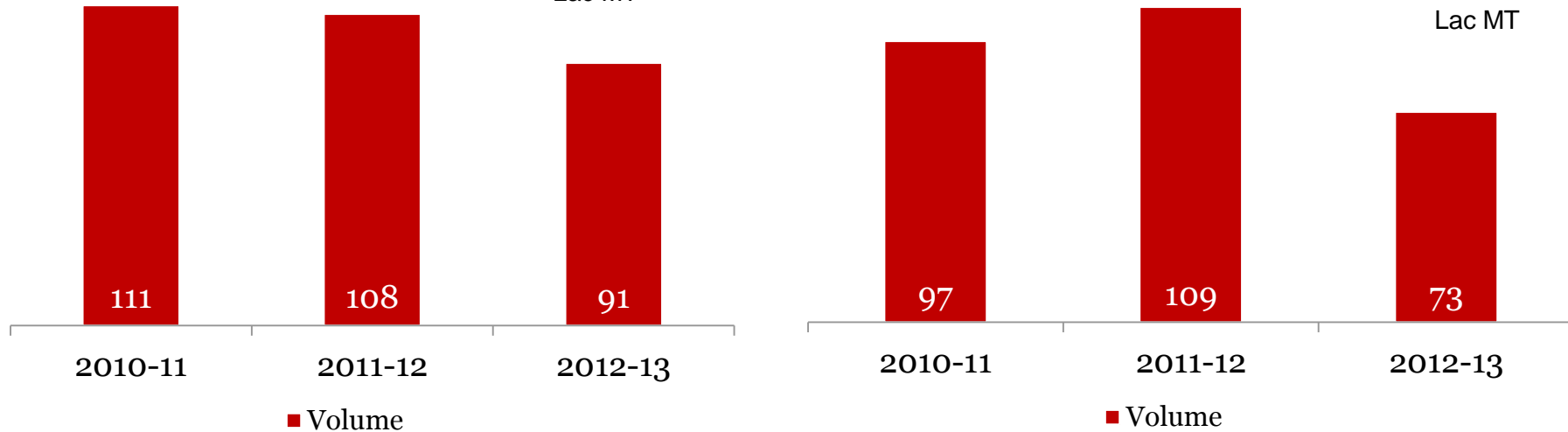
# Volume growth

**All India - DAP**

Lac MT

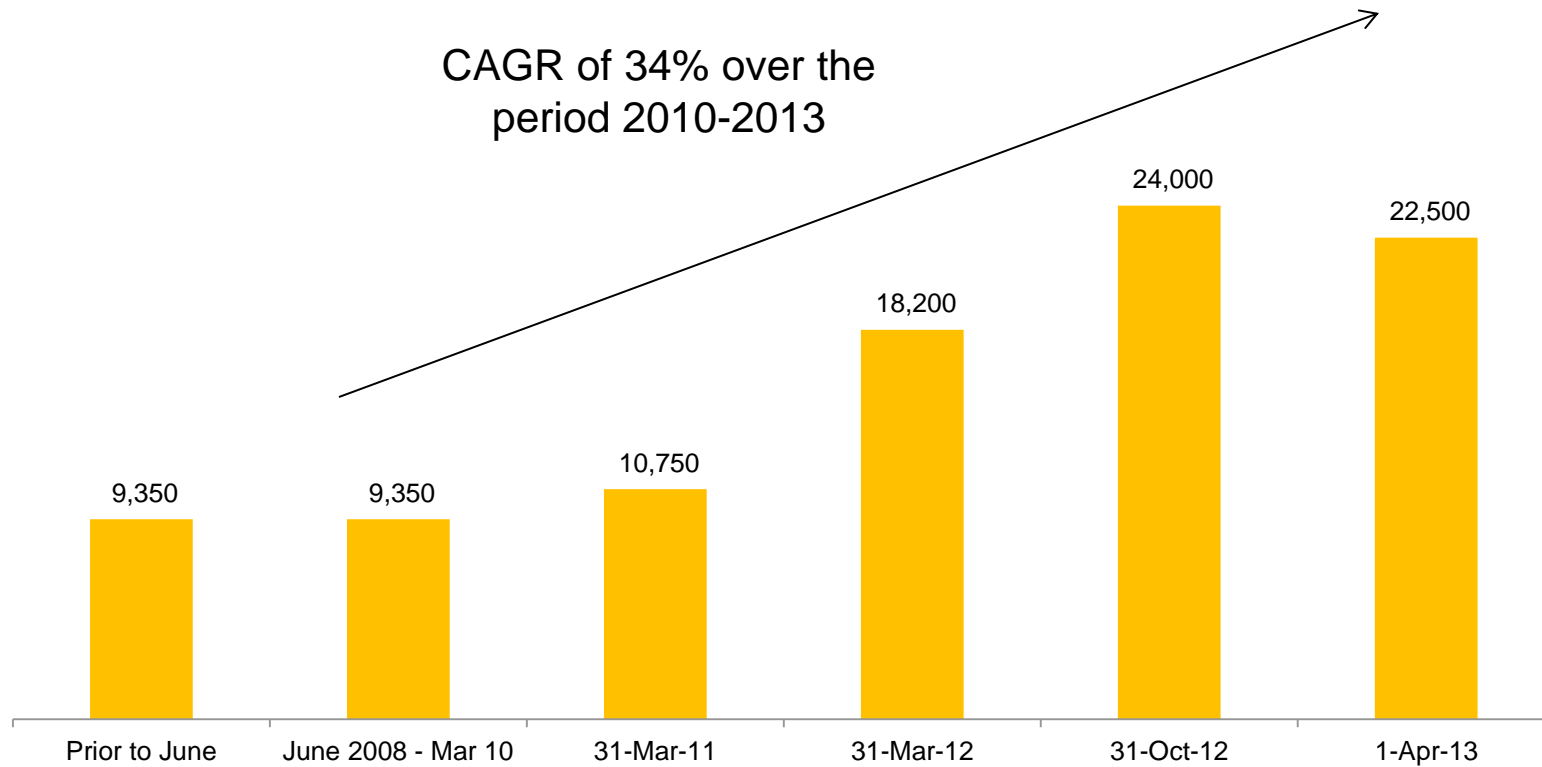
**All India - Complexes**

Lac MT



- Volume decline for DAP and Complexes in 2012 -13 over previous year levels
- Farmgate prices of fertilizers increased in 2012-13 due to currency depreciation and lower subsidies
- Deficient and erratic monsoons affected consumption and resulted in high inventories in supply chain

# MRP Trend - DAP





# Current market situation

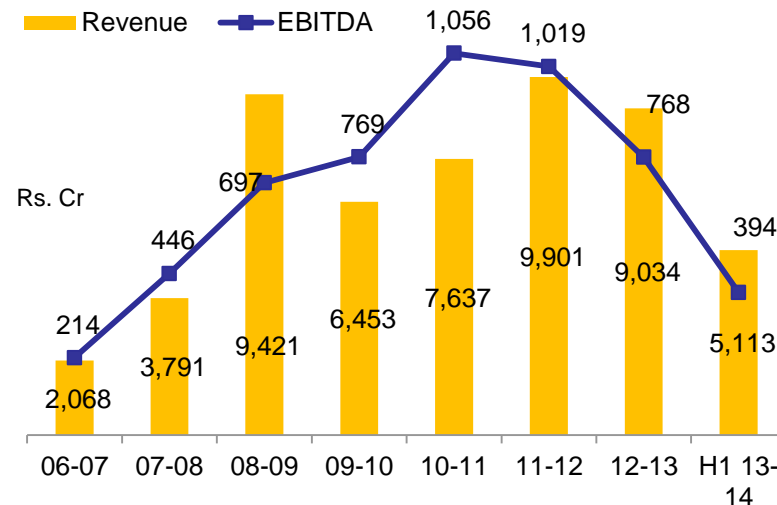
- Artificially low urea prices has resulted in its higher application levels
- Relatively high P & K fertilizer prices has affected their demand
- Low demand and a failed 2012-13 monsoon had resulted in high channel inventories
- Good monsoon in 2013-14 has revived consumption levels for P & K fertilizers
- Sector is working its way out of the inventory woes of previous season

# COMPANY PROFILE

# Coromandel - A Leading Agribusiness Company in India

## Key Facts :

- Turnover: Rs.9,034 Cr
- Market Cap: Rs.6,254 Cr
- Strong credit rating: 'AA +' (Stable outlook)' with CRISIL India
- Employees: 2712
- International Linkages: FOSKOR, GCT, CANPOTEX, SQM, GETAX, QAFCO, ICL, Phoschem, OCP etc
- International Market Serviced: Latin America, South East Asia, Egypt, Gulf



## Business Segments

### Phosphatic Fertilisers

- DAP
- Complex Fertilisers
- SSP – acquisition of Liberty Phosphate group
- MOP

Sales : 80%  
EBITDA : 60%

### Specialty Nutrients & Compost

G-Sulphur  
Water Soluble Fertilisers  
Organic Manure

### Crop Protection

Technicals  
Formulations  
- Acquisition of Sabero

Sales : 20%  
EBITDA : 40%

### Retail

Agri Inputs  
Agri Services

## Farm Inputs Business

### Fertilisers

#### Sourcing

Strategic Alliances in Sourcing –

- Long Term tie-up with Foskor, South Africa and Group Chemique, Tunisia
- TIFERT JV in Tunisia
- Supply agreement for Ammonia and Sulphur with Mitsui
- Potash from Canpotex

#### Cost Leadership

- Low cost manufacturer of Phos acid - Visak and Ennore
- Kakinada - High Efficiency and Very low conversion cost
- Ex Plant/Rail deliveries - Low Freight Cost
- Low cost of borrowing
- Access to low cost electricity – stake in APGPCL

#### Marketing Strength

- Wider reach and penetration
- Strong brand image in the home market
- Wide Product Range - Low 'P' to high 'P'
- Direct contacts with farmers - Mana Gromor Centers
- Extensive field promotions

### Non Subsidy Businesses

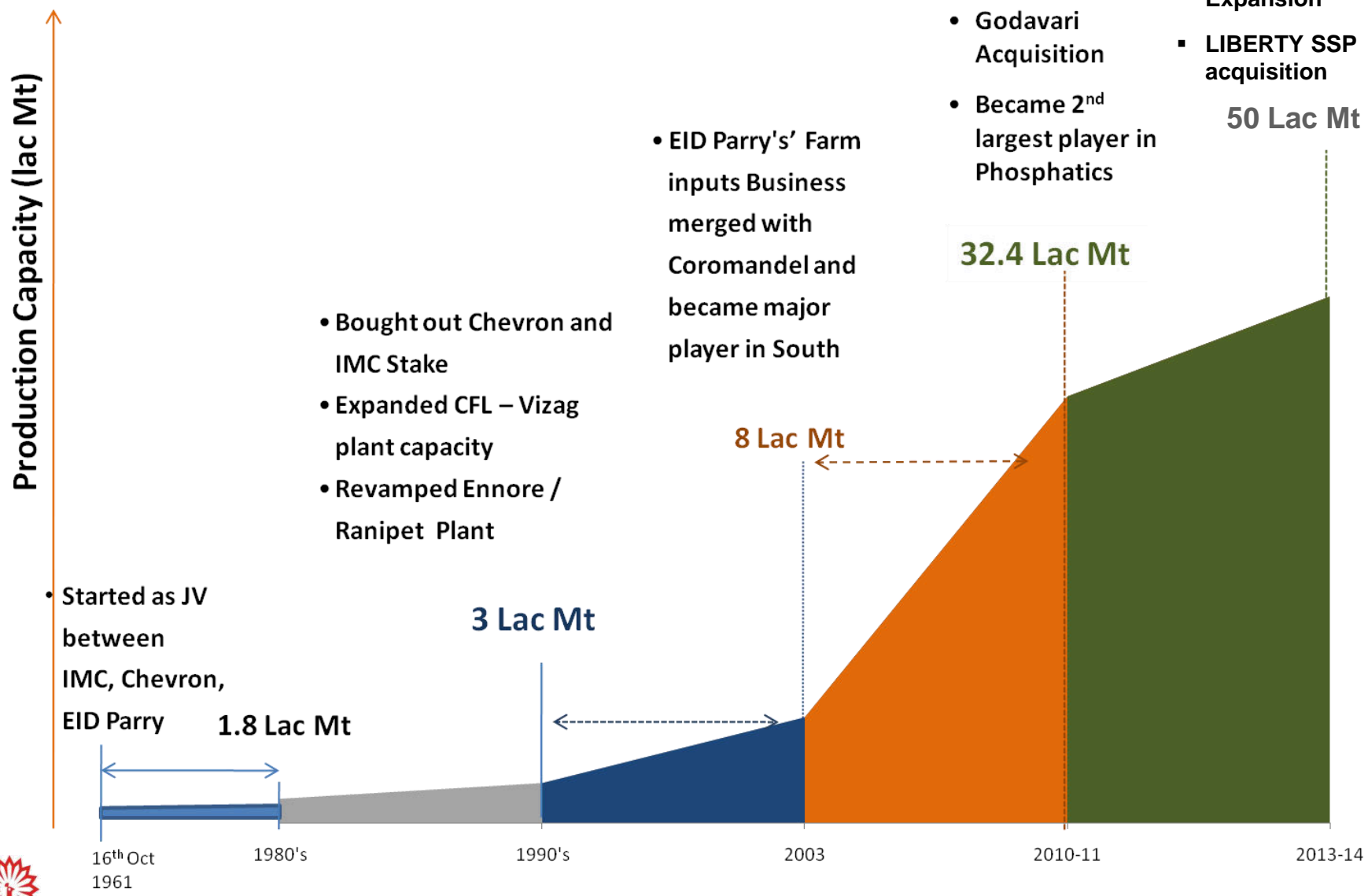
- Specialty Nutrients/ Water Soluble Fertilisers/Micro Nutrients and Organic compost
- Crop Protection – Technicals and Formulations
- Retail
- Farm Mechanization Services



# Coromandel's Fertilisers Business

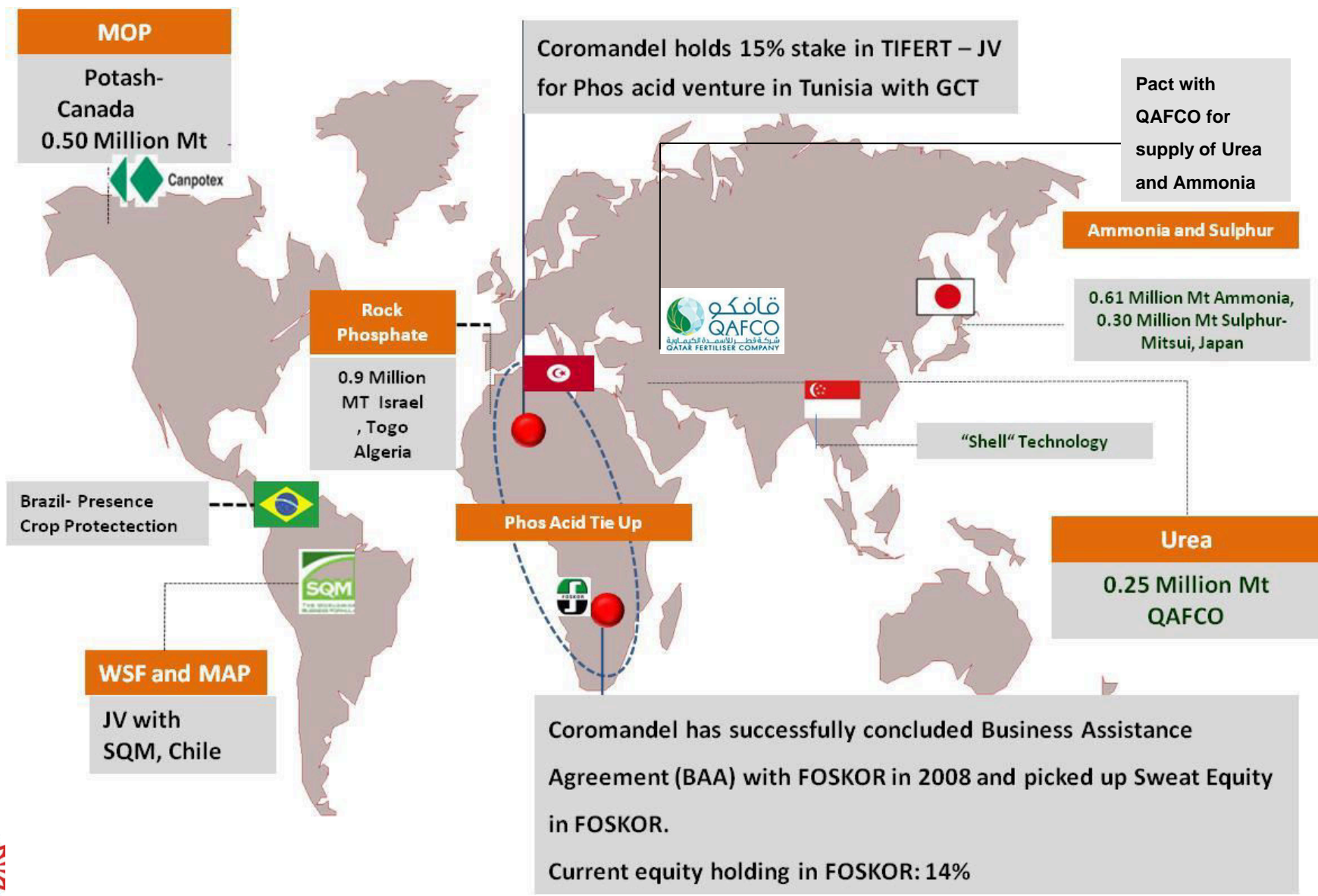


# Coromandel Fertiliser Business Growth Story



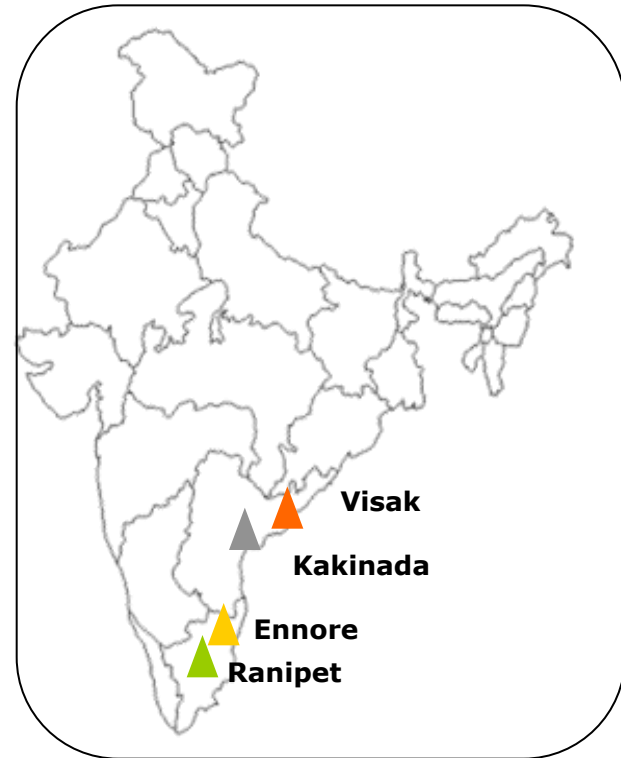


# Global Strategic Alliances



# State of The Art Manufacturing Facilities

- Plants are strategically located in highly irrigated southern Indian states and in heart of fertilizer consumption market – low freight cost
- Plant Facilities – State of art with good infrastructure support and robust systems
- Phosphate – lowest cost manufacturer in India
- Captive jetty at Vizag, Own storage tanks and pipeline for raw materials: Ammonia & molten sulphur (Vizag & Ennore) - Lower handling and associated costs
- Captive power plants at Vizag & Ennore – saves power costs
- Captive desalination plants at Ennore – ensure water supply at low cost
- High capacity utilisation levels & continuous modernisation of facilities
- Backward integration into manufacturing the intermediate - phosphoric acid from rock





# Tie ups for Phosphoric Acid

	Million MT
Captive Production	0.23
Supply contracts with FOSKOR, ICL , GCT and Phoschem	0.60
New JV TIFERT	0.20
Spot Buying	0.20
<b>Total</b>	<b>1.23</b>

Acid tie up of 1.2 million Mt can cater to 4 million Mt Production of fertilisers

Coromandel has successfully concluded Business Assistance Agreement (BAA) with FOSKOR in 2008 and picked up Sweat Equity in FOSKOR.

Current equity holding in FOSKOR:

- Coromandel International Limited:2.18%
- CFL Mauritius Limited: 11.82%

Coromandel holds 15% stake in TIFERT – JV for Phos acid venture in Tunisia

## Visak Plant

### Captive Phos Acid

- Continuous de-bottle necking to increase production levels
- Value gap - imported Vs own acid
- Increased Gypsum generation
- Use of various sources /grades of rocks
- New belt filter technology- to use low grade rocks

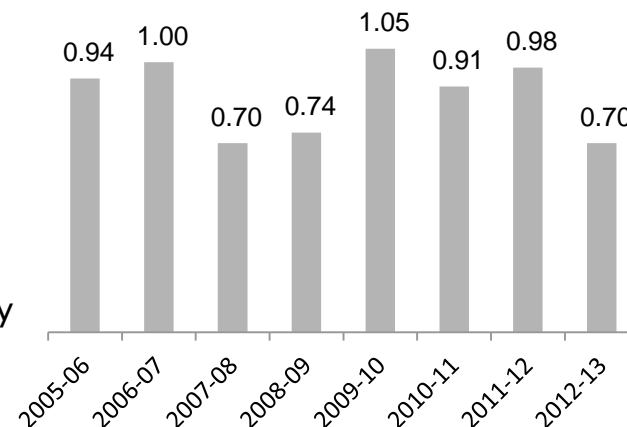
### Sulphuric Acid

- Consistent production performance – operating at 100% + capacity
- Air pre heater technology – Total avoidance of LSHS/Furnace oil
- Increased Power generation

### Logistic Cost

- Ex Plant Deliveries – minimizing freight cost

### Visak Production (Million Mt)



## Kakinada Plant

### Very High Efficiency

- N – 99% P – 98% K – 94%

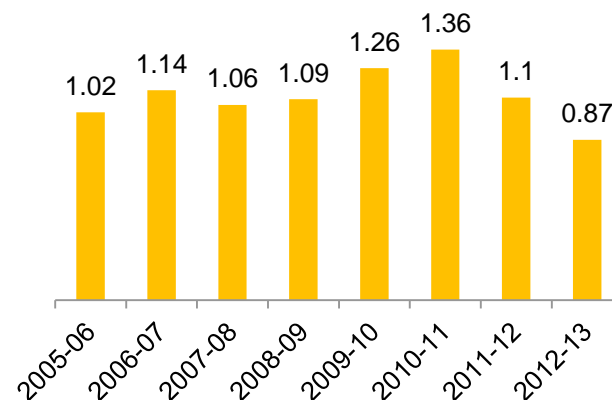
### Low Conversion Cost

- Availability of Natural Gas
- Increased through put of all trains

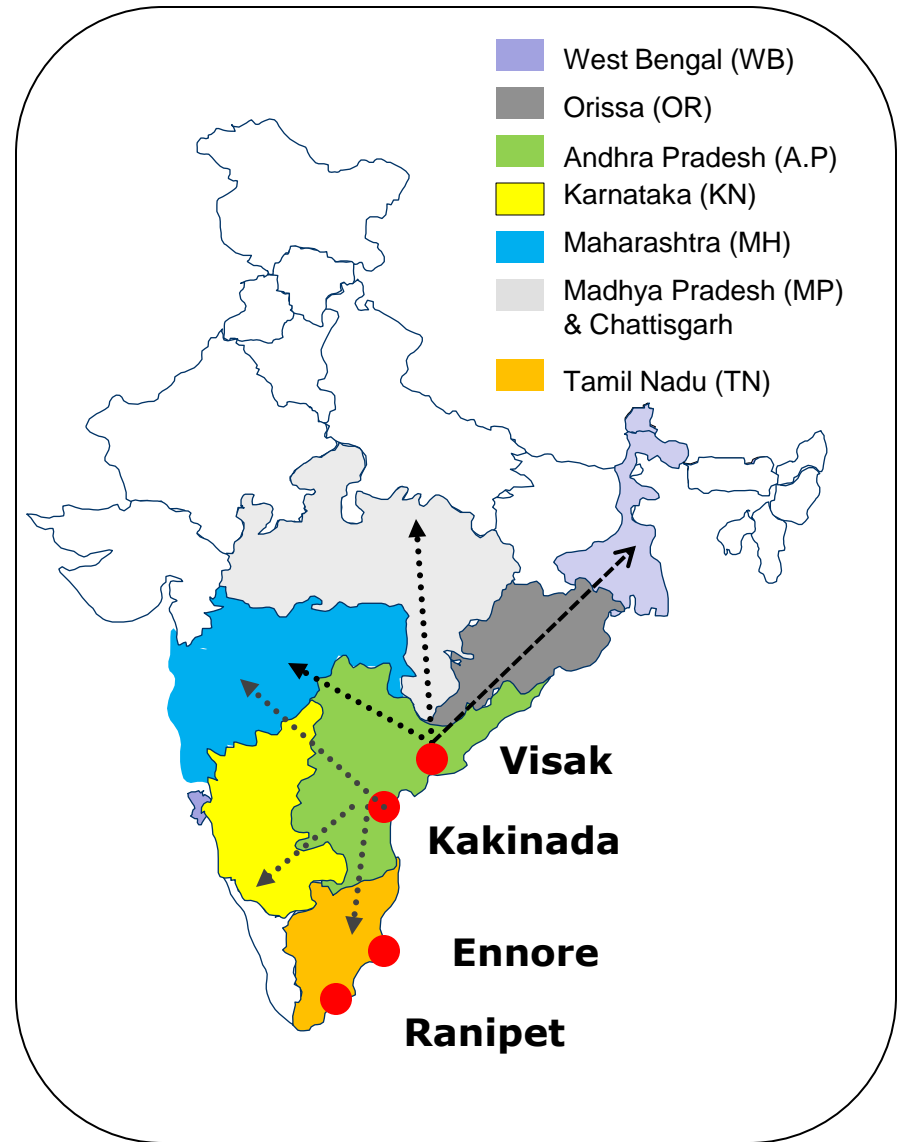
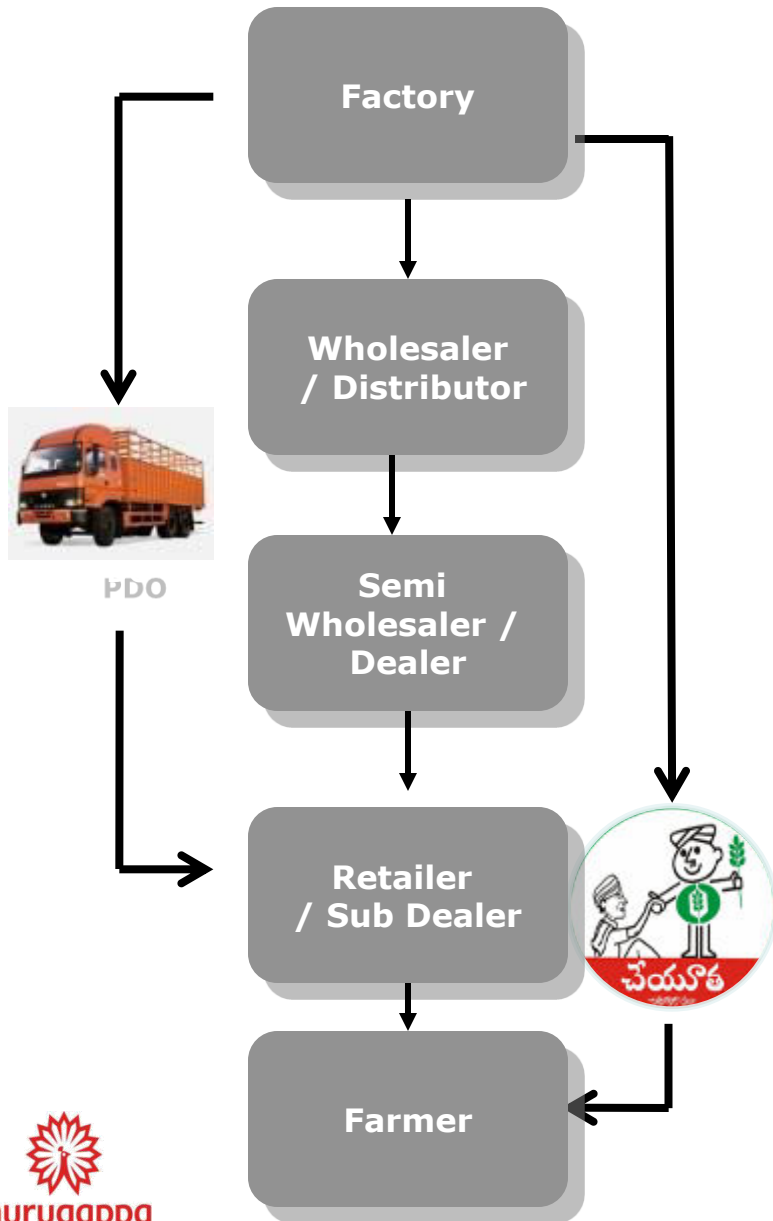
### Logistic Cost

- Increased rail dispatches – minimizing freight cost to be in line with subsidy

### Kakinada Production (Million Mt)



# Marketing Network



# LIBERTY PHOSPHATE GROUP

# Liberty Group acquisition

- Coromandel announced acquisition of Liberty group in Jan 2013
- Completed acquisition of promoter stake in March 2013 and open offer of LPL in June 2013
- Propose to merge LPL & LUL with Coromandel
- Liberty group has Seven Single Super Phosphate (SSP) manufacturing units located primarily in north western India with installed capacity base of 0.96 Mio MT
- The acquisition will expand geographic footprint for Coromandel
- Liberty's plants are strategically located close to consumption centers and raw material sources
- The acquisition will enable Coromandel to provide a better value proposition to the farmer by expanding the product offerings (across all price points)
- Coromandel has become the leading SSP player in India with over 1 Mio Mt of capacity

# Status update

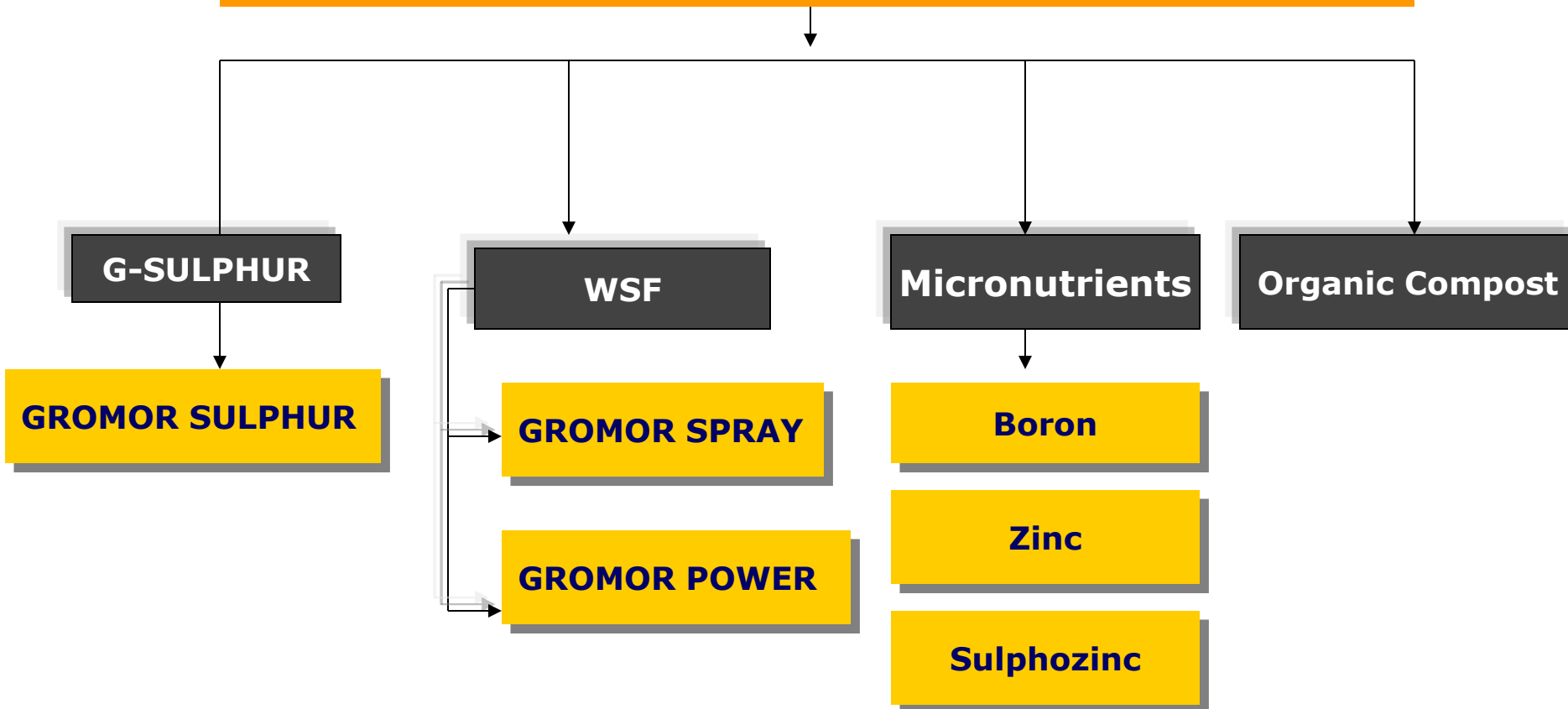
LPL+LUL - (Rs. Cr)	11-12	12-13	H1FY14
Turnover	564	550	196
EBITDA	109	62	12
PAT	66	37	4

- Currently hold 79.61% stake in LPL and 100% of LUL
- SSP demand affected by lower demand for Phosphatics
- Liberty maintained market share in key markets

# Specialty Nutrient Business

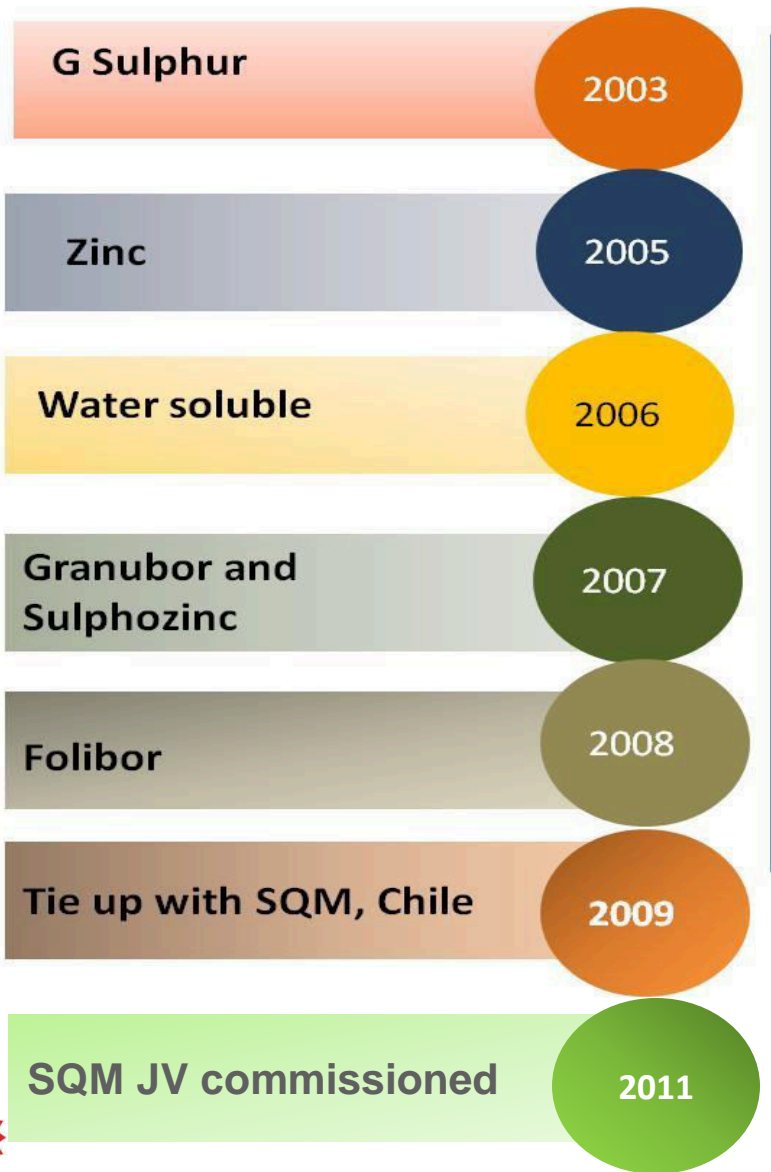


## SPECIALITY NUTRIENTS DIVISION (SND)



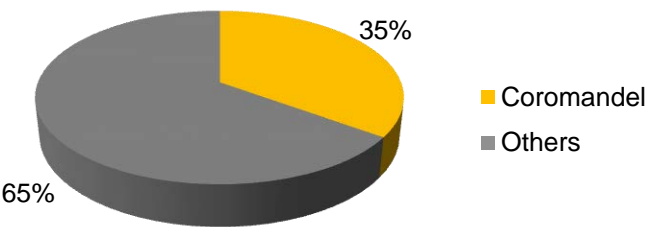


- Restructured field team on crop basis for enhanced focus
- Develop crop and region specific complete nutrition solutions and market as a package
- Educate farmers on micronutrient deficiency and corrective measures
- Leverage growing drip irrigation acreage to grow water soluble fertilizer business
- Strategic tie-up with SQM to for products and best practices

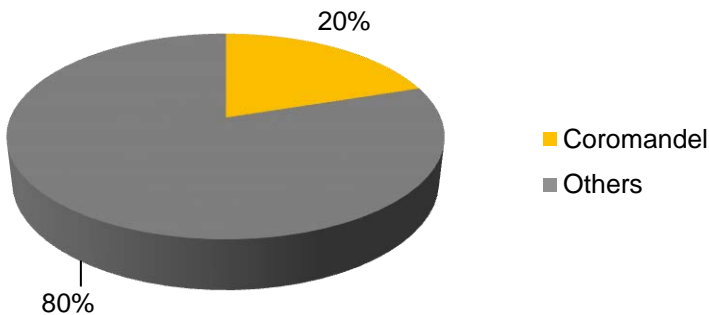


## Market Share

### G- Sulphur



### Water Soluble Fertilisers



## Bentonite Sulfur

- Record turnover of Gromor Sulfur with y/y growth of 14%.
- Continues to be the market leader despite adverse market conditions

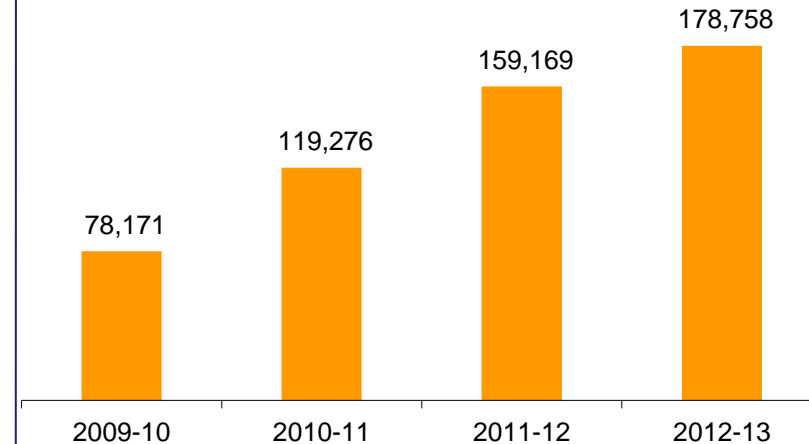
## WSF

- New WSF plant under JV with SQM completed one full year of operations
- Both WSF and Sulfur markets have shown accelerated growth in the year and their markets are expected to grow at CAGR of 20%

## Organic Fertiliser

- Introduced new variants with Phosphate rock
- New plants set up in Captive sugar units of EID

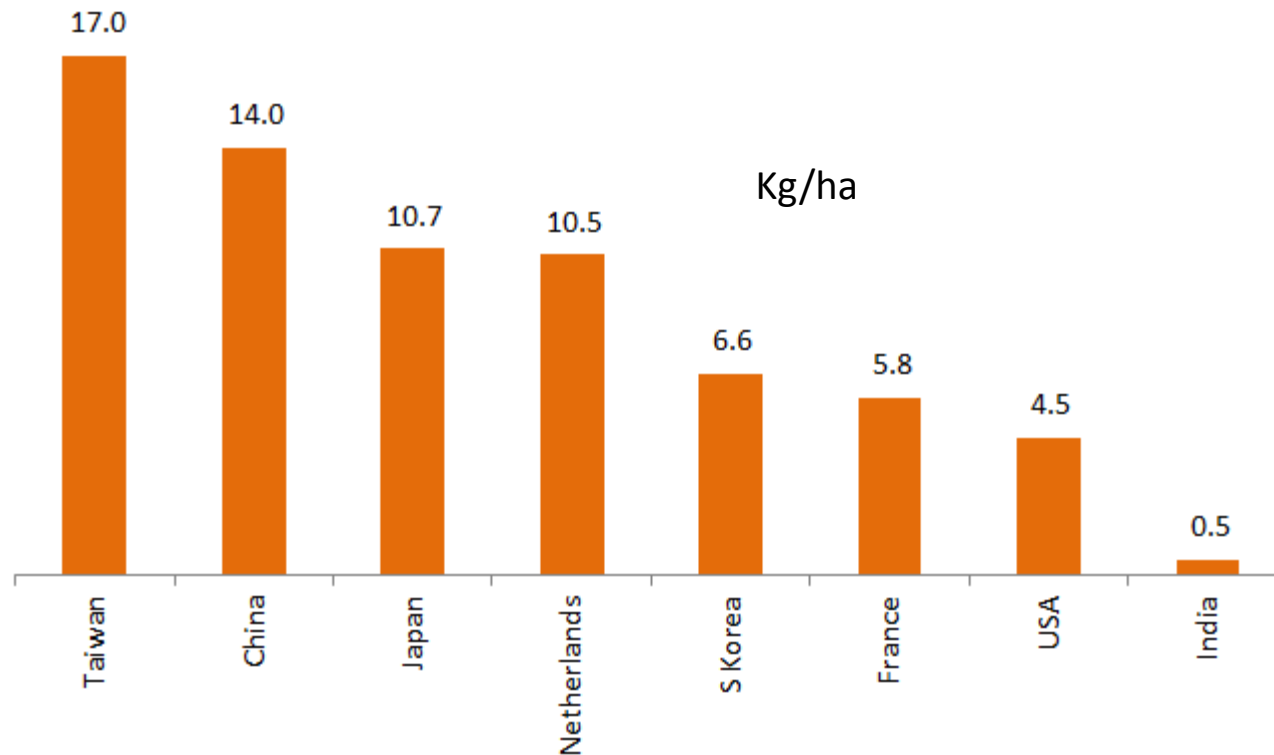
## Organic Compost Volumes (Mt)



# Crop Protection Business



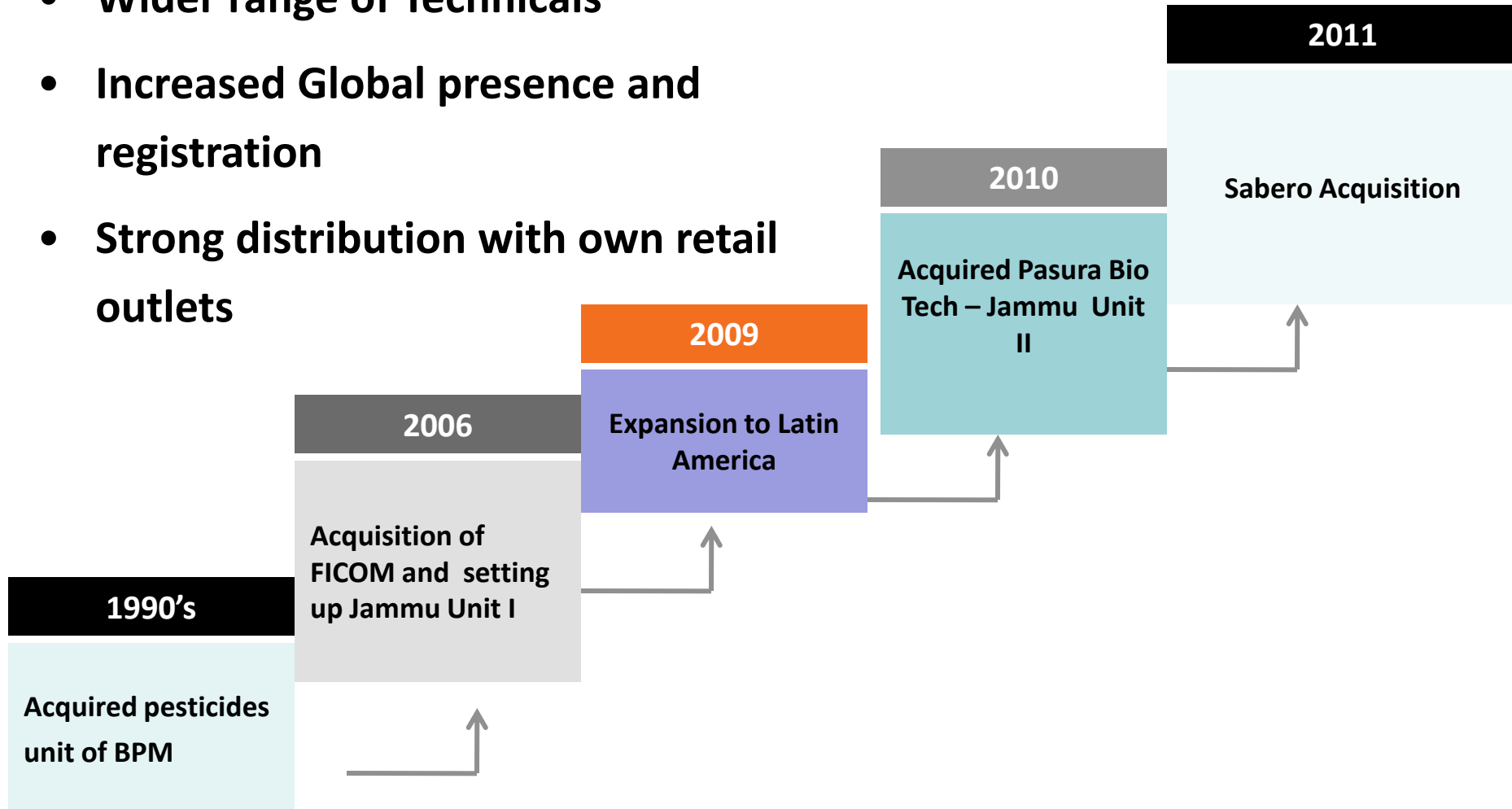
# Pesticide consumption



- Crop losses in India range from 10% to 30% each year depending upon the severity of pest attacks.
- India's per hectare consumption of pesticide is 381g vs. the world average of 500g.
- Only 25-30% of total cultivated area in the country is under pesticide cover.

# Crop Protection business

- Wider range of Technicals
- Increased Global presence and registration
- Strong distribution with own retail outlets



- Enhance R&D and registration capabilities
- Pursue backward integration to produce intermediates
- Expand & redeploy production capacities at manufacturing locations
- Consolidate and rebrand domestic formulations business under “GROMOR SURAKSHA” umbrella brand
- Expand business in LATAM, Africa and APAC



# Initiatives

## Operational Initiatives

- Expansion of technical plant capacity at Ankleshwar
- Export to more countries & increase the reach
- Focusing on high margin super specialities
- Leveraging on retail network in AP & Accelerated growth plan in all states

## Strategic Initiatives

- Acquired Sabero Organics
- Co-Marketing with MNCs – Access to new molecules – Tie up with BASF, Syngenta, Dupont
- R&D Initiatives & registraton capabilities
- Alternate sourcing from China
- New Products Introduction
- Foray into Latin American market – Set up office in Brazil

## Jammu



## Ranipet





# Update on Sabero Organics Gujarat Limited Coromandel

- Coromandel along with subsidiary Parry Chemicals currently holds 74.61% stake in Sabero
  - Acquisition has helped Coromandel become one of the top players in the Indian Agro chemical market
  - Access to Global markets; Synergies in Latin America operation
  - Expanded basket of captive technicals ; alternate molecules to offset Endo
- Consolidated formulation business in Coromandel – leveraging on retail outlets

# Synergies with Coromandel

- Expanded & Complementary Portfolio
- Backward integration for supply of key technicals
- Strong Global Presence – registrations in over 54 countries ( about 183 unique product / country combination)

	Coromandel + Sabero
Herbicides	6%
Insecticides	61%
Fungicides	26%
Others	7%
<b>Total</b>	<b>100%</b>

(Rs. Cr)	10-11	11-12	12-13	H1 FY14
Turnover	413	358	515	401
EBITDA (before E/O Items)	41	(6)	53	47
E/O Items	(2)	(28)	(2)	-
EBITDA Reported	39	34	51	47

% of TO	10-11	11-12	12-13	H1FY14
Domestic	45%	48%	41%	42%
Exports	55%	52%	59%	58%

# Sabero –update

- Achieved record H1 turnover of Rs.401 Cr Vs. Rs.266 Cr in PY
- Achieved EBITDA of Rs.47 Cr. vs. Rs.24 Cr in the PY
- Increased production & Sales volumes significantly – currently operating at 65-70% of capacity
- Focus on sustaining & improving EBITDA margin from current levels and increasing volumes

# Sabero –update – (Contd..)

- Completed improvements in environmental mgmt systems –
  - PCB approval obtained for operating at 75% Capacity
  - 75% consent on annual basis (Flexibility to increase production during peak season)
  - Already approached PCB for 100% consent – approval expected shortly
- Improving order booking by leveraging on the combined presence in Latin America
- Sabero will focus on B2B and export markets and Coromandel will focus on domestic branded formulation business

# Mana Gromor Centers (MGCs) - Retail



# Retail Business - Rationale

Viable Alternative

- **Develop Distribution Channel for Coromandel**
- **Reduce Dependency on Distributors**

Earning Capabilities

- **Supply Products and Solutions to improve earning capabilities of farmers**
- **Thereby improve their lifestyle**

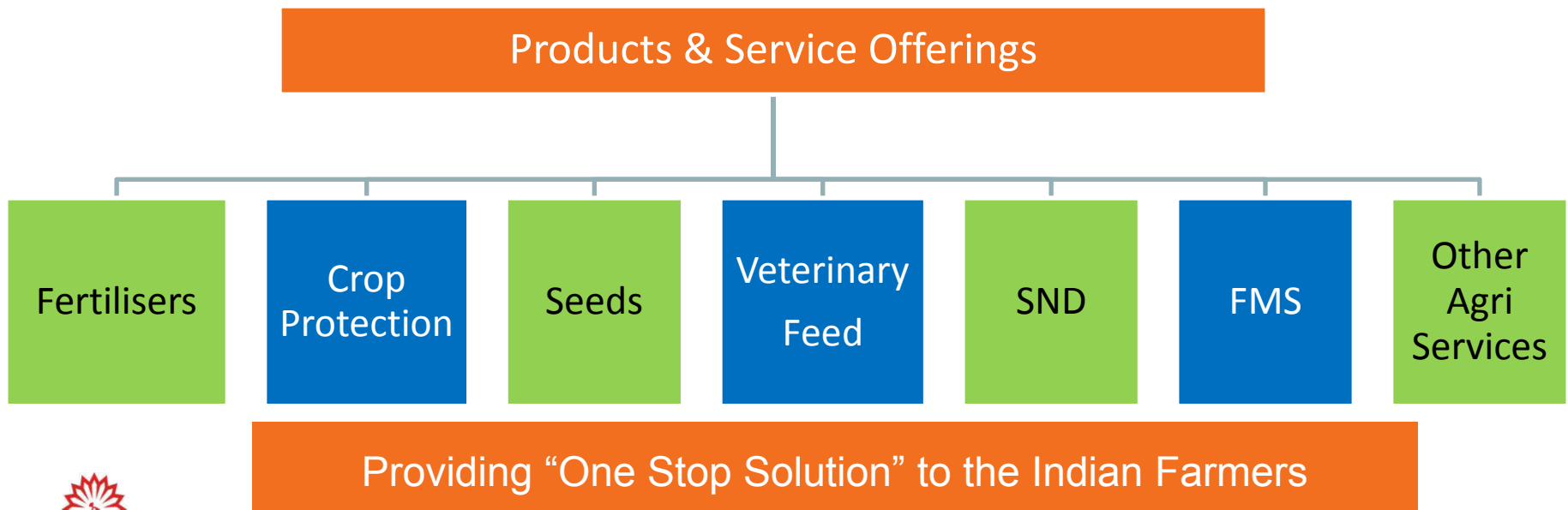


**Marketing  
Solution**

- **Provide Marketing Solutions for farm Produce**

# Retail Business Overview

- Over 500 centers in Andhra Pradesh and 100 centers in Karnataka-servicing close to 2 million farmers
- Expanding to Maharashtra soon
- Targeting 1000 centers





- Position Retail as a complete “Farming Solutions” platform
- Enhance prosperity of farmers through quality farm solutions to create sustainable value
- Constantly deliver significantly improved customer value proposition than competition in terms of products & services
- Enhance supply-chain capabilities to target improved fill-rate and product availability
- Expand connect with farmers and provide technical advise based on proven scientific practices
- Increase share of non-fertilizer business segment in Retail
- Scale-up Farm Mechanization Services to address agricultural labor shortage

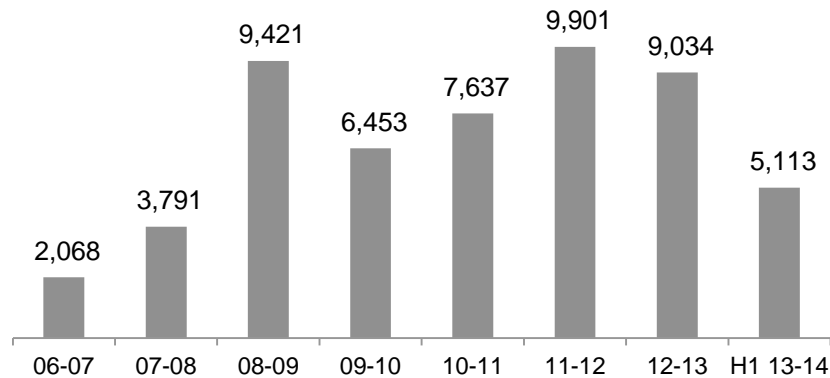
- 424 old stores in AP have completed 3 full years - out of this over 300 stores have turned profitable
- Total stores as on date 641
- Entered into supply arrangements for the launch of own brands of paddy and cotton seeds and expanded the private labels in Agro chemicals
- Organic products and Seeds receiving good response from the market

# Financial Performance

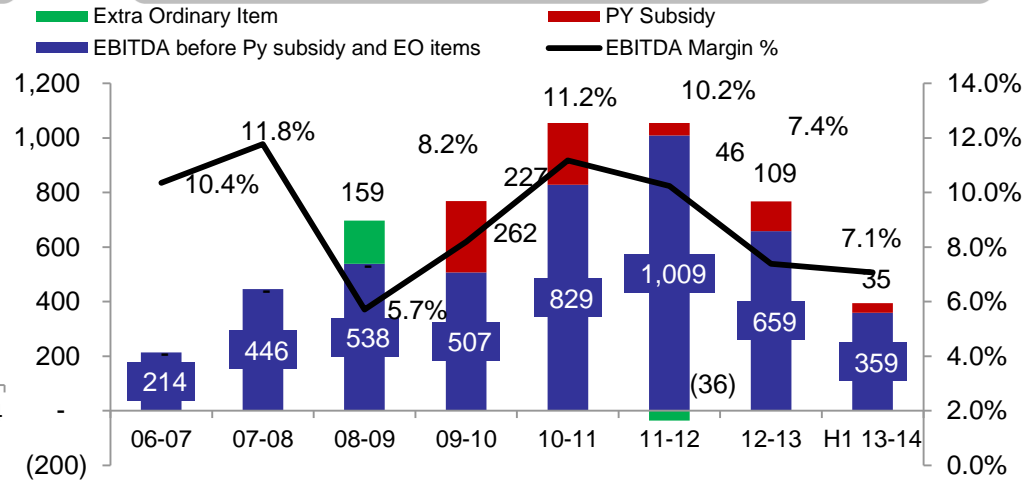


# Consolidated Financial Performance

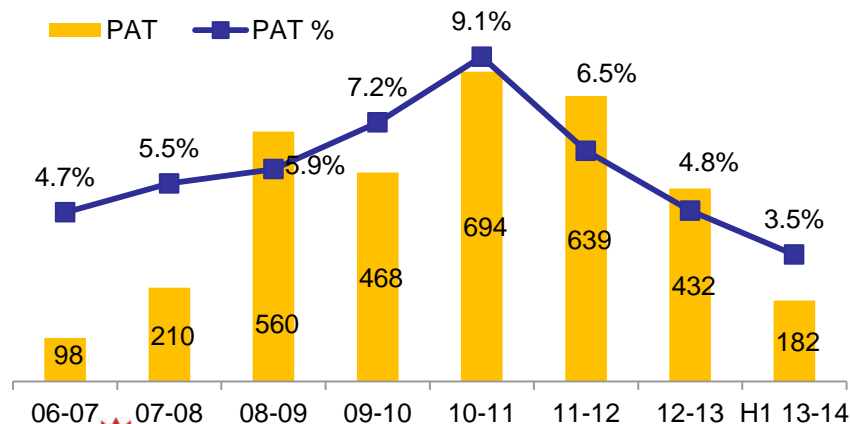
## Turnover (Rs. Cr)



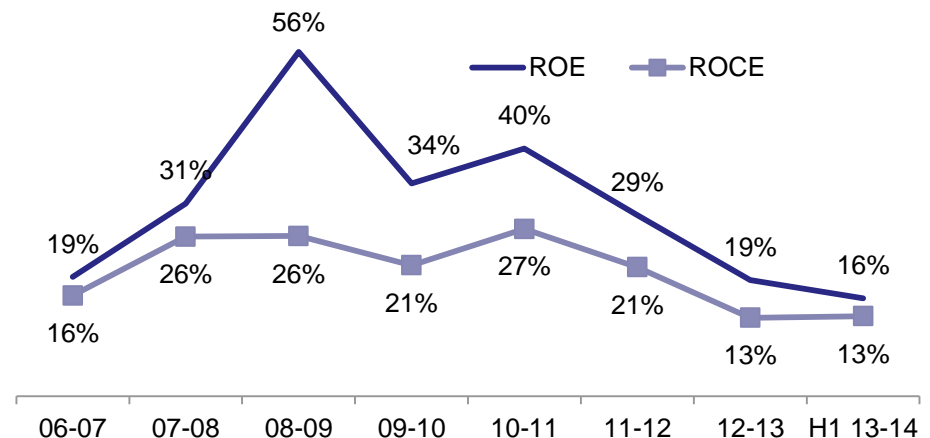
## EBIDTA (Rs. Cr) & EBIDTA %



## PAT (Rs. Cr) & PAT %



## ROE & ROCE (%)



# Income Statement - Consolidated

Amount in Rs. Cr	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	H1 FY 2014
Revenue	2,068	3,791	9,421	6,191	7,410	9,855	8,925	5,078
YoY (Growth)		83.30%	148.54%	-34.29%	19.69%	33.00%	-9.44%	
EBITDA before PY Subsidy & EO Items	214	446	538	507	829	1,009	659	359
EBITDA %	10.35%	11.78%	5.71%	8.19%	11.18%	10.24%	7.38%	7.07%
PY Subsidy	-	-	-	262	227	46	109	35
EBITDA Reported	214	446	538	769	1,056	1,055	768	394
Extra Ordinary Item - gain / (loss)	-	-	159	-	-	(36)	-	-
PBT	144	334	714	709	986	911	557	251
PAT	98	210	560	468	694	639	432	182
EPS (Rs.) -Basic	3.5	7.5	20.0	16.7	24.6	24.2	15.3	6.4
Debt / Total Capital (%)	48.26%	53.44%	58.05%	56.48%	44.41%	54.59%	56.62%	49.08%
LT Debt / Total Capital (%)	20.90%	14.63%	5.73%	5.66%	9.31%	11.05%	20.76%	14.39%

# Balance sheet - Consolidated

Amount in Rs. Cr	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013 H1	FY 2014
Equity	551	796	1,212	1,502	1,957	2,416	2,303	2,455
Debt & Other LT liabilities	549	1,002	1,771	2,047	1,664	2,977	2,976	2,333
Deferred Tax Liability	71	82	80	86	82	67	188	183
<b>Sources of Funds</b>	<b>1,172</b>	<b>1,880</b>	<b>3,062</b>	<b>3,634</b>	<b>3,702</b>	<b>5,461</b>	<b>5,466</b>	<b>4,971</b>
NFA	387	740	797	958	1,143	1,823	2,276	1,969
Investments	212	72	220	169	171	149	160	356
Cash/ICD	170	66	425	961	961	985	535	525
Bonds	-	279	880	860	430	-	-	-
Inventory	405	865	1,348	926	1,514	1,922	1,478	1,981
Subsidy	390	522	947	508	969	1,626	1,376	1,260
Debtors	158	100	102	140	205	958	1,820	1,825
Other CA	49	72	106	115	149	502	768	642
CL	599	836	1,763	1,003	1,839	2,504	2,945	3,587
Net CA	573	1,068	2,045	2,508	2,389	3,489	3,030	2,646
<b>Application of Funds</b>	<b>1,172</b>	<b>1,880</b>	<b>3,062</b>	<b>3,634</b>	<b>3,702</b>	<b>5,461</b>	<b>5,466</b>	<b>4,971</b>

# Q2 Results update

Consolidated results – Rs. Cr	CY	PY
Turnover	3,216	2,675
EBITDA before PY subsidy	297	238
EBITDA after PY subsidy	297	345
PBT before PY subsidy	220	198
PBT after PY subsidy	220	305
PAT	160	237

Stand alone Volumes – Q2 ( Lac MT)	CY	PY
Production – Phosphatics	7.95	5.59
Sales – Phosphatics	7.79	6.43

# THANK YOU