



# Investor Presentation

*May 2020*

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Agri industry: The opportunity ahead

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Coromandel: Strong track record, future positive

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Business-wise highlights: Unique strengths to win in the market

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The Coromandel investment case: Summary



## **Agri industry: The opportunity ahead**

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Coromandel: Strong track record, future positive

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Business-wise highlights: Unique strengths to win in the market

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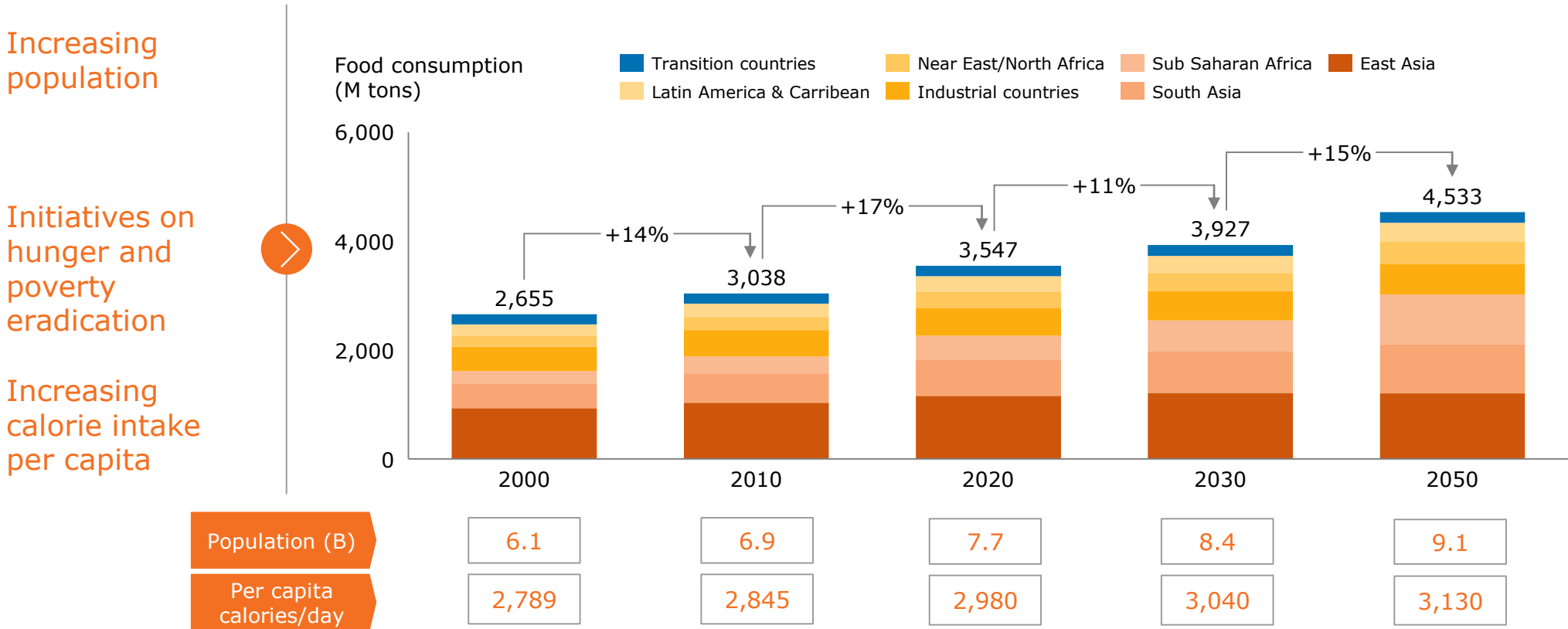


The Coromandel investment case: Summary

# Global: Increasing population and wealth to drive up global food consumption



## Strong increase in food demand expected



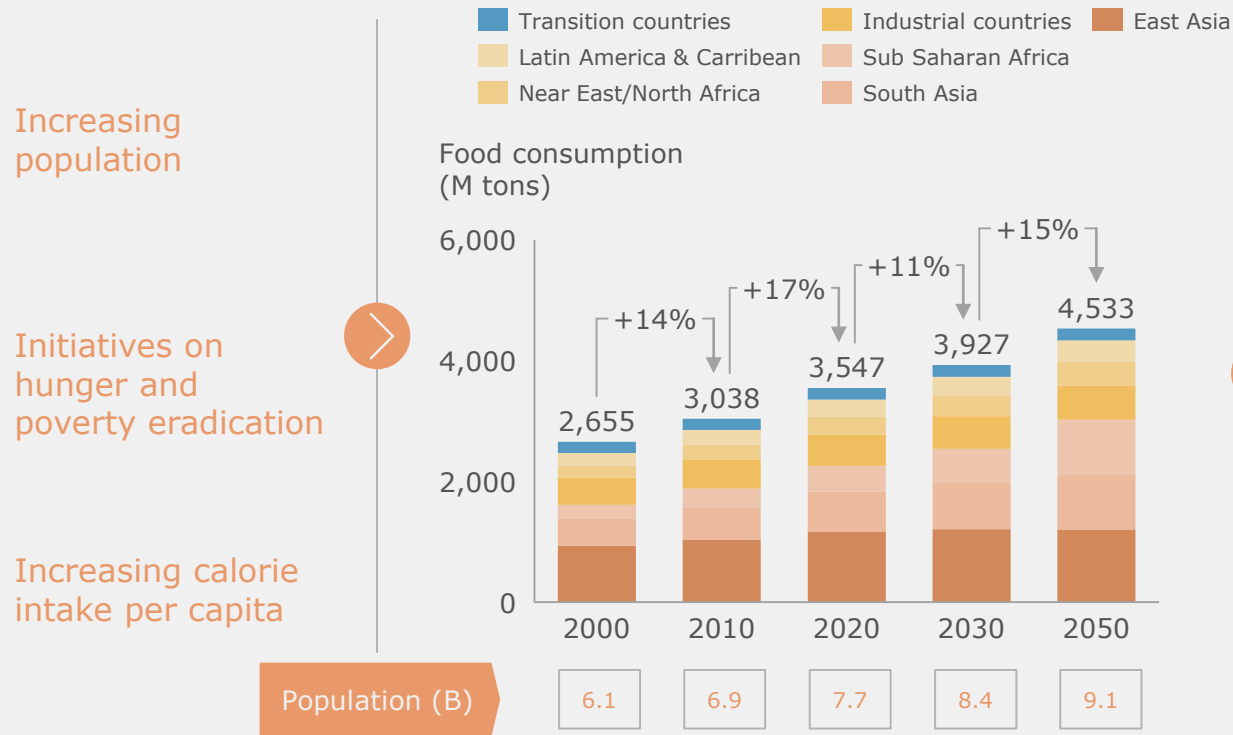
India, Africa, South East Asia and Australia emerging as new food bowls

Note: Industrial countries include North America, Western Europe & ANZ; Transition Countries include Eastern Europe & Russia  
Source: FAOSTAT; BCG analysis

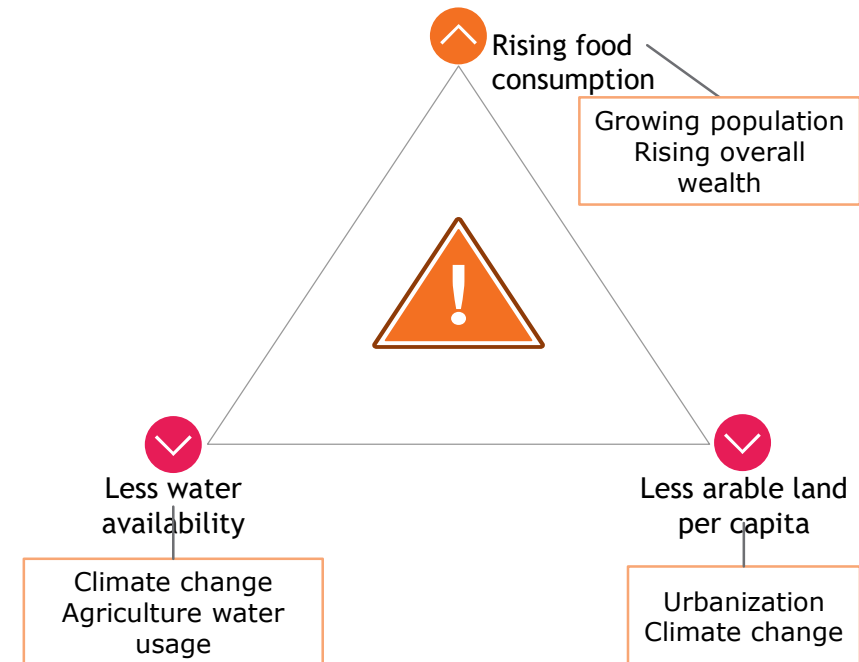


# Global agri trend: Rising consumption & resource exhaustion

Strong increase in food demand expected....



Combined with non-ceasing water and land scarcity seen leading to Natural Resource pressure triangle

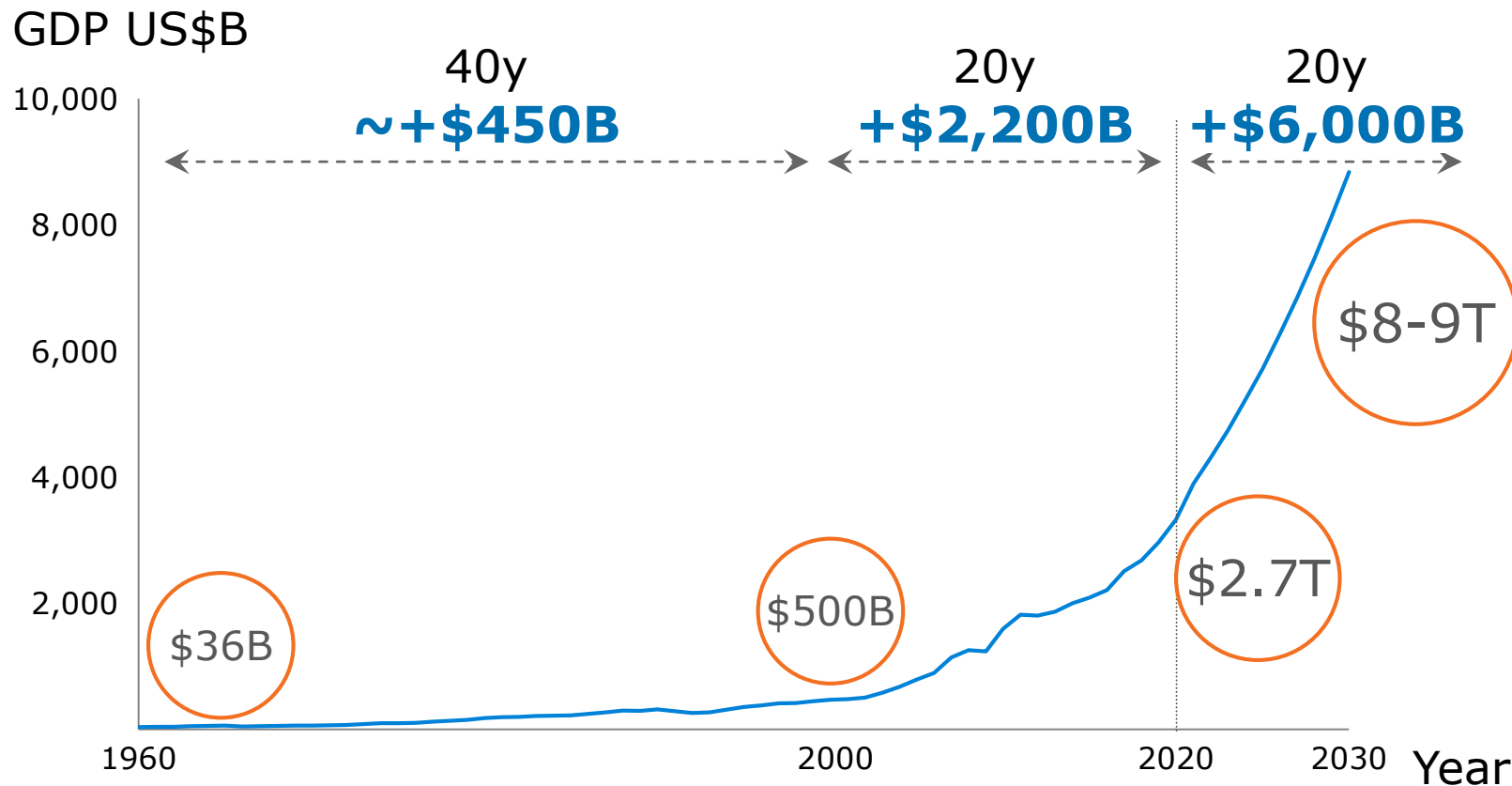


Pressure on improving the agri productivity

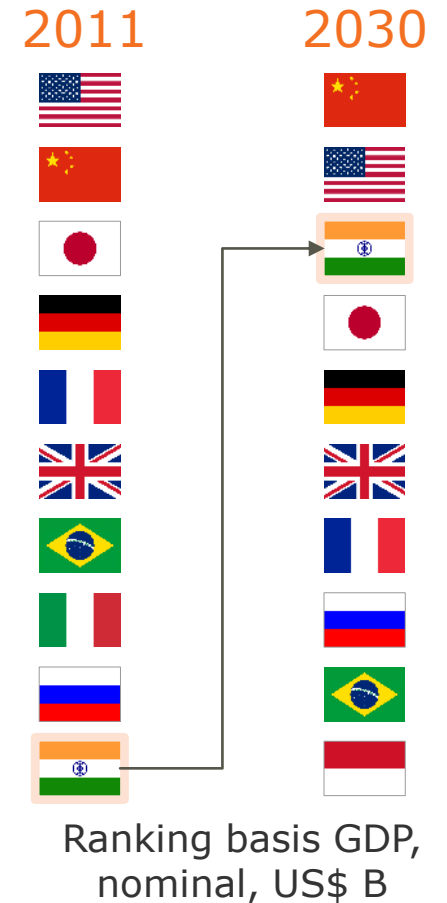
Note: Industrial countries include North America, Western Europe & ANZ; Transition Countries include Eastern Europe & Russia  
Source: FAOSTAT; BCG analysis



# India: A decade of accelerated growth ...



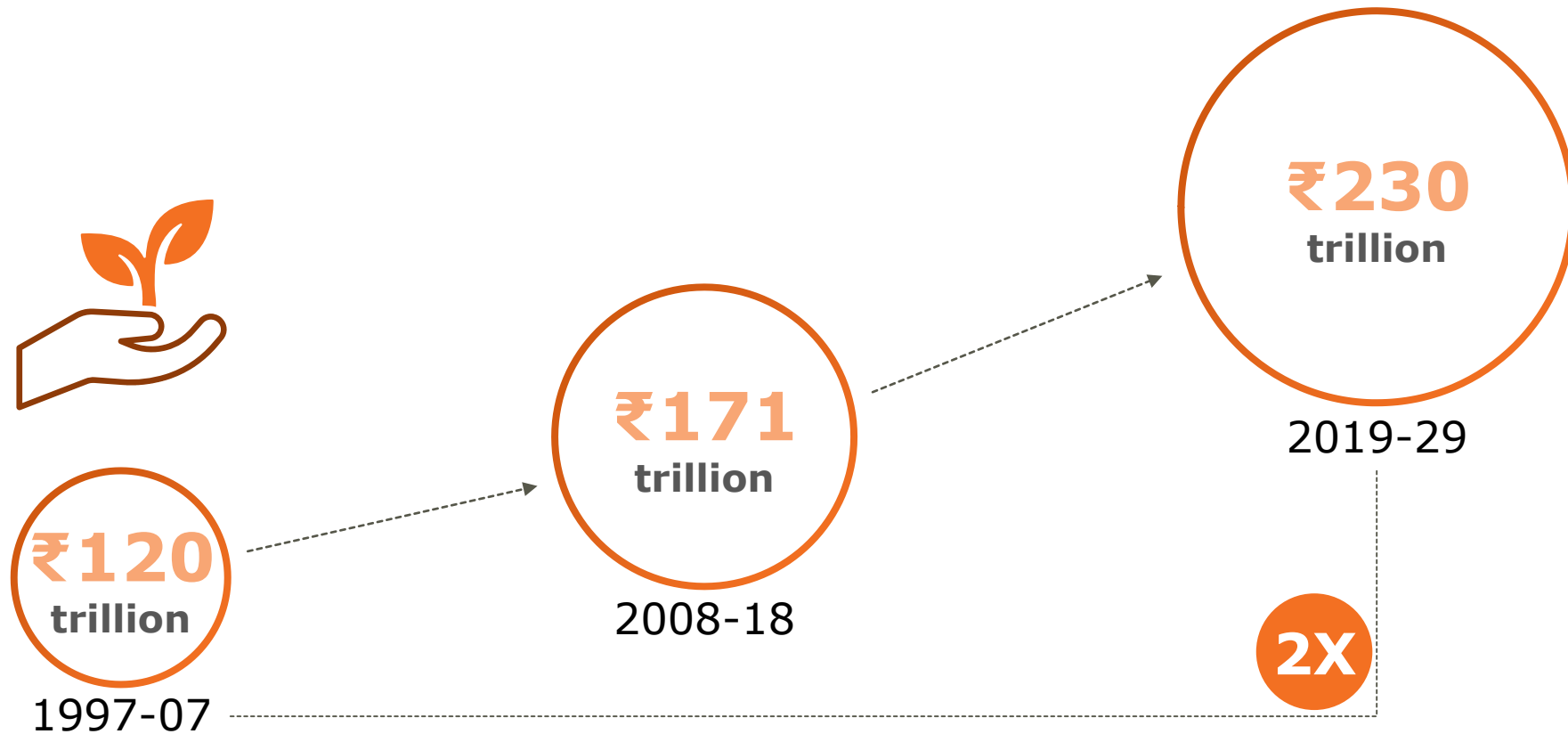
India expected to be 3<sup>rd</sup> largest economy



Note: Forecasts by International Monetary Fund, Oxford Economics, The Economist Intelligence Unit, OECD, The World Bank & Reserve Bank of India  
Source: Oxford economics

# India: ... with unparalleled value creation in Agri sector over the next 10 years in India

•———— Gross value added by Agri sector (cumulative) ————•

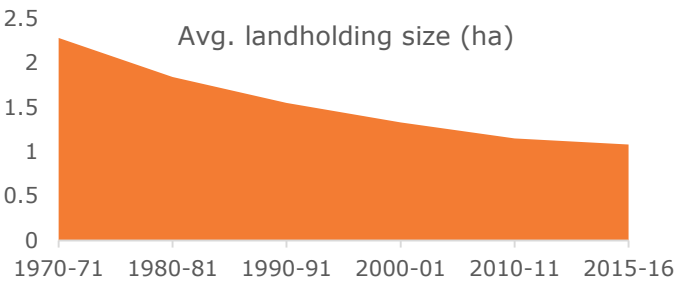


India Agri: ~\$1.7 trillion to ~\$3.3 trillion in 30 years



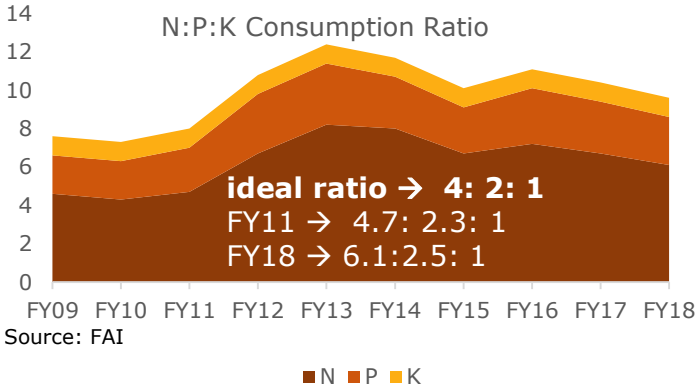
# India: The opportunity and imperative for value creation in Agri sector over the next 10 years are large...

## Falling per capita land holding

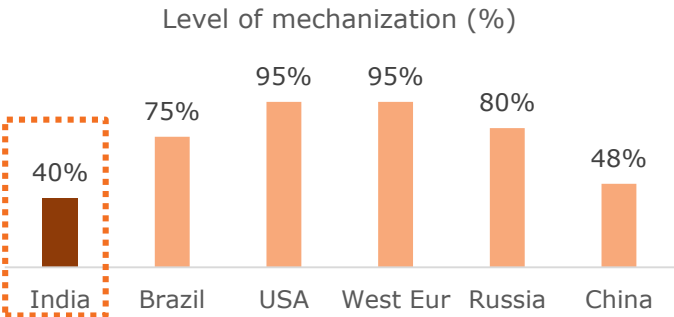


Source: Ministry of Agri

## Imbalanced Nutrient Usage

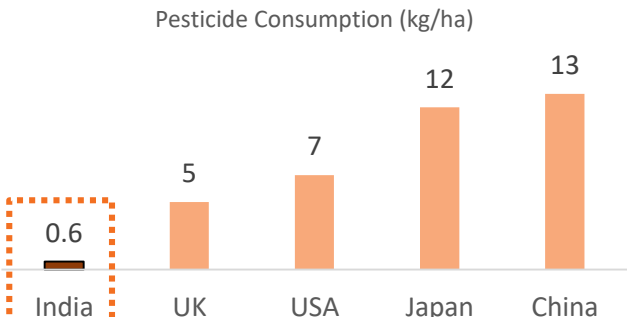


## Low Mechanization



Source: World Bank, FAO

## Low Crop Protection consumption



Source: FICCI

# 8 global agri trends : Impact on India

## Rising pressure on natural resources



Pressure on natural resources is driving greater push towards **micro-irrigation** in India

## Changing dietary preferences



Dietary patterns are evolving as **demand for fruits, vegetables & pulses** continues to grow at 6-8% CAGR v/s cereals (1%)

## Evolution of farm holdings



**Declining avg. farm holding** (87% of India farmers hold <2 Ha) is adding pressure on farm productivity

## Farm labor shortages



**Decreasing labour availability** is driving 10% p.a. rise in cultivation cost of major crops

## Continued importance to Political economy



Additional Government interventions in the form of **higher MSP and Direct Benefit Transfer** to support farmers

## Rise of digital farmers



**Increasing mobile penetration** to provide unique opportunity to use personalization to build deep farmer connect

## Farm Tech advancements



**Data-driven agriculture and Precision farming** are changing the landscape of agri today & will continue to do so in the future

## Evolution of logistics

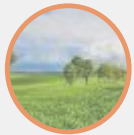


Logistics sector is evolving in India with **42 mega Food Parks** planned across the country

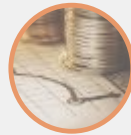
# Trends opening up significant opportunities for Agri cos



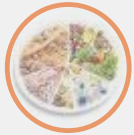
## Themes



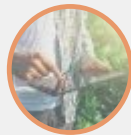
Rising pressure on natural resources



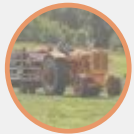
Continued importance to Political economy



Changing dietary patterns



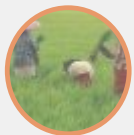
Rise of digital farmers



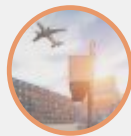
Evolution of farm holdings



Farm Technology advancements



Farm labor shortages



Evolution of logistics



## Implications

- Focus on **balanced plant nutrition** and improved Ag input penetration
- Focus on **specialized nutrients** and ag inputs for F&V, pulses in line with changing dietary preferences
- **Precision farming / ag tech** at the heart of holistic agri solution of the future
- **Micro-irrigation to gain prominence**; Agri-input delivery models will change
- **Digital** presents a great opportunity to drive **personalization and farmer connect**
- Continued emphasis on improving farm productivity; **shared service models for mechanization** to gain prominence

# Government policy focus positive for value creation in Agri sector



## Farmer Focus

- **Doubling of farmer income:** Productivity, Price Realization
  - Productivity: **Soil Health Cards, customized fertilizer**
  - Realization: Direct Income Support - Centre & State initiatives, Agri Insurance, Electronic Agriculture Markets, MSP support
- **Contract farming** : Improved value chain linkage



## Positive Policy shifts

- **Direct Benefit Transfer (DBT)** – Soil health cards, Direct benefit transfers
- **Nutrient self-sufficiency:** ‘**Make in India**’ to target intermediate & finished product capacity additions
- **Quality** consciousness: SSP – RM quality, Pesticide Management Bill
- **Sustainable farm solutions:** Balanced nutrition, Bio and Organic as next focus areas



## Welfare Policy

- **JAM (Jan Dhan, Aadhaar, Mobile)** as enabler to direct benefit transfer for beneficiaries
- **Building Rural India:** Electrification, Ayushman Bharat (Health insurance)
- Push towards **Pulses & Oilseeds** – Self sufficiency goals



## Infra Push

- Irrigation focus:
  - **Micro Irrigation** focus
  - Accelerated Irrigation Benefit Program – **River linkages**
- Increased investments in logistics, cold chain and warehousing
- Inland waterways, Sagarmala project – **Alternate distribution channel**
- Thrust on **Farm mechanization** – Custom Hiring Centres

# COVID 19: Agriculture reforms – Sets a good base for long term while taking care of short term



## Immediate Measures

- **Essential Industry:** Declared Agri Input industry as essential industry
- **Supply chain: Agri supply chain** including production given preference
- **PM Kisan: Front loading** first payment of Rs. 2000 (8.1 Cr Farmers)
- **MGNREGA: Increased allocation** to MGNREGA to aid migrant workers
- **Direct Procurement:** Telangana, Andhra, Punjab, Haryana, UP and Other



## Stimulus Package

- **Concessional Credit:** Rs. 2 Lakh crores
- **Working capital: Funding** through NABARD: Rs. 30,000 Crores
- **Agri infrastructure fund:** Rs. 1 Lakh crores
- **Formalisation of Micro Food Enterprises:** Rs. 10,000 Crores (2 Lakh MFEs)



## Agri Output Marketing Reform

- **Increased participation** in agri output space
- **Amendment in ESA:** Amendment in Essential commodity Act
- **Reforming** Agriculture Produce Market Committee (APMC)
- **Promoting Contract Farming**





Agri industry: The opportunity ahead

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**Coromandel: Strong track record, future positive**

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Business-wise highlights: Unique strengths to win in the market

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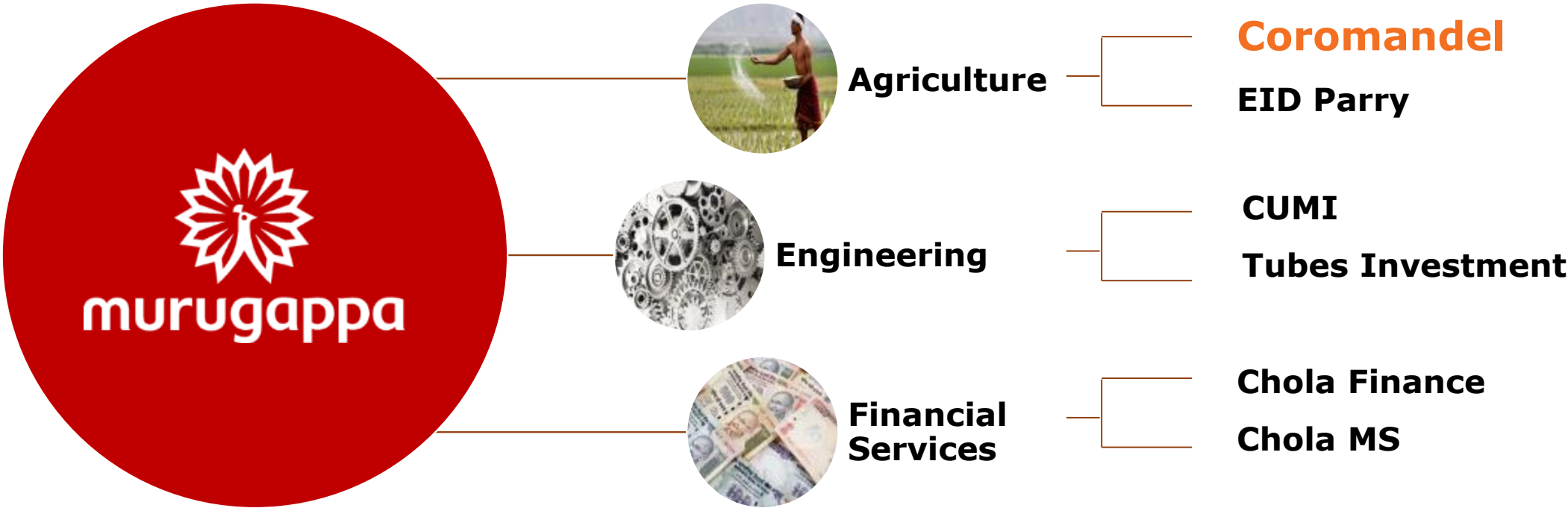


The Coromandel investment case: Summary

Murugappa Group:  
**Coromandel** flagship company of the group



●	<b>Workforce</b>	●	<b>Businesses</b>	●	<b>Revenue</b>	●	<b>Market Cap</b>	●	<b>Locations</b>	●
	<b>50,000+</b>		<b>28; 9 listed entities</b>		<b>369 Bn INR</b>		<b>495* Bn INR</b>		<b>90</b>	



**119 years of trust**

# Coromandel: Strong Governance Structure

## The Spirit of the Murugappa Group

These **five lights** guide us as we navigate through professional and personal decisions.



### The five lights



Eminent Board



Professional Management



Engaged employees

# Coromandel: a strong, responsible company



## Key Facts :

- Turnover: **Rs. 131 billion** (FY19-20)
- Market Cap: **Rs. 185 billion** (May 2020)
- Strong credit rating: '**AA +**' (Stable outlook)' with CRISIL India
- Zero long term debt
- **~4500** employees & ~7500 contract staff



STRONG BRAND EQUITY



COST EFFECTIVE  
MFG.& SUPPLY CHAIN



DOING IT RESPONSIBLY



BRINGING PROSPERITY  
TO 3M+ FARMERS



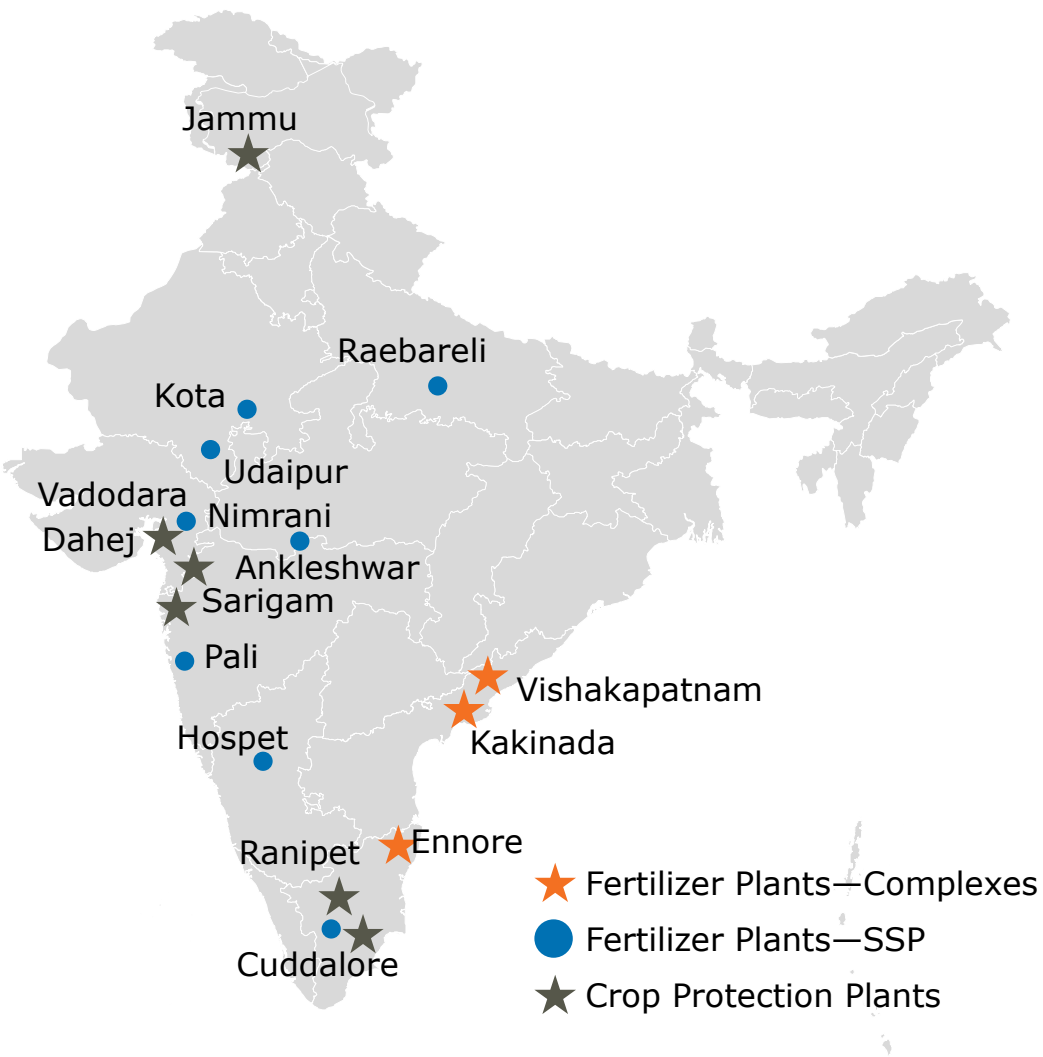
TECH and R&D FOCUS



# Coromandel: India footprint



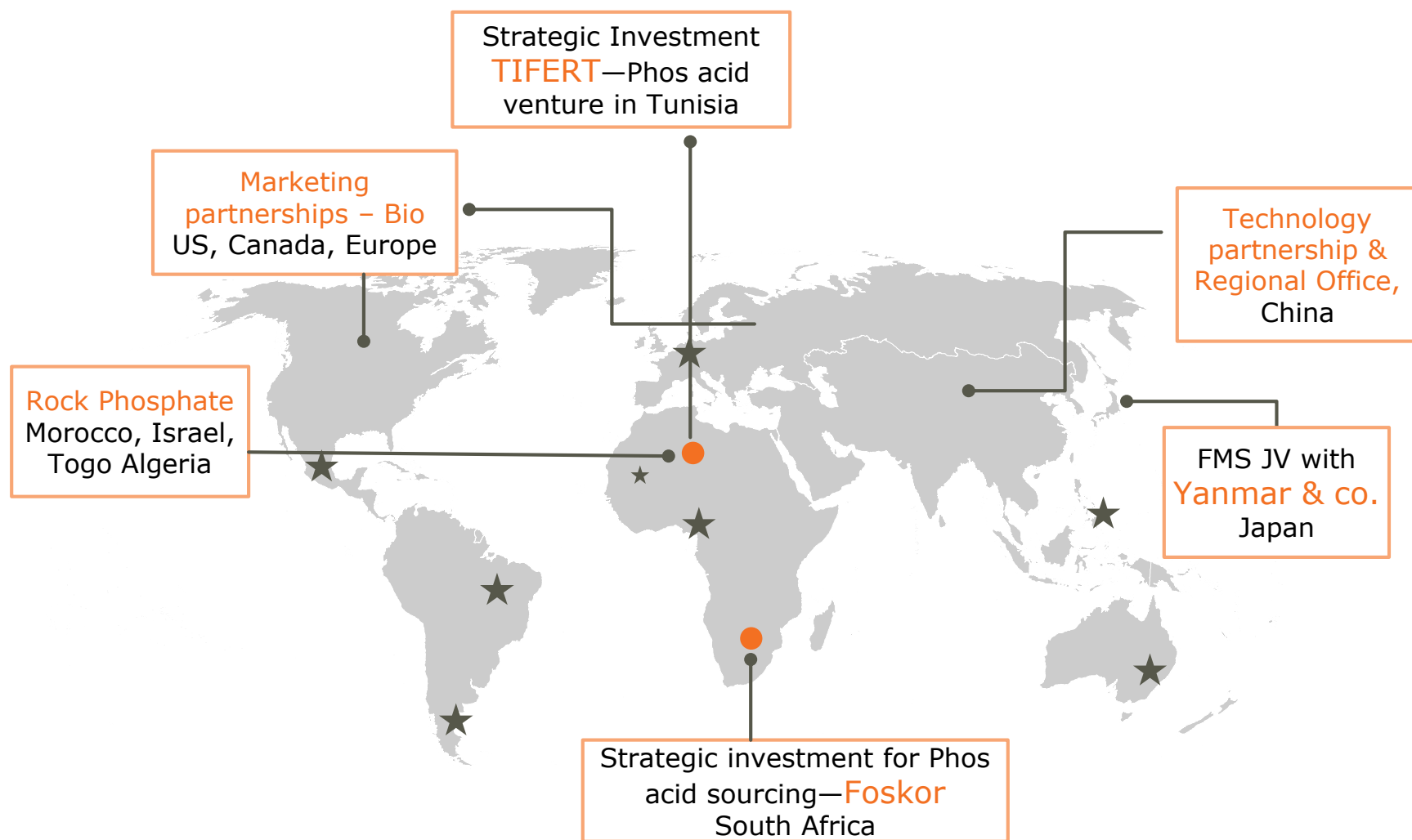
- India's largest private sector Phosphatic Fertilizer company
- Pioneers & market leaders in Specialty Nutrients
- India's largest Single Super Phosphate (SSP) company
- 5th largest Crop Protection Indian company
- Worlds' largest Neem based Bio pesticide manufacturer
- No. 1 Organic Manure player in India
- Largest Rural Retail Chain in India



- 16 manufacturing locations
- ~800 Retail centres
- ~20,000+ dealers
- Presence across ~81 countries
- ~ 2,000+ strong market development team

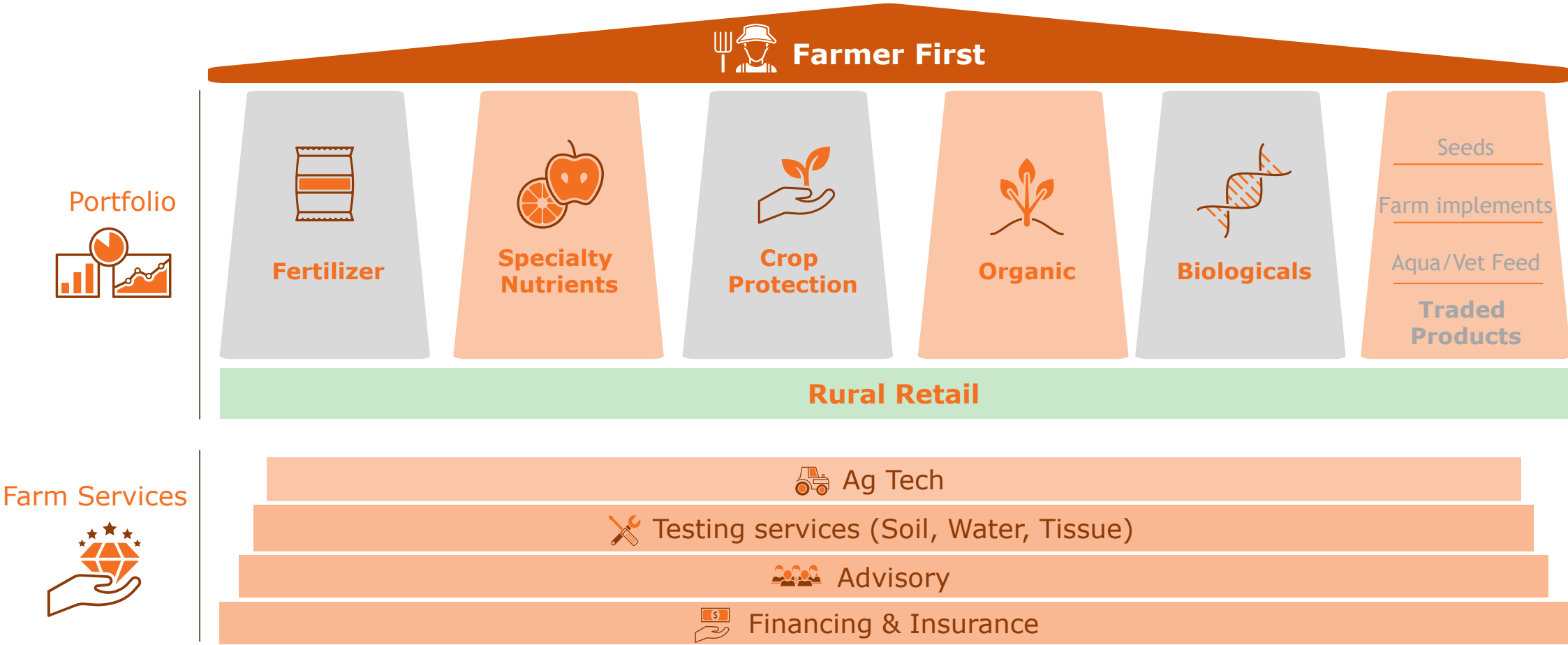


# Coromandel: Global footprint & collaborations

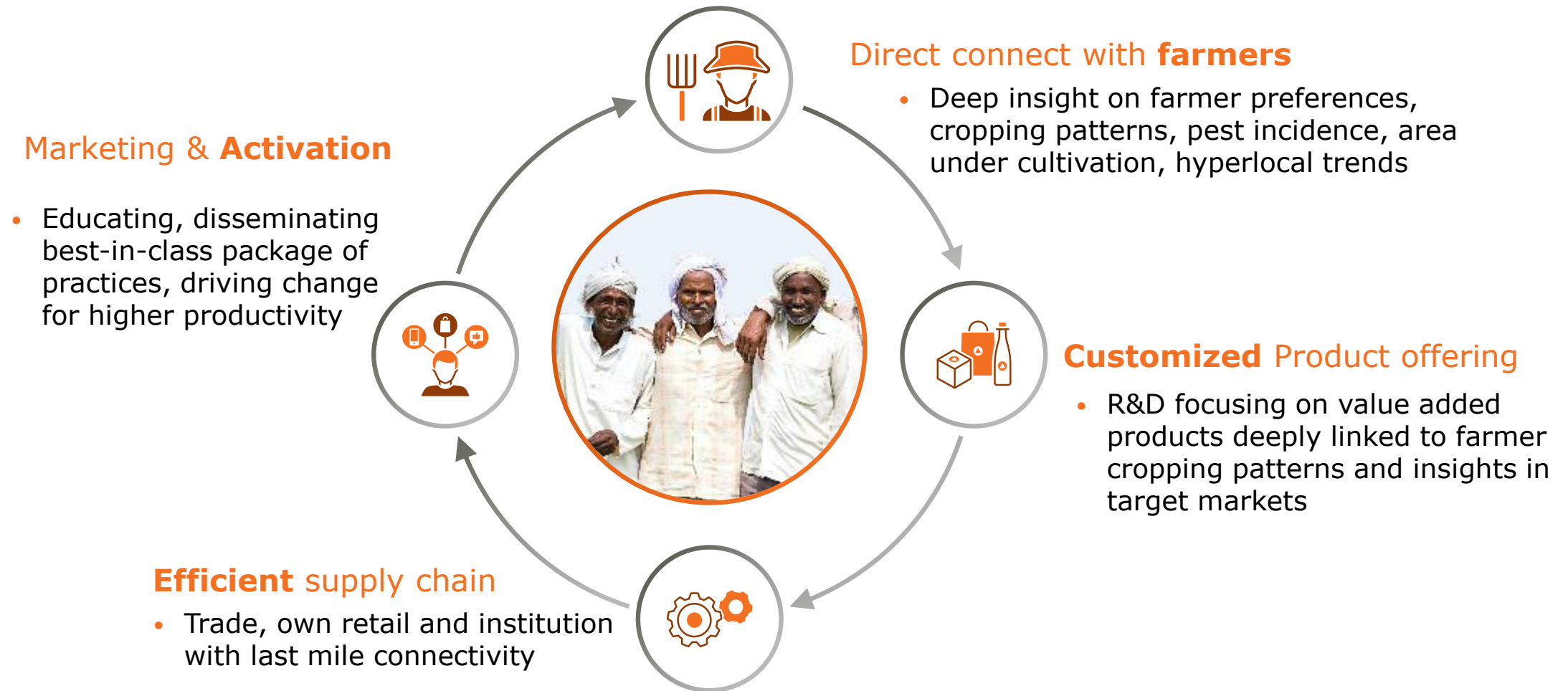


- Highly **diversified** sourcing
- Significant market presence in **International** markets
- **Technology** tie ups with global majors like **Shell**
- Farm Mechanization JV with **Yanmar, Japan**

# Coromandel: A 'Farmer First' winning business model



# Coromandel: Converting farmer insights into farmer prosperity





Agri industry: The opportunity ahead

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Coromandel: Strong track record, future positive

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**Business-wise highlights: Unique strengths to win in the market**

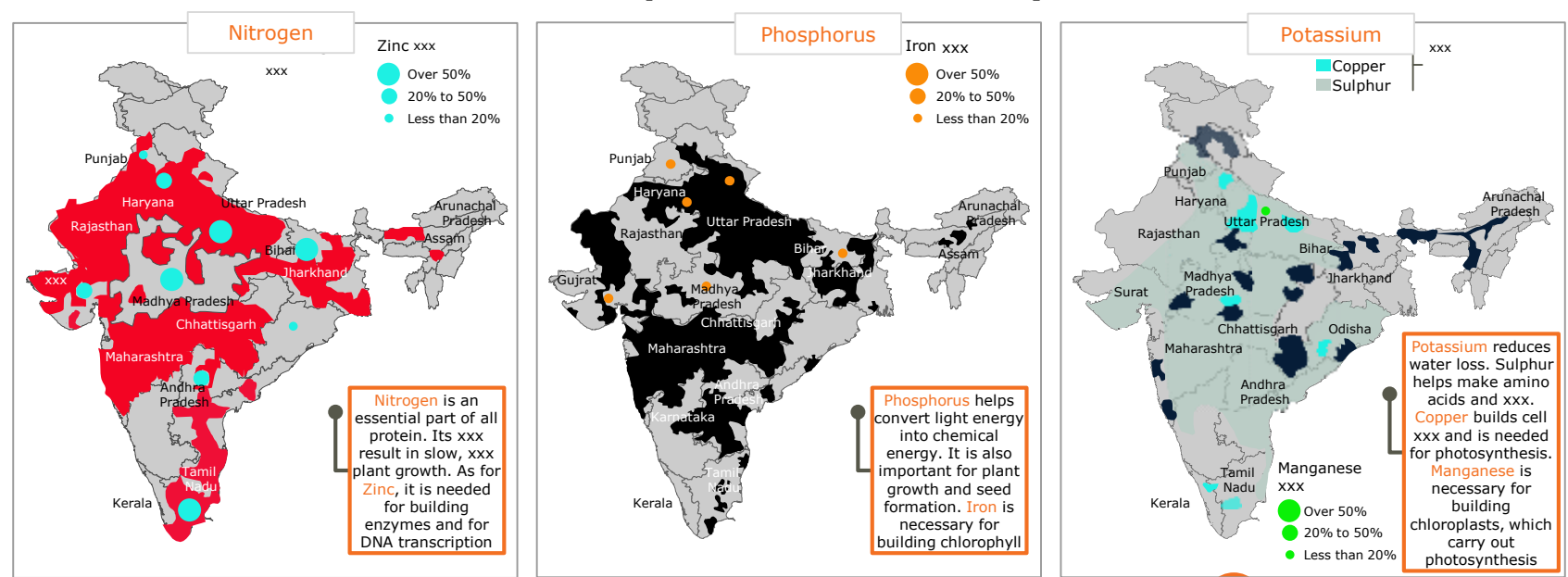
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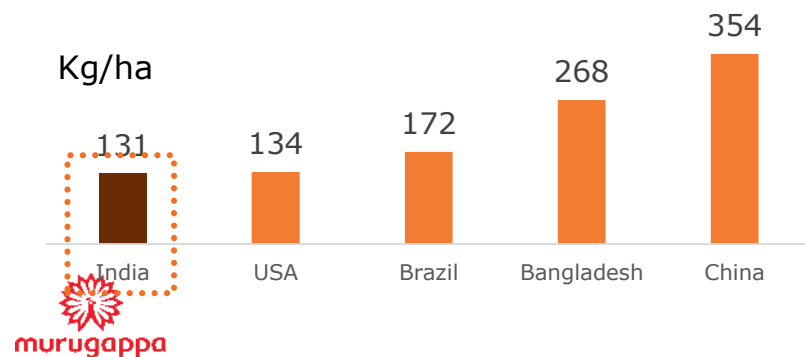
The Coromandel investment case: Summary

# Fertilizer: Opportunity to address nutrient imbalance

## Widespread Soil Deficiency

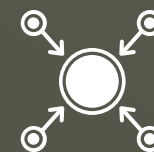


## Low Nutrient Usage

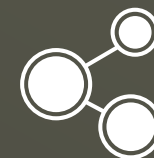


Best placed to capture this opportunity

**Coromandel**



Huge opportunity exists for Fertilizer business to provide balanced nutrition



Relatively untapped Secondary & Micro Nutrients segment



Organic products for soil rejuvenation



# Fertilizer: Positive Policy Measures

## Soil Health Cards ...



The image shows a Soil Health Card form. It includes a header with the Government of India logo and the text 'Soil Health Card'. Below this, there are sections for 'Farm Details' and 'Soil Test Results'. The 'Farm Details' section includes fields for Farmer's Name, Address, District, PIN, and Land Use. The 'Soil Test Results' section includes fields for Soil Sample Number, Sample Collection Date, Soil Type, and various soil parameters like pH, Organic Carbon, Total Nitrogen, etc. There are also checkboxes for 'Soil Health Card Issued' and 'Soil Health Card Validity'.

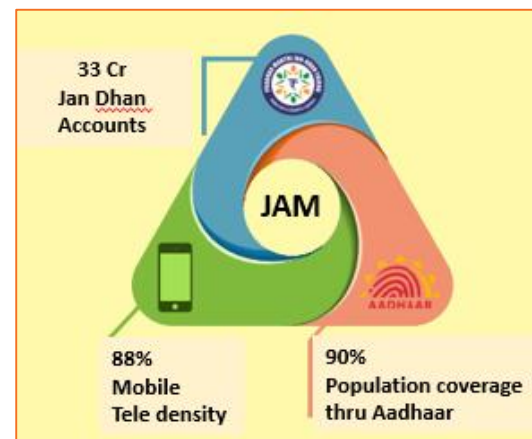
- Scheme started in 2015 by Government of India
- Soil health cards issued every two years—140 mil farmers covered

## Direct Benefit Transfer (DBT)



- In 2018, DBT implemented pan India
- Accurate information gathering wrt availability of fertilizers
- DBT2.0: linking the soil health card data with the individual farm records

## JAM Trinity for Direct Transfers



- Rural India high on "JAM" coverage—Jan Dhan (Bank account coverage), Aadhaar (Biometric system), Mobile (88% coverage)
- Paving way for direct subsidy transfer to farmers

## Boosting investments



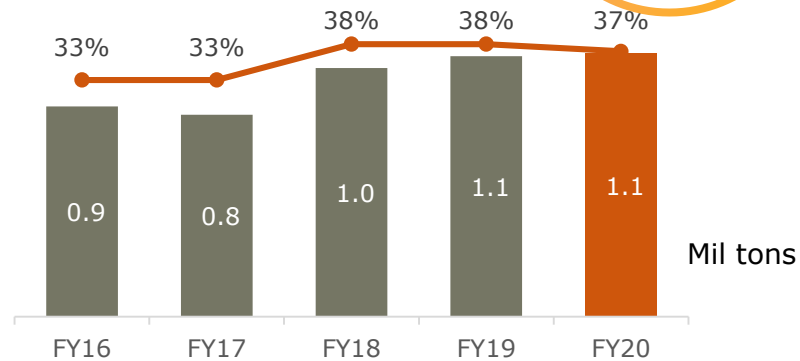
- Self sufficiency in Urea—Additional 6-7 million ton capacity
- P&K—Ensuring distribution flexibility for domestic manufacturers
- SSP—Addressing quality issues
- Lower corporate tax rates to boost investment

# Coromandel Fertilizer: Highlights

## Differentiated Product Offering



**37%**  
unique  
share



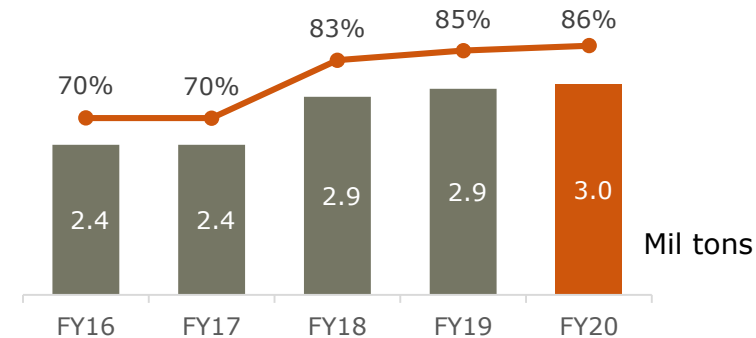
■ Unique Grade Sales — % Share

- **13 products** catering to farmer needs
- Quality focus - Quick Test Kit
- Collaboration with **IIT Bombay Monash**, pilot farms initiatives for new R&D

## Efficient Manufacturing



**4.5  
MT**  
capacity  
(NPK+SSP)



■ Production — Utilization

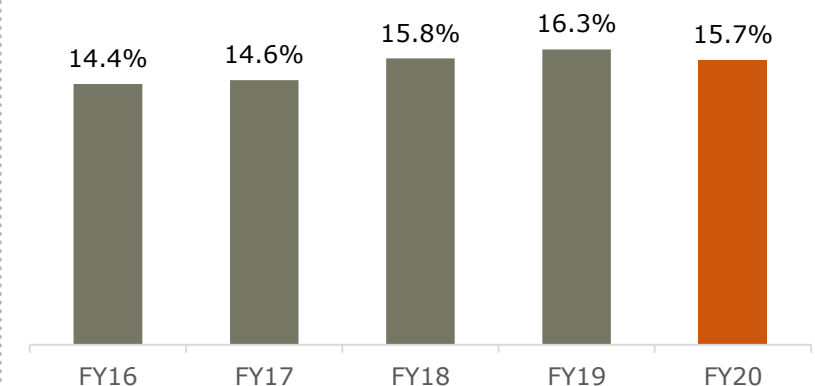
- Strong cost positioning - **upstream integration**
- **Strategic tech tie-up** with global players
- JVs for Phos. acid security

\*Utilization: NPK Plants

## Winning in Markets



**15.7%**  
Market  
share



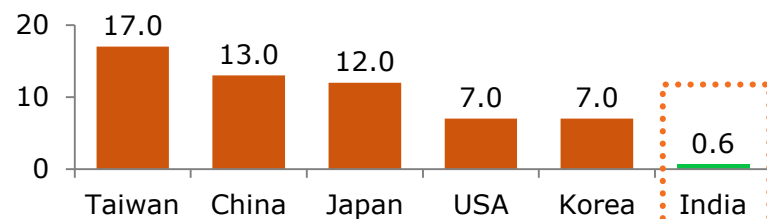
- **2<sup>nd</sup> largest** Phosphatic marketer in India
- **Largest** SSP marketer - 14% market share
- Best in class **agronomists** & market development team (~300)

# Crop Protection: Market opportunity large

## India ... massive potential exists

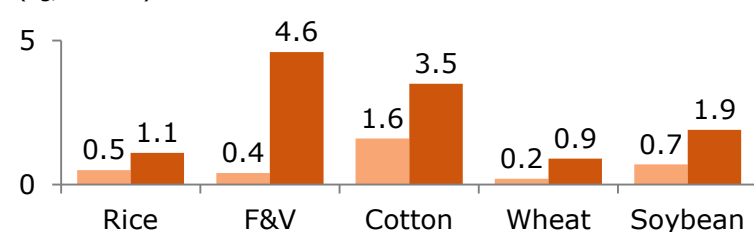
### India – Consumption lowest in world

Pesticide consumption  
(kg/hectare)



### Consumption across crops significantly lower

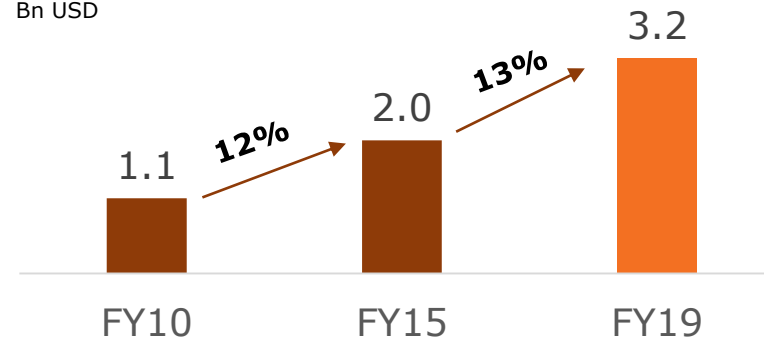
Pesticide consumption  
(kg/hectare)



Source: Ken Research 2016, Ministry of Commerce, BCG Analysis

## Exports slated to grow at 9% CAGR

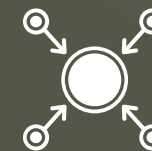
Bn USD



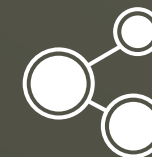
### India – Unique advantages to boost exports:

- Low cost operations with high quality
- Strong IP protection - CRAMS
- Skilled manpower & process engineering skills
- Strong presence in generic space
- SEZs & strong investment climate

Best placed to capture this opportunity



India is well positioned to tap the huge multi-year exports opportunity in Ag-chem



Improvement in Crop protection usage domestically in the future to provide fresh impetus

# Coromandel Crop Protection: Highlights



**5th**

Largest crop protection company in India

**80,000+**

Tons per annum manufacturing capacity from 6 plant locations

**10,000**  
dealers

Presence across

**~60+**

brands based product portfolio sold across ~81 countries

Strategic collaborations with global players across the entire value chain (R&D, mfg. & sourcing) in **US, Canada, Europe, China, Japan**

China desk for sourcing security

## Key Strengths



### Product Offering

- **1000+** product registrations globally resulting in geographically diversified sales
- Focus on **new products/combinations** development - **Rich product pipeline**
- State of the art R&D center & pilot labs



### Manufacturing

- **3rd Largest** Mancozeb manufacturer globally
- 3 technical and 2 formulation facilities
- Ability to manufacture **17 technical**
- Manufacturing capacity across **6 plant** locations



### Sales and Marketing

- B2B and B2C presence
- Geographically diversified sales: **42% international sales**
- Best in class **agronomists** & market development team (~300)

# Coromandel Biologicals: Highlights



**No.1**

Azadirachtin  
manufacturing  
facility in the  
world



**61%**

Export share

State of the  
art  
laboratories

## Key Strengths



### New Product development

- Rich product pipeline
- Strong R&D capabilities: Research on Azadirachtin from plant extracts, microbial bio pesticides
- Tie-ups with Indian and International CROs



### Manufacturing

- Manufacturing facility in Cuddalore, TN
- Highest purity and best in class stability at plant - 2 yrs shelf life
- Mfg. process: Aflatoxins < 50ppb vs European norms of 100 ppb
- Global Organic certifications: DNV, IMO



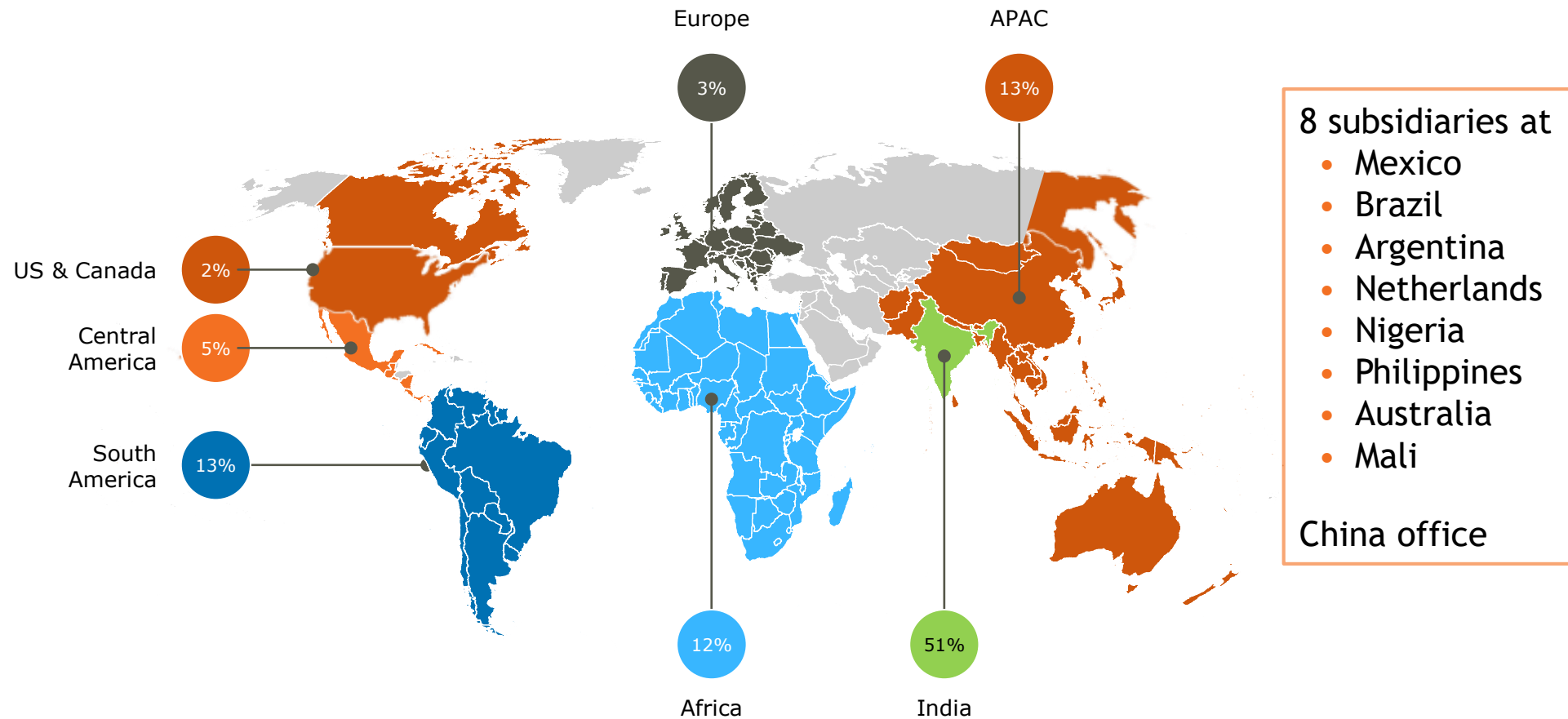
### Sales and Marketing

- Export contribution driven by significant presence in USA, Canada & Europe
- Tie-ups with Agri institutions etc.

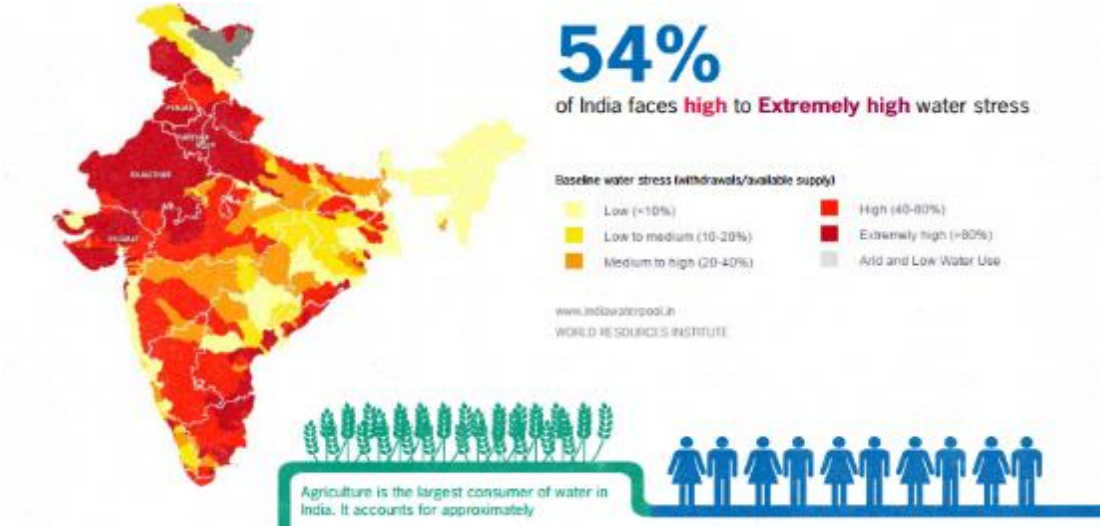


# Coromandel Crop Protection: Global footprint

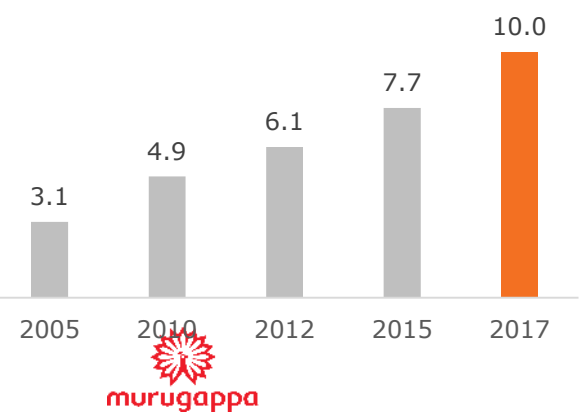
Beyond India ... Creating a true global champion



# Specialty Nutrients: Market opportunity large – micro irrigation, secondary & micro nutrients



Potential: 69 mil Ha  
Current coverage: 8 mil Ha



Coromandel

Best placed to capture this opportunity



Potential for Specialty Nutrients business to capture market as micro-irrigation coverage expands



Current Micro Irrigation coverage in India at 6% (US: 55%, Brazil: 52%, China: 10%)



Scope to scale up consumption of Water soluble Fertilizers



## Market leaders

In WSF & Sulphur segments

## Activation

Tie-ups with Drip Irrigation, contract farming, Agri university etc.

Improving share of

## Focus Products

Strong R&D

Unique product development  
Crop specific offerings

## Key Strengths



### Product Offering

- Focus on **Crop specific nutrient & liquid fertilizer solutions** targeting Cereals, pulses, cotton and horticulture crops
- Exclusive offerings of WSF grades - **Speedfol, Insta, Superia, Ultrasol**



### Sourcing & Manufacturing

- **Efficient manufacturing capabilities:** Bentonite sulphur, Water Soluble Fertilizers (WSFs)



### Sales and Marketing

- Strong dealer network to capture whitespace emerging from **increasing micro irrigation penetration**
- Agronomist team for Extension support

# Coromandel Retail: Comprehensive Agri Solutions



**~750**  
Retail Centers

Significant presence in AP, TG, KN; foray into Maharashtra

**ONE**  
Stop Shop for Agriculture needs

Convergence of Products & Services



**3 million +**

Farmers - Direct connect

Farmer driven insights

## Key Strengths



### Key achievements

- India's **largest agri retail chain**
- **Strong brand equity** providing customer value proposition of Quality, Trust & farm Advice



### Comprehensive Agri solutions

- **Own manufactured and label products:** Ag nutrients, crop pesticides, seeds, vet feed, farm implements
- **Value added services:** farm mechanization, agri insurance, soil testing, credit, extension activities etc.



### Consumer Connect

- Strong farmer connect – **~70% turnover through Captive product**
- Non Fertilizer Focus: **~47% of sales**
- Educating farmers through regular meetings
- **Scientist at store** to assist farmers



## No.1

Organic fertilizer  
marketer in India

### Growth drivers for future

- Regulatory push
- Swachh Bharat - Waste treatment management
- Soil Health Focus- Sustainable Agriculture
- Consumption shift- Organic Food

## Key Strengths



### Product Offering

- Product portfolio:
  - Soil **health** (City compost)
  - Soil **nutrition** (Kash, PROM, CMS, Nrich)
  - Soil **amendment** (gypsum)



### Sales & Marketing / Activation

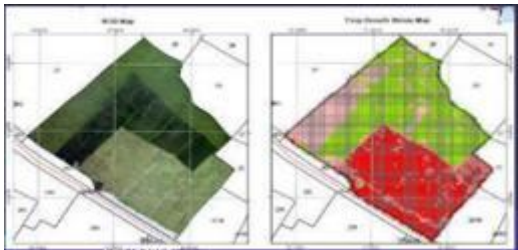
- **Largest Organic marketer** in India – 1.3 lakh tons annually
- **Strong activation focus**: Tie-ups with Agri universities and organic farms
- **Soil health testing** services for farmers



Coromandel has successfully forayed into Agtech by carrying out pilot trials using Drones



Stress Map



Soil pH



**Real time crop diagnostics** quickly highlighting stressed regions needing intervention made possible



**Crop advisory** provided to farmers based crop diagnostics results



Timely interventions enhancing farmer prosperity

	Yield improvement	Additional income/acre (Rs)	Avg Net Returns
Paddy	18%	5848	34%
Cotton	23%	8547	55%

# Coromandel: Leveraging Technology for Farmer Prosperity



~50,000 soil tests carried out annually



Farm advisory through Scientists' panel



Gromor **Nutrient Manager** based nutrients recommendations



Hiring Farm machinery through **Custom Hiring Centers**



Developing superior **delivery mechanisms - Injectables**



**E kiosks** for improving reach & product delivery

## Bird's Paradise



- **Bird's Paradise** was established at Kakinada plant is home to 100+ species
- Recognized by **UNDP** 'Turning a Factory into a Bird Sanctuary'
- Extensive coverage by Discovery

## Bio Mining



- **Bio mining:** Converting city waste to Organic manure
- Annually, converts ~40000 tons city waste into City Compost

## Green Belt



- **Converting Phospho gypsum heaps into green belt**
- 1st of its kind initiative globally



# Coromandel CSR: Doing it responsibly

## Healthcare Initiatives



- Coro Medical Centres have touched 70K+ beneficiaries annually
- Supporting Paediatric ward at Kakinada Government Hospital, Hrudhya – Heart Foundation

## Girl Child Education Scheme



- Girl Child Education Scheme has touched 16K+ children and counting
- More than 1K girls benefited through scholarships

## Community Development



- Community development initiatives focussed on creating employment opportunities: Computer skills, Tailoring training
- Toilet construction under Swachh Bharat



## Work Place

- **Work form Home:** Online meeting, Reviews and Rapid response team
- **Plant operations:** Adequate safety measures as per guidelines
- **Employee Safety:** Screening, social distancing, staggered shifts
- **Logistics:** Safe unloading, safe evacuation of stock



## Retail Stores and Mktg

- **Stores are open:** Essential commodity
- **Strick safety measures:** to protect customers and employees
- **Direct deliveries:** to reduce contacts at stores
- **Digital Interaction:** with dealers, retailers and farmers through digital channel



## Social Responsibility

- **Support authorities:** Support to centre, state government and local authorities
- **Distribution:** Distribution of masks, sanitizers, hand wash shop and daily essentials
- **Education to farmers:** on aspects of safety and hygiene
- **Digital campaign:** to spread awareness





Agri industry: The opportunity ahead

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Coromandel: Strong track record, future positive

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Business-wise highlights: Unique strengths to win in the market

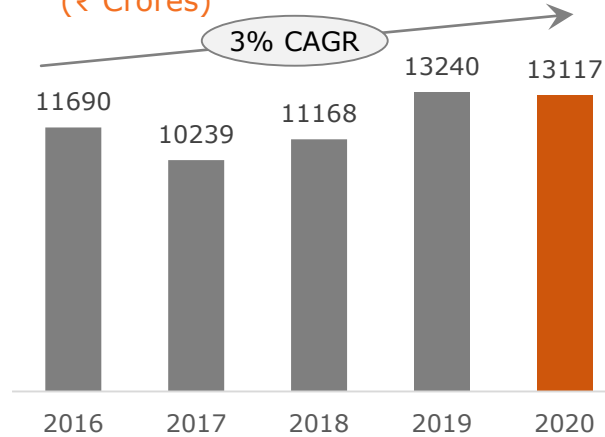
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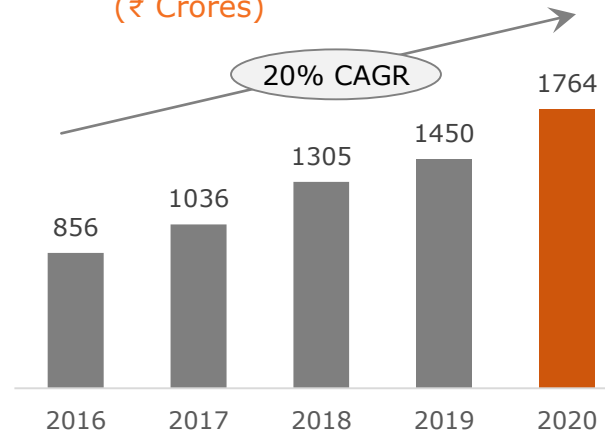
**The Coromandel investment case: Summary**

# Coromandel: Track record of sustained financial performance

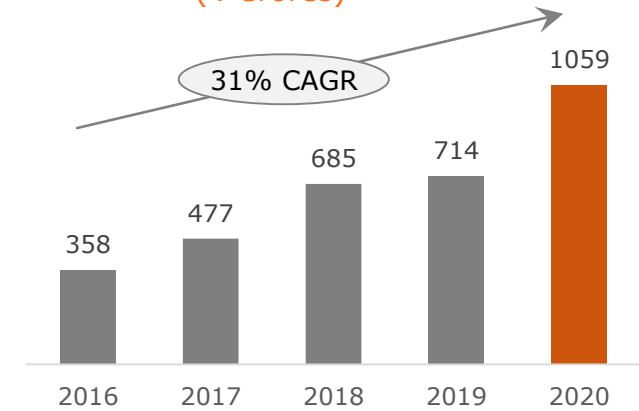
Revenue\* From Operations  
(₹ Crores)



EBITDA  
(₹ Crores)

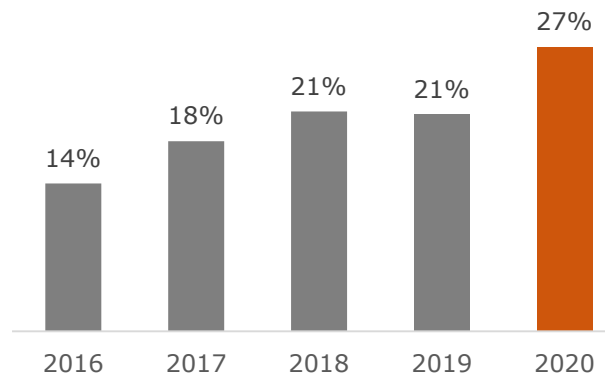


Profit after Taxes  
(₹ Crores)

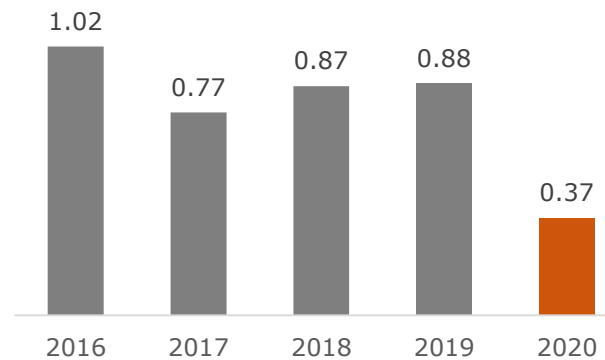


\*Fertilizer revenue subject to commodity price movement and subsidy policies

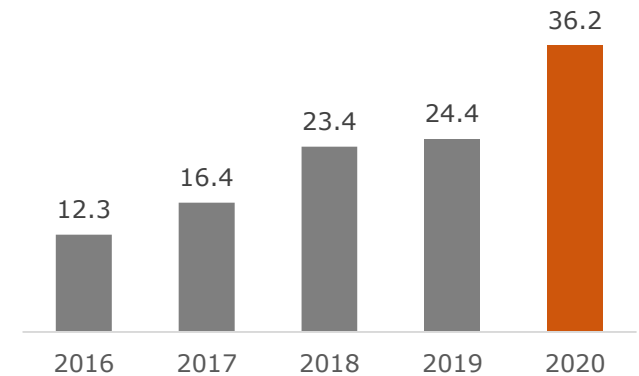
Return on Capital Employed  
(%)



Debt to Equity Ratio



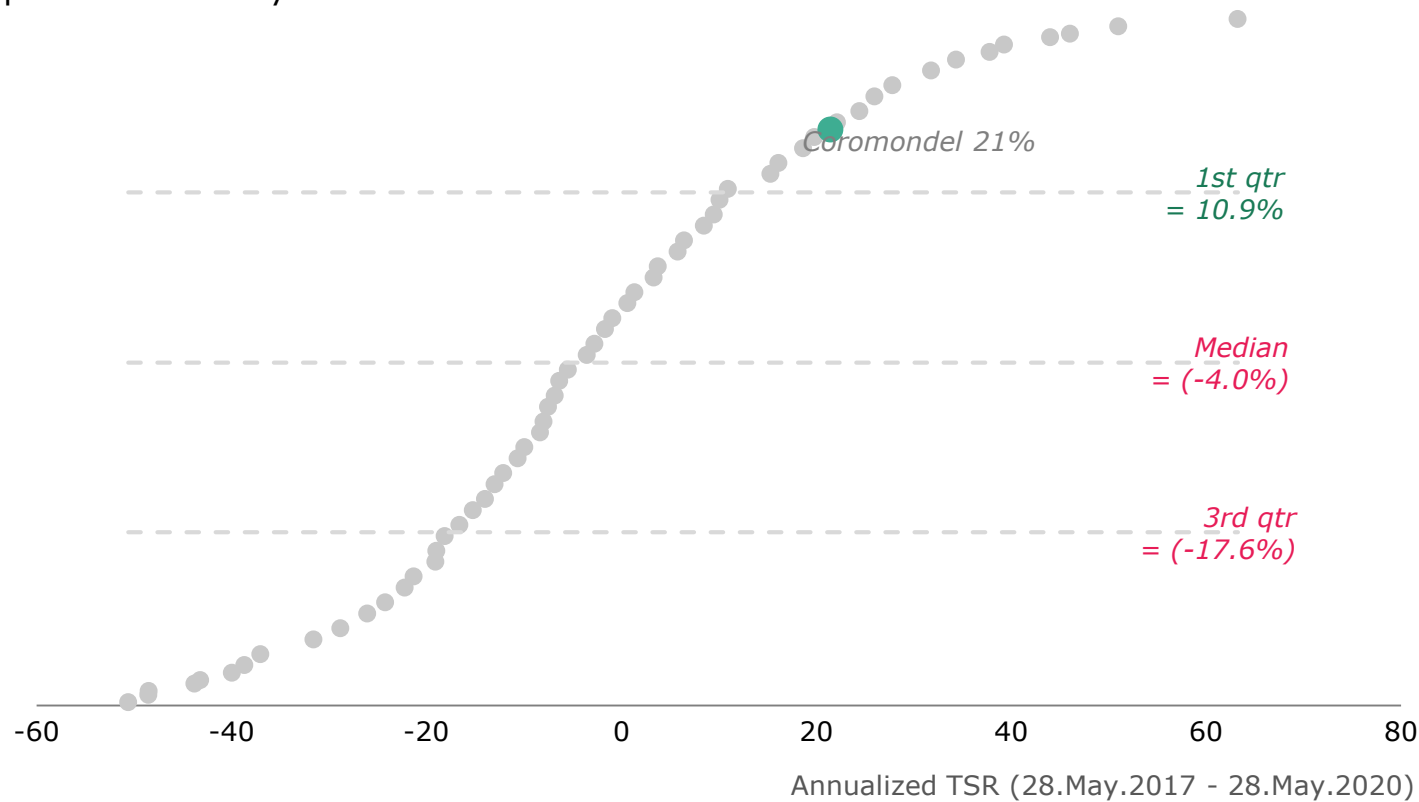
EPS (₹ per share)



# ... with top quartile investor returns

## 3-year Total Shareholder Return (TSR)

Companies Ranked by TSR

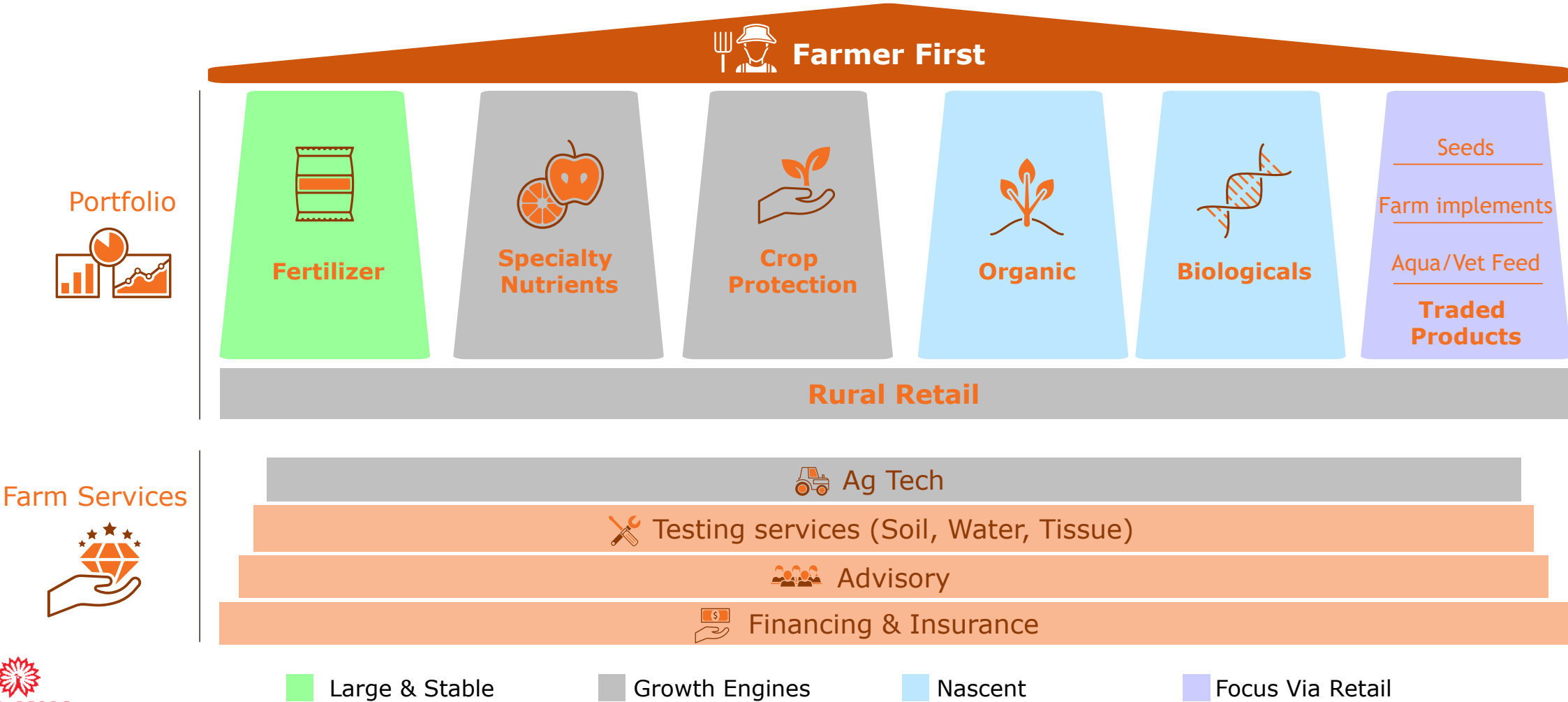


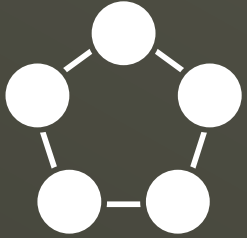
Delivering superior investor returns even with pandemic situation

Among the top quartile cos. across BSE 200

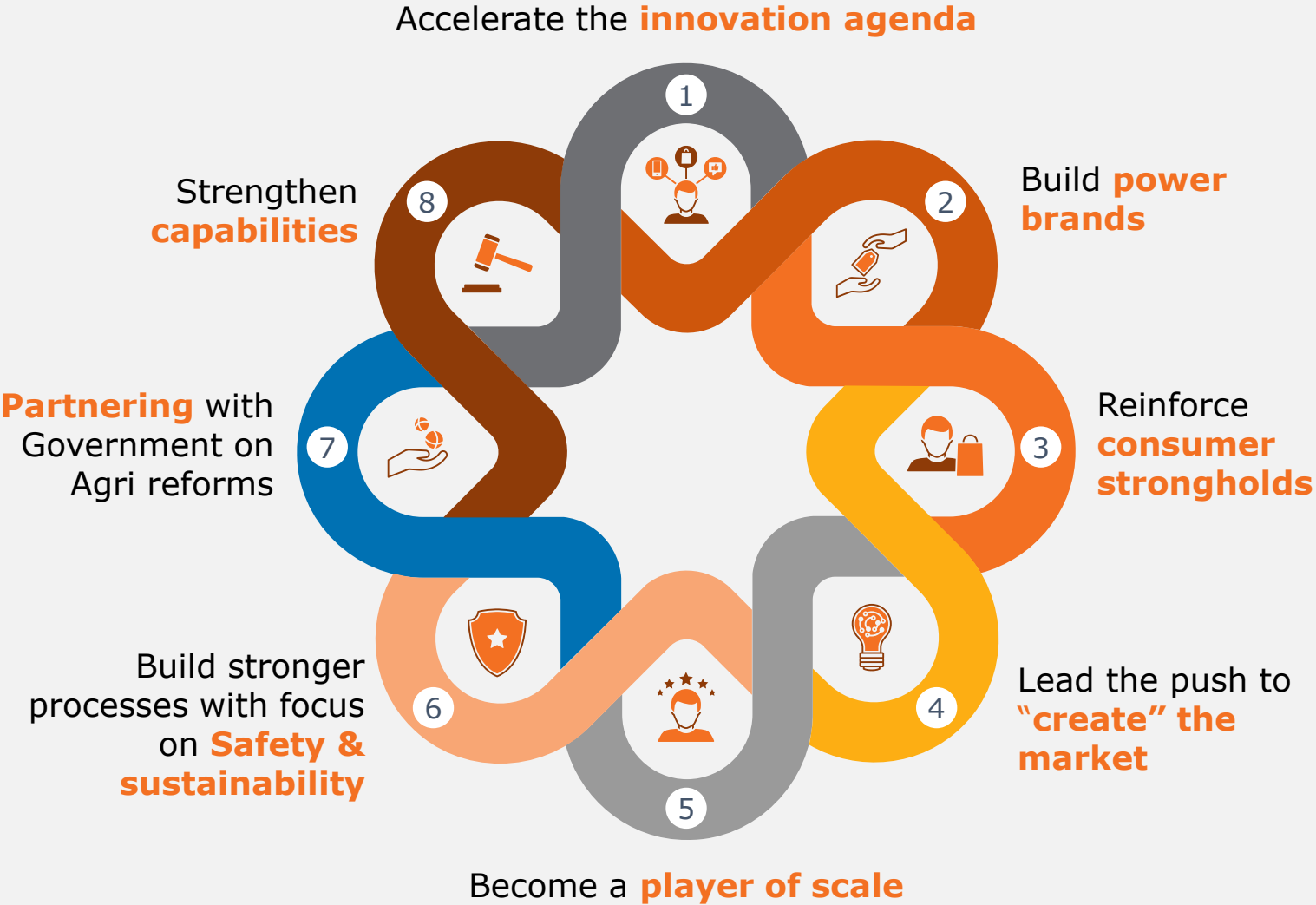
Note: TSR is generated via a combination of profit growth, change in valuation multiple and cash flow contribution  
Background Curve: S&P BSE 200 , Based on data as of 28<sup>th</sup> May 2020. TSRs use company reporting currency. Source: S&P Capital IQ

# Coromandel – Holistic farm solutions provider... ...with unique business model driving farm prosperity





Eight key elements of our Strategy to capture the India Ag opportunity & deliver consistent value...





# Coromandel Value Proposition

## Unparalleled value creation opportunity in India agriculture space

- India agriculture opportunity large; GV to reach INR 230 trillion by 2029
- Government focused on doubling farmer's income
- India well placed to capitalize on exports opportunity - increasing global presence and acceptance



## Coromandel has a strong track record of delivering consistent value

- Top quartile TSR performer over the last 3 years (in the S&P BSE 200)
- Strong balance sheet, zero long term debt
- AA+ credit rating from CRISIL India



## Coromandel best placed to capture the opportunity

- Leading Indian agri inputs player with significant global presence
- Integrated manufacturing facilities - low cost operations
- Value added solutions based on farmer driven insights
- Educating the last mile farmer, driving ground level changes



## A heritage of strong governance & value structure

- Flagship company of 118 year old Murugappa Group
- Strong commitment to values: Integrity, Passion, Quality, Respect and Responsibility



Thank You

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