Coromandel

Investor Presentation

June, 2015

murugappa

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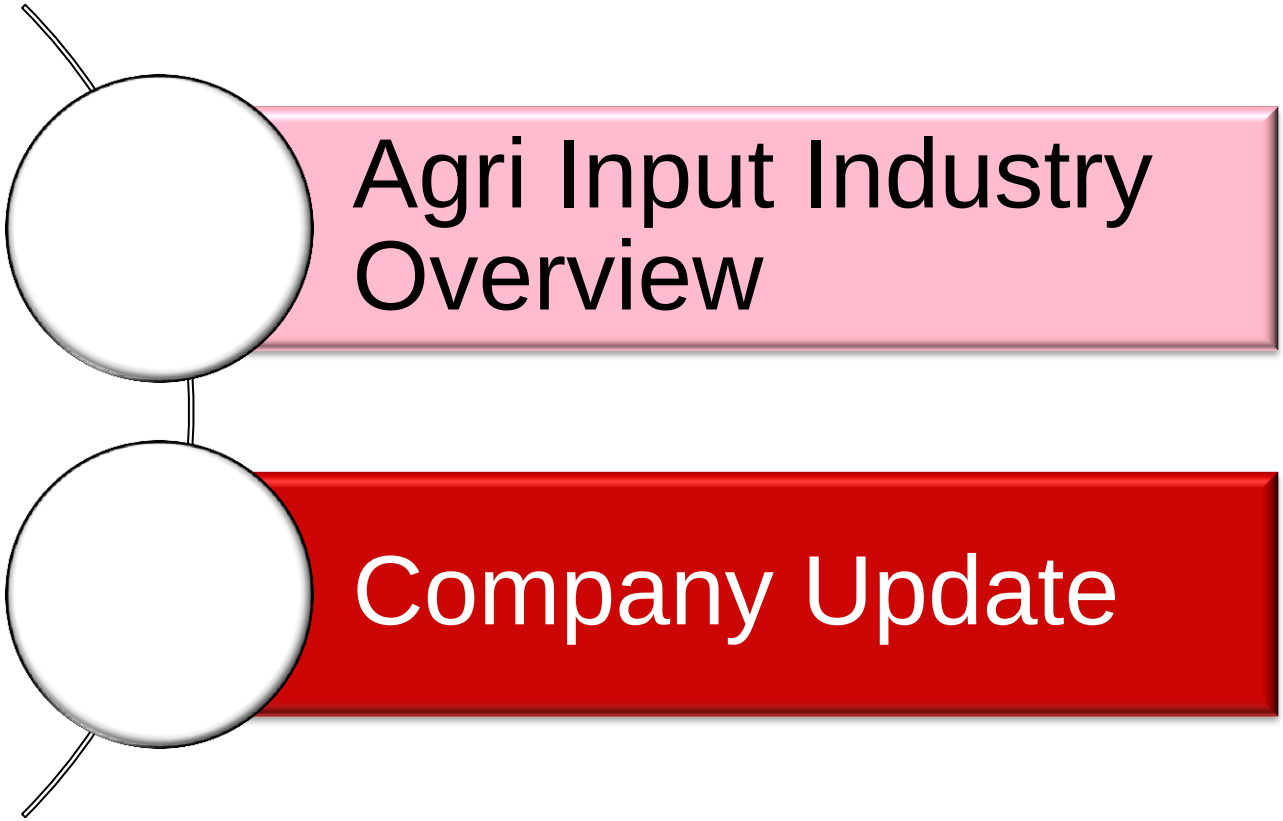

Agri Input Industry Overview
Company Update

AGRI INPUT INDUSTRY OVERVIEW

GLOBAL SCENARIO

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

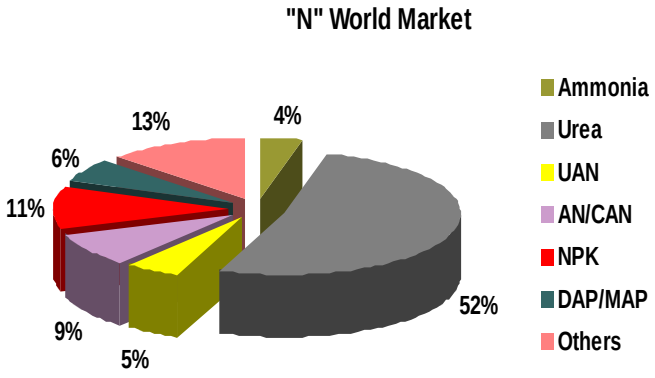
Innovation to drive productivity

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

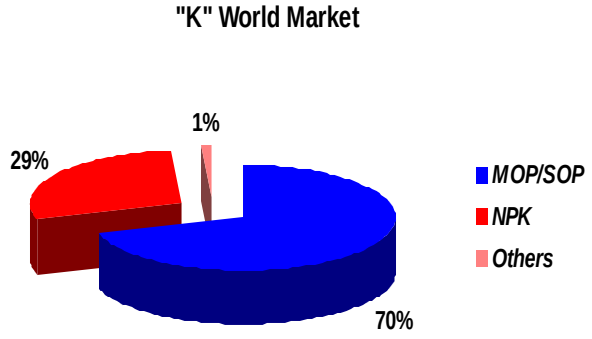
Increased Value Chain Coordination

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

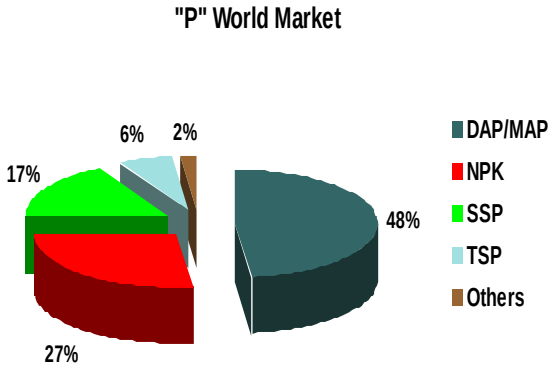
World N,P,K Fertilizer Market



"N" Market is 114 Million MT



"K" Market is 31 Million MT



"P" Market is 43 Million MT

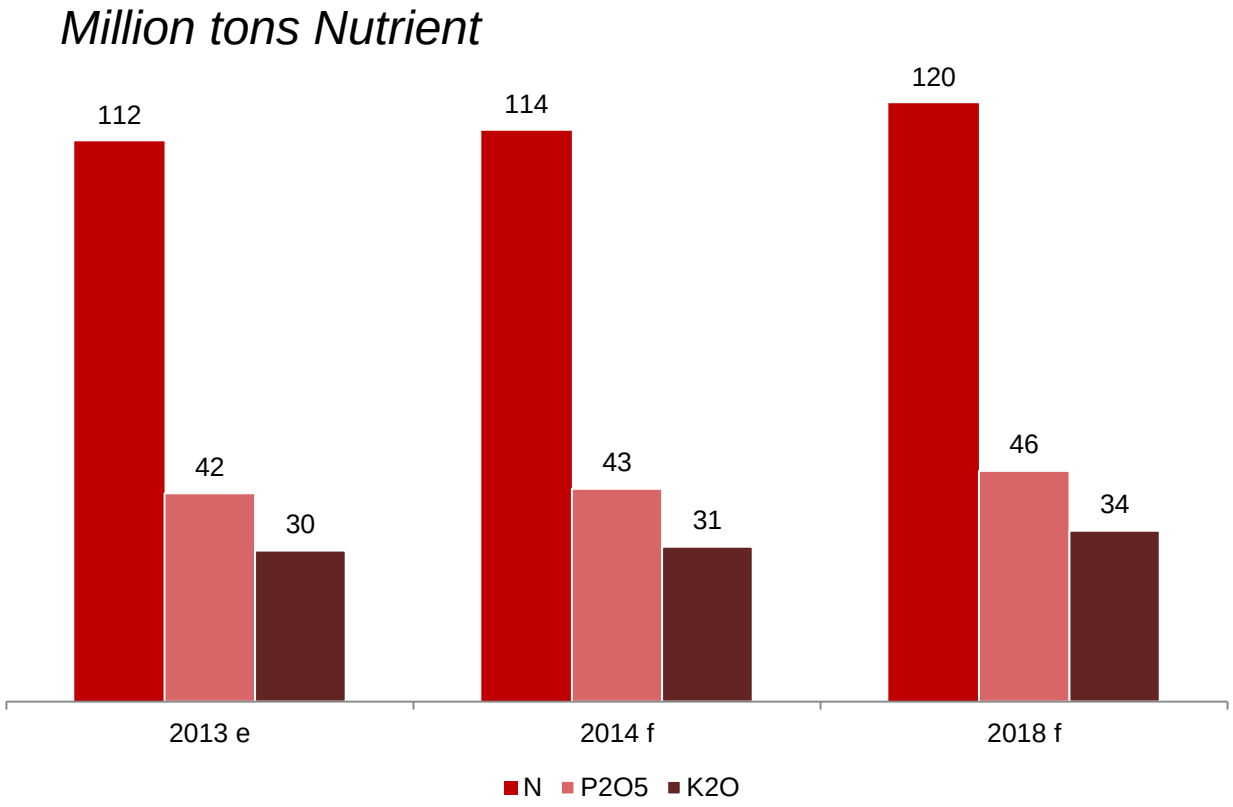
Global Fertiliser Industry:

- 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 Nutrient Consumption Outlook



2013-2018 CAGR

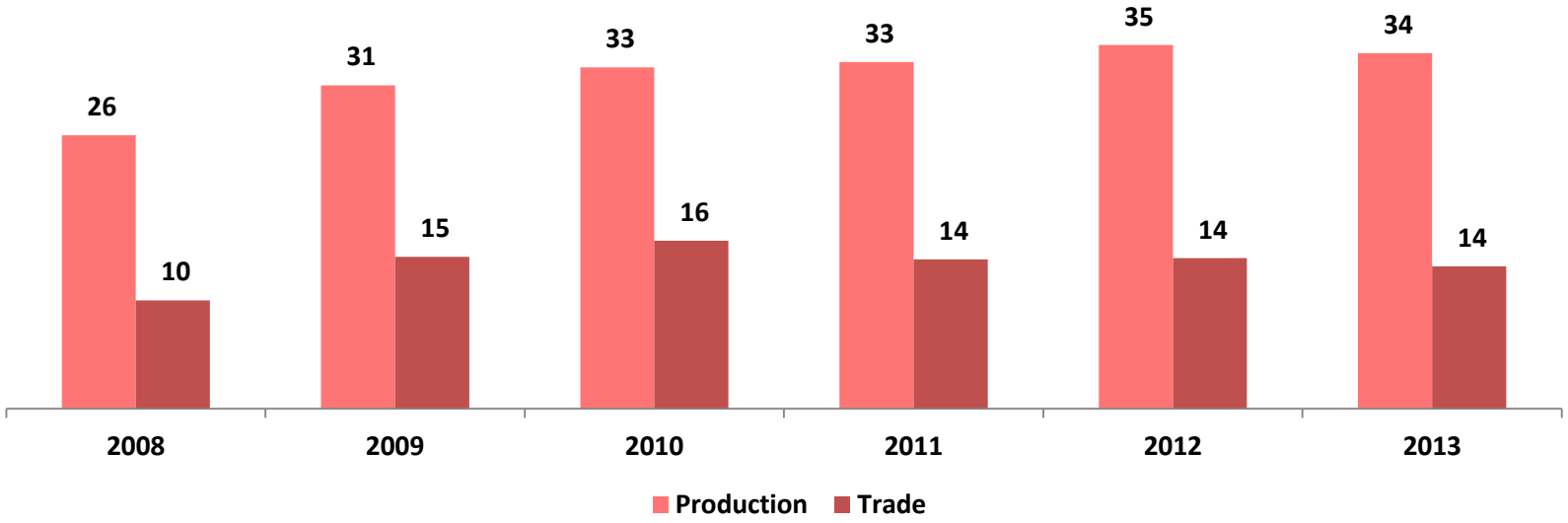
N	1.1%
P_2O_5	1.7%
K2O	2.1%

Source: IFA

DAP – Global Production & Trade

10 year CAGR	
Production	2.8%
Exports	1.3%

MM tons

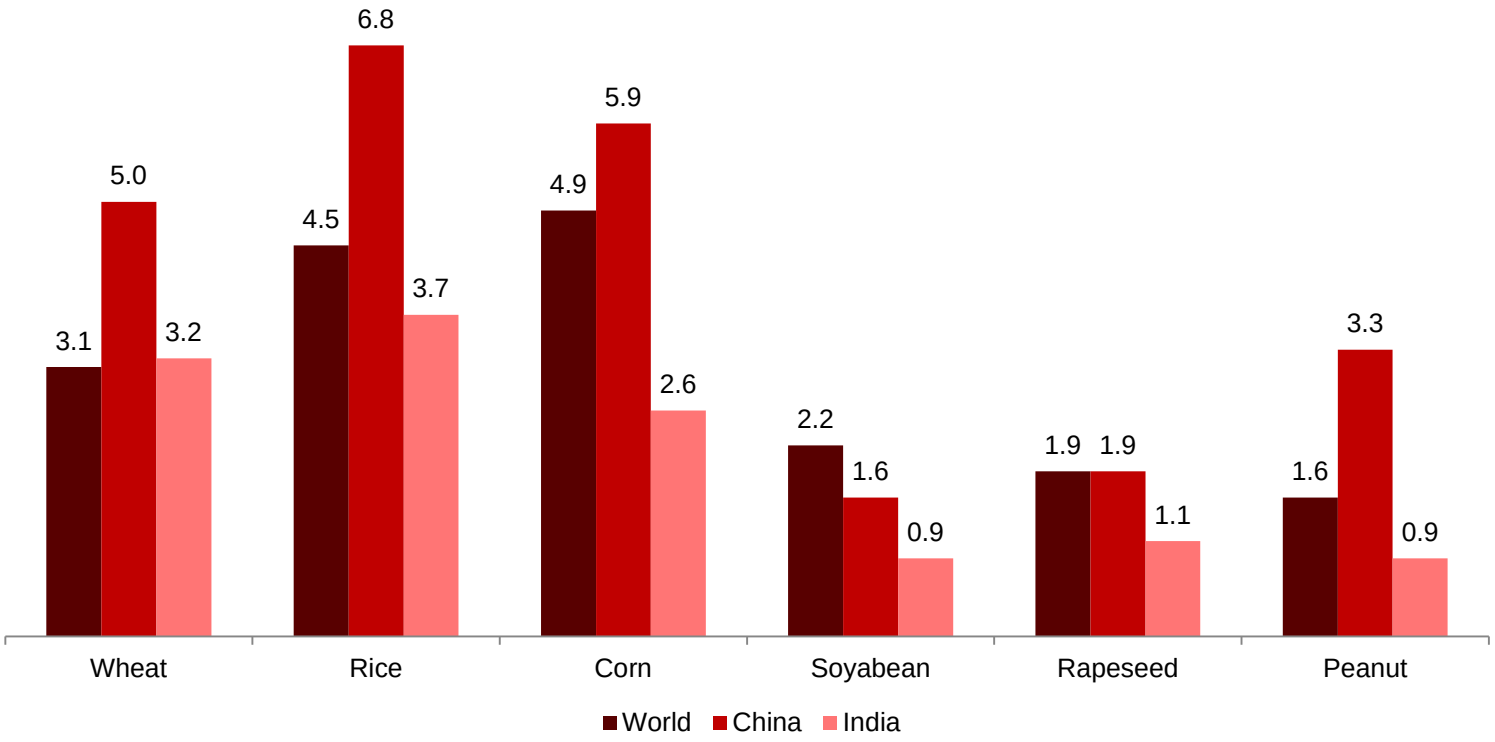


Global production & trade of DAP have increased
China, Saudi Arabia & Morocco account for all production increases

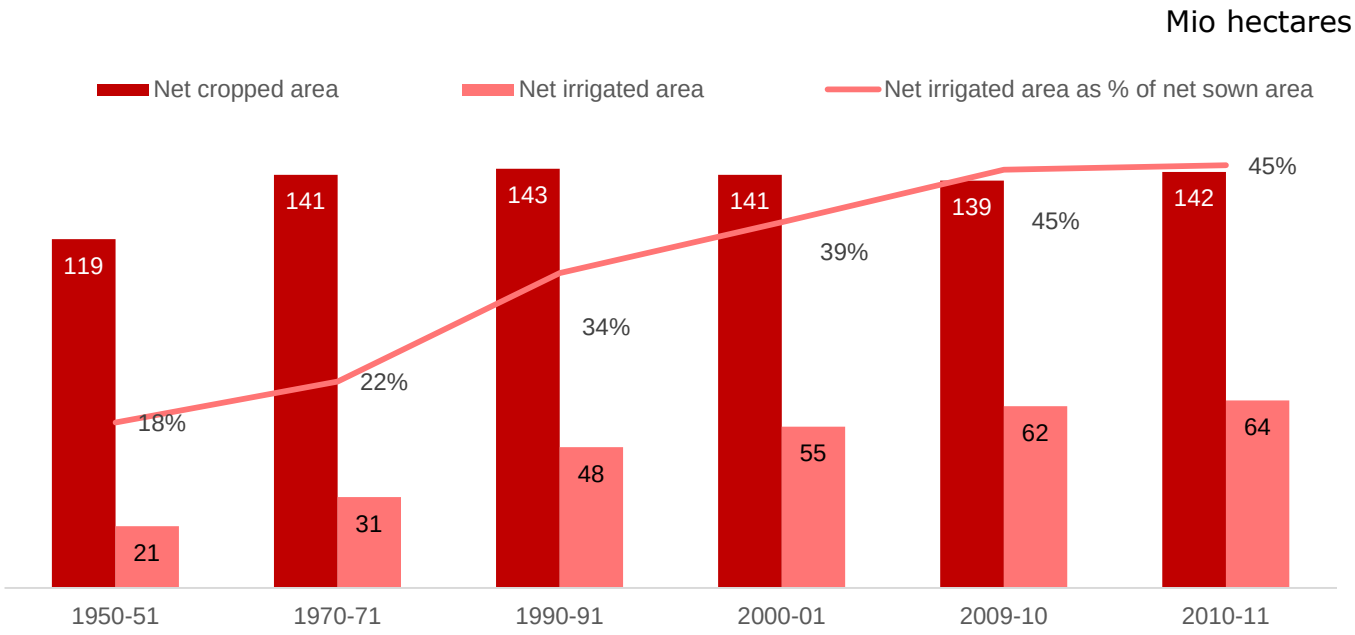
INDIAN SCENARIO

India’s crop productivity is low by global standards - needs to increase to meet demand

MT per hectare

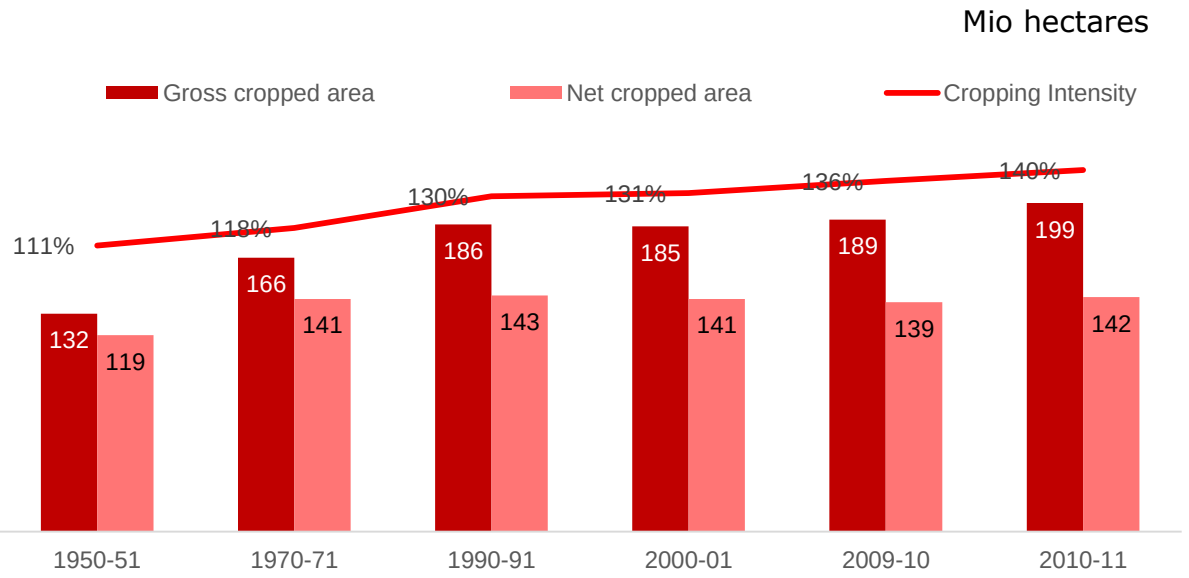


Positive factor: Irrigated Area in India has been steadily increasing



The overall net irrigated area a percent of net cropped area has increased from 34% in the early 1990s to 45% in 2011

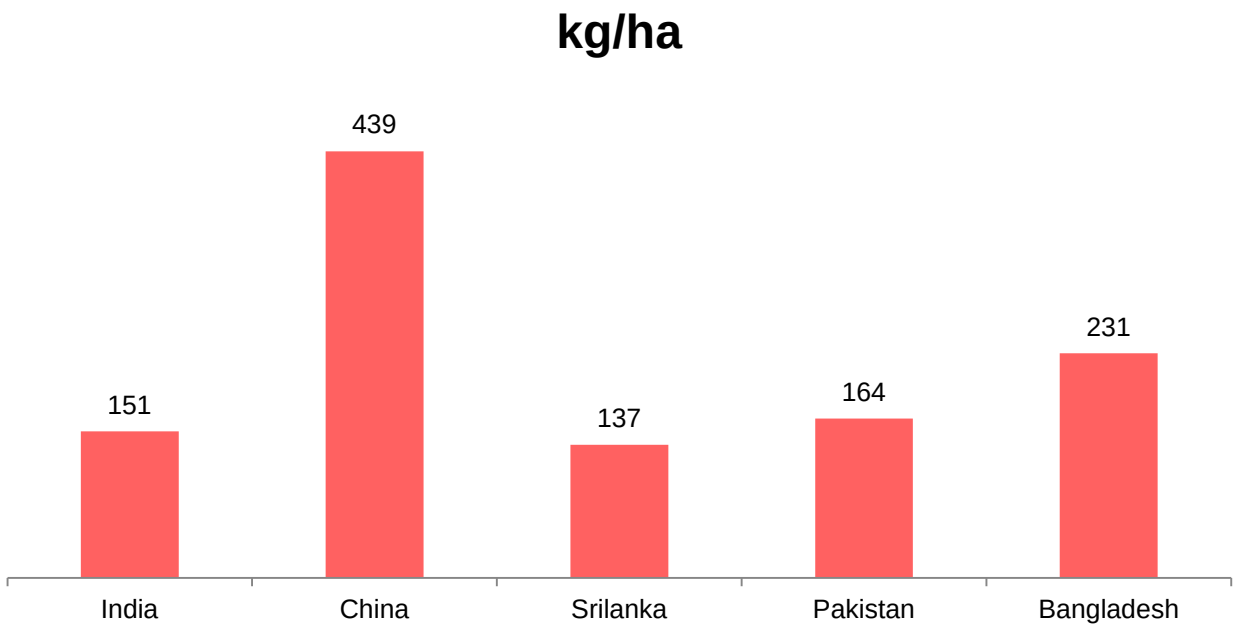
Positive factor: Cropping Intensity has also steadily increased



Cropping intensity has gone up from 118% in early 1970s to 140% in FY11. A continuation of this trend is likely to push up demand for fertilizers.

India’s nutrient application rates will have to increase to improve productivity

Nutrient Consumption among the Asian Countries



India’s Nutrient consumption (Kg/Ha) is lower than countries like China (439), Bangladesh (231) and Pakistan (164).

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
  - Impact of Food Security Bill

- 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

Fertiliser Subsidy Policy

Coromandel

Phosphatics decontrolled Nutrient Based Subsidy (NBS) policy effective from April1,2010.

The Salient features of NBS policy are:

- Policy applicable for P&K fertilisers only and not for Urea
- Subsidy is fixed based on the import prices of various nutrients adjusted for the MRP. "P" based on DAP , "N" based on Urea and "K" based on Potash and "S" based on Sulphur
- Under the NBS Policy MRP/Farmgate prices has been decontrolled - Companies are free to set the price
- The subsidy is announced for the year and any increase / decrease in cost of inputs will have to be addressed by companies through change in farm gate prices – Fixed subsidy & variable farmgate prices

Subsidy - Rs. Per Kg

Nutrient	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
N	23.227	27.153	24.000	20.875	20.875	20.875
P	26.276	32.338	21.804	18.679	18.679	18.679
K	24.487	26.756	24.000	18.833	15.500	15.500
S	1.784	1.677	1.677	1.677	1.677	1.677

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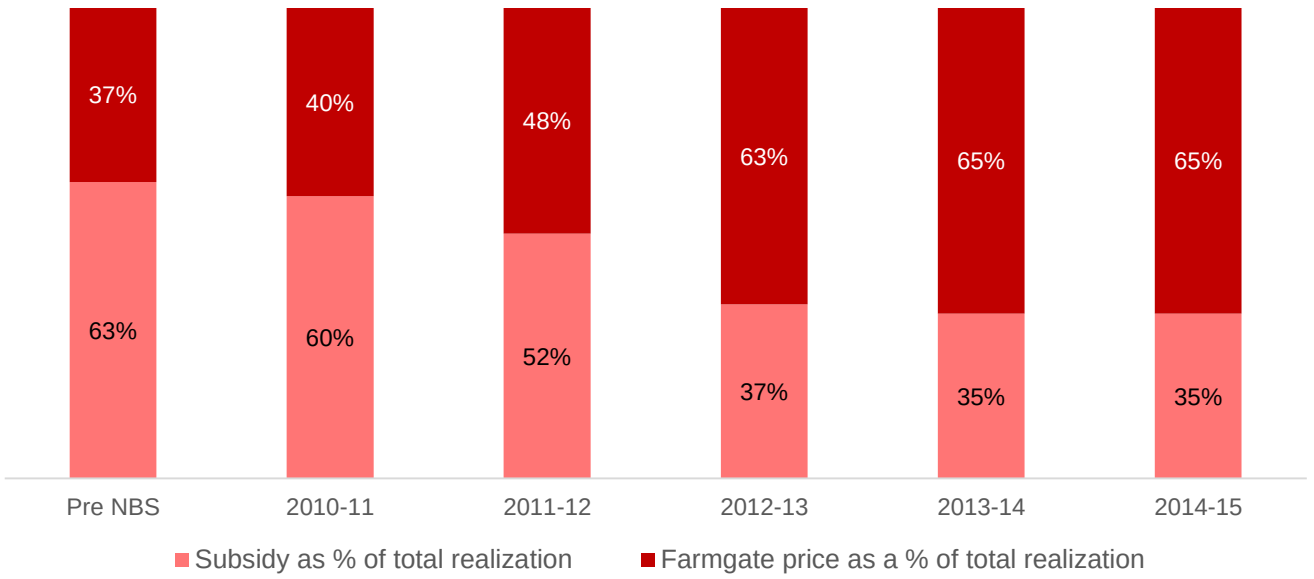
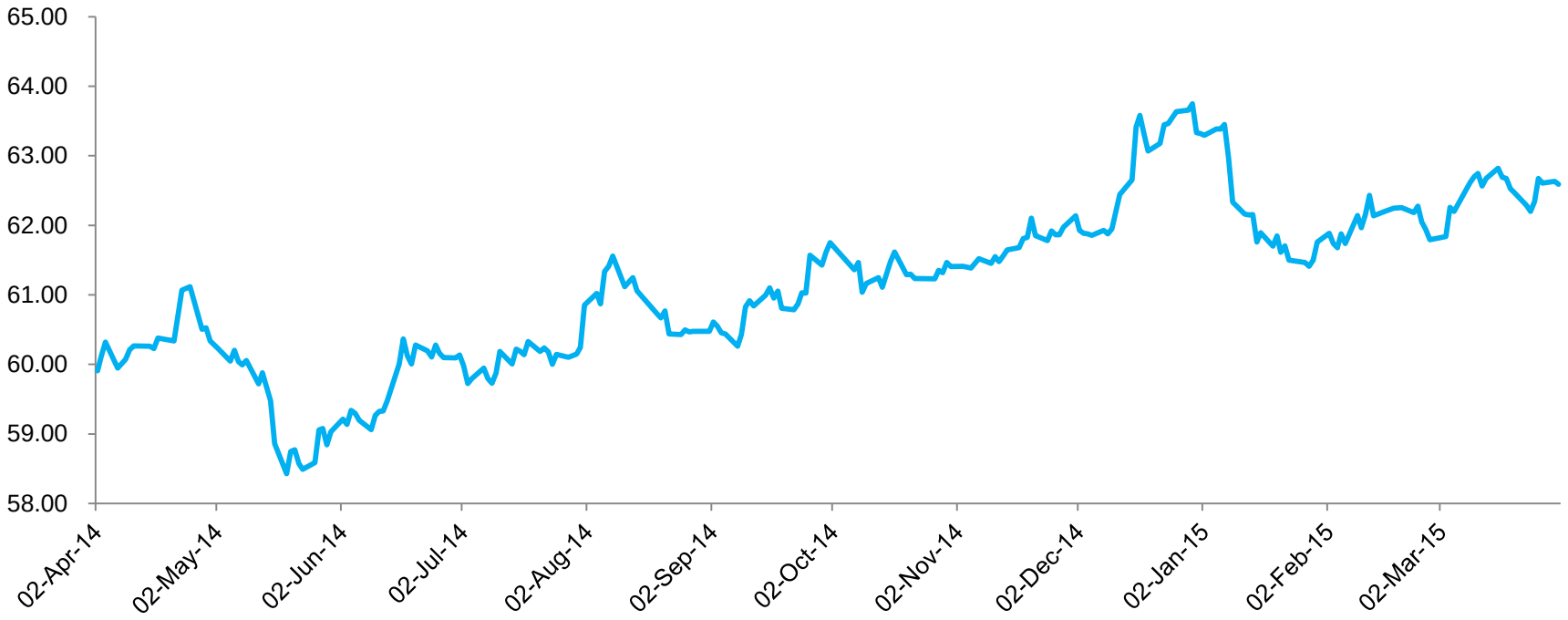
Lower subsidy component…



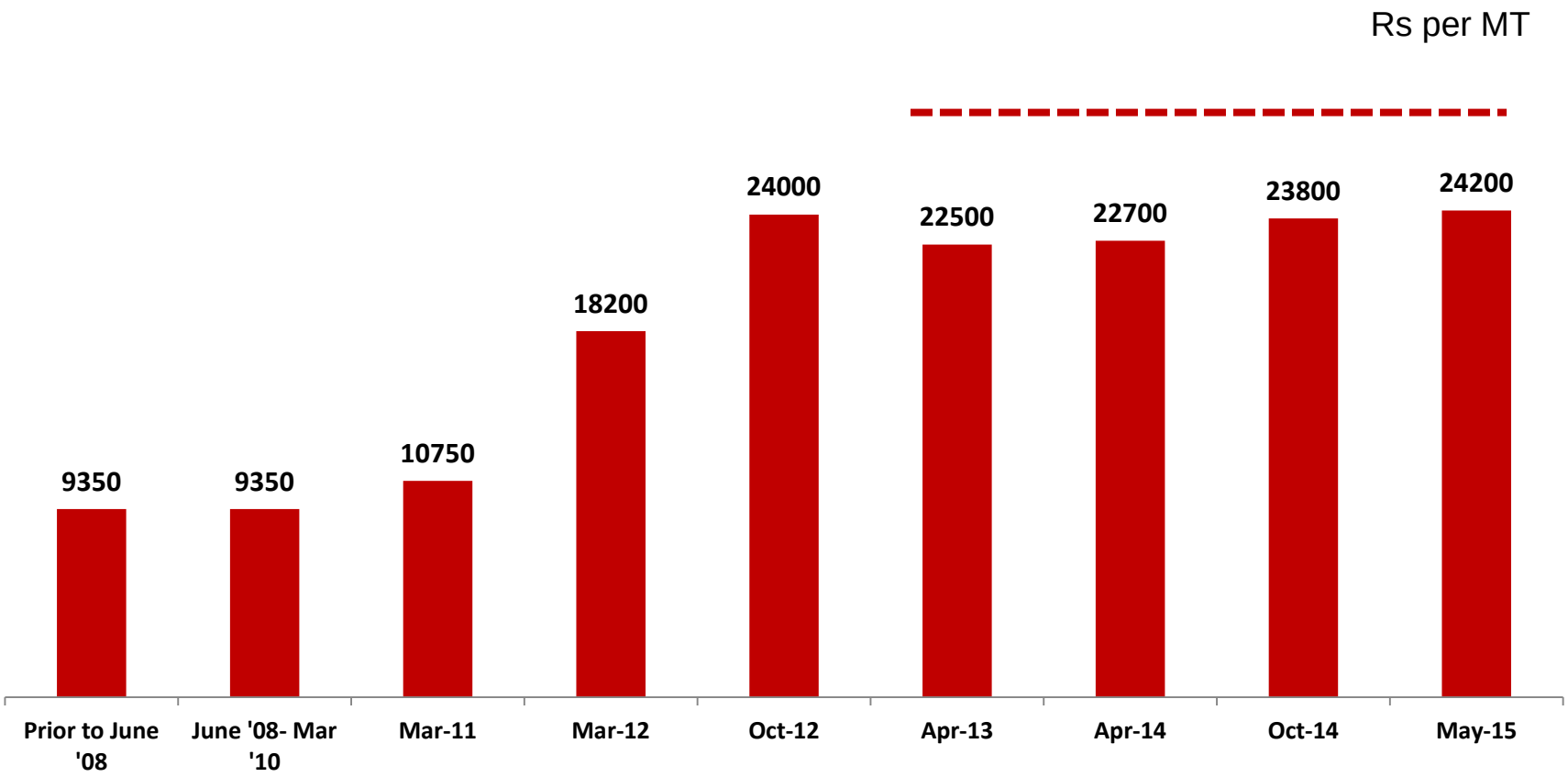
Rs. Cr	2011-12	2012-13	2013-14	2014-15	2015-16 P	YoY Growth %
Imported Urea	13,716	15,133	11,538	12,100	12,300	-2.7%
Indigenous Urea	20,208	20,000	26,500	38,200	38,200	17.3%
Phosphatics	36,089	30,480	29,301	20,667	22,469	-11.2%
Total Fertiliser Subsidy	70,013	65,613	67,339	70,967	72,969	1.0%

Share of farm gate price of Complex Fertilizers in total realization has increased and the share of subsidy has decreased.

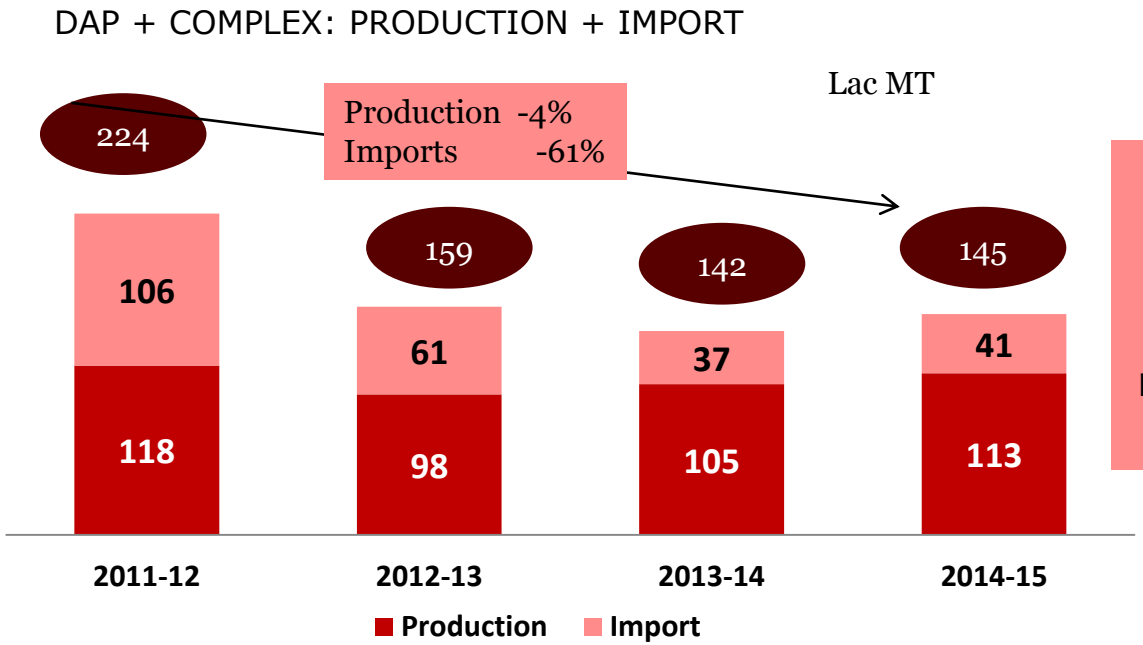
Stable exchange rate….



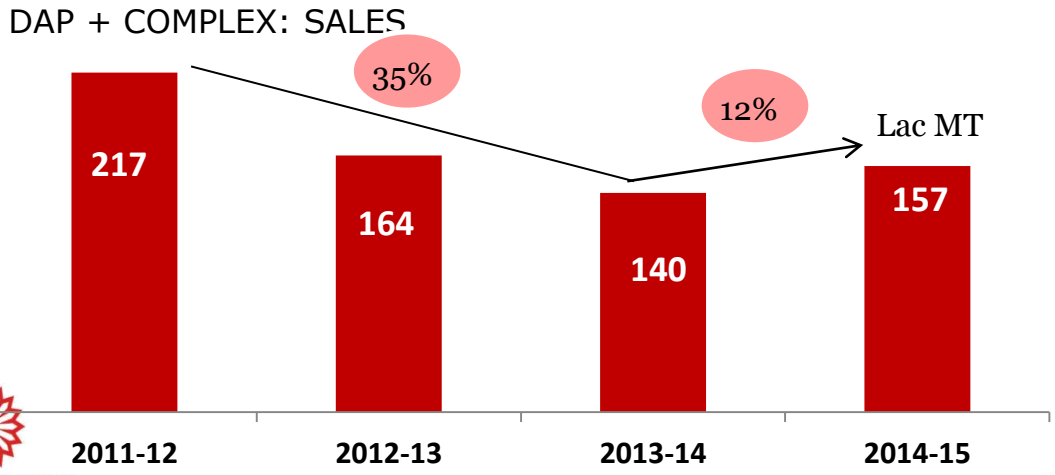
… resulted in Stable MRP..



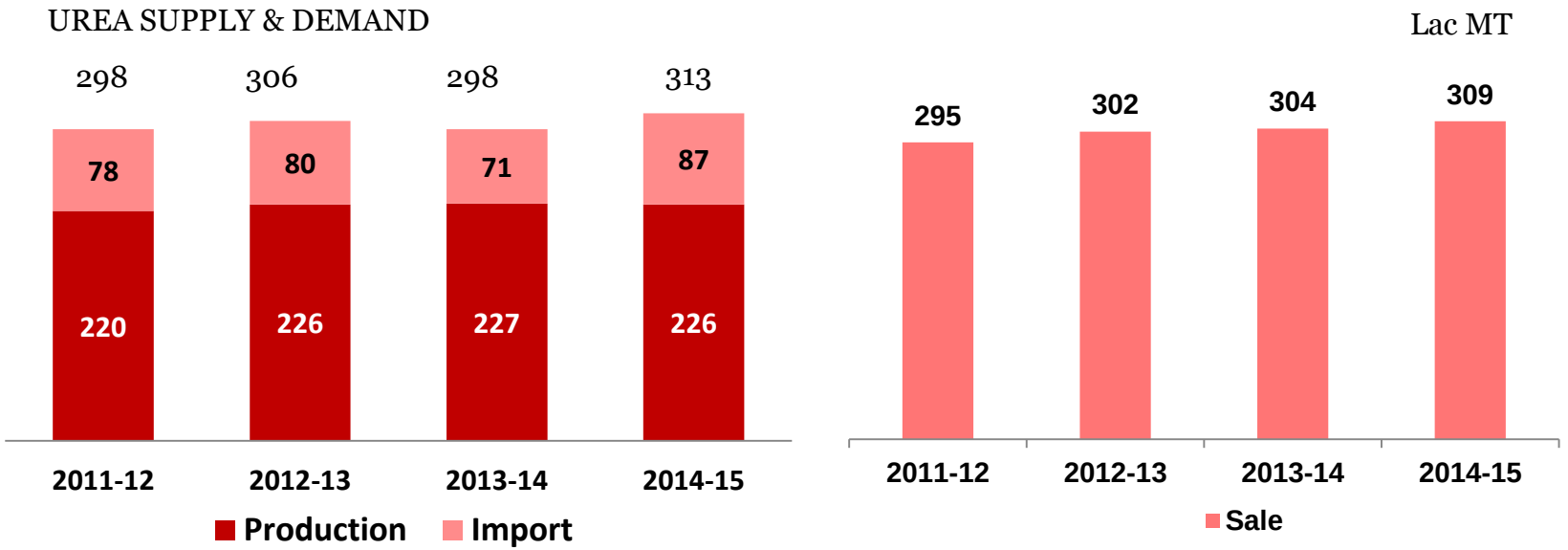
…which aided by lower imports resulted in depleting inventory and consumption revival…

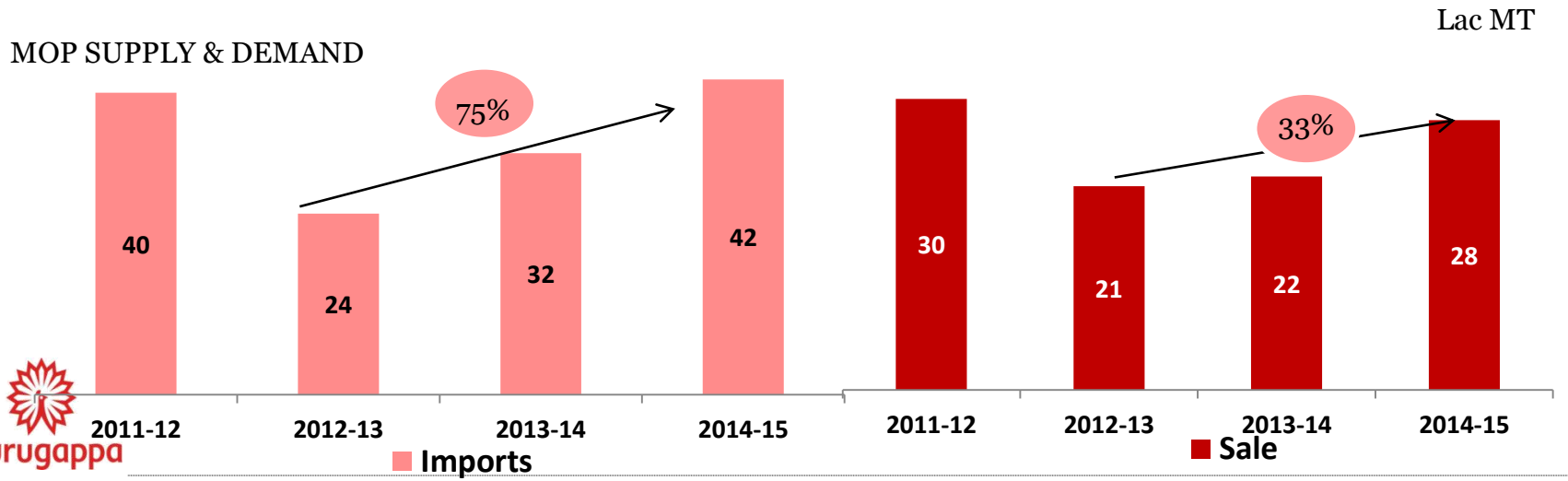


Stable exchange rate and raw material prices, combined with good monsoon and a sharp decline in imports led to reduction in pipeline inventory of DAP and complex products

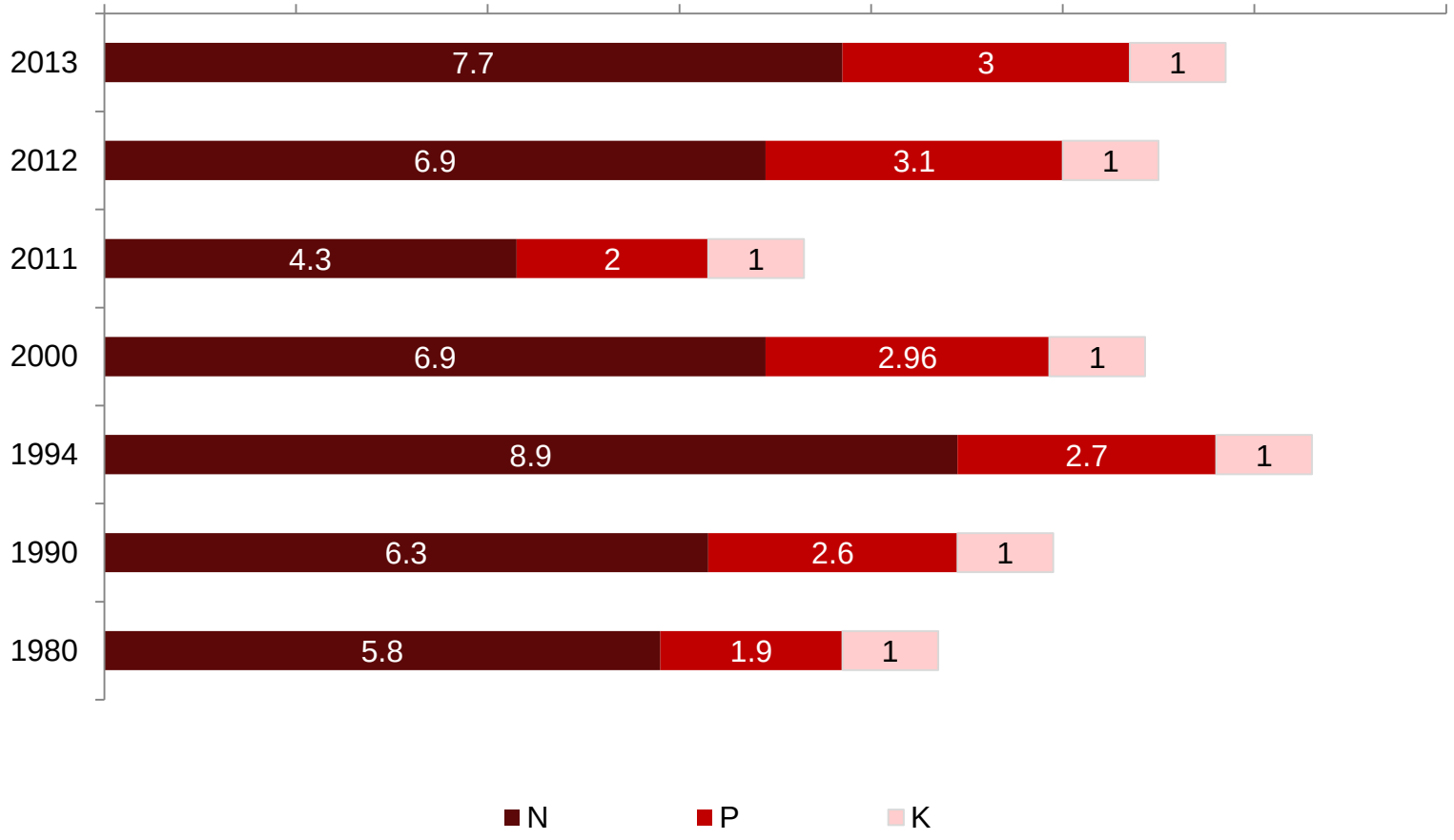


….Urea Demand has remained stable due to high levels of subsidy…





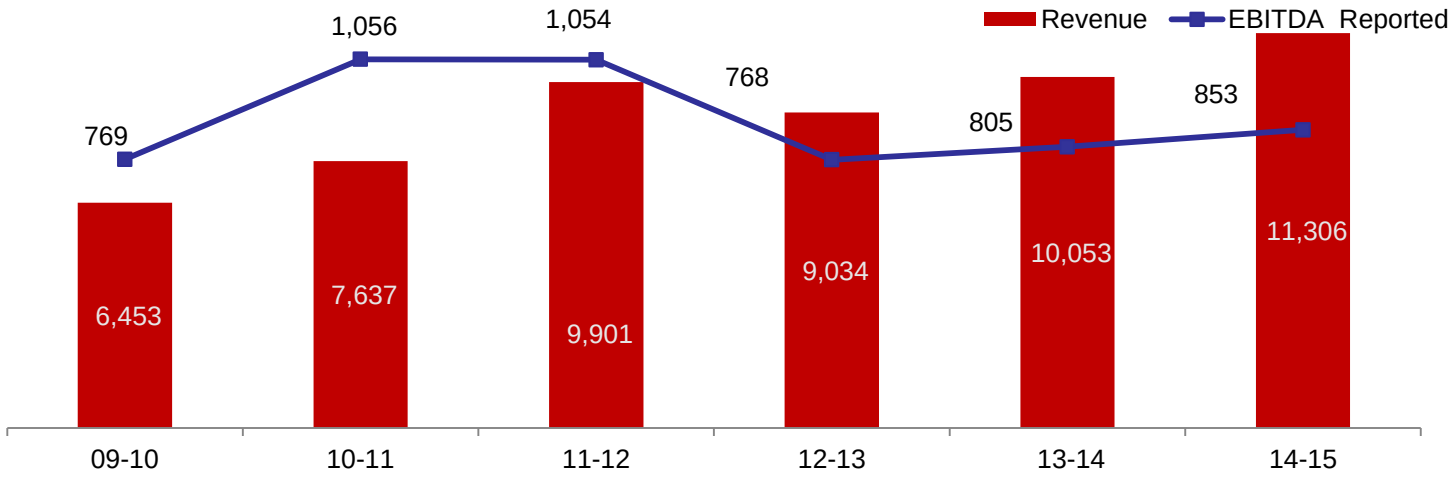
…and negatively impacted N-P-K application ratios in recent years



COMPANY PROFILE

Coromandel - Snapshot

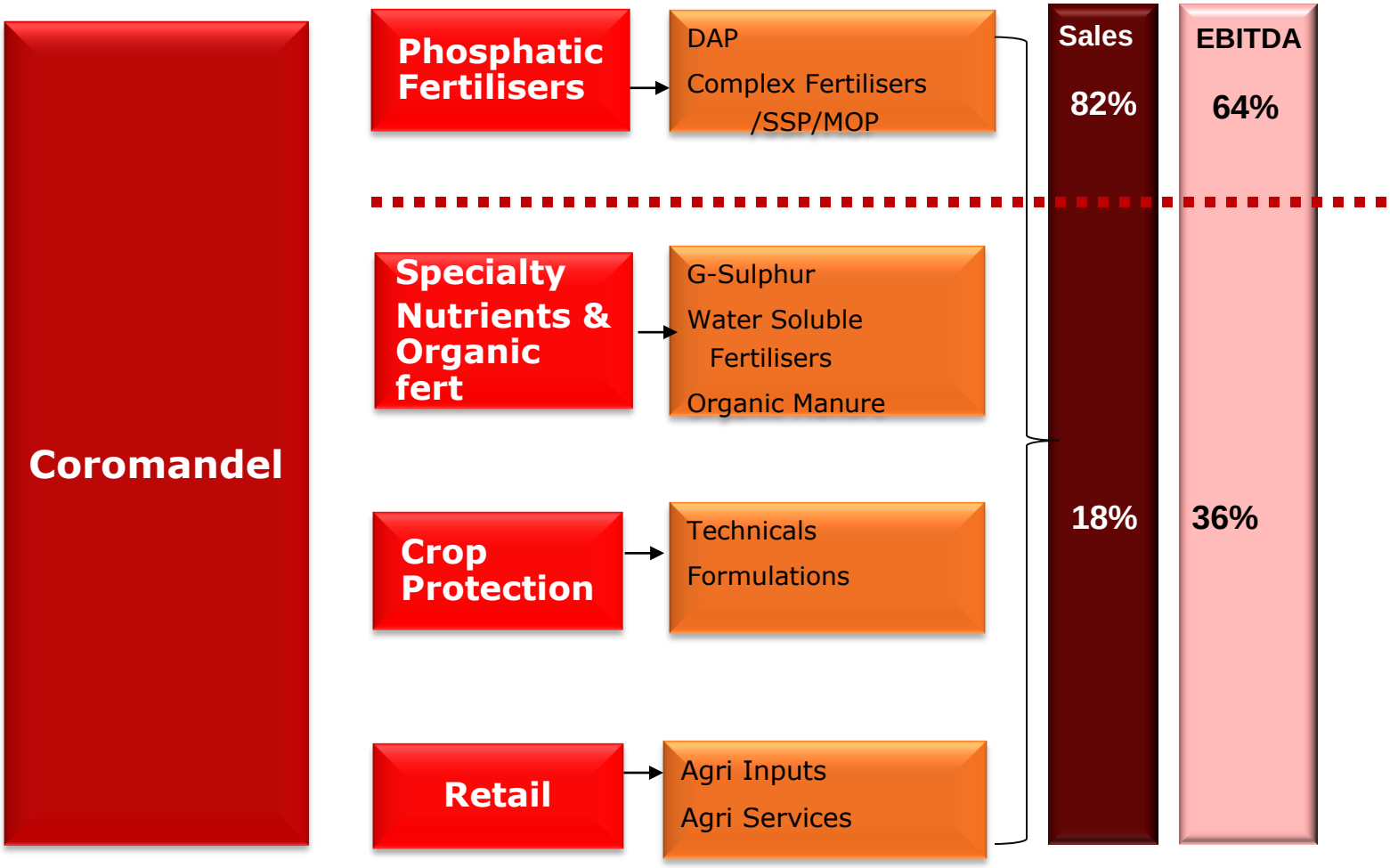
Rs. Cr.



Key Facts :

- Turnover: Rs.11,306 Cr
- Market Cap: Rs. 7000 Cr
- Strong credit rating: 'AA +' (Stable outlook)' with CRISIL India
- Employees: 2712
- International Linkages: FOSKAR,GCT, CANPOTEX, SQM, GETAX , QAFCO, ICL, Phoschem, OCP, YANMAR etc
- International Market Serviced: Latin America, Africa, China, South East Asia, Middle east

Business Structure



Non subsidy EBITDA share has steadily improved from 23% in FY08-09 to 36% in FY14-15

Growth through acquisitions and JVs

	2003	2004	2006 & 2007	2008	2009 & 2010	2011	2013	2014
Complex Fertilizers	**Demerged fert. Biz from EID Parry**			**GFCL Acq 1.5 MM tons**				
SSP							**Liberty Group 1MM ton SSP Capacity**	
Crop Protection			**FICOM Acq**		**Acq of Jammu unit**	**Sabero Acq**		
Others / JVs		**BAA with FOSKOR**	**TIFERT JV**		**JV with SQM**		**APGPCL 15 MW**	**JV with Yanmar and Mitusi**

Key Strengths

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

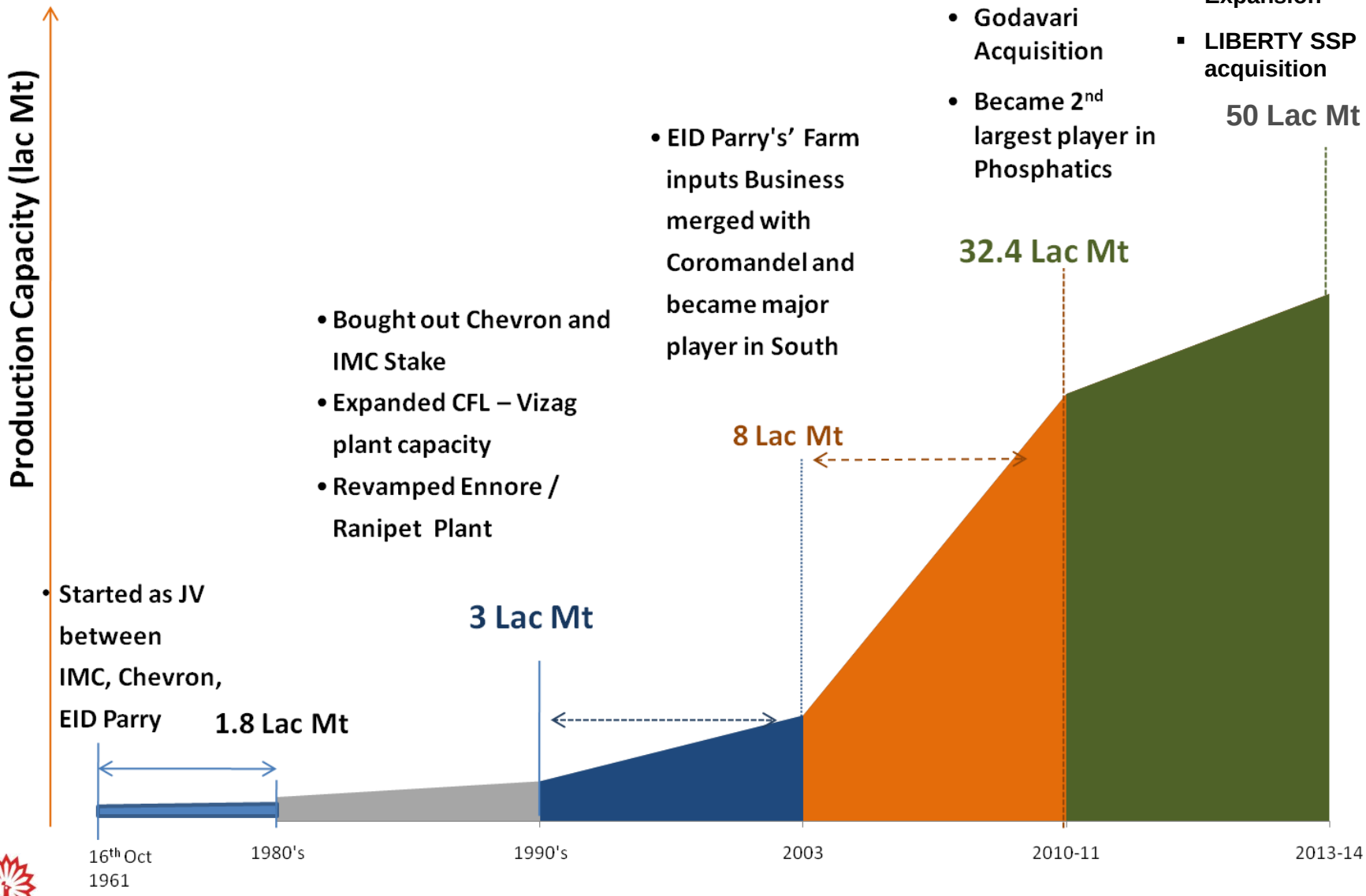
- Wider reach and penetration
- Strong brand image in the home market
- Wide Product Range - Low 'P' to high 'P'
- Direct contacts with farmers - Mana Gromor Centers
- Extensive field promotions

Non Subsidy Businesses

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

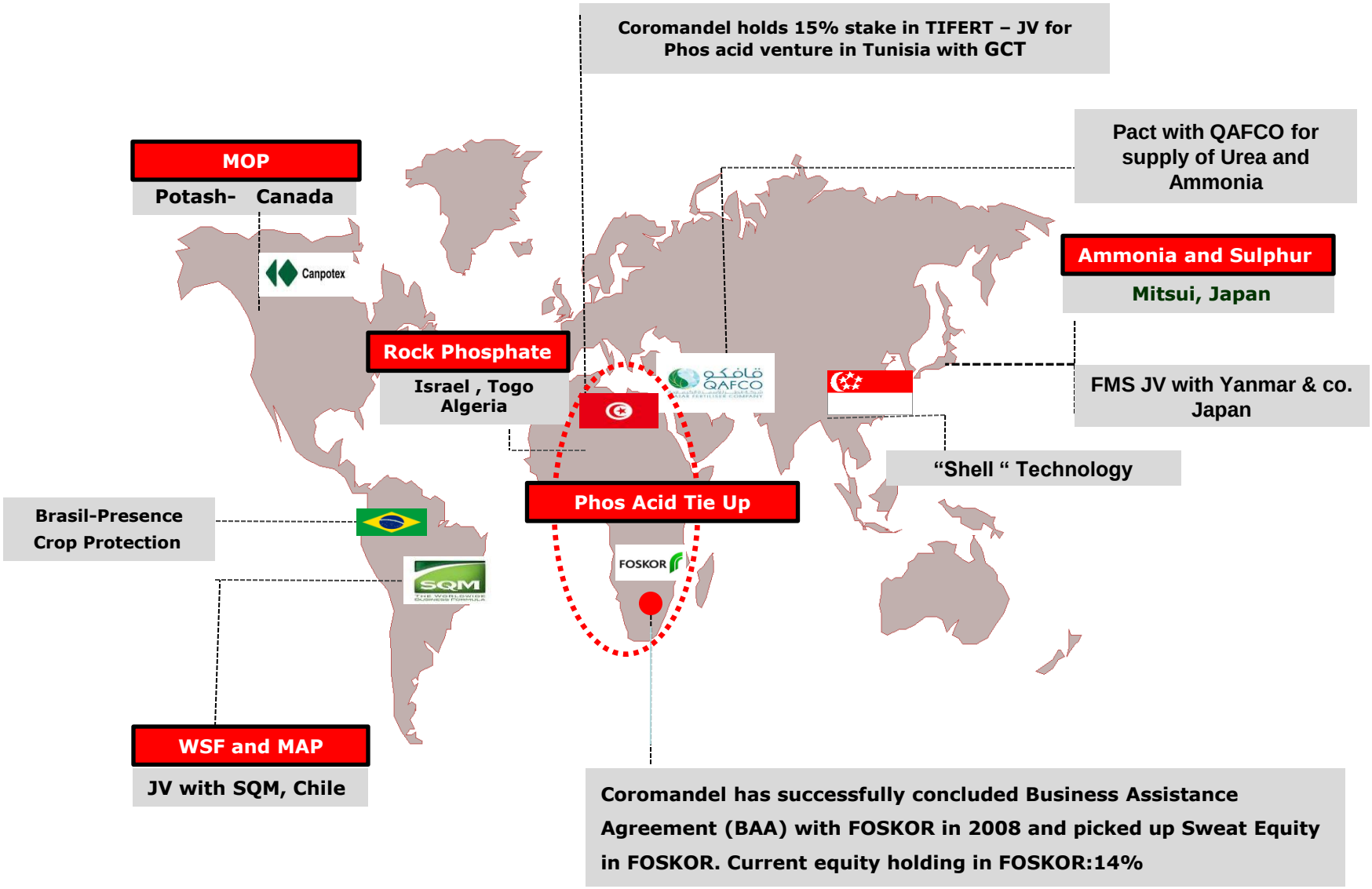
Coromandel's Fertilisers Business

Coromandel Fertiliser Business Growth Story



Global Strategic Alliances

Coromandel



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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

Coromandel – Lowest cost producer of complex fertiliser in the country

Cost Leadership

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

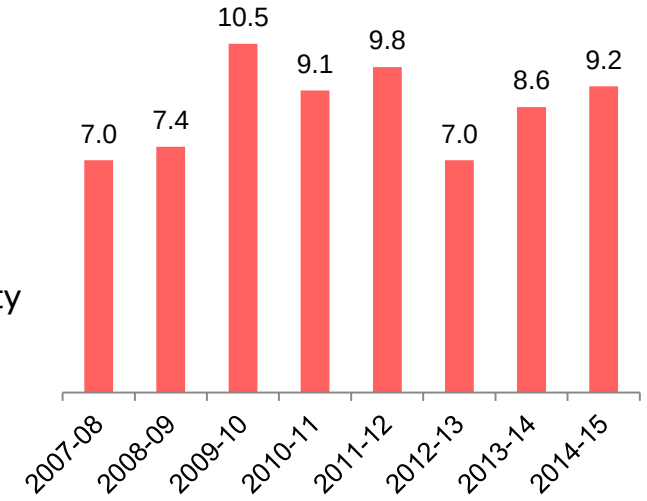
Sulphuric Acid

- 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 (Lac Mt)



Kakinada Plant

Very High Efficiency

- N – 99% P – 98% K – 94%

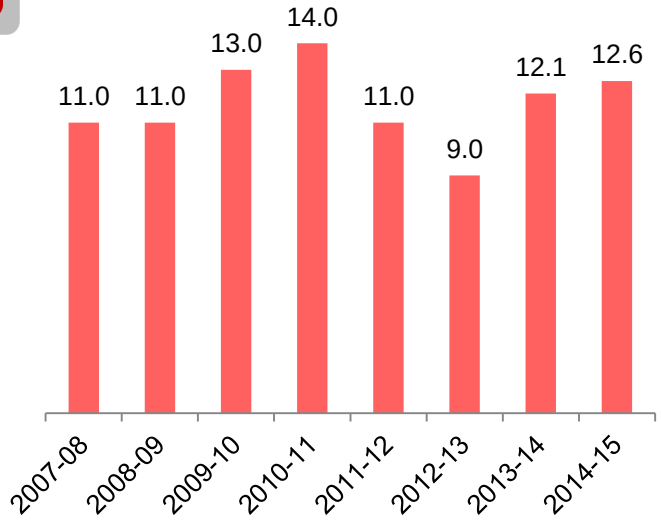
Low Conversion Cost

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

Logistic Cost

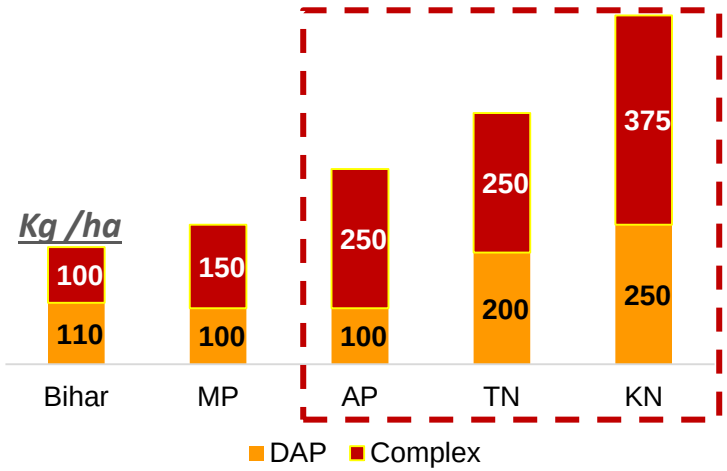
- Increased rail dispatches – minimizing freight cost to be in line with subsidy

Kakinada Production (Lac Mt)



Marketing Network

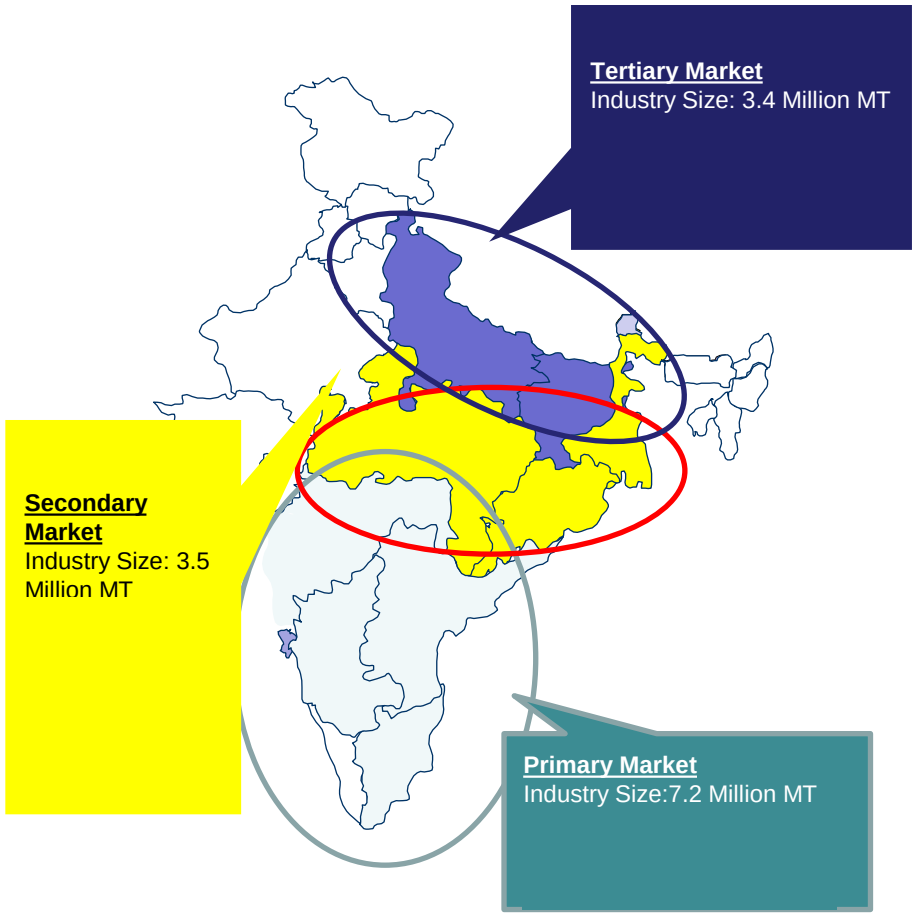
Higher complex fertilizer consumption in core markets



Marketing Channels

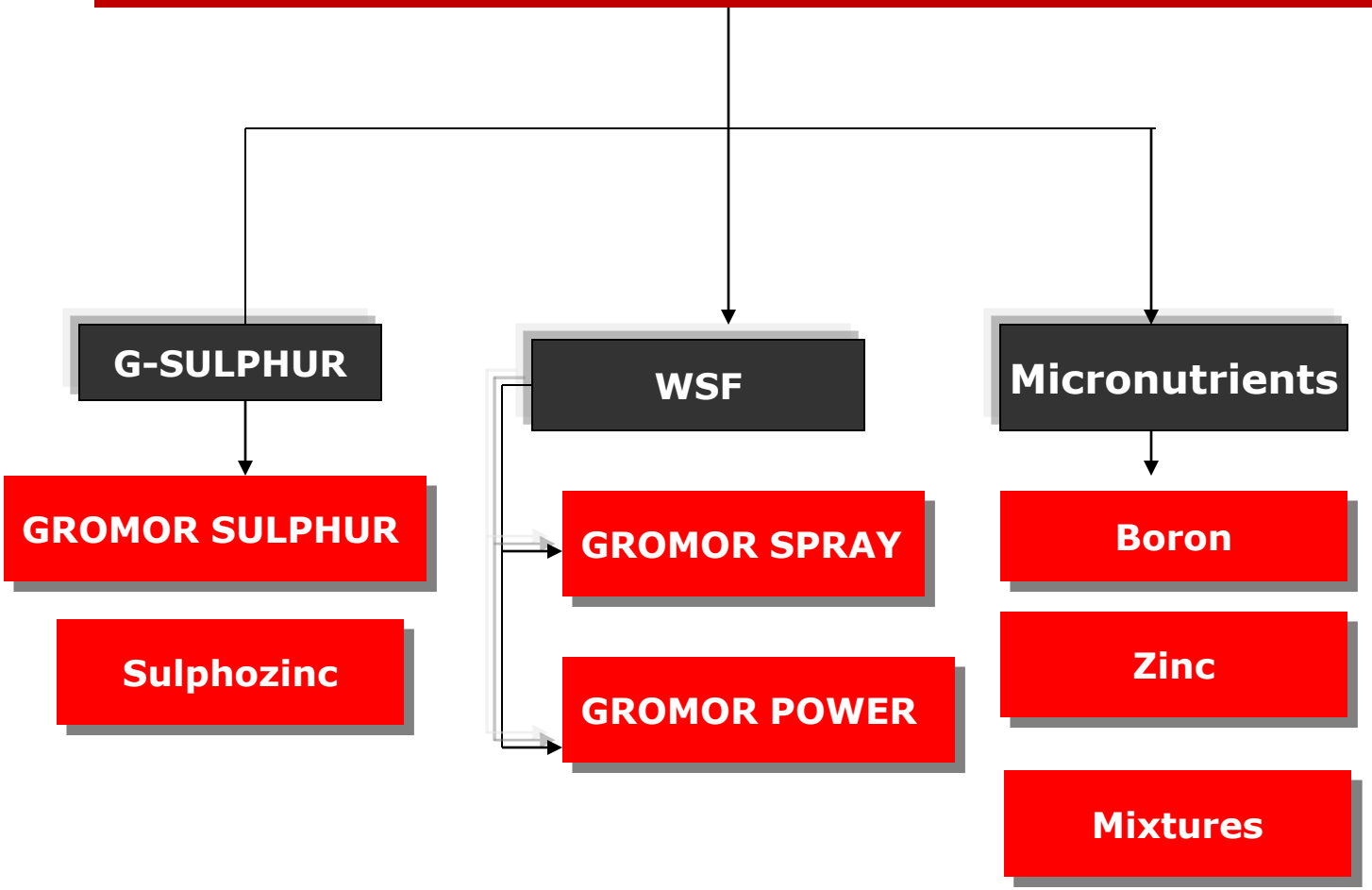
- Dealer Trade
- Retail Network
- Institutional segment

Target Markets

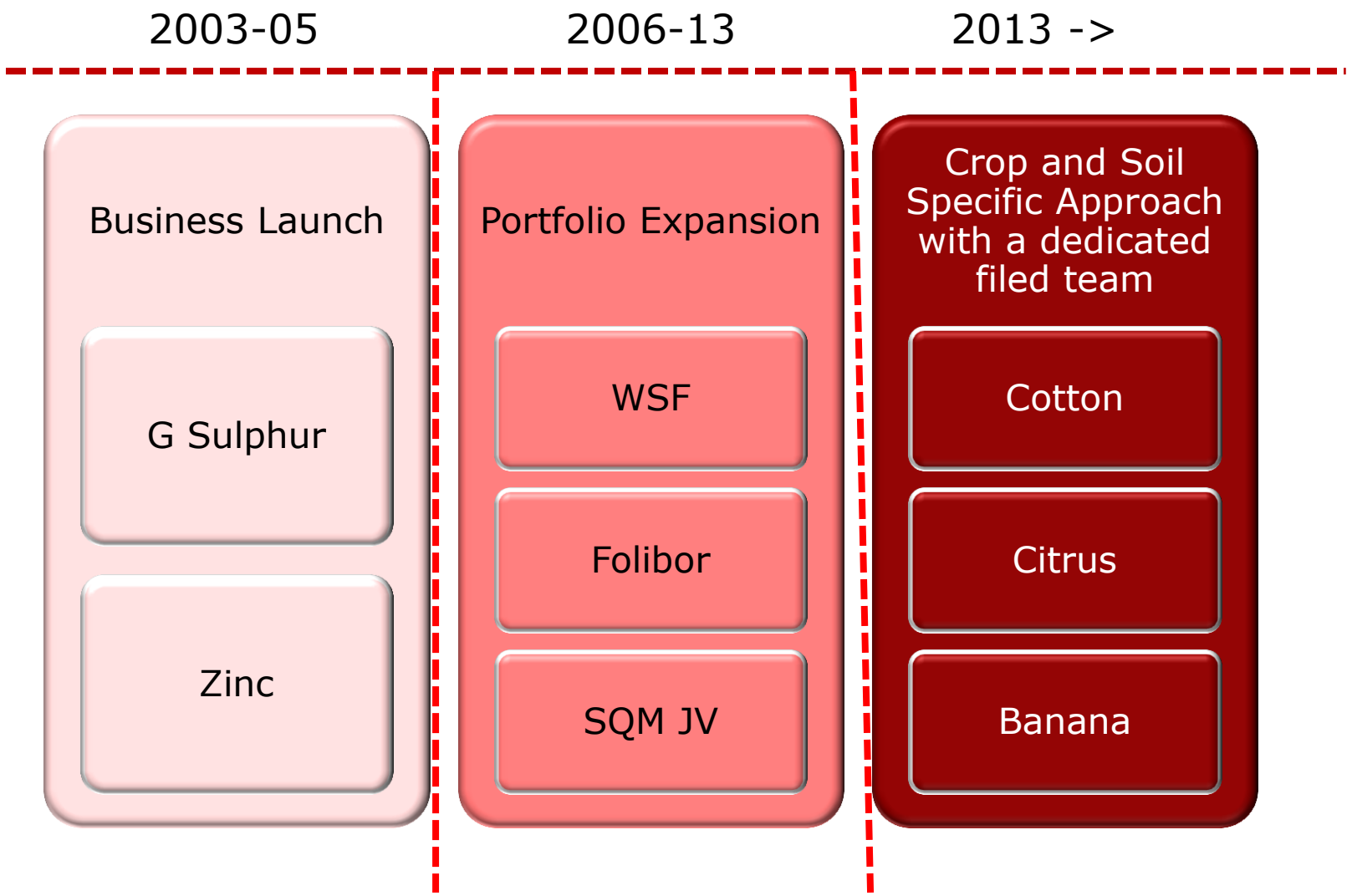


Specialty Nutrient Business

SPECIALITY NUTRIENTS DIVISION (SND)



Sulphur and WSF Business



SND Strategy

- Continuous innovation to introduce customized products suitable to soil, region and crop requirements - Improve nutrient use efficiency
- Leverage SQM to bring global best practices in crop nutrition management
- Independent & specialized marketing teams to bring crop focus- Developing market based on total nutrition package
- Crop based and soil based new product introduction to address farmer needs

SND & Organic Fertiliser Business

Sulfur Products

- Micronised sulphur variant launched
- Continues to be the market leader despite adverse market conditions

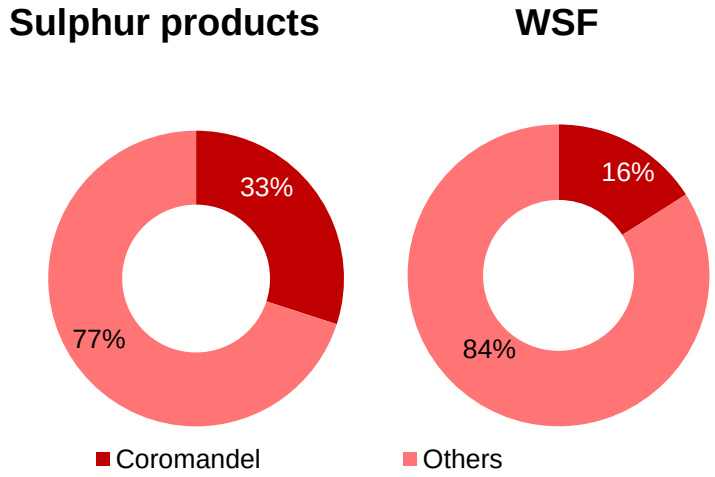
WSF

- Expanded umbrella branding approach for SND products
- New crop specific grades introduced for cereal, cotton &banana

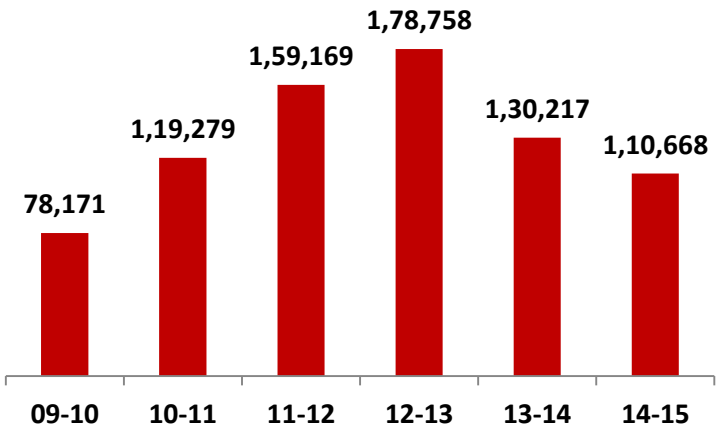
Organic Fertiliser

- Improved profitability through Granulated product offering
- Strengthened supply chain for organic fertilizer procurement

Market Share



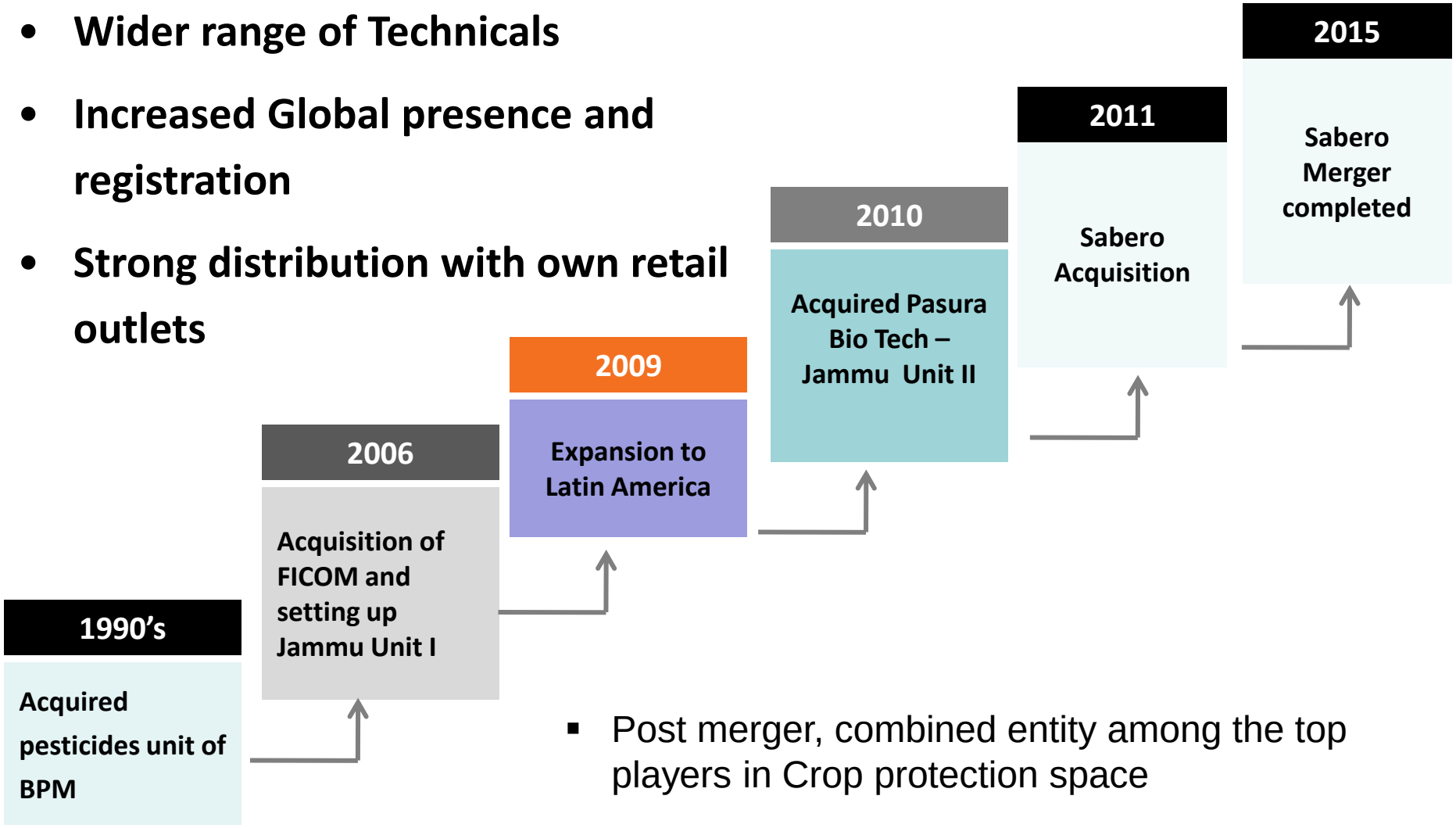
Organic Compost Volumes (Mt)



Crop Protection Business

Crop Protection business - Coromandel

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



- Post merger, combined entity among the top players in Crop protection space
- Exports contribute 45% of the combined turnover

Crop Protection Strategy

- Increase R&D focus – Starting R&D center for crop protection business in Hyderabad
- Improving souring efficiency and generate market information through China office
- Expand business in LATAM, Africa and APAC by leveraging strong registration portfolio
- Focus on Export Registrations to improve market penetration

Initiatives

Operational Initiatives

- Expansion of technical plant capacity at Ankleshwar
- Branding focus through "Gromor Suraksha"
- Focusing on high margin super specialities
- Leveraging on retail network in AP & Accelerated growth plan in all states

Strategic Initiatives

- 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

Mana Gromor Centers (MGCs) - Retail

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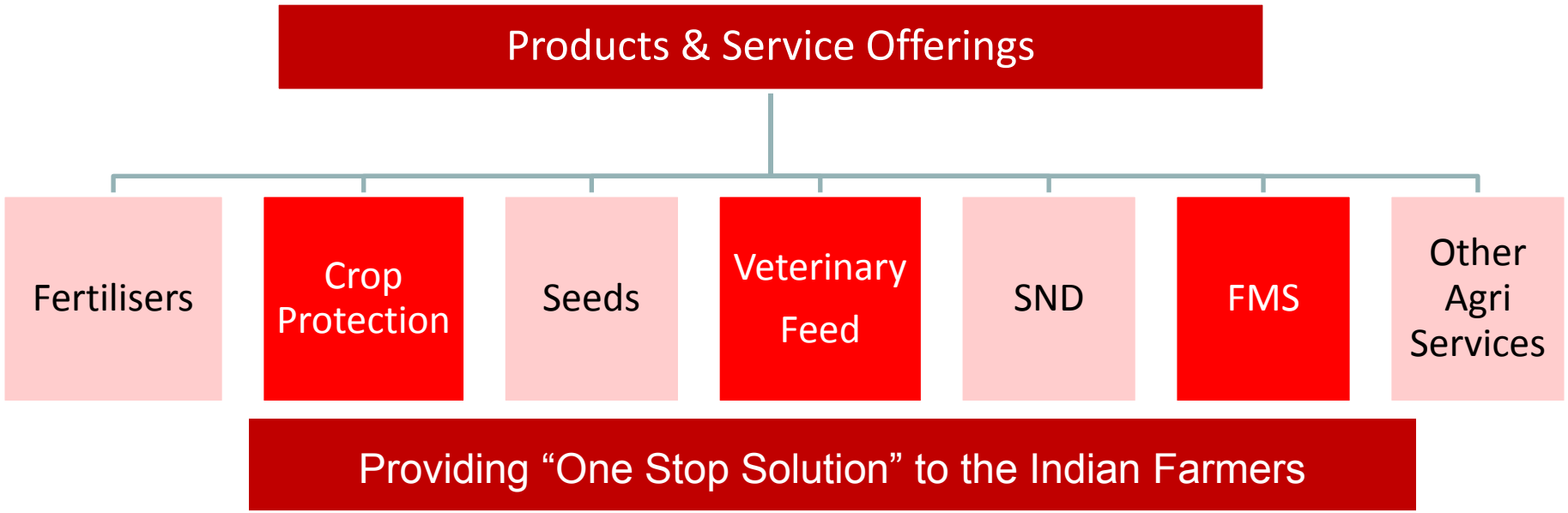
Retail Strategy

- Positioning Retail as a complete “Farming Solutions” platform
- Constantly deliver significantly improved customer value proposition than competition in terms of products & services
- Leverage farm implements knowledge of Yanmar to expand operations
- Increasing business efficiencies and margin expansion
- Strengthening Multi brand and expansion of range assortment

Retail Business Overview

- 600 centers in Andhra Pradesh and 200 centers in Karnataka- servicing more than 2 million farmers

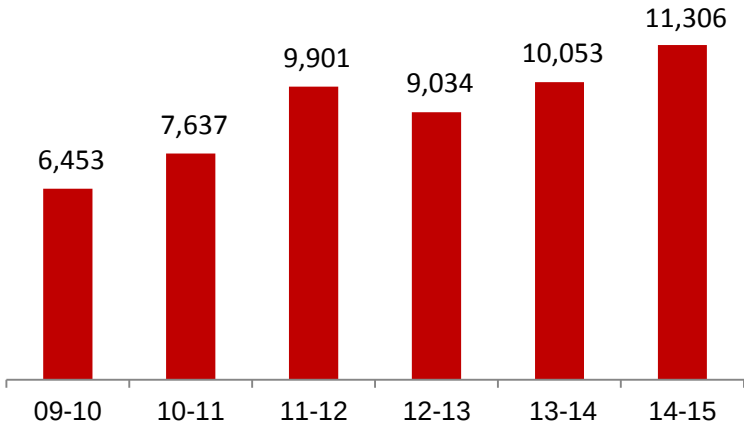


Financial Performance

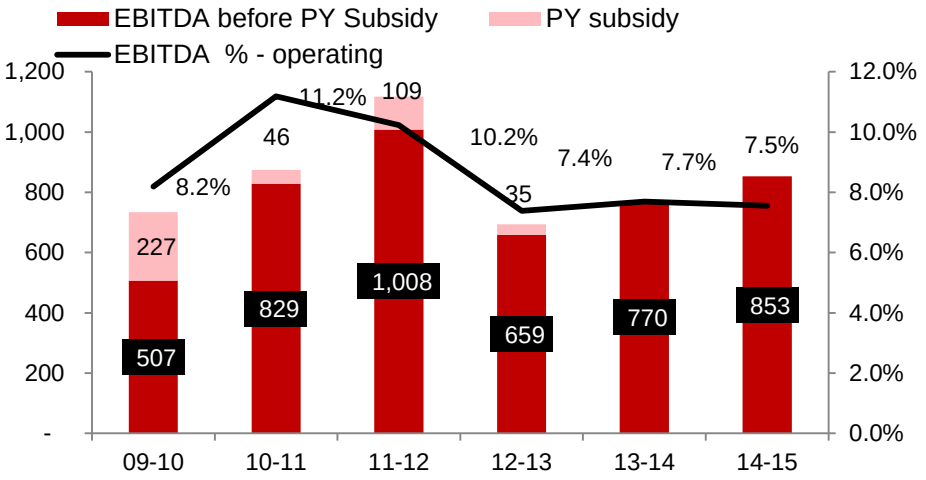
Consolidated Financial Performance

Coromandel

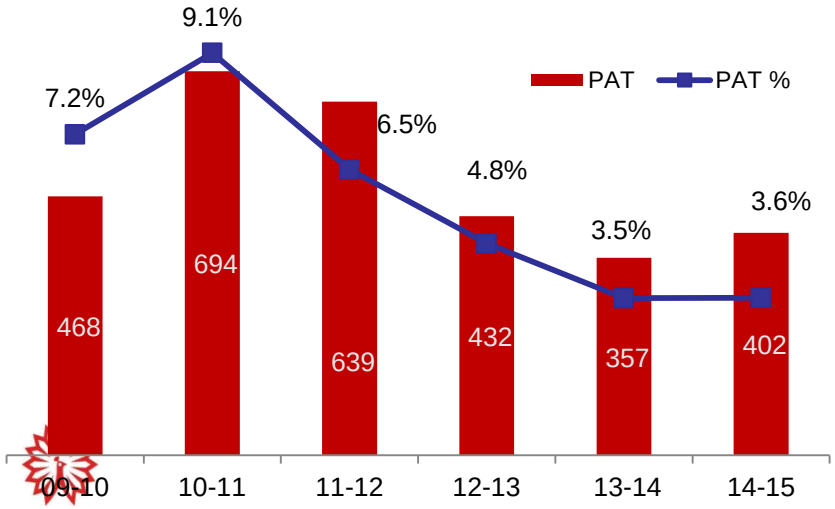
Turnover (Rs. Cr)



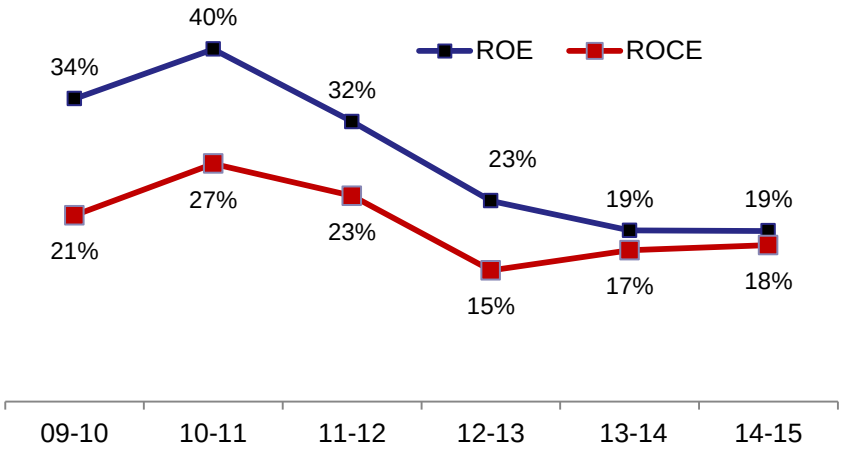
EBIDTA (Rs. Cr) & EBIDTA %



PAT (Rs. Cr) & PAT %



ROE & ROCE (%)



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Income Statement - Consolidated

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Amount in Rs. Cr	FY2010	FY2011	FY2012	FY2013	FY 2014	FY 2015
Revenue before PY subsidy	**6,191**	**7,410**	**9,855**	**8,925**	**10,018**	**11,306**
YoY (Growth)	*-34.29%*	*19.69%*	*33.00%*	*-9.44%*	*12.25%*	*12.86%*
EBITDA before PY Subsidy	**507**	**829**	**1,008**	**659**	**770**	**853**
EBITDA %	*8.19%*	*11.18%*	*10.23%*	*7.38%*	*7.69%*	*7.55%*
PY Subsidy	262	227	46	109	35	-
EBITDA Reported	**769**	**1,056**	**1,054**	**768**	**805**	**853**
Extra-ordinary income / (expense)	-	-	(36)	-	(13)	(4)
PBT	709	986	911	557	517	592
PAT	**468**	**694**	**639**	**432**	**357**	**402**
EPS (Rs.)	16.7	24.6	24.2	15.3	12.6	13.8
Debt / Total Capital (%)	***56.48%***	***44.41%***	***58.98%***	***63.04%***	***48.81%***	***50.96%***
LT Debt / Total Capital (%)	*5.83%*	*9.57%*	*13.25%*	*25.15%*	*11.62%*	*5.54%*

murugappa

Balance Sheet- Consolidated

Amount in Rs. Cr	FY2010	FY2011	FY2012	FY2013	FY 2014	FY 2015
Equity	1,502	1,957	2,416	2,303	2,307	2,202
Debt and Other LT liabilities	2,047	1,664	2,977	2,976	1,873	2,318
Deferred Tax Liability	86	82	67	188	189	188
Sources of Funds	**3,634**	**3,702**	**5,461**	**5,466**	**4,369**	**4,707**
Non Current Assets (incl G/W)	958	1,143	1,823	2,276	1,808	1,426
Investments	169	171	149	160	342	352
Cash/ICD	961	961	1,254	920	757	788
Bonds	860	430	-	-	-	-
Inventory	926	1,514	1,922	1,478	1,753	2,259
Subsidy	508	969	1,626	1,376	1,112	1,789
Debtors	140	205	958	1,820	1,483	1,446
Other current assets	115	149	233	383	349	301
Current Liabilities	1,003	1,839	2,504	2,945	3,236	3,654
Net Current assets	2,508	2,389	3,489	3,030	2,219	2,929
Application of Funds	**3,634**	**3,702**	**5,461**	**5,466**	**4,369**	**4,707**

THANK YOU