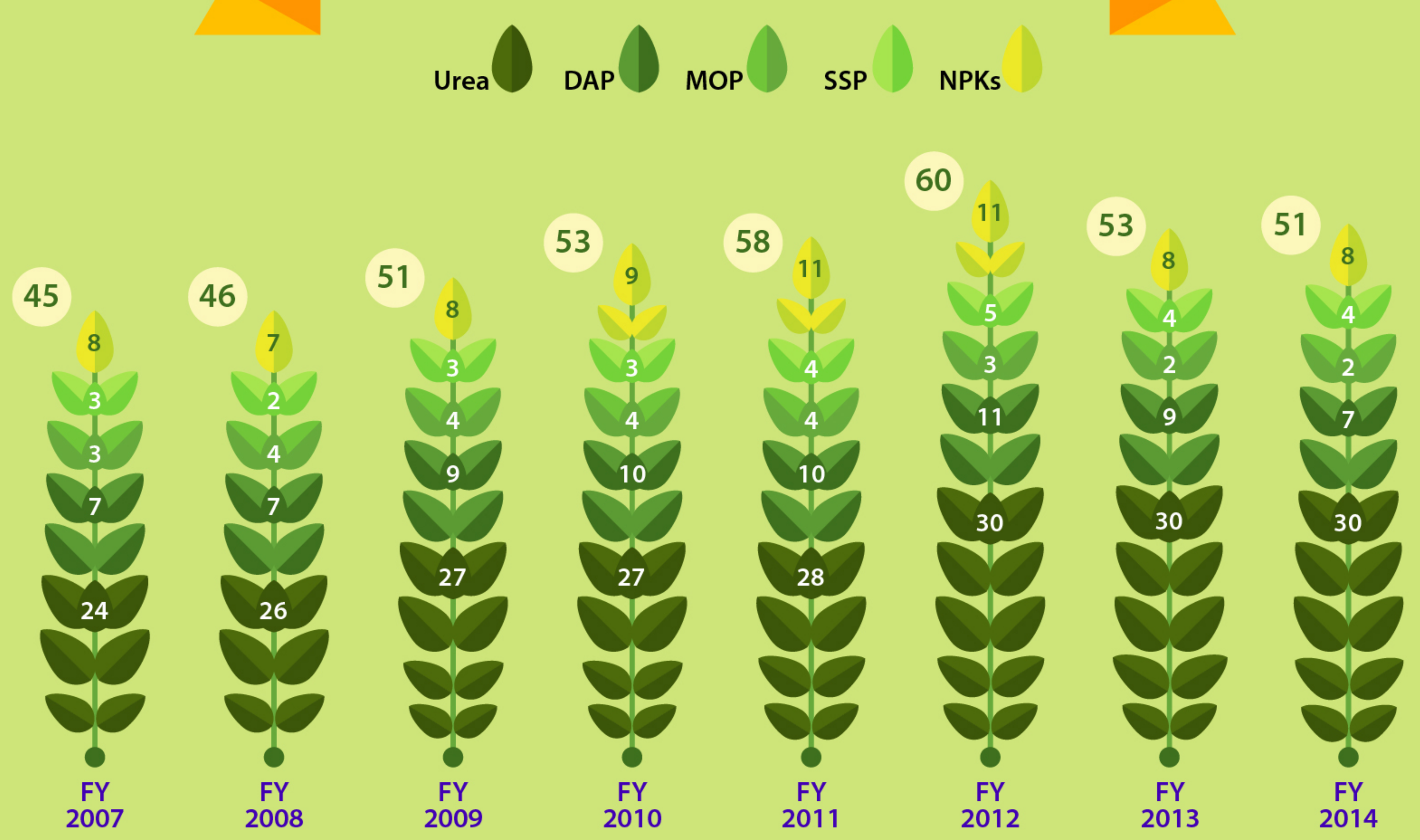
Increasing investments and government initiatives are expected to drive the fourth largest agrochemicals industry in the world

Historical Fertilizer Consumption



India is globally the fourth largest manufacturer of agrochemicals, and one of the largest exporters of agrochemicals globally

The size of the Indian Agrochemicals industry is estimated to be around US$ 4.3 billion (`. 270 billion)

The domestic industry is highly fragmented with over 900 players, although the top ten players control 80% of the market share

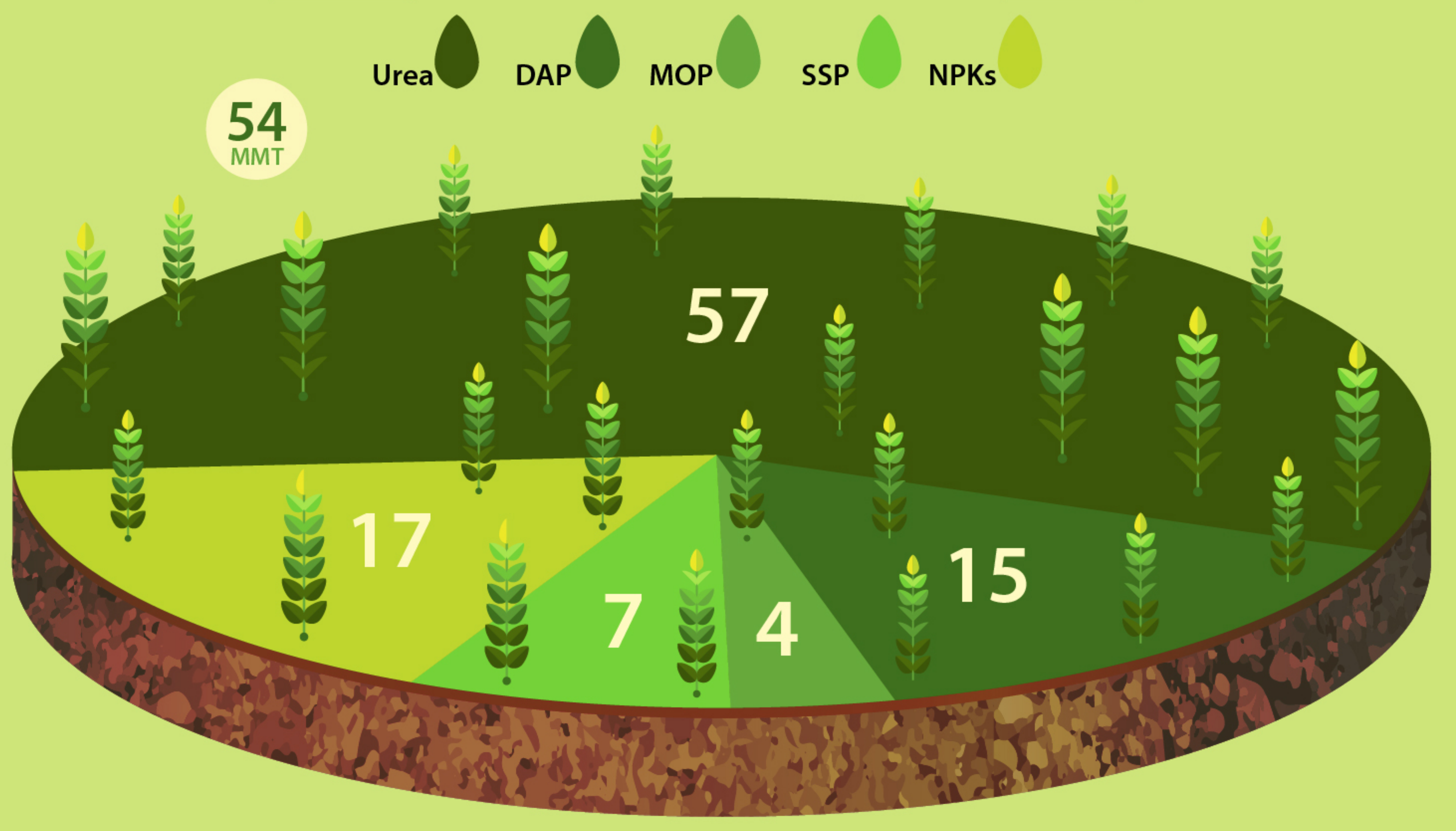
Urea is the key fertilizer consumed within the nitrogenous fertilizers segment and accounts for almost 55- 60% of all fertilizer consumed in India

Urea consumption has witnessed a growth rate of 3% over the period FY07 to FY15, and is expected to be further driven by farmer preference for urea and retail price differential with other fertilizers

ICRA, IBEF, Ministry of Chemicals and Fertilizers (MMT) (2007-2014)

***DAP:** Di Ammonium Phosphate* ***MOP:** Muriate of Potash*
***SSP:** Single Super Phosphate* ***NPK:** Fertilizers containing Nitrogen, Phosphorus, and Potassium*

Fertilizer Consumption by Type



Government initiatives to increase minimum support price (MSP) for farmers and various schemes for short term crop loans have helped provide credit facilities to buy the relatively expensive agrochemicals

The world's seventh-largest agrochemicals firm, Israel-based ADAMA Agrochemicals plans to invest at least US$50 million in India over the next three years

Oman India Joint Investment Fund, a joint venture between the State Bank of India and State General Reserve Fund, recently invested US$15.25 million in GSP Crop Science, a Gujarat-based agrochemicals company

The government plans to invest US$8.0 billion to revive four fertilizer plants and set up two plants to produce farm nutrients

Data as of 2015

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ARANCA VIEW

With a turnover of US$4.3 billion (`270 billion), India's agrochemicals industry is the fourth largest globally. It is also one of the largest exporters of agrochemicals worldwide. Government initiatives and increase in investments in the agrochemicals industry by foreign players have been the key contributors to India's agrochemicals industry.

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Government Intiatives: A major industry driver

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Increasing Investments by foreign players

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Future outlook

The Indian agrochemicals industry is expected to grow at 12-13% per annum to reach US$7.5 billion by 2019. Increasing demand for food grains and constrained arable land are compelling factors for higher crop yield, which in turn will drive the Indian agrochemicals market. Availability of cheap labor and low processing costs are also offering opportunities for MNCs to setup their manufacturing hubs in India for their export markets.

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