



# Overview of Indian Agriculture

23<sup>rd</sup> February 2016



# Agenda

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- 🌱 Olam- Business Model

- 🌱 Current Landscape

- 🌱 Agricultural Trends

- 🌱 Crop wise details

- 🌱 Rice
- 🌱 Coarse Cereals
- 🌱 Sugar
- 🌱 Oilseeds

- 🌱 Dairy
- 🌱 Cashew
- 🌱 Spices
- 🌱 Coffee

## Our Business Model



# An Overview of Olam

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- 🌱 Leading global agri-business operating across the value chain
- 🌱 Presence across 16 platforms, 5 Agri-commodity segments, 4 value chain steps
- 🌱 Approximately 23,000 employees operating in over 65 countries delivering to over 13,800 customers worldwide
- 🌱 Customers include leading multi-national corporations such as Kraft Foods, Nestlé, Lavazza, Mars, Tchibo and Planters
- 🌱 Listed on Singapore Exchange (SGX) in 2005



# Business Model : Agri-Business Value Chain

## Selective Upstream



- Perennial tree crops
- Broadacre row crops
- Dairy farming
- Forest concessions

## Supply chain



- Global origination/sourcing
- Primary processing
- Logistics capabilities
- Trading
- Value-added solutions and services
- Risk management

## Mid / downstream



- Value-added processing and manufacturing
- Branding and distribution (Africa)

## Selective value chain integration

# Olam's Indian Business

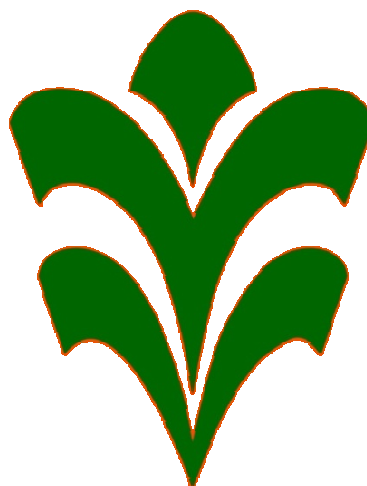
**1992**

Started as a general sourcing &  
Raw Cashew Nut Trading  
Operation



One office In Mumbai

One Commodity



**2016**

Range of Products

Cashew

Spices

Coffee

Rice

Almonds

Peanuts

Sugar

Cotton

Dairy products

Edible Oil

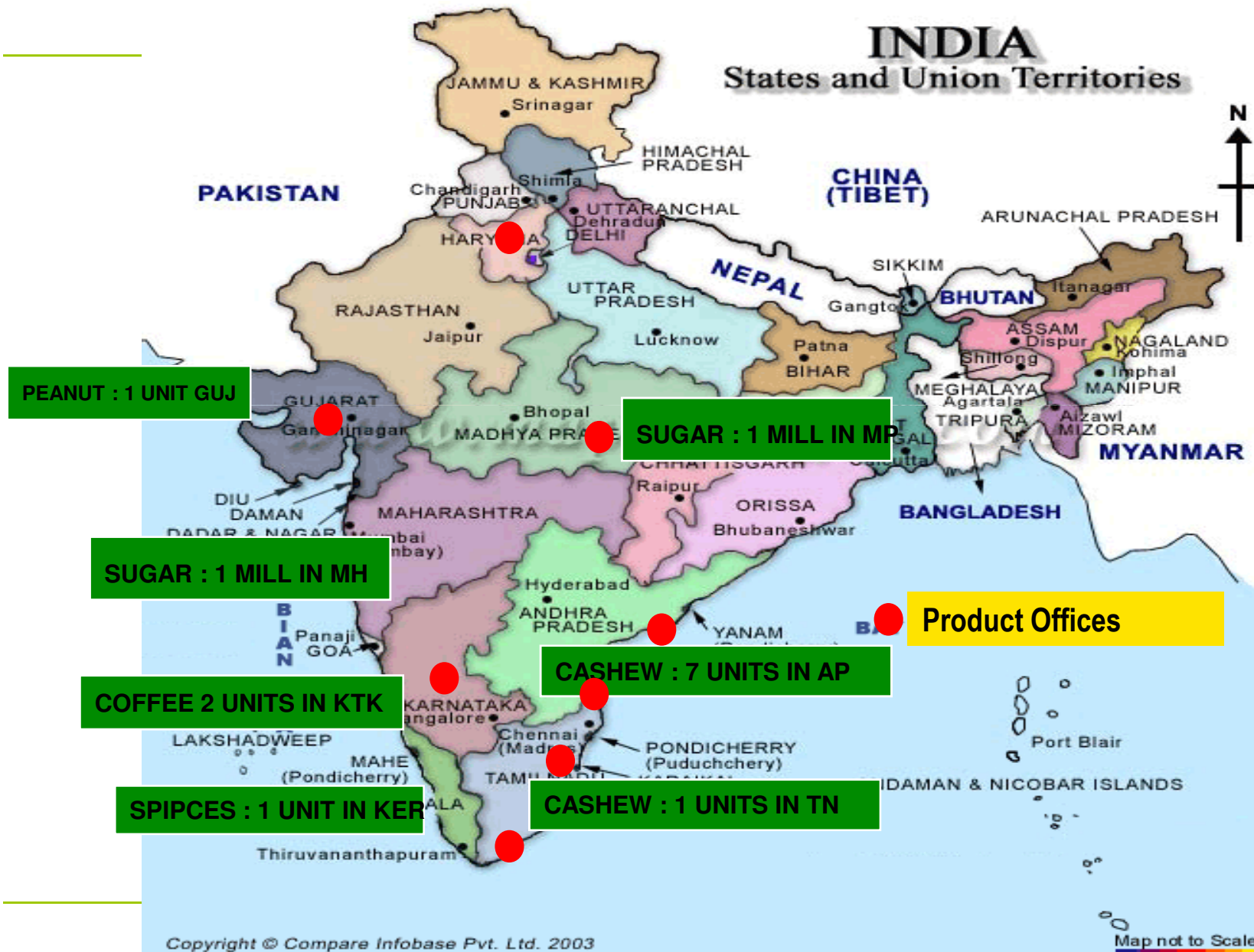
Cocoa

Olam India is a ~USD 500Mn Business

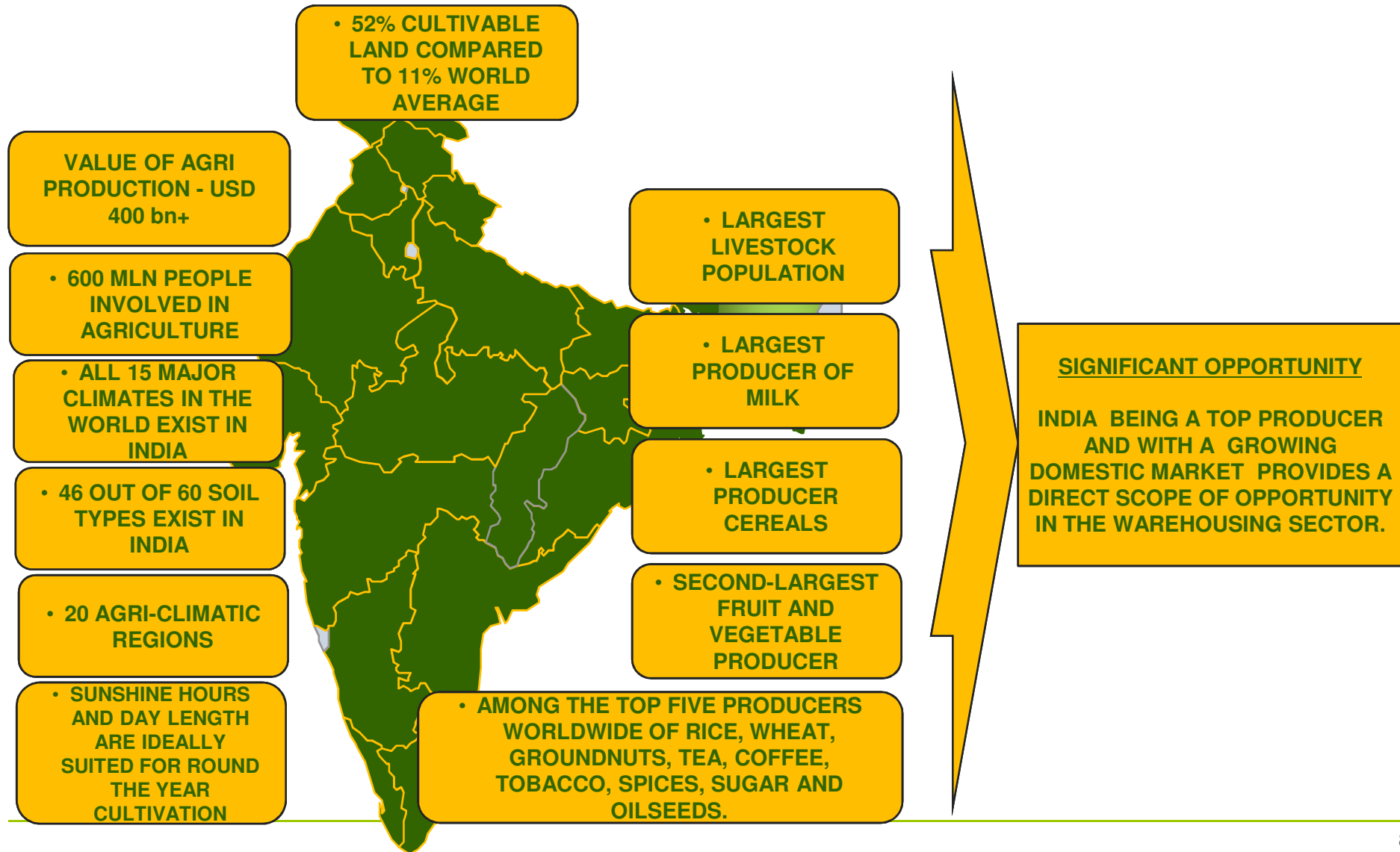
## Manpower

Product	Units
Managers	63
Staff	385
Workers	3713
<b>Total</b>	<b>4161</b>

# Olam India: Activity Hubs



# Indian Agriculture - Current Landscape...





# Agricultural Trends

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Stagnant crop yields & low farm productivity

Shift in land use – stagnant or receding area under cultivation

Lower availability of farm labour, slow pace of mechanisation

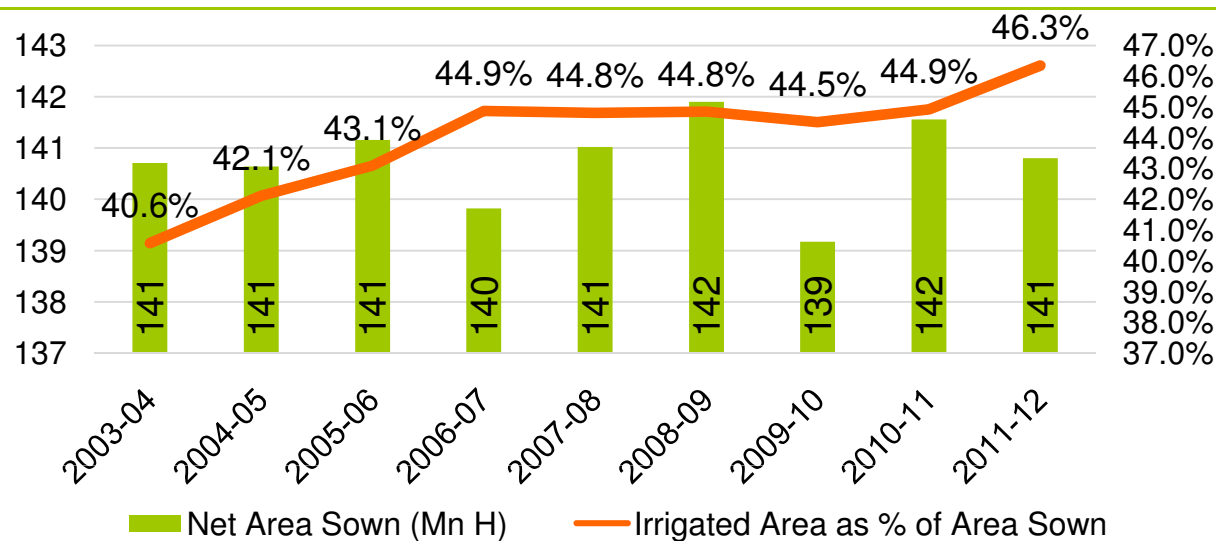
Impact of climate change ; receding rainfall pattern ; water scarcity

Inadequate public investment in irrigation – Insignificant increase in % area under irrigation

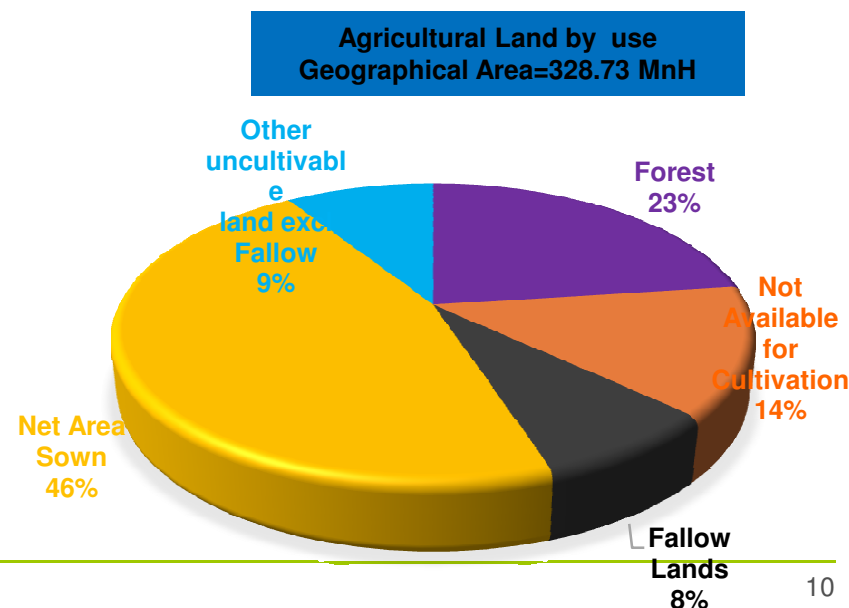
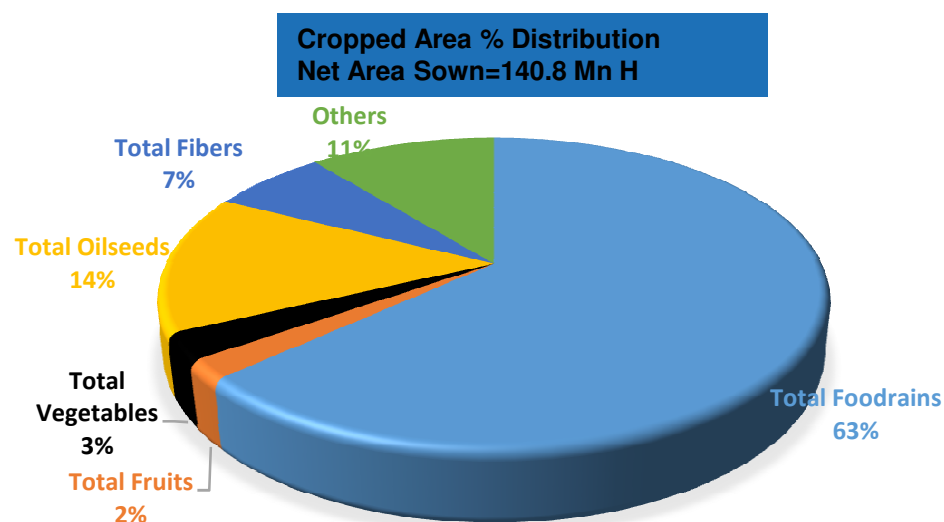
Higher consumption of horticulture crops. Consumption of vegetables went up from 2.7 Kg per person in 1994 to 4.3kg in 2011-12 .

Shift towards Processed Foods. Processed food market size moved from \$105 billion in 2011 to \$ 258 billion in 2015

# Area Under Cultivation



Consistent area sown ranging between 139 to 142 Mn H



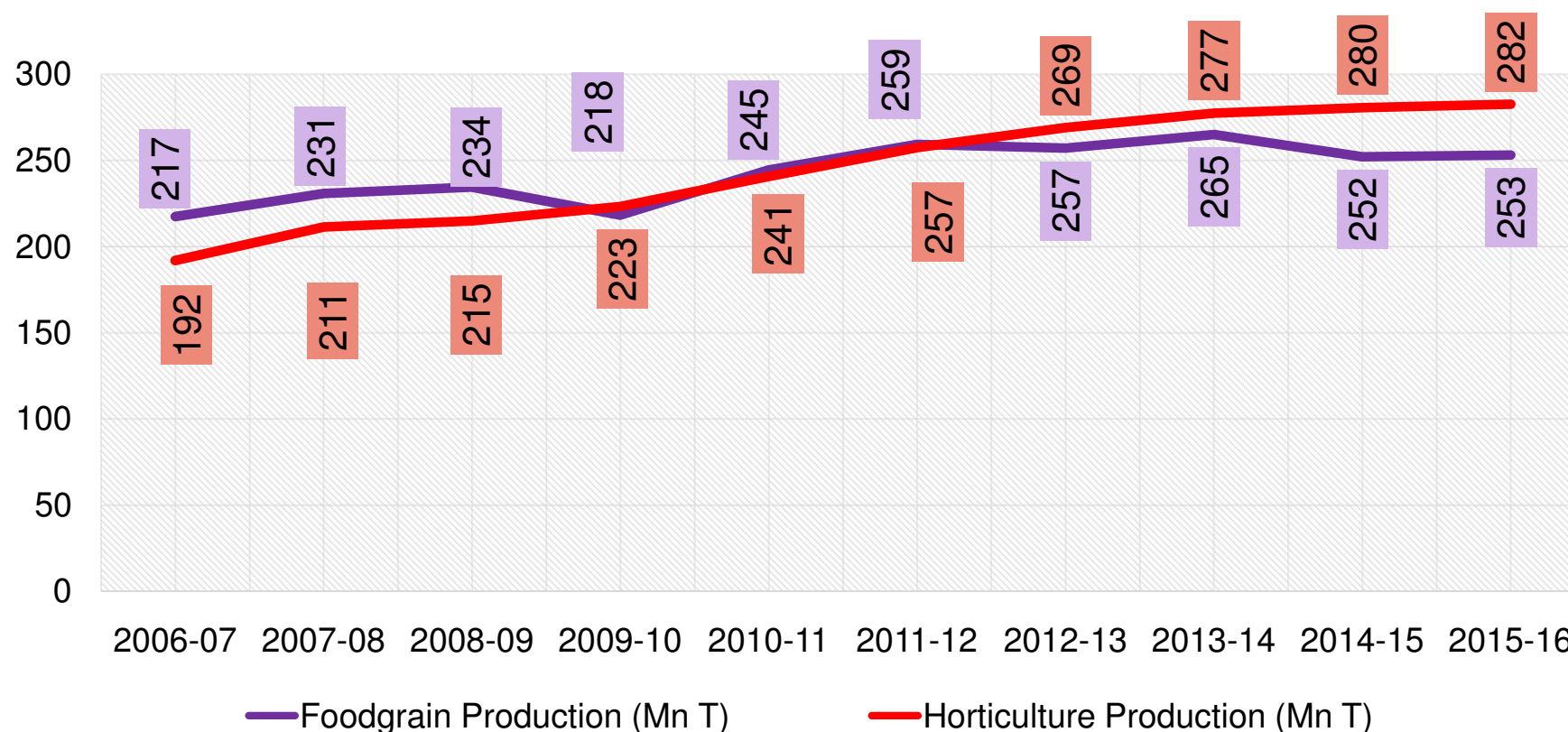
# Major Crops: Production

Million Tonnes

S. No	Crop	2010-11	2011-12	2012-13	2013-14*	2014-15*	2015-16**	CAGR
I	<b>Foodgrains</b>							
i	Rice	96	105	105	107	105	104	1.5%
ii	Wheat	87	95	94	96	87	94	1.5%
iii	Coarse Cereals	43	42	40	43	43	38	-2.4%
iv	Pulses	18	17	18	19	17	17	-1.0%
v	Oilseeds	33	30	31	33	28	26	-4.1%
vi	Cotton (Mn Bales of 170 kg each)	33	35	34	37	35	31	-1.4%
vii	Sugarcane	342	361	341	350	362	346	0.2%
II	<b>Horticulture Crops</b>							
	Total Horticulture	240	257	269	277	281	282	3.3%
i	Fruits	75	76	81	89	87	89	3.5%
ii	Vegetables	147	156	162	163	169	169	2.8%
iii	Plantation Crops	12	16	17	16	16	15	5.2%
iv	Spices	5	6	6	6	6	6	2.7%

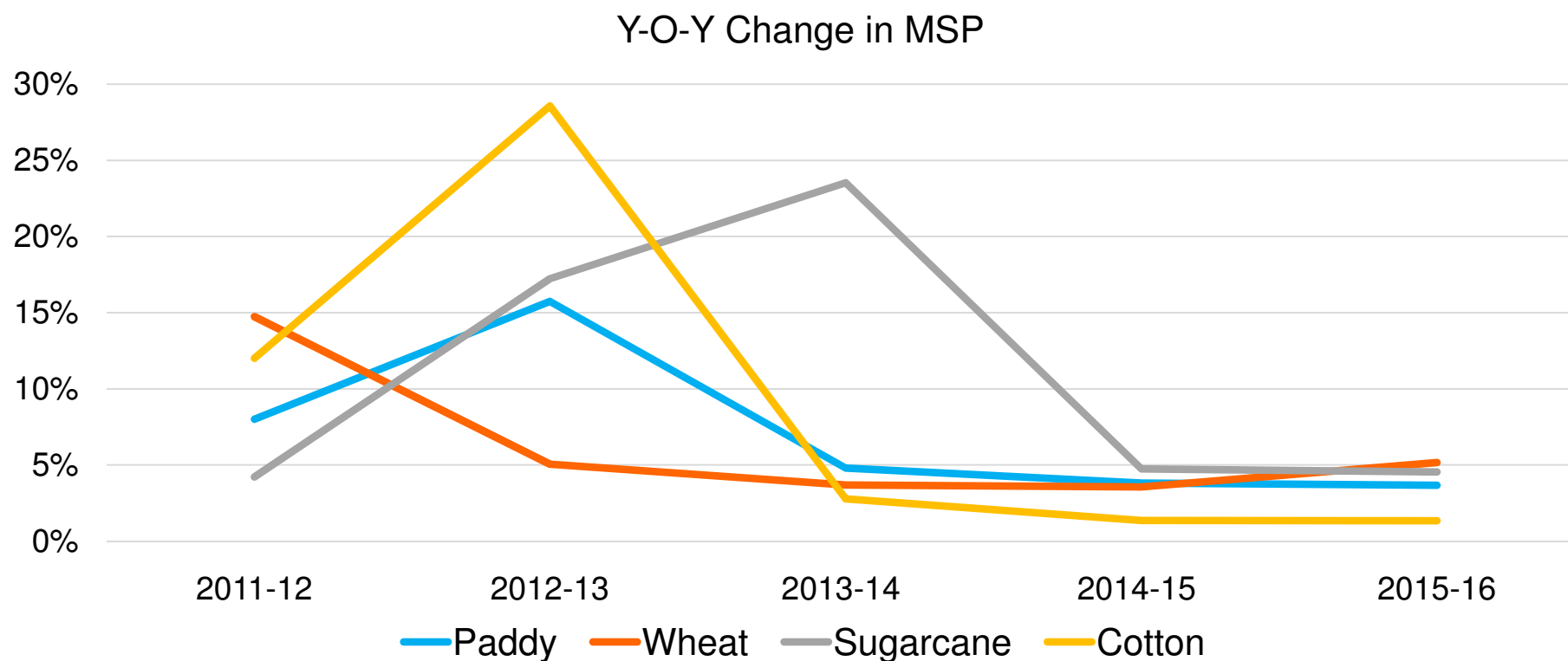
**The country's horticulture production jumped by more than 50% to 281 MnT in 2014-15 from the level in 2005-06.**

# Food grain Production vs Horticulture Production



The horticulture produce has surpassed foodgrain output in last few years. The area under horticulture crops, which was 12.77 Mn H during 1991-1992, increased to 23.41 Mn H in 2014-15. The total production of fruits, vegetables and plantation crops during the period increased by nearly 2.8 times and corresponding productivity has increased by 1.5 times.

# MSP Trends



## CAGR for MSP from 2011-12 to 2015-16 (Over 5 year period)

**Paddy : 7%**

**Wheat : 6%**

**Sugarcane: 11%**

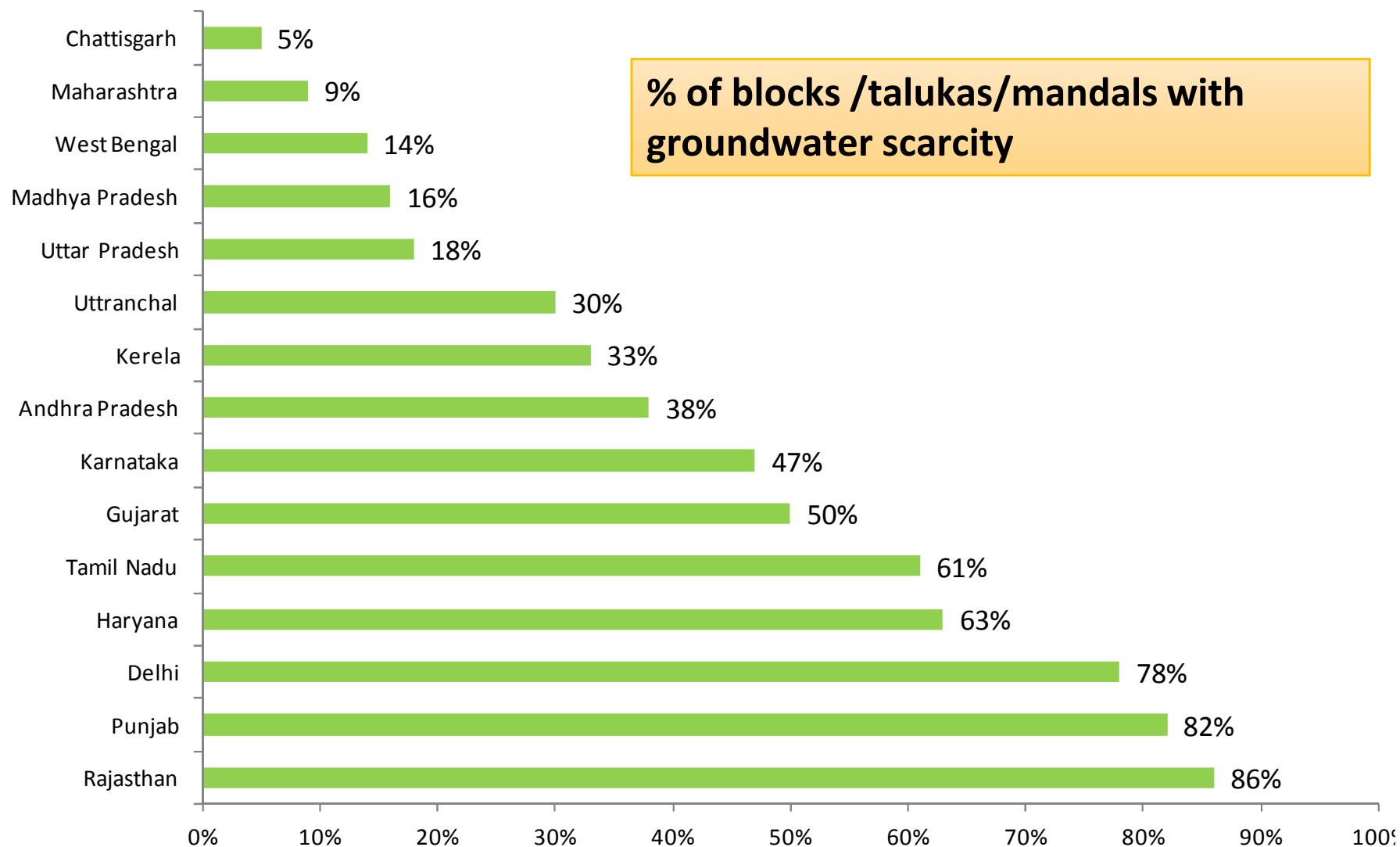
**Cotton: 9%**







# Ground Water Levels



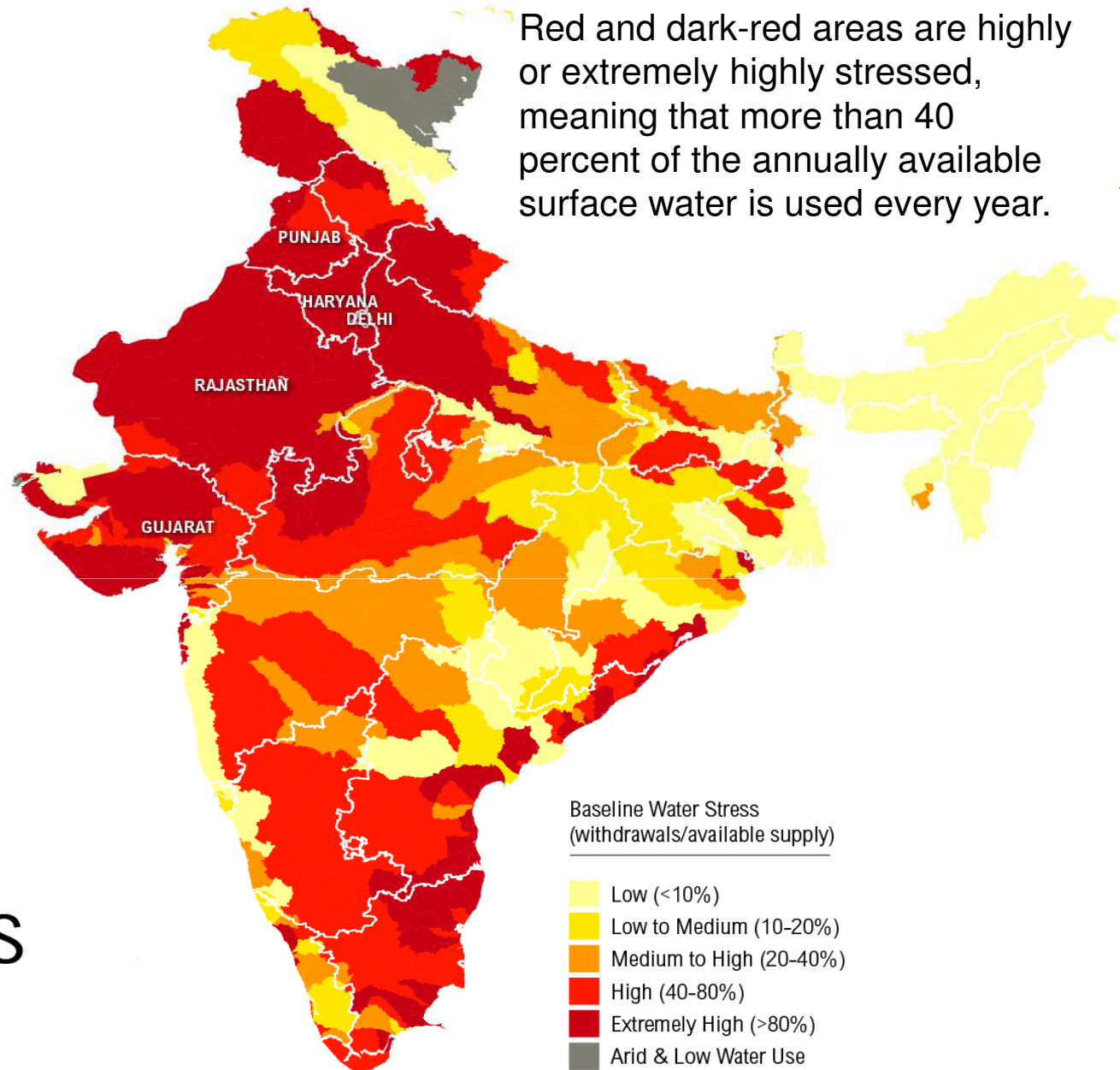


54%

of India  
Faces

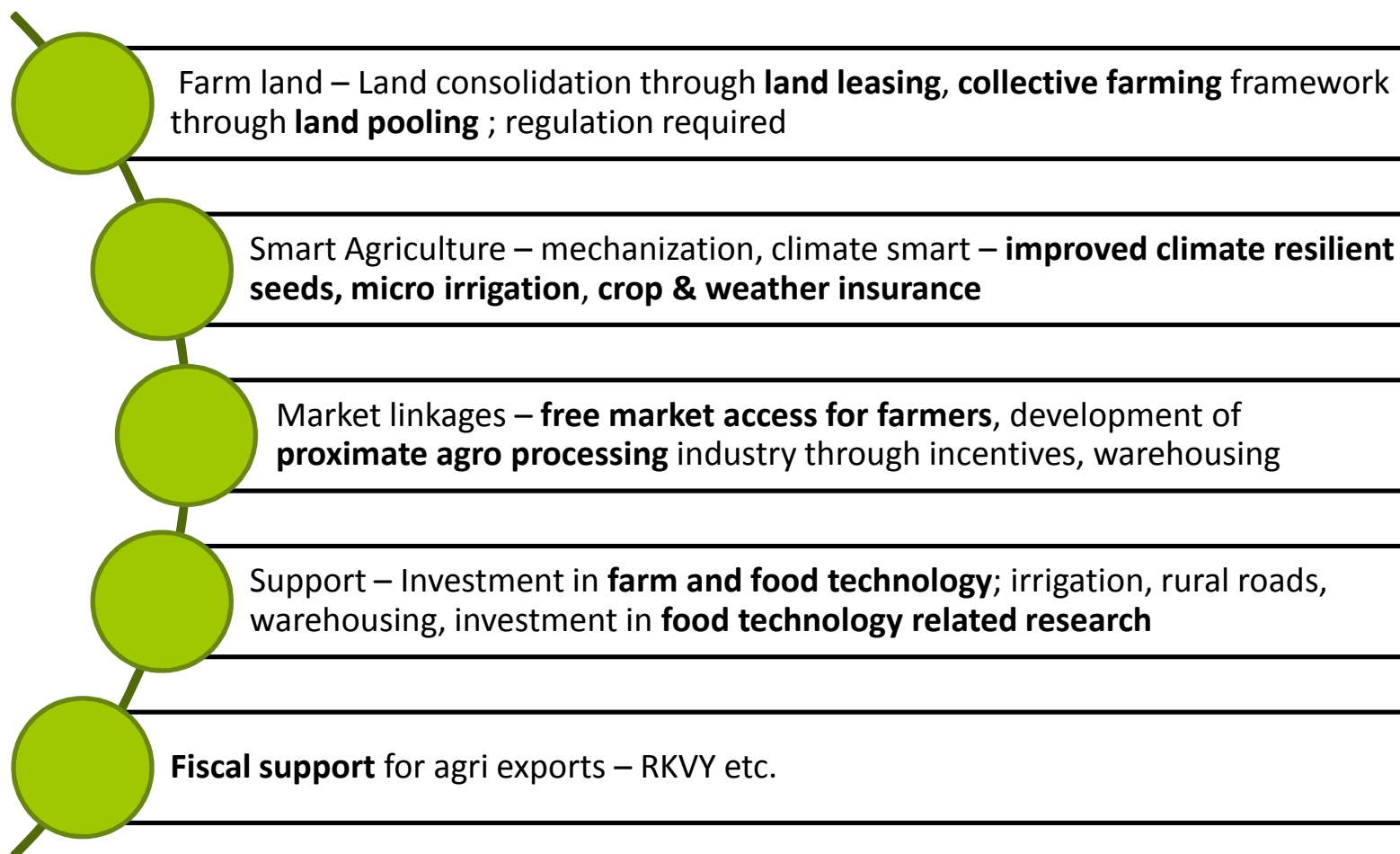
**High to  
Extremely  
High**

Water Stress



# Indian Agriculture – Need of the hour is ...

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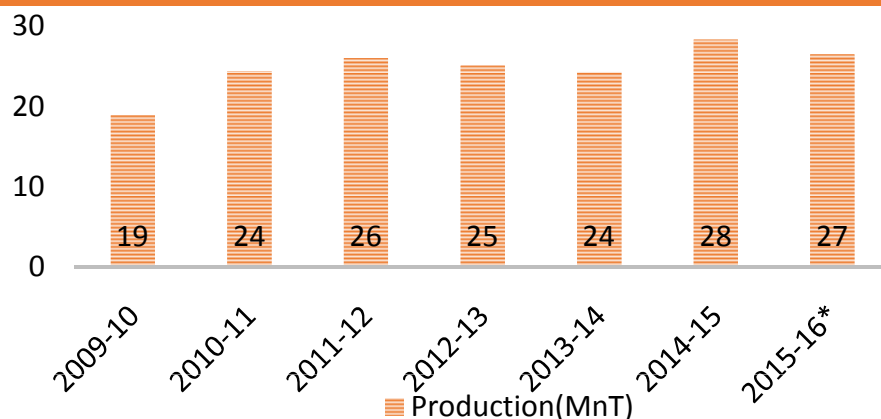




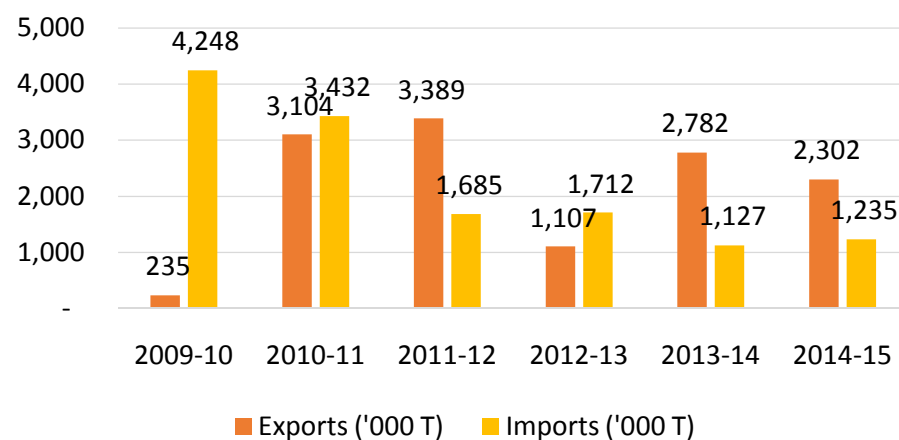


# Sugar

## Sugar: Production & Yield



## Sugar: Import/Export



## Trends

- Declining sugar production due to poor monsoons, reduction in crop area and lower sugarcane yield
- Tropical India is under continuous stress of drought conditions
- In sub-tropical India significant improvement in sugar recovery due to varietal change and favourable climate.

## Government Policy

- Govt. has issued a Min. Indicative Export Quota (MIEQ) of about 4 mmt linking it with subsidy of 45 INR/MT and supply of mandated Ethanol quantity – Approx 1 mmt done so far
- Govt. has demonstrated its thrust on ethanol sector by offering tenders for 10% blending at fixed price of approx. 45 INR /ltr
- Govt. has hiked the FRP on base price by 100 INR/MT for sugarcane















Thank You !