

Kaveri Seed Company Limited

**Results Presentation
Q1 FY16**

Safe Harbour

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. **Kaveri Seed Company Limited** will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



Contents

Business Overview

3 Year Financial Performance

Quarterly Performance & Outlook

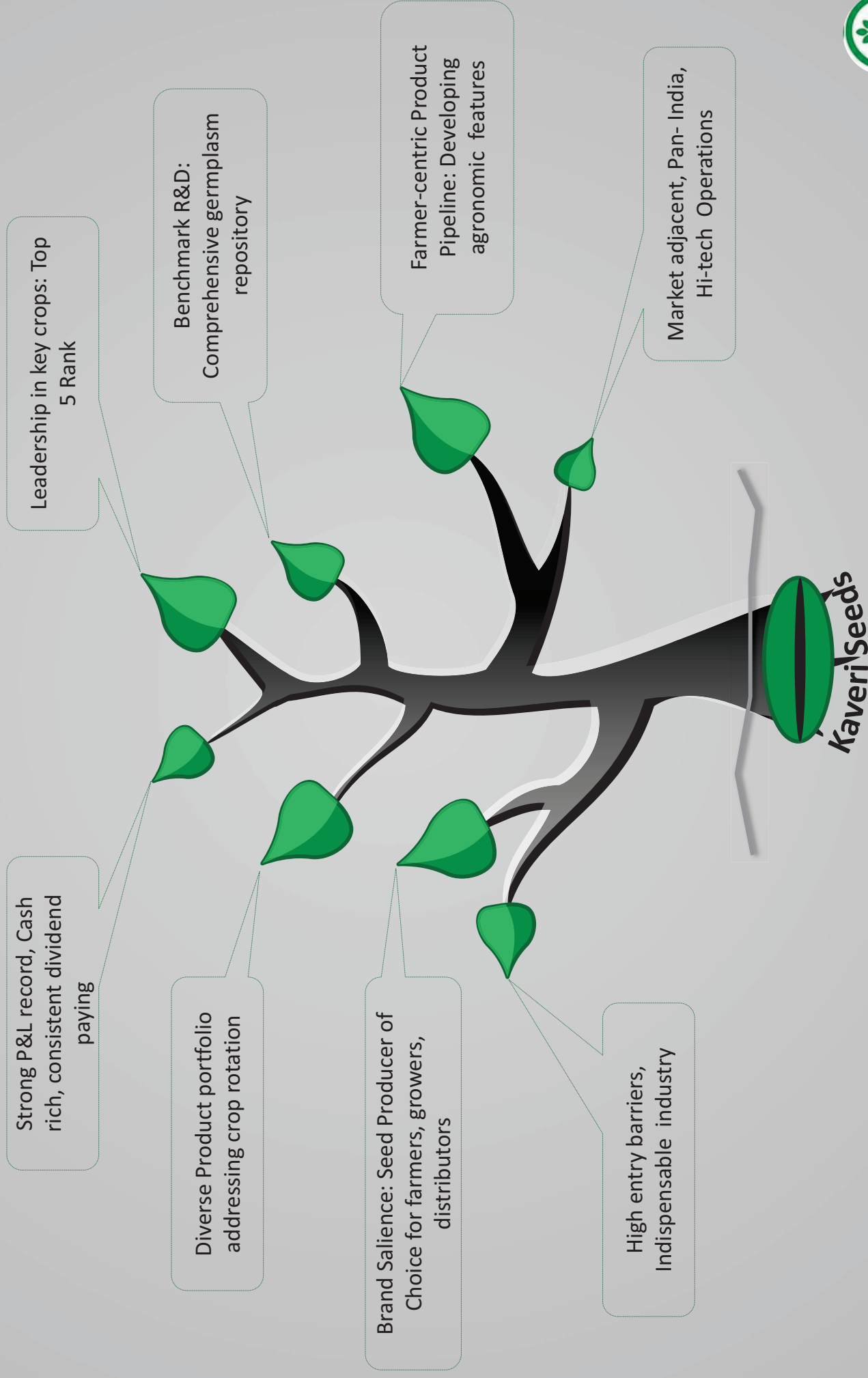
Appendix





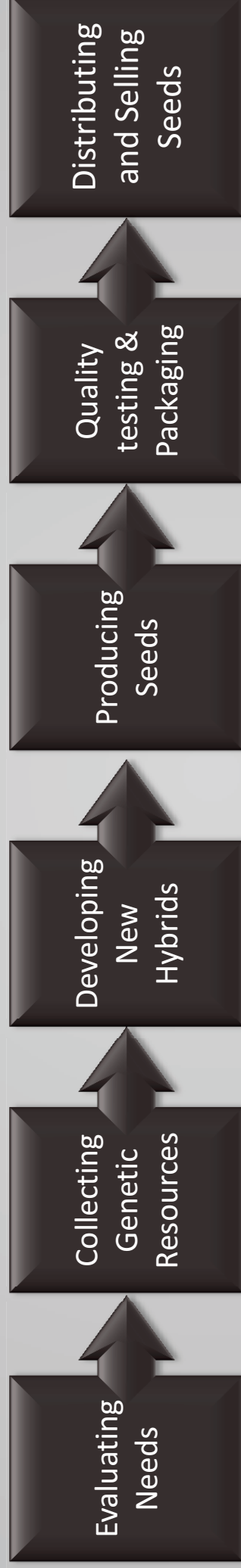
Business Overview

The Kaveri Moat : Seeding Profitable Growth



Complete control over all stages of Product Cycle

- A 7-10 year cycle
- Seed production undertaken post comprehensive market trialing
- Practice benchmark production regimen throughout the cycle – Grower/ Breeder to Farmer



High Entry Barriers

- Need for high investments in R&D for seeds
- Lead time from R&D to commercial production is 7-8 years
- Requirement of a wide network across India for a diverse portfolio of seeds considering the varied agro-climatic conditions across India
- A complex process of developing an effective hybrid (key skills required to choose the right kind of lines)
- Need for high degree of credibility with farmers



Diversified Product Portfolio

Cotton

Maize

Paddy

Millet

Sunflower

Vegetables

Wider acceptance of key products in the market place leading to significant increase in revenues

Market oriented & need focused breeding programs resulting in highly successful product portfolio

Access to a wide range of products owing to the well-established R&D set-up

Capability to produce over 100 high quality hybrid seeds across commercial crops, food crops and vegetables

High value premium hybrids of field and vegetable crops

High brand recall across product segments in farming community



Benchmark R&D

One of the Largest Pools Of Germplasm in India

- Significant investments in the last five years for strengthening R&D
- Strong and highly motivated R&D team comprising 68 scientists
- R&D Team headed by highly experienced scientists: experts in plant breeding, biotech seed science & technology and quality assurance
- Developed proprietary germplasm and Hybrids
- Over 600 acres of dedicated research farms with varying agro-climatic conditions
 - Sophisticated seed and biotech labs
 - Cold / DH storage for germplasm
- Multi-location breeding and trial stations
- Research and Development facility recognized by Department of Science & Technology, Government of India
- Access to leading research institutes / universities such as ICRISAT, IRRI, CYMMIT etc

Seed is most critical to output for a farmer: Performance ensures premium, repurchase



Best-in-class, Market adjacent, Scalable Operations



Strong Brand Equity in farming community

- Large production area across India with a loyal 'producer farmer' network
- High credibility with the farmers
- Focused programmes to spread awareness amongst farming community on new products in market

Amongst The Largest Processing Capacities and Warehouse Capabilities

- 8 owned plants with a combined processing capacity of ~ 145 tonnes per hour
- Modern equipment for pre-cleaning, grading, cob drying, storage, packing
- Large-scale grow-out test (GOT) area
- Warehouses across India with combined storage space of ~500,000 sqft
- Dehumidified, climate-controlled godowns
- Storage godowns of ~90,000 sqft (cold) and ~37,000 sqft (dry heat)
- Storage godowns can store ~ 10,000 MT

Pan India Presence

- Network of more than 25,000 direct/indirect distributors across the country
- ~350 highly motivated marketing professionals on a pan India basis

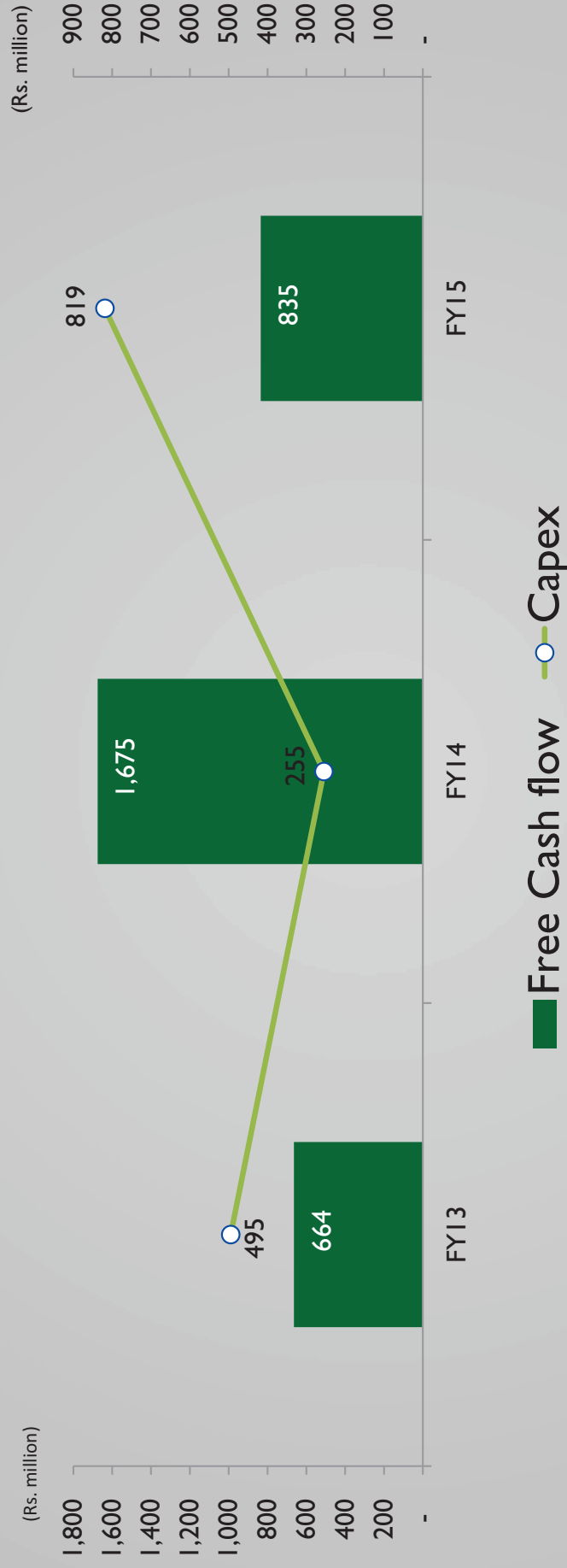


Financial Performance for past 3 years



Strong Financial Position and Profitability

Strong cash flow generation with low capex intensity supports a cash rich balance sheet



- Significant annual cash flow generation enabling strong cash on books of Rs. 406 crore as on 31 March 2015
- Substantial accrual to balance sheet augments shareholder worth – creating value each successive year; 20% payout in FY15
- Provides sizeable platform to deliver future growth



3 Year Financial Highlights: Consolidated

Significant Growth Trajectory and Superior Return Profile





Quarterly Performance & Outlook

FY16 Backdrop & Way Forward

Long-term structural theme intact

Temporary pause in FY16

Sector

Kaveri

- FY15 a drought year, FY16 expected to be similar as per IMD forecast
- Cotton Headwinds: Significant drop in volumes and acreage
- Kharif acreage down
- Discounted selling by unorganized players
- MRP cut by Maharashtra government
- Crop rotation in favor of other crops
- Season witnessed a very short selling window

Planned counter-measures

- Offer lesser credit driving better receivables
- Maintain realizations
- Safeguard margins
- Focus on Cash & Carry - gain market share in non-credit markets of MP, Gujarat and Maharashtra

Sector

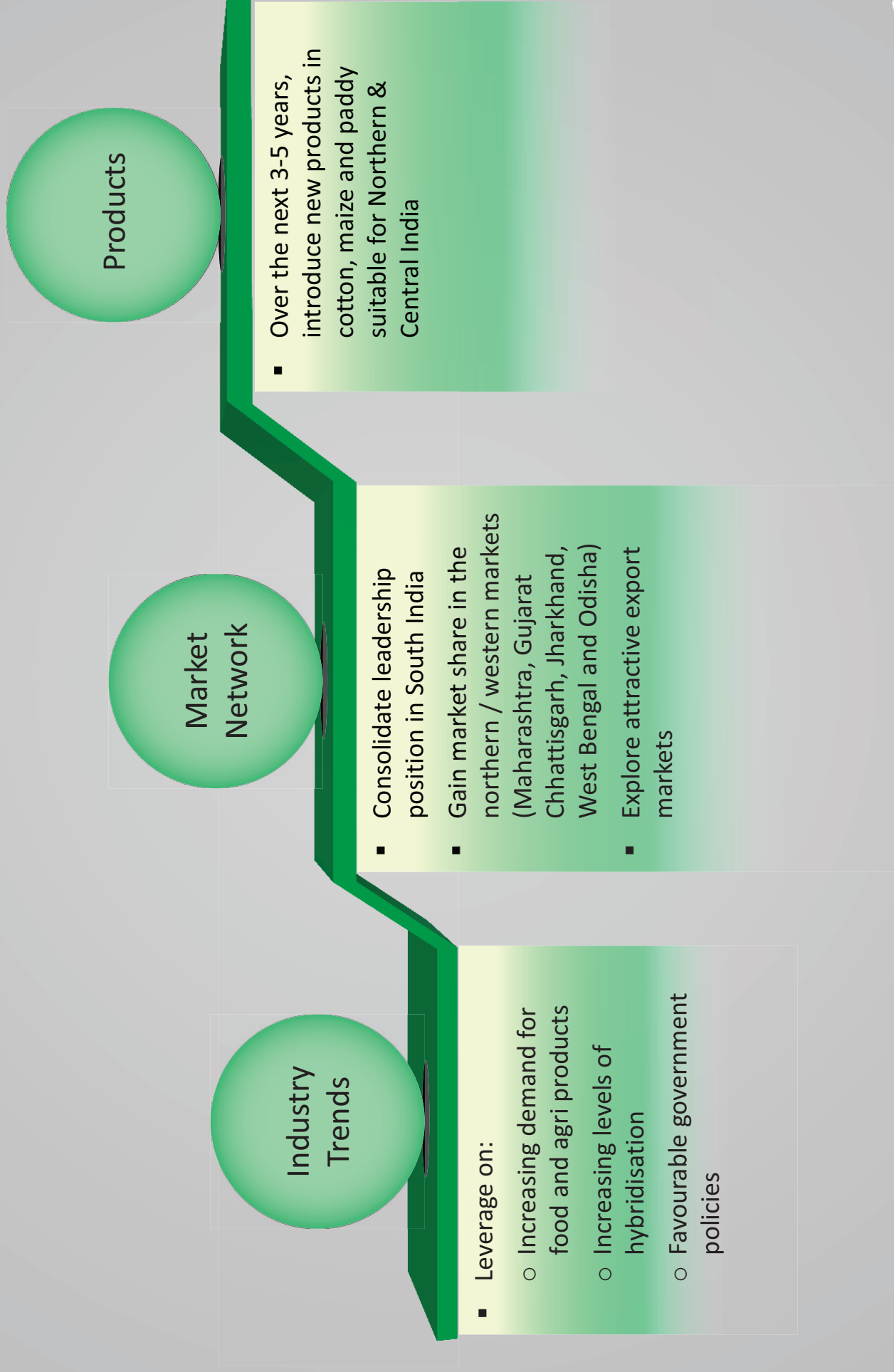
Kaveri

- The Surge for Food
- Increased acceptance of Commercial Seeds
- Seed Replacement Rate
- Cotton Seed: The White Gold
 - RR Flex technology (BGII RRF)
 - High Density Planting (HDP)
 - Mechanical Harvesting
- Maize, Rice & vegetables : High demand, Higher under-penetration

- Reinforce cotton leadership in Andhra Pradesh and Karnataka
- Deepen cotton Penetration in Maharashtra and Gujarat
- Successfully introduced two products in cotton
- Several hybrids across Maize, Rice & vegetables
- Success of established products like Jadoo, ATM, etc. has safeguarded 3-5 year growth
- Focused on expanding distribution network in northern and western India (Chhattisgarh, Jharkhand, West Bengal and Odisha)
- Developing farmer-centric product pipeline for future



Growth Strategy



Q1 FY16 Performance Review

- Revenue growth impacted by volume moderation in cotton and maize - acerages impacted in Kaveri dominated markets
- Hybrid rice reported healthy growth
- EBITDA margins increase:
 - Lower royalty payments – calculated on the prices submitted by recommended institutions to relevant state governments
 - Focus on non-credit markets has protected realizations – better than industry average
 - Improved receivables management with a focus on ‘Cash & Carry’ segment
- Company adopts a strategy of contracted employees to optimise costs and utilisation

Rs. million	Q1 FY16	Q1 FY15	Growth (%)
Net Sales	6,644.7	8266.9	(20)
Other Operating Income	-	-	
Total Income	6,644.7	8,266.9	(20)
Change in Inventory	1,171.1	1,379.9	(15)
Gross Profit	4,274.4	5,381.9	(21)
Gross Margin (%)	64.4	65.1	
Employee cost	76.6	82.6	(7)
Depreciation	58.7	21.8	169
Other Expenses	1,939.9	2,979.4	(35)
Total Expenses	4,441.5	5,966.8	(26)
EBITDA	2,257.9	2,321.9	(3)
EBITDA Margin (%)	34.0	28.1	
PBT	2,219.4	2,338.7	(5)
PAT	2,186.5	2,306.2	(5)
PAT Margin	32.9	27.9	





Appendix

Investor Contacts

For further information, please contact:

C. Mithun Chand, Executive Director
Kaveri Seeds

Tel: +91 40 4919 2345
Fax: +91 40 2781 1237

Gavin Desa
CDR India

+91 22 6645 1237
gavin@cdr-india

513 B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad -
500 003

www.kaveriseeds.in

Vikram Rajput
CDR India

+91 22 6645 1223
vikramr@cdr-india





Thank you
