

kaveri seed company limited



08th August 2017

Bombay Stock Exchange Ltd.,
1st Floor New Trading Ring
Rotimda Building
P.J.Towers, Dalal Street, Fort,
MUMBAI - 400 001

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra Kurla Complex, Bandra (E)
MUMBAI - 400 0051

Scrip Code: 532899

Scrip Code: KSCL

Dear Sir,

Sub: Presentation: Kaveri Seed Q1& FY 2018 Results Announced on 08th August, 2017-Reg

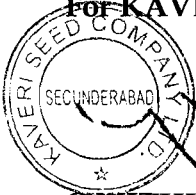
Please find attached herewith Presentation of Kaveri Seed Company Limited Q1 & FY 2018 Result announced on 08th August, 2017. The same was displayed at our Company's website at www.kaveriseeds.in

This is for your kind information and record.

Thanking you,

Yours faithfully,

For KAVERI SEED COMPANY LIMITED



C.MITHUN CHAND
WHOLE TIME DIRECTOR

Encls: a/a.

Kaveri Seed Company Limited

Results Presentation - Q1 FY18



kaveri seeds®





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.



1

Industry Backdrop & Outlook

2

Quarterly Performance



Industry Backdrop & Company Outlook

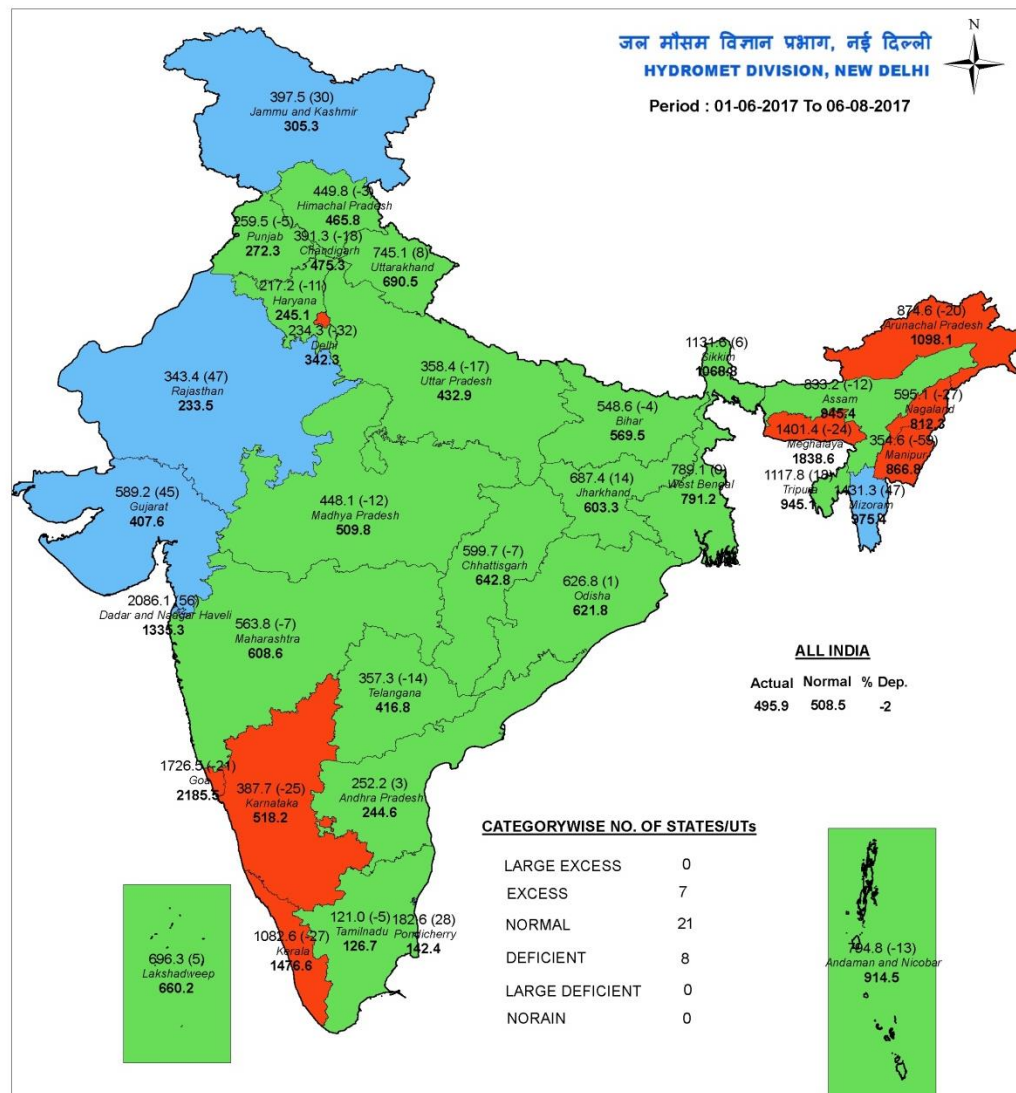
- Monsoon arrived on time
- Sowing happened earlier than last year and sowing was in time except for few states
- Seed Industry Sales trend compared to last year
 - Cotton ++
 - Maize -
 - Hybrid Rice +
 - Selection Rice ++
 - Bajra +
 - Vegetables -
- No major shortage in any seed for farmer
- Commodity price was reasonable
- Government intervention increasing at local level
- Increasing number of smaller companies in Cotton in South

- Crop-wise area coverage during Kharif 2017: As on August 04, 2017

Area in lakh hectare

Crops	2017	2016	YoY Change %
Cotton	114.3	96.5	18.5
Maize	72.3	77.0	(6.1)
Rice	280.0	266.9	4.9
Bajra	63.5	55.0	15.6
Pulses	121.3	117.0	3.7
Oilseeds	148.9	165.5	11.7

Industry Backdrop - All India Rainfall



Legend

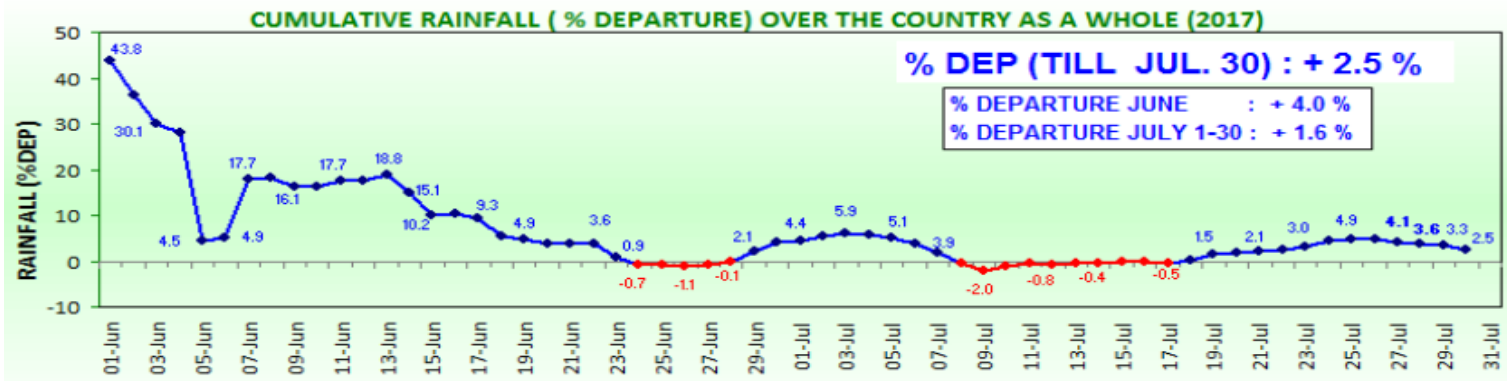
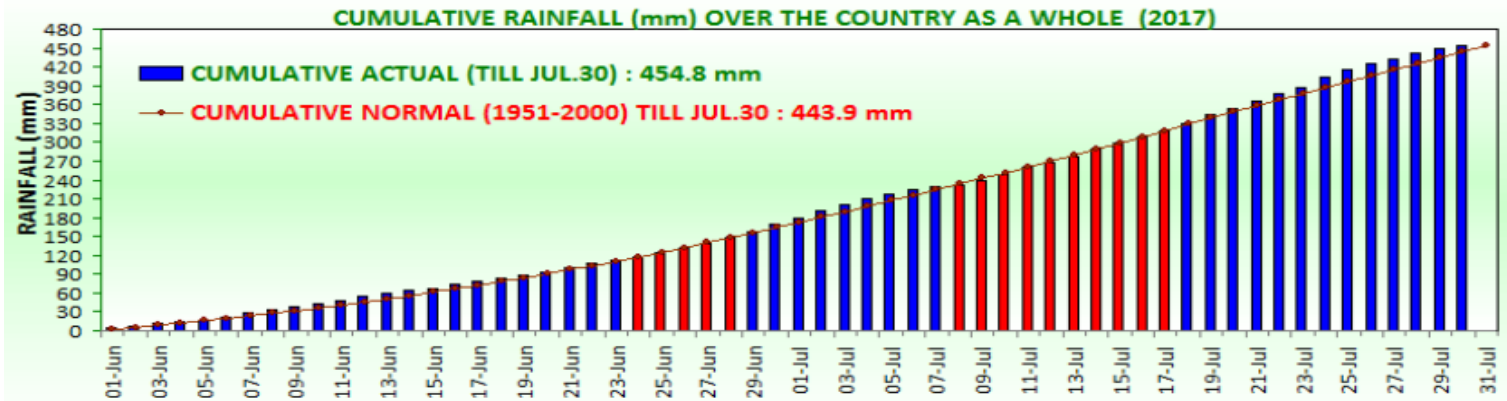
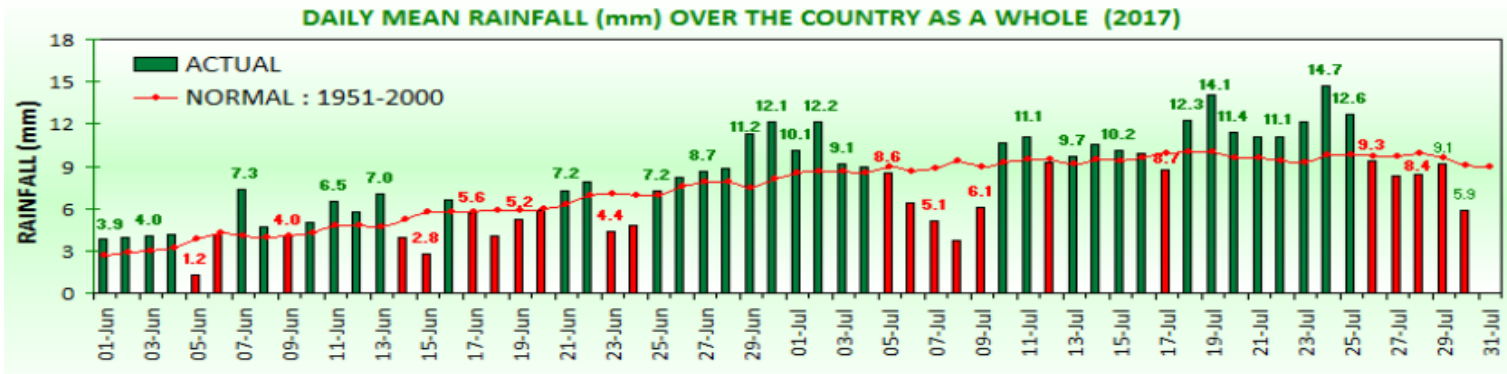
Large Excess [60% or more] Excess [20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Rain [-100%] NO DATA

NOTES :

- a) RainFall figures are based on operation data.
- b) Small figures indicate actual rainfall (mm), while bold figures indicate Normal rainfall (mm).
- c) Percentage Departures of rainfall are shown in brackets.

Source: IMD

Industry Backdrop - All India Rainfall



Industry Backdrop - Cotton



Area coverage during Kharif 2017
as on August 04, 2017

Area in lakh hectare

State	2017	2016	YoY Change %
Andhra Pradesh	4.1	3.1	32.4
Telangana	17.5	11.5	51.9
Gujarat	26.4	21.9	20.6
Karnataka	4.1	3.9	4.3
Madhya Pradesh	5.8	6.0	(3.8)
Maharashtra	39.4	37.3	5.5
Haryana	6.7	5.0	33.5
Punjab	3.9	2.6	50.4
Rajasthan	5.0	3.8	31.3
Others	1.7	1.5	16.2
Total	114.3	96.5	18.5

Source: Directorate of Cotton Development, Nagpur

- One of the best year for cotton
- Sowing happened much earlier than last year in Central and South India
- North Cotton market growth was much higher than All India on the back of good crop last year
- Market share of smaller companies in South India went up
- Use of Illegal Herbicide Tolerance was found in few states

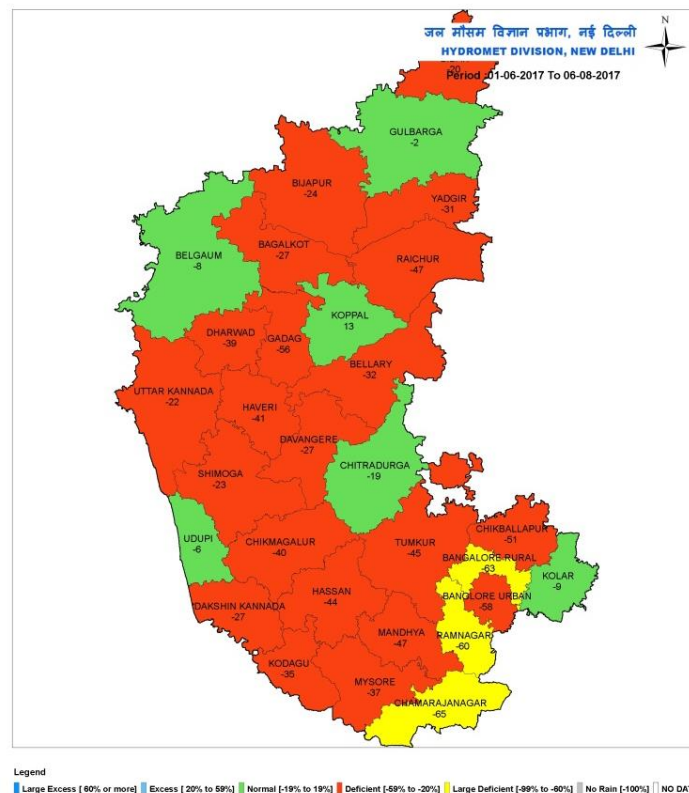
Industry Backdrop - Maize



Area coverage during Kharif 2017
as on August 04, 2017

Area in lakh hectare

State	2017	2016	YoY Change %
Madhya Pradesh	12.7	12.1	5.0
Rajasthan	8.7	9.6	(8.9)
Karnataka	8.3	11.5	(27.3)
Maharashtra	7.9	8.0	(1.9)
Uttar Pradesh	6.8	6.7	0.3
Telangana	4.3	5.4	(20.7)
Bihar	4.0	4.3	(7.5)
Gujarat	3.0	3.2	(5.1)
Himachal Pradesh	2.9	2.9	0.0
Jharkhand	2.3	2.1	9.9
Orissa	2.1	2.1	0.0
Chhattisgarh	2.1	2.1	1.0
Jammu and Kashmir	2.0	2.0	(0.5)
Punjab	1.4	1.2	16.4
Andhra Pradesh	0.6	0.6	0.0
Others	3.3	3.3	1.2
Total	72.3	77.0	(6.1)



Source: IMD

- Maize hybrid market dropped as compared to last year due to shifting to other crops and less than adequate rainfall in key state of Karnataka
- Telangana and Karnataka constitute more than 1/3 of organized market in Kharif Hybrid Maize seed sales
- Telangana and Karnataka contributed to nearly 2/3 of KSCL's Kharif maize sales in FY17
- Farmer down traded in few states due to tough market conditions



Industry

- Rainfall starting to show decline in few states which might impact overall yield
- Cotton
 - Global cotton acreage has gone up. Watchout for commercial prices depending on crop output
 - Watchout for Pink Boll Worm and Whitefly in North
- Tamil Nadu, which is late kharif market, is challenging
- Rabi expected to be good for Mustard, Gram, Wheat and Maize
- Vegetables prices are on an upward swing. Industry expected to see growth for balance of the year

KSCL

- Hybrid Rice volumes expected to go up in Q2
- Kharif Cotton seed production crop looking in good condition
- Rabi seed production would be challenging if rainfall deficit continues in South
- Rabi Maize acreage and export volumes looks positive



Quarterly Performance

Q1 FY18 Performance Review



Profitability impacted by:

Inventory Write Offs:

- Inventory write offs of Rs. 19.2 crore due to discarding of inventory which did not meet quality standards. Primarily driven by cotton inventory which did not meet germination and trait purity standards. Q1FY16 write off was of Rs. 26.6 crore
- Majority of the write offs have been accounted for, FY18 write offs expected to be lower than FY17

Standalone			
Rs. lakhs	Q1FY18	Q1FY17	Growth (%)
Net Sales	59,055.87	49,397.42	19.55
Cost of Production	30,714.22	27,452.71	11.88
Gross Profit	28,341.66	21,944.71	29.15
<i>Gross Margin (%)</i>	<i>47.99</i>	<i>44.42</i>	<i>8.03</i>
Employee cost	1,180.81	1,074.84	9.86
Other Expenses	6,473.07	5,043.90	28.33
Other income	428.74	543.86	(21.17)
EBITDA	21,116.53	16,369.83	29.00
<i>EBITDA Margin (%)</i>	<i>35.76</i>	<i>33.14</i>	<i>7.90</i>
Depreciation	630.15	779.87	(19.20)
Finance Cost	24.05	1.52	1,481.96
PBT	20,462.34	15,588.44	31.27
PAT	20,237.68	15,436.89	31.10
<i>PAT Margin (%)</i>	<i>34.27</i>	<i>31.25</i>	<i>9.66</i>

Cash investments as on 30 June 2017



Rs.in Lakhs

All figures based on cost

Fund House	Liquid	Liquid Plus	FMPs	Short Term	Medium Term	Total
ICICI	1,838	7,577	780		3,703	13,898
HDFC		2,500	4,905		3,800	11,205
RELIANCE	2,851	2,000			5,300	10,151
BIRLA		4,200		2,215	2,700	9,115
KOTAK	1,800	6,500			350	8,650
IDFC	1,351	203			2,386	3,940
ASK					2,616	2,616
IIFL					2,500	2,500
TATA		1,358		700		2,058
UTI				500		500
Total	7,840	24,338	5,685	3,415	23,355	64,633

Total cash on books of Rs . 658 crore as on 30 June, 2017



- Significant annual cash flow generation enabling strong cash on books
- Substantial accrual to balance sheet augments shareholder worth
- Continued to judiciously and cautiously create long term shareholder value
 - The company in July 2017 completed buyback of 2,962,963 fully paid-up shares of the face value of Rs. 2 each at a price of Rs. 675 per share for an aggregate amount of Rs. 200 crore
 - In Q1FY18, the board has declared for payment of an interim dividend of 150% (Rs 3 per share of Rs 2 each) on equity share capital of the Company

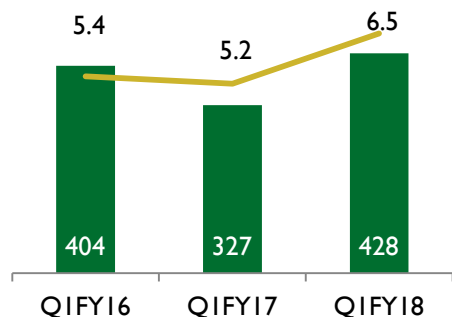
Q1 FY18 Operational Highlights



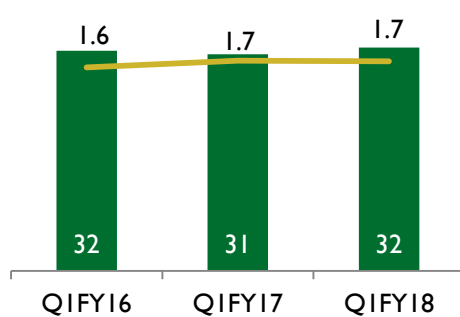
- Cotton Kaveri volumes grew by 27%
 - Gained cotton seed market share in Gujarat, Maharashtra .
- Maize volumes dropped by 18%
 - Market dropped in key Kaveri states of Telangana and Karnataka
 - Government business volumes dropped compared to last year
- Hybrid Rice
 - Introduction of new hybrid helped
 - Contribution of new product went up from 1% to 16% of volume
- Selection Rice
 - Volume growth of more than 40% on back of Kharif 16 production and additional plant capacity
- Bajra
 - New product contribution has gone up from 6% to 17% of volume

- 2 new cotton hybrids launched and 2 new cotton hybrids under demonstrations with farmers
- 3 new hybrids launched in maize for kharif season
- 2 new hybrids in maize to be launched in rabi season
- 2 new maize hybrids under demonstration
- 4 new hybrids in pearl millet in kharif season under demonstration
- 1 new hybrid launched in hybrid rice and 4 new products launched in selection rice
- 1 new hybrid in hybrid rice and 2 new products in selection rice under demonstration

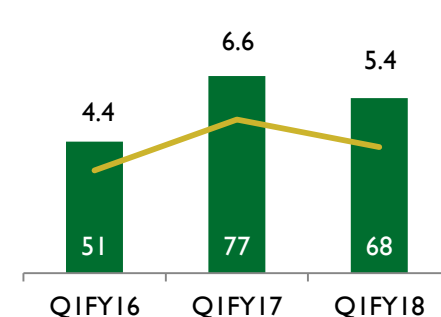
Cotton seed revenue & volumes



Hybrid Rice seed revenue & volumes



Maize seed revenue & volumes



Net Revenues (Rs cr) Sales Volume (mn packets)

Net Revenues (Rs cr) Sales Volume ('000 tons)

Net Revenues (Rs cr) Sales Volume ('000 tons)

Growth Strategy – Initiatives Q1 FY18



Diversification

- **Non cotton business stronger - reducing dependence on cotton**
 - Cotton growth has been more than other crops this quarter but the strategy is to grow non cotton business as well
 - Selection Rice volume increased by more than 40%
 - Hybrid Rice and Bajra looking positive with new product contribution going up
- **Nurturing Vegetables business**
 - Increased investment in R&D
 - Demonstration of more than 50 different product in farmer field
- **Spreading geographical footprint**
 - Focused on strengthening distribution network beyond South and Central India, to northern, eastern and western geographies
 - Bihar >50% growth
 - Jharkhand >100% growth
 - Orissa >50% growth
 - West Bengal >200% growth
 - Gujarat >50% growth
 - Maharashtra >50% growth

Organizational Capability

- **Human Capital**
 - Appointed new R&D head, significantly strengthening the core team - had appointed Supply Chain, Marketing heads for Field Crop and Vegetable in last two years
 - Beefed up mid-level talent across verticals
 - Increased resourcing in R&D
 - Built exclusive Vegetables sales team of more than 25 dedicated employees from 4 same time last year
- **Processes**
 - Human Resource Management System being implemented for efficient management
 - SAP implementation in progress
 - Increased number of multi-locational trials in R&D for product evaluation
- **Infrastructure**
 - Purchased 24 acre land in Telangana for R&D and future expansions

Increased visibility and mindshare

- **Farmer Connect**
 - Increased number of demonstration of pre commercial products
 - Increased number of below the line activities to connect with farmers
- **Channel Engagement**
 - Mapping of retailer and focus on key retailers
 - Improved engagement with Channel partners with more meetings

Supply Chain

- **Deliver volumes as per growth plan**
 - Cotton planting completed in four strategic location as per plan
 - Kharif selection rice planting completed
- **Establish Vegetable seed production**
 - Increased vegetable seed production area for catering to FY19 plan
- **Improve efficiency in operations**
 - Improved recovery rates of selection rice in new Mulangoor plant
 - Leverage Mulangoor plant to handle higher thru-put
- **Improve seed quality**
 - Reduced raw seed failure compared to last year in Maize and Cotton.

Reinforce cotton leadership

- **Expanding footprint outside of Telangana/Andhra Pradesh and Karnataka**
 - Significant growth and market share gain in Gujarat and Maharashtra
- **Increased R&D effort in North**
- **New Products**
 - Money Maker ramp up positive
 - New product contribution up from 7% to 11%

Leadership Product Portfolio



Top 5 rank in key crop segments

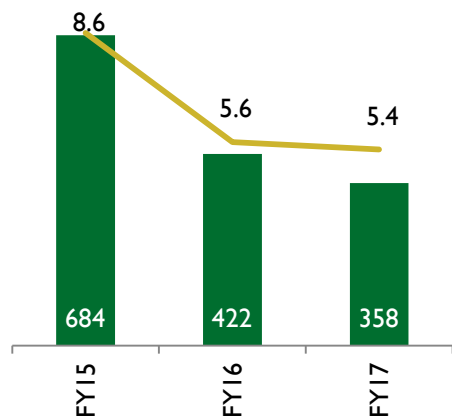
Kaveri Market Share by crop (in %)	FY15	FY16	FY17
Cotton	18.0	13.8	14.4
Maize	10.1	10.2	10.8
Hybrid Rice	4.2	4.5	4.1
Pearl millet	12.0	10.0	9.2

Kaveri's cotton seed volume break-up

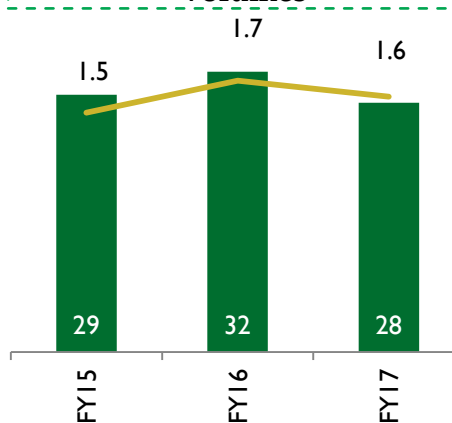
(m packets)	FY15	FY16	FY17
AP & Telangana	5.42	3.42	2.92
Maharashtra	1.33	1.12	1.49
Karnataka	1.26	0.45	0.42
Gujarat	0.16	0.25	0.24
Madhya Pradesh	0.16	0.16	0.19
Others	0.29	0.18	0.19
All India	8.63	5.59	5.44

- Kaveri is amongst the top three seeds companies in the cotton segment, and top five in the maize, paddy and pearl millet segments
- Combined, these crops account for more than 90% of revenues of the Indian hybrid seed industry

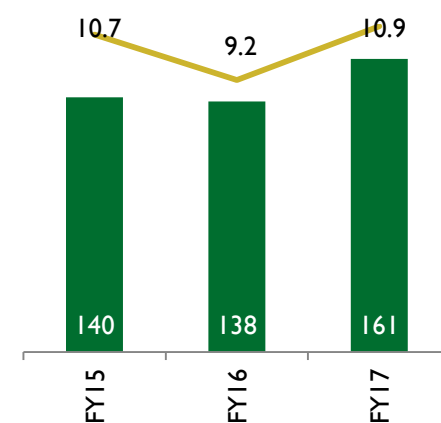
Cotton seed revenue & volumes



Hybrid Rice seed revenue & volumes



Maize seed revenue & volumes

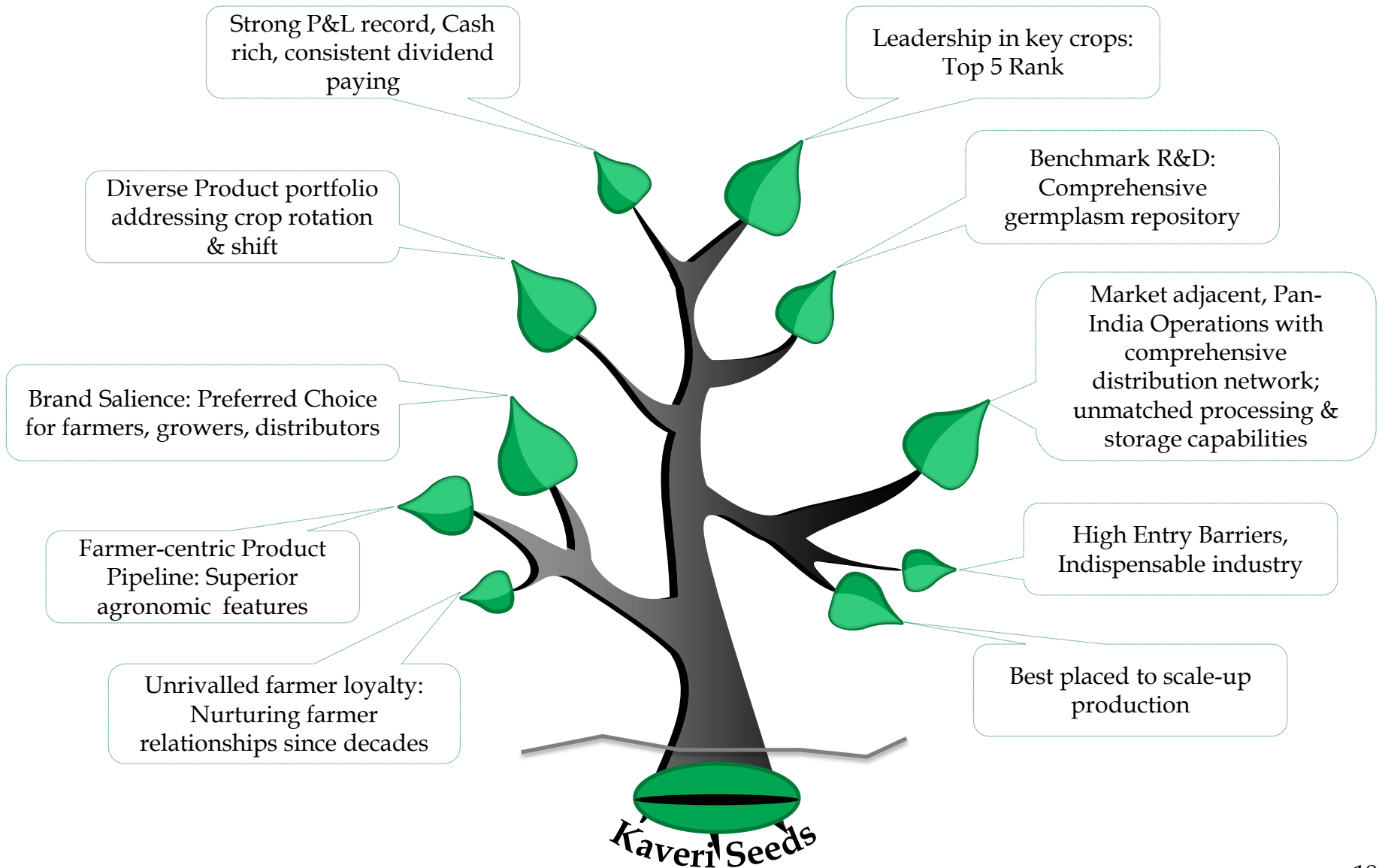


■ Net Revenues (Rs cr) — Sales Volume (mn packets)

■ Net Revenues (Rs cr) — Sales Volume ('000 tons)

■ Net Revenues (Rs cr) — Sales Volume ('000 tons)

The Kaveri Moat : Seeding Profitable Growth





For further information, please contact:

G. Vijay Kumar
CFO, Kaveri Seeds

Tel: +91 40 4919 2345
Fax: +91 40 2781 1237
Email: cfo@kaveriseeds.in

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

www.kaveriseeds.in

Gavin Desa
CDR India

+91 22 6645 1237
gavin@cdr-india

Vikram Rajput
CDR India

+91 22 6645 1223
vikramr@cdr-india



Thank you