

kaveri seed company limited



09th August 2018

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 2019 Results Announced on 09th August, 2018-Reg


Please find attached herewith Presentation of Kaveri Seed Company Limited Q1 & FY 2019 Results announced on 09th August, 2018. 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 seeds®



Kaveri Seed Company Limited

Results Presentation – Q1 FY19



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

**Industry
Backdrop & Outlook**

**Quarterly
Performance**





INDUSTRY BACKDROP & OUTLOOK





Industry Backdrop

- Seed Industry Sales trend compared to last year

- Cotton -
- Maize --
- Hybrid Rice +
- Selection Rice ++
- Bajra --

- Overall rainfall was delayed & deficient with wide variation resulted in lower sowing area in most crops for the same period last year

- This affected market sentiments and leading to reduced acreage and farmers downtrading

- Tamil Nadu received good rains and may help late kharif crops sowing

- Poor commodity prices coupled with delayed rains affected Maize acreage

- Attractive prices for fine rice gave boost to Selection Rice market

- Commodity prices have remained lucrative for cotton in the later part despite lower yields due to Pink Bollworm incidence

- Bajra areas severely impacted due to late and deficient rains

- Hot pepper sowing improved considerably over last year which was badly impacted due to poor commodity prices

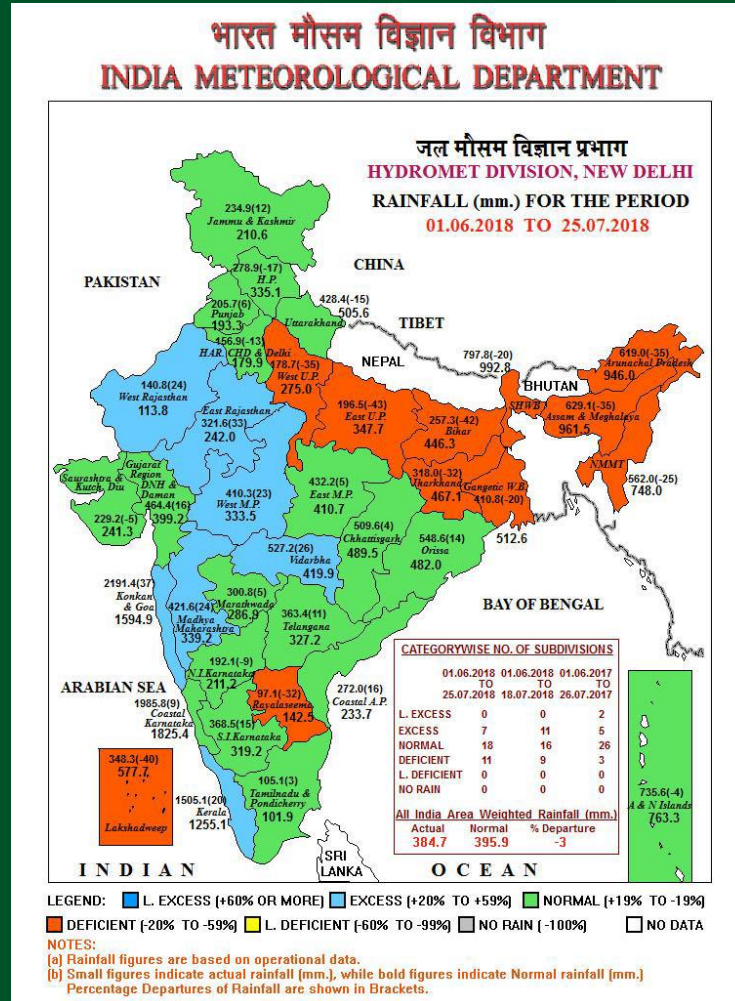
- Crop-wise area coverage during Kharif 2018: As on Aug 03, 2018

Area in lakh hectare

| Crops | 2018-19 | 2017-18 | YoY Change % |
|----------|---------|---------|--------------|
| Cotton | 109.79 | 114.34 | (3.98) |
| Maize | 72.48 | 71.36 | 1.57 |
| Rice | 262.73 | 274.16 | (4.17) |
| Bajra | 55.17 | 63.29 | (12.83) |
| Pulses | 115.57 | 120.27 | (3.91) |
| Oilseeds | 157.54 | 148.93 | 5.78 |



Industry Backdrop – All India Rainfall



Source: IMD



Industry Backdrop - Cotton

Area coverage during Kharif 2018
as on Aug 03, 2018

Area in lakh hectare

| State | 2018-19 | 2017-18 | YoY Change % |
|----------------|---------|---------|-----------------|
| Andhra Pradesh | 3.74 | 4.05 | (7.65) |
| Telangana | 16.86 | 17.47 | (3.49) |
| Gujarat | 25.54 | 26.35 | (3.07) |
| Haryana | 6.65 | 6.56 | 1.37 |
| Karnataka | 3.55 | 4.08 | (12.99) |
| Madhya Pradesh | 5.24 | 5.76 | (9.03) |
| Maharashtra | 38.68 | 39.39 | (1.80) |
| Odisha | 1.51 | 1.44 | 4.86 |
| Punjab | 2.84 | 3.85 | (26.23) |
| Rajasthan | 4.96 | 5.03 | (1.39) |
| Tamilnadu | 0.038 | 0.05 | (24.00) |
| Others | 0.17 | 0.28 | (39.29) |
| All India | 109.79 | 114.34 | (3.98) |

Source: Directorate of Cotton Development, Nagpur

- Fear of Pink Bollworm as well as delayed rainfall in some markets have impacted markets
- Sowing happened much late this year than last year in Central and South India
- Overall North Cotton market has been stable while Punjab saw a de-growth that was compensated with growth in Haryana
- Use of Illegal Herbicide Tolerance was found in all states this year despite Govt efforts to curb this problem . Largely encouraged by farmers to farmers selling
- Pink Bollworm reported in early stages this year. Govt and private companies are running Campaigns to create awareness month farmers to prevent loss.
- Commodity prices are at lower levels compared to last year. However, Cotton still the most profitable crop as compared to other crops
- In Q2 Cotton sowing Area is expected to cover up in Karnataka and AP in July & late kharif sales of TN is estimated to normal given good rainfall and commodity prices.
- Over all Khairf Cotton area is estimated to be down by about 4%



Industry Backdrop - Maize

Area coverage during Kharif 2018
as on July 27, 2018

Area in lakh hectare

| State | 2018-19 | 2017-18 | YoY Change % |
|-------------------|--------------|--------------|-----------------|
| Madhya Pradesh | 13.12 | 12.58 | 4.29 |
| Rajasthan | 8.65 | 8.56 | 1.05 |
| Karnataka | 10.06 | 8.62 | 16.71 |
| Maharashtra | 7.23 | 7.88 | (8.25) |
| Uttar Pradesh | 6.78 | 6.76 | 0.30 |
| Telangana | 4.2 | 4.28 | (1.87) |
| Bihar | 3.62 | 3.97 | (8.82) |
| Gujarath | 3.03 | 2.99 | 1.34 |
| Himachal Pradesh | 2.93 | 2.94 | (0.34) |
| Jharkhand | 2.3 | 2.33 | (1.29) |
| Orissa | 2.03 | 2.08 | (2.40) |
| Chhattisgarh | 2.1 | 2.07 | 1.45 |
| Jammu and Kashmir | 1.96 | 1.97 | (0.51) |
| Punjab | 1.25 | 1.14 | 9.65 |
| Andhra Pradesh | 0.71 | 0.6 | 18.33 |
| Others | 1.21 | 1.21 | 0.00 |
| Total | 72.48 | 71.36 | 1.57 |

- On the backdrop of very poor commodity prices, the sentiments for Maize have been subdued
- Timely Rains in Karnataka & MP helped in timely sowing & Crop area increased compared to the same period last year
- Delayed rains and late sowing is likely to have impact in the sowing over next quarter especially in AP, Maharashtra and other markets in east



Industry Backdrop – Commodity Prices

Cotton

| Rs. Per Quintal | Jul-18 | Jul-17 | YoY Change % | Jun-18 | MoM Change % |
|-----------------|--------|--------|--------------|--------|--------------|
| Gujarat | 5,564 | 5,564 | 0.00 | 5,278 | 0.00 |
| Karnataka | 5,401 | 5,401 | 0.00 | 4,830 | 0.00 |
| Madhya Pradesh | 4,750 | 4,983 | (4.67) | 4,899 | (3.48) |
| Maharashtra | 5,097 | 5,144 | (0.91) | 4,935 | 0.00 |
| Telangana | 5,323 | 5,323 | 0.00 | 5,127 | 0.00 |

Maize

| Rs. Per Quintal | Jul-18 | Jul-17 | YoY Change % | Jun-18 | MoM Change % |
|-----------------|--------|--------|--------------|--------|--------------|
| Karnataka | 1,322 | 1,593 | (17.05) | 1,322 | 0.00 |
| Maharashtra | 1,452 | 1,500 | (3.18) | 1,452 | 0.00 |
| Telangana | 1,373 | 1,469 | (6.57) | 1,373 | 0.00 |
| Uttar Pradesh | 1,132 | 1,163 | (2.71) | 1,163 | (2.71) |



Outlook

Industry

- Despite IMD forecast of normal rains, delayed arrival of rains and deficient rains in many parts of India resulted in delayed sowings and crop mix & product mix usage by farmers
- Cotton market to be impacted by
 - Pink boll worm issues impacting yield as well as quality, & spread of HT Cotton sold illegally especially in Maharashtra & Punjab
 - Downward price revision imposed by government
- Kharif maize acreage may see slight decline in light of commodity price drop
- Hybrid Rice outlook is positive due to good performance of Hybrids. Selection Rice prospects also positive due to better commodity prices. Selection rice market saw a positive trend due to improved SRR consistently
- Hot Pepper acreage revival expected

KSCL

- Higher COGS due to low recovery in Cotton
- Cotton Price revision impact lesser than industry players
- Strong growth expected for Money Maker across markets, Jaadoo, ATM continue to sustain momentum. Strong market share gains expected from Gujarat and Maharashtra
- Non-Cotton push continues with addition of sales locations, expansion in North and new product initiatives
- Hybrid and Selection Rice to grow on the back of KPH 468 and several Selection Rice products launched.
- Maize volumes to register growth driven by Drona and Profit
- Strong Vegetable growth driven by new hybrids across Hot Pepper, Okra, Tomato, Sweet corn and Gourds



QUARTERLY PERFORMANCE





Q1 FY19 Performance Review

Profitability impacted by:

- Central government reduced price of cotton seed by Rs. 60 per packet, resulting in a topline decrease of Rs. 35 cr and bottom line decrease of Rs. 12-13 crore. This impact was moderated by higher non cotton profitability
- Cotton volumes declined by about 9% in Q1 offset by significant growth of 25% in non cotton business especially hybrid rice, selection rice & sunflower
- Cotton volumes impacted by lower acreage. AP, Telangana & Karnataka volumes impacted by use of Illegal Herbicide Tolerance and farmers downtrading. Meanwhile, strong growth registered in Gujrat. With significant market share gains attained market leadership in Gujrat market for the first time

| Standalone | | | |
|--------------------------|--------|--------|------------|
| Rs. lakhs | Q1FY19 | Q1FY18 | Growth (%) |
| Net Sales | 58,189 | 59,056 | (1) |
| Cost of Production | 31,142 | 30,714 | 1 |
| Gross Profit | 27,047 | 28,342 | (5) |
| Gross Margin (%) | 46 | 48 | |
| Employee cost | 1,165 | 1,181 | (1) |
| Other Expenses | 5,530 | 6,473 | (15) |
| Other income | 1,683 | 429 | 293 |
| EBITDA | 22,034 | 21,117 | 4 |
| EBITDA Margin (%) | 38 | 36 | |
| Depreciation | 535 | 630 | (15) |
| Finance Cost | 2 | 24 | (92) |
| PBT | 21,498 | 20,462 | 5 |
| PAT | 21,058 | 20,238 | 4 |
| PAT Margin (%) | 36 | 34 | |



Cash investments as on 30 June 2018

Rs.in Lakhs

All figures based on cost

| Fund House | Liquid | Liquid Plus | FMP | CP | Medium Term | Short Term | Total |
|--------------|--------------|---------------|---------------|--------------|---------------|--------------|---------------|
| ASK | | | | | 2,991 | | 2,991 |
| AXIS | 1,050 | | | | | | 1,050 |
| BARCLAYS | | | | 2,413 | | | 2,413 |
| BIRLA | | 1,691 | 600 | | 2,700 | 2,365 | 7,356 |
| DSP | 605 | | 700 | | | 510 | 1,815 |
| FRANKLIN | | | 500 | | | | 500 |
| HDFC | | 2,038 | 4,905 | | 3,800 | | 10,743 |
| ICICI | 731 | 2,868 | 2,480 | | 3,703 | 602 | 10,384 |
| IDFC | | 1,286 | | | 1,100 | | 2,386 |
| IIFL | | | | | 2,500 | | 2,500 |
| INVESCO | | 800 | | | | | 800 |
| KOTAK | 1,100 | 5,000 | 1,295 | | | | 7,395 |
| RELIANCE | 201 | 3,253 | 1,612 | 2,414 | 5,300 | | 12,779 |
| SUNDARAM | | 1,300 | | | | | 1,300 |
| TATA | | 1,109 | | | | 297 | 1,406 |
| UTI | | 1,500 | 648 | | | | 2,148 |
| Total | 3,686 | 20,844 | 12,741 | 4,827 | 22,094 | 3,774 | 67,967 |

Total cash on books of Rs . 698 crore as on 30 June, 2018



Value creation

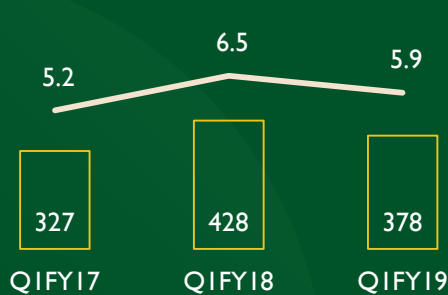
- Significant annual cash flow generation enabling strong cash on books
- Substantial accrual to balance sheet augments shareholder worth
- Continued to judiciously and cautiously create long term shareholder value
 - Announced a Rs. 200 crore buyback program (at Rs. 675 per equity share) in May 2018 for FY19



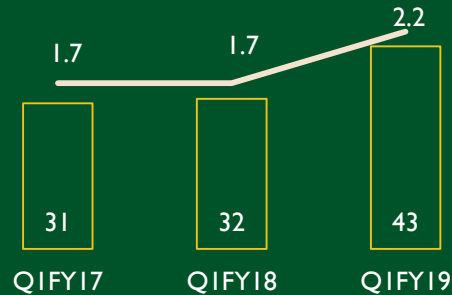
Q1 FY19 Operational Highlights

- Cotton Kaveri volumes decreased by about 9% in Q1 FY19
 - Gained cotton seed market share in Gujarat, Maharashtra & Northern Markets
 - Contribution of new product went up from 18% to 21% of volume
- Maize volumes growth of 4% in Q1 FY19
 - Market declined in key Kaveri states of Telangana , Maharashtra & North Eastern markets
 - Government business volumes doubled compared to last year
- Hybrid Rice volumes increased by 36% in Q1 FY19
 - Introduction of new hybrid 468 helped > 200% growth
 - Govt Business doubled in Hybrid rice in FY19
 - Contribution of new product went up from 16% to 23% of volume
- Selection Rice volumes grew by 40% in Q1 FY19
 - Contribution of new products went up from 10% to 14%
- In Bajra, new product contribution has gone up from 17% to 20% of volume
- Non cotton business has grown significantly by about 25% driven by volume growth in new hybrids and also price appreciation in key products
- Money Maker Scale up across market this year . 2 new Cotton hybrids under demonstrations with farmers. Performance of Money Maker appreciated by farmers across markets
- In maize, new hybrid Drona scale up done across market with good growth.. 2 new hybrids in maize to be launched in Kharif
- Spread of new products done across markets in Bajra in Kharif
- In hybrid rice, new hybrid scale up with tremendous growth across markets with more than 2X growth in 468 & 475
- In selection rice, consistent performance across geographies. New products scale up done with tremendous growth in Coastal King , Elito & Shireen across markets

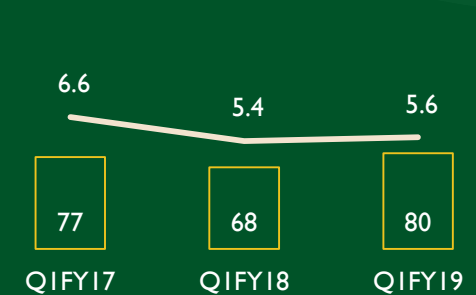
Cotton seed revenue & volumes



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)



Leadership Product Portfolio

Top 5 rank in key crop segments

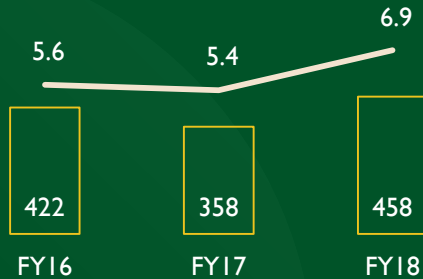
| Kaveri Market Share by crop (in %) | FY16 | FY17 | FY18 |
|------------------------------------|------|------|------|
| Cotton | 13.8 | 14.4 | 15.5 |
| Maize | 10.2 | 10.8 | 10.3 |
| Hybrid Rice | 4.5 | 4.1 | 4.0 |
| Pearl millet | 10.0 | 9.1 | 8.0 |

Kaveri's cotton seed volume break-up

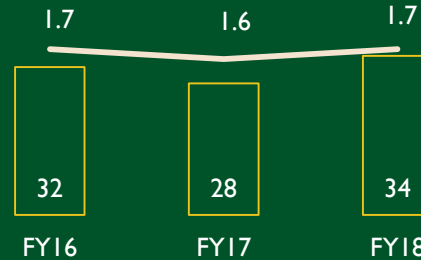
| (m packets) | FY16 | FY17 | FY18 | Q1 FY19 |
|------------------|-------------|-------------|-------------|-------------|
| AP & Telangana | 3.42 | 2.92 | 3.20 | 2.45 |
| Maharashtra | 1.12 | 1.49 | 2.23 | 1.92 |
| Karnataka | 0.45 | 0.42 | 0.68 | 0.51 |
| Gujarat | 0.25 | 0.24 | 0.41 | 0.67 |
| Madhya Pradesh | 0.16 | 0.19 | 0.21 | 0.20 |
| Others | 0.18 | 0.19 | 0.21 | 0.11 |
| All India | 5.59 | 5.44 | 6.94 | 5.86 |

- 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

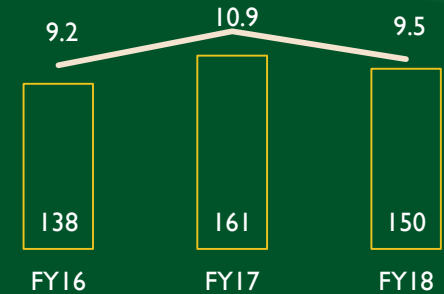
Cotton seed revenue & volumes



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)

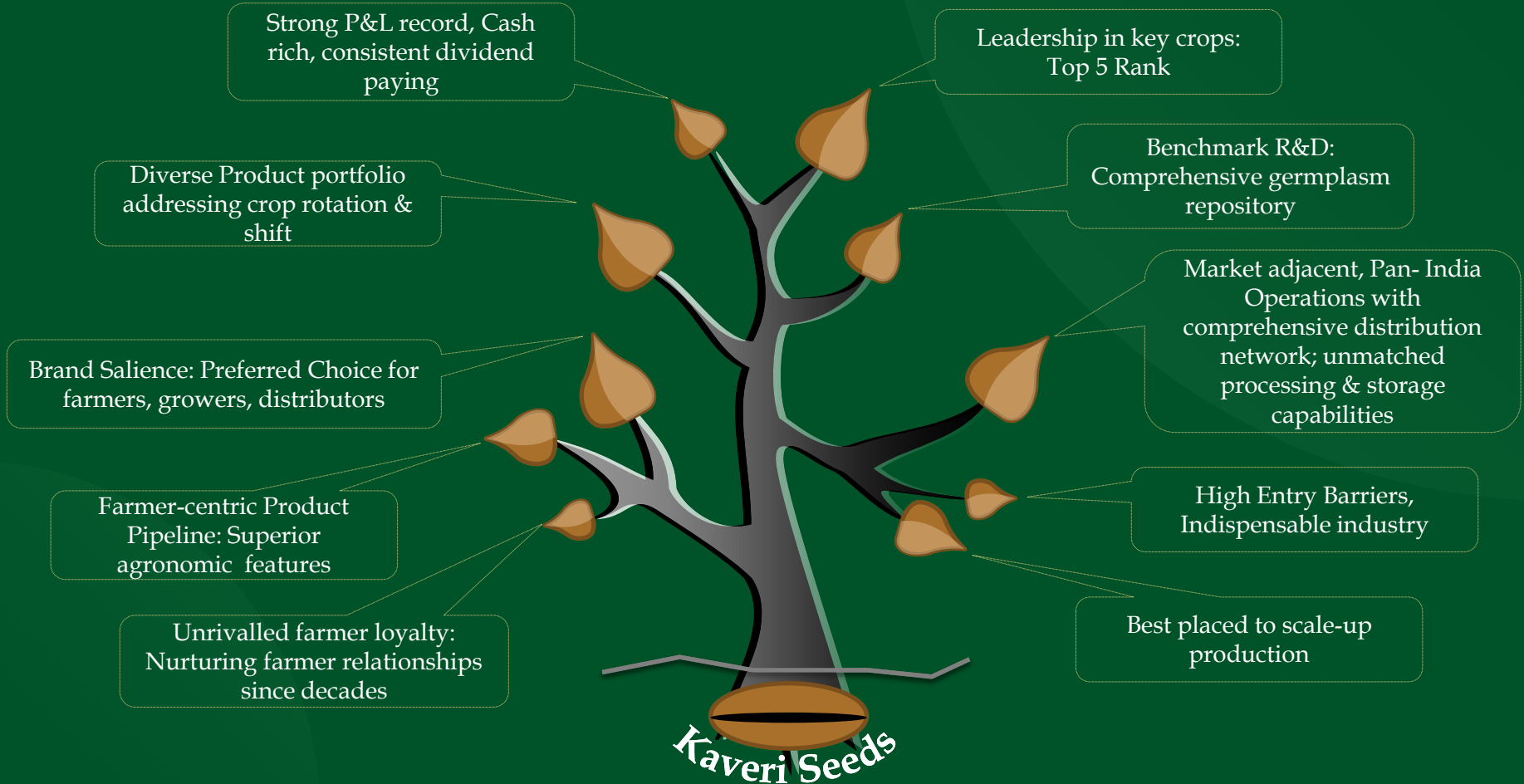


Growth Strategy – Initiatives FY19

| Diversification | Organizational Capability | Increased visibility and mindshare | Supply Chain | Reinforce cotton leadership |
|---|--|--|---|--|
| <ul style="list-style-type: none"> ▪ Continue to reduce dependence on Cotton Business <ul style="list-style-type: none"> ○ Rapid growth of new products launched in Maize (Profit, Drona, Sultan & KMH 563) ○ Grow in Hybrid Rice business with 468 and in Selection Rice with launch of new products ○ In Bajra, launch of Supremo for Summer Millet and Scaling up growth of Maximo ▪ Nurturing Vegetables business <ul style="list-style-type: none"> ○ Launch of many new products, in Hot pepper, Okra, Tomato ○ Optimize channel network by expanding in Central and East and rationalizing channel in South | <ul style="list-style-type: none"> • Human Capital <ul style="list-style-type: none"> ○ Strengthen MLT team ○ Build capabilities of mid-level talent across verticals • Processes <ul style="list-style-type: none"> ○ HR tool is being implemented ○ SAP implementation nearing completion ○ Redesigned R & D trial layouts ○ Strengthen Disease management part of R & D by investing in Pathology lab and Pathologist | <ul style="list-style-type: none"> • Farmer Connect <ul style="list-style-type: none"> ○ Scale up of demonstrations ○ Intensive BTL activities • Channel Engagement <ul style="list-style-type: none"> ○ Map villages linked to focussed channel partners ○ Leverage the goodwill from channel loyalty program ○ Ramping up manpower (Recruiting new headcounts) ○ Increased investment in R&D | <ul style="list-style-type: none"> ▪ Deliver volumes as per growth plan <ul style="list-style-type: none"> ○ Proper Pink Bollworm Management to ensure better Cotton recovery ○ Strictly implementing Sowing Window ○ Map high productivity villages to manage procurement rates ○ Diversify locations to mitigate risks ▪ Establishing new Vegetable seed production locations to deliver the targeted volumes ▪ Value added services to production growers <ul style="list-style-type: none"> ○ Exclusive Kaveri village concept ○ Rewarding High yielding growers ○ Providing technical support to the growers by conducting technical training program ▪ Effective Inventory Management <ul style="list-style-type: none"> ○ Quarterly Ageing Analysis to minimize the losses ○ Storing sensitive/MR stock in Cold stores ○ Implementing warehouse Management system to minimize the material loss | <ul style="list-style-type: none"> • Expanding footprint outside of Telangana/Andhra Pradesh and Karnataka Grow market share gain in Gujarat and Maharashtra • Increased R&D effort for North • Scale up Money Maker rapidly |



The Kaveri Moat: Seeding Profitable Growth





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THANK YOU