



10th May 2016

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 Q4 & FY 2016 Results Announced on
10th May 2016 - Reg.***

Please find attached herewith Presentation of Kaveri Seed Company Limited Q4 & FY 2016 Result announced on 10th May 2016. The same was displayed at our company's website : 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
Q4 & 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

Quarterly performance & Outlook

Business overview

Appendix



Quarterly Performance & Outlook



Backdrop & Way Forward

Temporary pause in FY16 – seed industry bottoming out

Sector

- Deficient rainfall - another drought year, consecutive weak monsoon in the past two Kharif seasons
- Rabi Season impacted by moisture condition & extended Kharif
- Resultantly, Farmers traded-down, farm income lowered - farmers curtailed investments leading to lower scale-up in revenues from new product introductions for Seed companies
- Cotton Headwinds - Significant drop in volumes and acreage coupled with no price hikes
- Higher sales returns in non-cotton crops
- Shift in cropping pattern - switch from corn and millet to pulses and oilseeds
- Decreasing commodity prices
- High inventories & receivables

Kaveri

Overall FY16 Subdued; 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

Long-term structural theme intact

Sector

Optimism in FY17 - Monsoon to script strong recovery

- As per IMD, the FY2017 Kharif season is likely to receive normal or above normal level rainfall
- Improved monsoons to drive higher demand for premium seeds
- Farmers to scale up investments on quality inputs to benefit from promising agri-climate, post two years of weak rainfall
- Central Government's decision to regulate cotton seed prices and royalty amount from FY17 onwards reduces uncertainty and improves business visibility for all seed companies

Kaveri

FY17 cotton inventory guidance of 9-10 mn intact

- Leap in market share driven by diverse portfolio and national footprint
- Intensifying sales effort to regain share in markets of Andhra, Telangana and Karnataka
- Make further market share gains in Maharashtra, Gujrat and MP

Scale up non-cotton operations

- Commissioned new plant at Karimnagar District, Telangana State with installed capacity of 10 to 20 tonnes (Paddy/Maize)



Q4 & FY16 Performance Review

Despite marginal increase in revenues, Profitability impacted by :

- Higher employee costs. Going forward these are expected to normalise to around historic averages
- Higher Other expenses mainly resulting from:
 - Increase in provision for doubtful debts of Rs 3.5 crore
 - Higher promotional expenses in anticipation of an improved forthcoming season

| Rs. million | FY16 | FY15 | Growth (%) | Q4 FY16 | Q4 FY15 | Growth (%) |
|--------------------------|-----------------|------------------|-------------|----------------|---------------|-------------|
| Net Sales | 8,927.79 | 11,609.45 | (23) | 438.22 | 398.84 | 10 |
| Other Operating Income | | | | | | |
| Total Income | 8,927.79 | 11,609.45 | (23) | 438.22 | 398.84 | 10 |
| Change in Inventory | (84.87) | 95.20 | | (1,582.59) | (2,129.73) | |
| Gross Profit | 4,956.34 | 7,222.62 | (31) | 187.10 | 209.02 | (10) |
| Gross Margin (%) | 55.5% | 62.2% | | 42.7% | 52.4% | |
| Employee cost | 387.46 | 309.03 | 25 | 127.02 | 62.92 | 102 |
| Depreciation | 273.91 | 149.07 | 84 | 74.92 | 83.75 | (11) |
| Other Expenses | 2,682.74 | 3,816.64 | (30) | 107.50 | 61.66 | 74 |
| Total Expenses | 7,315.55 | 8,661.57 | (16) | 560.56 | 398.14 | 41 |
| EBITDA | 1,886.15 | 3,096.95 | (39) | (47.42) | 84.45 | |
| EBITDA Margin (%) | 21.1% | 26.7% | | | 21.2% | |
| PBT | 1,783.73 | 3,100.00 | (42) | (66.13) | 45.77 | |
| PAT | 1,726.85 | 3,009.58 | (43) | (74.59) | 12.52 | |
| PAT Margin | 19.3% | 25.9% | | | 3.1% | |



Consolidated Balance Sheet Summary

| Rs. million | As on March 31, 2016 | As on March 31, 2015 |
|--|----------------------|----------------------|
| Shareholders Fund | 9,066.77 | 7,542.31 |
| Long-term Debt | 16.38 | 14.09 |
| Asset Turnover (times) | 0.68 | 1.01 |
| Current Assets / Current Liabilities (times) | 2.71 | 2.35 |

Total cash on books of Rs . 4,958.28 million as on 31 March, 2016

Excellent Working Capital Management

| Rs. million | As on March 31, 2016 | As on March 31, 2015 |
|---|----------------------|----------------------|
| Inventories | 5,044.48 | 4,934.49 |
| Trade Receivables | 803.98 | 1180.55 |
| Trade Payables | 1950.49 | 1540.80 |
| Other current liabilities | 1995.20 | 1950.68 |
| Non Cash Net Current Assets (No. of Revenue Days) | 279 | 167 |

Significant reduction in trade receivables



Cash investments as on 31 March 2016

Rs.in Lakhs

| Fund House | Liquid | Liquid Plus | Arbitrage | FMPs | Short Term | NCDs | Medium Term | Total |
|---------------|--------------|---------------|------------|--------------|--------------|--------------|-------------|---------------|
| HDFC | | 400 | | 2,500 | 2,500 | | | 5,400 |
| Tata | | | | | 700 | | | 700 |
| Birla | | 1,465 | | | | | | 1,465 |
| IDFC | 1200 | | | | | | | 1,200 |
| Reliance | 1350 | 2,800 | | | | | 5000 | 9,150 |
| ICICI | | 7,750 | | 2500 | | | | 10,250 |
| SBI | | | | 1,000 | | | | 1,000 |
| Kotak | | 10,000 | | | | 1,000 | | 11,000 |
| DSP Blackrock | | | | 1,000 | | | | 1,000 |
| UTI | | | | | 1500 | | | 1,500 |
| JM | | | 969 | | | | | 969 |
| Sundaram | | | | | 2500 | | 2500 | 5,000 |
| Total | 2,550 | 22,415 | 969 | 7,000 | 7,200 | 1,000 | 7500 | 48,634 |



Growth Strategy

Industry Trends

- The Surge for Food - Increasing demand for food and agri products
- Increasing hybridisation - higher acceptance of Commercial Seeds
- Favourable government policies
- 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

Market Network

- Reinforce cotton leadership in Andhra Pradesh and Karnataka
- Deepen cotton Penetration in Maharashtra and Gujarat
- Focused on expanding distribution network beyond South and Central India, to northern, eastern and western geographies
- Sustain strong momentum in new markets such as Chhattisgarh, Jharkhand, West Bengal and Odisha
- Explore attractive export markets

Products

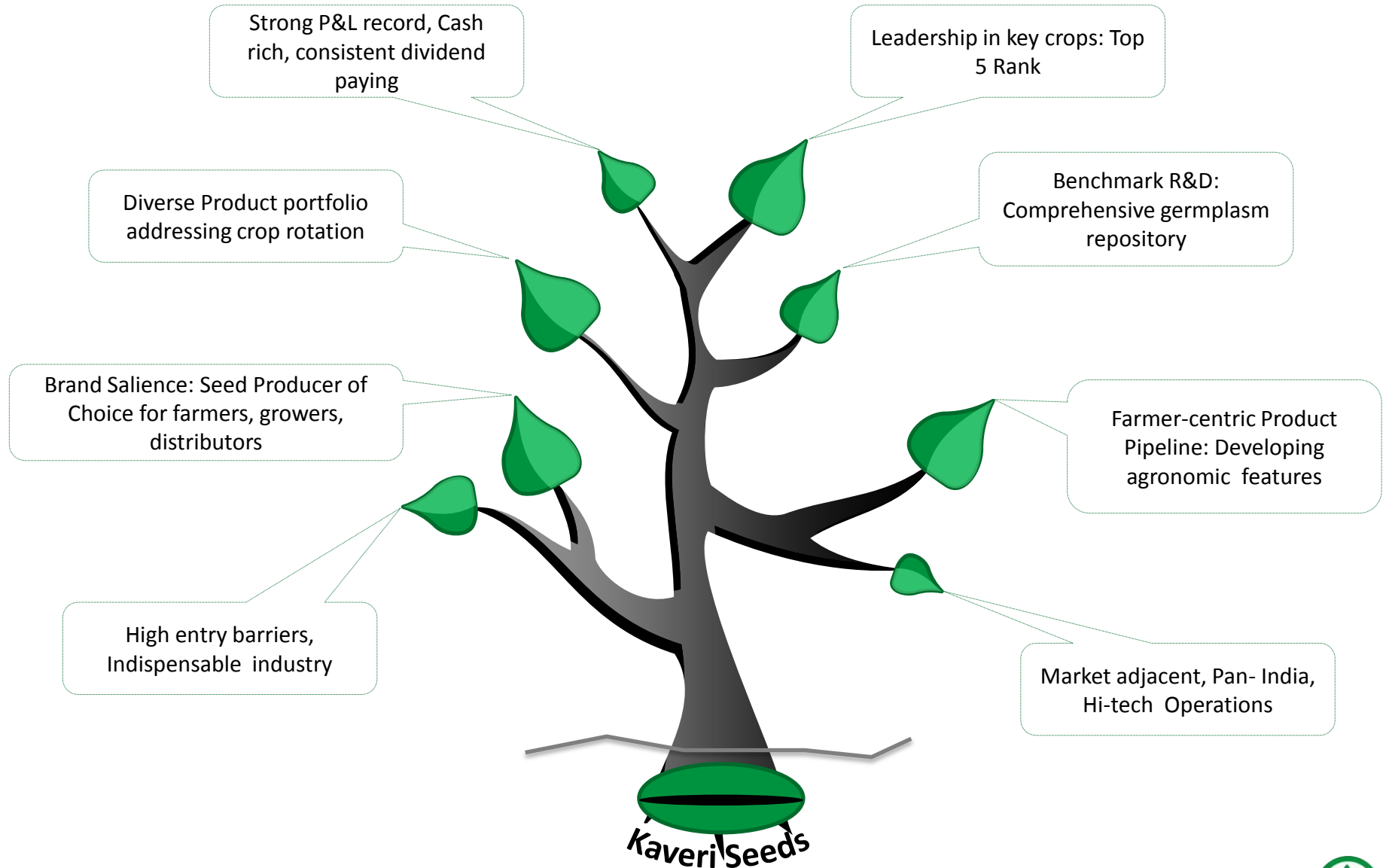
- Successfully introduced two products in cotton
- Several hybrids across Maize, Rice & vegetables
- Over the next 3-5 years, introduce new products in cotton, maize and paddy suitable for Northern & Central India
- Developing farmer-centric product pipeline for future
- Success of established products like Jadoo, ATM, etc. has safeguarded 3-5 year growth



Business Overview

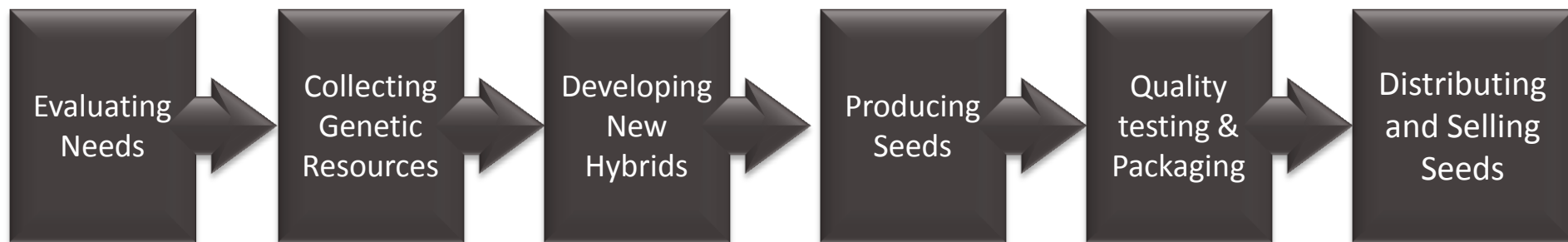


The Kaveri Moat : Seeding Profitable Growth



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

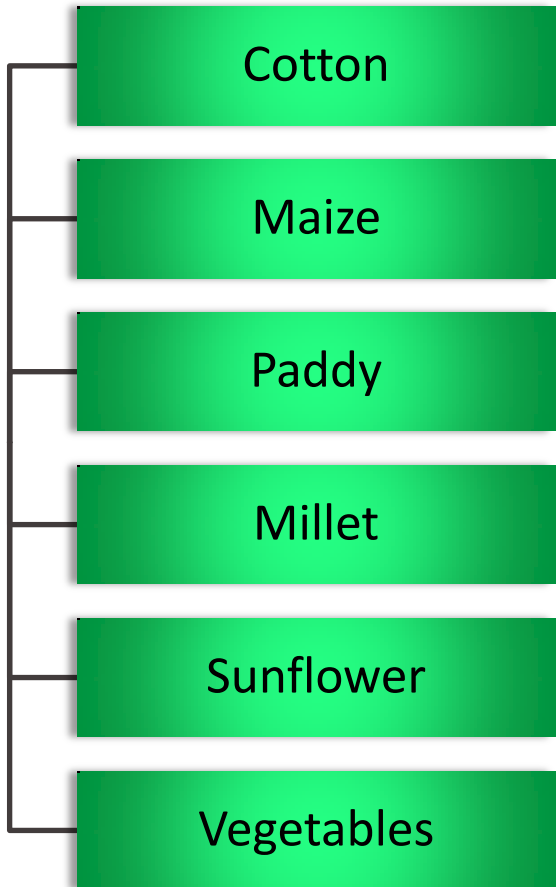


High Entry Barriers

- 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



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

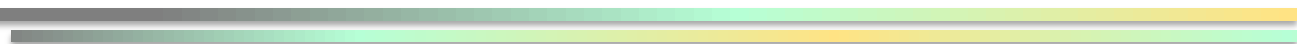
Market oriented & need focused breeding programs resulting in highly successful product portfolio

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



One of the Largest Pools Of Germplasm in India

- Significant investments in the last five years for strengthening R&D
- Developed proprietary germplasm and Hybrids
- Over 600 acres of dedicated research farms with varying agro-climatic conditions
 - State-of-the-art Biotech, Quality check and seed technology labs
 - Cold / DH storage for germplasm
- Multi-location breeding and trial stations
- Strong and highly motivated R&D team over 100 personnel, including 36 scientists - R&D Team headed by highly experienced scientists
 - Conjunct use of Bio and hybrid technologies in product development
 - Deployment of frontier technologies – Doubled haploid breeding, MAS (Marker Aided Selection), MARS (Marker Assisted Recurrent Selection), RGA (Rapid Generation Advance), Inbred pool-heterotic bins, MPS (Multi-parent synthetics) and MAGIC (Multi-parent Advanced Generation Inter-cross populations)
- Research and Development facility recognized by Department of Science & Technology, Government of India
- Partnering with ICRISAT, Melinda Gates Foundation's Harvest Plus program, IRRI's Hybrid Rice Development Consortium, CIMMYT and USDA program on Heat Tolerant Maize for Asia (HTMA) and DBT's Biotechnology Industry Research Assistance Program (BIRAP)
- Collaboration with NARS (National Agricultural Research System) Institutes and All India coordinated crop improvement programs of ICAR

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
 - ~ 95,000 production growers across 12 different agro-climatic zones
 - ~ 65,000 acres under seed production
- High credibility with the farmers
- Focused programmes to spread awareness amongst farming community on new products in market

Amongst The Largest Processing Capacities

- 6 Company owned plants across 6 key locations in India with a combined processing capacity of ~ 120 tonnes per hour
- Modern equipment for pre-cleaning, grading, cob drying, storage, packing
- Large-scale grow-out test (GOT) area - 300 acres of land
- Maize cob drying facility with a capacity of 2900 tonnes per cycle
- Green houses for screening, uniform blast nursery for disease/pest screening
- Cotton delinting facility

Strong Warehouse Capabilities

- Warehouses across India with combined storage space of ~500,000 sqft
- Dehumidified, climate-controlled storage facilities
- Storage godowns of ~135,000 sqft. (cold) and ~280,000 sqft. (ambient) with holding capacity of ~25,000 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
- Outreach centers are a key ingredient of expanding operations serving as feedback/marketing centers gauging farmer needs and educating them to grow the product in best usage techniques





Thank you
