

kaveri seed company limited



24th May 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 Q4 & FY 2018 Results Announced on 24th May, 2018-Reg

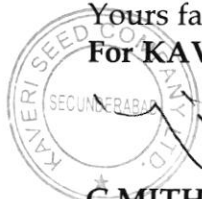
Please find attached herewith Presentation of Kaveri Seed Company Limited Q4 & FY 2018 Results announced on 24th May, 2018. The same was displayed at our Company's website at www.kaveriseeds.in

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 – Q4 & FY18



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.



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Backdrop & Outlook**

**Quarterly
Performance**





INDUSTRY BACKDROP & OUTLOOK





Industry Backdrop

- Seed Industry Sales trend compared to last year

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

- Overall rainfall was normal but with wide variation
- Dry spell in August impacted yield of crops like maize, soybean and other short duration crops
- Late rains impacted crop in many areas
- Late withdrawal of monsoon helped moisture build up for Rabi season
- Tamil Nadu recovered from last year drought
- Vegetable market has improved in H2 compared to H1
- Commodity prices have remained lucrative for cotton

- Crop-wise area coverage during Rabi 2017-18:
As on February 09, 2018

Area in lakh hectare

Crops	2017	2016	YoY Change %
Maize	16.96	16.55	0.41
Rice	31.89	27.32	4.57
Bajra	0.31	0.18	0.13
Pulses	169.1	160.6	8.5
Oilseeds	80.87	84.85	-3.98

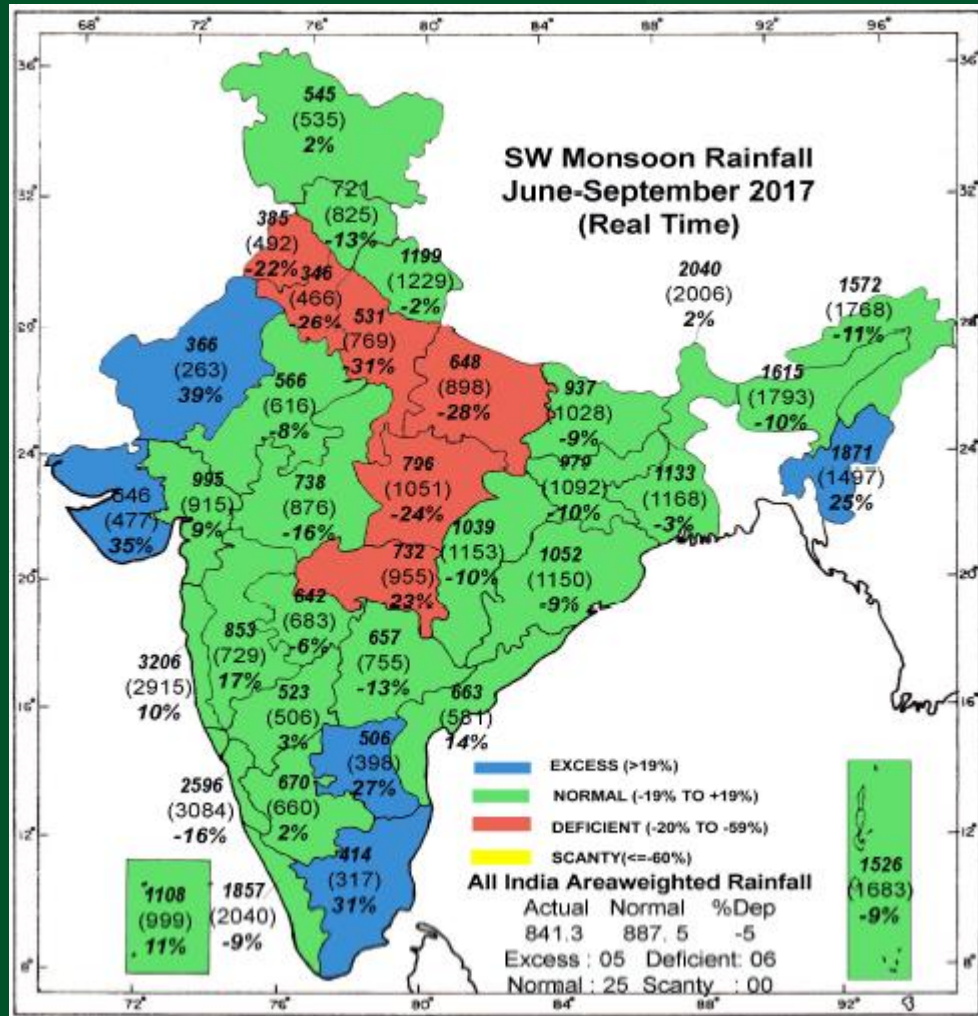
- Crop-wise area coverage during Kharif 2017:
As on September 29, 2017

Area in lakh hectare

Crops	2017	2016	YoY Change %
Cotton	122.6	102.8	19.3
Maize	80.5	84.2	(4.4)
Rice	379.1	382.4	(0.9)
Bajra	71.8	70.4	2.0
Pulses	142.0	147.5	(3.7)
Oilseeds	173.4	190.3	11.7



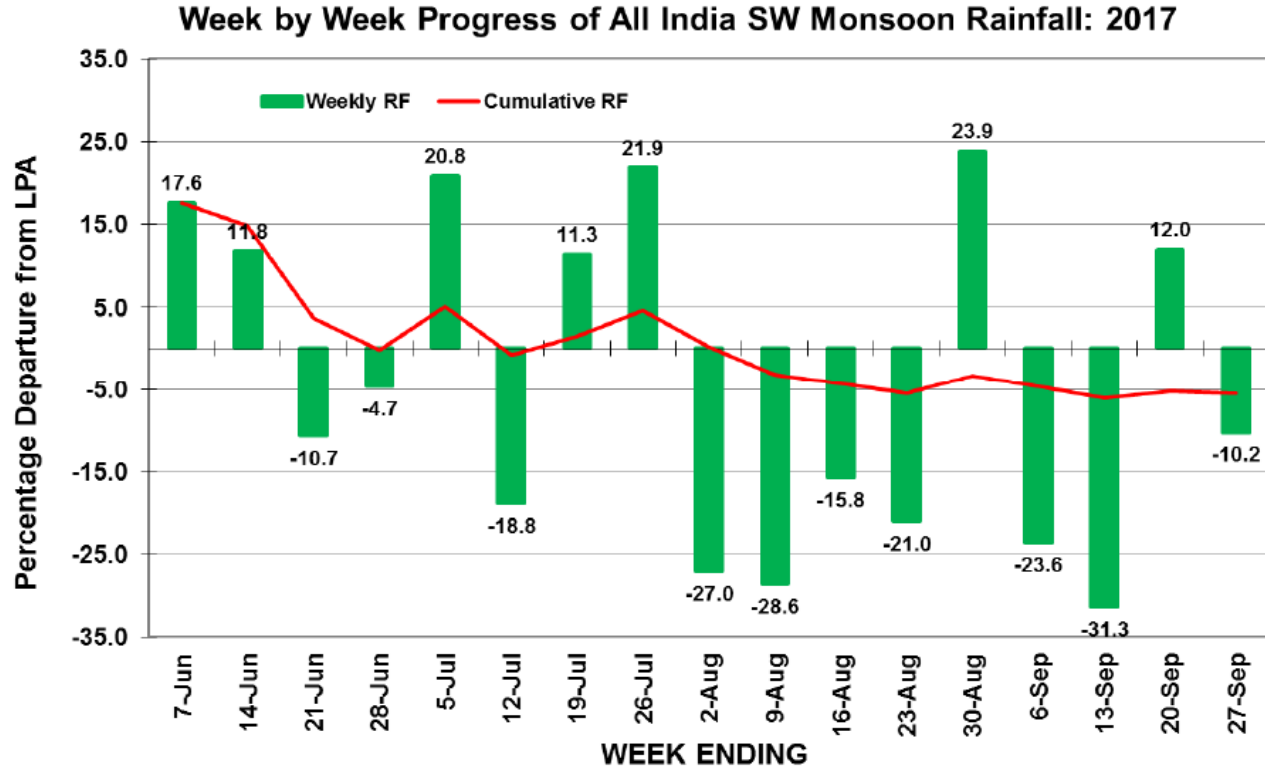
Industry Backdrop – All India Rainfall



Source: IMD



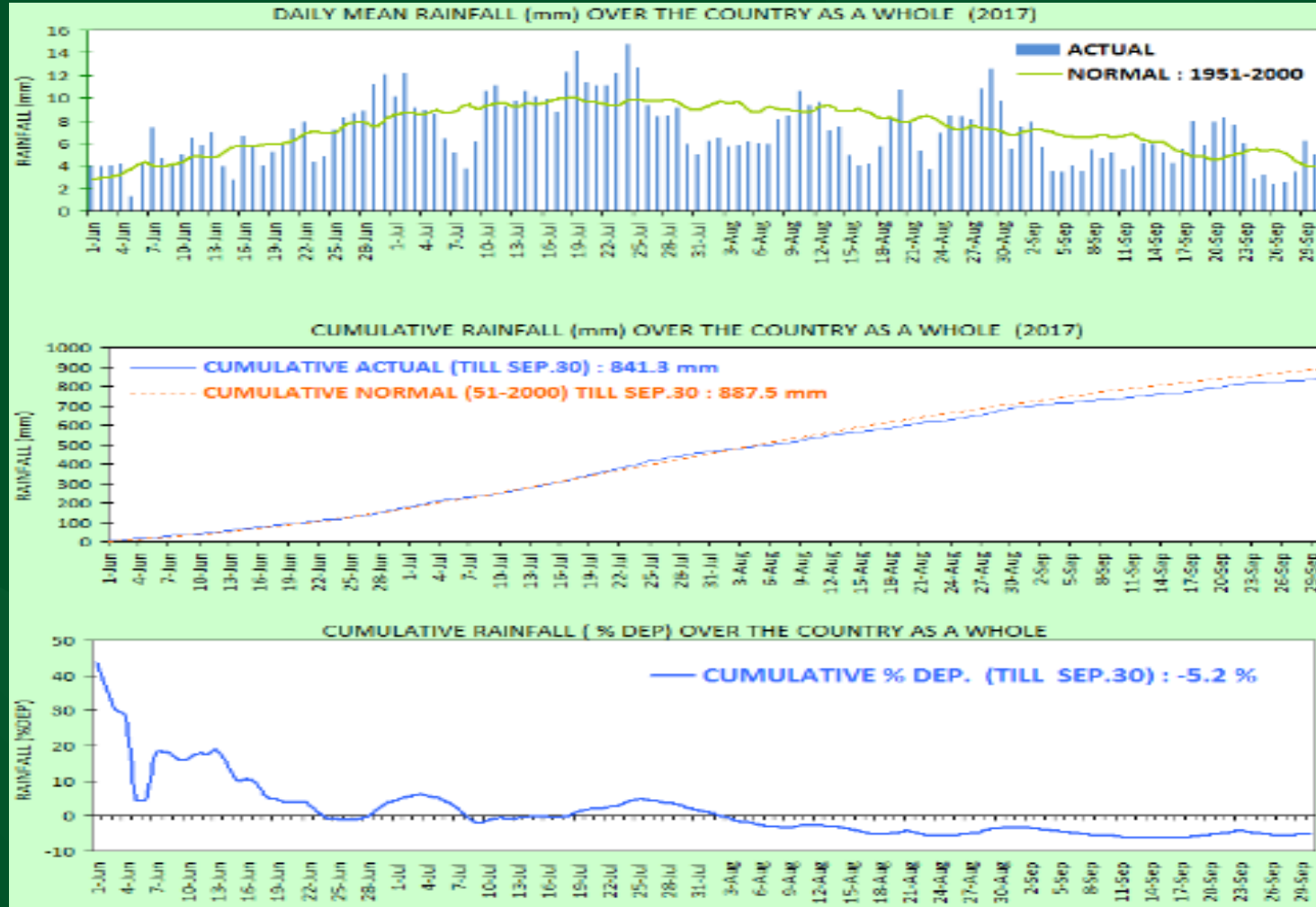
Industry Backdrop – All India Rainfall



Source: IMD



Industry Backdrop - All India Rainfall



Source: IMD



Industry Backdrop - Cotton

Area coverage during Kharif 2017
as on September 29, 2017

<i>Area in lakh hectare</i>			
State	2017	2016	YoY Change %
Andhra Pradesh	6.1	4.4	40.1
Telangana	19.1	12.4	54.4
Gujarat	26.4	24.0	9.6
Karnataka	4.9	4.4	12.8
Madhya Pradesh	6.0	6.0	0.0
Maharashtra	42.1	38.1	10.4
Haryana	6.6	5.2	27.1
Punjab	3.9	2.6	50.4
Rajasthan	5.0	3.8	30.8
Others	2.6	2.0	32.5
Total	122.6	102.8	19.3

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
- Use of Illegal Herbicide Tolerance was found in few states
- September rains impacted quality and quantity for early picking
- Pink Bollworm reported in few places. Prophylactic spray by farmers to prevent damage by pink bollworm has gone up
- Commodity prices are at lower levels compared to last year. However, Cotton still the most profitable crop as compared to other crops



Industry Backdrop - Maize

Area coverage during Kharif 2017
as on September 29, 2017

Area coverage during Rabi 2017-18
as on February 09, 2018

Area in lakh hectare

State	2017	2016	YoY Change %
Madhya Pradesh	13.2	12.6	4.3
Rajasthan	9.1	9.3	(2.4)
Karnataka	11.3	12.8	(12.0)
Maharashtra	9.1	9.2	(0.9)
Uttar Pradesh	7.3	7.8	(7.0)
Telangana	4.5	5.9	(22.9)
Bihar	4.1	4.3	(5.3)
Gujarat	3.1	3.2	(5.2)
Himachal Pradesh	2.9	3.0	(1.0)
Jharkhand	2.8	2.9	(0.7)
Orissa	2.3	2.3	0.4
Chhattisgarh	2.3	2.3	0.4
Jammu and Kashmir	2.0	2.0	(0.5)
Punjab	1.4	1.5	(6.9)
Andhra Pradesh	1.0	0.8	25.6
Others	3.3	3.3	1.2
Total	80.6	83.9	(4.0)

State	2017	2016	YoY Change %
Bihar	4.3	4.5	(3.79)
Andhra Pradesh	2.0	1.5	34.04
Maharashtra	2.2	2.8	(22.92)
Tamil Nadu	1.3	1.7	(21.37)
West Bengal	0.9	0.7	22.57
Telangana	1.6	1.5	9.93
Karnataka	1.4	0.9	56.82
Gujarat	1.0	1.3	(18.28)
Chhattisgarh	0.7	0.6	16.87
Assam	0.3	0.2	30.43
Uttar Pradesh	0.6	0.2	332.00
Orissa	0.0	0.2	(80.61)
Jharkhand	0.1	0.1	(30.00)
Arunachal Pradesh	0.1	0.1	(10.75)
Others	0.2	0.2	(16.49)
Total	15.8	16.6	(4.56)

- 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
- Karnataka market recovered in the second half of the season due to late sowing. However, total market still lower than last year
- Productivity impacted due to weather fluctuation
- Rabi exports impacted due to crop shift to Hybrid Rice in Bangladesh



Industry Backdrop – Commodity Prices

Cotton

Rs. Per Quintal	Apr-18	Apr-17	YoY Change %	Mar-18	MoM Change %
Andhra Pradesh	4,450	4,290	4	4,290	4
Gujarat	4,435	4,763	(7)	4,434	0
Karnataka	4,104	5,411	(24)	4,240	(3)
Madhya Pradesh	4,534	4,534	0	4,614	(2)
Maharashtra	4,565	4,565	0	4,573	0
Telangana	4,475	4,432	1	4,475	0

Maize

Rs. Per Quintal	Apr-18	Apr-17	YoY Change %	Mar-18	MoM Change %
Andhra Pradesh	1,080	1,111	(3)	1,4265	(24)
Karnataka	1,119	1,526	(27)	1,121	0



Outlook

Industry

- IMD expects good monsoon for 2018
- Cotton market to be impacted by
 - Pink boll worm issues impacting yield as well as quality
 - 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
- Major crop shifts not expected in Kharif 2018 - some interchange of two way shift of area between Cotton and Maize

KSCL

- Marginally higher COGS due to unseasonal rain in October 2017
- 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 Rice to grow on the back of KPH 468 and several products launched and notified
- 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





FY18 Initiatives and Outcomes

Company

- Focus on Non Cotton growth with addition of sales locations, expansion in North and new product initiatives
- Higher efficiency in tracking supply and liquidation of products in tight supply situation (Cotton and some Hybrids of Maize) in order to minimize sales returns
- Focus on building strategic inventory for early season Rice products
- Improvisation in production strategy for key Maize Hybrids
- Vegetables – continue to ramp up investment in Manpower, R & D and Marketing
- Introduction of new hybrids- Okra 3 Hybrids, Hot pepper – 6 Hybrids, Tomato -3 Hybrids, Gourds -8 Hybrids
- Strengthen Multi Location Trials both in terms of Scale and Approach

Supply Chain

- Introduction of new process & matrix changes combined with as per plan execution, helped achieve targeted production volumes
- Initiated GMS lines Seed production concept on pilot basis. This will cut down manual emasculation & thereby reduce the cost of seed production
- Organized the Seed production program in multiple geographies to mitigate the unforeseen risks
- Increased Rice production during Kharif to meet the market requirements in time
- Identified new production locations for Maize, Sunflower & in turn improved the per acre seed productivities

Finance

- The Company places a strong emphasis on cash distribution. Continued to judiciously and cautiously create long term shareholder value
 - It effected a Rs. 200 cr buyback in Aug 2017. Further, 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
 - Announced a Rs. 200 crore buyback program (at Rs. 675 per equity share) in May 2018 for FY19.
- Board approved implementation of Employee Stock option Plan .To form ESOP trust for Secondary Market Acquisition of Equity Shares of the Company
- SAP implemented



FY18 Initiatives and Outcomes

Field Crop

- **Market share gains**
 - Cotton market share gain despite declining cotton market. Significant gain in Maharashtra
 - Reduced sales return
 - Expanding footprint outside of Telangana/Andhra Pradesh and Karnataka
- **Increased visibility and mindshare**
 - Retailer reach and connect increased
 - Higher farmer incentive program – provided discount coupons at time of harvest which can be redeemed at the time of purchase
 - Focused training of Field Assistants for educating farmers on advanced agronomic practices and product knowledge
 - Revenue per employee of Cotton & Field Crop Sales increased
- **Focus on new products**
 - Several new product launched (Maize – 3, Cotton – 2, Bajra – 4 and Hybrid Rice – 1, Selection Rice – 5, Vegetables -12)
 - Increased number of demonstration of pre commercial products
- **Launched Channel Loyalty Programe**
 - Cauterize the channel partner based on their business contribution, loyalty and support over the year and FY 18 target to increase business in next three years.
 - Segmented 500 distributors in category of Silver, Gold Diamond and Platinum and celebrated the growth and commitment for next 3 years through different initiatives including overseas family conferences

Marketing

- Focused on strengthening distribution network beyond AP, TS & Maharashtra, to northern, eastern and western geographies
 - Jharkhand >140% growth
 - Orissa >30% growth
 - West Bengal >45% growth
 - Gujarat >50% growth
 - Himachal, Uttarkhand and Haryana more than doubled on small base



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) ○ 10 % Increase in Hybrid Rice business. Selection Rice volumes grew by 40% we have further enhanced our geographic presence in the North and Eastern markets with wider portfolio ○ In Bajra, launch of Supremo for Summer Millet and Scaling up growth of Maximo ▪ Nurturing Vegetables business <ul style="list-style-type: none"> ○ Increased investment in R&D ○ Launch of 10+ new products, in Hot pepper (8 different Hybrids), Okra (Kaveri 703), Tomato (KTH 473, KTH 355, KTH309) ○ Ramping up manpower (Recruiting Over 20+ new headcounts All India) ○ Channel Engagement ○ Enacash the goodwill created due to launch of loyalty program in FY 18 ○ 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"> ○ Strengthening talent in crop-wise R&D Team and R&D MLT Team ○ Beefed up mid-level talent across verticals ○ Strengthening the resourcing in Vegetables Sales Team • Processes <ul style="list-style-type: none"> ○ 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 ○ Strengthen R&D by adjusting breeding strategies to enhance throughput and success rate 	<ul style="list-style-type: none"> • Farmer Connect <ul style="list-style-type: none"> ○ Increased number of demonstration of pre commercial products ○ Increased number of below the line activities to connect with farmers • Channel Engagement <ul style="list-style-type: none"> ○ Mapping of retailer and focus on key retailers ○ Launch Channel loyalty program for distributor to recognize their current contribution and take commitment of future growth about 500 distributor enrolled in loyalty membership program ○ Improved engagement with Channel partners with more meetings 	<ul style="list-style-type: none"> ▪ Deliver volumes as per growth plan <ul style="list-style-type: none"> ○ Organizing the seed production program of Cotton & Corn in all the strategic production locations ○ Strictly implementing Sowing Window ○ Special campaign to manage/control Pink Boll worm in Cotton to improve the seed recoveries ▪ 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 <ul style="list-style-type: none"> ○ Significant growth and market share gain in Gujarat and Maharashtra • Increased R&D effort in North • New Products <ul style="list-style-type: none"> ○ Money Maker growth rate strong across markets



Q4 & FY18 Performance Review

Profitability impacted by:

- Maize volumes impacted by lower acreages in Telangana and Karnataka; and lower exports, Revenue increased due to high value product mix
- Other income lower as a result of lower redemptions
- Cost of production lower as a result of lower write offs. Write Offs of Rs. 23.6 crore in FY18 as against Rs. 66.5 crore in FY17

Rs. lakhs	Consolidated			Standalone			Q4FY18	Q4FY17	Growth (%)
	FY18	FY17	Growth (%)	FY18	FY17	Growth (%)			
Net Sales	81,937	70,636	16	77,240	66,989	15	4,160	4,023	3
Cost of Production	41,834	41,066	2	39,775	39,749	0	2,614	4,423	(41)
Gross Profit	40,103	29,570	36	37,465	27,240	38	1,547	(400)	(487)
<i>Gross Margin (%)</i>	49	42		49	41		37	(10)	
Employee cost	5,439	3,991	36	4,485	3,245	38	1,169	642	82
Other Expenses	12,482	11,624	7	11,179	10,207	10	1,711	1,674	2
Other income	2,367	3,442	(31)	2,369	3,435	(31)	138	177	(22)
EBITDA	24,549	17,397	41	24,170	17,223	40	(1,196)	(2,539)	(53)
<i>EBITDA Margin (%)</i>	30	25		31	26		(29)	(63)	
Depreciation	2,508	3,024	(17)	2,335	2,849	(18)	524	656	(20)
Finance Cost	60	24	150	40	12	226	5	4	9
Exceptional Items	-	(5,924)		-	(5,924)	-		(5,924)	
PBT	21,981	8,425	161	21,795	8,437	158	(1,725)	(9,123)	(81)
PAT	21,124	7,783	171	21,034	7,847	168	(1,838)	(8,719)	(79)
<i>PAT Margin (%)</i>	26	11		27	12		(44)	(217)	



Standalone Balance Sheet Summary

Rs. lakhs	Consolidated		Standalone	
	As on Mar. 31, 2018	As on Mar. 31, 2017	As on Mar. 31, 2018	As on Mar. 31, 2017
Shareholders Fund	101,183.13	101,359.50	102,123.13	102,401.40
Long-term Debt	287.82	463.86	187.82	163.86
Asset Turnover (times)	3.55	3.10	3.53	3.07
Current Assets/ Current Liabilities (times)	2.82	2.56	2.87	2.58

Rs. lakhs	As on Mar. 31, 2018	As on Mar. 31, 2017	As on Mar. 31, 2018	As on Mar. 31, 2017
Inventories	48,858.30	50,338.38	47,978.63	49,554.04
Trade Receivables	8,593.03	8,539.94	6,393.34	6,982.67
Trade Payables	22,186.83	30,263.13	21,433.37	29,647.32
Other current liabilities	19,018.15	19,715.79	18,034.75	18,877.82
Non Cash Net Current Assets (No. of Revenue Days)	333.53	393.74	351.28	410.18



Cash investments as on 31 March 2018

Rs.in Lakhs

All figures based on cost

Fund House	Liquid	Liquid Plus	FMP	CP	Short Term	Medium Term	Total
ASK						2,991	2,991
AXIS	1,000						1,000
BARCLAYS				2,413			2,413
BIRLA		2,215	600		2,365	2,700	7,880
DSP	605				500		1,105
HDFC			6,414			3,800	10,214
ICICI		670	1,780		2,902	3,703	9,056
IDFC		1,286				1,100	2,386
IIFL						2,500	2,500
KOTAK		4,000	1,270				5,270
RELIANCE		1,253	1,612	2,414		5,300	10,578
TATA		509			297		806
UTI					500		500
Total	1,605	9,933	11,677	4,827	6,564	22,094	56,700

Total cash on books of Rs . 580 crore as on 31 March, 2018 (Consolidated)



Q4 & FY18 Operational Highlights

- Cotton Kaveri volumes grew by 28% in FY18
 - Gained cotton seed market share in Gujarat, Maharashtra, Karnataka
 - Contribution of new product went up from 7% to 10% of volume
- Maize volumes dropped by 13% YoY in FY18
 - Market declined in key Kaveri states of Telangana and Karnataka
 - Government business volumes dropped compared to last year
- Hybrid Rice volumes increased by 10% in FY18 in spite of drop in govt business
 - Introduction of new hybrid helped
 - Contribution of new product went up from 1% to 17% of volume
- Selection Rice volumes grew by 40% in FY18
 - Contribution of new products went up from 3% to 10%
- Bajra - Volume has dropped but new product contribution is up
 - New product contribution has gone up from 6% to 16% of volume
- Sunflower volume has doubled in FY18 compared to FY17
- 2 new Cotton hybrids launched and 2 new cotton hybrids under demonstrations with farmers. Performance of Money Maker appreciated by farmers
- 3 new hybrids launched in maize for kharif season. 1 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 product launched
- 2 new hybrids launched in hybrid rice and 5 new products launched in selection rice. KPH 468 13x growth. Consistent performance across geography. Plan in place to ramp up in coming year. 1 new hybrid in hybrid rice and 2 new products in selection rice under demonstration
- Notifications for 2 new rice hybrids, 1 Maize hybrid and 1 tomato hybrid



Leadership Product Portfolio

Top 5 rank in key crop segments

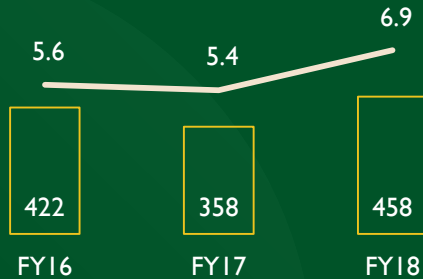
Kaveri Market Share by crop (in %)	FY16	FY17	FY18
Cotton	13.8	14.4	15.5
Maize	10.2	10.8	10.3
Hybrid Rice	4.5	4.1	4.0
Pearl millet	10.0	9.1	8.0

Kaveri's cotton seed volume break-up

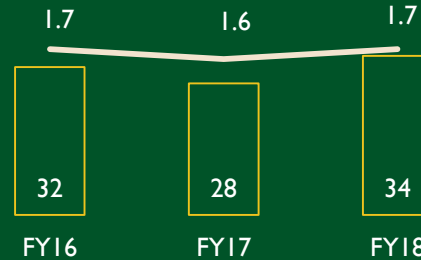
(m packets)	FY16	FY17	FY18
AP & Telangana	3.42	2.92	3.20
Maharashtra	1.12	1.49	2.23
Karnataka	0.45	0.42	0.68
Gujarat	0.25	0.24	0.41
Madhya Pradesh	0.16	0.19	0.21
Others	0.18	0.19	0.21
All India	5.59	5.44	6.94

- 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

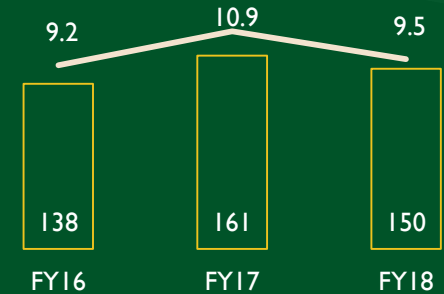
Cotton seed revenue & volumes



Hybrid Rice seed revenue & volumes



Maize seed revenue & volumes



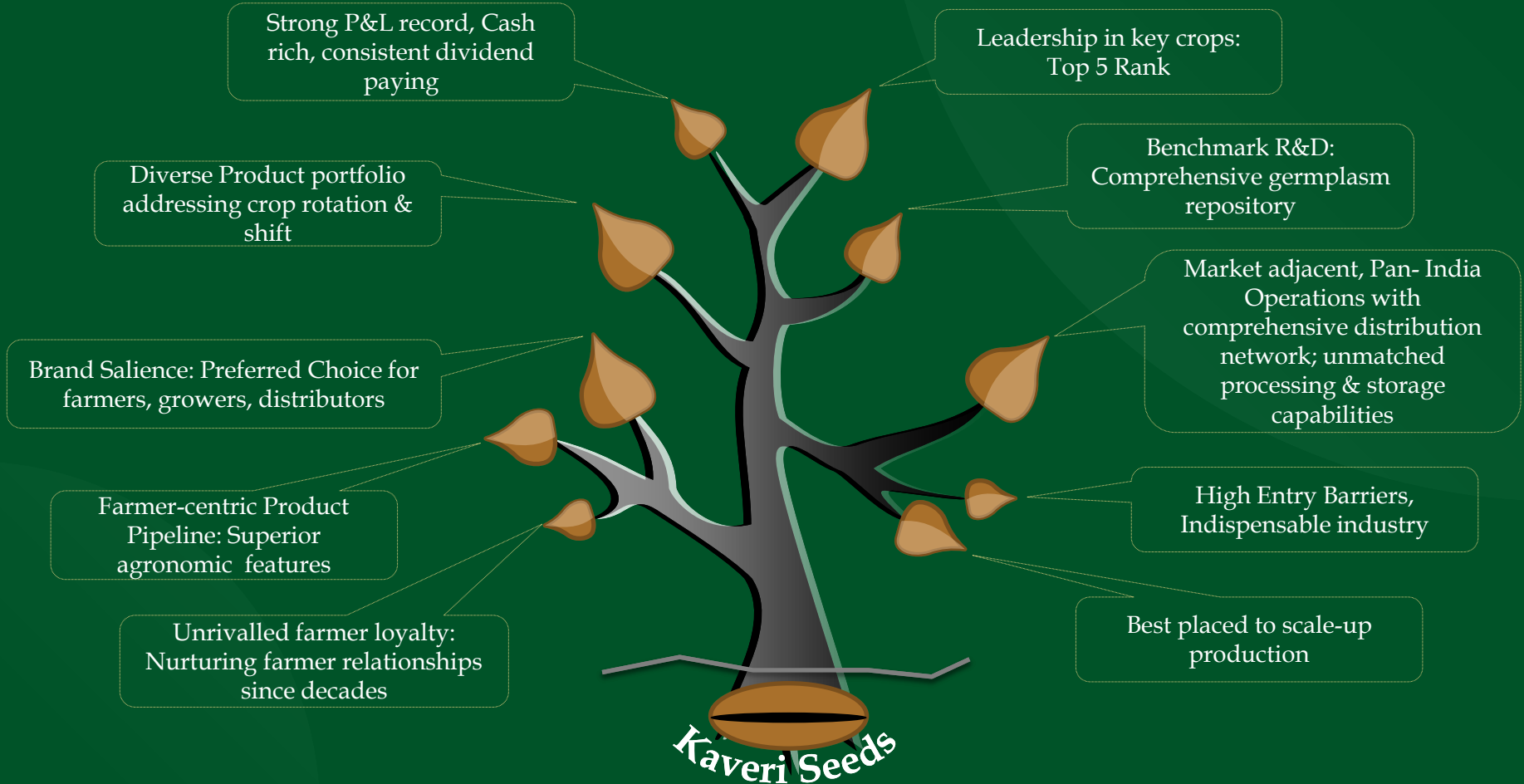
Net Revenues (Rs cr) Sales Volume (mn packets)

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

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



The Kaveri Moat: Seeding Profitable Growth





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THANK YOU