

kaveri seed company limited



26th 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

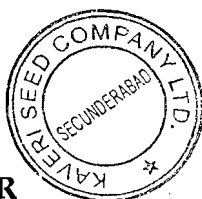
Please find attached herewith Presentation of Kaveri Seed Company Limited Q4 & FY 2018 Result announced on 24th May, 2018. The same was displayed at our Company's website at www.kaveriseeds.in

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

Investor Presentation – May 2018



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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Business Overview

**Industry Backdrop
& Outlook**

**Quarterly
Performance**

**5 Years Financial
Performance**





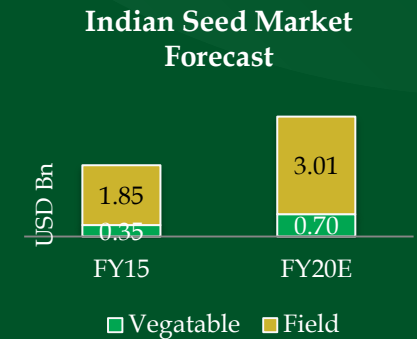
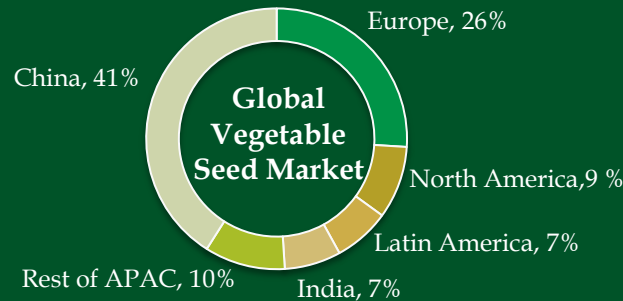
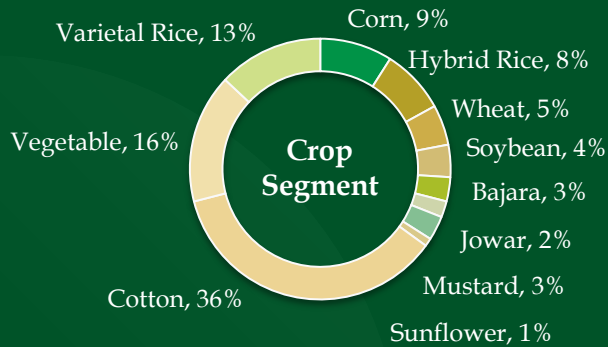
BUSINESS OVERVIEW





Industry Overview

- The Agriculture sector commands the largest share of the country's total land area at about 48% (or 156 million hectares) compared to USA's 18% (or 158 million hectares) and China's 15% (or 106 million hectares). While India has more arable land than China, its production is only half that of China
- The reasons for the lower productivity are low usage of high quality seeds, fertilizers, pesticides, lower farm mechanization, weak credit facilities, shortage of water and energy
- The organized Indian seed industry has been in existence since 30+ years; however the last decade has witnessed exponential and transformational growth
- The Indian Seed Industry is the 6th largest in the world in value terms accounting for about 4.5% of global industry preceded by the US (27%), China (22%), France (6%), Brazil (6%) and Canada (4.8%)
- In volume terms consumption has seen a CAGR of 8.4% from FY09 to FY15 to reach 3.5 million tonnes
- Use of branded seed and hybrid seed has been consistently increasing, Seed Replacement Rate (SRR) on the rise



Source: ISF & Sathguru Analysis

(Rs/\$ Exchange rate: FY15 at 65.42)



Industry Overview



Cotton Seed

- High market penetration of hybrids
- Growth a function of market share gains, High Density Planting and Mechanical Harvesting
- Pricing subject to GOI's Price Control Order
- KSCL is market leader
- Company developed hybrids with only the pest control trait sourced under license



Paddy

- Paddy is the largest crop under cultivation in India and is the staple food for large population
- Hybrid penetration at less than 10%
- Farmers used saved seed; however branded and hybrids gaining increased acceptance
- Market for both selection variety rice and hybrid rice growing rapidly



Corn (Maize)

- Maize is the most widely grown crop worldwide
- India is the world's 6th largest producer and 5th largest consumer of maize
- Maize acreage has grown in India over years as it is highly adaptable to different season, requires less water, easy to grow with good commodity price
- Demand for Maize in India in expected to continue to grow due to demand from feed industry (accounting for ~50% of domestic maize demand) and export opportunity (seen a strong 24% CAGR in FY2005-14)



Vegetables

- Hybrid vegetable seed is one of the fastest-growing segments in India estimated to be around INR 2,000 crore
- India is the second-largest producer of vegetables in the world, after China
- Round the year crop, safeguarding from crop shift patterns



The Kaveri Moat: Seeding Profitable Growth

Strong P&L record, Cash rich, consistent dividend paying

Leadership in key crops: Top 5 Rank

Diverse Product portfolio addressing crop rotation & shift

Benchmark R&D: Comprehensive germplasm repository

Brand Salience: Preferred Choice for farmers, growers, distributors

Market adjacent, Pan-India Operations with comprehensive distribution network; unmatched processing & storage capabilities

Farmer-centric Product Pipeline: Superior agronomic features

High Entry Barriers, Indispensable industry

Unrivalled farmer loyalty: Nurturing farmer relationships since decades

Best placed to scale-up production

Kaveri Seeds



Company Profile



With consistent performance in all functional areas of the Company, our endeavour is to make Kaveri a benchmark seed company with the best of research, innovation and product development.

To realise our vision, every member at kaveri will adopt consequential values of the Company and inculcate sustainable business practices. In our endeavour to reach the goal, team Kaveri would uphold all brand promises to its stakeholders.

We have over three decades of experience in application of the science of genetics and principles of plant breeding in the evolution of crop hybrids, quality seed production, conditioning and processing and in building extensive distribution network with strong farmer relationship.

We are serving Indian farmer consistently to improve their crop yields ever since inception. We have developed enduring relationships with farmers across India; and our 'Kaveri Seeds' brand enjoys wide reputation and loyalty, owing to our product range and quality commitment.



Board of Directors & Key Management



Mr. G. V. Bhaskar Rao
Founder promoter, Chairman
& Managing Director



Dr. G. Pawan
Vice Chairman - Non
Executive



Mrs. G. Vanaja Devi
Founder Director



Mr. C. Vamsheedhar
Executive Director



Mr. C. Mithun Chand
Executive Director



Dr. S. Raghuvardhan Reddy
Board member



Dr. P. Vara Prasad Rao
Board member



Mr. K. Purushotham
Board member



Dr. S. M. Ilyas
Board member



Mrs. Musinipally Chaya Ratan
Board member



Mr. Satish Patil
Chief Operating Officer



Mr. G. Vijay Kumar
Chief Financial Officer



Relevant facts

30+ Years

Rich experience in Indian seed industry

50,000+ acres

Land under seed production across different agro-climatic zones

214

Number of filings to date

7

State-of-the-art seed technology, processing and storage plants

2,900^{MT}/cycle

Maize cob drying facility

100+

Developed high-quality hybrid and varieties across field crops and vegetables

30,000+

Loyal production growers, across 12 different agro-climatic zone

94

Product registrations with PPV to date

600,000 sqft

Cumulative warehouse space at multiple strategic location across India

16^{MT}/day

Environment-friendly cotton delinting capacity

3rd

Largest producer of hybrid cotton seeds in India

15,000+

Customer touchpoints across India's 15 key states

16

Notified hybrids under CVRC- GoI

~ 130^{MT}/hour

Total average throughput

8^{MT}/day

Ginning capacity

750+

Motivated team members

1,000+

Field promoters, who work with farmers all the time

170 +

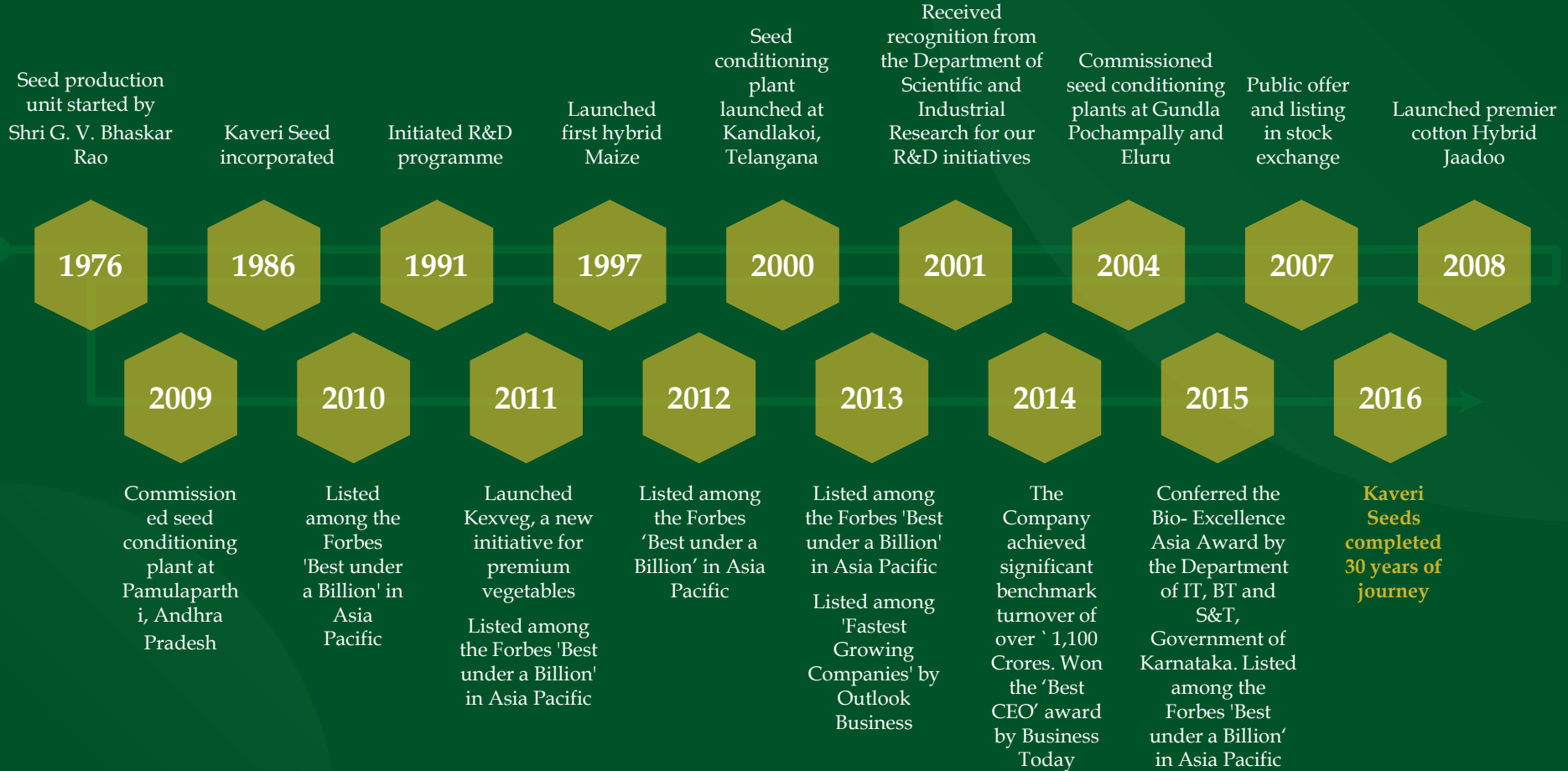
Outreach trial centres

14,000^{MT}

Total cold storage capacity



A 30 year Transformational Journey





Diversified Seed Portfolio

Field Crops



Cotton



Maize



Rice



Bajra



Sunflower



Mustard



Sorghum



Pulses



Wheat

Vegetables



Tomato



Okra



Hot Pepper



Watermelon



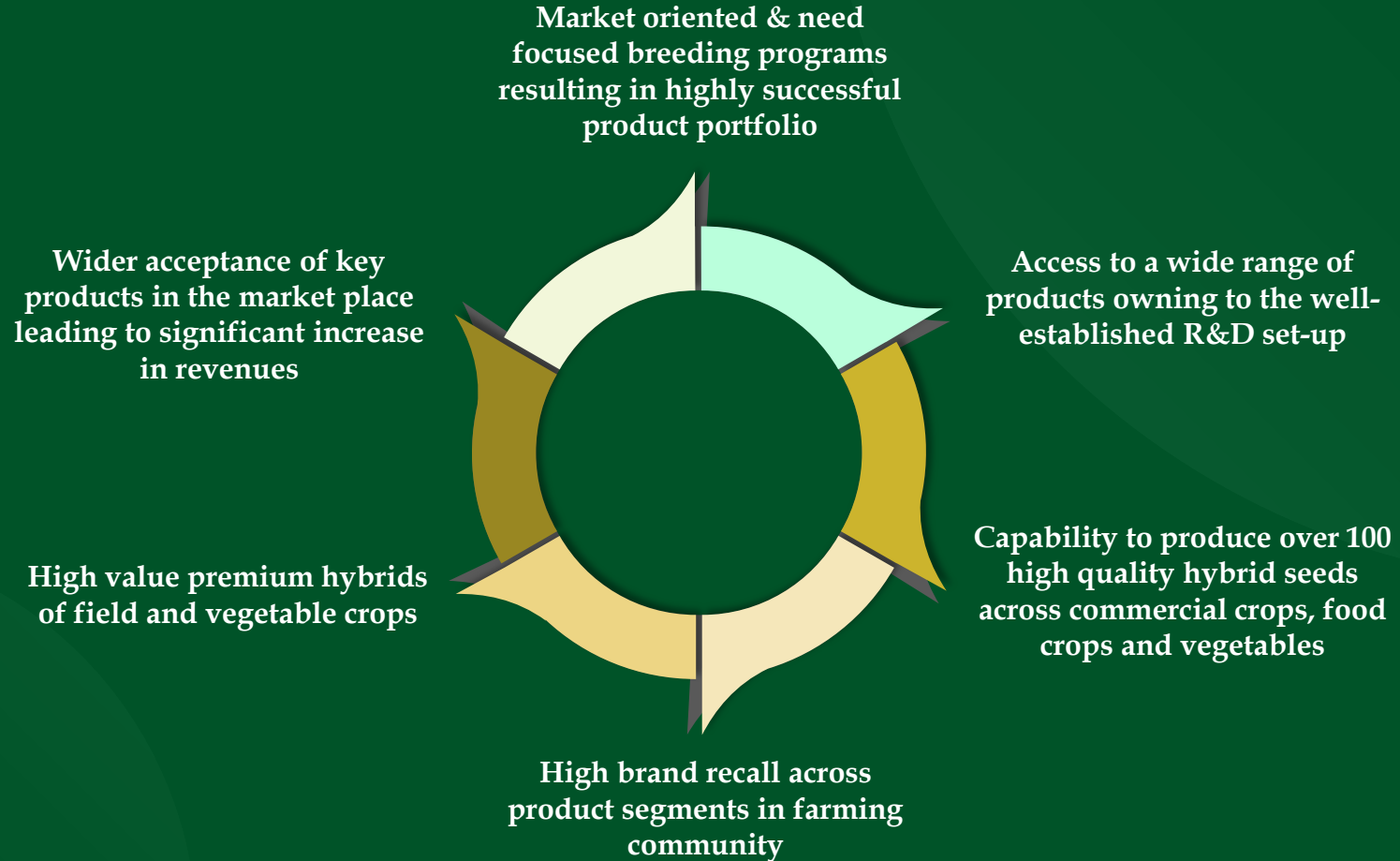
Gourd



Eggplant



Diversified Seed Portfolio





Leadership Product Portfolio

Top 5 rank in key crop segments

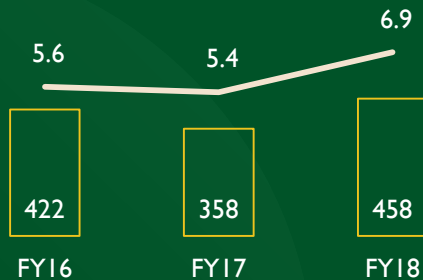
Kaveri Market Share by crop (in %)	FY16	FY17	FY18
Cotton	13.8	14.4	15.5
Maize	10.2	10.8	10.3
Hybrid Rice	4.5	4.1	4.0
Pearl millet	10.0	9.1	8.0

Kaveri's cotton seed volume break-up

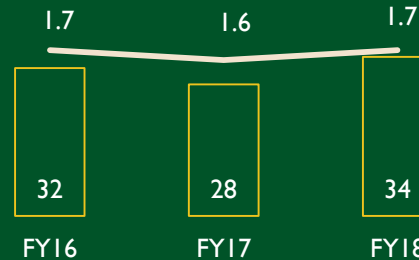
(m packets)	FY16	FY17	FY18
AP & Telangana	3.42	2.92	3.20
Maharashtra	1.12	1.49	2.23
Karnataka	0.45	0.42	0.68
Gujarat	0.25	0.24	0.41
Madhya Pradesh	0.16	0.19	0.21
Others	0.18	0.19	0.21
<i>All India</i>	<i>5.59</i>	<i>5.44</i>	<i>6.94</i>

- 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

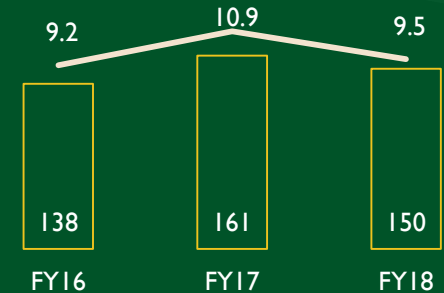
Cotton seed revenue & volumes



Hybrid Rice seed revenue & volumes



Maize seed revenue & volumes



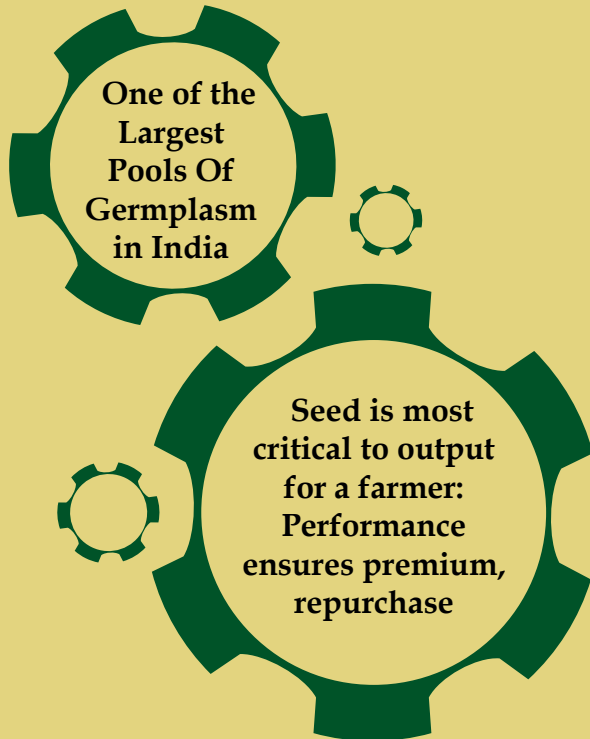
Net Revenues (Rs cr) Sales Volume (mn packets)

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

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



Benchmark R&D



- 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 about 100 personnel, including more than 20 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), DBT's Biotechnology Industry Research Assistance Program (BIRAP) and Asian Vegetable Research and Development Center (AVRDC) for Vegetables
- Collaboration with NARS (National Agricultural Research System) Institutes and All India coordinated crop improvement programs of ICAR



Supply Chain Management



- Sales Forecast
- Seed Production Planning

- Foundation Seeds
- Hybrid Seeds

- Inbound
- Raw materials
- Packing Material & Chemical



Planning

Field Production

Logistics

1

2

3

4

7

6

5

Seed Markets

Logistic

Storage

Plant Processing



- Drying
- Processing
- Packing
- Finished Goods



- Domestic
- Exports



- Outbound
- Finished Goods Delivery



- Ambient storage – short term
- Cold storage – long term



-
- ```

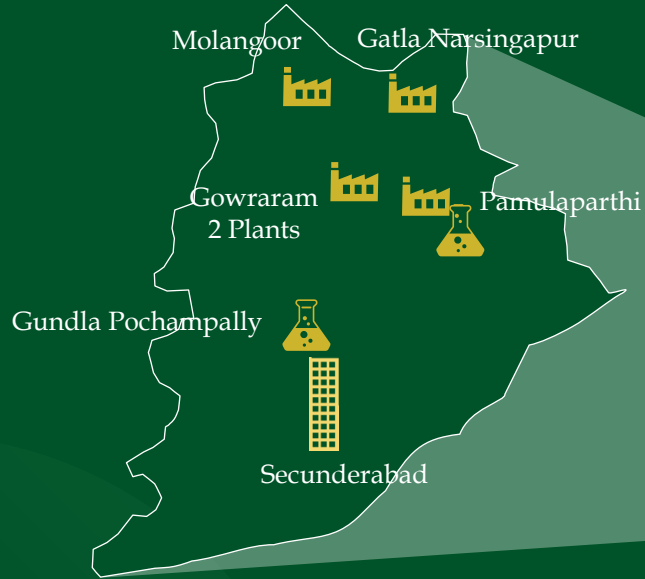
graph LR
 A[Evaluating Needs] --> B[Collecting Genetic Resources]
 B --> C[Developing New Hybrids]
 C --> D[Producing Seeds]
 D --> E[Quality testing & Packaging]
 E --> F[Distributing and Selling Seeds]





```
- Evaluating Needs → Collecting Genetic Resources → Developing New Hybrids → Producing Seeds → Quality testing & Packaging → Distributing and Selling Seeds





# Distribution Presence



-  - Presence
-  - Head Office
-  - Plant
-  - R&D Laboratory



# Best-in-class, Market adjacent, Scalable Operations

## Strong Brand Equity in farming community

- Large production area across India with a loyal 'producer farmer' network
  - 30,000+ loyal production growers across 12 different agro-climatic zones
  - 1,000+ field promoters, who work with farmers all the time
  - ~ 50,000 acres under seed production across different agro-climatic zones
- High credibility with the farmers
- Focused programmes to spread awareness amongst farming community on new products in market

## Amongst The Largest Processing Capacities

- 7 Company owned plants across key locations in India with a combined processing capacity of ~ 130 tonnes per hour
- Modern equipment for pre-cleaning, grading, cob drying, storage, packing
- Maize cob drying facility with a capacity of 2,900 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 ~600,000 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 15,000 direct/indirect distributors across the country
- More than 200 highly motivated marketing professionals on a pan India basis
- Utilize more than 8,000 man-months of Promoters to communicate about farming best practices to farmers



# High Entry Barriers: Brand Equity Paramount

- 
- Need for high investments in R&D for seeds
  - Lead time from R&D to commercial launch is 7-8 years
  - Requirement of a wide distribution 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
  - Farmers will not jeopardize their years' worth of income and land arability on unestablished company seeds



# Farmer-engagement Programmes

## Increased visibility and mindshare

- Retailer reach and connect increased
- Focused training of Field Assistants for educating farmers on advanced agronomic practices and product knowledge
- Revenue per employee of Cotton & Field Crop Sales increased by more than 25% YoY in FY17

## On-farm technology demonstration

- Conduct farmer education programmes across geographies to make them aware of new and high-yielding products; also educating them about best-in-class farming techniques to increase yield and income
- Strengthens the confidence and trust of farmers in the Kaveri brand
- Have increased the number of farm demonstrations for many of our pipeline products
- Multi Location Trials increased

**Krishi melas:** Participate in and sponsor agricultural fairs at state and district levels aimed at disseminating knowledge on new technologies and better farming techniques among farmers. These public gatherings are organised in collaboration with the State Department of Agriculture, SAU's and ICAR institutions.

## Other initiatives

- Provide financial assistance to farmers when needed
- Our team approaches farmers and provides time-critical farm assistance
- We have promoters who educate farmers about our products and agronomy practice to be followed in specific geographies
- We engage in several BTL and ATL branding initiatives for targeted audiences







# Seeding Community Wellbeing

**As a responsible corporate citizen, we undertake several sustainability initiatives for the well-being of communities. Our interventions help farmers improve their lives and be a part of India's socioeconomic progress.**

**We have adopted three villages (Gatla Narsingapur, Ramnagar and Bollone Pally) in Telangana, where we conducted the following programmes during the year:**

- Constructed new school buildings at Siddipet town and Gatla Narsingapur village in Karimnagar district
- Disbursed salaries of Vidya volunteers of Upper Primary School (UPS) and Zilla Parishad High School (ZPHS) at Gatla Narsingapur village,
- Built a mineral water plant at Gatla Narsingapur to supply potable water
- Distributed books and school bags among students of several UPS and ZPHS in Bheemdevarpally Mandal, Karimnagar district, for the academic year 2016-17
- Made furniture for a school at Gatla Narsingapur village and several colleges in Karimnagar district
- Funded school maintenance expenses like electricity charges of school buildings, upkeep of canteens and arranged sports and cultural activities at UPS and ZPHS in Gatla Narsingapur village
- Built new roads and improved the existing road and drainage facilities in the three villages
- De-silted a tank at Gatla Narsingapur to ensure better water storage facility
- Provided a school bus to Gatla Narsingapur village to facilitate smooth journey of the village children from home to school and back
- Installed computers at the Gatla Narsingapur village school for students to learn the nuances of technology
- Donated funds to 'Swarna Bharath Trust' for rural development activities
- Constructed a community hall
- Led massive plantation drives in three villages under the 'Haritha Haram' programme
- Adopted three schools in three villages to ensure education and empowerment of school-going children
- Provided scholarships to school and college students from socially backward communities, encouraging them to pursue higher studies





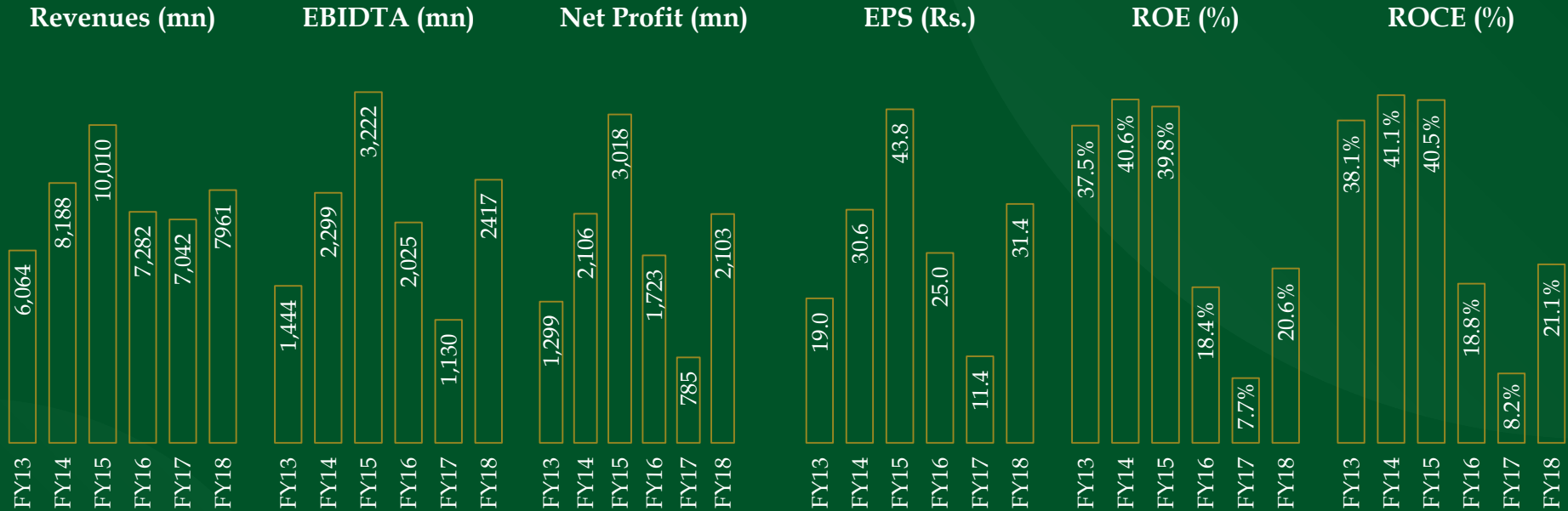
# 5 YEARS FINANCIAL PERFORMANCE





# 5 Year Financial Highlights: Standalone

## Significant Growth Trajectory and Superior Return Profile



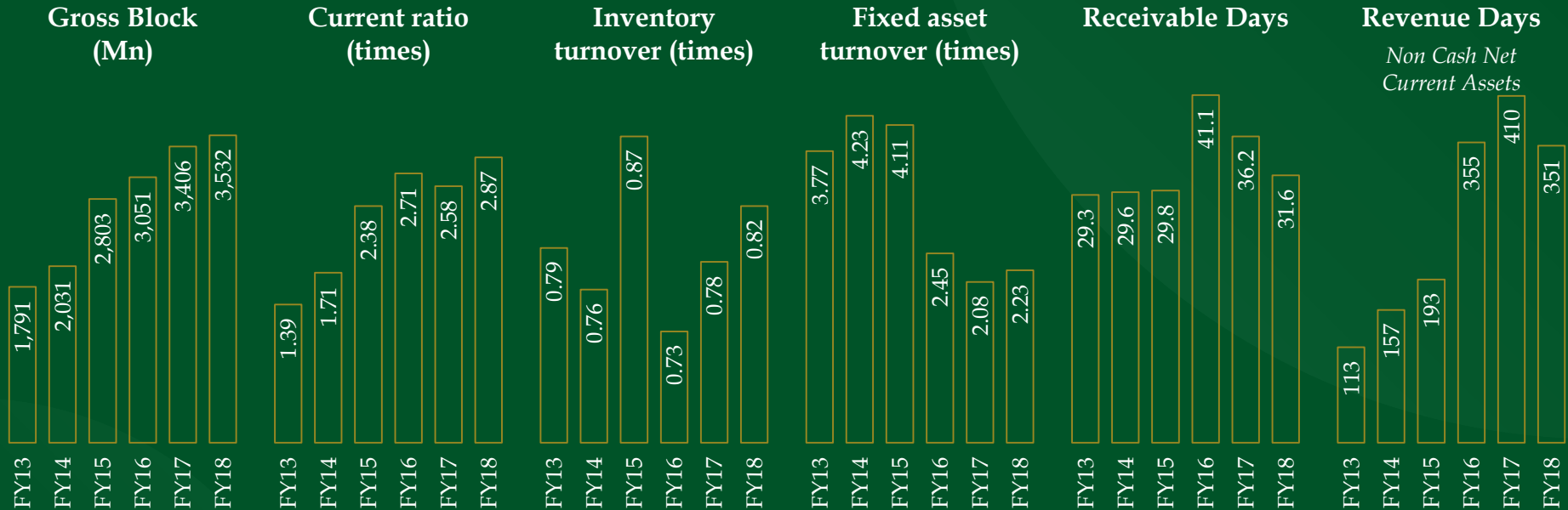
**FY16 & FY17 turned out to be a difficult years for the seed industry, and the farmers**

- Cotton Headwinds - Significant drop in volumes and acreage coupled with no price hikes and one of the shortest sales seasons
- Higher sales returns in non-cotton crops



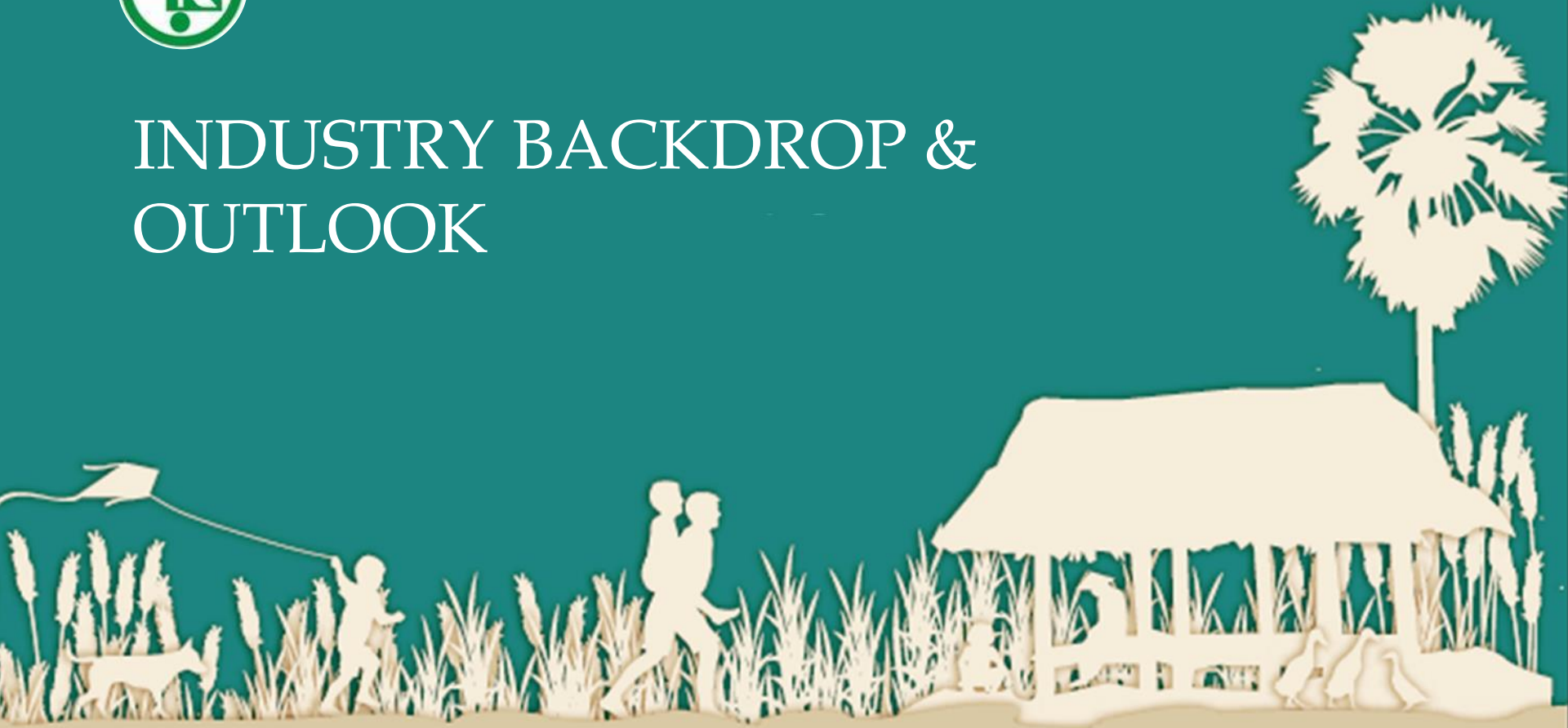
# 5 Year Financial Highlights: Standalone

## Significant Growth Trajectory and Superior Return Profile





# 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        |

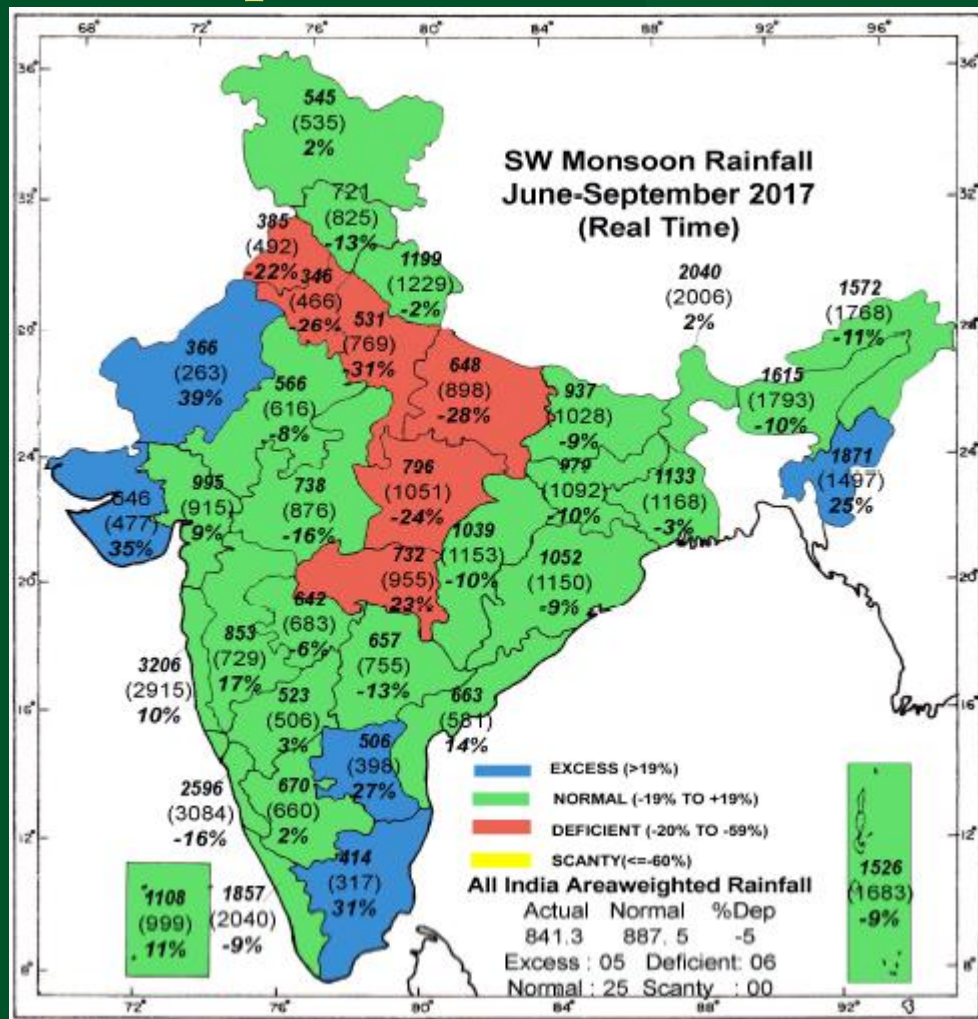
## ○ Crop-wise area coverage during Kharif 2017: As on September 29, 2017

*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

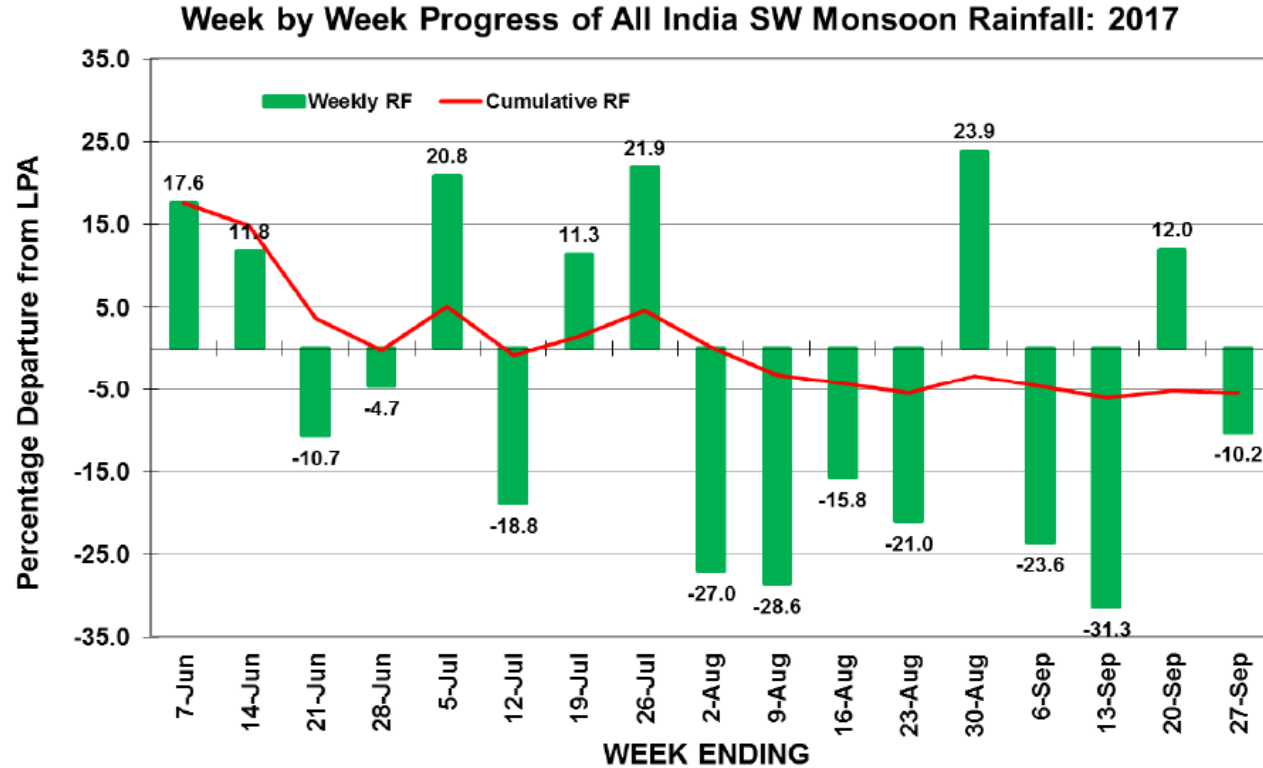


Source: IMD





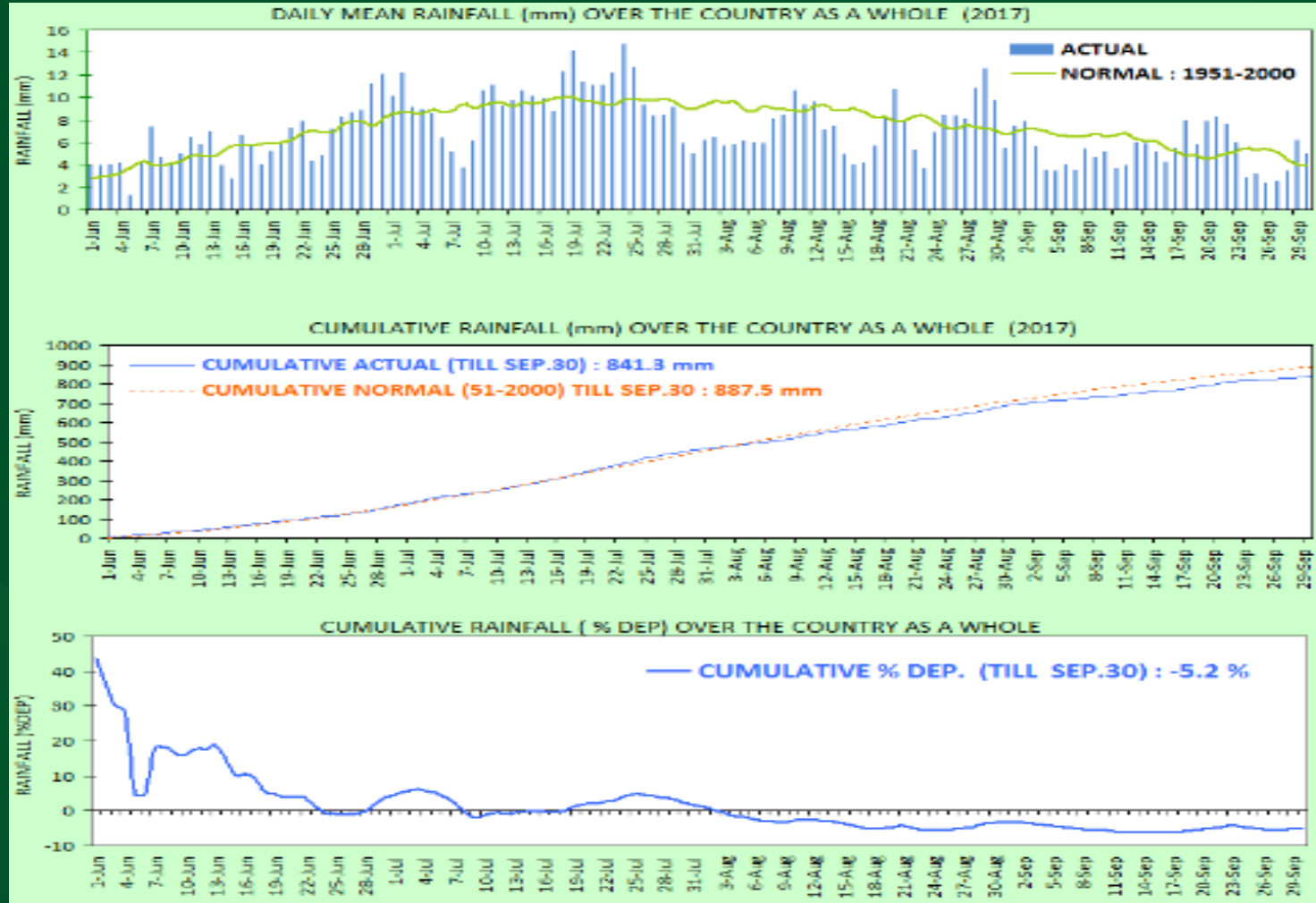
# Industry Backdrop – All India Rainfall



Source: IMD



# Industry Backdrop – All India Rainfall



Source: IMD



# Industry Backdrop - Cotton

Area coverage during Kharif 2017  
as on September 29, 2017

| Area in lakh hectare |       |       |              |
|----------------------|-------|-------|--------------|
| 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<br>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             |
| <b>Total</b>      | <b>80.6</b> | <b>83.9</b> | <b>(4.0)</b>    |

| State             | 2017        | 2016        | YoY<br>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)         |
| <b>Total</b>      | <b>15.8</b> | <b>16.6</b> | <b>(4.56)</b>   |

- 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**
  - Cautionize 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"> <li>▪ <b>Continue to reduce dependence on Cotton Business</b> <ul style="list-style-type: none"> <li>○ Rapid growth of new products launched in Maize (Profit, Drona, Sultan &amp; KMH 563)</li> <li>○ 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</li> <li>○ In Bajra, launch of Supremo for Summer Millet and Scaling up growth of Maximo</li> </ul> </li> <li>▪ <b>Nurturing Vegetables business</b> <ul style="list-style-type: none"> <li>○ Increased investment in R&amp;D</li> <li>○ Launch of 10+ new products, in Hot pepper (8 different Hybrids), Okra (Kaveri 703), Tomato (KTH 473, KTH 355, KTH309)</li> <li>○ Ramping up manpower (Recruiting Over 20+ new headcounts All India)</li> <li>○ Channel Engagement</li> <li>○ Enacash the goodwill created due to launch of loyalty program in FY 18</li> <li>○ Optimize channel network by expanding in Central and East and rationalizing channel in South</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Human Capital</b> <ul style="list-style-type: none"> <li>○ Strengthening talent in crop-wise R&amp;D Team and R&amp;D MLT Team</li> <li>○ Beefed up mid-level talent across verticals</li> <li>○ Strengthening the resourcing in Vegetables Sales Team</li> </ul> </li> <li>• <b>Processes</b> <ul style="list-style-type: none"> <li>○ Human Resource Management System being implemented for efficient management</li> <li>○ SAP implementation in progress</li> <li>○ Increased number of multi-locational trials in R&amp;D for product evaluation</li> <li>○ Strengthen R&amp;D by adjusting breeding strategies to enhance throughput and success rate</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Farmer Connect</b> <ul style="list-style-type: none"> <li>○ Increased number of demonstration of pre commercial products</li> <li>○ Increased number of below the line activities to connect with farmers</li> </ul> </li> <li>• <b>Channel Engagement</b> <ul style="list-style-type: none"> <li>○ Mapping of retailer and focus on key retailers</li> <li>○ Launch Channel loyalty program for distributor to recognize there current contribution and take commitment of future growth about 500 distributor enrolled in loyalty membership program</li> <li>○ Improved engagement with Channel partners with more meetings</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>▪ <b>Deliver volumes as per growth plan</b> <ul style="list-style-type: none"> <li>○ Organizing the seed production program of Cotton &amp; Corn in all the strategic production locations</li> <li>○ Strictly implementing Sowing Window</li> <li>○ Special campaign to manage/control Pink Boll worm in Cotton to improve the seed recoveries</li> </ul> </li> <li>▪ <b>Establishing new Vegetable seed production locations to deliver the targeted volumes</b></li> <li>▪ <b>Value added services to production growers</b> <ul style="list-style-type: none"> <li>○ Exclusive Kaveri village concept</li> <li>○ Rewarding High yielding growers</li> <li>○ Providing technical support to the growers by conducting technical training program</li> </ul> </li> <li>▪ <b>Effective Inventory Management</b> <ul style="list-style-type: none"> <li>○ Quarterly Ageing Analysis to minimize the losses</li> <li>○ Storing sensitive/MR stock in Cold stores</li> <li>○ Implementing warehouse Management system to minimize the material loss</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• <b>Expanding footprint outside of Telangana/Andhra Pradesh and Karnataka</b> <ul style="list-style-type: none"> <li>○ Significant growth and market share gain in Gujarat and Maharashtra</li> </ul> </li> <li>• <b>Increased R&amp;D effort in North</b></li> <li>• <b>New Products</b> <ul style="list-style-type: none"> <li>○ Money Maker growth rate strong across markets</li> </ul> </li> </ul> |



# 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 |         |            |         |         |            |
|--------------------------|--------------|---------|------------|------------|---------|------------|---------|---------|------------|
|                          | FY18         | FY17    | Growth (%) | FY18       | FY17    | Growth (%) | Q4FY18  | Q4FY17  | 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)       |
| <b>Gross Profit</b>      | 40,103       | 29,570  | 36         | 37,465     | 27,240  | 38         | 1,547   | (400)   | (487)      |
| <b>Gross Margin (%)</b>  | 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          |
| <b>Other income</b>      | 2,367        | 3,442   | (31)       | 2,369      | 3,435   | (31)       | 138     | 177     | (22)       |
| <b>EBITDA</b>            | 24,549       | 17,397  | 41         | 24,170     | 17,223  | 40         | (1,196) | (2,539) | (53)       |
| <b>EBITDA Margin (%)</b> | 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          |
| <b>Exceptional Items</b> | -            | (5,924) |            | -          | (5,924) |            |         | (5,924) |            |
| <b>PBT</b>               | 21,981       | 8,425   | 161        | 21,795     | 8,437   | 158        | (1,725) | (9,123) | (81)       |
| <b>PAT</b>               | 21,124       | 7,783   | 171        | 21,034     | 7,847   | 168        | (1,838) | (8,719) | (79)       |
| <b>PAT Margin (%)</b>    | 26           | 11      |            | 27         | 12      |            | (44)    | (217)   |            |



# Standalone Balance Sheet Summary

|                                             | Consolidated           |                        | Standalone             |                        |
|---------------------------------------------|------------------------|------------------------|------------------------|------------------------|
| Rs. lakhs                                   | As on Mar.<br>31, 2018 | As on Mar.<br>31, 2017 | As on Mar.<br>31, 2018 | As on Mar.<br>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.<br>31, 2018 | As on Mar.<br>31, 2017 | As on Mar.<br>31, 2018 | As on Mar.<br>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           |
| <b>Total</b> | <b>1,605</b> | <b>9,933</b> | <b>11,677</b> | <b>4,827</b> | <b>6,564</b> | <b>22,094</b> | <b>56,700</b> |

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



# Investor Contacts

**For further information, please contact:**

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THANK YOU