

Summary:

Futuristic Innovations Farmers Prosperity

KAVERI SEED COMPANY LIMITED**Recommendation: Buy****CMP: Rs. 518 /-****TARGET: Rs. 550/-****SENSEX: 34287****NIFTY: 10142****KEY STOCK STATISTICS:**

Market Capitalization (crs): 3129/-

Book Value: Rs. 158.91/-

Face Value: Rs. 2/-

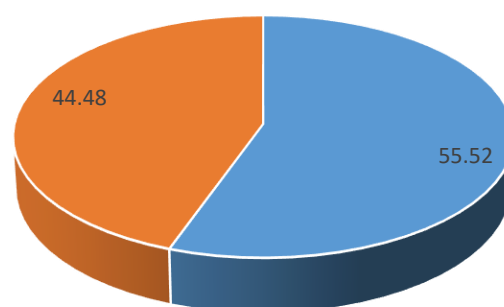
52 week High/Low: 575/273

P/E Ratio: 12.08

Industry P/E: 16.86

Company Background:

- ✓ Kaveri Seed Company limited is a leading producer of quality crop seeds in India.
- ✓ Kaveri seed was incorporated in 1986 recognizing the need to accelerate crop productivity to ensure food security and farmer prosperity.
- ✓ We are today among the fastest and leading seed producing companies in India offering a broad portfolio of seeds with a wide business channel partner network.
- ✓ At kaveri, we have invested heavily in R & D to ensure use of modern plant breeding techniques in combination with bio- technology to develop hybrid varieties to suit under varied situations.
- ✓ Headquartered out of Hyderabad India we have seven state of the Art seed processing plants along with Pan India distribution and marketing offices in 22 cities across India.
- ✓ We are providing the farmers with the seed backed by breeding & biotech innovation that will help meet the increasingly dynamic consumer demand.

SHAREHOLDING PATTERN

■ Promoter ■ Public

Source: Company, KFO Research

RETURNS (%):

	3 MONTHS	6 MONTHS	12 MONTHS
SENSEX	6.67	8.66	13.79
KAVERI	-20.00	- 20.00	-12.00

Source: Company, KFO Research

Analyst:

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SEBI NO:: INH000005485

SEED INDUSTRY OVERVIEW:

The Indian seed market is vast. It's the fifth largest across the globe and is expected to grow at a tremendous pace.

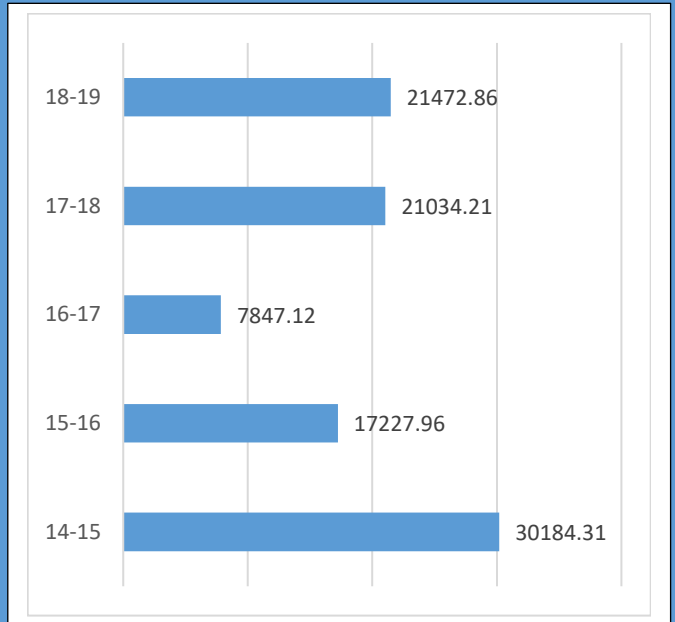
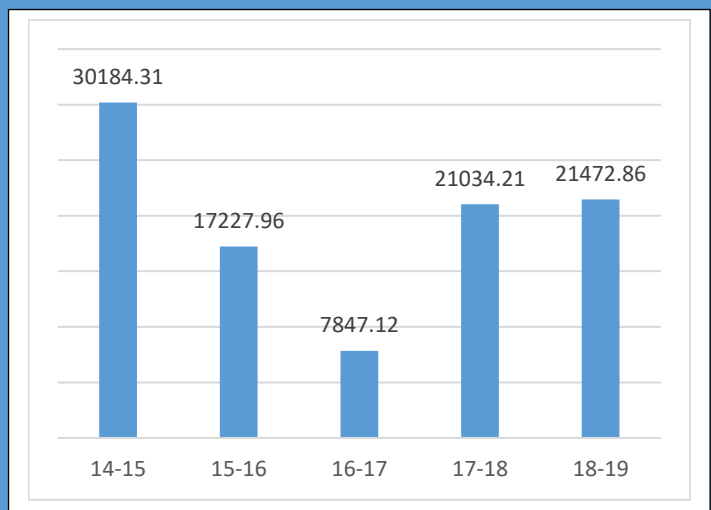
This escalates the need to persistently advance the research and innovation in seeds so as to tap into its possibilities.

With half of the country's land employees by its agricultural sector, its farmer can hugely benefit from good quality seed varieties that enhance yield while tackling changes in climate.

Farmers are the backbone of the nation and making their livelihood immensely viable is what our heart is set on.

Industry Backdrop & outlook:

1. FY20 cotton acreage has increased over the previous year.
2. All crop sowing has been higher due to an increase in the Rabi Area.
3. Maize, Jowar and Wheat has shown a good growth over last year.
4. Rice & sunflower has decreased over last year.

KEY PERFORMANCE INDICATORS**REVENUE FROM OPERATIONS (Rs. In Lakhs)****PROFIT 2018-19 (%)**

Source: Company, KFO Research

Outlook:

We continue to accelerate our pace of futuristic innovation to produce breakthrough seeds that are expected to strengthen the farmer's livelihood.

We further expect to strengthen our efforts to widen our product offering that meet the diverse agro climatic conditions and soil composition providing the farmers security and choice to sustain and grow in a challenging agri eco system.

VALUATIONS:

- ✓ On the basis of Discount Cash Flow Valuation Method, we are recommending 'Buy' for the stock. Since the stock offers good opportunity, we initiate a **'BUY'** signal on the stock with 12-month price target of **Rs 550/-** share an upside of 6% from current levels.

BUSINESS HIGHLIGHTS

- ✓ Cob drying facility helped enhance quality of seed and ensure timely deliveries.
- ✓ Proper planning and placement helped to increase sale.
- ✓ New warehouse inaugurated for foundation seed at Gowraram Plant.
- ✓ We have installed latest equipment magnetic separator to grading of cotton seed.
- ✓ Outlook maintained for healthy growth in both cotton and non-cotton segments.

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