



ANNEXURE - G

Management Discussion and Analysis Report

Socio Economic Environment and the Indian Agriculture Story

Introduction

Agriculture is the primary source of livelihood for about 58 per cent of India's population. Gross Value Added by agriculture, forestry and fishing is estimated at Rs 18.53 trillion (US\$ 271.00 billion) in FY 20.

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year due to its immense potential for value addition, particularly within the food processing industry. The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales. The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

Our planet is home to 7.2 billion people; and the population is expected to touch 9.3 billion by 2050. The result is a growing demand for food. Therefore, the critical need for India is to enhance the use of high-yielding quality seeds to increase productivity.

These are dynamic and changing times in the history of Indian agriculture, as the country moves towards yet another Agricultural Revolution coined the 'Evergreen

revolution' to address the challenges faced by the sector and the farmers. Our Hon'ble Prime Minister Mr. Narendra Modi, has the vision of making farmers the central focus of this 'Evergreen Revolution', with the clear objective of doubling the farmers' income by 2022.

Market Size

During 2017-18* crop year, food grain production is estimated at record 284.83 million tonnes. In 2018-19, Government of India is targeting food grain production of 285.2 million tonnes. Milk production was estimated at 165.4 million tonnes during FY17, while meat production was 7.4 million tonnes. As of September 2018, total area sown with kharif crops in India reached 105.78 million hectares.

India is the second largest fruit producer in the world. Production of horticulture crops is estimated at record 314.7 million tonnes (mt) in 2018-19 as per third advance estimates.

Total agricultural exports from India grew at a CAGR of 16.45 per cent over FY10-19 to reach US\$ 38.21 billion in FY18. In FY2019 agriculture exports were US\$ 38.54 billion. India is also the largest producer, consumer and exporter of spices and spice products. Spice exports from India reached US\$ 3.1 billion in 2017-18. Tea exports from India reached a 36 year high of 240.68 million kgs in CY 2017 while coffee exports reached record 395,000 tonnes in 2017-18.

Global Seed Market Insights

The industry has witnessed a substantial change in the past century, with farmers relying on purchasing



seeds from a market with better traits rather than relying on seeds from previous season's harvest. Developments in seed technology have increased the momentum of the industry's growth, and the introduction of **genetically modified crops** has further boosted the **seed market**. The value of the global seed market has tripled since 2000 and reached approximately USD 50 billion in 2014. Globally, North America occupies the largest market share, and together with Europe, constitutes more than 50% of the **global seed market**. Currently, the market is highly competitive and top companies are adopting strategies, such as, mergers & acquisitions, to increase the share in the seed market.

The global seed market is expected to witness a CAGR of 7.1% during 2017-2022 (the forecast period). The market, estimated at USD 56020 million as of 2017, is projected to reach a value of USD 78764.1 million by 2022.

Agriculture Market Dynamics

The expanding world population, rising adoption of biotech crops across the world, an increase in the usage of bio-fuels and **animal feed**, and growing land reclamation for agricultural purposes are the major growth **factors driving the seed market**. On the other hand, the lower adoption rate of GM crops in various countries, coupled with their lengthy approval time, extensive research and time involved in stabilizing and introducing new seed varieties with novel traits, and **consolidating the seed market** are the major constraints for the industry.

The seed industry is investing heavily in R&D, for a generation of a **new variety of seeds** with desirable traits. Some of the most important traits desired by the farmers are high yield, seed rate /hectare, biotic and abiotic resistances, high nutrient content, etc. The top global players are trying to include these traits and combinations of the same in their products to sustain high levels of competition and maintain their market share. Technological innovation and a growing demand in the developing countries are the major areas of opportunities for the seed market.

Market Segmentation

The seed market is segmented by crop type into oilseeds, cereals/grains, fruits & vegetables, and other seeds; by type into **non-GM seeds (hybrid seeds)**, GM seeds, and varietal seeds; and by geography into Asia-Pacific, North America, Europe, South America, and Africa. Considering the seed industry is concentrated in the more industrialized and developed countries, North America and Europe constitute nearly half of the global seed market; America dominates the GM market, followed by Asia.

Non-GM seeds/Hybrids constitute the largest share of more than 50%, followed by GM seeds. At the same time, rising adoption of organically grown food products results in a steady growth of hybrids. Varietal seeds segment is expected to grow at a CAGR of 5.2% during the forecast period.

Regarding the crop type, the vegetable seed segment is projected to be the fastest-growing during the forecast period, at a CAGR of 8.7%, followed by oilseed crops witnessing a CAGR of 8.5%. Vegetable seeds are further segmented into Solanaceae, cucurbit, root and bulbs, brassica and others. Tomato, from Solanaceae, is a major crop witnessing the fastest growth. Oilseeds constitute soybean, sunflower, cotton, and rapeseed as the major crops. Cereals and grains, such as rice, wheat, maize, and sorghum, constitute the largest share of 48% of the global seed market, and play a crucial role in meeting the global food demand.

The **global seed market** is segmented, by geography, into North America, Europe, Asia-Pacific, South America, and Africa. Asia-Pacific is seen as the fastest-growing segment during the forecast period, at a CAGR of 8.2%, followed by South America. China is the **second biggest seed market** in the world,



right behind the United States. With a market value of USD 12137.4 million in 2017, the **China seed market** is witnessing an estimated CAGR of 7%, to reach USD 5345 million by 2022.

Indian Seed Industry

The agricultural sector is highly dependent on the availability and quality of seeds for a productive harvest. Therefore, in order to increase the quantity and quality of produce, efforts are made to introduce enhanced varieties of seeds with the help of advance technology and modern agricultural methods. In India, agriculture is the dominant occupation, which secures abundant opportunities for the seed market in the region. According to IMARC Group's latest report titled, "**Seed Industry in India: Market Trends, Structure, Growth, Key Players and Forecast 2018-2023**", the Indian seeds market reached a value of US\$ 3.6 Billion in 2017, exhibiting a CAGR of around 17% during 2010-2017.

The Indian seed market has witnessed a major restructuring as a result of the implementation of some progressive policies by the government. Seed Development, 1988 and National Seed Policy, 2002 have helped in strengthening the Indian seed industry in the areas of R&D, product development, supply chain management and quality assurance. Owing to this, India has emerged as the fifth largest seed market across the globe. Moreover, the active participation of both, public and private sectors has also played a vital role in laying a strong foundation of the industry. This includes launching initiatives to promote the use of hybrid seeds among the farmers who had earlier used outmoded open pollinated varieties. Some other growth-inducing forces, such as growth in income levels, commercialization of agriculture, patent protection systems and intellectual rights over plant varieties, have given a great push to the market. Owing to these factors, the Indian seeds market is further expected to grow at a CAGR of 14.3% during 2018-2023, reaching a value of more than US\$ 8 Billion by 2023.

Indian Vegetable Market Insights

The Indian market for vegetable seed is estimated to grow at a CAGR of 9.8% for the forecast period between 2019- 2024. Most of the vegetable seeds companies in the country are focused on the production of tomato, cabbage, brinjal, chili, okra, and cucumber seeds. Among all the vegetable seeds, cabbage and tomato hold the highest seed replacement rate. At present, only less than 15% of seeds used by the farmer are good quality seeds, and the rest of the seed demand is being satisfied by the saved seeds of farmers from the previous season.

India is the tenth largest importer of vegetable seeds by value and seventh largest importer by volume, in the world. It accounted for about 1% of the total vegetable seed imports by volume during 2018. Chile, Thailand, Italy, China, New Zealand, South Korea, Philippines, Indonesia, and the Netherlands are the major countries exporting vegetable seeds to India. Chile, Thailand, and Italy are the largest exporters, which, collectively, account for more than 50% of the total import of vegetable seeds by India.

The India Vegetable Seeds Market is consolidated with top players occupying the majority of the market. Syngenta, Nunhems, Namdhari, Bejo Sheetal, Mahyco, Seminis, Advanta, Vibha, US Agri, and Ankur seeds are the top ten vegetable seed companies in the nation, controlling more than 80% of the market. Mahyco has a joint venture with Monsanto. The private sector dominates the Indian vegetable seed industry, both by value and by volume.

Market Dynamics

The factors that are driving the Indian vegetable seed market include, the increasing demand for vegetable seeds, wide-range of agro-climatic conditions in India favoring the growth of vegetables,



availability of cheap labor and increasing demand for vegetables in the domestic and international markets. While these factors are favorable for the growth of the Indian vegetable seed industry, high-cost and unclear market demand, high perishable nature of seeds, increasing number of problems associated with contract farming, problems related to climate, pests & diseases and stringent seed laws and policies are other factors that are limiting the growth of the market. Opportunities that will favor the market growth are the high return on investment, high-income and employment generating opportunities and increasing earnings through foreign exchange.

Road Ahead

India is expected to achieve the ambitious goal of doubling farm income by 2022. The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers. India is expected to be self-sufficient in pulses in the coming few years due to concerted efforts of scientists to get early-maturing varieties of pulses and the increase in minimum support price.

Company Review

Camson Seed Limited (“Camson Seeds or CSL”) was formed as a result of demerger of the seeds business from Camson Bio Technologies Limited.

Camson Seeds has deployed several research scientists in development of world class and potential hybrids in vegetables and grain seed crops. Camson is focusing in development of high yielding and disease resistance hybrids with wider adopted hybrids and selection varieties. Camson Seed has developed more than 65 hybrids or varieties in important vegetables, fruits and grain crops. Company has very good strong gene pool in various crops, Scientists, R&D infrastructure which can help in development of many more high yielding, disease resistant (Biotic and A-biotic resistance) potential hybrids/varieties for the benefits of Indian as well as overseas farmers and improve the their farm income and increase per capita income.

Financial Performance:

During the F Y 2019-20, Revenue from operations was Rs. 326.37 lacs and Other Income stood at Rs. 530.72 lacs. During the year, the Company has incurred net loss of Rs.3,546.63 lacs .

The Company product performance is expected to grow and new products will be launching for texting. New marketing models has been successfully deployed.

However, going forward, in light of the business optimization and improvement plan, the Company has raised financial and operational benchmarks across divisions with a key focus on receivables timeline, marketing expenses and cash flow from operations.

Key Ratios

Sl. No.	Ratios	FY 2019-20	FY 2018-19
1	Debtors Turnover	2.48	1.33
2	Inventory Turnover	0.12	0.03
3	Earning per share	-11.82	-2.02
4	Return on Networth	-99.72	-20.16



Liquidity

Camson Seeds has suitable commercial arrangements with its creditors, healthy cash flows to meet its working capital requirement.

Recent Corporate Developments

There has been induction of Independent/Non-Executive Directors/CFO on the Board of the Company in order to manage the Company well and to use their expertise for the growth of Company and increasing its overall performance.

Business Outlook

The Indian agricultural implements market was worth US\$ 9.1 Billion in 2018. The market value is further projected to reach US\$ 13.7 Billion by 2024, exhibiting a CAGR of 6.9% during 2019-2024. Agricultural implements consist of a wide range of manual and mechanical tools such as threshers, cultivators, over plows, seed drills, chaff cutter machines, axes, etc. They help in reducing labor and improving the efficiency of agricultural activities. India has achieved considerable progress in the field of agricultural implements over the past decades. At the time of Independence, Indian farmers mostly used animal operated implements (such as bullock-drawn plows and wooden planks) and hand tools (including spades, pick axes, crowbars, sickles and choppers) for pulverization, compaction and smoothening of the soil. Later, the Green Revolution brought about large-scale farm mechanization which encouraged a significant number of farmers to opt for modern agricultural implements including combine harvesters, rice trans-planters, power tillers, threshers, tractors, pumping sets, etc.

Geographical Footprint and Distribution Network

Camson Seeds focus on providing its customers with a wide range of products has resulted in the requirement of a strong marketing and distribution network. Camson Seeds ensures that farmers have a quick and easy access to the products. In the recent years, Camson Seeds has been optimizing and raising the standards across the organization with a key focus on sales & distribution.

Opportunities, Risks, Concerns and Threats

Opportunities

Economic Growth: The Indian economy is entering into an exciting phase of growth. It is anticipated that implementation of structural reforms and government initiatives will result in robust investment activity in the agri biotech space. Furthermore, the recent macro-economic indicators confirm the strengthening demand. This will result in further improvement in agriculture sector and fuel consumer demand in the organic space.

Threats

The Company faces continuing and unavoidable threat from unfavorable weather conditions particularly the rainfall variability. Droughts, natural calamities or excess rainfall can have negative impact on the crop production which can in turn impact the product sales and can greatly impact farmer sentiment and hinders the market demand and sales for the crop protection products. Additionally, the type of crop that can be grown is affected by changes in temperatures and the length of growing season. Weather variability and climate change, modifies the soil condition and water availability for the agriculture. Though these natural factors can never be completely eliminated they can be kept under



check through pro-active and prompt responses.

Risks & Concerns

High dependency on monsoon, low irrigation coverage and vagaries of climate are the major risk factors for agriculture. While awareness among farmers about the advantages of safe crop protection bio pesticide is gradually increasing, the industry needs to pay special attention to this area. The growth rate of agriculture continues to remain low which also reflects in low growth of the industry.

Growing popularity of organic food coupled with increasing use of bio-pesticides and other biological products also pose challenge to synthetic agrochemicals. This, however, also presents an opportunity to the industry for making forays into the new, growing segment of biological products. Increasing share of new generation/patented molecules also poses risk to the industry which is largely old and conventional generics in nature.

Quality Certification: Control Union

Control Union (CU) is an international organization, offering certification for companies operating in agri, food and allied sectors including agriculture, food, feed,

forest products, textiles and bio-energy. The certification is internationally accepted by various authorities and widely recognized.

Your Company holds the certification by the Control Union in the area of Organic Cultivation. Camson is one of the very few companies operating in India to receive such certification, which is a matter of honor and pride for your Company. This certification continues to strengthen our presence in the organic space, globally.

Camson Seeds has obtained certification under OHSAS 18001: 2007 from Occupational Health and Safety Management Systems.

Internal Control Systems & Adequacy

Camson lays significant emphasis on ensuring best-in-class standards for internal control systems and is committed to the principle of prudent growth. The Company has adequate systems for internal control, which are commensurate with its size and operational complexities in place. The same are discussed in detail, in the Board's Report.

Human Resources Development

Human Resource Development stands at heart of Camson's corporate strategy and your Company acknowledges that human resource is critical for the overall growth and success of the organization. The Human Resource Department of the Company is highly focused on enhancing stakeholder value by ensuring a right fit between the HR policies and the overall strategic direction of the Company. The Company, being involved in the agriculture business needs to interact and work with farmers located in the country's villages. This requires special skills that need to be upgraded on yearly basis with inputs on the latest technology advances combined with a strong commercial orientation. We have laid down HR policies and several best practices such as an incentive policy and stock options to encourage the employee fraternity. Your Company has recruited experienced industry professionals to meet the current and future needs of the organization. There has been a constant endeavor to facilitate the overall development of the employees, with the intention to create leaders for tomorrow.

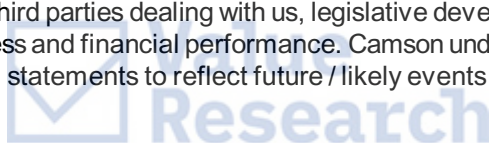


Your Company is an equal opportunity employer which seeks to recruit and appoint the best talent for a job without any discrimination and a special focus is given on enhancing the workforce diversity.

As of March 31, 2020, the Company had a total employee count of 17. Your Company also follows a transparent appraisal system for our employees. There were no financial or commercial transactions that resulted in a conflict of interest between senior management and the Company during the fiscal year under review.

Cautionary Statement

Statements in this Management Discussion and Analysis contains “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Camson’s future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro- economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Camson undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



For and on behalf of the Board of Directors

Place: Bangalore
Date: July 28, 2020

Sd/-
Anil Kshetry
Managing Director
DIN : 08706216