

18th November 2024

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MUMBAI - 400 001
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Dear Sir/ Madam,

**Sub: Transcript - Kaveri Seed Q2 & FY 2024-25 Results Conference Call on
Thursday, 14th November, 2024 - Reg.,**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached herewith Transcript of Kaveri Seed Company Limited Q2 & FY 2024-25 Results Conference Call made on Thursday, 14th November, 2024.

The transcript and audio is uploaded on the Company's website as well on below link:

<https://www.kaveriseeds.in/wp-content/uploads/2024/11/Transcript.pdf>

This is for your information and records.

Thanking you,

Yours faithfully,

For KAVERI SEED COMPANY LIMITED

G.V. BHASKAR RAO
MANAGING DIRECTOR

Encl: a/a.





“Kaveri Seed Company Limited
Q2 and H1 FY25 Earnings Conference Call”

November 14, 2024



**MANAGEMENT: MR. MITHUN CHAND –EXECUTIVE DIRECTOR –
KAVERI SEED COMPANY LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to the Kaveri Seed Company's Q2 and H1 FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. Joining us today on this call is Mr. Mithun Chand, Executive Director.

Before we begin, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For a list of such considerations, please refer to the earnings presentation. I would now like to hand the conference over to Mr. Mithun Chand. Thank you, and over to you.

Mithun Chand:

Good evening, and welcome, everyone, to our quarter 2 first half '25 earnings conference call. We hope you have had a chance to review the presentation of our results, which is also available on our website. I would touch upon the operational and financial performance of the company and then open the floor for the question-and-answer session. First half financial highlights. Revenue from operations registered a growth of 3% to INR 889.84 crores as compared to INR 863 crores first half of last year.

EBITDA was at INR 299.68 crores, remained flat as compared to INR 298.87 crores in first half '24. Net profit was at INR 79.41 crores as compared to INR 78.55 crores. It remained flat. Cash on book stands at INR 559 crores as against INR 732 crores in the corresponding half year. For Q2FY25 revenues from operations was at INR 81.76 crores. EBITDA was at INR 6.89 crores. Net profit was at INR 3.49 crores.

The major highlights, Board has recommended a 250% dividend that is INR 5 per equity share on a face value of INR 2 per equity share. Increase in volumes in hybrid rice and selection rice and maize that resulted in increase in revenues due to good realizations. Non-cotton segment has grown by 24% in the first half of the year on account of major contributors like selection, hybrid rice and maize have done well.

Exports during the first half were impacted by unrest in Bangladesh. This has resulted in a muted growth rates at revenue level and further below EBITDA and PAT. Increase in volumes in both selection and hybrid rice and maize have resulted in good growth rate on account of good realizations. Company's exports to recover in the second half of the year during Rabi season as the situation in Bangladesh is stable now. Operational-wise, the contribution of new products, the volumes of Bajra was up from 59% to 73%. Hybrid rice volumes increased by 18% and revenues increased by 28%.

Selection rice volumes increased by 20% and revenues by 34%. Maize volumes increased by 9% and revenues were 24%. Vegetable sales volume increased 11%, where our revenue decreased by 13%. Exports sales stand at INR 6.1 crores in first half of '25 as compared to INR 25.93 crores in the first half of '24. The decline is due to political unrest in Bangladesh. I will now open the floor for question-and-answer session.

Moderator:

Thank you. We will now begin the question and answer session. We have the first question on the line of Dhruv Saraf from Bowhead India.



- Dhruv Saraf:** Sir, if I just look at your maize revenue growth in H1 '25, which is at 24%. And if I were to just knock off Q1 of this year. So what I see in Q2 maize have degrown for the company Y-o-Y to the tune of around 30% to 40%. So what could be the reason, sir, given that other competitors have shown good results in maize in Q2 specifically?
- Mithun Chand:** Dhruv, majority of the sales were there in the first quarter itself. Even though it's in the second quarter, it's nothing but the spillover of the first quarter. So we had a good sale in the first quarter. I don't know about the other companies they might have done the sale in the second quarter, but it's all of a half-to-half comparison is a good comparison.
- Dhruv Saraf:** Right. So there could be some front-loading that happens, which is why Q2 was subdued, basically?
- Mithun Chand:** Not exactly front-loading, but we take the actual liquidation of the stock. But the areas where we operate, the liquidation might have taken place in the first quarter itself.
- Dhruv Saraf:** All right. That helps. And sir, just to understand the difference between standalone and consolidated numbers for this quarter. So we feel like INR 50 crores difference. So could you just tell us what this difference is on account of?
- Mithun Chand:** Sorry?
- Dhruv Saraf:** The difference between standalone and consolidated numbers. What explains the difference? I mean, what leads to the difference between standalone and consolidated number of Q2?
- Mithun Chand:** You just wanted to have the consolidated for the Q2?
- Dhruv Saraf:** Yes. So I mean, sir, consolidated for Q2 is at INR 137 crores, whereas stand-alone is INR 85 crores. So there is a difference of INR 50 crores that we see. What accounts for this difference of INR50 crores?
- Mithun Chand:** So basically, we have other 4 subsidiaries in the company. One is Microteck and Aditya Agritech, these are the contribution from those companies.
- Moderator:** Thank you. We have the next question from the line of Gunit Singh from CCI.
- Gunit Singh:** Sir, I want to understand with the new tax regime, I mean, would we still be able to do buybacks going forward or buybacks are out of the question?
- Mithun Chand:** Again, there's a management decision that we need to take, but we have still more time for the buyback because we have completed the buyback in the last March. So we will decide later.
- Gunit Singh:** Yes. I mean, you will decide, but I'm saying that, I mean, is it still possible with the new tax regime or is it practically impossible now with the new tax regime? I mean, I want to understand the view of management on this.



- Mithun Chand:** So that's all that we need to discuss and decide. It's not an individual decision. It's a Board decision. But we see how the shareholders get benefited out of it. In the next quarter or so, we'll have a clear clarity on it.
- Gunit Singh:** All right. So currently, you haven't have a discussion regarding this yet?
- Mithun Chand:** Yes. Still, we have some more time left for that.
- Moderator:** Thank you. We have the next question from the line of Mr. Nitin Awasthi from InCred Equities.
- Nitin Awasthi:** Wanted some volume numbers. if you could shed light on your 4 core products, how much was the sale in volume terms for the first half of this year? That would be cotton, hybrid rice, selection rice and maize.
- Mithun Chand:** You want the overall volumes?
- Nitin Awasthi:** Yes, sir, total volumes just for these 4 products.
- Mithun Chand:** So usually, we are not disclosing volumes as of now, but if you want, I can give the overall company volumes. For the first half of last year, we had done volumes of INR 3.97 crores kgs. For this year, we have done INR 4.39 crores kgs.
- Nitin Awasthi:** Okay. And what has been the realization in the first half per package of cotton?
- Mithun Chand:** The realization is around close to INR 730 odd.
- Nitin Awasthi:** Okay. So INR 730 odd. Sir, next thing I wish to understand is how much is the maize market expanding by? what was our share? And where do we indicate to go with the growth in the market?
- Mithun Chand:** As of now, if you see compared to last half of this half year, the maize was up by close to 8% to 9%. But going forward, we see a good acreage coming in maize, as the ethanol plants are also coming up, the maize are good. It's much remunerative for the farmer now. We think going forward, maize as a crop should do well.
- Nitin Awasthi:** Sir, the market share a bit?
- Mithun Chand:** Market share of Kaveri?
- Nitin Awasthi:** Yes.
- Mithun Chand:** At present, we have a market share of 8% to 9%. Year-on-year, we think that we can grow our market share, especially in maize. We have very good pipeline of hybrids in maize. And not only that, even maize is much visible in the first half. You can see even though the cotton is down by more than 30%, close to 30% in the first half, we were able to match our revenues as we have increased our sales in both rice and maize segments. Overall, you can say non-cotton segment. And going forward, which we see a very good growth rate coming in for these crops.



- Nitin Awasthi:** Understood, sir. But the main season from maize where you have the higher sales, maize is normally a crop where in H2 sales are higher than H1. So this year again and going forward, you expect a similar kind of growth or more growth in H2 for maize?
- Mithun Chand:** I don't think so. Usually, H1 contributes the majority of the maize. Even for last year, the maize was around INR 120 crores out of overall INR 190 crores in H1. So H1 dominates the majority of the time. But in the second half sale, maize is the only crop which contributes more to the revenue.
- Moderator:** We have the next question from the line of Harsh Vora from D.R. Choksey. Please go ahead.
- Harsh Vora:** My question is regarding vegetable segment. If you can just throw some light on the drop in revenues we had witnessed in H1? And are you envisioning the growth of this segment over the next 3 years? And do you see any export potential in this segment?
- Mithun Chand:** So you're talking about export of cotton?
- Harsh Vora:** Vegetable seed.
- Mithun Chand:** Vegetable seed, if you see the overall first half, there's a slight decline of INR 2.5 crores, INR 3 crores, in percentage terms, it comes to 12% odd. But the season just was delayed this year because of the rainfall and heavy rainfall in most of the parts. We don't see any threat in vegetable seed. We are pretty confident that we'll grow in vegetable as desired, that will be contributed in the second half of the season.
- Harsh Vora:** Got it, sir. And any export potential going forward?
- Mithun Chand:** Last year, if you see the overall exports of around INR 65-odd crores. We have done close to INR 25-odd crores in Bangladesh itself. And other sale in Tanzania of INR 27 crores, if you recollect last year concall, I said that's one of the core sales because we had done a government sale.
- But especially in terms of Bangladesh, out of this INR 24 crores, we might lose INR10 crores to INR12 crores in export because we already lost the season because of the unrest, but we are trying to get that sale in some other parts of the world because we are starting in other countries like Vietnam, Ivory coast. We are getting orders from there. So we see that some of the revenue should be covered in those parts.
- But if you see our overall growth of exports leaving this year like this. But overall, if you see the good growth in export as well as we are trying to grow, as we are entering into many other new countries and we are getting very encouraging business from those countries as our hybrids are really doing well. We are fairly confident about export business as well.
- Harsh Vora:** Got it sir. So you're planning to do exports across all products, right?
- Mithun Chand:** Yes, especially all products under not cotton, but basically maize, rice and vegetables.



- Moderator:** Thank you. We have the next question from the line of Sanjeev S from DreamLadder. Please go ahead.
- Sanjeev S:** I just wanted to get a sense of how the government business is planning out?
- Mithun Chand:** Government business for? our company?
- Sanjeev S:** Yes.
- Mithun Chand:** So we don't participate much in the government subsidies. If you see the revenue of the company for this year, it's hardly some few crores, even I doubt that it's in a single digit, not more than that.
- Sanjeev S:** Okay. And any new products that have been launched or how is the pipeline going forward?
- Mithun Chand:** That's a continuous activity what we do. We always try new products in each and every crop segment. The launches are in maize, cotton, even in rice and other crops as well, including bajra and wheat and mustard. So that's regular activity, and there are more launched apart from these hybrids which are launched, there are many other hybrids, which are in the pipeline, which are also -- have a good potential in the future years.
- Sanjeev S:** So how much would be the share of new products launched and the overall revenue?
- Mithun Chand:** That depends on the crop-to-crop. Usually, the hybrid which has launched in the last 3 to 5 years, we call it a new product. The overall contribution will be in between 20% to 35% in every year.
- Sanjeev S:** Okay. And what would be the capex for the current fiscal?
- Mithun Chand:** Most of the capex is already done. Like we might invest over INR 25 to INR 30 crores for this year. And year-on-year, what we always say, like INR35 crores to INR 40 crores, but INR 25 crores to INR3 0 crores should be more than enough.
- Sanjeev S:** Okay. And we have substantial investments also. And since we have most of the Capex, we have already undertaken, is there any plan to distribute surplus cash to investors through maybe higher dividends or buybacks?
- Mithun Chand:** So if you see in the last 7 to 8 years, we have done more than 6 buybacks, and every year, we are a dividend paying company. And we have just completed our buyback in the month of February-March. So always, we try to distribute cash, which is not required for the company. So as earlier I answered the question, like regarding the buyback tax has now changed, we need to take a decision on that. I think in the next coming quarters, we'll have clear clarity on that.
- Sanjeev S:** And sir, the reservoir levels are like almost 87% full and are we going to be good growth because of this?
- Mithun Chand:** Sorry? Which levels?



- Sanjeev S:** Reservoir levels.
- Mithun Chand:** Okay.
- Sanjeev S:** And we're expecting good demand as well as output in the rabi season. How should that kind of lead to increase in sowing?"
- Mithun Chand:** More or less, Rabi for us is a very lean quarter, usually second half is a very lean quarter when compared to first half. Most of the crops are like wheat and rice, which are all selection rice and some sort of a maize. So maize, we think it will be in line with last year's numbers. Vegetable is a very small segment for us, but we see a good growth in vegetables. But overall, if you see second half, we should be in line with last year's numbers.
- Moderator:** Thank you. We have the next question from the line of Anurag Jain, an Individual Investor. Please go ahead.
- Anurag Jain:** Good evening, sir. My question is for the half year balance sheet, the outstanding amount for biological assets is at INR 383 crores. This is the highest ever in last 4 to 5 years. So is this indicative of the anticipated growth for next year, is the company undertaking higher production for the seeds for use in the next one year?
- Mithun Chand:** Yes. That's one way to look at it. But as rightly said, the production is pretty high this year and I think we have one of the largest production, what we have taken in the company's history. As we have most of the inventories are at almost zero level. So we are trying to produce more. So that is one of the reasons where we see higher production. And the other thing is that we see a very good areas coming up. I mean to say, very good volumes, we are anticipating a good volume for the next coming years. It's a combination of both. The production is more and that same is affecting the balance sheet.
- Moderator:** Thank you. We have the next question from the line of Dhruv Saraf from Bowhead India.
- Dhruv Saraf:** Mithun sir, we had some challenges in cotton in terms of production over the half year. So fair to say that these challenges are now behind us and the next cotton season should be good for us in terms of volume at least?
- Mithun Chand:** Yes, the kind of production what we have taken out this year and the current crop is what we see usually now unless and until something really bad happens with the climatic conditions. Otherwise, we'll get the anticipated production and with a good yield. So I don't see any challenges in the production for the next year, not only in cotton, but in most of the crops.
- Dhruv Saraf:** I had a question on high-density planting. Recently, there have been some actions and things set by the textile ministry regarding promoting the use of high-density planting practices in cotton. So are you seeing any action happening on the ground? Or is it just still more word than action?
- Mithun Chand:** Basically, most of the companies including Kaveri is working on high-density planting. But we are yet to get a very suitable hybrid, which give better yields. But the research is on, definitely,



as the minister said and the industry is trying for it, definitely down the line the future of cotton field will be high-density plantation.

The other reason is that even getting daily labour is difficult to get, especially to pick the cotton seed. The picking of cotton crop should be mechanized. So that is also one of the reasons why the industry will move to high-density planting.

Dhruv Saraf: And so you have to launch the product, I think it's 9292. Was it specific for high-density planting? Or is it, I mean, agnostic of that?

Mithun Chand: It's not exactly for high-density planting, but if you see the crop, it's slightly high density, but it's not like what is there. High-density plantation is nothing like that is more than double the yield rate what we saw now. It is more than that, but at least double.

Moderator: We have the next question on the line of Rohan Patel from Turtle Capital. Please go ahead.

Rohan Patel: Considering that this year, our base for the cotton is the lowest. And we expect that next year, there are no more production challenges. So with this low sales base, how much can cotton can grow from here? Can we get back to INR 350 to INR400 crores base next year?

Mithun Chand: This year, we have done close to INR 340 crores this year itself.

Rohan Patel: In your presentation, is it shown H1 that you did INR 258 crores?

Mithun Chand: INR 258 crores, you're right, you're right. Cotton, Next year, it should be like at least 20% more than what we had at now.

Rohan Patel: Okay. 20% more than what we had done. And considering that our non-cotton, the base is higher, we are growing in like around like 25% to 30% in all of the hybrid rice, selection, maize. So will this trend continue?

Mithun Chand: What we see is that overall this year, we had a very muted growth because there are a couple of reasons. One is the cotton, we are down more than 30% and the other thing where we are slightly down in terms of the exports, the exports have not as anticipated for whatever reason it is. So going forward, what we see is that a 10% to 12% growth in revenues and 15% to 18% of the bottom line should much reflect.

But next year, as we see, as cotton is already low, we'll at least grow by 20%. And other crops, we see a good potential in most of the crops. So next year, the growth rate should be in that 15% to 20%.

Rohan Patel: 15% to 20% should be the growth rate for next year?

Mithun Chand: Yes.

Rohan Patel: And that would lead to like 20% to 25% growth in bottom line?

Mithun Chand: It should be more than 20% plus.



- Rohan Patel:** Okay. And we were going to bring some market share back, we have lost market share in cotton due to our hybrids being mature enough and we were planning to bring 2 to 3 new hybrids during the quarter to get back our market share. So how is the progress going over there? Have we started.
- Mithun Chand:** Yes, for the next year, what I'm saying of the 20% growth. Basically, it's only because of the new launch products. We are seeing good traction in those products, and we are giving good production for those products as well. So those are the major contributors for the growth of next year.
- Rohan Patel:** Okay. And after we reached back to INR 350 crores, say, a base in cotton next year. So how will cotton as a portfolio grow from over there? Like can we come back to INRv500 crores product of cotton, again, like what we used to have in the past
- Mithun Chand:** Sure. What we believe internally is that we have very good pipeline products and which are recently launched, are also giving very good results. We are pretty sure that we can go back to those previous levels what we had. It's a matter of 3 to 4 years from here.
- Rohan Patel:** Okay. And what about medium to long-term time horizon. And the non-cotton portfolio should be growing like at a rate of somewhere around 15%? Can we assume?
- Mithun Chand:** Already, we are one of the biggest in the non-cotton segment and as a crop, it's growing, and as a company, we are doing much better than the industry. So these 2 combinations should contribute, not particularly the cotton, right, but we have many other products like mustard, Bajra, Sorghum and wheat. There are many other products. So as a whole, if you divide both cotton and noncotton segment, as cotton is with a low base, it should be in that 15% to 20% in the next 3 to 4 years. And this should be in between 15% to 20%. Overall, as a company, we see 12% to 15% growth conservatively.
- Rohan Patel:** Best of luck for future.
- Moderator:** Thank you. We have the next question from the line of Mohammed Patel from Care Portfolio Managers.
- Mohammed Patel:** Sir, this is a follow-up to previous participants. So the non-cotton has done really well in FY '25 and the base is high. So should we expect non-cotton growth to slow down in FY '26 to single digit?
- Mithun Chand:** We don't see any single digit growth, it should be a double-digit growth, may not be like that 25% or so, but it should be in the 12% to 15%.
- Mohammed Patel:** Even on this higher base?
- Mithun Chand:** Yes.
- Mohammed Patel:** Okay. My next question is, exports of INR 6 crores in H1 FY '25. What should be this number for H2 roughly?



Mithun Chand: Overall, we have done INR 66 crores last year in terms of the exports. As I said earlier, there was a onetime sale of INR 28 crores from Tanzania, which we don't know whether we'll get it or not. That again depends on the government policy and other things we have done like NR25 crores in Bangladesh. So INR 25 crores Bangladesh sale will be like INR 12 o INR 13 crores this year. We have already lost some sales in the second quarter.

Whereas the decline in Bangladesh sales, maybe like INR 6 or INR 7 crores might be covered in other parts of the world like we have Vietnam, Ivory Coast and other countries we are exporting, so that we have a chance to cover. But in terms of Tanzania, we need to see whether we'll get those type of quarter or not. But going forward, if you see export as a segment, it will grow at more than 15% as a whole on a year-on-year basis. We need to take the base of this year. This year, we can easily grow at 15% to 20% in vegetable in export market.

Mohammed Patel: Then it should be INR 20 crores, excluding Tanzania?

Mithun Chand: It should be much better than that. If you see exactly like we have done only INR 6 crores from first half of export this year, next half would be in between INR 30 to INR40 crores.

Mohammed Patel: And excluding Tanzania?

Mithun Chand: Overall. Tanzania, we don't know, but it should be plus or minus, should be INR 30 and INR 40 crores.

Mohammed Patel: And on that base, we can expect to grow at 15% to 20%?

Mithun Chand: Yes.

Moderator: Thank you. As there are no further questions. This will be the end of the conference. Thank you for joining the call. For any other information, please be in touch with Rama Naidu from Intellect PR on 992-020-9623. On behalf of Kaveri Seed Company Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.