

18th February 2025

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MUMBAI - 400 001
Scrip Code: 532899

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Exchange Plaza, 5th Floor,
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Dear Sir/ Madam,

**Sub: Transcript - Kaveri Seed Q3 & FY 2024-25 Results Conference Call on
Thursday, 13th February, 2025 - Reg.,**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Please find attached herewith Transcript of Kaveri Seed Company Limited Q3 & FY 2024-25 Results Conference Call made on Thursday, 13th February, 2025.

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

<https://www.kaveriseeds.in/wp-content/uploads/2025/02/Transcript.pdf>

This is for your information and records.

Thanking you,

Yours faithfully,

For KAVERI SEED COMPANY LIMITED

SREELATHA VISHNUBHOTLA
COMPANY SECRETARY

Encl: a/a.





“Kaveri Seed Company Limited
Q3 & 9 Months FY25 Earnings Conference Call”
February 13, 2025



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

MODERATOR: MR. RAMA NAIDU – INTELLECT PR



Moderator:

Ladies and gentlemen, good day and welcome to Kaveri Seed Company's Q3 and 9 Months 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 at the end of today's presentation. Please note that this conference will be 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, sir.

Mithun Chand:

Thank you. Good afternoon and welcome everyone to our Quarter 3 & 9 Months Financial Year '25 Earnings Conference Call. We hope you had a chance to review the presentation of our results which is also available on our website. I will touch upon the operational financial performance of the company and then open the floor for a question and answer session. Our standalone financial highlights for the quarter 3.

Revenue from operations was at INR154.77 crores registered a growth of 30.63% from INR118.47 crores in quarter 3 '24. EBITDA was at INR25.09 crores, registered a growth of 12.77% as compared to INR22.25 crores in quarter 3 financial year '24. Net profit was at INR15.04 crores as compared to INR11.66 crores in quarter 3 financial '24, grown by 29%. For the first 9 months financial highlights, revenue from operations registered a growth of 6.3% to INR1044.61 crores as compared to INR981.89 crores in financial year '24.

EBITDA was at INR324.78 crores as compared to INR321.13 crores registered a growth of 1.14%. Net profit was at INR294.6 crores as compared to INR290.22 crores, grown by 1.46%. Cash on book stands at INR499 crores. Operational highlights. Rice and maize continued to do well during the quarter. Increase in volumes in both selection, hybrid rice and maize has resulted in good growth rates on account of good realization and passing of increased production costs.

In spite of continuous disruption in exports, continued to maintain growth in our profits at both EBITDA and PAT levels. Hybrid rice volumes increased by 14% and revenues by 27%. Selection rice volumes increased by 18% and revenue increased by 34%. Maize volumes increased by 8% and revenues increased by 25%. Volumes of cotton hybrid decreased by 35% and revenues decreased by 27%. The contribution of new products to volumes of Bajra was up from 60% to 70%.

Vegetable seed sales volumes increased by 2%, whereas revenue increased by 3%. Export sales stand at INR18.23 crores as compared to INR38.1 crores in financial year '24. The decline is due to political unrest in Bangladesh. I would now open the floor for question and answer session. Thank you.

Moderator:

Thank you very much sir. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Siddharth Dant from Goodwill. Please go ahead.



- Siddharth Dant:** Yes. For the 9 months, I've noticed that our product mix has shifted largely towards non-cotton with 26% growth there and a degrowth of 27% in cotton. So why has there not been a gross and an EBITDA level margin improvement considering non-cotton products are higher margin in general?
- Mithun Chand:** Usually, this time, the cost of production was also higher in most of the crops as the other expenses. If you see cost of goods remained same most of the time, slightly increased, but other expenses also have gone up in terms of the employee cost. All of them have added up to it. As the revenue is flattish on a year-on-year basis, we see a slightly decline in EBITDA margins, which usually shouldn't be. But it should be corrected over the years.
- And this time, it was a very, very high production cost was also there, both in terms of the cotton and in terms of the other crops. So that has slightly impacted the margins of the company.
- Siddharth Dant:** Okay. And do you expect this to continue going forward the higher cost of goods sold?
- Mithun Chand:** No, that we are trying to pass it on to the farmer. As we increase our revenues that everything will be stabilized.
- Siddharth Dant:** Okay. My second question was on new products within cotton. What is the status of our newer products and will we see commercialization in next year and can we expect cotton to have bottomed out this year?
- Mithun Chand:** Yes, we can think of that. We have launched a couple of hybrids in cotton. We have already launched commercially, I mean to say, not in the pipeline. We have launched commercially and tested some hybrids. They are looking very promising. We think that we can definitely grow in cotton as well and this should be bottom year in the cotton crop.
- Siddharth Dant:** Okay. That's great to hear. And thirdly, I wanted to ask you about the payout policy. Last year this time we had done a buyback, but is that still on the cards or in the new tax regime or are we going to shift to dividends?
- Mithun Chand:** We need to think of that. We have not discussed in the Board because it's not even 1 year now. I will just discuss on that. But again, that's a Board decision. With the new taxation, we need to see what's best. Once we decide in the Board, we will come back to you on this.
- Siddharth Dant:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Krushi Parek from Ugle Rock. Please go ahead.
- Krushi Parek:** I want to understand now that we are in the inventory gathering season right now, how is it looking as compared to the previous year in terms of volumes and in terms of value as well. I believe you mentioned that cost of production has been going up. But how are we looking to ensure we have enough inventory in terms of volume as well for the growth purposes?



Mithun Chand: So in terms of the production compared to previous year we are slightly comfortable this year. In fact, we have produced more compared to the previous year. We wanted to maintain some buffer stock as well going forward. So as of now, at this particular point of time, we don't see any threat for our production. Crops are arriving now.

But still, there are other 1 or 2 months which are left out, especially for paddy. If we get any unseasonal event that should slightly impact. But as of now, we are very comfortable and we should not see any difficulty in terms of the production aspect.

In terms of the cost of goods, yes, the cost of goods have gone up and slightly even now in the Rabi also the cost of goods have gone up, but we are trying to pass it on to the farmer. That we have done something in Rabi. And for the next year, definitely, we can pass it on to the farmer.

Krushik Parek: Okay. Any color on how much the cost of production has gone up?

Mithun Chand: Based on hybrids and based on different crops, it has gone up. Usually, the cost of production is up by 5% to 10% in most of the crops. In some crops, it is more than 10%.

Krushik Parek: Okay. So except for maybe cotton, which continues to remain a bit regulated, we are looking to pass on the cost as much as...

Mithun Chand: Cotton is slightly difficult because the government need to increase the prices. That's what we pass it on the farmer. But end of the day, these are very temporary issues. It's like it's all in the business here and there, but we can definitely maintain our margins.

Krushik Parek: Okay. And how long does it take for us to get some kind of a realization increase from the government?

Mithun Chand: That again depends. Every year, they are increasing. This year also they need to take a decision. Still the time is there up to March, most probably they take in the month of February and March. So the time is there, we need to see. We need to wait and watch for that. But they also know the costs have gone up. By considering that, usually, they increase the prices. But being a government policy, it's not correct for me to comment on it, but they take into consideration everything.

Krushik Parek: Okay. Can I continue with one more question or there is a queue?

Mithun Chand: You can.

Krushik Parek: I can. Okay. So in terms of the new product launches, I mean, I believe the Bajra you mentioned that about 60%, 70% are the new ones and similar traction we are witnessing in the rice as well. So how much -- if we just want to try and understand that how much better are we as compared to the competitive products in terms of yield or the benefit? What is the internal benchmarking that we are looking at? are we at par, are we at significantly better as compared to the competition that we have?

Mithun Chand: Most of the times, not only for Kaveri, for the entire industry, if you launch normal hybrid or on par hybrid, you may not get any market share. You need to show some benefit over the



existing one. Then only the farmer will shift or purchase your seed. So in that way, we see the growth it definitely shows that the farmer is interested to buy our products. That's what is reflecting in our sales.

Krushik Parek: Okay. So this increase in hybrid rice and selection rice by volume, is it more of a reflection of the products being better or that...

Mithun Chand: Yes, that's what we need to see.

Krushik Parek: Okay or is it also a function of that we have made them available?

Mithun Chand: So it's a combination of all. The top priority is for the performance of the hybrid, then the availability of the product, your reachability, all comes in that 30% to 40%, but more than 50% to 60% lies with the performance of the hybrid.

Krushik Parek: Okay. Got it. And in terms of exports, how are we shaped up now, especially that -- I mean what we have seen thus far has been a little volatile for us. And now that we have also set-up an office in Bangladesh. So apart from Bangladesh -- so Bangladesh is one and then I think even in Africa we were looking to make some inroads. So how is that shaping up?

Mithun Chand: When compared to last year, we are down in export, but last year, we have done INR65-odd crores in terms of export, wherein close to INR35 crores was from Bangladesh and INR30 crores from other countries. Even in other countries, it was from Tanzania, majority of the sale where we got the government order.

Last time itself, we told that it's a one-time order, we may not expect this. But the normal organic growth, we can -- we thought that we'll continue. But during -- by seeing the political situation in Bangladesh, we are down by more than INR20 crores itself in Bangladesh. So that's the reason we have seen a dent.

But going forward, we see a very good market for exports. So we have expanded to many other countries. That will eventually result in revenues in the next 2 to 3 years. So we are pretty confident of our exports. And most of the hybrids we have taken trial in other parts of the world are very promising and encouraging.

Krushik Parek: Okay. Got it. And the cotton prices have been flattish to even a bit decline -- I mean, a bit muted as compared to, say, last year?

Mithun Chand: Sorry?

Krushik Parek: The cotton prices.

Mithun Chand: Commercial prices you're talking about?

Krushik Parek: Yes, the commercial cotton prices. So do we expect any shrinkage of acreage in cotton because of this?



- Mithun Chand:** No, I don't see. But even the central government is also taking initiatives to -- if you see the budget, they want to give support to the cotton and the textile people. But we don't see any decline in cotton as of now. It should remain as it is. Maybe 5% plus or minus based on the monsoon, but we don't see any decline anywhere like something really for the cotton agri used to go down.
- Krusha Parek:** Okay. If there is no one in the queue may I continue.
- Mithun Chand:** I don't know.
- Moderator:** Can we request you to come back in the queue.
- Krusha Parek:** I will. Thank you.
- Moderator:** The next question is from the line of Sanjeev Zarbade from Dream Ladder Investments. Please go ahead.
- Sanjeev Zarbade:** My first question is what would be the outlook for maize in the next two quarters?
- Mithun Chand:** Next two quarters?
- Sanjeev Zarbade:** Yes.
- Mithun Chand:** Anyway, fourth quarter is a very insignificant quarter for us. We don't have any sales in that. But first quarter is the main quarter for us, that is for the next year financial year. We see very good growth in maize, like it is 10% to 12% growth in terms of the volumes for the next year. And the maize acreages are also going up. As a crop also, maize looks very good going forward.
- Sanjeev Zarbade:** Yes, I have two more questions. First one is, when will you see a breakout adoption in rice?
- Mithun Chand:** It's -- the adoption is really slow. It did not go the way what we thought. But if you see, the seed replacement ratio has gone up in rice also. It was like 25%, 30% like 12, 13 years back, but now it has moved to 60%, 70% now. That's really encouraging with the first step to go for hybrid.
- So going forward, if we have hybrids in the right segment, definitely, I think the hybridization will be very fast. And most of the companies are coming with those type of hybrids, including Kaveri. So we don't -- as of now I can't say that exactly how fast will it grow, but definitely, eventually, it will move to hybrids.
- Sanjeev Zarbade:** Okay. And is there any progress on HTBT cotton from government end?
- Mithun Chand:** It is much positive when compared to 3 years back. It's moving on. We can expect any time. But again we are not able to time it, but the government response is encouraging in terms of the new technologies.
- Sanjeev Zarbade:** Okay. Sir that's it from my side and thanks for answering the questions.



- Moderator:** Thank you. The next question is from the line of Harsh Vora from DR Choksey. Please go ahead.
- Harsh Vora:** I have one question regarding the -- what do you expect to be the growth rates for the next 2 years at both sales and PAT level?
- Mithun Chand:** We think that we can grow at 10% to 12% at the top-line and 15% to 20% at the bottom-line. This year was -- we couldn't grow in that way because of the cotton and the increase in the production cost. But going forward, that should continue. That's the broader guidance what we give.
- Harsh Vora:** Okay. And any investment on expanding capacity that you have planned?
- Mithun Chand:** That's a continuous activity. We are already doing it. Again, we are constructing other processing line and warehouses. But in terms of the capex, year-on-year, INR30 crores to INR40 crores should be at a very higher for the next 2 to 3 years.
- Harsh Vora:** Right, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Rohan Patel from Turtle Capital. Please go ahead.
- Rohan Patel:** Yes. I wanted to ask like the new seed share in -- if you can give us a proportion of what are the contribution of new seeds in cotton, hybrid rice, selection rice and maize for this year?
- Mithun Chand:** Sorry, I couldn't hear you properly.
- Rohan Patel:** Yes, sure, I will go ahead. Contribution of new products, basically new seeds to volumes in cotton, hybrid rice, selection rice and maize. Like contribution of new products?
- Mithun Chand:** Contribution of new products. I don't have the exact figure as of now, but contribution in most of the crops, except for cotton, all the other crops, like it remains in between 30% to 40%. Cotton contribution is slightly lower because most of the hybrids are pretty old hybrids. Cotton it should be like 10% to 15%, but other crops are in between 30% to 40%. I don't have the exact figure, but surely that range is in that figure.
- Rohan Patel:** Okay. And going forward for next year, considering that cotton is at a lower base and we are -- like last quarter, you said that it can grow at 15%, 20%. So how much would be the contribution of new products in that growth for us?
- Mithun Chand:** In terms of the cotton, whatever we are talking about the growth, majority of that will be from the new products.
- Rohan Patel:** Okay. And for other like non-cotton products, how will this new product share improve?
- Mithun Chand:** Because most of the hybrids are very new, in our terms, we say like new products are nothing but 0 to 4 years in terms of our reporting. So most of the hybrids are new hybrids. If some hybrids moves out of the 0 to 4 years, some other hybrid may contribute. But usually, it should



be like 30% to 40% going forward as well, because every year, new hybrid comes in and another hybrid goes out. So we say like 0 to 4 years is only what we say the contribution from new hybrids.

Rohan Patel: Okay. And can you explain us like how will we -- like we are growing top-line at 10%, 12%, that's fair enough, like considering our product portfolio. But how will the margin improve from here on, like it will be like price increases or like better quality, high margin?

Mithun Chand: So when I say the revenue of 10% to 12%, it is a combination of price and the volume. But as we grow -- as we increase our sales, the other costs also get optimized. So at the EBITDA level, we can definitely increase our margins.

Rohan Patel: Okay. So this would be more from -- coming from higher scale rather than high-value product or increase in...

Mithun Chand: We are already there because as we are already passing on to the farmer, all the production cost is also up. So it may not be immediately in 1 year or so where we can pass it on the entire cost. But overall, with all the other things contributing to it, we can go in that fashion.

Rohan Patel: Okay. That was from my side. If I have any more questions I will get back in the queue. Thanks.

Moderator: Thank you. The next question is from the line of Mohammed Patel from Care Portfolio Managers. Please go ahead.

Mohammed Patel: Sir, what was the regulatory price increase given by the government in last year for cotton in percentage terms?

Mithun Chand: In terms of the absolute, it was like 1.5% or 2%. I don't remember that selling price is like INR857 now. It was from INR845 or INR840.

Mohammed Patel: And what was the increase in cost of production for cotton this year?

Mithun Chand: Cost of production has gone up somewhere in between based on the hybrid went in between INR50 to INR100.

Mohammed Patel: Okay. So do you think that this time around, the increase will be higher than 2%, 3% from the government side?

Mithun Chand: If you take the previous year not for the last year, but if you take the previous year, it was like close to 5% to 7%. So certainly, the prices have moved up last year. That we have already represented to the government saying that the prices have moved up, but they need to take a call. Eventually, what -- it may not be this year or so, but eventually, they need to increase the cost because that is the way otherwise the cotton seed industry may not survive. So that they keep everything in the back of the mind and then decide on the price.

Mohammed Patel: So if you are saying it will be lower than the cost of production increase, then there will be pressure on cotton margins for FY '26?



- Mithun Chand:** Definitely, there will be pressure in the cotton margin, but the other crops will be doing well. So that's the reason as an overall basis, we will not be that much stressed.
- Mohammed Patel:** Okay. My next question is, you said seed production is good as compared to last year. But if you can answer separately for non-cotton crops what is the growth? And for cotton, what is the growth of production of seeds?
- Mithun Chand:** Across the board, across all crops, we have increased the production, both in terms of the cotton and non-cotton segment. Production will be definitely higher like 25% to 30% more than the last year.
- Mohammed Patel:** Across all crops?
- Mithun Chand:** Across all crops.
- Mohammed Patel:** Okay. And for which crop you said the cost of production is higher by 10%? That is cotton?
- Mithun Chand:** One is cotton, even rice, some parts of maize.
- Mohammed Patel:** Okay. So rice, we should be able to pass it on, right?
- Mithun Chand:** Yes, because this is not control with the government. We are already doing it. For example, Rabi, we have started passing on to the farmer. Next year, we'll definitely pass on more.
- Mohammed Patel:** Okay. And you said cotton new product contribution is right now 10% to 15%. So in the next few years, are you expecting this to increase to 30%, 40% like the other crops?
- Mithun Chand:** Definitely, In fact, it will be in the next 2 to 3 years, majority of the contribution to the revenues will be from the new products. So definitely, that will also go to between 30% to 40%, 50%. At an average, any given point of time, what we see, what we are looking at trend in the previous years and most of the crop, the contribution from the new crops are in between 30% to 40% across.
- For example, in some crops, cotton, it might go up because most of the varieties are very old. For example, in Bajra, it looks like 60%, 70% because the base is very small. As you increase the base, definitely, the contribution will be in between the 30% to 40%.
- Mohammed Patel:** So you are saying next few years, cotton should do well, non-cotton should do well. Overall, I think next few years are looking much better than the last 2 years?
- Mithun Chand:** Yes, exactly.
- Mohammed Patel:** And on the exports, is it a higher margin business?
- Mithun Chand:** Yes, decent margins. We can relate it to the normal margins here apart from a few countries of some stock. But otherwise, other crops are profitable. Very few occasions we sell at a very low price. But otherwise, okay, for example, last time we did to Tanzania, but we wanted an entry

so that we have given at a lower price. But usually, when we sell in a normal open markets, we maintain our margins.

Mohammed Patel: Okay. So you still stick to the INR150 crores, INR200 crores guidance for exports in the next few years?

Mithun Chand: 3 to 5 years, yes, definitely between close to INR160 crores we can see, 3 to 5 years.

Mohammed Patel: Thank you.

Moderator: Thank you. The next question is from the line of Krushi Parek from Ugle Rock. Please go ahead.

Krushii Parek: Yes. So one thing is, I mean, I just want to clarify the inventory volume growth we are expecting in the March will be somewhere around 10% is what you mentioned, right?

Mithun Chand: It will be more than that, but it may not be -- it depends on the arrival of the crop, may not be exactly by March end. It should be before March or after March, that depends on the crop arrival. But across the previous year, we can see at least 20% more than -- 15% to 20% more than previous year's volumes.

Krushii Parek: In terms of volumes?

Mithun Chand: Yes.

Krushii Parek: Okay. And so we were talking about this rice hybridization, it's not picking up. Can you give some sense on what are the bottlenecks that the industry is facing or even we are facing that is stopping this hybridization process?

Mithun Chand: Basically, when we try to introduce a new variety or a hybrid, it should do better than the existing one. In rice, the existing varieties are doing well. And across the industry, we are not having standard rice hybrids. Most of that are in bold rice. Now the pipeline hybrids are coming in standard rice. Once it comes in, it might pick-up.

Krushii Parek: Okay. So basically, what you're suggesting is that the product is not that -- I mean, it's not -- and even in terms of yield or just product?

Mithun Chand: Everything, yield, and product both. Wherever we are able to show better yield than the existing varieties, there the hybridization is much faster. And now most of the rice have moved to the standard rice segments. For example, in Southern India, we don't see much of an hybridization except for the Northern India.

Krushii Parek: Okay. And so basically, currently, even our offering is not that materially different versus what is available in the market currently?

Mithun Chand: Yes. Most of the players are in the same segment, but the new pipeline hybrids are coming in the standard segment for us.



- Krushji Parek:** Okay. And one last question. In terms of adding our distribution, how are we placed? So I believe in most of the states of India, we are now present. In terms of expanding our reach and making our products available, how are we placed this year as compared to the previous year? And how we are likely to be in the next 3 to 5 years?
- Mithun Chand:** In terms of the network, we have got one of the largest network. As rightly said, we are there in more than 23, 24 states across India. We have the largest network in terms of the distribution in terms of the warehouse network across India. We have a complete reach in most of the places where we operate.
- In terms of adding of new dealers, it may not be that significant because we are already there in most of the segments. But wherever we have left behind some segments where our products are there, where we might have, but that will be very negligible when compared to the existing one.
- Krushji Parek:** Okay. So basically, whatever growth we are likely to expect is from the new launches and introducing more products in the same segment?
- Mithun Chand:** Yes, most of that will be from the new launches and very little from the area where we are not present.
- Krushji Parek:** Okay, got it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Siddharth Dant from Goodwill. Please go ahead.
- Siddharth Dant:** Yes, I had one follow-up question. Could you just comment on why BG 3 cotton has not yet come into India and has there been any progress on that or is it still stuck?
- Mithun Chand:** The trials are complete, almost complete. It's been long waiting for BG 3. We are waiting the government approvals, but compared to 2, 3 years back now at least the government is much positive and they are still trailing on it and the discussions are happening. So we are pretty -- we see that it might come any time. But that's why I was saying for the last 1.5 years. There's some progress. Like unlike in the previous years it was completely stalled, that's not the case now.
- Siddharth Dant:** Okay. And what about pricing over here? Is there any -- is there a similar price cap we can expect in BG 3 or there's nothing out there?
- Mithun Chand:** Yes, price cap will be there. But again, the price will be negotiated by the service provider for the government and the players.
- Siddharth Dant:** Okay. That's great to hear. And anything else on other GM crops in terms of trials?
- Mithun Chand:** No, once it need to -- most of the crops also the trailings are happening. But first of all, BG 3 need to be cleared, then the other crops might come. First crop to come will be BG 3. But the trailing -- most of the trailing and the data is already present in the government and the service providers, technology providers.



- Siddharth Dant:** Okay. That's great. Thank you.
- Moderator:** Thank you. The next question is from the line of Rohan Patel from Turtle Capital. Please go ahead.
- Rohan Patel:** First of all, I want some data points, like how many packets of cotton we have sold this year and the revenue that we have generated?
- Mithun Chand:** Cotton, we have sold around -- we have sold 36 lakh packet, 35 lakh, 36 lakh packets. The revenue is INR258 crores.
- Rohan Patel:** Okay. And sir, can you provide us with market share in like regarding cotton in Gujarat, Maharashtra, Telangana, Andhra Pradesh and UP and Madhya Pradesh?
- Mithun Chand:** We are there, but we have the highest market share in Gujarat, because this year was a low base, we have close to 20%-odd market share in Gujarat. In all other states, between like 5% to 10% market share.
- Rohan Patel:** So we have probably lost our market share significantly from Maharashtra as well as Telangana, Andhra Pradesh if we see that 5% to 10%.
- Mithun Chand:** Yes. See, we have done only 36 lakh packets of a total market share of close to INR4 crores-odd. So we are in between that 8% to 10% market share now. So earlier, we were at 15%, but this year we lost. If you take the last year sales, we were like 55 lakh packets, which is close to like 13%, 14% market share.
- Rohan Patel:** Okay. And what was the main reason? Like were we lagging behind with hybrids or like there was a pricing issue or new players that have come in and sold, penetrated...
- Mithun Chand:** It's a combination of all. One is that it was pretty old hybrids. There are some other competitive hybrids which are doing well. The other thing is the availability was also low and we were trying to realize more from the competition when compared to the competition. These all contributed for a degrowth.
- But we were pretty conscious what we are doing about. And now when we talk about going for the future, we said that new hybrids are coming up, which we already tested and sold even commercially sold in the market. Those are really performing well and we see good sales in those hybrids.
- Rohan Patel:** Okay. So considering that now we will be having our new hybrids back, so can we think about that growing this from, say, 37 lakhs to again to, say, 60 lakhs or about 55 lakhs, 60 lakhs?
- Mithun Chand:** Definitely. In the next couple of years, definitely, that's the margin we are looking at. In fact, if everything goes right, we can go back to our peak levels, which were like that 8 million packets in the next 5 to 7 years.
- Rohan Patel:** In next 5 to 7 years, back to 8 million packets?



Mithun Chand: That's our internal target, but we'll again update you in between. But for the next couple of years, we definitely see the growth, 2 to 3 years.

Rohan Patel: Okay. Thanks.

Moderator: Thank you. The next question is from the line of Janish Shah, an Individual Investor. Please go ahead.

Janish Shah: Yes. I just have one broader question may be related to the macro kind of a question. Basically, you've seen the weather patterns have been changing and even in India for the last couple of years, the monsoon has been very erratic. How are you planning to -- or I mean how do you see this change impacting your business, whether positively, negatively?

And how do you see the farmers adopting or changing their behaviours with regard to your seeds or maybe any other products or any other segment which may see a kind of a change in adoption or the practices?

Mithun Chand: If you see the last 10, 15, 20 years, even more than that, every year, the climate is changing. As you rightly said, we have erratic monsoons. Not only monsoons, like very unseasonal rains, which are really damaging. So this is definitely affecting the cropping pattern. And more than the crop, because usually what happens most of the time, the farmers at the initial showers, for example, once we receive the rainfall in Kharif ranging from May to July across the country.

Once the soil has got the enough moisture, they try to sow the seeds and harvest according to duration of the crops. By changing climatic conditions, by erratic monsoons, we are -- the crops are getting new pests, new diseases, new viruses. So that's what impacting the yields. So as there are new tests and new diseases, we are trying to develop hybrids which are resistant to those.

So that's the reason every time the farmer requires new hybrids, usually, the cycle like 3 to 5 years is the cycle of the hybrid, again a new hybrid comes in. So that's how it goes on. And I think that will continue going forward also.

Janish Shah: Okay. And with regard to the pricing, I mean, you said cost, which is already up by 5% to 10%, how is the pricing is being marked to farmers? Especially a situation where we had like last year, there was a deficient monsoon and farmers' income generally were under stress. This year monsoons have been better, but it is on the higher side.

I'm saying there's an excess in some part. I don't know how that is going to have an effect. But in general, like how do you price your product to ensure that the demand is right, the product is well adopted by the farmer, I mean, without impacting their cost of production or maybe any cost benefit analysis that you can share with us?

Mithun Chand: There are basically two sets of farmers. We deal with production farmers. Production farmers are nothing like the farmers who produce seed. Like we have our own research, we take land on lease and produce our own seed. So for us, the cost is like the lease cost, the pesticides and

what are the labor, fertilizers, everything comes into our cost. And end of the day, you need to get a better yield. So these are the costs involving for us.

And usually, when we do the farming the other costs are going up, definitely, the seed production cost will also go up. And that will be the same for the commercial farmer also. Commercial farmer, nothing but where we sell our hybrid seeds and they grow it on their own and the grain is sold in the market.

So for him also, the cost is same. Over and above that, either yields or MSPs have gone up, the cost of cultivation is definitely high. So that's where the cost of production goes up. If you get a bumper yield, the cost of production will be down.

Janish Shah: Okay. So -- but your pricing is like a pass, I mean, you have a pass-through kind like I'm saying whatever the increase you have been able to pass on...

Mithun Chand: For example, if I produce a corn hybrid, the remuneration for the normal farmer if he takes corn hybrid like is INR30,000, INR40,000, say. For our farmer, definitely looks at INR50,000, definitely 20% to 25% more than the existing farmer. So that's how the entire cost works out to be.

Janish Shah: Okay, understood. Thank you very much.

Moderator: Thank you. The next question is from the line of Krushi Parek from Ugle Rock. Please go ahead.

Krushii Parek: Yes. Just one housekeeping question. There was about 16%, 17% jump in the employee cost. Can you help me understand why this much jump? I understand revenue has jumped 22%, but from about INR35 crores last year and about INR30 crores on an average that we have for other quarters, around INR41 crores jump is something that I'm looking to understand?

Mithun Chand: For the entire 9 months you're talking about?

Krushii Parek: No, for the December quarter?

Mithun Chand: December quarter, sorry, employee cost?

Krushii Parek: Employee cost?

Mithun Chand: One, there are usual increments what we give. And the other thing is count also we have increased the count. We both will contribute for the employee cost.

Krushii Parek: Sorry, you have increased what?

Mithun Chand: One is the count, employee count and other one is a normal increments.

Krushii Parek: Okay. And the employee count is increased in a particular category of employees, in which category?



- Mithun Chand:** Across.
- Krushu Parek:** Across. And this is in anticipation of something?
- Mithun Chand:** So one -- see, one, we are increasing production that itself shows that we require more people in the production, more people to test and more people to process. Again, we require more people to sell it also. So based on the areas and all those things, it all goes up across the Board.
- Krushu Parek:** Got it. So rate will be somewhere around 8%, 9%?
- Mithun Chand:** Yes, usually, around 8%, 9% right.
- Krushu Parek:** Okay. Thank you.
- Moderator:** Thank you. Ladies and gentlemen that was the last question. Thank you for joining the call. For any other information, please be in touch with Mr. Rama Naidu from Intellect PR on 9920209623. On behalf of Kaveri Seed Company Limited, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines. Thank you.