



“Kaveri Seeds Q3 & Nine Months FY'2022 Earnings  
Conference Call”

**February 15, 2022**



**MANAGEMENT:**

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



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**Moderator:** Ladies and gentlemen, good day and welcome to Kaveri Seed Company's Q3 & 9M FY22 Earnings Conference call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions at the end of today's presentation. Please note that this conference call 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 hand the conference over to Mr Mithun Chand. Thank you and over to you, Sir.

**Mithun Chand:** Thank you. Good evening and welcome everyone to our Q3&9M FY22 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 then open the floor for a Question-and-Answer session.

We are moving from pandemic to endemic and I hope there will not be any tailwinds from Covid in the near future.

The Indian economy has emerged as fastest growing economy at an estimated 9.2% during the current year and expected growth of 8-8.5% for the next year. Gross value add in agriculture is estimated to grow by 3.9%, which is good for us. Inflation is bothering policy



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makers across the World; however, this shows that growth will eventually takeover inflation.

The digitalization theme will be the backbone for new investments in agriculture, which will streamline government payments and procurements, which in turn will increase the cash flows in the hands of farmers for increasing adoption of new and hybrid variants across the crop segments.

Encouraging start-ups and mechanization in agriculture are going to increase the investment in agriculture, which should in turn increase the pace at which the new technologies and hybrid varies are adopted for better yields in the country.

Food and agriculture start-ups attracted a record \$22.3 billion in venture funding last year, that's twice as much as these segments raised in 2019, which is making agriculture not only attractive but also data rich, this will revolutionize the sector as a whole and we are going to be one of biggest beneficiaries.

**Coming back to Operational Highlights:**

- The income from operations for the quarter stood at Rs. 102.08 crores, which is 2% higher on a YoY basis.
- The EBIDTA stood at Rs.16.32 crores up by 8.22% on a YoY basis. PAT stood at Rs. 9.08 crores up by 21.88%
- Our cash on books stands at Rs. 314 crore



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**Segment-wise Highlights:**

As we were discussing Cotton and non-Cotton Crops:

Hybrid Rice volumes increased by 22.38% in first months of financial year 2022. The introduction of the new hybrids has helped to achieve this strong growth. The contribution of new hybrid rice products was up from 67.93% to 75.68%.

The contribution of new products was up from 9.55% to 25.49% of volumes in Maize. More than 60% of the revenues have come from non-cotton crops like rice, Maize and vegetable this year. In line with our focus on non-cotton segment's contribution in 9MFY22 has increased to 62% from 53% in 9 months FY21

We have witnessed significant growth in both revenue and volumes from hybrid and selection rice and vegetables segment.

We have completed buyback of shares worth of Rs. 119.95 crore during the quarter. We are working actively to launch new products for mustard and wheat crops, which have huge potential, Hybrid rice is just 9% at 4 million hectares, out of 42.7 million hectares of rice market, and even 10% shift to hybrid is a huge opportunity for us.

Contribution from our new products across seed segments is stable during the year. This should move upwards in the years' to come, and this is the biggest driver for the organization.



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Company always strive to deliver consistent growth on both revenue and profitability, better margins, build sizable new products, invest in R&D to have new pipeline products, looking for breakthrough technologies in the market to utilize surplus cash in the books of the company. The company has delivered 16% CAGR in revenue and 23% CAGR in PAT in the last 10 years.

Current low yielding situation calls for adoption of hybrid varieties, which is happening on the ground. We currently have 17 advanced production facilities, 1 lakh large farmer base and 40,000 dealer network, with broad portfolio of 1 lakh acres under seed production, and 145 strong R&D team with 900 acres of dedicated research farms

I would like to further state that, the company has generated good cash flows in the last 15 years of its listing since 2007. The company had started declaring dividends from the year 2009, since then, in the last 13 years, the company has rewarded its shareholders with more than Rs. 920 crore worth of cash, either in the form of dividends or buyback of shares. Moreover, the company had distributed close to Rs. 820 crore in the last six years alone in the form of either dividend or buyback.

Company's motto is to deliver consistent growth on both revenue and profitability, better margins, build sizable new products, invest in R&D to have new pipeline of products.

Any major shift in adoption of hybrid and selection rice, increasing demand for green fuel and increased protein demand in Maize are going to drive the volumes for us.



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I would now open the floor for a Question-and-Answer session.

**Moderator:** Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Tarang from Old Bridge Capital. Please go ahead.

**Tarang:** Just wanted to check the CII estimates for cotton output for the current kharif is at about 34.8 million bales which is roughly at the same levels of last year. So, where do you see this moving now going forward especially given the first quarter we saw a lot of disruption in sowing from the unorganized players, so how should we look at it for the upcoming season?

**Mithun Chand:** If you see the current sentiment for the cotton crop, it is very positive. If you see the price at which the cotton is trading at, it's like all-time high, the normal market is like more than 9,000 a quintal. If you see the sentiment is good and compare to previous year we see positivity in the cotton crop coming up this year. Regarding the other question like where it will move to the branded segment or the illegal or the unbranded segment, this time we are slightly confident that it will move to the branded segment as last time the unbranded segment or the illegal seed has given mixed result for them. So, we see a good rise in the branded cotton this year. In this financial year, this is the first pulse of the farmer. So we are quite positive regarding cotton crop this year.

**Tarang:** One of the factors which impacted our maize business was the tender piece from government. So any indications that you are getting on



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that activity might be better this year versus last and would that activity be better in Rabi as well?

**Mithun Chand:**

Basically, the tender business comes in early of this second quarter. So we can take it as first half. So we have already lost that business. The government could not call for tenders and we don't expect any business coming in this year. But going back, as we see the normalcy coming back, we don't see much of an issue in that. But anyhow, as a company, our tender business we don't bank much on that but if you see the other segment like the normal trade business maize, we are doing well and most of our hybrids have gained well in terms of the market share. Even in this tough conditions in rabi, we have seen an excess rain in most of the parts in the second quarter, in the third quarter where there was slightly down in terms of the acreages in terms of maize and in terms of vegetables. Even in these tough conditions, we are able to do better than the competition and the industry. So, we are quite optimistic about maize stock in the coming years. And maize as a crop we see a lot of positivity not only in the coming one or two years but in the long run as the prices have also firmed up and the yields have also improved and usage of maize have also gone up. So, maize as a crop has a great potential going forward and we are in line, hybrids or whatever we are doing in research, in terms of launching of new hybrids in different segments, we are doing well and definitely we can see a good growth coming over.

**Tarang:**

Just two questions. So, on the tender bit, do you anticipate that the tender business to not receive in the next kharif also or you are



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getting early signs that maybe perhaps you will have that activity coming in, in Kharif of FY23?

**Mithun Chand:** What I meant is that because of the COVID condition they couldn't call for tender this year that is '21-22. But going forward, definitely, we think that it should come to normalcy and they should again call for tenders and we might participate in that. What I specifically said is that we don't bank much on tender business because it's a one-time business. We usually work on the trade which is a consistent business.

**Tarang:** What would be the closing inventory for cotton this year?

**Mithun Chand:** It's too early to predict, but it should be between 8 and 9 million, it should be in line with last year.

**Moderator:** The next question is from the line of Abhijit Akella from IIFL Securities. Please go ahead.

**Abhijit Akella:** Just wanted to understand the performance of a couple of segments this quarter. One is hybrid rice seems to be down for this quarter year-on-year. Is that because of the government's encouragement to farmers to move away from Rabi, paddy cultivation in both Telangana and Andhra Pradesh? And how do you see that impacting hybrid paddy business going forward?

**Mithun Chand:** Not exactly. But last year, there was some sort of spillover sales, which was carried in third quarter. To some extent, what you said was right, because this year, these selection wise move a lot in terms of the hybrid paddy. But that's a very small portion on the smaller base,





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it looks like we have lost sales in hybrid rice, but as an overall segment this year, we have done very well in terms of the hybrid rice as compared to the industry. Industry figures are down by 5% to 7%. But we are growing by more than 20% to 25% in hybrid rice. So that's on a very small basis, that's not a significant one. Going forward, we see a very good adoption of hybrid rice segments.

**Abhijit Akella:** So no change to our expectation of say, 20% to 25% growth in hybrid rice going forward?

**Mithun Chand:** No, as of now, we still maintain the same guidance.

**Abhijit Akella:** In vegetables, also, there is some 3% decline in the third quarter and also YTD it's grown only around 8% which is a bit low given the small base. So what exactly happened there?

**Mithun Chand:** As I mentioned in the earlier question, excess rains in Northern India and some parts of Central India have impacted vegetable business in the third quarter, where we got into a good sale in okra and the other crops, okra being the major contributor in the third quarter, we couldn't gain the sales as anticipated and there was so much of returns which were lying. So we have taken that into account. That's the reason we have not grown much in third quarter. But if you see the fourth quarter and if you compare on a year-on-year basis, vegetables will grow and on a fourth quarter-to-quarter basis. Already, we had a good start in the fourth quarter. We can say good sales coming in the fourth quarter.



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**Abhijit Akella:** Then just on the Madhya Pradesh Government provision that we had taken in cotton in the first quarter, has that been reversed yet or not yet?

**Mithun Chand:** Not yet. We are pursuing it. We might get in the fourth quarter or the first quarter of next year. But even though it's getting delayed, we are not bothered about the payment as I think it will be sorted out and the company will receive the payment.

**Abhijit Akella:** So whenever it's reversed, it will be 15 crore added to the profit?

**Mithun Chand:** Yes.

**Abhijit Akella:** Bayer Crop Science has recently reapplied to the Indian government for GM technology approval. So, given that it's happening after so many years and there is finally some positive movement on that GMO front, would appreciate your perspective on where you see this whole GMO technology going forward?

**Mithun Chand:** It's very positive news for the industry and we are quite optimistic and confident that the government will also encourage and allow new technologists to come into the Indian agriculture. Bayer is acting very proactively and they're working aggressively with both in terms of the technical team and in terms of government in explaining the advantages to the agriculture and as a whole to the country. That's a very good move. As you rightly said after a long time, we are seeing some sort of a technology movement at the government level. It's a very positive move. And once it gets approved, we might see a lot of new technologies coming even in food crops, edible crops as well. So



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that's a very good move. And that's a reason we are pretty confident about the future of the Indian agriculture and many more new technologies come into agriculture which are already there in other countries and just waiting for the approvals. When we interact with the Government, even they are also active; they are also willing to introduce new technologies. Of course, they will check the implications of it but they are positive in getting new technologies even at the government side it's a good sign. So we can see some sort of a development in terms of introduction of new technologies in the coming year.

**Abhijit Akella:** Regarding the government tender business, there is one school of thought that because Telangana and AP have started giving these subsidies in the form of Rythu Bandhu and Rythu Bharosa that therefore, those state governments will not come back with tender business anymore in the future. So, what are your thoughts on that?

**Mithun Chand:** Basically, if you see the tender business what you say both Andhra and Telangana never use this type of tender business, for example, they just give a subsidy of Rs.5 or Rs.10 a Kg, whoever is buying maize. So, that will not impact much. If you see the actual outflow of the governments, this is very few crores only. Whereas the tender business what we are mentioning is about the Central, States where the Government buys and gives it to the farmer on a free basis. Here, the farmer pays 90% of the amount. So that will not impact much in these States. Tender business doesn't make much difference in these States, even in Karnataka. They just give subsidies, Rs.5 or Rs.10 per Kg, that's it.



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**Moderator:** Next question from the line of Anurag Jain, an individual investor. Please go ahead.

**Anurag Jain:** Kaveri has been on the lookout for acquisitions for some time. Now, in the last few months, Bayer India has sold its cotton, mustard, pearl millet and grain sorghum seeds business including the brands like ProAgro and Surpass to crystal crop protection. Now, let's say theoretically Kaveri would have participated in this transaction, and then would Kaveri have been eligible, would Competition Commission allow Kaveri to acquire other smaller seed companies given that Kaveri is a major player already? And then in the seed business it's not even possible for a new company to come in. So in that situation, if we could throw some light on what kind of acquisition opportunities you've been looking at and how do you see yourself vis-à-vis getting approval from Competition Commission for any possible acquisition?

**Mithun Chand:** Yeah, we are open for acquisitions and we are looking for companies also, but at the same time, we are very conscious in acquiring companies as it should add value to the company, in the sense like we are strong in most of the crops, where we operate and we are one of the largest strongest network in terms of the distribution and in terms of research. So, we are looking for companies which can actually have some research base and with new product base, where we are not present or the new varieties where we are not present. We will look for acquisitions. We will acquire a company which makes sense in improving the revenues and in terms of the profitability and of course, the shareholders. And in terms of the Competition Commission, definitely before acquiring any company, that's subject to the



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approvals with the competition. And as we have not acquired any company, we have not approached any Competition Commission of India for any approval. If that happens, definitely we will take their approvals and then do it.

**Anurag Jain:**

Another question I have is last year basically branded seed market had lost market share for the first time after many years to the illegal seeds. There are two seed associations in India. So any of these are working, and they have planned to merge these associations. So is the association now planning to do some activity with farmers on educating them about the ill effects of illegal seeds or how do you see this situation of illegal HTBt seeds and cotton market pan out?

**Mithun Chand:**

Even though they were working independently, both the associations were working with the farmers in educating about the quality seed and not going for the illegal seed. Not only the associations, even from the government's front, they were working aggressively to educate farmers and to create awareness. And as an individual companies were also working on that. So now, what we see is that at least in the next year, with the awareness created by the organization and by the government and there were really stringent laws which are enforced by the government for example, even the Telangana Government and Andhra government are booking a PD Act for the companies who are doing illegal seeds. So, these types of actions are taken by the Government. So, definitely what we see is that the awareness has gone up and we think the movement of the illegal BT seeds should also come down next year. Anyhow we need to see, but



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as of now, it looks like it should come down as a percentage as compared to this year to next year.

**Anurag Jain:** I missed your answer to the previous participant question. Like Rs.15 crore was written off. So, do you expect this to recover in what time period?

**Mithun Chand:** Maybe in the next three to six months we are expecting the money should come back to the company.

**Moderator:** The next question is from the line of Srikanth Varma from State Bank of India. Please go ahead.

**Srikanth Varma:** Everywhere today due to inflation, the commodity prices are raising. What will be the effect of your EBITDA margins due to the raw material price increase?

**Mithun Chand:** Increase in the prices is a routine activity in the business and most of the time we pass it on to the end farmer. So what we try to do is we try to maintain our EBITDA margins. So as of now we don't see any stress on EBITDA margins.

**Moderator:** The next question is from the line of Aashiesh Agarwaal from Crescita. Please go ahead.

**Aashiesh Agarwaal:** I understand that your rice business is doing very well and non-cotton is especially doing very well and congratulations on that. My question is with respect to the cotton part of the business and apologies if you've answered that before, but cotton still remains a large part of your business and there we are seeing the business kind of slowing



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down. So, do we expect this to remain like this, how is cotton growing overall, how is our market share moving and what is our thought and strategy on that, if you could throw some light on that part of the business?

**Mithun Chand:**

Even though cotton as a contribution to the overall revenues has come down, but cotton is a very important crop for us. We still focus on cotton. We are developing many hybrids in cotton for the new segments and launching of new hybrids in different segments is a continuous activity. As rightly said, even the cotton is contributing lower, but as a crop, even it has a good 35% to 40% of revenue contribution. As a crop, we don't want to lose any focus on that. But as the non-cotton segment is growing much faster than the cotton crop, so we are talking more about non-cotton segment but as a cotton, internally we see positivity coming back this year and last two, three years were tough years in terms of the cotton business. And as rightly mentioned in the earlier questions like introduction of new technologies like BG2 RRF by Bayer and most of the new technologies are also lined up for cotton business and cotton definitely will have a very big share in both in terms of the company and Indian agriculture. So cotton as a crop, we can't neglect and we still continue to be focusing on it.

**Aashiesh Agarwaal:**

To understand sir, in the last two, three years like you mentioned that cotton has been weak and obviously reflected in our numbers also. So if you could throw some light whether this has been across the industry or have we lost market share if you could share some sense



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about that? Is it only a question of a product pipeline that will change or is it something more to it?

**Mithun Chand:** If you see as an Indian crop, cotton is close to 30% on the peak levels of 2014-15. And the other part, even the illegal BT has also taken up some share. These two has impacted the branded share segment. In terms of the market shares, we have slightly lost market shares in a couple of states especially like Andhra and Telangana where we were very strong. But if you see the other states like Maharashtra, Gujarat, MP, Karnataka, we lost market share. So if you see as overall market share, we are at 1% to 1.5% slightly down in terms of the market shares when compared to the peak, but if you see overall the cotton market has come down, that has impacted.

**Aashiesh Agarwaal:** Just to talk on the point sir over here, you mentioned that we have lost some share in two States which is the large one. Is it a question of dealer margin, is it a question of our product, how do you see that and how do we go about addressing that?

**Mithun Chand:** It's a combination of both, one is the product and second one is the dealer because products are pretty old and new products couldn't make much dent in these markets as like the earlier products did. And in terms of the margins, we are in line with the competition. We realize slightly more than the other players do, because we don't give much of a credit to the dealers. So, that slightly impacted us, but see, overall, we have developed some, we are introducing new products in the segments and we are pretty confident that we think that we will get back our market shares and that's not a major worry for us, and as





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I said earlier, it will be a slightly loss of 1% to 1.5%, not more than that.

**Aashiesh Agarwaal:** What kind of volume growth can you anticipate for the cotton segment of the business for say the next 12-months?

**Mithun Chand:** We maintain only 10% growth this year even though we see a lot of positivity in cotton crop coming up this year. We want to be a little bit conservative in giving the guidance for the cotton as we need to again, check the illegal BT and the non-branded seed segment.

**Aashiesh Agarwaal:** Just industry specific thing, when does the cotton seed sales start hitting our P&L, so what is the cycle like?

**Mithun Chand:** Basically, that comes in the second half of May to July 15<sup>th</sup>, because each State has got different sales window and again that depends on the rainfall also. So, in that 1 to 1.5-months' time we will get a clear picture.

**Aashiesh Agarwaal:** So basically in the month of July from our sales point of view? And dispatches to dealer would be happening sometime in May, June, is the right way to look at?

**Mithun Chand:** Yeah, it starts from April and to May based on the State and it moves up to June end to July first week. If it is a nearby state from our godown, it moves fast. If it is far away it goes bit early.

**Aashiesh Agarwaal:** If you could also throw some light on the margin profile on cotton, rice and maize?



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**Mithun Chand:** If you see the margins as of now, we are getting better margins in non-cotton crops, cotton is slightly under stress. But if you see as an industry, we still realize more than the industry and I think it's already reflecting in the results for a couple of years. If you see further 12 to 14 months, the margin should be in line with the previous year. This year as the revenues were down and the sales returns were high and some impact in terms of the government receivables that have impacted the margin. Otherwise, in terms of the operations, the margin remains same and that will remain same going forward.

**Moderator:** The next question is from the line of Anurag Jain, an individual investor. Please go ahead.

**Anurag Jain:** Coming back on the cotton business for Kaveri, basically Cotton Association of India has projected that based on the current high prices for the next cotton planting season they are saying that in ten cotton growing states, the cotton acreages are likely to go up between 20% to 25%. So, in light of this projection, you have taken a very conservative view that you expect cotton volumes to grow 10% for Kaveri. So, just to understand, you are taking this conservative view of volume growth of 10% only, though the last year decline was 26% of volumes, and despite only a 10% growth, for margins do you think you can come back with the previous year margin with 10% volume growth?

**Mithun Chand:** As I said to the earlier question, I am taking a very conservative approach in terms of the cotton. Sentiment looks very good. But we are very bullish on the non-cotton segment where we grow in



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between 20% and 25% or the company growth should come back to the 15% and 20% and we will get back those to previous margins. So, that way we are not much worried. But at the start of the statement I said that we are taking a very conservative approach in terms of the cotton, we may also need to watch the illegal BT movement.

**Anurag Jain:** For me to understand correctly, with only 10% cotton volume growth, you expect to come back to the previous year margins?

**Mithun Chand:** Yes.

**Moderator:** The next question is from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

**Sumant Kumar:** Mithun, my question is for the quarterly volumes. You have guided 8.5-9 million packets and this is historically high. Assuming overall this kind of volume, apart from the acreage increase in the cotton because the prices are high, but overall, there is also a threat of illegal seeds. So, assuming that can you talk about what kind of risk we have in the 8.5-9 million packets?

**Mithun Chand:** In terms of inventory, there were a couple of questions, one is regarding the sales and one is regarding the inventory part of it. Regarding the inventory part of it, we are pretty conscious about the longevity of the seeds and in terms of the inventory management. The production whatever we have is like immediately previous year and this year production that we can use for next two to three years, we don't see any sort of threat in terms of the write-off, threat of not using the seeds. For the next year program, based on this thing, we



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will reduce the production or increase the production based on the sentiment in the initial beginning of the season. We don't see much of a threat in terms of the inventory management and we don't see any write-off coming from the cotton inventory at least. Regarding the sale, with the present inventory, if we can easily supply to the market and if there is much of an opportunity what we expected, even then we can manage with the present inventory what we have.

**Sumant Kumar:** So overall illegal seeds have impact on cotton in this year, right. So what industries are doing, what government is doing in that?

**Mithun Chand:** As I answered the earlier questions also that the companies, most of the government organizations and the private organizations and the government bodies are creating awareness among the farmers not to go for the illegal seeds and they are educating the disadvantage of going for that. Many governments have imposed strict action if someone deals with the illegal seed. These are the measures where the government is taking on and with that sort of initiative, at this time we might see a decline in the usage of the illegal of the seeds in the current year compared to the previous year.

**Sumant Kumar:** Assuming overall Indian cotton requirement and globally China cotton has been banned by US, and the requirement of Indian cotton has increased and yarn has increased, so what is your view on technology side, should we adopt a new technology, do we have a new technology to increase the yield or you say acreage increase of the cotton, because that is not a solution, that can create imbalance of the other crops also, in the area a particular crop is going to reduce,



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the price of that is going to increase. So what government is doing and what we are doing for that technology side in the cotton?

**Mithun Chand:** Both the government, the companies and most importantly for the farmers, increase in the yields is much required factor and if you see our yields when compared to the other developed countries or other countries where they are permanent in agriculture, we are much lower in that. So, we always require technologies and even I think the government is also pro in getting the technologies. As I said earlier, they are seeing what are the adversities in introduction of the new technologies in terms of the biological or the other pest and ingredients. So, that they are working on. Whenever they introduce new technologies, they check all those things and use it. As a company and personally, we encourage new technologies to come into the agriculture field and we are for it.

**Sumant Kumar:** But still we are waiting for the new technology in the cotton seed to increase the yield?

**Mithun Chand:** Companies like Bayer has applied for new technologies. That is of good. There are some other companies also might follow it and we as a company will take those technologies and then make seeds to adapt to those technologies.

**Sumant Kumar:** How much time it will take?

**Mithun Chand:** Each technology takes different time, but it's too early to comment on that. Once we get the approval, then we can say to you how much time will it take.



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**Moderator:** The next question is from the line of Rohan Modi from RSM Advisors. Please go ahead.

**Rohan Modi:** My question is in Q1 of 2022, we were impacted in the gross margin due to the late placement of our packages in the market due to the COVID scenario. We had more impact in cotton packages or another crop in write-off?

**Mithun Chand:** Both the crops. If you see the margins impact, one is we are down in terms of the revenues as compared to last year. Especially the employee costs and other expenses have gone up. And as we have not received the government money, that is also impacting in margins and to some extent the write-off the crop, because we have placed that in the market in all the crops including maize and cotton, very few portion in cotton, but basically in rice and maize we have lost because of write-off, that has impacted the profitability.

**Rohan Modi:** One of our competitors in a cotton seed industry is gaining continuous market share in last five years and right now in our markets compared to another player and we are retaining our market share. I am talking about the Rasi Seeds. So, what is your view on that, what is their market share, are their products better than us or something like?

**Mithun Chand:** They are the biggest player as of now in the market share. And we don't like to comment on other competitors' strategy in terms of the business. But yes, they are number one player in cotton. They gained market share in the last five, six years from other players. They're doing it. In fact, they are in line with the market.



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**Rohan Modi:** So I'm just viewing from our point of view that it's a difference in product or it's a difference in market status, what is your view?

**Mithun Chand:** It might be both, but basically in terms of the product traction. As I said that we have lost market share in a couple of states and we are gaining market share in a couple of states. That clearly gives an indication that our product is faring well in those states and not doing well in other states. Their product was doing well, they gain the market share in Northern India.

**Rohan Modi:** We have done open market buyback and thank you for considering our feedback from an investor. So, I would like to ask that in future we are more about open market or tender, what is your experience from open market buyback?

**Mithun Chand:** Again, that we will give to the board for the decision. As of now when the new buyback comes in, definitely, we will have discussion in the board meeting and definitely we will have the final outcome and then let you know. But from the company's point of view we always see in rewarding the shareholders and we think of a larger benefit to the shareholders, that is our prime motto and we'll work on that.

**Moderator:** The next question is from the line of Nishit Shah from Aequitas. Please go ahead.

**Nishit Shah:** Sir, I would like to understand export opportunities for us, what are the steps we are taking for increasing our export market share?



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**Mithun Chand:** Indian exports have a good contribution in the total overall export, to export of seeds to Asian countries and especially the African countries, we are working on that. Yes, we couldn't work as per our anticipation a couple of years due to COVID conditions and we couldn't test it in the normal markets, but we have given samples in many countries and most of the samples and the results are very encouraging. Exports will be a definitely focus area for us and we are pretty confident going forward exports will also contribute to the revenues.

**Nishit Shah:** What was the export in last nine months?

**Mithun Chand:** So if you see in the last three years, we have not grown much in exports, it was flattish, we are doing plus or minus around 20-odd crore in last three to four years. We couldn't increase sales in the exports. There were some or the other issues in terms of the operations or in terms of the testing updation of this testing, that took some time. So we couldn't do that. But even in this touch two to three years of pandemic years, we were working with the countries where we are trying to operate, we are completing the trialing procedure and we have given many samples there. So definitely we are progressing in that direction but not as per our expectation.

**Moderator:** The next question is from the line of Yogesh Mittal, an investor. Please go ahead.

**Yogesh Mittal:** One thing I want to ask is about the development what are the talent retention policies we basically inculcate and develop and retain the talent in this as it seems to be very critical in this field? About the





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herbicide tolerant varieties, as it seems that it is now affecting life over the last few years in the cotton, is this herbicide tolerant kind of technology being used only in the cotton or in other kind of seeds as well in India or outside India in any of the developed world?

**Mithun Chand:**

In terms of the HT, there are many crops even in other crops also, HT technology is used, but as of India, companies have only applied in cotton seed or HT as Indian government only allowed GM crops in non-edible crops. And that is only in cotton as of now. So as of now, in India HT is only applied for cotton, but in other countries the food crops also have HT. Going down the line, if the government takes policy to allow GM in food crop, then that technologies might also come into India. And regarding the first question, that's a very critical part in the industry as it takes a very long time for the leaders or for the company to launch hybrids and it's a continuous activity even though the companies want to jump which plays a critical part in developing hybrids, at the same time, good team just not breeders, but in terms of the technology scientists and the product development team, everyone plays a very critical role. So, employee retention is one of the main prime focus areas. We are very keen to retain employees and in terms of the company we follow all the standards in terms of giving the employee benefits and in terms of the compensation and moreover that we give a lot of stock options to employees that we have already seen in the last three years, we have created trust and bought some shares and giving it to the employees for the long term retention. That's a continuous activity what we are doing in the company for last 10 to 20 years.



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**Yogesh Mittal:** You said that some of the other countries have allowed the HT technology being used in cotton and other seeds as well, is this technology being received well in the developed world in some of the countries, just wanted to understand whether the reason that Indian government has not allowed this basically because of the impact on the biodiversity and the other harmful impact on around it?

**Mithun Chand:** Across the world, wherever the technology is used, the results are encouraging. And there is a mixed view about using the technology or not, but countries in which they're using, they're using it regularly and they're gaining market share continuously. Coming back to India, the government has not made any policy in terms of the edible crop that is a food crop in getting GM technology. If the government is clear about the policy, then we can see about the new technologies coming into the Indian country.

**Moderator:** Ladies and gentlemen, that was the last question. For any further details or meetings, plant visit, please be in touch with Rama Naidu from Intellect IR. You can contact him on 9920209623. On behalf of the management of Kaveri Seeds Limited, we conclude today's conference. We thank you for joining us and you may now disconnect your lines.