



“Kaveri Seeds Company Limited
Q3 and nine months FY'26 Earnings Conference Call”
February 10, 2026



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

MODERATOR: MR. RAMA NAIDU – INTELLECT PR

Moderator:

Ladies and gentlemen, good day, and welcome to Kaveri Seeds Company's Q3 and nine months FY'26 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. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

Please note, joining us today on this call, 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 like to 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 and nine months FY '26 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.

Highlights. Revenue from operations has registered a growth of 16.94% to RS. 1,221.56 crores as compared to RS. 1,044.61 crores in nine months FY '25. EBITDA was at RS. 358.39 crores as compared to RS. 324.78 crores, registered a growth of 10.35%. Net profit was at RS. 308.91 crores as compared to RS. 294.46 crores, grown by 4.9%.

For the Q3 FY '26, revenue from operations was at RS. 173.65 crores, registered a growth of 16.08% from RS. 154.77 crores. EBITDA was at RS. 25.38 crores as compared to RS. 25.09 crores, registered a growth of 1.14%. Net profit was at RS. 7.46 crores. Cash and books stood at RS. 309 crores as against RS. 409 crores.

We are happy to declare a good set of quarterly numbers. Maize and selection rice volumes both have resulted in good revenue growth. Had there been a good rate support in maize during the Q3 FY '26, we would have delivered better profitability growth during the nine months of our operations. Having said that, this is a good indication for next year performance as we are able to clock better growth rates across our best-performing segments like rice, maize and vegetables.

Our investments in expanding plant capacities and increased spend in R&D is going to contribute for increasing share of new products in both cotton and non-cotton segments. The demand spike and increasing acreages of maize, hybrid rice and selection rice and vegetables are going to be major drivers in the years to come. This year, commercially maize prices were hovering around RS. 1,200 to RS. 1,600 per quintal against RS. 1,200 in the previous year, which affected rabi maize cultivation in early markets like Madhya Pradesh, Maharashtra, Gujarat and Karnataka.

The increasing areas of mustard and our continuous focus on bringing new varieties in, is paying off, and this is going to be a sizable business in the next couple of years for us. We are able to convert volumes of noncotton seeds into revenues growth due to good realizations and increasing market share and leadership in some of the leading segments where the company has good dominance in the market. During the quarter, volumes of non-cotton hybrids increased by

6.1% and revenues increased by 13% and volumes as well as revenues of cotton seed has registered a growth.

Research paddy has grown by 51% in volumes, whereas vegetable seeds have grown by 5% in volume. Sunflower has grown by 94% in volume and mustard has grown by 64% in volume. Our efforts in entering into newer international markets in the last five years and increasing registration of our seeds in these countries are expanding at ground level and delivering good results on our export front.

Exports have witnessed steep growth of 86% in the revenue during the current quarter and continue to grow and every year would be better than the previous year unless there is going to be any major unforeseen disruption in these markets.

As for our nine-months results, we are witnessing continuous growth in increasing contribution of new products. Cotton sales continue to impact by increased illegal cotton and high cost of production. All rice segments are doing well, both on volumes and revenues front. We are able to maintain hybrid rice volumes in spite of restrictions in state of Punjab, which has been the largest market for hybrid rice which has been one of the largest market for us, whereas revenues of hybrid rice increased by 17.9%.

Selection rice volumes increased by 7% and revenues increased by 14.2%. Maize volumes increased by 21% and revenues increased by 42.6%. Vegetable seeds volumes increased by 1.5%, whereas revenue increased by 11.4%. During the next quarter, we are expecting major growth in spring maize in Bihar, UP and Punjab. Similarly expecting growth in summer millet in Gujarat, Rajasthan and Western UP.

I would now open the floor for question-and-answer session. Thank you.

Moderator: Thank you so much. Our first question comes from the line of Amit Agicha from HG Hawa & Company. Please go ahead.

Amit Agicha: Thank you for the opportunity. Sir, what percentage of annual revenue is currently reinvested into R&D and breeding? And how should this trend evolve?

Mithun Chand: As of now, our spend is in between 5% to 10% of our total revenue, both including revenue and capex. Going forward, they should stabilize at decently lower than what we have spent in the last year because most of the capex is already done there.

Amit Agicha: And how many new hybrids are expected to be commercialized annually across cotton and maize and rice?

Mithun Chand: That's a continuous activity. We don't track by number, but each and every segment, we have very good pipeline hybrids, like we have more than 200 hybrids in our portfolio. Each segment has got a different pipeline. So it's very difficult to track the number. But yes, in terms of major crops like rice, maize and cotton, we have at least 8 to 10 hybrids, which are really doing well.

Amit Agicha: Sir, can you put some color on like what is the typical gestation period like from lab research to commercial launch?

Mithun Chand: Basically, it's a very time-taking process. As we are there in the industry for the last many years, we are able to give hybrids in a very continuous manner. But for a new player it would take a very long time start a hybrid seed.

Moderator: Our next question comes from the line of Dhruv Saraf from Bowhead India Fund.

Dhruv Saraf: Congratulations on a good set of numbers. Sir, just wanted to understand why are Q3 gross margin is like down almost 500 basis points year-on-year. And they are nearly at multiyear lows, if I look at Q3 in the past as well. So two, three key reasons for this?

Mithun Chand: Are you talking about the gross margins for the consolidated or both the...

Dhruv Saraf: Yes.

Mithun Chand: This time we have explained that the cost of production was a bit high when compared to the previous years in especially like crops like cotton that has impacted to some extent as we were not able to pass on everything to the farmer. That we already mentioned in the first quarter results where we have seen the impact. When you're talking about this quarter, the gross margins fell by 4% compared to previous year, which is in line with the consolidated one.

Dhruv Saraf: Yes. So the key reasons in this quarter given that cotton has a very low season this quarter, why would gross margins have fallen this quarter specifically?

Mithun Chand: Even in maize and rice, the cost of production is a bit high when compared to the previous years. And usually, we used to sell higher, in terms of higher rates in rabi, but we were not able to pass it on to the farmer this time. So that 2% to 3% has impacted us this quarter, but this will not continue going forward because the production prices have already stabilized now. We don't see that going forward.

Dhruv Saraf: All right. All right. And sir, secondly, you spoke about cash at RS. 310 crores versus RS. 410 crores in the previous quarter. So sir, has there been further investment in working capital either due to inventory or debtors? And do you see this normalizing going ahead in Q4?

Mithun Chand: Yes. If you see the overall inventory levels, if you take the overall cash flow, like majority of that, close to RS. 200 crores plus has been into the inventory. And even though inventories are higher, trade payables are also lower when compared to the previous year. So I think once the season goes on, it will normalize it. As they have built the inventory, that's the reason we are seeing some sort of a fresh outflow towards building up the inventory and some towards the capex, but not much.

Dhruv Saraf: Sure. Sir, lastly, sir, I wanted to get your sense on the cost of production for the coming season across cotton and non-cotton crops. So now that you would have received a lot of the cotton stock for the next season, sir, how is the next season looking like especially for all of these cotton, maize and rice on both cost of production and the general outlook on the season?

Mithun Chand: Basically, when you compare to year-on-year basis, compared to last year to this year, the cost of production has not gone up. In some cases, it has in fact gone down when compared to the previous years. But if the costs are stable, then anyway we will increase the prices to some extent that can be absorbed. So it will normalize to what it used to be earlier between that 45% to 48%.

Moderator: Our next question comes from the line of Saania Jain from Care PMS.

Saania Jain: Thank you for the opportunity. My first question was for the non-cotton segment. The other crops category has shown a strong growth at 59%. Could you please elaborate what are the key drivers behind this growth? Is this exports-led?

Mithun Chand: It's a combination of all other crops. Other crops include like wheat, mustard, bajra, sunflower, everything comes in the other crops. So the mustard and wheat moves in this segment, that's the reason we have seen a good growth in the other crop segment.

Saania Jain: Okay. Could you provide the revenue breakup for this segment?

Mithun Chand: We don't have the revenue breakup as of now. But overall, it's a very small portion when compared to the overall revenues because more than 80% of the revenues are contributed by 3 crops, maize, cotton and rice. So they are a very small segment, which comes in a very few quarters, especially like third and fourth quarter. And I will try to provide the number when we speak to you next time, yes.

Saania Jain: Okay. And wanted to understand, you've mentioned in the investor presentation that research paddy volumes grew by 51%. What constitutes of research paddy?

Mithun Chand: Research paddy is nothing but a paddy, which are varieties which are developed by our own company.

Saania Jain: And this is not included in paddy sales?

Mithun Chand: Sorry?

Saania Jain: And this was not...

Mithun Chand: There are two types of paddy, one is hybrid paddy, what we report, and the research paddy. Both are in the paddy segment. Research paddies are varieties, whereas hybrid paddies are hybrids. That's the only difference. So we just give the split of it.

Saania Jain: Okay. And just a last question. What are your views on the Draft Seeds Bill for 2025? And has there been any recent developments or updates? And what could be the potential impact of it on the industry or on the company?

Mithun Chand: No, no. In the new Seed Bill, lot of the things are trying to be addressed, one nation, one license. Most of the license are decentralized now. Proper registration of the hybrids, proper research, proper documentation, everything is coming in the new seed act. So it will be a very organized market. And I mean it will be very helpful for the farmers. We are still debating on some facts. But overall, it looks good when compared to the previous one.

Saania Jain: Any recent updates that has happened?

Mithun Chand: No, the draft is circulated within the industry, and we all submitted the comments and more or less it should be passed any time. Might be one round of discussion or so.

Moderator: Our next question comes from the line of Amit Agicha from HG Hawa & Company as a follow-up question.

Amit Agicha: Sir, with over RS. 300 crores cash, like what is the capital allocation priority? Like any inorganic like opportunities or dividend buybacks? Or what is the company's plan?

Mithun Chand: In the previous year, we have done all, dividend anyway we are giving it. We used to do all the buybacks in the last years. This year, because we were building up the inventory, we have seen some sort of liquidity. I mean the cash got stuck in these activities. So we have not taken any decision on it.

But in terms of the organic growth, we are open for it because as it is a very temporary situation what we are facing as of now, but maybe next three to six months the cash will be the free cash what we generate. So that we are open for inorganic growth even as of now. But in terms of the buybacks that have a meeting in the first quarter or the follow-up quarter, then we'll decide about the buyback thing. We'll take a decision on the buyback.

Amit Agicha: And the last question, sir, how is the company tendering farmer loyalty and repeat usage like in a highly competitive seed market? Like are there any plans to digitize the farmer engagement demand forecasting or dealer analytics?

Mithun Chand: That's already we have done it. Most of that is digitalized now. We have a huge database of the early farmers, follow-ups are already there. We have digital marketing network. We have huge social media networks for that. We track everything from demand generation to the crop harvest.

Moderator: Our next question comes from the line of Sahil Malhotra, an individual investor.

Sahil Malhotra: My question is with respect to the demand received from income tax authorities. In two consecutive years, we have received a demand, in 1 year we received a demand for RS. 56 crores and second year we received a demand for RS. 70 crores. So I would like to get an update on how the management is pursuing these cases and whether in future we are getting this exemption from the tax authorities for the agriculture income or not, whether any provisions have been made in this regard or not?

Mithun Chand: The commission of appeals. Once we get the outcome of the appeal, we'll update the status.

Sahil Malhotra: Sir, whether any provisions we have made for this demand, RS. 56 crores and RS. 70 crores?

Mithun Chand: Provision is that we have made the appeals payment for that. Other one is like we are showing it in contingent liability.

Sahil Malhotra: As such, no provisions have been made till now.

Mithun Chand: No. Because we have cash, we have not made any provisions for that.

Sahil Malhotra: Okay. And when we are likely to get the update because like one case was in 2024 and this case was around nine months back. So when we are likely to get an update on these two cases?

Mithun Chand: Basically, there are three cases pending at the appeal stage. It's been almost like two and a half, three years there. Most probably it should come back in the next six months or so because the hearings are going on. The proceedings are going on. That should come about.

Moderator: Our next question comes from the line of Anurag Jain, an individual investor.

Anurag Jain: Sir, one question is a follow-up on the previous one regarding the cash. There is a dip in cash. So how has the receivables moved during the last one year? And because maize seeds is the one which has grown significantly compared to other seed varieties. So is there some significant sales to government agencies, government corporations for maize seeds? Is that leading to a buildup in receivables?

Mithun Chand: Not much. If you see actual receivables as of now at the end of 31st December, last year it was close to RS. 175-odd crores. This year is close to RS. 250-odd crores. Just RS. 75 crores have gone up because the sale is also higher in these quarters. So we are just waiting for that. But we don't see any government portion in it, where is an insignificant portion of government in it. We are not worried about that. As a company policy, we provide anything more than two years as bad debts. We don't carry it.

Anurag Jain: Okay. And for exports, how do the receivables work? Are the receivables outstanding for longer?

Mithun Chand: No, usually we work on LCs. We don't give any credit there. Very few cases.

Anurag Jain: Okay. So the receivables would be pertaining to our domestic sales only, not for the exports?

Mithun Chand: Majority of that will be on domestics, and we don't see any difficulty in getting it. At the year-end, it will get normal. Usually, what, at the year-end, the outstanding are in between RS. 80 crores to RS. 90 crores or something like that, it should come back to those levels.

Anurag Jain: And sir, like two years ago, there was some outstanding receivables with government corporation, which was unpaid. So the company had made a provision for it, but the company was still pursuing it with the government corporation for payment. So what was the outcome of that?

Mithun Chand: Still we have pending payments there. We received some RS. 3 crores or RS. 4 crores. We are trying to get it. We are doing that. But it is all provided in the provisions.

Anurag Jain: Yes, sir. That part I understand, that it was provided. And sir, another question is, there has been a sharp dip in maize prices. So for the farmers' output, not for the seed, but for the maize prices. So in light of that, do you expect there would be some correction in the volumes for maize next year because of the sharp dip in prices? Or do you expect the maize volumes to remain stable next year?

Mithun Chand: We think maize volumes should remain good and healthy and because the acreages are going up and the usage is also going up. I do agree that the maize prices are down. In fact, it went down to as low as RS. 1,200 crores to RS. 1,250 crores, RS. 1,300 crores. But right now it's close RS. 1,800 to RS. 1,900. Anything about RS. 2,000, RS. 2,000, near to RS. 2,000 is a good price for maize.

Anurag Jain: Okay. And what would be the price at which the farmer would break even, like at what price the farmer would break even?

Mithun Chand: No, farmer will definitely breakeven. But in terms of what returns he makes it, if anything close to RS. 2,000 is a good return for him.

Moderator: Our next question comes from the line of Dhruv Saraf from Bowhead India Fund as a follow-up.

Dhruv Saraf: Mithun sir, the last two years have been good for maize acreages. And a lot of companies had spoken in the past about there being a shortage of inventory. Do you see that going next season now that everyone knows that maize is the hot crop and acreages going up? Is there a chance that the market could see increased supply and hence there could be pricing pressure for the industry and for yourself as well for next season and beyond?

Mithun Chand: If you see, that's what happened this quarter itself because last year, by seeing the demand for the maize, everyone has produced more inventory, including us. All the industry players have produced more inventory. That's the reason the prices are also up in terms of the production cost.

And there was a huge availability of inventory in the second half now. That's one of the reasons why we couldn't pass it on to the farmer, and that also made some dent in our revenues. But it will normalize now. It will normalize now because everyone has the inventory and everyone knows that.

Dhruv Saraf: Okay. So do you not see the risk of extra inventory flooding for Kharif '26 as well?

Mithun Chand: I don't see that because already it's there in the inventory. Everyone, as an industry, we all know that the inventory will be available. And everyone is wiping on that parameters.

Dhruv Saraf: Not a lot of companies have taken aggressive production for next season, you are saying?

Mithun Chand: No. In fact, for this year itself, the current running year, '25-'26 FY, most of the companies have taken aggressive production. And that has resulted in extra cost of production for all the companies. When you see the Rabi for the second and third quarter results, what we are talking about, when we see the maize market, most of the companies have got huge inventory and it was heavily flooded in the market.

Already, the prices at what we used to sell, that has been stabilized. That's the reason we were not able to pass it on to the farmer, and that's one of the factors why the cost of production has gone up for us when compared to the normal years.

Dhruv Saraf: Understood, sir. And sir, the cotton season, I mean the cotton crop for the last year must have been harvested sir. So have you received any feedback in terms of your performance of new products? You've seen products like the new products we've launched. How has the market feedback been for that?

Mithun Chand: Our products have really done well, performed well, and we will see that good set of growth numbers coming in the next couple of years starting from '26, '27. I mean to say like June '26. We'll get to see good revenue increase in that.

Dhruv Saraf: And finally, on cotton itself, sir, do you see any increase in illegal seed this year? Or do you see the volumes going up again for illegal seed...

Mithun Chand: See, that it will be in the same level as what it was in last year and increasing now.

Moderator: Our next question comes from the line of Jasmine Sodhi from Wealth Advisors.

Jasmine Sodhi: Congratulations on great numbers, first of all. Since we were just on the subject of inventory, I would like to specifically ask about the cotton inventory. Although I feel this must be an industry-wide problem because everyone is seeing a decline in cotton sales because of the illegal HT sales. So what is our position of cotton inventory? Do we see any risk?

Mithun Chand: No. As of now, we are having enough stock till the end of the season, I mean to say by next year's season will be in between 8 million to 9 million packets for us, which is in line with our anticipation. And as a cotton seed, most of the hybrids are new in our case, most of the hybrids that we have produced are new hybrids.

So they will have lives at least for the next three to five years. So definitely we'll be liquidating them. So we don't see any threat in that. In fact, we'll be taking new production for this year also, which starts in the month of May, June of '26.

Moderator: Ladies and gentlemen, as there are no further questions, we'll conclude the call. Thank you so much for joining the call. For any other information, please be in touch with Mr. Rama Naidu from Intellect PR on 9920209623. I repeat 9920 209 623.

On behalf of Kaveri Seeds Company Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.