



“Kaveri Seed Company Limited
Q4 & FY26 Earnings Conference Call”

May 27, 2026



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Moderator:

Ladies and gentlemen, good day, and welcome to the Kaveri Seed Company's Q4 and 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 at the end of today's presentation. Please note that the 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 like to hand over the call to Mr. Mithun Chand. Over to you, sir.

Mithun Chand:

Thank you. Good evening, and welcome, everyone, to our Q4FY26 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 and financial performance of the company and then open the floor for Q&A session. Financial highlights.

Revenue from operations was at INR 82.21 crores as compared to INR 76.95 crores in Q4FY25, grown by 6.84%. Net loss was at INR25.65 crores as compared to INR29.25 crores in Q4FY25. Revenue from operations was at INR1,303.77 crores in FY26, as compared to INR1,121.57 crores in FY25, grown by 16.25%. EBITDA was at INR349.75 crores as compared to INR274.29 crores in FY25, grown by 8.34%. Net profit was at INR283.26 crores as compared to INR265.21 crores in FY25, grown by 6.81%.

Major highlights.

FY26 was a strong year for the company with revenue from operations growing by 16.25% to INR1,303.77 crores while PAT increased by 6.8% to INR283.26 crores on account of delivering good growth rates across all non-cotton segments like rice, maize and vegetables.

Contribution for new cotton hybrids improved significantly, increasing from 10.3% to 30.05%, demonstrating strong acceptance of newly launched hybrids and strengthening of our future cotton portfolio expecting growth in cotton sales across North, Central and South India driven by new hybrid products.

Maize remained the key growth revenue during FY26, with volume growth of 18.84% and revenue growth of 40.17%, supported by improved acreages and stronger market demand. Hybrid rice revenues increased by 18.3% despite restrictions in Punjab, while selection rice increased by 2.58% and revenues grew by 9.76%.

Hybrid rice growth is expected from key markets, including Punjab, Uttar Pradesh, Bihar, Chhattisgarh and Jharkhand. Export business delivered exceptional performance with approximately 90% growth during FY26, while Q4FY26 exports have registered a growth of nearly 76%, reflecting increasing acceptance in major international markets. Export business performance is expected to remain strong. Expecting growth in rainy millet across Rajasthan and Uttar Pradesh. The contribution of new products of volumes of cotton was up from 10.3% to 30.05%.

Hybrid rice revenues increased by 18.3%, selection rice volumes increased by 2.38% and revenue by 9.76%. Maize volumes increased by 18.84% and revenues increased by 40.17%. I would now open the floor for the Q&A session.

Moderator: Your question comes from the line of Siddhant Dand with Goodwill.

Siddhant Dand: My first question is regarding the inventory levels. Last year, our inventory had a pretty abnormal jump of 38%, but sales grew by only 16%. This year also, we've had a 17% inventory growth over the last year levels. So is inventory expected to normalize to a certain level? Or will we keep this extra buffer that we've started to create?



- Mithun Chand:** Inventory was up by 17%. This year, we have produced more because last year, there was a lot of competition in terms of production areas. So we have produced more intentionally to keep some buffer stocks. That's the reason we are increasing a bit of higher inventory levels, but it's not an issue for the company. Just strategically, we have produced much to some extent. And this time, to some extent, even 5% to 7% yields were also higher. So that is also an impact what we see in inventory levels.
- Siddhant Dand:** Okay, higher yield, that's good to know. Just as usual, any update on BG-III trails?
- Mithun Chand:** As of now nothing, but just moving in a very slow pace, but nothing concrete as such. Once we get any update, we will definitely let you know, but still moving in a very slow pace.
- Siddhant Dand:** Okay. El Nino effect or something that we see on our sales anytime or it's not really a thing?
- Mithun Chand:** It's too early to say because there's a lot of mixed opinion about the monsoon altogether. But in the last week or 3 or 4 days, we are seeing pre-monsoon showers across most of the parts. So that may not be a right thing to judge. But as a seed business, we require initial 2 or 3 showers before the seeds.
- So we may not have much impact, but the delay in the monsoon may impact the cropping patterns. But as we are there in most of the crops, and we are a product mix company, so we might mitigate that risk. As of now, we don't see much of that impact.
- Siddhant Dand:** Are you expecting cotton to continue degrowing?
- Mithun Chand:** Cotton should grow this year. This year, the sentiment is also good across India. The cotton acreages are in the initial trend, which the cotton acreages is also growing. And there will be El Nino effect, even the sentiment for cotton is also good because it's a hardy crop, the sentiment is good, and we see there will be an increase in the acreage. Definitely,

we'll have an advantage with that. We'll be definitely growing in cotton as a whole.

Siddhant Dand: Within that, we expect new products to become a larger contributor like it went from 10% to 30%. So can it become a 50% plus of our business or any high amount...

Mithun Chand: Yes, most of the growth what we anticipate this year should come from the new products, so that we have already seen the initial trend last year. So that will grow and that will continue to grow.

Siddhant Dand: Will it have a similar margin or lower or something because of price cap?

Mithun Chand: This year, we may not be able to increase the prices, like how we have increased last year, but other than that, the production cost is also slightly lower than last year. So in that way, we will be able to maintain the margins slightly maybe in a better way than last year because the other costs will come down.

Siddhant Dand: Okay. Overall production costs are down from last year or...

Mithun Chand: Because the yields are higher, the production costs are slightly down.

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

Dhruv Saraf: Sir, just wanted to understand on the balance sheet, sir. On the other current liabilities, we've seen a reduction from INR600 crores of last year compared to INR470 crores this year. So sir, what does this pertain to? Is it due to lower customer advances that you've received?

Mithun Chand: Yes. If you see the advances from last year to this year, we have received INR75 crores to INR80 crores of lower advances. That's the main impact of that.

Dhruv Saraf: Okay. And what would be the reason behind this, sir?



- Mithun Chand:** And even the trade payables are also lower compared to that.
- Dhruv Saraf:** What would be the reason behind this lower advances, sir? Is it because of expectation of a poor season, for example?
- Mithun Chand:** Not really, but the sentiment of the farmers or the cash flow is a bit tight across the channels. And even we have not insisted more on advances because the margins are getting shrunk.
- Dhruv Saraf:** Okay. Sir, margins would be at the farmers' end is what you're trying to say?
- Mithun Chand:** No, no, margins at the company level. If we take an advance, we need to give more incentives to them. So we have not encouraged taking more advance and not floated attractive schemes.
- Dhruv Saraf:** Okay, sir. Sir, in terms of the key crops for us, cotton, maize and rice, how do you see the channel inventory in the system for all 3 of them? And if you can touch upon the illegal penetration, especially in cotton for this year?
- Mithun Chand:** So as of now, nothing is there in the channel, but if you see in the company levels because as the seed, nothing will be left in the channels. But most of the inventory will lie with the company or in the season with the channel. So the season is yet to begin, the placements are slightly happening now in some areas. So the inventory levels are pretty high in the system, especially with the companies. So that's a challenge.
- But as the inventories are high, that the reason I said that we may not be able to increase the prices like what we did last year. But the branded products will move now.
- Dhruv Saraf:** Okay. Sir, would it be the same as you said, for all 3 crops? Or do you see any difference in, let's say, cotton versus others?
- Mithun Chand:** The inventory is higher in all 3 crops. In all 3 crops, the inventory is higher. I said that most of the yields are also good, so most of the

channels have the inventory. Coming back to your second question regarding the illegal BT, except in Gujarat, we don't see any rise in illegal BT. In Gujarat, it's still continuing as of now.

Dhruv Saraf: It's still continuing as of now. Okay, sir. All right. And sir, your expectation in terms of how FY '27 could pan out in terms of volume growth or revenue growth and margins?

Mithun Chand: Last time we have increased prices, that's the reason we have seen a lot of revenue growth. This time, the majority of the contribution will be from the volume growth. We see the 15-plus percent of growth at the top line, and we might grow much higher than what we have projected like 15-plus at a company level. But in cotton, it should be more than 20-odd percent.

Dhruv Saraf: So volume growth in the good case can be 20-odd percent is what you're saying?

Mithun Chand: Yes. Overall, the revenue should be in between the 15% to 20% growth. And cotton should beat the overall company in terms of the growth. Like I said earlier, we may not increase the prices, so the revenue growth will be in line with the volume growth.

Moderator: Your next question comes from Amit Doshi with Care PMS.

Amit Doshi: Regarding inventories, what kind of inventory mix is there, you said mix of all the 3 crops would be there. But for the cotton, especially since now the hybrid is contributing more, would we have more inventory of the old cotton seed, which ultimately would call for a write-off considering 2 to 3 years of shelf life?

Mithun Chand: So if you see the inventory compared to last year, the inventories are only up by 15% to 18%. So as we are anticipating more than 15% growth in this year, so we are in line with the inventory levels. But in terms of the write-offs, most of the inventory is in new production. So we may not worry about the write-offs, especially in cotton, the seed will last for

3 years. So the inventory what we have is hardly maybe maximum of 1.3 to 1.5 years, not more than that. So if anything is left out, we will use next year.

Amit Doshi: Okay. So you mentioned that this illegal cotton seed is still continuing in the state of Gujarat. So despite that, our confidence is extremely high on the cotton sales. Is it just because of the price parity that we would have vis-a-vis illegal cotton or anything else apart from that?

Mithun Chand: So we are not competing with illegal cotton at all. We are competing with the normal legal BT cotton across. As if you can see, our new hybrids have contributed more even in last year. So those hybrids have performed well last year. So we are anticipating a growth in those hybrids. So that will contribute the majority of revenue in cotton.

Amit Doshi: Okay. So now do you believe the overall reduction in the last 4 years have come down of cotton from 45 to 120. Now of course, last year was an aberration. So what would be next year likelihood, 30% odd something would be for cotton?

Mithun Chand: So definitely, if you compare to last year, the contribution of cotton is definitely higher this year as compared to last year because we see a very good growth in cotton this year. That doesn't mean that we'll not grow in other crops. We'll also grow in other crops, but cotton we'll be growing much better than other crops.

Amit Doshi: Okay. Sir, we saw some announcement regarding the tax ruling, which is in favor of the company at the appellate level. Would you want to throw some sort of management highlights in terms of what is the likelihood of past as well as future such tax liabilities or the obligation vis-a-vis the call of income tax?

Mithun Chand: Whenever we have any litigation or any dispute with the tax authorities, we have already intimated to the exchanges and to the investors. Because as we claim it as an agriculture income, it's not our company, it's across the industry where most of the companies claim it as an

agriculture income. We are not the first or the only company who claim it. So there's a dispute. And across, if you see, not only to Kaveri, but across industry you see, all the seed companies have won against the tax department.

So it's just a recognition of the income, and we have won at the commissioner appeals level. And in most of the cases, most of the companies have got many orders at ITAT and High Court. So even though there might be a litigation, we are not worried about it. That's what you were saying in the last years also. We had a litigation.

We are pretty confident that the nature of the income is agriculture income, and that is all clear in most of the courts. So it's a matter of time. As of now, we don't have any other litigations as of now. If some litigation definitely comes in, definitely we'll know. As of now, we don't have any litigation.

Amit Doshi: Okay. Sir, anything update on the Seeds Bill that was earlier last year proposed? Anything on that?

Mithun Chand: That should come this year most probably any time. It's moving very actively. That should be out very soon.

Amit Doshi: Okay. And sir, since last 2 years, obviously, dividend has been maintained, but last year we had done buyback as well. So this year, there is no announcement of additional dividend. Any thought process as how we should...

Mithun Chand: So usually, we give only one-time dividend, that is usually in the second or third quarter we see. We were regularly dividend paying. We have not changed our policy regarding the dividend, even though we don't have a policy, we're giving at the same time. But in terms of the buyback, last year, we have not done because we were pretty much sure that we are producing more, we need to maintain for the inventory. That's where money is stuck, and that's what you are seeing now. Once we realize this money by the next 3 to 5 months, then we'll come back with that.



- Amit Doshi:** Okay. And just last question, sir, since now last year, of course, the cost of production, et cetera, were higher. Now you're saying that the cost of production is likely to be lower. On the other side, price rise is not going to happen. So like you said that 15% to 20% growth should be there on the revenue level. On the margin front, over 24%, do you believe that we can cross 24% by a reduction in cost of production?
- Mithun Chand:** As most of the other expenses are same or will be lower than last year and slightly lower production cost compared to last year, that's where we see that the margin should go up this year compared to last year.
- Moderator:** The next question comes from the line of Anurag Jain, an Individual Investor.
- Anurag Jain:** My question is on the capital investment, capital expenditure. There is a capital work in progress of INR99 crores at the stand-alone level and INR129 crores at the consolidated level. What is the capex being undertaken by the company and its subsidiaries? What kind of facilities are being built?
- Mithun Chand:** Most of the facilities are office building or plant and machinery. Land, office building and plant and machinery, these are the one that most of the capex is there, out of which only INR30-odd crores is with one building, which is going on and some with acquisition of land and some with seed processing unit and the machinery.
- Anurag Jain:** And sir, the land purchase is basically for R&D land or for building some...
- Mithun Chand:** For R&D.
- Moderator:** The next follow-up question comes from the line of Dhruv Saraf with Bowhead India Fund.
- Dhruv Saraf:** Mithun sir, if I just look at the gross margins over the last 2, 3 years, we have fallen from those peaks of 49.5% to 47% today. So in FY '28, sir,

do you expect any gross margin expansion? Or will the margin expansion purely be led because of operating leverage?

Mithun Chand: Even we see something at gross margin level because in the last 2, 3 years, rightly said, rightly observed, the cost of production has gone up and the same ratio, we were not able to pass it on to the farmer. Now the cost of production is slightly lower and the prices remain at the last year levels at least, if not higher. So we might increase the gross margin this year. So the addition in the bottom line should be across all, gross and the operational levels.

Dhruv Saraf: Sir, I just wanted to specifically touch on maize. You had alluded to the fact in one of the earlier calls that maize channel inventory in the system is very high compared to previous years. And given, sir, this is an El Nino year, maize has competing crops like soybean and pulses, which are expected to do well. Do you see very high pricing pressure in maize for the coming kharif season?

Mithun Chand: So as of now, the sentiment is not that great for maize. Last year, the yields are very much higher. I'm talking just about the kharif part. Because the yields are good, the sentiment is good. One is because of El Nino, there's a mixed opinion about El Nino.

And the other thing is that there's some sort of a shortfall in terms of the fertilizers in the market. That also is impacting to some extent, but it's too early to talk about that. So that's the reason we just see a sideways in the kharif part.

But second, rabi, we see a very positive thing for maize. And as a company as such, even in kharif, we'll be growing because we are targeting some other pockets where we are not strong. We have very good ability in those segments. We will be growing even in this particular tough conditions.

Dhruv Saraf: Okay. Sir, you had a lot of success with your new products in maize over the last 2, 3 years. Is there any major new product launches that you're



doing this year? Or have you done last year, which could start contributing to revenues?

Mithun Chand: That's a continuous activity what we do. But in the last 2, 3 years, what we have done, those will be a major contributor for this year and for the next year.

Moderator: The next follow-up question comes from Anurag Jain, an Individual Investor.

Anurag Jain: Sir, till now, Kaveri Seed was using the Kaveri brand in the market. Now you have started using one of the subsidiaries, the Aditya brand also. So when you are looking at the market, how are you dividing the market segment between the Kaveri brand and Aditya brand? Are they targeting different segments or they are competing with each other also?

Mithun Chand: So in terms of the company level, it's a 100% subsidiary of Kaveri. But the products what we sell in Kaveri and Aditya are altogether different. We have another subsidiary by name Genomix also. All three companies sell different products because as we have good R&D and we are having many new hybrids, which are like B2B in different segments. As a company, we may not be focusing on most of the hybrids.

So those hybrids, we give it to them for marketing, we give it to Aditya and Genomix. In most of the cases, they compete also among themselves. But as a team, as hybrids, they all operate independently. There's nothing related to each other. And the main product is in Kaveri and something like B2B, we'll go to those products.

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



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Mithun Chand: Thank you.