“Kaveri Seed Company Limited Q2 FY '27 Earnings Conference Call”

October 29, 2026

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

Moderator: Ladies and gentlemen, good day and welcome to the Kaveri Seed Company Q2 and H1 FY '27 Earnings Conference Call.

As a reminder, all participant lines will be in 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 maize involve risk 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 Q2 and H1 FY '27 Earning Conference Call. We hope you had a chance to review the presentation of the results which is also available on our website.

I would touch upon the operational financial performance of the company and then open the floor for a Q&A session.

Revenue from operations was at Rs. 125.44 crores as compared to Rs. 96.61 crores in Q2 FY '26, a growth of 29.84%. EBITDA was at Rs. 5.42 crores as compared to a loss of Rs. 6.47 crore. Net loss narrowed to Rs. 3.21 crore as compared to a net loss of Rs. 15.05 crore.

On a segmental basis, non-cotton revenue was at Rs. 116.82 crore as compared to Rs. 90.53 crores, a growth of 29% while cotton revenue was at Rs. 8.61 crore as compared to Rs. 6.00 crore, a growth of Rs. 41.7%. Revenue from operations was at Rs. 940.44 crores as compared to Rs. 1,041 crores. EBITDA was at Rs. 286.68 crores as compared to Rs. 315.88 crores in first half 26. EBITDA margin of 30.48% as compared to 13.32%. Net profit was at Rs. 268.09 crores as compared to Rs. 301.45 crores. Cash on books stood at Rs. 178 crores.

On a segmental basis, non-cotton revenue was at Rs. 718 crores as compared to Rs. 817 crores, a decline of 12.12% while cotton revenue was at Rs. 224 crores as compared to Rs. 224.9 crore, a decline of 1.3%.

The major highlights:

First half of 2021 was shaped by El Nino and delayed onset of the monsoon. The rainfall deficit impacted sowing across the major growth segments and reflected in lower interest towards premium high-value products which weighed heavily on the first quarter. The 2nd

Quarter saw a recovery with revenue growing at 29.84% and EBITDA rising to Rs. 5.42 crore as compared to Rs. 6.47 crore loss. Despite the lower revenue, the company broadly maintained an EBITDA margin at 30.48% of net revenue as compared to 30.32% of first half 26.

Maize was the largest drag on the half, with volumes down by 36% and revenues down by 36.3% owing to a nearly 30% drop in sowing acreage in Karnataka. New products continued to gain chain with new cotton products contributing 37.7% as compared to 21.4%. New single-cross hybrids contributed a substantial 21.8% of maize portfolio. The export business grew 2.63 times to Rs. 33.07 crores from Rs. 12.56 crores in first half. The board has declared an intermediate dividend of Rs. 5 per share, i.e., 250% of the face value of Rs. 2 per share.

Operational Highlights:

The contribution of new products of cotton was up from 21.4%-37.7%. Cotton volumes were maintained vis-à-vis last year in spite of challenges like illegal cotton and reduction in acreages in first half of 27. Revenues at Rs. 222 crores as compared to Rs. 224 crores. In quarter 2, cotton revenues grew by 41.7%. In cotton, the company has established a strong foundation with new products in the northern markets of Haryana, Punjab and Rajasthan, as well as in central and southern markets.

Maize revenues were at Rs. 188.47 crores as compared to Rs. 295.84 crores, a decline of 36.3% while new single-cross hybrids contributed a substantial 21.8% growth in maize portfolio. Hybrid rice revenues were at Rs. 264.4 crores as compared to Rs. 282.56 crores, a decline of 6.4%. In quarter 2, hybrid paddy registered significant growth to Rs. 17.33 crore from Rs. 2.37 crore, primarily due to the export business. Selection rice revenues increased by 2% to Rs. 169.45 crore as compared to last year. In quarter 2 FY '27, research paddy grew by approximately 22%. Vegetables revenues were at Rs. 25.99 crores as compared to Rs. 31.7 crores, a decline of 18%. Revenues from other crops were at Rs. 70 crores as compared to Rs. 40.8 crores, a growth of 71.6%.

To build on the export momentum, the Board has approved the incorporation of wholly-owned subsidiaries in Tanzania, Kenya, Vietnam, Thailand, Philippines, Indonesia, Zambia and Peru, which will focus on product registration, research for seed and vegetable crops, and marketing and distribution. The company holds the globally recognized ISTA accreditation for the QC Lab, besides its ISO-NABL accreditation. The overall growth story remains intact. The first half has been challenging on account of the weather, but the recovery in the 2nd Quarter, the rising share of new products and growth in exports gave us confidence in the direction of the business. We will continue to work on new variants across maize, vegetables, rice and cotton, and to build our presence in the international market through the new subsidiaries.

I will now open the floor for Q&A session. Thank you.

Moderator: Thank you, sir. We will now begin the question-and-answer session. The first question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

Rushabh Shah: Hi, thanks for the opportunity. Sir, my question is, we are expanding into 8 countries and we had also sent some samples to Philippines in the last quarter. But the results we were awaited yet. And as you say that foreign country farmers are tougher to convince to use our products. So just wanted to know what is the thought process going behind, like expanding into so many countries, because earlier also we had tried Bangladesh, but we weren't as successful as we thought we would be?

Mithun Chand: Basically, if you see our export business, compared to 5 years back to now, we have increased our export business hardly from Rs. 10-Rs. 12 crores to almost like Rs. 65-Rs. 70 crores now. Going forward right now, if you see our model, we are exporting our seed and billing it to some distributor there and they are selling our seed there. But going forward, we want to establish our own brand. To establish our own brand, we went to test there, which takes 3-4 years to test it. So for that, we require registrations of the company, incorporation of the company, and trialing and registration of the hybrids under the company. So now we want to open up going forward. It will take some time, may be 4-5 years. So it will take some time for us to test, trial, and then introduce hybrids and create our own brand there. So that is the reason we are trying to incorporate the company. For example, in terms of Bangladesh, we have not failed there. We are successful. We are doing business in Bangladesh. The only thing is that still we are trying to develop the brand. Once we develop the brand, we will sell it in our name. Whereas in countries like Africa, we need to register our hybrids, which takes 3-4 years for us. So already, if you see our exports, we have done a good business in Tanzania. We have done business in Indonesia, Philippines, and Vietnam. So we are trying to develop our own brand there, which takes time. At the same time, we will try to export our business to distributors. And then we will try to build our own hybrids and name.

Rushabh Shah: Sir basically, I think the difference this time would be that in Bangladesh versus African countries, the registrations take more time, as compared to Bangladesh, what we have seen?

Mithun Chand: Yes. But at the end of the day, if you want to sell our own hybrid and our own brand, we need to register there. For that, you require a local incorporation. Right now, we are just exporting. They are selling on their own brand.

Rushabh Shah: My next question is that we are a seed company. And in a previous call, you have mentioned that this period is very challenging for us due to this end-to-end mode of less rainfall and such sort of things. I just wanted to know that we have faced such times, such tough times in the

history of the company. So I wanted to know what is different this time, and how are we tackling this situation differently?

Mithun Chand: So if you see our sale right now, first half is already done, where we have seen the majority of the impact. I don't see much impact there. Definitely, there will be some impact in the second half as well. But we have already seen the impact. We are down by 10% in the overall sale. If you see in the region-wise, if you take maize as a crop, where we are down by more than 35%-40%. And the majority of that decline is in Karnataka, where we have seen more than 30% deficit rainfall and especially in Northern Karnataka. So that has impacted our maize sales a lot. Even then, we were able to cope up in some areas. And overall, the situation where we were strong in terms of sales like Telangana combined Andhra, parts of Maharashtra, the rainfall and the acreages are pretty down. So that has impacted us. Even in the tough conditions, we were able to maintain that. Except for in maize, we were able to maintain our market share and revenues close to what we had done last year. So this is one of the tough years where we have seen, and I think you are all seeing the reports, how difficult, how challenging is the season this year. And yes, we are in this business, but it is one of the years with nothing to worry about the future. And if you see the competence and by seeing the situation, I think we had really done well when compared to many players in the industry.

Rushabh Shah: And just one more thing on this market share. My question is on the illegal cotton front. We have always mentioned that the government is taking steps to stop this illegal cotton sale. But still sir, company like Kaveri is asking seeds, who are leaders in cotton seeds, have faced challenges in gaining or rather maintaining the market share in the cotton seed business. So every time there is an increase of illegal sale of cotton and smaller players are coming up in this cotton seed business. So since how are you tackling this situation of market share? Because every time, we see some steps have been taken, but nothing to go with smaller players to come and take our market share in the illegal cotton sale?

Mithun Chand: There are two things in this. One is that the illegal cotton is going up year-on-year. It went up significantly high in the previous time. Right now, it is just going marginally. But if you see the government is also taking steps to control it. And as when we see in terms of the actual real practical problem, if you see in the last 10-12, in fact in the last 15-16 years, we have not seen any new technology which got introduced in GM technology. And the illegal BT which is like what they say BG2 RRF is already there in the market. That is taking over. That is the reason it is taking time. But when you see the market share of the new hybrid that is going up, the market share of the older hybrid is coming down. For us, we are able to maintain and will grow further because we have new hybrids which we have introduced in northern segment and central and southern segments which are really doing well. That is the reason we think that even though the illegal BT is there at this percentage, it will definitely grow next year in terms of the hybrids.

Rushabh Shah: Sir my last question is, I just wanted to know companies like Bayer have grown in certain things like maize, but we couldn't do so. You had mentioned that the problem is that we don't have the product for that particular state like MP. So are we planning to?

Mithun Chand: I am not sure that how much the Bayer has grown because I don't have the exact figures compared to what we have grown. But yes, if you see the overall acreage in India, except for Madhya Pradesh, no other state has grown. If you see the overall maize yields, the latest yields, if you see the comparison compared to previous years, the yield will be lower by at least 20%-25% compared to last year in terms of the maize output. That is the initial figures what we get in terms of the productivity. But in terms of the Madhya Pradesh, it has really picked up in the last 4-5 years. We are not that very strong in Madhya Pradesh. But if you see southern parts of India, especially Karnataka, combined Andhra, so we are pretty much stronger than Bayer.

Rushabh Shah: My question was on that front itself that there are certain states that we don't have products for that particular state like Maharashtra or MP, and that we are stronger in the southern part?

Mithun Chand: We have products for Maharashtra, we have products for MP, but it is taking some time. We are late in entering the MP market.

Rushabh Shah: Thank you.

Mithun Chand: But going forward, definitely we will be increasing our market share in MP also.

Rushabh Shah: Thank you so much.

Moderator: Thank you. The next question is from the line of Viraj Kacharia from SIMPL. Please go ahead.

Viraj Kacharia: Thanks for the opportunity. Just a couple of questions. First is on the cotton piece, just an extension to what the earlier participant was asking. See, I understand there has been a sizable penetration of illegal cotton in the marketplace, and there is a material contraction in the acreage, what it used to be for cotton 3 or 4 years back. But if I look at your own last say, 10 years sales growth, we have grown around 6%-7% annualized growth. So while the non-cotton has been growing at a very healthy double-digit, the cotton pieces were shrunk. So if there is no material change in new technology, and everyone is just fighting into the value proposition on the second level technology, either in terms of better yield or tolerance level of pest infestation, how should we understand our cotton portfolio growing from here? Can it double over the next 3-4 years, or do you think it will be able to only sustain the current level based on the new launches we made? How are you looking at it?

Mithun Chand: So basically, if you see our portfolio, when you compare our portfolio for 6-7 years back to now, even though it looks like 5%-6% mere growth or a flattish sale in the last 5-6 years, but if you see our product mix, as you rightly pointed out, we have grown more in non-cotton

segment than the cotton segment. In fact, we are de-grown in cotton, where we had at the peak, we had close to 85% of our revenue was from cotton, right now it is less than 20% from cotton. So the product mix has changed, the product portfolio has changed in terms of the contribution of the revenue. Yes, if you see our current sale when compared to previous year, whatever sale we are doing, majority of the sale is from the new hybrids, not from the older hybrids. Going forward, as it takes a lot of time, you are very much aware that it takes a lot of time for us to introduce new hybrids. So we have done in the last 2, 3, 4 years, may be 1, 1-1/2 year delay we had because of the monsoon effect and everything, so we were not able to advance as what we thought. But if you see the present performance for this year, the hybrids are really doing well when compared to other competitors. And going forward, definitely we can double our sale in the next 3-4 years in terms of the cotton portfolio, and basically we are pretty confident because of our product performance in the market. So definitely from here on, we don't see cotton going down. Even in this stage, if you see overall cotton acreages are down, illegal cotton picking up, and there are new technologies, new segment which is coming up, even in this tough scenario, we are able to maintain our volumes. So that itself shows the strength of our product portfolio. And going forward, definitely we will see a positive trend in cotton as well.

Viraj Kacharia: What will be the age profile of the portfolio in cotton? Both when it comes to the new product and the old?

Mithun Chand: If you see in that, the growth which we are seeing, like 50% is all about new portfolio now. And going forward, majority, 85%-90%, if you see in the next 3-4 years, 85%-90%, more than 90% will be new portfolio.

Viraj Kacharia: So incrementally for cotton, will the growth be largely product driven? Or do you think there are pockets in the market, in terms of geography, or applications we are not there, and that is where it will help us grow? Because we have that Rs. 25 - Rs. 50 crores of cotton portfolio, you would have the old products, which after a certain age, will be gone off the shelf. While the new products are scaling up, there is a negating effect as well. So just kind of looking at doubling, say from Rs. 250 odd crores to Rs. 500 crores in 3-4 years, how are you looking at the construct of that?

Mithun Chand: That is what I was saying, even in the earlier statement, I have given that. Whatever will be the sale after 3-4 years down the line, majority of close to 80%-90% of the sale will be from new hybrids only. Whatever the incremental growth will be only from the new hybrids, not from the older ones. And even that older ones will be faded out, and the entire market share from the older one will also be taken by the new one. By taking that scenario and situation, anticipating that, I say that 80%-90% will be a new hybrid portfolio.

Viraj Kacharia: Just two more questions. On the non-cotton, especially, we are also looking at scaling up with segments like vegetables and fruits. But I think last few years, we had minimal success. And we have tried this earlier as well, but the segment competitive intensity is very high and you have MNCs who are quite dominant in the space. So when we are looking kind of breaking in, any color you can give where are we in terms of launches? How are we going about? Any color you can give on that?

Mithun Chand: Yes, we are growing in vegetables also. If you see our portfolio before 10 years, it was almost zero. Now, last year we had done around Rs. 65-Rs. 70 crores in vegetables itself. Yes, the growth, what we thought, we thought will be around Rs. 100 crores in the next 1-2 years, which is very much possible as of now. But in the last 2-3 years, we have seen seasons changing pretty fast. That has impacted much. But in terms of the competition, MNCs are not new for us. If you see our competition in most of the product portfolio, we are competing with both domestic and MNCs. We are the only player in India who compete with both domestic and MNCs. And if you see, except for cotton, in all our segment, we are competing with MNCs. The competition is not new and we compete with them. And we have replaced our hybrids on par or much better than them. Then only the farmer will accept it. So we are not worried about the competition. Competition is always there. And definitely, based on our product performance, we say that we will grow in those segments.

Viraj Kacharia: And in terms of the export piece, the last question, see, as you said, if you want to go our own brand, then we need to have entities and apply for registration. So typically, what is the timeline for one to get registration? And for us to scale up in each of those markets, would we need to have investments in P&L in terms of feet on street? Or how are we looking into the go-to market?

Mithun Chand: There are two things to notice in this. One is that these are the entities which we are incorporating right now, only to register our hybrid is there, which requires a minimum cost in terms of the investment. That doesn't mean that we are stopping our exports. We will be continuing with our present model, where we will be exporting. But directly, we will not be under our brand. We will be exporting through distributors. They will sell on our brand or their own brand, based on the country requirements. But going forward, as we are establishing and growing in export, we want to establish our own brand in those countries. That is the reason we are trying to incorporate those companies. And it will take a long time, at least nothing less than 4-5 years to start a business there. But somewhere we need to start, we are starting it right now. In terms of the investment, it is a very minimum investment.

Viraj Kacharia: What crop segments do you think have maximum potential for exports?

Mithun Chand: Basically, we are competing on maize and rice. And in some areas, GM cotton is also there. So again, that depends on the local provider there. But these are the three main crops that we are targeting plus vegetables.

Viraj Kacharia: Thank you.

Moderator: Thank you. The next question is from the line of Dhruv Saraf from Bowhead India Fund. Please go ahead.

Dhruv Saraf: Good afternoon, sir. Sir, just wanted to know about the inventory, sir. We have seen inventory at Rs. 1,200 crores and it is kind of not decreased from March levels. Whereas historically, we have seen inventory kind of in seasonally weak in H1, it kind of comes down. So what explains this buildup of inventory? And does it pose a risk of any big write-off? Because it is now at very high level compared to your past, even if I look at the last 2 years or the last 4-5 years?

Mithun Chand: If you compare to last year, in terms of the absolute terms, in terms of the inventory, we are up by Rs. 150 crores when compared to comparable on September to September basis, roughly Rs. 150 crores. That is what is reflecting in the cash on books as well. If you see the cash results also, it has gone because we have more inventory when compared to last year. The amount is close to Rs. 150 crores. And in the last call also, we explained that one thing, the production was higher than anticipated in some crops because the yields were higher. And the other thing is that especially in the actual sales for the projected sales, anticipated sales are lower. That is the reason the inventory has piled up. But in terms of the risk factor, whether we are going to write-off, the major inventory is with rice, cotton, and the other big crop is maize. And rice and cotton, it is not a difficult thing. Again, we are taking some sort of production in rice, in some varieties and in cotton as well, where we have some scarcity. So these two crops, we are not worried about. Whereas in maize, we have completely stopped taking a production this year because we have inventory. And in terms of the storing of the inventory, we have enough infrastructure while receiving itself, it is properly stored there. And we don't see any write-offs as of now and it is properly maintained. And the results, what you are seeing is an impact of post write-offs. So what we anticipate in terms of the write-offs, it will be in line. We don't see any major write-offs coming forward because this inventory will all be used in the Kharif as we have not stopped. We have not taken any production plan for Kharif or for Rabi, for maize this year. So this inventory will be using for the next year.

Dhruv Saraf: And this inventory will not be used for Rabi this year, let us say, because the maize prices are strong?

Mithun Chand: We will also use for Rabi as well. But if you see the maize price, it is already quite high at like Rs. 32 last night. It was around close to Rs. 32 at almost like a life high. But if you see the

actual conditions here, Bihar is doing well. But most of the companies have got a lot of inventory there. There is a lot of competition in Bihar. We will also grow in Bihar and eastern parts to some extent. But the majority of the part like combined Andhra, Maharashtra and Karnataka, still we have not seen rains. So definitely, there is some impact in terms of the second half sales in maize. So we don't anticipate much of a positive response in the second half in terms of the maize. But yes, Kharif looks good for us. The next Kharif looks good. By seeing the maize price and the inventory levels and with the production anticipation estimates, we see that maize is coming up very well in the first half of next year. And we are not worried about that.

Dhruv Saraf: So do you foresee any sort of like shortage in terms of maize seed again next year? Is that what you are trying to imply?

Mithun Chand: No, most of the companies have maize seed and especially like our company, Kaveri has enough maize seed for next year. What we are trying to anticipate is that by seeing the maize price right now, the maize acreage will definitely go up next year. Even if sentiment is good now, but the water is very low now. So that is the reason we are saying that it might or might not come up now.

Dhruv Saraf: Right. So, sir, you have seen 9%-10% decline in H1 of this year. What are your estimates for the whole year now? Do you expect to continue at this 9%-10%? Or do you expect to grow in the second half given what you have just spoken about maize? And maize is the largest crop in the second half?

Mithun Chand: If you see in the second half as a standalone basis, because I am not taking a consolidated one because other two subsidies are there. But as a standalone basis, we have done around Rs. 270-Rs. 280 crores in the second half as compared to last year. As of now, we see 10% plus or minus, because we are anticipating a strong export in the second half again, which is doing well. And we slightly see a decline in other crops. So it should be compensated, 10% plus or minus should be the initial call. But right now, if you are very much aware that one cyclone which is affecting Andhra, that is slightly a positive impact where you can see a maize. To what extent it will fill the tanks that will make some impact on the maize and other crops. Even they are saying that that will be extended for some parts of Telangana and parts of slight extent of Karnataka. So that will be a positive trigger for us. But we need to wait for another week or so, till this festival, Diwali.

Dhruv Saraf: All right, sir. I will come back in the queue. Thank you, sir.

Moderator: Thank you. The next question is from the line of Sonaal Kohli from Bowhead India Fund. Please go ahead.

Sonaal Kohli: Hello, Mithunji. How are you?

Mithun Chand: Fine, sir.

Sonaal Kohli: So, Mithunji, a couple of questions. Did I hear you correctly? You saying that in the second half of this year, you expect plus or minus 10% Y-on-Y growth. Did I hear you correctly?

Mithun Chand: Yes. Because I was just checking it out. Last year, on a standalone basis, we had done Rs. 260 crores in the second half.

Sonaal Kohli: So, on a console basis, you had done Rs. 317 crores, what is the difference and confusion about standalone versus console, you could help us understand?

Mithun Chand: We have other four subsidiaries where we do sale as well in that. So that are all Rs. 40-Rs. 50 crores. That also, as a consolidated basis also, it should be less or minus 10% or more than that.

Sonaal Kohli: Any recent changes, because of which you expect, in your assessment, like in last few weeks?

Mithun Chand: Sorry?

Sonaal Kohli: Any recent changes in your expectations, based on weather pattern in last few weeks, months?

Mithun Chand: Nothing much. But what we have seen is that in terms of the cyclones and everything, usually in the second half, from October to November 10th or November 15th, you get many cyclones in parts which have rainfall in Andhra and Telangana, one we are already seeing now. But if we are able to cover some parts, then sale will be good. But other parts, Maharashtra, we are not seeing any sale in Maharashtra.

Sonaal Kohli: Instead, your EBITDA margins are down about 200 basis points for the first 6 months. Would you expect the trend to remain for the full year also?

Mithun Chand: EBITDA margins are, in fact, as a standalone basis and as a console basis, down by only 1%. If you see at a PAT level, it might be.

Sonaal Kohli: On a 6-monthly basis?

Mithun Chand: On a 6-monthly basis, the EBITDA margins, if you.

Sonaal Kohli: Is down 200 basis points, 190 basis points.

Mithun Chand: No. If we see our EBITDA margins on a half-on-half basis, on a standalone basis, it is 30.48% compared to 30.32%. And then as a consolidated basis, it is like 29.85% compared to 30.8%. It is only down. But if you are seeing at the PAT levels, we had more other income last year.

Sonaal Kohli: So now may be there is a mix in my number. I will have a look whatever I have?

Mithun Chand: In fact, on a standalone basis, the EBITDA margins are slightly up than last.

Sonaal Kohli: We look at consolidated because finally looking, buying the consolidated.

Mithun Chand: Console, we are down by roughly around 1%. I am talking about EBITDA is nothing but minus other income. We are down because in subsidiaries, majority of the subsidiaries, we do cotton, which we are not able to do that. And we have incurred more expenses there. That is the reason at consolidated level, there is a 1% down.

Sonaal Kohli: And sir, what is the average life of the seed inventory? So, the inventory which is increased at what point of time and how old one's inventory becomes, it is prone to being written-off?

Mithun Chand: It is a continuous process. Every quarter, based on this seed variety, every quarter we test it. And in terms of the life of the inventory and the health life of the inventory, most of the inventory is a new inventory. Usually for seeds like cotton, it stays between 3-5 years. For rice, it is like 3 years. For maize, it is like 1-1/2 to 3 years. So, in terms of the health, it is very good as we have maintained very well from post-harvest to till date. So, we don't see any write-offs in terms of that. And most of the inventories have a good germination vigor as of now. So, we are not worried about that. It should stay for next year.

Sonaal Kohli: And sir, how long do you say is the normal life of the inventory?

Mithun Chand: Based on the storage facilities, it will stay from 1-1/2 to 3 years. Again, that depends on the crop to crop. For cotton, it will be close to 5 years plus.

Sonaal Kohli: And for maize and rice?

Mithun Chand: Maize is the only delicate thing. Rice also stays there. Maize is the only delicate thing. For that, we have taken enough care. And by seeing the vigor and by seeing the proper storage, we are not worried about that. We don't see any major write-offs in inventories.

Sonaal Kohli: Maize is like 1-1/2 years or how long is maize?

Mithun Chand: Maize is like 1-1/2 to 3.

Sonaal Kohli: 1-1/2 to 3. And I assume last year, maize inventory must have been negligible because it was in such a short supply. So, what I am trying to understand is the maize inventory of last year must have been very low. It must be all new inventory, right?

Mithun Chand: No. Whatever inventory we have right now, on all the crops, it is all new inventory. Nothing. It is all produced in this financial year.

Sonaal Kohli: So, from that perspective, that is why you think it is quite safe to?

Mithun Chand: Yes.

Sonaal Kohli: Because it is not that old of an inventory?

Mithun Chand: Yes.

Sonaal Kohli: And sir, margin-wise, what is the guidance you gave for this year, sir, in terms of decline or increase?

Mithun Chand: So, if you see the first half margins, we have maintained, even though revenues were down, we were able to maintain in terms of EBITDA margins. Going forward also, we should maintain the EBITDA margin, but by seeing the season, that 5%-10% that we need to see in terms of the sale, because anyway, second half is a lean half for us, but we are seeing good exports and we are seeing good traction in terms of the northern cotton market, which comes in the 4th quarter. So, that covers up the margin should remain same or should be positive. Otherwise, slightly impact will be there. But it is true, again, as we are anticipating some rains now, it is a bit early, but that we can give a clear, proper idea in the third quarter results. But as of now, it looks 10% plus or minus of last year.

Sonaal Kohli: Possible for you to share the trend of growth in the first 6 months for maize, cotton and the two types of rice you produce?

Mithun Chand: Sorry?

Sonaal Kohli: Possible for you to share to us the growth trend that in maize, rice and cotton Y-on-Y for the first 6 months?

Mithun Chand: We have already shared that in the presentation. Maize, we are down by 30% odd. Varietal rice, we have slightly grown. Cotton remain there, and rice slightly down by 2%-3%.

Sonaal Kohli: I am sorry, sir?

Mithun Chand: The numbers are already there in the presentation, but if you see the first half, except for maize, it is almost, most of the crops will remain same or marginally up or down by 1%-2%.

Sonaal Kohli: Thank you.

Moderator: Thank you, sir. The next question is from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

Rushabh Shah: Hi, my question is we have two subsidiaries, Aditya Agritech and Genomics Agrigenetics, which do nearly like Rs. 100 crore plus revenue each and PAT of around Rs. 80 crores each?

Mithun Chand: Rs. 80 crores? So I think we have, in fact, active three subsidiaries. One is Aditya, one is Kaveri Microtech and the other one is Genomics.

Rushabh Shah: Yes, so Genomics, yes. So Aditya Agritech and Genomics, they do a revenue of Rs. 100 crores plus each and PAT of Rs. 80 crores?

Mithun Chand: Rs. 80 crores, that is wrong. It may not be Rs. 80 crores, it should be Rs. 8 or Rs. 10 crores.

Rushabh Shah: So in what crops are they focusing on and what leads to such high profitability?

Mithun Chand: Sir, in fact, I don't know where you are seeing those numbers. They are just marketing companies, they don't have that sort of a profit of Rs. 80 crores. If you see, one second, if you see the PAT of standalone on this year is like Rs. 268 crores and as a console level, one second, it is only Rs. 271 crores. The PAT is slightly up by only 3%. In terms of the EBITDA minus other income, it is Rs. 286 versus Rs. 294. It is only Rs. 6 crores plus in terms of the EBITDA levels.

Rushabh Shah: So like what, they are just marketing companies, they don't deal it in like?

Mithun Chand: Yes, the entire research production is done by Kaveri in terms of Genomics and Aditya. That is Kaveri supplied seeds to them, they market it and then that is the only thing what they do. Whereas Kaveri Microtech that deals with micronutrients and byproducts that works on independent basis. The revenue of that company is close to Rs. 35-Rs. 40 crores, which is again, slightly profitable. That is all.

Rushabh Shah: My next question is how high would be our dependency on hybrid like 468 for paddy and similarly maize? How would our revenue concentration be?

Mithun Chand: In terms of the rice 468, we are very much dependent on 468. There are a couple of varieties also, but majority of the revenue in hybrid rice come from 468. We have a large dependency on that. There are a couple of hybrids which we have introduced in the last 3-4 years, but still

that need to take volumes of traction. But as of now, if you see the current year, we have dependent 468. But whereas if you see like crops like parietal rice or maize, there are many hybrids. There are tens of hybrids which we market. So we are not dependent on that. Even in cotton, we are at least 6-8 hybrids. So only in rice, we depend on those 2 or 3 hybrids, 468, 90, 90. These are the two hybrids that we rely on.

Rushabh Shah: And sir, my last question is we heard from some channel checks that few distributors are common for Kaveri and Genomics. And there are few who are cannibalizing Kaveri's business. So how do you ensure that such things are minimum? And what is our overall channel strategy for our subsidiaries? And how different are the distribution and retail margins when compared to the Kaveri?

Mithun Chand: One thing, first of all, what Kaveri sells and what Genomics or Aditya sells are altogether different hybrids. There are no two same hybrids which we sell in different plants. All are different hybrids. 90% of our dealers are independent dealers. In some markets where we don't have any option, then they deal with two varieties. That is very minimal. So in terms of the cannibalization, we don't see, at least from our own hybrids, own companies. And as farmers, with the intention of starting these companies are basically in crops like cotton, the farmer has a tendency to go for 3 or 4 crops of different varieties. That is the reason when we have a good research, we get many products which have different characteristics and different abilities. So we market those hybrids in different companies. And the main importance will be given to Kaveri and then to the other companies. So in very few or rare cases that will happen. But anyway, I need to check it out. It is a very rare occasion what we are hearing from it. Anyway, I will check it out. It will not be.

Rushabh Shah: How different are the distribution of retail margins?

Mithun Chand: It all depends on the hybrid to hybrid and variety to variety and company to company. Kaveri has the highest realizations. And in some areas, these companies have also got higher realizations in Kaveri. Those are all different varieties. There are very rich markets. One thing we need to understand is that the hybrid what we sell in different companies are different hybrids. It is not the same hybrids. Each has got different characteristics.

Rushabh Shah: Thank you.

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

Akshit Shetty: Hello, am I audible?

Moderator: Yes, please go ahead, sir.

Akshit Shetty: First of all, congratulations on the 2Q FY '27 results. And thank you for taking my question. So my first question is related to the consolidated revenue. I can see that in 2Q FY '27, the consolidated revenue was Rs. 144 crores against the standalone of Rs. 125 crores. And in 1Q FY '27, it was reversed. Consolidated was Rs. 742 against standalone of Rs. 815 crores. And on the 1Q FY '26 call, you said you would come back on this, but it has not been covered since. And secondly, for one first half of the FY '27, how much of the Kaveri standalone revenue was sales to its own subsidiaries? And how much the subsidiary sells to outside customers? And will you add consolidated figures to the presentation from 3Q FY '27?

Mithun Chand: So I just need to check it out in terms of the presentation. But if you see the first quarter consolidated to the first half, first quarter, what we see, we take the anticipated results and that will not give an effect in the first quarter, because that is the reason you see standalone sales are more than the consolidated. But if you see, the best way to compare is from the first half to first half. We have already noticed this. We are trying to publish the figures from the next year, first quarter, which will be comparable. We will knock off the returns and then give the actual figures. If you see the first half to first half, these are more relevant because most of the returns are already accounted. That is the reason you get this effect. In the first quarter, the returns are anticipated returns. That is the reason you see the knockoff effect.

Akshit Shetty: Thank you. Thank you for clarifying this doubt.

Mithun Chand: We are trying to publish the results from the next year, an actual figure of that. Because as we show only the liquidation figure, the returns are not physically get back to the company. That is the reason we are facing problems. But first half, most of the returns are already accounted. That is the reason you don't see any difference in the first half to first half comparison.

Akshit Shetty: Thank you. Thank you for clarifying that doubt. My second question is related to cash. On the 1Q FY '27 call, you said the cash of Rs. 267 crores at the end of 1Q FY '27 would be close to Rs. 300 crores in the end of 2Q FY '27. And the 2Q FY '27 press release show Rs. 178 crores of cash against about Rs. 410 crores at the end of 2Q FY '26. And the 2Q FY '27 standalone loss was only like Rs. 3.21 crores. So where did the roughly Rs. 90 crores go into 2Q FY '27? Did it go to seed production, lower payable dividend or subsidiaries? And what were the inventories and seed crops in the field at the end of 2Q FY '27 compared with Rs. 1,130 crores at the end of 2Q FY '26?

Mithun Chand: If you see the payables at that particular time, the payable at quarter 1 to quarter 2, we have paid most to the creditors. So that is all the production growth. We are clearing the entire payment for them. Whatever payment we are given in the last 3 months is for them. And in terms of the inventory, as I said that the cash is low when compared to last year because the inventory levels are pretty high when compared to last year. The inventories are more than Rs. 150 plus crores higher than last year. So the cash got sucked away or is there in the inventory.

Once we are able to realize that in the next year, first half, then you get the entire cash back because we have minimized our production compared to last year. Whatever cash we generate, that will be all of the free cash.

Akshit Shetty: Got it. Thank you. Thank you for the explanation.

Moderator: Thank you, sir. The next question is from the line of Dhruv Saraf from Bowhead India Fund. Please go ahead.

Dhruv Saraf: Mithun sir, just one question on the CWIP capital work in progress in the balance sheet. That figure has been stuck around Rs. 120-Rs. 130 crores. So can you give me some color as to when will this be capitalized? What does the CWIP pertain to?

Mithun Chand: Basically, one is that the machinery and second is from, we are buying some land, agricultural land that is not registered yet. Office and agricultural land, these are the two things that will take other 6-8 months.

Dhruv Saraf: So that entire amount is for agricultural land?

Mithun Chand: More than say, 50% is for the agricultural land, 50%-60%.

Dhruv Saraf: Sure.

Moderator: Thank you. Thank you for joining the call. For any further information, please be in touch with Rama Naidu from Intellect. Thank you, sir. On behalf of Kaveri Seed, that concludes this conference. Thank you for joining us. You may now disconnect your lines.