

Kaveri Seed

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to Kaveri Seed Company Ltd. Q1 FY27 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 the 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. Thank you, and over to you, sir.

Mithun Chand – Executive Director: Thank you. Good afternoon, and welcome, everyone, to our Q1 FY27 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 some of the operational and financial performance of the company and then open the floor for the Q&A session.

Revenue from operations was at 815 crores as compared to 945 crores. EBITDA was at 285 crores as compared to 332 crores. Operating margins stayed at about 35%, at the same level as last year and slightly above it. Net profit was at 271.3 crores as compared to 316 crores. Cash on the books stands at 267 crores.

Coming to the segment-wise revenue breakup, non-cotton revenue was 601.57 crores and cotton revenue was 213.43 crores. Cotton stayed at the level of last year.

Major highlights: El Niño brought a weak monsoon, and Q1 had one of the shortest sowing windows of recent seasons, with less rain through the quarter. Farmers bought fewer premium and high-value products. Our new cotton hybrids did very well. They now make up 37% of our cotton sales against 22% last year. This is a big jump in a single year, and it shows that farmers are choosing our newer hybrids despite the presence of some illegal cotton and reduced sowing acreage. Our new single-cross maize hybrids are doing well. They now make up more than 20% of our maize sales. A bigger share of maize now comes from newer and better products, which gives us a stronger base to grow from once maize sowing returns to normal.

Maize was slow this quarter because of the deficiency of rain. Karnataka is our main maize market, and only about one-fifth of the land had been sown by mid-June. Rain returned in July, and we expect maize demand to pick up in Q2 FY27. We launched 2 new hybrid paddy products, KRH 7344 and KRH 7727. In their very first season, they brought in 62% of our new product sales. This is a strong start for our new rice products. Our export business grew close to 4 times, from 1.1 crores to 5.79 crores. Demand from overseas markets is clearly building, and this is an area we will continue to pursue.

Operational highlights: operating margins held steady at about 35% through the quarter. In cotton, the company has built a strong base in the northern markets of Haryana, Punjab, and Rajasthan. Hybrid rice remained our largest non-cotton segment at 247.07 crores in a quarter when the rice sowing area in the country was lower. Selection rice revenue grew marginally to 159.07 crores, holding up despite poor rain in the rice-growing areas. New bajra hybrids now make up 65% of bajra volumes, up from 61%, with volumes sustained through the season. Vegetable seed revenue

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was at 15.08 crores, with a few new varieties going into the coming season.

If rainfall improves in Q2 FY27, we expect strong spillover demand. The growth story remains intact. We are working on new variants across all our seed segments, and we will keep raising their share in maize, vegetables, rice, and cotton. I would now open the floor for the question-and-answer session. Thank you.

Operator: Thank you very much. We will now begin with the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touch-tone phone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, to register for a question, you may press star and one.

Your first question comes from the line of Rushabh Shah with Buglerock Venus. Please go ahead.

Rushabh Shah – Buglerock Venus: Hi, sir. Thank you for the opportunity. Sir, if I see your numbers over the last 10–11 years—

Mithun Chand – Executive Director: Sorry, can you be a bit louder?

Rushabh Shah – Buglerock Venus: Yes. If I see your financials over the last 10–11 years, we had reached a profit of around 300 crores in 2015. After that, we thought we were building a non-cotton business, our vegetable business, which we have grown to a significant size. However, we are still not able to cross that peak profit in recent years. Is it because we could not get any hit hybrids like Money Maker or ATM? What kind of challenges are we facing, and what do you think we can achieve in the next 3–5 years?

Mithun Chand – Executive Director: That is rightly observed. If you see from 2014–15, the profit remained at around 300 crores in most of the years. However, if you see the product mix, cotton was contributing around 80% in 2014–15, and the margins were pretty high there.

Coming back to the present season, the mix has changed, with cotton contributing only 20% and the non-cotton segment contributing 80%. Cotton margins have also shrunk to much lower levels than what we used to have, even though we were able to maintain a 35% EBITDA margin in the first quarter.

Leaving aside this year, if you see the last few years, we were growing in non-cotton segments and declining in cotton. However, the current season has been very challenging for us. This is the first time that we have seen this type of season, with a monsoon deficit across India until June 15. This disrupted cropping patterns and farmer choices, which has had an impact. This is one of the years that we should not take into consideration as a benchmark.

Coming back to the portfolio levels, even in these tough conditions, we were able to do well in other areas. The products we have and the research that we have invested in over the last few years are performing very well, and the hybrids developed through our research are very encouraging. This is just a one-off year, and it should not be a benchmark for our performance.

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Rushabh Shah – Buglerock Venus: My second question is that we entered the export market some time ago, and we have grown in that area as well. Are we facing any challenges in those regions? In one of the calls, I remember you said that gaining farmers' trust, even in India, took a prominent company a long time. Are we facing similar challenges in the export market?

The second part of the question is that maize and rice are 2 big crops in exports, and we had discussed the Philippines, Vietnam, and Thailand as markets for growing our export business. We had sent some samples for trials, which received good results. This could become around 100 crores of revenue in a few years. What is happening on that front?

Mithun Chand – Executive Director: We are currently exporting vegetables. As the conditions in different markets remain almost the same, in terms of farmers' choices, they will see the performance and only then adopt the product. In a few countries, we also need to conduct trials. We have completed those trials in the Philippines, Vietnam, and Indonesia. We are now sending material there, and we are getting good sales there. We remain committed to that growth in the export market. Reaching 100 crores in vegetables should not be a difficult task in the coming period.

Rushabh Shah – Buglerock Venus: We have done a tremendous job in the past few years in building our non-cotton portion of the business. My question is about the cotton business. As we know, this business has significantly lower margins than the non-cotton business. Have we lost focus on it, or are we focusing less on it and giving it less importance? There are many factors, such as illegal seeds, price capping by the government, and the fact that you have not launched new hybrids in cotton in the last few years.

In addition, in the last 2 years we have seen substantial inventory of around 1,200 crores. Could you please let us know something about this?

Mithun Chand – Executive Director: Coming back to the cotton question first, yes, we have lost market share in cotton over the last 7–8 years. I will just correct you: we have developed many hybrids over the past 3–4 years. If you see the growth in Northern India, we have grown even though the overall sales have remained flat. We have grown in Northern India in terms of cotton, and we have almost doubled there from a small base. Those are all new hybrids, and we are doing well.

Management: When you come to Gujarat and Maharashtra, the rainfall was very low, with scattered rainfall initially, followed by the El Niño effect. All of this has had an impact to some extent. I have said that this is one of the years that we should not take as a benchmark.

We are very confident about the new cotton hybrids. You have seen the contribution of the newer cotton hybrids in the sales as well. We are fairly confident that we will regain the market share that we used to have earlier, and we are very confident about cotton. Even though the margins are lower, the market size is very large, and we cannot ignore cotton. Cotton is a very big market, and we are very strong in those markets. We are working, and we will continue to work, in the cotton segment as well.

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Coming back to inventory, compared to last year, we have roughly 200 crores of additional inventory. This is because we anticipated a good season and good growth this year. The El Niño effect, delayed rains, and scattered rains in different areas impacted sales. However, that is part and parcel of the business. We will manage the inventory, and the inventory is stored properly. We will reduce our production next year. We will not undertake the level of production that we undertook this year. This is a continuous process, and we are monitoring it. There is no concern as of now in maintaining the inventory, except for the holding time involved.

Rushabh Shah – Buglerock Venus: I have a follow-up on the market share. We had lost market share in cotton, especially in Andhra Pradesh and Telangana. Rasi is the market leader overall, including in India. I wanted to know what is helping them gain more market share. Is it better farmer connectivity, a better brand, or something else?

Management: If you see the last 4–5 years, I do not think they have increased their market share. At most, they have maintained or declined in terms of market share. The cotton market has also declined slightly in the last 3–4 years. Illegal cotton has also increased, and some other players are entering the market.

Based on hybrid performance, the hybrids are doing well, and they are being accepted and cultivated. However, these are all old hybrids. We have not seen any new hybrid taking market share in the last 3–4 years.

Rushabh Shah – Buglerock Venus: Thank you. I will join the queue again.

Operator: Thank you. The next question comes from the line of Disha Garg with Sanco Mutual Fund. Please go ahead.

Disha Garg – Sanco Mutual Fund: Hi, sir. Good evening.

Management: Yes.

Disha Garg – Sanco Mutual Fund: As the season was not very good, have we also been affected in terms of margins? Was the impact on one particular crop compensated by other crops?

Management: Pardon?

Disha Garg – Sanco Mutual Fund: Was there any crop where we earned a lower margin compared to last year?

Management: No. If you see the margins, they actually expanded. Even though sales declined, EBITDA margins expanded slightly. If you see other expenses, such as salaries and other expenses, they were higher compared to last year in percentage terms. However, gross margins were higher by 2–3%.

In anticipation of a good season, we deployed many people across different areas, but we could not sell as much. That slightly impacted our margin. However, we actually achieved a higher margin than last year. Overall, the season was good.

Disha Garg – Sanco Mutual Fund: Thank you.

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Operator: Thank you. The next question comes from the line of Himanshu Upadhyay with Shetford. Please go ahead.

Himanshu Upadhyay – Shetford: I had a question on subsidiaries. In one of the recent calls, you stated that our subsidiary also sells seeds and that, if we have multiple hybrids, launching all the hybrids through Kaveri is not viable. Out of 4–5 hybrids, 1 or 2 can go to the subsidiary. However, I could not understand why all of them cannot be sold through Kaveri, and why we cannot choose the best 2–3 hybrids and put our entire effort and focus behind those rather than diversifying our energy across multiple products and multiple places through subsidiaries. Some thoughts on that would be helpful.

Management: That all depends on the company's strategy. For Kaveri as such, Kaveri focuses only on those hybrids. Even though subsidiaries exist, they are competitors in the market. They operate as different companies, the teams are different, and all the efforts are separate. Only the research is conducted by Kaveri, while all of them are independent companies and independent subsidiaries. They are competitors in the market. We are putting our full effort across all hybrids, and whatever sales are booked in the subsidiaries are also independent sales.

Himanshu Upadhyay – Shetford: I could not understand the benefit of that strategy. Many companies, for example in FMCG or agrochemicals, have multiple products for the same issues and multiple brands that are sold through the same company. Why is this strategy of selling through competitors, such as subsidiaries, and competing with our own subsidiaries more helpful? Some thoughts on that would be helpful. That is what I am trying to understand.

Management: The FMCG and seed businesses are completely different. A seed farmer chooses a product based on the performance of the hybrid. India has many climatic conditions, and each hybrid performs differently in each segment. There are very few hybrids that are successful across all zones.

When we have me-too hybrids, we need to discard one hybrid and market only one hybrid. The discarded hybrid goes to the subsidiaries, which operate independently, and we retain the market share. For example, this year, if you take the cotton hybrid, we sold around {? 10–12 lakh packets ?} through subsidiaries. That is an additional advantage for Kaveri Seed Company Ltd., because the research cost and production cost are beneficial for Kaveri Seed Company Ltd., as we may not be able to market all those hybrids.

These are essentially me-too hybrids. Some hybrids perform differently in different segments, and the subsidiaries take advantage of that. If we want to do this through one company, we would need to discard those niche-market hybrids that we do not want to market. Again, that depends on the company's strategy.

Himanshu Upadhyay – Shetford: One more thing—

Management: I will add one more thing. An Indian farmer usually tries different products; he does not choose only one product. For example, if he has 10 acres of land, even if he is very accustomed to one hybrid, he will still try 3 or 4 other hybrids from different companies or from the same company.

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Himanshu Upadhyay – Shetford: When we see new cotton products or new bajra hybrids, does a new product mean something launched within 3 years, 5 years, or what is the duration?

Management: Generally, 3 years. Basically, 3 years.

Himanshu Upadhyay – Shetford: So products launched within 3 years are considered new products?

Management: These products were all launched in the last 3 years.

Himanshu Upadhyay – Shetford: So whatever is launched within 3 years is considered a new product.

Management: Yes.

Himanshu Upadhyay – Shetford: In cotton, when we have seen new products growing at a very quick pace, are we getting any pricing premium on those products, or does the price remain subdued for those products as well? If they are replacing the older products, their share is continuously increasing even though our cotton revenues have not increased. How are the pricing and profitability of these newer products? Some thoughts on that?

Management: In cotton, the MRP is capped. However, in terms of realizations, we are almost in the top 3 segments of cotton seeds, where we realize higher prices than many other companies.

Himanshu Upadhyay – Shetford: With the later rains, do we see any hybrids or any change in the cropping pattern that might benefit shorter-duration crops, such as vegetables, which generally have a 3-month timeframe? Is there any product or area where we could benefit?

Management: Not much. Vegetables are a very small segment for us. Although that may contribute this quarter, it is a very small segment and may not add much for us.

Karnataka is a major state for us, and we are still awaiting rainfall there. The tanks are now filling up. In Karnataka, what we believe is that we have not lost the sales permanently; the sales can return, particularly in maize. That is a positive point. We can recover the Karnataka sales. We cannot recover the sales in other areas, but we can recover the sales in Karnataka.

With the excess and heavy rains over the last couple of weeks, most of the tanks are full in most areas, including the southern parts such as Karnataka, Andhra Pradesh, and some parts of Telangana. In Northern and central India, the tanks are also full. In that way, the rabi season might be encouraging this year.

If you see the maize price, at the start of the season it was only {? 16–17 rupees ?}. Now the maize price is around {? 27–28 rupees ?}. Most of the rabi crop also comes from maize. Therefore, maize should pick up in the second half.

Himanshu Upadhyay – Shetford: How much of last year's exports were to Bangladesh, and what is the overall outlook for exports, particularly to Bangladesh?

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Management: I do not have the exact figures as of now. However, compared to last year, we will definitely grow by at least 25% in overall exports.

Himanshu Upadhyay – Shetford: I will join the queue again for further queries.

Management: Okay.

Operator: Thank you. The next question comes from the line of Dhruv Saraf with Bowhead India Fund. Please go ahead.

Dhruv Saraf – Bowhead India Fund: In the Q1 numbers, if I compare the seed revenues of other large companies such as Bayer and Advanta, their maize seed revenues grew by more than 20%, while we had a 40% decline. Can you help me identify why there is such a large difference in performance?

Management: They are very strong in other parts of India. We are strong in the southern part of India, especially Karnataka, Andhra Pradesh, and Telangana. These areas received less rainfall. That is one of the major factors we have seen. If you see last year, 25–30% of our overall kharif sales came from Karnataka.

Dhruv Saraf – Bowhead India Fund: We are also strong in areas such as Madhya Pradesh, where acreage has grown. Were we not able to perform well in those markets? The numbers are quite divergent—ours are down 40%, while theirs are up 20%. Apart from Karnataka, is there any other reason?

Management: There are mixed outcomes in some markets. For example, we grew in Rajasthan and in other parts of Northern India. However, we did not grow in Madhya Pradesh, Maharashtra, and Bihar. We were particularly unable to do well in Maharashtra and Madhya Pradesh. If you see the overall acreage, Madhya Pradesh is the state where we have seen a significant increase in acreage.

Dhruv Saraf – Bowhead India Fund: Yes.

Management: We were not able to capture that increase. That is the only area where we declined. In Maharashtra and other parts, sales remained the same or declined slightly. The major issue was in Rajasthan and Madhya Pradesh. In Rajasthan, we were able to capture the growth, but in Madhya Pradesh, we were not able to do so.

Dhruv Saraf – Bowhead India Fund: Is the problem that we do not have a product for those geographies?

Management: Yes, that is the main reason.

Dhruv Saraf – Bowhead India Fund: Understood. Secondly, you spoke about rainfall picking up in Karnataka. Maize acreage, which was down 15% year-over-year at the start of July, is now down only 4% year-over-year according to the latest government data. Do you expect to recover a large part of your sales in Q2, specifically the kharif sales?

Management: If you see Karnataka now, even in some parts of Karnataka where maize is cultivated, the rains are still not there. However, the Tungabhadra dam is filling up, and over the last few days

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maize seed sales have been increasing.

In Karnataka, farmers usually have a habit of sowing maize throughout the year. Whatever we achieved last year in Karnataka, we remain confident that we will achieve it again, but it will be in Q2 or Q3. We have to wait and see.

Dhruv Saraf – Bowhead India Fund: So, in terms of the full year for FY27, given that we ended Q1 with a 14% sales decline, how do you expect to close the year? Can we return to last year's sales level, or will there still be a 10–12% decline by the end of the year? What is your view?

Management: The margins will definitely be lower than what we showed in the first quarter because we are expecting some spillover sales in the second half. The second rabi should be good because of the maize prices. The decline should narrow, but we need to see to what extent.

Dhruv Saraf – Bowhead India Fund: Okay.

Management: It should not increase or move up, but the gap will definitely narrow.

Dhruv Saraf – Bowhead India Fund: Understood. I have one last question on cotton {? seed ?}. In our previous interactions, you said that there was an expectation that illegal seed would decline this year. However, illegal seed has increased again this year. Do you see a further threat, or could this become an even bigger problem going forward? What were the reasons illegal seed increased when we expected it to decline?

Management: It was mainly because of the monsoon. As the season gets prolonged and the monsoon gets delayed, farmers compromise on the seed. Northern India, where the season started earlier, was able to perform well. However, states such as Gujarat and Maharashtra were impacted significantly. Gujarat, in particular, had a major impact on us this year.

Dhruv Saraf – Bowhead India Fund: All right, sir. I will get back in the queue. Thank you.

Operator: Thank you. The next question comes from the line of Karan Talwar with DAM Capital. Please go ahead.

Karan Talwar – DAM Capital: Hi, sir. Can you hear me?

Management: Yes.

Karan Talwar – DAM Capital: Thank you for taking my question. I have 2 questions. First, you highlighted that we may recover sales in Karnataka. Could you quantify how much we did last year compared to how much we have done so far this year, so that we can understand the scope for recovery?

Management: Last year during kharif, we did close to 2,600 tons in Karnataka. This year, we have done only 1,500 tons in Karnataka. Therefore, we are down by around 1,100–1,200 tons in Karnataka alone. This represents approximately {? 40–60 crores ?} of sales.

Karan Talwar – DAM Capital: And you are confident that—

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Management: This represents close to {? 40-50 40-60 crores ?} of sales. We remain fairly confident that there is a chance we may still be able to recover it. As of now, we are quite confident because we do not see any alternative crop coming up there.

Karan Talwar – DAM Capital: Understood. Secondly, while you have provided some information on margins, could you discuss how we should look at overall revenue growth for the year?

Management: As I said in response to the earlier question, for the remaining 3 quarters, sales should not decline. We expect Karnataka sales to come in over the next 3 quarters, and rabi should be good because of maize prices and because maize is the major contributor in the second half.

Therefore, sales for the next 3 quarters should be higher than sales in the corresponding 3 quarters of last year, and the revenue decline should narrow from the current level. However, we will have to see to what extent it recovers.

Karan Talwar – DAM Capital: Just one last question. Are there any new hybrids or field-trial performances across crops that you would like to highlight?

Management: We are working across all crops. If you see our results, the majority of the contribution in maize, rice, bajra, and cotton is from new crops. We were very bullish at the start of the year. We thought all the hybrids would do well, but unfortunately, the season did not develop as anticipated.

However, that is fine. We are in a business that is exposed to these types of monsoons. This was a one-off, difficult year. Overall, we see very good growth, and we are quite confident about our hybrids. We expect good growth in the coming years. We are not worried about the medium or longer term.

Karan Talwar – DAM Capital: Could you also provide some color on how our product pipeline is shaping up?

Management: It is excellent. If you compare the product pipeline with what we have seen in the last 8-10 years, the product line we have right now is one of the best of the last 8-10 years. Unfortunately, this is not translating into sales because of various reasons, which could be the season or something else. However, these products will definitely come through, and in the next 2-3 years they will reflect in revenues as well.

Karan Talwar – DAM Capital: Thank you very much, and I wish you all the best.

Operator: Thank you. As a reminder to all participants, if you wish to register for a question, you may press star and one. Our next question comes from the line of Viraj Kacharia with SIMPL. Please go ahead.

Viraj Kacharia – SIMPL: Can you hear me?

Management: Yes.

Viraj Kacharia – SIMPL: I have a couple of questions. As you said, over a very long period our financial mix has changed from cotton to non-cotton. In this particular quarter, despite the share of

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cotton increasing and margins being lower, our gross margin has increased. Is this largely because the share of new products in each category has improved further, or was there an element of price increases?

If we look at 2–3 years ago, we saw a material increase in the cost of production for seeds. Is this a normalization of that cost, or is it because the share of new products is increasing? What color can you provide?

Management: That is rightly observed. If you recall, in the last call we said that the cost of production was lower compared to the previous year. That has contributed. In fact, realizations for most crops are down compared to last year. However, we had an advantage in terms of the cost of production. That contributed to the increase in profitability. The cost of production is down by 2–3% compared to last year, even though realizations at the dealer end are lower.

Viraj Kacharia – SIMPL: What do you mean when you say we have an advantage in the cost of production?

Management: What I mean is that if we realized 100 rupees per product last year, realizations this year are down by 2–3% compared to last year. The cost of production is lower than last year, even at this lower realized price.

The cost of production is 4–5% lower than last year, while realizations are lower by 2–3%. Even at that level, we are able to maintain a 3% improvement in terms of the cost of production. I do not know whether I have communicated it properly, but realizations through the channel were lower by 2–3% than last year.

Viraj Kacharia – SIMPL: I understood that. Do you see scope for further normalization in the cost of production? Compared to FY25–26, do you see scope for further normalization in the cost of production, not just for us but for the entire industry?

Management: It normalized last year. However, if you are talking about the next year, we may not undertake the level of production that we undertook last year because we have substantial inventory. Production will be very limited next year. Therefore, the cost of production that we incurred last year should be more or less the same for next year's sales.

Viraj Kacharia – SIMPL: My second question is that, before 2020, we tried to expand across crops. We had some good success in maize and rice, but there was volatility in sustaining sales because regional concentration was quite high in a few southern states, for maize and also for rice.

In the current year, I understand that the season was bad, but in a down year most of the volumes went back to the leader or the top 2 players. If we look at a 3–5-year horizon, how should we understand the regional concentration and seasonal concentration for the non-cotton portfolio, such as maize and rice? How do you see that evolving?

Management: We are not regionally concentrated. Cotton is present in different states, maize is present in different states, sunflower is present in different states, and rice is present in different states. We operate across India. The only issue is that India is a vast country, and we need to have a suitable hybrid for each segment.

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In kharif, we are quite strong in Karnataka, Andhra Pradesh, and Telangana. In rabi, we are strong in Bihar, Uttar Pradesh, and some parts of Maharashtra. We are slightly weak in Madhya Pradesh. We need to launch hybrids there, and we do have hybrids in Madhya Pradesh, but they are all relatively new, so we could not capture the market. That is one of the reasons.

If you take other crops, such as rice, even under these tough conditions we were able to grow in rice with a significant market share. We are one of the largest players in rice.

Viraj Kacharia – SIMPL: Similarly, in terms of maize or rice, particularly maize, if I look at it on an annual basis, we did around 400 crores of sales last year. How would the product portfolio be distributed across kharif, rabi, and spring?

Management: Last year, we introduced some products in spring. Earlier, we were not very large in spring. The results were good in spring corn, and we achieved some sales there last year.

In kharif, as I said, we are quite strong in the southern states, and in rabi we are strong in the northern states. We are now concentrating on both kharif and rabi through the hybrids in the pipeline. Most of them are single-cross hybrids, and we will cater to all markets in India.

However, most of the hybrids are new, and they need to gain more visibility at the farmer level. That is why it will take some time. Otherwise, in terms of the portfolio, the pipeline, and their performance, we are quite bullish.

Viraj Kacharia – SIMPL: Thank you.

Operator: Thank you. The next question comes from the line of Praveen Kotnuru, an individual investor. Please go ahead.

Praveen Kotnuru: Can you hear me?

Management: Yes.

Praveen Kotnuru: Thank you for taking my question, sir. Can you mention again how much cash is on the books and what the expected cash on the books will be by the end of Q2? Also, how much cash outflow should we expect for the buyback, if there is one?

Management: We have cash of close to {? 265–270 270 crores ?} as of June 30. By the end of the second quarter, there may not be a significant increase in cash. It may increase by 20–30 crores, taking it close to 300 crores, but not much more.

Coming to the buyback, that is again a board decision. If the board recommends it, we will proceed, and once the amount is finalized by the board, we will let you know.

Praveen Kotnuru: That answers my question. Thank you. My second question is that, over the last 10 years, we have not seen much growth in sales or profit; it has been close to inflation. How do we see the future over the next 5 or 10 years, and what will be the drivers?

Management: I answered this question at the start of the call, but I will answer it once again. Over the last 10 years, it appears that our revenues and profitability have remained at similar levels.

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However, the product mix has changed, and cotton margins have shrunk by more than 15–20%. Earlier, cotton EBITDA margins were 35%, whereas they are now only 15%.

Even under those difficult conditions, we were able to shift our focus to non-cotton crops and manage the margins. Going forward, we see growth in both the cotton and non-cotton segments because we have very good hybrids in the pipeline.

This year, we expected good growth, but unfortunately, we could not deliver it for various reasons, mainly the monsoon. Going forward, we are confident that we can deliver both revenue growth and profitability.

Praveen Kotnuru: What would the contribution from exports look like?

Management: In the next 3 years, it will be 100 crores. Earlier, we had said that exports would touch 100 crores in 5 years, but now we expect them to reach 100 crores in the next 3 years. This includes both vegetable and field-crop revenue.

Praveen Kotnuru: What would the margin be at that level?

Management: It will be in line with what we earn now. It should be between 25% and 30%.

Praveen Kotnuru: Thank you very much.

Operator: Thank you. The next question comes from the line of Dhruv Saraf with Bowhead India Fund. Please go ahead.

Dhruv Saraf – Bowhead India Fund: Mithun, if I look at the presentation, you spoke about 2 new products in hybrid rice, which together accounted for approximately 52–53% of your sales—52% of your sales—KRH-7344 and KRH-7227.

Mithun: 52% of the sales is from new products. It is the new-product contribution.

Management: Out of the 247 crores of hybrid rice, 62% came from new sales, from new products. That is what it means.

Management: Sorry, this is only for the new products. The 62% contribution in hybrid rice is only for the new products, not for the entire portfolio.

Dhruv Saraf – Bowhead India Fund: Then my question would not stand, because I was about to ask whether 62% of sales came from new products, but that is not the case. What would be the contribution from these products? Would it be 10%, 20%, or 30%?

Management: It should be below 20%, around 20–25%. I will provide the exact number, but the majority comes from previous, older hybrids. These are new hybrids in different segments where we see significant potential.

Dhruv Saraf – Bowhead India Fund: Are they replacements for 468, or are they intended for a completely different market?

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Management: They are for a different market. They are entirely for a different market. Most of the new launches are in different markets.

Dhruv Saraf – Bowhead India Fund: All right, sir.

Operator: Thank you. Our next question comes from the line of Chandramouli Jagannathan, an individual investor. Please go ahead.

Chandramouli Jagannathan – Individual Investor: Earlier, you were saying that you would achieve about 18–20% growth for the next 2–3 years. I understand that, unfortunately, we lost growth this year because of weather conditions. Is your target intact for the coming years because of the new products?

Management: We still maintain the 18–20% outlook going forward. We had said 15–18%. Even though this has been a bad year, with the product line, the pipeline, the hybrids we have, the new launches, and the performance of those new launches, we will definitely be able to recover that in the next 2–3 years.

In the medium or longer term, we are not worried about it. This year, we are slightly down compared to the previous year, and we did not meet our expectations because of one of the products.

Chandramouli Jagannathan – Individual Investor: Do you mean that we will continue to grow over the next 2–3 years—

Management: Yes, definitely.

Chandramouli Jagannathan – Individual Investor: —from last year's level?

Management: Yes.

Chandramouli Jagannathan – Individual Investor: Thank you, sir.

Operator: Thank you. Ladies and gentlemen, that concludes our question-and-answer session. Thank you for joining the call. For any other information, please be in touch with Ramanaidu from Intellect PR on 9920209623. On behalf of Kaveri Seed Company Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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