

# kaveri seed company limited

28<sup>th</sup> September 2016



**Bombay Stock Exchange Ltd.,  
Ltd.**

1<sup>st</sup> Floor New Trading Ring  
Rotimda Building  
P.J.Towers, Dalal Street, Fort,  
MUMBAI - 400 001

**National Stock exchange of India**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, G Block,  
Bandra Kurla Complex, Bandra (E)  
MUMBAI - 400 0051

**Scrip Code: 532899**

**Scrip Code : KSCL**

Dear Sir,

**Sub:- Submission of Annual Report for the financial year 2015-16 under  
Regulation 34 of SEBI (LODR) Regulation, 2015 - Reg.,**

Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members at their 29<sup>th</sup> Annual General Meeting was held on 27<sup>th</sup> September 2016 under the provisions of the Companies Act, 2013.

This is for your information and record.

Kindly acknowledge the receipt and do the needful.

Thanking you,

Yours faithfully,  
For KAVERI SEED COMPANY LIMITED



*[Handwritten Signature]*  
**C. MITHUN CHAND  
WHOLE TIME DIRECTOR**

kaveri seed company limited

Annual Report 2015-16



kaveri seeds®



**ROBUST  
FUNDAMENTALS  
RAPID  
CONSOLIDATION**

₹ **864.91** cr

Revenue in FY 2015-16

₹ **207.92** cr

EBITDA in FY 2015-16

₹ **177.12** cr

Profit after tax in FY 2015-16

₹ **25.65**

Earnings per share  
in FY 2015-16

## CONTENTS



### Company Overview

More About Kaveri Seed **2**  
Our Capacities and Reach **5**  
Progress Down the Years **6**  
Chairman's Communiqué **10**  
Innovation Shows the Way Forward **12**  
Supply Chain Efficiency Drives Farm Yield **14**  
A Wide Spectrum of Products **16**  
Marketing is Our Key Differentiator **18**  
Team Spirit Brings Progress **20**  
Seeding Community Well-Being **21**  
Board of Directors **22**  
Five Years at a Glance **24**



### Statutory Reports

Management Discussion & Analysis **26**  
Notice **37**  
Directors' Report **50**  
Report on Corporate Governance **80**



### Financial Statements

Standalone Financial Statements **96**  
Consolidated Financial Statements **122**

Attendance Slip  
Proxy Form

#### Forward-Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



India is passing through an unprecedented socio-economic transformation, with renewed Government focus on all sectors of the economy. Agriculture and welfare of farmers in particular are receiving significant budgetary and non-budgetary support from the Government. At Kaveri Seed, we are committed to help strengthen India's food and nutritional security by consolidating our fundamental strengths.

We are reinforcing our research and development (R&D) efforts by particularly focusing on high-yielding hybrid technology. Hybrid technology offers considerable opportunity for increasing productivity of field crops and vegetables. It is an appropriate technology for sustainable agriculture and thus, deserves to be promoted on a large-scale.

We are consistently building a robust portfolio of field crops and vegetables to help enhance farm yield. We are also engaging more with farmers and educating them about our products and handholding them to implement agricultural best practices.

We are also extending our brand presence across India through aggressive marketing and branding initiatives.

These on-going initiatives kept us engaged during FY 2015-16; and we will continue to pursue our mandate of ensuring farmer empowerment and food and nutritional security for all by relentlessly consolidating our robust strengths.

## MORE ABOUT KAVERI SEED

Incorporated in 1976, Kaveri Seed Company Limited (Kaveri Seed) has emerged as a premium seed company, engaged in the production and distribution of high-quality hybrid seeds. Today, we are one of India's fastest-growing seed companies with a large network of distributors and dealers, spanning the country. We have among the largest capacities for seed processing in India. With our enhanced focus on R&D, we are ensuring a consistent pipeline of superior products for diverse climate and soil conditions.

### OUR VISION

With consistent performance in all functional areas of the Company, our endeavour is to make Kaveri a benchmark seed company with the best of research, innovation and product development.

### OUR MISSION

To realise our vision, every member at Kaveri will adopt consequential values of the Company and inculcate sustainable business practices. In our endeavour to reach the goal, team Kaveri would uphold all brand promises to its stakeholders.

### OUR EXPERTISE

We have over three decades of experience in application of the science of genetics and principles of plant breeding in the evolution of crop hybrids, quality seed production, conditioning and processing and in building extensive distribution network with strong farmer relationship.

### OUR REPUTATION

We are serving Indian farmers consistently to improve their crop yields ever since inception. We have developed enduring relationships with farmers across India; and our 'Kaveri Seeds' brand enjoys wide reputation and loyalty, owing to our product range and quality commitment.

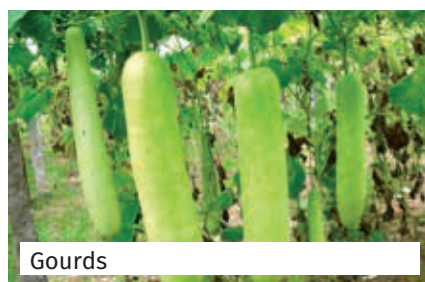
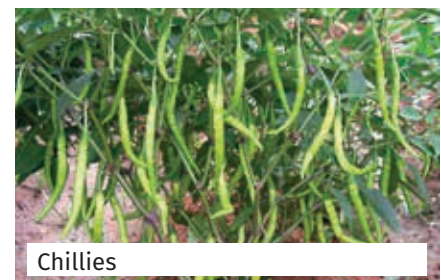


## Our Seed Portfolio

### FIELD CROPS



### VEGETABLES



## Our accreditation

We have registered our elite germplasm/parental lines and hybrids with Protection of Plant Varieties and Farmers' Rights Authority (PPV&FRA). Moreover, 11 hybrids/varieties have already been released through Central Varietal Release Committee (CVRC); and some are under notification during this year.

## Our awards and recognition

- Kaveri Seed was awarded the prestigious Forbes listing under top 200 company under a billion in Asia Pacific Region for four consecutive years (2010, 2011, 2012 and 2013)
- Awarded the 'Bio-Excellence Asia Award 2015' from the Department of IT, BT and S&T, Government of Karnataka

## Relevant facts

**30+** years

Rich experience in Indian seed industry

**100+**

Developed high-quality hybrid and varieties across field crops and vegetables

**7**

State-of-the-art seed technology, processing and storage plants

**3<sup>rd</sup>**

Largest producer of hybrid cotton seeds in India

Around **65,000** acres

Seed production across different agro-climatic centres

**1,00,000+**

Loyal production growers

**15,000+**

Point of sale across 15 key states in India

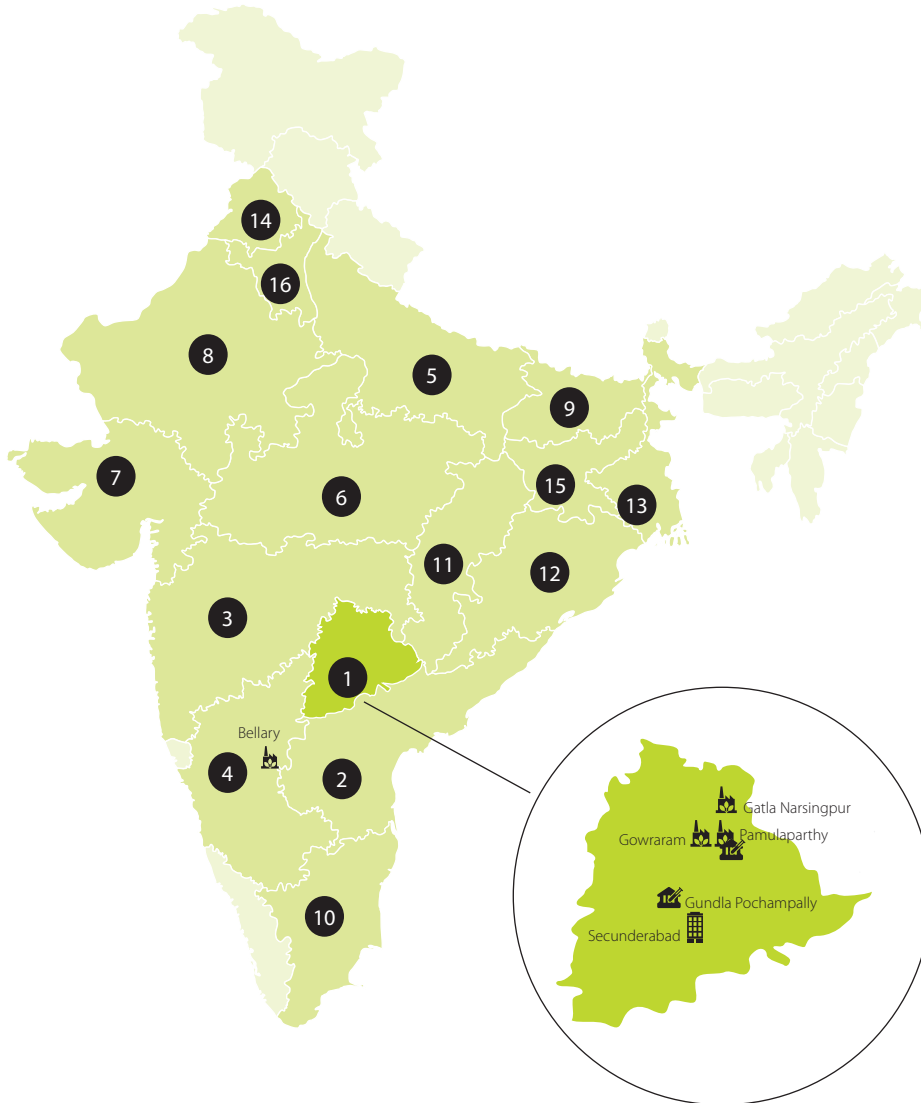
**6,00,000** sqft

Cumulative warehouse space at multiple strategic location across India

**775+**

Team strength

## OUR CAPACITIES AND REACH



### Distribution presence

1. Telangana
2. Andhra Pradesh
3. Maharashtra
4. Karnataka
5. Uttar Pradesh
6. Madhya Pradesh
7. Gujarat
8. Rajasthan
9. Bihar
10. Tamil Nadu
11. Chhattisgarh
12. Odisha
13. West Bengal
14. Punjab
15. Jharkhand
16. Haryana



Plants



Head office

Research and  
Development Laboratory

### Operational excellence

# 70+

Outreach trial centres

# ~ 110

 MT/hour

Total average throughput

# 14,000

 MT

Total cold storage capacity

# 2,900

 MT/cycle

Maize cob drying facility

# 16

 MT/day
Environment-friendly  
cotton delinting capacity

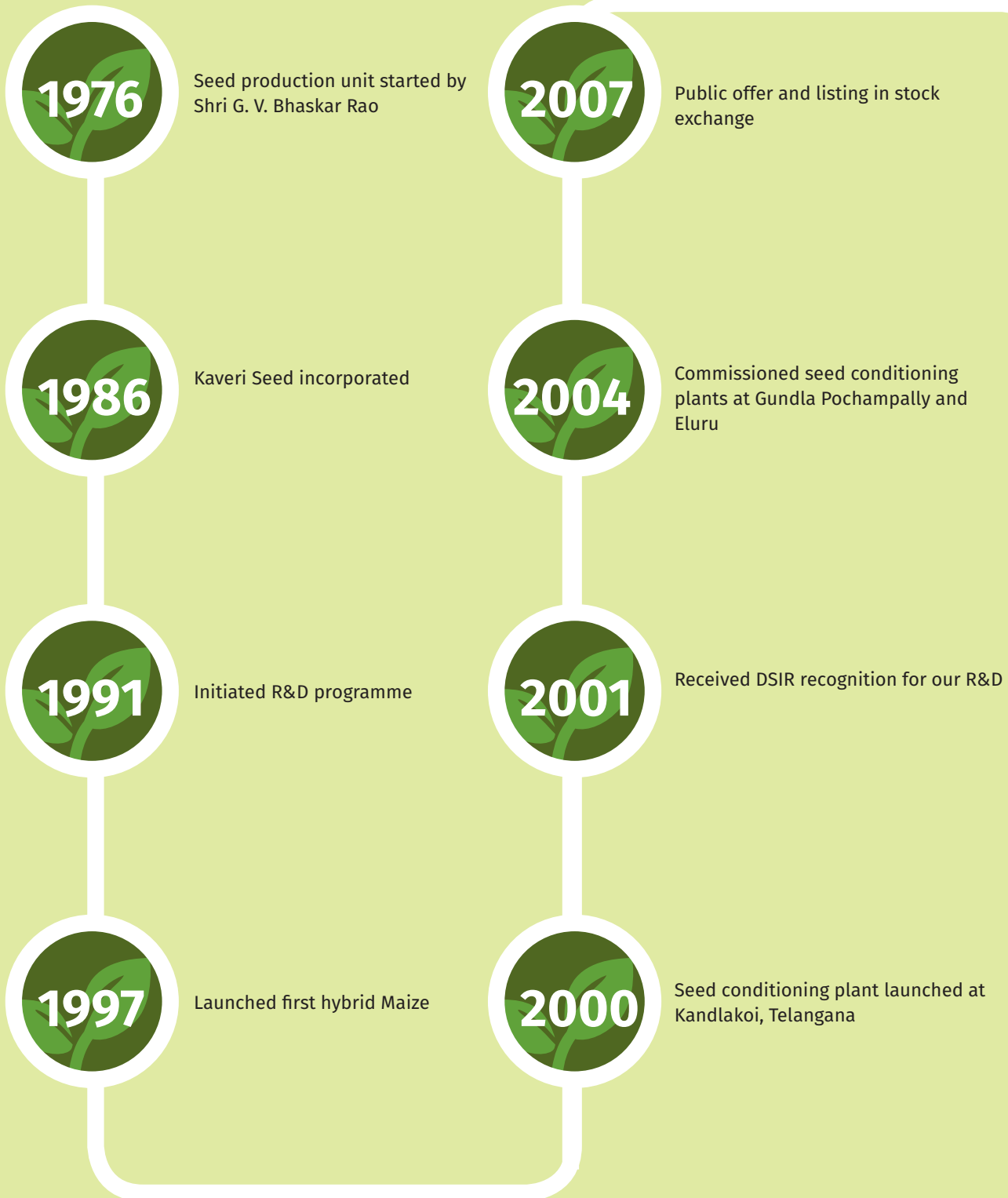
# 8

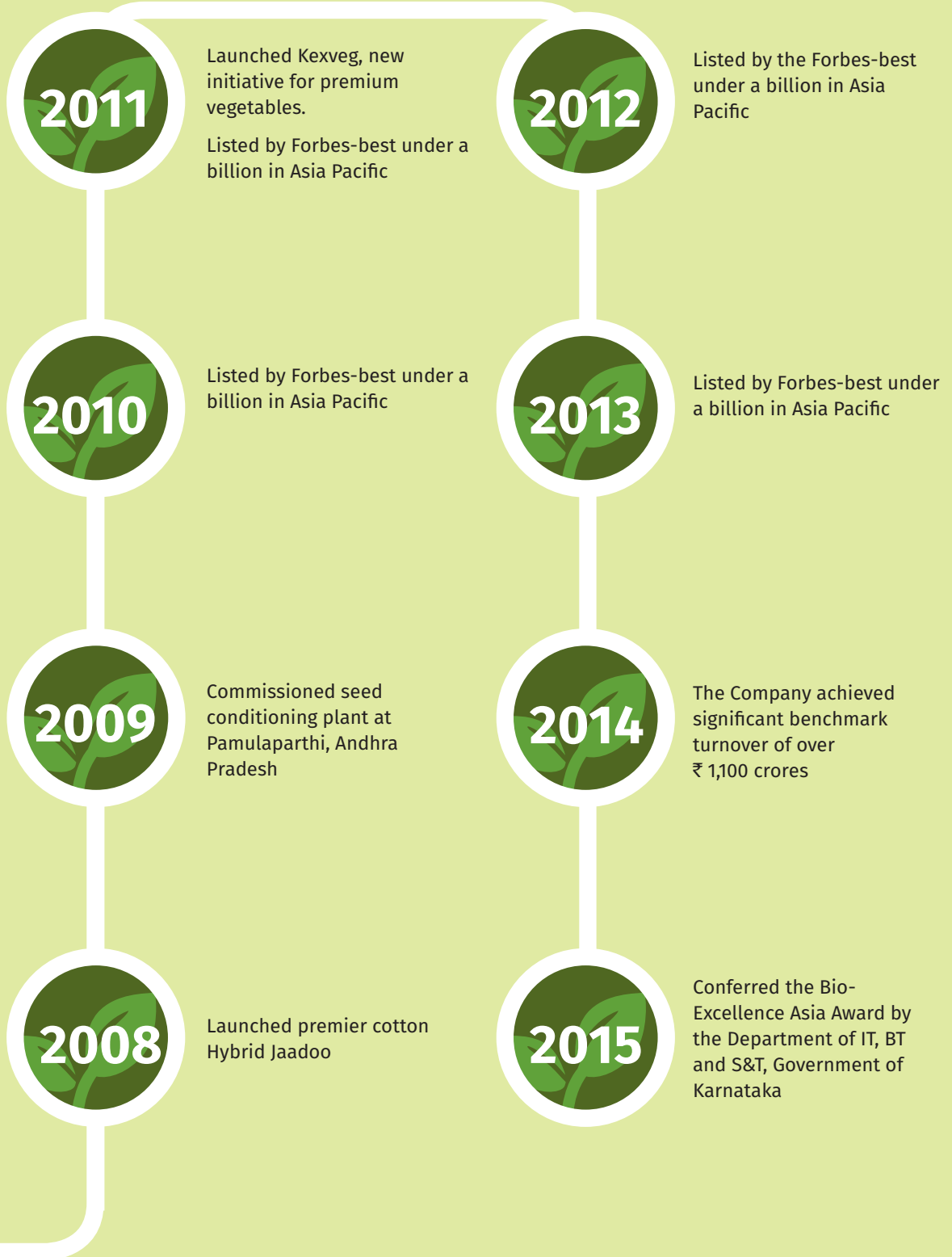
 MT/day

Ginning capacity



## PROGRESS DOWN THE YEARS



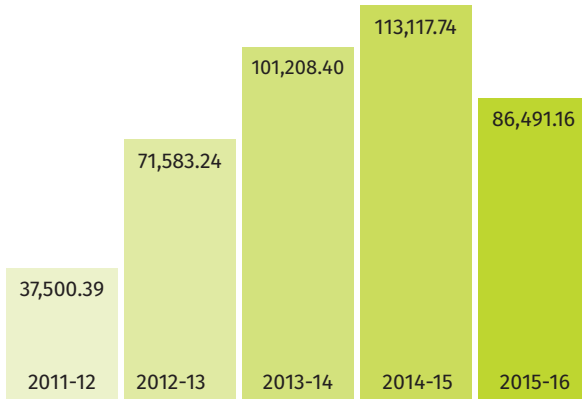


# PROGRESS DOWN THE YEARS

## Revenue

₹ in lakhs

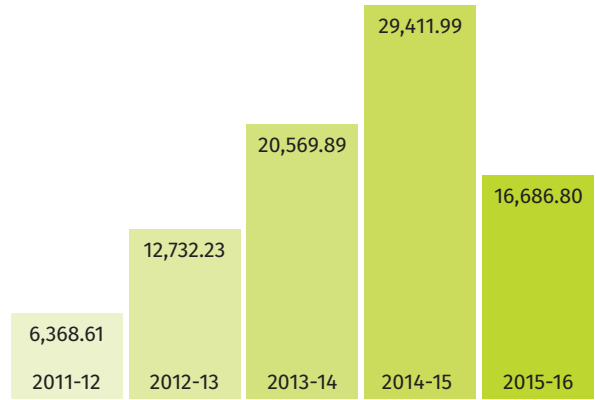
5-year CAGR **18.19%** 



## Operating Profit

₹ in lakhs

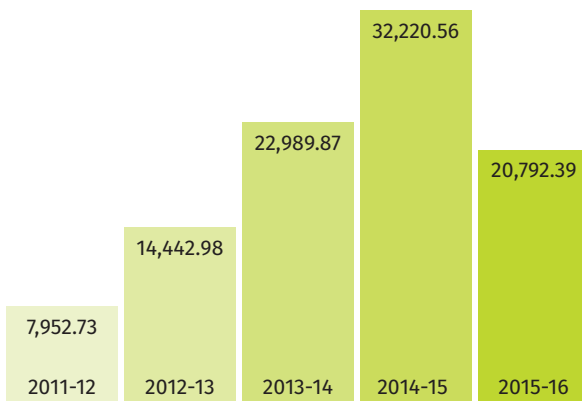
5-year CAGR **21.25%** 



## EBIDTA

₹ in lakhs

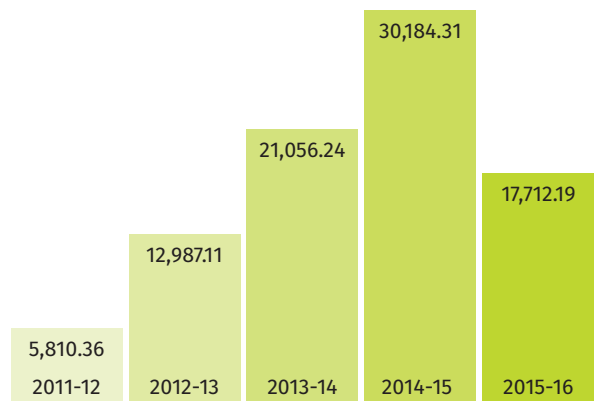
5-year CAGR **21.19%** 



## Net Profit

₹ in lakhs

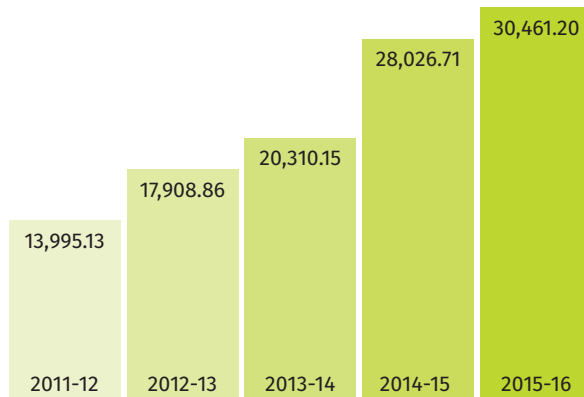
5-year CAGR **24.97%** 



## Gross Block

₹ in lakhs

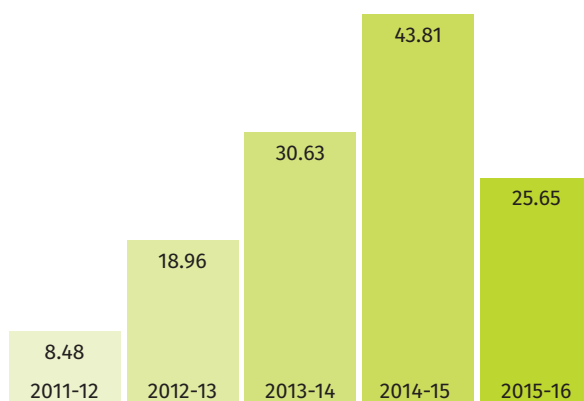
5-year CAGR **16.83%** 



## Earnings Per Share

₹

5-year CAGR **24.78%** 



## Key Ratios

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Liquidity</b>					
Current ratio	1.36	1.39	1.71	2.38	2.75
Quick ratio	0.47	0.44	0.71	1.10	1.47
<b>Asset management</b>					
Inventory turnover	0.60	0.79	0.76	0.87	0.78
Fixed asset turnover	2.71	4.46	5.25	4.65	2.90
Receivable days	31.69	24.81	23.87	26.34	34.66
<b>Profitability</b>					
Return on assets	0.11	0.17	0.21	0.26	0.14
Return on equity	4.24	9.48	15.34	21.93	12.84
Return on sales	0.17	0.18	0.21	0.26	0.20
Operating margin	0.59	0.54	0.61	0.60	0.52
<b>Leverage</b>					
Debt to equity	0.02	0.01	0.01	0.01	0.01
Debt ratio	0.59	0.60	0.49	0.34	0.30

# CHAIRMAN'S COMMUNIQUÉ



**Dear Shareholders,**  
**For a developing country like India with close to 1.3 billion people and shrinking arable land, the priority is to focus on sustainable agricultural practices; with deployment of advanced technology and consistent research and development efforts. Seed is the basic and most critical input for sustainable agriculture across the world. It is estimated that the direct contribution of quality seeds alone to the total production is around 15-20%, depending upon the crop. It can be further enhanced up to 45% with efficient management of other inputs.**

The country's seed industry is evolving at a rapid pace. It grew at a compound growth rate (CAGR) of 8.4% in volume terms from FY 2009 to FY 2015 to reach 3.5 million tonnes in consumption (Source: ICRA). Going forward, the industry is expected to grow significantly, owing to improved seed replacement rate (SRR) and increasing adoption of high-yielding hybrid seeds. The Government of India's favourable policy environment, aimed at supporting the usage of seeds through the National Seeds Plan and bolstering agricultural productivity through the National Food Security Mission (NFSM) also augur well for the industry.

As a responsible industry player, we at Kaveri Seeds are working hard with a farmer-centric approach. So that the Indian farmer can have a wide product choice; and the agricultural sector can grow sustainably and contribute to nation wellbeing.

## Revisiting FY 2015-16

FY 2015-16 was one of the most challenging years in our corporate journey. This happened as India's agricultural sector witnessed two consecutive years of inadequate rainfall and drought across large parts of the country. Coupled with low commodity prices, the rural sector was under tremendous stress. Given the large carryover stocks by the industry, there was significant competitive pressure by competitors to liquidate inventory. At Kaveri, we had anticipated the prevailing risks and responded with resilience and delivered a satisfactory performance, taking into account the conditions in which we had to operate.

In the current financial year, we achieved consolidated revenue of ₹ 910.17 crores (₹ 1,176.66 crores in FY 2014-15). Our EBITDA stood at ₹ 206.00 crores vis-à-vis ₹ 325.08 crores in FY 2014-15; and a net profit at ₹ 172.69 crores vis-à-vis ₹ 300.96 crores in FY 2014-15. We maintained a persistent focus on product quality, innovation and farmer engagement to strengthen our business model.

Moreover, we strengthened our credit management, better inventory management and production planning enabling us to bring down our inventory significantly and ensured steady cash flows and reduce our risk of bad debts.

During FY 2015-16 we worked proactively towards consolidating our fundamentals.

We reinforced our R&D through breeding high-performance hybrids, increasing our testing locations and forging relationship

with more institutions to develop superior products. We focused commercialisation of new products to meet the requirements of farmers in different regions.

Our marketing and distribution network, our key strength, enabled us not only to service our existing markets, but also expand our reach further in most markets. Our core network of loyal and committed channel partners has been built over long period of time, on the strength of proven product performance and meeting customer expectations.

We are expanding our marketing and distribution network deeper into agricultural belts. We believe that such expansion will significantly enhance business opportunities for us in future in untapped and growing markets.

We continued our engagement with the farming fraternity through multiple engagement programs. We not only made them aware of our brands and new range of products; but also rendered relevant agronomic information to increase their farm productivity.

We anticipated the climate challenges and were successful to produce seeds for next year in spite of tough growing conditions.

For all that we have achieved over the years, the credit goes to our team. We have added many senior professionals this year to strengthen the management and bring World class best practices in our organisation. We have been able to attract the best industry talent, nurture their skills and recognise their hard work through various rewards. We rely on the expertise of our people for success across our business functions; and

our human resource practices actively support our growth strategy.

### Growth strategies

Cotton, Maize, Rice and Bajra along with other field crops are key crops and we still believe that we can grow market share in most of the crops and create market in Rice.

We are confident to bounce back in Cotton in the coming year given very good performance of our leading hybrids as compared to competition. We expect the Maize market to increase in the coming year given the attractive commodity prices.

Rice with a huge market potential is the next major opportunity for the Company's business. Rice farmers are upgrading from farm saved seeds to packed seeds and we already have a good presence in the growing market. We would like to ramp up our volumes in selection rice and are investing in a state of art processing and conditioning plant in Mulagnoor which is an ideal location close to seed production area.

The demand for Vegetables has been increasing with economic growth and higher disposable income. The demand for high quality vegetables seeds has been growing in the last few years and we have identified Vegetables seeds are the next growth opportunity. Currently, Vegetable seed contributes to less than 2% of our revenue but we are confident that we will be able to rapidly ramp up the business. We have expanded our investment in Vegetable R&D and strengthened our expertise in seed production & sales and marketing by adding human capital.

### Social commitment

At Kaveri, our social commitment is a part of our all-embracing sustainability strategy. We conduct various community outreach and socio-economic development programmes in three villages of Telangana, namely Gatla Narsingapur, Ramnagar and Bollone Pally. Our intervention areas comprise education, farmer welfare and community empowerment from the grassroots.

India is now witnessing a huge socio-economic and demographic transition, as poverty levels are declining and large sections of society are aspiring for a better quality of life. The country's food consumption patterns are also changing with focus on health and nutrition. We at Kaveri have the capability and the commitment to help make a difference in the food and nutritional landscape of India.

On behalf of my colleagues on the Board, I would like to express my sincere gratitude to our employees, bankers, partners, customers and shareholders for their continued support and encouragement, as we pursue our growth strategy.

Sincerely,  
**G. V. Bhaskar Rao**  
Chairman & Managing Director



CONSOLIDATING ON FIRM FUNDAMENTALS



# INNOVATION SHOWS THE WAY FORWARD

**Yes, that's part of our corporate ethos. Therefore, we are blending the best of traditional breeding with cutting-edge biotechnology to develop superior hybrids and inbred varieties that are high-yielding under minimal inputs and stress environments. As part of our consolidation initiatives, we are investing consistently in cutting-edge R&D efforts.**



We are conscious of evolving requirements of farmers, consumer preferences and the looming threat of climate change and develop products keeping in view of these changing realities.

Over the years, we have carved a niche for ourselves in the seed market. We are specialised in breeding genetically-enhanced hybrids and inbred varieties, which are resistant to pests and diseases and

tolerant to drought. This ensures superior quality and high yields.

We made a major breakthrough in plant breeding with the creation of genetic variation and the development and commercial release of promising hybrids like Jaadoo and ATM in cotton, KMH 25K45, Kaveri 50, Ekka in maize.

We undertook the following initiatives to enhance our product portfolio and stay at par with industry requirements:

- Concentrated on breeding goals namely, increasing yield potential, safeguarding yield and ensuring quality
- Emphasised on developing a modern variety; besides, high yield is often expected to be specific duration, resistance/tolerance to pest diseases
- Established molecular basis of heterosis
- Introduced hybrid breeding approach to create heterotic bins

### R&D infrastructure

- Dedicated research farms of 700 acres (own & leased) land under varying agro-climatic conditions located in and around Hyderabad
- Multi-location breeding and trial stations in over 70 centres across India
- State-of-the-art biotech quality check and seed technology laboratory enable crucial quality processes
- Gene bank maintains approximately 6,500 germplasm accession in field and vegetable seeds. It facilitates genetic enhancement and multi-disciplinary crop improvement research programmes

### R&D focus areas

- Collection of germplasm and genetic enhancement to develop elite recombinants and new promising products
- Creation and exploitation of genetic variation and development of superior hybrids in mandate crops
- Conjunct use of bio and hybrid technologies in product development
- Molecular characterisation of lines and hybrids as well as hybrid

genetic purity analysis

- Facilitate marker-aided breeding strategies to speed up the conventional process of breeding; doubled haploid breeding, marker aided selection, marker assisted recurrent selection, rapid generation advancement, inbred heterotic-pool bins, multi-parent synthetics, multi-parent advance generation inter-cross populations are employed to achieve certain specific targets

### Research collaborations

We have developed research collaborations with several national and international institutions, comprising:

- International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)
- Melinda Gates Foundation's Harvest Plus Programme
- IIRI's Hybrid Rice Development Consortium
- International Maize and Wheat Improvement Centre (CIMMYT)
- USDA programme on Heat Tolerant Maize for Asia (HTMA)
- DBT's Biotechnology Industry Research Assistance Program (BIRAP)
- National Agricultural Research System (NARS)
- All India Coordinated Crop Improvement Programmes of ICAR

### Products in the pipeline in field crops

Crop	Hybrid
Maize	KMH 2852
Maize	KMH 5510
Bajra	KBH 3580
Bajra	KBH 6080
Bajra	Maximo
Selection Paddy	Shireen
Hy Paddy	KPH 468
Hy Paddy	KPH 475
Sunflower	KSFH 384

### Products in the pipeline in vegetables

Crop	Hybrid
Okra	KOH 3081, KOH 944 and KOH 3041
Ridge gourd	Kaveri 68, Kaveri 74 and KRGH 4006
Bitter gourd	KBPH 2048, KBPH 2008
Bottle gourd	KBOGH 6004, KBOGH 6005
Hot pepper	KHPH 201 and KHPH 202
Egg plant	KEPH 401, KEPH 402
Tomato	KTH 301 and KTH 309

### Protection of plant varieties and Farmers' Rights Authority (PPV&FRA) filings

# 213

Number of filings to date

# 87

Registrations

CONSOLIDATING ON FIRM FUNDAMENTALS



# SUPPLY CHAIN EFFICIENCY DRIVES FARM YIELD

**Our supply chain comprises breeder seed production, foundation seed production, hybrid seed production and seed processing and conditioning. Our objective is to synchronise supply to demand consistently through supply chain efficiency. The seed with elite quality standards has to be placed in the market on time to help enhance farm productivity. We fulfil this commitment with unwavering focus.**





We have a long-standing relationship with growers and farmers, which has been built over years. We not only support the technical aspect of seed production, but also provide financial assistance to farmers when needed.

FY 2015-16 was a challenging year for seed production since the rainfall was not adequate and the moisture level in soil was less than optimum. We took the following initiatives during the year to strengthen our supply chain:

- Seed production planning tool to evaluate seasonal seed volumes, based on market demand and forecast
- Early identification of suitable area for the production and selection of growers
- Additional cold storage capacity to maintain the quality of seeds
- Commissioning of Gowaram plant to meet the increasing processing and packing needs
- Focus on the field quality of maize by implementing a new field-driven concept, '100-0-5' (100 is 100% detasseling, zero is no silk emergence in female, five is completion of 100% detasseling in five days). It resulted in seeds with very high genetic purity, and with minimum seed quality failures
- Investment in new processing and packing plant in Molangur; it is an ideal location being right in the middle of paddy production area
- Inclusion of a new function within supply chain - Seed Production Research (SPR). SPR would involve trials of parents of new hybrids in multi-location production geographies to determine seed yield potential. This will help us ramp up the production of new hybrids
- Strengthen our maintenance breeding programme of commercially released hybrids/ varieties to improve its life span and quality

### Quality Assurance – our commitment and differentiator

In our business, maintaining and enhancing quality standards are critical for long-term growth and sustainability. At Kaveri Seed, we are equipped with state-of-the-art Seed Testing Laboratory at Pamulaparthi, Telangana for quick and reliable method of testing of seed lots. Seed lots are thoroughly checked by the quality control department for genetic and physical purity as well as germination. We set quality benchmarks, based on Indian Minimum Seed Certification Standards (IMSCS) to supply quality seeds of premium hybrids for ensuring the emergence of better seedling. We have over 300 acres, earmarked for a large-scale grow-out-test facility to test over 30,000 samples.

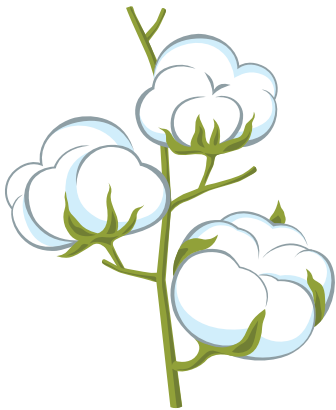


CONSOLIDATING ON FIRM FUNDAMENTALS



# A WIDE SPECTRUM OF PRODUCTS

**At Kaveri, our extensive product portfolio comprises quality seeds of cotton, maize, rice, bajra, sorghum, sunflower and vegetables. We have over 100 products in mandate crops to cater to different requirements of farmers. We will continue to enrich our portfolio to enhance our brand reputation and value proposition.**



## Cotton

Cotton is our core product in Kaveri. We are one of the leading cotton seed producers in India, with a significant market share. We have multi-geography presence for cotton seed production. Cotton area growth was substantial for the last many years till FY 2014-15. There was a drop of area in FY 2015-16 by more than 5% as compared to the previous year. Also the market volumes dropped as there was no resowing, which was the case last year. There was a bit of uncertainty in Maharashtra due to reduction of MRP in the peak season. The season also saw relatively shorter window of sowing as compared to past year.

We achieved good market response with our key cotton hybrid seed 'Jaadoo'. We saw very good demand for ATM in many states and the feedback for our new introduction 3x1 has been very good from farmers. In spite of tough growing conditions, Jaadoo's performance has been par excellence and we are confident to comeback strongly in the coming year. ATM will be our next blockbuster hybrid in Cotton and we expect to gain market share with it. We have tested few new hybrids in farmer field and will be launching them in near future.

## Maize

At Kaveri, we forayed into the production of hybrid maize in 1997 with our first major hybrid called Kaveri 517. It has led to a substantial increase in yield for farmers. To strengthen our maize portfolio, we made significant investments in improving R&D, quality assurance, processing and marketing capabilities. Our consistent focus has been on increasing the productivity of maize hybrids and stabilising yields against adverse situations like drought or heat, among others. We have partnered with CIMMYT Asia to support a project on Heat Tolerant

Maize for Asia (HTMA). We are also conducting another programme on breeding for drought-tolerant maize. It was supported by Biotechnology Industry Research Assistance Council (BIRAC) of the Department of Biotechnology, Government of India. Maize acreage in FY 2015-16 dropped by more than 8% due to drought conditions and un-remunerative commodity prices. Coupled with excess supplies, the market was very competitive. We have been able to retain our market share.

We have launched a new hybrid 'Godfather' in Rabi season to address the high margin single-cross market.



Spring market is a growing high value market in Punjab and Uttar Pradesh. We launched a new hybrid KMH 4210 to address this market. We continue to develop a strong pipeline of products in Maize.



### Rice

Rice is a huge opportunity for seed industry in India. Given the early warning from various institutions regarding lower than expected rainfall, farmers were reluctant to go for hybrid seeds and the market for hybrid rice did not grow as expected. But, we were able to grow our volumes by 20% over last year by more farmer contact and demand-creating activities.

Farmer have been moving away from farm saved seeds and demand for selection rice has been growing rapidly. We have been able to increase our volume in selection rice in FY 15-16. We are strengthening our footprint in rice market to address the growing market of hybrid rice and selection rice.

### Other crops

Besides cotton, maize and rice, we have a strong portfolio of other field crops. Few such field crops include bajra, sunflower, mustard, sorghum, pulses, and wheat.

In India, bajra occupies the highest crop area after rice and wheat and an important segment in hybrid seed industry. We have a strong R&D programme in bajra and strong

portfolio of products. We are amongst the top few players in bajra and we will continue to focus on increasing our volumes.

Sunflower remains a niche and attractive market. We are amongst the few companies which continue to launch new products and we are confident to remain among the top player in sunflower market.

Mustard and wheat is another important Rabi crops of India. We would like to leverage our footprint and channel to participate in these crops. These are additional revenue with minimal investment.



### Vegetables

The demand for vegetables is continuously increasing in India. We are witnessing an increasing necessity for a wide variety of high-quality vegetables. At Kaveri, we are putting a lot of emphasis on tomato, chillies and okra. Besides, our research efforts on brinjal, gourds, watermelon are still in progress.

We have been doing research in Vegetables for many years and have scaled up our R&D activities in FY 2015-16. We are planning to have a dedicated team to focus on Vegetables sales and marketing activities. We have identified the key crops and geographies in which we would like to operate in the future.



CONSOLIDATING ON FIRM FUNDAMENTALS



# MARKETING IS OUR KEY DIFFERENTIATOR

**India's agriculture is very diverse, where different types of seeds are required by farmers to produce crops and vegetables, depending on variations in soil and climatic conditions.**



We are extending our reach across markets; and our marketing initiatives primarily centre around distributors, dealers and farmers, besides brand activation campaigns.

Over 15,000 direct and indirect distributors across the country, and around 350 highly motivated marketing professionals drive our market penetration.

### Distributor engagement programmes

**Distributor meetings:** Every year, we organise distributor meetings at the regional level to share our business plans with them. Besides, in these meetings, we also discuss about our farmer demand creation activities to drive sales and reach a larger consumer segment.

**Key distributors:** We organise special family trips for our key 'high-performing' distributors, every alternate year. Through this initiative, we appreciate and recognise those distributors who contribute to our growth.

### Farmer-engagement programmes

**On-farm technology demonstration:** We conduct farmer education programmes across geographies to make them aware of new and high-yielding products. We engage

with farmers and introduce them to our wide product portfolio; we also educate them about best-in-class farming techniques. It not only strengthens the confidence and trust of farmers in our brand; but also makes them more attuned to better farming techniques to increase yield and income. We have increased the number of farm demonstrations in this year for many of our pipeline products.

**Krishi melas:** We participate in and sponsor agricultural fairs at state and district levels. These public gatherings are organised in collaboration with the State Department of Agriculture, SAU's and ICAR institutions. The objective is to disseminate knowledge on new technologies and better farming techniques among farmers.

### Other initiatives

- Our team approaches farmers and provides time-critical farm assistance
- We have promoters who educate farmers about our products and agronomy practice to be followed in specific geographies
- We engage in several BTL and ATL branding initiatives for targeted audiences
- We are expanding our footprint in overseas marketing in Bangladesh for vegetable seed marketing

**Over 15,000 direct and indirect distributors across the country, and around 350 highly motivated marketing professionals drive our market penetration.**



# TEAM SPIRIT BRINGS PROGRESS

**We believe talent and teamwork can bring positive organisational change; and up benchmarks of value creation for stakeholders. This combination has been primarily responsible for our sustainable growth ever since inception. Our constant endeavour is to attract, nurture and retain industry-relevant talent to achieve our long-term growth potential.**



## Strong team

Our strong leadership team has rich experience in seed and crop production industry. Besides, we have 50+ dedicated scientists (comprising breeders, agronomists, biotechnologists and seed technologists), along with enthusiastic and talented marketing professionals. About 775 employees are currently working in various departments of our Company.

## Training endeavours

At Kaveri, our consistent emphasis is on promoting teamwork and personalised training. We are conducting specialised training and developmental programmes to sharpen our team's communication, behavioural and managerial skills.

The human resource department conducts periodic training

programmes on motivation and interpersonal behaviour; and to improve employee skills. Special training programmes are organised for research staff faculty to improve their skills in the frontier line of science. Scientists also attend seminars and workshops, where they interact with public and private sector organisations.

Training initiatives are also undertaken for field staff on seed production, quality control, agronomy and plant protection, among others. This improves their technical knowledge in quality seed production, while for sales and marketing team to improve their skills in marketing.

For the last two years, we have been focusing on need-based training. We are taking feedback from managers to understand their

specific requirements. Accordingly, we make a list of things that needs to be addressed and based on that, we have developed customised training programmes.

## Reward programme

We have introduced a reward programme to recognise top performers from various departments, including research and development, seed production, sales and marketing, among others.

## Employee engagement activities

Employee motivation and engagement are deeply embedded in our HR strategy. We organise team sports and games in our office; and also celebrate special days of the year like Independence Day. Besides, we celebrate the last Saturday of every month, when we engage in some fun activities.



# SEEDING COMMUNITY WELLBEING

As part of our sustainability strategy, we adopt several community development programmes. These initiatives helps to uplift the lives of farmers and that of the rural poor. Our overarching focus remains empowerment from the grassroots.



We have adopted three villages (Gatla Narsingapur, Ramnagar and Bollone Pally) in Telangana, where we conducted the following programmes during the year:

- Constructed school building at Gatla Narsingapur village
- Established a mineral water plant at Gatla Narsingapur to supply clean drinking water
- Created and improved road and drainage facilities in these villages
- Drilled 50 borewells in farmers' fields at Gatla Narsingapur and Bollone Pally. Through this initiative, we brought those areas under irrigation, thereby enhancing crop production and improving the financial status of farmers
- Donated ₹ 2 crores for de-silting of tank at Gatla Narsingapur to improve water storage and increase the area under irrigation. It was under the

Telangana Government's Kakatiya Mission

- Donated ₹ 80 lakhs for the construction of a community hall
- Undertook a massive tree-plantation drive in these villages under 'Haritha Haram' programme
- Adopted three schools in these villages
- Provided scholarships to school and college-going students from socially backward communities, encouraging them to pursue higher studies
- Imparted training programmes on seed production in maize and rice; moreover, our 'farmer-level self-seed production programme' ensured active participation of farmers
- Decided to provide a bus for school-going children at Gatla Narsingapur, on 15th August 2016



## BOARD OF DIRECTORS



1



2



3



4



5



6



7



8



9



10



11

### 1. Mr. G. V. Bhaskar Rao

Mr. G. V. Bhaskar Rao is a Science Graduate in Agriculture from Andhra Pradesh Agriculture University. He is our founder promoter and has built this organization from scratch. He has been the Chairman-cum-Managing Director of our Company since its inception and has taken our Company to its current levels of stature and recognition with his vision and rich experience. His vision to bring a change in farming community by development of high yielding varieties of hybrid seeds in agricultural crops like cotton, corn, sunflower, paddy, grain

sorghum, bajra and other vegetable seeds had impacted millions of farmers and generated employment to many. Under his leadership, Kaveri seeds has become a pioneer and a trendsetter in the Indian seed industry. He continues to steer the company by guiding the team to explore new opportunity. He is actively involved in giving back to the rural community by various community development activities.

### 2. Mrs. G. Vanaja Devi

Mrs. G. Vanaja Devi is associated with Kaveri Seeds since its incorporation. She is our founder Director, with immense knowledge in production and processing. She oversees the corporate social responsibility activities and looks after the processing plants. Besides, she has been assisting the MD for the cause of the development of various aspects of business. With her instinct to develop new things for betterment of the Company, she will be the ideal foil and support to MD in managing the Company.

### 3. Mr. C. Vamsheedhar

Mr. C. Vamsheedhar is associated with the Company for the past ten years. He is Executive Director as well as a key player and growth driver in 'Team Kaveri'. He has rich experience in marketing and he also advises in general management of the Company. He has been instrumental in the exceptional growth of the Company's sales and marketing. He looks after overall marketing activities and product development & quality management of the Company.

### 4. Mr. C. Mithun Chand

Mr. C. Mithun Chand is associated with the Company for the past ten years as Executive Director and he has significantly contributed in sales and marketing of Kaveri Microteck and Kexveg India Private Limited, which are the subsidiaries of the Company. Besides, he looks after day-to-day activities of administration, finance and accounts departments. Mr. Chand has rich experience in marketing and finance and he advises the management about the financial issues of the Company. He envisioned new business platforms and is dedicated to building the innovation side of the business. He has been instrumental in the Company's exceptional growth.

### 5. Dr. G. Pawan

Dr. G. Pawan is an MBBS from Jawaharlal Nehru University Belgaum, Karnataka and has completed Doctor of Medicine (MD) from Illinois State University, Chicago, USA. Currently he is practicing in USA.

### 6. Dr. Y. L. Nene

Dr. Y. L. Nene is a renowned agriculture scientist and science administrator. He did his Ph.D from the University of Illinois, Urbana, USA Soon after his return to India, he taught at a college of agriculture at Pantnagar. An outstanding

researcher, Dr. Nene has published many scientific papers in peer-reviewed journals and guided several students for their Ph.D. He is one of our well respected and honoured scientist and has worked as a professor and Head of the Department of Plant Pathology at GB Pant University of Agriculture, Pantnagar. He served as a member of the governing body of ICAR.

### 7. Mr. M. Srikanth Reddy

Mr. M. Srikanth Reddy is a Bachelor of Science in Agriculture, from Andhra Pradesh Agricultural University. He has vast experience in various agricultural and business fields. He actively participates and advises in the various policies and functions of the Company. His contribution to the organisation is invaluable.

### 8. Dr. S. Raghuvardhan Reddy

Dr. S. Raghuvardhan Reddy is a Ph.D (Agriculture) and Ex-Vice-Chancellor of Acharya N. G. Ranga Agricultural University, having a vast experience in agriculture and research activities. He has been awarded several gold medals including 'Jawaharlal Nehru Birth Centenary Award' for his life-time contribution to the development of science and technology, especially in agricultural sciences.

### 9. Mr. P. Vara Prasad Rao

Mr. P. Vara Prasad Rao is a science graduate with over three-and-half decades of experience in general management and finance. He is an expert in business transactions & negotiations and advises the Company from time to time.

### 10. Mr. K. Purushotham

Mr. K. Purushotham is a science graduate in agriculture. He has a vast experience

of 36 years in banking sector. He has held several eminent professional positions, including the General Manager of Indian Overseas Bank (IOB).

### 11. Dr. S. M. Ilyas

Dr. S. M. Ilyas is an M.Sc. in Agricultural Engineering from Indian Agricultural Research Institute, New Delhi and D.Sc. in the same subject from the University of Novi Sad (Yugoslavia). He retired as a Director of National Academy of Agricultural Research Management (NAARM), Hyderabad. Having a vast experience in agriculture and research activities and other international assignments, he has been re-employed as Project Director (Distance Education) of National Institute of Rural Development (NIRD), Hyderabad. Dr. Ilyas has held several eminent professional positions including the Vice-Chancellor of Narendra Deva University of Agriculture and Technology, Faizabad (UP). He has been awarded several gold medals, including 'Indian Society of Agricultural Engineers Award', 'Institution of Engineers (I)' in 1997 and 2002 and 'Fellowship and Commendation Medal for Outstanding Contribution' by the Indian Society of Agricultural Engineers (ISAE).



## FIVE YEARS AT A GLANCE

	₹ in lakhs				
Statement of Profit and Loss	2011-12	2012-13	2013-14	2014-15	2015-16
Total Revenue	37,500.39	71,583.24	1,01,208.40	1,13,117.74	86,491.17
EBIDTA	7,952.73	14,442.98	22,989.87	32,220.56	20,792.39
Depreciation	1,000.94	1,060.39	1,437.03	1,227.89	2,493.03
Finance Costs	327.12	150.71	15.95	15.42	16.90
Profit Before Exceptional Items and Tax	6,624.67	13,231.88	21,536.89	30,977.25	18,282.46
Exceptional Items	(529.19)	133.71	-	(33.25)	-
Profit Before Tax	6,095.48	13,365.59	21,536.89	30,944.00	18,282.46
Tax	285.12	378.48	480.65	759.69	570.27
<b>Profit After Tax</b>	<b>5,810.36</b>	<b>12,987.11</b>	<b>21,056.24</b>	<b>30,184.31</b>	<b>17,712.20</b>
EBIDTA / Revenue	21.21%	20.18%	22.72%	28.48%	24.04%
PBT / Revenue	16.25%	18.67%	21.28%	27.36%	21.14%
PAT / Revenue	15.49%	18.14%	20.80%	26.68%	20.48%
Balance Sheet	2011-12	2012-13	2013-14	2014-15	2015-16
Share capital	1,370.22	1,370.22	1,374.84	1,377.92	1,381.10
Reserves and surplus	22,767.92	33,214.02	50,484.94	74,496.27	90,181.49
Share Appln. Money	-	78.64	52.36	54.03	-
Networth	24,138.14	34,662.88	51,912.14	75,928.22	91,562.59
Non-current liabilities					
Long-term liabilities and provisions	549.80	450.20	539.05	599.87	633.50
Deferred tax liability	(20.85)	0.13	(24.82)	(32.33)	11.57
Current liabilities	34,168.61	51,739.55	49,721.70	38,120.58	39,036.61
<b>Total liabilities</b>	<b>58,835.70</b>	<b>86,852.76</b>	<b>1,02,148.07</b>	<b>1,14,616.34</b>	<b>1,31,244.27</b>
Non-current assets					
Gross fixed assets	12,685.97	17,544.00	19,143.86	21,861.22	28,510.20
Accumulated depreciation	3,257.34	4,236.05	5,606.31	6,647.09	9,061.16
Capital work-in-progress	1,309.15	364.86	1,166.30	6,165.50	1,951.00
Net fixed assets	10,737.78	13,672.80	14,703.84	21,379.62	21,400.04
Investments	695.06	924.75	802.30	2,222.69	2,222.69
Other non-current assets	797.64	480.99	1,460.36	232.88	338.28
Current assets	46,605.22	71,774.22	85,181.57	90,781.16	1,07,283.26
<b>Total assets</b>	<b>58,835.70</b>	<b>86,852.76</b>	<b>1,02,148.07</b>	<b>1,14,616.35</b>	<b>1,31,244.27</b>
Return on capital employed	22.72%	37.80%	40.17%	39.42%	19.85%
Return on networth	21.88%	37.85%	40.56%	39.71%	19.21%
Debt / equity	0.02	0.01	0.01	0.01	0.01
Current ratio	1.36	1.39	1.71	2.38	2.75
Per share	2011-12	2012-13	2013-14	2014-15	2015-16
Book value per share - ₹	176.16	252.97	75.52	110.21	132.59
Earnings per share - ₹	42.40	94.78	30.63	43.81	25.65
Dividend per share - ₹	4.00	16.00	**4.8	**7.5	**2.5
No. of shareholders	3,656	4,836	7,934	13,477	32,821

\*\*Each ₹ 10 Share of the Company has been split into 5 shares of ₹ 2/- each during FY 2013-14.

# **MANAGEMENT DISCUSSION & ANALYSIS**

# MANAGEMENT DISCUSSION & ANALYSIS

## Indian Economy

The Indian economy has been a silver lining in a global context, having recorded one of the highest growth rates when nearly all economies showed sluggish growth. According to Central Statistics Office (CSO), growth in GDP in FY 2015-16 was at 7.6% compared with 7.3% in FY 2014-15. India's high GDP growth rate has been driven by higher growth in manufacturing and the services sector. The Indian economy crossed the US\$ 2 trillion mark to hit its highest-ever value in June 2016 (Source: The Central Statistics Office, Ministry of Statistics and Programme Implementation).

India demonstrated improving macroeconomic fundamentals and its domestic economic parameters like inflation plus fiscal and current account deficits continued to be moderate. The Reserve Bank of India (RBI) cut interest rates four times this year as inflation eased sharply. Current account deficit for FY 2015-16 stood at 1.1% of gross domestic product as against 1.8% in FY 2014-15, as the country's trade deficit contracted (Source: Reserve Bank of India). India met its fiscal deficit target of 3.9% of GDP in FY 2015-16, recording a significant improvement over that of 4.1% in FY 2014-15 (Source: Finance Ministry).

Along with supportive policies and initiatives, the government has also introduced key reforms to encourage domestic entrepreneurship, bolster

## Indian GDP growth

Sectors	2013-14	2014-15	2015-16
Agriculture, forestry & fisheries	3.7	1.1	1.1
Industry	4.5	5.9	6.1
Services	9.1	10.6	10.9
GDP at market prices	6.9	7.3	7.6

(Source: CSO)



infrastructure creation, strengthen rural income, attract FDI, and enhance the ease of doing business in India. As a result, in a period where global investors were exiting emerging markets, opening of sectors such as railways and defence ensured foreign direct investment (FDI) surges to its highest-ever levels. Total FDI flows for FY 2015-16 (10 months) were the highest-ever at US\$ 31.68 billion. FDI into the country has increased by 37% after the launch of 'Make in India' programme in the 17-month period from October 2014 to February 2016. To scale up investments in infrastructure, the Indian government during the Union Budget FY 2015-16 has allocated ₹ 2.21 trillion for the sector. This increase in public spending is also likely to support economic growth.

Going ahead, Indian consumption is expected to benefit from normal monsoon, better interest rate, implementation of the 7th Pay Commission recommendations and the One Rank One Pension (scheme). Increased consumption should likely to result in higher capacity utilisation, which could encourage private sector to revive their investment plans.

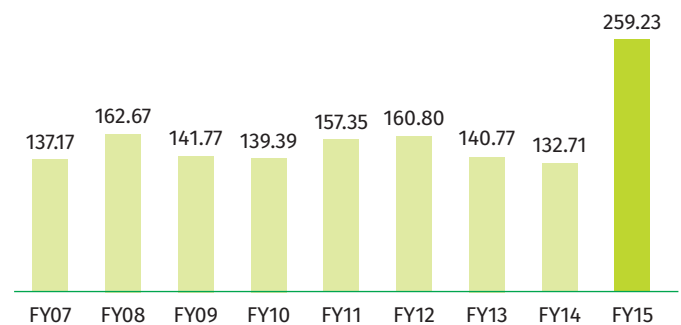
The World Bank forecast India's GDP to grow at 7.8% in 2016 to become the world's fastest growing economy, ahead of China. A stable government, RBI's inflation focus and benign global commodity prices are expected to be the key contributing factors. Additionally, new initiatives, such as 'Make in India', 'Digital India', along with a host of financial inclusion measures are expected to help accelerate economic development.

### Agricultural Scenario

Agriculture remains at the core of the Indian economy with a meaningful contribution towards GDP, being the primary source of livelihood for about 58% of India's population; and comprising a fifth of the total exports of the country. India has the second largest agricultural land in the world at 157.35 million hectares, with 20 agro-climatic regions, it covers 15 major agro-climatic regions in the world. Further, India is home to 46 of the 60 different soil types in the world.

### GDP by value-added – size of agriculture and allied activities

(US\$ billion)



Source: Ministry of Agriculture, Print Release, RBI, TechSci Research





During FY 2015-16, India witnessed second successive drought-like situation in several parts of the country thus affecting the Kharif crop. With FY 2015-16 drawing to an end, the farm sector rebounded to the growth zone in Q4 FY 2015-16, as against a contraction in previous year, although the rate of expansion was low at 1.1% in FY 2015-16.

### The Union Budget FY 2016-17 – implications for the agricultural sector

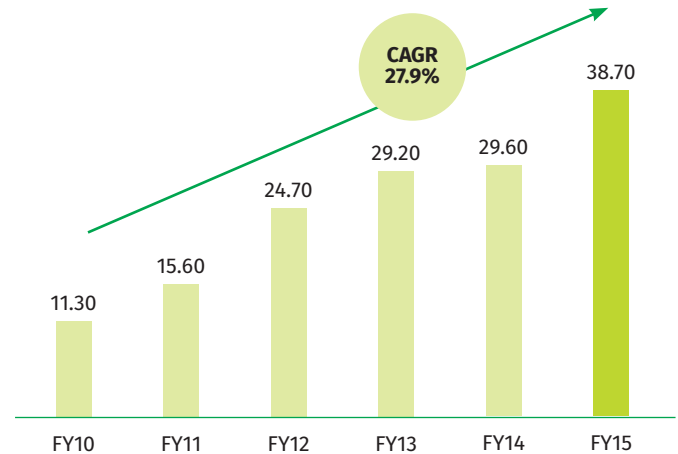
In the Union Budget FY 2015-16, the Government showed paramount focus towards addressing rural and agricultural sector distress. Government stressed the need to create a National Agriculture Market for the benefit of farmers, which will also be accompanied by moderating price rises. Government is set to work closely with the states, and NITI (National Institution for Transforming India) Aayog, for the creation of a Unified National Agriculture Market. The important budgetary provisions impacting agriculture positively are:

- Allocation to PMKSY (Pradhan Mantri Krishi Sinchai Yojana) up from ₹ 53 billion to ₹ 57 billion – 28.5 lakh hectares will be brought under irrigation



### Agricultural exports from India

(US\$ billion)



Source: Ministry of Commerce, World Trade Organisation, Indian Budget 2016, Tech.Sci. Research

- Allocation for micro irrigation (per crop more drop scheme) raised from ₹ 10 billion to ₹ 23 billion
- A dedicated Long-term Irrigation Fund will be created in NABARD with an initial corpus of about ₹ 200 billion
- Implementation of 89 irrigation projects under Accelerated Irrigation Benefits Programme (AIBP)
- 100% FDI to be allowed in Food Processing Industry through FIPB route for marketing of food produced and manufactured in India
- A special scheme has been launched in North Eastern Region with allocation of US\$ 20.73 million for the promotion of organic farming and export of organic produce

### Growth Drivers

#### Robust demand

India, the second-most populated country in the world and its population is a key driver of demand for agricultural products. Moreover, the rising urban and rural income has further aided the demand growth.





### Attractive opportunities

Limited arable land against growing population makes agricultural inputs crucial. Increasing demand for agricultural inputs such as hybrid seeds and fertilisers augurs well for the demand growth in the sector. Further, increased farm mechanisation and ease in availability of institutional credit poses great prospects for the sector.

### Policy support

Favourable policies are supporting the growth of the sector in the country significantly. Schemes like Paramparagat Krishi Vikas Yojana (PKVY), Pradhan Mantri Gram Sinchai Yojana, Integrated Scheme of Oilseeds, Pulses, Oil palm and Maize (ISOPOM), Sansad Adarsh Gram Yojana, 100% FDI under automatic route for development of seeds, set up of 'pulses villages' are some of the initiatives taken by the Government to support the sector growth. The regular increase of Minimum Support Price (MSP) by Government incentivises farmers to enhance production of crops and ensure there is adequate supply.

### Outlook

The agriculture sector in India is expected to generate better momentum in the next few years due to increased investments in agricultural infrastructure such as irrigation

facilities, warehousing and cold storage. Furthermore, the growing use of genetically modified crops will likely improve the yield for Indian farmers.

### Seed Industry Overview

Seed is a vehicle for delivery of improved technologies and is a mirror for portrayal of inherent genetic potential of variety. Seed offers to integrate production, protection and quality enhancement technologies in a single entity, in a cost-effective way. Farmers are moving towards branded seed instead of using seed saved from the previous harvest and upgrading to better quality seeds to improve their yield leading to growth in the seed industry. Further, the advent of genetically modified (GM) cotton changed the landscape of the Indian seed industry. As per ICRA, the Indian Seed Industry is the sixth largest in the world in value terms accounting for about 4.5% of global industry preceded by the US (27%), China (22%), France (6%), Brazil (6%) and Canada (4.8%). Despite being a leading agricultural producer (only behind USA and China), the relatively small-scale of seed industry in India can be attributed to poor SRR. Multiple forecasts advocate that the Indian seed industry will grow twice the average for the rest of the world for the years to come.



Agriculture sector commands the largest share of the country's total land area at about 48% (or 156 million hectares) compared to USA's 18% (or 158 million hectares) and China's 15% (or 106 million hectares). Despite this, India has significantly lower share in the global agricultural output in terms of foodgrains and oilseeds compared to USA and China, and significantly lag China in terms of fruits and vegetables production. The reasons for the lower productivity are low usage of high quality seeds, inadequate and unbalanced use of fertilisers, low usage of plant protection chemicals, lower farm mechanisation, weak credit facilities, market linkages and shortage of water.

Seeds have been highly instrumental in supporting agricultural growth over the past 40-50 years, with productivity gains and the expansion of the domestic seed industry moving in tandem. Though seed constitutes a small proportion of the total input costs of crop production, it is a basic and critical input in increasing productivity.

Given the importance of seed in the livelihood of millions of farming families, the quality in terms of yield and consistency in performance is paramount. Further, as the cost of seed is not considerable to the total cost of cultivation, the farmer would be willing to pay a premium for the right product.

### High Entry Barriers

There are several barriers present making the foray into the seed business quite challenging. Firstly, the seed industry entails high investments in R&D where the average lead

time from R&D to commercial introduction is 7-8 years. The process of developing an effective hybrid is a complex process – several high value skills required to choose the right kind of lines. Secondly, there is an inherent requirement of a wide distribution/production/marketing network across India for a diverse portfolio of seeds considering the varied agro-climatic conditions across India. Thirdly, and the most important barrier of them all, is the need for high degree of credibility with farmers, as farmers will not jeopardise their year's worth of income on un-established company seeds.

### Outlook

The seed industry is expected to register double-digit growth in FY 2016-17 owing to prediction of above-normal monsoon and higher commodity prices. Improvement in seed replacement rate (SRR) and farmers opting for hybrid seeds is further expected to fuel the growth. The favourable policy environment aimed at supporting the usage of seeds through National Seeds Plan (NSP) and boosting agricultural productivity through National Food Security Mission (NFSM) augurs well for the industry. A transparent and unambiguous regulatory environment would be critical to aid the growth of the industry.

Moreover, with demand for crops rising and arable land available in India remaining limited, increased productivity is the natural path forward making quality of seeds an indispensable component of all agricultural production in the coming decades.





## Kaveri Seed

Kaveri Seed Company Ltd. is one of the premier and fastest-growing seed companies in the country. The history of the Company dates back to 1976, when Sri G. V. Bhaskar Rao, a young and dynamic agriculture graduate, through his start-up G.V.B. Rao & Company ventured into seed business. It is now one of the largest seed company in India, with a strong R&D base for developing quality hybrids in key Indian crops. The Company is supported by a large network of over 15,000 distributors and dealers spread across the country, over 775 employees and a strong product line of hybrids.

With one of the largest collection of crop germplasm in the country, Kaveri has a portfolio of high yield hybrid and varietal seeds. Kaveri Seeds is present across a spectrum of crops which helps to meet the different needs of the farmers unlike many companies which are focused on few crops only.

## Core strengths

### Research and development driven

New product development is essential in seed business and hence a R&D is critical for the success of a seed company. Our Company over the years systematically built robust R&D programme and now can boast of organised R&D, dedicated research farms and technically competent personnel.

### Comprehensive, market-centric, pan-India operations

Farmer is the centre of focus for our organisation. We understand their needs and reach them directly with the help of our field force and indirectly through our channel partners. We have built a strong relationship with farmers over the years by introducing cutting edge products, supplying good quality seeds and giving agronomic knowledge for them to increase their income. We have developed a dedicated network of channel partners who are loyal and help us to reach untapped markets. Our presence has been very strong in the states of Telangana, Andhra Pradesh, Karnataka, Maharashtra and Tamil Nadu. We are expanding our footprint in other states to address the growth opportunities.

### Dedicated grower/producer farmer network

- Large production area across India with a loyal 'producer farmer' network
- ~ 1,00,000 production growers across different agro-climatic zones
- ~ 65,000 acres under seed production
- High credibility with the farmers
- Focused programmes to spread awareness amongst farming community on new products in market

### **Pioneering processing and storage set-up - amongst the largest capacities**

- Seven Company owned plants across key locations in India with a combined processing capacity of ~ 130 tonnes per hour
- Cutting-edge equipment for pre-cleaning, grading, cob drying, storage, packing
- Maize cob drying facility with a capacity of 2,900 tonnes per cycle
- Warehouses across India with combined storage space of ~5,00,000 sqft
- Dehumidified, climate-controlled storage facilities
- Storage godowns of ~1,35,000 sqft (cold) and ~2,80,000 sqft (ambient) with holding capacity of ~25,000 MT

### **Opportunities**

#### **The surge for food**

The demand for agricultural raw materials is set to rise manifold given the increase in the world population. With increasing disposable income, demand will increase for better quality food like protein, fruits and vegetables. According to United Nations Food and Agriculture Organization, by the year 2050, food production will consequently have to be increased by 70% to meet the demands of 9 billion and growing world population.

#### **Seed Replacement Rate (SRR)**

Seed Replacement Rate is the percentage of area sown out of total area of crop planted in the season using certified/ quality seeds as against the farm saved seed. The need for higher SRR emerges from the fact that the quality of a seed deteriorates in successive generations in case of farm saved seed. Hybrid seed, however, needs to be replaced every year whereas inbred variety non-hybrids every three to four years. In India, there is sufficient scope for improvement as far as SRR is concerned. Increasingly, farmers and vegetable producers are using branded seed due to their proven efficiency and higher yields over farm saved. The importance of producing more, while using less inputs is gaining prominence in the Indian context.

#### **Prospects for increased cotton market share**

The performance of Jaadoo has been relatively much better than competition and hence it is expected to gain market share in the established markets. ATM will be the next growth hybrid especially in the states of Maharashtra and Gujarat.

#### **High Density Planting (HDP)**

High Density Planting (HDP) is a system in which higher number of cotton plants are accommodated in per unit area. We have designed and delivered a cotton hybrid 3X1 to suit under HDP with a spacing of 3 feet row-to-row and 1 feet plant-to-plant to accommodate more number of plants to obtain high yields.

Our R&D cotton is also concentrating their efforts to change the plant ideotype concept for determinate type to suit for mechanical harvesting.

#### **Price regulation of cotton seeds**

In December 2015, the Agriculture Ministry issued a Cotton Seeds Price (Control) Order to fix a uniform maximum retail price (MRP) for all cotton seeds including the genetically modified versions from March 2016. It also decided to fix and regulate the seed value and licensee fee including royalty or trait value. We welcome this order, as it reduces uncertainty and improves business viability for all seed companies.

#### **Paddy**

Paddy occupies the largest area under any crop in India and is the staple food for large population. Farmers traditionally use their own seed for planting but there is rapid shift towards using packed seeds. Farmers are moving to hybrid seeds in few market and in other markets upgrading to packed selection variety seeds which is made available by private players. Government programme to promote hybrid usage and effort by industry to educate the farmer on the benefit of hybrid paddy has helped to increase the usage of hybrid rice but current hybrid rice penetration percentage is still in single-digit. Current paddy hybrid products available in the market does not address the needs of all the markets. The market for selection variety rice is growing rapidly. Kaveri Seeds will be addressing both the segment of paddy market and we already have a portfolio of products both in selection rice and hybrid rice to take advantage of this opportunity.

#### **Corn (Maize): Increasing demand**

Maize is the widely grown crop worldwide. Maize is an important raw material in food processing, poultry, dairy, meat and ethanol industry and along with its traditional uses makes it one of the fastest-growing crops in the world. India is the world's sixth largest producer and fifth largest consumer of maize.



Over the last several years, maize production in India has leaped forward as farmers increasingly adopted maize hybrids and upgraded to better hybrids. Maize acreage has grown in India over years as it is highly adaptable to different season, requires less water, easy to grow with good commodity price.

With increasing income in India, the demand for animal protein is expected to go up rapidly. Demand for Maize in India is expected to continue to grow due to demand from feed industry and export opportunity.

Kaveri is a well-known brand in hybrid Maize seeds market and we have the largest portfolio of products to address all the segments in the market. We have a robust pipeline of products to address the growing market.

#### Vegetables

Hybrid vegetable seed is one of the fastest-growing segments in India estimated to be around ₹ 2,000 crores .

This makes India the second-largest producer of vegetables in the world, after China. The market for hybrid vegetable seeds is rapidly expanding in the country. Tomato, chillies and Okra are the key crops in hybrid vegetables and we have identified these crops as our primary crops for product development. We will also be participating in gourds, egg plant and watermelon market. Vegetables market is characterised by many segments due to varied customer needs and we have identified the priority segments in each crop to focus upon. We have a dedicated R&D in each of the crops for product development. We will scale up our sales and distribution in the coming year to address this opportunity.

#### Global roadmap

Kaveri is looking to continually expand its geographical presence beyond India and we have identified Asia Pacific region and Africa as countries where we can gain meaningful foothold.



## Key Risks

Nature of Risk	Risk Explanation	Risk Mitigation
Production risk	Changing climate conditions such as continuous dry spell, high temperature, erratic rainfall, excess rainfall may drastically impact commercial seed production of the Company	The risk is alleviated by the Company growing its seeds in multiple locations
Climate risk	Changing rainfall patterns makes farmers to move from one crop to another to suit the growing conditions	This risk is mitigated by Kaveri's diverse crop portfolio and having products which can withstand the tough growing conditions
Competition risk	In business, competition from peers can impact the Company's trade	The Company's ability to innovate from long-term investment in R&D for cutting-edge products, supply chain capability, accompanied by aggressive marketing helps to be one step ahead of competition
Dependency risk	Dependency on any one particular product may affect the growth prospects of the Company	The Company's range of crops and broad portfolio within the crops minimise its dependency on any single hybrid or crop. Additionally, the Company is strengthening its product portfolio by phasing out old products with rapid introduction of new products
Product life cycle risk	Accelerated product innovation & development through technology advances impacts the shelf life of a product	The Company monitors and seeks regular feedback on product performance and replace products on regular basis to manage product life cycle

## Outlook

Consecutive weak monsoon and unsupportive commodity price has impacted Kharif and Rabi seasons in the past two years. Resultantly, farm income lowered which led to farmer trading down and curtailing investments which led to lower than expected revenue growth for seed companies.

For the coming year, optimism has returned and monsoon is expected to be normal which will lead to strong recovery for the overall agri-input space.

As per India Meteorological Department (IMD), the FY 2016-17 Kharif season is likely to receive normal or above normal level rainfall. Historically, improved monsoons drive higher demand for premium seeds. The commodity prices have increased due to lower production in the past year and farmers are planning to scale up investments on quality inputs post two years of weak rainfall. Further, Central Government's decision to regulate seed prices and royalty amount from FY 2016-17 onwards reduces uncertainty and improves business viability for all seed companies.

From a Kaveri perspective, FY 2016-17 is expected to post robust growth. We expect to capture higher market share driven by our diverse portfolio and well-established national footprint and availability of adequate quantity of seeds in spite of tough growing conditions in the previous year.

We have been intensifying sales effort in Cotton by doing a lot of field promotion activities to regain share in markets of Andhra Pradesh, Telangana and Karnataka and expect to make further market share gains in Maharashtra, Gujarat and Madhya Pradesh.

Simultaneously, plans are afoot to scale up non-cotton operations. Rising demand for Maize and higher seed penetration of hybrid paddy remain the key drivers. We have developed a sizeable and well-diversified farmer-centric portfolio which has been progressively gaining prominence in the marketplace and has served us well against crop shifts. In the coming year and the period ahead we expect strong growth from our high margin non-cotton portfolio, especially from maize. We plan to start commission of new plant in Molangur to augment our supply capability especially for paddy.

Going forward, the structural drivers of Kaveri will continue to strengthen – benchmark R&D programme to successfully launch new hybrid seeds, de-risked portfolio with growing non-cotton seed sales, expansion in new geography and growing farmer acceptance across the country. Our fundamentals remain strong and we will rapidly consolidate to accelerate our growth in future.

### Human Resources

Kaveri Seeds aims to consistently bring talent on board, provide them relevant training and make the most of ignited minds to drive the Company's long-term growth. The Company's strong leadership team has rich experience in seed and crop production industry. Moreover, it has over 50 dedicated scientists comprising breeders, agronomists, biotechnologists and seed technologists, along with dynamic sales and marketing professionals. At present, around 775 employees are working in various departments of the Company.

The Company's consistent emphasis is on promoting teamwork and personalised training. It conducts specialised training and developmental programmes to sharpen the team's communication, behavioural and managerial skills. The human resource department organises periodic training programmes to improve employee skills. Training programmes on seed production, quality control, agronomy and plant protection are organised for the field staff. Besides, specialised training programmes are conducted for R&D staff, marketing people as well as other departments. Need-based training programmes are also gaining relevance for the last two years.

The Company has introduced a reward programme to recognise top performers from various departments, including R&D, seed production, sales and marketing, among others.

### Indian Accounting Standards – IFRS Converge Standards

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company will adopt Indian Accounting Standards with effect from 01st April, 2016 with the comparatives for the period ending 31st March, 2015. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company has set up a dedicated team and is providing desired resources for its completion within the time frame. The impact of the change on adoption of said IAS is being assessed.

### Internal Control Systems and Their Adequacy

The Company has laid down set of standards which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively. The Audit Committee of the Board of

Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board of Directors, Statutory Auditors and Finance Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the internal Audit function reports to the Chairman of the Audit Committee.

### Internal Financial Controls

The internal financial controls (IFC) framework at Kaveri Seeds encompasses internal controls over financial reporting (ICFR) as well as operational controls that have been put in place across all key business processes of the Company. The internal controls are designed to facilitate and support the achievement of the Company's business objectives and such controls do enable the Company to adapt to changing and operating environment, to mitigate risks to acceptable levels and to support sound decision making and good governance.

Details in respect of adequacy of internal financial controls with reference to the financial statements are briefly iterated below:

- a. The Company maintains all its major records in ERP System.
- b. The Company has appointed internal auditors to examine the internal controls, whether the workflow of the organisation is being done through the approved policies of the Company. In every quarter, during the approval of financial statements, internal auditors present the internal audit report and the management comments on the internal audit observations; and
- c. The Board of Directors of the Company has adopted various policies such as related party transactions policy, whistle blower policy, policy to determine material subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

**NOTICE  
DIRECTORS' REPORT  
REPORT ON CORPORATE GOVERNANCE**

## NOTICE

Notice is hereby given that the 29th Annual General Meeting of the members of Kaveri Seed Company Limited will be held on **Tuesday the 27th day of September, 2016 at 11:15 AM** at FTAPCCI Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, FTAPCCI Marg, Red Hills, Hyderabad – 500 004, Telangana, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone & Consolidated Balance Sheet as at 31 March 2016, Statement of Profit & Loss and Cash Flow Statement for the year ended on 31 March 2016 along with the reports of the Directors and Auditors thereon.
2. To confirm an Interim Dividend of ₹ 2.50/- per equity share was already paid for the financial year ended 31 March 2016.
3. To appoint a Director in place of Dr. G. Pawan, (DIN: 00768751) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible offers himself for reappointment.
4. To ratify the appointment of the Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with Rules made there under, the appointment of M/s. P. R. Reddy & Co., Chartered Accountants (Registration No. 0003268S) as Statutory Auditors of the Company, approved in the 27th Annual General Meeting, until the 30th Annual General Meeting, be and is hereby ratified in this Annual General Meeting till the conclusion of next Annual General Meeting, with remuneration as may be decided by the Board of Directors of the Company.”

### SPECIAL BUSINESS

5. To re-appoint Mr. G. V. Bhaskar Rao (DIN: 00892232) as Managing Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 (Act) and the rules framed

there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and Article 151 of Articles of Association of the Company and subject to such other consents/approvals as may be required from the applicable authorities, approval of the members be and is hereby accorded to reappoint Mr. G.V. Bhaskar Rao (DIN: 00892232) as Managing Director designated as Chairman of the Company for a period of five years commencing from 15 November 2016 till 14 November 2021, whose term of office shall not be liable to determination by retirement of directors by rotation, as well as the payment of basic salary, perquisites, incentives, allowance and commission on the profits of the company upon the terms and conditions as detailed in explanatory statement attached hereto, with authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or remuneration as it may deem fit and as may be acceptable to Mr. G.V. Bhaskar Rao, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

“RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. G.V. Bhaskar Rao, as Chairman cum Managing Director, the company has no profits or the profits are inadequate, the company shall, subject to the provisions of Sections 197, 198 and 203 of the Act, pay remuneration as mutually agreed between the company and Mr. G.V. Bhaskar Rao and specified in the explanatory statement.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

6. To re-appoint Mrs. G. Vanaja Devi (DIN: 00328947) as a Whole time Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 (Act) and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and Article 151 of Articles of Association of the Company and subject to such other consents/approvals as may be required from the applicable authorities, approval of the members

be and is hereby accorded to reappoint Mrs. G. Vanaja Devi (DIN: 00328947) as a Whole-time Director of the Company for a period of five years commencing from 15 November 2016 till 14 November 2021, whose term of office shall not be liable to determination by retirement of directors by rotation, as well as the payment of basic salary, perquisites, incentives, allowance and commission on the profits of the company upon the terms and conditions as detailed in explanatory statement attached hereto, with authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or remuneration as it may deem fit and as may be acceptable to Mrs. G. Vanaja Devi, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

“RESOLVED FURTHER THAT where in any financial year during the tenure of Mrs. G. Vanaja Devi, Whole-time Director, the company has no profits or the profits are inadequate, the company shall, subject to the provisions of Sections 197, 198 and 203 of the Act, pay remuneration as mutually agreed between the company and Mrs. G. Vanaja Devi and specified in the explanatory statement.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

7. To re-appoint Mr. C. Vamsheedhar (DIN: 01458939) as Whole-time Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 (Act) and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and Article 151 of Articles of Association of the Company and subject to such other consents/approvals as may be required from the applicable authorities, approval of the members be and is hereby accorded to reappoint Mr. C. Vamsheedhar (DIN: 01458939) as Whole-time Director of the Company for a period of five years commencing from 15 November 2016 till 14 November 2021, whose term of office liable to determination by retirement of directors by rotation, as well as the payment of basic salary, perquisites, incentives, allowance and commission on the profits

of the company upon the terms and conditions as detailed in explanatory statement attached hereto, with authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or remuneration as it may deem fit and as may be acceptable to Mr. C. Vamsheedhar, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

“RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. C. Vamsheedhar as Whole-time Director, the company has no profits or the profits are inadequate, the company shall, subject to the provisions of Sections 197, 198 and 203 of the Act, pay remuneration as mutually agreed between the company and Mr. C. Vamsheedhar and specified in the explanatory statement.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

8. To re-appoint Mr. C. Mithun Chand (DIN: 00764906) as Whole-time Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013 (Act) and the rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Companies Act, 2013 and Article 151 of Articles of Association of the Company and subject to such other consents/approvals as may be required from the applicable authorities, approval of the members be and is hereby accorded to reappoint Mr. C. Mithun Chand (DIN: 00764906) as Whole-time Director of the Company for a period of five years commencing from 15 November 2016 till 14 November 2021, whose term of office liable to determination by retirement of directors by rotation, as well as the payment of basic salary, perquisites, incentives, allowance and commission on the profits of the company upon the terms and conditions as detailed in explanatory statement attached hereto, with authority to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or remuneration as it may deem fit and as may be acceptable to Mr. C. Mithun Chand, subject to the same not exceeding the limits specified under Schedule V of



the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof:

“RESOLVED FURTHER THAT where in any financial year during the tenure of Mr. C. Mithun Chand as Whole-time Director, the company has no profits or the profits are inadequate, the company shall, subject to the provisions of Sections 197, 198 and 203 of the Act, pay remuneration as mutually agreed between the company and Mr. C. Mithun Chand and specified in the explanatory statement.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution.”

9. To Consider the acceptance of charges from any member of the Company, who requested the company to send notices, documents or any other papers by a particular mode of delivery and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT Pursuant to provisions of Section 20 and other applicable provisions if any of the Companies Act, 2013 read with rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company may serve documents on its members, by sending the document(s) that he/she is entitled to receive as a member under the Act by post or by registered post or by speed post or by courier or by such electronic or other mode as may be prescribed depending on event and circumstance of each case from time to time.

“RESOLVED FURTHER THAT the Board of Directors of the company or its duly constituted committee be and is hereby authorized to decide, in respect of any advance request for sending documents in a particular mode of delivery by any member provided at least one week in advance of the dispatch of the document by the company along with requisite fee duly received by the company and that no such request shall be entertained by the company post dispatch of such documents by the company to the member, the charges payable for such delivery, as prescribed below for each mode of dispatch:

Sl. No.	Mode of dispatch	Minimum rate per document at the minimum slab of the weight of the document in each category in ₹	
		Within India	International
1.	Ordinary Post	50	1.2 times of the actual charges in each case.
2.	Registered Post	100	
3.	Speed Post	100	
4.	Courier	100	
5.	Electronic mail (E-mail)	25	25

“RESOLVED FURTHER THAT the Board of Directors of the company or its duly constituted committee be and is hereby authorized to amend or alter such charges from time to time either keeping in view the change of charges as applicable to that mode or in any situation so warrants and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution”.

By Order of the Board of Directors  
For **KAVERI SEED COMPANY LTD.**

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

**NOTES:**

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than ten percent of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A proxy form is sent herewith. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/ authority as applicable. In order to become valid, the proxy forms should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

2. A Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed. The relevant details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, of persons seeking re-appointment as Directors under Item Nos. 5, 6, 7 and 8 of the Notice, is also annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24 September 2016 to 27 September 2016 (both days inclusive).
4. During the financial year 2015-16, the Board has declared and paid an Interim Dividend of ₹ 2.50 per equity share. Your Directors have not recommended any final dividend for the financial year 2015-16.
5. Shareholders who have not claimed their dividend for the years 2008-09 are requested to claim before 25.10.2016 otherwise the same has been transfer to the Investor Education and Protection Fund Pursuant to Section 124 and 125 of the Companies Act, 2013. Members who have not encashed their dividend so far for the year 2008-09 or any subsequent financial years are requested to lodge their claims with the Registrars of the company.
6. The annual report for the financial year 2015-16 has been sent through email to those members who have opted to receive electronic communication or who have registered their email addresses with the Company/

depository participants. The annual report is also available on our website, i.e. [www.kaveriseeds.in](http://www.kaveriseeds.in). The physical copy of the annual report has been sent to those members who have either opted for the same or have not registered their email addresses with the Company/depository participant. The members will be entitled to a physical copy of the annual report for the financial year 2015-16, free of cost, upon sending a request to the Company Secretary at 513-B, 5th Floor, Minerva Complex, S.D. Road, Secunderabad – 500 003.

7. The company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to update your email address with your Depository Participant to enable us to send you the financials and other communication via email.
8. Members are requested to kindly bring their copy of the Annual Report with them at the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting. Members/proxies should also bring the attached Attendance Slip, duly filled and hand it over at the entrance to the venue.
9. Members are requested to intimate immediately, any change in their address or bank mandates to their depository participants with whom they are maintaining their demat accounts or to the Company's Registrar & Share Transfer Agent, M/s. Bigshare Services Private Limited, if the shares are held by them in certificate form.
10. In terms of the Circular No. CIR/MRD/DP/10/2013 dated 21 March 2013 issued by the Securities and Exchange Board of India, listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS)/RECS (Regional ECS)/NECS (National ECS), NEFT, etc. for making cash payments like dividend etc., to the members. Accordingly, members holding securities in demat mode are requested to update their bank details with their depository participants. Members holding securities in physical form may send a request updating their bank details, to the Company Secretary at 513-B, 5th Floor, Minerva Complex, S.D. Road, Secunderabad – 500 003.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which directors are interested,

maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

12. Pursuant to Section 108 of the Companies Act, 2013 and the rules framed there under and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is provided the facility to its members holding shares in physical or dematerialized form as on the cut-off date, i.e., 20 September 2016, to exercise their right to vote by electronic means on any or all of the agenda items specified in the accompanying Notice of Annual General Meeting. The E-voting period commences on Friday the 23rd day of September 2016 at 9.00 A.M. and ends on Monday the 26th day of September 2016 at 5.00 P.M. The detailed instructions for E-voting are given as a separate attachment to this notice.
13. The route map showing directions to reach the venue of the 29th AGM is available on the reverse of the attendance slip.

By Order of the Board of Directors  
For **KAVERI SEED COMPANY LTD.**

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

### STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

#### Item No. 5

Members of the Company in the 24th Annual General Meeting held on 27 September 2011 had approved the appointment of Mr. G.V. Bhaskar Rao as Managing Director of the Company for the period of five years commencing from 15 November 2011. His tenure as Managing Director of the Company was due to end on 14 November 2016. As part of the initiative to create enduring guidance for the Company and the Board recognizes the significant and invaluable contribution made by him in the present operations of the Company, the Board in its meeting held on 10 May 2016 re-appointed him as Managing Director and designated as Chairman for a term of five years with effect from 15 November 2016 up to 14 November 2021, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members.

The broad particulars, terms and conditions of remuneration proposed to be paid to Mr. G. V. Bhaskar Rao, Managing Director during his term of office are as under:

#### 1) Appointment as Managing Director:

- a. This appointment is effective from 15 November 2016 and the period of appointment will be for a period of five years, i.e. till 14 November 2021, unless otherwise decided by the Board of Directors.

#### 2) Remuneration:

- a. Subject to the sectoral percentage limits and the overall limit as laid down by the Companies Act 2013 and also subject to the approval of the members in a General Meeting, the Company shall, in consideration of his services to the Company, pay to the Managing Director during his term of office the following remuneration:

Salary Component	In ₹ Per Annum
Basic	1,06,31,520
Rent Free Accommodation or HRA	42,52,608
Allowances	28,35,072
<b>Total Salary Component Per Annum</b>	<b>1,77,19,200</b>

- b. The appointee shall be entitled to increase up to 25% per annum during his tenure on the total salary component, the same as may be recommended by the Nomination and Remuneration Committee and approved by the Board. The Total Pay would be subject to the overall ceilings stipulated in the Companies Act, 2013.
- c. Commission : In addition to the above remuneration and perquisites, commission will also be payable up to 1% of the net profits of the Company for each financial year with effect from the financial year 2016-17 calculated in the manner referred to in Section 198 of the Companies Act, 2013 as may be decided by the Board of Directors of the Company."
- d. The remuneration will be subject to deduction on account of employee's contribution to PF, tax and any other statutory deductions that may apply from time to time.
- #### 3) Perquisites and Allowances:
- a. Leave travel concession : for self and family once in a year as per the rules of the company.
- b. Medical reimbursement: for self and family subject to a ceiling of one month's salary in a year or 5 months' salary over a period of 5 years and Medical insurance as per rules of the Company.
- c. Personal accident insurance: Premium not exceeding ₹ 25,000/- per annum.

- d. Provident fund, superannuation benefits and gratuity as per the rules of the Company, subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.
- e. The Company will pay fees of a maximum of two clubs. This will not include life membership fees.
- f. Encashment of leave as per the rules of the Company
- g. Provision of Company's car with driver
- h. Provision of free telephone at residence

A brief profile of Mr. G. V. Bhaskar Rao and name of the companies in which he holds directorships and memberships/chairmanships of Board/Committees, as stipulated under SEBI (LODR) Regulations, 2015 are provided and accompanying of this Notice.

No Director, Key Managerial Personnel or their relatives, except Mr. G. V. Bhaskar Rao, to whom the resolution relates and his relative Mrs. G. Vanaja Devi and Dr. G. Pawan, Directors are interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 5 for approval of the Members.

#### Item No. 6

Members of the Company in the 24th Annual General Meeting held on 27 September 2011 had approved the appointment of Mrs. G. Vanaja Devi as Whole Time Director of the Company for the period of five years commencing from 15 November 2011. Her tenure as Whole Time Director of the Company was due to end on 14 November 2016. As part of the initiative to create enduring guidance for the Company and the Board recognizes the significant and invaluable contribution made by her in the present operations of the Company, the Board in its meeting held on 10 May 2016 re-appointed her as Whole Time Director for a term of five years with effect from 15 November 2016 up to 14 November 2021, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members.

The broad particulars, terms and conditions of remuneration proposed to be paid to Mrs. G. Vanaja Devi, Whole Time Director during her term of office are as under:

#### 1) Appointment as Whole Time Director:

- a. This appointment is effective from 15 November 2016 and the period of appointment will be for a period of

five years, i.e. till 14 November 2021, unless otherwise decided by the Board of Directors.

#### 2) Remuneration:

- a. Subject to the sectoral percentage limits and the overall limit as laid down by the Companies Act 2013 and also subject to the approval of the members in a General Meeting, the Company shall, in consideration of his services to the Company, pay to the Whole Time Director during her term of office the following remuneration:

Salary Component	In ₹ Per Annum
Basic	65,74,320
Rent Free Accommodation or HRA	26,29,728
Allowances	17,53,152
<b>Total Salary Component Per Annum</b>	<b>1,09,57,200</b>

- b. The appointee shall be entitled to increase up to 25% per annum during her tenure on the total salary component, the same as may be recommended by the Nomination and Remuneration Committee and approved by the Board. The Total Pay would be subject to the overall ceilings stipulated in the Companies Act, 2013.
- c. Commission: In addition to the above remuneration and perquisites, commission will also be payable up to 1% of the net profits of the Company for each financial year with effect from the financial year 2016-17 calculated in the manner referred to in Section 198 of the Companies Act, 2013 as may be decided by the Board of Directors of the Company."
- d. The remuneration will be subject to deduction on account of employee's contribution to PF, tax and any other statutory deductions that may apply from time to time.

#### 3) Perquisites and Allowances:

- a. Leave travel concession : for self and family once in a year as per the rules of the company.
- b. Medical reimbursement: for self and family subject to a ceiling of one month's salary in a year or 5 months' salary over a period of 5 years and Medical insurance as per rules of the Company.
- c. Personal accident insurance: Premium not exceeding ₹ 25,000/- per annum.
- d. Provident fund, superannuation benefits and gratuity as per the rules of the Company, subject to the ceilings as

per the guidelines for managerial remuneration in force from time to time.

- e. The Company will pay fees of a maximum of two clubs. This will not include life membership fees.
- f. Encashment of leave as per the rules of the Company
- g. Provision of Company's car with driver
- h. Provision of free telephone at residence

A brief profile of Mrs. G. Vanaja Devi and name of the companies in which she holds directorships and memberships/chairmanships of Board/Committees, as stipulated under SEBI (LODR) Regulations, 2015 are provided and accompanying of this Notice.

No Director, Key Managerial Personnel or their relatives, except Mrs. G. Vanaja Devi, to whom the resolution relates and her relative Mr. G.V.Bhaskar Rao and Dr. G. Pawan, Directors are interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 6 for approval of the Members.

#### Item No. 7

Members of the Company in the 24th Annual General Meeting held on 27 September 2011 had approved the appointment of Mr. C. Vamsheedhar as Whole Time Director of the Company for the period of five years commencing from 15 November 2011. His tenure as Whole Time Director of the Company was due to end on 14 November 2016. As part of the initiative to create enduring guidance for the Company and the Board recognizes the significant and invaluable contribution made by him in the present operations of the Company, the Board in its meeting held on 10 May 2016 re-appointed him as Whole Time Director for a term of five years with effect from 15 November 2016 up to 14 November 2021, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members.

The broad particulars, terms and conditions of remuneration proposed to be paid to Mr. Vamsheedhar, Whole Time Director during his term of office are as under:

#### 1) Appointment as Whole Time Director:

- a. This appointment is effective from 15 November 2016 and the period of appointment will be for a period of five years, i.e. till 14 November 2021, unless otherwise decided by the Board of Directors.

#### 2) Remuneration:

- a. Subject to the sectoral percentage limits and the overall limit as laid down by the Companies Act 2013 and also subject to the approval of the members in a General Meeting, the Company shall, in consideration of his services to the Company, pay to the Whole Time Director during his term of office the following remuneration:

Salary Component	In ₹ Per Annum
Basic	31,62,960
Rent Free Accommodation or HRA	12,65,184
Allowances	8,43,456
<b>Total Salary Component Per Annum</b>	<b>52,71,600</b>

- b. The appointee shall be entitled to increase up to 25% per annum during his tenure on the total salary component, the same as may be recommended by the Nomination and Remuneration Committee and approved by the Board. The Total Pay would be subject to the overall ceilings stipulated in the Companies Act, 2013.
  - c. Commission: In addition to the above remuneration and perquisites, commission will also be payable up to 1% of the net profits of the Company for each financial year with effect from the financial year 2016-17 calculated in the manner referred to in Section 198 of the Companies Act, 2013 as may be decided by the Board of Directors of the Company."
  - d. The remuneration will be subject to deduction on account of employee's contribution to PF, tax and any other statutory deductions that may apply from time to time.
- #### 3) Perquisites and Allowances:
- a. Leave travel concession: for self and family once in a year as per the rules of the company.
  - b. Medical reimbursement: for self and family subject to a ceiling of one month's salary in a year or 5 months' salary over a period of 5 years and Medical insurance as per rules of the Company.
  - c. Personal accident insurance: Premium not exceeding ₹ 25,000/- per annum.
  - d. Provident fund, superannuation benefits and gratuity as per the rules of the Company, subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.



- e. The Company will pay fees of a maximum of two clubs. This will not include life membership fees.
- f. Encashment of leave as per the rules of the Company
- g. Provision of Company's car with driver
- h. Provision of free telephone at residence

A brief profile of Mr. C. Vamsheedhar and name of the companies in which he holds directorships and memberships/chairmanships of Board/Committees, as stipulated under SEBI (LODR) Regulations, 2015 are provided and accompanying of this Notice.

No Director, Key Managerial Personnel or their relatives, except Mr. C. Vamsheedhar, to whom the resolution relates and his relative Mr. C. Mithun Chand, Whole Time Director are interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution set forth in Item No.7 for approval of the Members.

**Item No. 8**

Members of the Company in the 24th Annual General Meeting held on 27 September 2011 had approved the appointment of Mr. C. Mithun Chand as Whole Time Director of the Company for the period of five years commencing from 15 November 2011. His tenure as Whole Time Director of the Company was due to end on 14 November 2016. As part of the initiative to create enduring guidance for the Company and the Board recognizes the significant and invaluable contribution made by him in the present operations of the Company, the Board in its meeting held on 10 May 2016 re-appointed him as Whole Time Director for a term of five years with effect from 15 November 2016 up to 14 November 2021, based on the recommendation of the Nomination & Remuneration Committee and subject to the approval of the members.

The broad particulars, terms and conditions of remuneration proposed to be paid to Mr. C. Mithun Chand, Whole Time Director during his term of office are as under:

**1) Appointment as Whole Time Director:**

- a. This appointment is effective from 15 November 2016 and the period of appointment will be for a period of five years, i.e. till 14 November 2021, unless otherwise decided by the Board of Directors.

**2) Remuneration:**

- a. Subject to the sectoral percentage limits and the overall limit as laid down by the Companies Act 2013 and also subject to the approval of the members in a General Meeting, the Company shall, in consideration of his services to the Company, pay to the Whole Time Director during his term of office the following remuneration:

Salary Component	In ₹ Per Annum
Basic	26,16,480
Rent Free Accommodation or HRA	10,46,592
Allowances	6,97,728
<b>Total Salary Component Per Annum</b>	<b>43,60,800</b>

- b. The appointee shall be entitled to increase up to 25% per annum during his tenure on the total salary component, the same as may be recommended by the Nomination and Remuneration Committee and approved by the Board. The Total Pay would be subject to the overall ceilings stipulated in the Companies Act, 2013.
- c. Commission: In addition to the above remuneration and perquisites, commission will also be payable up to 1% of the net profits of the Company for each financial year with effect from the financial year 2016-17 calculated in the manner referred to in Section 198 of the Companies Act, 2013 as may be decided by the Board of Directors of the Company."
- d. The remuneration will be subject to deduction on account of employee's contribution to PF, tax and any other statutory deductions that may apply from time to time.

**3) Perquisites and Allowances:**

- a. Leave travel concession: for self and family once in a year as per the rules of the company.
- b. Medical reimbursement: for self and family subject to a ceiling of one month's salary in a year or 5 months' salary over a period of 5 years and Medical insurance as per rules of the Company.
- c. Personal accident insurance: Premium not exceeding ₹ 25,000/- per annum.
- d. Provident fund, superannuation benefits and gratuity as per the rules of the Company, subject to the ceilings as per the guidelines for managerial remuneration in force from time to time.

- e. The Company will pay fees of a maximum of two clubs. This will not include life membership fees.
- f. Encashment of leave as per the rules of the Company
- g. Provision of Company's car with driver
- h. Provision of free telephone at residence

A brief profile of Mr. C. Mithun Chand and name of the companies in which he holds directorships and memberships/chairmanships of Board/Committees, as stipulated under SEBI (LODR) Regulations, 2015 are provided and accompanying of this Notice.

No Director, Key Managerial Personnel or their relatives, except Mr. C. Mithun Chand, to whom the resolution relates and his relative Mr. C. Vamsheedhar, Whole Time Director are interested or concerned in the Resolution.

The Board recommends the Ordinary Resolution set forth in Item No.8 for approval of the Members.

#### Item No. 9

Section 20 of the Companies Act, 2013 which deals with service of documents, inter-alia, enables the Company to dispatch any document to a member as per his preferred mode on receipt of specific request subject to deposit of

such fee as determined by the members in the Annual General Meeting. Accordingly, consent of the members is sought for passing a Resolution authorizing the Board of Directors to decide the fee payable as set out at Item No.9 of the Notice on dispatch of document as per the choice of mode selected by any member of the Company. The Board recommends the resolution for approval of the members in the best interest of the Company. The rate indicated in the resolution is minimum rate per document at the minimum slab of the weight in the respective category of each mode of dispatch as mentioned thereat.

None of the Directors, Managers, Key Managerial Persons or their relatives are in any way concerned or interested, financial or otherwise, in the above resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 9 for approval of the Members.

By Order of the Board of Directors  
For **KAVERI SEED COMPANY LTD.**

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 29TH ANNUAL GENERAL MEETING UNDER REGULATION 36(3) OF SEBI (LODR) REGULATIONS, 2015**

Name of the Director	G. PAWAN	G. V. BHASKAR RAO	G. VANAJA DEVI	C. VAMSHEEDHAR	C. MITHUN CHAND
DIN No.	00768751	00892232	00328947	01458939	00764906
Date of Birth	27.08.1979	06.06.1950	24.06.1953	13.05.1971	11.08.1976
Type of appointment	Director	Chairman cum Managing Director	Whole time Director	Whole time Director	Whole time Director
Date of Appointment/ Reappointment	18.09.2006	15.11.2011	15.11.2011	15.11.2011	15.11.2011
Areas of Specialization & brief Resume	Doctor of Medicine from Illinois State University, Chicago, US.	He is founder and promoter of the company. Oversees production R&D, overall management and business development of the company	She looks after CSR responsibility activities, in addition to assisting the MD in general functioning of the company	He is a key player and growth driver in the 'Team Kaveri' and oversees the General Management and overall Marketing of the company.	He looks after the Finance, Accounts and Administration of the company, in addition to that oversees the overall Marketing of subsidiary companies of Kaveri Seed Company.
No. of Shares Held in the Company	2509000	6031990	15775050	1099320	928895
List of Directorship held in outside Public Limited Companies	Nil	Nil	Nil	Nil	Nil
Chairman/member of the Committee of the Board of Directors of this Company	Nil	Chairman & Member – CSR Committee	Member – CSR Committee Member	Member – Shareholders Relationship Committee	Member – Audit Committee,  Member – Shareholders Relationship Committee  Member – Risk Management Committee
Chairman/member of the Committee of the Board of Directors of other Companies	Nil	Nil	Nil	Nil	Nil
Relation with Key Managerial Personnel and Directors	Relative with KMP	Relative with KMP	Relative with KMP	Relative with KMP	Relative with KMP

### SHAREHOLDER INSTRUCTIONS FOR E-VOTING

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations 2015, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 29th Annual General Meeting to be held on 27 September 2016. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the E-Voting facility.

The E-Voting facility is available at the link :

Even (E-Voting Event Number)	Commencement of E-Voting	End of E-Voting
160817054	23 September 2016	26 September 2016

These details and instructions form an integral part of the notice for the Annual General Meeting to be held on 27 September 2016.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins from **9.00 AM on Friday the 23rd day of September 2016 and ends at 5.00 PM on Monday the 26th day of September 2016**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date (record date) 20 September 2016**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio/client id number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Kaveri Seed Company Limited > on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) You are advised to cast your vote only through E-voting or through Poll at the AGM. In case you cast your votes through both the modes, votes cast through e-voting shall only be considered and votes cast at the meeting through Poll would be rejected.
- (xxi) **General Instructions**
- a. The e-voting period commences on 23 September 2016 (9.00 AM) and ends on 26 September 2016 (5.00 PM). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 20 September 2016, may cast their votes electronically. The E-Voting module shall be disabled by CDSL for voting thereafter. Once the vote on



- a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- b. Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (20 September 2016) they not casting their vote electronically, may only cast their vote at the Annual General Meeting.
- c. Mr. L. Dhanamjai Reddy, Practicing Company Secretary, Hyderabad (Membership No. 13104), has been appointed as the Scrutinizer to scrutinize the E-Voting process in a fair and transparent manner.
- d. The Scrutinizer shall, within a period of not exceeding three days from the conclusion of the E-Voting period, unlock the votes in the presence of at least two witnesses, not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- e. The voting rights of the shareholders shall be in proportion to the shares held by them, of the paid-up equity share capital of the company as on the cut-off date of 20 September 2016.
- f. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kaveriseeds.in](http://www.kaveriseeds.in) and on the website of CDSL within two days of passing of the resolutions at the 29th Annual General Meeting of the Company on 27 September 2016 and shall be communicated to BSE Ltd., and National Stock Exchange of India Ltd.

All documents referred to in the accompanying Notice and Statement pursuant to Schedule IV and Section 102(1) of the Companies Act 2013 will be available for inspection at the Registered Office of the Company during business hours on all working days up to the date of declaration of the results of the 29th Annual General Meeting of the Company.

By Order of the Board of Directors  
For **KAVERI SEED COMPANY LTD.**

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

# DIRECTORS' REPORT

Dear Members,  
Kaveri Seed Company Limited

The Directors have pleasure to present their 29th Annual Report and the audited Annual Accounts for the Year ended 31st March 2016.

## FINANCIAL RESULTS

Particulars	₹ in Lakhs	
	Year ended 31 March 2016	Year ended 31 March 2015
Total Income	86,491.17	1,13,117.74
Profit before Depreciation	20,775.49	32,171.88
Profit before Tax	18,282.46	30,944.00
Profit After Tax	17,712.20	30,184.30
Transfer to General Reserve	1,000.00	1,000.00

## PERFORMANCE REVIEW

In the face of low precipitation of monsoon condition and the consequent to severe competitive pressures, your company strengthened its presence in the Seed Industry and improved its marketing reach. During the financial year, your Company posted a net profit after tax of ₹ 17,712.20 Lakhs as compared to previous year PAT of ₹ 30,184.30 Lakhs (41.31% decline). An overall deficit monsoon in the Kharif season 2015 resulted in the Company's turnover of ₹ 84,895.50 Lakhs compared to ₹ 1,11,555.51 Lakhs for the previous year (decline 23.89%)

During the financial year, the consolidated revenue from operations of ₹ 89,277.90 Lakhs against the previous year ₹ 1,16,094.47 Lakhs (23.09% decline) and the Consolidated net profit of ₹ 17,268.46 Lakhs compared to previous year PAT of ₹ 30,095.77 Lakhs (decline by 42.62%).

## FUTURE PROSPECTS & OUT LOOK

Agriculture plays an integral role in India's economy. Over 58% of rural households depend on agriculture as their primary means of livelihood. As per estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) was 15.35% of the Gross Value Added (GVA) during 2015-16 at 2011-12 prices. According to the Department of Industrial Policy and Promotion (DIPP), the Indian agricultural services and agricultural machinery sectors have cumulatively attracted Foreign Direct Investment (FDI) equity inflow of about US\$ 2,261 million from April 2000 to December 2015. The country's agriculture sector is expected to grow by 6% in FY 2016-17 if normal monsoon prevails during the June-September, 2016.

India's seed industry is growing at a compound growth rate (CAGR) of 8.4% in volume terms from FY 2009 to FY 2015 to reach 3.5 million tonnes in consumption (Source: ICRA). The industry is expected to increase significantly, on account of improved seed replacement ratio (SRR) and rising adoption of high-yielding hybrid seeds. The Government of India's favourable policy environment, aimed at supporting the usage of seeds through the National Seeds Plan and bolstering agricultural productivity through the National Food Security Mission (NFSM) also augur well for the industry.

## DIVIDEND

During the financial year 2015-16, your Company has declared and paid an Interim Dividend of ₹ 2.50 per equity share. Your Directors have not recommended any final dividend for the financial year 2015-16. An amount of ₹ 10.00 Crores has been transferred to general reserve as per the provisions of Companies Act, 2013 and Rules there under.

## RESEARCH AND DEVELOPMENT

The Company's R&D comprises state-of-the-art Bio-technology lab, modern seed testing lab, company owned central research farm for generation and evaluation of breeding material and several satellite farms for crop specific research, seed production research (SPR), breeder seed production (BSP) and GOT. Our R&D is recognized by the Department of Scientific and Industrial Research (DSIR) and is manned by a competent team of qualified breeders and trained technicians. The Company has large collection of crop specific germ plasm, well documented and conserved in Gene Bank.

Your Company has equipped with state-of-the-art Seed testing laboratory at Pamulaparthi plant for quick and reliable method of testing of seed lots. Seed lots are thoroughly checked by the quality control department for genetic and physical purity, germination. The company has set quality benchmarks based on Indian Minimum Seed Certification Standards (IMSCS) to supply quality seed of premier hybrids for ensuring better seedling emergence.

### CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the provisions of the Companies Act, 2013 and the Accounting Standards AS-21 and AS-27 on consolidated financial statements, read with the Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have pleasure in attaching the consolidated financial statements for the financial year ended March 31, 2016, which forms part of the Annual Report.

### SUBSIDIARY COMPANIES

The Company has 4 subsidiaries as of 31 March 2016. There was no material change in the nature of the business carried on by the subsidiaries. As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies is prepared in **Form AOC-1** and is attached to the Financial Statements of the Company.

In accordance with the provisions of the Companies Act, 2013, the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are being made available on the website of the Company and are not attached with the Annual Accounts of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by any member at the Registered Office of the Company and that of the respective subsidiary companies.

### INDIAN ACCOUNTING STANDARDS - IFRS CONVERGE STANDARDS

The Ministry of Corporate Affairs vide its notification dated 16th February, 2015 has notified the Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, the Company will adopt Indian Accounting Standards with effect from 01st April, 2016 with the comparatives for the period ending 31st March, 2015. The implementation of Indian Accounting Standards (IAS) is a major change process for which the Company has set up

a dedicated team and is providing desired resources for its completion within the time frame. The impact of the change on adoption of said IAS is being assessed.

### STATUTORY AUDITORS & AUDITORS' REPORT

M/s. P.R.Reddy & Co. Chartered Accountants (Firm Registration No. 003268S) who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and recommended for re-appointment to audit the accounts of the Company for the financial year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from M/s. P.R.Reddy & Co., that their appointment, if made, would be in conformity with the limits specified in the said section.

The statutory auditor's report is annexed to this report. There are no specifications, reservations, adverse remarks on disclosure by the statutory auditors in their report. They have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

### INTERNAL AUDITORS

The Board of Directors of the Company has appointed a professional firm of M/s. M.Bhaskar Rao & Co., Chartered Accountants to conduct internal audit of the Company for the financial year ended 31 March 2017.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has laid down set of standards which enables to implement internal financial control across the organization and ensure that the same are adequate and operating effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Audit Committee of the Board of Directors, Statutory Auditors and Finance Heads are periodically apprised of the internal audit findings and corrective actions taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the internal Audit function reports to the Chairman of the Audit Committee.

### INTERNAL FINANCIAL CONTROLS

The internal financial controls (IFC) framework at Kaveri Seeds encompasses internal controls over financial reporting (ICFR) as well as operational controls that have been put in place across all key business processes of the Company. The

internal controls are designed to facilitate and support the achievement of the Company's business objectives and such controls do enable the Company to adapt to changing and operating environment, to mitigate risks to acceptable levels and to support sound decision making and good governance.

Details in respect of adequacy of internal financial controls with reference to the financial statements are briefly iterated below:

- a. The Company maintains all its major records in ERP System.
- b. The Company has appointed internal auditors to examine the internal controls, whether the workflow of the organization is being done through the approved policies of the Company. In every quarter, during the approval of financial statements, internal auditors present the internal audit report and the management comments on the internal audit observations; and
- c. The Board of Directors of the Company has adopted various policies such as related party transactions policy, whistle blower policy, policy to determine material subsidiaries and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3)(C) of the Companies Act, 2013 your Directors confirm that:

- i) The applicable accounting standards have been followed in the preparation of the Annual Accounts.
- ii) Such Accounting policies have been selected and applied consistently and judgments and estimates made when required that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

- iv) The Directors have prepared the annual accounts on a going concern basis.
- v) Proper Internal Financial Controls were in place to be followed by the Company and that the financial controls were adequate and were operating effectively.
- vi) Proper systems devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### **DIRECTORS**

#### **Changes in Directors and Key Managerial Personnel:**

##### **Resignation of Director:**

Mr. R. Venumanohar Rao, tendered resignation as the Director and Whole time Director of the Company effective from 01 April 2016. Your directors place on record their sincere appreciation of the valuable contribution made by him during his tenure as Director of the Company.

##### **Re-appointment of MD & Whole Time Directors:**

The re-appointments of Mr. G.V.Bhaskar Rao, Chairman cum Managing Director, Mrs. G.Vanaja Devi, Mr. C. Vamsheedhar and Mr. C.Mithunchand, Whole time Directors are being proposed at the ensuing Annual General Meeting.

##### **Director(s) retiring by rotation:**

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Dr. G. Pawan, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

##### **Appointment of Chief Operating Officer:**

Mr. G. S. Satish, has been appointed as Chief Operating Officer of the Company with effect from 11 May 2015. He is an Agriculture graduate from G B Pant University of Agriculture and Technology with Management Education from Indian Institute of Management, (IIM) Ahmedabad, having more than two decades of experience in Seeds and Crop protection industry, working with leading seeds and crop protection multi-national companies.

#### **APPOINTMENT/RESIGNATION OF CHIEF FINANCIAL OFFICER AND KEY MANAGERIAL PERSONNEL:**

Mr. K. V. Chalapathi Reddy tendered resignation as the Chief Financial Officer of the Company effective from 10th May 2016 due to his personal reasons. Your Directors place on record their sincere appreciation of the valuable contribution made by him during his tenure as CFO of the Company.

Mr. G. Vijaya Kumar has been appointed as Chief Financial Officer of the Company effective from 10 May 2016. Mr. G. Vijaya Kumar, a Chartered Accountant & Cost Accountant and has around 21 years of experience and in the past associated with reputed companies in senior positions.

### DECLARATION FROM INDEPENDENT DIRECTORS

The independent directors have submitted the declaration of independence, as required pursuant to section 149(6) & (7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in subsection.

### BOARD DIVERSITY

The Company recognizes and embraces the importance of a diverse board in its success. The Board has adopted the Board Diversity Policy which sets out the approach to diversify of the Board of Directors. The Board Diversity Policy is available on the Company's website [www.kaveriseeds.in](http://www.kaveriseeds.in)

### NOMINATION AND REMUNERATION COMMITTEE:

Your Company has a Nomination and Remuneration Committee and further details are set out in the Corporate Governance Report forming part of the Directors' Report. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Key Managerial Persons (KMP), Senior Management and their remuneration. The Nomination and Remuneration Policy as adopted by the Board is placed on the Company's website : [www.kaveriseeds.in](http://www.kaveriseeds.in)

### CORPORATE GOVERNANCE:

A detailed Report on Corporate Governance prepared in substantial compliance with the provisions of Schedule V (C) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed as a separate section forming part of this report.

The Certificate issued by M/s. P. R. Reddy & Co., Chartered Accountants, Hyderabad, with regard to compliance of conditions of Corporate Governance as stipulated under Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance.

### MANAGEMENT DISCUSSION AND ANALYSIS:

Management's Discussion and analysis Report for the year under review, as stipulated under Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business. There are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. The company has developed a Related Party Transactions frame work through standard operation procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also to be Board for approval. The particulars of contracts or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 disclosed in **Form No. AOC – 2** and is set out as Annexure and forms part of this report.

### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT – 9, as required under Section 92 of the Companies Act, 2013, is included in this Report as **Annexure – A** and forms on integral part of this report

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed M/s. L.D.Reddy & Co., a firm of Company Secretaries in Practice (C.P.No.3725) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as **Annexure – B** and forms on integral part of this Report.

### CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate Social Responsibility (CSR) committee composed of Mr. G.V.Bhaskar Rao as Chairman, Mrs. G.Vanaja Devi and Mr. M. Srikanth Reddy as members. The Committee is responsible for formulating and monitoring the CSR Policy of the Company, the Report on CSR Activities forms part of this Report as **Annexure – C**.

### ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Information on conservation of energy, technology absorption, foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, forms part of this report as **Annexure – D**.



## PARTICULARS OF EMPLOYEES

Details in respect of remuneration paid to employees as required under Section 197 (12) of the Companies Act, 2013, read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended forms part of this report. In terms of Section 136 of the Companies Act, 2013 the same is open for inspection at the Registered Office of the Company. Copies of this statement may be obtained by the members by writing to the Company Secretary at the Registered Office of the Company. The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are enclosed in **Annexure – E** and forms part of this Report.

## PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its committees.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

## MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments in the business operations of the Company from the financial year ended March 31, 2016 to the date of signing of the Director's Report.

## NUMBER OF MEETINGS OF THE BOARD

The details of the number of meeting of the Board and Committees held during the Financial Year 2015-16 forms part of the Corporate Governance Report.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

## WHISTLE BLOWER POLICY

The Board of Directors has adopted the Whistle Blower Policy, which is in compliance with Section 177(10) of the

Companies Act, 2013 and Regulation 22 of the SEBI (LODR) Regulations 2015 to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the company. ([www.kaveriseeds.in](http://www.kaveriseeds.in))

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the company and its future operations.

## SHARE CAPITAL

During the year, the Paid-up Share Capital of your Company has been increased by ₹ 138,110,190/- due to the allotment of 158900 Equity Shares of ₹ 2/- each on exercise of Stock Options by the eligible employees under Employees Stock Options Scheme.

## TRANSFER OF UN-PAID AND UN-CLAIMED AMOUNT TO IEPF

The dividends which remain un-paid/un-claimed for a period of seven years, have been transferred on due dates by the company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

## EMPLOYEE STOCK OPTION SCHEME

Pursuant to the Employee Stock Option Scheme 2010, the 6,85,000 options were granted by the company to the eligible Employees of the Company at a price of ₹ 34/- per option. Each option entitles the holder thereof to apply for and be allotted an ordinary share of the Company of the nominal value of ₹ 2/- each, upon payment of the exercise price during the exercise period. Some of the employees are exercised their options and 1,58,900 equity shares of ₹ 2/- each were allotted during the year. Details of the options up to 31st March 2016 are set out in the **Annexure – F** to this Report, as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

## PUBLIC DEPOSITS

Your Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

## RISK MANAGEMENT POLICY

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in

respect of the events that may pose risk for the business. Your Company's risk management is embedded in the business process. The Company has established Enterprise Risk Management process to manage risks with the objective of maximizing shareholders value.

### ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

### HUMAN RESOURCES

Your Company is well known for its execution capabilities, marketing and manufacturing strengths, product quality, and ability to keep to its commitment and deliver for its customers. At Kaveri, our consistent emphasis is on promoting teamwork and personalized training. Your Company has conducting specialized training and developmental programmes to sharpen our team's communication, behavioural and managerial skills. The human resource department conducts periodic training programmes on motivation and interpersonal behaviour; and to improve employee skills. Special training programmes are organized for research staff faculty to improve their skills in the frontier line of science. Scientists also attend seminars and workshops, where they interact with public and private sector organizations. Training initiatives are also undertaken for field staff on seed production, quality control, agronomy and plant protection, among others. This improves their technical knowledge in quality seed production, while for sales and marketing team to improve their skills in marketing. For the last two years, the company has been focusing on need-based training. We are taking feedback from managers to understand their specific requirements. Accordingly, we make a list of things

that needs to be addressed and based on that, we organize training programmes. The company has introduced a reward programme to recognise top performers from various departments, including research and development, seed production, sales and marketing, among others.

### AWARDS & RECOGNITION

The Company was honoured the 'Bio-Excellence Asia Award 2015" from the Department of IT, BT and S&T, Government of Karnataka.

### POLICY ON SEXUAL HARASSMENT

Your Company has constituted an internal committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules there under. The Company has a policy on prevention of Sexual Harassment at work place with a mechanism of lodging complaints. The policy provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, no complaints have been received under the policy.

### INDUSTRIAL RELATIONS

The Company enjoyed cordial relations with its employees at all levels. Your Directors record their appreciation of the support and co-operation of all employees and counts on them for the accelerated growth of the Company.

### ACKNOWLEDGEMENTS

Your Directors place on record their sincere appreciation for the dedication, hard work and commitment of the employees at all levels and their significant contribution to your Company's growth. Your Company is grateful to the Distributors, Dealers, and Customers for their support and encouragement. Your Directors thank the Banks, Financial Institutions, Government Departments and Shareholders and look forward to having the same support in all our future endeavors.

By Order of the Board of Directors  
For **KAVERI SEED COMPANY LIMITED**

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

## FORM AOC – 1

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the companies (Accounts) Rules, 2014)

#### PART 'A' SUBSIDIARIES

Sl.No.	Particulars	Details	Details	Details	Details
1.	Name of the Subsidiary	Aditya Agritech Pvt. Ltd	Kaveri Microteck Pvt. Ltd	Genome Agri Tech Pvt. Ltd	Kexveg India Pvt. Ltd
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA	NA	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	INR	INR	INR	INR
4.	Share capital	1,10,00,000	1,45,363,600	18,00,000	64,000,000
5.	Reserves & Surplus	1,32,77,590	22,93,200	(2,06,16,697)	(9,10,16,196)
6.	Total Assets	15,59,72,547	21,54,64,738	2,44,80,161	5,03,10,495
7.	Total Liabilities	13,16,94,957	6,78,07,938	4,32,96,858	7,73,26,691
8.	Investments	-	-	-	-
9.	Turnover	37,41,18,521	25,64,25,113	7,54,74,065	1,52,68,144
10.	Profit before taxation	38,38,171	(86,36,502)	(1,01,08,983)	(2,96,07,730)
11.	Profit for taxation	11,76,975	27,50,783	26,795	-
12.	Profit after taxation	26,61,196	(1,13,87,285)	(1,00,82,188)	(2,96,07,730)
13.	Proposed Dividend	-	-	-	-
14.	% of shareholding	70	100	51	100

**Note:**

- i) Names of subsidiaries which are yet to commence operations : NIL
- ii) Names of subsidiaries which have been liquidated or sold during the year : NIL

For and on behalf of the Board of Directors

Secunderabad  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

## FORM AOC – 2

### Particulars of contracts/arrangements entered into by the Company with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis:  
All contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are at arm's length basis
2. Details of contracts or arrangements or transactions at Arm's length basis:

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	G. V. Bhaskar Rao (Ind.) Chairman & MD of the Company
b)	Nature of contracts/arrangements/transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f. 01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	37.19 Acres Land on Lease for a period of 2 years at ₹ 8.44 Lacs p.a.,

Note: Appropriate approvals have been taken for related party transactions. No amount was paid as advance.

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	G. Vanaja Devi Executive Director of the Company
b)	Nature of contracts/arrangements/transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f.01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	37.30 Acres Land on Lease for a period of 2 years ₹ 8.49Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	G. Pawan Director of the Company
b)	Nature of contracts/arrangements/transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f.01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	51.22 Acres Land on Lease for a period of 2 years ₹ 12.31Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	G. Madhushree Daughter of Managing Director of the Company
b)	Nature of contracts/arrangements/transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f. 01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	49.38 Acres Land on Lease for a period of 2 years ₹ 10.80 Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	C. Vamsheedhar Executive Director of the Company
b)	Nature of contracts/arrangements/transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f. 01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	20.23 Acres Land on Lease for a period of 2 years at ₹ 4.48 Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	G. V. Bhaskar Rao. HUF Chairman & MD of the Company
b)	Nature of contracts/arrangements/transaction	Land and Godown Lease Paid
c)	Duration of the contracts/arrangements/transaction	a. Land lease Agreement for Two years w.e.f. 01.04.2015. b. Godown Lease Agreement for 5 years w.e.f. 01.04.2012
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	a. 31.19 Acres Land on Lease for a period of 2 years at ₹ 7.71 Lacs p.a., b. 33000 Sft Godown on Lease for a period of 5 years at ₹ 32.26 Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	R. Venumanohar Rao. HUF Executive Director of the Company
b)	Nature of contracts/arrangements transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f. 01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	24 Acres Land on Lease for a period of 2 years at ₹ 4.52Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	M/s. Kaveri Infra Partnership firm where our MD is partner.
b)	Nature of contracts/arrangements/transaction	Land Lease Paid
c)	Duration of the contracts/arrangements/transaction	Two years w.e.f.01.04.2015 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	49.36 Acres Land on Lease for a period of 2 years at ₹ 10.87Lacs p.a.,



Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	M/s. Kexveg India Private Limited Subsidiary of the Company
b)	Nature of contracts/arrangements/transaction	Land Leases Received
c)	Duration of the contracts/arrangements/transaction	Two Agreements each for a period of Twenty years w.e.f. 01.04.2012 & 01.04.2014 respective agreements.
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Leased 76.11 Acres for a period of 20 years at ₹ 14.23 Lacs p.a.,

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	M/s. Aditya Agriteck Pvt. Ltd Subsidiary of the Company
b)	Nature of contracts/arrangements/transaction	Sale of Hybrid Seed
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sale of Hybrid Seeds worth ₹ 2326.67Lacs during the financial year 2015-16.

Sl. No.	Particulars	Details
a)	Name(s) of the related party & nature of relationship	M/s. Genome Agriteck Pvt. Ltd Subsidiary of the Company
b)	Nature of contracts/arrangements/transaction	Sale of Hybrid Seed
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sale of Hybrid Seeds worth ₹ 503.79Lacs during the financial year 2015-16.

For and on behalf of the Board

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

## ANNEXURE - A

### EXTRACTS OF ANNUAL RETURN

#### FORM NO. MGT.9

#### EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2016

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

#### I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L01120AP1986PLC006728
- ii) Registration Date: 27/08/1986
- iii) Name of the Company: KAVERI SEED COMPANY LIMITED
- iv) Category / Sub-Category of the Company: Company Limited by shares/Public Company
- v) Address of the Registered office and contact details:  
513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad, Telangana, 500003, Tel. Ph. No.040-27842398/27842405
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
Bigshare Services Pvt Ltd., 306, Right Wing, III Floor, Amrutha Ville,  
Opp. Yashodha Hospital, Rajbhavan Road, Somajiguda,  
Hyderabad – 500 082, Tele No. : 040 – 23374967 Tele Fax : 040 – 23370295  
Contact Person : Mr. Prabhakar/Mr. R.Amerendranadh

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
1	Production, Processing and marketing of Hybrid Seeds	6810	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES – N.A

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	Kexveg India Pvt. Ltd.,	U01210AP2011PTC077738	Subsidiary	100%	2(87)
2.	Aditya Agri Tech Pvt. Ltd.,	U01119AP2013PTC087066	Subsidiary	70%	2(87)
3.	Genome Agritech Pvt. Ltd.,	U74999AP2004PTC044959	Subsidiary	51%	2(87)
4.	Kaveri Microteck Pvt. Ltd.,	U01403TG2013PTC088536	Subsidiary	100%	2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
g) Individual/ HUF	39727143	Nil	39727143	57.66	39702749	Nil	39702749	57.49	(0.17)
h) Central Govt									
i) State Govt (s)									
j) Bodies Corp.									
k) Banks/FI									
l) Any Other..									
<b>Sub-total (A) (1):-</b>									
<b>(2) Foreign</b>									
a) NRIs - Individuals	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter</b>	<b>39727143</b>	<b>Nil</b>	<b>39727143</b>	<b>57.66</b>	<b>39702749</b>	<b>Nil</b>	<b>39702749</b>	<b>57.49</b>	<b>(0.17)</b>
<b>(A) = (A)(1)+(A)(2)</b>									
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	4588125	Nil	4588125	6.66	6376550	Nil	6376550	9.23	2.57
b) Banks/FI	10408	Nil	10408	0.02	30483	Nil	30483	0.04	0.02
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds	NA	NA	NA	NA	NA	NA	NA	NA	NA
f) Insurance Companies									
g) FIs	15338991	Nil	15338991	22.26	13581293	Nil	13581293	19.67	(2.59)
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>19937524</b>	<b>Nil</b>	<b>19937524</b>	<b>28.94</b>	<b>19988326</b>	<b>Nil</b>	<b>19988326</b>	<b>28.95</b>	<b>0.01</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	3233489	Nil	3233489	4.69	2323688	Nil	2323688	3.36	(1.33)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	3710859	25071	3735930	5.42	5122928	25071	5147999	7.45	2.03
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	1646031	Nil	1646031	2.39	351001	Nil	351001	0.51	(1.88)
c) Others (specify)									
NRIs.	419422	Nil	419422	0.61	319983	Nil	319983	0.46	(0.15)
Clearing members	119407	Nil	119407	0.17	288278	Nil	288278	0.41	0.24
Trusts	0	Nil	0	0.00	300	Nil	300	0.0004	0
OCBs.	77249	Nil	77249	0.11	932771	Nil	932771	1.35	1.24
<b>Sub-total (B)(2):-</b>	<b>9206457</b>	<b>25071</b>	<b>9231528</b>	<b>13.40</b>	<b>9338949</b>	<b>25071</b>	<b>9364020</b>	<b>13.56</b>	<b>0.16</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>29143981</b>	<b>25071</b>	<b>29169052</b>	<b>42.34</b>	<b>29327275</b>	<b>25071</b>	<b>29352346</b>	<b>42.51</b>	<b>0.17</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	Nil
<b>Grand Total (A+B+C)</b>	<b>68871124</b>	<b>25071</b>	<b>68896195</b>	<b>100</b>	<b>69030024</b>	<b>25071</b>	<b>69055095</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	G. V. Bhaskar Rao	6031990	8.76	0	6031990	8.74	0	(0.02)
2	G. V. Bhaskar Rao(HUF)	11240645	16.32	0	11240645	16.28	0	(0.04)
3	G. Pawan	2509000	3.64	0	2509000	3.63	0	(0.01)
4	R. Venu Manohar Rao*	2422910	3.52	0	2117849	3.07	0	(0.45)
5	G. Vanaja Devi#	15270448	22.16	0	15775050	22.84	0	0.68
6	C Mithun Chand	928895	1.34	0	928895	1.34	0	0
7	Vamsheedhar Chennamaneni *	1323255	1.92	0	1099320	1.59	0	(0.33)
<b>Total</b>		<b>39727143</b>	<b>57.66</b>	<b>0</b>	<b>39702749</b>	<b>57.49</b>	<b>0</b>	<b>(0.17)</b>

# Acquisition in Market

\* sold in Market.

The variation in terms of percentage is due to increase in paid up share capital of the company on account of allotment of shares under ESOP Scheme.

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change):**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	39727143	57.52		
1	Sold on 25/06/2015*	-305061	-0.44	39422082	57.08
2	Sold on 23/06/2015*	-223935	-0.32	39198147	56.76
3	Buy on 25/08/2015#	419865	0.61	39618012	57.37
4	Buy on 26/08/2015#	84737	0.12	39702749	57.49
<b>At the end of the year</b>				<b>39702749</b>	<b>57.49</b>

# Acquisition in Market

\* sold in Market.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No	Name of the Share Holder	Shareholding at the beginning/End of the year		Date	Increase/ Decrease in share-holding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	Ashoka Pte Ltd	948002	1.37	01-Apr-15			948002	1.37
				10-Apr-15	61873	Buy	100985	1.46
				24-Apr-15	17973	Buy	1027848	1.48
				01-May-15	94190	Buy	1122038	1.62
				08-May-15	541282	Buy	1663320	2.40
				15-May-15	80029	Buy	1743349	2.52
				19-Jun-15	169295	Buy	1912644	2.76
				26-Jun-15	36670	Buy	1949314	2.82
				30-Jun-15	23800	Buy	1973114	2.85
				03-Jul-15	101800	Buy	2074914	3.00
			14-Aug-15	43000	Buy	2117914	3.06	

Sr. No	Name of the Share Holder	Shareholding at the beginning/End of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				21-Aug-15	1080525	Buy	3198439	4.63
				25-Aug-15	500	Buy	3198939	4.63
				28-Aug-15	60000	Buy	3258939	4.71
				04-Sep-15	180000	Buy	3438939	4.97
				31-Dec-15	322334	Buy	3761273	5.44
				01-Jan-15	837666	Buy	4598939	6.65
				22-Jan-15	174789	Buy	4773728	6.91
				05-Feb-16	16573	Buy	4790301	6.94
		4790301	6.94	31-Mar-16			4790301	6.94
2	Franklin Templeton Investment Funds	990028	1.44	01-Apr-15			990028	1.44
					244646	Buy	1234674	1.79
					271354	Buy	1506028	2.18
					-8039	Sell	1497989	2.16
		1497989	2.16	31-Mar-16			1497989	2.16
3	Kuwait Investment Authority Fund 225	257600	0.37	01-Apr-15			257600	0.37
					40000	Buy	297600	0.43
					164934	Buy	462534	0.67
					149463	Buy	611997	0.89
					598350	Buy	1210347	1.75
		1210347	1.75	31-Mar-16			1210347	1.75
4	Hdfc Trustee Company Limited A/C Hdfc Balanced Fund	16500	0.02	05-Feb-16			16500	0.02
					728000	Buy	744500	1.078
					100000	Buy	844500	1.22
		844500	1.22	31-Mar-16			844500	1.22
5	Birla Sun Life Trustee Company Private Limited Ac Birla Sun Life Balanced 95 Fund	833100	1.21	01-Apr-15			833100	1.21
		833100	1.21	31-Mar-16			833100	1.21
6	Fidelity Northstar Fund	200000	0.29	01-Apr-15			200000	0.29
					25000	Buy	225000	0.32
					50000	Buy	275000	0.39
					25000	Buy	300000	0.43
					75000	Buy	375000	0.54
					75000	Buy	450000	0.65
					25000	Buy	475000	0.68
					25000	Buy	500000	0.72
					25000	Buy	525000	0.76
					50000	Buy	575000	0.83
					25000	Buy	600000	0.86
					50000	Buy	650000	0.94
		650000	0.94	31-Mar-16			650000	0.94



Sr. No	Name of the Share Holder	Shareholding at the beginning/End of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
7	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Dividend Yield Plus	201433	0.29	01-Apr-15			201433	0.29
					20000	Buy	221433	0.32
					28567	Buy	250000	0.36
					320300	Buy	570300	0.82
8	Fidelity Puritan Trust Fidelity Series Intrinsic Opportunities Fund	570300	0.82	31-Mar-16			570300	0.82
		5000	0.00	07-Jul-15			5000	0.00
9	Copthall Mauritius Investment Limited				5000	Buy	10000	0.01
					10000	Buy	20000	0.02
					30000	Buy	50000	0.07
					300000	Buy	350000	0.50
					100000	Buy	450000	0.65
					100000	Buy	550000	0.79
				550000	0.79	31-Mar-16		550000
10	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Pure Value Fund	89250	0.13	08-Jan-16			89250	0.13
					24000	Buy	113250	0.16
					223500	Buy	336750	0.49
					-32250	Sell	304500	0.44
					28500	Buy	333000	0.48
					150000	Buy	483000	0.70
		483000	0.70	31-Mar-16		483000	0.70	
10	Birla Sun Life Trustee Company Private Limited A/C Birla Sun Life Pure Value Fund	410000	0.59	08-Jan-16			410000	0.59
					60000	Buy	470000	0.68
		470000	0.68	31-Mar-16		470000	0.68	

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	G. V. BHASKAR RAO, Managing Director				
	At the beginning of the year	6031990	8.74	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	6031990	8.74	6031990	8.74
	G. V. BHASKAR RAO (HUF)				
	At the beginning of the year	11240645	16.28	-	-
Increase/decrease in Promoters shareholding during the year	-	-	-	-	
At the end of the year	11240645	16.28	11240645	16.28	

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
2	G. VANAJA DEVI, Whole time Director				
	At the beginning of the year	15270448	22.11	-	-
	Increase/decrease in Promoters shareholding during the year	504602	0.73	-	-
	At the end of the year	15775050	22.84	15775050	22.84
3	R.VENU MANOHAR RAO, Whole time Director				
	At the beginning of the year	2422910	3.51	-	-
	Increase/decrease in Promoters shareholding during the year	(305061)	(0.44)	-	-
	At the end of the year	2117849	3.07	2117849	3.07
4	G. PAWAN, Director				
	At the beginning of the year	2509000	3.63	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	2509000	3.63	2509000	3.63
5	C. VAMSHEEDHAR, Whole time Director				
	At the beginning of the year	1323255	1.91	-	-
	Increase/decrease in Promoters shareholding during the year	(223935)	(0.32)	-	-
	At the end of the year	1099320	1.59	1099320	1.59
6	C MITHUN CHAND, Whole time Director				
	At the beginning of the year	928895	1.34	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	928895	1.34	928895	1.34
7	M. SRIKANTH REDDY, Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
8	Dr. Y. L. NENE, Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
9	PUSKAR VARA PRASAD RAO, Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
10	Dr. S. RAGHUVARDHAN REDDY, Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
11	Dr. S. M. ILYAS, Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
12	K. PURUSHOTHAM, Independent Director				
	At the beginning of the year	-	-	-	-
	Increase/decrease in Promoters shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
13	K. V. CHALAPATHI REDDY, Chief Financial Officer				
	At the beginning of the year	14000	0.02	-	-
	Increase/decrease in Promoters shareholding during the year	6000	0.001	-	-
	At the end of the year	20000	0.03	20000	0.03
14	G. SATISH, Chief Operating Officer				
	At the beginning of the year	0	0	-	-
	Increase/decrease in Promoters shareholding during the year	0	0	-	-
	At the end of the year	0	0	-	-
15	K. VIJAY KUMAR, Chief Financial Officer				
	At the beginning of the year	0	0	-	-
	Increase/decrease in Promoters shareholding during the year	0	0	-	-
	At the end of the year	0	0	-	-
16	V. R. S. Murti, Company Secretary				
	At the beginning of the year	0	0	-	-
	Increase/decrease in Promoters shareholding during the year	0	0	-	-
	At the end of the year	0	0	-	-

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	139,90,000	0	0	139,90,000
ii) Interest due but not paid	0			0
iii) Interest accrued but not due	5,47,312			5,47,312
<b>Total (i+ii+iii)</b>	<b>145,37,312</b>	<b>0</b>	<b>0</b>	<b>145,37,312</b>
Change in Indebtedness during the financial year				
• Addition	23,96,000	0	0	23,96,000
• Reduction				
<b>Net Change</b>	<b>23,96,000</b>	<b>0</b>	<b>0</b>	<b>23,96,000</b>
Indebtedness at the end of the financial year				
i) Principal Amount	163,86,000	0	0	163,86,000
ii) Interest due but not paid	8,67,067			8,67,067
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>172,53,067</b>	<b>0</b>	<b>0</b>	<b>172,53,067</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount Total Amount – ₹
		G. V. Bhaskar Rao	G. Vanaja Devi	R. Venumanohar Rao	C. Vamsheedhar	C. Mithunchand	
1.	Gross salary	15552000	9672000	7497696	4785696	3993696	41328000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961						
2.	Stock Option	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil	Nil	Nil	Nil
	- as % of profit						
	- others, specify...						
5.	Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A)						
	Ceiling as per the Act						*Refer Note*

**Note:** In terms of the provisions of the Companies Act, 2013, the remuneration payable to MD & WTD shall not exceed 10% of the net profit of the Company. The remuneration paid to MD & WTD is well within the said limit.

**B. Remuneration to other Directors:**

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount	
		Independent Directors	M. Srikanth Reddy	P. Varaprasad Rao	Dr. Y. L. Nene	Dr. S. Raghuvardhan Reddy	Dr. S. M. Ilyas	K. Purushotham		Dr. G. Pawan
	• Fee for attending board committee meetings		80,000	100,000	40,000	100,000	60,000	120,000	20,000	520,000
	• Commission									
	• Others, please specify									
	<b>Total (1)</b>		<b>80,000</b>	<b>100,000</b>	<b>40,000</b>	<b>100,000</b>	<b>60,000</b>	<b>120,000</b>	<b>20,000</b>	<b>520,000</b>
4.	Other Non-Executive Directors									
	• Fee for attending board committee meetings		-	-	-	-	-	-	-	-
	• Commission									
	• Others, please specify									
	<b>Total (2)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1 + 2)</b>		<b>80,000</b>	<b>100,000</b>	<b>40,000</b>	<b>100,000</b>	<b>60,000</b>	<b>120,000</b>	<b>20,000</b>	<b>520,000</b>
	<b>Total Managerial Remuneration</b>		<b>80,000</b>	<b>100,000</b>	<b>40,000</b>	<b>100,000</b>	<b>60,000</b>	<b>120,000</b>	<b>20,000</b>	<b>520,000</b>
	Overall Ceiling as per the Act									*Refer Note*

**Note:** In terms of the provisions of the Companies Act, 2013, the remuneration payable to Non-executive and Independent Directors shall not exceed 1% of the net profit of the Company. The company is paying only sitting fee to all Non-Executive and Independent Directors for attending Board/Committee meetings.

**C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD.**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		K. V. Chalapathi Reddy, CFO	G. Satish, COO	Total
1.	Gross salary	30,77,320	1,13,87,735	1,44,65,055
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- as % of profit			
	- others, specify...			
5.	Others, please specify	Nil	Nil	Nil
	<b>Total</b>	<b>30,77,320</b>	<b>1,13,87,735</b>	<b>1,44,65,055</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

**NO PENALTIES PAID BY THE COMPANY DURING THE FINANCIAL YEAR 2015-2016**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. Directors</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. Other Officers in Default-Not Applicable</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director



## ANNEXURE - B

### SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31-03-2016

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Board of Directors  
M/s. Kaveri Seed Company Ltd.  
513B, 5th Floor, Minerva Complex,  
Secunderabad- 500003

We have conducted the secretarial audit on the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Kaveri Seed Company Ltd (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period ended on 31-03-2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Kaveri Seed Company Ltd ("The Company") for the financial year ended on 31-03-2016 according to the provisions of:
  - i) The Companies Act, 2013 (the Act) and the Rules made there under;
  - ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
    - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - c. The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations, 2009;
    - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines , 1999;
    - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2008;
    - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2008;
    - i. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- vi) The Factories Act, 1948
  - vii) The Payment of Wages Act, 1936
  - viii) The Minimum Wages Act, 1948
  - ix) Employees Provident Fund And Misc. Provisions Act, 1952
  - x) Employers State Insurance Act, 1948
  - xi) The Environment (Protection) Act, 1986
  - xii) Electricity Act 2003
  - xiii) Income Tax Act 1961 and Indirect Tax Law
  - xiv) The Payment of Gratuity Act, 1972
  - xv) Service tax
  - xvi) Value Added Tax Act, 2005
  - xvii) Water (Prevention & Control of Pollution) Act 1974 and rules there under
  - xviii) Air (Prevention & Control of Pollution) Act 1981 and rules there under
  - xix) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
  - xx) Newspaper Publications
  - xxi) The Seed Act, 1996 and Seed (Control) Order 1983
  - xxii) Trade Mark Act 1999
2. We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the BSE Limited, National Stock Exchange of India Limited.
3. We further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:
- Closure of the Register of Members.
  - Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
4. We further report that:
- Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
  - Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
  - Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
  - Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
  - Payment of remuneration to Directors including the Managing Director and Whole-time Directors,
  - Appointment and remuneration of Statutory Auditors;
  - uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
  - Investment of the Company's funds including investments and loans to others;
  - Format of Balance Sheet and statement of profit and loss is as per Schedule III of the Companies Act 2013
  - Report of the Board of Directors;
  - The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
4. We further report that:
- The Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited;

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013; including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
  - The Company has complied with the provisions of the Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
  - The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
  - There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
5. We Further Report That:
- The Company is paying wages to all employees as per the provisions of The Payment of Wages Act, 1936
  - The Company has obtained consent of Telangana State Pollution Control Board, as per the provision of Water (Prevention & Control of Pollution) Act, 1974 and ;
  - The Company is regular in paying all statutory dues like PF, ESI, Sales tax, Service tax, etc.
  - The company is regular in payment of gratuity as per the rules of the Payment of Gratuity Act,1972 and has provided 100% provision in the books of accounts.
  - The company is regular in publishing Audited and Unaudited Financial Result.
- The Company has renewed the Insurance Policy under Employees State Insurance Act,1948
  - The Company has renewed the Policy with LIC for Gratuity under Payment of Gratuity Act,1972
  - The Company Website is well acquainted with all Statutory required information.
6. We further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
7. **We further Report** that during the audit Period the Company has
- No Public /Right/Preferential Issue of Shares/ Debentures/Sweat Equity etc.,
  - No Redemption/Buy-back of Securities
  - No major Decision taken by the members in pursuance of Section 180 of the companies Act , 2013
  - No Merger/Amalgamation/Reconstruction, etc.,
  - No Foreign Technical Collaborations

For P. R. REDDY & CO.,  
Company Secretaries

Sd/-

L. Dhanamjay Reddy  
(Proprietor)  
CP. No.3752

Secunderabad,  
10 May 2016

## ANNEXURE – C

### Report on Corporate Social Responsibility (CSR) Policy and Activities as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.

Promoting education, promoting preventive health care, eradicating hunger, poverty & malnutrition, making available safe drinking water, environmental sustainability, ecological balance and rural development etc.

The CSR Policy has been placed on the Company's website at [www.kaveriseeds.in](http://www.kaveriseeds.in).

#### CSR Policy is stated herein below:

2. Composition of the CSR Committee  
Sri G.V.BhaskarRao, Chairman  
Smt. G.Vanaja Devi, Member  
Sri M. Srikanth Reddy, Member
3. Average net profit of the Company for last three financial years  
₹ 219,08,08,300/-
4. Prescribed CSR expenditure 2% of the amount in item no. 3 above  
₹ 4,38,16,166/-
5. Details of CSR Spend for the financial year  
Unspent Amount at the beginning of the financial year: ₹ 1,74,89,758/-  
Total amount spent during the financial year: ₹ 2,19,81,990/-  
Amount unspent at the end of the year, if any: ₹ 3,93,23,934/-

#### c. Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the Project is Covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Sub heads: (1) Direct on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing Agency
1	2	3	4	5	6*(1) 6*(2)	7	8
1	Construction of School Building.	Education	GNPoor Village, Bheemdevarapally, Mandal, Karimnagar District, Telangana.	1,00,00,000	93,29,814	93,29,814	Direct
2	Providing Furniture to Education the School .	Education	GNPoor Village, BheemdevarapallyMandal, Karimnagar District, Telangana	35,00,000	36,70,448	36,70,448	Direct
3	Providing Television Sets to the Schools.	Education	Schools in BheemdevarpallyMandal, Karimnagar District, Telangana.	3,75,000	3,71,690	3,71,690	Direct
4	Providing School Books, School Bags, Sports and Musical Instruments to Schools.	Education	GNPoor Village, BheemdevarapallyMandal, Karimnagar District, Telangana	15,00,000	14,70,686	14,70,686	Direct

S. No.	CSR Project or activity identified	Sector in which the Project is Covered	Projects or programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Sub heads: (1) Direct on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing Agency	
1	2	3	4	5	6*(1)	6*(2)	7	8
5	Salaries of Vidyavalanteers	Education	GNPoor Village, BheemdevarapallyMandal, Karimnagar District, Telangana	4,00,000	3,57,000	3,57,000	Direct	
6	Scholarships to the Students.	Education	Students of Karimnagar& Warangal Dstrict.	3,00,000	2,65,714	2,65,714	Direct	
7	Conservation of Water Resources	Rural Development	GNPoor Village, BheemdevarapallyMandal, Karimnagar District, Telangana	60,00,000	48,38,760	48,38,760	Direct	
8	Agriculture Produce drying and Harvesting Yard.	Rural Development	GNPoor Village, BheemdevarapallyMandal, Karimnagar District, Telangana	15,00,000	11,80,703	11,80,703	Direct	
9	Providing Cycle Rikshaws for cleaning garbage in the Villages	Rural Development	GNPoor Village of Karimnagar District and Pamulaparthi Village of Medak District.	1,50,000	1,36,500	1,36,500	Direct	
10	Providing Streetlights	Rural Development	GNPoor Village of Karimnagar District and Pamulaparthi Village of Medak District.	3,75,000	3,60,675	3,60,675	Direct	

6. The Company could not spend entire amount spendable under the CSR head during the financial year. The company is making efforts to identify the projects for spending the unspent amount and the same will be spent during the following financial years. To expedite the spending on CSR programmes/activities management created dedicated Charitable trust i.e "Kaveri BhaskarRao Charitable Foundation". The Trust was established and obtained various approvals during the financial year 2016-17.
7. We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company.

For and on behalf of the Board of Directors

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director



## ANNEXURE – D

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

**(Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of Directors Report**

#### (A) CONSERVATION OF ENERGY

- (i) The steps taken or impact on conservation of energy - Nil  
The Company has taken adequate measures to conserve and reduce the energy consumption.
- (ii) The steps taken by the company for utilizing alternate sources of energy - Nil
- (iii) The capital investment on energy conservation equipments - Nil

#### (B) TECHNOLOGY ABSORPTION

- (i) the efforts made towards technology absorption  
Technology/ Absorption is not involved as the processing of seeds is being developed in house by the company and improvements in existing seed process systems.
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:  
Benefits derived as a result of the above efforts i.e., product development, cost reduction, research development etc., the seed processing was simplified and mechanized and there by reduction in cost and product improvement. Continuous improvements in seed process mainly resulted in reduction of environmental loads and new technologies brought in new business opportunities.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):
  - a) Technology imported - Nil
  - b) Year of import - Nil
  - c) Whether the technology been fully absorbed - NA
  - d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - NA

- (iv) The expenditure incurred on Research and Development:

Particulars	2015-16	2014-15
Capital	88.36	130.68
Recurring	1087.99	1052.87
	<b>1176.35</b>	<b>1183.55</b>
<b>Total R&amp;D expenditure as percentage of total turnover</b>	<b>1.39%</b>	<b>1.06%</b>

₹ In Lakhs

#### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Earnings: ₹ 994.18 (728.83) Lakhs
- b) Out go : ₹ 150.07 (974.48) Lakhs

For and on behalf of the Board

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

## ANNEXURE – E

### Information required under Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:

Sl. No.	Name & Designation of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Mr. G.V.BhaskarRao – Chariman&MD	83.44:1
2.	Mrs. G.Vanaja Devi, Whole time Director	51.89:1
3.	Mr. R.VenumanoharRao, Whole time Director	49.16:1
4.	Mr. C.Vamsheedhar, Whole time Director	40.23:1
5.	Mr. C.Mithunchand, Whole time Director	21.43:1

Dr. Y. L. Nene, Dr. S. Raghuvardhan Reddy, Dr. S. M. Ilyas, Mr. M. Srikanth Reddy, Mr. P. Varaparasad Rao and Mr. K. Purushotham, Independent Directors were paid only sitting fees for attending the Board Meetings.

- (ii) The percentage increase in remuneration of each Director & Chief Financial Officer, in the financial year.

Sl. No.	Name & Designation	% of Increase in Remuneration
1.	Mr. G.V.BhaskarRao – Chariman& MD	-7.90
2.	Mrs. G.Vanaja Devi, Whole time Director	-7.86
3.	Mr. R.VenumanoharRao, Whole time Director	-9.47
4.	Mr. C.Vamsheedhar, Whole time Director	-8.96
5.	Mr. C.Mithunchand, Whole time Director	-8.69
6.	Mr. K.V.Chalapathi Reddy, CFO	-58.45

Dr. Y. L. Nene, Dr. S. Raghuvardhan Reddy, Dr. S. M. Ilyas, Mr. M. Srikanth Reddy, Mr. P. Varaparasad Rao and Mr. K. Purushotham, Independent Directors were paid only sitting fees for attending the Board Meetings.

- (iii) The percentage increase in the median remuneration of employees in the financial year was 16.25%

- (iv) The number of permanent employees on the rolls of the Company as on March 31, 2016 was 773.

- (v) The explanation on the relationship between average increase in remuneration and Company performance

Average Increase in Remuneration	Company performance
8.90%	-41.32%

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company

Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March 2016
₹ 563,48,856/-	₹ 177,12,19,594/-

- (vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	As at March 31, 2016		As at March 31, 2015	
	BSE	NSE	BSE	NSE
Market capitalization	₹ 25,98,19,79,493	₹ 26,07,52,03,872	₹ 67,89,72,00,172	₹ 67,85,24,17,645
Price earnings ratio	14.67	14.72	22.49	22.48

The company had come out with an initial public offer (IPO) in 2007 at the price of ₹ 170/- per equity share of ₹ 10/- each. As on 31st March 2016 the market quotation of the company's share of ₹ 2/- each (closing price) is as follows:

- BSE Limited: ₹ 376.25
- National Stock Exchange of India Ltd: ₹ 377.60

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

There are Three Whole time Directors and a Managing Director. There was no revision in remuneration paid to the Whole time Directors and Managing Director except marginal incremental changes during the financial year ended 31st March 2016.

- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:

Sl. No.	Name & Designation	Increment percentage in remuneration	Performance of the company for the year ended 31 <sup>st</sup> March 2016
1.	Mr. G. V. Bhaskar Rao – Chariman & MD	-7.90	Net profit of the company increased by -41.32%
2.	Mrs. G. Vanaja Devi, Whole time Director	-7.86	
3.	Mr. R. Venumanohar Rao, Whole time Director	-9.47	
4.	Mr. C. Vamsheedhar, Whole time Director	-8.96	
5.	Mr. C. Mithunchand, Whole time Director	-8.69	
6.	Mr. K. V. Chalapathi Reddy, CFO	-58.45	

- (x) The key parameters for any variable component of remuneration availed by the Directors:  
No variable component of remuneration availed by the MD & Directors.
- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Nil
- (xii) The remuneration paid to Key Managerial Persons is as per the remuneration policy of the Company: Yes.

**Statement of particulars of employees pursuant to the provision of Sec. 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended**

Sl. No.	Name & Designation	Remuneration received (₹)	Qualification and experience of the employee	Date of Commencement in employment	Age	Particulars of last employment
1.	Mr. G.V.BhaskarRao – Chariman& MD	1,55,52,000	B.Sc.,	27.08.1986	66	Business
2.	Mrs. G.Vanaja Devi, Whole time Director	96,72,000	B.A.,	27.08.1986	63	Business
3.	Mr. R.VenumanoharRao, Whole time Director	74,97,696	B.Com.,	27.08.1986	58	Business
4.	Mr. C.Vamsheedhar, Whole time Director	47,85,696	B.A.,	14.09.2007	45	Business
5.	Mr. C.Mithunchand, Whole time Director	39,93,696	MBA	14.09.2007	40	Business
6.	Mr. K.V.Chalapathi Reddy, CFO	32,79,016	ACA	03.04.2008	55	Mega Soft Ltd
7.	Mr. G. S.Satish, COO	115,68,752	PG Diploma in IIM, Ahmedabad	11.05.2015	47	BASF

**Note:**

- Gross remuneration includes salary, taxable allowances, value of perquisites as per the Income Tax Rules, 1962 and company contribution to provident fund.
- Nature of employment and duties: Contractual and in accordance with terms and conditions as per company's rules.
- No employee is a relative of any director or Key Managerial Personnel of the Company except Mr. G. V. BhaskarRao, who is relative of Smt. G. Vanaja Devi & Mr. R. Venumanohar Rao and Mr. C. Mithunch and who is relative of Mr. C. Vamsheedhar.
- The percentage of equity shares held by each of the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5 is not applicable.

For and on behalf of the Board of Directors

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

## ANNEXURE – F

### CERTIFICATE

#### Details of Employee Stock Options granted under Kaveri Seed Company Limited (ESOP-2008-09) as on 31.03.2016.

Pursuant to SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

DESCRIPTION	ESOP 2015-16	
Number of Options available under the Scheme	6,85,000	
Total Number of Options granted	6,85,000	
Options granted during the year	Nil	
Pricing formula	Intrinsic Value	
Options vested during FY 2015-16	Nil	
Options exercised during FY 2015-16	Nil	
The total number of shares arising as a result of exercise of options	Nil	
Options lapsed as on 31st March, 2016 (cumulative)	1,40,825	
Variation of terms of options	Not Applicable	
Money realized by exercise of options	Nil	
Grant Price (Face value of ₹ 2/-)	₹ 34	
Total Number of options in force as on March 31, 2016	Nil	
Grant details of members of senior management team during the year 2015-16	Nil	
Number of other employees who receives a grant in any one year options amounting to 5% or more of options granted during that year	Nil	
Number of employees who are granted options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil	
Diluted Earnings per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20		
i) Method of calculation of employee compensation cost	The Company has calculated the employee compensation cost using the intrinsic value of the stock options.	
ii) Difference between the employee compensation cost so computed at (i) above and the employee compensation cost that shall have been recognized if it had used the fair value of the options (in case the company has calculated the compensation cost using the intrinsic value of the Stock Options).	(3626914 - 1836135) = 17,90,779	
iii) The impact of this difference on profit and earnings per share of the company	PAT	₹ 172,68,46,226/-
	Less: (difference as above)	₹ 17,90,779/-
	Adjusted PAT	₹ 172,50,55,447/-
	Adjusted EPS	₹ 24.98/-
iv) Weighted average exercise price fair value of stock options granted	Not Applicable	
Stock Options granted on	28.01.2010	
Weighted Average Exercise Price	Not Applicable	
Weighted Average Net Fair Value (Fair Value-Grant Price)	=(49.65 -34) = ₹ 15.65	
Market price at NSE on the date of Grant (₹ )	₹ 49.65	



- v) Description of the method and significant assumptions used during the year -NA- to estimate the fair value of the options, including the following weighted average information
- vi) the main assumptions used in the Black- Scholes option-pricing model during the year were as follows:
- |  |       |
|--|-------|
| Risk –free interest rate (%)                               | 8%    |
| Expected Life of options from the date(s) of grant (Years) | 6     |
| Expected volatility (%)                                    | 0.30% |
| Expected Dividend  | 125%  |

For and on behalf of the Board of Directors

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

# REPORT ON CORPORATE GOVERNANCE

## VALUE OF CORPORATE GOVERNANCE

Your Company believes that the Corporate Governance is integral to all the functions and divisions of the organization for creating value for all the stakeholders. In this competitive business environment, both the management and employees vigorously uphold the values of integrity, transparency, responsibility and accountability.

The Company believes that Corporate Governance is about best practices of business to be imbibed in to the culture of the organization and complying with value systems, ethical business practices, laws and regulations to achieve the main objectives of the Company.

The Company is committed to optimizing long term value for its stakeholders with a strong emphasis on the transparency of its operations and instilling pride of association. The Company follows the best practices of Corporate Governance and reporting systems in accordance with SEBI (LODR) Regulations, 2015.

## BOARD OF DIRECTORS

As of the date of the Report, the Board of Kaveri Seed had Eleven Directors, comprising Four Executive Directors

including the Chairman, one Women Director, one non-executive non independent Director and Six are the Independent Directors. The composition of the Board is in conformity with SEBI (LODR) Regulations, 2015 and Listing Agreement entered into with the Stock Exchanges. None of the Non-Executive Independent Directors are responsible for the day to day affairs of the Company.

The Directors have expertise in the fields of strategy, management, production, finance, marketing and Research & Development. The Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. Each Director informs the Company on annual basis about the Board and Board Committee positions he/she occupies in other companies including Chairmanships and notified changes during the term of their directorship in the Company.

The Company has complied with SEBI (LODR) Regulations, 2015 of the Stock Exchange, which deals with the compliance of Corporate Governance requirements as detailed below:

### i) Composition of Board, their positions, other Directorships and memberships of Committees held by each of them as on 31 March 2016:

Name of the Director	Category	Number of Board Meetings attended	Attendance at the last AGM held on 29.09.2015	Number of Directorships in other companies	Number of committee positions held in other public companies	
					Chairman	Member
Sri G.V. Bhaskar Rao	Chairman cum Managing Director	4	Yes	9	-	-
Smt. G. Vanaja Devi	Executive Director	4	No	4	-	-
Sri R.Venu Manohar Rao*	Executive Director	5	Yes	1	-	1
Sri C.Vamsheedhar	Executive Director	4	Yes	3	-	2
Sri C. Mithun Chand	Executive Director	5	Yes	1	-	2
Dr. G.Pawan	Non-Executive – Non Independent Director	1	No	2	-	-
Sri M. Srikanth Reddy	Non-Executive Independent Director	4	Yes	11	-	3
Dr. Yeshwant Laxman Nene	Non-Executive Independent Director	2	No	1	-	-
Sri P.Vara Prasad Rao	Non-Executive Independent Director	4	Yes	3	3	3
Dr. S.Raghuvardhan Reddy	Non-Executive Independent Director	5	Yes	2	-	-
Dr. S.M.Ilyas	Non-Executive Independent Director	4	Yes	1	-	-
Sri K.Purushotham	Non-executive Independent Director	5	Yes	3	-	3

#### Note:

- The directorships are considered in the companies incorporated under the Companies Act, 1956/2013 including the Kaveri Seed Company Limited.
- For committee positions, only audit & stakeholders and nomination committees of public limited companies including Kaveri Seed Company Limited are considered as per Regulation 26(1) of SEBI (LODR) Regulations, 2015.
- Mr. R. Venu Manohar Rao has resigned as Director/ WTD w.e.f. 01.04.2016.
- Leave of absence was granted on request to those directors who could not attend the meeting(s).
- Sri G.V.Bhaskar Rao, Smt. G.Vanaja Devi, Dr. G.Pawan, Sri R.Venu Manohar Rao, Sri C.Vamsheedhar and Sri C.Mithun Chand are related to each other.

None of the Directors on the Board is a member in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

The Board meets at regular intervals to discuss and decide on company/ business policy and strategy apart from other Board business. However, in case of special and urgent business need, the Board's approval is taken by passing resolution by circulation, as permitted by law, which is confirmed in the subsequent Board meeting. The Chairman & Managing Director is assisted by the Executive Director/Senior Managerial Personnel in overseeing the functional matters of the Company.

#### ii) Board Committees:

The Board has constituted Six Standing committees, namely Audit Committee, Borrowing Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee. The Board constitutes additional functional committees, from time to time, depending on the business needs.

#### iii) Meetings of the Board:

The Board of Directors must meet at least four times a year, with a maximum time gap of four months between two Board meetings. Dates for the Board Meetings in the ensuring quarter are decided well in advance and communicated to the Directors. Notices of Board Meetings were sent to the Directors as required under Section 173 of the Companies Act, 2013 well in advance. The Agenda along with the explanatory notes are sent in advance to the Directors. In special and exceptional circumstances, additional or supplementary items(s) on the agenda are permitted. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. The Company's Board met five times during the financial year under review on 26 May 2015, 13 August 2015, 13 November 2015, 4 February 2016 and 11 March 2016.

Details of Directors and their attendance in Board Meetings are given under:

Date of Meeting	Board Strength	No. of Directors Present
26.05.2015	12	10
13.08.2015	12	6
13.11.2015	12	10
04.02.2016	12	11
11.03.2016	12	10

#### iv) Information given to the Board:

The Company provides the following information to the Board and the Board Committees as and when required. Such information is submitted either as part of the agenda papers in advance of the meetings or discussion material during the meetings.

- Annual operating plans and budgets, capital budgets, updates and all variances;
- Quarterly, half yearly and annual results of the Company and its business segments;
- Minutes of meetings of Audit Committee and other committees;
- Information on recruitment and remuneration of key executive below the Board level;
- Contracts in which Director(s) are deemed to be interested;
- Significant labour problems and their proposed solutions;
- Materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company;
- Non-compliance of any regulatory or statutory nature or listing requirements as well as shareholder services such as shareholder's grievances and transfers etc.,
- Materially important show cause, demand, prosecution and penalty notices.

- Fatal or serious accidents or dangerous occurrences;
- Significant development in the human resources and industrial relations fronts.

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued there under, as applicable and the Secretarial Standards recommended by the Institute of Company Secretaries of India. The company Secretary record minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/ Board committee members for their comments. The minutes are entered in the minutes book within 30 days from the conclusion of the meeting. The Company Secretary attends all the meetings of the Board and its Committees, advises/assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

**v) Details about familiarization program**

Senior management personnel of the Company make presentations to the Board Members on periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives etc., and seek their opinions and suggestions on the same. Also, the Directors are briefed on their specific responsibilities and duties that may arise from time to time. Any new Director who joins the Board is presented with a brief background of the Company, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and senior management personnel and the Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration, Policy on Material Subsidiaries, Whistle Blower Policy, Corporate Social Responsibility Policy etc.,

The details of the familiarization program are placed on the Company's website at: <http://www.kaveriseeds.in>

**AUDIT COMMITTEE:**

The management is responsible for the Company's internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company's Financial Statements in accordance with generally accepted auditing practices and for issuing reports based on such audits. The Board of Directors has entrusted the Audit Committee to supervise these process and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The composition, procedures, powers and role/functions of the Audit Committee constituted by the Company comply with the requirements of Regulation 18 of the SEBI (LODR) Regulations, 2015.

The primary objective is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate timely and proper disclosures and transparency integrity and quality financial reporting.

**i) Role of Audit Committee:**

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible information is disclosed.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;

- Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Modified Opinion(s) the draft audit report;
  - Review, with the management, the quarterly financial statements before submission to the Board for approval;
  - Review, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  - Approval or any subsequent modification of transactions of the company with related parties;
  - Scrutiny of inter-corporate loans and investments;
  - Valuation of undertakings or assets of the company, wherever it is necessary;
  - Evaluation of internal financial controls and risk management systems;
  - Review, with the management, performance of statutory and internal auditors, adequacy of the internal financial control systems;
  - Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - Discussion with internal auditors of any significant findings and follow up there on;
  - Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - Examine into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - Review the functioning of the Whistle Blower mechanism;
  - Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc., of the Candidate.
  - Carry out any other function as is mentioned in the terms of reference of the Audit Committee under the Listing Agreement and Companies Act, 2013.
- ii) Composition and other details of Audit Committee**
- The Audit Committee comprises of four members, out of four, three members are Independent Non - Executive Directors.
- Mr. P. Varaprasad Rao, Chairman of the Committee, is a Non-Executive, Independent Director having expertise in accounting and financial management. Mr. M. Srikanth Reddy, Mr. K. Purushotham and Mr. C. Mithun Chand are the members of the Committee.
- The Audit Committee Meetings are usually held at the Registered Office of the Company and are usually attended by the Independent Directors, Executive Directors, Chief Financial Officer, Statutory Auditors and Internal Auditor of the Company. The Company Secretary acts as Secretary of the Audit Committee.
- The heads of departments of Finance & Accounts, Internal Auditor and the Statutory Auditors are the permanent invitees to the Audit Committee.



During the year under report the Audit Committee has met four times on 26 May 2015, 13 August 2015, 13 November 2015 and 4 February 2016.

The attendance at the Audit Committee meetings during the financial year 2015-16 is as under:

Member	No.of Meetings	Attendance
Mr. P.Varaprasad Rao	4	3
Mr. M.Srikanth Reddy	4	3
Mr. K.Purushotham	4	4
Mr. C.Mithun Chand	4	4

## NOMINATION AND REMUNERATION COMMITTEE/ COMPENSATION COMMITTEE

The Committee specifically looks into the remuneration payable to Executive Directors, Key Managerial Personnel (KMP) of the Company.

Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;

Carry out evaluation of every director's performance;

Formulation of the criteria for determining qualifications, positive attributes and independence of a director; and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;

Formulation of the criteria for evaluation of Independent Directors and the Board;

Devising a policy on Board diversity;

To grant, issue and allot of options to eligible employees and administering the employee stock option scheme from time to time.

Any other matter as the Board may decide from time to time.

The composition of the Nomination and Remuneration/ Compensation Committee comprises of three Non-Executive Independent Directors and two members. The Chairman of the Committee is a Non-Executive Independent Director.

Mr. P. Varaprasad Rao, Chairman of the Committee and Mr. M. Srikanth Reddy, Mr. K. Purushotham and Mr. C. Vamsheedhar are the members of the Committee. During the year, the Nomination and Remuneration/ Compensation Committee met one time.

The attendance at the Nomination and Remuneration/ Compensation Committee meeting during the financial year 2015-16 is as under:

Member	No. of Meetings	Attendance
Mr. P. Varaprasad Rao	1	-
Mr. M. Srikanth Reddy	1	1
Mr. K. Purushotham	1	1
*Mr. R. Venu Manohar Rao	1	1
Mr. C. Vamsheedhar	1	-

\* Mr. R. Venu Manohar Rao ceased to be a member of the Nomination and Remuneration/Compensation Committee w.e.f. 01 April 2016.

### i) Remuneration Policy:

The remuneration committee of Board of Directors of the Company generally decides and makes recommendations to the Board of Directors about the remuneration to be paid to the Directors and other Key Managerial Persons of the Company. The remuneration recommendations about the remuneration of Directors are subject to the approval of the Members of the company and the remuneration of the Key Managerial Persons is to be recommended by the remuneration committee to the Board. The Non- Executive directors are paid sitting fees for attending meetings of Board/ Committee.

The nomination and remuneration policy as adopted by the Board is placed on the Company's website at [www.kaveriseeds.in](http://www.kaveriseeds.in)

**ii) Remuneration of Directors:****a. Executive Directors:**

(Amount in ₹)			
Name of the Director	Salary per annum	Contribution to PF & Gratuity	Total
Sri G.V. Bhaskar Rao	1,54,08,000	1,44,000	1,55,52,000
Smt. G. Vanaja Devi	95,28,000	1,44,000	96,72,000
Sri R.Venumanohar Rao	72,96,000	1,44,000	74,97,696
Sri C. Vamsheedhar	45,84,000	1,44,000	47,85,696
Sri C. Mithun Chand	37,92,000	1,44,000	39,93,696
<b>Total</b>	<b>4,06,08,000</b>	<b>7,20,000</b>	<b>4,13,28,000</b>

**b. Non-Executive Independent Directors:**

(Amount in ₹)		
Name	Designation	Sitting Fee
Sri M.Srikanth Reddy	Non-Executive Independent Director	80,000/-
Dr. Yeshwant Laxman Nene	Non-Executive Independent Director	40,000/-
Sri P.Vara Prasad Rao	Non-Executive Independent Director	80,000/-
Dr. S.Raghuvardhan Reddy	Non-Executive Independent Director	1,00,000/-
Dr. S.M.Ilyas	Non-Executive Independent Director	80,000/-
Sri K. Purushotham	Non-Executive Independent Director	1,00,000/-
Dr. G.Pawan	Non-Executive and Non Independent Director	20,000/-

**iii) Independent Directors Meeting:**

Pursuant to Schedule IV of the companies Act, 2013 and the rules made there under, the Independent Directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the management.

All the independent directors of the Company shall strive to be present at such meetings. The meeting shall review the performance of non-independent directors and the Board as a whole; review the performance of the chairman of the board, taking into account the views of the executive directors and non-executive directors; assess the quality, quantity and timeliness of flow of information between the management and the board that is necessary for it to effectively and reasonably perform its duties. A meeting of the independent directors was held on 4th day of February 2016 wherein all the independent directors as on that date have attended the meeting.

**STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The main functions of the Shareholders Relationship Committee are to review and redress shareholders'/ investors' grievance pertaining to:

- Transfer, transmission, split and consolidation of investors holding

- Dematerialisation/rematerialisation of shares
- Non-receipt of dividends and other corporate benefits
- Replacement of lost/mutilated/stolen share certificates
- Non-receipt of Annual Reports and change of addresses, etc.

**Constitution of the Committee:**

Name	Designation
Mr. P.Varaprasad Rao	Chairman
*Mr. R.Venu Manohan Rao	Member
Mr. C.Mithun Chand	Member
Mr. M.Srikanth Reddy	Member
Mr. C.Vamsheedhar	Member
Mr. K.Purushotham	Member

\* Mr. R. Venu Manohar Rao ceased to be a member of the Stakeholders Relationship Committee with effect from 01 April 2016.

**Name and designation of Compliance Officer:**

Mr. V.R.S.Murti, Company Secretary & Compliance Officer  
Email ID for investor grievances: cs@kaveriseeds.in

The Committee meets every fortnight for effecting transfers, transmissions, split, consolidation, etc and also for review of the redressal of investor complaints. The Committee expresses its satisfaction with the Company's performance in dealing with investor grievances and its share transfer system.

During the year the Company has received quarterly 2+6+5+4 grievances from the investors and the same were resolved. As on 31 March 2016 there were no investor grievances pending and no transfers were pending for approval.

### GENERAL BODY MEETINGS:

Details of the last three AGMs are given as follows:

Year	Date of Meeting	Time of Meeting	Venue of Meeting	No. of Special Resolutions passed
26th Annual General Meeting 2012-13	24 September 2013	11:15 AM	Surana Udyog Hall. FTAPCCI House, Red Hills, Hyderabad – 500 004., Telangana	1
27th Annual General Meeting 2013-14	18 September 2014	11:15 AM	Surana Udyog Hall. FTAPCCI House, Red Hills, Hyderabad – 500 004., Telangana	15
28th Annual General Meeting 2014-15	29 September 2015	11:15 AM	Surana Udyog Hall. FTAPCCI House, Red Hills, Hyderabad – 500 004., Telangana	1

#### i. Extraordinary General Meeting:

No Extraordinary General Meeting of the Members was held during the year 2015-16.

#### ii. Postal Ballot:

A Special Resolution was passed through postal ballot vide notice dated 02.05.2015 to seek approval of members to Increase in Shareholding limit for Foreign Institutional Investors (FIIs) up to an aggregate limit of 49% of the paid-up equity share capital of the Company.

The details of voting pattern for postal ballot are given below:

Promoter/ Public	No. of Shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes in favour	No. of Votes against	% of votes in favour on Votes Polled	% of votes against on votes Polled
	(1)	(2)	(3) = {(2)/ (1)*100}	(4)	(5)	(6) = {(4)/ (2)}*100	(7) = {(5)/ (2)}*100
Promoter and Promoter group	3,97,27,143	3,71,92,872	93.62	3,71,92,872	0	100%	0
Public – Institutional Shareholders	1,51,91,622	1,46,94,573	96.73	1,46,94,573	0	100%	0
Public – Others	1,41,36,330	7,21,412	5.10	7,21,347	65	99.99	0.01
<b>Total</b>	<b>6,90,55,095</b>	<b>5,26,08,857</b>	<b>76.18</b>	<b>5,26,08,792</b>	<b>65</b>	<b>99.99</b>	<b>0.01</b>

The Board appointed Mr. Vivek Surana, Company Secretary in Practice (C.P. No.12901) as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner.

The Company followed the procedure for Postal Ballot as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management Administration) Rules, 2014. The Scrutinizer submitted a report to the Chairman stating that the resolution has been duly passed by the Members with requisite majority.

### MEANS OF COMMUNICATION:

The Company has a website viz. [www.kaveriseeds.in](http://www.kaveriseeds.in). The quarterly and half yearly financial statements are not sent to the individual households of the shareholders, however the same are placed on the Company's website for the information of shareholders and general public and also published in leading newspapers in English and Telugu (Regional Language). Further all material information which will have some bearing on the operation of the Company is sent to all Stock Exchanges concerned and also placed on the Company's website. A Management Discussion and Analysis Statement is a part of the Company's Annual Report.

**i) NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre**

The Company also filed information through NEAPS and BSE Listing Centre – a web based application provided by NSE & BSE which facilitates online filing of Financial Results, Announcements, Corporate Governance Reports and Shareholding Pattern etc., by the company.

**ii) Extensive Business Reporting Language (XBRL)**

XBRL is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyse such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) Vide its Circular No.37/2011 dated 07 June 2011, had mandated certain companies to file their Annual Accounts vide this mode. The Company has filed its Annual Accounts on MCA through XBRL.

**iii) Ministry of Corporate Affairs (MCA)**

The company has periodically filed all the necessary documents with the MCA.

**iv) SEBI Complaints Redress System (SCORES)**

A centralized web based complaints redress system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports

(ATRs) by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

**v) Letters**

Letters reminding the investors to claim their pending/unclaimed dividends are regularly dispatched to the investors.

**vi) The Management Discussion and Analysis Report forms part of the Directors' Report:**

The Management discussion and analysis forms part of this Report and is provided separately elsewhere in this report.

**vii) The Annual Report**

The Annual Report containing inter alia the Audited Accounts, Directors Report, Auditors' Report and other important information is circulated to the investors. Management Discussion and analysis forms part of the Annual Report. Pursuant to the Green initiative launched by the MCA, the Company also sends e-copies of the Annual Report to Members who have registered for the same.

Your Company's Annual Reports are also available on the Company's web site [www.kaveriseeds.in](http://www.kaveriseeds.in)

**GENERAL SHAREHOLDERS INFORMATION:**

i.	29th Annual General Meeting	27 September 2016 at 11:15 AM FTAPCCI Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI House) 11-6-841, Red Hills, Hyderabad – 500 004, Telangana.
	Date and Time	
	Venue	
ii.	Quarterly Results: Financial Year of the Company: Financial calendar (tentative and subject to change) of the financial year 2016-17	April to March  14 September 2016 14 December 2016 14 February 2017 30 May 2017 (Audited)
	1st Quarter	
	2nd Quarter	
	3rd Quarter	
	4th Quarter	
iii.	Date of Book Closure	24 September to 27 September 2016 (Both days inclusive)
iv..	Payment of Dividend	The company has paid an interim dividend 125% (₹ 2.50 per equity share of ₹ 2/- each) in the month of August 2015 on the equity share capital of the company for the financial year 2015-16.

v. Listing on Stock Exchanges:

**Bombay Stock Exchange Limited.**

Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai – 400 023.

**National Stock Exchange of India Ltd.**

Exchange Plaza, 5th floor, Plot No.C/1, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

vi. Listing Fees

Listing fee of both the stock Exchanges has already been paid for the year 2016-2017

vii. Stock Code:

Bombay Stock Exchange Limited	532899
National Stock Exchange of India Ltd	KSCL

**viii. Monthly High & Low quotations and volume of shares traded on NSE & BSE during the year:**

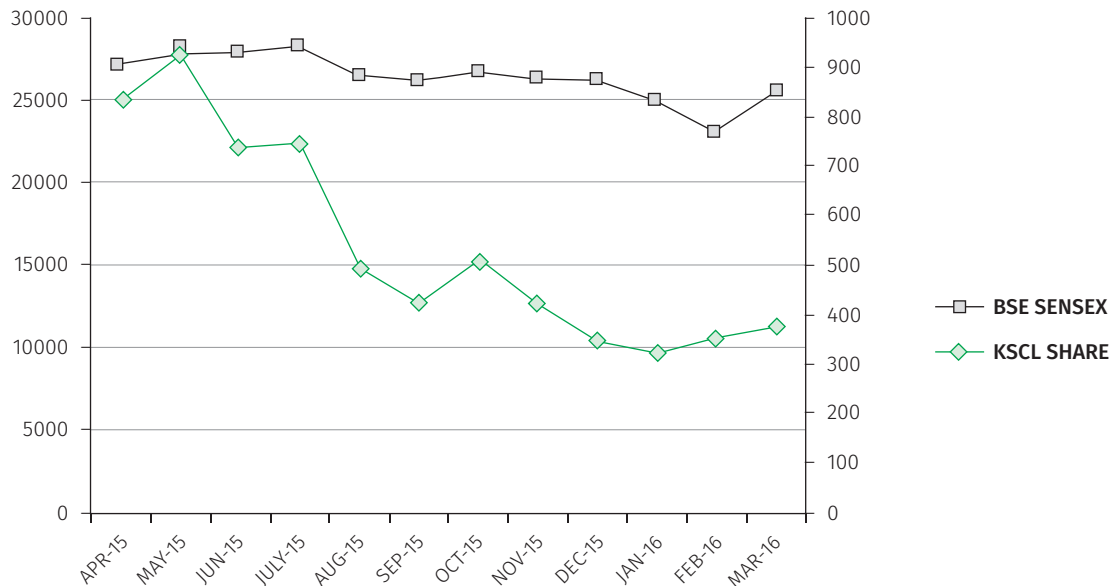
Month	National Stock Exchange				Bombay Stock Exchange			
	High	Low	Close	Volume	High	Low	Close	Volume
Apr-15	1060.00	812.25	837.10	1582065	1060.00	816.00	831.85	159307
May-15	934.70	808.80	923.95	1189891	933.90	811.00	923.20	219742
Jun-15	988.85	730.00	736.10	4008163	987.75	731.10	735.50	638196
Jul-15	782.00	707.00	744.80	7495724	781.80	708.00	743.20	714197
Aug-15	770.00	401.25	490.95	23971613	770.00	401.60	490.65	3912560
Sep-15	492.80	418.50	423.50	9009791	492.80	418.40	423.70	1426686
Oct-15	543.60	425.10	505.35	8937793	543.15	425.00	506.05	1621241
Nov-15	510.00	368.90	423.70	14751584	509.00	380.00	423.10	2321687
Dec-15	430.45	303.65	350.75	39149145	430.40	339.40	345.65	2583757
Jan-16	395.80	300.00	323.25	22458586	395.75	300.00	323.65	3962072
Feb-16	377.00	324.40	351.70	16531381	377.00	324.10	351.45	2074205
Mar-16	416.50	352.00	377.60	20609709	416.20	351.90	376.25	2521983

**STOCK PERFORMANCE OF KAVERI SEED COMPANY LIMITED**

**Vs. NATIONAL STOCK EXCHANGE CNXNIFTY**





**STOCK PERFORMANCE OF KAVERI SEED COMPANY LIMITED****Vs. BOMBAY STOCK EXCHANGE SENSEX****ix. There was no suspension of trading in securities of the Company during the year under review.****x. Registrar to an issue and Share Transfer Agents:**

M/s. Bigshare Services Pvt. Ltd., is the Registrars and Share Transfer Agents and Depository Transfer Agents of the Company. Any request pertaining to investor relations may be forwarded to the following address:

Mr. Amerandar,  
Bigshare Services Pvt. Ltd.,  
306, 3rd Floor, Right Wing, Amrutha Ville, Opp.  
Yashodha Hospital Somajiguda, Rajbhavan Road,  
Hyderabad – 500 082  
Telangana. Tel.Nos. + 91-40-40144967/ 23374967  
Fax No. + 91-40-23370295  
E-mail: bsshyd@bigshareonline.com

**xi. Share Transfer System and Dematerialization of shares and liquidity:**

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz., National Securities Depository Limited (NSDL) and Central Depository

Services (India) Limited (CDSL). Equity shares of the Company representing 99.96% of the Company's share capital are dematerialized as on 31 March 2016.

The Company's shares are regularly traded on The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form. Under the Depository System, the ISIN allotted to the Company's Shares is INE 455101029

**xii. Distribution Schedule & Shareholding Pattern as on 31 March 2016**

Category of Shares	No. of Shareholders	No. of Shares	% of total capital
1 - 500	30,818	23,24,624	3.3663
501 - 1000	945	7,08,901	1.0266
1001 – 2000	486	7,11,719	1.0307
2001 – 3000	157	3,87,855	0.5617
3001 – 4000	73	2,61,046	0.3780
4001 - 5000	67	3,15,892	0.4574
5001 - 10000	97	6,94,754	1.0061
10001 – and above	178	6,36,50,304	92.1732
<b>Total</b>	<b>32,821</b>	<b>6,90,55,095</b>	<b>100%</b>

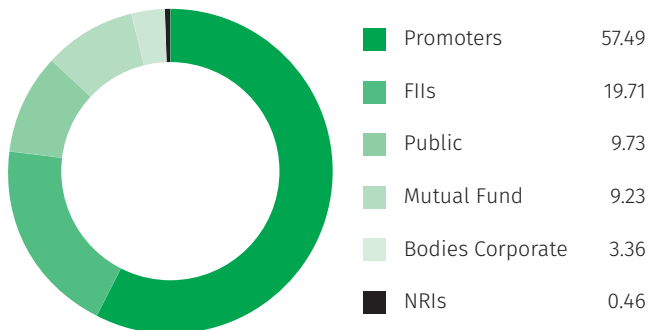
### Details of shares of the Company held by the Directors as on 31 March 2016

Name	No. of Shares
Sri G.V.Bhaskar Rao	60,31,990
Sri G.V.Bhaskar Rao – HUF	1,12,40,645
Smt. G.Vanaja Devi	1,57,75,050
Sri R.Venu Manohar Rao	21,17,849
Sri C.Vamsheedhar	10,99,320
Sri C.Mithun Chand	9,28,895
Dr. G.Pawan	25,09,000
<b>Total</b>	<b>3,97,02,749</b>

### Categories of Equity Shareholders as on 31 March 2016:

Category	No. of Shares	%
Promoters	3,97,02,749	57.49
Mutual Funds	63,76,550	9.23
Bodies Corporate	23,23,688	3.37
FILs.	1,36,11,776	19.71
NRIs	3,19,983	0.47
Public	67,20,349	9.73
<b>Total</b>	<b>6,90,55,095</b>	<b>100%</b>

### CATEGORIES OF SHAREHOLDER & PERCENTAGES



### xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments

The Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments as on 31 March 2016.

### xiv. Commodity price risk or foreign exchange risk and hedging activities:

The Company has not undertaken any hedging activities for commodity price risk and foreign exchange risk.

### xv. Plant Locations:

S.No.	Units
1.	<b>Kandlakoi Plant</b> Plot No.140/A/1, Kandlakoya Village, Medchal Mandal, Ranga Reddy District, Telangana State.
2.	<b>Gundlapochampally Plant</b> Sy.No.28 Part, Gundlapochampally village, Medchal Mandal Ranga Reddy District, Telangana State.
3.	<b>Gatlanarsingapur Plant</b> - 1 Door No.104, Gatlanarsingapur Post, Bheemadevarapally Mandal Karimnagar District, Telangana State.
4.	<b>Gatlanarsingapur Plant</b> - 2 Door No.6-96/2, Gatlanarsingapur Post, Bheemadevarapally Mandal Karimnagar District, Telangana State.
5.	<b>Eluru Plant</b> Sy.No.853, Koppaka village, Pedavegi Mandal West Godavari District, Andhra Pradesh State.
6.	<b>Bellary Plant &amp; Godown</b> D.No.340, NH – 63, Main Road, K.B.Halli – 583 103 Bellary District, Karnataka State.
7.	<b>Pamulparthy Plant</b> Sy.No.703, Part, 704 Part, 712 Part 713 to 719, Pamulparthy Village, Wargal Mandal, Medak District, Telangana State.
8.	<b>Molangur Plant</b> Molangur village, Shankarapatnam Mandal, Karimnagar District, Telangana State.

### xvi. Registered Office & CIN of the Company

Kaveri Seed Company Limited  
CIN: L01120AP1986PLC006728  
513-B, 5th Floor, Minerva Complex, S.D.Road,  
Secunderabad – 500 003, Telangana.  
Tel.Nos.+91 40-27721457/27842398  
Fax No.+91 40-27811237  
Email: [cs@kaveriseeds.in](mailto:cs@kaveriseeds.in)  
Website: [www.kaveriseeds.in](http://www.kaveriseeds.in)

### xvii. Name & Designation of Compliance Officer

Mr. V.R.S. Murti  
Company Secretary  
513-B, 5th Floor, Minerva Complex, S.D.Road,  
Secunderabad – 500 003, Telangana.  
Tel.Nos. +91 40-27721457/27842398  
Fax No. +91 40-27811237  
Email: [cs@kaveriseeds.in](mailto:cs@kaveriseeds.in)  
Website : [www.kaveriseeds.in](http://www.kaveriseeds.in)

### OTHER DISCLOSURES:

#### i) Related Party Transactions

No transaction of material nature has been entered into by the Company with its Directors/management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of Contracts containing transactions, in which Directors

are interested, is placed before the Audit Committee and Board regularly. Transactions with related parties are disclosed in the Notes to Accounts in the Annual Report. In terms of SEBI (LODR) Regulations, 2015, the Audit Committee and Board of Directors of the Company have adopted a policy to determine Related Party Transactions. The policy is placed on the Company's website at [www.kaveriseeds.in](http://www.kaveriseeds.in)

#### ii) Details of Non Compliance and Penalties

No penalties have been imposed on the Company by the Stock Exchanges where the Company's shares are listed or SEBI or any other statutory authority on any matter during the last three years.

#### iii) Whistle Blower Policy

The Board of Directors of the Company had adopted the Whistle Blower policy. The Company has established a mechanism for employees to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. The employees have been appropriately communicated within the organization about the mechanism and have been provided direct access to the Chairman of the Audit Committee. The mechanism also lays emphasis on making enquiry into whistle blower complaint received by the Company. The Audit Committee reviews periodically the functioning of whistle blower mechanism. No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is hosted on the Company's website at <http://www.kaveriseeds.in>.

#### iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company has complied with the mandatory requirements of SEBI (LODR) Regulations, 2015 of the listing agreement and is in the process of implementation of non-mandatory requirements.

#### v) Policy on Material Subsidiaries

In terms of Regulation 34(3) of the SEBI (LODR) Regulations, 2015 the Board of Directors of the Company has adopted a policy with regard to determination of material subsidiaries. The policy is placed on the Company's website: <http://www.kaveriseeds.in>

#### vi) Non compliance of any requirement of Corporate Governance Report of sub-paras (2) to (10) of Schedule-V:

The company has complied with the requirement of Corporate Governance Report of sub-paras (2) to (10)

of Schedule-V of the Securities Exchange Board of India (LODR) Regulations, 2015.

#### vii) Adoption of discretionary requirements as specified in Part E of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

Internal auditor, reports directly to the Audit Committee.

#### viii) The Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:

Regulation	Particulars of Regulations	Compliance status (Yes/No)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	Yes
22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Functional Website	yes

#### ix) Compliance Certificate of the Auditors:

Certificate from the Auditors of the Company M/s. P.R.Reddy & Co., Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V - E of SEBI (LODR) Regulations, 2015 is attached to this report forming part of the Annual Report.

#### x) Code of Conduct

The Board of Directors has laid down a 'Code of Conduct' (code) for all the Board members and the Senior Management of the Company and this code is posted

on the website of the company. Annual declaration is obtained from every person covered by the code.

The Company has a comprehensive Code of Conduct for prevention of insider trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Board has formulated a Code of Conduct to regulate, monitor and report trading by insiders and the Board has also adopted a code of practices and procedures for fair disclosure of un-published price sensitive information.

**xi) CEO and CFO Certification**

The Chairman and Managing Director and the Chief Financial Officer of the Company have given the annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015.

## DECLARATION

I, G. V. Bhaskar Rao, Managing Director, hereby declare that as provided under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31 March 2016.

For KAVERI SEED COMPANY LTD.

Secunderabad,  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

## CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER REGULATION 34(3) READ WITH SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
The Members of  
M/s. KAVERI SEED COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by Kaveri Seed Company Limited, (the Company) for the financial year ended 31 March, 2016, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. R. REDDY & CO.  
Firm Regn., No.003268S  
Chartered Accountants

Sd/-  
**P. RAGHUNADHA REDDY**  
Partner  
Membership No.23758

Hyderabad,  
10 May 2016

**CEO/CFO CERTIFICATION**  
**(Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015)**

We hereby certify that:

- a. We have reviewed financial statements and the cash flow statement for the Financial Year ended 31 March 2016 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee that there are no:
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosing in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

**For KAVERI SEED COMPANY LIMITED**

Secunderabad  
10 May 2016

Sd/-  
**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**K. V. CHALAPATI REDDY**  
Chief Financial Officer



# **STANDALONE FINANCIAL STATEMENTS**

# Independent Auditor's Report

To  
The Members of

M/S. KAVERI SEED COMPANY LIMITED

## REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of M/S. KAVERI SEED COMPANY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its Profit and its cash flows for the year ended on that date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the companies (Auditor's Report) Order, 2016 ("the Order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure – A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

## AS REQUIRED BY SECTION 143 (3) OF THE ACT, WE REPORT THAT:

- (a) We have sought and obtained all the information and explanations which to the best of our Knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure –B.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For P R REDDY & CO

Firm Regn No.003268S  
Chartered Accountants

Sd/-

P. RAGHUNADHA REDDY

Partner

Membership No. 23758

Place: Hyderabad,

Date: 10 May 2016.

## Annexure - A

Referred to in the Auditors' Report to the Members of  
M/S.KAVERI SEED COMPANY LIMITED for the year ended 31 March 2016. We report that:

- i. a. The company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- b. The fixed assets were physically verified during the year by the management in accordance with regular programme of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us, and on the basis of our examination of records of the company, the title deeds of immovable properties shown in the fixed asset schedule are held in the name of company.
- ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification between the physical stocks and the book records are not material and they have been properly dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, during the year.
- iv. According to the information and explanations given to us, The Company has not given any loans, made any investments, given any guarantees and securities to any person to which provisions of the section 185 and 186 of the companies Act 2013 are applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the CARO 2016 are not applicable to the Company.
- vi. According to the information and explanations given to us, the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, has not been prescribed by the Central Government for the Company.
- vii.
  - a. The Company is regular in depositing with appropriate authorities' undisputed statutory dues, including provident fund, Employees' state insurance, income-tax, sales-tax, service tax, customs duty, duty of excise, Value added tax, cess and other material statutory dues as applicable to it. According to the information and explanations given to us, there are no undisputed amounts payable in respect aforesaid dues, as at 31st March, 2016 for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, , there are no dues of income-tax, service tax and customs duty, which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of Sales tax and Duty of Excise have not been deposited by the company an account of disputes.

Name of the Statute	Nature of Dues	Amount ₹	Period to which the amount Relates	Forum where dispute is pending
Central Excise Act	Excise Duty	2,76,58,572*#	April, 2010 To March 2014	Directorate General of Central Excise - Intelligence, Zonal Unit, Begumpet, Hyderabad.
Karnataka VAT Act	VAT, Penalty & Interest	5,61,55,366 \$	April, 2009 To March 2010	Deputy Commissioner of Commercial Taxes (Audit), Davangere, Karnataka.
APGST Act	Purchase Tax	22,36,467 &	April, 2003 To March 2004	Deputy Commissioner (C.T), Abids Division, Hyderabad.

\*. Net of Amounts paid under protest

#. The company has filed an appeal before Commissioner of Customs & Central Excise ,Hyderabad IV Commissionerate, Hyderabad.

\$. The company is in the process of filing an appeal before Joint Commissioner of Commercial Taxes (Appeal), Davangere, Karnataka

&. The company has filed appeal before Hon'ble High Court of Andhrapradesh, Hyderabad.

- viii. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks, Government or dues to debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of the term loans for the purposes for which they were raised and has not raised money by way of initial public offer/further public offer (Including debt instruments) during the year.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, Managerial remuneration paid or provided is within the limits specified under section 197 read with schedule V to the Companies Act 2013.
- xii. In our opinion, the company is not a nidhi, therefore provisions of clause 3(XII) of companies (Auditors Report) Order, 2016 as amended are not applicable to the company.
- xiii. In our opinion and according to the information and explanations given to us, all transactions entered by related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements.
- xiv. According to the information and explanations given to us, the company has not made any preferential allotment of shares or private placement of shares or fully or partly convertible debentures during the year under the review.
- xv. According to the information and explanations given to us, during the year the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph – 3(xv) of the order is not applicable.
- xvi. In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For P. R. REDDY & CO.,  
Firm Regn No.003268S  
Chartered Accountants

Sd/-

P. RAGHUNADHA REDDY  
Partner  
Membership No. 23758

Place: Hyderabad,  
Date: 10 May 2016.

## **Annexure - B** Referred to Independent Auditor's Report to the Members of M/S.KAVERI SEED COMPANY LIMITED for the year ended 31 March 2016.

Referred to in the Independent Auditor's Report of even date to the members of Kaveri Seed Company Limited on the standalone financial statements for the year ended March 31, 2016.

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (1) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT**

1. We have audited the internal financial controls over financial reporting of Kaveri Seed Company Limited ("the company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accounts of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the preventing and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **AUDITOR'S RESPONSIBILITY**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depending on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Generally Accepted Accounting Principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditure of the company are being made only in accordance with authorisation of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,



projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

8. In our opinion, the company has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal

controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accounts of India.

For P. R. REDDY & CO.,  
Firm Regn No.003268S  
Chartered Accountants

Sd/-

P. RAGHUNADHA REDDY  
Partner  
Membership No. 23758

Place: Hyderabad,  
Date: 10 May 2016.

# Balance Sheet

(₹)

Particulars	Note	As at 31 March 2016		As at 31 March 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Share Holders Funds</b>					
Share Capital	2	13,81,10,190		13,77,92,390	
Reserves & Surplus	3	9,01,81,48,918	9,15,62,59,108	7,44,96,27,243	7,58,74,19,633
<b>Share Application Money Pending Allotment</b>					
			-		54,02,600
<b>Non Current Liabilities</b>					
Long Term Borrowings	4	1,63,86,000		1,39,90,000	
Deferred Tax Liability		11,57,318			
Other Long Term Liabilities	5	4,69,63,010	6,45,06,328	4,59,97,910	5,99,87,910
<b>Current Liabilities</b>					
Trade Payables	6	1,90,90,56,129		1,48,17,28,095	
Other Current Liabilities	7	1,92,32,01,244		1,87,97,89,814	
Short Term Provisions	8	7,14,04,087	3,90,36,61,460	45,05,40,243	3,81,20,58,152
<b>Total</b>		<b>13,12,44,26,896</b>		<b>11,46,48,68,295</b>	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assets	9				
Tangible Assets		1,94,10,82,046		1,51,59,21,362	
Intangible Assets		38,21,608		54,90,326	
Capital Work in Progress		19,50,99,879		61,65,50,457	
Non Current Investments	10	22,22,68,561		22,22,68,561	
Deferred Tax Asset		-		32,32,928	
Long Term Loans and Advances	11	3,38,28,719	2,39,61,00,813	2,32,88,039	2,38,67,51,673
<b>Current Assets</b>					
Current Investments	12	4,86,34,07,216		2,94,30,05,000	
Inventories	13	4,97,49,10,273		4,86,76,40,572	
Trade Receivables	14	63,14,72,246		98,07,84,854	
Cash & Cash Equivalents	15	6,91,81,981		4,06,25,011	
Short Term Loans and Advances	16	47,64,315		90,01,450	
Other Current Assets	17	18,45,90,052	10,72,83,26,083	23,70,59,735	9,07,81,16,622
<b>Total</b>		<b>13,12,44,26,896</b>		<b>11,46,48,68,295</b>	
<b>Notes on Financial Statements</b>	1-35				

As per our report of even date attached

For P. R. REDDY & CO.,  
Firm Registration No.003268S  
Chartered Accountants

Sd/-

P. RAGHUNADHA REDDY  
Partner  
Membership No.23758

For and on behalf of the Board

Sd/-

G. V. BHASKAR RAO  
Managing Director

Sd/-

K. V. CHALAPATHI REDDY  
Chief Financial Officer

Sd/-

V. R. S. MURTI  
Company Secretary

Sd/-

G. VANAJA DEVI  
Whole time Director

Place : Secunderabad  
Date : 10 May 2016

# Statement of Profit and Loss

(₹)			
Particulars	Note	Year ended 31 March 2016	Year ended 31 March 2015
<b>INCOME</b>			
Revenue from Operations	18	8,48,95,50,804	11,15,55,51,735
Other Income	19	15,95,66,118	15,62,22,564
<b>Total Revenue</b>		<b>8,64,91,16,922</b>	<b>11,31,17,74,299</b>
<b>EXPENSES</b>			
Cost of Material Consumed	20	3,94,51,31,955	4,16,83,37,398
Changes in Inventories of Finished Goods and Work in Process	21	(10,03,94,291)	11,89,27,871
Employee Benefit Expenses	22	31,22,98,987	25,65,86,770
Finance Costs	23	16,89,690	15,42,417
Depreciation & Amortisation Expenses		24,93,02,985	12,27,88,748
Other Expenses	24	2,41,28,41,177	3,54,58,66,336
<b>Total Expenses</b>		<b>6,82,08,70,503</b>	<b>8,21,40,49,540</b>
<b>Profit before Exceptional Items and Tax</b>		<b>1,82,82,46,419</b>	<b>3,09,77,24,759</b>
Exceptional Item - Provision for diminution in value of investments		-	(33,25,125)
<b>Profit before Tax</b>		<b>1,82,82,46,419</b>	<b>3,09,43,99,634</b>
Less : Tax expense			
Current Tax		5,26,36,579	5,00,00,000
Tax of Earlier years		-	2,67,20,468
Deferred Tax		43,90,246	(7,51,196)
		<b>5,70,26,825</b>	<b>7,59,69,272</b>
<b>Profit after Tax</b>		<b>1,77,12,19,594</b>	<b>3,01,84,30,362</b>
<b>Earnings per share</b> (equity shares, par value ₹ 2 each)			
Basic		25.65	43.81
Diluted		25.65	43.71
<b>Notes on Financial Statements</b>	1-35		

As per our report of even date attached

For **P. R. REDDY & CO.,**  
Firm Registration No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**  
Partner  
Membership No.23758

Sd/-

Place : Secunderabad  
Date : 10 May 2016

**K. V. CHALAPATHI REDDY**  
Chief Financial Officer

Sd/-

**V. R. S. MURTI**  
Company Secretary

For and on behalf of the Board

Sd/-

**G. V. BHASKAR RAO**  
Managing Director

Sd/-

**G. VANAJA DEVI**  
Whole time Director

## Notes to Financial Statements

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. System of Accounting

The Financial Statements of the Company have been prepared under the historical cost convention, on accrual basis, to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, except in the case of sale of realizable scrap which is accounted for on receipt basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

#### b. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured

- i. Revenue from sale of goods is recognized on dispatch which coincides with transfer of significant risks & rewards to customer and is net of sales returns and sales tax, wherever applicable.
- ii. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### c. Fixed assets and Depreciation

- i. Fixed assets are stated at cost less accumulated depreciation, impairment losses and specific grant/ subsidies if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready for intended use.
- ii. Expenditure directly relating to construction activity is capitalized. Indirect expenditure is capitalized to the extent it relates to the construction activity or is incidental thereto. Income earned during construction period is deducted from the total expenditure relating to construction activity.
- iii. Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.

- iv. The carrying amount of fixed assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.
- v. Impairment loss, if any, is provided to the extent the carrying amount of Assets exceeds their recoverable amount.
- vi. Depreciation is provided on written down value method, at the rate specified in schedule II to the Companies Act, 2013 and as per applicable Accounting standards.

#### d. Research and Product Development costs:

Research costs which are of revenue nature is charged to revenue, while capital expenditure is included in the respective heads under fixed assets.

Expenditure of R&D during the year.

Capital Expenditure ₹ 88,35,552/- (130,67,779/-)

Revenue Expenditure ₹ 1087,99,689 (1052,87,128/-)

#### e. Investments

- i. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
- ii. Long-term investments are carried at cost. However, provisions for diminution in value are made to recognize a decline, other than temporary, in the value of the investments. Current investments are carried at lower of cost and fair value determined in respect of each category of Investment.

#### f. Inventories

- i. Raw materials, packing materials, stores, spares and consumables are valued at cost, calculated on "First-in first out" basis. Items held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost.
- ii. Finished goods and Work-in-process are valued at lower of cost or net realizable value. Cost includes materials, labour and a proportion of appropriate overheads.

## Notes to Financial Statements

- iii. Trading goods are valued at lower of cost or net realizable value.
- iv. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to affect the sale.
- v. Management has carried out physical verification of stock.

### g. Retirement and other Employee Benefits

- i. Contribution to Provident Fund, which is a defined contribution plan, are charged to the profit and loss account on an accrual basis.
- ii. Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.
- iii. Actuarial gains/losses are immediately taken to Profit and Loss Account.
- iv. The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at period-end. The value of such leave balance eligible for carry forward, is determined by actuarial valuation and charged to revenue in the period determined.

### h. Income Tax

Tax expense consists of both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

### i. Deferred Tax Liability

In conformity with Accounting Standards 22 on Accounting for Taxes on Income issued by Institute of Chartered Accountants of India, the Company has provided for the Deferred Tax Liability in the books of Accounts.

Deferred Tax Liability in respect of timing difference:

Particulars	2015-16	2014-15
Depreciation on Fixed Assets	43,90,246	(7,51,196)

### j. Dividend provided on Equity Shares

There is no final dividend provided in the books of a/c for the financial year against ₹ 17,26,37,738/- (₹ 2.50/-Per Share) of previous year 2014-15 however the company has paid interim dividend of ₹ 2.50/- (₹ 5.00/-) per share total amounting to ₹ 17,26,37,738/- (₹ 34,44,80,976/-)

### k. Earnings per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

### l. Provisions

A provision is recognized when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## Notes to Financial Statements

### 2. SHARE CAPITAL

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
<b>Authorised</b>				
10,00,00,000 (10,00,00,000) Equity shares of ₹ 2/- (₹ 2/-) each		20,00,00,000		20,00,00,000
<b>Issued, Subscribed &amp; Paid up</b>				
6,90,55,095/(6,88,96,195) Equity shares of ₹ 2/- (₹ 2/-) each		13,81,10,190		13,77,92,390
<b>Total</b>		<b>13,81,10,190</b>		<b>13,77,92,390</b>

#### The details of Shareholders holding more than 5% Shares :

Name of the Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	% Held	No. of Shares	% Held
G Vanaja Devi	1,57,75,050	22.84%	1,52,70,448	22.16%
G V Bhaskar Rao - HUF	1,12,40,645	16.28%	1,12,40,645	16.32%
G V Bhaskar Rao	60,31,990	8.74%	60,31,990	8.76%
Ashoka PTE Limited	47,90,301	6.94%	-	-
IDFC Premier Equity Fund	-	0.00%	22,77,235	3.31%
Small Cap World Fund, INC	-	0.00%	41,30,970	6.00%

#### Share Capital Reconciliation

##### Reconciliation of number of equity shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
At the beginning of the year	6,88,96,195	13,77,92,390	6,87,42,205	13,74,84,410
Add: Issued during the year	1,58,900	3,17,800	1,53,990	3,07,980
<b>At the end of the year</b>	<b>6,90,55,095</b>	<b>13,81,10,190</b>	<b>6,88,96,195</b>	<b>13,77,92,390</b>



## Notes to Financial Statements

### 3. RESERVES & SURPLUS

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Securities Premium Reserve		66,12,82,662		65,37,12,666
<b>Employee Stock Option Scheme</b>				
Employee Stock Option Scheme Outstanding	-		24,85,196	
Less: Deferred Employee Compensation Expenses	-	-	-	24,85,196
Capital subsidy	88,400		88,400	
Less: Transferred to General Reserve	88,400	-	-	88,400
<b>General Reserve</b>				
As per last Balance Sheet	70,00,17,405		60,00,17,405	
Add: Transferred from Profit and Loss Account	10,00,00,000		10,00,00,000	
Add: Capital Subsidy Transferred	88,400	80,01,05,805		70,00,17,405
<b>Profit &amp; loss Account Balance</b>				
As per last Balance Sheet	6,09,33,23,576		3,79,71,82,615	
Add: Profit for the year	1,77,12,19,594		3,01,84,30,362	
	7,86,45,43,170		6,81,56,12,977	
Less : Appropriations				
Transferred to General Reserve	10,00,00,000		10,00,00,000	
Depreciation Expenses	-		11,49,774	
Interim Dividend on Equity Shares (Dividend per share ₹ 2.50/(₹ 5.00)	17,26,37,738		34,44,80,976	
Tax on Interim Dividend	3,51,44,981		6,88,75,932	
Proposed Dividend on Equity Shares (Dividend per share ₹ Nil/(₹ 2.50)	-		17,26,37,738	
Tax on Dividend	-	7,55,67,60,451	3,51,44,981	6,09,33,23,576
<b>Total</b>		<b>9,01,81,48,918</b>		<b>7,44,96,27,243</b>

### 4. LONG TERM BORROWINGS

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
	Current	Non Current	Current	Non Current
<b>Secured</b>				
Term Loan from Dept. of Biotechnology, Ministry of Science & Technology		1,63,86,000		1,39,90,000
<b>Total</b>		<b>1,63,86,000</b>		<b>1,39,90,000</b>

Term Loan from Dept. of Biotechnology, Ministry of Science & Technology is secured by all equipment, Plant & Machinery and other movable assets of the company and is repayable in ten equal half yearly instalments starting from June,2018.

### 5. OTHER LONG TERM LIABILITIES

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Security deposits from dealers		4,69,63,010		4,59,97,910
<b>Total</b>		<b>4,69,63,010</b>		<b>4,59,97,910</b>

## Notes to Financial Statements

### 6. TRADE PAYABLES (₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Creditors for Expenses	50,19,55,544	13,94,39,268
Sundry Creditors	1,40,71,00,585	1,34,22,88,827
<b>Micro and Small Enterprises</b>		
There are no micro and small enterprises, to whom the company owes dues, which are outstanding as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.		
<b>Total</b>	<b>1,90,90,56,129</b>	<b>1,48,17,28,095</b>

### 7. OTHER CURRENT LIABILITIES (₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Advance from customers against Sales	1,82,61,44,535	1,80,73,52,006
Payable to Staff	5,25,54,747	6,11,66,454
Interest Accrued but not due	8,67,067	5,47,312
TDS Payable	4,22,68,375	1,07,24,042
Others	13,66,520	-
<b>Total</b>	<b>1,92,32,01,244</b>	<b>1,87,97,89,814</b>

### 8. SHORT TERM PROVISIONS (₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for Income Tax (net of Advance Tax)	-	38,76,282
Provision for employee benefits	1,23,73,282	1,81,76,253
Provision for Wealth Tax	-	1,29,765
Provision for Dividend	-	17,26,37,738
Provision for Tax on Dividend	-	3,51,44,981
Provision for Schemes	5,90,30,805	22,05,75,224
<b>Total</b>	<b>7,14,04,087</b>	<b>45,05,40,243</b>

## Notes to Financial Statements

### 9. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2015	Additions	Deletions	Up to 31-03-2016	As on 01-04-2015	Additions	Deletions	Up to 31-03-2016	As on 31-03-2016	As on 31-03-2015
	(Amount in ₹)									
<b>A. Tangible Asset</b>										
Land	55,52,57,161	39,05,125	-	55,91,62,286	-	-	-	-	55,91,62,286	55,52,57,161
Buildings	51,76,42,090	22,84,03,551	-	74,60,45,641	14,60,65,816	4,69,22,895	-	19,29,88,711	55,30,56,930	37,15,76,274
Furniture & Fixtures	4,44,31,626	32,28,377	37,113	4,76,22,890	2,04,34,404	66,87,119	35,258	2,70,86,265	2,05,36,625	2,39,97,222
Vehicles	11,25,81,450	1,63,30,254	40,60,361	12,48,51,343	6,81,49,619	1,80,24,010	32,18,737	8,29,54,892	4,18,96,451	4,44,31,831
Plant & Equipment	91,39,96,481	41,83,92,196	53,12,537	1,32,70,76,140	39,84,59,871	17,13,50,890	41,64,519	56,56,46,242	76,14,29,898	51,55,36,610
Office Equipments	1,03,86,232	13,69,800	2,07,000	1,15,49,032	72,80,318	17,38,277	1,96,650	88,21,945	27,27,087	31,05,914
Computers	132,88,121	18,53,139	2,95,630	1,48,45,630	1,12,71,771	15,81,939	2,80,849	1,25,72,861	22,72,769	20,16,350
<b>Tangible Asset Total</b>	<b>2,16,75,83,161</b>	<b>67,34,82,442</b>	<b>99,12,641</b>	<b>2,83,11,52,962</b>	<b>65,16,61,799</b>	<b>24,63,05,130</b>	<b>78,96,013</b>	<b>89,00,70,916</b>	<b>1,94,40,82,046</b>	<b>1,51,59,21,362</b>
<b>Total Previous Years (A)</b>	<b>1,86,27,07,943</b>	<b>31,01,29,358</b>	<b>52,54,140</b>	<b>2,16,75,83,161</b>	<b>53,70,88,642</b>	<b>11,86,40,806</b>	<b>40,67,649</b>	<b>65,16,61,799</b>	<b>1,51,59,21,362</b>	<b>1,34,46,35,861</b>
<b>B. In - Tangible Asset</b>										
Software	1,85,37,792	13,29,137	-	1,98,66,929	1,30,47,466	29,97,855	-	1,60,45,321	38,21,608	54,90,326
Patents	-	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-
<b>In - Tangible Asset Total</b>	<b>1,85,37,792</b>	<b>13,29,137</b>	<b>-</b>	<b>1,98,66,929</b>	<b>1,30,47,466</b>	<b>29,97,855</b>	<b>-</b>	<b>1,60,45,321</b>	<b>38,21,608</b>	<b>54,90,326</b>
<b>Total Previous Years (B)</b>	<b>1,68,68,430</b>	<b>16,69,362</b>	<b>-</b>	<b>1,85,37,792</b>	<b>77,49,750</b>	<b>52,97,716</b>	<b>-</b>	<b>1,30,47,466</b>	<b>54,90,326</b>	<b>91,18,680</b>
<b>C. Capital Work - In- Progress</b>										
Building Under Cont.	20,01,50,272	16,56,10,590	23,07,46,499	13,50,14,363	-	-	-	-	13,50,14,363	20,01,50,272
Other Work in Progress	41,64,00,185	4,79,04,887	40,42,19,556	6,00,85,516	-	-	-	-	6,00,85,516	41,64,00,185
<b>Capital Work - In-Progress Total</b>	<b>61,65,50,457</b>	<b>21,35,15,477</b>	<b>63,49,66,055</b>	<b>19,50,99,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,50,99,879</b>	<b>61,65,50,457</b>
<b>Total Previous Years (C)</b>	<b>11,66,29,992</b>	<b>61,52,86,959</b>	<b>11,53,66,494</b>	<b>61,65,50,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,65,50,457</b>	<b>11,66,29,992</b>
<b>Grand Total (A+B+C)</b>	<b>2,80,26,71,410</b>	<b>88,83,27,056</b>	<b>64,48,78,696</b>	<b>3,04,61,19,770</b>	<b>66,47,09,265</b>	<b>24,93,02,985</b>	<b>78,96,013</b>	<b>90,61,16,237</b>	<b>2,14,00,03,533</b>	<b>2,13,79,62,145</b>
<b>Grand Total Previous Year (A+B+C)</b>	<b>1,99,62,06,365</b>	<b>92,70,85,679</b>	<b>12,06,20,634</b>	<b>2,80,26,71,410</b>	<b>54,48,38,392</b>	<b>12,39,38,522</b>	<b>40,67,649</b>	<b>66,47,09,265</b>	<b>2,13,79,62,145</b>	<b>1,47,03,84,533</b>

## Notes to Financial Statements

### 10. NON - CURRENT INVESTMENTS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015	
<b>(Other than trade at cost)</b>			
<b>Investment in Equity Instruments</b>			
<b>QUOTED</b>			
199425(199425) Equity Shares of ₹ 10 each in Vijay Textiles Ltd - fully paid up	1,99,04,545	1,99,04,545	
1900(1900) Equity shares of ₹ 10 each in Bank of Maharashtra - fully paid up	43,700	43,700	
9700(9700) equity shares of ₹ 10 each in Indian Overseas Bank - fully paid up	2,32,800	2,32,800	
1160(1160) Equity Shares of ₹ 1 each in Tata Consultancy Services Ltd - full paid up	2,46,500	2,46,500	
	2,04,27,545	2,04,27,545	
Less : Provision for Diminution in Value	1,87,11,984	1,87,11,984	17,15,561
<b>UNQUOTED</b>			
3600(3600) Equity Shares of ₹ 100 each in Swarna Bharat Biotechnics Pvt Ltd - fully paid up	3,60,000	3,60,000	
700(700) Equity Shares of ₹ 10 each in Swadeshi Biotechnics Ltd -fully paid up	70,000	70,000	
<b>Investment in Subsidiaries</b>			
7,70,000(7,70,000) Equity shares of ₹ 10 each fully paid up in Aditya Agritech (P) Ltd	77,00,000	77,00,000	
1,45,36,360(1,45,36,360) Equity shares of ₹ 10 each fully paid up in Kaveri Microteck Pvt Ltd	14,53,63,600	14,53,63,600	
91,800(91,800) Equity shares of ₹ 10 each fully paid up in Genome Agritech Pvt Ltd	30,29,400	30,29,400	
64,00,000(64,00,000) Equity shares of ₹ 10 each fully paid up in Kex Veg India Pvt Ltd	6,40,00,000	6,40,00,000	
	22,05,23,000	22,05,23,000	
<b>Investment in Government Securities</b>			
National Savings Certificates	30,000	30,000	
<b>Total</b>	<b>22,22,68,561</b>	<b>22,22,68,561</b>	
Market Value of Quoted Investments	70,30,791	46,28,425	
Aggregate amount of Quoted Investments	17,15,561	17,15,561	
Aggregate amount of Unquoted Investments	22,05,53,000	22,05,53,000	

### 11. LONG TERM LOANS AND ADVANCES

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015	
<b>Unsecured considered good</b>			
Advance for Capital Expenditure	1,99,40,675	1,34,11,928	
Security Deposits	1,38,88,044	98,76,111	
<b>Total</b>	<b>3,38,28,719</b>	<b>2,32,88,039</b>	

## Notes to Financial Statements

### 12. CURRENT INVESTMENTS

Particulars	As at 31 March 2016	As at 31 March 2015
<b>(Other than trade at cost) unquoted</b>		
Nil (3,10,225) units of ICICI Prudential Money Market Fund - Direct - Growth	-	6,00,00,000
Nil(30,707) units of SBI Magnum Insta Cash Fund - Direct Plan - Growth	-	9,50,00,000
1,00,00,000 (1,00,00,000) units of SBI Debt Fund Series - 366 Days 52 - Direct Plan - Growth	10,00,00,000	10,00,00,000
9,48,711(9,48,711) units of Birla Sun Life Treasury Optimizer Plan - Growth - Direct Plan	14,65,00,000	14,65,00,000
1,12,41,614 (1,12,41,614) units of HDFC Floating Rate Income Fund - Long Term Plan Direct Plan- Growth Option	25,00,00,000	25,00,00,000
96,71,591 (NIL) units of HDFC Floating Rate Income Fund - Short Term Plan-Direct Plan- Wholesale Option-Growth Option	25,00,00,000	-
13,388 (NIL) units of HDFC Liquid Fund - Direct Plan - Growth Option	4,00,00,000	-
Nil (75,701) units of Religare Invesco Credit Opportunities Fund - Direct - Growth	-	12,00,00,000
1,00,00,000 (1,00,00,000) units of DSP Blackrock FMP Series 151-12M - Direct - Growth	10,00,00,000	10,00,00,000
Nil (100) Bonds of Damodar Valley Corporation	-	9,42,50,000
Nil (50) Bonds of Power Finance Corporation Ltd	-	4,72,55,000
29,69,104 (29,69,104 ) units of UTI Short Term Income Fund - Institutional Option - Direct- Growth	5,00,00,000	5,00,00,000
59,102(NIL) units of UTI Money Market Fund - Institutional Plan - Direct Plan - Growth	10,00,00,000	-
Nil (91,123) units of Principal Debt Opportunities Fund Conservative Plan - Direct - Growth	-	20,00,00,000
Nil(46,636) units of Principal Debt Opportunities Fund Corporate Bond Plan - Direct - Growth	-	10,00,00,000
1,13,82,210(73,66,591) units of Sundaram Income Plus Direct Plan - Growth	25,00,00,000	15,00,00,000
1,21,75,463(NIL) units of Sundaram Ultra Short - Term Fund - Direct Plan - Growth	25,00,00,000	-
26,72,898(26,72,898 ) units of Tata Short Term Bond Fund Direct Plan - Growth I	7,00,00,000	7,00,00,000
Nil(4,37,995) units of Birla Savings Fund - Direct Growth	-	11,00,00,000
55,761(76,836 ) units of Reliance Liquid Fund - Cash Plan Direct Growth Plan	13,50,00,000	17,00,00,000
90,22,063 (Nil) units of Reliance Medium Term Fund - Direct Growth Plan - Growth Option	28,00,00,000	-
3,27,845 (Nil) units of Religare Invesco Medium Term Bond Fund - Direct Plan Growth (MT-D1)	50,00,00,000	-
Nil(83,06,568) units of IDFC Money Manager Fund - Investment Direct Plan - Growth	-	18,00,00,000
57,090(71,636 ) units of IDFC Cash Fund - Direct Growth	10,50,00,000	12,00,00,000
7,06,843(NIL) units of IDFC Ultra Short Term Fund - Growth - Direct Plan	1,50,00,000	-
22,41,287(14,51,390) units of ICICI Prudential Savings Fund - DP Growth	50,00,00,000	30,00,00,000
1,78,26,157(1,50,95,591) units of ICICI Prudential Banking & PSU Debt Plan - Direct Growth	27,50,00,000	23,00,00,000

(₹)

## Notes to Financial Statements

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
2,50,00,000 (Nil) units of ICICI Prudential FMP Series 78-95 D Plan K DP Cum.	25,00,00,000		-	
95,49,934 (Nil) units of JM Arbitrage Advantage Fund - (Direct) Annual Bonus Option- Principal Units (543)	9,69,07,216		-	
5,59,341 (Nil) units of Kotak Low Duration Fund Direct Growth	1,00,00,00,000		-	
Nil (79,465) units of Religare Invesco Short Term Fund - Direct Plan - Growth	-		15,00,00,000	
100 (100) Non Convertible Debentures of Kotak Mahindra Investments Ltd	10,00,00,000	4,86,34,07,216	10,00,00,000	2,94,30,05,000
<b>Total</b>		<b>4,86,34,07,216</b>		<b>2,94,30,05,000</b>

### 13. INVENTORIES (at lower of cost or net realisable value)

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Finished Goods	4,09,31,17,116		3,61,67,63,206	
Work in Process	45,28,38,579		82,87,98,198	
Raw Material	42,89,54,578		42,20,79,168	
<b>Total</b>		<b>4,97,49,10,273</b>		<b>4,86,76,40,572</b>

### 14. TRADE RECEIVABLES

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
<b>Receivables outstanding for a period exceeding six months</b>				
Unsecured, considered good	31,58,11,126		59,60,80,012	
Considered Doubtful -unsecured	14,60,57,885		2,96,92,505	
Less: Provision for doubtful debts	(14,60,57,885)	31,58,11,126	(2,96,92,505)	59,60,80,012
<b>Other receivables</b>				
Unsecured, considered good		31,56,61,120		38,47,04,842
<b>Total</b>		<b>63,14,72,246</b>		<b>98,07,84,854</b>

### 15. CASH & CASH EQUIVALENTS

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Cash on hand	3,61,615		2,94,212	
Balance with Banks	6,88,20,366		4,03,30,799	
<b>Total</b>		<b>6,91,81,981</b>		<b>4,06,25,011</b>

### 16. SHORT TERM LOANS AND ADVANCES

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Advance to Staff - Unsecured and considered good	47,64,315		90,01,450	
<b>Total</b>		<b>47,64,315</b>		<b>90,01,450</b>



## Notes to Financial Statements

### 17. OTHER CURRENT ASSETS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured and considered good)		
Advance to suppliers	9,89,63,911	10,64,35,378
Advance to Subsidiaries	7,40,00,000	6,42,00,000
Prepaid expenses	64,70,629	63,07,797
Others	51,55,512	6,01,16,560
<b>Total</b>	<b>18,45,90,052</b>	<b>23,70,59,735</b>

### 18. REVENUE FROM OPERATIONS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Sale of Seeds	8,48,93,69,040	11,15,52,47,857
<b>Other Operational Revenue</b>		
Foreign Exchange Fluctuations	1,81,764	3,03,878
<b>Total</b>	<b>8,48,95,50,804</b>	<b>11,15,55,51,735</b>

### 19. OTHER INCOME

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital Gain on sale of Assets	3,07,927	4,00,309
Dividend Income	6,10,889	91,850
Capital Gains from Investments	14,66,19,614	13,41,60,014
Interest Income	82,89,628	1,37,66,149
Others	37,38,060	78,04,242
<b>Total</b>	<b>15,95,66,118</b>	<b>15,62,22,564</b>

### 20. COST OF MATERIALS CONSUMED

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Raw Material Consumed/Production Expenses</b>		
Opening Stock	42,20,79,168	34,82,46,862
Add: Purchases/Production Expenses including processing Charges**	3,95,20,07,365	4,24,21,69,704
	4,37,40,86,533	4,59,04,16,566
Less : Closing Stock	42,89,54,578	42,20,79,168
	<b>3,94,51,31,955</b>	<b>4,16,83,37,398</b>
<b>** Processing Charges</b>		
Freight Inward	8,83,61,567	13,66,60,847
Machinery Repairs & Maintenance	1,46,04,230	1,31,83,868
Seed Certification charges	7,19,263	1,92,749
Power & Fuel	5,55,93,684	7,34,54,683
Building & Godown repairs & maint.	7,47,394	6,40,197
Godown Rent	1,70,80,452	2,33,58,688
Cold Storage Maintenance	1,45,52,631	1,08,19,540
Factory Maintenance	8,39,74,952	9,88,68,854
Expense on processing	7,30,43,306	13,14,04,363
R&D Farm Expenses	10,87,99,689	10,52,87,128
<b>Total</b>	<b>45,74,77,168</b>	<b>59,38,70,917</b>

## Notes to Financial Statements

Particulars	As at 31 March 2016	As at 31 March 2015
<b>R&amp;D Farm Expenses</b>		
Cultivation Expenses	13,91,255	5,49,502
Fertilizers & Pesticides	52,01,819	41,11,552
Electricity charges	26,60,398	28,71,902
Electrical items & motor repairing charges	2,32,829	5,62,533
Farm Maintenance	61,59,166	1,33,16,449
Labour charges	1,64,65,106	37,14,129
Postage & telephones	1,06,198	1,36,279
Printing & Stationery	3,36,022	68,972
Security charges	43,69,426	45,54,096
Staff Welfare	2,57,661	2,52,924
Travelling expenses	1,22,013	50,092
Vehicle Maintenance	19,73,360	21,06,942
Land Lease	1,26,25,891	1,01,83,320
Research Expenses	8,64,668	22,64,939
Testing Expenses	1,21,45,812	1,92,40,882
Professional Expenses	52,66,950	45,31,129
Salaries - Farm	3,86,21,115	3,67,71,486
<b>Total</b>	<b>10,87,99,689</b>	<b>10,52,87,128</b>
<b>Details of Raw Material consumed</b>		
Seeds	3,71,66,75,853	3,84,59,58,531
Packing Material	14,04,15,314	20,35,21,281
Chemicals	8,80,40,788	11,88,57,586
<b>Total</b>	<b>3,94,51,31,955</b>	<b>4,16,83,37,398</b>

### 21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	As at 31 March 2016	As at 31 March 2015
<b>(Increase)/Decrease in Finished goods</b>		
Opening Stock	3,61,67,63,206	3,47,69,66,051
Closing Stock	4,09,31,17,116 (47,63,53,910)	3,61,67,63,206 (13,97,97,155)
<b>(Increase)/Decrease in Work in Progress</b>		
Opening Stock	82,87,98,198	1,08,75,23,224
Closing Stock	45,28,38,579 37,59,59,619	82,87,98,198 25,87,25,026
<b>Total</b>	<b>(10,03,94,291)</b>	<b>11,89,27,871</b>

### 22. EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31 March 2016	As at 31 March 2015
Salaries to Staff	29,03,82,591	23,55,05,372
Employee Stock option Expenses	-	2,64,707
Contribution to Provident and other funds	1,67,45,619	1,37,21,600
Staff Welfare Expenses	51,70,777	70,95,091
<b>Total</b>	<b>31,22,98,987</b>	<b>25,65,86,770</b>

## Notes to Financial Statements

### 23. FINANCE COSTS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest Expenses	3,19,754	2,17,862
Bank Charges	13,69,936	13,24,555
<b>Total</b>	<b>16,89,690</b>	<b>15,42,417</b>

### 24. OTHER EXPENSES

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Establishment Expenses</b>		
Travelling Expenses	8,52,47,618	7,94,14,227
Postage & Telephone	1,06,80,388	90,04,057
Payment to Auditors	10,59,431	9,82,073
Vehicle Maintenance	40,76,819	33,33,281
Rent	45,71,405	78,81,958
Printing & Stationery	46,09,795	49,86,289
Insurance	86,85,791	83,02,581
Books & Periodicals	1,31,777	67,801
Rates & Taxes	2,11,33,724	41,28,801
Office Maintenance	54,06,712	34,19,835
General Expenses	71,19,102	37,54,703
Conveyance	1,49,488	1,15,229
Donations & Subscriptions	54,58,361	3,12,40,500
Legal Expenses	1,11,56,466	33,07,263
Professional Charges	1,41,87,083	82,11,536
Professional Tax	12,500	12,500
Sales Tax	-	1,86,516
CSR Expenditure	2,19,81,990	1,01,15,105
Market Cess	32,53,371	38,83,048
Security Charges	1,07,04,681	1,18,00,197
Service Tax	1,54,49,912	1,45,51,341
Computer Maintenance	24,98,616	24,01,240
Directors Sitting Fees	5,20,000	3,60,000
Preliminary Expenses written off	-	-
<b>(a) Total</b>	<b>23,80,95,030</b>	<b>21,14,60,081</b>
<b>Selling &amp; Distribution Exp</b>		
Sales promotion expenses	16,36,42,137	17,78,13,849
Sales Schemes	1,32,36,59,639	1,30,15,98,791
Advertisement	2,76,41,889	3,84,64,311
Freight & Forwarding	12,83,24,339	15,97,99,599
Farmers Meeting Expenses	2,04,17,983	3,13,14,951
Staff & Dealers Meeting Expenses	1,20,80,623	3,91,13,187
Royalty (Refer Note No.34)	38,09,13,870	1,58,55,03,469
Bad debts Written Off	17,00,287	7,98,098
Provision for Bad Debts	11,63,65,380	-
<b>(b) Total</b>	<b>2,17,47,46,147</b>	<b>3,33,44,06,255</b>
<b>Total of (a) &amp; (b)</b>	<b>2,41,28,41,177</b>	<b>3,54,58,66,336</b>

## Notes to Financial Statements

### 25. CAPITAL COMMITMENTS

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for ₹ 29.23 Lakhs (170.63) Lakhs.

### 26. CONTINGENT LIABILITIES AND COMMITMENTS.

#### a). Contingent Liabilities

Claims against the company not acknowledged as debts ₹ 7521.00 Lakhs (₹ 159.90 Lakhs) This comprise:

- i) Tax demands disputed by the Company relating to disallowances/additions of fiscal benefits, pending before various judicial forums and tax authorities, aggregating to ₹ 860.50 Lakhs (₹ 22.36 Lakhs).
- ii) Other matters not related to Tax aggregating to ₹ 10.75 Lakhs (₹ 10.75 Lakhs).
- iii) Royalty Payment for use of BT Cotton Technology ₹ 6550.57 Lakhs (NIL) (Refer Note No.34).
- v) Bank Gurantees ₹ 99.18 Lakhs (₹ 126.79 Lakhs).

### 27. Remuneration to Statutory Auditors (Including Service Tax Where Applicable)

(₹)

Particulars	2015-16	2014-15
Statutory Audit	₹ 6,57,484/-	₹ 6,20,730/-
Other Audit Services	₹ 1,14,500/-	₹ 1,12,360/-
For Tax Matters	₹ 2,19,161/-	₹ 2,06,910/-
Reimbursement of expenses	₹ 68,286/-	₹ 42,073/-
<b>Total</b>	<b>₹ 10,59,431/-</b>	<b>₹ 9,82,073/-</b>

### 28. RELATED PARTIES DISCLOSURE:

#### Key Managerial Persons and their relatives

Mr. G.V.Bhaskar Rao  
Mrs. G. Vanaja Devi  
Mr. R. Venumanohar Rao  
Mr. C. Vamsheedhar  
Mr. C. Mithun Chand  
Mr. G.Pawan  
Mrs. G. Madhusree  
G.V.Bhaskar Rao - HUF  
C. Vamsheedhar - HUF  
R. Venumanohar Rao - HUF

#### Subsidiary Companies:

M/s. Kexveg India Pvt Ltd  
M/s. Aditya Agritech Pvt Ltd  
M/s. Genome Agritech Pvt Ltd  
M/s. Kaveri Microteck Pvt Ltd

#### Other Related Firms:

M/s. Kaveri Infra

## Notes to Financial Statements

### 28. TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

(₹ in Lakhs)

Details of Transactions	2015-16	2014-15
<b>Remuneration Paid</b>		
Mr. G. V. Bhaskar Rao	155.52	168.85
Mrs. G. Vanaja Devi	96.72	104.97
Mr. R. Venumanohar Rao	74.98	82.82
Mr. C. Vamsheedhar	47.86	52.57
Mr. C. Mithun Chand	39.94	43.74
	<b>415.02</b>	<b>452.95</b>
<b>Land and Godown Lease Paid</b>		
Mr. G. V. Bhaskar Rao	8.43	7.67
Mrs. G. Vanaja Devi	8.49	8.25
Mr. G. Pawan	12.31	11.95
Mrs. G. Madhusree	10.80	9.82
G. V. Bhaskar Rao – HUF	39.96	37.73
C. Vamsheedhar – HUF	4.48	4.07
R. Venumanohar Rao – HUF	4.52	4.12
M/s. Kaveri Infra	10.87	9.88
	<b>99.86</b>	<b>93.49</b>
<b>Dividend Paid</b>		
Mr. G. V. Bhaskar Rao	150.80	446.37
Mrs. G. Vanaja Devi	381.76	954.33
Mr. R. Venumanohar Rao	52.95	179.30
Mr. C. Vamsheedhar	27.48	97.92
Mr. C. Mithun Chand	23.22	68.74
Mr. G. Pawan	62.73	185.67
Mrs. G. Madhusree	-	175.68
G. V. Bhaskar Rao – HUF	281.02	831.81
	<b>979.96</b>	<b>2,939.82</b>
<b>Purchase of Land from</b>		
Mrs. G. Vanaja Devi	-	464.00
Mr G. Pawan	-	613.00
	-	<b>1,077.00</b>
<b>Investments made during the year</b>		
Equity Share Capital in M/s.Kaveri Microteck Pvt Ltd	-	1,452.64
	-	<b>1,452.64</b>
<b>Loans &amp; Advances Paid during the year</b>		
M/s. Kexveg India Pvt Ltd	98.00	67.00
	<b>98.00</b>	<b>67.00</b>
<b>Land Lease Received</b>		
M/s. Kexveg India Pvt Ltd	14.23	14.23
	<b>14.23</b>	<b>14.23</b>
<b>Purchases made during the year</b>		
M/s. Kaveri Microteck Pvt Ltd	-	59.58
	-	<b>59.58</b>
<b>Sales made during the year</b>		
M/s. Aditya Agritech Pvt Ltd	2,326.67	2,876.07
M/s. Genome Agritech Pvt Ltd	503.79	345.99
	<b>2,830.46</b>	<b>3,222.06</b>

## Notes to Financial Statements

### 29. FOREIGN CURRENCY/EXCHANGE TRANSACTIONS

(₹)

Particulars	2015-16	2014-15
a. Import of Capital Goods	Nil	8,45,25,332
b. Earnings in foreign Exchange (Export of goods on FOB basis)	9,94,18,032	7,28,82,969
c. Expenditure in Foreign Currency for Travel	64,38,067	67,76,091
d. Others	85,69,257	61,47,419

### 30. PARTICULARS IN RESPECT OF SALES TURNOVER(GROSS) FOR EACH CLASS OF GOODS DEALT BY THE COMPANY

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2016			For the Year ended 31st March 2015		
	Unit	Quantity	Value (₹)	Unit	Quantity	Value (₹)
Seeds	MT	43,244	84,895.51	MT	44,058	1,11,555.52
			<b>84,895.51</b>			<b>1,11,555.52</b>

### 31. PARTICULARS IN RESPECT OF OPENING AND CLOSING STOCKS FOR EACH CLASS OF GOODS DEALT BY THE COMPANY

(₹ in Lakhs)

Particulars	As at 31st March 2016				As at 31st March 2015			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity (MT)	Value(₹)	Quantity (MT)	Value(₹)	Quantity (MT)	Value(₹)	Quantity (MT)	Value(₹)
Seeds	21,038.64	36,167.63	20,749.08	40,931.17	11,951.67	34,769.66	21,038.64	36,167.63
Micronutrients	Nil	Nil	Nil	Nil	616.08	266.19	Nil	Nil
	<b>21,038.64</b>	<b>36,167.63</b>	<b>20,749.08</b>	<b>40,931.17</b>	<b>12,567.75</b>	<b>35,035.85</b>	<b>21,038.64</b>	<b>36,167.63</b>

### 32. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED DURING THE YEAR

(₹ in Lakhs)

Particulars	Value as on 31.03.2016	%	Value as on 31.03.2015	%
<b>Imported</b>				
Seeds	NIL		NIL	
Micronutrients	NIL		NIL	
<b>Indigenous</b>				
Seeds	39,451.31	100	41,683.37	100
Micronutrients	NIL		NIL	
	<b>39,451.31</b>	<b>100</b>	<b>41,683.37</b>	<b>100</b>



## Notes to Financial Statements

33. The Company spent ₹ 219,81,990/- (₹ 101,15,105/-) towards CSR Expenditure for the year. The details of expenditure upto 31-03-2016 are as follows.

Particulars of CSR Activity	(Amount in ₹)	
	2015-16	2014-15
Amount unspent at the Starting of the Year	1,74,89,758	-
CSR Expenditure Spendable for the Year	4,38,16,166	2,76,04,863
<b>Total Amount to be Spent for the Year</b>	<b>6,13,05,924</b>	<b>2,76,04,863</b>
Education Development activity in GNPoor Village, Bheemdevarpally Mandal, Karimnagar District. (Including Construction of School Building, Providing Furniture, Providing Books and Bags to Students and Scholarship to Students).	1,54,65,352	83,00,364
Rural Development activity in GNPoor Village, Bheemdevarpally Mandal, Karimnagar District (Including Conservation of Water Resources, Providing Street Lights, Providing Cycle Rickshaw for cleaning of Garbage).	65,16,638	18,14,741
<b>Total Amount Spent during the Year</b>	<b>2,19,81,990</b>	<b>1,01,15,105</b>
<b>Unspent Amount at the End of the Year</b>	<b>3,93,23,934</b>	<b>1,74,89,758</b>

34. The Company, based on Notifications of the various State Governments, has provided Royalty of ₹ 3,809.14 Lakhs for the year ended 31st March 2016 as against the Royalty Payable amount of ₹ 10,359.71 Lakhs as per the Agreement with service Provider and thus the expenses are short provided by ₹ 6,550.57 Lakhs.

35. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to those of current year.

As per our report of even date attached

For **P. R. REDDY & CO.,**  
Firm Registration No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**  
Partner  
Membership No.23758

For and on behalf of the Board

Sd/-

**G. V. BHASKAR RAO**  
Managing Director

Sd/-

**K. V. CHALAPATHI REDDY**  
Chief Financial Officer

Sd/-

**V. R. S. MURTI**  
Company Secretary

Sd/-

**G. VANAJA DEVI**  
Whole time Director

Place : Secunderabad

Date : 10 May 2016

# Cash Flow Statement

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,82,82,46,419	3,09,43,99,634
Adjustments for:		
Depreciation & Amortisation	24,93,02,985	12,27,88,748
Profit/Loss on sale of Fixed Assets	(3,07,927)	(4,00,309)
Dividend Received	(6,10,889)	(91,850)
Gain from Investments	(14,66,19,614)	(13,41,60,014)
Interest received	(82,89,628)	(1,37,66,149)
Finance charges	16,89,690	15,42,417
<b>Operating profit before working capital changes</b>	<b>1,92,34,11,036</b>	<b>3,07,03,12,478</b>
(Increase) / Decrease in Inventories	(10,72,69,701)	10,27,17,706
(Increase)/Decrease in Sundry Debtors	34,93,12,607	(35,12,85,181)
(Increase)/Decrease in Loans & Advances	4,61,66,138	4,24,65,366
Increase/(Decrease) in Trade Liabilities	42,73,28,034	(80,64,95,575)
Increase/(Decrease) in Other Current Liabilities	(33,47,59,623)	(35,42,14,554)
Taxes paid during the year	(5,26,36,579)	(7,67,20,468)
<b>Net cash provided by operating activities</b>	<b>2,25,15,51,912</b>	<b>1,62,67,79,772</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase)/Sale of Fixed Assets	(25,10,36,447)	(78,99,66,051)
(Purchase)/Sale of Investments	(1,92,04,02,216)	(38,19,38,475)
Dividend Received	6,10,889	91,850
Gain from Investments	14,66,19,614	13,41,60,014
Interest received	82,89,628	1,37,66,149
<b>Net Cash used for investing activities</b>	<b>(2,01,59,18,532)</b>	<b>(1,02,38,86,513)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend including Tax on Dividend	(20,77,82,720)	(62,11,39,627)
Share Application Money		54,02,600
Long Term Loans	23,96,000	55,96,000
Finance charges	(16,89,690)	(15,42,417)
<b>Net cash provided by financing activities</b>	<b>(20,70,76,410)</b>	<b>(61,16,83,444)</b>
Net increase in cash & cash equivalents	2,85,56,970	(87,90,185)
Cash & Cash equivalents at the beginning of the period	4,06,25,011	4,94,15,196
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>6,91,81,981</b>	<b>4,06,25,011</b>

As per our report of even date attached

**For P. R. REDDY & CO.,**  
Firm Registration No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**  
Partner  
Membership No.23758

Place : Secunderabad  
Date : 10 May 2016

For and on behalf of the Board

Sd/-

**G. V. BHASKAR RAO**  
Managing Director

Sd/-  
**G. VANAJA DEVI**  
Whole time Director

Sd/-

**K. V. CHALAPATHI REDDY**  
Chief Financial Officer

Sd/-

**V. R. S. MURTI**  
Company Secretary

# CONSOLIDATED FINANCIAL STATEMENTS

# Independent Auditor's Report – Consolidated

To  
The Members of

M/S. KAVERI SEED COMPANY LIMITED

## REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of M/S. KAVERI SEED COMPANY LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the

provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**OTHER MATTERS**

(a) We did not audit the financial statements / financial information of M/S. GENOME AGRITECH PRIVATE LIMITED, the subsidiary, whose financial statements / financial information reflect total assets of ₹ 2,44,80,161 as at 31st March, 2016, total revenues of ₹ 7,54,81,481 and net cash flows amounting to (₹ 44,25,107) for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 51,41,916 for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of M/S. GENOME AGRITECH PRIVATE LIMITED, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and the operating effectiveness of such controls, refer to our separate Report in Annexure-A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. There were no pending litigations which would impact the consolidated financial position of the Group Companies.
  - ii. The Group Companies did not have any Long term Contracts including Derivative Contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

**For P. R. REDDY & CO.,**  
Firm Regn No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**

Partner

Place: Hyderabad

Date: 10 May 2016

Membership No. 23758

## **Annexure - A** Referred to Independent Auditor's Report to the Members of M/S.KAVERI SEED COMPANY LIMITED for the year ended 31 March 2016.

Referred to in the Independent Auditor's Report of even date to the members of Kaveri Seed Company Limited on the consolidated financial statements for the year ended March 31, 2016.

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (1) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT**

1. We have audited the internal financial controls over financial reporting of Kaveri Seed Company Limited ("the holding company") and its subsidiary companies as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

2. The respective board of directors of the holding company and its subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accounts of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the preventing and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **AUDITOR'S RESPONSIBILITY**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial

reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depending on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Generally Accepted Accounting Principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transaction are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditure of the company are being made only in accordance with authorisation of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

7. Because of the inherent limitations of internal financial controls over financial reporting, including

the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

8. In our opinion, the Holding Company and its subsidiary companies have in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accounts of India.

9. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company is based on the corresponding reports of the auditor of such company . Our opinion is not qualified in respect of this matter.

**For P. R. REDDY & CO.,**  
Firm Regn No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**  
Partner  
Membership No. 23758

Place: Hyderabad  
Date: 10 May 2016



# Consolidated Balance Sheet

(₹)

Particulars	Note	As at 31 March 2016		As at 31 March 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Share Holders Funds</b>					
Share Capital	2	13,81,10,190		13,77,92,390	
Reserves & Surplus	3	8,92,86,63,799	9,06,67,73,989	7,40,45,15,492	7,54,23,07,882
<b>Share Application Money Pending Allotment</b>					
<b>Minority Interest</b>					
<b>Non Current Liabilities</b>					
Long Term Borrowings	4	1,63,86,000	-	1,40,92,764	
Other Long Term Liabilities	5	7,04,80,066	8,68,66,066	6,38,77,967	7,79,70,731
<b>Current Liabilities</b>					
Trade Payables	6	1,95,04,98,328		1,54,08,03,874	
Other Current Liabilities	7	1,99,52,02,956		1,95,06,81,579	
Short Term Provisions	8	8,87,62,030	4,03,44,63,314	46,46,46,233	3,95,61,31,686
		<b>13,18,62,67,238</b>		<b>11,58,40,19,408</b>	
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Fixed Assests					
Tangible Assets	9	2,00,58,42,292		1,60,01,42,799	
Intangible Assets		65,27,315		82,10,313	
Capital Work in Progress		19,70,09,764		61,65,50,457	
Non Current Investments	10	21,82,561		21,82,561	
Deferred Tax Asset		4,71,533		32,29,567	
Long Term Loans and Advances	11	3,71,73,831		2,43,42,194	
Other Non-Current Assets	12	11,79,396	2,25,03,86,692	27,30,794	2,25,73,88,685
<b>Current Assests</b>					
Current Investments	13	4,86,34,07,216		2,94,77,05,000	
Inventories	14	5,04,44,87,423		4,94,34,92,569	
Trade Receivables	15	80,39,78,452		1,18,05,50,007	
Cash & Cash Equivalents	16	9,48,87,379		6,56,03,993	
Short Term Loans and Advances	17	68,33,321		1,00,92,744	
Other Current Assets	18	12,22,86,755	10,93,58,80,546	17,91,86,410	9,32,66,30,723
		<b>13,18,62,67,238</b>		<b>11,58,40,19,408</b>	
<b>Notes on Financial Statements</b>	1-36				

As per our report of even date attached

For P. R. REDDY & CO.,

Firm Registration No.003268S

Chartered Accountants

Sd/-

P. RAGHUNADHA REDDY

Partner

Membership No.23758

For and on behalf of the Board

Sd/-

G. V. BHASKAR RAO

Managing Director

Sd/-

K. V. CHALAPATHI REDDY

Chief Financial Officer

Sd/-

V. R. S. MURTI

Company Secretary

Sd/-

G. VANAJA DEVI

Whole time Director

Place : Secunderabad

Date : 10 May 2016

# Consolidated Profit & Loss Statement

		(₹)	
Particulars	Note	Year ended 31 March 2016	Year ended 31 March 2015
<b>INCOME</b>			
Revenue from Operations	19	8,92,77,90,294	11,60,94,47,441
Other Income	20	17,38,80,710	15,71,61,254
<b>Total Revenue</b>		<b>9,10,16,71,004</b>	<b>11,76,66,08,695</b>
<b>EXPENSES</b>			
Cost of Material Consumed	21	4,05,63,23,127	4,29,16,32,020
Changes in Inventories of Finished Goods and Work in Process	22	(8,48,73,813)	9,51,96,524
Employee Benefit Expenses	23	38,74,54,837	30,90,29,820
Finance Costs	24	23,88,894	17,06,244
Depreciation & Amortisation Expenses		27,39,12,021	14,90,68,944
Other Expenses	25	2,68,27,34,564	3,81,66,40,635
<b>Total Expenses</b>		<b>7,31,79,39,630</b>	<b>8,66,32,74,187</b>
<b>Profit before Exceptional Items and Tax</b>		<b>1,78,37,31,374</b>	<b>3,10,33,34,508</b>
Exceptional Item - Provision for diminution in value of investments		-	(33,25,125)
<b>Profit before Tax</b>		<b>1,78,37,31,374</b>	<b>3,10,00,09,383</b>
Less: Tax expense			
Current Tax		5,81,69,754	6,66,00,000
Tax of Earlier years		-	2,63,52,530
Deferred Tax		27,58,034	(7,48,556)
		<b>6,09,27,788</b>	<b>9,22,03,974</b>
<b>Profit after Tax</b>		<b>1,72,28,03,586</b>	<b>3,00,78,05,409</b>
Less: Minority Interest		(40,42,640)	(17,71,705)
<b>Profit after Tax (Consolidated)</b>		<b>1,72,68,46,226</b>	<b>3,00,95,77,114</b>
Earnings per share (equity shares, par value ₹ 2 each)			
Basic		25.01	43.68
Diluted		25.01	43.68
<b>Notes on Financial Statements</b>	1-36		

As per our report of even date attached

For and on behalf of the Board

For P. R. REDDY &amp; CO.,

Firm Registration No.003268S

Chartered Accountants

Sd/-

P. RAGHUNADHA REDDY

Partner

Membership No.23758

Sd/-

G. V. BHASKAR RAO

Managing Director

Sd/-

K. V. CHALAPATHI REDDY

Chief Financial Officer

Sd/-

V. R. S. MURTI

Company Secretary

Sd/-

G. VANAJA DEVI

Whole time Director

Place : Secunderabad

Date : 10 May 2016

## Notes to Consolidated Financial Statements

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. System of Accounting

The Financial Statements of the Company have been prepared under the historical cost convention, on accrual basis, to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act 2013, except in the case of sale of realizable scrap which is accounted for on receipt basis. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

#### b. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

- i. Revenue from sale of goods is recognised on dispatch which coincides with transfer of significant risks & rewards to customer and is net of sales returns and sales tax, wherever applicable.
- ii. Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### c. Fixed assets and Depreciation

- i. Fixed assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready for intended use.
- ii. Expenditure directly relating to construction activity is capitalized. Indirect expenditure is capitalized to the extent it relates to the construction activity or is incidental thereto. Income earned during construction period is deducted from the total expenditure relating to construction activity.
- iii. Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.

- iv. The carrying amount of fixed assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.
- v. Impairment loss, if any, is provided to the extent the carrying amount of Assets exceeds their recoverable amount.
- vi. Depreciation is provided on written down value method, at the rate specified in schedule II to the Companies Act, 2013 and as per applicable Accounting standards.

#### d. Research and Product Development costs:

Research costs which are of revenue nature is charged to revenue, while capital expenditure is included in the respective heads under fixed assets.

Expenditure of R&D during the year.

Capital Expenditure ₹ 88,35,552/- (1,30,67,779/-)

Revenue Expenditure ₹ 11,12,16,593/- (10,74,82,467/-)

#### e. Investments

- i. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
- ii. Long-term investments are carried at cost. However, provisions for diminution in value are made to recognize a decline, other than temporary, in the value of the investments. Current investments are carried at lower of cost and fair value determined in respect of each category of Investment.

#### f. Inventories

- i. Raw materials, packing materials, stores, spares and consumables are valued at cost, calculated on "First-in first out" basis. Items held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost.
- ii. Finished goods and Work-in-process are valued at lower of cost or net realizable value. Cost includes

## Notes to Consolidated Financial Statements

materials, labour and a proportion of appropriate overheads.

- iii. Trading goods are valued at lower of cost or net realizable value
- iv. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.
- v. Management has carried out physical verification of stock.

### g. Retirement and other Employee Benefits

- i. Contribution to Provident Fund, which is a defined contribution plan, are charged to the profit and loss account on an accrual basis.
- ii. Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.
- iii. Actuarial gains/losses are immediately taken to Profit and Loss Account.
- iv. The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at period-end. The value of such leave balance eligible for carry forward, is determined by actuarial valuation and charged to revenue in the period determined.

### h. Income Tax

Tax expense consists of both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

### i. Deferred Tax Liability

In conformity with Accounting Standards 22 on Accounting for Taxes on Income issued by Institute of Chartered Accountants of India, the Company has provided for the Deferred Tax Liability in the books of Accounts.

Deferred Tax Liability in respect of timing difference:

	(₹)	
Particulars	2015-16	2014-15
Depreciation on Fixed Assets	27,58,034	(7,48,556)

### j. Dividend provided on Equity Shares

There is no final dividend provided in the books of a/c for the financial year against ₹ 17,26,37,738/- (₹ 2.50/- Per Share) of previous year 2014-15 however the company has paid interim dividend of ₹ 2.50/- (₹ 5.00/-) per share total amounting to ₹ 17,26,37,738/- (₹ 34,44,80,976/-).

### k. Earnings per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares.

### l. Provisions

A provision is recognised when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## Notes to Consolidated Financial Statements

### 2. SHARE CAPITAL

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
<b>Authorised</b>				
10,00,00,000 (10,00,00,000) Equity shares of ₹ 2/- (₹ 2/-) each		20,00,00,000		20,00,00,000
<b>Issued, Subscribed &amp; Paid up</b>				
6,90,55,095/- (6,88,96,195) Equity shares of ₹ 2/- (₹ 2/-) each		13,81,10,190		13,77,92,390
<b>Total</b>		<b>13,81,10,190</b>		<b>13,77,92,390</b>

#### The details of Shareholders holding more than 5% Shares :

Name of the Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	% Held	No. of Shares	% Held
G Vanaja Devi	1,57,75,050	22.84%	1,52,70,448	22.16%
G V Bhaskar Rao - HUF	1,12,40,645	16.28%	1,12,40,645	16.32%
G V Bhaskar Rao	60,31,990	8.74%	60,31,990	8.76%
Ashoka PTE Limited	47,90,301	6.94%	-	-
IDFC Premier Equity Fund	-	0.00%	22,77,235	3.31%
Small Cap World Fund, INC	-	0.00%	41,30,970	6.00%

#### Share Capital Reconciliation

##### Reconciliation of number of equity shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount in ₹	Number of shares	Amount in ₹
At the beginning of the year	6,88,96,195	13,77,92,390	6,87,42,205	13,74,84,410
Add: Issued during the year	1,58,900	3,17,800	1,53,990	3,07,980
<b>At the end of the year</b>	<b>6,90,55,095</b>	<b>13,81,10,190</b>	<b>6,88,96,195</b>	<b>13,77,92,390</b>

## Notes to Consolidated Financial Statements

### 3. RESERVES & SURPLUS

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Securities Premium Reserve		66,12,82,662		65,37,12,666
Employee Stock Option Scheme				
Employee Stock Option Scheme Outstanding	-		24,85,196	
Less: Deferred Employee Compensation Expenses	-	-	-	24,85,196
Capital subsidy	2,88,400		2,88,400	
Less: Transferred to General Reserve	2,88,400	-	-	2,88,400
<b>General Reserve</b>				
As per last Balance Sheet	70,00,17,405		60,00,17,405	
Add: Transferred from Profit and Loss Account	10,00,00,000		10,00,00,000	
Add: Capital Subsidy Transferred	2,88,400	80,03,05,805	-	70,00,17,405
<b>Profit &amp; loss Account Balance</b>				
As per last Balance Sheet	6,04,80,11,825		3,76,12,60,165	
Add: Profit for the year	1,72,68,46,226		3,00,95,77,114	
	7,77,48,58,051		6,77,08,37,279	
Less: Appropriations				
Transferred to General Reserve	10,00,00,000		10,00,00,000	
Depreciation Expenses	-		16,85,827	
Interim Dividend on Equity Shares (Dividend per share ₹ 2.50/(₹ 5.00))	17,26,37,738		34,44,80,976	
Tax on Interim Dividend	3,51,44,981		6,88,75,932	
Proposed Dividend on Equity Shares (Dividend per share ₹ Nil/(₹ 2.50))	-		17,26,37,738	
Tax on Dividend	-	7,46,70,75,332	3,51,44,981	6,04,80,11,825
<b>Total</b>		<b>8,92,86,63,799</b>		<b>7,40,45,15,492</b>

### 4. LONG TERM BORROWINGS

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
	Current	Non Current	Current	Non Current
<b>Secured</b>				
Term Loan from Dept. of Biotechnology, Ministry of Science & Technology	-	1,63,86,000	-	1,39,90,000
Vehicle Loan from Banks				1,02,764
<b>Total</b>		<b>1,63,86,000</b>		<b>1,40,92,764</b>

Term Loan from Dept. of Biotechnology, Ministry of Science & Technology is secured by all equipment, Plant & Machinery and other movable assets of the company and is repayable in ten equal half yearly instalments starting from June, 2018.

### 5. OTHER LONG TERM LIABILITIES

(₹)

Particulars	As at 31 March 2016		As at 31 March 2015	
Security deposits from dealers		7,04,80,066		6,38,77,967
<b>Total</b>		<b>7,04,80,066</b>		<b>6,38,77,967</b>

## Notes to Consolidated Financial Statements

### 6. TRADE PAYABLES (₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Creditors for Expenses	50,83,09,905	14,35,36,803
Sundry Creditors	1,44,21,88,423	1,39,72,67,071
<b>Micro and Small Enterprises</b>		
There are no micro and small enterprises, to whom the company owes dues, which are outstanding as at 31st March, 2016. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.		
<b>Total</b>	<b>1,95,04,98,328</b>	<b>1,54,08,03,874</b>

### 7. OTHER CURRENT LIABILITIES (₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Advance from Customers against Sales	1,88,71,26,440	1,86,64,05,475
Payable to staff	6,32,13,350	7,21,56,546
Current Maturities of long term debt	98,522	2,61,072
Interest Accrued but not due	8,67,067	5,47,312
TDS Payable	4,25,31,057	1,13,11,174
Others	13,66,520	-
<b>Total</b>	<b>1,99,52,02,956</b>	<b>1,95,06,81,579</b>

### 8. SHORT TERM PROVISIONS (₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for Income Tax (net of Advance Tax)	55,33,175	54,76,282
Provision for employee benefits	1,49,20,700	2,01,15,750
Provision for Wealth Tax	-	1,29,765
Provision for Dividend	-	17,26,37,738
Provision for Tax on Dividend	-	3,51,44,981
Provision for Schemes	6,80,52,196	23,07,90,207
Sales Tax payable	2,55,959	3,51,510
<b>Total</b>	<b>8,87,62,030</b>	<b>46,46,46,233</b>



# Notes to Consolidated Financial Statements

## 9. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01-04-2015	Additions	Deletions	Up to 31-03-2016	As on 01-04-2015	Additions	Deletions	Up to 31-03-2016	As on 31-03-2016	As on 31-03-2015
<b>A. Tangible Asset</b>										
Land	55,92,75,710	39,05,125	-	56,31,80,835	-	-	-	-	56,31,80,835	55,92,75,710
Buildings	52,44,01,659	22,84,03,551	-	75,28,05,210	14,75,79,366	4,74,22,810	-	19,50,02,176	55,78,03,034	37,68,22,291
Furniture & Fixtures	4,53,92,688	32,61,379	37,113	4,86,16,954	2,07,15,717	68,74,163	35,258	2,75,54,622	2,10,62,332	2,46,76,972
Vehicles	13,79,29,501	1,81,85,798	40,60,361	15,20,54,938	8,18,26,534	2,28,13,129	32,18,738	10,14,20,925	5,06,34,013	5,61,02,967
Plant & Equipment	1,03,83,33,128	42,08,75,015	53,12,537	1,45,38,95,606	46,04,06,805	19,00,59,606	41,64,518	64,63,01,893	80,75,93,713	57,79,26,323
Office Equipments	1,06,32,443	15,52,050	2,07,000	1,19,77,493	74,70,954	17,83,609	1,96,650	90,57,913	29,19,580	31,61,490
Computers	1,41,48,095	24,33,089	2,95,629	1,62,85,555	1,19,71,049	19,46,569	2,80,848	1,36,36,770	26,48,785	21,77,046
<b>Tangible Asset Total</b>	<b>2,33,01,13,224</b>	<b>67,86,16,007</b>	<b>99,12,640</b>	<b>2,99,88,16,591</b>	<b>77,99,70,425</b>	<b>27,08,99,886</b>	<b>78,96,072</b>	<b>99,29,74,299</b>	<b>2,00,58,42,292</b>	<b>1,60,01,42,799</b>
<b>Total Previous Years (A)</b>	<b>2,01,31,17,074</b>	<b>32,22,75,379</b>	<b>52,79,229</b>	<b>2,33,01,13,224</b>	<b>58,86,23,558</b>	<b>14,54,37,216</b>	<b>40,90,349</b>	<b>77,99,70,425</b>	<b>1,60,01,42,799</b>	<b>1,42,44,93,516</b>
<b>B. In - Tangible Asset</b>										
Software	1,85,37,792	13,29,137	-	1,98,66,929	1,30,47,466	29,97,855	-	1,60,45,321	38,21,608	54,90,326
Patents	1,35,055	-	-	1,35,055	85,000	14,280	-	99,280	35,775	50,055
Goodwill	26,69,932	-	-	26,69,932	-	-	-	-	26,69,932	26,69,932
<b>In - Tangible Asset Total</b>	<b>2,13,42,779</b>	<b>13,29,137</b>	<b>-</b>	<b>2,26,71,916</b>	<b>1,31,32,466</b>	<b>30,12,135</b>	<b>-</b>	<b>1,61,44,601</b>	<b>65,27,315</b>	<b>82,10,313</b>
<b>Total Previous Years (B)</b>	<b>1,96,73,417</b>	<b>16,69,362</b>	<b>-</b>	<b>2,13,42,779</b>	<b>78,14,911</b>	<b>53,17,555</b>	<b>-</b>	<b>1,31,32,466</b>	<b>82,10,313</b>	<b>1,18,58,506</b>
<b>C. Capital Work - In- Progress</b>										
Building Under Cont.	20,01,50,273	16,75,20,474	23,07,46,499	13,69,24,248	-	-	-	-	13,69,24,248	20,01,50,273
Other Work in Progress	41,64,00,184	4,79,04,888	40,42,19,556	6,00,85,516	-	-	-	-	6,00,85,516	41,64,00,184
<b>Capital Work - In- Progress Total</b>	<b>61,65,50,457</b>	<b>21,54,25,362</b>	<b>63,49,66,055</b>	<b>19,70,09,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,70,09,764</b>	<b>61,65,50,457</b>
<b>Total Previous Years (C)</b>	<b>11,66,29,992</b>	<b>61,52,86,959</b>	<b>11,53,66,494</b>	<b>61,65,50,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,65,50,457</b>	<b>11,66,29,992</b>
<b>Grand Total (A+B+C)</b>	<b>2,96,80,06,460</b>	<b>89,53,70,506</b>	<b>64,48,78,695</b>	<b>3,21,84,98,271</b>	<b>74,31,02,891</b>	<b>27,39,12,021</b>	<b>78,96,072</b>	<b>1,00,91,18,900</b>	<b>2,20,93,79,371</b>	<b>2,22,49,03,569</b>
<b>Grand Total Previous Year (A+B+C)</b>	<b>2,14,94,20,483</b>	<b>93,92,31,700</b>	<b>12,06,45,723</b>	<b>2,96,80,06,460</b>	<b>59,64,38,469</b>	<b>15,07,54,771</b>	<b>40,90,349</b>	<b>74,31,02,891</b>	<b>2,22,49,03,569</b>	<b>1,55,29,82,014</b>

## Notes to Consolidated Financial Statements

### 10. NON - CURRENT INVESTMENTS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>(Other than trade at cost)</b>		
<b>Investment in Equity Instruments</b>		
<b>QUOTED</b>		
199425(199425) Equity Shares of ₹ 10 each in Vijay Textiles Ltd - fully paid up	1,99,04,545	1,99,04,545
1900(1900) Equity shares of ₹ 10 each in Bank of Maharashtra - fully paid up	43,700	43,700
9700(9700) equity shares of ₹ 10 each in Indian Overseas Bank - fully paid up	2,32,800	2,32,800
1160(1160) Equity Shares of ₹ 1 each in Tata Consultancy Services Ltd - fully paid up	2,46,500	2,46,500
	<u>2,04,27,545</u>	<u>2,04,27,545</u>
Less: Provision for Diminution in Value	1,87,11,984	1,87,11,984
	<u>17,15,561</u>	<u>17,15,561</u>
<b>Unquoted</b>		
3600(3600) Equity Shares of ₹ 100 each in Swarna Bharat Biotechnics Pvt Ltd - fully paid up	3,60,000	3,60,000
700(700) Equity Shares of ₹ 10 each in Swadeshi Biotechnics Ltd - fully paid up	70,000	70,000
	<u>4,30,000</u>	<u>4,30,000</u>
<b>Investment in Government Securities</b>		
National Savings Certificates	37,000	37,000
<b>Total</b>	<b>21,82,561</b>	<b>21,82,561</b>
Market Value of Quoted Investments	70,30,791	46,28,425
Aggregate amount of Quoted Investments	17,15,561	17,15,561
Aggregate amount of Unquoted Investments	4,67,000	4,67,000

### 11. LONG TERM LOANS AND ADVANCES

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Unsecured considered good</b>		
Advance for Capital Expenditure	2,18,65,432	1,34,11,928
Security Deposits	1,53,08,399	1,09,30,266
<b>Total</b>	<b>3,71,73,831</b>	<b>2,43,42,194</b>

### 12. OTHER NON CURRENT ASSETS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Unamortised Preliminary Expenses (Pre-operative Expenses)	11,79,396	27,30,794
<b>Total</b>	<b>11,79,396</b>	<b>27,30,794</b>

## Notes to Consolidated Financial Statements

### 13. CURRENT INVESTMENTS

Particulars	As at 31 March 2016	As at 31 March 2015
<b>(Other than trade at cost) unquoted</b>		
Nil (3,10,225) units of ICICI Prudential Money Market Fund - Direct - Growth	-	6,00,00,000
Nil (30,707) units of SBI Magnum Insta Cash Fund - Direct Plan - Growth	-	9,50,00,000
1,00,00,000 (1,00,00,000) units of SBI Debt Fund Series - 366 Days 52 - Direct Plan - Growth	10,00,00,000	10,00,00,000
9,48,711 (9,48,711) units of Birla Sun Life Treasury Optimizer Plan - Growth - Direct Plan	14,65,00,000	14,65,00,000
1,12,41,614 (1,12,41,614) units of HDFC Floating Rate Income Fund - Long Term Plan Direct Plan- Growth Option	25,00,00,000	25,00,00,000
96,71,591 (NIL) units of HDFC Floating Rate Income Fund - Short Term Plan-Direct Plan- Wholesale Option-Growth Option	25,00,00,000	-
13,388 (NIL) units of HDFC Liquid Fund - Direct Plan - Growth Option	4,00,00,000	-
Nil (75,701) units of Religare Invesco Credit Opportunities Fund - Direct - Growth	-	12,00,00,000
1,00,00,000 (1,00,00,000) units of DSP Blackrock FMP Series 151-12M - Direct - Growth	10,00,00,000	10,00,00,000
Nil (100) Bonds of Damodar Valley Corporation	-	9,42,50,000
Nil (50) Bonds of Power Finance Corporation Ltd	-	4,72,55,000
29,69,104 (29,69,104) units of UTI Short Term Income Fund - Institutional Option - Direct- Growth	5,00,00,000	5,00,00,000
59,102 (NIL) units of UTI Money Market Fund - Institutional Plan -Direct Plan - Growth	10,00,00,000	-
Nil (91,123) units of Principal Debt Opportunities Fund Conservative Plan - Direct - Growth	-	20,00,00,000
Nil (46,636) units of Principal Debt Opportunities Fund Corporate Bond Plan - Direct - Growth	-	10,00,00,000
1,13,82,210 (73,66,591) units of Sundaram Income Plus Direct Plan - Growth	25,00,00,000	15,00,00,000
1,21,75,463 (NIL) units of Sundaram Ultra Short - Term Fund - Direct Plan - Growth	25,00,00,000	-
26,72,898 (26,72,898) units of Tata Short Term Bond Fund Direct Plan - Growth I	7,00,00,000	7,00,00,000
Nil (4,37,995) units of Birla Savings Fund - Direct Growth	-	11,00,00,000
55,761 (76,836) units of Reliance Liquid Fund - Cash Plan Direct Growth Plan	13,50,00,000	17,00,00,000
90,22,063 (Nil) units of Reliance Medium Term Fund - Direct Growth Plan - Growth Option	28,00,00,000	-
3,27,845 (Nil) units of Religare Invesco Medium Term Bond Fund - Direct Plan Growth (MT-D1)	50,00,00,000	-
Nil (83,06,568) units of IDFC Money Manager Fund - Investment Direct Plan - Growth	-	18,00,00,000
57,090 (71,636) units of IDFC Cash Fund - Direct Growth	10,50,00,000	12,00,00,000
7,06,843 (NIL) units of IDFC Ultra Short Term Fund - Growth - Direct Plan	1,50,00,000	-
22,41,287 (14,51,390) units of ICICI Prudential Savings Fund - DP Growth	50,00,00,000	30,00,00,000
1,78,26,157 (1,50,95,591) units of ICICI Prudential Banking & PSU Debt Plan - Direct Growth	27,50,00,000	23,00,00,000

(₹)

## Notes to Consolidated Financial Statements

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
2,50,00,000 (Nil) units of ICICI Prudential FMP Series 78-95 D Plan K DP Cum.	25,00,00,000	
95,49,934 (Nil) units of JM Arbitrage Advantage Fund - (Direct) Annual Bonus Option- Principal Units (543)	9,69,07,216	
5,59,341 (Nil) units of Kotak Low Duration Fund Direct Growth	1,00,00,00,000	
Nil (79,465) units of Religare Invesco Short Term Fund - Direct Plan - Growth		15,00,00,000
100 (100) Non Convertible Debentures of Kotak Mahindra Investments Ltd	10,00,00,000	10,00,00,000
Chit With Neeladri Chit Fund Pvt Ltd	-	47,00,000
	4,86,34,07,216	2,94,77,05,000
<b>Total</b>	<b>4,86,34,07,216</b>	<b>2,94,77,05,000</b>

### 14. INVENTORIES (at lower of cost or net realisable value)

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Finished Goods	4,13,65,47,204	3,67,08,14,055
Work in Process	45,33,49,114	82,95,45,649
Raw Material	45,45,91,105	44,31,32,865
<b>Total</b>	<b>5,04,44,87,423</b>	<b>4,94,34,92,569</b>

### 15. TRADE RECEIVABLES

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Receivables outstanding for a period exceeding six months</b>		
Unsecured, considered good	40,80,35,505	72,96,81,229
Considered Doubtful -unsecured	18,38,21,554	7,09,10,418
Less: Provision for doubtful debts	(18,38,21,554)	(7,09,10,418)
<b>Other receivables</b>		
Unsecured, considered good	39,59,42,947	45,08,68,778
<b>Total</b>	<b>80,39,78,452</b>	<b>1,18,05,50,007</b>

### 16. CASH & CASH EQUIVALENTS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Cash on hand	7,52,093	10,27,799
Balance with Banks	9,41,35,286	6,45,76,194
<b>Total</b>	<b>9,48,87,379</b>	<b>6,56,03,993</b>

### 17. SHORT TERM LOANS AND ADVANCES

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Advance to Staff - Unsecured and considered good	68,33,321	1,00,92,744
<b>Total</b>	<b>68,33,321</b>	<b>1,00,92,744</b>

## Notes to Consolidated Financial Statements

### 18. OTHER CURRENT ASSETS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>(Unsecured and considered good)</b>		
Advance to suppliers	10,91,34,826	11,15,56,748
Prepaid expenses	68,82,800	63,33,170
Others	62,69,129	6,12,96,492
<b>Total</b>	<b>12,22,86,755</b>	<b>17,91,86,410</b>

### 19. REVENUE FROM OPERATIONS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Sales	8,93,27,96,663	11,61,23,25,327
Less: Excise Duty	41,77,427	31,81,764
<b>Other Operational Revenue</b>		
Foreign Exchange Fluctuations	(8,28,942)	3,03,878
<b>Total</b>	<b>8,92,77,90,294</b>	<b>11,60,94,47,441</b>

### 20. OTHER INCOME

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Capital Gain on sale of Assets	3,07,927	4,74,661
Dividend Income	6,10,889	23,40,563
Capital Gains from Investments	14,66,19,614	13,41,60,014
Interest Income	82,89,967	1,38,04,275
Others	23,22,977	63,81,741
Creditors Written Back	1,57,29,336	-
<b>Total</b>	<b>17,38,80,710</b>	<b>15,71,61,254</b>

### 21. COST OF MATERIALS CONSUMED

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Raw Material Consumed/Production Expenses</b>		
Opening Stock	44,75,81,139	34,94,34,566
Add: Purchases/Production Expenses including processing Charges**	4,07,24,44,168	4,38,97,78,593
	4,52,00,25,307	4,73,92,13,159
Less : Closing Stock	46,37,02,180	44,75,81,139
	<b>4,05,63,23,127</b>	<b>4,29,16,32,020</b>
<b>** Processing Charges</b>		
Freight Inward	8,85,98,055	13,67,81,160
Machinery Repairs & Maintenance	1,59,04,861	1,37,23,176
Seed Certification charges	7,19,263	2,07,749
Power & Fuel	5,94,61,164	7,61,24,193
Building & Godown repairs & maint.	7,47,394	6,40,197
Godown Rent	1,78,89,890	2,38,11,780
Cold Storage Maintenance	1,48,91,520	1,08,78,540
Factory Maintenance	10,30,56,961	11,76,35,651
Expense on processing	8,42,04,049	13,79,99,157
R&D Farm Expenses	11,12,16,593	10,74,82,467
<b>Total</b>	<b>49,66,89,750</b>	<b>62,52,84,070</b>

## Notes to Consolidated Financial Statements

Particulars	As at 31 March 2016	As at 31 March 2015
<b>R&amp;D Farm Expenses</b>		
Cultivation Expenses	13,91,255	5,49,502
Fertilizers & Pesticides	52,01,819	41,11,552
Electricity charges	26,60,398	28,71,902
Electrical items & motor repairing charges	26,49,733	27,57,872
Farm Maintenance	61,59,166	1,33,16,449
Labour charges	1,64,65,106	37,14,129
Postage & telephones	1,06,198	1,36,279
Printing & Stationery	3,36,022	68,972
Security charges	43,69,426	45,54,096
Staff Welfare	2,57,661	2,52,924
Travelling expenses	1,22,013	50,092
Vehicle Maintenance	19,73,360	21,06,942
Land Lease	1,26,25,891	1,01,83,320
Research Expenses	8,64,668	22,64,939
Testing Expenses	1,21,45,812	1,92,40,882
Professional Expenses	52,66,950	45,31,129
Salaries - Farm	3,86,21,115	3,67,71,486
<b>Total</b>	<b>11,12,16,593</b>	<b>10,74,82,467</b>
<b>Details of Raw Material consumed</b>		
Seeds	3,71,66,75,853	3,85,34,64,414
Packing Material	14,04,15,314	20,35,21,281
Chemicals	8,80,40,788	11,88,57,586
Others	11,11,91,172	11,57,88,739
<b>Total</b>	<b>4,05,63,23,127</b>	<b>4,29,16,32,020</b>

### 22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Particulars	As at 31 March 2016	As at 31 March 2015
(Increase)/Decrease in Finished goods		
Opening Stock	3,66,71,13,232	3,50,35,84,730
Closing Stock	4,12,79,46,664 (46,08,33,432)	3,66,71,13,232 (16,35,28,502)
(Increase)/Decrease in Work in Process		
Opening Stock	82,87,98,198	1,08,75,23,224
Closing Stock	45,28,38,579 37,59,59,619	82,87,98,198 25,87,25,026
<b>Total</b>	<b>(8,48,73,813)</b>	<b>9,51,96,524</b>

### 23. EMPLOYEE BENEFIT EXPENSES

Particulars	As at 31 March 2016	As at 31 March 2015
Salaries to Staff	36,16,58,463	28,49,39,817
Employee Stock option Expenses	-	2,64,707
Contribution to Provident and other funds	2,00,41,150	1,60,99,296
Staff Welfare Expenses	57,55,224	77,26,000
<b>Total</b>	<b>38,74,54,837</b>	<b>30,90,29,820</b>

## Notes to Consolidated Financial Statements

### 24. FINANCE COSTS

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest Expenses	3,59,318	2,90,199
Loss on Chits	2,85,498	-
Bank Charges	17,44,078	14,16,045
<b>Total</b>	<b>23,88,894</b>	<b>17,06,244</b>

### 25. OTHER EXPENSES

(₹)

Particulars	As at 31 March 2016	As at 31 March 2015
<b>Establishment Expenses</b>		
Travelling Expenses	11,08,32,245	9,88,05,739
Postage & Telephone	1,33,15,896	1,08,36,368
Payment to Auditors	13,28,857	12,28,673
Vehicle Maintenance	51,03,799	45,68,313
Rent	51,41,902	78,81,958
Printing & Stationery	51,25,863	56,80,865
Insurance	93,91,029	90,71,345
Books & Periodicals	1,35,137	69,541
Rates & Taxes	2,19,37,210	67,40,772
Office Maintenance	59,48,275	35,70,956
General Expenses	78,38,209	52,64,269
Conveyance	2,63,046	2,13,746
Donations & Subscriptions	54,58,361	3,12,40,500
Legal Expenses	1,11,56,466	33,92,263
Professional Charges	1,44,63,283	84,55,421
Professional Tax	17,500	20,000
Sales Tax	16,99,843	10,37,376
CSR Expenditure	2,19,81,990	1,01,15,105
Market Cess	32,53,371	39,95,278
Security Charges	1,37,73,637	1,24,83,144
Service Tax	1,55,55,484	1,46,18,168
Computer Maintenance	25,14,603	24,08,910
Directors Sitting Fees	5,20,000	3,60,000
Preliminary Expenses written off	5,10,427	7,60,800
<b>(a) Total</b>	<b>27,72,66,433</b>	<b>24,28,19,510</b>
<b>Selling &amp; Distribution Exp</b>		
Sales promotion expenses	17,91,65,074	19,92,64,990
Sales Schemes	1,47,93,55,993	1,46,79,29,726
Advertisement	2,77,07,889	3,85,37,311
Freight & Forwarding	15,38,01,672	19,11,66,779
Farmers Meeting Expenses	2,57,65,879	3,55,32,602
Staff & Dealers Meeting Expenses	1,78,37,868	4,95,92,119
Royalty (Refer Note No.35)	38,09,13,870	1,58,55,03,469
Bad debts Written Off	20,23,198	9,50,941
Provision for Bad Debts	13,88,96,687	53,43,188
<b>(b) Total</b>	<b>2,40,54,68,131</b>	<b>3,57,38,21,125</b>
<b>Total of (a) &amp; (b)</b>	<b>2,68,27,34,564</b>	<b>3,81,66,40,635</b>



## Notes to Consolidated Financial Statements

### 26. CAPITAL COMMITMENTS

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for ₹ 56.80 Lakhs (170.63) Lakhs.

### 27. CONTINGENT LIABILITIES AND COMMITMENTS.

#### a). Contingent Liabilities

Claims against the company not acknowledged as debts ₹ 7,564.54 Lakhs (₹ 159.90 Lakhs) This comprise:

- i) Tax demands disputed by the Company relating to disallowances/additions of fiscal benefits, pending before various judicial forums and tax authorities, aggregating to ₹ 904.04 Lakhs (₹ 22.36 Lakhs).
- ii) Other matters not related to Tax aggregating to ₹ 10.75 Lakhs (₹ 10.75 Lakhs).
- iii) Royalty Payment for use of BT Cotton Technology ₹ 6,550.57 Lakhs (NIL) (Refer Note No.35).
- iv) Bank Gurantees ₹ 99.18 Lakhs (₹ 126.79 Lakhs).

### 28. REMUNERATION TO STATUTORY AUDITORS (Including Service Tax Where Applicable)

(₹)

Particulars	2015-16	2014-15
Statutory Audit	₹ 8,69,553/-	₹ 8,13,180/-
Other Audit Services	₹ 1,14,500/-	₹ 1,12,360/-
For Tax Matters	₹ 2,76,518/-	₹ 2,61,060/-
Reimbursement of expenses	₹ 68,286/-	₹ 42,073/-
<b>Total</b>	<b>₹ 13,28,857/-</b>	<b>₹ 12,28,673/-</b>

### 29. RELATED PARTIES DISCLOSURE:

#### Key Managerial Persons and their relatives

Mr. G. V. Bhaskar Rao  
Mrs. G. Vanaja Devi  
Mr. R. Venumanohar Rao  
Mr. C. Vamsheedhar  
Mr. C. Mithun Chand  
Mr. G. Pawan  
Mrs. G. Madhusree  
G. V. Bhaskar Rao - HUF  
C. Vamsheedhar - HUF  
R. Venumanohar Rao - HUF  
Mr. T. Venkateswarlu  
Mr. N. Papa Rao  
Mr. N. Venkateswara Rao

#### Other Related Firms:

M/s. Kaveri Infra

## Notes to Consolidated Financial Statements

### Transactions with related parties during the year

(₹ in Lakhs)		
Details of Transactions	2015-16	2014-15
<b>Remuneration Paid</b>		
Mr. G. V. Bhaskar Rao	155.52	168.85
Mrs. G. Vanaja Devi	96.72	104.97
Mr. R. Venumanohar Rao	74.98	82.82
Mr. C. Vamsheedhar	47.86	52.57
Mr. C. Mithun Chand	39.94	43.74
Mr. T. Venkateswarlu	10.00	9.40
Mr. N. Venkateswara Rao	12.00	12.00
Mr. N. Papa Rao	12.00	12.00
	<b>449.02</b>	<b>486.35</b>
<b>Land and Godown Lease Paid</b>		
Mr. G.V.Bhaskar Rao	8.43	7.67
Mrs. G. Vanaja Devi	8.49	8.25
Mr. G.Pawan	12.31	11.95
Mrs. G. Madhusree	10.80	9.82
G. V. Bhaskar Rao - HUF	39.96	37.73
C. Vamsheedhar - HUF	4.48	4.07
R. Venumanohar Rao - HUF	4.52	4.12
M/s. Kaveri Infra	10.87	9.88
	<b>99.86</b>	<b>93.49</b>
<b>Dividend Paid</b>		
Mr. G. V. Bhaskar Rao	150.80	446.37
Mrs. G. Vanaja Devi	381.76	954.33
Mr. R. Venumanohar Rao	52.95	179.3
Mr. C. Vamsheedhar	27.48	97.92
Mr. C. Mithun Chand	23.22	68.74
Mr. G. Pawan	62.73	185.67
Mrs. G. Madhusree	-	175.68
G. V. Bhaskar Rao - HUF	281.02	831.81
	<b>979.96</b>	<b>2,939.82</b>
<b>Purchase of Land from</b>		
Mrs. G. Vanaja Devi	-	464.00
Mr G. Pawan	-	613.00
	-	<b>1,077.00</b>

### 30. FOREIGN CURRENCY/EXCHANGE TRANSACTIONS

(₹)		
Particulars	2015-16	2014-15
a. Import of Capital Goods	Nil	8,45,25,332
b. Earnings in foreign Exchange (Export of goods on FOB basis)	11,37,45,947	980,11,356
c. Expenditure in Foreign Currency for Travel	64,38,067	67,76,091
d. Others	86,54,292	61,47,419

## Notes to Consolidated Financial Statements

### 31. PARTICULARS IN RESPECT OF SALES TURNOVER (GROSS) FOR EACH CLASS OF GOODS DEALT BY THE COMPANY.

(₹ in Lakhs)

Particulars	For the Year ended 31 March 2016			For the Year ended 31 March 2015		
	Unit	Quantity	Value(₹)	Unit	Quantity	Value(₹)
Seeds	MT	42,985	86,551	MT	43,947	1,13,226
Micronutrients	MT	3,527	2,564	MT	3,608	2,567
Vegetables	MT	139	163	MT	232	301
			<b>89,278</b>			<b>1,16,094</b>

### 32. PARTICULARS IN RESPECT OF OPENING AND CLOSING STOCKS FOR EACH CLASS OF GOODS DEALT BY THE COMPANY.

(₹ in Lakhs)

Particulars	As at 31 March 2016				As at 31 March 2015			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Quantity (MT)	Value (₹)	Quantity (MT)	Value (₹)	Quantity (MT)	Value (₹)	Quantity (MT)	Value (₹)
Seeds	21,148.64	36,313.06	21,113.98	41,152.29	11,951.67	34,769.66	21,148.64	36,313.06
Micronutrients	1,111.93	395.08	654.28	212.16	616.08	266.19	1,111.93	395.08
Vegetables			76.12	1.02	0.02	0.43		
	<b>22,260.57</b>	<b>36,708.14</b>	<b>21,844.38</b>	<b>41,365.47</b>	<b>12,567.77</b>	<b>35,036.28</b>	<b>22,260.57</b>	<b>36,708.14</b>

### 33. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED DURING THE YEAR

(₹ in Lakhs)

Particulars	Value as on 31.03.2016		Value as on 31.03.2015	
		%		%
<b>Imported</b>				
Seeds	NIL		NIL	
Micronutrients	NIL		NIL	
	NIL		NIL	
<b>Indigenous</b>				
Seeds	39,550	100	41,804	100
Micronutrients	898	100	1,009	100
Vegetables	115	100	103	100
	<b>40,563</b>	<b>100</b>	<b>42,916</b>	<b>100</b>

## Notes to Consolidated Financial Statements

34. The Company spent ₹ 2,19,81,990/- (₹ 1,01,15,105/-) towards CSR Expenditure for the year. The details of expenditure upto 31-03-2016 are as follows.

Particulars of CSR Activity	(Amount in ₹)	
	2015-16	2014-15
Amount unspent at the Starting of the Year	1,74,89,758	-
CSR Expenditure Spendable for the Year	4,38,16,166	2,76,04,863
<b>Total Amount to be Spent for the Year</b>	<b>6,13,05,924</b>	<b>2,76,04,863</b>
Education Development activity in GN Poor Village, Bheemdevarpally Mandal, Karimnagar District. (Including Construction of School Building, Providing Furniture, Providing Books and Bags to Students and Scholarship to Students).	1,54,65,352	83,00,364
Rural Development activity in GN Poor Village, Bheemdevarpally Mandal, Karimnagar District (Including Conservation of Water Resources, Providing Street Lights, Providing Cycle Rikshaw for cleaning of Garbage).	65,16,638	18,14,741
<b>Total Amount Spent during the Year</b>	<b>2,19,81,990</b>	<b>1,01,15,105</b>
<b>Unspent Amount at the End of the Year</b>	<b>3,93,23,934</b>	<b>1,74,89,758</b>

35. The Company, based on Notifications of the various State Governments, has provided Royalty of ₹ 3,809.14 Lakhs for the year ended 31st March 2016 as against the Royalty Payable amount of ₹ 10,359.71 Lakhs as per the Agreement with service Provider and thus the expenses are short provided by ₹ 6,550.57 Lakhs.

36. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to those of current year.

As per our report of even date attached

For **P. R. REDDY & CO.,**  
Firm Registration No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**  
Partner  
Membership No.23758

For and on behalf of the Board

Sd/-

**G. V. BHASKAR RAO**  
Managing Director

Sd/-

**K. V. CHALAPATHI REDDY**  
Chief Financial Officer

Sd/-

**V. R. S. MURTI**  
Company Secretary

Sd/-

**G. VANAJA DEVI**  
Whole time Director

Place : Secunderabad  
Date : 10 May 2016

# Consolidated Cash Flow Statement

Particulars	As at 31 March 2016	As at 31 March 2015
(₹)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,78,37,31,374	3,10,00,09,383
Adjustments for:		
Depreciation & Amortisation	27,39,12,021	14,90,68,944
(Profit)/Loss on sale of Fixed Assets	(3,07,927)	(4,74,661)
Dividend Received	(6,10,889)	(23,40,563)
Gain from Investments	(14,66,19,614)	(13,41,60,014)
Interest received	(82,89,967)	(1,38,04,275)
Finance charges	23,88,894	17,06,244
<b>Operating profit before working capital changes</b>	<b>1,90,42,03,892</b>	<b>3,10,00,05,058</b>
(Increase) / Decrease in Inventories	(10,09,94,854)	2,80,53,413
(Increase)/Decrease in Sundry Debtors	37,65,71,555	(52,73,27,837)
(Increase)/Decrease in Loans & Advances	4,88,78,838	3,70,56,973
Increase/(Decrease) in Trade Liabilities	40,96,94,455	(75,43,15,580)
Increase/(Decrease) in Other Current Liabilities	(32,47,60,728)	(34,14,29,719)
Taxes paid during the year	(5,81,69,754)	(9,29,52,530)
<b>Net cash provided by operating activities</b>	<b>2,25,54,23,404</b>	<b>1,44,90,89,779</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Purchase)/Sale of Fixed Assets	(25,80,79,896)	(82,05,15,837)
(Purchase)/Sale of Investments	(1,91,57,02,216)	(16,70,80,875)
Dividend Received	6,10,889	23,40,563
Gain from Investments	14,66,19,614	13,41,60,014
Interest received	82,89,967	1,38,04,275
<b>Net Cash used for investing activities</b>	<b>(2,01,82,61,641)</b>	<b>(83,72,91,861)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend including Tax on Dividend	(20,77,82,719)	(62,11,39,627)
Share Application Money		54,02,600
Short Term Loans		(3,00,000)
Long Term Loans	22,93,236	49,89,406
Finance charges	(23,88,894)	(17,06,244)
<b>Net cash provided by financing activities</b>	<b>(20,78,78,377)</b>	<b>(61,27,53,864)</b>
Net increase in cash & cash equivalents	2,92,83,386	(9,55,947)
Cash & Cash equivalents at the beginning of the period	6,56,03,993	6,65,59,940
<b>Cash &amp; Cash equivalents at the end of the period</b>	<b>9,48,87,379</b>	<b>6,56,03,993</b>

As per our report of even date attached

For **P. R. REDDY & CO.,**  
Firm Registration No.003268S  
Chartered Accountants

Sd/-

**P. RAGHUNADHA REDDY**  
Partner  
Membership No.23758

For and on behalf of the Board

Sd/-

**G. V. BHASKAR RAO**  
Managing Director

Sd/-

**K. V. CHALAPATHI REDDY**  
Chief Financial Officer

Sd/-

**V. R. S. MURTI**  
Company Secretary

Sd/-

**G. VANAJA DEVI**  
Whole time Director

Place : Secunderabad  
Date : 10 May 2016



## Kaveri Seed Company Limited

CIN: L01120AP1986PLC006728

Regd. Office: 513-B, 5th Floor, Minerva Complex, S.D.Road,  
Secunderabad – 500 003, Telangana State.

Email: cs@kaveriseeds.in Website : www.kaveriseeds.in

### 29th Annual General Meeting – Tuesday, 27 September 2016

#### ATTENDANCE SLIP

Folio No./Client Id: \_\_\_\_\_ No. of Shares: \_\_\_\_\_

Name and address of \_\_\_\_\_

First/Sole Shareholder: \_\_\_\_\_

I, hereby record my presence at the 29th Annual General Meeting of the Company to be held on Tuesday, 27 September 2016 at 11.15 AM at the FTAPCCI Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, FTAPCCI Marg, Red Hills, Hyderabad – 500 004, Telangana.

\_\_\_\_\_  
**Name of the Member/Proxy**  
(Block Letters)

\_\_\_\_\_  
**Signature of the Member/Proxy**

**Notes:**

- a) Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member/Proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.
- c) Member/Proxy should bring his/her copy of the Annual Report for reference at the meeting.







# Kaveri Seed Company Limited

CIN: L01120AP1986PLC006728

Regd. Office: 513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad – 500 003, Telangana State. Email: cs@kaveriseeds.in Website : www.kaveriseeds.in

## 29th Annual General Meeting – Tuesday, 27 September 2016

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Shareholder(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

E-mail ID: Folio No. /Client Id: DP ID: \_\_\_\_\_

Folio No./Client ID No. \_\_\_\_\_ DP ID No. \_\_\_\_\_

I/We, being member(s) of Kaveri Seed Company Limited, holding shares of the Company, hereby appoint:

A. Name: \_\_\_\_\_ E-mail id \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
Signature \_\_\_\_\_

or failing him

B. Name: \_\_\_\_\_ E-mail id \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
Signature \_\_\_\_\_

or failing him

C. Name: \_\_\_\_\_ E-mail id \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
Signature \_\_\_\_\_

as my/our proxy to attend and vote (on poll) for me/us, on my/our behalf at the 29th Annual General Meeting of the Company to be held on **Tuesday, 27 September 2016 at 11.15 AM** at the FTAPCCI Auditorium, The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, FTAPCCI Marg, Red Hills, Hyderabad – 500 004, Telangana, and at any adjournment thereof in respect of such resolutions as are indicated below:

#### ORDINARY BUSINESS:

1. Approval Audited Standalone & Consolidated Balance Sheet as at 31 March 2016, Statement of Profit & Loss and Cash Flow Statement for the year ended on 31 March 2016 along with the reports of the Directors and Auditors thereon.
2. Confirm the Interim Dividend of ₹ 2.50/- per equity share, it was already paid for the year ended 31 March 2016.
3. To appoint a Director in place of Dr. G. Pawan, (DIN : 00768751) who retires by rotation and being eligible offers himself for reappointment.
4. To ratify the appointment of the Auditors M/s. P.R. & Co. Chartered Accountants and fix their remuneration.

#### SPECIAL BUSINESS:

5. Re-appointment of Mr. G.V. Bhaskar Rao (DIN: 00892232) as Managing Director of the Company.
6. Re-appointment of Mrs. G. Vanaja Devi (DIN: 00328947) as Whole Time Director of the Company.
7. Re-appointment of Mr. C. Vamsheedhar (DIN: 01458939) as Whole-time Director of the Company.
8. Re-appointment of Mr. C. Mithun Chand (DIN: 00764906) as Whole-time Director of the Company.
9. To consider the acceptance of charges from any member of the Company, who requested the company to send notices, documents or any other papers by a particular mode of delivery

Signature of the Shareholder \_\_\_\_\_

Signature of the Proxyholder(s) \_\_\_\_\_

Signed this \_\_\_\_\_ day \_\_\_\_\_ of 2016

Revenue  
Stamp

Notes:

- a) Proxy need not be a member of the Company.
- b) The Proxy Form duly filled in and signed by the member(s) across Revenue Stamp should reach the Company's Registered Office: 513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad – 500 003, Telangana, at least 48 hours before the commencement of the meeting.
- c) Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

# CORPORATE INFORMATION

## Board of Directors

Mr. G. V. Bhaskar Rao  
Mrs. G. Vanaja Devi  
Mr. C. Vamsheedhar  
Mr. C. Mithun Chand  
Dr. G. Pawan  
Mr. M. Srikanth Reddy  
Dr. Yeshwant Laxman Nene  
Mr. P. Varaprasad Rao  
Dr. S. Raghuvardhan Reddy  
Dr. S. M. Ilyas  
Mr. K. Purushotham

Chairman cum Managing Director  
Executive Director  
Executive Director  
Executive Director  
Non-Executive Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director

## Company Secretary

Mr. V. R. S. Murti

## Chief Financial Officer

Mr. G. Vijay Kumar

## Audit Committee

Mr. P. Varaprasad Rao  
Mr. M. Srikanth Reddy  
Mr. K. Purushotham  
Mr. C. Mithun Chand

## Nomination &

## Remuneration Committee

Mr. P. Varaprasad Rao  
Mr. M. Srikanth Reddy  
Mr. K. Purushotham  
Mr. C. Vamsheedhar

## Shareholders'

## Relationship Committee

Mr. P. Varaprasad Rao  
Mr. M. Srikanth Reddy  
Mr. K. Purushotham  
Mr. C. Vamsheedhar  
Mr. C. Mithun Chand

## CSR Committee

Mr. G. V. Bhaskar Rao  
Mrs. G. Vanaja Devi  
Mr. M. Srikanth Reddy

## Bankers

Indian Overseas Bank  
Axis Bank  
ICICI Bank  
Kotak Mahindra Bank  
HDFC Bank  
YES Bank

## Listing

NSE & BSE

## Registered Office & CIN of the Company

Kaveri Seed Company Limited  
CIN: L01120AP1986PLC006728  
513-B, 5th Floor, Minerva Complex,  
S.D. Road, Secunderabad – 500 003,  
Telangana.  
Tel. Nos. +91 40 27721457/27842398  
Fax No. +91 40 27811237  
E-mail: cs@kaveriseeds.in  
Website: www.kaveriseeds.in

## Statutory Auditors

M/s. P R Reddy & Co.  
Chartered Accountants  
7-70/41, Maheshwari Nagar,  
Street 8, Habsiguda,  
Hyderabad – 500 007, Telangana.

## Registrars and Share Transfer Agents

Bigshare Services Pvt. Ltd.,  
306, 3rd Floor, Right Wing,  
Amrutha Ville, Opp. Yashodha Hospital,  
Somajiguda, Rajbhavan Road,  
Hyderabad - 500 082, Telangana.  
Tel. Nos. +91 40 40144967/ 23374967  
Fax No. +91 40 23370295  
E-mail: bsshyd@bigshareonline.com

## Plants

### Kandlakoi Plant

Plot No. 140/A/1,  
Kandlakoya Village,  
Medchal Mandal,  
Ranga Reddy District, Telangana.

### Gundlapochampally Plant

Sy.No.28 Part,  
Gundlapochampally Village,  
Medchal Mandal,  
Ranga Reddy District, Telangana.

### Gatlanarsingapur Plant - 1

Door No.104, Gatlanarsingapur Post,  
Bheemadevarapally Mandal,  
Karimnagar District, Telangana.

### Gatlanarsingapur Plant – 2

Door No.6-96/2,  
Gatlanarsingapur Post,  
Bheemadevarapally Mandal,  
Karimnagar District, Telangana.

### Pamulparthy Plant

Sy.No.703, Part, 704 Part,  
712 Part, 713 to 719,  
Pamulparthy Village, Wargal Mandal,  
Medak District, Telangana.

### Eluru Plant

Sy.No.853,  
Koppaka Village,  
Pedavegi Mandal,  
West Godavari District  
Andhra Pradesh.

### Bellary Plant & Godown

D.No.340, NH – 63, Main Road,  
K.B. Halli – 583 103,  
Bellary District, Karnataka.

### Molangur Plant

Molangur Village,  
Shankarapatnam Mandal,  
Karimnagar District, Telangana.



kaveri seeds®

kaveri seed company limited

**Registered Office**

kaveri seed company limited

CIN: L01120AP1986PLC006728

513-B, 5th Floor, Minerva Complex, S.D. Road, Secunderabad – 500 003, Telangana

Tel. Nos.+91 40-27721457/27842398, Fax No. +91 40-27811237

E-mail: [cs@kaveriseeds.in](mailto:cs@kaveriseeds.in) Website: [www.kaveriseeds.in](http://www.kaveriseeds.in)