



kaveri seed company limited

26th Annual General Meeting

24th September, 2013

CHAIRMAN'S SPEECH

Dear Shareholders,

A hearty welcome to you all, on behalf of the Board of Directors of Kaveri Seed Company Limited and on my own behalf. It is my privilege and honour to extend a very warm welcome to all the members to this 26th Annual General Meeting of Kaveri Seed Company Ltd. At the outset, I am thankful to all the shareholders of the Company for their whole hearted support and cooperation in furthering the overall growth and progress of the company. All of you might have browsed the Annual Report of the Company for the year 2012-13 and I take it as read. Your Company's performance for the year under review has been outstanding. It is heartening to note that your Company's business has significantly improved on operational performance compared to yesteryear and recorded a strong financial growth.

Financial Highlights:

Your company made significant progress during the year under review grabbing the market presence in volume and value. Channels to market have been broadened to increase revenue. With insight and market intelligence of opportunities, your company effectively managed to achieve higher market share and margins. Members would be happy to know that the revenues and net earnings were the highest in the history of the company. It gives me immense pleasure to inform you that your company has attained a turnover of Rs.715.83 crores during the year under review. The financial year 2012-13 was a significant improvement in all parameters like revenues, operating income, profit before tax, profit after tax and earnings per share. The gross turnover grew over 90.85% by our strategic initiatives adopted by the company through high volume sale of seed. Net Profit after Tax of Rs.129.87 crores was higher by 123.51% over Rs.58.10 crores of the yester year. It is a new all time high for the company translating to EPS of Rs.94.78 as compared to Rs.42.40 of last year.

Dividend

Your company has proposed final dividend of 80% i.e. Rs.8/- per equity share and with the interim dividend of 80% i.e., Rs.8/- per equity share, the total dividend for the financial year 2012-13 comes to 160% i.e., Rs.16/- per share on the equity shares of Rs.10/- each, as against. Rs.4/- per share in the previous year.

Seed the Future

The pressure on Indian agriculture is mounting with escalating population. The way forward is to increase factor productivity in agriculture through application of new technologies. The solution to ease the pressure lies in the evolution of 'seed' of high yielding inbred varieties and hybrids as seed is the most critical input in agriculture. Your company, with vast experience in seed and agri-business, is steadfast in its resolve to advance the cause of "seed the future" by genetic enhancement of yield, enriching soil health & ensuring eco-friendly plant-protection and exploring new vistas to expand the seed trade.

Breed the Best

Your company is in the business of developing hybrid seed of field and vegetable crops to help farmers produce more under limiting natural resources and fragile ecologies. Over the years, the company has created a robust portfolio of products encompassing commercial crops cotton and sunflower; food crops corn, rice bajra and jowar; vegetables tomato, okra and chilly. The company's premier cotton hybrids Jaadoo, Jackpot, are in the forefront of the cotton seed market. Jaadoo is unique among the cotton hybrids with high genetic buffering capacity to withstand drought stress. These proprietary products from Kaveri have helped cotton farmers to earn higher returns on their investment. Additionally, the company's bajra hybrids Super Boss and Fouzi; with attractive grain colour and size and capacity to withstand the onslaught of downy mildew and blast disease, fetch premium in the market. Paddy research varieties Sampurna, Chintu and Sleek have created a niche market and are in demand. Your company launched two new products- a medium early duration rice hybrid-KPH-272 and a bold grain rice variety Kaveri-264.

During the year, your company's, four maize hybrids - and one bajra hybrid were gazette notified. The Varietal Identification Committee of ICAR identified two medium slender grain rice hybrids, prelude to notification and release. The sunflower hybrids, Sunkranti and Champ (virus resistant) are in great demand in rain fed and irrigated areas. Success has also been achieved in vegetables specially in breeding for yellow vein mosaic virus (YVMV) resistant okra hybrids.

With diversified portfolio of products commercialized and on the shelf, your company is well positioned to meet the needs of the farmers. The company's R&D has envisioned to breed-genetically superior and climate resilient hybrids with built in protection against stress caused by drought, heat and a host of biotic factors through an appropriate blend of molecular and conventional breeding.

Soil and Plant Care

A separate division Microteck produces micronutrient mixtures organic products and bio-pesticides. The company's blockbuster products are Mazik and Energy used as foliar spray; Captain for soil application; Ultimax+ , Kick, and Microzyme are yield maximisers; Fire and Fatafat trigger the inherent plant defence mechanism. With the growing interest in application of micro-nutrients by farmers, the demand is expected to grow. Since Microteck products are potential contributor to revenue as part of restructuring of operations for strengthening and enhancing the scope of the business of Microteck Division, it has been upgraded to M/s. Kaveri Microteck Private Limited, as 100% Subsidiary of the Company.

Innovation

Investment in R&D has enabled the company to develop superior germplasm/parental lines and hybrids that are registered with Plant Varieties and Farmers' Rights Authority (PPV&FR) to establish properietariness. As the market life of a hybrid is short (> 10 years), your company strives hard to innovate continuously and build “on the shelf product” to meet the diverse needs of farmers. The company has a robust pipeline of products rice, corn, bajra, jowar, cotton, sunflower and vegetable crops which are under development and expected to be launched in the years ahead.

With the R&D's success in delivering knowledge driven proprietary hybrids of field and a host of vegetable crops, your company is laying thrust on hybrid rice and climate resilient heat and drought tolerant maize hybrids and sunflower hybrids resistant to bud necrosis through conjunct use of hybrid and biotechnologies. With the huge potential of hybrid rice and the scope for further growth in hybrid maize, your company will continue to invest in innovation to capitalize the path ways to growth.

New avenues

With grip and intent to deploy new technologies in crop product development your company is leveraging the strength of R&D with the unmatched expertise in agribusiness and marketing, to explore new opportunities in high value agriculture by way of protective cultivation of premium vegetables and herbs. The company's subsidiary, Kexveg, has started commercial production of high value exotic and Indian vegetables and European culinary herbs. During the year, your company cultivated full range of Indian vegetables- tomato, cucumber, melons, and bell pepper. The company has plans to expand cultivation of green and colour capsicums, hybrid and cherry tomatoes, parthenocarpic cucumber, leafy lettuce, Iceberg lettuce and Basil; and culinary herbs chives, sage, cilantro and parsley to cater to the European market. To improve penetration in the export market, the company is exploring new pastures of business beyond boundaries.

Forward looking

Looking ahead, your company plans to consolidate the ascendancy in cotton, pearl millet and maize and scale up company's position in paddy and sunflower. Hybrid rice is the next big target for growth. Your company is geared up with two of Kaveri's rice hybrids notified and many more in the various stages of evaluation in National Trials .Intensification of olericulture by cultivating premium vegetables and culinary herbs through our new subsidiary company Kexveg is on the agenda. The strong pipeline of hybrids of vegetable crops ready tor launch soon is expected to mark company's significant presence in the vegetable seed market too.

Prospects

The prospects for the seed industry are bright given the ever rising demand for food, feed and fibre by the ascending population, their growing needs and increase in disposable income. Higher support prices fixed for various crops by the Govt. incentivizes the farmers to produce more through better harvest. With most of the local varieties and land cultures losing potency, farmers opt more and more for branded seed of high yielding varieties and hybrids.

Your Company is the fastest growing National seed company in the industry. It is always our endeavour to offer the best through superior research, breeding and seed production with focus exclusively on quality. Products of famer value are centric to our multiple brand offering. The cornerstone of your company's success is the people who relentlessly work for the company. At every level, our employees have a hand in maintaining the company's reputation and furthering its growth. Pursuing excellence is the challenge taken to heart by the Team Kaveri.

Acknowledgements

Before I conclude, on behalf of Board of Directors of your company and on my own behalf, I thank all of the Shareholders, Investors, Bankers, Financial institutions and Business Associates who reposed their trust and extended support to the Company. Your Company is grateful to the Distributors, Dealers, and Customers for their support and encouragement. The Board of Directors places on record, sincere appreciation for the dedication and commitment of members of the Kaveri Family subscribing to company's present growth and plans ahead.

Thanking you all

Sd/-

G.V. Bhaskar Rao

Chairman & Managing Director