



forwarding towards food secure future



22nd annual report | 2008-09

kaveri seed company limited

www.kaveriseeds.in

forwarding towards food secure future



Beginning its ardent relationship with Nature two decades ago, Kaveri Seeds is today one of India's premier seed-producers, and a vertically integrated agricultural input provider.

The company enables maximization of crop productivity through an integrated methodology - a strategic combination of yield optimization, soil enrichment and crop protection.

Kaveri Seed Company Limited is in the service of Indian farmer over a long period of time. It has a record accomplishment of high performance products, highest quality standards and consistent profitability.

So there is Kaveri Seeds for you.

A knowledge-driven organization that tries to get closer and closer to Nature, even as science and technology progress exponentially.

A new generation agri-enterprise that easily balances an innate concern for the humble farmer, while excelling in highly competitive marketplaces.

A techno-savvy producer of superior seeds who is simultaneously in sync with the food needs of the Future and the market forces of the Present

CONTENTS

01 Board of Directors	01	07 Balance Sheet	23
02 Notice	02	08 Profit and Loss Account	24
03 Directors Report	04	09 Cash Flow Statement	25
04 Management Discussion Analysis	07	10 Schedules	26
05 Report on Corporate Governance	10	11 Abstract	40
06 Auditors Report	20	12 Admission Slip / Proxy	41

01 Board of Directors

Executive Directors

Shri G.V. Bhaskar Rao
Chairman & Managing Director

Smt. G. Vanaja Devi
Whole time Director

Sri R. Venumanohar Rao
Whole time Director

Dr. G. Pawan
Non Executive Independent
Promoter Director

Sri C. Vamsheedhar
Whole time Director

Sri C. Mithun Chand
Whole time Director

Independent Directors

Mr. M. Srikanth Reddy
Dr. I. Venkata Subba Rao
Dr. Yeshwant Laxman Nene
Sri K. Vaman Rao
Sri K.V. Durga Prasad Rao
Sri P. Vara Prasad Rao

Chief Financial Officer

Sri K. V. Chalapathi Reddy

Company Secretary & Compliance Officer

Sri V.R.S.Murti

Statutory Auditors

M/s.P. R. Reddy & Co.,
Chartered Accountants
7-70/41, Maheswari Nagar, Street No.8,
Habsiguda, Hyderabad 500 007.

Bankers

- i. Indian Overseas Bank
Himayat Nagar Branch
- ii. Axis Bank Limited
Secunderabad Branch
- iii. HDFC Bank Limited
Lakidikapool
- iv. ICICI Bank Limited
Secunderabad Branch.
- v. Andhra Bank
M.G.Road, Secunderabad

Registrars & Share Transfer Agents :

M/s.Bigshare Services Pvt.Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai 400 072
Tel.Nos. 91 22-2847 0652/0653
Fax Nos.91 22-2847 5207/0744
E-mail: info@bigshareonline.com

Hyderabad Office :
G-10, Left Wing, Amruthaville
Somajiguda, Rajbhavan Road.
Hyderabad-500082
Tel.Nos. : 91 40-23374967/0295
E-mail: bsshyd@bigshareonline.com

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of Kaveri Seed Company Limited will be held on Tuesday the 22nd day of September 2009 at 10.30 AM at Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI House) 11-6-841, Red Hills, Hyderabad – 500 004, A.P., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2009 and the Profit & Loss Account of the Company for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on the Equity Shares for the Financial Year 2008-09.
3. To appoint a Director in place of Sri G.Pawan, who retires by rotation, and being eligible, seeks reappointment.
4. To appoint a Director in place of Sri M. Srikanth Reddy, who retires by rotation, and being eligible, seeks reappointment.
5. To appoint a Director in place of Sri K.V.D. Prasad Rao, who retires by rotation, and being eligible, seeks reappointment.
6. To appoint the Statutory Auditors and fix their remuneration. The retiring Auditors M/s. P.R.Reddy & Co., Chartered Accountants are eligible for re-appointment.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that in partial modification of the approval of the shareholders by way of a Special Resolution for grant of ESOP-2008 in the Extraordinary General Meeting of the Company through Postal Ballot held on 8th January 2009 for ESOP 2008 and pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 (including the statutory modifications or re-enactment thereof) and the SEBI (Employee Stock Option

Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, for the time being in force including any amendments thereof, (hereinafter referred to as "SEBI ESOP Guidelines"), consent of the members of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee including the Remuneration Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) to amend the ESOP 2008 in terms of the 'Exercise Price' for the Sock Options to be granted by the Company to the employees of the Company under ESOP 2008.

RESOLVED FURTHER that the Board be and is hereby authorized to do all the things necessary and to take such action as may be necessary or expedient to amend or alter or adopt any modifications or redefine the ESOP Scheme in accordance with the SEBI ESOP Guidelines issued / to be issued by SEBI from time to time.

RESOLVED FURTHER that the Board be and is hereby authorised to delegate all or any of its powers herein conferred to any one or more officials of the Company.

By Order of the Board of Directors

Secunderabad
30.07.2009

Sd/-
G.V.BHASKAR RAO
MANAGING DIRECTOR

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Members are requested to send their proxy form to the registered office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.

02 Notice

3. The register of members and share transfer books of the Company will remain closed from **18th day September 2009 to 22nd day of September 2009** (both days inclusive).
4. The Board of Directors in their Meeting held on 30th July 2009 has recommended a dividend of Rs.2/- per share on equity share of Rs.10/- each for the financial year 2008-09. Dividend, if declared, at the Annual General Meeting, will be paid on or after 26th September 2009.
5. The Shareholders 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 share Transfer Agent M/s. Bigshare Services Private Limited, if the shares are held by them in certificate form.

6. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

By Order of the Board of Directors

Sd/-

Secunderabad
30.07.2009

G.V.BHASKAR RAO
MANAGING DIRECTOR

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO.7

The Shareholders of the Company at the Extraordinary General Meeting of the Company through Postal Ballot held on 8th January 2009 approved the proposal to issue Sock Options to eligible Employees of the Company by earmarking 1,37,000 equity shares of Rs. 10/- each for the purpose of Employee Stock Option Scheme 2008-09 (hereafter referred to as the "ESOP Scheme" or "Plan").

The Board of Directors proposed to amend the ESOP Scheme 2008 pursuant to clause 7.4 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock purchase Scheme) Guidelines, 1999 to vary the terms & conditions of ESOP 2008 in terms the 'Exercise Price'. The Exercise Price will be as may be determined by the Board / Compensation Committee from time to time and '**shall not be less than the par value**' of the share and '**shall not be more than the market price**'.

The variation is in terms of Exercise Price. The Options were proposed to be granted at market price per option. In view of the present uncertain market conditions, the Exercise Price as envisaged previously is not attractive. So it is proposed to vary the same. The said variation is beneficial to the employees in terms of the exercise price. The Employees of the Company to whom Stock Options will be granted as per the Employee Stock Option Plan 2008-09 will derive benefit from this amendment.

Accordingly, the Board recommends the Resolution for approval of the Members as a Special Resolution.

None of the Directors is concerned or interested in this resolution.

By Order of the Board of Directors

Sd/-

Secunderabad
30.07.2009

G.V.BHASKAR RAO
MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 22nd Annual Report of the Company with Audited Accounts for the financial Year ended 31st March 2009.

FINANCIAL RESULTS:

(Rs. in Lakhs)

	2008-09	2007-08
Gross Turnover	12434.42	9877.88
Profit before Depreciation, Interest and Taxes	3226.81	2756.94
Depreciation/Amortization	321.94	206.13
Interest	191.85	150.91
Profit before Tax	2713.02	2399.90
Provision for Tax/Deferred Tax	239.45	716.60
Net Profit	2473.57	1683.30
Balance brought forward from Previous Year	2810.16	1414.53
Less: Provision for Deferred Tax		3.92
Add: Provision for Deferred Tax	15.40	-
Less: Provision for diminution in value of Investments	198.81	283.75
Balance available for appropriation	5100.32	2810.16

Appropriations:

Proposed Dividend including Tax	320.61	-
Transfer to General Reserve	1000.00	-
Balance carried to Balance Sheet	3779.71	2810.16

REVIEW OF OPERATIONS & FUTURE OUT LOOK:

During the year the Company's net sales was Rs.12305.61 Lakhs higher by 27.42% and the net profit showed a growth of 64.09% at Rs.2290.15 Lakhs. The Company further strengthened its position in the market with a result of growing turnover in difficult economic environment and the key operational performance data showed a slight further improvement from the previous earnings targets were achieved.

Your Directors are pleased to report that the construction of a new plant at Pamulaparthi Village, Wargal Mandal, Medak District with the state of an art facility for utilizing cob drying, seed processing and cold storage on owned farmland of 29 Acres which began in the previous year which will be completed and production will commence on end of this calendar year.

RESEARCH & DEVELOPMENT:

Realising the role of R&D in the evolution of market

competitive hybrids and other agribusiness products, the Company has continued to invest heavily in R&D to augment research facilities, farm infrastructure development, and mechanization of farm operations and in human resource deployment. Such thoughtful efforts are now contributing to the consolidation and sustainability of gains of the past. The Company has extended cropped area and diversified crops by adding newer ones for agri-seed business. Red gram, onion, mustard and wheat are the additions to the crop cafeteria of the Company. Furthermore, the Company has successfully launched several new hybrids of sunflower, cotton and bajra in the market. The product folio is also expanded for maize, rice and vegetable crops that include both-hybrids and OPVs. With a foresight on the problems of water and labour shortage in farming, the Company embarked on plans for resource use efficiency. As our agriculture is at the mercy of monsoon, the Company foresaw the problem of providing irrigation to the thirsty crops, installed drip system in Company's farm holdings at Gowrarum, Bejjanki and G.N.Pur. This is currently helping to increase the water use efficiency by saving every drop of water in tune with the saying, crop per drop. In order to enhance the work efficiency of technical and scientific staff, field labs were established in situ at the site. To mitigate the problem of labour shortage for farm work, measures were initiated to introduce partial mechanization of day to day farm operations.

On the product development for seed business, the Company is successful in developing several market competitive hybrids of cotton (Jadoo & Jackpot) sunflower (Sunkranti & Champ) bajara (Boss 65). Jadhoo and Jackpot are Bt Cotton Hybrids with stacked genes, cry IAc & cry2Ab that help combat the bollworm pest. Sunflower Hybrids, Champ and Sunkranti have built in resistance to SNV and DM. The bajra hybrid Boss 65 is high yielder with attractive grain and drought enduring. Aside these, the rice hybrids AK 56 and KPH 9090 sorghum hybrid, Colonel are gaining ground in the market. Several of our pipeline maize hybrids (25K60), KMH 3669 and KMH 2700) excelled in performance in All India Coordinated trials.

The investment made in Biotechnology has started paying off in terms of accelerating the breeding programs of Cotton and Rice. DNA profiling of our lines, use of DNA markers in genetic purity assessment and tracking the gene of interest in breeding material are some of the activities undertaken for gainful deployment of

03 Directors' Report

biotechnology tools in product development. In order to retain the proprietary rights on varieties, hybrids and parental lines developed by our R&D, efforts are afoot to register 24 lines and hybrids owned by the Company with PVP & FA till date.

UTILISATION OF IPO PROCEEDS:

Your Company has fully utilized Rs.6870.68 Lakhs of IPO Proceeds towards Objects of the Issue and there is no pending utilization of IPO funds as on 31st March 2009.

DIVIDEND:

Your Directors are pleased to recommend a Dividend of Rs.2/- per equity share of Rs.10/- each (20%) for the financial year 2008-09. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the register of members of the Company as on 22nd September 2009.

The Dividend would be tax-free in the hands of the shareholders.

CORPORATE GOVERNANCE:

A detailed Report on Corporate Governance system and practices of the Company are given in a separate section in this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

A detailed report on the Management Discussion and Analysis is provided as a separate section in this Annual Report.

FIXED DEPOSITS:

Your Company has not accepted any deposits under Section 58A of the Companies Act, 1956 and hence no amount of principal or interest was out standing on the date of this Balance Sheet date.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Sri G.Pawan, Sri M.Srikanth Reddy and Sri K.V.D.Prasad Rao retire by rotation being eligible offer themselves for re-appointment as Directors of the Company.

In accordance with Clause 49 of Listing Agreement your Board was constituted with the total strength of twelve Directors. Apart from this the Board also constituted mandatory/statutory committees and non-statutory committees as mentioned in the Report on Corporate Governance.

AUDITORS:

The Statutory Auditors of the Company M/s.P.R.Reddy & Co. retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Auditors, if reappointed. The Audit Committee and the Board of Directors recommend reappointment of M/s.P.R.Reddy & Co. as Statutory Auditors of the Company for the financial year 2009-10 for shareholder's approval.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956 as amended, your Directors confirm as under:

- i) In preparation of Annual Accounts, the applicable Accounting Standards has been followed along with proper explanation relating to material departures;
- ii) We have selected such accounting policies and applied them consistently and made judgments and estimates 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 2008-09 and of profit of the Company for that period;
- iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) We have prepared the annual accounts on an on-going concern basis

PARTICULARS OF EMPLOYEES:

The particulars of employees as required to be disclosed in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 as amended to be annexed to the Directors' Report. However, as permitted by the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Secretarial Department.

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

Information in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

03 Directors' Report

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 express their gratitude to all stakeholders,

farmers, dealers, Banks and regulatory and Governmental authorities for their continued support at all times and look forward to have the same in our future endeavors.

For and on behalf of the Board

Sd/- Sd/-
Secunderabad, G.V.BHASKAR RAO G.VANAJA DEVI
30th July 2009 Managing Director Whole time Director

ANNEXURE TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988:

FORM - A

CONSERVATION OF ENERGY 2008-09 2007-08

Power and Fuel Consumption

a) Electricity purchased

Units (Nos.)	1192692	522668
Total Amount (Rs. In Lakhs)	70.29	35.56
Unit Rate (Rs.)	5.89	6.83

b) Own Generation

Through Diesel Generator

No. of Units in Litres	76203	23241
Units per litre of Diesel	3	3
Oil cost per Unit (Rs.)	12.32	12.50

Others (Gas)

Through Gas Dryer

Quantity in Kgs. of Gas	242390	51909
Amount (Rs. In Lakhs)	50.34	31.67

Consumption per unit of production

Electricity, Diesel, Gas - Since the Company produced different types of seeds and micro nutrients, it is not practicable to give consumption per unit of production.

FORM - B

TECHNOLOGY ABSORPTION

Research and Development

Specific Areas in which Research and Development carried out by the Company

The Company carried out process development and commercialized various seed products in the segment of Seeds and Micro Nutrients. Further, it continued process research for maximizing the yield with improved quality.

Benefits derived as a result of the above R&D:

The Company's continuing efforts to become a strong knowledge based R&D driven Company have

yielded results by way of improved process in the production.

Future Plan of Action:

Your Company has ambitious plans to invest further for enhancing its R&D capabilities.

Expenditure on Research and Development:

	2008-09	2007-08	Rs. In Lakhs
Capital	391.53	921.72	
Recurring	384.78	257.27	
-	776.31	1178.99	
Total R&D expenditure as percentage of total turnover	6.31%	12.20%	

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts in brief made towards technology absorption, adaptation and innovation;

Technology Absorption is not involved as the processing of Seeds is being developed in house by the Company.

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.

Particulars of Imported Technology: Nil

Foreign Exchange Earning & Outgo:

- a) Earnings : Nil
- b) Out go : Rs. 11.79 Lakhs

For and on behalf of the Board

Sd/- Sd/-
Secunderabad, G.V.BHASKAR RAO G.VANAJA DEVI
30th July 2009 Managing Director Whole time Director

04 Management discussion & Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT:

Agriculture remains a pivotal part of the Indian economy despite the emergence of other sectors and decreasing GDP share, due to the twin factors of food security and employment generation. The agri-inputs industry produces products that provide essential support to modern agriculture. Seed is one of the most critical inputs in agricultural production.

Agriculture share in the GDP may be 15 per cent, but its impact on the population socially, psychologically and politically is substantial. As such, seed, the vital agri-input, holds the key for productivity.

The Indian seed industry has had long history spreading over a century. It initially began with trading in vegetable and flower seeds in the early part of this century. Seed related reforms pertaining to hybridization began in the early 1980's. Accessibility to research institutions, both international and national was provided to private seed firms for directly obtaining germplasm. The seed related reforms initiated in 1980's also catalyzed growth of the private seed sector in the country. As a consequence, the Indian seed industry is experiencing quantitative and qualitative transformations in composition, size, shape and length and breadth of market expansion.

We continued to play a dominant role in the Seed Industry during the fiscal as we had well stocked high quality seeds to meet an array of requirements. Seeds men in India, as usual had to undergo dilemma of erratic and ill-spread Monsoon during the year. But your Company has an ongoing research objective of breeding for drought tolerant hybrids. Therefore, our products had an edge in the market hit by low soil moisture levels.

As promised, we made an entry in to North and Central markets with Bt cotton, hybrid rice, pearl-millet and single cross corn hybrids. We continued to lead the peninsular Indian seed market.

Our hybrids were well accepted in new markets and performed exceedingly well. Before commercial launch, we had conducted widespread trailing of all these hybrids and showcased the performance to thousands of farmers by conducting field-days and field visits. These activities generated instant pull for these hybrids.

We introduced high yielding varieties in wheat on trial basis and sold some small tonnages. Our hybrid mustard performed well and farmers in Central and North India could harvest more yields compared to traditional varieties. Our entry in to wheat and mustard paves the way for bigger business opportunities in future.

Your Company could collect record money in the form of Advance Booking of seeds by the trade. This helped us to liquidate our stocks in the market on priority during lean demand time.

INFRASTRUCTURE:

Tremendous technological innovations are taking place on seed processing and warehousing and packaging. Your Company readily adopts new know-how to stay ahead of competition. We have made investments to the tune of about Rs 550 million into development of seed conditioning infrastructure and automation. For example, the conventional natural sun-drying of corn ears reduced the quality of seeds in many ways. Therefore, the solution is to switch over to artificial "cob drying". This latest and capital intensive technology in corn leads to increased vigour and viability of F1 seeds.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

Microteck continued to contribute to the top and bottom line of your Company and its share is steadily increasing.

Among Microteck products, Fire and Ultymax+ reached record sales and realization. All the products under Microteck have become synonymous with high quality and assured benefits. This has further augmented your Company's brand image as "a complete agri-input company...."

During the year, the Company further strengthened its position in the market and with the customers by introducing new seed hybrid varieties. All of these new products along with the existing seed products were well received by the farmers, despite growing competition.

OUTLOOK:

The Company remains determined in its objective to practice the path of profitable and sustainable growth, maximizing operational efficiencies and striving to attain the highest standards of quality, safety and productivity.

04 Management discussion & Analysis

The overall outlook for the Company continues to be positive and the management remains optimistic with regards to continued growth.

We continue to explore business opportunities in this sector and conquer new hitherto untouched geographies. Our sustained performance and profitability could attract talented manpower in to our folds. We could create a high performance team with experienced leadership.

None the less, we keep taking pride in our claim that we know the Indian farmer and his needs better, always.

FINANCIAL PERFORMANCE:

During the financial year 2008-09, the Company generated total revenues of Rs.12434.42 Lakhs with a net profit of Rs.2290.15 Lakhs, as compared to total revenues of Rs.9877.88 Lakhs with a net profit of Rs.1395.64 Lakhs in the financial year 2007-08.

Your Company has fully utilized Rs.6870.68 Lakhs of IPO Proceeds towards Objects of the Issue and there is no pending utilization of IPO funds as on 31st March 2009.

Your Company's seed operations continued to generate overall volume and margin growth during the year through a combination of high quality product offerings and better mix. These are being well supported by appropriate investments in production, quality and breeding to sustain the growth, quality of seed offerings continues to be a key area of focus, specially since the shelf life of the product is limited and is highly dependent on agro-climatic conditions during its life.

The Company's operations continued to generate surplus funds to meet all its requirements without having to resort to external borrowings. The Company has also earned tax free income by investing surplus cash in mutual funds.

RISKS & CONCERNS:

The Seed agri-inputs business is highly seasonal in our country. Our raw material supplies are seasonal and our sales are also seasonal in nature. Thus, we are subject to seasonal factors, which make our operating results relatively unpredictable. We recognize revenues upon the sale of our seed agri-input products. Our sales activities, as far as seeds are concerned, take place only after the seeds have been planted, harvested and prepared for sale.

Traditionally, the revenues recorded during planting and harvesting seasons are traditionally lower compared to revenues recorded during the periods following such seasons. During periods of lower sales activities, we may continue to incur substantial operating expenses, but our revenues may bear usually much lower or delayed or reduced. Due to the inherent seasonality of our business, results of one reporting period (quarter/half year/year) may not be necessarily comparable with preceding or succeeding reporting periods.

Nature throws new challenges in the form of unpredictable monsoon, new diseases etc. Farmers, in addition to higher yield, also demand value additions in produce like enhanced nutritional content, higher oil or protein, longer keeping quality etc. We are conscious about the global phenomenon of water and labour shortage in farming. These are the ingredients of R&D product design. We scout for suitable germplasm to bundle these attributes in to our hybrids.

INTERNAL CONTROL SYSTEM:

The internal control system in the Company is reviewed by the Board of Directors which would provide assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The transactions are authorized, recorded and reported in conformity with generally accepted accounting practices. The internal audit of the Company is conducted by a reputed independent audit firm. The observations and recommendations of the internal auditors are reviewed by the Audit Committee and Board of Directors every quarter. Adequate follow up measures taken to overcome identified and weaknesses.

HUMAN RESOURCES:

We have very good human resource pool comprising of five hundred (500) employees out of which more than 50% are in marketing and sales, eighty six people are in research and remaining are in production, processing and administration. Kaveri is aware that its own people are the key to the future realization of its goals. To this end, your Company is initiating steps towards a better work environment.

04 Management discussion & Analysis

The agri-inputs business we are involved in is highly specialized and risky in nature and the available especially skilled technical and marketing talent pool is limited. Further, each producer has its own set of customized products and processes, and it takes substantial time and resources to adequately train human resource talent to understand and adapt to the producer's business. The future success of Company's business will also depend on the ability to identify, attract, hire train, retain and motivate skilled technical and managerial personnel, who may be highly sought by competing entities. Competition for qualified agribusiness professional personnel is intense given the limited supply of such personnel, and our professionals are highly sought after by our competitors. If we fail to hire and retain sufficient number of key personnel, primarily skilled R&D, technical, sales and marketing personnel, qualified personnel for functions such as research and development, production, marketing and sales, operations, our business operating results and financial condition could be adversely affected.

Your Company will continue to focus on talent and their retention in what is already a skill driven organization. In this direction, the Company has also introduced an Employee Stock Option Scheme recently.

CAUTIONARY STATEMENT:

The statement made in this section describes the Company's objectives, projections, expectations and estimations which may be forward looking statements' within the meaning of applicable securities laws and regulations. The annual results can differ materially from those expressed or implied, depending on the economic and climatic conditions, Government policies and other incidental factors which are beyond the control of the Company.

By Order of the Board of Directors
Sd/-

Secunderabad
30.07.2009

G.V.BHASKAR RAO
MANAGING DIRECTOR



kaveri seeds®

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance:

The spirit and practice of Corporate Governance in Kaveri Seed Company Limited is about commitment to values and ethical business practices. This implies timely compliances and correct disclosures of financial information on performance, ownership and Governance of the Company.

The key elements of Corporate Governance are transparency, disclosure, accountability, supervision and internal controls, risk management, internal and external communications and high standards of safety, health, environment, accounting fidelity, product and service quality. The Board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review process.

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.

Board of Directors

As of the date of the Report, the Board of Kaveri Seed had

twelve Directors, comprising five Executive Directors, including the Chairman and Seven Independent Directors as defined under Listing Agreement with Stock Exchanges.

The Directors have expertise in the fields of strategy, management, production, finance, marketing and human resource 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 Board of Directors guides, directs and oversees the management and protects the interests of customers, shareholders, employees and the society at large. The Board also ensures the compliance of the applicable provisions, code of ethical standards.

Composition of Board, their positions, relationship with other Directors, other Directorships and memberships of Committees held by each of them as on 31st March 2009:

Name	Category	Number of Memberships in other Companies		Attendance at	
		Board	Committees	Board	AGM Meetings
Sri G.V.Bhaskar Rao*	Promoter and Executive Director	2	1	4	Yes
Smt. G.Vanaja Devi*	Promoter and Executive Director	1	-	-	No
Sri R.Venu Manohar Rao*	Promoter and Executive Director	-	2	3	Yes
Sri Ch.Vamsheedhar*	Executive Director	-	3	3	Yes
Sri Ch.Mithun Chand*	Executive Director	-	3	4	Yes
Sri G.Pawan*	Non-Executive Director	1	-	-	No
Sri K.V.D.Prasad Rao	Non-Executive Independent Director	1	3	4	No
Sri M.Srikanth Reddy	Non-Executive Independent Director	7	4	3	Yes
Sri K.Vaman Rao	Non-Executive Independent Director	2	3	2	No
Dr. I.V.Subba Rao	Non-Executive Independent Director	-	-	3	No
Dr. Yeshwant Laxman Nene	Non-Executive Independent Director	-	-	2	Yes
Sri P.Vara Prasad Rao	Non-Executive Independent Director	-	-	3	No

* Sri G.V.Bhaskar Rao, Smt. G.Vanaja Devi, Mr. G.Pawan, Sri R.Venu Manohar Rao, Mr. C.Vamsheedhar and Mr. C.Mithun Chand are related to each other.

Membership in all Committees of all public limited companies, whether listed or not, including Kaveri Seed Company Limited are considered. Foreign companies, private limited companies and companies under Section 25 of the Companies Act, 1956 have been excluded.

05 Report on Corporate Governance

Meetings of the Board :

The Company plans and prepares the schedule of the Board and Board committee meetings a year in advance to assist the Directors in scheduling their program. The schedule of meetings and agenda for the meeting is finalized in consultation with Director/s of the Company. The agenda of the meeting is pre-circulated with the detailed notes, supporting documents, the Board of Directors must meet at least four time a year, with a maximum time gap of four months between two Board meetings. The Company's Board met four time during the financial year under review on 30th June, 2008, 30th July 2008, 24th October 2008 and 30th January 2009. The company held one Board meeting in each quarter as required under the Companies Act, 1956.

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

Date	Board Strength	No.of Directors Present
30.06.2008	12	8
30.07.2008	12	9
24.10.2008	12	5
30.01.2009	12	9

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.

Details of Directors proposed for re-appointment:

Mr. G.Pawan, Sri M.Srikanth Reddy and Sri K.V.D.Prasad Rao retire by rotation being eligible offer themselves for re-appointment as Directors of the Company.

Mr. G.Pawan is an M.B.B.S. from Jawaharlal Nehru University, Belgaum, Karnataka and he has completed his M.D. from Illinois State University, Chicago, U.S.A.,

Sri M.Srikanth Reddy holds a Bachelor's Degree in Science, majoring in Agriculture, from Andhra Pradesh Agricultural University in 1974. He has over 35 years experience in the business of agriculture and beverages and is actively participating in advising in secretarial and financial matters.

Sri K.V.D.Prasad Rao holds a Masters Degree in Agriculture from Andhra Pradesh Agricultural University. He has 35 years experience in the business of agriculture and beverages and he is advising in various aspects of our business activities.

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 Clause 49 of the Listing Agreement.

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.

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.

Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.

Reviewing with management the annual financial statements before submission to the Board focusing primarily on:

- Any changes in accounting policies and practices
- Major accounting entries based on exercise of judgment by management;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- The going concern assumption;
- Compliance with accounting standards;
- Compliance with stock exchange and legal requirements concerning financial statements;
- Any related party transactions as per Accounting Standard 18

Reviewing the Company's financial and risk management policies.

Disclosure of contingent liabilities

Reviewing with management, external and internal auditors, the adequacy of internal control systems.

Reviewing the adequacy of internal audit function;

Discussing with internal auditors any significant findings and follow-up thereon;

Reviewing the findings of internal investigation by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board;

Reviewing the Company's financial and risk management

policies; and, examining reasons or substantial default, if any in the payment to depositors, debenture holders, shareholder (in case of non-payment of declared dividends) and creditors.

Composition and other details of Audit Committee

The Audit Committee comprises of four members, out of four, three members are Independent Non - Executive Directors.

The Audit Committee Meetings are usually held at the Registered Office of the Company and are usually attended by the Managing Director, Executive Directors, Chief Financial Officer and Statutory Auditors of the Company. The Company Secretary acts as Secretary of the Audit Committee.

The Audit Committee comprises of three Non-Executive Directors all of them being Independent Directors and one Executive Director

The heads of departments of Finance & Accounts, Internal Auditor and the Statutory Auditors are the permanent invitees to the Audit Committee.

The Company Secretary is the Secretary to the Committee.

During the year under report the Audit Committee has met 4 times

Member	No.of Meetings	Attendance
Mr. K.Vaman Rao	4	2
Mr. M.Srikanth Reddy	4	3
Mr. K.V.D.Prasad Rao	4	4
Mr. C.Mithun Chand	4	4

Remuneration Committee/Compensation Committee:

i) The Company has constituted a Remuneration Committee of Directors.

ii) The broad terms of reference of the Remuneration Committee are as under:

- a) To approve the Annual Remuneration Plan of the Company.
- b) To approve the remuneration and commission / incentive remuneration payable to the Managing Director and Executive Directors for each financial year including grant of Options to eligible Employees and Directors and administers the Employee Stock Option

05 Report on Corporate Governance

Scheme from time to time.

- c) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.
- iii) The composition of the Compensation Committee comprises of the following members.

Mr. K.Vaman Rao	Independent, Non-executive
Mr. M.Srikanth Reddy	Independent, Non-executive
Mr. K.V.D.Prasad Rao	Independent, Non-executive
Mr. R.Venu Manohar Rao	Executive Director
Mr. C.Vamsheedhar	Executive Director

The Remuneration Committee met one time during the year on 30th July 2008

Member	No.of Meetings	Attendance
Mr. K.Vaman Rao	1	-
Mr. M.Srikanth Reddy	1	1
Mr. K.V.D.Prasad Rao	1	1
Mr. R.Venu Manohar Rao	1	1
Mr. C.Vamsheedhar	1	1

The details of remuneration to the Directors during the year are as follows:

a. Executive Directors: (Amount in Rs.)

Name of Director	Salary	Benefits, Perquisites & Allowances	Total
Sri G.V.Bhaskar Rao	6000000	28800	6028800
Smt. G.Vanaja Devi	3600000	28800	3628800
Sri R.Venu Manohar Rao	1380000	28800	1408800
Sri Ch.Vamsheedhar	1080000	28800	1108800
Sri Ch.Mithun Chand	1260000	28800	2397600

The above figures do not include provisions for encashable leave and gratuity, and premiums paid for group Health Insurance as separate actuarial valuations/premiums paid are not available for Managing Director and Executive Directors.

b. Non-Executive Directors: (Amount in Rs.)

Name	Designation	Sitting Fee in Rs.
Sri G.Pawan	Executive	-
	Independent	-

Sri K.V.D.Prasad Rao	Non-Executive Independent	10000/-
Sri M.Srikanth Reddy	Non-Executive Independent	7500/-
Sri K.Vaman Rao	Non-Executive Independent	5000/-
Dr. I.V.Subba Rao	Non-Executive Independent	7500/-
Dr. Yeshwant Laxman Nene	Non-Executive Independent	5000/-
Sri P.Vara Prasad Rao	Non-Executive Independent	7500/-

Details of shares of the Company held by the Directors as on March 31, 2009 are as below:

Name	No. of Shares
Sri G.V.Bhaskar Rao	1248000
Smt. G.Vanaja Devi	2222600
Sri R.Venu Manohar Rao	371600
Sri Ch.Vamsheedhar	100000
Sri Ch.Mithun Chand	76000
Sri G.Pawan	501800

Shareholders/Investors Grievance Committee:

The main functions of the 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. K.Vaman Rao	Chairman
Mr. R.Venu Manohar Rao	Member
Mr. C.Mithun Chand	Member
Mr. M.Srikanth Reddy	Member
Mr. C.Vamsheedhar	Member
Mr. K.V.D.Prasad Rao	Member

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 3 complaints from the investors and all of them were resolved to the satisfaction of the investors concerned. As on 31st March 2009 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
Annual General Meeting 2005-06	September 15, 2006	11.00 AM	513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad – 500 003.	Nil
Annual General Meeting 2006-07	September 14, 2007	3.30 PM	Conference Hall, R&D Centre, Gundlapochampally Plant, Sy.No.28, Medchal, R.R.District, AP	Nil
Annual General Meeting 2007-08	September 30, 2008	10.30 AM	Surana Udyog Hall. The Federation of Andhra Pradesh Chambers of commerce and Industry (FAPCCI House) 11-6-841, Red Hills, Hyderabad –500 004., A.P.	1

During the year ended March 31, 2009, the Company proposed a Special Resolution through Postal Ballot for Further Issue of Capital through Employee Stock Option Scheme. The notice under Section 192A dated 24th October 2008 and Postal Ballot papers were sent to the members of the Company. The Postal ballot results were declared on 8th January 2009 and the special resolution was passed with requisite majority.

DISCLOSURES:

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 Clause 49 of Listing Agreement. The Chairman and Managing Director and the Chief Financial Officer of the Company have also given the quarterly certification on financial results while placing the same before the Board in terms of Clause 41 of the Listing Agreement.

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 Clause 49 is attached to this report forming part of the Annual Report.

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 Board/ audit committee meetings regularly.

Transactions with related parties were disclosed in Note 6 Schedule 18 to the Accounts in the Annual Report.

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.

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.

05 Report on Corporate Governance

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 policy. The employees have been appropriately communicated within the organization about the mechanism and have been provided direct access to the Chairman of the Company. The mechanism also emphasis on making enquiry into whistle blower complaint received by the Company.

Risk Management

The Board regularly discusses the significant business risks identified by the management and the mitigation process being taken up.

Secretarial Audit

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Secretarial Audit Report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of non-mandatory requirements.

Means of Communication:

The Company has a website viz., www.kaveriseeds.in. The quarterly and half yearly financial statements are not sent to the individual house holds 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 news papers 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.

The Management Discussion and Analysis Report :

The Management Discussion and Analysis Forms part of the Directors' Report and is provided separately elsewhere in this report.

GENERAL SHAREHOLDERS INFORMATION:

a. Annual General Meeting -

Date and Time	22nd September 2009 at 10.30 AM
Venue	Surana Udyog Hall, The Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI House) 11-6-841, Red Hills, Hyderabad – 500 004, A.P.,

b. Financial Year of the Company:

Quarterly Results:	1st Quarter	: July 2009
(tentative and	2nd Quarter	: October 2009
Subject to change)	3rd Quarter	: January 2010
	4th Quarter	: June 2010 (Audited)

c. Date of Book Closure

18th September to 22nd September 2009

d. Dividend Payment date

Subject to the approval members, the Dividend if declared, will be paid within 30 days from the date of the Annual General Meeting to all eligible shareholders.

e. 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.

f. Listing Fees

Listing fee of both the stock Exchanges has already been paid for the year 2009-10

g. Stock Code:

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

h. 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 43.27% of the Company's share capital are dematerialized as on 31st March 2009. 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 455101011

i. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

The Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible Instruments as on 31st March 2009.

j. Plant Locations

- a) Kandlakoi Plant :
Plot No.140/A/1, Kandlakoya Village, Medchal Mandal
Ranga Reddy District, A.P.
- b) Gundlapochampally Plant
Sy.No.28 Part, Gundlapochampally village Medchal Mandal
Ranga Reddy District, A.P.
- c) Gatlanarsingapur Plant - 1
Door No.104, Gatlanarsingapur Post, Bheemadevarapally Mandal
Karimnagar District, A.P.
- d) Gatlanarsingapur Plant - 2
Door No.6-96/2, Gatlanarsingapur Post, Bheemadevarapally Mandal
Karimnagar District, A.P.
- e) Eluru Plant
Sy.No.853, Koppaka village, Pedavegi Mandal, West Godavari Dist, A.P.
- f) Bellary Plant & Godown :
D.No. 340, NH – 63, Main Road, K.B.Halli – 583 103
Bellary District, Karnataka State
- g) Proposed Plant : Sy. No. 703 Part, 704 Part, 712 Part, 713 to 719,
Pamulparthy Village, Wargal Mandal, Medak Dist.

k. Registered Office

513-B, 5th Floor, Minerva Complex, S.D.Road,
Secunderabad – 500 003. Andhra Pradesh.
Tel.Nos. +91 40-27721457/27842398 Fax No. +91 40-2781 1237
Email: cs.kaveri@gmail.com Website : www.kaveriseeds.in

l. Name & Designation of

Mr. V.R.S.Murti, Company Secretary
513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad –500003, (A.P.)

05 Report on Corporate Governance

Tel.Nos. +91 40-27721457/27842398 Fax No. +91 40-27811237

Email: cs.kaveri@gamil.com, Website : www.kaveriseeds.in

m. Registrar and Share Transfer Compliance Officer

Bigshare Services Pvt. Ltd., G-10, Left Wing, Amrutha Ville,
Opp.Yashodha Hospital Somajiguda, Rajbhavan Road, Hyderabad -500 082.

Tel.Nos.: +91-40 - 23374967 Fax No. : + 91-40 - 23370295

E-mail: bsshyd@bigshareonline.com

n. Monthly High & Low quotations and volume of shares traded on NSE & BSE during the year: Agents/Address for Correspondence

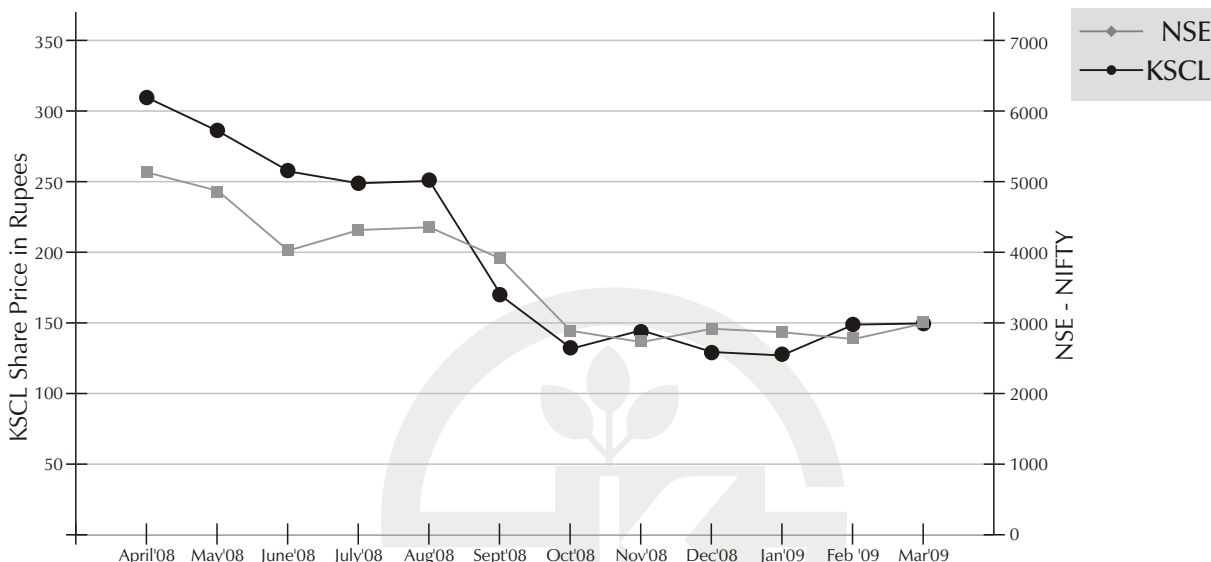
(Amount in Rs.)

Month	National Stock Exchange				Bombay Stock Exchange			
	High	Low	Close	Volume	High	Low	Close	Volume
April 2008	314.90	261.00	309.00	336880	318.90	248.10	308.60	90000
May 2009	310.00	277.10	285.45	91917	314.90	280.00	283.10	66078
June 2008	290.00	225.70	256.90	69207	289.00	241.00	249.65	62949
July 2008	275.00	196.00	247.70	86966	268.00	202.00	251.10	81203
August 2008	271.00	232.10	249.70	43579	264.80	234.00	249.55	48805
September 2008	277.95	165.00	170.00	341367	264.00	165.00	166.15	162646
October 2008	202.00	120.35	131.85	551642	199.35	121.00	132.05	351954
November 2008	165.00	124.60	143	408611	177.00	111.00	144.20	343203
December 2008	159.90	118.00	127.95	529899	145.50	115.70	126.90	457209
January 2009	140.00	116.00	126.55	388588	140.00	119.10	127.70	220741
February 2009	151.65	118.00	149.05	311087	151.00	115.55	149.05	203087
March 2009	165.00	132.75	149.05	309493	166.95	131.85	149.20	300466

o. Distribution Schedule & Shareholding Pattern as on 31st March 2009

Category	No.of Shareholders	No.of Shares	%	Category	No.of Shareholders	No.of Shares	%
Up to 5000	2682	679613	4.96	40001 - 50000	1	45500	0.33
5001 - 10,000	23	180452	1.32	50001 - 100000	10	737129	5.38
10001 - 20000	19	280657	2.05	100001 - and above	18	11462291	83.65
20001 - 30000	4	105469	0.77	Total	2763	13702184	100%
30001 - 40000	6	211073	1.54				

p. STOCK PERFORMANCE OF KAVERI SEED COMPANY LIMITED Vs. NATIONAL STOCK EXCHANGE (NIFTY) INDEX



q. Category of Shareholders as on 31st March 2009

Category	No. of Shares	%
Promoters	8355000	60.98
Mutual Funds	1864677	13.61
Bodies Corporate	1407767	10.27
FII's	416474	3.04
NRIs	29237	0.21
Public	1629029	11.89
Trusts	--	--
TOTAL	13702184	100%

IDFC PREMIER EQUITY FUND	FII	1034139	7.55
ICICI PRUDENTIAL FUSION FUND SERIES	Mutual Fund	503855	3.68
G.PAWAN	Director	501800	3.66
RELIGARE SECURITIES LTD	FII	488996	3.57
R.VENU MANOHAR RAO	Director	371600	2.71
QUANTUM (M) LIMITED PVT LTD	FII	231881	1.69

DECLARATION

I, G.V.Bhaskar Rao, Managing Director, hereby declare that as provided under Clause 49 of the Listing Agreements with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31st March 2009.

For KAVERI SEED COMPANY LTD.

Sd/-

Secunderabad,
30th July 2008

G.V.BHASKAR RAO
Managing Director

r. Top Ten Shareholders of the Company as on 31st March'09

Shareholders	Category	No. of Shares	%
G.V.BHASKAR RAO(HUF)	Promoter	2316000	16.90
G.VANAJA DEVI	Promoter	2222600	16.22
G.MADHUSHREE	Promoter	1464000	10.68
G.V.BHASKAR RAO	Promoter	1248000	9.11

05 Report on Corporate Governance

CEO/CFO CERTIFICATION

The Board of Directors,
M/s.Kaveri Seed Company Limited

We, G.V.Bhaskar Rao, Chairman and Managing Director and K.V.Chalapathi Reddy, Chief Financial Officer of the Company hereby certify to the Board that:

- a. We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March 2009 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
 - 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 disclosed in the notes to the financial statements; and instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For KAVERI SEED COMPANY LIMITED

G.V. Bhaskar Rao
Managing Director
Sd/-

K.V. Chalapathi Reddy
Chief Financial Officer

Hyderabad,
30th July 2009

COMPLIANCE CERTIFICATE

To
The Members of
KAVERI SEED COMPANY LIMITED

We have examined the compliance of conditions of Corporate Governance by Kaveri Seed Company Limited, ('the Company') for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 abovementioned Listing Agreement.

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.,
CHARTERED ACCOUNTANTS
Sd/-

PRAGHUNADHA REDDY
Partner
Membership No.23758

Hyderabad,
30th July 2009

AUDITORS' REPORT

To

The Members of
KAVERI SEED COMPANY LIMITED

We have audited the attached Balance Sheet of Kaveri Seed Company Limited, as at 31st March 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- ii. In our opinion, proper books of account, as required by Law have been kept by the company, so far as appears

from our examination of such books.

- iii. The balance Sheet, Profit & Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account.
- iv. In our opinion, the Balance sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as director in terms of clause(g) of sub-section (1) Section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. in the case of the balance sheet, of the state of affairs of the Company as at 31st March 2009
 - b. in the case of the Profit & Loss Account, of the Profit for the year ended on that date and
 - c. in the case of Cash Flow Statement, the cash flows of the Company for the year ended on that date.

For PR.REDDY & CO.,
CHARTERED ACCOUNTANTS
Sd/-
PRAGHUNADHA REDDY
Partner
Membership No.23758

Place: Hyderabad
Date: 30th June 2009

06 Auditor's Report

Annexure referred to in the Auditors' Report to the Members of KAVERI SEED COMPANY LIMITED for the year ended 31st March 2009, we report that:

- i. a. The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
- b. The management has conducted the physical verification of fixed assets during the year.
- c. The Company has not disposed off substantial part of the fixed assets during the year under audit.
- ii. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. a. The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act.
- b. In our opinion, the rate of interest and other terms and conditions on which loan has been granted to company listed in the register maintained u/s.301 of the Companies Act, 1956 are not prima-facie, prejudicial to the interest of the Company.
- c. In respect of loan granted by the company the party has repaid the principal amount as stipulated and has been regular in payment of interest.
- d. There is no overdue amount of loan granted to the company listed in the register, maintained u/s.301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained u/s.301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s.301 of the Companies Act, 1956 and exceeding the value of Rs.5 Lakhs in respect of any party during the year have been made at prices, which are reasonable, having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion the Company has internal audit system commensurate with the size and nature of its business.
- viii. According to the information and explanations given to us, maintenance of cost records u/s.209(1)(d) of the Companies Act, 1956 has not been prescribed by the Central government for the Company.
- ix. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues as applicable to it.
- b. According to the information and explanations given to us no undisputed amounts payable in

respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.

- c. According to the information and explanations given to us, there are no dues of sales tax, income tax, wealth tax which have not been deposited on account of any dispute.
- x. The Provisions of Clause 4(x) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company, since the Company has no accumulated losses at the end of the financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and Bank.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xv. In our opinion and according to the information and

explanations given to us, the company has not given any guarantee for loans taken by others from bank or Financial Institutions.

- xvi. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term assets except permanent working capital.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained u/s.301 of the companies Act, 1956.
- xix. The Company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. We have verified that the end use of money raised by Public Issues is as disclosed in the notes to the financial statements (Refer Note No.3 of Schedule 18).
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P.R.REDDY & CO.,
CHARTERED ACCOUNTANTS
Sd/-
PRAGHUNADHA REDDY
Partner
Membership No.23758

Place: Hyderabad
Date: 30th June 2009

07 Balance Sheet

BALANCE SHEET AS AT MARCH 31,2009

	Schedule	As at 31-Mar-09 Rs.		As at 31-Mar-08 Rs.	
SOURCES OF FUNDS					
Share Holders Funds					
Equity Share Capital	1	137,021,840		137,021,840	
Reserves & Surplus	2	1,113,634,599	1,250,656,439	916,680,355	1,053,702,195
Loan Funds					
Secured Loans	3		213,783,689		56,666,358
Differed Tax Liability (Net)			323,730		1,863,374
			1,464,763,858		1,112,231,927
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		578,057,455		430,881,690	
Less: Depreciation		95,185,061		63,425,014	
Net Block		482,872,394		367,456,676	
Capital Work in Progress		305,533,612	788,406,006		367,456,676
Investments	5		20,295,959		233,818,343
Current Assets, Loans & Advances					
Inventories	6	757,319,774		235,340,521	
Sundry Debtors	7	414,958,151		365,635,227	
Cash & Bank Balances	8	139,961,544		195,179,704	
Loans & Advances	9	142,014,623		123,177,303	
		1,454,254,092		919,332,755	
Less: Current Liabilities & Provisions					
Current Liabilities	10	723,944,651		385,391,062	
Provisions	11	75,184,988		24,156,585	
			655,124,453		509,785,108
MISCELLANEOUS EXPENDITURE					
Differed Revenue Expenditure			937,440		1,171,800
			1,464,763,858		1,112,231,927
Significant Accounting Policies and Notes on Accounts	18				

As per our report of even date attached
for P.R.REDDY & CO.,
CHARTERED ACCOUNTANTS

Sd/-

P.RAGHUNADHA REDDY

Partner

Membership No. 23758

Place: Secunderabad

Date: 30.06.2009

Sd/-

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

Wholetime Director

08 Profit & Loss Account

PROFIT & LOSS ACCOUNT AS AT MARCH 31, 2009

	Schedule	As at 31-Mar-09 Rs.	As at 31-Mar-08 Rs.
INCOME			
Sales less Returns		1,230,561,995	965,706,091
Dividend from Mutual Fund Units		3,708,149	10,578,530
Capital Gains	12	3,635,688	6,313,911
Other Income	13	5,536,154	5,189,149
		1,243,441,986	987,787,681
EXPENDITURE			
Cost of goods sold	14	474,972,538	408,836,716
Establishment Expenses	15	143,285,005	111,001,944
Selling & Distribution Expenses	16	302,503,839	192,254,291
Financial Expenses	17	19,185,059	15,090,954
Depreciation		32,193,692	20,612,500
		972,140,133	747,796,405
Profit before Tax		271,301,853	239,991,277
Less : Tax expenses			
Income Tax		18,559,800	67,405,557
Fringe Benefit Tax		5,305,597	4,638,285
Wealth Tax		79,572	35,561
Deferred Tax		(1,539,644)	392,210
Add : Excess Provision of earlier years			419,115
		22,405,325	72,052,498
Profit after Tax		248,896,528	167,938,779
Less: Provision for diminution in value of Investments		19,880,543	28,375,111
Add : Balance brought forward		281,016,385	141,452,717
Appropriations:			
Proposed Dividend		27,404,368	
Corporate Tax on Dividend		4,657,373	
Transfer to General Reserve		100,000,000	
Profit carried to Balance Sheet		377,970,629	281,016,385
Earnings per share (equity shares, par value Rs.10 each)			
Basic & Diluted		18.16	14.25
Significant Accounting Policies and Notes on Accounts	18		

As per our report of even date attached for P.R.REDDY & CO.,
CHARTERED ACCOUNTANTS
Sd/-

P. RAGHUNADHA REDDY

Partner
Membership No. 23758
Place: Secunderabad
Date: 30.06.2009

Sd/-
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
Wholetime Director

09 Cash Flow Statement

CASH FLOW STATEMENT AS AT MARCH 31, 2009

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
Cash flows from operating activities		
Profit before taxation	271,301,853	239,991,277
Adjustments for:		
Depreciation & Amortisation	32,193,692	20,612,500
(Profit)/Loss on sale of Fixed Assets		
(Profit)/Loss on sale of mutual funds and other investments	(3,635,688)	(6,313,911)
Dividend Received	(3,708,149)	(10,578,530)
Interest received	(5,250,248)	(4,912,642)
Finance charges	19,185,059	15,090,954
Operating profit before working capital changes	310,086,519	253,889,647
(Increase) / Decrease in Inventories	(521,979,253)	(127,578,991)
(Increase) in Sundry Debtors	(49,322,924)	(191,122,271)
(Increase)/Decrease in Loans & Advances	(18,837,321)	(62,357,007)
Miscellaneous Expenditure	937,440	1,171,800
Increase/(Decrease) in Trade Liabilities	171,334,766	51,128,709
Increase/(Decrease) in Other Current Liabilities	218,247,227	71,790,775
Taxes paid during the year	(25,081,693)	(71,660,288)
Net cash provided by operating activities	85,384,761	(74,737,626)
Cash flows from investing activities		
Purchase of Fixed Assets	(452,709,377)	(178,313,266)
(Purchase)/Sale of Investments	197,277,529	(185,288,602)
Dividend Received	3,708,149	10,578,530
Interest received	5,250,248	4,912,642
Net Cash used for investing activities	(246,473,451)	(348,110,696)
Cash flows from financing activities		
Proceeds from issue of shares including securities premium	-	704,131,280
Expenses on issue of shares	-	(56,846,959)
Dividend including Tax on Dividend	(32,061,741)	-
Short Term Loans	(42,882,669)	(62,267,526)
Long Term Loans	200,000,000	-
Finance charges	(19,185,059)	(15,090,954)
Net cash provided by financing activities	105,870,531	569,925,841
Net increase in cash & cash equivalents	(55,218,159)	147,077,519
Cash & Cash equivalents at the beginning of the period	195,179,703	48,102,184
Cash & Cash equivalents at the end of the period	139,961,544	195,179,703

As per our report of even date attached
for P.R.REDDY & CO.,
CHARTERED ACCOUNTANTS

Sd/-

P. RAGHUNADHA REDDY

Partner

Membership No. 23758

Place: Secunderabad

Date: 30.06.2009

Sd/-

K.V. Chalapathi Reddy

Chief Financial Officer

Sd/-

V.R.S. Murti

Company Secretary

Sd/-

G. V. BHASKAR RAO

Managing Director

Sd/-

G. VANAJA DEVI

Wholetime Director

For and on behalf of the Board

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2009

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
1. SHARE CAPITAL		
Authorised		
2,00,00,000 (prev. year 2,00,00,000) Equity shares of Rs.10/- each	200,000,000	200,000,000
Issued,Subscribed & Paid up		
1,37,02,184 (1,37,02,184) Equity shares of Rs.10/- each	137,021,840	137,021,840
"[Of the above 22,50,000 (22,50,000) equity shares, fully paid up, have been allotted as bonus shares by utilising the balance in Profit & Loss Account and 5,00,000 (5,00,000) equity shares, fully paid up, have been allotted for consideration other than cash]"		
	137,021,840	137,021,840
2 RESERVES & SURPLUS		
Capital subsidy	288,400	288,400
Investment allowance Reserve	17,405	17,405
Share Premium (As per last Balance Sheet)	635,358,165	28,000,000
Add : On issue of shares during the year	-	664,109,440
	635,358,165	692,109,440
Less : Adjusted towards Issue expenses	-	56,751,275
	635,358,165	635,358,165
General Reserve	100,000,000	-
Profit & loss Account Balance	377,970,629	281,016,385
	1,113,634,599	916,680,355
3 SECURED LOANS		
Term Loan from HDFC (Secured on Vehicles)	2,141,227	4,644,880
Term Loan from ICICI (Secured on Vehicles)	-	573,864
Term Loan from IOB (Secured on Vehicle & Plant & Machinery)	9,219,728	12,350,640
Term Loan from Reliance Capital (Secured on Vehicles)	2,422,734	3,589,428
Term Loan from Axis Bank Ltd (Secured on Land , Plant & Machinery & other Fixed Assets)	200,000,000	-
Cash Credit from Indian Overseas Bank (Secured on Inventory & Bookdebts)	-	35,507,546
	213,783,689	56,666,358

10 Schedules

4 Fixed Assets

Amount in Rs.

Sl. No	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As on 01.04.2008	Additions	Up to 31.03.2009	As on 31.03.2008	For the Year	Deletions	Up to 31.03.2009	As on 31.03.2008
1	Land	179120642	56672167	0	-	0	-	0	235792809
2	BUILDINGS								
a)	Factory	69844470	1292110	0	13,602,251	6029703	-	19631955	51,504,624
b)	Office	6927571	3292273	0	1,808,393	521840	-	2330233	7889611
3	Furniture & Fixtures	8901319	767361	0	2,400,755	1237265	-	3638020	6,500,564
4	Vehicles	14958246	3208057	40265	4,542,125	3034414	33,252	7543288	10,416,121
	Motor Cars	34394010	1729612	422824	17,566,044	4514033	400,393	21679683	16,827,967
5	Plant & Machinery	92573217	53146877	0	18,363,225	13204644	-	31567869	74,209,992
6	Equipments	12108535	8473857	0	2,219,863	2014419	-	4234281	9,888,672
7	Computers	3635914	1023377	0	2,101,262	760205	-	2861467	1,534,652
	Software	572000	859888	0	173,788	397698	-	571486	398,212
8	Cold Storage	462726	356769	0	243,906	129286	-	373192	218,820
9	Lab Equipments	2454945	863734	0	403,402	350185	-	753587	2,051,543
10	Building Under Cont.	4928095	15952772	0	-	0	-	0	20880867
	Total	430881690	147638854	463089	63,425,014	32193692	433,645	95185061	482872394
	Previous Year	252568424	197348827	19035561	44,141,411	20612500	1,328,897	63425014	367456676
									208,427,013

4A. CAPITAL WORK-IN-PROGRESS

Sl. No.	Description of the Asset	As at 01.04.2008	Additions	Gross Block Adjusts/Transfer	Balance as at 31.03.2009
1	Green Field Project at Pamulaparthy Village, Wargal Mandal, Medak District.				
	i) Land		48120630		48,120,630
	ii) Advance for Capital Items		206612946		206,612,946
	iii) Building Under Construction		47326379		47,326,379
	iv) Unallocated project expenditure		3473657		3,473,657
	Total		305533612		305,533,612
	Previous Year		-		-

As at 31-Mar-2009 **As at 31-Mar-2008**
Rs **Rs**

5 INVESTMENTS
Quoted - Non Trade

1900 Equity Shares of Rs.10 each in Bank of Maharashtra	43,700	43,700
9700 Equity Shares of Rs.10 each in Indian Overseas Bank	232,800	232,800
580 Equity Shares of Re.1 each in Tata Consultancy Services Ltd	246,500	246,500
1994255 Equity Shares of Re.1 each in Vijay Textiles Ltd	19,904,545	19,904,545

Unquoted - Non Trade

Investment in Mutual Funds	50,076,954	243,726,795
Investment in Govt. Securities - National Savings Certificates	15,000	7,000
	70,519,499	264,161,340
Less : Diminution in Value	50,223,540	30,342,997
	20,295,959	233,818,343

Name of the Fund	Balance As on 01-04-2008		Purchases during the year		Sold during the year		Balance As on 31-03-2009	
	No.ofUnits	Amount Rs.	No.of Units	Amount Rs	No.of Units	Amount Rs	No. of Units	Amount Rs
Birla Top 100 Fund	5,034	76,954					6,131	76,954
DSP Merrill Lynch India Tiger Fund	149,961	5,000,000					149,961	5,000,000
JM Balanced Fund - Dividend Plan	391,212	10,000,000					391,212	10,000,000
HSBC Equity Fund - Dividend	104,353	5,000,000					104,353	5,000,000
Birla Sunlife Liquid Plus	1,613,822	16,149,202			1,613,822	16,149,202	-	-
ABN AMRO Equity Fund - Dividend	202,840	5,000,000					202,840	5,000,000
Birla Midcap Fund - Dividend Payout	126,040	5,000,000					126,040	5,000,000
ABN AMRO Opportunities Fund - Dividend	418,831	10,000,000					418,831	10,000,000
JM Short Term Fund - Dividend Plan	1,782,043	20,430,055			1,782,043	20,430,055	-	-
JM Basic Fund - Dividend Plan	304,037	10,000,000					304,037	10,000,000
ICICI Prudential Flexible Income Plan Dividend - Daily-Reinvest Dividend	1,911,111	20,207,130			1,911,111	20,207,130	-	-
HDFC Cash Management Fund Savings Plus	1,609,940	16,150,118			1,609,940	16,150,118	-	-
Reliance Monthly Interval Fund	12,065,301	120,713,336			12,065,301	120,713,336	-	-
		243,726,794				193,649,840		50,076,954

10 Schedules

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
6 INVENTORIES		
Finished Goods - Hybrid Seeds	147,929,017	63,842,779
Foundation seeds	60,649,530	7,874,822
Standing Crops	40,010,054	-
Raw Material	470,106,645	128,650,220
Packing Material	38,624,528	34,972,700
	757,319,774	235,340,521
7 SUNDRY DEBTORS		
a. Over Six Months - considered good	120,363,004	129,815,452
b. Others - considered good	294,595,147	235,819,775
	414,958,151	365,635,227
8 CASH & BANK BALANCES		
a. Cash Balance	1,459,106	480,075
b. Balance with schedule Banks		
in current Accounts	129,143,616	82,636,442
in fixed Deposits	9,358,822	112,063,187
	139,961,544	195,179,704
9 LOANS & ADVANCES		
Advance to Staff	5,061,507	7,276,329
Deposits - others	6,355,845	1,470,982
Advance for Capital Expenditure	39,563,516	70,907,889
Other Advances	91,033,755	43,522,103
	142,014,623	123,177,303
10 CURRENT LIABILITIES		
Advance against Sales	362,498,473	247,387,503
Payable to Staff	16,117,485	8,478,462
Creditor for Expenses	45,025,736	4,301,905
Security deposits	13,502,772	9,757,772
Sundry Creditors	286,800,185	115,465,420
	723,944,651	385,391,062

10 Schedules

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
11 PROVISIONS		
Provision for Income Tax (net of Advance Tax)	35,727,344	18,212,088
Provision for Fringe Benefit Tax (net of Advance Tax)	3,156,651	2,027,175
Provision for Wealth Tax	79,572	35,561
Provision for Gratuity	-	1,580,918
Provision for Dividend	27,404,368	
Corporate Tax on Dividend	4,657,373	
TDS Payable	3,979,631	2,233,942
Sales Tax Payable	180,049	66,901
	75,184,988	24,156,585

SCHEDULES TO THE PROFIT & LOSS ACCOUNT AS AT 31ST MAR-2009

12 CAPITAL GAINS		
Short Term Capital Gain	3,635,688	372,159
Long Term Capital Gains		
Equity Mutual Funds	-	5,941,752
	3,635,688	6,313,911

13 OTHER INCOME		
Dividend from mutual fund units & shares	3,708,149	10,578,530
Interest on deposits	5,250,248	4,912,642
Packing & Forwarding Charges	-	213,657
Others	285,906	62,850
	9,244,303	15,767,679

14 COST OF GOODS SOLD		
Opening Stock - Finished Goods	63,842,779	84,080,139
Raw Material	128,650,220	2,145,476
Foundation Seeds	7,874,822	5,842,670
Packing Material	34,972,700	15,693,245
Add: Purchase/Production Expenses	783,840,864	397,406,904
Add: Packing Material	65,628,355	58,099,396
Add: Processing Charges	147,482,572	80,909,407
	1,232,292,312	644,177,237

10 Schedules

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
Less: Closing Stock		
Finished Goods	147,929,017	63,842,779
Foundation Seeds	60,649,530	7,874,822
Standing Crops	40,010,054	
Raw Material	470,106,645	128,650,220
Packing Material	38,624,528	34,972,700
	<u>757,319,774</u>	<u>235,340,521</u>
	474,972,538	408,836,716
Processing charges		
Freight Inward	26,285,732	9,331,368
Machinery Repairs & Maintenance	3,373,195	2,542,433
Chemicals	20,968,815	22,811,332
Seed Certification charges	368,151	360
Power & Fuel	20,170,176	4,415,902
Building & Godown repairs & maint.	686,760	1,439,036
Godown Rent	1,182,070	505,775
Cold Storage Maintenance	3,052,859	2,012,656
Factory Maintenance	12,036,567	6,848,721
Expense on Drying	20,880,091	5,275,050
R&D Farm Expenses	38,478,156	25,726,774
	<u>147,482,572</u>	<u>80,909,407</u>
R&D Farm Expenses		
Cultivation Expenses	1,208,271	336,227
Fertilizers & Pesticides	1,290,052	882,286
Electricity charges	1,007,853	743,429
Electrical items & motor repairing charges	1,084,728	111,841
Farm Maintenance	4,317,670	1,943,951
Labour charges	6,269,182	4,041,072
Postage & telephones	268,893	145,936
Printing & Stationery	46,058	24,393
Rent	37,400	18,950
Staff Welfare	123,347	85,152
Travelling expenses	861,125	728,808
Vehicle Maintenance	540,896	1,442,934

10 Schedules

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
Land Lease	1,809,867	1,641,309
Research Expenses	2,726,607	6,142,309
Trial Expenses	305,185	51,189
Testing Expenses	4,384,642	138,857
RCGM Trial Expenses	581,711	200,343
Professional Expenses	722,004	471,710
Salaries - Farm	10,892,665	6,576,078
	38,478,156	25,726,774

15 ESTABLISHMENT EXPENSES

M.D's Salary	6,000,000	6,000,000
Directors Salary	7,320,000	5,520,000
Salaries to Staff	62,323,595	42,283,590
ESI	60,064	57,992
Travelling Expenses	20,973,463	18,845,523
Postage & Telephone	4,873,715	5,067,894
Audit Fee	397,080	337,080
Audit Expenses	52,502	29,955
Vehicle Maintenance	19,751,911	14,178,365
Provident Fund	2,380,959	1,086,934
Rent	1,312,276	1,073,785
Printing & Stationery	2,977,593	2,069,909
Insurance	996,692	1,297,740
Books & Periodicals	583,682	189,245
Staff welfare	1,177,319	2,381,588
Rates & Taxes	1,859,716	834,674
Office Maintenance	1,722,607	1,058,138
General Expenses	3,306,860	1,840,760
Conveyance	231,220	228,667
Donations & Subscriptions	272,029	1,036,864
Legal Expenses	99,251	369,354
Professional Charges	1,063,650	367,833
Professional Tax	10,000	-
Sales Tax	329,147	2,960,349
Market Cess	686,370	314,723

10 Schedules

	As at 31-Mar-2009 Rs	As at 31-Mar-2008 Rs
Security Charges	948,730	389,053
Seed Testing Charges	14,130	269,148
Service Tax	1,387,912	689,241
Computer Maintenance	132,532	178,540
Directors Sitting Fees	40,000	45,000
	143,285,005	111,001,944

16 SELLING & DISTRIBUTION EXPENSES

Sales promotion expenses	71,961,853	65,697,556
Gold & Silver Gifts	-	139,683
Sales Schemes	114,018,833	71,707,132
Demonstration Expenses	-	31,902
Advertisement	2,315,934	1,728,775
Freight & Forwarding	43,731,623	29,174,674
Farmers Meeting Expenses	14,163,609	3,234,892
Staff & Dealers Meeting Expenses	4,256,620	4,360,317
Royalty	39,022,606	15,940,800
Bad debts Write Off	10,745,712	93,407
Provision for Doubtful Debts	2,287,048	
Previous Year Expenses	-	145,153
	302,503,839	192,254,291

17 FINANCIAL CHARGES

Bank charges	3,751,237	2,635,764
Interest	15,433,822	12,455,190
	19,185,059	15,090,954

Schedule - 18

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

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, 1956, except in the case of sale of realizable scrap which is accounted for on receipt basis.

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

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

c. Fixed assets and Depreciation

- Fixed assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies if any. Cost comprise 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.
- 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.

- Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- 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.
- Depreciation is provided on written down value method, at the rate specified in schedule XIV to the Companies Act, 1956.

d. Research and Product Development costs:

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

e. Investments

- 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.
- Long-term investments are carried at cost. However, provisions for diminution in value is 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 on individual investment basis.

f. Inventories

- Raw materials, packing materials, stores, spares and consumables are valued at cost, calculated on "First-in first out" basis, which is either equal to or less than the net realizable value. 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.
- Finished goods and Work-in-process are valued at lower of cost and net realizable value. Cost includes materials, labour and a proportion of

10 Schedules

appropriate overheads.

- iii. Trading goods are valued at lower of cost and 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

Contribution to Provident Fund, which is a defined contribution plan, are charged to the profit and loss account on an accrual basis.

h. Income Taxes

Tax expense consists of both current, deferred taxes and fringe benefit tax. Current income tax and fringe benefit 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 currency 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. 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 are adjusted for the effects of all dilutive potential equity shares.

j. 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.

2. Contingent Liabilities not provided for

Rs. in Lakhs

	PARTICULARS	PENDING BEFORE	31.03.2009	31.03.2008
1	Joint Collector	At Karimnagar	10.75	10.75
2.	Bombay Stock Exchange	Mumbai	34.00	34.00
3	Amarsingh Vs Kaveri Seed company Ltd	M.P. State Consumer Disputes Redressal Commission	0.65	0.65
4	Mangilal Vs Kaveri Seed company Ltd	M.P. State Consumer Disputes Redressal Commission	1.80	1.80
5	Dhulchand Vs Kaveri Seed company Ltd	M.P.State Consumer Disputes Redressal Commission	0.65	0.65
6	Ananda Ekaram Mali Vs Kaveri Seed company Ltd	Maharastra state Consumer Disputes Redressal Commission	0.25	0.25
7	Basavaraj Kanada mane Vs Kaveri Seed company Ltd	District Consumer Forum, Davangere	0.10	0.10
8	Director of Agriculture	Bangalore	6.60	-
9	Director of Agriculture	Bangalore	47.07	-
			101.87	48.20

3. Utilisation of IPO Funds

Rs. in Lakhs

	Particulars	Amount estimated in RHP	Amount Utilised till 31.03.2009
1.	Acquisition of farmland for R&D near Hyderabad, Alwar and Ahmedabad	2000.00	2116.64
2.	Setting up of corn cob drying plants in Medak District, and Bellary	420.00	520.62
3.	Setting up of a biotechnology lab at Gundla Pochampally near Hyderabad	204.47	18.28
4.	Upgradation of existing seed processing plants at Kandlakoi, Gundla Pochampally, Gatla Narsingapur and Bellary	916.68	535.22
5.	Setting up of a seed processing Plant in Medak District near Hyderabad	1788.53	2112.41
6.	Working capital Margin requirement	1000.00	1000.00
7.	Issue Expenses	541.00	567.51
	TOTAL	6870.68	6870.68

4. Remuneration to Whole time Directors

	Name of the Director	Salary per annum (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
1.	Shri G.V.Bhaskar Rao	60,00,000	28,800	60,28,800/-
2.	Smt. G.Vanaja Devi	36,00,000	28,800	36,28,800/-
3.	Shri R.Venumanohar Rao	13,80,000	28,800	14,08,800/-
4.	Shri C.Vamsheedar	10,80,000	28,800	11,08,800/-
5.	Shri C.Mithun Chand	12,60,000	28,800	12,88,800/-
	TOTAL	1,33,20,000	1,44,000	1,34,64,000/-

Note: The above figures do not include provision for gratuity and leave encashment payable to the Directors, as the same is accounted on payment basis

5. Remuneration to Statutory Auditors (including service tax where applicable)

	Particulars	Amount in Rs.
1.	Statutory Audit	Rs.2,64,720/-
2.	Other Audit Services	Rs. 66,180/-
3.	For Tax Matters	Rs. 66,180/-
4.	Reimbursement of out of pocket expenses	Rs. 38,036/-
	TOTAL	Rs.4,35,116/-

10 Schedules

6. The Company had the following transactions with related parties during the year

Rs. in Lakhs

1.	G.V. Bhaskar Rao H.U.F	Agricultural Land Lease Rent Paid – as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs.25000 per acre per annum for a total land of 1.20 acres (one acre= 40guntas) ie 0.20 acres means 20 guntas	0.38
	G.V. Bhaskar Rao H.U.F	Agricultural Land Lease Rent Paid - as per the agreement entered On April 01, 2006 for a period of 3 years for an amount of Rs. 30000 per acre per annum for a total land of 5 acres	1.50
	G.V. Bhaskar Rao	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs. 15000 per acre per annum for a total land of 16.25 acres (one acre= 40guntas) ie 0.25 acres means 25 guntas	2.49
2.	R. Venu Manohar Rao	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs. 12000 per acre per annum for a total land of 38.28 acres(one acre= 40guntas) ie 0.28 acres means 28 guntas	4.64
3.	G. Vanaja Devi	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs. 25000 per acre per annum for a total land of 1.20 acres(one acre= 40guntas) ie 0.20 acres means 20 guntas	0.38
4.	G. Pawan	Agricultural Land Lease Rent Paid – as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs. 25000 per acre per annum for a total land of 1.20 acres(one acre= 40guntas) ie 0.20 acres means 20 guntas	0.38
5.	G. Pawan	Agricultural Land Lease Rent Paid – as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs. 30000 per acre per annum for a total land of 2.09 acres (one acre= 40guntas) ie 0.09 acres means 9 guntas	0.67
6.	G. Madhusree	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2006 for a period of 3 years for an amount of Rs. 25000 per acre per annum for a total land of 1.20 acres(one acre= 40guntas) ie 0.20 acres means 20 guntas	0.38
7.	C. Vamsheedhar	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01,2006 for a period of 3 years for an amount of Rs.12000 per acre per annum for a total land of 20.23 acres (one acre= 40guntas) ie 0.23 acres means 23 guntas	2.47
TOTAL			13.29

7. Particulars of Employees:

The particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 are given in the Directors Report

8 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:

(in Rs.)

PARTICULARS	2008-09	2007-08
Depreciation on Fixed Assets	(15,39,644)	3,92,210

9. Foreign Currency/Exchange transactions:

(in Rs.)

PARTICULARS	2008-09 (Rs.)	2007-08 (Rs.)
a. Import of Raw Materials	Rs.676,47,379/-	Nil
b. Earnings in foreign Exchange	Nil	Nil
c. Expenditure in Foreign Currency for Travel	Rs.32,42,314/-	Rs. 11,78,888/-

10. Opening Stock, Closing Stock and Sales of Finished Goods:

Finished goods

Quantity in Kgs.

Particulars	Opening Stock	Production	Issues	Closing Stock
Seeds	1163861	16627152	14835128	2955885
Micronutrient	507236	4685572	4686105	506703

11. Raw Material Consumed

Value of Imported and indigenous material consumed

Particulars	Quantity in Kgs.	Amount in Rs.
Indigenous		
Seeds	18248982	43,20,98,320
Micronutrients	4516793	4,28,74,218

12. Segment Information:

The Company has identified two reportable segments viz., Seed Division and Micro Nutrients Division. Segment have been identified and reported taking into account nature of products and service, the differing risks and returns and the internal business reporting systems. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting.

10 Schedules

Rs. in Lakhs

	Particulars	Seeds Division		Micro Nutrients Div.		Total	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	Segment Revenue						
1	Inter Segment Turnover	10,989.35	8,611.78	1316.27	1045.28	12,305.62	9,657.06
	Less: Excise Duty, Service tax recovered	-	-	-	-	-	-
	Net Turnover	10,989.35	8,611.78	1,316.27	1,045.28	6,577.15	4,816.73
2	Segment result before interest and taxes	2558.83	2273.15	293.53	202.18	2,852.36	2,475.33
	Less: Interest Expense	189.64	117.2	2.21	3.16	191.85	120.36
	Add: Interest Income	52.50	49.13	0	0	52.50	49.13
	Profit before tax	2421.69	2205.08	291.32	199.02	2713.01	2404.1
	Current tax	87.33	618.16	98.27	55.90	185.60	674.06
	Fringe Benefit Tax	45.13	38.76	7.92	7.62	53.05	46.38
	Wealth tax	0.80	0.36	-	-	0.80	0.36
	Deferred Tax	(15.40)	3.92	-	-	(15.40)	3.92
	Provision for diminution in value of Investments	198.81	283.75	-	-	198.81	283.75
	Net profit after tax	2105.02	1260.13	185.13	135.50	2290.15	1395.63
3	Other Information						
	Segment Assets	21987.54	14873.57	651.40	344.23	22,638.94	15,217.80
	Segment Liabilities	9,676.58	4571.49	455.79	109.28	10,132.37	4,680.77
	Capital Expenditure	4524.77	1973.49	6.95	6.45	4,531.72	1,979.94
	Depreciation	306.98	187.9	14.97	18.23	321.95	206.13

13. Balances under sundry debtors, sundry creditors, deposits, loans and advances payable / receivable are subject to confirmation and reconciliation.

14. Previous year's figures have been regrouped/rearranged to conform to those of the current year.

SIGNATURES TO SCHEDULES 1 TO 18

As per our report of even date attached
for P.R.REDDY & CO.,
CHARTERED ACCOUNTANTS
Sd/-

P. RAGHUNADHA REDDY

Partner
Membership No. 23758
Place: Secunderabad
Date: 30.06.2009

Sd/-

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
Wholetime Director

Balance Sheet abstract & Company's General Business Profile
I Registration Details

Registration No. : 06728
 Balance Sheet Date : 31-Mar-09
 State Code : 01

II Capital raised during the year (Amount in Rupees Thousands)

Public Issue	Rights Issue	0
Private Placement *	Bonus Issue	0
Preferential issue of shares under Employee Stock Option Schemes		

III Position of Mobilisation & Deployment of Funds (Amount in Rupees Thousands)

Total Liabilities	1464765	Total Assets	1464765
Source of Funds		Application of Funds	
Paid-up capital	137022	Net Fixed Assets	788406
Reserves & Surplus	1113635	Investments	20296
Secured Loans	213784	Net Current Assets	655125
Unsecured Loans		Miscellaneous Expenditure	938
Deferred tax liability	324		

IV Performance of Company (Amount in Rupees Thousands)

Turnover	1230562	Total Expenditure	972140
Profit before Tax	271302	Profit after Tax	248897
Earnings per Share (Rs)	18.16	Dividend Rate %	

V Generic name of principal products of the Company

(as per monetary terms)

Item Code No. (ITC Code) : 010-100510 012-1206
 Product Description : Corn Sunflower
 Item Code No. (ITC Code) : 012-120720
 Product Description : Cotton Seeds

As per our report of even date attached
 for P.R.REDDY & CO.,
 CHARTERED ACCOUNTANTS

Sd/-

(PRAGHUNADHA REDDY)

Partner

Membership No. 23758

Place: Secunderabad

Date: 30.06.2009

Sd/-

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

Wholetime Director

Kaveri representation at APSA



Product Launch



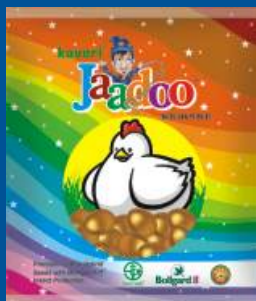
Dealer's Meet



Farmer Field Day



New products launched in 2008-09



Seed Division

Microteck Division



kaveri seed company limited

513-B, 5th Floor, Minerva Complex,
S.D. Road, Secunderabad - 500 003 India

Tel : +91-40-2772 1457, 2784 2398

Fax : +91-40-2781 1237

e-mail : info@kaveriseeds.in

www.kaveriseeds.in