

breaking
the impasse ...



laying
path for the
second green
revolution

23rd ANNUAL REPORT 2009-10



kaveri seed company limited
www.kaveriseeds.in

Prosperity to
Indian farmer...



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Abstract

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The recent past has witnessed international meltdown and worldwide economic recession. Early 2009 has seen the supply and demand in agricultural markets go astray leading to violence ignited by hunger in more than a dozen countries across the globe. India too has high population pressure on land and other resources to meet its own food and development needs. The natural resource base of land, water and bio-diversity is under severe stress. Challenges ahead in Indian agriculture are formidable considering the non-availability of favourable factors of past growth, fast declining factor productivity and rapidly shrinking resource base leading to skyrocketing food prices. Given this scenario, can we turn a blind eye to the hunger apocalypse looming large? A seemingly possible solution lies in ushering another green revolution.

There is growing consensus among agricultural scientists, economists and policy makers that second green revolution be the one that enhances the agriculture productivity but in a sustained way without harming the ecosystem and the environment
- the ever green revolution.

kaveri seeds ...

Kaveri Seeds is steadfast to advance the cause of an ever green revolution that begins with the seed, the most critical input in agriculture. Genetically enhanced premium quality seed has been the hallmark of Kaveri for more than three decades.

Making a humble beginning in the year 1974, with the seed production of public varieties of maize, bajra and sunflower, Kaveri Seed Company Limited as is known today, steadily grew to take up large-scale seed production of foundation and certified seed. The erstwhile company, then known as G.V.B. Rao & Co built requisite seed processing plant to produce peerless quality seeds that fetched the production and distribution rights from Pioneer Hybrid International to market their hybrids. In a step wise accretion, the company grew over the years and registered as Kaveri Seed Company in 1986. It was the first seed company of India to ever release private bred corn hybrid in South India. Since then the growth was phenomenal and in two decades time, scaled new heights in seed and agribusiness to become a listed company in the year 2007

The Company with vast experience in seed production of major agricultural crops is backed by a very strong in-house R&D programme for crops-maize, cotton, sun flower, bajra, sorghum, rice and several vegetable crops. Due to their long standing in seed business and continuous investment in R&D, the in-house R&D is in place. The R&D strives at developing superior hybrid and inbred varieties of these crops in respect of quality, yield, resistance to diseases and pests and tolerance to drought and adverse edaphic factors.

▼ *A panoramic view of Pamulaparthi plant*



The R&D has the recognition by the Department of Science and Technology, Govt. of India. The company is at forefront to bring in the latest technology at the farmer's door step. and instrumental to spread the hybrid seed concept among the Indian farmers

An extended arm of Kaveri is the Microteck, which produce and market innovative bioproducts - micronutrients and biopesticides. Both seed and agri-products of Kaveri carved a niche in the market over the years.

The Company established a well knit marketing network to market the seed hither to in the states of Karnataka ,Tamil Nadu, Maharastra and Andhra Pradesh and further expanded the horizon throughout the country.

The Company built, over a period of time, the seed processing plants and developed research farms so vital to produce and process quality seeds. It has nine seed processing plants located across the country. Well-equipped quality control and seed testing laboratory back the seed processing units.

The R&D is housed in a modern building that has state of the art facilities including a conference hall, Biotechnology, Miconutrient, Biopesticide Labs. To oversee the production of foundation and certified seed, there are several crop specific research farms, either wholly owned or leased by the company.

In addition, the Microteck Division of the Company has the state of the art laboratory to meet the needs of innovative byproducts for agribusiness.

The remarkable advances in the area of genetic engineering and DNA marker technology in the

recent past has impacted agriculture through evolution of GM crops and application in crop improvement. Bioengineered crops are expected to increase yields beyond green revolution levels and help in genetic upgradation of crops in respect of quality, cutting back the costs on pest and weedicides and energy related inputs. Biotechnology is the engine of growth in sustainable agriculture in the foreseeable future and steers the breeding process.

Pest resistant Bt cotton is a reality now. And soon it is anticipated that this technology will find way for other crops heralding an era of Biotech crops.

Kaveri is fully geared up to adopt these technologies in breeding new generation hybrids.





Board of 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 Director
Sri C. Vamsheedhar	- Whole time Director
Sri C. Mithun Chand	- Whole time Director
Sri M. Srikanth Reddy	- Independent Director
Dr. I. Venkata Subba Rao	- Independent Director
Dr. Yeshwant Laxman Nene	- Independent Director
Sri K. Vaman Rao	- Independent Director
Sri K.V. Durga Prasad Rao	- Independent Director
Sri P. Vara Prasad Rao	- Independent Director



Chief Financial Officer	- Sri K. V. Chalapathi Reddy
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Company Secretary & Compliance Officer	- Sri V.R.S.Murti
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Registered Office :

513-B, 5th Floor, Minerva Complex, S.D.Road,
Secunderabad – 500 003. A.P., India
Tel : +91 40 - 27721457 / 27842398 Fax : +91 40 - 27811237
Email: cs.kaveri@gmail.com Web: www.kaveriseeds.in



Statutory Auditors :

M/s. P. R. Reddy & Co., Chartered Accountants
7-70/4I, Maheswari Nagar, Street No.8, Habsiguda, Hyderabad 500 007.



Bankers :

Indian Overseas Bank, Himayat Nagar Branch
Axis Bank Limited, Secunderabad Branch
HDFC Bank Limited, Lakidikapool
ICICI Bank Limited, Secunderabad Branch.



Registrars & Share Transfer Agents :

M/s.Bigshare Services Pvt. Ltd.
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 23rd Annual General Meeting of the members of Kaveri Seed Company Limited will be held on Monday the 27th day of September 2010 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 2010 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 2009-10.
3. To appoint a Director in place of Sri C.Vamsheedhar, who retires by rotation, and being eligible, seeks reappointment.
4. To appoint a Director in place of Sri C. Mithun Chand, who retires by rotation, and being eligible, seeks reappointment.
5. To appoint a Director in place of Sri P.Vara 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 an Ordinary Resolution:**

"RESOLVED THAT in partial modification of the resolution passed at the Extra Ordinary General Meeting held on 30th December 2006 and pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the remuneration payable to Sri G.V. Bhaskar Rao, who was appointed as a Managing Director of the Company for a period of 5 years with effect from 15.11.2006 be and is hereby revised with effect from 01.04.2010 to Rs. 5.25 lakhs per month consisting of Rs. 3.75 Lakhs as Basic Salary and Rs. 1.5 Lakhs as House Rent Allowance and the other existing terms remain unchanged and the same as approved by the Remuneration Committee."

FURTHER RESOLVED THAT notwithstanding any thing to the contrary herein contained, where in any financial year during the currency of the tenure of Sri G.V.Bhaskar Rao, Managing Director of the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites with the limits as laid down under sections 198, 309, 310 and all other applicable provisions, if any, of the Act read with schedule XIII of the Act as in force from time to time".

8. **To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

"RESOLVED THAT in partial modification of the resolution passed at the Extra Ordinary General Meeting held on 30th December 2006 and pursuant to the provisions of Section 198, 269, 309 and other

applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the remuneration payable to Smt. G. Vanaja Devi, who was appointed as a Whole time Director of the Company for a period of 5 years with effect from 15.11.2006 be and is hereby revised with effect from 01.04.2010 to Rs. 3.25 lakhs per month consisting of Rs. 2.35 Lakhs as Basic Salary and Rs.90,000/- as House Rent Allowance and the other existing terms remain unchanged and the same as approved by the Remuneration Committee."

FURTHER RESOLVED THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Smt. G. Vanaja Devi, Whole time Director of the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites with the limits as laid down under sections 198,309,310 and all other applicable provisions, if any, of the Act read with schedule XIII of the Act as in force from time to time".

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolution passed by the members through Postal Ballot held on 9th January 2009 and pursuant to the provisions of Section 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the remuneration payable to Sri R.Venu Manohar Rao, who was appointed as a Whole time Director of the Company for a period of 5 years with effect from 15.11.2006 be and is hereby revised with effect from 01.04.2010 to Rs.1,40,000/- per month consisting of Rs. 94,000/- as Basic Salary and Rs.46,000/- as House Rent Allowance and the other existing terms remain unchanged and the same as approved by the Remuneration Committee."

FURTHER RESOLVED THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sri R. Venu Manohar Rao, Whole time Director of the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites with the limits as laid down under sections 198,309,310 and all other applicable provisions, if any, of the Act read with schedule XIII of the Act as in force from time to time".

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolution passed by the members through Postal Ballot held on 9th January 2009 and pursuant to the provisions of Section 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the remuneration payable to Sri C.Vamsheedhar, who was appointed as a Whole time Director of the Company for a period of 5 years with effect from 15.11.2006 be and is hereby revised with effect from 01.04.2010 to Rs. 1,15,000/- per month consisting of Rs.79,000/- as Basic Salary and Rs.36,000/- as House Rent Allowance and the other existing terms remain unchanged and the same as approved by the Remuneration Committee."

FURTHER RESOLVED THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sri C. Vamsheedhar, Whole time Director of the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary,

allowances and perquisites with the limits as laid down under sections 198, 309, 310 and all other applicable provisions, if any, of the Act read with schedule XIII of the Act as in force from time to time".

11. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolution passed by the members through Postal Ballot held on 9th January 2009 and pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act, the remuneration payable to Sri C.Mithun Chand, who was appointed as a Whole time Director of the Company for a period of 5 years with effect from 15.11.2006 be and is hereby revised with effect from 01.04.2010 to Rs.1,30,000/- per month consisting of Rs. 88,000/- as Basic Salary and Rs.42,000/- as House Rent Allowance and the other existing terms remain unchanged and the same as approved by the Remuneration Committee."

FURTHER RESOLVED THAT notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Sri C. Mithun Chand, Whole time Director of the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, allowances and perquisites with the limits as laid down under sections 198, 309, 310 and all other applicable provisions, if any, of the Act read with schedule XIII of the Act as in force from time to time".

By order of the Board
For KAVERI SEED COMPANY LIMITED
sd/-

C. MITHUN CHAND
WHOLE TIME DIRECTOR

Date: 03.08.2010

Place: Secunderabad

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.
3. The register of members and share transfer books of the Company will remain closed from 23rd day September 2010 to 27th day of September 2010 (both days inclusive).
4. Members holding shares in physical form are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agents M/s. Bigshare Services Pvt. Limited, G-10, Left Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500 082.
5. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT

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

ITEM NO.7

Sri G.V.Bhaskar Rao is a Managing Director of the Company for a period of five years with effect from 15th November 2006. The Board recognizes the significant and invaluable contribution made by him in the present operations and growth of the Company. Hence, the upward revision in the remuneration is commensurate with the responsibilities shouldered by him and the remuneration as recommended by the Remuneration Committee. Therefore, the Board proposes to increase his remuneration with effect from 1st April 2010 on such terms and conditions as set out in the proposed Resolution.

Under the provisions of Sections 198, 310, 311 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for increase in remuneration payable to Sri G.V. Bhaskar Rao in modification of the resolution passed by the members at their Extra Ordinary General Meeting held on 30th December 2006. The Board of Directors, is of the view that the remuneration package is commensurate with the operations of the Company.

Further, the same may be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board recommends the Resolution for approval of the Members as an Ordinary Resolution.

None of the Directors of the Company other than Sri G.V.Bhaskar Rao, Chairman and Managing Director, Smt. G.Vanaja Devi, Sri R.Venu Manohar Rao, Sri C.Vamsheedhar, Sri C.Mithun, Chand, Whole time Directors and Sri G.Pawan, Director being a relative, may be deemed to be concerned or interested in the resolution.

ITEM NO.8

Smt. G. Vanaja Devi is a Whole time Director of the Company for a period of five years with effect from 15th November 2006. The Board recognizes the significant contribution made by her in the present operations and growth of the Company. Hence, the upward revision in the remuneration is commensurate with the responsibilities shouldered by her and the remuneration as recommended by the Remuneration Committee. Therefore, the Board proposes to increase her remuneration with effect from 1st April 2010 on such terms and conditions as set out in the proposed Resolution.

Under the provisions of Sections 198, 310, 311 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for increase in remuneration payable to Smt. G.Vanaja Devi in modification of the resolution passed by the members at their Extra Ordinary General Meeting held on 30th December 2006. The Board of Directors, is of the view that the remuneration package is commensurate with the operations of the Company.

Further, the same may be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board recommends the Resolution for approval of the Members as an Ordinary Resolution.

None of the Directors of the Company other than Smt. G.Vanaja Devi, Sri G.V.Bhaskar Rao, Chairman and Managing Director, Sri R.Venu Manohar Rao, Sri C.Vamsheedhar, Sri C.Mithun, Chand, Whole time Directors and Sri G.Pawan, Director being a relative, may be deemed to be concerned or interested in the resolution.

ITEM NO. 9

Sri R.Venu Manohar Rao is a Whole time Director of the Company for a period of five years with effect from 15th November 2006. The Board recognizes the significant and invaluable contribution made by him in the present operations and growth of the Company. Hence, the upward revision in the remuneration is commensurate with the responsibilities shouldered by him and the remuneration as recommended by the Remuneration Committee. Therefore, the Board proposes to increase his remuneration with effect from 1st April 2010 on such terms and conditions as set out in the proposed Resolution.

Under the provisions of Sections 198, 310, 311 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for increase in remuneration payable to Sri R.Venu Manohar Rao in modification of the resolution passed by the members through Postal Ballot held on 9th January 2009. The Board of Directors, is of the view that the remuneration package is commensurate with the operations of the Company.

Further, the same may be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board recommends the Resolution for approval of the Members as an Ordinary Resolution.

None of the Directors of the Company other than Sri R.Venu Manohar Rao, Sri G.V.Bhaskar Rao, Chairman and Managing Director, Smt. G.Vanaja Devi, Sri C.Vamsheedhar, Sri C.Mithun, Chand, Whole time Directors and Sri G.Pawan, Director being a relative, may be deemed to be concerned or interested in the resolution.

ITEM NO. 10

Sri C. Vamsheedhar is a Whole time Director of the Company for a period of five years with effect from 15th November 2006. The Board recognizes the significant and invaluable contribution made by him in the present operations and growth of the Company. Hence, the upward revision in the remuneration is commensurate with the responsibilities shouldered by him and the remuneration as recommended by the Remuneration Committee. Therefore, the Board proposes to increase his remuneration with effect from 1st April 2010 on such terms and conditions as set out in the proposed Resolution.

Under the provisions of Sections 198, 310, 311 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for increase in remuneration payable to Sri C. Vamsheedhar, in modification of the resolution passed by the members through Postal Ballot held on 9th January 2009. The Board of Directors, is of the view that the remuneration package is commensurate with the operations of the Company.

Further, the same may be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board recommends the Resolution for approval of the Members as an Ordinary Resolution.

None of the Directors of the Company other than Sri C.Vamsheedhar, Whole time Director, Sri G.V.Bhaskar Rao, Chairman and Managing Director, Sri R.Venu Manohar Rao, Smt. G.Vanaja Devi, Sri C.Mithun Chand, Whole time Directors and Sri G.Pawan, Director, being a relative, may be deemed to be concerned or interested in the resolution.

NOTICE

ITEM NO. 11

Sri C. Mithun Chand is a Whole time Director of the Company for a period of five years with effect from 15th November 2006. The Board recognizes the significant and invaluable contribution made by him in the present operations and growth of the Company. Hence, the upward revision in the remuneration is commensurate with the responsibilities shouldered by him and the remuneration as recommended by the Remuneration Committee. Therefore, the Board proposes to increase his remuneration with effect from 1st April 2010 on such terms and conditions as set out in the proposed Resolution.

Under the provisions of Sections 198, 310, 311 and all other applicable provisions read with Schedule XIII of the Companies Act, 1956, consent of the Members of the Company is required for increase in remuneration payable to Sri C. Mithun Chand, in modification of the resolution passed by the members through Postal Ballot held on 9th January 2009. The Board of Directors is of the view that the remuneration package is commensurate with the operations of the Company.

Further, the same may be treated as abstract of the contract pursuant to Section 302(1)(b) of the Companies Act, 1956.

Accordingly, the Board recommends the Resolution for approval of the Members as an Ordinary Resolution.

None of the Directors of the Company other than Sri C. Mithun Chand, Whole time Director Sri G.V.Bhaskar Rao, Chairman and Managing Director, Sri R.Venu Manohar Rao, Smt. G.Vanaja Devi, Sri C.Vamsheedhar, Whole time Directors and Sri G.Pawan, Director being a relative, may be deemed to be concerned or interested in the resolution.

By order of the Board
For KAVERI SEED COMPANY LIMITED
sd/-

Date: 03.08.2010
Place: Secunderabad

C. MITHUN CHAND
WHOLE TIME DIRECTOR



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 23rd Annual Report of the Company together with the Audited Accounts for the financial Year ended 31st March 2010.

FINANCIAL RESULTS:

(Rs. in Lakhs)

Particulars	2009-10	2008-09
Gross Turnover	16402.68	12434.42
Profit before Depreciation, Interest and Taxes	3715.85	3226.81
Depreciation/Amortization	414.52	321.94
Interest	182.29	191.85
Profit before Tax	3119.04	2713.02
Provision for Tax/Deferred Tax	207.14	239.45
Net Profit	2911.90	2473.57
Balance brought forward from Previous Year	3779.70	2810.16
Add / Less : Provision for Deferred Tax	(5.37)	15.40
Less: Provision for diminution in value of Investments	-	198.81
Balance available for appropriation	6686.24	5100.32
Appropriations:		
Proposed Dividend including Tax	319.55	320.61
Transfer to General Reserve	1000.00	1000.00
Balance carried to Balance Sheet	5366.68	3779.71

REVIEW OF OPERATIONS AND OUT LOOK:

Your Company's performance for the year under review has been quite satisfactory despite the monsoon playing truant during the Kharif season. Your Company's business have significantly improved on operational performance compared to previous year and also record a strong financial performance, Gross turnover of Rs.16402.68 Lakhs improved a growth rate of 32 percent, while the profit after tax is Rs.2906.53 Lakhs improved a growth rate of 16.77 percent.

The financial strength continues to successfully sustain your Company's business model, which is centered on attaining market leadership in its chosen areas of competence at competitive level.

Your Company will always endeavor to leverage its product, technological and people strength to enhance share owner value. This sustainable growth model is being further strengthened with new initiative that will add to the Company's fundamentals.

Your Company has made strategic investment in setting up a new plant at Pamulaparathi Village, Wargal Mandal, Medak District with the state of an art facility for utilizing cob drying, seed processing and cold storages on owned farmland of 29 Acres which has commenced commercial production in the year 2010.

Your Company is also ensuring that its marketing efforts stay tuned to the needs of the farmers and has initiated steps to develop its presence in quality conscious premium markets and reduce marketing lag and improve the reach for your Company's products. The present initiatives also include converting the Company into a cost effective producer. This will enable your Company to meet the challenges of competitive markets in the future.

Your Company is working towards accelerated growth, both in revenues as well as its earnings. Sustainable medium and long-term goals are being pursued. Our customer focus will always be matched by our efforts to meet the stakeholder interest. Investors in Kaveri can look forward to robust growth.

RESEARCH & DEVELOPMENT:

Investment in Agriculture R&D is the most effective way of ensuring food security and economic growth. There is a growing consensus for another green revolution through sustainable intensification of agriculture. Seed is the key player in this endeavour. Being the repository of genetic potential, evolved through hybridization and selection, seed contributes to productivity increase thereby creating revenue pathways to farmers. The pressing need is for quality seed of varieties and hybrids that are not only high yielding but resilient to less inputs-water, fertilizers etc. Thus food security is interwoven with the seed security. The Kaveri Seed Company's R&D targeted its research for developing hybrids that excel in the market with quality assurance. Genetically enhanced premium quality seed has been the hallmark of Kaveri for more than three decades, The Company with vast experience in seed production of major agricultural crops backed by a very strong in-house R&D programme for crops-maize, cotton, sunflower, bajra, sorghum, rice and several vegetable crops nurtured a competitive edge in seed and agribusiness. With over 600 acres of farm land owned by the company and dedicated team of researchers, the company is conscious of the changing needs of farmers and consumers to design and develop productive hybrids that fetch rewarding returns. Being India's leading seed company, the R&D focus centers round combined use of conventional breeding and biotechnology to advance the yield frontier and stabilize it through incorporation of genetic resistance to biotic and abiotic stresses. During the year under report, our R&D strived hard to accelerate to new and sustained levels of innovation as exemplified by the performance of pipe line hybrids in All India Coordinated Trials and commercial launching of premier hybrids.

Vegetable consumption, Nation wise is increasing along with seed volume and value. In view of demand for higher quality and more variety in vegetables, Kaveri R&D is laying new thrust to vegetables with emphasis on tomato, okra and chilly. All of us anticipated approval for BT brinjal in India that is not to be. Regardless of this development, commercialization of GM vegetables, particularly in developing countries like ours, is inevitable. Despite current public opposition to GM technology, environmental, quality and production efficiency benefits will eventually tilt in favour of wide adoption of the technology in the country. Once the way is paved for Bt Brinjal, GM rice, maize, wheat and a number of vegetable crops follow the suit, heralding an era of biotech crops. As biotechnology steers the breeding process in the near future, our R&D is being geared up by strengthening human resources and expanding the infrastructure. A battery of transgenic containment units are getting ready at Gowraram and plans are afoot to build mega greenhouses for Flori and Olericulture. Fortifying BT cotton with herbicide tolerance (HT) and drought tolerance (DT) is on our research agenda. After BT cotton it is the turn of hybrid rice with huge market potential. Whatever may be the current production problems, we need to overcome to sustain the technological option for increasing food production

On the product front, the company is successful in launching two of its premier BT cotton hybrids in the brand

DIRECTORS' REPORT

names of Jadoo and Jack pot, and a pearl millet hybrid, Super Boss. Sampada (red gram) Sampoorna (paddy) are the newly launched varieties. Based on the performance at National level, two of our maize hybrids, Kaveri 50 and KMH 25K60 along with bajra hybrid, MH1553 were identified by varietal identification committee for eventual notification.

Germplasm is the most vital asset of the company. The vast collection of germplasm that accrued over the years has been streamlined for conserving in "Gene Bank" built in as part of the newly commissioned cold storage unit and Seed Bank at Gowraram. In order to establish legal ownership of the Company's hybrids and their parental lines, efforts are underway to registering the lines with PPV&FR authority, Till date, ~ 100 applications were filed with PPV&FRA

To augment natural resources-land and water, the Company has embarked on plans to bring more area under plough and judicious use of scarce water. Towards this goal, farm area to the tune of nearly 120 acres has been brought under cultivation of crops for commercial production of seed. The rain water harvest is in place for use in new cropped area. In addition, drip irrigation has been extended to cover more area in Gundla Narasingpur farm and elsewhere.

DIVIDEND:

Your Directors are pleased to recommend a Dividend of Rs.2/- per Equity Share of Rs. 10/- each (20%) for the financial year 2009-10. 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 Book closure date.

CORPORATE GOVERNANCE:

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

▼ Participation of MD & Executive Directors with a visitor at Indian Seed Congress, Bengaluru



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 as on the date of this Annual Report.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, read with the Articles of Association of the Company, Sri C.Vamsheedhar, Shri C.Mithun Chand and Sri P.Varaprasad Rao retire by rotation and 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. Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Statutory Auditors, if reappointed. The Audit Committee and the Board of Directors recommend reappointment of M/s. P.R.Reddy & Co., Statutory Auditors of the Company for the financial year 2010-11 for shareholder's approval.

SECRETARIAL AUDIT REPORT:

A Secretarial Audit for the year 2009-10 was carried out by Mr. A.N.Sarma, Practicing Company Secretary. The said Secretarial Audit Report confirms that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1996 and all the regulations of SEBI as applicable to the Company, including the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

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 2009-10 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;

DIRECTORS' REPORT

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 are annexed to the Directors' Report. However, as per 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 Company Secretary.

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.

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 wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by farmers, dealers, Banks, financial institutions, Central and State Governments, customers and others and thank the shareholders for their continued confidence reposed in the Company.

For and on behalf of the Board

Secunderabad
3rd August 2010

Sd/-
G.V.BHASKAR RAO
Managing Director

Sd/-
G.VANAJA DEVI
Whole time Director

▼ *Farmers appreciation of Kaveri maize hybrid on a field day*



DIRECTORS' REPORT

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		2009-10	2008-09
Power and Fuel Consumption			
a) Electricity purchased Units (Nos.)		1958929	1192692
Total Amount (Rs. In Lakhs)		117.49	70.29
Unit Rate (Rs.)		5.99	5.89
b) Own Generation			
Through Diesel Generator			
No. of Units in Litres		215433	76203
Units per litre of Diesel		3	3
Oil cost per Unit (Rs.)		12.03	12.32
Others (Gas)			
Through Gas Dryer			
Quantity in Kgs. of Gas		303294.5	242390
Amount (Rs. In Lakhs)		153.27	50.34

Consumption per unit of production

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

▼ Recognition & reward to dealers



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 of hybrid crops and Micro Nutrients. Further, intensified research for maximizing the yield with improved quality.

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

The Company's intense efforts to be a frontline knowledge based R&D driven Company have paved the way for becoming first among the equals.

Future Plan of Action:

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

Expenditure on Research and Development:

Rs. In Lakhs

	2009-10	2008-09
Capital	721.96	391.53
Recurring	475.90	384.78
	1197.86	776.31
Total R&D expenditure as percentage of total turnover	7.39	6.31%

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	20.09 Lakhs
b) Outgo	207.48 lakhs

For and on behalf of the Board

Secunderabad
3rd August 2010

Sd/-
G.V.BHASKAR RAO
Managing Director

Sd/-
G.VANAJA DEVI
Whole time Director

MANAGEMENT DISCUSSION AND ANALYSIS



Industry Structure & Development:

The developments in the seed industry in India, particularly in the last three decades, are very significant. A major restructuring of the seed industry took place through the introduction of National Seed Projects that strengthened the seed infrastructure needs. It was the first turning point in shaping of an organized seed sector. Introduction of New Seed Development Policy was yet another significant mile stone that transformed the Indian Seed Industry. The policy stimulated private investments in seed trade. Indian Corporates and MNCs entered the seed sector with strong R&D for product development laying emphasis on high value hybrids of cereals and vegetables and hi-tech products such as Bt. Cotton. Today, the farmer has a wide product choice and seed industry is set

to work with a 'farmer centric' approach and market driven.

Economic Scenario:

The Indian economy achieved reasonably significant growth in 2009-10 despite several unfavourable factors- more importantly the erratic monsoon. Nevertheless the economy recorded an overall growth rate of 7.4% with growth rate of 0.2% in agricultural sector. The unpredictability of the weather patterns due to climate change, as a result of which timely planting of kharif crops was seriously affected resulting in significant reduction in food grain production. The severe drought in the monsoon season, followed by unprecedented floods has raised alarm for seed reserves.

Organization and Infrastructure:

Making a modest beginning nearly three decades ago, Kaveri Seed Company Ltd as it is today, a National leader in agri and seed business and producer of premium quality hybrid seed of food, feed, fibre and vegetable crops. With ardent philosophy to provide cost-effective, quality seed and integrated agri-inputs for improving farm productivity and farmer's prosperity, the company strictly adheres to stringent standards of product development and processing. On date, the Company has 8 Seed processing facilities located across the country with a processing & packing capacity of 58 tones per hour. The year 2009-10 is particularly significant in the annals of the Company as it has embarked on expansion plans towards this end the Company built a huge processing plant at Pamulaparthi in Medak district along with state of the art technology for Ware house and Seed Bank facility catering to the need for seed reserves. For effective supervision of seed production Company owned new land area ~ 120 acres has been brought under plough. The rain water harvest and extended drip irrigation are being judiciously used to raise the crops. It is equally satisfying to place on record the significant progress made by Microteck division of the Company in the field of micronutrients, organic & Bio- products. During the year the Company enhanced its product portfolio of Microteck and marketed through a well knit network of dealers and distributors along the length and breadth of the country

Segment wise Performance:

The Company has not only sustained its position in the seed and agri business but also accelerated to new heights It marked a niche in the market and favour by farmers for its high performing hybrids of cotton, pearl millet, maize and sunflower. These include successful launching of two of its premier BT cotton hybrids in

the brand names of Jaadoo and Jackpot, and a pearl millet hybrid, Super Boss along with two new high yielding improved varieties Sampada (red gram) Sampoorana (paddy) . On par with seeds, Microteck also excelled in performance demonstrable by the record sales of two of its products-Fire (organic plant protector) and Ultymax+ (yield enhancer)

Outlook:

The Company is steadfast in its goal to adopt the profit path and sustainable growth, though maximizing operational efficiencies and striving to attain the highest standards of quality, safety and productivity. The prospects are bright as the overall outlook for the Company continues to be positive. The Company is positioned to sustain growth earnings and strong cash flow. It is our collective endeavor to leverage the market competitive products, harness technological and people's strength and enhance share owner value. The sustainable growth model is being further augmented with new initiatives and innovations that will fortify the Company's fundamental philosophy- "excel in business and serve the farming community". Application of science based knowledge- advances in Breeding & Biotechnology, combined with improved production practices and capital investments contribute to improved quality and yield leading to increased demand for our products. We continue to explore offshore business opportunities in the seed sector and step into hitherto, untouched geographies. The Company stand and performance in the market is a testimony to attract investors, share holders and performing team of manpower contributing to future growth of the Company.

Financial Performance:

During the financial year 2009-10, the Company has earned total revenue of Rs. 164.03 crores with a net profit of Rs.29.07 crores, as compared to Rs. 124.34.1 and Rs.24.74 crores, respectively during the year 2008-09.

Corporate Social Responsibility :

Conscious of corporate responsibility to the farming community, we serve, the Company is committed to well being through discretionary philanthropic practices. The Company philosophy in this respect extends beyond business - to serve the society at large. It is our endeavor to partner in sharing the social responsibility. With this intent the company participated in flood disaster relief activities by distributing hybrid seeds to those whose crops were devastated by the ravages of floods during the last kharif, through the hands of His Holiness Sri Chinna Jeeyar Swamy. Aside this the Company adopted merit students for financial support through ESFT Foundation.

Risks, Concerns and Management:

The Seed agri-inputs business is highly seasonal in our country and subjected to seasonal factors, which make our operating results relatively unpredictable as revenues are realized only after sale of our seed and agri-input products. Naturally, the revenues recorded during planting and harvesting seasons are lower compared to revenues during the period following. Due to the inherent seasonality of our business, returns of one reporting period (quarter/half year/year) may not be necessarily reflect the preceding or succeeding ones.

Nature's fury in the form of monsoon failure ravages of floods and devastating disease epidemics are the cause for concern not



only to the farmers but also to the Company as they directly impact the seed production as well as turnover. Drought and crop failure is the single most important risk factor in agriculture as a whole. To minimise the damage to crops due to vagaries of weather the Company's R&D strategy is to breed for better hybrids that have in built buffering capacity to withstand the weather aberrations and perform even under abrupt climate change.

Internal Control System:

The internal control system though checks and balances in the Company is monitored by the Board of Directors reassuring the effectiveness and efficiency of operations, authenticity of financial reports and compliance of relevant laws and regulations. The transactions are authorized, recorded and reported in conformity with generally adopted practices. The internal auditing of the Company is conducted by an independent audit firm of repute. The observations and suggestions of the internal audit are reviewed by the Audit Committee and Board of Directors, every quarter. Adequate follow up measures are taken to overcome the pointed weaknesses, if any. Further, the Company has initiated an Enterprise Resource Planning (ERP) system to streamline the existing business process and management control to increase the work efficiency.

Human Resources:

Highly qualified scientific manpower is the intellectual capital of the company a critical for R&D and similarly skilled and marketing talent for seed production and agribusiness. It requires substantial resources to hire and train human resources. The success of Company's business hinges on the ability to attract and retain high caliber scientific, technical and managerial personnel for long. Dearth of competent Agricultural scientists, graduates in agriculture and business professionals is intense, given the competing interests of seed companies. Failure to retain key and productive personnel, harm the product design and development and adversely effect business interests.

A science based Company built on the strength of the technical talent, progresses fast and sustains long. In tune with this philosophy, the Kaveri has consciously added skilled and experienced professional on a regular basis. In the year under review several Masters degree holders and Ph.Ds were recruited in R&D. Similarly marketing professionals with M.B.A are being recruited to man the business interests. Conscious of the need for formal human resources, system oriented planning and business strategies, the Company has initiated steps to create systems and procedures that will enhance further the work environment, productivity and performance. The Company will continue to focus on talent search and retention and working towards this objective to grant Stock Options under Employee Stock Option Scheme beginning this year.

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.

For and on behalf of the Board of Directors

Sd/-

Secunderabad

3rd August 2010

G.V.BHASKAR RAO

MANAGING DIRECTOR

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 2010:

▼ *Sharing happy moments with dealers*



REPORT ON CORPORATE GOVERNANCE

Name	Category	No. of Memberships in other Companies		Attendance at	
		Board	Committees	Board	AGM Meetings
Sri G.VBhaskar 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	2	Yes
Sri Ch.Vamsheedhar*	Executive Director	-	3	4	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	4	Yes
Sri K.Vaman Rao	Non-Executive Independent Director	2	3	-	No
Dr. I.V.Subba Rao	Non-Executive Independent Director	-	-	3	No
Dr. Yeshwant Laxman Nene	Non-Executive Independent Director	-	-	1	Yes
Sri P. Vara Prasad Rao	Non-Executive Independent Director	-	-	1	No

* Sri G.VBhaskar 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.

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, 2009, 30th July 2009, 21st October 2009 and 28th January 2010. 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
30.06.2009	12	6
30.07.2009	12	7
21.10.2009	12	5
28.01.2010	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.

Sri. C.Vamsheedhar, Sri C.Mithun Chand and Sri P. Vara Prasada Rao retire by rotation being eligible offer themselves for re-appointment as Directors of the Company.

Sri C.Vamsheedhar is an Art Graduate. He has been associated with our Company for the past ten years and he was appointed as an Executive Director in September 2006. He meets with farmers and demonstrates our Company's products by means of holding meetings with field staff, sales staff and farmers. He has been instrumental in the expansion of sales and marketing efforts of the Company.

Sri C.Mithun Chand is an Post Graduate in MBA., He has significantly contributed in Sales and Marketing of Microteck Division and day to day activities of Administration, Finance and Secretarial Departments of the Company. He was appointed as an Executive Director in September 2006. He has been instrumental in the growth of the Company.

Mr. P.Vara Prasad Rao is an Bachelor of Science and he has over 36 years experience in forest contract works and he has managing partner of a SSI Unit. He has been exposed to various business transaction structuring and intricacies in business negotiation. He is not a director in any other Company and he does not hold any shares in the Company.

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 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 28th January 2010

a. Executive Directors:

(Amount in Rs.)

Name of Director & Period of Appointment	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	1288800
TOTAL	13320000	144000	13464000

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	10000/-
Sri K.Vaman Rao	Non-Executive Independent	--
Dr. I.V.Subba Rao	Non-Executive Independent	7500/-
Dr. Yeshwant Laxman Nene	Non-Executive Independent	2500/-
Sri P.Vara Prasad Rao	Non-Executive Independent	2500/-

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.

During the year the Remuneration Committee of the Board of Directors has approved the Scheme and granted 1,37,000 Equity Shares under the Employee Stock Option Scheme.

iii) Details of shares of the Company held by the Directors as on March 31, 2010 are as below:

Name	No. of Shares
Sri G.V.Bhaskar Rao	1406398
Sri G.V.Bhaskar Rao – HUF	2316000
Smt. G.Vanaja Devi	2222600
Sri R.Venu Manohar Rao	532732
Sri Ch.Vamsheedhar	100000
Sri Ch.Mithun Chand	79000
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 Manohan 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 1 complaint from the investors and all of them were resolved to the satisfaction of the investors concerned. As on 31st March 2010 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 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
Annual General Meeting 2008-09	September 22, 2009	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, 2010, the Company proposed a Special Resolution through Postal Ballot for insertion of a new Clause in the Other Objects of Memorandum of Association of the Company under Section 17 of the Companies Act, 1956. The notice under Section 192A dated 28th January 2010 and Postal Ballot papers were sent to the members of the Company. The Postal ballot results were declared on 30th March 2010 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 regularly.

Transactions with related parties were disclosed in Note 8 Schedule 19 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.

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 also published in English Daily 'Business Standard' in all over editions in India and Telugu (Regional Language). Further all material information which will have some bearing on the operation of the Company is sent to all Stock Exchanges concerned and also placed on the Company's website. A Management Discussion and Analysis Statement is a part of the Company's Annual Report.

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

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

GENERAL SHAREHOLDERS INFORMATION :

a. Annual General Meeting -

Date and Time	27th September 2010 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	: on or before August 14, 2010
(tentative and	2nd Quarter	: on or before November 14, 2010
Subject to change)	3rd Quarter	: on or before February 14, 2010
	4th Quarter	: on or before May 30, 2011 (Audited)

c. Date of Book Closure

d. Dividend Payment date	23rd September to 27th September 2010
	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 20010-11
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g. Stock Code:	Bombay Stock Exchange Limited : 532899 National Stock Exchange of India Ltd : KSCL
h. Dematerialization of shares & liquidity	<p>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 51.06% of the Company's share capital are dematerialized as on 31st March 2010.</p> <p>The Company's shares are regularly traded on The National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, in electronic form.</p> <p>Under the Depository System, the ISIN allotted to the Company's Shares is INE 455101011</p>
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 2010.
j. Plant Locations	<p>a) Kandlakoi Plant : Plot No. 140/A/1, Kandlakoya Village, Medchal Mandal, Ranga Reddy District, A.P.</p> <p>b) Gundlapochampally Plant Sy.No.28 Part, Gundlapochampally village, Medchal Mandal, Ranga Reddy District, A.P.</p> <p>c) Gatlanarsingapur Plant - 1 Door No. 104, Gatlanarsingapur Post, Bheemadevarapally Mandal, Karimnagar District, A.P.</p> <p>d) Gatlanarsingapur Plant - 2 Door No.6-96/2, Gatlanarsingapur Post, Bheemadevarapally Mandal, Karimnagar District, A.P.</p> <p>e) Eluru Plant Sy.No.853, Koppaka village, Pedavegi Mandal, West Godavari Dist, A.P.</p> <p>f) Bellary Plant & Godown : D.No. 340, NH – 63, Main Road, K.B.Halli – 583 103 Bellary District, Karnataka State</p> <p>g) Pamulaparthi Plant : Sy. No. 703 Part, 704 Part, 712 Part, 713 to 719, Pamulaparthi Village, Wargal Mandal, Medak Dist.</p>
k. Registered Office	<p>513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad – 500 003. Andhra Pradesh. Tel.Nos. +91 40-27721457/27842398 Fax No. +91 40-27811237 Email: cs.kaveri@gamil.com Website : www.kaveriseeds.in</p>

REPORT ON CORPORATE GOVERNANCE

l. Name & Designation of Compliance Officer	Mr. V.R.S.Murti, Company Secretary 513-B, 5th Floor, Minerva Complex, S.D.Road, Secunderabad –500003, (A.P.) 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 Agents Address for correspondence	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:

(Amount in Rs.)

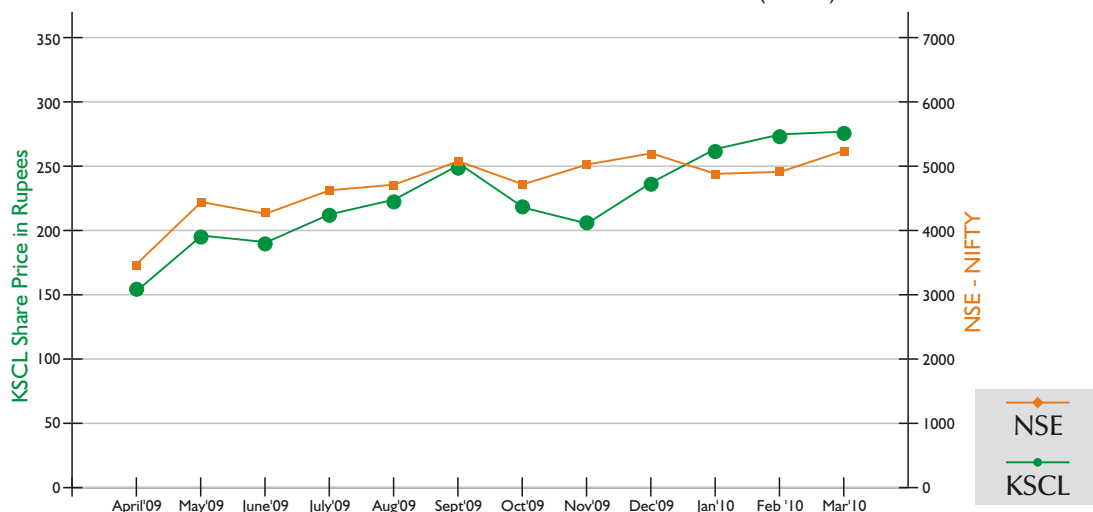
Month	National Stock Exchange				Bombay Stock Exchange			
	High	Low	Close	Volume	High	Low	Close	Volume
April 2009	198.00	144.05	153.70	492991	198.80	140.05	154.05	400486
May 2009	200.00	154.20	195.60	468969	203.00	150.25	195.60	262495
June 2009	244.40	175.50	191.40	530427	235.00	175.40	186.55	359711
July 2009	219.00	148.30	212.45	480887	229.00	149.90	212.35	325900
August 2009	242.00	200.05	223.90	1010492	238.00	202.30	223.10	712944
September 2009	272.00	210.30	265.05	465027	276.00	204.00	263.25	245663
October 2009	268.00	211.35	218.10	164960	268.00	211.00	216.00	129446
November 2009	240.05	181.50	205.40	179647	240.00	195.10	205.95	127365
December 2009	248.95	204.00	237.70	492801	247.90	204.20	238.45	294113
January 2010	278.00	225.05	263.10	799729	280.00	230.40	262.70	611797
February 2010	305.70	256.60	274.80	587482	306.70	256.00	275.75	288186
March 2010	302.00	265.75	276.95	484316	302.90	271.00	277.30	268879

o. Distribution Schedule & Shareholding Pattern as on 31st March 2010

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				
30001 – 40000	6	211073	1.54	Total	2763	13702184	100%

p. STOCK PERFORMANCE OF

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



q. Category of Shareholders as on 31st March 2010

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

r. Top Ten Shareholders of the Company as on 31st March 2010

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
IDFC PREMIER EQUITY FUND	FII	1034139	7.55
QUANTUM (M) LTD	FII	652054	4.76
R. VENU MANOHAR RAO	Director	532732	3.88
ICICI PRUDENTIAL FUSION FUND SERIES	Mutual Fund	503855	3.68
G.PAWAN	Director	501800	3.66
RELIGARE SECURITIES LTD	FII	488996	3.57

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 2010 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

3rd August 2010
Secunderabad – 03.

Sd/-
G.V.BHASKAR RAO
MANAGING DIRECTOR

Sd/-
K.V.CHALAPATI REDDY
CHIEF FINANCIAL OFFICER

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 2010.

For KAVERI SEED COMPANY LTD.

Secunderabad,
3rd August 2010

Sd/-
G.V.BHASKAR RAO
Managing Director

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, 2010, 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.

Hyderabad
3rd August 2010

For P.R.REDDY & CO.
Firm Regn. No. 003268S
Chartered Accountants
Sd/-

P.RAGHUNADHA REDDY
Partner
Membership No.23758

▼ *Cold storage facility for seed reserves at pamulaparthi plant*



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 2010 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 2010 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 2010
 - 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 **P.R.REDDY & CO.,**
Firm Registration No.003268S
CHARTERED ACCOUNTANTS

Sd/-
PRAGHUNADHA REDDY
Partner
Membership No.23758

Place: Hyderabad
Date: 25th May 2010

Annexure referred to in the Auditors' Report to the Members of KAVERI SEED COMPANY LIMITED for the year ended 31st March 2010, 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. The company has not granted any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act
- iv. In our opinion and according to the information and explanation 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, 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, and cess were in arrears, as at 31st March, 2010 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. The company has not raised any money by public issue during the year.
- 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.,**

Firm Registration No.003268S

CHARTERED ACCOUNTANTS

Sd/-

P. RAGHUNADHA REDDY

Partner

Membership No.23758

Place: Hyderabad

Date: 25th May 2010

BALANCE SHEET

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at 31-Mar-10 Rs.		As at 31-Mar-09 Rs.	
SOURCES OF FUNDS					
Share Holders Funds					
Equity Share Capital	1	137,021,840		137,021,840	
Reserves & Surplus	2	1,372,332,300	1,509,354,140	1,113,634,599	1,250,656,439
				-	
Loan Funds					
Secured Loans	3		305,236,378		213,783,689
Unsecured Loans	4		150,000,000		
Deferred Tax Liability (Net)			860,963		323,730
			1,965,451,481		1,464,763,858
APPLICATION OF FUNDS					
Fixed Assests	5				
Gross Block		923,372,619		578,057,455	
Less: Depreciation		131,236,553		95,185,061	
Net Block		792,136,066		482,872,394	
Capital Work in Progress		299,477,550	1,091,613,616	305,533,612	788,406,006
Investments	6		20,295,959		20,295,959
Current Assests, Loans & Advances					
Inventories	7	1,282,363,142		757,319,774	
Sundry Debtors	8	407,686,993		414,958,151	
Cash & Bank Balances	9	199,473,260		139,961,544	
Loans & Advances	10	112,246,979		142,014,623	
		2,001,770,374		1,454,254,092	
Less: Current Liabilities & Provisions					
Current Liabilities	11	1,076,094,838		723,944,651	
Provisions	12	72,836,710		75,184,988	
			852,838,826		655,124,453
MISCELLANEOUS EXPENDITURE					
Deferred Revenue Expenditure			703,080		937,440
			1,965,451,481		1,464,763,858
Significant Accounting Policies and Notes on Accounts	19				

As per our report of even date attached
for P.R.REDDY & CO.,
Firm Registration No. 003268S
CHARTERED ACCOUNTANTS
Sd/-

PRAGHUNADHA REDDY

Partner
Membership No. 23758
Place: Secunderabad
Date: 25.05.2010

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

PROFIT & LOSS ACCOUNT

PROFIT & LOSS ACCOUNT AS AT MARCH 31, 2010

	Schedule	Year ended 31-Mar-10 Rs.		Year ended 31-Mar-09 Rs.	
INCOME					
Sales less Return			1,621,388,972		1,230,561,995
Dividend from Mutual Fund Units			2,221,919		3,708,149
Capital Gains	13	364,262		3,635,688	
Other Income	14	16,292,822		5,536,154	
			1,640,267,975		1,243,441,986
EXPENDITURE					
Cost of goods sold	15	653,780,941		474,972,538	
Establishment Expenses	16	157,662,326		143,285,005	
Selling & Distribution Exp.	17	457,239,451		302,503,839	
Financial Expenses	18	18,228,618		19,185,059	
Depreciation			41,451,651		32,193,692
			1,328,362,987		972,140,133
Profit before Tax			311,904,988		271,301,853
Less : Tax expense					
Income Tax		20,597,324		18,559,800	
Fringe Benefit Tax		-		5,305,597	
Wealth Tax		116,841		79,572	
Deferred Tax		537,233		(1,539,644)	
			21,251,398		22,405,325
Profit after Tax			290,653,590		248,896,528
Less: Provision for diminution in value of Investments			-		19,880,543
Add : Balance brought forward			377,970,629		281,016,385
Appropriations:					
Proposed Dividend			27,404,368		27,404,368
Corporate Tax on Dividend			4,551,523		4,657,373
Transfer to General Reserve			100,000,000		100,000,000
Profit carried to Balance Sheet			536,668,329		377,970,629
Earnings per share (equity shares, par value Rs. 10 each) Basic & Diluted			21.21		18.16
Significant Accounting Policies and Notes on Accounts	19				

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

Firm Registration No. 0032685
CHARTERED ACCOUNTANTS
Sd/-

PRAGHUNADHA REDDY

Partner
Membership No. 23758
Place: Secunderabad
Date: 25.05.2010

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
Wholtime Director

CASH FLOW STATEMENT

CASH FLOW STATEMENT AS AT MARCH 31, 2010

	As at 31-Mar-2010 Rs	As at 31-Mar-2009 Rs
Cash flows from operating activities		
Profit before taxation	311,904,988	271,301,853
Adjustments for:		
Depreciation & Amortisation	41,451,651	32,193,692
(Profit)/Loss on sale of mutual funds and other investments		(3,635,688)
Dividend Received	(2,221,919)	(3,708,149)
Interest received	(855,134)	(5,250,248)
Finance charges	18,228,618	19,185,059
Operating profit before working capital changes	368,508,204	310,086,519
(Increase) / Decrease in Inventories	(525,043,368)	(521,979,253)
(Increase)/Decrease in Sundry Debtors	7,271,158	(49,322,924)
(Increase)/Decrease in Loans & Advances	29,767,644	(18,837,321)
Miscellaneous Expenditure	234,360	937,440
Increase/(Decrease) in Trade Liabilities	52,252,312	171,334,766
Increase/(Decrease) in Other Current Liabilities	292,149,439	218,247,227
Taxes paid during the year	(20,714,165)	(25,081,693)
Net cash provided by operating activities	204,425,584	85,384,761
Cash flows from investing activities		
Purchase of Fixed Assets	(339,259,102)	(452,709,377)
(Purchase)/Sale of Investments	(0)	197,277,529
Dividend Received	2,221,919	3,708,149
Interest received	855,134	5,250,248
Net Cash used for investing activities	(336,182,049)	(246,473,451)
Cash flows from financing activities		
Proceeds from issue of shares including securities premium		
Expenses on issue of shares	-	
Dividend including Tax on Dividend	(31,955,891)	(32,061,741)
Short Term Loans	296,453,063	(42,882,669)
Long Term Loans	(55,000,374)	200,000,000
Finance charges	(18,228,618)	(19,185,059)
Net cash provided by financing activities	191,268,180	105,870,531
Net increase in cash & cash equivalents	59,511,716	(55,218,159)
Cash & Cash equivalents at the beginning of the period	139,961,544	195,179,703
Cash & Cash equivalents at the end of the period	199,473,259	139,961,544

As per our report of even date attached
for P.R.REDDY & CO.,
Firm Registration No. 003268S
CHARTERED ACCOUNTANTS
Sd/-

PRAGHUNADHA REDDY

Partner
Membership No. 23758
Place: Secunderabad
Date: 25.05.2010

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

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2010

	As at 31-Mar-2010 Rs	As at 31-Mar-2009 Rs
Authorised 2,00,00,000 (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 "[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
	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	635,358,165
	635,663,970	635,663,970
General Reserve		
As per last Balance Sheet	100,000,000	100,000,000
Add : Additions during the year	100,000,000	--
	200,000,000	100,000,000
Profit & loss Account Balance	536,668,330	377,970,629
	1,372,332,300	1,113,634,599
3 SECURED LOANS		
Term Loan from HDFC (Secured on Vehicles)	178,423	2,141,227
Term Loan from Axis Bank Ltd (Secured on Vehicles)	6,862,122	-
Term Loan from IOB (Secured on Vehicle & Plant & Machinery)	-	9,219,728
Term Loan from Reliance Capital (Secured on Vehicles)	1,139,731	2,422,734
Term Loan from Axis Bank Ltd "(Secured on Land , Plant & Machinery & other Fixed Assets)"	144,999,626	200,000,000
Cash Credit from Indian Overseas Bank (Secured on Inventory & Book debts)	152,056,476	-
	305,236,378	213,783,689
4 UNSECURED LOANS		
Short Term Loans from Banks	150,000,000	
	150,000,000	

SCHEDULES

5 FIXED ASSETS

Amount in Rs.

Sl. No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2009	Additions	Deletions	Up to 31.03.2010	As on 31.03.2009	For the Year	Deletions	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
1	Land	235,792,809	121,001,178	-	356,793,987	-	-	-	-	356,793,987	235,792,809
2	BUILDINGS										
a)	Factory	71,136,580	74,173,746	-	145,310,326	19,631,955	6,419,855	-	26,051,810	119,258,516	51,504,625
b)	Office	10,219,844	-	-	10,219,844	2,330,233	394,481	-	2,724,714	7,495,130	7,889,611
3	Furniture & Fixtures	9,668,680	543,174	-	10,211,854	3,638,020	1,148,408	-	4,786,428	5,425,426	6,030,660
4	Vehicles	18,126,038	1,691,710	2,111,509	17,706,239	7,543,288	2,830,458	1,797,129	8,576,617	9,129,622	10,582,750
	Motor Cars	35,700,798	15,990,475	2,654,830	49,036,443	21,679,683	5,559,018	2,068,104	25,170,597	23,865,846	14,021,115
5	Plant & Machinery	145,720,094	82,604,459	1,730,160	226,594,393	31,567,869	17,815,141	1,534,927	47,848,083	178,746,310	114,152,225
6	Equipments	20,582,393	27,869,479	-	48,451,871	4,234,281	3,365,949	-	7,600,231	40,851,641	16,348,111
7	Computers	4,659,291	1,088,200	-	5,747,491	2,861,467	859,691	-	3,721,158	2,026,333	1,797,824
	Software	1,431,888	-	-	1,431,888	571,486	344,161	-	915,647	516,241	860,402
8	Cold Storage	819,495	46,300,665	-	47,120,160	373,192	2,241,561	-	2,614,753	44,505,407	446,303
9	Lab Equipments	3,318,679	1,429,443	-	4,748,122	753,587	472,929	-	1,226,516	3,521,606	2,565,092
10	Building Under Const.	20,880,867	14,288,124	35,168,991	-	-	-	-	-	-	20,880,867
	Total > >	578,057,455	386,980,654	41,665,490	923,372,619	95,185,061	41,451,652	5,400,160	131,236,553	792,136,066	482,872,394
	Previous Year	430,881,690	147,638,854	463,089	578,057,455	63,425,014	32,193,692	433,645	95,185,061	482,872,394	367,456,676

5A. CAPITAL WORK-IN-PROGRESS

Sl. No.	Description of the Asset	As at 01.04.2009	Additions	Gross Block Adjusts/Transfer	Balance as at 31.03.2010
1	Green Field Project at Pamulaparthy Village, Wargal Mandal, Medak District				
i)	Land	48,120,630	4,447,410	52,568,040	-
ii)	Advance for Capital Items	206,612,946	63,914,497	132,246,746	138,280,696
iii)	Building Under Construction	47,326,379	133,718,224	36,301,781	144,742,822
iv)	Unallocated project expenditure	3,473,657	24,687,255	11,706,880	16,454,032
	Total	305,533,612	226,767,386	232,823,448	299,477,550
	Previous Year	-	305,533,612	-	305,533,612

SCHEDULES

As at 31-Mar-2010 As at 31-Mar-2009
Rs Rs

6 INVESTMENTS

Quoted - Non Trade (Fully paid-up)

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	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	50,076,954
Investment in Govt. Securities - National Savings Certificates	15,000	15,000

70,519,499 70,519,499

Less : Provision for Diminution in Value

50,223,540 50,223,540

20,295,959 20,295,959

Name of the Fund	Balance As on 01-04-2009		Purchases during the year		Sold during the year		Balance As on 31-03-2010	
	No. of Units	Amount Rs.	No. of Units	Amount Rs.	No. of Units	Amount Rs.	No. of Units	Amount Rs.
ABN AMRO Equity Fund - Dividend	202,840	5,000,000	-	-	-	-	202,840	5,000,000
ABN AMRO Opp. Fund - Dividend	418,831	10,000,000	-	-	-	-	418,831	10,000,000
Birla Midcap Fund - Dividend Payout	126,040	5,000,000	-	-	-	-	126,040	5,000,000
Birla Top 100 Fund	6131	76,954	-	-	-	-	6,131	76,954
DSP Merrill Lynch India Tiger Fund	149,961	5,000,000	-	-	-	-	149,961	5,000,000
HSBC Equity Fund - Dividend	104,353	5,000,000	-	-	-	-	104,353	5,000,000
JM Balanced Fund - Dividend Plan	391,212	10,000,000	-	-	-	-	391,212	10,000,000
JM Basic Fund - Dividend Plan	304,037	10,000,000	-	-	-	-	304,037	10,000,000
		50,076,954						50,076,954

7 INVENTORIES

Finished Goods	310,957,853	147,929,017
Foundation seeds	57,017,895	60,649,530
Standing Crops	190,100,103	40,010,054
Raw Material	673,093,327	470,106,645
Packing Material	51,193,964	38,624,528
	1,282,363,142	757,319,774

SCHEDULES

	As at 31-Mar-2010 Rs	As at 31-Mar-2009 Rs
8 SUNDRY DEBTORS		
a. Over Six Months - considered good	120,106,160	120,363,004
b. Others - considered good	287,580,835	294,595,147
	407,686,993	414,958,151
9 CASH & BANK BALANCES		
a. Cash Balance	1,451,741	1,459,106
b. Balance with schedule Banks		
in current Accounts	187,584,507	129,143,616
in fixed Deposits	10,437,012	9,358,822
	199,473,260	139,961,544
10 LOANS & ADVANCES		
Advance to Staff	7,611,834	5,061,507
Deposits - others	6,057,534	6,355,845
Advance for Capital Expenditure	7,956,341	39,563,516
Other Advances	90,621,271	91,033,755
	112,246,979	142,014,623
11 CURRENT LIABILITIES		
Advance against Sales	549,982,319	362,498,473
Payable to Staff	16,496,476	16,117,485
Creditor for Expenses	152,597,774	45,025,736
Security deposits	17,965,772	13,502,772
Sundry Creditors	339,052,498	286,800,185
	1,076,094,838	723,944,651
12 PROVISIONS		
Provision for Income Tax (net of Advance Tax)	38,888,676	38,963,567
Provision for Dividend	27,404,368	27,404,368
Corporate Tax on Dividend	4,551,523	4,657,373
TDS Payable	1,789,070	3,979,631
Sales Tax Payable	86,233	180,049
	72,836,710	75,184,988

SCHEDULES TO THE PROFIT & LOSS ACCOUNT AS AT 31ST MAR-2010

	As at 31-Mar-2010 Rs	As at 31-Mar-2009 Rs
13 CAPITAL GAINS		
Short Term Capital Gain	364,262	3,635,688
	364,262	3,635,688
14 OTHER INCOME		
Dividend from mutual fund units & shares	2,221,919	3,708,149
Interest on deposits	855,134	5,250,248
Job Works	15,376,683	-
Others	61,005	285,906
	18,514,742	9,244,303
15 COST OF GOODS SOLD		
Opening Stock - Finished Goods	147,929,017	63,842,779
Raw Material	470,106,645	128,650,220
Standing Crop	40,010,054	
Foundation Seeds	60,649,530	7,874,822
Packing Material	38,624,528	34,972,700
Add: Production Expenses//Purchases	949,300,449	783,840,864
Add: Packing Material	77,828,051	65,628,355
Add: Processing Charges	151,695,808	147,482,572
	1,936,144,083	1,232,292,312
Less: Closing Stock		
Finished Goods	310,957,853	147,929,017
Foundation Seeds	57,017,895	60,649,530
Standing Crops	190,100,103	40,010,054
Raw Material	673,093,327	470,106,645
Packing Material	51,193,964	38,624,528
	1,282,363,142	757,319,774
	653,780,941	474,972,538
Processing charges		
Freight Inward	25,828,448	26,285,732
Machinery Repairs & Maintenance	2,866,117	3,373,195
Chemicals	15,174,176	20,968,815
Seed Certification charges	316,538	368,151
Power & Fuel	28,105,729	20,170,176
Building & Godown repairs & maint.	1,073,230	686,760
Godown Rent	6,189,706	1,182,070

SCHEDULES

	As at 31-Mar-2010 Rs	As at 31-Mar-2009 Rs
Cold Storage Maintenance	6,491,647	3,052,859
Factory Maintenance	11,903,342	12,036,567
Expense on Drying	6,155,901	20,880,091
R&D Farm Expenses	47,590,974	38,478,156
	151,695,808	147,482,572
R&D Farm Expenses		
Cultivation Expenses	2,428,057	1,208,271
Fertilizers & Pesticides	1,374,614	1,290,052
Electricity charges	1,455,765	1,007,853
Electrical items & motor repairing charges	491,754	1,084,728
Farm Maintenance	4,651,354	4,317,670
Labour charges	8,244,037	6,269,182
Postage & telephones	155,788	268,893
Printing & Stationery	88,281	46,058
Rent	36,900	37,400
Staff Welfare	233,240	123,347
Travelling expenses	602,300	861,125
Vehicle Maintenance	1,335,657	540,896
Land Lease	2,587,800	1,809,867
Research Expenses	8,334,825	2,726,607
Trial Expenses	147,784	305,185
Testing Expenses	939,335	4,384,642
RCGM Trial Expenses	177,833	581,711
Professional Expenses	960,000	722,004
Salaries - Farm	13,168,004	10,892,665
	47,590,974	38,478,156
16 ESTABLISHMENT EXPENSES		
M.D's Salary	6,000,000	6,000,000
Directors Salary	7,320,000	7,320,000
Salaries to Staff	72,794,426	62,323,595
ESI	102,811	60,064
Traveling Expenses	23,022,799	20,973,463
Postage & Telephone	5,061,890	4,873,715
Audit Fee	545,985	397,080
Audit Expenses	40,592	52,502
Vehicle Maintenances	20,366,611	19,751,911
Provident Fund	3,718,193	2,380,959

SCHEDULES

	As at 31-Mar-2010 Rs	As at 31-Mar-2009 Rs
Rent	1,030,599	1,312,276
Printing & Stationery	2,655,096	2,977,593
Insurance	2,276,636	996,692
Books & Periodicals	33,366	583,682
Staff welfare	1,612,620	1,177,319
Rates & Taxes	1,105,752	1,859,716
Office Maintenance	1,519,205	1,722,607
General Expenses	2,894,554	3,306,860
Conveyance	302,984	231,220
Donations & Subscriptions	306,500	272,029
Legal Expenses	121,724	99,251
Professional Charges	1,457,558	1,063,650
Professional Tax	15,000	10,000
Sales Tax	93,612	329,147
Market Cess	501,454	686,370
Security Charges	982,309	948,730
Seed Testing Charges	21,285	14,130
Service Tax	1,449,340	1,387,912
Computer Maintenance	276,925	132,532
Directors Sitting Fees	32,500	40,000
	157,662,326	143,285,005
17 SELLING & DISTRIBUTION EXP		
Sales promotion expenses	89,555,962	71,961,853
Sales Schemes	139,237,644	114,018,833
Advertisement	2,374,164	2,315,934
Freight & Forwarding	53,979,944	43,731,623
Farmers Meeting Expenses	18,059,243	14,163,609
Staff & Dealers Meeting Expenses	12,443,667	4,256,620
Royalty	114,387,707	39,022,606
Bad debts Write Off	6,730	10,745,712
Provision for Doubtful Debts	27,194,390	2,287,048
	457,239,451	302,503,839
18 FINANCIAL CHARGES		
Bank charges	3,999,385	3,751,237
Interest	14,229,233	15,433,822
	18,228,618	19,185,059

Schedule - 19

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

I. 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. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

b. Revenue Recognition

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

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

c. Fixed assets and Depreciation

- i. Fixed assets are stated at cost less accumulated depreciation, impairment losses and specific grant/subsidies if any. Cost comprises the purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Finance costs relating to acquisition of fixed assets are included to the extent they relate to the period till such assets are ready for intended use.
- ii. Expenditure directly relating to construction activity is capitalized. Indirect expenditure is capitalized to the extent it relates to the construction activity or is incidental thereto. Income earned during construction period is deducted from the total expenditure relating to construction activity.
- iii. Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.
- iv. The carrying amount of fixed assets are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed the estimated recoverable amount, assets are written down to their recoverable amount.
- v. 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

- i. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
- ii. Long-term investments are carried at cost. However, provisions for diminution in value 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

- i. Raw materials, packing materials, stores, spares and consumables are valued at cost, calculated on "First-in first out" basis. Items held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost.
- ii. Finished goods and Work-in-process are valued at lower of cost or net realizable value. Cost includes materials, labour and a proportion of appropriate overheads.
- iii. Trading goods are valued at lower of cost or net realizable value
- iv. Net realizable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.
- v. Management has carried out physical verification of stock.

g. Retirement and other Employee Benefits

- i. Contribution to Provident Fund, which is a defined contribution plan, are charged to the profit and loss account on an accrual basis.
- ii. Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each financial year.
- iii. Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

h. Income Taxes

Tax expense consists of both current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of 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 as 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.

SCHEDULES

2. Capital Commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 228.11 (Rs. 545.73) Lakhs.

3. Contingent Liabilities not Provided for

(Rs. In Lakhs)

Particulars	2009-10	2008-09
a Bank Guarantees	120.89	98.42
b Claims against the company not acknowledged as debts	36.74	3.45

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. Sundry Creditors

- In respect of the amounts mentioned under section 205C of the Companies Act, 1956 no dues are to be credited to the Investor Education and Protection Fund as at March 31st, 2010.
- Disclosure as per the provisions of Micro, Small and Medium Enterprises Development Act, 2006.

Details of dues to Micro, Small and Medium Enterprises as per MSMED Parties

	2009-10	2008-09
a The Principal amount remaining unpaid as at the end of the year	-	-
b The amount of interest accrued and remaining unpaid at the end of the year	-	-
c Amount of interest paid by the company in terms of section 16, of Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of payments made beyond the appointed date during the year	-	-
d Amount of Interest due and payable for the period of delay in making payment without the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
e The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-

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

Particulars	Amount in Rs.
1. Statutory Audit	Rs.3,19,870/-
2. Other Audit Services	Rs. 66,180/-
3. For Tax Matters	Rs. 1,10,300/-
4. Reimbursement of out of pocket expenses	Rs. 49,635/-
TOTAL	Rs. 5,45,985/-

7. 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, 2009 for a period of 2 years for an amount of Rs. 27500 per acre per annum for a total land of 1.20 acres (one acre= 40guntas) ie 0.20 acres means 20 guntas	0.41
2. G.V. Bhaskar Rao H.U.F	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 40000 per acre per annum for a total land of 5 acres	2.00
3. G.V. Bhaskar Rao	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 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
4. G. Madhusree	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 15000 per acre per annum for a total land of 38.28 acres (one acre= 40guntas) ie 0.28 acres means 28 guntas	5.81
5. G. Vanaja Devi	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 27500 per acre per annum for a total land of 1.20 acres (one acre= 40guntas) ie 0.20 acres means 20 guntas	0.41
6. G. Pawan	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 27500 per acre per annum for a total land of 1.20 acres (one acre= 40guntas) ie 0.20 acres means 20 guntas	0.41
7. G. Pawan	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 40000 per acre per annum for a total land of 2.09 acres (one acre= 40guntas) ie 0.09 acres means 9 guntas	0.89
8. G. Madhusree	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 27500 per acre per annum for a total land of 1.20 acres (one acre= 40guntas) ie 0.20 acres means 20 guntas	0.41

SCHEDULES

9 C. Vamsheedhar – HUF	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 15000 per acre per annum for a total land of 20.23 acres (one acre= 40guntas) ie 0.23 acres means 23 guntas	3.09
10 R. Venumanohar Rao - HUF	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 13000 per acre per annum for a total land of 24 acres	3.12
11 G.Pawan	Agricultural Land Lease Rent Paid - as per the agreement entered on April 01, 2009 for a period of 2 years for an amount of Rs. 15000 per acre per annum for a total land of 18.01 acres (one acre= 40guntas) ie 0.01 acres means 01 guntas	2.71
Total		21.75

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:

PARTICULARS	2009-10	2008-09
Depreciation on Fixed Assets	Rs. 5,37,233	Rs. (15,39,644)

9. Foreign Currency/Exchange transactions:

PARTICULARS	2009-10	2008-09
a. Import of Capital Goods	Rs. 179,00,734/-	Rs. 676,47,379/-
b. Earnings in foreign Exchange	Rs. 20,90,094/-	Nil
c. Expenditure in Foreign Currency for Travel	Rs. 28,47,128/-	Rs. 32,42,314/-

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

Finished goods

Quantity in Kgs.

Particulars	Opening Stock	Production	Issues	Closing Stock
Seeds	2955885	21054831	18097541	5913175
Micronutrient	506703	3117713	3064031	560385

11. Raw Material Consumed

Value of Imported and indigenous material consumed

Particulars	Quantity in Kgs.	Amount in Rs.
Indigenous		
Seeds	25012467	49,18,01,444/-
Micronutrients	3025128	2,55,72,499/-

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.

13. Some of the balances under sundry debtors, sundry creditors, deposits, loans and advances payable / receivable are subject to confirmation and reconciliation.
14. Figures in brackets represent those relating to the previous year
15. Previous year's figures have been regrouped/rearranged wherever necessary, to conform to those of the current year.

Signatures to schedules I to 19

As per our report of even date attached
for P.R.REDDY & CO.,
Firm Registration No. 0032685
CHARTERED ACCOUNTANTS
Sd/-

PRAGHUNADHA REDDY

Partner
Membership No. 23758
Place: Secunderabad
Date: 25.05.2010

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

▼ *Modern Cob drying Unit at pamulaparthi Plant*



Balance Sheet abstract & Company's General Business Profile

I Registration Details

Registration No. : 06728
 Balance Sheet Date : 31-Mar-10
 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	1965451	Total Assets	1965451
Source of Funds		Application of Funds	
Paid-up capital	137022	Net Fixed Assets	1091613
Reserves & Surplus	1372332	Investments	20296
Secured Loans	305236	Net Current Assets	852839
Unsecured Loans	150000	Miscellaneous Expenditure	703
Deferred tax liability	861		

IV Performance of Company (Amount in Rupees Thousands)

Turnover	1640268	Total Expenditure	1328363
Profit before Tax	311905	Profit after Tax	290654
Earnings per Share (Rs)	21.21	Dividend Rate %	20

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.,
 Firm Registration No. 0032685
 CHARTERED ACCOUNTANTS
 Sd/-

PRAGHUNADHA REDDY

Partner
 Membership No. 23758
 Place: Secunderabad
 Date: 25.05.2010

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

ATTENDANCE SLIP

Kaveri Seed Company Limited

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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional Attendance Slip at the Venue of the meeting

Client ID*:	Folio No.:
D.P ID* :	No. of Share(s) held:

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held on Monday, the 27th September, 2010 at 10.30 A.M 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)

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

Signature



Kaveri Seed Company Limited

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

PROXY FORM

Client ID*:	Folio No.:
D.P ID* :	No. of Share(s) held:

I/We.....

ofbeing a member/members of Kaveri Seed Co. Ltd. hereby

appoint of.....

or failing him of as my/our proxy to vote for

me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company held on Monday, the 27th September, 2010 at 10.30 A.M 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) or at any adjournment thereof.

Signed this.....day of.....

*Applicable for investors holding shares in electronic form.

Pl. affix
Re. 1/-
Revenue
stamp

Signature

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

Surge forward....





kaveri seed company limited



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

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