

Directors' Report

Dear Members,

Kaveri Seed Company Limited

The Directors have the pleasure in presenting their 34th Annual Report and the audited Annual Accounts for the year ended March 31, 2021.

STANDALONE AND CONSOLIDATED FINANCIAL HIGHLIGHTS:

PERFORMANCE REVIEW

Your Company's performance during the year compared with that during the previous year is summarised below:

(In ₹ Lakhs)

S. No.	Particulars	Standalone		Consolidated	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
1	Revenue from operations	98,698.07	88,325.60	1,03,630.55	93,034.63
2	Profit before finance cost, depreciation and tax expense	33,488.89	28,608.73	34,376.42	29,879.56
3	Finance cost	38.52	21.81	50.50	47.85
4	Profit before depreciation and tax expense	33,450.37	28,586.92	34,325.92	29,831.71
5	Depreciation	2,131.99	2,430.71	2,224.66	2,566.38
6	Profit before exceptional items and tax	31,318.38	26,156.21	32,101.26	27,265.33
7	Exceptional items	-	-	-	-
8	Profit before Tax Expense	31,318.38	26,156.21	32,101.26	27,265.33
9	Tax expense	787.38	1,029.52	980.70	1,274.88
10	Profit after Tax Expense	30,531.00	25,126.69	31,120.56	25,990.45
11	Non-controlling interests	-	-	71.04	86.71
12	Profit after Tax Expense after non-controlling interests	30,531.00	25,126.69	31,049.52	25,903.74
13	Add: Surplus at the beginning of the year	93,265.96	95,681.44	94,638.89	95,071.80
14	Total available for appropriation	1,23,796.96	1,20,808.13	1,25,688.41	1,20,975.54
	Appropriations				
15	Dividend including taxes	2,413.17	2,283.17	2,378.00	2,283.17
16	Transfer to general reserve	1,000.00	1,000.00	1,000.00	1,000.00
17	Utilized for buyback	-	22,986.77	-	22,986.77
18	Transferred to capital redemption reserve	-	56.00	-	56.00
19	Amortisation of interest on loan to employee trust	-	1,216.23	-	10.71
20	Others	(69.63)	-	(69.63)	-
	Total Appropriations	3,343.54	27,542.17	3,308.37	26,336.64
21	Surplus carried to balance sheet	1,20,453.42	93,265.96	1,22,380.04	94,638.89

COMPANY'S AFFAIRS:

Operations:

2020-21 has been the most challenging year due to the Covid-19 pandemic. Even during these difficult times, your Company was able to deliver its best performance. During the year under review, the Consolidated Turnover increased from Rs.930.34 crore to Rs. 1036.31 crore, an increase of 11.39% and the consolidated net Profit after Tax increased from Rs.259.90 crore to Rs.311.20 crore, an increase of 19.73%. This performance was possible due to the proper vision and

strategy of the leadership team, efficient execution of the production and marketing team with the dedication of our employees and other committed stakeholders of the Company.

Indian Agriculture Sector – The Game-changer

India's agriculture sector is currently valued at approximately INR 63,506 billion¹ (FY2020-21). It is an important component of the Indian economy, both in terms of its contribution to the GDP as well as a source of employment for most of the country's population. According to the World Bank, the agriculture industry provided

employment to 41.49% of India's population in FY2020-21.² Increasing saturation in the organised sector, growth in contract farming, increased mechanisation, easy loan facilities, rising exports, use of agrochemicals and high yielding seeds, and an increasing role of the private sector in processing, branding and marketing have brought about remarkable changes in this primary sector.

Key Growth Drivers

- 1) India represents one of the most bio-diverse countries in the world. It is gifted with varied soil and climatic conditions for cultivating a variety of crops, including cereals, vegetables, oilseeds and cash crops.
- 2) India is the second most populated country in the world, accounting for 18% of the total world population. This rapidly rising population has driven farmers to adopt improved technologies and advanced methods for dairy, fisheries and livestock farming to fulfil the growing demand for food. Additionally, more than 50% of India's population is reliant on agricultural products, which is further encouraging the growth of the market.
- 3) Government support plays a significant role in the growth of the sector, as it remains the key livelihood for more than 50% of the country's population. The Indian Government continues to encourage farmers with subsidies for water, power, agricultural equipment, fertilisers, hybrid seeds, etc., including the mitigation of agricultural income under the Income-Tax Act.

Seed Industry – generating wealth

Food security is heavily dependent on the security of the farming community. Seed is one of the most crucial elements in the livelihoods of agricultural communities and a crucial input for sustainable agriculture. Asia Pacific (APAC) is the fastest growing geography in the global seed market, which is valued at US\$ 42.8 billion³ (FY2020-21).

Indian Seed Industry

The Indian agricultural sector is highly dependent on the availability and quality of seeds for a productive harvest. To increase the quantity and quality of produce, therefore, efforts are made to introduce enhanced varieties of seeds with the help of advance technology and modern agricultural methods. India being a major agricultural economy, its seed industry is projected to be valued at US\$ 4.9 billion (FY2020-21)⁴.

The increasing food demand of a growing global population has seen an increase in hybrid seed penetration in multiple crops. Meanwhile, per capita arable land has been declining owing to stagnant growth of such land parcels. Along with poor crop productivity, these factors are likely to lead to pressure on food supply in the country. In India, hybrid seed penetration is high in cotton (90%), corn (60%), in certain limited cereals, such as sorghum (jowar) and pearl millet (bajra), and in oilseeds, such as sunflower (hybridisation 80%).

However, saturation is still very low in wheat (5%).⁵

Key Growth Drivers

- 1) **Increasing adoption of hybrid seeds** owing to increasing pressure for high crop production for food security. The hybrid seed sector grew at 15-20% over the past few years
- 2) **Increased investments** from public as well as private entities played major role in advancements of technology and infrastructure
- 3) **Government initiatives** and continuous developments in the National Seed Policy, 2002, led to transformation of the sector in India

R&D Division -

Kaveri Seed Company has established itself as a market leader by releasing promising products every year to meet aspirations of the farming community and the needs of the market. Volume contribution from new products has been stable in FY2020-2021, thanks largely to the Company's strong research and development (R&D) network in mandatory crops. The Company's R&D team consists of more than 145 personnel include more than 45 scientists who consistently strive to deliver high yielding hybrids. Its state-of-the-art biotechnology lab uses cutting-edge tools with classical plant breeding processes, and its germplasm (seed) bank contains a treasure trove to augment plant types suited to Indian conditions.

Modern infrastructure: Kaveri Seed has more than 1 lakh loyal producers with more than 100,000 acres under seed production. It has seven mega seed processing plants in different states, more than 10 lakh sq. ft. of modern packing and storage facilities and cumulative warehousing space across India. Its seed storage is supported by climate control warehouse and cold storage capacities of more than 15,000 MT. The seed biotech lab maintains quality standards as per the Indian Minimum Seed Certification Standards (IMSCS); and each product is tested in about 120 outreach trial centres across India before their release.

Stewardship marketing network in India: Kaveri Seed has a network of more than 40,000 dealers and distributors across the country. The Company's marketing team also reaches out to farmers with its multi-crop portfolio of branded seeds.

Core Competency

- ✓ Robust product portfolio in field and vegetable crops with R&D focus on multi-crop product portfolio suited to Indian conditions
- ✓ R&D division recognised since 2001 by the Department of Scientific and Industrial Research (DSIR), Government of India
- ✓ Company's seeds hold great potential for export markets, as the modern farming community prefers quality seeds and India is well placed to meet the world's ever increasing seed demand

- ✓ Telangana, Andhra Pradesh and Karnataka have suitable conditions for seed production throughout the year, offering great potential for low-cost seed production for the global market
- ✓ Focused on developing hybrids and favourable multi-location seed production for high hybrid seed yields at affordable prices for farming community
- ✓ Educates and trains distributors and retailers on modern products and practices in the seed sector for sustainable business growth.

Research and Development (R&D) – Robust Research

Agriculture science is progressing rapidly with new and sophisticated biotechnology tools, fostering innovations and cutting-edge product development. The Company's advanced R&D capabilities help design, develop and deliver the latest products to the market. Over the years, the Company has improved its product yield and seed quality, while successfully increasing seed tolerance to biotic and abiotic stresses.

Development of high productivity, stress resilient crops are critical for crop improvement and sustainable food production. To this end, Kaveri Seed uses the key biotech approaches of marker-assisted breeding (MB), genetic engineering (GE), and their integration with conventional breeding. The Company is also planning to work on phonemics to design plant ideotypes that will be resilient to the effects of climate change.

Kaveri Seed's robust R&D base has helped develop new hybrids in cotton, maize, rice, millets and vegetables, creating a significant impact on farm yield. The Company has a reliable track record of launching new products with a strong pipeline of products tailored to meet the needs of the farming community. The Company's experience of managing risk has helped it navigate the current volatility.

Technical innovations: The Company strives to improve returns while accelerating the pace of innovation. With a strong commitment to innovate futuristic products, it has aligned with national and international institutions to augment its research capabilities.

Plant variety protection: To safeguard the Company's products, a number of hybrids developed were registered with the Protection of Plant Varieties and Farmers Right Act (PPVFRA).

Germplasm: The Company's germplasm bank helps it design and develop suitable varieties and hybrids best suited for farmers and consumers.

Central Varietal Release Committee: More than 20 hybrids were released and notified by the Central Varietal Release Committee (CVRC), GoI, and more are to be released soon.

Handling the Covid-19 Pandemic – People First

During the pandemic, the GoI had classified the seed business under the 'Essential Commodity' category with certain restrictions and guidelines. The HR department scrupulously followed the GoI's

guidelines across the organisation to prevent the spread of the virus and safeguard the health of employees.

During the nationwide lockdown, the Company's staff was permitted to "work from home". Virtual meetings were conducted with employees to improve efficiency and motivation. Most meetings were conducted through video conferences, so that the progress of work and future plan of action could be initiated. Training programmes were conducted through webinars, wherein scientists attended online technical workshops and events. The Company's leadership also kept in touch with their teams for regular sharing of critical organisational policies and practices.

DIVIDEND:

The Board of Directors, at their meeting held on November 10, 2020, declared an Interim Dividend @ 200% on the paid-up Equity Share Capital (i.e., Rs.4/- per equity share of the face value of Rs.2/- per share) for the financial year March 31, 2021, which was paid to the shareholders in December 2020. The dividend paid for this year was 50% higher than the dividend paid in the previous financial year.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has approved and adopted the Dividend Distribution Policy and the same is available on the Company's website viz. <https://www.kaveriseeds.in/images/pdf/images/Dividend-Distribution-Policy.pdf> and is also provided as an annexure.

TRANSFER OF AMOUNT TO RESERVE

The Company has transferred Rs.10.00 crore to the general reserve for the financial year ended March 31, 2021 under the provisions of the Companies Act, 2013 and Rules thereunder.

STATUTORY AUDITORS & AUDITORS' REPORT

The Statutory Auditors' Report is annexed to this Annual Report. There are no adverse remarks on disclosure by the statutory auditors in their report. They have not reported any incident of fraud to the Audit Committee of the Company during the year under review. Pursuant to Section 139(2) of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the Company, at its 30th Annual General Meeting (AGM) held on September 25, 2017, had appointed M/s. M. Bhaskar Rao & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of the 30th AGM until the conclusion of the 35th AGM of the Company, subject to ratification by shareholders every year, as may be applicable. However, the Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018 has omitted the requirement under first proviso to Section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditors by shareholders at every subsequent AGM.

Consequently, M/s. M. Bhaskar Rao & Co., Chartered Accountants, continues to be the Statutory Auditors of the Company till the conclusion of the 35th AGM, as approved by the shareholders at the 30th AGM held on September 25, 2017.

INTERNAL AUDITORS

The Board of Directors of the Company has re-appointed M/s. M. Anandam & Co., Chartered Accountants as Internal Auditors to conduct the Internal Audit of the Company for the financial year ended March 31, 2021. The Internal Audit reports are being reviewed on a quarterly basis by the Audit Committee of the Company.

SUBSIDIARY COMPANIES

The Company has four subsidiaries as of March 31, 2021. There was no material changes in the nature of the business carried on by the subsidiaries. As per the provisions of Section 129 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary Companies is prepared in Form **AOC-1** and is attached to the Financial Statements of the Company.

In accordance with the provisions of Section 136 of the Companies Act, 2013, the consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries are available on the website of the Company. <https://www.kaveriseeds.in/investors/subsidiaries-financials/>.

The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the subsidiary companies will also be kept open for inspection by any member at the registered office of the Company and that of the respective subsidiary companies.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTIES

No material related party transactions, during the year under review, with the Promoters, Directors or Key Managerial Personnel falls under the scope of Section 188(1) of the Companies Act 2013. The information on transactions for the year under review were on arm's length basis and in the ordinary course of business with the related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form No. **AOC-2** and the same form a part of this report. The company has developed a Related Party Transactions framework through standard operation procedures for the purpose of identification and monitoring of such transactions. The related party transactions policy is available at <https://www.kaveriseeds.in/images/pdf/images/related-party-transaction-policy.pdf>

EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub Section (3) of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules 2014 the Annual Return as at March 31, 2021 can be accessed at Company's website on <https://www.kaveriseeds.in/wp-content/uploads/2021/09/MGT-9-for-FY-2020-21.pdf>

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s. L.D. Reddy & Co., a firm of Company Secretaries in Practice (C.P.No.3752) as Secretarial Auditors to conduct Secretarial Audit of the Company for the financial year ended March 31, 2021. The Secretarial Audit Report issued by M/s. L.D. Reddy & Co, Practicing Company Secretaries in Form MR-3 is annexed to this Board's Report as **Annexure – A**.

The Secretarial Auditors' Report does not contain any qualifications, reservation or adverse remarks.

BOARD'S RESPONSE ON AUDITOR'S QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE

There are no qualifications, reservation or adverse remarks made by the statutory auditors in their report or by the Practicing Company Secretary in the Secretarial Audit Report for the year ended March 31, 2021. During the year, there were no instances of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors consists Mr. K. Purushotham (Chairman), Dr. S. Raghuvardhan Reddy, Mrs. M. Chaya Ratan and Mr. C. Mithunchand, members of the Committee. The Board has accepted all the recommendations made by the audit committee during the year. Further details can be seen in the chapter on Corporate Governance report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently consists of the following Directors namely Dr. S. Raghuvardhan Reddy, Chairman, Mr. K. Purushotham and Mrs. M. Chaya Ratan as Members.

CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the relevant provisions of Section 133 of the Companies Act, 2013 and the Ind As-110 on consolidated financial statements, read with the Accounting Standard AS-23 on Accounting for Investments in Associates, your Directors have the pleasure in attaching the consolidated financial statements for the financial year

ended March 31, 2021, which forms a part of the Annual Report. The company has placed separately, the Audited Accounts of its subsidiaries on its website www.kaveriseeds.in in compliance with the provisions of Section 136 of the Companies Act, 2013.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has laid down a set of standards which enables implementation of internal financial controls across the organisation and ensures that the same are adequate and operating effectively. The Board periodically reviews the findings and recommendations of the statutory auditors, internal & secretarial auditors and suggests corrective actions whenever necessary. The Audit Committee of the Board of Directors is also actively reviewing the adequacy and effectiveness of the internal control systems and suggesting improvements to strengthen the same. The Audit Committee of the Board of Directors, Statutory Auditors and Finance heads are periodically apprised of the internal audit findings and corrective actions are taken.

The Internal Audit team prepares the annual audit plans based on risk assessment and conducts extensive reviews covering financial, operational and compliance controls. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board.

The Audit Committee monitors the performance of the Internal Audit team on a quarterly basis through a review of audit plans, audit findings and speed of issue resolution through follow-ups. Each year, there are at least four meetings in which the Audit Committee reviews internal audit findings assurance and advisory function, responsible for evaluating and improving the effectiveness of risk management, control and governance processes. The internal audit team helps to enhance and protect organisational value by providing risk-based objective assurance, advice, and insight.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The internal financial controls (IFC) framework at Kaveri Seeds encompasses internal controls over financial reporting (ICOFR) as well as operational controls that have been put in place across all key business processes of the Company. The internal controls are designed to facilitate and support the achievement of the Company's business objectives and such controls do enable the Company to adapt to changing and operating environment, to mitigate risks to acceptable levels and to support the right decision-making and good governance. Details in respect of adequacy of internal financial controls with reference to the financial statements are briefly iterated below:

- a. The Company maintains all its major records in ERP System.
- b. The Company has appointed internal auditors to examine the

internal controls, whether the workflow of the organisation is being done through the approved policies of the Company. In every quarter, during the approval of financial statements, internal auditors present the internal audit report and the management comments on the internal audit observations; and

- c. The Board of Directors of the Company has adopted various policies such as Related Party Transactions Policy, the Whistle-Blower Policy, Policy to Determine Material Subsidiaries, Corporate Social Responsibility Policy, Dissemination of Material Events Policy, Documents Preservation Policy, Sexual Harassment Policy, Code of Conduct under Insider Trading Regulations, Code of Conduct for Senior Management, Nomination and Remuneration Policy, Board Diversity Policy, Dividend Distribution Policy, Risk Management Policy and such other procedures for ensuring the orderly and efficient conduct of its business for safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

INDIAN ACCOUNTING STANDARDS – IFRS CONVERGE STANDARDS

The Ministry of Corporate Affairs vide its notification dated February 16, 2015 notified under Section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules, 2015. In pursuance of the said notification, your Company has prepared the financial statements to comply in all material respects, in accordance with the applicability of Indian Accounting Standards.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- i) that the applicable accounting standards have been followed in the preparation of the Annual Accounts.
- ii) that the Directors have selected such Accounting policies and consistently applied 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 March 31, 2021 and of the profit of the Company for that period.
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors have prepared the annual accounts on a going concern basis.

- v) that the Directors have laid down Internal Financial Controls to be followed by the Company and that the financial controls were adequate and were operating effectively, and
- vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Your Company is managed and controlled by a Board comprising an optimum blend of Executive and Non-Executive Directors. As on date the Board of Directors comprises Ten (10) Directors consisting of Four Executive Directors including the Chairman & Managing Director, one Non-Executive Non Independent Director and Five Independent Directors, including the Women Independent Director.

The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant provisions of the Companies Act, 2013. The Directors possess requisite qualifications and experience in general corporate management, strategy, finance, administration and other allied fields, which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Pursuant to the provisions of Section 203 of the Companies Act, 2013 the key Managerial Personnel (KMP) of the Company as on March 31, 2021 are: Mr. G.V.Bhaskar Rao, Chairman & Managing Director, Mrs. G. Vanaja Devi, Mr. C. Vamsheedhar and Mr. C. Mithunchand, Whole-time Directors, Mr. K.V. Chalapathi Reddy, Chief Financial Officer & Mr. V.R.S. Murti, Company Secretary. There have been no changes in the key managerial personnel during the year.

Changes in Directors

Dr. Rayappa Ramappa Harchinal (DIN: 08138621) was appointed as an Additional Director (Non-Executive & Independent) with effect from February 9, 2021 by the Board of Directors at their meeting held on February 9, 2021 under Section 161 of the Companies Act, 2012. The appointment is subject to the approval of the shareholders at the ensuing Annual General Meeting.

Re-appointment of MD & Whole Time Directors:

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

Director (s) retiring by rotation:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. C. Mithunchand (DIN : 00764906), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms a part of the Notice.

Declaration from Independent Directors

The independent Directors have submitted the declaration of independence, as required pursuant to Section 149 (7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in Section 149 (6) of the Act along with Rules framed thereunder and Regulations 16 (1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year under review, the non-executive independent directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/ Committees of the Company.

Registration of Independent Directors in Independent Directors Databank

All the Independent Directors of the Company have been registered and are members of Independent Directors' databank maintained by the Indian Institute of Corporate Affairs.

COMMITTEES OF THE BOARD

The details pertaining to the composition of the Board and its Committees are included in the Corporate Governance Report, which is a part of this report.

MEETING OF INDEPENDENT DIRECTORS

A separate meeting of the Independent Directors was held under the Chairmanship of Mr. K. Purushotham, Independent Director on February 9, 2021, inter-alia, to discuss evaluation of the performance of Non-Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties. The Independent Directors expressed satisfaction with the overall performance of the Directors and the Board as a whole.

Familiarisation Programme for Independent Directors

The details of the familiarisation programme for the Independent Directors is reported in the Report on Corporate Governance, which is attached to the Board's Report.

NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE

During the year under review four Board Meetings and Audit Committee Meetings were convened and held. The dates on which the meetings were held were- May 30, 2020, August 13, 2020, November 10, 2020 and February 9, 2021. The details of attendance of meetings held during the Financial Year 2020-21 forms a part of the Corporate Governance Report. The time between the said meetings were within the period prescribed under the provisions of the Companies Act, 2013 and the SEBI guidelines thereof.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the company or any of its subsidiaries.

FIXED DEPOSITS:

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the guidance Note on Board Evaluation issued by the SEBI on January 5, 2017, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its committees.

The performance of the Board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.,

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings etc.,

In a separate meeting of independent directors, performance of non-independent directors, the chairman of the company and the board as a whole was evaluated, taking into account the views of the Executive Directors and the Non-Executive Directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of Individual Directors on the basis of criteria such as the contribution of the Individual Director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and valuable inputs in meetings etc.,

In the board meeting that followed the meeting of the independent directors and meeting of the Nomination and Remuneration Committee, the performance of the board, its committees, and Individual Directors was also discussed. The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

BOARD DIVERSITY

The Company recognises and embraces the importance of a diverse board in its success. The Board has adopted the Board Diversity Policy which sets out the approach to diversify the Board of Directors. The Board Diversity Policy is available on the Company's website <https://www.kaveriseeds.in/wp-content/uploads/2021/02/Policy-on-Board-Diversity.pdf>

APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

The assessment and appointment of board members is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualifications required for the position. A potential board member is also assessed on the basis of independent criteria defined in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations. In accordance with Section 178(3) of the Companies Act, 2013, Regulation 19(4) of SEBI (LODR) Regulations and on recommendations of the company's Nomination and Remuneration Committee, the Board adopted a remuneration policy for directors, KMP, senior management and other employees. The Policy is placed on the Company's website: <https://www.kaveriseeds.in/images/pdf/images/Nomination-and-Remuneration-Policy.pdf> and further details are set out in the Corporate Governance Report forming part of this annual report.

The Certificate issued by M/s. L.D. Reddy & Co., Practicing Company Secretaries, Hyderabad, with regard to compliance with the conditions of Corporate Governance is attached to the chapter on Corporate Governance.

MANAGEMENT DISCUSSION AND ANALYSIS:

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

CORPORATE SOCIAL RESPONSIBILITY

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

The Company has incorporated a separate company in the name of 'Kaveri Bhaskar Rao Charitable Trust' under Section 8 of the Companies Act, 2013 to undertake CSR and other charitable activities. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR Policy is available on <https://www.kaveriseeds.in/wp-content/uploads/2021/09/CSR-Policy.pdf>

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

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

EMPLOYEE STOCK OPTION SCHEME

The Company grants share-based benefits to eligible employees with a view to attracting and retaining the best talent, encouraging employees to align individual performances with Company objectives, and promoting increased participation by them in the growth of the Company.

Kaveri Seed Employee Stock Option Plan – 2018 (ESOP Plan)

On July 19, 2018, pursuant to the approval by the shareholders by way of Postal Ballot, the Board/Nomination and Remuneration Committee has been authorised to introduce, offer, issue and grant the share-based incentives to eligible employees of the Company and its subsidiaries under the ESOP Plan. The Kaveri Employee Stock Option Plan 2018 (ESOP Plan) is to be implemented through the Kaveri Employees Trust (Trust), with an objective of enabling the company to attract and retain talented human resources by offering them the opportunity to acquire a continuing equity interest in the Company, which will reflect in their efforts to sustain the growth and profitability of the Company.

The ESOP Plan involves acquisition of shares, not exceeding 30,00,000 equity shares, from the secondary market through Barclays Wealth Trustees (India) Private Limited as Trustees of Kaveri Employees Trust for implementation and administration.

The Nomination and Remuneration Committee (NRC), is empowered to formulate detailed terms and conditions of the ESOP Plan 2018, and supervise the same. The specific employees to whom the Options would be granted and their eligibility criteria would be determined by the Nomination and Remuneration Committee at its sole discretion. Further, the Nomination and Remuneration Committee is empowered to determine the eligible employees of subsidiary companies, whether existing or future, whose employees will be entitled to stock options under this Scheme.

The Nomination and Remuneration Committee, at their meeting held on 25.03.2021, granted 2,49,975 options @ Rs.450/- per option to the eligible employees of the Company during the year under the ESOP Plan 2018. In addition to the previous year grant of 6,29,516 options @315/- per option to the eligible employees of the Company. There are no outstanding options for the year ended 31.03.2021.

Both the granted options would vest on or after 1 (one) year from the respective date of grant(s) but not later than 4 (four) years from the date of grant of such Options or any other terms as decided by the Nomination and Remuneration Committee.

The ESOP Plan is in compliance with the SEBI (Share-Based Employee Benefits) Regulations, 2014, as amended from time to time, and there has been no material change to the plan during the fiscal. The Disclosure required to be made under Regulation 14 of SEBI (Share-Based Employee Benefits) Regulations, 2014 is available on the Company's website at <https://www.kaveriseeds.in/wp-content/uploads/2021/09/Disclosure-pursuant-to-Regulation-14-of-SEBI-Share-Based-Employee-Benefits-Regulations-2014-as-on-March-31-2021.pdf>

STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

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

INSURANCE

All properties and insurable interests of the Company have been fully insured.

BUSINESS RESPONSIBILITY REPORT

A detailed Business Responsibility Report in terms of the provisions of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available as a separate section in this Annual Report.

DIVIDEND DISTRIBUTION POLICY

The Board has adopted a suitable Policy for Dividend Distribution as per the Regulation 43A of the SEBI (LODR) Regulations 2015. The policy is stated in the Annual Report and has been uploaded on the Company's website and can be accessed at <https://www.kaveriseeds.in/images/pdf/images/Dividend-Distribution-Policy.pdf>

CORPORATE GOVERNANCE:

A detailed Report on Corporate Governance systems and practices of the company is given in a separate section forming part of this annual report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments in the business operations of the Company from the financial year ended March 31, 2021 to the date of signing of the Director's Report. There has been no change in the nature of business of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company makes investments or extends advances to its subsidiaries for business purposes. The details of investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements provided in this annual report.

VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The Board of Directors has adopted the Whistle-Blower Policy, which is in compliance with Section 177(10) of the Companies Act, 2013 and Regulation 22 of the SEBI (LODR) Regulations 2015 to report genuine concerns or grievances. The Audit Committee Chairperson is the chief ombudsman. The policy also provides access to the Chairperson of the Audit Committee for raising concerns. The Whistle-Blower Policy has been posted on the website of the company. (<http://www.kaveriseeds.in/images/pdf/images/whistle-blower-policy.pdf>)

RISK MANAGEMENT

Pursuant to the requirement of SEBI (LODR) Regulations 2015, the Company has a Risk Management Committee of the Board consisting of the Director, Mr. Dr. S. Raghuvardhan Reddy, Independent Director and Chairman of the Committee, Mr. C. Vamsheedhar and Mr. C. Mithunchand as members of the Committee. The Company, through its Risk Management Policy, identified the various risks and challenges, internally as well as externally and took appropriate measures with timely action to mitigate them and also recommended to the Board about risk assessment and minimisation procedures. The Committee is monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of the Risk Management Policy has been covered in the Management Discussion and Analysis, which forms a part of this report and the Policy has been posted on the website of the company viz., http://www.kaveriseeds.in/images/pdf/images/Risk-Management-Policy_final.pdf

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE COURTS/REGULATORS OR TRIBUNALS

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

LISTING ON STOCK EXCHANGES

The Company's shares are listed on BSE Limited and the National Stock Exchange of India Limited.

TRANSFER OF UN-PAID AND UN-CLAIMED AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, declared dividends which remained unpaid or unclaimed for a period of seven years have been transferred by the company to the IEPF, which has been established by the Central Government.

The above-referred rules also mandate transfer of shares on which dividend has been unpaid or unclaimed for a period of seven consecutive years to the IEPF. The Company has issued individual notices to the shareholders whose equity shares are liable to be transferred to the IEPF on due dates, advising them to claim their dividend within the stipulated time.

ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy ensures safety of all concerned, compliance to environmental regulations and preservation of natural resources.

HUMAN RESOURCE MANAGEMENT

The Government of India (GoI) had classified the seed business under the "Essential Commodity" category during the pandemic, with certain restrictions. The HR department scrupulously followed the GoI's Guidelines across the organisation to prevent the spread of the virus and safeguard the health of the employees.

During the nationwide lockdown, the Company's staff was permitted to work from home. Virtual meetings were conducted with employees to improve their work efficiency and keep them motivated. Most meetings were conducted through video conferences, so that the progress of work and future plan of action could be initiated. Training programmes were also conducted through webinars, wherein scientists attended online technical workshops and events. The Company's leadership also kept in touch with their teams for regular sharing of critical organisation policies and practices.

The Company's stable work culture created over the years helped it to work efficiently during the lockdown period. A rotation system of work, alternate work days, three-day work weeks, 25% staff work systems and limited hour work systems were followed to maintain social distancing at the work place. Office premises were regularly sanitised, with strict adherence to wearing face masks and to maintaining proper distances and followed all Covid-19 safety norms.

The HR department also offered improvement training programmes to employees. Kaveri Seed follows clearly defined policies to enhance the managerial skills of promising talent.

The leadership team of the Company has wealth of experience in seed and crop protection industry. It has a team of more than 88 dedicated scientists comprising breeders, agronomists, biotechnologists and seed technologists, along with dynamic sales and marketing professionals. Currently, the workforce includes over 1195 members, who are driving the Company's levers of growth.

POLICY ON SEXUAL HARASSMENT

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

<https://www.kaveriseeds.in/images/pdf/images/sexual-harrasment-policy.pdf>

SHARE CAPITAL

During the year, there was no change in the Paid-up Share Capital of the Company.

The paid up Equity Share Capital as on March 31, 2021 was Rs. 1206.58 lakh. During the year under review, the Company has not issued any buyback of equity shares of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

INSIDER TRADING CODE

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('the PIT Regulations') on prevention of insider trading, your Company has revised its Code of Conduct for regulating, monitoring and reporting of trading by Designated Persons, in line with the recent amendments brought by SEBI in the PIT Regulations. The said Code lays down guidelines, which advise Designated Persons on the procedures to be followed and disclosures to be made in dealing with the shares of the Company and cautions them on consequences of non-compliance. Your Company has also updated its Code of practices and procedures for fair disclosures of unpublished price sensitive information by including a policy for determination of legitimate purposes.

AWARDS AND RECOGNITION(S) RECEIVED FOR THE YEAR 2020-2021:

Your Company has won the following prestigious Awards & Recognitions

- ❖ The Kaveri Seed Company Ltd figured on the **Forbes Asia's 200 Best Under a Billion List** for the 6th time **during 2020**.
- ❖ The Agriculture Today group awarded it the outstanding performers in the Seed Sector (Public and Private) for the growth of agriculture in India. **Kaveri Seed Company Ltd.** received two awards for the diverse areas of activity in the seed sector - **Excellent Seed Infrastructure-Processing and Best CSR Initiatives** on December 5, 2020.
- ❖ FTCCI, in Association with SarvHR, Presented the **2nd Edition of FTCCI HR Awards 2019** issued by IDC and HR & IR Committee, 2020

- ❖ Your Company's QC Lab received the **National Accreditation Board for Testing and Calibration Laboratories (NABL) Certificate of Accreditation** in accordance with the standard ISO/IEC 17025:2017 from 25.11.2020 to 24.11.2022.
- ❖ Your Company has received the Masters of Risk in Agriculture Award in Mid Cap Category at the 7th CNBC - TV 18 India Risk Management Awards 2020-21
- ❖ Received the **Seeds – A Gateway of Prosperity – Gold, award in** New Delhi by the Indian Seed Congress, 2020

INDUSTRIAL RELATIONS:

The Company enjoyed cordial relations with its employees at all levels. Your Directors record the appreciation of the support and co-

operation of all employees and counts on them for the accelerated growth of the Company.

ACKNOWLEDGEMENTS:

The Directors acknowledge and would like to place on record the commitment and dedication on the part of the employees of your Company for their continued effort in achieving such good results. Your Company is grateful to the distributors, dealers, customers and the farming community for their support and encouragement. Your Directors thank the banks, financial institutions, Government departments and shareholders and look forward to having the same support in all our future endeavours.

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

Place: Secunderabad,
Date: 13.08.2021



Sd/-
G.V.BHASKAR RAO
Managing Director

Sd/-
G.VANAJA DEVI
Whole time Director