

Kaveri Seed Company limited

29th Annual General Meeting

Chairman's Speech

27th September, 2016

I am delighted to welcome you all to the 29th Annual General Meeting of your Company, Kaveri Seed Company Ltd. Let me at the outset, extend a big thank you to all shareholders of the Company for their whole hearted support and cooperation in furthering the overall growth and progress of our Company.

I am sure; you all would have gone through the Annual Report of the Company for the year 2015-16. Let me briefly share with you some perspectives of what has been a very challenging year.

Deficient rainfall resulted in another drought year, meaning consecutive weak Kharif seasons. Further, the Rabi season was impacted by non-availability of water. All this meant farmers income lowered and they traded down, which in turn impacted yields. Curtailed farmer investments led to lower scale-up in revenues and a delay in new product introductions for seed companies.

Looking at cotton, which forms a significant piece of the seed business, FY16 witnessed a significant drop in volumes and acreages, with no price hikes and one of the shortest sales seasons. A difficult macro environment also resulted in a relatively higher percentage of returns.

I am happy to share with you some positives too for the year. These positives are testament to the resilience of your Company's business model and its capabilities. Firstly, we were able to maintain realizations in a market that was largely moving towards discounts; this helped us successfully maintain our margins. Secondly, 'Jadoo', our top selling cotton seed product, continued to do very well despite significant competition, and we expect the momentum to continue. New products such as ATM and Super Duper also gained strong traction during the year. Further, we gained market share in non-credit markets of MP, Gujarat and Maharashtra. Moving away from cotton, hybrid rice also reported volumes of 1,998 tonnes against 1,510 tonnes last year, a

notable growth of 32%. Our stringent focus on maintaining realizations and limiting presence in the credit market in a difficult year also translated to healthy cash reserves.

All our endeavors during the year under review were in line with our four pronged focus of enhancing our R&D capabilities, expanding our marketing reach, widening our portfolio of offerings and most importantly strengthening our association with our partner, the farmer. Let me briefly elaborate on these pillars.

As you would know, we have an advanced R&D program which has developed several higher than average yield and high - stress tolerance seeds. The rapid increase in our market share over the years is reflection of our R&D strength.

A focused pan India presence, strong warehouse capabilities and pioneering production facilities all tie in to comprehensive and market-centric operations which have enabled Kaveri to garner higher acceptance for new range of products and expand presence in newer states and geographies. While our market position is well established in South India, our market reach is growing beyond and reaching out to central, northern, eastern and western geographies.

Farmer prosperity has always been at the heart of our business objectives. Our business is built around close engagement with growers & farmers and we have dedicated 'grower" network of 100,000 production growers across 12 different agro-climatic zones. It takes years of consistent performance of products and desired yields to build the kind of credibility that we have built with the farming community. Our pursuit on seed innovation since inception has helped farmer yields enormously and earned us tremendous goodwill amongst farmers and distributors. These relationships have helped us to capture market share in newer geographies and segments.

Talking of diversity of product portfolio, while hybrid cotton seeds remain the cornerstone of our offerings, we have over the time leveraged the phenomenal success of Jadoo, Jackpot and ATM to successfully introduce new products across our key crop segments. As on 31 March 2016, I am happy to share our product portfolio includes more than 90 products which include cotton, corn, paddy, bajra, sunflower, sorghum, mustard, wheat, gram, tomato, okra, chilies and watermelon.

Let me now dwell briefly on the industry

As we know, for a developing country like India with close to 1.3 billion people and shrinking arable land, the priority is to focus on sustainable agricultural practices which will be achieved through the deployment of advanced technology and consistent research and development efforts. Seed is the basic and most critical input for sustainable agriculture across the world. It is estimated that the direct contribution of quality seeds alone to the total production is around 15-20%, depending upon the crop.

The country's seed industry is evolving at a rapid pace. It grew at a compound growth rate of 8.4% in volume terms from FY 2009 to FY 2015 to reach 3.5 million tonnes in consumption.

The Government is focused on creating an enabling environment for the seed players and this in turn will only be a positive. A case in point is the Central Government decision to regulate Cotton seed price and royalty amount from financial year 2017 which helps considerably towards business visibility.

In conclusion I believe your Company is on a strong footing and given a continued supportive environment and normal monsoon, I am confident of sustained improvement in operational and financial performance. I thank all our stakeholders for their support and look forward to your continued participation in Kaveri Seed's journey.

Sincerely,

Sd/-

G. V. Bhaskar Rao

Chairman & Managing Director