



**34TH  
ANNUAL REPORT 2009-10**



**VENKY'S (INDIA) LIMITED**



**Padmashree Late Dr. B.V. Rao**  
**(1935-1996)**

*"My group is passionately committed in bringing quality and technology to the Indian poultry industry."*

*"The poultry industry must become self-supporting and self-reliant through better productivity, scientific management and an organised marketing effort."*

*"Venkateshwara Hatcheries has earned this leadership position because of our extra-ordinary standards in quality service and absolute integrity."*

*"Technologically Indian poultry can match the world's best. Our productivity levels both in layer and broiler segments are second to none. Yet we also feel small, for there is so much to be done and so much more that can be done."*

*"All our plans and programmes should be aimed at ensuring that the small farmer continues to remain in the industry and prosper."*

*"Under the Indian conditions, the small farmer is the backbone and the kingpin of our industry and he will continue to be so far all time to come."*

*Padmashree Dr. B. V. Rao*



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## *A Message From The Chairperson*

Dear Shareholders,

Greetings of the Season !

I take pleasure in presenting you with a brief review of the performance of Venky's (India) Limited in 2009-10 and a general scenario of the poultry sector in India.

Financial year 2009-10 has been an eventful year for Venky's. During this year we saw that the Company has done well and there has been a growth in sales turnover and profits. The year started with a stable outlook for the poultry industry and your Company in particular and ended on a satisfactory note.

During this year, several measures were taken to improve the overall performance of the Company. These range from launching a new design for Venky's logo, introduction of state-of-the-art consumer friendly packaging for processed chicken products, improvement in distribution network of Venky's products and steps to enhance operational efficiency in all segments. These measures have positively impacted the financial performance of the Company.

The success of the VH Group can be attributed to the commitment to high quality product portfolio and the dedicated round the clock after sales service, foundation for which had been laid by our beloved Late Chairman Padmashree Dr. B.V. Rao. Thanks to the creation of a strong infrastructure and farsighted vision of our Late Chairman, we are able to maintain the steady growth of the poultry industry. As you all are aware, the poultry industry continues to be a key player in providing a source of affordable and nutritious food, especially in these days of rising prices of food products. The industry has vast potential to grow into a major contributor to the Indian economy in the foreseeable future. As we have been repeatedly emphasising, the vast gap between our present per capita consumption (53 eggs and 3.2 kg. of poultry meat) and National Institute of Nutrition (NIN) recommended level (180 eggs and 11 kg of poultry meat) offers great opportunity for the growth of poultry industry in the future.

Coming back to performance of Venky's (India) Limited, while the Company performed well in the year 2009-10, we continue to direct our efforts in not only maintaining the good performance in 2010-11 but also look for opportunities to improve the same thereby ensuring better returns to the shareholders.

My best wishes to you and your families.

**Anuradha J. Desai**  
Chairperson



## BOARD OF DIRECTORS

Mrs. Anuradha J. Desai	— Chairperson
Mr. B. Venkatesh Rao	— Vice Chairman
Mr. B. Balaji Rao	— Managing Director and Chief Executive Officer
Mr. Jitendra M. Desai	
Mr. S.B. Thorat	
Mr. B.G. Deshmukh	
Mr. C. Jagapati Rao	
Lt. Col. (Retd.) Ashok Mahajan	

## AUDIT COMMITTEE

Mr. B.G. Deshmukh	— Chairman (Independent Director)
Mr. S.B. Thorat	— Member (Independent Director)
Mr. Jitendra M. Desai	— Member (Non-Executive Non-Independent Director)
Lt. Col. (Retd.) Ashok Mahajan	— Member (Independent Director)

## SHARE TRANSFER & INVESTORS' GRIEVANCES COMMITTEE

Mrs. Anuradha J. Desai	— Chairperson
Mr. B. Venkatesh Rao	— Member
Mr. Jitendra M. Desai	— Member

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. A. G. Bauskar

## BANKERS

State Bank of India  
Industrial Development Bank of India

## AUDITORS

Sudit K. Parekh & Co.  
*Chartered Accountants*  
Ballard House, 2nd floor, Adi Marzaban Path,  
Ballard Pier, Fort, Mumbai-400 001.  
Tel. : 022-66178000

## REGISTRAR AND SHARE TRANSFER AGENTS

Bigshare Services Private Limited  
E-2, Ansa Industrial Estate  
Sakivihar Road, Sakinaka  
Andheri (East), Mumbai-400 072.  
Tel. : 022-28470652-53, 40430200

**CIN** - L01222PN1976PLC017422

## REGISTERED AND CORPORATE OFFICE

"Venkateshwara House"  
S.No. 114/A/2, Pune-Sinhagad Road,  
Pune-411 030  
Tel. : 020-24251530 to 41  
Fax : 020-24251077

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Celebrating  
25 years

Enjoy!



chicken  
meatballs



vienna  
sausages



Ready-to-Eat Chicken



### *Chicken Samosa*



### *Fry & Serve*

Tantalize your taste buds with crisp, tangy samosas. Deep fry the frozen samosas in hot oil, for 7 to 8 minutes or till golden brown. Serve with mint chutney.

### *Chicken Lollipop*



Authentic Chinese style Lollipops, marinated with all the required seasoning. Thaw the product, then deep fry in hot oil for 5 to 6 minutes or till reddish brown. Serve with Tomato Ketchup or Hot Garlic Sauce.



Get the pleasure of fast food in the convenience of your home. Deep fry the frozen patty in oil, till golden brown. Serve the patty with buttered burger, mustard sauce and tomato ketchup.

### *Chicken Nuggets*



## *chicken Nuggets*

The all time favourite product of one and all. Deep fry the frozen nuggets in hot oil, for 3 to 5 minutes or till golden brown. Serve with tomato ketchup or spicy dip.





## Heat & Serve

An enjoyably 'Masaledar' product made using bonless chicken. Heat in a pan or in a microwave and it is ready to eat with chapati / roti / bread or rice.

### Murg Masala



Bonless Chicken prepared using a traditional Punjabi recipe. Heat in a pan or in microwave.

### Chicken Kheema



A chicken mince seasoned with the perfect Indian spices. Heat in a pan or in a microwave and serve with Pav.

### Chicken Sheek kabab



## chicken sheek kabab

Perfectly spiced kababs made from chicken meat. Thaw the product and shallow fry in a pan until brown. Serve with mint chutney.



## FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	2009-10	2008-09	2007-08	2006-07	2005-06
<b>OPERATING RESULTS</b>					
Turnover & Other Income	71,066	57,526	52,838	41,688	38,377
Material Cost	45,007	38,224	32,940	26,042	23,070
Personnel Cost	4,374	4,099	3,774	3,302	2,918
Interest	504	788	872	483	317
Other Expenses	12,055	10,450	10,243	9,314	9,677
Depreciation	898	862	827	734	617
Provision for decline in Value of Investments	—	—	—	—	—
Provision for Contingencies Written back	—	—	—	—	—
Profit Before Tax	8,229	3,103	4,182	1,814	1,779
Profit After Tax	5,432	2,056	2,661	1,152	1,177
Dividend (In Rs. per Equity Share)	4.00	3.50	3.50	3.00	2.00
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	15,948	14,708	14,684	13,450	10,899
Current Liabilities	6,317	6,095	5,750	5,215	4,543
Net Current Assets	9,630	8,613	8,934	8,235	6,356
Net Fixed Assets	13,352	12,617	12,270	11,596	10,700
Investments	8,131	5,211	5,263	4,442	4,040
Deferred Tax Liability	(1,458)	(1,341)	(1,392)	(1,543)	(1,392)
Miscellaneous Expenses	—	—	—	—	—
Total Assets	29,655	25,100	25,075	22,730	19,704
<b>Financed By</b>					
Share Capital	939	939	939	939	939
Reserves & Surplus	19,721	14,768	13,097	11,227	10,307
Capital Grants and Subsidies	3	3	4	5	103
Borrowings	8,992	9,389	11,035	10,559	8,356
Total Liabilities	29,655	25,100	25,075	22,730	19,704
Earning per share (Rs.)	57.83	21.89	28.33	12.26	12.53
Book Value (Rs.)	220	167	149	129	120
Debt Equity Ratio	0.44	0.60	0.79	0.87	0.74





## FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	2004-05	2003-04	2002-03	2001-02	2000-01
<b>OPERATING RESULTS</b>					
Turnover & Other Income	34,752	31,231	30,076	26,643	22,563
Material Cost	19,341	18,496	18,439	15,778	14,588
Personnel Cost	2,635	2,302	2,190	2,057	1,753
Interest	344	408	437	462	576
Other Expenses	9,348	7,186	7,501	6,199	3,914
Depreciation	602	624	575	527	487
Provision for decline in Value of Investments	—	—	—	—	11
Provision for Contingencies Written back	(200)	—	—	—	—
Profit Before Tax	2,683	2,215	933	1,620	1,234
Profit After Tax	1,667	1,614	768	1,081	864
Dividend (In Rs. per Equity Share)	3.50	3.50	3.00	4.00	4.00
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	9,436	10,087	9,203	8,287	6,997
Current Liabilities	4,223	4,227	3,941	3,592	2,859
Net Current Assets	5,213	5,860	5,261	4,695	4,138
Net Fixed Assets	9,056	8,948	9,326	8,071	8,084
Investments	2,412	1,033	506	718	395
Deferred Tax Liability	(1,575)	(1,469)	(1,392)	(1,535)	—
Miscellaneous Expenses	33	67	100	—	—
Total Assets	15,139	14,439	13,802	11,949	12,615
<b>Financed By</b>					
Share Capital	939	939	975	1,027	770
Reserves & Surplus	8,955	7,663	6,589	6,260	7,394
Capital Grants and Subsidies	103	98	96	97	77
Borrowings	5,142	5,739	6,142	4,565	4,374
Total Liabilities	15,139	14,439	13,802	11,949	12,615
Earning per share (Rs.)	17.75	17.18	7.88	10.53	11.22
Book Value (Rs.)	105	92	78	71	106
Debt Equity Ratio	0.51	0.66	0.80	0.63	0.53



Celebrating  
25 years

chicken  
franks



chicken  
sheek kabab



murg  
masala



chicken  
cutlets



chicken  
fingers





## NOTICE

**Notice** is hereby given that the 34th Annual General Meeting of the members of the Company will be held on Friday, the 27<sup>th</sup> August, 2010 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411005 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year ended as on that date together with the Auditor's Report and Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mrs. Anuradha J. Desai, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Jitendra M. Desai, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Pune  
May 25, 2010

**A.G. BAUSKAR**  
Company Secretary

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A brief profile of Directors retiring by rotation and being eligible for reappointment is given in the report of Corporate Governance, which forms part of Directors' Report and shareholders are advised to refer to the same.
3. The Register of Members of the Company will remain closed from 23<sup>rd</sup> August, 2010 to 27<sup>th</sup> August, 2010 (both days inclusive).
4. The dividend as recommended by the Board of Directors, if declared at the meeting, be paid to those shareholders or their mandate(s), whose names appear on the Register of Members of the Company as on 27<sup>th</sup> August 2010 and in respect of shares held in electronic mode, as beneficial owners in the record of the Depositories as on 27<sup>th</sup> August 2010.
5. In case of dematerialisation of shares, the dividend payment shall be made through ECS, wherever relevant bank account details are made available by NSDL and CDSL.
6. In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide their bank account number, name and address of the bank / branch to M/s. Bigshare Services Private Limited, Registrar and Share Transfer Agent of the Company, in respect of shares held in physical mode and to their respective Depository

- Participants for demat mode to enable them to incorporate the same in the Dividend warrant.
7. Shareholders may avail Electronic Clearing Service (ECS) for receiving direct credit of dividend to their respective accounts with Banks. This will enable expeditious credit of dividend amount and protect from loss, theft and postal delay of dividend warrants.
  8. Members are requested to notify immediately change in their address to M/s. Bigshare Services Private Limited, Registrar and Transfer Agent of the Company. Members holding shares in demat form should inform this to their respective Depository Participants.
  9. Members holding shares in identical order or names in more than one folio are requested to write to the Company for consolidation and send relevant share certificates for consolidation.
  10. Members desiring any information on Accounts are requested to write to the Company so as to reach atleast ten days before the meeting to enable the Company to keep the information ready at the meeting.
  11. Members/ Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip dully filled-in for attending the meeting.
  12. Pursuant to Section 205A & 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unclaimed for seven years from the date of such transfer shall be transferred by the Company to a Fund called "Investor Education and Protection Fund" set up by the Central Government. Accordingly, the unclaimed dividend in respect of dividend declared on 06.09.2002 for the financial year 2001-02 has been transferred to the "Investor Education and Protection Fund". The unclaimed dividend for the financial year 2002-03 onwards will become transferable at the end of seven years from the respective dates of transfer of such amount to the unclaimed dividend account of the Company to the said Investor Education and Protection Fund and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. Shareholders are, therefore, requested to check and send their claims, if any, for the relevant financial years from 2002-03 onwards before the respective amounts become due for transfer to the above fund.
- By order of the Board of Directors
- Pune  
May 25, 2010
- A.G. BAUSKAR**  
Company Secretary





## DIRECTORS' REPORT

The Shareholders,

Your Directors have pleasure in presenting the Thirty Fourth Annual Report and audited accounts for the financial year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

	(Rs. in Lakhs)	
Description	2009-10	2008-09
Profit Before Tax	8,229	3,104
Provision for taxation		
- Current	(2,681)	(1,040)
- Deferred	(116)	50
- Fringe Benefit Tax	—	(58)
Profit After Tax	5,432	2,056
Add : Excess/(short) provision for tax in previous periods	(40)	—
Balance of Profit & Loss Account brought forward	6,954	5,489
Profit available for Appropriation	12,346	7,545
Appropriations :		
Transfer to General Reserve	543	206
Dividend	376	329
Corporate Dividend Tax	62	56
Balance profit carried forward	11,365	6,954
	12,346	7,545

### OPERATIONS

Sales turnover for the year ended 31<sup>st</sup> March, 2010 amounted to Rs. 70,628 lakhs as against Rs. 57,026 lakhs achieved in the previous year, registering a growth of 24%. Profit before tax recorded excellent growth of 165% at Rs. 8,229 lakhs as compared to 3,104 lakhs in the previous year.

During the year under review, the poultry and poultry products segment recorded significant growth in revenue and profits due to improved market conditions. There was a good growth in sales volume in this segment. Also, there was improvement in efficiencies in operations and better cash flow management. As a result of these factors the

Company registered substantial improvement in overall performance as compared to the previous year.

### DIVIDEND

Your Directors recommend a dividend of Rs. 4 per equity share (40%). The dividend, if approved at the ensuing annual general meeting, will absorb Rs. 376 lakhs (previous year Rs. 329 lakhs).

### SEGMENT-WISE PERFORMANCE

Operational performance of each business segment has been comprehensively covered in the Management Discussion and Analysis Report given in Annexure-A which forms part of this Report.

### CORPORATE GOVERNANCE

As per the requirements of Clause 49 of the Listing Agreement a separate report on Corporate Governance along with the certificate issued by Company Secretary in Whole-Time Practice thereupon is given in Annexure-B which forms part of this Report.

### DIRECTORS

As per the provisions of Articles of Association of the Company, Mrs. Anuradha J. Desai and Mr. Jitendra M. Desai, Directors are due for retirement by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for reappointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors declare that:

1. the accounts for the year ended 31<sup>st</sup> March, 2010 have been prepared by following applicable accounting standards;
2. the Directors 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 ended 31<sup>st</sup> March, 2010 and of the profit of the Company for that year;
3. proper care has been taken for the maintenance of adequate records for safeguarding the assets

of the Company and for preventing and detecting frauds and other irregularities; and

4. the accounts for the year ended 31<sup>st</sup> March, 2010 have been prepared on a going concern basis.

#### **FIXED DEPOSITS**

The Company has discontinued the fixed deposit schemes. However, deposits amounting to Rs.40,000/- from 3 depositors which were due for repayment have remained unclaimed as on 31<sup>st</sup> March, 2010.

#### **ACCOUNTS**

The accounts read with the notes thereon are self-explanatory and hence do not call for any further comments.

#### **INSURANCE**

The assets of the Company which include buildings, sheds, machinery, stocks, etc. are adequately insured.

#### **PERSONNEL AND HUMAN RESOURCES**

Employee relations continued to be cordial throughout the year. The Company did not have any employee during the year under review whose remuneration is required to be disclosed in terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

#### **AUDITORS**

M/s. Sudit K. Parekh & Co., Chartered Accountants, hold office of Auditors upto the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

#### **INFORMATION UNDER SECTION 217(1)(e)**

##### **A. Conservation of Energy**

The operations of the Company are not power intensive. Nevertheless, the Company continues its efforts to conserve energy wherever practicable, by economising on the use of power at the farms, hatchery and offices. The Company has installed state-of-the-art hatchers and setters at its hatcheries.

#### **B. Technology Absorption**

##### **1. Research and Development (R & D)**

- a) Specific areas : R & D activities of the Company are concentrated in the areas of developing wider application of Specific Pathogen Free (SPF) eggs and application of various breeder management techniques to improve productivity and increase feed efficiency.
- b) Benefits derived : Wider acceptance of SPF eggs in the manufacture of human and livestock vaccines in India and higher production and increased feed efficiency of breeders.
- c) Plan of action : Further promotion of SPF eggs applications in the biological industry.
- d) Expenditure on R & D : The expenditure incurred by the Company during the year on Research and Development was Rs. 34 lakhs.

##### **2. Technology Absorption, Adaptation and Innovation**

- a) Efforts made : The Company maintains continuous interaction with Charles River Laboratories Inc. (formerly SPAFAS Inc.), U.S.A. for absorption of technology.
- b) Benefits :
  - i. Development of new application
  - ii. Savings in foreign exchange through import substitution.
- c) Technology Imported : SPF egg production and Reagent production technologies were imported from Charles River Laboratories Inc. The benefit of the ongoing research by them in the said technologies is being derived by the Company through continued association with them.

#### **C. Foreign Exchange Earnings and Outgo**

1. Efforts have been made to increase exports of hatching eggs and SPF eggs.
2. Earnings and outgo:
  - a. Foreign exchange earnings (FOB) : Rs. 46 lakhs
  - b. Foreign exchange outgo : Rs. 237 lakhs



Venky's (India) Limited

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#### **ACKNOWLEDGEMENT**

The Directors place on record their appreciation for the excellent services of the employees at all the levels. The Company also expresses its thanks to its shareholders, bankers, Central and State Governments and district level authorities, dealers and customers of the Company for their valued support.

For and on behalf of the Board of Directors

Pune  
May 25, 2010.

**ANURADHA J. DESAI**  
CHAIRPERSON

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Development :

The global economy which witnessed recessionary trend in 2008 and 2009 is slowly but steadily on the recovery path. Though the resumption in economic growth brings the much awaited relief, certain uncertainties still remain which cannot be ignored. On the other hand the Indian economy, after witnessing a temporary slow down, resumed the growth swiftly and, in fact, is presently growing on an encouraging note. It is estimated that the Indian GDP growth rate would have posted a modest growth of 7.2% for the year 2009-10, thanks to the stimulus economic package offered by the Government of India and also due to low dependence on external factors and a growing domestic demand. During the financial year 2009-10, though certain industries in India did face problems in terms of deceleration in demand, lower exports, unfavourable currency movements etc., the poultry industry continued to grow at satisfactory rates i.e. 15% to 20% in broilers and 8% in layers.

The growth rate witnessed by the poultry industry in the past is likely to continue for the foreseeable future. Today the poultry industry is a Rs.45,000 crore industry, providing direct and indirect employment to over 3.2 million persons. Little over 20 million agricultural farmers, especially the maize and soya growers, are also dependent for their livelihood on poultry industry. 75% to 80% of the cost of production in the poultry industry consists of feed ingredients, like maize and soya. With an annual production of over 53,000 million eggs, India ranks second in the world in egg production. The broiler production is estimated at 3.2 million tons of chicken meat and India ranks third in the world. On the export front also, there was a significant growth in export of egg powder. Export of other poultry products like table eggs and hatching eggs is also expected to resume shortly.

Farm gate prices of eggs and broilers are ruling at levels which are reasonably remunerative to poultry farmers. The poultry industry has the inherent strength and resilience to face challenges in the form of high prices of feed ingredients and runaway increase in other input costs. Thanks to Late Dr. B.V. Rao's vision and farsighted planning, our industry has a strong

R&D base, production infrastructure and a world class health care system. Based on these strengths, VH Group is confident of a steady and continuous growth of the industry in the years to come.

### 2. Opportunities, Threats, Risks and Concerns :

The vast gap between our present per capita consumption (53 eggs and 3.2 kg. of poultry meat) and National Institute of Nutrition (NIN) recommended level (180 eggs and 11 kg of poultry meat) offers a tremendous opportunity for the growth of poultry industry at least for the next two decades.

The National Meat and Poultry Processing Board set up by the Government of India in February, 2009 with the objectives of streamlining the meat and poultry processing industry and address issues relating to the production of clean and hygienic meat and meat products is expected to give great fillip to the chicken processing segment of the poultry industry. With a steady rise in disposable income and urbanisation in almost every part of India, the growth in demand for poultry products is likely to sustain which is encouraging.

Processing of poultry production at a very low rate of 2% even now due to lack of cold-chain and retail infrastructure and also the unpredictable price behaviour of feed ingredients are some of the concerns and they continue to remain as challenges that need to be addressed.

### 3. Segmentwise Performance :

#### a. Poultry and Poultry Products

The Company's major business segment is poultry and poultry products which consists of production and sale of day old broiler and layer chicks, specific pathogen free eggs, processed chicken products and poultry feed. In 2009-10 this segment's turnover was Rs. 48,136 lakhs as compared to Rs. 38,005 lakhs in the last year. The profit before tax and interest of this segment was Rs. 6,947 lakhs as compared to Rs.1,904 lakhs in the previous year.





**b. Animal Health Products**

The Company has its animal health products manufacturing facility at Pune. This segment's sales turnover was Rs. 6,245 lakhs as compared to Rs. 5,512 lakhs. Profit before tax and interest was Rs. 1,107 lakhs as against Rs. 985 lakhs in the last year.

**c. Oilseed**

This segment registered a sales turnover of Rs. 23,590 lakhs as compared to Rs. 20,235 lakhs last year. Profit before tax and interest was lower Rs. 1,176 lakhs as against Rs. 1,937 lakhs in the previous year. Lower realisation in oil prices was the main reason for the fall in profit.

**4. Outlook :**

There are signs of stabilisation in the prices of maize and soya - the key ingredients of poultry feed, though a sudden spurt in the prices due to unforeseen circumstances cannot be ruled out. Demand for poultry products continue to be robust and your Company is expected to benefit from it. Based on the indications available, the Company is expected to continue its good performance in the year 2010-11.

**5. Internal Control Systems and their adequacy :**

The internal control system is designed to ensure that all the financial and other records are reliable for preparing financial statements and for maintaining accountability of the assets. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that

transactions are authorised, recorded and reported correctly.

Commensurate with the size of operation, your Company has Internal Audit Department which continuously reviews the internal control system by an exclusive programme of Internal Audit. The significant findings are then discussed by the Audit Committee of Directors and corrective measures were initiated. The Audit Committee also monitors the implementation of recommendations made by it.

**6. Discussion on Financial Performance with respect to Operational Performance :**

The turnover of the Company registered growth of 24% over the last year from Rs. 57,026 lakhs to Rs. 70,628 lakhs. The profit before tax from operations increased by 165% from Rs. 3,104 lakhs to Rs. 8,229 lakhs.

The borrowings of the Company during the year were decreased by about 4.2% from Rs. 9,389 lakhs to Rs. 8,992 lakhs. Interest cost of the Company has fallen by 36% from Rs. 788 lakhs to Rs. 504 lakhs.

Keeping in view liquidity, returns and also safety, the Company has invested the surplus funds in debt/liquid schemes of mutual funds.

**7. Material Development in Human Resources/ Industrial Relations front, including number of people employed :**

In line with VH Group's corporate philosophy, the Human Resource is considered as the most valuable resource in the Company. The focus is on developing a performance culture with high standards of efficiency and innovation. Employee relations at all levels continue to remain cordial.

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### A. MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on code of governance :

The Company is committed to benchmarking itself with the best in all areas including Corporate Governance. The Company's philosophy of Corporate Governance is aimed at strengthening the confidence among shareholders, customers, employees and ensuring a long-term relationship of trust by maintaining transparency and disclosures. The Company believes in maintaining highest standards of quality and ethical conduct in all the activities of the Company.

#### 2. Board of Directors, Composition, No. of Board meetings attended during the year :

##### (a) Composition and size of the Board

As on 25<sup>th</sup> May, 2010 the Board consists of 8 Directors out of which 4 Directors (50%) are Independent Directors and 4 Directors (50%) are Non - Independent Directors.

Independent Directors are Non-executive Directors, who apart from receiving Director's Remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its directors, its senior management or its associates, which, may affect the independence of the Director and who are not related to the promoters or senior management of the Company and who has not been an executive of the Company and who is not a partner or an executive of the statutory audit firm, internal audit firm, legal firm and consulting firm who is associated with the company and who is not a material supplier, service provider or customer or a lessor or a lessee of the Company, which may affect the independence of the director and who is not a substantial shareholder of the company i.e. owning two percent or more of the block of voting shares

##### (b) No. of Board Meetings held during the year along with the dates of the Meetings

During the year 2009-10, four meetings were held. The dates on which the said meetings were held are as follows :

1. 8<sup>th</sup> May, 2009,      2. 30<sup>th</sup> July, 2009      3. 30<sup>th</sup> October, 2009,      4. 29<sup>th</sup> January, 2010.

##### (c) Attendance of Directors:

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of Companies and Committees where he/she is Director/Member (as on the date of the Directors' Report)

Name of Director of the Company	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 25 <sup>th</sup> June, 2009	No. of Directorships in other Public Companies	No. of Committee Positions [other than Venky's (India) Limited] in which Chairman/Member	
					Chairman	Member
Mrs. Anuradha J. Desai	Chairperson	4	Yes	3	1	1
Mr. B. Venkatesh Rao	Vice -Chairman	4	Yes	1	—	1
Mr. S. B. Thorat*	Director	4	Yes	—	—	3
Mr. C. Jagapati Rao*	Director	3	No	2	1	—
Mr. Jitendra M. Desai	Director	4	Yes	1	—	3
Mr. B. G.Deshmukh*	Director	2	Yes	3	—	—
Mr. B. Balaji Rao	Managing Director	4	No	—	—	1
Lt. Col. (Retd.)Ashok Mahajan *	Director	4	Yes	1	—	—

\*Independent Directors



**No. of Equity Shares held by Non-Executive Directors as of 31<sup>st</sup> March, 2010 :**

<b>Name of the Director</b>	<b>No. of Equity Shares as of 31<sup>st</sup> March, 2010</b>
Mrs. Anuradha J. Desai	4,11,951
Mr. B. Venkatesh Rao	43,554
Mr. Jitendra M. Desai	20,053
Mr. S. B. Thorat	39,010
Mr. C. Jagapati Rao	95,342
Mr. B. G. Deshmukh	Nil
Lt. Col. (Retd.) Ashok Mahajan	Nil

**3. Details of Directors being appointed or re-appointed :**

As per the provisions of the Companies Act, 1956 and Article 141 to 143 of the Articles of Association of the Company Mrs. Anuradha J. Desai and Mr. Jitendra M. Desai, Directors retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

**Brief profile of the Directors proposed for appointment / re-appointment.**

**Mrs. Anuradha J. Desai**, aged 47 years, is the Director of the Company since 1988. She is the Chairperson and Managing Director of VH Group of Companies. She has been instrumental in consolidating the Group's pre-eminent position in the country's poultry sector. She has received many accolades, which include the "Udyog Rattan Award" by the Institute of Economic Studies-Delhi, "Best Women Entrepreneur Gold Award" from the Institute of Marketing Management and the "Best Woman Entrepreneur Award" from Yuva Bharati, and Honorary Doctorate from Tamil Nadu University of Veterinary and Animal Sciences. Mrs. Anuradha J. Desai is the first woman to be elected as President of World Poultry Science Association (IB) for four years from 1996.

Mrs. Anuradha J. Desai is Chairperson and Managing Director of Venkateshwara Hatcheries Private Limited and Chairperson of Agrocorpex India Limited, National Egg Co-ordination Committee, Venco Research and Breeding Farm Private Limited, Venkateshwara Research and Breeding Farm Private Limited, VJ Equipment Private Limited, V.R. Equipment Limited and Director in Bala Entertainment International Private Limited, B.V. Bio-Corp Private Limited, Eastern Hatcheries Private Limited, Srivenk Investment and Finance Private Limited, Venka Investments Private Limited, Lavasa Corporation Limited, Centre for International Trade in Agriculture and Agro Based Industries, Bharat Eggs Producers Association, Poultry Development Promotion Council, Uttara Biosciences Private Limited, Uttara Impex Private Limited, Wayward Acres Inc., Venky's (Middle East) FZCO, Venkys South Africa Pty Ltd., Uttara Foods and Feeds (Pvt) Ltd – Dhaka, Uttara Masala Products Pvt Ltd, Uttara Foods and Feeds Private Limited, Uttara Hatcheries and Agri- Farms Private Limited, Uttara Poultry and Agri Farms Private Limited and All India Poultry Development and Services Private Limited.

Mrs. Anuradha J. Desai is Chairperson of "Share Transfer and Investors Grievances Committee" and "Operations Committee" of Venky's (India) Limited and "Operations Committee" of Venkateshwara Hatcheries Private Limited and is Member of "Audit Committee" of Lavasa Corporation Limited.

**Mr. Jitendra M. Desai**, aged 47 years, is Director of the Company since 1993. He is member of Institute of Chartered Accountants of India and has expertise in corporate structuring, financial management and taxation.

Mr. Jitendra M Desai is Managing Director of Venkateshwara Research and Breeding Farm Private Limited and whole-time Director of Venkateshwara Hatcheries Private Limited. He is Director in Bala Entertainment International Private Limited, Eastern Hatcheries Private Limited, B.V. Bio-Corp Private Limited, Srivenk Investments and Finance Private Limited, Uttara Masala Products Private Limited, VJ Equipment Private Limited, V.R. Equipment Limited, Uttara Hatcheries and Agri-Farms Pvt.Ltd, Uttara Poultry and Agri Farms Pvt. Ltd, Venka Investments Private Limited, Uttara Biosciences Private Limited,

Uttara Impex Private Limited, Venkys South Africa Pty Ltd. and Wayward Acres Inc. He is alternate Director in Venco Research and Breeding Farm Private Limited.

Mr. Jitendra M. Desai is member of Operations Committee, Share Transfer & Investors Grievances Committee and Audit Committee of Venky's (India) Limited and member of Operations Committee, Audit Committee and Remuneration Committee of Venkateshwara Hatcheries Private Limited.

#### 4. Audit Committee :

##### (Terms of Reference, Composition, Meetings Held during the year)

There were four meetings of the Audit Committee held during the year. The dates on which the said Audit Committee Meetings were held are as follows:

1. 8<sup>th</sup> May, 2009, 2. 30<sup>th</sup> July, 2009, 3. 30<sup>th</sup> October, 2009, 4. 29<sup>th</sup> January, 2010.

The attendance of each Member of the Committee is given below :

Name of Member	Number of meetings attended
Mr. B. G. Deshmukh	2
Mr. S. B. Thorat	4
Mr. Jitendra M. Desai	4
Lt. Col. (Retd.) Ashok Mahajan	4

The Terms of Reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The Audit Committee comprises of all the Non-Executive Directors. Mr. B.G. Deshmukh, an Independent Director, is the Chairman of the Committee. Mr. S. B. Thorat, Lt. Col. (Retd.) Ashok Mahajan and Mr. Jitendra M. Desai are the other members of the Committee. The Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary is the Secretary of the Audit Committee.

#### 5. Remuneration to Directors :

The remuneration of Directors is decided at the Board level and approval of the shareholders is obtained at a general meeting. The Company has not set-up remuneration committee as it is not mandatory. The details of remuneration paid to the Directors (including sitting fees paid for attending Board Meetings and Committee Meetings) during the financial year 2009-2010 are given below :

Directors	Salary (Rs.)	Perquisites # (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mrs. Anuradha J. Desai	—	—	281,528	70,000	351,528
Mr. B. Venkatesh Rao	—	—	281,527	20,000	301,527
Mr. B. Balaji Rao	600,000	769,122	100,000	—	1,469,122
Mr. Jitendra M. Desai	—	—	281,527	90,000	371,527
Mr. C. Jagapati Rao	—	—	281,527	15,000	296,527
Mr. S. B. Thorat	—	—	281,527	40,000	321,527
Mr. B.G. Deshmukh	—	—	281,527	20,000	301,527
Lt. Col. (Retd.) Ashok Mahajan	—	—	281,527	40,000	321,527
Mr. V.N.Dubey #	—	—	29,310	—	29,310
<b>TOTAL</b>	<b>600,000</b>	<b>769,122</b>	<b>2,100,000</b>	<b>295,000</b>	<b>3,764,122</b>





# Perquisites includes House Rent Allowance, Leave Travel Assistance and Company's contribution to Provident and Superannuation Funds, Gratuity and other allowances.

# # Resigned w.e.f. 8<sup>th</sup> May, 2009

The Company has no stock option scheme for any of its Directors.

Except for the above, there are no pecuniary transactions between the Company and Non-Executive Directors.

#### 6. Investors / Shareholders Grievance Committee :

**(Composition, Number of investor complaints received, number of complaints redressed.)**

Mrs. Anuradha J. Desai is the Chairperson of the Committee. Mr. Jitendra M. Desai and Mr. B. Venkatesh Rao are the other members. Mr. A.G.Bauskar, Chief Financial Officer is appointed as the Compliance Officer and Company Secretary.

During the period under review, 42 complaints were received from the shareholders and others and all of them have been resolved to date.

#### 7. Details of last Three General Meetings :

Details of the location of the last three Annual General Meetings (AGM), including Extra Ordinary General Meetings and the details of the resolutions passed or to be passed by the Postal Ballot:

Sr. No.	Meeting	Date, Time and Place
1.	AGM for the year 2008-09	25 <sup>th</sup> June, 2009 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411 005.
2.	AGM for the year 2007-08	18 <sup>th</sup> September, 2008 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411 005.
3.	AGM for the year 2006-07	26 <sup>th</sup> July, 2007 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411 005.

No Extra-ordinary General Meeting was held during the period under consideration.

All the resolutions including the special resolutions set out in the respective notices were passed by the shareholders. No resolution was passed through Postal Ballot during the last 3 years.

#### 8. Code of Conduct :

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management. All the Board Members and the Senior Management Personnel have affirmed compliance with Code of Conduct, as on 31<sup>st</sup> March, 2010.

#### 9. CEO / CFO Certification :

The Managing Director & Chief Executive Officer and Chief Financial Officer have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49 of the Listing Agreement, for the year ended 31<sup>st</sup> March, 2010.

## 10. Disclosures :

There are no related party transactions made by the Company with its Promoters, Directors or Management or their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. The transactions with the related parties are disclosed in Note No. 24 of Schedule No. 13 to the Accounts in the Annual Report.

The track record of the Company in handling shareholders' grievances has been very good. During the last three years there were no penalties imposed either by Securities and Exchange Board of India (SEBI) or the Stock Exchanges or any statutory authority for non-compliance of any matter relating to the capital markets.

## 11. Means of communication (Publishing of financial results in newspapers English and Marathi) :

The financial Results of the Company are published in widely circulating national dailies such as :

1. Hindu Business Line (English)
2. Business Standard (English)
3. Loksatta (Marathi)

The Company's results and official news releases are displayed on Company's website [www.venkys.com](http://www.venkys.com).

## 12. General Shareholders Information :

Particulars	Details
Annual General Meeting Date	27 <sup>th</sup> August, 2010
Time	10.30 a.m.
Venue	Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune - 411005.
Financial Calender 2010-11	i First Quarter Results - upto August 15, 2010. ii Second Quarter Results - upto November 15, 2010. iii Third Quarter Results - upto February 15, 2011. iv Audited Results for the year ending 31 <sup>st</sup> March, 2011 - end of May, 2011.
Date of Book Closure	23 <sup>rd</sup> August, 2010 to 27 <sup>th</sup> August, 2010.
Dividend Payments Details	Within 30 days after AGM
Names of the Stock Exchanges in which it is listed and Scrip Code	(I) Bombay Stock Exchange Limited - 523261 (II) National Stock Exchange of India Limited - VENKEYS
Demat ISIN number for NSDL and CDSL	INE 398A01010
R&T Agents	M/s Bigshare Services Private Limited, E - 2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.
Share Transfer System	All the transfers received are processed at the office of the Registrar and Transfer agents and are approved by the "Share Transfer and Investors' Grievances Committee" which meets twice in a month or more depending on the volume of transfers. Share transfers are registered and returned within 30 days from the date of lodgement, if documents are complete in all respects.



Venky's (India) Limited

**Monthly Market High / Low for the year 2009-10 on Bombay Stock Exchange Limited :**

Month	High	Low	Month	High	Low
April, 2009	92.80	73.00	October, 2009	185.00	162.50
May, 2009	128.00	88.00	November, 2009	229.00	168.50
June, 2009	157.10	108.00	December, 2009	285.00	226.00
July, 2009	135.00	110.00	January, 2010	279.00	230.00
August, 2009	143.00	127.00	February, 2010	334.00	256.00
September, 2009	174.95	137.10	March, 2010	371.00	298.10

(Source: [www.bseindia.com](http://www.bseindia.com) and [www.moneycontrol.com](http://www.moneycontrol.com))

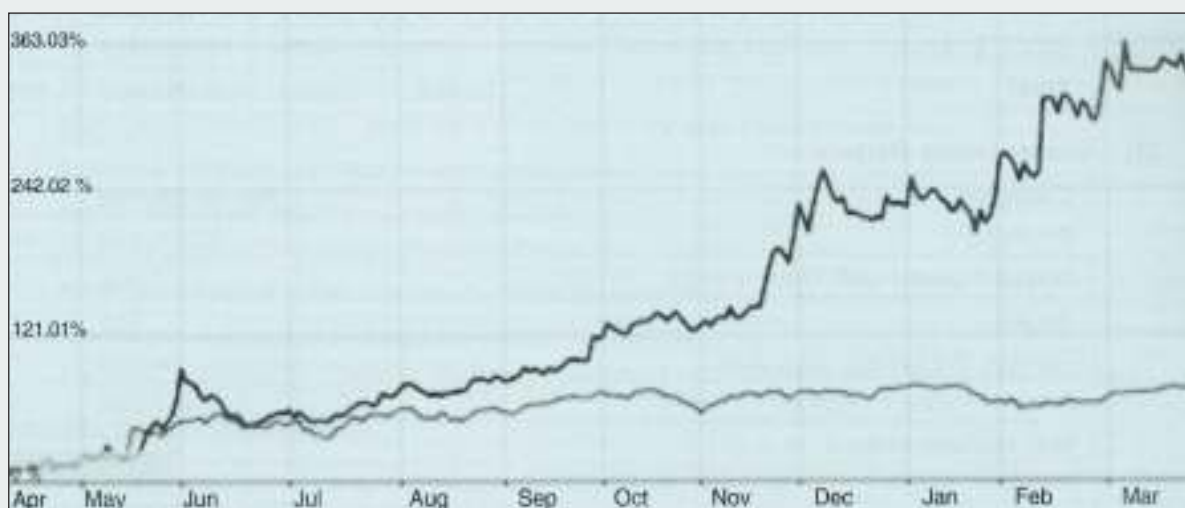
**Monthly Market High / Low for the year 2009-10 on National Stock Exchange of India Limited:**

Month	High	Low	Month	High	Low
April, 2009	99.80	72.35	October, 2009	187.00	155.50
May, 2009	128.00	82.00	November, 2009	230.00	161.00
June, 2009	159.00	107.00	December, 2009	285.00	225.00
July, 2009	136.15	111.00	January, 2010	278.70	221.15
August, 2009	145.00	127.00	February, 2010	344.00	250.05
September, 2009	179.80	138.10	March, 2010	369.70	298.50

(Source: [www.nseindia.com](http://www.nseindia.com) and [www.moneycontrol.com](http://www.moneycontrol.com))

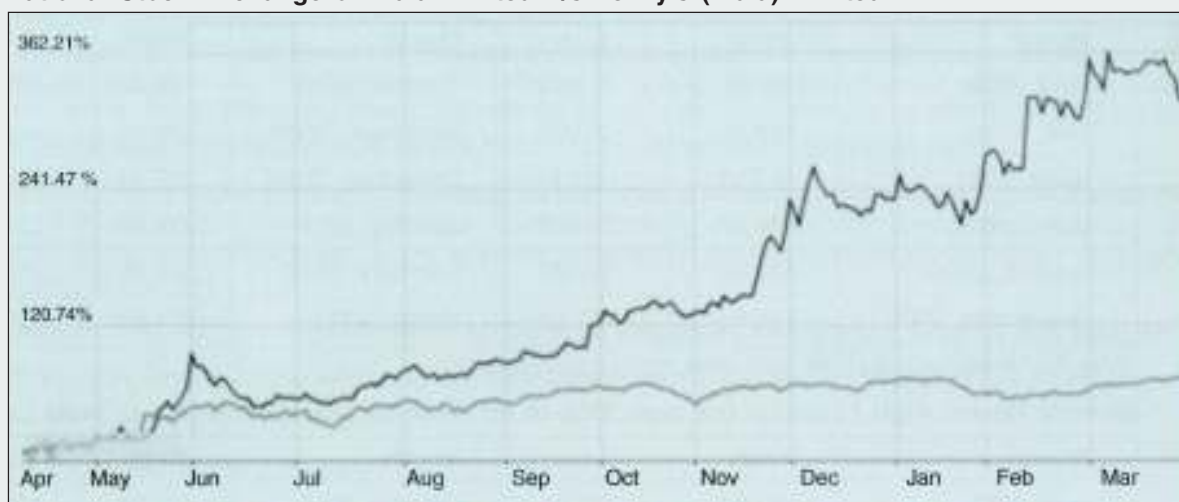
**Comparative Price Charts :**

**Bombay Stock Exchange Limited V/s Venky's (India) Limited**



(Source: [www.moneycontrol.com](http://www.moneycontrol.com))

### National Stock Exchange of India Limited V/s Venky's (India) Limited



(Source: [www.moneycontrol.com](http://www.moneycontrol.com))

### Distribution of shareholding and its patterns as on 31.03.2010 :

#### (I) Distribution of Shareholding

No. of EquityShares held	Folios	%	Shares	%
1 - 500	18,115	95.50	1,314,600	14.00
501 - 1000	421	2.22	308,270	3.28
1001 - 2000	199	1.05	291,524	3.10
2001 - 5000	124	0.65	402,315	4.28
5001 - 10000	57	0.30	413,489	4.40
10001 - 50000	43	0.23	906,202	9.65
50001 & above	10	0.05	5,755,157	61.29
<b>Total</b>	<b>18,969</b>	<b>100.00</b>	<b>9,391,557</b>	<b>100.00</b>

#### (II) Shareholding Pattern :

Category	No. of Shares	%
Promoters	5,270,258	56.12
Mutual Funds / Unit Trust of India	1,309	0.01
Banks	254	0.00
Foreign Institutional Investors	34,174	0.36
Private Bodies Corporate	487,786	5.19
Non-resident Indians	91,120	0.97
Public	3,506,656	37.35
<b>Total</b>	<b>9,391,557</b>	<b>100.00</b>

### Dematerialisation of shares and liquidity :

About 84.19 % of the paid-up capital of the Company was dematerialised as on 31st March, 2010. The Company has not issued any GDRs/ADRs/warrants or any convertible instruments.



### Unclaimed Dividend :

Unclaimed dividend up to and for the year 2001-02 has been transferred to the Investor Education and Protection Fund (IEPF) established by Central Government.

According to the provisions of the Companies Act, 1956, if the amount in the Dividend Account remained unclaimed for the period of 7 years from the date of disbursement, then same has to be transferred to IEPF. Following are the details of the unclaimed Dividend, if not claimed within the period of 7 years then same will be transferred to IEPF in accordance with the schedule given below :

Financial Year	Date of declaration of dividend	Total Dividend (Rs.)	Unclaimed Dividend as on 31 <sup>st</sup> March, 2010 (Rs.)	Due date for transfer to IEPF
2002-03	31.07.2003	28,174,671	527,841	05.09.2010
2003-04	29.07.2004	32,870,450	586,477	04.09.2011
2004-05	28.07.2005	32,870,450	558,857	05.09.2012
2005-06	28.07.2006	18,783,114	383,942	01.09.2013
2006-07	26.07.2007	28,174,671	610,017	02.09.2014
2007-08	18.09.2008	32,870,450	787,511	26.10.2015
2008-09	25.06.2009	32,870,450	855,282	02.08.2016

### Location of units :

- Pune (Maharashtra) - Breeder Farms, Specific Pathogen Free Egg, Poultry Feed, Animal Health Products, Chicken Processing, Commercial Farms and Health Care Products.
- Solapur (Maharashtra) - Solvent Extraction, Refinery and Poultry Feed.
- Anand (Gujarat) - Breeder Farms, Hatchery and Commercial Farms.
- Samalkha and Sonapat (Haryana) - Breeder Farms and Hatchery.
- Ambala (Haryana) - Breeder Farms, Poultry Feed and Commercial Farms.
- Dehradun (Uttaranchal) - Breeder Farms, Hatchery and Poultry Feed.
- Ludhiana (Punjab) - Breeder Farms and Hatchery.
- Rewa (Madhya Pradesh) - Breeder Farms.
- Sunderpur (Uttar Pradesh) - Breeder Farms.
- Basti & Allahabad (Uttar Pradesh) - Satellite Hatchery.
- Gurdaspur & Sangrur (Punjab) - Commercial Farms.
- Pathankot (Punjab) - Satellite Hatchery, Breeder Farm, Commercial Farms and Hatchery.

### Address for correspondence.

Shareholders' correspondence should be addressed to Registrar and Transfer Agents, M/s Bigshare Services Private Limited. Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants. For dividend related queries, shareholders may contact Mr. Pranav Asnikar, Asst. Company Secretary or Mr. S. Kannan, Manager - Secretarial at the registered office, Tel. Nos. : 020 - 24251530 to 41 or Email : corp.shares@venkys.com



**B. NON-MANDATORY REQUIREMENTS :**

**a) Chairman of the Board:**

Whether Chairman of the Board is entitled to maintain a Chairman's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.	Expenses incurred in performance of duties by the Chairperson are reimbursed.
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**b) Remuneration Committee :**

It is not mandatory to set-up Remuneration Committee of directors and the Company has not set-up Remuneration Committee.

**c) Shareholders' Rights :**

The half yearly declaration of financial performance including summary of the significant events in last six months should be sent to each household of shareholders.	The Company's half yearly results are published in English and Marathi newspapers having wide circulation and uploaded on the Company's website i.e. <a href="http://www.venkys.com">www.venkys.com</a> .
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**DECLARATION UNDER CLAUSE 49 (I) (d) OF THE LISTING AGREEMENT**

This is to confirm that, all the Board Members and Senior Management Personnel of Venky's (India) Limited have affirmed compliance with the respective Codes of Conduct for the Financial Year ended 31<sup>st</sup> March, 2010.

Pune  
May 25, 2010

**B. BALAJI RAO**  
MANAGING DIRECTOR



Venky's (India) Limited

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## CERTIFICATE ON CORPORATE GOVERNANCE

The Members of  
**VENKY'S (INDIA) LIMITED**

I have examined the compliance of conditions of Corporate Governance by Venky's (India) Limited for the year ended 31<sup>st</sup> March, 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. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and the representations made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned listing agreement.

I 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.

Place: Pune  
Date: May 25, 2010

P. L. Shettigar  
Practicing Company Secretary  
A-10, Aditya Nagar,  
4A/4B, Hadapsar (Gadital),  
Pune - 411012.  
C.P. Number: 2917  
Membership Number: FCS 3816

**CHIEF EXECUTIVE OFFICER &  
CHIEF FINANCIAL OFFICER CERTIFICATE**

To:

The Board of Directors  
Venky's (India) Limited

Dear Sirs,

We, the undersigned, in our respective capacities as Managing Director & Chief Executive Officer and Chief Financial Officer of Venky's (India) Limited ["the Company"], to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statements for the year ended on 31st March, 2010 and based on our knowledge and belief, we state that :
  - (i) these statements do not contain any material untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.  
We hereby declare that all the Members of the Board of Directors and Senior Management have confirmed compliance with the Code of Conduct as adopted by the Company.
- (c) We are responsible for establishing and maintaining internal control and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal control, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**B. BALAJI RAO**  
Managing Director & CEO

**A.G. BAUSKAR**  
Chief Financial Officer

Pune  
May 25, 2010



## AUDITORS' REPORT

To,

The Members of

**Venky's (India) Limited**

- 1) We have audited the attached balance sheet of **Venky's (India) Limited**, as at 31 March 2010 and also the profit and loss account and the cash flow statement 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.
- 2) We conducted our audit in accordance with the 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 misstatement. 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.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), 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 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
  - a) 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;
  - b) 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 those books;

- c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and 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;
- e) On the basis of written representations received from the directors, as at 31 March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) 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:
  - i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March, 2010;
  - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
  - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For **SUDIT K PAREKH & CO.**  
Chartered Accountants

**SRIKANT V. JILLA**  
Partner

Pune;  
25<sup>th</sup> May, 2010

Membership Number: 39461  
Firm Registration Number: 110512W

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

### Re: Venky's (India) Limited

#### i In respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets have been physically verified during the year by the management under a regular programme of verification by rotation over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

#### ii In respect of its inventories:

- a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the record of inventories, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and were properly dealt with in the books of account.

#### iii According to the information and explanations given to us, the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

#### iv In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course

of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.

#### v In respect of transactions entered in the register maintained pursuant to section 301 of the Companies Act, 1956:

- a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register maintained under section 301 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 registers maintained under section 301 and exceeding the value of five lakh rupees in respect of each party during the financial year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except that no comparison was possible in the case of purchase of items of highly specialised nature where we are informed that there are no alternative sources of supply.

#### vi According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

#### vii In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

#### viii We have broadly reviewed the cost accounting records maintained by the Company, pursuant to the order made by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the Animal Health Products of the Company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the other products of the Company.

#### ix In respect of statutory dues:

- a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities





undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Wealth Tax, Customs Duty, Excise Duty, cess and other statutory dues 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, Service Tax, Customs Duty and Excise Duty were in arrears, as at 31 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, following are the details of disputed statutory dues of Sales-tax, Income-tax, Customs Duty, Service Tax, Wealth Tax, Excise Duty, cess which have not been deposited:

Nature of Dues	Amount Involved (Rs in lakhs)	Forum where Dispute is pending
Sales Tax	29.29	High Court
	35.94	Sales Tax Appellate Tribunal
	47.17	Joint Commissioner of Sales Tax
Income Tax	4.21	High Court
	6.63	Income Tax Appellate Tribunal

- x The Company does not have accumulated losses as at the end of the financial year and has not incurred any cash losses during the current and the immediately preceding 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 a financial institution, bank or debenture holders.
- xii According to the information and explanations given to us, 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 According to the information and explanations given to us, the provisions of chit fund statute, nidhi or mutual benefit fund or society are not applicable to the Company.
- xiv According to the information and explanations given to us, the Company does not deal or trade in shares, securities, debentures and other investments.
- xv According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi According to the information and explanations given to us, the Company has applied term loans for the purpose for which the loans were obtained.
- xvii According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix According to the information and explanations given to us, the Company has not issued any debentures during the year.
- xx The Company has not raised any money by public issue during the year.
- xxi To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **SUDIT K PAREKH & CO.**  
Chartered Accountants

**SRIKANT V. JILLA**  
Partner

Pune  
25<sup>th</sup> May, 2010

Membership Number: 39461  
Firm Registration Number:110512W

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rs. in Lakhs	As at 31st March, 2010 Rs. in Lakhs	As at 31st March, 2009 Rs. in Lakhs
<b>SOURCES OF FUNDS</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share capital	1	939.16		939.16
Reserves and surplus	2	19,721.39		14,768.22
Government grants	3	3.04		3.49
			20,663.59	15,710.87
<b>LOAN FUNDS</b>				
Secured loans	4	936.03		5,157.93
Unsecured loans	5	8,055.81		4,230.81
			8,991.84	9,388.74
<b>DEFERRED TAX LIABILITY (NET)</b>			1,457.76	1,341.27
<b>Total</b>			<b>31,113.19</b>	<b>26,440.88</b>
<b>APPLICATION OF FUNDS</b>				
<b>FIXED ASSETS</b>				
Gross block	6	21,110.88		19,723.13
Less: depreciation/amortisation		8,729.60		7,973.77
		12,381.28		11,749.36
Capital work-in-progress		970.32		867.21
			13,351.60	12,616.57
<b>INVESTMENTS</b>			8,131.11	5,211.33
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
Inventories		8,660.36		7,098.14
Sundry debtors		5,143.95		5,227.00
Cash and bank balances		848.11		1,083.99
Other current assets		797.35		705.39
Loans and advances		498.06		593.04
		15,947.83		14,707.56
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>				
Liabilities	9	5,336.04		4,869.66
Provisions		981.31		1,224.92
		6,317.35		6,094.58
<b>NET CURRENT ASSETS</b>			9,630.48	8,612.98
<b>Total</b>			<b>31,113.19</b>	<b>26,440.88</b>
<b>NOTES TO THE ACCOUNTS</b>				
	13			

As per our attached report of even date

For **SUDIT K PAREKH & CO**  
Chartered Accountants

**SRIKANT V. JILLA**  
Partner  
Membership Number : 39461

Pune  
May 25, 2010

For and on behalf of the Board of Directors

**ANURADHA J. DESAI**  
Chairperson

**B. BALAJI RAO**  
Managing Director &  
Chief Executive Officer

Pune  
May 25, 2010

**B. VENKATESH RAO**  
Vice Chairman

**A. G. BAUSKAR**  
Chief Financial Officer &  
Company Secretary



Venky's (India) Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	For the year ended 31st March, 2010 Rs. in Lakhs	For the year ended 31st March, 2009 Rs. in Lakhs
<b>INCOME</b>			
Sales		70,627.54	57,026.00
Less : Excise duty		80.45	99.65
Sales net of excise duty		70,547.09	56,926.35
Other income	10	518.79	599.52
<b>Total</b>		<b>71,065.88</b>	<b>57,525.87</b>
<b>EXPENDITURE</b>			
Manufacturing, farm and other expenses	11	58,281.71	50,224.07
Goods purchased for resale		3,638.87	2,397.34
Depreciation/amortisation		897.75	862.01
Interest		503.74	788.17
Decrease/(Increase) in stocks	12	(505.12)	140.41
<b>Total</b>		<b>62,816.95</b>	<b>54,412.00</b>
<b>PROFIT FOR THE YEAR</b>		<b>8,248.93</b>	<b>3,113.87</b>
Prior period items (Net) (Refer Schedule 13 Note No. 6)		(19.89)	(10.41)
<b>PROFIT BEFORE TAX</b>		<b>8,229.04</b>	<b>3,103.46</b>
<b>Provision For Taxation</b>			
- Current tax		(2,681.00)	(1,040.00)
- Deferred tax		(116.49)	50.57
- Fringe benefit tax		—	(58.00)
<b>Tax Expense</b>		<b>(2,797.49)</b>	<b>(1,047.43)</b>
<b>PROFIT AFTER TAX</b>		<b>5,431.55</b>	<b>2,056.03</b>
Excess / (Short) provision for tax in prior periods		(40.33)	—
Balance of profit brought forward		6,954.74	5,488.88
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>12,345.96</b>	<b>7,544.91</b>
<b>APPROPRIATIONS</b>			
General reserve		543.16	205.60
Proposed dividend		375.66	328.71
Dividend distribution tax		62.39	55.86
Balance carried to balance sheet		11,364.75	6,954.74
<b>Total</b>		<b>12,345.96</b>	<b>7,544.91</b>
Earnings per share of face value of Rs.10 each (Basic & Diluted)		<b>Rs. 57.83</b>	<b>Rs. 21.89</b>

### NOTES TO THE ACCOUNTS

13

As per our attached report of even date

For **SUDIT K PAREKH & CO**  
Chartered Accountants

**SRIKANT V. JILLA**

Partner

Membership Number : 39461

Pune

May 25, 2010

For and on behalf of the Board of Directors

**ANURADHA J. DESAI**  
Chairperson

**B. BALAJI RAO**

Managing Director &  
Chief Executive Officer

Pune

May 25, 2010

**B. VENKATESH RAO**  
Vice Chairman

**A. G. BAUSKAR**

Chief Financial Officer &  
Company Secretary

## SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
11,000,000 equity shares of Rs.10 each	1,100.00	1,100.00
1,000,000 preference shares of Rs.100 each	1,000.00	1,000.00
	<u>2,100.00</u>	<u>2,100.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
9,397,272 equity shares of Rs.10 each fully paid-up	939.73	939.73
Less: forfeited shares pending reissue 5,715 shares of Rs.10 each	<u>0.57</u>	<u>0.57</u>
	939.16	939.16
<b>Total</b>	<u>939.16</u>	<u>939.16</u>

**NOTES:**

**Of the above issued, subscribed and paid-up capital**

	No. of Shares	No. of Shares
1 Shares issued as fully paid up bonus shares by capitalisation of - general reserve	500,000	500,000
- securities premium account	2,566,637	2,566,637
2 Shares issued pursuant to a scheme of amalgamation without payment being received in cash	4,674,377	4,674,377

## SCHEDULE 2: RESERVES AND SURPLUS

**CAPITAL RESERVES**

Capital Grants	97.78	97.78
Profit on reissue of forfeited shares and debentures	1.64	1.64
Amalgamation Reserve	<u>2.42</u>	<u>2.42</u>
	101.84	101.84

**CAPITAL REDEMPTION RESERVE**

87.50      87.50

**SECURITIES PREMIUM ACCOUNT**

223.19      223.19

**GENERAL RESERVE**

Balance as per last balance sheet	7,400.95	7,195.35
Add : Transferred from profit and loss account	<u>543.16</u>	<u>205.60</u>
	7,944.11	7,400.95

**PROFIT AND LOSS ACCOUNT**

Balance as per Profit & Loss Account	11,364.75	6,954.74
<b>Total</b>	<u>19,721.39</u>	<u>14,768.22</u>



## SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 3: GOVERNMENT GRANTS</b>		
<b>CAPITAL SUBSIDY</b>		
Balance as per last balance sheet	3.49	4.10
Less: Transferred to profit and loss account	<u>0.45</u>	<u>0.61</u>
	3.04	3.49
<b>Total</b>	<u><u>3.04</u></u>	<u><u>3.49</u></u>

### SCHEDULE 4: SECURED LOANS

#### FROM BANKS

Term loans	—	2,442.78
Working capital facilities	936.03	2,715.15
<b>Total</b>	<u><u>936.03</u></u>	<u><u>5,157.93</u></u>

#### Security:

- a Term loans from banks are secured by equitable mortgage of certain land and buildings and other structures / fixtures thereon and hypothecation of plant and machinery and other movable assets, both present and future.
- b Working Capital facilities are secured by hypothecation of stocks of raw materials, stocks in process, semi-finished and finished goods, stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable and book debts and all other movables, both present and future. These are further secured by a second charge on certain fixed assets of the Company by way of collateral security.

### SCHEDULE 5: UNSECURED LOANS

#### SHORT-TERM LOANS

From banks	8,000.00	4,175.00
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#### OTHER LOANS

From others		
Sales Tax Deferral	55.81	55.81
<b>Total</b>	<u><u>8,055.81</u></u>	<u><u>4,230.81</u></u>



## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE 6: FIXED ASSETS

(Rs. in Lakhs)

Description	Gross Block			Depreciation / Amortisation			Net Block	
	As at 01/04/2009	Additions	Deductions	As at 31/03/2010	For the year	As at 31/03/2010	As at 31/03/2010	As at 31/03/2009
<b>TANGIBLE ASSETS</b>								
Freehold Land	616.86	145.34	—	762.20	—	—	762.20	616.86
Leasehold Land	82.53	—	—	82.53	—	—	82.53	82.53
Buildings	6,866.36	345.33	0.15	7,211.54	1,947.92	2,151.83	5,059.71	4,918.44
Plant, Machinery & Equipments	8,884.19	834.93	82.67	9,636.45	58.31	4,706.77	4,929.68	4,568.55
Electrical Installations	1,571.82	82.08	8.10	1,645.80	5.42	719.28	926.52	922.85
Furniture, Fixtures & Office Equipments	737.92	90.01	42.03	785.90	39.16	489.49	296.41	262.30
Vehicles	749.69	62.04	39.83	771.90	39.46	465.92	305.98	306.07
<b>INTANGIBLE ASSETS</b>								
Trade Mark	12.88	—	—	12.88	—	12.88	—	—
Technical Know - how	49.24	—	—	49.24	—	36.25	12.99	23.98
Software	151.64	0.80	—	152.44	—	147.18	5.26	47.78
<b>TOTAL</b>	<b>19,723.13</b>	<b>1,560.53</b>	<b>172.78</b>	<b>21,110.88</b>	<b>7,973.77</b>	<b>8,729.60</b>	<b>12,381.28</b>	<b>11,749.36</b>
Previous Year	18,907.69	1,041.99	226.55	19,723.13	7,273.01	7,973.77	11,749.36	

**Note :-**

- Depreciation for the year includes Rs. 0.45 lakhs (Previous year Rs. 0.45 lakhs) debited to Capital Subsidy.



## SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 7: INVESTMENTS (Non Trade, Unquoted)</b>		
<b>CURRENT</b>		
<b>Mutual Funds-Debt</b>		
[Units of face value Rs. 10 each, unless otherwise stated]		
Birla Sunlife Mutual Fund		
9,986,518 Units (Previous year 9,986,518) of BSL Floating Rate Fund - Long Term - Institutional Growth	1,000.00	1,000.00
Sundaram BNP Paribas Mutual Fund		
3,000,000 Units (Previous year 5,800,000) of Sundaram BNP Paribas FTP 367 days Series 8 Super Institutional - Growth	300.00	580.00
HDFC Mutual Fund		
6,782,098 Units (Previous year 6,782,098) of HDFC Floating Rate Income Fund - Long Term Plan - Growth	1,000.00	1,000.00
IDFC Mutual Fund		
3,000,000 Units (Previous year 3,300,000) of IDFC - FMP - Thirteen Months Series 1 -Plan B - Growth	300.00	300.00
Sundaram BNP Paribas Mutual Fund		
5,000,000 Units (Previous year Nil) of Sundaram BNP Paribas FTP 367 Days Series U - Growth	500.00	—
Birla Sunlife Mutual Fund		
8,400,612 Units (Previous year Nil) of BSL Dynamic Bond Fund - Retail - Growth	1,300.00	—
DSP Black Rock Mutual Fund		
3,500,000 Units (Previous year Nil) of DSP Black Rock FMP 13 M Series 2 - Growth	350.00	—
DSP Black Rock Mutual Fund		
45,607 Units (Previous year Nil) of Rs.1000/- each of DSP Black Rock Floating Rate Fund - Institutional Plan	604.03	—
Sundaram BNP Paribas Mutual Fund		
3,001,219 Units (Previous year Nil) of SBNPP-FTP 14 Months Series AA - Growth	300.12	—
HDFC Mutual Fund		
2,367,999 Units (Previous year Nil) of HDFC Short Term Plan	400.00	—
HDFC Mutual Fund		
128,449 Units (Previous year Nil) of HDFC Cash Management Fund - TAP - Growth	25.92	—
HDFC Mutual Fund		
374,896 Units (Previous year Nil) of HDFC Cash Management Fund - TA - WS - Growth	75.66	—
HDFC Mutual Fund		
3,000,000 Units (Previous year Nil) of HDFC FMP 14M March, 2010 - Growth - Series XII	300.00	—
HDFC Mutual Fund		
2,723,000 Units (Previous year Nil) of HDFC High Interest Fund - Short Term Plan	500.00	—

## SCHEDULES FORMING PART OF BALANCE SHEET

	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 7: INVESTMENTS - Contd.</b>		
HDFC Mutual Fund		
4,298 Units (Previous year Nil) of HDFC Cash Management Fund - Saving Plan	0.83	—
IDFC Mutual Fund		
1,086,495 Units (Previous year Nil) of IDFC Money Manager Fund - Treasury Plan - Inst. Plan B - Growth	160.00	—
IDFC Mutual Fund		
2,750,982 Units (Previous year Nil) of IDFC Fixed Maturity Plan - Thirteen Months Series 5 - Growth	275.10	—
SBI Mutual Fund		
36,122 Units (Previous year Nil) of SBI - Ultra Short Term Fund - Retail Growth	4.28	—
SBI Mutual Fund		
84,799 Units (Previous year Nil) of SBI SHF Ultra Short Term Fund	10.17	—
SBI Mutual Fund		
3,500,000 Units (Previous year Nil) of SBI Debt Fund Series - 15 Months - 5 - Growth	350.00	—
Reliance Mutual Fund		
1,577,026 Units (Previous year Nil) of Reliance Regular Saving Fund	200.00	—
ICICI Prudential Mutual Fund		
905,460 Units (Previous year Nil) of ICICI Prudential Institutional Short Term Plan	175.00	—
Sundaram BNP Paribas Mutual Fund		
- Units (Previous year 3,000,000) of Sundaram BNP Paribas Fixed Term Plan E - Institutional Growth	—	300.00
HSBC Mutual Fund		
- Units (Previous year 3,000,000) of HSBC Fixed Term Series - Growth Plan	—	300.00
DWS Mutual Fund		
- Units (Previous year 2,000,000) of DWS Fixed Term Fund Series 47-Institutional Growth Plan	—	200.00
DSP Black Rock Mutual Fund		
- Units (Previous year 41,996) of Rs.1000/- each of DSP Black Rock Strategic Bond Fund - Growth	—	431.33
DSP Black Rock Mutual Fund		
- Units (Previous year 6,200,000) of DSP Black Rock FMP 121/2M Series 1 - Institutional Growth	—	620.00
Religare Mutual Fund		
- Units (Previous year 4,800,000) of Religare FMP 375 Days Series VII - Institutional Growth Plan	—	480.00
<b>Total</b>	<b>8,131.11</b>	<b>5,211.33</b>
Repurchase price	8,365.76	5,401.03



## SCHEDULES FORMING PART OF BALANCE SHEET

	Rs. in Lakhs	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES</b>			
<b>INVENTORIES</b>			
(As taken, valued and certified by the management)			
Poultry for livestock breeding	2,141.96		1,971.01
Finished goods	1,171.37		1,009.69
Raw materials and packing materials	3,023.15		2,040.83
Work-in-Process	2,005.79		1,833.30
Stores and spares	318.09		243.31
		8,660.36	7,098.14
<b>SUNDRY DEBTORS</b>			
(Unsecured)			
Debts outstanding for a period exceeding six months			
Considered good	254.96		249.03
Considered doubtful	272.82		287.79
	527.78		536.82
Other debts - considered good	4,888.99		4,977.97
	5,416.77		5,514.79
Less: Provision for doubtful debts	272.82		287.79
		5,143.95	5,227.00
<b>CASH AND BANK BALANCES</b>			
Cash and cheques on hand	512.89		447.48
Balances with scheduled banks in:			
- current accounts	155.50		160.02
- margin money accounts	76.07		72.92
- fixed deposit accounts	103.65		403.57
		848.11	1,083.99
<b>OTHER CURRENT ASSETS</b>			
Deposits	597.48		543.75
Interest accrued	18.01		10.43
Other receivables	181.86		151.21
		797.35	705.39
<b>LOANS AND ADVANCES</b>			
(Unsecured, considered good except as stated otherwise)			
Advances recoverable in cash or in kind or for value to be received			
Considered good	373.45		367.43
Considered doubtful	0.85		0.85
	374.30		368.28

## SCHEDULES FORMING PART OF BALANCE SHEET

	Rs. in Lakhs	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 8: CURRENT ASSETS, LOANS AND ADVANCES - Contd.</b>			
Less: provision for doubtful advances	0.85		0.85
	<u>373.45</u>		<u>367.43</u>
Tax payments	8,225.11		5,658.66
Less :- Provision for tax	<u>8,101.01</u>		<u>5,434.86</u>
	124.10		223.80
Balances with Customs, Port Trust, Excise, etc.	<u>0.51</u>		<u>1.81</u>
		498.06	593.04
<b>Total</b>		<u><b>15,947.83</b></u>	<u><b>14,707.56</b></u>
<b>SCHEDULE 9: CURRENT LIABILITIES AND PROVISIONS</b>			
<b>CURRENT LIABILITIES</b>			
Sundry creditors			
- Dues to Micro and Small Enterprises (Refer Schedule 13 Note No. 28)	—		—
- Others	4,443.64		4,085.50
Credit balance in customers' accounts	556.44		352.59
Unclaimed dividend (Refer Schedule 13 Note No. 30)	51.71		43.52
Unclaimed fixed deposits (Refer Schedule 13 Note No. 30)	0.40		0.50
Other liabilities	266.01		353.42
Interest accrued but not due on loans	<u>17.84</u>		<u>34.13</u>
		5,336.04	4,869.66
<b>PROVISIONS</b>			
Earned leave	310.24		280.94
Gratuity	233.02		559.41
Proposed dividend	375.66		328.71
Dividend distribution tax	<u>62.39</u>		<u>55.86</u>
		981.31	1,224.92
<b>Total</b>		<u><b>6,317.35</b></u>	<u><b>6,094.58</b></u>





## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	For the year ended 31 <sup>st</sup> March, 2010 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 10: OTHER INCOME</b>		
Interest		
- On deposits (Tax deducted at source Rs.1.46 lakhs; previous year Rs.3.84 lakhs)	20.52	10.75
Dividend		
- From current non-trade investments	19.22	76.90
Rent (Tax deducted at source Rs.13.02 lakhs; previous year Rs.14.11 lakhs)	90.59	73.14
Claims and compensation	11.86	21.38
Customs, sales tax & octroi refunds	18.26	—
Profit on sale of investments (net)	238.11	309.41
Miscellaneous income	120.23	107.94
<b>Total</b>	<b>518.79</b>	<b>599.52</b>

## SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT

	For the year ended 31 <sup>st</sup> March, 2010 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>SCHEDULE 11: MANUFACTURING, FARM AND OTHER EXPENSES</b>		
Chicks / grownup birds purchased	977.15	1,142.82
Raw materials and packing materials consumed	43,413.83	36,563.92
Stores, spares and other supplies consumed	616.05	516.82
Bird rearing and custom hatching charges	962.28	887.78
Payments to and provision for employees :		
Salaries, wages, bonus and gratuity	3,366.77	3,335.12
Contribution to provident and other funds	534.12	374.76
Staff welfare expenses	472.64	388.84
	4,373.53	4,098.72
Heat, light and power	2,502.41	2,168.81
Repairs to:		
Buildings	243.57	158.75
Plant and machinery	422.38	371.50
Other assets	179.57	167.32
	845.52	697.57
Rent	289.54	309.83
Rates and taxes	138.14	139.12
Insurance	45.87	54.50
Carriage outward	1,062.62	1,039.72
Travelling and conveyance	531.14	518.29
Security expenses	241.75	227.23
Advertisement & Publicity	200.15	121.71
Loss on fixed assets sold / discarded	26.53	33.69
Contribution to trade associations	149.07	139.93
Commission on sale	84.97	59.50
Bad debts written off and provision for doubtful debts	68.67	107.76
Advances written off and provision for doubtful advances	—	1.27
Miscellaneous expenses	1,752.49	1,395.08
<b>Total</b>	<b>58,281.71</b>	<b>50,224.07</b>
<b>SCHEDULE 12: DECREASE / (INCREASE) IN STOCKS</b>		
<b>Opening Stock :</b>		
Poultry for livestock breeding	1,971.01	2,335.13
Finished goods	1,009.69	778.83
Work - in - process	1,833.30	1,840.45
	4,814.00	4,954.41
<b>Closing Stock :</b>		
Poultry for livestock breeding	2,141.96	1,971.01
Finished goods	1,171.37	1,009.69
Work - in - process	2,005.79	1,833.30
	5,319.12	4,814.00
<b>Decrease / (Increase) in Stock</b>	<b>(505.12)</b>	<b>140.41</b>



## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS

#### 1 SIGNIFICANT ACCOUNTING POLICIES

##### a. Basis of Accounting

- The financial statements are prepared by following the going concern concept on historical cost convention on an accrual basis and are in conformity with the statutory provisions and standard accounting practices, except wherever otherwise stated.
- Estimates and assumptions used in the preparation of the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

##### b. Inventories

Inventories are valued as under:

- Poultry for livestock breeding : At cost
- Raw materials and packing materials : At cost or net realizable value, whichever is lower
- Work-in-process : At cost or net realizable value, whichever is lower
- Finished goods : At cost or net realizable value, whichever is lower
- Stores and spares : At cost
- By products : At estimated selling price
- i. Cost of raw materials (except oilseeds), packing material and stores & spares inventories is determined on first in first out (FIFO) basis.
- ii. Cost of oilseeds inventories is determined on periodic weighted average basis.
- iii. Cost of finished goods and work in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

##### c. Fixed Assets and Depreciation

- Fixed assets are stated at historical cost less accumulated depreciation.
- Historical cost is arrived at after deducting tax / duty credits, if any.
- Depreciation is provided on straight line method except in respect of assets of Narmada Hatcheries Division of the Company which are depreciated by the written down value method.
- Depreciation is charged at the rates specified in Schedule XIV to the Companies Act, 1956.
- Depreciation on additions during the year is charged on pro-rata basis.
- Pre-operative expenses up to the date the asset is put to use, are capitalised as part of the cost of asset.

##### d. Operating Leases

- Lease arrangements where risks and rewards incidental to ownership of an asset substantially vests with lessor are classified as operating lease.
- Rental incomes on assets given under operating lease arrangements are recognised in the statement of profit and loss account as per the respective lease agreement.
- Rental expenses on assets obtained under operating lease arrangements are recognised in the statement of profit and loss account as per the respective lease agreement.

##### e. Impairment of Fixed Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

#### **f. Research and Development**

Revenue expenditure on research and development is charged to profit and loss account.

#### **g. Revenue Recognition**

- Sales are recognized when goods are invoiced on dispatch to customers and are recorded inclusive of excise duty and net of trade discounts and sales tax / VAT.
- Dividend income is accounted for in the year in which it is declared.

#### **h. Foreign Currency Transactions**

- Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the year end exchange rate and the related exchange gain / loss is recognized in profit and loss account.
- In respect of forward exchange contracts, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expense over the life of contract.

#### **i. Government Grants & Subsidies**

- Non-refundable capital grants towards project undertaken by the Company are transferred to revenue account to the extent of depreciation on assets acquired out of the grants.
- Grant received against specific fixed assets are reduced from the cost of that asset.
- Subsidy in respect of air freight for export development is accounted for on accrual basis.
- Grants in the nature of Promoter's Contributions are treated as a part of Capital reserve.

#### **j. Investments**

- Investments are classified as current investments and long-term investments based on intention of the management at the time of purchase.
- Current investments are stated at the lower of cost and fair value.
- Long-term investments are stated at cost.
- Provision for diminution in value is made to recognize a decline, other than temporary, in the value of long-term investments.

#### **k. Employee Benefits**

- Short term employee benefits

All employee benefits which fall due wholly within twelve months after the end of the period in which employee renders the related service are classified as short-term employee benefits. Undiscounted value of short term benefits such as salaries, wages, bonus and ex-gratia are recognized in the period in which the employee renders the related service.

- Post-employment benefits

##### **i. Defined Contribution Plans:**

The Company contributes to the following defined contribution plans:

- o Superannuation Scheme
- o Provident Fund scheme
- o State Insurance Scheme

The Company's contribution paid / payable under the schemes are recognized as an expense in the profit and loss account during the period in which the employee renders the related service.

##### **ii. Defined Benefit Plans:**

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under the plan is determined based on actuarial valuation. Long term accumulated compensated absences are provided for based on actuarial valuation.



## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

Actuarial valuation is based on the Projected Unit Credit Method. The liability is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Profit & Loss Account.

#### **l. Borrowing Costs**

- Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of that asset.
- Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **m. Earnings Per Share**

Earnings per share is calculated by dividing the net profit for the year attributable to the equity shareholders by weighted average number of equity shares outstanding during the period.

#### **n. Taxes on Income**

- Current tax is determined on the basis of the taxable income and tax credits computed for the year in accordance with the provisions of Income Tax Act, 1961, and based on expected outcome of assessment / appeals.
- Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.
- Deferred tax assets are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

#### **o. Intangible Assets**

- Intangible assets are recognised at the consideration paid for acquisition and are stated at cost less accumulated amortisation.
- Intangible assets are amortised over their useful economic lives, as estimated by the management, on a straight line basis, commencing from the date the asset is available to the company for its use. Management estimates of useful life are as follows:
 

i. Trademark	-	5 years
ii. Technical Know How	-	5 years
iii. Software	-	3 years

#### **p. Provisions**

- Provisions are recognised when the Company recognizes that it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.
- Disclosures for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
- Loss contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.
- Contingent assets are not recognised in the financial statements.

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

	As at 31 <sup>st</sup> March, 2010 Rs. in Lakhs	As at 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>2 Contingent Liabilities</b>		
a) Income-tax matters in dispute	10.84	10.84
b) Non agriculture tax in dispute	4.24	4.24
Net of tax	2.80	2.80
c) Sales tax demands in dispute	262.85	222.54
Net of tax	173.51	147.21
d) Labour wages in dispute	66.27	53.64
Net of tax	43.74	35.41
e) Water charges in dispute	—	23.54
Net of tax	—	15.54
f) Bank Guarantee in respect of Export Commitment to be fulfilled as required in the EPCG licence scheme	168.73	95.16
g) Others	37.14	17.86
<b>3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)</b>	<b>641.12</b>	<b>709.15</b>
<b>4 Sundry debtors include :</b>		
<b>Debts due by private companies in which some of the directors of the company are directors/members</b>		
Eastern Hatcheries Private Limited	11.80	5.14
Uttara Impex Private Limited	31.19	—
Uttara Foods & Feeds Private Limited	133.93	123.14
<b>Debts due by companies under the same management</b>		
Venkateshwara Hatcheries Private Limited	1,992.14	2,644.39
Venkateshwara Research & Breeding Farm Private Limited	50.38	5.31
<b>Debts due by firm in which some of the directors of the Company are partners</b>		
Venkateshwara Foods and Feeds	371.27	148.51
<b>5 Loans and Advances include :</b>	<b>Maximum amount outstanding</b>	
<b>Advances to firm in which some of the directors of the company are partners</b>	<b>at any time during the year</b>	
	<b>2009-10</b>	<b>2008-09</b>
Venkateshwara Foods and Feeds	35.37	59.84
<b>Advances to private companies in which some of the directors of the company are directors/members</b>		
Bala Entertainment International Pvt. Ltd.	0.15	0.15
All India Poultry Development and Services Private Limited	0.95	0.95
<b>6 Prior Period Items include :</b>		
Payments to & Provision for employees	—	(0.99)
Heat, Light and Power	0.38	0.29
Repairs	0.72	—
Rates and Taxes	0.04	—
Carriage Outward	2.13	2.41
Travelling & Conveyance	1.03	0.41
Security Expenses	0.19	—
Advertisement and Publicity	5.46	0.70
Miscellaneous Expenses	9.94	7.59
	<b>19.89</b>	<b>10.41</b>





Venky's (India) Limited

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

	2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
<b>7 Auditors' remuneration :</b>		
Audit	14.50	11.70
Audit under the Income-tax Act, 1961.	8.00	5.20
Taxation matters	—	0.40
Other services	15.16	5.34
Reimbursement of expenses	1.88	2.95
(Auditors' remuneration is exclusive of service tax )		
	<u>39.54</u>	<u>25.59</u>
<b>8 Interest expenses:</b>		
On fixed loans	194.76	371.93
Less : Capitalised during the year	5.98	1.24
	<u>188.78</u>	<u>370.69</u>
On other loans	314.96	417.48
	<u>503.74</u>	<u>788.17</u>
<b>9 Managerial Remuneration :</b>		
<b>A. Salary</b>	6.00	6.00
Commission	21.00	21.00
Contribution to Provident and other funds	1.86	1.86
Perquisites	5.83	5.60
Sitting fees	2.95	2.85
	<u>37.64</u>	<u>37.31</u>
<b>B. Computation of Commission to Managing Directors / Non Whole-time Directors</b>		
Profit before Tax as per Profit & Loss A/c	8,229.04	3,103.46
Add : Managerial remuneration	37.64	37.31
Depreciation charged to accounts	897.75	862.01
Provision for doubtful debts and advance	58.97	102.85
Loss/(profit) on sale of fixed assets (net)	26.53	33.69
	<u>9,249.93</u>	<u>4,139.32</u>
Less: Depreciation to the extent specified in section 350 Companies Act, 1956	897.75	862.01
Loss/(profit) on sale of fixed assets under section 350 (net)	26.53	33.69
Bad debts & advances written off out of provision	73.95	3.21
Profit on sale of investments	238.11	309.41
	<u>1,236.34</u>	<u>1,208.32</u>
Net Profit as per Section 349 of Companies Act, 1956	<u>8,013.59</u>	<u>2,931.00</u>
<b>Commission to Directors :</b>		
At 5% of the net profits to Managing Directors as computed above :	400.68	146.55
Restricted as per terms of appointment of Managing Director	1.00	1.00
At 1% of net profit to other Directors	80.14	29.31
Restricted as per Board Resolution	20.00	20.00
<b>Total</b>	<u>21.00</u>	<u>21.00</u>

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

	Unit	2009-2010		2008-2009	
		Quantity	Rs. in Lakhs	Quantity	Rs. in Lakhs
<b>10 Break-up of turnover</b>					
Class of goods					
Chicks	NOS.	69,618,675	14,423.57	66,786,616	9,555.47
S.P.F.eggs	NOS.	6,131,529	2,768.61	5,096,057	2,320.83
Grownup broiler parents	NOS.	52,214	235.59	124,913	419.73
Grownup commercial broilers	KGS.	18,293,902	9,600.67	21,474,199	9,328.00
Grownup commercial Layers	NOS.	707,674	852.45	893,029	1,005.81
Animal Health Products					
Powder	M.T.	2,125	3,942.75	2,257	3,369.61
Liquid	K.L.	1,551	2,050.74	1,386	1,833.22
Poultry feed	M.T.	47,803	7,244.85	36,344	5,126.29
Processed chicken	KGS.	8,040,215	10,346.92	7,046,464	7,988.58
Refined oil	M.T.	14,800	6,523.72	12,863	6,602.67
De-oiled cake for poultry feed	M.T.	43,908	9,459.48	38,546	7,036.25
Service charges	-	Not Applicable	23.49	Not Applicable	11.74
Miscellaneous	-	Numerous	3,154.70	Numerous	2,427.80
			<u>70,627.54</u>		<u>57,026.00</u>
<b>11 Raw materials and packing materials consumed</b>					
Feed and feed ingredients	M.T.	123,823	14,246.31	120,639	12,647.38
Breeder S.P.F. eggs	NOS.	7,000	180.59	7,000	166.02
Commercial broiler chicks	NOS.	234,171	28.96	636,053	77.85
Commercial layer chicks	NOS.	321,676	61.31	482,195	92.73
Grown up commercial broilers	KGS.	486,222	94.44	665,918	149.41
Oilseeds and oil cakes	M.T.	90,647	20,914.00	81,566	17,042.60
Other raw materials	-	Numerous	4,150.70	Numerous	3,289.80
Packing materials	-	Numerous	1,177.63	Numerous	1,140.18
A.H.P. ingredients	-	Numerous	2,559.89	Numerous	1,957.95
			<u>43,413.83</u>		<u>36,563.92</u>
<b>12 Opening stock of finished goods</b>					
S.P.F.eggs	NOS.	80,008	13.32	87,878	14.90
Animal Health Products					
Powder	M.T.	308	314.65	180	208.83
Liquid	K.L.	125	155.08	141	181.02
Processed chicken	KGS.	233,058	322.31	195,835	243.03
Refined oil	M.T.	125	47.46	43	19.94
De-oiled cake for poultry feed	M.T.	365	68.17	289	38.29
Poultry feed	M.T.	529	78.47	499	63.25
Miscellaneous	-	Numerous	10.23	Numerous	9.57
			<u>1,009.69</u>		<u>778.83</u>
<b>13 Closing stock of finished goods</b>					
S.P.F.eggs	NOS.	83,537	14.53	80,008	13.32
Animal Health Products					
Powder	M.T.	295	387.62	308	314.65
Liquid	K.L.	156	185.74	125	155.08
Processed chicken	KGS.	325,815	442.08	233,058	322.31
Refined oil	M.T.	138	55.62	125	47.46
De-oiled cake for poultry feed	M.T.	221	41.31	365	68.17
Poultry feed	M.T.	164	22.98	529	78.47
Miscellaneous	-	Numerous	21.49	Numerous	10.23
			<u>1,171.37</u>		<u>1,009.69</u>



Venky's (India) Limited

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - Contd.

		2009-2010	2008-2009
	Unit	Quantity	Quantity
<b>14 Particulars in respect of licensed capacity, installed capacity and actual production</b>			
A. Licensed capacity		Not Applicable	Not Applicable
B. Installed capacity			
Chicks	NOS.	89,226,089	80,375,986
S.P.F. eggs	NOS.	6,300,000	5,400,000
Refined oil	M.T.	15,000	15,000
De Oiled cake for poultry feed	M.T.	98,400	98,400
Animal Health Products			
Powder	M.T.	540	540
Liquid	K.L.	600	600
Poultry feed	M.T.	203,100	203,100
Nutritional Health Products	M.T.	90	90
C. Actual production			
- at Own facilities			
Chicks **	NOS.	59,892,246	56,521,644
(Includes for captive consumption)	NOS.	17,993,386	19,124,726
S.P.F. eggs	NOS.	6,257,234	5,272,027
Refined oil	M.T.	15,103	14,597
(Includes for captive consumption)	M.T.	290	1,652
De Oiled cake for poultry feed	M.T.	76,403	67,346
(Includes for captive consumption)	M.T.	32,639	28,724
Animal Health Products			
Powder	M.T.	1,289	1,210
(Includes for captive consumption)	M.T.	69	33
Liquid	K.L.	1,473	1,190
(Includes for captive consumption)	K.L.	48	38
Poultry feed	M.T.	149,973	141,927
(Includes for captive consumption)	M.T.	102,529	105,553
Nutritional Health Products**	M.T.	—	—
- at External leased facilities			
AHP Powder	M.T.	—	33
Chicks	NOS.	18,849,122	25,258,691
(Includes for captive consumption)	NOS.	2,976,202	2,850,194
Grown up Commercial Broilers	KGS.	34,608,945	35,821,123
(Includes for captive consumption)	KGS.	16,466,204	14,354,735
Grown up Commercial Layers	NOS.	707,674	893,029
Processed Chicken	KGS.	8,164,350	7,110,780

Installed capacity is as certified by the management and accepted by the auditors, being a technical matter.

The installed capacities have been stated on triple shift basis except for the Animal Health Products and Health Care Division which have been stated on a single shift basis.

Unless otherwise stated, actual production does not include production meant for captive consumption.

\* \* Excluding chicks hatched / Nutritional health products processed for others

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

	Unit	2009-10		2008-09	
		Quantity	Rs. in Lakhs	Quantity	Rs. in Lakhs
<b>15 Particulars in respect of goods purchased for trading</b>					
Chicks	NOS.	12,149,779	2,210.62	7,188,628	835.95
Grownup Commercial Broilers	KGS.	336,103	138.84	221,160	95.03
Animal health products					
Powder	M.T.	914	897.66	1,239	921.69
Liquid	K.L.	177	366.54	257	499.29
Others	—	Numerous	25.21	Numerous	45.38
			<u>3,638.87</u>		<u>2,397.34</u>
<b>16 CIF value of imports</b>					
Raw Materials / Trading Goods			1,213.96		956.72
Capital Goods			61.72		50.83
Stores & spares			80.54		51.77
Packing			5.49		7.68
			<u>1,361.71</u>		<u>1,067.00</u>
<b>17 Expenditure in foreign currency (on cash basis)</b>					
Travelling expenses (Net of recovery)			44.27		74.19
Professional fees			98.26		33.00
Security expenses			44.79		40.13
Consumable Stores and Spares			0.52		—
Sales Promotion			32.49		—
Gifts and Presentation			16.53		—
			<u>236.86</u>		<u>147.32</u>
			<b>% of total</b>		<b>% of total</b>
		<b>Rs. in Lakhs</b>	<b>consumption</b>	<b>Rs. in Lakhs</b>	<b>consumption</b>
<b>18 Value of imported and indigenous goods consumed</b>					
Raw materials & packing materials					
Imported		1,001.96	2	602.04	2
Indigenous		42,411.87	98	35,961.88	98
		<u>43,413.83</u>	<u>100</u>	<u>36,563.92</u>	<u>100</u>
Stores and spare parts					
Imported		52.75	9	50.72	10
Indigenous		563.30	91	466.10	90
		<u>616.05</u>	<u>100</u>	<u>516.82</u>	<u>100</u>



## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

	2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
<b>19 Expenditure in respect of Research &amp; Development debited to P &amp; L A/c</b> ( As Certified by the management & accepted by the Auditors being a technical matter )	<b>34.43</b>	23.38
<b>20 Earnings in Foreign Exchange</b> F.O.B. value of exports	<b>45.52</b>	128.31
<b>21 Foreign Exchange Fluctuation Gain/(Loss)</b>	<b>25.72</b>	(22.76)
<b>22 Disclosure in respect of leases covered under Accounting Standard 19 as notified by Companies (Accounting Standard) Rules 2006.</b>		
<b>A. Assets taken on operating lease :</b> The total of future minimum lease payments under non cancellable operating leases :		
Payment within one year	<b>102.15</b>	180.01
Payment within 1-5 years	<b>195.43</b>	242.39
Payment beyond 5 years	<b>41.25</b>	56.19
Lease payments recognised in the Profit & Loss Account	<b>289.54</b>	309.83
<b>B. Assets given on operating lease :</b>		
a. Assets given under operating lease are as follows:		
<b>Gross Block</b>		
Building	<b>481.05</b>	447.88
Plant, Machinery & Equipments	<b>272.33</b>	162.57
Electrical Installations	<b>38.15</b>	27.18
Furniture, Fixtures and Office Equipments	<b>4.26</b>	1.91
Vehicles	<b>0.86</b>	0.86
<b>Total Gross Block</b>	<b>796.65</b>	640.40
<b>Less- Accumulated depreciation at the year end</b>		
Building	<b>207.36</b>	176.45
Plant, Machinery & Equipments	<b>151.55</b>	120.00
Electrical Installations	<b>23.67</b>	21.18
Furniture, Fixtures and Office Equipments	<b>2.64</b>	1.90
Vehicles	<b>0.70</b>	0.69
<b>Total Accumulated Depreciation</b>	<b>385.92</b>	320.22
<b>Net Block</b>		
Building	<b>273.69</b>	271.43
Plant, Machinery & Equipments	<b>120.78</b>	42.57
Electrical Installations	<b>14.48</b>	6.00
Furniture, Fixtures and Office Equipments	<b>1.62</b>	0.01
Vehicles	<b>0.16</b>	0.17
<b>Total Net Block</b>	<b>410.73</b>	320.18
Lease rent received during the year	<b>90.59</b>	73.14
Depreciation recognised in Profit and Loss account	<b>25.60</b>	18.66
The total of future minium lease rent receivable under non cancellable operating leases :		
Receivable within one year	<b>75.37</b>	74.20
Receivable within 1-5 years	<b>93.00</b>	172.84
Receivable beyond 5 years	<b>—</b>	—

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS – Contd.

#### 23 Details of Segment Reporting

##### A. Primary Segment Information

(Rs.in Lakhs)

Business Segment	Poultry & Poultry Products		Animal Health Products		Oilseed		Elimination		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>REVENUE</b>										
Sales to external customers	48,135.81	38,005.14	6,020.99	5,253.46	16,390.29	13,667.75	—	—	70,547.09	56,926.35
Inter-segment sales	—	—	224.41	258.70	7,199.77	6,567.26	7,424.18	6,825.96	—	—
<b>Total Revenue</b>	<b>48,135.81</b>	<b>38,005.14</b>	<b>6,245.40</b>	<b>5,512.16</b>	<b>23,590.06</b>	<b>20,235.01</b>	<b>7,424.18</b>	<b>6,825.96</b>	<b>70,547.09</b>	<b>56,926.35</b>
<b>RESULT</b>										
Segment result	6,947.27	1,903.59	1,106.90	985.47	1,175.53	1,936.88	—	—	9,229.70	4,825.94
Unallocated corporate expenses									496.92	934.31
Operating profit									8,732.78	3,891.63
Interest expenses									503.74	788.17
Income taxes									2,797.49	1,047.43
<b>Profit from ordinary activities</b>									<b>5,431.55</b>	<b>2,056.03</b>
Extraordinary items									—	—
<b>Net Profit</b>									<b>5,431.55</b>	<b>2,056.03</b>





## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS – Contd.

Business Segment	Poultry & Poultry Products		Animal Health Products		Oilseed		Elimination		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>OTHER INFORMATION</b>										
Segment assets	21,945.41	19,625.91	3,328.64	3,234.09	3,430.02	3,556.76	—	—	28,704.07	26,416.76
Unallocated corporate assets									8,726.47	6,118.71
<b>Total assets</b>									37,430.54	32,535.47
Segment liabilities	3,497.47	3,466.26	1,749.52	1,584.51	837.95	853.58	—	—	6,084.94	5,904.35
Unallocated corporate liabilities									10,682.01	10,920.23
<b>Total liabilities</b>									16,766.95	16,824.58
Capital expenditure	1,519.91	892.51	14.29	50.93	96.86	40.06	—	—	1,631.06	983.50
Unallocated corporate Capital expenditure									66.24	63.62
<b>Total capital expenditure</b>									1,697.30	1,047.12
Depreciation	726.69	697.81	43.76	42.72	94.96	92.27	—	—	865.41	832.80
Unallocated corporate Depreciation									32.34	29.21
Non-Cash Expenses other than depreciation	(22.61)	(2.68)	(39.45)	(3.81)	4.24	(1.26)	—	—	(57.82)	(7.75)
Unallocable Non-Cash Expenses other than depreciation									6.50	(5.18)

#### B. Secondary Segment Information:

There are no reportable geographical segments.

#### C. Other Disclosures

-Inter Segment Sales are measured on the basis of price charged for inter segment transfers.

-Allocation of corporate expenses to other segments is at cost.

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

#### 24 Related Parties Disclosures

##### I Names of related parties and description of relationship

###### A. Key Management Persons and relatives

- 1 Mrs. Anuradha J. Desai
- 2 Mr. B. Venkatesh Rao
- 3 Mr. B. Balaji Rao
- 4 Mr. Jitendra M. Desai

###### B. Where Control Exists

Venkateshwara Hatcheries Private Limited - Holding Company

###### C. Enterprises Over Which Key Management Person Have Significant Influence And Enterprises Having A Key Management Person In Common Where Transactions Have Taken Place During The Year

- 1 Venco Research and Breeding Farm Private Limited
- 2 Uttara Foods and Feeds Private Limited
- 3 BV Bio-Corp Private Limited
- 4 Venkateshwara Research and Breeding Farm Private Limited
- 5 Uttara Dairy & Foods Products Private Limited
- 6 Eastern Hatcheries Private Limited
- 7 V R Equipments Limited
- 8 V J Equipments Private Limited
- 9 Uttara Impex Private Limited
- 10 All India Poultry Development and Services Private Limited
- 11 Venkateshwara Foods & Feeds (Firm)



Venky's (India) Limited

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - Contd.

#### II. A. TRANSACTIONS WITH RELATED PARTIES

(Rs. in Lakhs)

Sr. No.	Particulars	Where Control Exists		Enterprises Over Which Key Management Person Have Significant Influence And Enterprises Having A Key Management Person In Common	
		2009-10	2008-09	2009-10	2008-09
1	Purchase of materials / finished goods	3,832.17	2,746.65	3,739.48	3,304.66
2	Sale of materials / Finished Goods	17,373.13	11,899.00	4,308.76	3,512.46
3	Purchase of Fixed Assets	—	3.55	252.96	46.38
4	Sale of Fixed Assets	0.08	25.00	0.13	1.57
5	Services Charges / Expenses recharged to other companies (Income)	20.74	15.53	4.35	44.33
6	Services Charges / Expenses recharged by other companies (Expense)	214.18	157.36	34.84	7.84
7	Custom Hatching Charges / Testing Charges / Processing Charges (Income)	23.49	13.18	4.62	5.94
8	Custom Hatching Charges / Testing Charges / Processing Charges (Expense)	0.83	0.21	1.06	—
9	Rent Received (Income)	51.67	37.80	38.92	35.34
10	Rent Paid (Expenses)	51.92	50.81	—	—
11	Contributions to Trade Associations	—	—	78.02	80.16
12	Bad debts Written off	—	—	0.49	—
13	Outstanding Receivable/ (Payables), net of receivable /(Payable)	1,992.14	2,644.39	(161.54)	(370.72)

#### B. DISCLOSURE IN RESPECT OF TRANSACTIONS WHICH ARE MORE THAN 10% OF THE TOTAL TRANSACTIONS OF THE SAME TYPE WITH RELATED PARTIES DURING THE YEAR.

(Rs. in Lakhs)

Sr. No.	Transactions	2009-10	2008-09
	<b>Purchase of materials / finished goods</b>		
1	Venkateshwara Hatcheries Private Limited	3,832.17	2,746.65
2	Venco Research and Breeding Farm Private Limited	1,316.33	910.75
3	BV Bio-Corp Private Limited	1,238.70	1,131.03
4	Uttara Foods and Feeds Private Limited	957.47	1,168.54
5	Others	226.98	94.34
	<b>Total</b>	<b>7,571.65</b>	<b>6,051.31</b>
	<b>Sale of materials / Finished Goods</b>		
1	Venkateshwara Hatcheries Private Limited	17,373.13	11,899.00
2	Venco Research and Breeding Farm Private Limited	2,053.51	1,733.54
3	Others	2,255.25	1,778.92
	<b>Total</b>	<b>21,681.89</b>	<b>15,411.46</b>

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

#### III. DETAILS REGARDING PAYMENT MADE TO KEY MANAGERIAL PERSONS

	(Rs. in Lakhs)	
	2009-10	2008-09
<b>A. Managerial Remuneration</b>		
Salary	6.00	6.00
Commission	9.45	8.50
Contribution to provident and other funds	1.86	1.86
Perquisites	5.83	5.60
Sitting fees	1.80	1.65
	<u>24.94</u>	<u>23.61</u>
<b>B. Others</b>		
Rent	3.60	3.60
<b>Total</b>	<u>28.54</u>	<u>27.21</u>

#### 25 The major components of deferred tax assets and liabilities are as under

	(Rs. In Lakhs)	
Item	As at 31 <sup>st</sup> March, 2010	As at 31 <sup>st</sup> March, 2009
<b>Deferred Tax Liability</b>		
Depreciation	(1,731.73)	(1,761.05)
<b>Total</b>	<u>(1,731.73)</u>	<u>(1,761.05)</u>
<b>Deferred Tax Asset</b>		
Employee Benefits	174.88	299.91
Provision for doubtful debts	90.62	98.11
Others	8.47	21.76
<b>Total</b>	<u>273.97</u>	<u>419.78</u>
<b>Net Deferred Tax Asset/(Liability)</b>	<u>(1,457.76)</u>	<u>(1,341.27)</u>

#### 26 Earnings Per Share (EPS)

- a. There is no potential equity shares and hence the basic and diluted EPS are the same.
- b. The calculation of the Basic and Diluted EPS is based on the following data:

	2009-10	2008-09
Net Profit for the year (Rs. In Lakhs)	5,431.55	2,056.03
Weighted average number of equity shares outstanding during the year	9,391,557	9,391,557
Basic and Diluted EPS (Face value of Rs.10/- each)	57.83	21.89



## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - Contd.

#### 27 Employee Benefits

- (a) Disclosure in respect of defined contribution plans.  
Payments to and provisions for employees includes Rs. 292.00 lakhs (Previous year Rs. 271.85 lakhs) recognized as an expense in respect of defined contribution plans.
- (b) Plan Description  
The Company makes annual contributions to the Gratuity Fund managed by ICICI Prudential Life Insurance Company Ltd, a funded defined benefit plan for qualifying employees. The scheme provides for lumpsum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of 6 months. Vesting occurs only upon completion of 5 years of service, except in case of death or permanent disability. The present value of the defined benefit obligation and the related current service cost are measured using the projected unit credit method with actuarial valuation being carried out at balance sheet date.
- (c) Defined benefit plans / compensated absences – As per actuarial valuation on 31st March, 2010  
(Rs. In Lakhs)

	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
<b>I</b>	<b>Change in defined benefit obligation</b>				
	Liability at the beginning of the year	1,207.33	948.97	280.94	231.93
	Interest cost	82.87	73.48	17.53	15.98
	Current service cost	85.06	100.25	40.30	36.69
	Benefit Paid	(46.99)	(37.82)	(60.89)	(59.21)
	Actuarial (gain)/loss on obligation	(227.64)	122.45	32.36	55.55
	Liability at the end of the year	1,100.63	1,207.33	310.24	280.94
<b>II</b>	<b>Change in Plan Assets</b>				
	Fair value of plan assets at the beginning of the year	647.92	473.69	—	—
	Expected return on Plan Assets	65.29	45.84	—	—
	Contributions by employers	157.10	74.14	—	—
	Acquisitions adjustments	—	37.81	—	—
	Benefit Paid	(1.96)	(2.93)	—	—
	Actuarial gain/(loss) on Plan Assets	(0.74)	19.37	—	—
	Fair value of plan assets at the end of the year	867.61	647.92	—	—
	<b>Total actuarial Loss/(Gain) to be recognized</b>	<b>(226.90)</b>	<b>103.08</b>	<b>32.36</b>	<b>55.55</b>
<b>III</b>	<b>Actual Return on Plan Assets</b>				
	Expected return on plan assets	65.29	45.84	—	—
	Actuarial gain/(loss) on Plan Assets	(0.74)	19.37	—	—
	<b>Actual Return on Plan Assets</b>	<b>64.55</b>	<b>65.21</b>	<b>—</b>	<b>—</b>
<b>IV</b>	<b>Amount Recognized in the Balance Sheet</b>				
	Liability at the end of the year	1,100.63	1,207.33	310.24	280.94
	Fair Value of Plan Assets at the end of the year	867.61	647.92	—	—
	<b>Amount Recognized in the Balance Sheet</b>	<b>233.02</b>	<b>559.41</b>	<b>310.24</b>	<b>280.94</b>

## NOTES FORMING PART OF THE ACCOUNTS 2009-2010

### SCHEDULE 13 : NOTES TO THE ACCOUNTS - *Contd.*

(Rs. In Lakhs)

	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
<b>V</b>	<b>Expenses Recognized in the Statement of profit and loss for the year</b>				
	Current Service cost	85.06	100.25	40.30	36.69
	Interest cost	82.87	73.48	17.53	15.98
	Expected return on plan assets	(65.29)	(45.84)	—	—
	Acquisitions adjustments	—	(37.81)	—	—
	Net Actuarial Loss/(Gain) to be recognized	(226.90)	103.08	32.36	55.55
	<b>Expenses Recognized in P &amp; L</b>	<b>(124.26)</b>	<b>193.16</b>	<b>90.19</b>	<b>108.22</b>
<b>VI</b>	<b>Amount Recognized in the Balance Sheet</b>				
	Opening net Liability	559.41	475.28	280.94	231.93
	Expenses as above	(124.26)	193.16	90.19	108.22
	Contributions by employers/Benefits paid	(202.13)	(109.03)	(60.89)	(59.21)
	<b>Amount Recognized in the Balance Sheet</b>	<b>233.02</b>	<b>559.41</b>	<b>310.24</b>	<b>280.94</b>
<b>VII</b>	<b>Actuarial Assumptions for the year</b>				
	Discount Factor	8.50%	7.00%	8.50%	7.00%
	Rate of Return on Plan Assets	9.00%	9.00%	NA	NA
	Interest Rate	8.50%	7.00%	NA	NA
	Attrition Rate				
	i) Staff below age 35	5.00%	5.00%	5.00%	5.00%
	ii) Others	1.00%	1.00%	1.00%	1.00%
	Rate of Escalation in Salary	8.00%	8.00%	8.00%	8.00%

(e) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

(f) The major categories of plan assets as a percentage of total plan assets.

Particulars	% Invested 31-Mar-10	% Invested 31-Mar-09
Debentures / Bonds	80.53	67.14
Government Securities	-	12.90
Deposit with Banks	4.96	6.91
Others	14.51	13.05
Total	100.00	100.00

**28** Under Micro, Small and Medium Enterprises Development Act, 2006 which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. Accordingly, information relating to disclosure under the said Act has been given only to the extent such information is readily available with the Company. This information has been relied upon by the auditors.





## Venky's (India) Limited

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- 29** Capital work in progress includes an amount of Rs. 200 lakhs which represents advances paid to builders for purchase of properties. The completion of agreements in respect of the above are yet to be executed.
- 30** There are no amounts due and outstanding to be credited to Investors Education and Protection Fund.
- 31** Previous year's figures have been regrouped / recast / rearranged wherever necessary in order to confirm to current year's presentation.
- 

As per our attached report of even date

For and on behalf of the Board of Directors

For **SUDIT K PAREKH & CO**  
*Chartered Accountants*

**ANURADHA J. DESAI**  
*Chairperson*

**B. VENKATESH RAO**  
*Vice Chairman*

**SRIKANT V. JILLA**  
*Partner*  
Membership Number : 39461

**B. BALAJI RAO**  
*Managing Director &  
Chief Executive Officer*

**A. G. BAUSKAR**  
*Chief Financial Officer &  
Company Secretary*

Pune  
May 25, 2010

Pune  
May 25, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31 <sup>st</sup> March, 2010 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>A. Cash flows from operating activities</b>		
Net profit before tax and extraordinary item	8,229.04	3,103.46
Adjustments for:		
Depreciation	898.20	862.46
Dividend income	(19.22)	(76.90)
Interest expense	503.74	788.17
(Profit) / loss on sale / discard of fixed assets (net)	26.53	33.69
(Profit) / loss on sale of investment	(238.11)	(309.41)
Transfer from grants	(0.45)	(0.61)
Bad debts written off & provision for doubtful debts	68.67	107.76
Bad advances written off & provision for doubtful advances	—	1.27
<b>Operating profit before working capital changes</b>	<b>9,468.40</b>	<b>4,509.89</b>
<b>Changes in Working Capital</b>		
(Increase)/Decrease in Trade & other receivables	(82.30)	(855.90)
(Increase)/Decrease in Inventory	(1,562.22)	965.86
Increase/(Decrease) in Trade & other payables	177.49	354.84
<b>Cash generated from operations</b>	<b>8,001.37</b>	<b>4,974.69</b>
Direct taxes paid	(2,621.63)	(1,162.87)
<b>Net cash from operating activities</b>	<b>5,379.74</b>	<b>3,811.82</b>
<b>B. Cash flows from investing activities</b>		
Sale of fixed assets	3.88	31.16
Purchase of fixed assets (including work-in-progress)	(1,663.64)	(1,273.67)
Purchase of investments	(21,426.21)	(30,673.37)
Sale of investments	18,744.54	31,034.18
Dividend received	19.22	76.90
<b>Net cash from investing activities</b>	<b>(4,322.21)</b>	<b>(804.80)</b>



	For the year ended 31 <sup>st</sup> March, 2010 Rs. in Lakhs	For the year ended 31 <sup>st</sup> March, 2009 Rs. in Lakhs
<b>C. Cash flows from financing activities</b>		
(Repayment of) / proceeds from long term borrowings (Net of proceeds / (repayments))	(2,442.78)	342.80
(Repayment of) / proceeds from Working Capital & Short term Loans (Net of proceeds / (repayments))	2,045.78	(1,990.15)
Dividend paid (including dividend distribution tax)	(376.38)	(382.84)
Interest paid	(520.03)	(799.54)
<b>Net cash flow from financing activities</b>	<b>(1,293.41)</b>	<b>(2,829.73)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(235.88)</b>	<b>177.29</b>
<b>Cash and cash equivalents as at 31.03.2009 (Opening Balance)</b>	<b>1,083.99</b>	<b>906.70</b>
<b>Cash and cash equivalents as at 31.03.2010 (Closing Balance)</b>	<b>848.11</b>	<b>1,083.99</b>

Previous year figures are regrouped to conform to the current year's presentation

As per our attached report of even date	For and on behalf of the Board of Directors	
For <b>SUDIT K PAREKH &amp; CO</b> <i>Chartered Accountants</i>	<b>ANURADHA J. DESAI</b> <i>Chairperson</i>	<b>B. VENKATESH RAO</b> <i>Vice Chairman</i>
<b>SRIKANT V. JILLA</b> <i>Partner</i> Membership Number : 39461	<b>B. BALAJI RAO</b> <i>Managing Director &amp; Chief Executive Officer</i>	<b>A. G. BAUSKAR</b> <i>Chief Financial Officer &amp; Company Secretary</i>
Pune May 25, 2010	Pune May 25, 2010	

### AUDITORS' CERTIFICATE

The Board of Directors  
**VENKY'S (INDIA) LIMITED**

We have examined the attached cash flow statement of **Venky's (India) Limited** for the year ended 31<sup>st</sup> March 2010. The statement has been prepared by the Company in accordance with the requirements of listing agreement clause 32 with Stock Exchanges and is based on and is in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of even date to the members of the Company.

For **SUDIT K. PAREKH & CO.**  
*Chartered Accountants*

**SRIKANT V. JILLA**  
*Partner*

Pune  
May 25, 2010

Membership Number : 39461  
Firm Registration No. : 110512W

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. L01222PN1976PLC017422

State Code 11

Balance Sheet 31032010

Date Date Month Year

### II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue NIL Rights Issue NIL

Bonus Issue NIL Private Placement NIL

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 3111319 Total Assets 3111319

#### Sources of Funds

Paid-up Capital 93916 \*Reserves & Surplus 1972443

Secured Loans 93603 Unsecured Loans 805581

Deferred Tax Liability 145776

#### Application of Funds

Net Fixed Assets 1335160 Investment 813111

Net Current Assets 963048 Misc. Expenditure NIL

Accumulated Losses NIL

\*including government grants Rs. 304

### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover 7062754 Total Expenditure 6281695

Profit Before Tax +-✓822904 Profit After Tax +-✓543155

(Please Tick appropriate box + for Profit - for Loss)

Earning Per Share in Rs. 58 Dividend Rate % 40

### V. Generic Names of Three Principal Products of Company

Item Code No. (ITC Code) : 01051100

Product Description ONE DAY OLD COMMERCIAL CHICKS

Item Code No. (ITC Code) : 15079010

Product Description REFIND SOYABEAN OIL

Item Code No. (ITC Code) : 23040010

Product Description DE-OILED CAKE FOR POULTRY FEED

For and on behalf of the Board of Directors

**ANURADHA J. DESAI**  
Chairperson

**B. VENKATESH RAO**  
Vice Chairman

**B. BALAJI RAO**  
Managing Director &  
Chief Executive Officer

**A. G. BAUSKAR**  
Chief Financial Officer &  
Company Secretary

Pune  
May 25, 2010



Venky's (India) Limited

## VENKY'S (INDIA) LIMITED

Registered and Corporate Office: "Venkateshwara House", S.No. 114/A/2, Pune-Sinhagad Road, Pune-411 030

Date: May 25, 2010

Dear Shareholder(s),

### Option for ECS Mandate / Bank Mandate

#### ECS Mandate

As an added service to our shareholders, we are pleased to offer the facility of electronic credit of dividend directly to the respective bank accounts of our shareholders, through Electronic Clearing Service (ECS). Shareholders who would like to avail of this facility are requested to fill up the mandate form provided on the reverse of this letter and submit the same to the Company's Registrars and Share Transfer Agents' office **latest by 14<sup>th</sup> August, 2010**. This service not only protects a shareholder against fraudulent interception and encashment of dividend warrants but also eliminated dependence on the postal system, loss/damage of dividend warrants in transit and correspondence relating to revalidation / issue of duplicate dividend warrants.

Kindly note that as per directives of Securities and Exchange Board of India (SEBI), in respect of shareholders holding shares in dematerialised form, dividend shall be paid through ECS (where such facility is available) directly into the bank account furnished by the shareholders to their respective Depository Participant at the time of opening the Demat Account, provided that Bank particulars and MICR details are made available to the Company in the Beneficiary positions provided by NSDL & CDSL. **Such shareholders therefore need not submit the mandate form provided on the reverse of this letter but should ensure that the Bank particulars submitted to their respective Depositories are correct and valid.** In case it is desired to receive dividend in an account other than the one specified while opening the Demat Account, such shareholders may please inform the same to their respective Depository Participant immediately. The details informed to the Company or its Share Transfer Agents will not be considered in such cases.

#### Bank Mandate

Shareholders holding shares of the Company in physical form and who, for any reason, would not like to avail of the ECS facility being offered to such shareholders as mentioned above, are requested to furnish, (if not done earlier) in the mandate form provided on the reverse of this letter, details of their bank account number and name of the bank and the branch, which would be printed on the dividend warrants to avoid fraudulent encashment thereof.

Kindly note that the ECS / Bank Mandate instructions should be under the signature of the shareholder(s) as per specimen lodged with the Company.

We seek your co-operation to enable us to serve you better.

Yours faithfully,

For **Venky's (India) Limited**

**A. G. BAUSKAR**  
CHIEF FINANCIAL OFFICER.

## FORM FOR ECS MANDATE / BANK MANDATE

I / We \_\_\_\_\_ do hereby authorise Venky's (India) Limited to-

- Credit my dividend amount directly to my Bank Account as per details furnished below by Electronic Clearing Service (ECS) - ECS Mandate ☐
- Print the details of my Bank Account as furnished below, on my divided warrant which will be mailed to me - Bank Mandate ☐

(Please tick (P) in the appropriate Box)

Folio No(s) \_\_\_\_\_

A. Bank Name	
B. Branch	
C. Bank Address <b>(for ECS Mandate only)</b>	
D. Bank Account Number	
E. Account Type (Savings / Current)	
F. 9 Digit Code number of bank & branch as appearing on the MICR Cheque <b>(for ECS Mandate only)</b>	
G. STD code & telephone number of Shareholder (optional)	

I / We shall not hold the Company responsible if the ECS could not be implemented.

(1) \_\_\_\_\_ (2) \_\_\_\_\_ (3) \_\_\_\_\_

Signature of Shareholder(s)  
(as per specimen lodged with the Company)

### Notes:

1. Please submit this form to the Company's Registrars and Share Transfer Agents' office at E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai - 400 072 **on or before 14<sup>th</sup> August, 2010.**
2. Please attach a blank cancelled cheque or a photocopy of a cheque issued by you Bank relating to your above account.



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34th  
Annual  
Report  
2009-10

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**Notes :**

## Locations of Units of Venky's (India) Limited

- 
- Pathankot
  - Ludhiana
  - Gurdaspur
  - Ambala
  - Sangrur
  - Samalkha
  - Sonepat
  - Sunderpur
  - Basti
  - Anand
  - Allahabad
  - Rewa
  - Pune
  - Solapur

- **Pune, Maharashtra**

Breeder Farms  
Specific Pathogen Free Egg  
Poultry Feed  
Animal Health Products  
Chicken Processing  
Commercial Farms  
Health Care Products

- **Solapur, Maharashtra**

Refinery Solvent Extraction  
Poultry Feed

- **Anand, Gujarat**

Breeder Farms  
Commercial Farms  
Hatchery

- **Samalkha and Sonepat, Harayana**

Breeder Farms  
Hatchery

- **Ambala, Harayana**

Broiler Breeder Farms  
Poultry Feed  
Commercial Farms

- **Dehradun, Uttaranchal**

Breeder Farms  
Hatchery  
Poultry Feed

- **Sunderpur, Uttar Pradesh**

Breeder Farms

- **Basti & Allahabad, Uttar Pradesh**

Satellite Hatchery

- **Ludhiana, Punjab**

Breeder Farms & Hatchery

- **Gurdaspur, Pathankot & Sangrur, Punjab**

Breeder Farms  
Satellite Hatchery  
Commercial Farms  
Commercial Farms & Hatchery

- **Rewa, Madhya Pradesh**

Breeder Farms



## **VENKY'S (INDIA) LIMITED**

### **Registered & Corporate Office:**

Venkateshwara House, S.No. 114/A/2, Pune-Sinhagad Road, Pune 411 030.

Tel.: (020) 2425 1530 - 41 Fax: (020) 2425 1077, 2425 1060.

E-mail: [corp.shares@venkys.com](mailto:corp.shares@venkys.com) Website: [www.venkys.com](http://www.venkys.com)