



**36TH**  
**ANNUAL REPORT 2011-12**



**VENKY'S (INDIA) LIMITED**



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

*"VH Group 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."*

*"The process of economic liberalisation will help this industry to expand rapidly. There are no longer any artificial barriers between us and modern technology."*

*"To succeed in any business one must have a firm commitment and an affinity for the business more so in the poultry business. Making money, though welcome, should not be the sole criteria."*

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

*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 2011-12 and a general scenario of the poultry sector in India.

During the financial year ended 31<sup>st</sup> March, 2012, Venky's continued to grow in terms of sales turnover. However, the overall profitability of the Company was lower – the reasons were that the cost of poultry feed was very high in the last 4 to 5 years. Poultry feed cost has more than doubled. Also, the realisations from the sale of day old chicks and grown up birds were lower. The Animal Health Products and Oilseed Segments have performed satisfactorily.

During the year 2011-12, Venky's has undertaken expansion-cum-modernisation programme at an estimated cost of Rs. 107 crores, to augment the capacities in Poultry and Poultry Products and Animal Health Products Segments, modernisation in Oilseed Segment and for setting up of 'Venky's Xprs' outlets. The expansion-cum-modernisation programme is funded by internal accruals and long term loans, due to which the borrowings of the Company have gone up. Benefits of the expanded capacities will start accruing to the Company from the second half of the current financial year.

Notwithstanding the temporary drop in profitability witnessed during the last financial year, I am confident that the Indian poultry industry in general and your Company in particular, will continue to maintain a healthy rate of growth in the years ahead.

My confidence stems from the fact that thanks to the far sighted vision, planning and dedicated efforts of our Founder Chairman, Late Padmashri Dr. B.V. Rao, we have a strong R&D and production- infrastructure base : we are part of an essential food production sector, wherein the demand for our products, with an established reputation for quality, can only move upwards. I am also confident that the Indian economy, which went through a phase of slow growth during the past two years, will bounce back, resulting in higher disposable income among the middle and lower middle classes and consequently, greater demand for protein-rich food products.

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
Mr. Jitendra M. Desai		
Mr. C. Jagapati Rao		
Mr. S.B. Thorat		
Lt. Col. (Retd.) Ashok Mahajan		
Col. (Retd.) Surinder Kumar		

## AUDIT COMMITTEE

Lt. Col. (Retd.) Ashok Mahajan	—	Chairman
Mr. S.B. Thorat	—	Member
Mr. Jitendra M. Desai	—	Member
Col. (Retd.) Surinder Kumar	—	Member

## 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  
ICICI Bank  
HDFC Bank

## AUDITOR

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 AGENT

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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HEAT & SERVE



### Murg Masala



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

### Butter Chicken



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



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

## Chicken Hariyali Kabab

Heat a little oil in the frying pan and place the frozen Chicken Hariyali Kabab in it. Cook the Kabab by intermittent turning for 6-7 minutes, till surface colour is golden brown. The product can also be cooked in an oven or a grill. Serve hot with spicy mint chutney / tomato ketchup / onion and lemon slice.

New



The Venky's logo is located in the top left corner, featuring the brand name in a stylized white font inside a blue oval with a yellow border. The background of the top left corner has a yellow and white polka-dot pattern.

Venky's

FRY & SERVE

## Chicken Samosa



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 Popcorn



A perfect excuse to watch movies at home. Deep fry the frozen popcorn in hot oil, for 3 to 5 minutes or till golden brown. Serve with tomato ketchup.

## Chicken Burger Patty



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 Meat Balls



A unique product that can be fried and served as delicious Chicken Kababs or can be simply added to a curry to make a delectable Chicken Kofta Curry. Fry in hot oil for 4 to 5 minutes till golden brown or add to curry and boil for 4-5 minutes.

## 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.

## COLD CUTS

# Chicken Salami

Make your salads, sandwiches, rolls, pizzas even yummier by adding Salami to them. Available in a range of flavours. Chicken Salami is a pre-cooked product and needs only to be thawed before consumption.

**Black** Olives



**Green**

**Peppercorn**



**Pistachio**



**Red & Yellow**

**Pepper**



**Vienna**

**Sausages**



Made using the finest quality chicken meat, this product is great for making a delicious Hotdog. Thaw the product and grill in a frying pan. Serve in a bread roll with tomato ketchup and mustard sauce.

**Chicken**

**Sausages**



Made from ground chicken meat and lightly spiced. To thaw before use, grill the frozen sausages in a frying pan or place in warm water for 2 minutes and it is ready to eat.

**Chicken** Franks

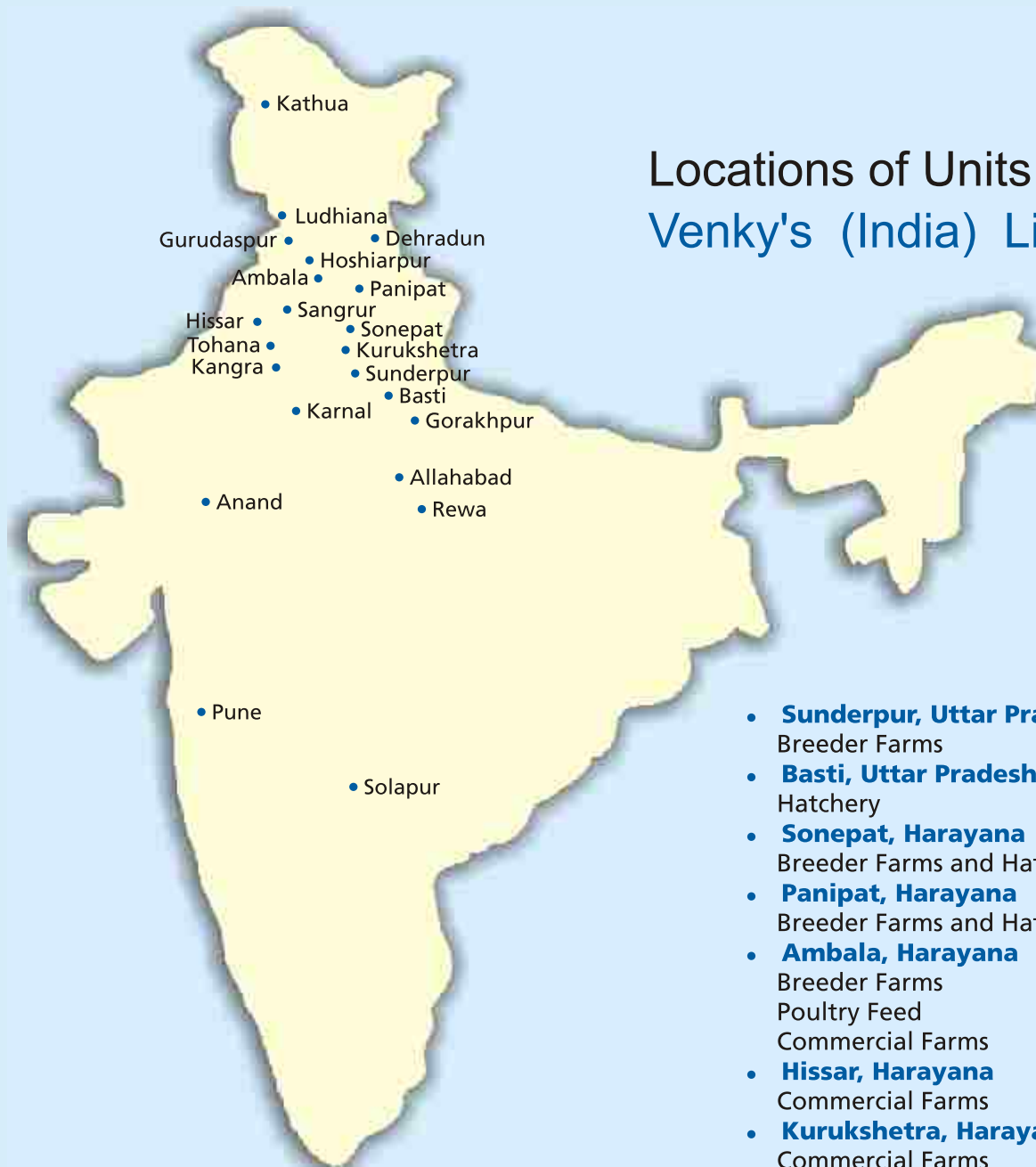


Also known as Frankfurters, this product is an all time favourite. To thaw grill the frozen franks in a frying pan or place in warm water for 2 minutes and it is ready to eat.





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



- **Pune, Maharashtra**  
Breeder Farms  
Specific Pathogen Free Egg  
Poultry Feed  
Animal Health Products  
Chicken Processing  
Commercial Farms  
Health Care Products
- **Solapur, Maharashtra**  
Solvent Extraction and Refinery  
Poultry Feed
- **Anand, Gujarat**  
Breeder Farm  
Hatchery
- **Dehradun, Uttaranchal**  
Breeder Farms  
Hatchery and Poultry Feed
- **Allahabad, Uttar Pradesh**  
Breeder Farms  
Hatchery and Poultry Feed
- **Sunderpur, Uttar Pradesh**  
Breeder Farms
- **Basti, Uttar Pradesh**  
Hatchery
- **Sonepat, Harayana**  
Breeder Farms and Hatchery
- **Panipat, Harayana**  
Breeder Farms and Hatchery
- **Ambala, Harayana**  
Breeder Farms  
Poultry Feed  
Commercial Farms
- **Hissar, Harayana**  
Commercial Farms
- **Kurukshetra, Harayana**  
Commercial Farms
- **Karnal, Harayana**  
Commercial Farms
- **Tohana, Harayana**  
Commercial Farms
- **Ludhiana, Punjab**  
Breeder Farms  
Hatchery and Commercial Farms
- **Hoshiarpur, Punjab**  
Breeder Farms  
Hatchery and Commercial Farms
- **Gurudaspur, Punjab**  
Commercial Farms
- **Sangrur, Punjab**  
Commercial Farms
- **Rewa, Madhya Pradesh**  
Breeder Farms and Hatchery
- **Kangra, Himachal Pradesh**  
Hatchery
- **Kathua, Jammu & Kashmir**  
Hatchery



## FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	2011-12*	2010-11*	2009-10	2008-09	2007-08
<b>OPERATING RESULTS</b>					
Turnover & Other Income	100,654	86,074	71,066	57,526	52,838
Material Cost	65,062	51,558	45,007	38,224	32,940
Personnel Cost	6,879	5,658	4,374	4,099	3,774
Interest	1,311	455	504	788	872
Other Expenses	20,503	16,661	12,055	10,450	10,243
Depreciation	1,177	964	898	862	827
Provision for Contingencies Written back		—	—	—	—
Profit Before Tax	5,719	10,775	8,229	3,103	4,182
Profit After Tax	4,105	7,303	5,432	2,056	2,661
Dividend (In Rs. per Equity Share)	5.00	5.00	4.00	3.50	3.50
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	33,178	21,077	15,948	14,708	14,684
Current Liabilities	20,423	7,554	6,317	6,095	5,750
Net Current Assets	12,754	13,522	9,630	8,613	8,934
Net Fixed Assets	24,346	17,599	13,352	12,617	12,270
Investments	3,733	9,278	8,131	5,211	5,263
Deferred Tax Liability	(1,723)	(1,530)	(1,458)	(1,341)	(1,392)
Other Non Current Assets	2,851				
Miscellaneous Expenses	—	—	—	—	—
Total Assets	41,962	38,870	29,655	25,100	25,075
<b>Financed By</b>					
Share Capital	939	939	939	939	939
Reserves & Surplus	30,639	26,478	19,721	14,768	13,097
Capital Grants and Subsidies		—	3	3	4
Borrowings	10,383	11,452	8,992	9,389	11,035
Total Liabilities	41,962	38,870	29,655	25,100	25,075
Earning per share (Rs.)	43.72	77.76	57.83	21.89	28.33
Book Value (Rs.)	336	291	220	167	149
Debt Equity Ratio	0.33	0.42	0.44	0.60	0.79
No. of Employees	4,343	3,728	3,084	3,335	3,566

\*The figures are regrouped and reclassified wherever applicable as per the new Schedule VI of the Companies Act, 1956.



## FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	2006-07	2005-06	2004-05	2003-04	2002-03
<b>OPERATING RESULTS</b>					
Turnover & Other Income	41,688	38,377	34,752	31,231	30,076
Material Cost	26,042	23,070	19,341	18,496	18,439
Personnel Cost	3,302	2,918	2,635	2,302	2,190
Interest	483	317	344	408	437
Other Expenses	9,314	9,677	9,348	7,186	7,501
Depreciation	734	617	602	624	575
Provision for Contingencies Written back	—	—	(200)	—	—
Profit Before Tax	1,814	1,779	2,683	2,215	933
Profit After Tax	1,152	1,177	1,667	1,614	768
Dividend (In Rs. per Equity Share)	3.00	2.00	3.50	3.50	3.00
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	13,450	10,899	9,436	10,087	9,203
Current Liabilities	5,215	4,543	4,223	4,227	3,941
Net Current Assets	8,235	6,356	5,213	5,860	5,261
Net Fixed Assets	11,596	10,700	9,056	8,948	9,326
Investments	4,442	4,040	2,412	1,033	506
Deferred Tax Liability	(1,543)	(1,392)	(1,575)	(1,469)	(1,392)
Other Non Current Assets					
Miscellaneous Expenses	—	—	33	67	100
Total Assets	22,730	19,704	15,139	14,439	13,802
<b>Financed By</b>					
Share Capital	939	939	939	939	975
Reserves & Surplus	11,227	10,307	8,955	7,663	6,589
Capital Grants and Subsidies	5	103	103	98	96
Borrowings	10,559	8,356	5,142	5,739	6,142
Total Liabilities	22,730	19,704	15,139	14,439	13,802
Earning per share (Rs.)	12.26	12.53	17.75	17.18	7.88
Book Value (Rs.)	129	120	105	92	78
Debt Equity Ratio	0.87	0.74	0.51	0.66	0.80
No. of Employees	3,095	3,079	2,848	2,802	2,594



East Street, Pune



Koregaon Park, Pune



Viman Nagar,  
Pune





**XPRS**  
Take away Chicken



**Garlic Roast Chicken**



**Tandoori Roast Chicken**



**Barbeque Chicken Wings**



**Grilled Chicken Burger**



**Chicken Lollipop**



**Tender Grilled Chicken**



**Chicken Hot Dog**



**VENKY'S XPRS OUTLETS**

**Pune:** 1216/6B, F C Road, Shivaji Nagar, Pune 411004. **Tel.:** 020 - 25530350, 25530344 **Cell:** 9822908443.

**Pune:** Off/shopn - 35 A+b, HN 2424, East Street Kumar Pavillion Thimaya Road, Pune 41101. **Tel.:** 020 - 26056126, 26056127 **Cell:** 9822908445.

**Pune:** Shop No. 21 & 22, AR - Vrindavan Apts, North Main Road, Koregaon Park, Pune 411001. **Tel.:** 020 - 2026150333 **Cell:** 9822908446.

**Pune:** Kings Sport Home, R. H. No 1, Plot No 73/A, S. No.199, Viman Nagar, Near Datta Mandir Chowk, Pune 32. **Tel.:** 020 - 26630828 **Cell:** 9822908441.

**Pune:** Sr. 1st, Floor 5, Krushikesh Dham, Parihar Chowk, Aundh, Pune 411007. **Tel.:** 020 - 25883070.

**Pune:** Plot No.88/4, Near Agha Khan Palace, Pune-Nagar Road, Pune 411006. G - CORP.

**Pune:** Shop No.11, Gol Market, N.D.A. Khadakwasala, Pune 411023. **Tel.:** 020 - 25290102.

**Mumbai:** Shop No.- 001, 'A' Wing, Royal Classic CHS Co-Op. Society, Ground Floor, New Link Road, Next to Fame Adlabs, Lokhandwala Complex, Andheri (W), Mumbai 400053. **Tel.:** 022- 65763999, 65760555 **Cell:** 9820727887.

**Mumbai:** Shop No. 6 & 7, Muzzafar Manor, Opp. Mom & Me, Waterfield Road, Bandra (W), Mumbai 400050. **Tel.:** 07588192113.

**Hyderabad:** M S Towers, H. No. 8-2-626/3, Road No.1, Banjara Hills, Hyderabad 500034. **Tel:** 040-66668375 **Cell:** +918008552309.

**Hyderabad:** Shop No. 4, S. B. R. Gateway, Opp. Motorola Building, Hi-Tec City, Hyderabad 500080. **Cell:** +918008552315.

**Noida:** F-32, Ground Floor, Sector 18 Noida 201301. **Tel.:** 0120 - 4563366, 4115534.

**Bangalore:** 2116, Ground Floor, 4th Cross, Kalyan Nagar II Block, Bangalore 560043. **Tel.:** 8861286181 **TIN:** 29060327160.

**Chennai:** 8/5, Mahathma Gandhi Road, Thiruvanimiyur, Chennai 41. **Tel.:** 044-24523704.

## NOTICE

**NOTICE** is hereby given that the 36<sup>th</sup> Annual General Meeting of the members of the Company will be held on Thursday, 23rd August, 2012 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, 2012 and the Statement of Profit and Loss 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. C. Jagapati Rao, 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.

### SPECIAL BUSINESS

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

“RESOLVED THAT Col. (Retd.) Surinder Kumar, who was appointed as Additional Director pursuant to Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in that regard Company has recieved a notice under Section 257 of the Companies Act, 1956, from Col. (Retd.) Surinder Kumar proposing his candidature for office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT in accordance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, approval of the members be and is hereby accorded to pay the Directors (other than Managing Director/s and Whole-time Director/s) of the Company for a period of 5 (Five) years commencing from 1<sup>st</sup> April, 2012, such commission as the Board may determine from time to time (to be divided amongst them in such proportion/manner as may be determined by the Board from time to time), in addition to the sitting fee for attending the meetings of the Board of Directors or any committee thereof, however such commission paid shall not exceed 1% of the net profits of the Company in any financial year, to be computed in the manner provided in Section 198 of the Companies Act, 1956.”



## Venky's (India) Limited

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

"RESOLVED THAT in supercession of the Ordinary Resolution passed by members of the Company at the Thirty Fifth Annual General Meeting held on 5th August, 2011, the Board of Directors of the Company be and is hereby authorised to contribute to charitable and other funds, not directly relating to the business of the Company, or the welfare of its employees, any amount the aggregate of which shall not exceed Rs.1,75,00,000/- (Rupees One Crore and Seventy Five Lakhs Only) in any financial year, in terms of Section 293(1)(e) of the Companies Act, 1956 and all other relevant provisions in the Company's Memorandum and Articles of Association or the Companies Act, 1956"

By order of the Board of Directors

Pune  
May 29, 2012

**A. G. BAUSKAR**  
Company Secretary

**NOTES :**

1. The relative Explanatory Statements pursuant to Section 173 of the Companies Act, 1956 in respect of business under Item Nos. 6, 7 & 8 of the notice, to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING IS 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.
3. 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.
4. The Register of Members of the Company will remain closed from 20<sup>th</sup> August, 2012 to 23<sup>rd</sup> August, 2012 (both days inclusive).
5. The dividend as recommended by the Board of Directors, if declared at the general meeting, will be paid to those shareholders or their mandate(s), whose names appear in the Register of Members of the Company as on 23<sup>rd</sup> August, 2012 and in respect of shares held in electronic mode, as Beneficial owners in the record of the Depositories as on 23<sup>rd</sup> August, 2012.
6. 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.
7. 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.
8. 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.
9. 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 the same to their respective Depository Participants.
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 duly 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 29.07.2004 for the financial year 2003-04 has been transferred to the "Investor Education and Protection Fund". The unclaimed dividend for the financial year 2004-05 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 2004-05 onwards before the respective amounts become due for transfer to the above fund.





**EXPLANATORY STATEMENTS :**

**Item No.6**

Col. (Retd.) Surinder Kumar was appointed as an Additional Director, qualifying as an Independent Director, in the meeting of the Board of Directors held on 20<sup>th</sup> February, 2012 and being an Independent Director, was also appointed as member of the Audit Committee on the same date. As per Section 260 of the Companies Act, 1956, Col. (Retd.) Surinder Kumar holds office upto the date of this Annual General Meeting. Col. (Retd.) Surinder Kumar has served a notice to the Company under Section 257 of the Companies Act, 1956 alongwith a deposit of Rs.500/- proposing his candidature for the office of Director.

Col (Retd.) Surinder Kumar had a distinguished career in the Indian Army and has handled successfully several assignments in the army at various locations. He has a vast and rich experience in Administration, Management of Industrial Units, Human Resource Development and Training and Administration and monitoring of different sectors. He is a graduate from the National Defence Academy, Khadakwasla, and Indian Military Academy, Dehradun.

The Board accordingly recommends the resolution as set out in Item No.6 of the notice for your approval.

None of the Directors except Col. (Retd.) Surinder Kumar is interested in proposed resolution.

**Item No.7**

At the 31st Annual general meeting held on 26th July, 2007, the shareholders had approved to remunerate the Directors, other than Managing Directors and Whole-time Directors, by payment of commission upto 1% of the net profits of the Company computed in the manner provided under Section 349 and 350 of the Companies Act, 1956. The approval for payment of such commission was

valid upto 31st March, 2012. It is proposed to pay such commission for a further period of 5 (five) years with effect from 1st April, 2012 for the services rendered by directors.

All the Directors of the Company, other than the Managing Director, are deemed to be interested to the extent of the Commission they will be entitled to, by virtue of passing the proposed special resolution.

Your directors commend for your approval, the resolution set out in Item No.7 of the Notice.

**Item No. 8**

In terms of Section 293(1)(e) of the Companies Act, 1956, contributions to charitable and other funds in excess of Rs. 50,000/- or 5% of the Net Profits of the Company, in any financial year, calculated in accordance with Section 349 and 350 of the said Act, whichever is greater, requires approval of the Company by means of an Ordinary Resolution passed at a General Meeting. Members of the Company at their meeting held on 5th August, 2011 had authorised the Board to contribute a maximum amount of Rs. 1.50 Crore. As a step forward towards Corporate Social Responsibility the said limit is proposed to be increased to Rs. 1.75 Crore per year.

None of the Directors of the Company is interested in the proposed resolution

The Directors recommend passing of the resolution set out in Item No.8 of the Notice.

By order of the Board of Directors

Pune  
May 29, 2012

**A. G. BAUSKAR**  
Company Secretary

## IMPORTANT COMMUNICATION TO SHAREHOLDERS

Following are the Company's recommendations to its shareholders:

### **Green Initiative**

We seek the support of our shareholders in helping us saving our environment by registering their email id with the company for receiving all the communication i.e. Annual Report, various notices etc. through email as permitted by the law. Investors willing to avail the electronic mode of communication shall register their email id by filling and sending the form appearing on **page no. 83** of this annual report.

### **Open demat account and dematerialise your shares**

Members are requested to convert their physical shares into demat form. Holding shares in demat form helps investors to get immediate transfer of shares. No stamp duty is payable on transfer of shares held in demat form and risk associated with physical certificates such as forged transfer, loss of share certificate or torn certificates are avoided.

### **Consolidate multiple folios**

Members holding shares in identical order or names in more than one folio are requested to write to the company to consolidate their shares and send relevant share certificates for consolidation. This would facilitate the member in one point tracking of his/her holding and corporate benefits.

### **Appoint a Nominee**

Investors are requested to appoint a nominee for their shareholding. Nomination would help the nominees to get the shares transmitted in their name without any hassles. Investor should register their nomination in case of physical shares with the Registrar and Share Transfer Agent of the Company i.e. M/s Bigshare Services Private Limited and in case of demat holding with their respective Depository participant.

**(Form on Page No. 83)**

**DIRECTORS' REPORT**

The Shareholders,

Your Directors have pleasure in presenting the Thirty Sixth Annual Report and audited accounts for the financial year ended 31<sup>st</sup> March 2012.

**FINANCIAL RESULTS**

(Rs. in lakhs)

Description	2011-12	2010-11
Revenue from Operations (Net)	99,029	85,176
Operating Expenditure	92,216	73,814
Depreciation	1,178	965
Operating Profit	5,635	10,397
Finance Costs	1,541	468
Other Income	1,625	847
Profit Before Tax	5,719	10,776
Provision for Tax	1,613	3,473
Profit for the year	4,106	7,303
Amount available for appropriation	12,228	18,668
<b>Appropriations :</b>		
Transfer to General Reserve	7,500	10,000
Proposed Dividend	470	470
Dividend Distribution Tax	76	76
Net Surplus in the Statement of Profit and Loss	4,182	8,122

**OPERATIONS**

Sales turnover for the year ended 31<sup>st</sup> March, 2012 amounted to Rs. 99,246 lakhs as against Rs. 85,306 lakhs achieved in the previous year, registering a growth of 16.3%. Profit before tax was lower at Rs. 5,719 lakhs as compared to Rs. 10,776 lakhs in the previous year, showing a decline of 47%.

During the year under review, the poultry and poultry products segment registered lower profits due to high cost of feed ingredients and lower realizations from sale of day old chicks and grown up birds. Performance of this segment was largely responsible for overall decline in profits of the Company. Performance of the other two segments, viz. animal health products and oilseed has been satisfactory.

**EXPANSION**

During the year under review, the Company has undertaken an expansion-cum-modernisation programme at an estimated cost of Rs.10,700 lakhs, to augment the capacities in Poultry and Poultry Products and Animal Health Products Segments, modernisation in Oilseed Segment and for setting up of 'Venky's Xprs' outlets.

The expansion-cum-modernisation programme is funded by internal accruals and long term loans. Benefits of the expanded capacities will start accruing to the Company from second half of the current financial year.

**DIVIDEND**

Your Directors recommend a dividend of Rs. 5.00 per equity share (50%). The dividend, if approved at the ensuing Annual General Meeting, will absorb Rs. 470 lakhs (previous year Rs. 470 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**

The Board regrets to report that Mr. B.G. Deshmukh, Director, expired on 7<sup>th</sup> August, 2011. Late Mr. B.G. Deshmukh was on Board of the Company for 16 years. With his vast management and administrative expertise coupled with proven knowledge, he made remarkable contribution to the growth of the Company. The Directors express their sorrow on the sad demise of Mr. B.G. Deshmukh and place on record their appreciation for the contribution made by him during his tenure as Director of the Company.

Col. (Retd.) Surinder Kumar has been appointed as an Additional Director with effect from 20<sup>th</sup> February, 2012. As per Articles of Association of the Company, he holds office till the date of ensuing Annual General Meeting and is eligible for appointment.

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

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors declare that:

1. the accounts for the year ended 31<sup>st</sup> March, 2012 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, 2012 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, 2012 have been prepared on a going concern basis.

#### **FIXED DEPOSITS**

The Company has discontinued the fixed deposit schemes. As on 31<sup>st</sup> March, 2012 no deposits were due for repayment and remained unclaimed.

#### **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 Statutory Auditors upto the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

#### **COST AUDITORS**

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed Cost Audit in respect of certain products of the Animal Health Products Division of the Company. The Board has appointed M/s. D.V. Joshi, Apte & Associates, Pune as Cost Auditors of the Company for the financial year 2011-12. The Cost Audit is under process and the Company will submit the Cost Auditors' Report to the Central Government in time.

#### **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.





## Venky's (India) Limited

- 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.44.03 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.240.69 lakhs
  - b. Foreign exchange outgo : Rs. 746.74 lakhs

### 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 29, 2012

**ANURADHA J. DESAI**  
Chairperson

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Industry Structure and Development :

The global economic growth slowed down during the last year which has also affected the Indian economy to the extent it affected certain other countries. The agricultural sector in India has been growing at a slow pace in the past couple of years. For the year 2011-12 the Indian GDP has grown by 6.5% as compared to 8.5% in 2010-11. While there is fair amount of uncertainty in GDP growth rate for the current year, we are surrounded by several negative factors, like spiraling inflation, high fiscal deficit level, currency volatility and constraints in infrastructure front. However, in this backdrop the poultry industry continued to grow at satisfactory rates i.e. 15% to 20% in broilers and 8% to 10% in layers.

The growth rate witnessed by the poultry industry in the recent years is likely to continue for the foreseeable future. Presently the poultry industry is a Rs.75,000 crore industry that provides direct and indirect employment to 5.00 million people and also supports the economy of over 2 crore agricultural farmers, especially the maize and soya growers, dependent on this 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 65,000 million eggs, India ranks second in the world in egg production. The broiler production is estimated at 3.5 million tons of chicken meat and India ranks 3<sup>rd</sup> in the world.

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

The vast gap between our present per capita consumption (54 eggs and 3.5 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. As the disposable income rises steadily over the years coupled with urbanization in most part of India, the growth in demand for poultry products is likely to sustain.

Lack of adequate cold-chain at key locations and retail infrastructure are the reasons for slower

than anticipated growth of the processing segment of poultry industry. Highly volatile behaviour of feed ingredients prices is also one of the concerns of the poultry industry.

### 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 2011-12 this segment's turnover was Rs. 71,323 lakhs as compared to Rs. 59,408 lakhs in the last year. The profit before tax and interest of this segment was Rs. 5,648 lakhs as compared to Rs. 9,158 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. 9,536 lakhs as compared to Rs. 8,678 lakhs. Profit before tax and interest was Rs. 1,596 lakhs as against Rs. 1,658 lakhs in the last year.

#### c. Oilseed

This segment registered a sales turnover of Rs. 25,867 lakhs as compared to Rs. 23,485 lakhs last year. Profit before tax and interest was Rs. 1,508 lakhs as against Rs. 1,625 lakhs in the previous year.

### 4. Outlook

The outlook for the year 2012-13 appears to be better in terms of overall growth for the Company. However, the steep increase in cost of poultry feed prices in the last couple of months remains a challenge and may impact the profitability.

### 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 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 16.3% over the last year from Rs. 85,306 lakhs to Rs. 99,246 lakhs. The profit before tax from operations declined by 47% from Rs. 10,776 lakhs to Rs. 5,719 lakhs.

The borrowings of the Company during the year were increased by about 67.8% from Rs. 11,217 lakhs to Rs. 18,821 lakhs. The borrowed funds are being utilized for the expansion-cum-modernisation programme, at an estimated cost of Rs. 10,700 lakhs. Interest cost of the Company has increased by 229% from Rs. 468 lakhs to Rs. 1,541 lakhs.

Keeping in view liquidity, returns and also safety, the Company has invested certain funds in bank deposit and 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. As on 31<sup>st</sup> March, 2012 the Company had 4,343 employees.

## 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 March 31, 2012 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 2011-12, five meetings were held. The dates on which the said meetings were held are as follows:

1. 11<sup>th</sup> May, 2011, 2. 12<sup>th</sup> August, 2011, 3. 4<sup>th</sup> November, 2011, 4. 9<sup>th</sup> February, 2012, 5. 20<sup>th</sup> February, 2012.

##### (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 5 <sup>th</sup> August, 2011	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	5	Yes	2	1	-
Mr. B. Venkatesh Rao	Vice-Chairman	5	Yes	-	-	1
Mr. B. Balaji Rao	Managing Director	5	No	-	-	1
Mr. Jitendra M. Desai	Director	5	Yes	-	-	3
Mr. S. B. Thorat*	Director	5	Yes	-	-	3
Mr. B. G. Deshmukh**	Director	1	No	-	-	-
Mr. C. Jagapati Rao*	Director	5	No	2	-	-





## Venky's (India) Limited

Name of Director of the Company	Category of Directorship	No. of Board Meetings Attended	Attendance at last AGM held on 5 <sup>th</sup> August, 2011	No. of Directorships in other Public Companies	No. of Committee Positions [other than Venky's (India) Limited] in which Chairman/Member	
					Chairman	Member
Lt. Col. (Retd.) Ashok Mahajan*	Director	4	Yes	-	-	-
Col. (Retd.) Surinder Kumar**	Director	1	N.A.	-	-	-

\*Independent Directors

+ Ceased to be a Director w.e.f. 07.08.2011.

\*\* Appointed as Additional Director in Independent Capacity w.e.f. 20.02.2012.

### No. of Equity Shares held by Non-Executive Directors as of 31<sup>st</sup> March, 2012 :

Name of the Director	No. of Equity Shares as of 31 <sup>st</sup> March, 2012
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
Lt. Col. (Retd.) Ashok Mahajan	Nil
Col. (Retd.) Surinder Kumar	Nil

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

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

Further, as per provisions of the Companies Act, 1956 and Article No 128 of the Articles of Association of the Company, Col. (Retd.) Surinder Kumar was appointed as additional director in the meeting of Board of Directors held on 20.02.2012. He holds the office of Director upto the date of this Annual General Meeting. A resolution is proposed for the approval of shareholders for appointing him as Director of the Company.

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

**Mrs. Anuradha J. Desai**, age 50 years, is a Director of the Company since 1988. She is the Chairperson 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 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, Bala Industries and Entertainment Private Limited, Venkateshwara Engineering Industries Private Limited and Centre for International Trade in Agriculture and Agro Based Industries and Director in Bala Entertainment International Private Limited, B.V. Bio-Corp Private Limited, Srivenk Investment and Finance Private Limited, Venka Investments Private Limited, Lavasa Corporation Limited, National Agricultural And Foods Analysis And Research Institute, Bharat Eggs Producers Association, Poultry Development Promotion Council, Uttara Biosciences Private Limited, Uttara Impex Private Limited, 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, All India Poultry Development and Services Private Limited, Wayward Acres Inc., Venky's (Middle East) FZCO, Venkys South Africa Pty Ltd., and Venky's (London) Limited,

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

**Mr. C. Jagapati Rao**, age 76 years is Director of Venky's (India) Limited for last 23 years. He is a Director in Venkateshwara Hatcheries Private Limited, Srinivasa Hatcheries Limited, Srinivasa Aqua Feeds Private Limited, Jagruthi Foundations Private Limited, Agro Corpex India Limited, Jagapati Finance Private Limited, Sri Chitturi Agencies Private Limited, Srinivasa Foods and Feeds Private Limited, Corporate Enterprises Private Limited, Sri Krishna Devaraya Hatcheries Private Limited, Chitturi Enterprises Private Limited, Varuna Hatcheries Private Limited, Srinivasa Agri High Tech Private Limited, Kansas Feeds Private Limited, Monisha Sri Durga Farms Private Limited, Jagapati Investments Private Limited, Poultry Development Council and All India Poultry Development and Services Private Limited.

**Col. (Retd.) Surinder Kumar**, age 59 years, was appointed as Additional Director of the Company and who shall act as Independent Director, in the Board Meeting of the Company held on 20.02.2012. He has proposed his candidature for the office of Independent Director and a resolution to that effect is proposed for the approval of shareholders in the 36<sup>th</sup> Annual General Meeting.

Col. (Retd.) Surinder Kumar had a distinguished career in the Indian Army and has handled successfully several assignments in the army at various locations. He has a vast and rich experience in Administration, Management of Industrial Units, Human Resource Development and Training and Administration and monitoring of different sectors. He is a graduate from the National Defence Academy, Khadakwasla, and Indian Military Academy, Dehradun.

#### 4. Audit Committee

##### (Terms of Reference, Composition, and 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. 11<sup>th</sup> May, 2011, 2. 12<sup>th</sup> August, 2011 3. 4<sup>th</sup> November, 2011, 4. 9<sup>th</sup> February, 2012.

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

Name of Member	Number of meetings attended
Mr. B. G. Deshmukh*	1
Mr. S. B. Thorat	4
Mr. Jitendra M. Desai	4
Lt. Col. (Retd.) Ashok Mahajan	4

\* Ceased to be a Director w.e.f. 07.08.2011.



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, was 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. Since Mr. B. G. Deshmukh passed away on 07.08.2011, Lt. Col. (Retd.) Ashok Mahajan was appointed as the Chairman of the Committee from 12.08.2011. Col. (Retd.) Surinder Kumar was appointed as member of the Audit Committee w.e.f. 20.02.2012. 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 2011-2012 are given below:

Directors	Salary (Rs.)	Perquisites # (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mrs. Anuradha J. Desai	-	-	3,09,457	75,000	3,84,457
Mr. B. Venkatesh Rao	-	-	3,09,453	25,000	3,34,453
Mr. B. Balaji Rao	6,00,000	8,28,824	1,00,000	-	15,28,824
Mr. Jitendra M. Desai	-	-	3,09,453	95,000	4,04,453
Mr. C. Jagapati Rao	-	-	3,09,453	25,000	3,34,453
Mr. S. B. Thorat	-	-	3,09,453	45,000	3,54,453
Mr. B.G. Deshmukh*	-	-	1,08,518	10,000	1,18,518
Lt. Col. (Retd.) Ashok Mahajan	-	-	3,09,453	40,000	3,49,453
Col. (Retd.) Surinder Kumar**	-	-	34,760	5,000	39,760
<b>TOTAL</b>	<b>6,00,000</b>	<b>8,28,824</b>	<b>21,00,000</b>	<b>3,20,000</b>	<b>38,48,824</b>

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

\* Ceased to be a Director w.e.f. 07.08.2011.

\*\* Col. (Retd.) Surinder Kumar was appointed as Additional Director w.e.f. 20.02.2012.

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. B. Venkatesh Rao and Mr. Jitendra M. Desai are the other members. Mr. A. G. Bauskar, Chief Financial Officer is the Compliance Officer and Company Secretary.

During the period under review, 77 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 2010-11	5 <sup>th</sup> August, 2011 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411 005.
2.	AGM for the year 2009-10	27 <sup>th</sup> August, 2010 at 10.30 a.m. at Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411 005.
3.	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.

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, 2012.

## 9. Certificate given by Managing Director and CFO of the Company :

Pursuant to Clause 49 of the Listing Agreement, the Managing Director and Chief Financial Officer of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of Internal Controls and that there are no transactions of the Company which are fraudulent or violative of the Company's Code of Conduct pertaining to the financial year ended on 31<sup>st</sup> March, 2012.

## 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. 10 of 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	23 <sup>rd</sup> August, 2012
Time	10.30 A.M.
Venue	Best Western The Pride Hotel, 5, University Road, Shivaji Nagar, Pune – 411 005.
Financial Calendar 2012-13	i. First Quarter Results – upto August 14, 2012. ii. Second Quarter Results – upto November 15, 2012. iii. Third Quarter Results – upto February 15, 2013. iv. Audited Results for the year ending 31 <sup>st</sup> March, 2013 – end of May, 2013
Date of Book Closure	20 <sup>th</sup> August, 2012 to 23 <sup>rd</sup> August, 2012
Dividend Payment Details	Within 30 Days after Annual General Meeting.
Names of 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
Registrar & Transfer Agent	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 Registrar and Share Transfer Agent and are approved by the “Share Transfer and Investors’ Grievance 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.

### Monthly Market High / Low for the year 2011-2012 on Bombay Stock Exchange Limited.

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2011	757.00	626.65	October 2011	529.55	363.00
May 2011	720.90	557.00	November 2011	518.00	400.70
June 2011	653.50	530.00	December 2011	446.85	365.25
July 2011	647.00	561.00	January 2012	446.15	374.90
August 2011	613.00	398.35	February 2012	480.00	383.00
September 2011	483.75	380.50	March 2012	433.30	380.00

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

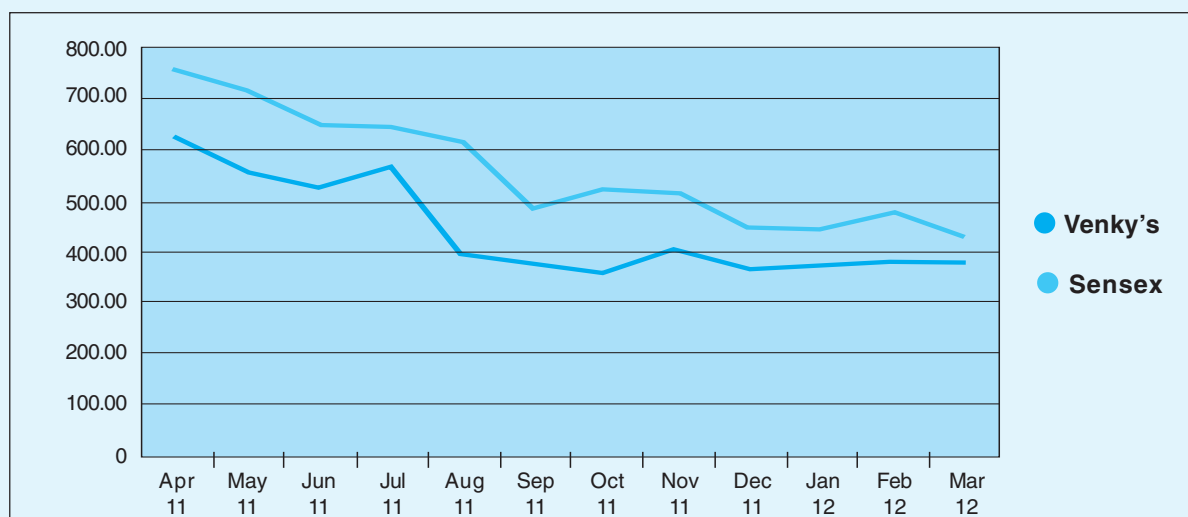
**Monthly Market High / Low for the year 2011-2012 on National Stock Exchange of India Limited.**

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2011	758.50	625.00	October 2011	529.80	365.30
May 2011	720.00	558.05	November 2011	519.40	400.40
June 2011	655.50	532.25	December 2011	447.00	365.00
July 2011	647.20	499.00	January 2012	447.25	374.50
August 2011	614.00	398.00	February 2012	479.80	385.10
September 2011	484.20	381.00	March 2012	433.00	380.00

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

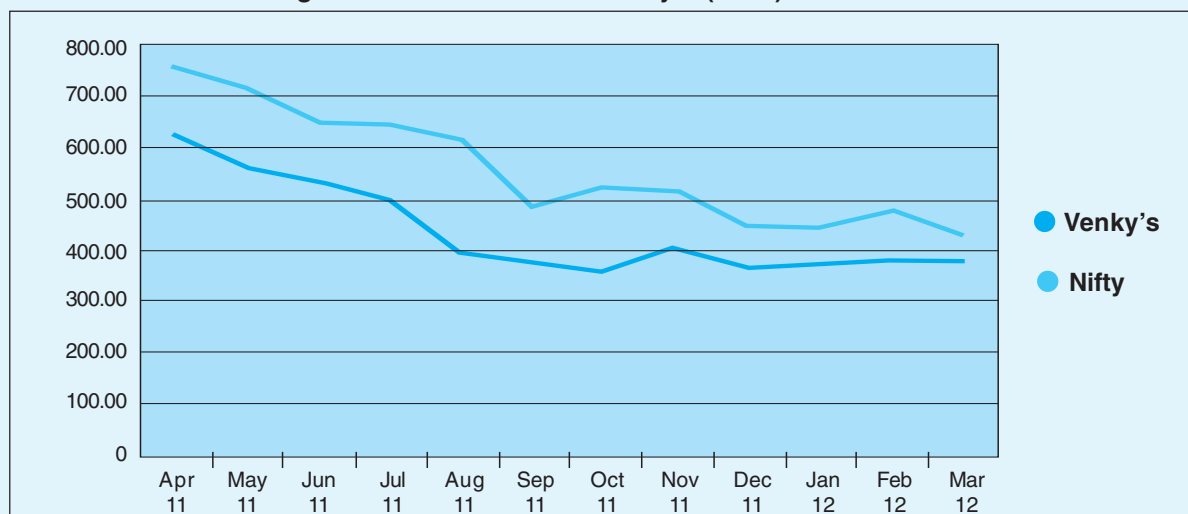
**Comparative Price Charts:**

**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 31.03.2012**

**I. Distribution of Shareholding**

No. of EquityShares held	Folios	%	No. of Shares	%
1 - 500	22614	97.09	14,38,559	15.32
501 - 1000	352	1.51	2,59,718	2.76
1001 - 2000	148	0.63	2,09,958	2.23
2001 - 5000	91	0.39	2,98,873	3.18
5001 - 10000	41	0.18	2,99,215	3.19
10001 - 50000	30	0.13	6,77,745	7.22
50001 & above	15	0.07	62,07,489	66.10
<b>Total</b>	<b>23291</b>	<b>100.00</b>	<b>93,91,557</b>	<b>100.00</b>

**II. Shareholding Pattern:**

Category	No. of Shares	%
Promoters	52,70,258	56.12
Mutual Funds / Unit Trust of India	4,11,180	4.38
Banks	6,594	0.07
Foreign Institutional Investors	87,980	0.94
Private Bodies Corporate	5,91,552	6.30
Non-resident Indians	65,846	0.70
Public	29,58,147	31.49
<b>Total</b>	<b>93,91,557</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity:**

About 86.50 % of the paid-up capital of the Company was dematerialised as on 31<sup>st</sup> March, 2012. The Company has not issued any GDRs/ADRs/warrants or any convertible instruments.

**Unclaimed Dividend:**

Unclaimed dividend up to and for the year 2003-04 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, 2012 (Rs.)	Due date for transfer to IEPF
2004-05	28.07.2005	3,28,70,450	5,50,105.04	05.09.2012
2005-06	28.07.2006	1,87,83,114	3,75,671.75	01.09.2013
2006-07	26.07.2007	2,81,74,671	5,96,313.00	02.09.2014
2007-08	18.09.2008	3,28,70,450	7,72,786.50	26.10.2015
2008-09	25.06.2009	3,28,70,450	8,28,751.50	02.08.2016
2009-10	27.08.2010	3,75,66,000	10,82,064.00	02.11.2017
2010-11	05.08.2011	4,69,58,000	13,55,635.00	02.09.2018

**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
- Dehradun (Uttaranchal) - Breeder Farms, Hatchery and Poultry Feed.
- Allahabad (Uttar Pradesh) - Breeder Farm, Hatchery and Poultry Feed and Commercial Farms.
- Sunderpur (Uttar Pradesh) - Breeder Farm.
- Basti (Uttar Pradesh) - Hatchery.
- Sonapat (Haryana) - Breeder Farms and Hatchery.
- Panipat (Haryana) - Breeder Farms and Hatchery.
- Ambala (Haryana) - Breeder Farms, Poultry Feed
- Hissar (Haryana) - Commercial Farms.
- Kurukshetra (Haryana) - Commercial Farms.
- Karnal (Haryana) - Commercial Farms.
- Tohana (Haryana) - Commercial Farms.
- Ludhiana (Punjab) - Breeder Farms, Hatchery and Commercial Farms.
- Hoshiarpur (Punjab) - Breeder Farms, Hatchery and Commercial Farms.
- Gurdaspur (Punjab) - Commercial Farms.
- Sangrur (Punjab) - Commercial Farms.
- Rewa (Madhya Pradesh) - Breeder Farms and Hatchery.
- Kangra (Himachal Pradesh) - Hatchery.
- Kathua (Jammu & Kashmir) - Hatchery.





## Venky's (India) Limited

### Address for correspondence.

Shareholders' correspondence should be addressed to Registrar and Transfer Agent, 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. Rohan Bhagwat, Asst. Company Secretary (Mob. : 9545228822) or Mr. S. Kannan, Assistant General Manager – Secretarial (Mob. : 9881473832) 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.

#### 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. www.venkys.com.

## 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, 2012.

Pune  
May 29, 2012

**B. BALAJI RAO**  
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

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

I have examined the compliance of conditions of Corporate Governance by Venky's (India) Limited ("The Company") for the year ended 31<sup>st</sup> March, 2012 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 review of the 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 explanations given to me I certify that the Company has complied with the conditions of Corporate Governance as stipulated in 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 29, 2012

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



## 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 2012 and also the statement of profit and loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, statement of profit and loss 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 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2012 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, 2012;
  - ii) in the case of the statement of profit and loss, 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

Firm Registration Number: 110512W

Pune  
May 29, 2012

**Srikant V. Jilla**

Partner

Membership Number: 39461

## 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.
- c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

#### 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 and services. 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 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

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 Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the





## Venky's (India) Limited

Companies Act, 1956, however we have not made a detailed examination of the records with a view to determine its accuracy. Based on our review we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

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, the particulars of dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess as at 31 March 2012 which have not been deposited on account of a dispute, are as follows:

Nature of Dues	Amount Involved (Rs in lakhs)	Forum where Dispute is pending
Sales Tax	29.29	High Court
	76.10	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 banks. The Company does not have any dues towards financial institution and 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  
Firm Registration Number: 110512W

Pune  
May 29, 2012

**Srikant V. Jilla**  
Partner  
Membership Number: 39461

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

(Currency : Indian Rupee)

(Rupees in Lakhs)

	Note Reference	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share capital	1.1	939.16	939.16
Reserves and surplus	1.2	30,639.75	26,478.76
	(a)	31,578.91	27,417.92
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	2.1	9,857.63	1,934.03
Deferred tax liabilities (net)	2.2	1,723.85	1,530.43
Other long-term liabilities	2.3	160.34	137.54
Long term provisions	2.4	365.73	299.46
	(b)	12,107.55	3,901.46
<b>CURRENT LIABILITIES</b>			
Short term borrowings	3.1	8,963.68	9,283.36
Trade payables	3.2	8,062.41	5,117.35
Other current liabilities	3.3	2,666.26	1,499.78
Short-term provisions	3.4	731.64	735.60
	(c)	20,423.99	16,636.09
<b>Total (a+b+c)</b>		<b>64,110.45</b>	<b>47,955.47</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	4.1	20,480.23	15,106.59
Intangible assets	4.1	20.94	39.95
Capital work-in-progress		3,845.59	1,627.02
Long-term loans and advances	4.2	2,115.96	1,484.34
Other non-current assets	4.3	735.52	107.21
	(a)	27,198.24	18,365.11
<b>CURRENT ASSETS</b>			
Current investments	5.1	3,733.71	9,278.42
Inventories	5.2	16,059.03	12,233.78
Trade receivables	5.3	5,341.52	5,959.08
Cash and bank balances	5.4	10,389.87	1,316.89
Short-term loans and advances	5.5	1,238.38	783.13
Other current assets	5.6	149.70	19.06
	(b)	36,912.21	29,590.36
<b>Total (a+b)</b>		<b>64,110.45</b>	<b>47,955.47</b>

### Summary of Significant Accounting Policies 1

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **SUDIT K PAREKH & CO**  
Chartered Accountants  
Firm Registration Number : 110512W

**ANURADHA J. DESAI**  
Chairperson

**B. VENKATESH RAO**  
Vice Chairman

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

**B. BALAJI RAO**  
Managing Director

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

Place : Pune  
Date : May 29, 2012

Place : Pune  
Date : May 29, 2012



Venky's (India) Limited

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Currency : Indian Rupee)

(Rupees in Lakhs)

	Note Reference	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>REVENUES</b>			
Revenue from operations (gross)	6.1		
Sale of products		95,261.46	80,698.91
Sale of services		181.95	117.78
Other operating revenues		3,802.40	4,488.87
		99,245.81	85,305.56
Less: Excise duty		216.82	129.58
Revenue from operations (net)		99,028.99	85,175.98
Other income	6.2	1,625.22	847.50
<b>TOTAL REVENUES (I)</b>		<b>100,654.21</b>	<b>86,023.48</b>
<b>EXPENSES</b>			
Cost of raw materials and packing materials consumed	7.1	62,320.09	49,438.64
Purchases of stock-in-trade	7.2	7,739.93	6,032.65
Changes in inventories of finished goods, work-in-progress, stock-in-trade and poultry for livestock breeding	7.3	(2,248.76)	(623.76)
Employee benefits expense	7.4	6,879.91	5,658.97
Finance costs	7.5	1,541.12	468.16
Depreciation and amortisation expense	4.1	1,177.97	964.76
Manufacturing, farm and other expenses	7.6	17,491.96	13,279.48
<b>TOTAL EXPENSES (II)</b>		<b>94,902.22</b>	<b>75,218.90</b>
<b>PROFIT BEFORE TAX AND PRIOR PERIOD ITEMS</b>		<b>5,751.99</b>	<b>10,804.58</b>
Prior period items (net)	7.7.2	32.98	28.78
<b>PROFIT BEFORE TAX</b>		<b>5,719.01</b>	<b>10,775.80</b>
Less: Tax expense			
Current tax		1,420.00	3,400.00
Deferred tax		193.42	72.67
		1,613.42	3,472.67
<b>PROFIT FOR THE YEAR</b>		<b>4,105.59</b>	<b>7,303.13</b>
<b>EARNINGS PER SHARE</b>			
(Nominal value of share: Rs.10/- per equity share; Previous year: Rs.10/-)	12		
Basic		Rs. 43.72	Rs. 77.76
Diluted		Rs. 43.72	Rs. 77.76

### Summary of Significant Accounting Policies

1

The accompanying notes form an integral part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **SUDIT K PAREKH & CO**  
Chartered Accountants  
Firm Registration Number : 110512W

**ANURADHA J. DESAI**  
Chairperson

**B. VENKATESH RAO**  
Vice Chairman

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

**B. BALAJI RAO**  
Managing Director

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

Place : Pune  
Date : May 29, 2012

Place : Pune  
Date : May 29, 2012

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Currency : Indian Rupee)

(Rupees in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,719.01	10,775.80
Adjustments for:		
Depreciation/ amortisation	1,177.97	967.80
Dividend income	(115.33)	(117.17)
Finance cost	1,541.12	468.16
Loss/(Profit) on sale/discard of fixed assets (net)	4.56	(14.57)
Loss/(Gain) on sale of current investments (net)	(826.75)	(330.10)
Transfer from grants	—	(3.04)
Provision for doubtful debts	18.56	40.57
<b>Operating profit before changes in assets and liabilities</b>	<b>7,519.14</b>	<b>11,787.45</b>
<b>Changes in assets and liabilities</b>		
Inventories	(3,825.25)	(3,573.42)
Trade receivables	580.89	(883.18)
Loans & advances and other assets	56.10	(278.12)
Other bank balances	(5,147.95)	(334.02)
Liabilities and provisions	3,211.41	1,082.38
<b>Cash generated from operations</b>	<b>2,394.34</b>	<b>7,801.09</b>
Direct taxes paid	(1,974.53)	(3,328.65)
<b>NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES</b>	<b>419.81</b>	<b>4,472.44</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of fixed assets	44.22	33.86
Payment towards capital expenditure	(8,436.68)	(5,179.94)
Purchase of investments in mutual funds	(16,710.38)	(24,594.52)
Disposal of investments in mutual funds	23,081.84	23,777.31
Dividend received	115.33	117.17
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(1,905.67)</b>	<b>(5,846.12)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	8,136.15	2,113.00
Repayment of long term borrowings	(234.78)	—
Repayment of/ Proceeds from short term borrowings (net)	(319.68)	347.33
Finance cost paid	(1,628.54)	(472.81)
Dividend paid (including dividend distribution tax)	(538.52)	(441.39)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>5,414.63</b>	<b>1,546.13</b>



## Venky's (India) Limited

(Currency : Indian Rupee)

(Rupees in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,928.77</b>	172.45
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<b>969.30</b>	796.85
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b><u>4,898.07</u></b>	<u>969.30</u>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>		
Balances with banks:		
in current accounts	<b>629.84</b>	152.88
in deposit accounts with original maturity for less than 3 months	<b>3,335.44</b>	—
In unpaid dividend accounts*	<b>55.61</b>	48.37
Cheques, drafts on hand	<b>600.95</b>	561.00
Cash on hand	<b>276.23</b>	207.05
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>4,898.07</u></b>	<u>969.30</u>

\* The Company can utilise these balances only towards settlement of the unclaimed dividends.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks.

### Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

As per our attached report of even date

For and on behalf of the Board of Directors

For **SUDIT K PAREKH & CO**  
Chartered Accountants  
Firm Registration Number : 110512W

**ANURADHA J. DESAI**  
Chairperson

**B. VENKATESH RAO**  
Vice Chairman

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

**B. BALAJI RAO**  
Managing Director

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

Place : Pune  
Date : May 29, 2012

Place : Pune  
Date : May 29, 2012



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation of financial statements

➤ Basis of accounting

The financial statements are prepared under historical cost convention on an accrual basis of accounting to comply in all material respects with mandatory accounting standards as notified by the Companies (Accounting Standards) Rules, 2006.

➤ Classification under Companies Act, 1956

The Company is a Non-Small and medium sized Company (Non-SMC) as defined in the General Instructions in respect of accounting standards as notified by the Companies (Accounting Standards) Rules, 2006.

➤ Change in accounting policy

Presentation and disclosure of financial statements

The revised Schedule VI as per notification dated 28th February 2011 (as amended by notification dated 30th March 2011) issued by the Central Government, has become applicable to the Company for the preparation and presentation of its financial statements. The revised schedule VI does not contain and affect the recognition and measurement principles applied while preparing the financial statements except to the extent it relates to accounting for dividend from investments in subsidiary companies. However it has a significant impact on classification, presentation and disclosures made in the financial statements. The previous year's figures have been reclassified in accordance with the requirements of the revised schedule VI.

➤ Classification of assets and liabilities

All assets and liabilities have been classified and disclosed as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle for the purpose of current – non-current classification of assets and liabilities.

#### b. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

#### c. Valuations of 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-progress : 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
- Cost of raw materials (except oilseeds), packing material and stores & spares is determined on



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

first in first out (FIFO) basis.

- Cost of oilseeds inventories is determined on quarterly moving weighted average basis.
- Cost of finished goods and work-in-progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make sale.

### d. Tangible Fixed Assets

- Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost includes all expenditure incurred necessary to bring the asset to its working condition for its intended use. In respect of self constructed assets, the expenditure incurred prior to commencement of commercial production and specifically attributable to the construction of the asset are capitalised upon the commencement of commercial production.
- Capital work-in-progress comprises the cost of fixed assets that are yet not ready for their intended use at the balance sheet date.

### e. Depreciation

- 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 is provided on a pro-rata basis for assets purchased/sold during the year.

### f. Revenue Recognition

- Sale of goods

Revenues from sales of goods are recognized when risks and rewards of ownership of goods are passed on to the customers, which are generally on dispatch of goods and are recorded net of taxes and duties.

- Income from services

Incomes from services are recognised pro-rata as and when services are rendered.

- Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

- Dividend income

Dividend income is recognised when the Company's right to receive is established by the reporting date.

### g. Foreign Currency Transactions

- Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of transactions.
- Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss for the year.
- Monetary assets and liabilities in foreign currency, which are outstanding as at the year end, are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in statement of profit and loss for the year.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- Exchange differences arising in respect of fixed assets acquired from outside India are charged to the statement of profit and loss for the year.
- Forward Contracts, other than those entered into to hedge foreign currency risks on highly probable forecasted transactions, existing financial assets and liabilities, are treated as foreign currency transactions and accounted accordingly as per AS 11. Exchange differences arising on such contracts are recognized in the period in which they arise.
- Gains and losses arising on account of roll over/ cancellation of forward contracts are recognized as income/expenses of the period in which such roll over/ cancellation takes place.
- All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on highly probable forecast transactions, existing financial assets and liabilities are recognized in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008 on accounting of derivatives. The Company has adopted Accounting Standard (AS) 30 ["Financial Instruments Recognition and Measurement"] for the accounting of such derivative contracts, not covered under Accounting Standards (AS) 11 ["The Effects of Changes in Foreign Exchange Rates"] as mandated by the ICAI in the aforesaid announcement since April 1, 2011.
- Accordingly, the resultant gains and losses on fair valuation/ settlement of the derivative contracts covered under Accounting Standard (AS) 30 ["Financial Instruments: Recognition and Measurement"] are recognized in the Statement of profit and loss for the year or Balance Sheet as the case may be after applying the test of hedge effectiveness. Where the hedge is effective, the gains or losses are recognized in the "Hedging Reserve" which forms part of "Reserves and Surplus" in the Balance Sheet, while the same is recognized in the statement of profit and loss where the hedge is ineffective. The amount recognized in the "Hedging Reserve" is transferred to the statement of profit and loss in the period in which the underlying hedged item affects the statement of profit and loss.
- The Company uses derivative financial instruments such as Forwards, Swaps and Options to hedge its risks associated with foreign exchange fluctuations. The Company uses Interest Rate Swaps specifically to protect against Interest Rate Volatility on the floating rate External Commercial Borrowings (ECBs). It also uses Cross Currency Swaps to protect against foreign currency exchange rate as well as interest rate fluctuations on its foreign currency loans. Swaps and Forwards are also used to hedge the currency risk inherent in the settlement of the Liabilities denominated in foreign exchange.
- The fair values of all such derivative financial instruments are recognized as assets or liabilities at the balance sheet date. Such derivative financial instruments are used as risk management tools only and not for speculative purposes.
- For derivative financial instruments and foreign currency monetary items designated as Cash Flow hedges, the effective portion of the fair value of the derivative financial instruments are recognized in Hedging Reserve and reclassified to Profit and Loss as per guidance in AS 30.
- The ineffective portion of the change in fair value of such instruments is recognised in the statement of profit and loss in the period in which they arise. The various cash flows with reference to the hedged items and the hedging instruments are expected to occur over the next ten years and are expected to affect the statement of profit and loss over the same period of time. If the hedging relationship ceases to be effective or it becomes probable that the expected transaction will no longer occur, hedge accounting is discontinued and the fair value changes arising from the derivative financial instruments are recognized in statement of profit and loss.
- For derivative financial instruments designated as Fair Value hedges, the fair value of both the derivative financial instrument and the hedged item are recognized in the statement of profit and loss till the period the relationship is found to be effective. If the hedging relationship ceases to be



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

effective or it becomes probable that the expected transaction will no longer occur, future gains or losses on the derivative financial instruments are recognized in statement of profit and loss.

- If no hedging relationship is designated, the fair value of the derivative financial instruments is marked to market through statement of profit and loss.

### **h. 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.

### **i. 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.

### **j. Employee Benefits**

#### **a. 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.

#### **b. Post-employment benefits**

- Defined Contribution Plans

The Company's Employee's Provident Fund scheme, Employee's State Insurance Scheme and Employee's Superannuation Scheme are defined contribution plans. The Company's contribution paid/payable under the schemes are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

- 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 independent actuarial valuation using the Projected Unit Credit Method. The gratuity 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 statement of profit & loss.

#### **c. Other long term employee benefits**

Entitlement to annual leave is recognized when they accrue to employees. Annual leave can either be availed or en-cashed subject to a restriction on the maximum number of accumulation of leaves. The present value of the liability is determined based on independent actuarial valuation using the Projected Unit credit method. The discount rates used for determining the present value

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

of the liability is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit & loss.

### k. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of the qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the statement of profit and loss.

### l. Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products, with each segments representing a strategic unit that offers different products and serves different markets. The analysis of the geographical segments is based on the areas in which major operating divisions of the Company operate.

Intersegment transfers

The Company accounts for intersegment sales on the basis of price charged for inter segments transfers.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### m. Operating Leases

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

### n. Earnings Per Share

Earnings per share (EPS) 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 year.

### o. Taxes on Income

- Tax expense for a year comprises of current tax and deferred tax.
- Tax on income for the current year is determined on the basis of the taxable income and tax credits computed 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





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

which such deferred tax assets can be realized.

- Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is a convincing evidence that the Company will pay income tax higher than the computed under MAT, during the period under which MAT is permitted to be setoff under applicable laws.
- In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as a MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is longer convincing evidence to the effect that Company will pay income tax higher than MAT during the specified period.

### p. Research and Development

Revenue expenditure on research and development is charged to Statement of profit and loss for the year.

### q. Intangible Assets

- Intangible assets are recorded at the consideration paid for their acquisition.
- Intangible assets are amortised over their useful economic life, 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 of Intangible assets are as follows:

Trademark	-	5 years
Technical Know How	-	5 years
Software	-	3 years

### r. Impairment of Fixed Assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of the profit and loss.

### s. 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 FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 1.1 SHARE CAPITAL

#### AUTHORISED

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
11,000,000 (Previous year 11,000,000) equity shares of Rs.10/- each	1,100.00	1,100.00
1,000,000 (Previous year 1,000,000) preference shares of Rs.100/- each	1,000.00	1,000.00

#### ISSUED, SUBSCRIBED AND PAID-UP

9,391,557 (Previous year 9,391,557) equity shares of Rs.10/- each fully paid-up	939.16	939.16
<b>Total</b>	<u>939.16</u>	<u>939.16</u>
Forfeited equity shares pending re-issue 5,715 (Previous year 5,715)	0.57	0.57

- (a) **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year :**

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Equity Shares	Nos.	Amount	Nos.	Amount
Number of shares outstanding at the beginning of the year	9,391,557	939.16	9,391,557	939.16
Additions/deductions during the year	—	—	—	—
Number of shares outstanding at the end of the year	9,391,557	939.16	9,391,557	939.16

- (b) **Terms, rights and restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rupees 10/- per share.

Each shareholder is entitled to vote in proportion to his share of the paid up equity capital of the Company except upon voting by "Show of hands" where one shareholder is entitled to one vote.

The Company declares and pays dividend in Indian Rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion to their shareholdings.

- (c) **Shares held by holding/ultimate holding company and/or their subsidiaries/associates :**

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
Equity Shares	Nos.	Amount	Nos.	Amount
<b>Holding company</b>				
Venkateshwara Hatcheries Private Limited	<u>4,701,276</u>	<u>470.13</u>	<u>4,701,276</u>	<u>470.13</u>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- (d) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:**

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Nos.	%age	Nos.	%age
<b>Equity Shares</b>				
Venkateshwara Hatcheries Private Limited	4,701,276	50.06%	4,701,276	50.06%

- (e) There are no shares reserved for issue under options or contracts/commitments for the sale of shares/ disinvestment as at 31 March 2012 and 31 March 2011.
- (f) The Company has neither allotted any shares as fully paid up pursuant to contracts without payments being received in cash or by way of bonus shares nor bought back any shares for the period of five years immediately preceding 31 March 2012 or 31 March 2011.
- (g) The Company do not have any securities convertible into equity or preference shares as at 31 March 2012 and 31 March 2011.
- (h) For the year ended 31 March 2011, the amount of per share dividend recognized as distribution to equity shareholders was Rupees 5/- towards final dividend. The total dividend appropriation for the year ended 31 March 2011 amounted to Rupees 545.76 lakhs including dividend distribution tax of Rupees 76.18 lakhs.
- (i) The Board of Directors, in it's meeting on 29 May 2012, declared final dividend of Rupees 5/- per equity share. The total dividend appropriation for the year ended 31 March 2012 amounts to Rupees 545.76 Lakhs including dividend distribution tax of Rupees 76.18 Lakhs. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 1.2 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	2.42	2.42
(a)	101.84	101.84

#### Capital redemption reserve

(b) 87.50 87.50

#### Securities premium account

(c) 223.19 223.19

#### Capital subsidy

Opening balance	—	3.04
Less: Transferred to Statement of Profit and Loss	—	3.04
(d)	—	—

#### Hedging reserve

Opening balance	—	—
Additions during the year	601.20	—
(e)	601.20	—

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>General reserve</b>		
Opening balance	17,944.11	7,944.11
Transferred from surplus in the statement of profit and loss	7,500.00	10,000.00
(f)	<u>25,444.11</u>	<u>17,944.11</u>
<b>Surplus in the statement of profit and loss</b>		
Opening balance	8,122.08	11,364.75
Net Profit for the current year as per the Statement of Profit and Loss	4,105.59	7,303.13
Balance available for appropriations	<u>12,227.67</u>	<u>18,667.88</u>
Less: Appropriations		
Transferred to general reserve	7,500.00	10,000.00
Proposed dividend	469.58	469.58
Dividend distribution tax	76.18	76.18
<b>Total appropriations</b>	<u>8,045.76</u>	<u>10,545.76</u>
<b>Net Surplus in the Statement of Profit and Loss</b>	<u>4,181.91</u>	<u>8,122.12</u>
(g)		
<b>Total (a+b+c+d+e+f+g)</b>	<u><u>30,639.75</u></u>	<u><u>26,478.76</u></u>

### 2.1 LONG TERM BORROWINGS

#### Secured

##### Term loans

From Banks		
Rupee loan	1,878.22	2,113.00
External commercial borrowings	8,393.55	—
	<u>10,271.77</u>	<u>2,113.00</u>
Less: Current maturities of term loans (Refer note no. 3.3)	469.56	234.78
(a)	<u>9,802.21</u>	<u>1,878.22</u>

#### Unsecured

##### Deferred payment liabilities

Sales Tax Deferral	55.81	55.81
Less: Current maturities of deferred payment liabilities (Refer note no. 3.3)	0.39	—
(b)	<u>55.42</u>	<u>55.81</u>
<b>Total (a+b)</b>	<u><u>9,857.63</u></u>	<u><u>1,934.03</u></u>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Details of securities, terms of repayments and rate of interest :

#### (i) Rupee loan (Secured) :

Rupee term loan carries an interest rate of sum of base rate as increased by appropriate term premia and spread per annum, subject to minimum rate of ICICI bank base rate +2.25%. The payment of interest shall be subject to statutory levies, if any. The loan is repayable in 9 half yearly equal instalments commencing from 25 March 2012. The loan is secured by an exclusive mortgage of land and buildings located at village Dikadla, Tehsil Samalkha, Dist. Panipat, State Haryana, plot no. 55, Sansarpur terrace, Dist. Kangra, State Himachal Pradesh and village Laider, Tehsil Bara, District Allahabad, State Uttar Pradesh and by way of hypothecation of movable fixed assets acquired / to be acquired out of said loan at these locations.

#### (ii) External commercial borrowings (Secured) :

The Company has availed External commercial borrowing (ECB) from ICICI bank into two tranches for financing its expansion plans. ECB is repayable in 11 half yearly predetermined installments commencing from 03 April 2013 and is denominated in US\$. It carries an interest rate of 6 month USD LIBOR plus 4.5 percent Taking into considerations, the currency risks in the cash flows arising out of fluctuations of USD LIBOR rates and also the currency fluctuations, the Company has entered into hedge agreements with its bankers. As per the hedge agreements, the effective rate of interest is fixed at 12% and 12.60% p.a. respectively for two tranches. Further the repayment of said liability in respect of the ECB is also fixed at predetermined exchange rate pursuant to the hedge agreements. ECB is secured by an exclusive mortgage of land, buildings and immovable plant and machinery at Processing plant situated at Baur Kamshet, Pune, Feed Mill and Oilseed plant at Solapur, poultry farm at village Bhigwan and SPF plant at Pasure Bhor. Further ECB is secured by an exclusive hypothecation of movable assets of the company acquired/to be acquired from the loan facilities extended by the bank.

#### (iii) Deferred payment liabilities (Unsecured) :

The deferred sales tax liabilities shall be repaid in equal annual installments not exceeding five such installments at the expiry of 10th year. The details of which are as detailed below:

(Rupees in Lakhs)

Particulars	Healthcare division	Animal Health products division	Animal Health products division
		Scheme 01	Scheme 02
Deferred sales tax liability amount	51.99	1.90	1.92
Defement scheme started from	1-Apr-07	30-Apr-02	30-Apr-03
Installments will start from	1-Apr-17	30-Apr-12	30-Apr-13

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 2.2 DEFERRED TAX LIABILITIES (NET)

#### Deferred tax liabilities

Depreciation/amortisations

(a)

#### Deferred tax assets

Employee benefits

Provision for doubtful debts

Others

(b)

#### Deferred tax liabilities (net)

(a-b)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
	<b>1,997.07</b>	1,791.18
	<b>1,997.07</b>	1,791.18
	<b>192.09</b>	167.96
	<b>74.93</b>	81.92
	<b>6.20</b>	10.87
	<b>273.22</b>	260.75
	<b>1,723.85</b>	1,530.43



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Deferred tax assets - others represent deferred tax asset in respect of items which are allowed under Income Tax Act, 1961 on a payment basis.

(Currency : Indian Rupee)

(Rupees in Lakhs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>2.3 OTHER LONG-TERM LIABILITIES</b>		
Others		
Security deposits	68.62	45.82
Statutory dues	91.72	91.72
<b>Total</b>	<b>160.34</b>	<b>137.54</b>
<b>2.4 LONG TERM PROVISIONS</b>		
Provision for employee benefits - Compensated absences	365.73	299.46
<b>Total</b>	<b>365.73</b>	<b>299.46</b>
<b>3.1 SHORT TERM BORROWINGS</b>		
Loans repayable on demand		
Secured		
From Banks - Cash credit facilities	1,868.89	1,183.36
Unsecured		
From Banks - Working capital facilities	7,094.79	8,100.00
<b>Total</b>	<b>8,963.68</b>	<b>9,283.36</b>
<b>The details of securities:</b>		
The cash credit facilities are secured by way of first charge on entire current assets of the Company on parri passu basis.		
<b>3.2 TRADE PAYABLES</b>		
Dues to Micro and Small Enterprises <sup>(1)</sup>	—	—
Others	8,062.41	5,117.35
<b>Total</b>	<b>8,062.41</b>	<b>5,117.35</b>

**Note 1**

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.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>3.3 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer note no. 2.1)	469.95	234.78
Interest accrued but not due on borrowings	246.21	13.52
Advance from customers	984.38	877.29
Unclaimed dividends <sup>(1)</sup>	55.61	48.37
Unclaimed matured deposits <sup>(1)</sup>	—	0.40
Other payables		
Payable against capital goods	644.81	134.67
Statutory dues	169.04	133.19
Security deposits	38.49	38.24
Payable to trade associations towards contributions	42.77	12.60
Other liabilities	15.00	6.72
<b>Total</b>	<b>2,666.26</b>	<b>1,499.78</b>
<b>Note 1</b>		
There are no amounts due and outstanding to be credited to Investors Education and Protection Fund as at 31 March 2012.		
<b>3.4 SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
Compensated absences	46.20	37.04
Gratuity	139.68	152.80
<b>(a)</b>	<b>185.88</b>	<b>189.84</b>
<b>Others</b>		
Proposed dividend	469.58	469.58
Dividend distribution tax	76.18	76.18
<b>(b)</b>	<b>545.76</b>	<b>545.76</b>
<b>Total (a+b)</b>	<b>731.64</b>	<b>735.60</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 4.1 FIXED ASSETS

(Currency : Indian Rupee)

(Rupees in Lakhs)

Description	Gross Block			Depreciation / Amortization			Net Carrying Value	
	As at 1 <sup>st</sup> April 2011	Additions during the year	Adjustments <sup>(1)</sup>	Deductions during the year	As at 31 <sup>st</sup> March, 2012	For the year <sup>(2)</sup>	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Tangible Assets<sup>(3)</sup></b>								
Freehold land	1,422.60	298.90	—	—	1,721.50	—	—	1,422.60
Leasehold land	88.62	148.85	—	—	237.47	—	—	88.62
Buildings	8,118.17	1,959.96	30.61	48.78	10,059.96	257.94	2,570.88	5,771.70
Plant and Equipment	11,144.99	3,354.72	61.63	20.22	14,541.12	630.49	5,830.70	5,935.97
Furniture and Fixtures	309.29	134.80	—	3.14	440.95	25.87	199.39	132.91
Vehicles	988.81	195.40	—	55.68	1,128.53	89.28	550.03	485.67
Office equipments	604.73	144.41	—	—	749.14	65.79	441.48	229.04
Electrical installations	1,839.64	246.70	5.13	13.99	2,077.48	89.35	883.44	1,040.08
<b>(a)</b>	24,516.85	6,483.74	97.37	141.81	30,956.15	1,158.72	10,475.92	15,106.59
Previous year	20,896.32	3,704.54	—	84.01	24,516.85	941.69	9,410.26	—
<b>Intangible Assets</b>								
Computer software	200.25	0.24	—	—	200.49	17.25	179.55	37.95
Technical know how	49.24	—	—	—	49.24	2.00	49.24	2.00
<b>(b)</b>	249.49	0.24	—	—	249.73	19.25	228.79	39.95
Previous year	214.56	47.81	—	12.88	249.49	26.11	209.54	—
<b>Total (a+b)</b>	24,766.34	6,483.98	97.37	141.81	31,205.88	1,177.97	10,704.71	15,146.54
Previous year	21,110.88	3,752.35	—	96.89	24,766.34	967.80	9,619.80	—

#### Notes:

1. This represent additions in connection to or on account of capitalisation of borrowing costs as part of qualifying asset.
2. Depreciation for the year includes Rupees Nil (Previous year Rupees 3.04 lakhs) debited to Capital Subsidy.
3. Details of assets given on operating leases :

Description	Gross Block			Depreciation / Amortization			Net Carrying Value	
	As at 1 <sup>st</sup> April 2011	Adjustments #	As at 31 <sup>st</sup> March, 2012	As at 1 <sup>st</sup> April, 2011	For the year	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Buildings	662.85	(69.47)	593.38	286.99	16.82	271.06	322.32	375.86
Plant and Equipment	368.52	34.17	402.69	236.04	19.29	236.43	166.26	132.49
Furniture and Fixtures	4.63	15.12	19.75	2.87	0.72	18.05	1.70	1.76
Vehicles	12.16	(6.84)	5.32	3.14	0.08	4.74	0.58	9.02
Office equipments	2.08	21.37	23.45	1.62	0.21	19.73	3.72	0.46
Electrical installations	73.48	0.39	73.87	40.95	2.55	44.15	29.72	32.53
<b>Total</b>	1,123.72	(5.26)	1,118.46	571.61	39.67	594.16	524.30	552.12

# Adjustments represent leases entered into/cancelled during the year.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>4.2 LONG-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
Capital advances <sup>(1)</sup>	1,293.35	826.41
Security deposits	609.64	542.55
Other loans and advances		
Loans and advances to employees	64.35	27.56
Payments under protest	148.62	87.82
<b>Total</b>	<b>2,115.96</b>	<b>1,484.34</b>
<b>Note 1</b>		
Capital advances includes an amount of Rupees 200 lakhs which represents advances paid to builders for purchase of properties. The agreement in respect of these advances are yet to be executed.		
<b>4.3 OTHER NON-CURRENT ASSETS</b>		
<b>Long term trade receivables</b>		
Unsecured Considered good	45.58	27.47
Considered doubtful	230.94	252.48
	276.52	279.95
Less: Provision for doubtful debts	230.94	252.48
<b>(a)</b>	<b>45.58</b>	<b>27.47</b>
<b>Others</b>		
Balances with banks held as margin money against guarantees*	65.66	61.92
Balances with banks held as time deposits against guarantees*	4.23	4.23
Interest accrued but not due	15.85	13.59
Derivative asset	604.20	—
<b>(b)</b>	<b>689.94</b>	<b>79.74</b>
<b>Total (a+b)</b>	<b>735.52</b>	<b>107.21</b>

\* Restricted bank balances against guarantees.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

As at 31 <sup>st</sup> March, 2012 (No. of Units)	As at 31 <sup>st</sup> March 2011 (No. of Units)		As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March 2011
<b>5.1 CURRENT INVESTMENTS</b>				
<b>UNQUOTED INVESTMENTS IN MUTUAL FUNDS</b>				
(Units of face value of rupees 10/- each, unless otherwise stated)				
<b>HDFC Mutual Fund</b>				
8,614,400	—	HDFC FMP 370D January 2012 (4) - Growth	861.44	—
65,355	—	HDFC Cash Management fund - TAP - Daily Dividend Reinvestment	6.56	—
—	3,000,000	HDFC FMP 14M March, 2010 - Growth - Series XII	—	300.00
—	4,000,000	HDFC FMP 370D March 2011 (3) Growth Series XVI	—	400.00
—	1,102,743	HDFC Cash Management Fund - TAP - Wholesale - Daily Dividend Reinvestment	—	110.62
<b>IIFL Mutual Fund</b>				
7,143,200	—	IIFL FMP Series - 1 - Growth	714.32	—
<b>Kotak Mutual Fund</b>				
6,413,535	—	Kotak FMP Series 71 - Growth	641.35	—
—	5,186,879	Kotak FMP Series 33 - Growth	—	518.69
—	8,110,000	Kotak FMP Series 29 - Growth	—	811.00
<b>IDBI Mutual Fund</b>				
5,000,000	—	IDBI FMP 550 Days Series - II (December 2011) - B - Growth	500.00	—
<b>Sundaram BNP Paribas Mutual Fund</b>				
—	5,000,000	Sundaram BNP Paribas FTP 367 Days Series U - Growth	—	500.00
—	3,001,219	Sundaram BNP Paribas FTP 14 Months Series AA - Growth	—	300.12
<b>DSP Black Rock Mutual Fund</b>				
—	3,500,000	DSP Black Rock FMP 13 M Series 2 - Growth	—	350.00
—	6,500,000	DSP Black Rock FMP 12M Series 11 - Growth	—	650.00





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

As at 31 <sup>st</sup> March, 2012 (No. of Units)	As at 31 <sup>st</sup> March 2011 (No. of Units)		As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March 2011
<b>5.1 CURRENT INVESTMENTS - Contd.</b>				
<b>ICICI Prudential Mutual Fund</b>				
2,000,000	2,000,000	ICICI Prudential FMP Series 54 1 Year Plan A - Cumulative	200.00	200.00
1,000,000	—	ICICI Prudential FMP Series 56-1 year plan E Cumulative	100.00	—
—	6,250,000	ICICI Prudential FMP Series 55-1 year Plan A Cumulative	—	625.00
—	5,119,497	ICICI Prudential FMP Series 55-1 year plan B Cumulative	—	511.95
—	4,000,000	ICICI Prudential FMP Series 55-1 year plan D Cumulative	—	400.00
<b>IDFC Mutual Fund</b>				
5,566,278	—	IDFC Money Manager Fund - Treasury Plan A - Daily Dividend Reinvestment	560.52	—
—	2,750,982	IDFC Fixed Maturity Plan - Thirteen Months Series 5 - Growth	—	275.10
—	5,112,375	IDFC Fixed Maturity Yearly Series 38 - Growth	—	511.24
<b>Birla Sunlife Mutual Fund</b>				
146,775	—	Birla Sun Life Savings Fund - Institutional Daily Dividend Reinvestment	146.87	—
783	—	Birla Sun Life Savings Fund - Retail - Daily Dividend	0.78	—
—	5,213,061	Birla Sun Life Fixed Term Plan Series CM - Growth	—	521.31
—	2,061,979	Birla Sun Life Fixed Term Plan Series CJ - Growth	—	206.20
—	964,886	Birla Sun Life Savings Fund - Wholesale - Daily Reinvestment	—	96.55
—	1,591,600	Birla Sun Life Fixed Term Plan Series CL - Growth	—	159.16
—	5,000,000	BSL Fixed Term Plan Series CQ - Growth	—	500.00
<b>Reliance Mutual Fund</b>				
16,827	—	Reliance Liquid Fund - Cash Plan Daily Dividend Option - CPDD	1.87	—

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

As at 31 <sup>st</sup> March, 2012 (No. of Units)	As at 31 <sup>st</sup> March 2011 (No. of Units)		As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March 2011
<b>5.1 CURRENT INVESTMENTS - Contd.</b>				
<b>SBI Mutual Fund</b>				
—	3,500,000	SBI Debt Fund Series - 15 Months - 5 - Growth	—	350.00
—	3,764,754	SBI Debt Fund Series - 370 days - 10 - Growth	—	376.48
<b>Fidelity Mutual Fund</b>				
—	5,000,000	Fidelity FMP Series 5 - Plan A Growth	—	500.00
<b>Tata Mutual Fund</b>				
—	1,050,000	Tata Fixed Maturity Plan Series 30 Scheme A Growth	—	105.00
<b>Total</b>			<b>3,733.71</b>	9,278.42
Aggregate amount of unquoted investments			<b>3,733.71</b>	9,278.42
Aggregate provision made for diminution in value of investments			—	—



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>5.2 INVENTORIES</b>		
(As taken, valued and certified by the management)		
Poultry for livestock breeding	3,094.63	2,346.09
Raw materials and packing materials	7,340.24	5,907.64
Raw material in transit	72.11	—
Work-in-Progress	3,740.01	2,264.80
Finished goods	1,169.68	1,119.15
Finished goods in transit	33.58	—
Stock-in-trade	187.32	212.84
Stores and spares	421.46	383.26
<b>Total</b>	<b>16,059.03</b>	<b>12,233.78</b>
<b>5.3 TRADE RECEIVABLES</b>		
Unsecured, considered good*		
Outstanding for a period exceeding six months from the date they are due for payment	122.75	258.47
Other debts	5,218.77	5,700.61
<b>Total</b>	<b>5,341.52</b>	<b>5,959.08</b>
<b>* include dues from</b>		
(a) Private companies in which some of the directors of the Company are directors/members		
- Venkateshwara Hatcheries Private Limited	1,658.04	2,363.89
- Eastern Hatcheries Private Limited	18.74	25.57
- Bala Industries & Entertainment Private Limited	100.38	65.71
- Uttara Foods & Feeds Private Limited	40.61	190.35
- Uttara Impex Private Limited	11.64	107.03
- Venkateshwara Research & Breeding Farm Private Limited	33.87	—
- Venco Research & Breeding Farm Private Limited	—	102.39
(b) Firms in which some of the directors of the Company are partners		
- Venkateshwara Foods and Feeds	421.29	409.48

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 5.4 CASH AND BANK BALANCES

#### Cash and cash equivalents

Balances with banks in:

- current accounts	629.84	152.88
- deposit accounts with original maturity of less than three months	3,335.44	—
- unclaimed dividend accounts <sup>(1)</sup>	55.61	48.37

Cheques, drafts on hand	600.95	561.00
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Cash on hand	276.23	207.05
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(a)	4,898.07	969.30
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#### Other bank balances

Bank deposits with original maturity for more than three months but less than twelve months	450.00	—
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Bank deposits with original maturity for more than twelve months <sup>(2)</sup>	5,000.00	325.08
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Balances with banks held as margin money against guarantees	41.80	22.51
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(b)	5,491.80	347.59
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Total (a+b)	10,389.87	1,316.89
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#### Notes :

1. Represents restricted bank balances on account of unclaimed dividends.
2. Represents the deposits with original maturity of more than twelve months and due for its maturity within twelve months from the reporting date.

### 5.5 SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)

Other loans and advances

Loans and advances to employees	125.18	125.45
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Advances to suppliers	263.38	287.54
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Prepayments	94.59	177.34
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Security deposits	29.09	12.52
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Balances with Government Authorities	118.86	127.53
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Taxes paid (net of provisions for taxes)	607.28	52.75
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Total	1,238.38	783.13
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## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

			As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>5.6 OTHER CURRENT ASSETS</b>				
<b>(Unsecured, considered good)</b>				
Interest accrued but not due			149.43	19.06
Other receivables			0.27	—
<b>Total</b>			<b>149.70</b>	<b>19.06</b>
<b>5.7 CONTINGENT LIABILITIES AND COMMITMENTS</b>				
<b>(TO THE EXTENT NOT PROVIDED FOR)</b>				
<b>Contingent liabilities</b>				
<b>Claims against the company not acknowledged as debt;</b>				
Income-tax matters in dispute			10.84	10.84
Non agriculture tax in dispute			4.24	4.24
Sales tax demands in dispute			219.14	181.63
Electricity demands in dispute			186.89	5.41
Labour wages in dispute			148.39	130.09
Other demands in dispute			40.77	40.77
<b>Commitments</b>				
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)			1,454.66	1,771.02
Hedge agreements to buy US\$	2011-12	2010-11	2011-12	2010-11
	In Lakhs (US\$)	In Lakhs (US\$)	(Rupees in Lakhs)	(Rupees in Lakhs)
Hedge of External commercial borrowing principal repayment	165.00	—	8,393.55	—
Interest rate swap against exposure to variable interest outflow on External Commercial Borrowing, swap to pay fixed interest @ 12% and receive a variable interest @ 6 months USD LIBOR and applicable margin.				
Notional amount	150.00	—	7,630.50	—
Interest rate swap against exposure to variable interest outflow on External Commercial Borrowing, swap to pay fixed interest @ 12.60% and receive a variable interest @ 6 months USD LIBOR and applicable margin.				
Notional amount	15.00	—	763.05	—

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 6.1 REVENUE FROM OPERATIONS

		For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
	Unit <sup>(1)</sup>	Quantity <sup>(1)</sup>	Amount	Quantity <sup>(1)</sup>	Amount
<b>Sale of products</b>					
Day old commercial chicks	Nos.	61,112,600	11,537.06	65,146,799	16,092.02
S.P.F. eggs	Nos.	6,317,918	3,032.95	5,270,849	2,369.18
Grownup commercial broiler	Kgs.	52,899,365	27,420.31	27,661,167	15,067.41
Grownup commercial layer	Nos.	1,050,032	1,373.66	691,894	879.17
Processed chicken	Kgs.	10,570,635	16,279.97	9,758,889	13,602.57
Animal health products					
Powder	M.T.	3,565	6,596.20	3,192	5,854.48
Liquid	K.L.	1,871	2,284.82	1,815	2,414.68
Poultry feed	M.T.	50,715	8,389.35	48,899	7,521.95
Refined oil	M.T.	15,779	9,917.36	15,418	7,826.51
De-oiled cake for poultry feed	M.T.	45,096	8,429.78	50,006	9,070.94
	(a)		95,261.46		80,698.91
<b>Sale of services</b>					
Processing charges			181.95		117.78
	(b)		181.95		117.78
<b>Other operating revenues</b>					
Grown up parents			416.95		329.64
Hatching eggs			265.71		676.23
Culls			836.02		835.16
By-products			1,712.09		1,877.51
Miscellaneous			571.63		770.33
	(c)		3,802.40		4,488.87
<b>Total (a+b+c)</b>			<b>99,245.81</b>		<b>85,305.56</b>

**Note 1 :**

Given voluntarily by the management for better understanding of shareholders.





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 6.2 OTHER INCOME

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Interest income	189.66	29.84
Dividend income from current investments	115.33	117.17
Gain on sale of current investments (net)	826.75	330.10
Other non-operating income (net)		
Rent	250.41	193.64
Less : Directly attributable expenses	2.85	19.70
	247.56	173.94
Miscellaneous income	245.92	196.45
<b>Total</b>	<b>1,625.22</b>	<b>847.50</b>

### 7.1 COST OF RAW MATERIALS AND PACKING MATERIALS CONSUMED

#### a. Cost of raw materials and packing materials consumed

Inventories at the beginning of the year	5,907.64	3,023.15
Add : Purchases (net of returns)	63,752.69	52,323.13
	69,660.33	55,346.28
Less: Inventories at the end of the year	7,340.24	5,907.64
<b>Total</b>	<b>62,320.09</b>	<b>49,438.64</b>

#### b. Break up of raw materials and packing materials consumed under broad heads

		For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
	Unit <sup>(1)</sup>	Quantity <sup>(1)</sup>	Amount	Quantity <sup>(1)</sup>	Amount
Feed and feed ingredients	M.T.	185,743	26,989.21	145,779	18,661.36
Breeder S.P.F. eggs	Nos.	7,000	174.55	7,000	107.18
Day old commercial chicks	Nos.	2,501,813	325.64	2,764,014	599.56
Grownup commercial broiler	Kgs.	715,455	78.21	588,406	121.35
Oilseeds and oil cakes	M.T.	98,075	22,718.48	97,445	20,226.22
AHP ingredients		Numerous	3,675.26	Numerous	3,437.09
Other raw materials		Numerous	6,521.34	Numerous	4,742.98
Packing materials		Numerous	1,837.40	Numerous	1,542.90
<b>Total</b>			<b>62,320.09</b>		<b>49,438.64</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

		For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
	Unit <sup>(1)</sup>	Quantity <sup>(1)</sup>	Amount	Quantity <sup>(1)</sup>	Amount
7.2 PURCHASES OF STOCK-IN-TRADE					
Day old commercial chicks	Nos.	17,758,399	2,554.14	16,009,568	3,614.71
Grownup commercial broiler	Kgs.	1,598	1.12	107,592	56.06
Processed chicken	Kgs.	2,522,813	2,482.87	—	—
Animal health products					
Powder	M.T.	1,752	1,910.46	1,786	1,440.42
Liquid	K.L.	24	55.01	201	441.42
Others			736.33		480.04
	Total		7,739.93		6,032.65

**Note 1 :**

Given voluntarily by the management for better understanding of shareholders.

### 7.3 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, STOCK-IN-TRADE AND POULTRY FOR LIVESTOCK BREEDING

**a. Changes in inventories**

**Inventories at the beginning of the year**

Poultry for livestock breeding	2,346.09	2,141.96
Finished goods	1,119.15	1,065.05
Work in progress	2,264.80	2,005.79
Stock in trade	212.84	106.32
	<b>5,942.88</b>	<b>5,319.12</b>

**Less: Inventories at the end of the year**

Poultry for livestock breeding	3,094.63	2,346.09
Finished goods	1,169.68	1,119.15
Work in progress	3,740.01	2,264.80
Stock in trade	187.32	212.84
	<b>8,191.64</b>	<b>5,942.88</b>
<b>Total</b>	<b>(2,248.76)</b>	<b>(623.76)</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### b. Break-up of inventory under broad heads

	2011-2012		2010-2011	
	Closing Inventory	Opening Inventory	Closing Inventory	Opening Inventory
<b>Poultry for livestock breeding</b>				
Broiler and layer breeder birds	2,841.70	2,107.90	2,107.90	1,914.60
SPF breeder birds	252.93	238.19	238.19	227.36
(a)	<u>3,094.63</u>	<u>2,346.09</u>	<u>2,346.09</u>	<u>2,141.96</u>
<b>Finished goods</b>				
Processed chicken	382.32	379.56	379.56	442.08
Refined oil	68.40	33.53	33.53	55.62
Animal health products				
Powder	470.51	469.86	469.86	303.74
Liquid	126.86	171.88	171.88	163.31
Poultry feed	60.47	20.15	20.15	22.98
De-oiled cake for poultry feed	10.21	14.64	14.64	41.31
S.P.F. eggs	16.23	15.11	15.11	14.53
Miscellaneous	34.68	14.42	14.42	21.48
(b)	<u>1,169.68</u>	<u>1,119.15</u>	<u>1,119.15</u>	<u>1,065.05</u>
<b>Work in progress</b>				
Hatching eggs	978.70	585.18	585.18	771.15
Crude oil	243.91	121.76	121.76	94.09
Processed chicken	9.68	29.66	29.66	20.39
Commercial broiler in growing	2,352.13	1,363.35	1,363.35	1,026.88
Commercial layer in growing	155.59	164.85	164.85	93.28
(c)	<u>3,740.01</u>	<u>2,264.80</u>	<u>2,264.80</u>	<u>2,005.79</u>
<b>Stock in trade</b>				
Animal health products				
Powder	179.13	193.42	193.42	83.88
Liquid	8.19	19.42	19.42	22.44
(d)	<u>187.32</u>	<u>212.84</u>	<u>212.84</u>	<u>106.32</u>
<b>Total (a+b+c+d)</b>	<u><u>8,191.64</u></u>	<u><u>5,942.88</u></u>	<u><u>5,942.88</u></u>	<u><u>5,319.12</u></u>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>7.4 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages (Including bonus and compensated absences)	5,964.14	4,913.46
Contribution to provident and other funds	542.38	424.56
Staff welfare expenses	373.39	320.95
<b>Total</b>	<b>6,879.91</b>	<b>5,658.97</b>
<b>7.5 FINANCE COSTS</b>		
Interest expense	1,631.73	455.73
Other borrowing costs	229.50	12.76
	1,861.23	468.49
Less: Capitalised during the year	320.11	0.33
<b>Total</b>	<b>1,541.12</b>	<b>468.16</b>
<b>7.6 MANUFACTURING, FARM AND OTHER EXPENSES</b>		
Chicks / grownup birds purchased	1,689.57	1,315.99
Consumption of stores, spare and other supplies	1,052.61	804.21
Bird rearing and custom hatching charges	2,745.29	1,531.90
Power and fuel	3,306.21	2,878.86
Rent	426.03	369.20
Repairs to:		
Building	350.51	243.14
Machinery	630.42	515.49
Others	227.05	176.30
	1,207.98	934.93
Insurance	65.27	61.27
Rates and taxes	234.19	188.02
Carriage outward (net)	1,685.25	1,411.30
Travelling and conveyance	1,128.43	846.14
Advertisement and publicity	1,357.57	733.74
Loss/(Profit) on fixed assets sold / discarded (net)	4.56	(14.57)
Loss/(Profit) on foreign currency translation and transaction (net)	5.54	(10.75)
Bad debts written off and provision for doubtful debts	18.56	40.57
Miscellaneous expenses	2,564.90	2,188.67
<b>Total</b>	<b>17,491.96</b>	<b>13,279.48</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>7.7 OTHER INFORMATION AND DISCLOSURES FORMING PART OF THE FINANCIAL STATEMENT</b>		
<b>7.7.1 Miscellaneous expenses include auditor's remuneration as follow:</b>		
<b>(Stated net of service tax)</b>		
Audit	35.00	35.00
Audit under the Income-tax Act, 1961	11.00	11.00
Other services	16.84	8.28
Reimbursement of expenses	3.14	2.71
<b>Total</b>	<b>65.98</b>	<b>56.99</b>
<b>7.7.2 PRIOR PERIOD ITEMS (NET)</b>		
Cost of raw materials and packing materials consumed	0.33	—
Employee benefits expense	1.32	1.14
Power and fuel	0.48	0.16
Repairs	1.47	0.83
Rates and taxes	4.58	0.56
Carriage outward (net)	0.75	5.79
Travelling & conveyance	1.03	0.44
Advertisement and publicity	7.47	2.48
Miscellaneous expenses	15.55	17.38
<b>Total</b>	<b>32.98</b>	<b>28.78</b>
<b>7.7.3 CIF VALUE OF IMPORTS</b>		
Raw material / trading goods	1,730.00	1,743.26
Capital goods	928.75	316.83
Stores & spares	123.90	43.73
Packing material	10.38	10.96
<b>Total</b>	<b>2,793.03</b>	<b>2,114.78</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 7.7.4 EXPENDITURE IN FOREIGN CURRENCY

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Travelling expenses (net of recovery)	274.42	209.90
Product registration	—	18.31
Professional fees	104.55	67.17
Security expenses	71.66	45.05
Sales promotion	73.19	50.35
Finance cost (including borrowing cost capitalised Rupees 186.89 lakhs)	409.81	—
<b>Total</b>	<b>933.63</b>	<b>390.78</b>

### 7.7.5 VALUE OF IMPORTED AND INDIGENOUS GOODS CONSUMED

Particulars	2011-2012		2010-2011	
	(Rupees in Lakhs)	% of total consumption	(Rupees in Lakhs)	% of total consumption
Raw materials & packing materials				
Imported	934.28	1.50%	1,132.29	2.29%
Indigenous	61,385.81	98.50%	48,306.35	97.71%
<b>Total</b>	<b>62,320.09</b>	<b>100.00%</b>	<b>49,438.64</b>	<b>100.00%</b>
Stores, spare & other supplies				
Imported	83.68	7.95%	35.68	4.44%
Indigenous	968.93	92.05%	768.53	95.56%
<b>Total</b>	<b>1,052.61</b>	<b>100.00%</b>	<b>804.21</b>	<b>100.00%</b>

### 7.7.6 EARNINGS IN FOREIGN EXCHANGE

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
F.O.B. value of exports (SPF Eggs)	240.69	121.59





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 7.7.7 DERIVATIVE FINANCIAL INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

In line with the Company's risk management policy, the various financial risks mainly relating to changes in the exchange rates and interest rates are hedged by the Company using a cross currency swaps.

#### a. Particulars of the derivative contracts entered into for hedging purpose outstanding at the balance sheet date :

	2011-2012		2010-2011	
	Exposure	Mark to market value	Exposure	Mark to market value
For Hedging foreign currency risk Currency Swaps	9,714.66	10,318.86	—	—

#### b. Particulars of unhedged foreign currency exposure outstanding at the balance sheet date:

	2011-2012		2010-2011	
	(Foreign Currency in lakhs)	(Rupees in Lakhs)	(Foreign Currency in lakhs)	(Rupees in Lakhs)
Trade payables ( in US\$)	2.53	131.68	5.60	252.61
Advance from customers (in US\$)	—	0.19	0.08	3.69
Advance to suppliers (in Euro)	0.36	23.82	—	—

## 8 EMPLOYEE BENEFITS

### (a) Employee benefits expense include contribution towards defined contribution plans as follow:

	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Provident fund scheme	342.50	276.71
Superannuation scheme	37.83	32.83
State insurance scheme	22.94	20.82
<b>Total</b>	<b>403.27</b>	<b>330.36</b>

### (b) Plan description : Gratuity and Compensated absences plan

#### (i) Gratuity (Funded)

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 by an independent actuary appointed by the Company.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

**(ii) Compensated absences (Non Funded)**

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 by an independent actuary appointed by the Company.

**(c) Defined benefit plans/ compensated absences - as per actuarial valuation carried out by an independent actuary as at 31 March 2012**

	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2011-12	2010-11	2011-12	2010-11
<b>I</b>	<b>Change in defined benefit obligation</b>				
	Liability at the beginning of the year	1,242.53	1,100.63	336.49	310.24
	Interest cost	103.16	90.91	25.78	23.54
	Current service cost	116.68	95.77	57.48	43.14
	Benefit Paid	(57.69)	(62.11)	(66.39)	(66.50)
	Actuarial (gain)/loss on obligation	57.64	17.32	58.56	26.07
	<b>Liability at the end of the year</b>	<b>1,462.32</b>	<b>1,242.52</b>	<b>411.92</b>	<b>336.49</b>
<b>II</b>	<b>Change in Plan Assets</b>				
	Fair value of plan assets at the beginning of the year	1,089.74	867.61	—	—
	Expected return on Plan Assets	103.70	85.32	—	—
	Contributions by employers	129.20	170.00	—	—
	Benefit Paid	(4.22)	(9.33)	—	—
	Actuarial gain/(loss) on Plan Assets	4.23	(23.86)	—	—
	<b>Fair value of plan assets at the end of the year</b>	<b>1,322.65</b>	<b>1,089.74</b>	<b>—</b>	<b>—</b>
	<b>Total actuarial Loss/(Gain) to be recognized</b>	<b>53.41</b>	<b>41.18</b>	<b>58.56</b>	<b>26.07</b>
<b>III</b>	<b>Actual Return on Plan Assets</b>				
	Expected return on plan assets	103.70	85.32	—	—
	Actuarial gain/(loss) on Plan Assets	4.23	(23.86)	—	—
	<b>Actual Return on Plan Assets</b>	<b>107.93</b>	<b>61.46</b>	<b>—</b>	<b>—</b>
<b>IV</b>	<b>Amount Recognized in the Balance Sheet</b>				
	Liability at the end of the year	1,462.32	1,242.52	411.92	336.49
	Fair Value of Plan Assets at the end of the year	1,322.65	1,089.74	—	—
	<b>Amount Recognized in the Balance Sheet</b>	<b>139.67</b>	<b>152.78</b>	<b>411.92</b>	<b>336.49</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	Particulars	Gratuity (Funded)		Leave Encashment (Unfunded)	
		2011-12	2010-11	2011-12	2010-11
<b>V</b>	<b>Expenses Recognized in the Statement of profit and loss for the year</b>				
	Current Service cost	116.68	95.77	57.48	43.14
	Interest cost	103.16	90.91	25.78	23.54
	Expected return on plan assets	(103.70)	(85.32)	—	—
	Net Actuarial Loss/(Gain) to be recognized	53.41	41.18	58.56	26.07
	<b>Expenses Recognized in P &amp; L</b>	<b>169.55</b>	<b>142.54</b>	<b>141.82</b>	<b>92.75</b>
<b>VI</b>	<b>Amount Recognized in the Balance Sheet</b>				
	Opening net Liability	152.79	233.02	336.49	310.24
	Expenses as above	169.55	142.54	141.82	92.75
	Contributions by employers/Benefits paid	(182.67)	(222.78)	(66.39)	(66.50)
	<b>Amount Recognized in the Balance Sheet</b>	<b>139.67</b>	<b>152.78</b>	<b>411.92</b>	<b>336.49</b>
<b>VII</b>	<b>Actuarial Assumptions for the year</b>				
	Discount Factor	8.50%	8.50%	8.50%	8.50%
	Rate of Return on Plan Assets	9.00%	9.00%	NA	NA
	Interest Rate	8.50%	8.50%	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%

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

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

Particulars	% of total investments as at	
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Debentures / Bonds	63.61	72.37
Government Securities	0.43	0.03
Deposit with Banks	24.54	25.09
Others	11.42	2.51
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### (f) Experience History

Particulars	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
Present value of obligation	1,462.32	1,242.52	1,100.63	1,207.33	948.97
Fair value of plan assets	1,322.65	1,089.74	867.61	647.92	473.69
Surplus / (Deficit) in the plan	(139.67)	(152.78)	(233.02)	(559.41)	(475.28)
Experience adjustment					
On plan liabilities - Loss/(gain)	57.64	17.32	(15.82)	(3.31)	(41.39)
On plan assets - Loss/(gain)	3.23	23.86	0.74	19.37	17.82

## 9 SEGMENT REPORTING

### Business segments

The primary segment reporting format is determined to be business segments as the Company's risk and rate of return are affected predominantly by differences in the products produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different markets.

The "Poultry and poultry products" segment produces and sells Chicks, Grownup commercial broiler and layer, processed chicks, S.P.F. Eggs, poultry feed and other miscellaneous poultry products. The "Animal Health Products" segments produces and sells medicines and other health products for birds. The "Oilseed segment" produces and sells edible refined Soya oil and Soya de-oiled cake.

Transfer prices between segments are measured on the basis of price charged for inter segment transfers.

Segment revenue includes transfer between inter segments. Those transfers are eliminated in total revenue.

Corporate Expenses are allocated to other segments at cost.

### Geographical segments

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 9 SEGMENT REPORTING

#### A. Primary Segment Information: Business segments

Particulars	Poultry & Poultry Products		Animal Health Products		Oilseed		Elimination		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>REVENUE</b>										
Revenue from Operations	71,323.13	59,407.53	8,897.80	8,285.10	18,808.06	17,483.35	—	—	99,028.99	85,175.98
Inter- segment Sales			638.53	392.78	7,058.87	6,001.26	7,697.40	6,394.04	—	—
<b>Total Revenue</b>	<b>71,323.13</b>	<b>59,407.53</b>	<b>9,536.33</b>	<b>8,677.88</b>	<b>25,866.93</b>	<b>23,484.61</b>	<b>7,697.40</b>	<b>6,394.04</b>	<b>99,028.99</b>	<b>85,175.98</b>
<b>RESULT</b>										
Segment Result	5,647.53	9,158.35	1,596.07	1,658.01	1,507.78	1,624.54	—	—	8,751.38	12,440.90
Unallocated Corporate Expenses									1,617.40	1,209.69
Operating Profit									7,133.98	11,231.21
Interest Expense									1,414.97	455.41
Income Taxes									1,613.42	3,472.67
<b>Profit from Ordinary Activities</b>									<b>4,105.59</b>	<b>7,303.13</b>
Extra ordinary items	—	—	—	—	—	—	—	—	—	—
<b>Net Profit</b>									<b>4,105.59</b>	<b>7,303.13</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

Particulars	Poultry & Poultry Products		Animal Health Products		Oilseed		Elimination		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>OTHER INFORMATION</b>										
Segment Assets										
Unallocated corporate assets	39,756.53	25,538.19	4,949.68	4,546.23	7,233.77	7,053.94	—	—	51,939.98	37,138.36
<b>Total Assets</b>									12,170.47	10,817.11
									64,110.45	47,955.47
Segment Liabilities										
Unallocated Corporate Liabilities	9,327.31	4,896.31	1,615.04	2,027.34	1,023.63	709.01	—	—	11,965.98	7,632.66
<b>Total Liabilities</b>									20,565.56	12,904.89
									32,531.54	20,537.55
Capital Expenditure										
Unallocated Corporate Capital Expenditure	8,359.46	3,779.33	350.69	228.78	168.85	281.75	—	—	8,879.00	4,289.86
<b>Total Capital Expenditures</b>									387.97	945.61
									9,266.97	5,235.47
Depreciation/amortisation										
Unallocable Corporate Depreciation/amortisation	935.35	766.10	51.57	45.76	114.89	102.74	—	—	1,101.81	914.60
Non-Cash Expenses other than depreciation	14.69	34.46	5.96	30.89	5.29	1.64	—	—	25.94	66.99
Unallocable Non-cash Expenses other than depreciation									—	—

### B. Secondary Segment Information: Geographical segments

The Company's secondary segments are the geographic distribution of activities. Revenue and receivables are specified by location of customers while the other geographic information is specified by the location of the assets. Since all the assets are located in India and revenue from customers located out of India are less than 10% of total revenue, there are no reportable geographical segments.





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### 10 RELATED PARTIES DISCLOSURES

#### I NAMES OF RELATED PARTIES AND DESCRIPTION OF RELATIONSHIP

##### a. Key Management Personnel and their relatives

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

##### b. Party that exercises control

Venkateshwara Hatcheries Private Limited - Holding Company

##### c. Enterprises over which Key Management Personnel and their relatives have significant influence and enterprises having a Key Management Personnel 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 Bala Industries and Entertainment Private Limited
- 8 Venkateshwara Engineering Industries Private Limited
- 9 Uttara Impex Private Limited
- 10 All India Poultry Development and Services Private Limited
- 11 Venkateshwara Foods & Feeds (Firm)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### II. a. TRANSACTIONS WITH RELATED PARTIES

Sr. No.	Nature of Significant Transaction	Party that exercises control		Enterprises over which key management personnel and their relatives have significant influence and enterprises having a key management person in common	
		2011-12	2010-11	2011-12	2010-11
1	Purchase of materials / finished goods	7,104.03	5,468.76	6,083.90	4,818.37
2	Sale of materials / finished goods	17,133.99	18,498.71	6,705.76	5,309.95
3	Purchase of fixed assets	6.64	11.92	406.02	146.53
4	Sale of fixed assets	495.03	22.74	—	0.02
5	Services charges / expenses recharged to other companies (income)	139.19	139.66	14.07	61.41
6	Services charges / expenses recharged by other companies (expense)	266.02	203.30	153.37	10.99
7	Custom hatching charges / testing charges / processing charges (income)	78.37	79.78	15.68	7.01
8	Custom hatching charges / testing charges / processing charges (expense)	1.76	2.17	163.43	57.06
9	Consignment sales commission (paid)	—	—	5.80	5.11
10	Rent received (income)	219.50	150.83	30.91	42.81
11	Rent paid (expense)	66.51	60.83	—	—
12	Contributions to trade associations	—	—	41.77	68.13
13	Deposits taken from Lessee / Franchisees	—	—	20.00	—
14	Outstanding receivable/ (payables), net of receivable/ (payable)	1,658.04	2,363.89	(324.83)	388.47
15	Outstanding deposits from Lessee / Franchisees receivable/(payables), net of receivable/ (payable)	210.53	210.53	(20.00)	(20.00)



Venky's (India) Limited

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

### b. DISCLOSURE IN RESPECT OF TRANSACTIONS WHICH ARE MORE THAN 10% OF THE TOTAL TRANSACTIONS

Sr. No.	Transactions	2011-12	2010-11
	<b>Purchase of materials / finished goods</b>		
1	Venkateshwara Hatcheries Private Limited	7,104.03	5,468.76
2	Venco Research and Breeding Farm Private Limited	2,064.30	1,560.31
3	BV Bio-Corp Private Limited	2,502.65	1,649.99
4	Uttara Foods and Feeds Private Limited	1,219.92	1,215.96
5	Others	297.03	392.11
	<b>Total</b>	<b>13,187.93</b>	10,287.13
	<b>Sale of materials / finished goods</b>		
1	Venkateshwara Hatcheries Private Limited	17,133.99	18,498.71
2	Venco Research and Breeding Farm Private Limited	3,119.91	2,533.17
3	Others	3,585.85	2,776.78
	<b>Total</b>	<b>23,839.75</b>	23,808.66
	<b>Purchase of fixed assets</b>		
1	Bala Industries and Entertainment Private Limited	297.31	58.18
2	Venkateshwara Engineering Industries Private Limited	105.05	11.92
3	BV Bio-Corp Private Limited	—	82.48
4	Others	10.30	5.87
	<b>Total</b>	<b>412.66</b>	158.45
	<b>Sale of fixed assets</b>		
1	Venkateshwara Hatcheries Private Limited	495.03	22.74
2	Others	—	0.02
	<b>Total</b>	<b>495.03</b>	22.76
	<b>Services charges / expenses recharged to other companies (income)</b>		
1	Venkateshwara Hatcheries Private Limited	139.19	139.66
2	Venco Research and Breeding Farm Private Limited	8.54	54.61
3	Others	5.53	6.80
	<b>Total</b>	<b>153.26</b>	201.07

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Currency : Indian Rupee)

(Rupees in Lakhs)

Sr. No.	Transactions	2011-12	2010-11
	<b>Services charges / expenses recharged by other companies (expense)</b>		
1	Venkateshwara Hatcheries Private Limited	266.02	203.30
2	Bala Industries and Entertainment Private Limited	132.51	0.07
3	Others	20.86	10.92
	<b>Total</b>	<b>419.39</b>	214.29
	<b>Custom hatching charges / testing charges / processing charges (income)</b>		
1	Venkateshwara Hatcheries Private Limited	78.37	79.78
2	Venco Research and Breeding Farm Private Limited	12.06	3.80
3	Others	3.62	3.21
	<b>Total</b>	<b>94.05</b>	86.79
	<b>Custom hatching charges / testing charges / processing charges (expense)</b>		
1	Uttara Foods and Feeds Private Limited	136.75	24.03
2	BV Bio-Corp Private Limited	21.62	33.03
3	Others	6.82	2.17
	<b>Total</b>	<b>165.19</b>	59.23
	<b>Consignment sales commission (paid)</b>		
1	Eastern Hatcheries Private Limited	5.80	5.11
	<b>Total</b>	<b>5.80</b>	5.11
	<b>Rent received (income)</b>		
1	Venkateshwara Hatcheries Private Limited	219.50	150.83
2	Venco Research and Breeding Farm Private Limited	24.91	36.81
3	Others	6.00	6.00
	<b>Total</b>	<b>250.41</b>	193.64
	<b>Rent paid (expense)</b>		
1	Venkateshwara Hatcheries Private Limited	66.51	60.83
	<b>Total</b>	<b>66.51</b>	60.83
	<b>Contributions to trade associations</b>		
1	All India Poultry Development and Services Private Limited	41.77	68.13
	<b>Total</b>	<b>41.77</b>	68.13



Venky's (India) Limited

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Currency : Indian Rupee)

(Rupees in Lakhs)

Sr. No.	Transactions	2011-12	2010-11
	<b>Deposits taken from Lessee / Franchisees</b>		
	Venkateshwara Research and Breeding Farm Private Limited	20.00	—
	<b>Total</b>	<b>20.00</b>	<b>—</b>
	<b>Outstanding receivable/ (payables), net of receivable/payables</b>		
	Venkateshwara Hatcheries Private Limited	1,658.04	2,363.89
	Eastern Hatcheries Private Limited	18.74	24.71
	Bala Industries & Entertainment Private Limited	100.38	65.71
	Uttara Foods & Feeds Private Limited	40.61	190.35
	Uttara Impex Private Limited	11.64	107.03
	Venkateshwara Research & Breeding Farm Private Limited	33.87	(17.90)
	Venco Research & Breeding Farm Private Limited	(291.31)	102.39
	Venkateshwara Foods and Feeds	421.29	409.48
	B.V. Bio-Corp Private Limited	(648.81)	(490.16)
	Venkateshwara Engineering Industries Private Limited	(11.23)	(3.15)
	<b>Total</b>	<b>1,333.22</b>	<b>2,752.35</b>
	<b>Outstanding deposits from Lessee / Franchisees receivable/(payables), net of receivable/ payables</b>		
	Venkateshwara Hatcheries Private Limited	210.53	210.53
	Venkateshwara Research and Breeding Farm Private Limited	(20.00)	—
	<b>Total</b>	<b>190.53</b>	<b>210.53</b>

### III. a. DETAILS REGARDING PAYMENTS MADE TO KEY MANAGERIAL PERSONNEL

Sr. No.	Transactions	2011-12	2010-11
1	Remuneration		
	Salary	6.00	6.00
	Contribution to provident and other funds	1.86	1.86
	Perquisites	6.43	6.17
		<b>14.29</b>	<b>14.03</b>
2	Commission	10.28	9.57
3	Sitting fees	1.90	1.45
4	Rent paid (expense)	3.60	3.60
	<b>Total</b>	<b>30.07</b>	<b>28.65</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Currency : Indian Rupee)

(Rupees in Lakhs)

### b. BREAKUP OF PAYMENTS MADE TO KEY MANAGERIAL PERSONNEL

Sr. No.	Transactions	2011-12	2010-11
	<b>Remuneration</b>		
1	Mr. B. Balaji Rao	14.29	14.03
	<b>Total</b>	<b>14.29</b>	14.03
	<b>Commission</b>		
1	Mrs. Anuradha J. Desai	3.09	2.86
2	Mr. B. Venkatesh Rao	3.10	2.85
3	Mr. B. Balaji Rao	1.00	1.00
4	Mr. Jitendra M. Desai	3.09	2.86
	<b>Total</b>	<b>10.28</b>	9.57
	<b>Sitting fees</b>		
1	Mrs. Anuradha J. Desai	0.75	0.60
2	Mr. B. Venkatesh Rao	0.20	0.10
3	Mr. Jitendra M. Desai	0.95	0.75
	<b>Total</b>	<b>1.90</b>	1.45
	<b>Rent paid (expense)</b>		
1	Mr. B. Venkatesh Rao	3.60	3.60
	<b>Total</b>	<b>3.60</b>	3.60





## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Currency : Indian Rupee)

(Rupees in Lakhs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>11 LEASES</b>		
<b>A. Operating Lease: (Company as a lessor)</b>		
The Company has entered into commercial leases on surplus hatcheries and breeder farms.		
Future minimum lease rentals receivable under non-cancellable operating leases are as follows :		
Within one year of the balance sheet date	55.20	67.92
After one year but not more than five years	—	55.20
More than five years	—	—
<b>B. Operating Lease: (Company as a lessee)</b>		
The Company has entered into commercial leases on certain office buildings, breeder farms, feed mills, godowns, cold storages and other plant and equipments.		
Future minimum lease rentals payable under non-cancellable operating leases are as follows :		
Within one year of the balance sheet date	108.80	63.45
After one year but not more than five years	184.72	125.74
More than five years	31.25	36.25
<b>12 EARNINGS PER SHARE (EPS)</b>		
<b>a.</b> There is no potential equity shares and hence the basic and diluted EPS are the same.		
<b>b.</b> The calculation of the Basic and Diluted EPS is based on the following data :		
Net Profit for the year after tax	4,105.59	7,303.13
Weighted average number of equity shares outstanding during the year	9,391,557	9,391,557
Basic and Diluted EPS for equity share (Face value of Rs.10/- each)	43.72	77.76

As per our attached report of even date

For and on behalf of the Board of Directors

For **SUDIT K PAREKH & CO**  
Chartered Accountants  
Firm Registration Number : 110512W

**ANURADHA J. DESAI**  
Chairperson

**B. VENKATESH RAO**  
Vice Chairman

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

**B. BALAJI RAO**  
Managing Director

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

Place : Pune  
Date : May 29, 2012

Place : Pune  
Date : May 29, 2012

## VENKY'S (INDIA) LIMITED

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

Date: May 29, 2012.

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 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 Registrar and Share Transfer Agent's office **latest by 10<sup>th</sup> August, 2012**. This service not only protects a shareholder against fraudulent interception and encashment of dividend warrants but also eliminates dependence on postal system, loss / damage of dividend warrants in transit and correspondence relating to revalidation / issue of duplicate dividend warrants.

Kindly note that as per the 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 Agent 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 page no. 81, 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



Venky's (India) Limited

### 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 dividend 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 (for ECS Mandate only)	
D. Bank Account Number	
E. Account Type (Savings / Current)	
F. 9 Digit Code number of bank & branch as appearing on the MICR Cheque (for ECS Mandate only)	
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 10<sup>th</sup> August, 2012.**
2. Please attach a blank cancelled cheque or a photocopy of a cheque issued by your Bank relating to your above account.





Venky's (India) Limited

### REGISTRATION OF E-MAIL ADDRESS FORM

To,  
Bigshare Services Private Limited (Unit : Venky's (India) Limited)  
E-2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.

I/we shareholder(s) of Venky's (India) Limited hereby accord my/our approval to receive annual reports, notices of general meetings/postal ballot and such other documents that are allowed by the law, to be sent in electronic mode from time to time.

I/we request you to note my/our latest email address, as mentioned below. I/we attach the self attested copy of pan card or passport towards identification proof for the purpose of verification.

Folio No. / DP – Client ID	
Name of the first/ sole shareholder	
Name of joint shareholder(s) if any	
Registered Address	
E-mail address (to be registered)	

Place :

Date :

(Signature of Shareholder)

### NOMINATION FORM

I \_\_\_\_\_ the holder(s) of shares under the Folio number(s) / Client Id No. \_\_\_\_\_ of Venky's (India) Limited wish to make a nomination and do hereby nominate the following person(s) in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

#### Name and Address of Nominee

Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

Date of birth\* : \_\_\_\_\_ (\* To be furnished in case the nominee is a minor)

\*\*The Nominee is a minor whose guardian is

Name and Address of Guardian : \_\_\_\_\_  
\_\_\_\_\_

(\*\* To be deleted if not applicable)

Signature :

Name :

Date :

Address, name and signature of witnesses :









## **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)