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29TH ANNUAL REPORT 2004-05




V H GROUP

VENKY'S (INDIA) LIMITED

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

"Venkateshwara Hatcheries Group has earned this leadership position because of our extraordinary high standards in quality, service and absolute integrity."

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

"Every successful organisation needs a clear commitment to excel in a chosen field; and this commitment will hold up over the years only by staying true to an original vision even in the worst of times."

"Change is the law of nature. Everything changes one day or the other. We must accept change and adapt to change."

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

"Technologically Indian poultry can match the world's best. Our productivity levels both in layer and broiler segment 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."

Padmashree Dr. B.V. Rao



Venky's (India) Limited

A Message From Chairperson

Dear Shareholders,

Greetings of the Season !

It gives me immense pleasure to write this communique to you briefly reviewing the Indian poultry sector's performance and prospects and the progress made by your Company.

In spite of certain ups and downs experienced by the industry at the end of year 2003-04, we saw a swift and major recovery as consumption of poultry products picked up. Thanks to stable prices for broilers and availability of key feed ingredients at comfortable level the overall industry performance was encouraging.

It is important to note that the poultry industry in India is a major force to reckon with. This is a Rs. 32,000 crores industry, providing direct/indirect employment to over 2.6 million persons. India ranks 2nd in the world in terms of egg production, while it stands 5th in the world in broiler production. The Indian poultry has come of age and I am sure that the growth rate will continue in the years to come, taking into account the vast gap between our per capita consumption (42 eggs and 1.67 kgs of poultry meat) and National Institute of Nutrition's recommended level (180 eggs and 11 kgs of meat). Growth potential is further evident if our per capita consumption is compared with that of U.S.A. (300 eggs and 49.8 kgs of poultry meat). Realising the massive untapped potential of this industry, the Central Government has reiterated its commitment to create an enabling environment for steady growth in agricultural and agro-based industries production and diversification from traditional crops to ancillaries, including animal husbandry.

Thanks to the vision, farsighted planning and dynamic leadership of Late Dr. Padmashree B.V. Rao, our poultry industry is technologically one of the most advanced industries in the world, capable of producing every essential input required for successful poultry farming. India is the only country in the world outside U.S.A. which has such technology and a fully integrated industry. These strengths of VH Group based on the strong foundations laid by Late Dr. B.V. Rao, will enable Venky's to grow in the years to come.

Coming to the performance of the Company for the year 2004-05, it was quite encouraging and I hope that the company would maintain the growth in the current year. With a balanced product-mix encompassing day-old chicks, specific pathogen free eggs, animal health products, poultry feed, processed chicken and solvent extraction – bringing much needed stability in financial performance - your Company would continue to show good results – both in terms of volumes and profitability.

I thank you for your continued support and I assure you that we will always try our best to live up to the expectations of our shareholders.

My best wishes for you and your families.

Anuradha J. Desai
Chairperson

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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. S.B. Thorat
 Mr. B.G. Deshmukh
 Dr. G.V.K. Rao
 Mr. C. Jagapati Rao
 Mr. V.N. Dubey

AUDIT COMMITTEE

Mr. B.G. Deshmukh - *Chairman (Independent Director)*
 Mr. S. B. Thorat - *Member (Independent Director)*
 Mr. Jitendra M. Desai - *Member (Non-Executive Director)*

SHARE TRANSFER & INVESTORS' GRIEVANCES COMMITTEE

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

ASST. COMPANY SECRETARY

Mr. Jitendra R. Shah.

BANKERS

State Bank of India
 Corporation Bank
 IDBI Bank Limited

AUDITORS

Sudit K. Parekh & Co.
Chartered Accountants
 12-A Suleman Chambers
 2nd Floor, 4 Battery Street
 Apollo Bunder, Mumbai - 400 001

REGISTRARS AND SHARE TRANSFER AGENTS

Bigshare Services Private Limited
 E-2, Ansa Industrial Estate
 Sakivihar Road, Sakinaka
 Andheri (East), Mumbai - 400 072.
 Tel. : 022-28473747, 28470652-53

REGISTERED AND CORPORATE OFFICE

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

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FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001
OPERATING RESULTS					
Turnover & Other Income	34,752	31,231	30,076	26,643	22,563
Material Cost	19,341	18,496	18,439	15,778	14,588
Personnel Cost	2,635	2,302	2,190	2,057	1,753
Interest	344	408	437	462	576
Other Expenses	9,348	7,186	7,501	6,199	3,914
Depreciation	602	624	575	527	487
Provision for decline in value of investments	-	-	-	-	11
Provision for Contingencies written back	(200)	-	-	-	-
Profit Before Tax	2,683	2,215	933	1,620	1,234
Profit After Tax	1,667	1,614	768	1,081	864
Dividend (%)	35	35	30	40	40
FINANCIAL SUMMARY					
Assets Employed					
Current Assets	9,436	10,087	9,203	8,287	6,997
Current Liabilities	4,223	4,227	3,941	3,592	2,859
Net Current Assets	5,213	5,860	5,261	4,695	4,138
Net Fixed Assets	9,056	8,948	9,326	8,071	8,084
Investments	2,412	1,033	506	718	395
Deferred Tax Liability	(1,575)	(1,469)	(1,392)	(1,535)	-
Miscellaneous Expenses	33	67	100	-	-
Total Assets	15,139	14,439	13,802	11,949	12,615
Financed by					
Share Capital	939	939	975	1,027	770
Reserves & Surplus	8,955	7,663	6,589	6,260	7,394
Capital Grants and Subsidies	103	98	96	97	77
Borrowings	5,142	5,739	6,142	4,565	4,374
Total Liability	15,139	14,439	13,802	11,949	12,615
Earning Per Share (Rs.)	17.75	17.18	7.88	10.53	11.22
Book Value (Rs.)	106	92	78	71	106
Debt Equity Ratio	0.51	0.66	0.80	0.63	0.53

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NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of the Company will be held on Thursday, 28th July, 2005 at Hotel President, Lane No. 8, Prabhat Road, Pune 411 004 at 10.30 a.m. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended as on that date together with the Auditor's Report and Directors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mrs. Anuradha J. Desai, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. B. Venkatesh Rao, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a director in place of Mr. Jitendra M. Desai, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

By order of the Board of Directors

Pune
May 5, 2005

JITENDRA R. SHAH
Asst. Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND PROXY NEED NOT BE A MEMBER. THE PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A brief profile of Directors retiring by rotation and being eligible for reappointment is given in the report of Corporate Governance, which forms part of Directors' Report and shareholders are advised to refer to the same.
3. The Register of Members of the Company will remain closed from Friday, 22nd July, 2005 to Thursday, 28th July, 2005 (both days inclusive).
4. The dividend as recommended by the Board of Directors, if declared at the meeting, be paid to those shareholders or their mandate(s), whose names appear on the Register of Members of the Company as on 28th July, 2005 and in respect of shares held in electronic mode, as Beneficial owners in the record of the Depositories as on 28th July, 2005.
5. In case of dematerialisation of shares, the dividend payment shall be made through ECS, wherever relevant bank account details are made available by NSDL and CDSL.
6. In order to provide protection against fraudulent encashment of dividend warrants, Members are requested to provide their bank account number, name and address of the bank / branch to M/s Bigshare Services Private Limited, Registrar and Share Transfer Agent of the Company, in respect of shares held in physical mode and to their respective Depository Participants for demat mode to enable them to incorporate the same in the Dividend warrant.
7. Shareholders may avail Electronic Clearing Service (ECS) for receiving direct credit of dividend to their respective accounts with Banks. This will enable expeditious credit of dividend amount and protect from loss, theft and postal delay of dividend warrants.
8. Members are requested to notify immediately change in their address to M/s Bigshare Services Private Limited, Registrar and Transfer Agent of the Company. Members holding shares in demat form should inform this to their respective Depository Participants.
9. Members holding shares in identical order or names in more than one folio are requested to write to the Company for consolidation



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and send relevant share certificates for consolidation.

10. Members desiring any information on Accounts are requested to write to the Company so as to reach atleast ten days before the meeting to enable the Company to keep the information ready at the meeting.
11. Members/ Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip 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 24th September, 1997 for the financial year 1996-97 has been transferred to the "Investor Education and Protection Fund". The unclaimed dividend for the financial year 1997-98 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 1997-98 onwards before the respective amounts become due for transfer to the above fund.

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DIRECTORS' REPORT

To

The Shareholders,

Your Directors have pleasure in presenting the Twenty-ninth Annual Report and Audited Accounts for the year ended 31st March, 2005.

FINANCIAL RESULT

(Rs. in lakhs)

	<u>2004-05</u>	<u>2003-04</u>
Profit before tax	2,683	2,215
Less: Provision for taxation		
- Current	910	525
- Deferred	106	76
Profit after tax	1,667	1,614
Add: Balance of Profit & Loss Account brought forward	397	154
Profit available for Appropriation	<u>2064</u>	<u>1,768</u>
Appropriations:		
Transfer to General Reserve	167	1,000
Proposed Dividend	329	329
Corporate dividend tax	46	42
Balance profit carried forward	1522	397
	<u>2,064</u>	<u>1,768</u>

OPERATIONS

The Company has made significant improvement in its performance during the year under review in terms of volume growth, sales turnover and profits. A near-normal monsoon saw the prices of poultry feed ingredients remain at comfortable levels. Performance of poultry segment witnessed a marked improvement over the previous year.

Sales turnover for the year has registered a growth of 12.5% at Rs. 34,293 lakhs as compared to Rs. 30,472 lakhs in the previous year. Backed by higher

realisations, especially in the poultry segment, the Company's profit before tax from business operations rose by 39% to Rs. 2,483 lakhs (excluding Provision for contingencies written back of Rs. 200 lakhs) from the previous year's profit of Rs. 1,782 lakhs (excluding profits of Rs. 433 lakhs from sale of investments). Apart from better operating results of poultry segment, reduction in interest cost and other cost control measures initiated during the year under review have also contributed to higher profits.

DIVIDEND

Your Directors recommend a dividend of 35%. The dividend, if approved at the ensuing annual general meeting, will absorb Rs. 328.70 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.

DELISTING OF SHARES

The Company is yet to receive approval from the Calcutta Stock Exchange for delisting the shares on that Exchange. The Company's shares have been delisted from all the other Regional Stock Exchanges.

Listing will continue on The Stock Exchange, Mumbai and National Stock Exchange of India Limited.

CORPORATE GOVERNANCE

As per the requirements of Clause 49 of the Listing Agreement a separate report on Corporate Governance along with the certificate of Statutory Auditors thereupon is given in Annexure-B which forms part of this Report.

DIRECTORS

Dr. B.S. Maur, Managing Director (Poultry), expired on 16th October, 2004. Late Dr. Maur made valuable contribution to the growth of the Company, especially in the area of poultry operations. The Directors place on record their appreciation for the contribution made by Late Dr. Maur.

As per the provisions of Articles of Association of the Company, Mrs. Anuradha J. Desai, Mr. B. Venkatesh Rao and Mr. Jitendra M. Desai are due for retirement



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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 31st March, 2005 have been prepared by following applicable accounting standards;
2. the Directors have selected such accounting policies and applied them consistently and made judgements 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 31st March, 2005 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 31st March, 2005 have been prepared on a going concern basis.

FIXED DEPOSITS

The Company has discontinued the fixed deposit schemes. However, deposits amounting to Rs.11.65 lakhs from 40 depositors which were due for repayment have remained unclaimed as on 31st March, 2005.

ACCOUNTS

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

INSURANCE

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

PERSONNEL AND HUMAN RESOURCES

Employee relations continued to be cordial throughout the year. The Company did not have any employee during the year under review whose remuneration is required to be disclosed in terms of the provisions of Section 217(2A) of the Companies

Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

AUDITORS

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

INFORMATION UNDER SECTION 217(1)(e)

A. Conservation of Energy:

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

B. Technology Absorption:

1. Research and Development (R & D)

- a) Specific areas: R & D activities of the Company are concentrated in the areas of developing wider application of Specific Pathogen Free (SPF) eggs and application of various breeder management techniques to improve productivity and increase feed efficiency.
- b) Benefits derived: Wider acceptance of SPF eggs in the manufacture of human and livestock vaccines in India and higher production and increased feed efficiency of breeders.
- c) Plan of action: Further promotion of SPF eggs applications in the biological industry
- d) Expenditure on R & D: The expenditure incurred by the Company during the year on Research and Development was Rs. 18.60 lakhs.

2. Technology Absorption, Adaptation and Innovation

- a) Efforts made: The Company maintains continuous interaction with its

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collaborators, 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 technology was imported in 1983. The benefit of the ongoing research by the Collaborators in SPF technology is being derived by the Company on a continuous basis.

- b. Foreign exchange outgo
Rs. 1,339.55 lakhs

ACKNOWLEDGEMENT

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

C. Foreign Exchange Earnings and Outgo:

1. Efforts have been made to increase exports of hatching eggs and SPF eggs.

For and on behalf of the Board of Directors

2. Earnings and outgo:

- a. Foreign exchange earnings (FOB)
Rs. 811.77 lakhs

Pune
May 5, 2005

ANURADHA J. DESAI
Chairperson

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