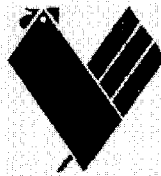


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## 32ND ANNUAL REPORT 2007-08



V H GROUP

**VENKY'S (INDIA) LIMITED**



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

*"In the poultry business the most important factor is your attention, your care and your concern for the birds. You should talk to the birds, you should listen to the birds, you should observe the birds and you should make them comfortable."*

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

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

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

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

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

*Padmashree Dr. B.V. Rao*



Venky's (India) Limited

## ***A Message From The Chairperson***

Dear Shareholders,

Greetings of the Season !

It is my pleasure to apprise you of the general scenario of the poultry sector in India and the prospects of Venky's (India) Limited in particular.

During the financial year 2007-08 the poultry industry witnessed several adverse factors in the form of steep increase in prices of feed ingredients like maize and soya, announcement of bird flu in West Bengal and the resultant fluctuations in market demand for your Company's products. Despite these factors, your Company registered a highly satisfactory sales turnover and profits. This was possible due to the strong foundation in the form of production infrastructure, world class technologies and one of the best disease monitoring and surveillance systems the VH Group has established; thanks to the vision and foresighted planning of our Late Chairman, Dr. B.V. Rao.

In the last few years, the Indian economy has shown remarkable progress and as per the indications available the growth will not only continue but will accelerate in the coming years. It is encouraging to see that fundamentally the Indian economy now seems to be on a right track and it is hoped that the Central Government's pro-active and supportive policies can help the growth, especially with a greater thrust being given to infrastructure and agriculture. Still, much more has to be done in the form of encouraging dispersal of population to rural areas by creating employment opportunities and establishing infrastructure facilities, like roads, electricity, water and communication facilities at all rural locations to encourage more people to take up to agriculture, poultry and allied activities as means of supplementary livelihood, if not as main source of income.

As far as the poultry industry is concerned, while the industry is set to witness a sustained growth both in layer and broiler segments, it does face some serious problems like high feed prices due to artificial speculation in staple commodities like maize and soya. Speculation in these commodities in forward trading and export of the same by private agencies has triggered an artificial boom in the prices of these items, as prices of maize and soya have shot up by almost 100% since the introduction of forward trading. Realising the serious nature of this kind of steep rise, the poultry industry has already taken up the issue with the Government to ban forward trading in maize and channelise the export of maize and soya meal through a designated government agency and to put a ceiling on the volume of export and ban on export by private parties; and the industry is hopeful of getting a favourable response from the Government.

We, at Venky's are conscious of our social responsibility to contribute our mite to the cause of rural poor in bringing about a drastic improvement in rural employment and enhancing the earnings of the average farmer. Ultimately the growth of poultry industry will result in the growth of your company and obviously would result in enhancing the shareholder value. Barring unforeseen factors, I see a bright future for the poultry industry in India and for your company in particular.

My best wishes for you and your families.

**Anuradha J. Desai**

Chairperson

32nd  
Annual  
Report  
2007-08

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## Venky's (India) Limited

### BOARD OF DIRECTORS

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

### AUDIT COMMITTEE

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

### SHARE TRANSFER & INVESTORS' GRIEVANCES COMMITTEE

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

### CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. A. G. Bauskar

### BANKERS

State Bank of India  
Industrial Development Bank of India

### CONTENTS

### AUDITORS

Sudit K. Parekh & Co.  
Chartered Accountants  
Ballard House, 2nd floor, Adi Marzaban Path,  
Ballard Pier, Fort, 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 to 41

	Page No.
A Message from Chairperson	1
Financial Highlights (2003-04 to 2007-08)	4
Notice	5
Directors' Report	9
Auditors' Report	23
Balance Sheet	26
Profit & Loss Account	27
Schedules	28
Notes to the Accounts	37
Cash Flow Statement	54

32nd  
Annual  
Report  
2007-08

**FINANCIAL HIGHLIGHTS**

(Rs. In Lacs)

PARTICULARS	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
<b>OPERATING RESULTS</b>					
Turnover & Other Income	52,838	41,688	38,377	34,677	31,231
Material Cost	32,940	26,042	23,070	19,341	18,496
Personnel Cost	3,774	3,302	2,918	2,560	2,302
Interest	872	483	317	344	408
Other Expenses	10,243	9,314	9,677	9,348	7,186
Depreciation	827	734	617	602	624
Provision for Contingencies Written back	—	—	—	(200)	—
Profit Before Tax	4,182	1,814	1,779	2,682	2,215
Profit After Tax	2,661	1,152	1,177	1,667	1,614
Dividend (%)	35	30	20	35	35
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	14,684	13,450	10,899	9,360	10,087
Current Liabilities	5,750	5,215	4,543	4,147	4,227
Net Current Assets	8,934	8,235	6,356	5,213	5,860
Net Fixed Assets	12,270	11,596	10,700	9,056	8,948
Investments	5,263	4,442	4,040	2,412	1,033
Deferred Tax Liability	(1,392)	(1,543)	(1,392)	(1,575)	(1,469)
Miscellaneous Expenses	—	—	—	33	67
Total Assets	25,076	22,730	19,704	15,139	14,439
<b>Financed By</b>					
Share Capital	939	939	939	939	939
Reserves & Surplus	13,097	11,227	10,307	8,955	7,663
Capital Grants and Subsidies	4	5	103	103	98
Borrowings	11,035	10,559	8,356	5,142	5,739
Total Liabilities	25,076	22,730	19,704	15,139	14,439
Earning per share (Rs.)	28.32	12.26	12.53	17.74	17.19
Book Value (Rs.)	149	129	120	105	92
Debt Equity Ratio	0.79	0.87	0.74	0.51	0.66





Venky's (India) Limited

## NOTICE

**NOTICE** is hereby given that the 32<sup>nd</sup> Annual General Meeting of the members of the Company will be held on Thursday, the 18th September, 2008 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 consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 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 Mr. B. Venkatesh Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. S.B. Thorat, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a director in place of Lt. Col. Ashok Mahajan (Retd.), 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.

### SPECIAL BUSINESS

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

"RESOLVED that subject to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, the approval of members be and is hereby accorded for the re-appointment of Mr. B. Balaji Rao as Managing Director of the Company for a period of five (5) years with effect from 1st November, 2007 on the remuneration and the terms and conditions as are set out in the explanatory statement attached to the notice."

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

"RESOLVED that pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem necessary to borrow for the purpose of the business of the Company notwithstanding that moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not exceed Rs. 150 crores over and above the aggregate of the then paid-up capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose), excluding interest, commitment charges, liquidated damages, premia on redemption, at any one time."

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

"RESOLVED that the Company do hereby accord its consent under Section 293(1)(a) of the Companies Act, 1956, to mortgaging and/ or charging by the Board of Directors of the Company all or any of the moveable and immoveable properties, both present and future or the whole or substantially the whole of the undertaking or the undertakings of the Company for securing any loan obtained or as may be obtained from any financial institution or person or persons, together with interest, costs, charges, expenses and any other money payable by the Company provided that the total amount shall not exceed Rs. 150 crores over and above the aggregate of the then paid-up capital and free reserves (that is to say reserves not set apart for any specific purpose), of the Company at any one time."

By order of the Board of Directors

Pune  
June 26, 2008

A.G. BAUSKAR  
Company Secretary

## 32nd Annual Report 2007-08

### NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under item No.7 to 9 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 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 9th September, 2008 to 18th September, 2008 (both days inclusive).
5. 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 18th September, 2008 and in respect of shares held in electronic mode, as Beneficial owners in the record of the Depositories as on 18th September, 2008.
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 this to their respective Depository Participants.
10. Members holding shares in identical order or names in more than one folio are requested to write to the Company for consolidation and send relevant share certificates for consolidation.
11. 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.
12. 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.
13. 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 30.5.2000 (Interim dividend) and 25.9.2000 (final) for the financial year 1999-2000 has been transferred to the "Investor Education and Protection Fund". The unclaimed dividend for the financial year 2000-01 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 2000-01 onwards before the respective amounts become due for transfer to the above fund.





## Venky's (India) Limited

### EXPLANATORY STATEMENT

#### Item No. 7 :

The Board of Directors of the Company re-appointed Mr. B. Balaji Rao as Managing Director of the Company for a term of five years from 1st November, 2007.

Mr. B. Balaji Rao is not liable to retire by rotation till the time he continues to be a Managing Director of the Company.

Mr. B. Balaji Rao has contributed significantly to the development of the Company and his re-appointment, as proposed, will enable the Company to continue to avail his services as Managing Director.

Following are the details of the terms of appointment of Mr. B. Balaji Rao as a Managing Director :

- i. Term of appointment : 5 years from 1st November, 2007 to 31st October, 2012.
- ii. Mr. B. Balaji Rao shall be responsible for the overall operations of the Company.
- iii. Remuneration :
  - (a) Salary : Rs. 50,000/- per month.
  - (b) House Rent Allowance : 50% of the salary i.e. Rs. 25,000/- per month. In case the Company provides residential furnished accommodation, no House Rent Allowance will be payable.
  - (c) Medical Reimbursement : Upto one month's salary per annum.
  - (d) Leave Travel Allowance : Upto one month's salary per annum.
  - (e) Mr. B. Balaji Rao shall be entitled for a car with a driver. However, use of car for official work shall not be considered as perquisite. Mr. B. Balaji Rao shall be entitled to telephone and other communication facilities at his residence and personal long distance calls, if any, shall be billed by the Company to the Managing Director.
  - (f) Mr. B. Balaji Rao shall be entitled for Company's contribution to Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company.

Provided however that contribution to Provident Fund and Superannuation Fund shall not be included in computation of limits on

remuneration, to the extent they singly or put together are not taxable under the Income-tax Act, 1961. Gratuity as aforesaid shall also not be computed for the purpose of ceiling on remuneration as above.

- (g) Mr. B. Balaji Rao shall be entitled to Membership fees of one club (excluding life membership fee). He shall also be entitled to personal accident insurance provided that the premium does not exceed Rs. 1,000/- per month.
- (h) Mr. B. Balaji Rao shall be entitled to commission of 5% on net profit of the Company subject to a ceiling of Rs. 1,00,000/- per annum.
- (i) Mr. B. Balaji Rao shall be entitled to earned leave on full pay as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service. Encashment of leave shall be as per the Rules of the Company.

The total remuneration of the Managing Director shall be restricted to the limit of 5% of net profit of the Company as per Schedule XIII of the Companies Act, 1956. In case of loss / inadequacy of profits, the above remuneration shall be paid as a "minimum remuneration" subject to other compliances, if any, under Section II of Part II of Schedule XIII of the Companies Act, 1956.

Your Directors recommend for your approval, the resolutions at Item No.7.

Except Mr. B. Balaji Rao, Mrs. Anuradha J. Desai, Mr. B. Venkatesh Rao and Mr. Jitendra M. Desai, none of the other Directors is interested or concerned in the proposed resolution.

Draft agreement to be executed with Mr. B. Balaji Rao is available for inspection of the members at the Registered Office of the Company upto the date of Annual General Meeting in working days, between 11.00 a.m. and 1.00 p.m.

This may be construed as an "Abstract of the terms of appointment and Memorandum of Interest" pursuant to Section 302 of the Companies Act, 1956.

#### Item No.8 & 9 :

The shareholders of the Company at their meeting held on 19<sup>th</sup> August, 1994 had authorised the Board

**32nd  
Annual  
Report  
2007-08**

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of Directors to borrow upto Rs. 70 crores over and above the aggregate of the paid-up capital and free reserves of the Company, for meeting the Company's business needs. During the last 13 years, the Company's operations have grown substantially which require corresponding increase in borrowings.

It is therefore proposed to increase the borrowing powers of the Company from the existing levels to Rs. 150 crores over and above the aggregate paid-up capital and free reserves of the Company. As per the provisions of Section 293(1)(d) of the Companies Act, 1956, and to secure the said borrowings by suitable mortgages/charges on all or any of the moveable and/or immovable properties of the Company pursuant to Section 293(1)(a) of

the Companies Act, 1956, the approval of the members is sought for the above proposal.

The Board recommends the resolutions at Item No.8 and 9 for the approval of the members of the Company.

None of the Directors is concerned or interested in the resolutions at Item No.8 and 9, except to the extent of their shareholding in the Company.

By order of the Board of Directors

Pune  
June 26, 2008

A.G. BAUSKAR  
Company Secretary

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