



37TH
ANNUAL REPORT 2012-13



VENKY'S (INDIA) LIMITED



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

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

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

"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."

"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."

"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."

Padmashree Dr. B. V. Rao



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 2012-13 and a general scenario of the poultry sector in India.

During the financial year ended 31st March, 2013, though Venky's continued to grow in terms of sales turnover, the overall profitability of the Company was lower – mainly due to the unprecedented increase in cost of feed prices coupled with lower realizations from the sale of day old chicks and grown up birds. The increase in the cost of feed ingredients was the highest ever in the history of the poultry industry. While the cost of feed ingredients went up by 40% to 45%, the increase in prices of eggs and chicken was only by 20% to 25%. The Animal Health Products and Oilseed Segments have performed satisfactorily.

I am happy to inform that during the year 2012-13 Venky's has completed the expansion-cum-modernisation programme which has resulted in increase in the capacities of Poultry and Poultry Products and Animal Health Products Segments, modernisation in Oilseed Segment and setting up of 'Venky's Xprs' outlets. Benefits of the expanded capacities have been reflected in the performance through increase in sales turnover.

In order to cater to the increasing demand for the Company's products, the Company has initiated another expansion programme in March, 2013 at an estimated cost of Rs.125 crores, to further augment capacities in poultry and poultry products segment, setting up a new plant for processing of oil seeds and expanding the network of Venky's XPRS outlets. This will be funded by internal accruals and long term loans. Benefits of the expanded capacities will start accruing to the Company from the next year.

Although there was a dip in profitability during the last financial year, I am quite confident that the Indian poultry industry in general, and your Company in particular, will bounce back soon and register a robust growth in the years ahead.

Thanks to the vision, meticulous planning and untiring efforts of our Founder Chairman, Late Padmashri Dr. B.V. Rao, we have built over the years, a world-class R&D base and infrastructure for production and technical support to the farmers, leading to a loyal customer base and strong customer-confidence in the quality of our products and services. These are our inherent strengths which give us a competitive edge in a rapidly growing market which has the potential for manifold growth for several years into the future. I am also equally optimistic about the growth of the Indian economy and the resultant higher purchasing power of middle-income groups and increased demand for protein-rich food products.

I wish you and your families all the best.

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 | |
| Lt. Col. (Retd.) Ashok Mahajan | |
| Col. (Retd.) Surinder Kumar | |

AUDIT COMMITTEE

| | |
|--------------------------------|--|
| Lt. Col. (Retd.) Ashok Mahajan | — Chairman (Independent Director) |
| Mr. Jitendra M. Desai | — Member (Non-Executive, Non-Independent Director) |
| Col. (Retd.) Surinder Kumar | — 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
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

CONTENTS

| | Page No. |
|--|----------|
| A Message from Chairperson | 1 |
| Financial Highlights (2003-04 to 2012-13) | 7 |
| Notice | 13 |
| Directors' Report | 16 |
| Auditors' Report | 33 |
| Balance Sheet | 36 |
| Statement of Profit & Loss | 37 |
| Cash Flow Statement | 38 |
| Notes Forming Parts of Financial Statements | 40 |



Celebrating
25 years



New!

Chicken in Minutes



Chicken Hot Dog



Chicken and Cheese Nuggets

Smart choice for an Active Life



Cold Cuts



chicken Salami

Make your salads, sandwiches, rolls, pizzas even yummiier 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.

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 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.

chicken cheese & onion sausages



Thaw the packet in refrigerator at 6 to 8 degrees centigrade for 8 hours or thaw in a microwave, shallow fry Venky's Chicken Cheese and Onion Sausages in a pan with very little oil for 2 to 3 minutes or put in a steamer for 2-3 minutes. Serve hot.

black olives



pistachio



green peppercorn



red & yellow pepper



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 cocktail sausages



Thaw the packet in refrigerator at 6 to 8 degrees centigrade for 8 hours or thaw in a microwave, shallow fry Venky's Chicken Cocktail Sausages in a pan with very little oil for 2 to 3 minutes or put in a steamer for 2-3 minutes. Serve hot.

chicken hot dog

Thaw the packet in refrigerator at 6 to 8 degrees centigrade for 8 hours or thaw in a microwave. Shallow fry Venky's Chicken Hot Dog in a non stick pan with very little oil for 2 to 3 minutes or put in a steamer for 2 to 3 minutes. Serve hot. Venky's Chicken Hot Dog can be put in a Hot Dog bun with Mustard/Barbeque sauce and served.

New





Fry & Serve

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 meatballs



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. Use Frozen. Fry in hot oil for 4 to 5 minutes till golden brown or add to curry and boil for 4-5 minutes.

chicken lollipop



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

chicken fingers



Add a zing to your evening snack with these Zingy Chicken Fingers. Deep fry the frozen fingers in hot oil, for 3 or 5 minutes or till golden brown. Serve with tomato ketchup.

chicken cutlets



A perfect evening snack for the entire family, enriched with traditional indian spices. Deep fry the frozen cutlets in hot oil, for 7 to 8 minutes or till golden brown. Serve with tomato ketchup.

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 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.

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 & cheese nuggets

Heat oil in a pan to 180 degrees centigrade & gently drop Venky's frozen Chicken and Cheese Nuggets into it. Deep fry for 3 to 4 minutes until Chicken and Cheese Nuggets turn to light golden brown colour & rise to the top. Serve hot with tomato ketchup or mayonnaise. Do not overfry otherwise cheese may ooze out.

New





Heat & Serve



murg masala



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

chicken kheema



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

butter chicken



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

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 griller. Serve hot with spicy mint chutney / tomato ketchup / onion and lemon slice.





FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

| PARTICULARS | 2012-13* | 2011-12* | 2010-11* | 2009-10 | 2008-09 |
|---|----------|----------|----------|---------|---------|
| OPERATING RESULTS | | | | | |
| Turnover & Other Income | 144,416 | 100,644 | 86,074 | 71,066 | 57,526 |
| Material Cost | 105,708 | 65,062 | 51,558 | 45,007 | 38,224 |
| Personnel Cost | 8,601 | 6,860 | 5,658 | 4,374 | 4,099 |
| Interest | 2,237 | 1,311 | 455 | 504 | 788 |
| Other Expenses | 22,396 | 20,503 | 16,661 | 12,055 | 10,450 |
| Depreciation | 1,553 | 1,177 | 964 | 898 | 862 |
| Provision for Contingencies Written back | — | — | — | — | — |
| Profit Before Tax | 3,920 | 5,719 | 10,775 | 8,229 | 3,103 |
| Profit After Tax | 2,478 | 4,105 | 7,303 | 5,432 | 2,056 |
| Dividend (In Rs. per Equity Share) | 5.00 | 5.00 | 5.00 | 4.00 | 3.50 |
| FINANCIAL SUMMARY | | | | | |
| Assets Employed | | | | | |
| Current Assets | 45,970 | 32,536 | 21,077 | 15,948 | 14,708 |
| Current Liabilities | 35,119 | 20,423 | 7,554 | 6,317 | 6,095 |
| Net Current Assets | 10,851 | 12,112 | 13,522 | 9,630 | 8,613 |
| Net Fixed Assets | 31,320 | 24,346 | 17,599 | 13,352 | 12,617 |
| Investments | 3,307 | 3,733 | 9,278 | 8,131 | 5,211 |
| Deferred Tax Liability | (2,072) | (1,723) | (1,530) | (1,458) | (1,341) |
| Other Non Current Assets | 5,612 | 2,851 | — | — | — |
| Miscellaneous Expenses | — | — | — | — | — |
| Total Assets | 49,019 | 41,320 | 38,870 | 29,655 | 25,100 |
| Financed By | | | | | |
| Share Capital | 939 | 939 | 939 | 939 | 939 |
| Reserves & Surplus | 32,802 | 30,639 | 26,478 | 19,721 | 14,768 |
| Capital Grants and Subsidies | — | — | — | 3 | 3 |
| Borrowings | 15,278 | 10,303 | 11,452 | 8,992 | 9,389 |
| Total Liabilities | 49,019 | 41,882 | 38,870 | 29,655 | 25,100 |
| Earning per share (Rs.) | 26.39 | 43.72 | 77.76 | 57.83 | 21.89 |
| Book Value per share (Rs.) | 359 | 336 | 291 | 220 | 167 |
| Debt Equity Ratio | 0.45 | 0.33 | 0.42 | 0.44 | 0.60 |
| Share Price ** High | 621.50 | 757.00 | 1012.40 | 371.00 | 174.00 |
| Low | 322.05 | 363.00 | 336.05 | 73.00 | 65.05 |
| No. of Employees | 4,090 | 4,343 | 3,728 | 3,084 | 3,335 |

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

** Source : BSE



FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

| PARTICULARS | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 |
|---|---------|---------|---------|---------|---------|
| OPERATING RESULTS | | | | | |
| Turnover & Other Income | 52,838 | 41,688 | 38,377 | 34,752 | 31,231 |
| Material Cost | 32,940 | 26,042 | 23,070 | 19,341 | 18,496 |
| Personnel Cost | 3,774 | 3,302 | 2,918 | 2,635 | 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 | 2,683 | 2,215 |
| Profit After Tax | 2,661 | 1,152 | 1,177 | 1,667 | 1,614 |
| Dividend (In Rs. per Equity Share) | 3.50 | 3.00 | 2.00 | 3.50 | 3.50 |
| FINANCIAL SUMMARY | | | | | |
| Assets Employed | | | | | |
| Current Assets | 14,684 | 13,450 | 10,899 | 9,436 | 10,087 |
| Current Liabilities | 5,750 | 5,215 | 4,543 | 4,223 | 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) |
| Other Non Current Assets | — | — | — | — | — |
| Miscellaneous Expenses | — | — | — | 33 | 67 |
| Total Assets | 25,075 | 22,730 | 19,704 | 15,139 | 14,439 |
| Financed By | | | | | |
| 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 | 25,075 | 22,730 | 19,704 | 15,139 | 14,439 |
| Earning per share (Rs.) | 28.33 | 12.26 | 12.53 | 17.75 | 17.18 |
| Book Value per share (Rs.) | 149 | 129 | 120 | 105 | 92 |
| Debt Equity Ratio | 0.79 | 0.87 | 0.74 | 0.51 | 0.66 |
| Share Price ** High | 288.00 | 151.00 | 227.25 | 106.00 | 99.00 |
| Low | 100.00 | 88.00 | 70.00 | 51.00 | 44.25 |
| No. of Employees | 3,566 | 3,095 | 3,079 | 2,848 | 2,802 |