

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

### **Chairperson's Speech at the AGM held on 26<sup>th</sup> July, 2007**

Dear Shareholders,

It gives me great pleasure to welcome you all on behalf of the Board of Directors of Venky's (India) Limited and myself to this 31<sup>st</sup> Annual General Meeting of your Company.

The Company's Annual Report has been mailed to all of you and with your permission I take it as read.

At the outset, I wish to recall with gratitude the role played by the Group's Late Chairman Dr. B.V. Rao who nurtured the poultry industry in India from its backyard stage to the present hi-tech status. Your Company was fortunate in having his dynamic leadership for over three decades during which it registered phenomenal growth. We are carrying on from where he left and have been doing our best to redeem his cherished ambition and goal of making Indian poultry the best in the world.

#### **ECONOMIC SCENARIO**

The Indian economy has been witnessing all round growth in almost all sectors. As per indications available, the overall growth is likely to remain robust for a long time since the basis of its growth is both wide and deep. 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 accelerate the growth, especially with a greater thrust being given to infrastructure and agriculture.

As far as the agricultural sector's growth is concerned, though it has grown by about 3% in 2006-07, it fell short of expectations. However, poultry – which comes under the agricultural sector – continued to maintain its healthy growth of 10% in the layer segment and 18% to 20% in the broiler segment.

#### **POULTRY INDUSTRY**

Today, the poultry industry is a Rs.38,000 crore industry, providing direct and indirect employment to over 4 million persons. About 20 million agricultural farmers are also dependent for their livelihood on poultry industry – especially maize and soya growers. Though the overall environment is favourable for continued growth of the industry, the industry faces new challenges which need to be highlighted. Price of maize – the most crucial ingredient of poultry feed which accounts for 80% of the production cost – rose sharply last year and the high price continues even in the current year.

During the past three decades history of the industry, this kind of increase was never seen. High price of maize in the last year has negatively impacted the profitability of poultry operation. However, increase in farm gate price of eggs and broilers has compensated this, to some extent. Maize price shot up mainly due to forward trading in this commodity. Farmers' organisations like National Egg Co-ordination Committee have taken up important issues with the Central Government like banning forward trading in maize and the industry is awaiting the Government's response.

#### **PERFORMANCE OF VENKY'S**

The performance of Venky's for the current year is expected to be better since the consumption pattern of poultry products has come back to normal levels, as compared to last year. There are signs of improvement in realisations – particularly in the poultry and poultry products segment. The initial trend of monsoon has been favourable and the Company expects better availability of maize and other poultry ingredients at reasonable costs. At this point of time, I am quite confident that the Company's performance will be better in the current year as compared to last year – barring unforeseen circumstances.

I take this opportunity to thank each one of you for your continued co-operation and support. I also thank to the Governments, Banks and Financial Institutions and last but not the least, the team of dedicated employees of the company for their commitment and hard work. I express my sincere thanks to all of them.

Thank you.