

VENKY'S (INDIA) LIMITED

Chairperson's Speech at the AGM on 25th June, 2009

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 33rd 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. The VH Group and your Company in particular were fortunate in having his dynamic leadership and vision for over three decades during which the Group registered appreciable growth. We are rededicating ourselves to live up to the cherished goal set by our late Chairman viz. achieving highest standards in quality and service and ensuring that India becomes the largest producer of eggs and chicken meat in the world.

ECONOMIC SCENARIO

The Indian economy which was affected in the year 2008-09 by global economic slowdown is expected to see a slightly better growth of around 6.5% in GDP in the second half of the year 2009-10. Growth in GDP has been targeted at 7% in financial year 2009-10 by the Government of India as the global economy is slated to revive in the second half of 2009-10 on the back of various stimulus measures. In a situation where most of the industries showed a decline, the poultry industry managed to withstand the impact of global slowdown since the industry in India is primarily domestic demand driven.

POULTRY INDUSTRY

Today, the poultry industry is a Rs.45,000 crore industry, providing direct and indirect employment to over 4 million persons. About 20 million maize farmers and 5 million soya bean farmers are also directly dependant for their livelihood on poultry industry, as more than 80% of the maize and a substantial share of soya meal

produced in the country are consumed by the poultry industry. Though the overall environment is favourable for continued growth of the industry i.e. 10% in egg production and 18% to 20% in broiler production, the industry faces severe pressure on input costs. Prices of maize and soya – the most crucial ingredients of poultry feed which account for 80% of the production cost – shot up by more than 100% in the last two years due to speculation in these commodities.

After the introduction of forward trading there was large scale speculation in maize and soya which pushed up the prices putting pressure on margins, especially in the case of small farmers. Added to that was export of these commodities by private agencies. The poultry industry has pleaded with the Government to ban forward trading in maize and soya and channelise the export 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. The National Egg Co-ordination Committee has been constantly taking up this issue with the Government of India.

PERFORMANCE OF VENKY'S

During the financial year 2009-10, the performance of all three segments of the company, viz. poultry & poultry products, animal health products and solvent extraction is expected to improve as compared to the previous year, barring unforeseen circumstances. As I mentioned earlier, the continuous increase in feed prices is the major cause of concern and this can adversely affect the profit margins.

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.
