



SH Group  
Hatching Success

# SRINIVASA HATCHERIES LIMITED

36<sup>th</sup> Annual Report  
2013-14





## BOARD OF DIRECTORS

Sri. C. Jagapati Rao	:	Chairman
Sri. C. Suresh Rayudu	:	Vice-Chairman & Managing Director
Dr. K. Somi Reddy	:	Joint Managing Director
Sri. K. Ashok Reddy	:	Whole – Time Director
Dr. T. Krishna Reddy	:	Director
Sri. Srikant Jilla	:	Director
Sri. Vivek Bhargava	:	Director
Dr. Y. Sanjay Kumar	:	Director
Dr. A. Sreenivasa Rao	:	Director

### 36th ANNUAL GENERAL MEETING

Day	-	Wednesday
Date	-	27th August, 2014
Time	-	3.30 P.M
Venue	-	THE COUNTRY CLUB, 6-3-1219, BEGUMPET, HYDERABAD-500016.

#### Audit Committee

##### **Sri.Srikant Jilla**

Chairman

##### **Dr. T.Krishna Reddy**

Member

##### **Sri.Vivek Bhargava**

Member

#### Bankers

**HDFC Bank Limited**

**Andhra Bank**

**Axis Bank Limited**

#### Statutory Auditors

##### **S. DAGA & CO**

Chartered Accountants

403, Paigah Plaza

Basheerbagh

Hyderabad – 500 029

#### DGM (Corporate Affairs) & Company Secretary

##### **V.K. Murali Manohar**

#### Registered Office

##### **'SRINIVASA HOUSE'**

Plot No. 1028, Road No. 45,

Jubilee Hills, Hyderabad – 500 033

#### Administrative Office

##### **'SRINIVASA HOUSE'**

Door No. 59-13-3, Ramachandranagar,

Vijayawada – 520 008

CONTENTS	
	Pg No.
Notice	2
Directors' Report	8
Management Discussion & Analysis	10
Report on Corporate Governance	11
Independent Auditors' Report	20
Balance Sheet	24
Statement of Profit & Loss	25
Cash Flow Statement	26
Notes	28

#### Registrars & Share Transfer Agents

##### **CIL Securities Limited**

214, Raghava Ratna Towers

Chirag Ali Lane, Abids, Hyderabad - 500 001

Tel.No. 040-23202465 Fax.No. 040-23203028

Email: advisors@cilsecurities.com

### NOTICE

**NOTICE IS HEREBY GIVEN THAT THE THIRTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD AT THE COUNTRY CLUB, 6-3-1219, BEGUMPET, HYDERABAD-500016, AT 3.30 P.M ON WEDNESDAY, THE 27<sup>TH</sup> DAY OF AUGUST, 2014 TO TRANSACT THE FOLLOWING BUSINESS:**

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2014 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit & Loss for the year ended on that date, together with the Auditor's Report and Directors' Report thereon.
2. To declare dividend for the year ended 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Dr.K.Somi Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and for this purpose to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** in accordance with applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof), the retiring auditors, M/s. S Daga & Company, Chartered Accountants, Hyderabad, Registration No.000669S be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on remuneration to be fixed by the Board of Directors."

#### **SPECIAL BUSINESS:**

5. **APPOINTMENT OF SRI.C.JAGAPATI RAO AS CHAIRMAN:**  
**To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** in accordance with applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof), Sri.C.Jagapati Rao (DIN 00003425), the Core Promoter of the Company, be and is hereby appointed as the Chairman of the Company in Non-Executive Capacity not liable to retire by rotation with remuneration as applicable under the provisions of Section 188(1)(f) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013".

6. **RE-APPOINTMENT OF SRI.C.SURESH RAYUDU AS VICE-CHAIRMAN AND MANAGING DIRECTOR:**

**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 approval of the shareholders as per the applicable provisions of the Companies Act, 2013 and the relevant Rules thereunder, permission be and is hereby given for re-appointment of Sri.C.Suresh Rayudu (vide DIN 00003429) as Vice-Chairman & Managing Director of the Company for a period of five years w.e.f. 01.04.2014 with a remuneration w.e.f. 01.04.2014, till further revision, as per the details given hereunder:

- 1). Monthly Salary Rs.2,50,000/-
- 2). Perquisites & Allowances
  - i. Medical benefit for self and family:** Any sums paid / payable by the Managing Director in respect of any expenditure on the medical treatment for self, spouse, dependent children and parents in India.
  - ii. Medical Insurance Premium:** Payment of medical insurance premium under the "Mediclaime Plan" for self, spouse, dependent children and parents in India.
  - iii. Leave Travel Concession:** Full cost of travel for self, spouse and dependent parents and children once in a year, to and from any place in India.
  - iv. Residential accommodation:** Fully furnished accommodation (in Company owned premises or leased premises) in Hyderabad. (hereinafter referred to as "Company provided accommodation").
  - v. Gas, Electricity and Water Charges:** Reimbursement of Gas, Electricity and Water charges incurred at the residence.
  - vi. Telephone:** Free use of Company's telephone installed at the Managing Director's residence owing to business needs. However, personal long distance calls shall be billable by the Company to the Managing Director.
  - vii. Club Membership:** Payment of Annual Membership fee of one club including club attached to Hotels. However, admission fee and life membership fee are not covered here.
  - viii. Car:** Provision of car along with chauffeur.
  - ix. Others:** Such other facilities and amenities as are applicable to the Directors / other senior executives of the Company.
- 3). Commission on Profit : 5% (including monthly salary & perquisites)

Apart from the remuneration aforesaid, he shall be entitled to reimbursement of expenses incurred in connection with the business of the Company".

**"RESOLVED FURTHER THAT** notwithstanding anything herein above stated, where in any financial year during the tenure of Office of Vice-Chairman & Managing Director, the Company has no profits or its profits are inadequate,

the Company may subject to requisite approvals pay Sri.C.Suresh Rayudu by way of salary, perquisites as a minimum remuneration not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 as may be agreed to by the Board and Sri.C.Suresh Rayudu”.

**“RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of appointment and/or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013”.

**7. APPOINTMENT OF Dr.T.KRISHNA REDDY AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

**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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Dr.T.Krishna Reddy (DIN 00003407), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the Calendar Year 2019”.

**8. APPOINTMENT OF SRI.SRIKANT JILLA AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

**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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Sri.Srikant Jilla (DIN 00641820), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the Calendar Year 2019”.

**9. APPOINTMENT OF Dr.Y.SANJAY KUMAR AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

**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 Sections

149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Dr.Y.Sanjay Kumar (DIN 00003618), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the Calendar Year 2019”.

**10. APPOINTMENT OF SRI.VIVEK BHARGAVA AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

**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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Sri.Vivek Bhargava (DIN 00006440), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the Calendar Year 2019”.

**11. APPOINTMENT OF Dr.A.SREENIVASA RAO AS AN INDEPENDENT DIRECTOR OF THE COMPANY:**

**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 Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Dr.A.Sreenivasa Rao (DIN 00006483), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the Calendar Year 2019”.

By Order of the Board

Place : Hyderabad  
Date : 27.05.2014

**V. K. MURALI MANOHAR**  
DGM (Corporate Affairs) &  
Company Secretary

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY, SO APPOINTED, NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
2. The Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business as set out in the Notice is annexed.
3. The Register of Members will remain closed from 25.08.2014 to 27.08.2014 (both days inclusive). The transfer books of the Company will also remain closed during the aforesaid period.
4. ECS / NECS Facility:
  - 1 Shareholders holding shares in Physical Form and desirous of availing the ECS facility are requested to write to the Company for ECS/NECS form. Further, it is required to submit the duly filled in ECS/NECS Form to the Company's Registrars and Share Transfer Agent well before the AGM date.
  - 2 Shareholders holding shares in Dematerialised Form are requested to provide the Bank Details to their respective Depository Participants for incorporation in their records. The Depository in turn would forward the required information to the Company.
5. Members desiring to seek any information/clarifications on the annual accounts are requested to write to the Company at least 7 (seven) days before the Annual General Meeting to enable the management to keep the information ready.
6. Shareholders / Proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of Annual Reports will not be provided at the meeting.
7. Pursuant to Section 205A and 205C of the Companies Act, 1956 all unclaimed dividend upto the financial years 2005-2006 & 2006-2007 respectively were transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. The Members may kindly note that the dividend remaining unclaimed for a period of seven years shall be transferred by the Company to the Investor Education & Protection Fund established by the Central Government and no claim will be entertained by the Central Government after such transfer.

The Members who have not encashed their dividends may kindly note that the dividend for the following years will be transferred to IEPF on the dates mentioned against each year as per Section 124(5) of the Companies Act, 2013:

Dividend	% of dividend declared	Last date for making claim
Dividend for 2007-2008	25%	05.09.2015
Dividend for 2008-2009	20%	02.10.2016
Dividend for 2009-2010	25%	22.08.2017
Dividend for 2010-2011	25%	01.09.2018
Dividend for 2011-2012	20%	16.09.2019
Dividend for 2012-2013	15%	19.09.2020

Members who have not encashed their dividend warrants pertaining to the above years may have their dividend warrants revalidated by sending them to the Registered Office of the Company immediately and in case the members lost their Dividend Warrants, they are requested to write to the Company informing the same and request for issue of Duplicate Dividend Warrants.

8. The Company's equity shares are listed on Bombay Stock Exchange. The Company has promptly paid annual listing fees to the Stock Exchange for the year 2014-15.
9. The Company does not have demat suspense account.
10. Members who hold shares in demat form are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio number in the attendance slip before attending the meeting.
11. Corporate Members intending to send their Authorised Representatives to attend the meeting are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
12. The equity shares of the company have been activated for dematerialisation with NSDL and CDSL w.e.f 26.11.2002 and 05.10.2002 respectively. The International Securities Identification Number (ISIN) allotted to the Company's equity shares is INE312E01013.  
Trading in the equity shares of the Company through Stock Exchanges was made compulsory in dematerialised form. Shareholders are advised to open demat accounts with any of the Depository Participants (DPs) of their choice registered with NSDL and CDSL and convert their physical holding into electronic holding.
13. Members holding shares in physical form are requested to notify immediately any change in their address and bank account details along with their Folio No. to the Registrars and Share Transfer Agents of the Company M/s. CIL Securities Limited, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001 or to the Company's Registered office at 'SRINIVASA HOUSE', Plot No. 1028, Road No. 45, Jubilee Hills, Hyderabad - 500 033. In case the shares are held in dematerialised form, the above information should be intimated to their respective Depository Participants

without any delay. Further shareholders holding shares in Electronic Form should address all their correspondence to their respective Depository Participants except for dividend related queries.

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Registrars and Share Transfer Agents of the Company M/s. CIL Securities Limited, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001 or to the Company's Registered office at 'SRINIVASA HOUSE', Plot No. 1028, Road No. 45, Jubilee Hills, Hyderabad - 500 033.

15. **Physical Share Transfers – PAN Copy**

Investors are requested to note that in terms of SEBI Directives, in case of private transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of self-attested PAN Card to the Company/RTAs for registration of such transfer of shares. Without PAN Card, the transfer of shares shall not be entertained.

16. The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its Circular Nos.17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, we are sending documents like Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc. to the email address provided by you with your depositories.

We request you to update your email address with your Depository Participant to ensure that the annual report and other documents reach you on your preferred email account.

17. **Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 36<sup>TH</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL).

**The instructions for members for voting electronically are as under:-**

**In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.

(iii) Now, select 'Srinivasa Hatcheries Limited' from the drop down menu and click on "SUBMIT"

(iv) Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> <p><b>Sequence Number is available on the name / address sticker of the envelope containing the Annual Report.</b></p>
DOB#	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or Company, please enter the Member id / folio number in the Dividend Bank details field

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for 'Srinivasa Hatcheries Limited'.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- In case of members receiving the physical copy:**
- (A) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.
- (B) The voting period begins on 21.08.2014 at 9.30 A.M. and ends on 23.08.2014 at 6.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 25.07.2014 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (D) The voting rights of shareholders shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 25.07.2014.
- Mrs.Savita Jyothi, Practising Company Secretary vide Membership No. FCS 3738, CP No.1796 has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.shgroup.in](http://www.shgroup.in) and communicated to the BSE Limited.
- Statement pursuant to Section 102 of the Companies Act, 2013 and forming part of the notice convening the Thirty Sixth Annual General Meeting.**
- 
- Item No.5**
- Sri. C. Jagapati Rao has been the Executive Chairman of the Company. Consequent on his resignation as Executive Chairman, he has been appointed as the Chairman in Non-Executive capacity with effect from 01.04.2014 at the Board Meeting held on 03.04.2014 not liable to retire by rotation.
- Your Directors recommend the passing of this resolution as an Ordinary Resolution.



None of the Directors of the Company except Sri. C. Suresh Rayudu, Vice-Chairman and Managing Director, being the relative of the appointee, is in any way interested or concerned in the Resolution.

The proposed resolution as set out in Item No. 5 and this explanatory statement may be treated as an abstract of the terms and conditions of the appointment of Sri.C.Jagapati Rao as the Non-Executive Chairman of the Company.

The Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

**Item No.6**

Sri. C. Suresh Rayudu was appointed as the Vice-Chairman and Managing Director of the company with effect from 01.04.2009 for a period of Five years i.e., upto 31.03.2014 subject to the approval of Shareholders at the General Meeting. Now he has been re-appointed as Vice-Chairman & Managing Director at the Board Meeting held on 03.04.2014 with effect from 01.04.2014 for a period of five years i.e., upto 31.03.2019. The proposal for increase in his remuneration w.e.f. 01.04.2014 has been approved by the Board at its meeting held on 03.04.2014. The details of revision in remuneration have been given in the resolution hereinabove.

In terms of Section 196, 197, 198 and 203 of the Companies Act, 2013, any revision in remuneration in accordance with Schedule V requires the permission of the Shareholders.

Your Directors recommend the passing of this resolution as an Ordinary Resolution.

None of the Directors of the Company except Sri. C Jagapati Rao, Chairman being relative of the appointee, is in any way interested or concerned in the Resolution.

The Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

**Item Nos. 7 to 11:**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Bombay Stock Exchange, appointed Dr.T.Krishna Reddy, Sri.Srikant Jilla, Dr.Y.Sanjay Kumar, Sri.Vivek Bhargava and Dr.A.Sreenivasa Rao, as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Nominations Committee has recommended the appointment of these directors as Independent Directors to hold office for five consecutive years for a term upto the conclusion of the Annual General Meeting of the Company in the Calendar Year 2019.

Dr.T.Krishna Reddy, Sri.Srikant Jilla, Dr.Y.Sanjay Kumar, Sri.Vivek Bhargava and Dr.A.Sreenivasa Rao have given a declaration to the Board that they meet the criteria of independence as provided under Section 149 (6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

A brief profile of the Independent Directors to be appointed is given below:

**Dr.T.Krishna Reddy** aged about 68 years has been on the Board of the Company since May, 1993. He holds a Masters Degree in Veterinary Science from A.P.Agricultural University and a Doctorate from Kansas State University, USA. He advises the Company in the areas of Poultry Feed, Nutrition and Technical Services.

**Sri.Srikant Jilla** aged about 53 years, is a Chartered Accountant and Senior Partner of Sudit.K.Parekh & Co., one of the leading Chartered Accountant Firms in Mumbai. He has over 23 years of rich and varied experience in audit, accounting, consulting, valuations and due diligence. He is a Director on the Board of SKP E-Solutions Private Limited.

**Dr.Y.Sanjay Kumar** aged 43 years was appointed as Director of the Company since 2006. He holds a Masters Degree in Surgery (MS) and is working as Surgical Registrar in the Department of Surgical Oncology in the Indo American Cancer Institute, Hyderabad. He has experience in medical field for more than a decade.

**Sri.Vivek Bhargava** aged 43 years has been on the Board since 2006. He is a Master of Business Administration (MBA) from Institute for Technology and Management, Mumbai. He has over seventeen years experience in Business and Corporate Finance consulting.

**Dr.A.Sreenivasa Rao** aged 43 years has been on the Board since 2006. He holds a Masters Degree in Dental Surgery and is presently practising as Consultant Periodontist. He has over fifteen years experience in the field of Dentistry.

By Order of the Board

Place : Hyderabad  
Date : 27.05.2014

**V. K. MURALI MANOHAR**  
DGM (Corporate Affairs) &  
Company Secretary

**DIRECTORS' REPORT**

To

**The Members**

Your Directors have pleasure in presenting the 36<sup>th</sup> Annual Report of the Company together with the Audited Financial Accounts for the year ended 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS**

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>2013-14</b>	2012-13
Revenue from Operations	<b>14381.90</b>	13901.14
Other Income	<b>359.97</b>	429.65
<b>Total Income</b>	<b>14741.87</b>	14330.79
Operating Expenses	<b>13955.44</b>	14305.21
Profit before Tax and Exceptional Items	<b>786.43</b>	25.58
Exceptional Items	<b>0.00</b>	197.34
<b>Profit before Tax</b>	<b>786.43</b>	222.92
Add/(Less): Provision for Tax		
For the year	<b>(237.76)</b>	(81.89)
Deferred Tax – Release	<b>(6.34)</b>	(46.85)
Provision for tax for earlier years	<b>(1.60)</b>	(3.95)
MAT Credit Entitlement	<b>0.00</b>	59.72
<b>Profit after Tax</b>	<b>540.73</b>	149.95
<b>APPROPRIATIONS:</b>		
a) Proposed Dividend	<b>145.43</b>	145.43
b) Corporate Dividend Tax	<b>23.59</b>	23.59
c) Transfer to General Reserve	<b>54.10</b>	15.00
d) Transfer to Contingency Reserve	<b>50.00</b>	50.00
e) Profit Carried Forward	<b>4490.64</b>	4223.03

**REVIEW OF OPERATIONS**

The turnover for the year under review witnessed a slight increase from ₹ 139 crores in the corresponding previous year to ₹ 144 crores. However the Profit Before Tax for the year under review witnessed a rise to ₹ 7.86 crores from ₹ 2.23 crores in the previous year.

The performance of the Poultry Division which accounts for a substantial part in the total turnover of the Company has been impacted positively by increase in price realisations both in layers and broilers and however decrease in volumes and increase in feed cost have had an adverse impact.

As regards the Wind Mill Division, the turnover for the year under review was ₹ 2.23 crores as compared to ₹ 2.45 crores in the corresponding previous year. However the loss in this Division has been substantially reduced to ₹ 0.90 lakhs in the year under review from that of ₹ 8.50 lakhs in the previous year.

**TRANSFER TO RESERVES**

The Company proposes to transfer ₹ 54.10 lakhs for the year ending 31<sup>st</sup> March, 2014, to the General Reserve out of the amount available for appropriations. Further an amount of ₹ 4490.64 lakhs is proposed to be retained in the Statement of Profit & Loss for the year ending 31<sup>st</sup> March, 2014.

**DIVIDEND**

Your Directors recommend a dividend of ₹ 1.50 per equity share (@ 15%) of the face value of ₹ 10/- each for the year 2013-14 which becomes payable after obtaining the approval from the shareholders at the ensuing 36<sup>th</sup> Annual General Meeting.

**DEMATERIALISATION OF SHARES:**

Of the total shares, 6.97% shares have been held in physical form as of now. Shareholders holding shares in physical form are once again advised to dematerialize their shares to avoid the risk associated with the physical holding of share certificates and also for facilitating easy liquidity for shares.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A separate Management Discussion and Analysis Report is enclosed as Annexure-1 to the Directors' Report.

**CORPORATE GOVERNANCE CODE**

As per the requirements of Clause 49 of the Listing Agreement a separate report on Corporate Governance along with the certificate issued by the Company's Statutory Auditors M/s. S.Daga & Co., Chartered Accountants thereupon is given as Annexure-2 to the Directors' Report.

**DIRECTORS**

Dr.K.Somi Reddy, Joint Managing Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Company had pursuant to the provisions of Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange, appointed Dr.T.Krishna Reddy, Sri. Srikant Jilla, Dr.Y.Sanjay Kumar, Dr.A.Sreenivasa Rao and Sri.Vivek Bhargava as Independent Directors of the Company.

As per Section 149 (4) of the Companies Act, 2013 (Act) which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of Directors as Independent Directors. In accordance with the provisions of Section 149 of the Act, these Directors are being re-appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM) of the company.

**AUDITORS**

M/s. S. Daga & Co, Chartered Accountants, Hyderabad, the Company's Statutory Auditors hold office, in accordance with the provisions of the Companies Act, 2013, upto the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

**CORPORATE SOCIAL RESPONSIBILITY:**

As per the Companies Act, 2013, all companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during any financial year will be required to constitute a Corporate Social Responsibility (CSR) Committee of the Board of Directors comprising three or more directors, at least one of whom will be an independent director. Aligning with the guidelines, we have constituted a CSR committee comprising Sri.C.Suresh Rayudu as Chairman, Dr.K.Somi Reddy and Sri. Vivek Bharagava as Members of the Committee and Sri.U.Ganesh & Sri.V.K.Murali Manohar as Special Invitees. The Committee is responsible for formulating and monitoring the CSR policy of the Company.

**INSURANCE**

The assets of the Company are adequately insured against all types of risks. However, in order to meet any unforeseen risk in respect of the stock of poultry birds, the Company has created a Contingency Reserve in lieu of insurance, in line with the decision taken by the management earlier.

**DEPOSITS**

Your Company has not invited or accepted any public deposits during the year 2013-14 and as such no amount on account of principal or interest on deposits was outstanding on the date of the Balance Sheet.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO**

Information required to be furnished under the Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988, is furnished below:

**A. CONSERVATION OF ENERGY**

The operations of your company involve low energy consumption. Adequate measures have, however, been taken to conserve the energy wherever practicable.

B. TECHNOLOGY ABSORPTION	:	NIL
C. R & D ADOPTION / INNOVATION	:	NIL
D. R & D EXPENDITURE	:	} NIL
• Capital	:	
• Recurring	:	
• Total	:	
• Total R & D Expenditure as a percentage of total income	:	
E. (a) FOREIGN EXCHANGE EARNINGS	:	NIL
(b) FOREIGN EXCHANGE OUTGO	:	₹ 409.99 lakhs

**PARTICULARS OF EMPLOYEES**

As per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time, there were no particulars to be furnished since no employee of your company is drawing remuneration in excess of the prescribed limits as laid down in the rules.

**TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividends which remained unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unclaimed amounts lying with the Company on the website of the Company (www.shgroup.in) as also on the Ministry of Corporate Affairs website.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In preparation of the Annual Accounts for the year ended 31.03.2014 the applicable accounting standards have been followed.
2. Appropriate accounting policies have been applied consistently. Judgment and estimates, which are reasonable and prudent, have been made so far as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the profit of the Company for the period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your company and preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continued assistance and co-operation extended to your company by the Company's Bankers viz., HDFC Bank Limited, ICICI Bank Limited and Andhra Bank, Government & Semi Government Authorities, Venkateshwara Hatcheries Group, National Egg Coordination Committee (NECC), All India Poultry Development and Services Pvt. Ltd., Andhra Pradesh Poultry Federation (APPF) and Bharat Egg Producers' Association (BEPA), shareholders, customers, dedicated employees, Share Transfer Agents of the Company and all others who continue to assist your Company.

for and on Behalf of the Board of Directors

**C.SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**DR.K.SOMI REDDY**  
Joint Managing Director

Place : Hyderabad  
Date : 27.05.2014

ANNEXURE -1

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2013-14**

**POULTRY INDUSTRY – STRUCTURE AND DEVELOPMENT:**

India is one among the prominent players in the world market for poultry products. The annual egg production is about 37 billion and broiler meat production is about 735,000 tons. The Country ranks third in egg production and fourth in broiler production in world standings. India has one of the largest livestock population in the World and contributes about 4% to the Country's GDP and 27% to the Agricultural GDP. The poultry industry which forms an important sector in the economy has grown, thanks to good monsoons in the past few years, rising income levels and the resultant impetus to the spending propensity of the consumers.

The industry is labor intensive and employs a large number of rural work force and is a potential provider of gainful employment especially in the rural areas which form the backbone of the Indian economy. Currently it employs about 1.60 million workforce in direct production and rearing operations while an almost equal number is indirectly employed in marketing and distribution activities. The poultry operations are reaping the benefits of innovative practices and technologies. The industry is now more adaptive and well placed to face challenges – be it in the form of epidemics or seasonal vagaries.

**OPPORTUNITIES:**

The Poultry Industry provides affordable nutrition to all sections of the society in addition to providing succor to millions of people in rural India. Though at a nascent stage, the processed poultry products present a huge space for value additions. Since the Poultry products are nutritious, hygienic and healthy, they have become the most preferred food option for most of the people especially in urban areas.

Buoyed by the changing socio-economic conditions such as rising purchasing power and changing food habits, the country's poultry sector is likely to grow in the long term. The domestic broiler meat demand is expected to grow at 8% to 10% and table egg demand to grow at 4% to 5% in the long term on back of increasing urbanization, rising income levels and rapid growth of Quick Service Restaurants.

**RISKS, CONCERNS & THREATS FOR POULTRY INDUSTRY:**

The key challenges faced by the Poultry Industry include high feed cost, inefficient marketing system marked by inadequate cold chain and transportation infrastructure, presence of market intermediaries and vulnerability to disease outbreak and highly volatile realisations affecting cash flows.

The major risk area for the industry is on the price front of major inputs, especially the feed ingredients that go into the production of feed. Higher feed costs tend to squeeze the profitability margins of the poultry Companies and farmers as feed costs account for one third of the total cost of production.

**SEGMENT WISE PERFORMANCE:**

The Company has been engaged in two segments ie., Poultry Operations and Wind Power Generation.

The performance of the Poultry Segment during the Financial Year under review is characterized by increase in price realisations both in layers and broilers. However decrease in volumes and increase in feed cost have adversely impacted this Segment.

As regards the Wind Farm Segment, the turnover for the year under review was Rs.2.23 crores as compared to Rs.2.45 crores in the corresponding previous year. However the loss in this Division has been substantially reduced to Rs.0.90 lakhs in the year under review from that of Rs.8.50 lakhs in the previous year.

The inherent strengths of the Company in terms of financial discipline, quality products and responsive service standards are likely to ensure a reasonable performance during the ensuing year.

**OUTLOOK:**

It is hoped that the Company is expected to perform reasonably good in the current year. However the Broiler market is likely to experience volatility in prices in the current year too, as in the previous year, due to imbalances in demand and supply. With a forecast of good monsoon, the pressure on the prices of the poultry feed ingredients is expected to ease during the year which is a welcome news for the Company.

**INTERNAL CONTROL SYSTEMS :**

The Company has established reasonably sound system of checks and controls in all operational areas and at all levels - material procurement, production, marketing and distribution, finance, administration and human resource departments. Internal controls have been evolved in line with the size of the operations and organisational requirements are adequate to protect the enterprise resources. The Company continues its drive to improve on the information and control systems. The Audit Committee reviews the internal audit reports and the adequacy of internal controls from time to time.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT :**

The Company has been maintaining cordial relations with all its employees since inception. The Company strives to provide congenial atmosphere to the employees and sets high standards of efficiency and performance. The Company has 584 employees as on 31.03.2014.

for and on Behalf of the Board of Directors

**C.SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**DR.K.SOMI REDDY**  
Joint Managing Director

Place : Hyderabad  
Date : 27.05.2014

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2013-14**

(Pursuant to Clause 49 of the Listing Agreement executed with Bombay Stock Exchange)

The Company has reviewed its governance practices so as to implement the provisions of the Revised Clause-49 of the Listing Agreement as amended by the Stock Exchanges on the direction of Securities and Exchange Board of India (SEBI). The report on compliance of Corporate Governance specified in Revised Clause-49 is presented hereunder:

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's philosophy on Corporate Governance is concerned with how the Company is run and the manner in which the Board of Directors discharges its mission and responsibilities to ensure proper management with accountability in the best interests of shareholders and other stakeholders. In addition, the issue of transparency and disclosure of information about the affairs of the Company assumes greater importance.

**2. BOARD OF DIRECTORS:**

**(i) Composition of the Board and Category of Directors:**

As on 31.03.2014, the Board consisted of twelve members. The Composition of and the category of Directors on the Board of the Company are as under:

<b>Category</b>		<b>Details of Director</b>
Promoter Directors	1	Sri. C. Jagapati Rao, Executive Chairman (Executive)
	2	Sri. C. Suresh Rayudu, Vice-Chairman & Managing Director, (Executive)
	3	Dr. K. Somi Reddy, Joint Managing Director (Executive)
	4	Sri. K. Ashok Reddy, Whole-Time Director (Executive)
	5	Smt. E. Padmaja, Director (Non - Executive)
	6	Smt. P. Usha Lakshmi, Director (Non – Executive)
Independent Non-Executive Directors	7	Dr. T. Krishna Reddy, Director
	8	Sri.Srikant Jilla, Director
	9	Dr. Y. Sanjay Kumar, Director
	10	Dr. A. Sreenivasa Rao, Director
	11	Sri. Vivek Bhargava, Director
	12	Sri. C. Yugendhar Rao, Director

\* Sri.C.Jagapati Rao has resigned as Executive Chairman and will continue as Chairman in Non-Executive capacity w.e.f.01.04.2014.

\*\* Smt.E.Padmaja and Smt.P.Usha Lakshmi resigned as Directors w.e.f.01.04.2014

\*\*\* Sri.C.Yugendhar Rao ceases to be a Director w.e.f.27.05.2014 consequent on his resignation

**Conduct of Board Meetings:**

The day-to-day business is conducted by the Senior Managers of the Company under the direction of the Executive Chairman and Vice-Chairman & Managing Director under the overall supervision of the Board. The Board holds meetings periodically to review and discuss the performance of the Company, strategies and other pertinent issues relating to the Company. The Board performs the following functions in addition to the overseeing of the business and management:

Review, monitor and approve major financial and business strategies and corporate actions.

Assess critical risks faced by the Company and review options for their mitigation.

Provide counsel on the selection, evaluation, progression and compensation of the Senior Management.

Ensure that processes are in place for maintaining the integrity of the Company, the financial statements, compliance with the law and relationship with customers, suppliers and other stakeholders.

Delegation of appropriate authority to the Senior Executives of the Company for effective management of operations.

## THIRTY SIXTH ANNUAL REPORT 2013-2014

### (ii & iii) Details of Attendance of each Director at the Board Meetings and the last AGM and details of other Directorships and Committee Membership:

The attendance of Directors at the Board Meetings and Annual General Meeting (AGM) held during the year 2013-14 and the details of Directorships and Committee Memberships held by them are furnished below:

Name of the Director	Designation	Executive/ Non-Executive / Independent	No. of other Directorships in other Public Companies	Membership / Chairmanship in Committees of other Companies	No. of Board Meetings attended	Attendance at last AGM YES/NO
*Sri. C. Jagapati Rao	Chairman	Non-Executive	2	-	5	N
Sri. C.Suresh Rayudu	VC & MD	Executive	-	-	5	Y
Dr. K.Somi Reddy	JMD	Executive	-	-	3	Y
Sri. K.Ashok Reddy	WTD	Executive	-	-	4	Y
**Smt. E. Padmaja	Director	Non-Executive	-	-	3	N
**Smt. P.Usha Lakshmi	Director	Non-Executive	-	-	4	N
Dr. T. Krishna Reddy	Director	Non-Executive & Independent	-	-	4	Y
Sri. Srikant Jilla	Director	Non-Executive & Independent	-	-	3	Y
Dr. Y. Sanjay Kumar	Director	Non-Executive & Independent	-	-	5	Y
Dr. A. Sreenivasa Rao	Director	Non-Executive & Independent	-	-	5	Y
Sri. Vivek Bhargava	Director	Non-Executive & Independent	-	-	4	Y
***Sri. C.Yugendhar Rao	Director	Non-Executive & Independent	-	-	3	Y

\* Sri.C.Jagapati Rao has resigned as Executive Chairman w.e.f.01.04.2014 and however will continue as Chairman in Non-Executive capacity w.e.f.01.04.2014.

\*\* Smt.E.Padmaja and Smt.P.Usha Lakshmi resigned as Directors w.e.f.01.04.2014

\*\*\* Sri.C.Yugendhar Rao ceases to be a Director w.e.f.27.05.2014 consequent on his resignation

None of the Directors on the Board are members of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which they are Directors.

### Details of Equity shares held by Non-Executive Directors

Name of the Director	No. of Equity Shares held as on 31.03.2014
Smt. E.Padmaja	Nil
Smt. P.Usha Lakshmi	Nil
Dr. T.Krishna Reddy	Nil
Sri. Srikant Jilla	Nil
Dr. Y.Sanjay Kumar	Nil
Dr. A.Sreenivasa Rao	Nil
Sri. Vivek Bhargava	Nil
Sri. C.Yugendhar Rao	Nil

**ADDITIONAL INFORMATION ON DIRECTORS RETIRING BY ROTATION AND BEING RE-APPOINTED:**

**Brief profile of Dr.K.Somi Reddy, Joint Managing Director, who retires by rotation and is eligible for re-appointment.**

Dr.K.Somi Reddy, aged 68 years, the co-founder and the Joint Managing Director of the company is actively involved in the day-to-day operations of the company essentially overseeing the core functions and responsibilities of both administration and poultry operations. He holds a Masters Degree (gold medalist) in Veterinary Science from Andhra Pradesh Agricultural University, Hyderabad. He has over three and half decades of rich experience in poultry industry including a five year stint in Venkateshwara Hatcheries before co-founding Srinivasa Hatcheries.

**(iv) The details of Board Meetings held during the financial year 2013-2014:**

Five Board Meetings were held during the financial year 2013-2014. The time gap between any two Board Meetings did not exceed four months. The dates on which the said Board Meetings were held during 2013-14 are as follows:

**1.** 03.05.2013, **2.** 30.05.2013, **3.** 14.08.2013, **4.** 24.10.2013 & **5.** 05.02.2014

**3. AUDIT COMMITTEE:**

- (i) The terms of reference of Audit Committee is as contained in the Corporate Governance Code as per the Listing Agreement read with Section 292A of the Companies Act, 1956.
- (ii) The Audit Committee comprises only of Non-Executive Directors i.e, Sri. Srikant Jilla, a Chartered Accountant as Chairman and Dr. T. Krishna Reddy and Sri.Vivek Bhargava as the members. The Statutory Auditors, General Manager (Finance) and the Internal Auditor are the permanent invitees to the Meetings of the Audit Committee. The Company Secretary acts as Secretary to the Audit Committee.
- (iii) The Audit Committee met four times in the Financial Year 2013-14 on the following dates:

Sl.No.	Date of Meeting	Members Present
1	30.05.2013	Sri. Srikant Jilla and Dr. T. Krishna Reddy
2	14.08.2013	Sri.Srikant Jilla, Dr. T. Krishna Reddy and Smt.E.Padmaja
3	24.10.2013	Sri.Srikant Jilla, Dr. T. Krishna Reddy and Smt.E.Padmaja
4	05.02.2014	Dr.T.Krishna Reddy and Smt. E. Padmaja

Necessary quorum was present for all the above meetings.

**4. REMUNERATION OF DIRECTORS:**

Presently the Non-Executive Directors do not receive any remuneration from the Company apart from commission on net profits, if any, and are further paid sitting fees for attending the meetings of the Board and Committee. The remuneration of Directors is decided by the Board and is approved by the Shareholders.

The details of remuneration paid to the Directors during the financial year 2013-2014 are given below:

Name of the Director	Remuneration in ₹	Commission
*Sri. C. Jagapati Rao	75,000 P.M Plus Perks	4% Commission on net profits inclusive of salary and perks
*Sri. C. Suresh Rayudu	2,00,000 P.M Plus Perks	3% Commission on net profits inclusive of salary and perks
*Dr. K. Somi Reddy	2,00,000 P.M Plus Perks	2% Commission on net profits inclusive of salary and perks
Sri. K. Ashok Reddy	75,000 P.M Plus Perks	1% Commission on net profits inclusive of salary and perks
Sri.Srikant Jilla	NIL	1% Commission on net profits shared with other Non-Executive Directors
Dr. T. Krishna Reddy	NIL	1% Commission on net profits shared with other Non-Executive Directors
Smt. E. Padmaja	NIL	1% Commission on net profits shared with other Non-Executive Directors
Smt. P. Usha Lakshmi	NIL	1% Commission on net profits shared with other Non-Executive Directors
Dr. Y. Sanjay Kumar	NIL	1% Commission on net profits shared with other Non-Executive Directors
Dr. A. Sreenivasa Rao	NIL	1% Commission on net profits shared with other Non-Executive Directors
Sri. Vivek Bhargava	NIL	1% Commission on net profits shared with other Non-Executive Directors
Sri. C. Yugendhar Rao	NIL	1% Commission on net profits shared with other Non-Executive Directors

\* The tenure of appointment of each of the above Executive Directors is for a period of 5 years except that of Sri.K.Ashok Reddy whose tenure is 2 years.

Notice period, severance fee and stock options are not applicable.

Except for the above, there are no pecuniary transactions between the Company and the Non-Executive Directors.

## THIRTY SIXTH ANNUAL REPORT 2013-2014

### 5. SHAREHOLDERS AND INVESTOR GRIEVANCE COMMITTEE:

Sri. C. Jagapati Rao is the Chairman of this committee and Sri.Vivek Bhargava, Dr.Y.Sanjay Kumar and Sri.V.K.Murali Manohar are members. Sri. V. K. Murali Manohar is the Compliance Officer. The Committee met 12 times during the year under review and necessary quorum was present for all the meetings.

During the year under review, 3 complaints and 44 requests were received from the shareholders and others as per the details given below and all of them have been duly redressed and addressed.

The status of shareholder's complaints / requests during the financial year 2013-2014 is as under:

Sl.No.		Nature of Complaint / Request	Received	Resolved
1	<b>Complaints</b>	Non-Receipt of Dividend Warrants	3	3
2	<b>Requests</b>	Change / Correction of Address /Updation of Bank Account Details	9	9
		Transfers / Transmission / Issue of Duplicate Share Certificates	12	12
		Revalidation of Dividend Warrants	12	12
		Others (Request for Annual Report / Change in Bank Account Details, issue of split certificates, duplicate share certificates etc.)	11	11
	<b>Total</b>		<b>47</b>	<b>47</b>

The Complaints received from the shareholders are given top priority and have been attended to on day-to-day basis.

### 6. CODE OF CONDUCT:

The Company has a Code of Conduct applicable to the Board Members as well as the Senior Management. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ending 31st March, 2014.

### 7. CEO / CFO CERTIFICATION:

The Managing Director & Chief Executive Officer and Chief Financial Officer have certified to the Board of Directors, inter alia, the accuracy of financial statements for the year ending 31<sup>st</sup> March, 2014 and adequacy of Internal Controls for the financial reporting purpose.

### 8. GENERAL BODY MEETINGS:

The details of last three Annual General Meetings (AGM) are as follows:

Year	Venue	Date	Time
2012-2013	Country Club, 6-3-1219, Begumpet, Hyderabad -500 016.	14.08.2013	3.30 P.M
2011-2012	Country Club, 6-3-1219, Begumpet, Hyderabad -500 016.	10.08.2012	3.30 P.M
2010-2011	Country Club, 6-3-1219, Begumpet, Hyderabad -500 016.	27.07.2011	3.30 P.M

(ii) In some of the above AGMs, certain special resolutions set out in the respective notices were passed by the shareholders. No EGMs were conducted during the year ending on 31.03.2014. No special resolutions were passed through Postal Ballot in the last year.

### 9. DISCLOSURES:

(i) There are certain related party transactions entered into by the Company but they do not have any potential conflict with the interests of the Company at large. The Related Party Transactions have been disclosed elsewhere in this Annual Report.

(ii) The track record of the Company in handling shareholders' grievances has been very good. There were no non-compliances by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three financial years.

### 10. MEANS OF COMMUNICATION:

The Company's shares are listed on the Bombay Stock Exchange and the Financial Results on quarterly / half-yearly / nine monthly / yearly basis are being submitted to the Stock Exchange and are simultaneously published in the newspapers i.e., Business Standard (English Daily) & Andhra Prabha (Telugu Daily).

The Financial Results are being displayed on the Company's website on periodical basis.



There has been no display of official news releases and there have been no presentations made to Institutional Investors or to the Analysts.

The Management Discussion and Analysis Report is included as annexure to the Directors' Report.

**11. GENERAL SHAREHOLDER INFORMATION:**

S.No	Item	Details
(i)	Annual General Meeting - Date, Time and Venue	27.08.2014 (Wednesday) 3.30 P.M, Country Club, Begumpet, Hyderabad-500 016.
(ii)	Financial Calendar 2014-2015 (tentative)	<ul style="list-style-type: none"> <li>• Financial Reporting for the First Quarter ending 30th June, 2014: Second week of August, 2014.</li> <li>• Financial Reporting for the Second Quarter / Half year ending 30th September, 2014: before Second week of November, 2014.</li> <li>• Financial Reporting for the Third Quarter / Nine months ending 31st December, 2014: before second week of February, 2015.</li> <li>• Financial Reporting for the Fourth Quarter / Year ending 31st March, 2015: before Last week of May, 2015.</li> </ul>
(iii)	Dates of Book Closure	25.08.2014 to 27.08.2014 (both days inclusive)
(iv)	Dividend Payment	Within 30 days after the AGM
(v)	Listing on Stock Exchanges & Stock Code	Bombay Stock Exchange Limited (BSE) 526893 SRHATCH (BSE) The Annual Listing Fee for 2014-15 to BSE has been paid in time.
(vi)	Demat ISIN for NSDL & CDSL	INE312E01013

**(vii) Market Price Data (BSE):**

MONTH	LOW (IN ₹)	HIGH (IN ₹)
April, 2013	53.05	64.00
May, 2013	54.30	63.90
June, 2013	48.00	56.05
July, 2013	54.00	59.50
August, 2013	48.50	60.25
September, 2013	46.30	64.55
October, 2013	56.00	59.00
November, 2013	49.70	55.00
December, 2013	43.05	55.50
January, 2014	45.65	52.80
February, 2014	45.70	52.50
March, 2014	48.50	56.75

## THIRTY SIXTH ANNUAL REPORT 2013-2014

(viii)	Registrar and Share Transfer Agents (for both physical and electronic)	CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500 001. Phone Nos:040-23203155,23202465 Fax No: 040-55661267 E-mail: advisors@cilsecurities.com
(ix)	Share Transfer System	Shares lodged for Physical Transfer would be registered within a period of 15 days, if the documents are in order in all respects, by the Share Transfer Agents.

<b>(x) Distribution of Holdings as on 31.03.2014</b>					
No. of shares		No. of Holders	% of Holders	No. of shares	% of shares
From	Upto				
1	500	2218	80.27	415994	4.29
501	1000	295	10.68	200040	2.06
1001	2000	114	4.13	160869	1.66
2001	3000	41	1.48	106705	1.10
3001	4000	15	0.54	52379	0.54
4001	5000	11	0.40	48473	0.50
5001	10000	26	0.94	187117	1.93
10001	Above	43	1.56	8523923	87.92
		<b>2763</b>	<b>100.00%</b>	<b>9695500</b>	<b>100.00%</b>

<b>Shareholding Pattern as on 31.03.2014</b>		
Category	No. of Shares	% of Capital
Promoters		
• Individuals	2901090	29.92
• Bodies Corporates	4370100	45.07
<b>Total Promoter Holding (A)</b>	<b>7271190</b>	<b>75.00</b>
Public		
• Individuals	2245494	23.16
• Bodies Corporates	178816	1.84
<b>Total Public Holding (B)</b>	<b>2424310</b>	<b>25.00</b>
<b>Total Shareholding (A+B)</b>	<b>9695500</b>	<b>100.00</b>

(xi)	Dematerialisation of shares and Liquidity	<p>The Company has entered into tripartite agreements with NSDL and CDSL to establish Electronic connectivity through Company's Electronic Registrar i.e., CIL Securities Limited, Hyderabad and facilitates scripless trading. Trading in the equity shares of the Company is compulsorily in dematerialised form for all investors.</p> <p>Investors are therefore advised to open demat accounts with the depository participant of their choice to trade in demat form. The list of depository participants is available with NSDL and CDSL. The ISIN allotted to the Company's Scrip is <b>INE312E01013</b>.</p> <p>93.03% of the Company's shares are now held in electronic form as on 31.03.2014.</p>
(xii)	Outstanding ADRs/GDRs	The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.
(xiii)	Location of Units	The Company has its Units and facilities located at multiple locations in and around Vijayawada, Visakhapatnam and Hyderabad.
(xiv)	Address for Correspondence Registered Office:	<p>SRINIVASA HATCHERIES LIMITED  CIN: L01222TG1978PLC002297  'SRINIVASA HOUSE', Plot No. 1028,  Road No. 45, Jubilee Hills,  Hyderabad - 500 033.  Phone No. +91-40-67013100/3101/3102  Fax No.+91-40-67013104  E-mail: hyd@shgroup.in  Website: www.shgroup.in</p>
(xv)	Dedicated email ID for Investor grievance	investors@shgroup.in

for and on Behalf of the Board of Directors

Place : Hyderabad  
Date : 27.05.2014

**C.SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**DR.K.SOMI REDDY**  
Joint Managing Director

**AUDITOR'S REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the shareholders of  
**SRINIVASA HATCHERIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **M/s Srinivasa Hatcheries Limited**, for the year ended on **31<sup>st</sup> March, 2014** as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.DAGA & CO.,**  
Chartered Accountants  
F.No.000669S

Place: Hyderabad  
Date : 27.05.2014

**Shantilal Daga**  
Partner  
M.NO.11617

**CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATE**

To  
The Board of Directors  
Srinivasa Hatcheries Limited  
'Srinivasa House', Plot No.1028  
Road No.45, Jubilee Hills  
**Hyderabad -500 033.**

We, C.Suresh Rayudu, Vice-Chairman and Managing Director (CEO) and U.Ganesh, GM (Finance) (CFO), to the best of our knowledge and belief, certify that:

- a. we have reviewed the Financial Statements as well as the cash flow statements and the Directors' Report for the year ending 31<sup>st</sup> March, 2014 and we state that:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. there are to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2013-14 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. we accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. we have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and the Audit Committee:
  - i) Significant changes, if any, in the internal control over financial reporting during the year;
  - ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

Place : Hyderabad  
Date : 27.05.2014

**C.Suresh Rayudu**  
Vice Chairman &  
Managing Director  
(CEO)

**U.Ganesh**  
GM(Finance)  
(CFO)

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Date : 27.05.2014

**DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct, in terms of the Clause-49 of the Listing Agreement executed with the Stock Exchanges, for all the Board Members and Senior Management Personnel of the Company. It is further confirmed that all the Directors and Senior Management Personnel have affirmed their compliance with the Code of Conduct and ethics of the Company for the financial year ended 31.03.2014.

**C.Suresh Rayudu**  
Vice-Chairman and Managing Director

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members,  
Srinivasa Hatcheries Limited.

**Report on the Financial Statements**

We have audited the accompanying financial statements of SRINIVASA HATCHERIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For S.DAGA & CO.,**  
Chartered Accountants,  
F.No.000669S

Place : Hyderabad  
Date : 27.05.2014

**SHANTILAL DAGA**  
Partner  
M.No.11617

**ANNEXURE TO AUDITORS' REPORT**

Referred to in Paragraph 3 of our Report of even date:

1. a) The company has generally maintained proper records showing particulars, including quantitative details and situation of fixed assets;
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals, in a phased verification programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, discrepancies noticed on physical verification have been properly dealt with in the books of account;
- c) During the year, the Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
2. a) As explained to us, inventories have been physically verified during the year by the management. Inventories lying with outside parties have been confirmed by them at the close of the year;
- b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.
3. (a) The company has granted loan to one party (previous year - two parties) covered in the register maintained under section 301 of the Companies Act, 1956. In respect of said loans, the maximum amount outstanding at any time during the year was ₹ 19.62 crores (previous year ₹ 20.15 crores) and the yearend balance of loan granted was ₹ 19.62 crores (previous year ₹ 17.61 crores).
- (b) In our opinion, the rate of interest and other terms and conditions on which loan have been granted to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- (c) The associate firm to which loan has been granted has not been regular in payment of principal and interest thereon and overdue balance of principal and interest at the end of the year was ₹ 19.62 Crores (previous year – ₹ 17.61 Crores). The Company has initiated necessary steps for recovery of the loan.
- (d) The company had not taken any loan from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, reporting under clause 4(iii) (b) (c) & (d) of aforesaid order are not applicable to the Company.
4. In our opinion and according to the information and explanation given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services.
5. a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, the particulars of all transactions in which directors were interested, as contemplated under Section 297 and Section 299 of the Companies Act, 1956, and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered;
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A, 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the Rules made there under.
7. In our opinion, the company has the internal audit system commensurate with its size and nature of business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records u/s 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.



9. a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employee's State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and other material statutory dues applicable to it.  
b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, service tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31<sup>st</sup> March 2014 for a period of more than six months from the date they became payable;
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
12. As per the information and explanation given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. Based on information and explanations given to us and on an overall examination of the financial statements of the Company, we are of the opinion that prima facie short term funds have not been used for long term purpose.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company has not issued any debentures and hence the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. According to the information and explanations given to us, the Company has not raised money by public issues during the year.
21. According to the information and explanations given to us, and to the best of our knowledge and belief, no significant fraud on or by the company, has been noticed or reported by the Company during the year.

**For S.DAGA & CO.,**  
Chartered Accountants,  
F.No.000669S

Place : Hyderabad  
Date : 27.05.2014

**SHANTILAL DAGA**  
Partner  
Membership No.11617

**BALANCE SHEET AS AT 31st MARCH, 2014**

₹. in lakhs

	Note No.	As at 31.03.2014	As at 31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	2.1	970.12	970.12
Reserves and surplus	2.2	8,502.61	8,130.90
		<b>9,472.73</b>	9,101.02
<b>NON CURRENT LIABILITIES</b>			
Long term borrowings	2.3	1,049.38	534.00
Deferred tax liabilities (net)	2.4	659.13	652.79
Long term provisions	2.5	382.21	380.60
		<b>2,090.72</b>	1,567.39
<b>CURRENT LIABILITIES</b>			
Short term borrowings	2.6	593.66	1,168.30
Trade payables	2.7	333.93	209.26
Other current liabilities	2.8	2,333.19	2,331.40
Short term provisions	2.9	235.57	194.99
		<b>3,496.35</b>	3,903.95
<b>TOTAL</b>		<b>15,059.80</b>	14,572.36
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Tangible assets	2.10	7,813.38	7,174.07
Intangible assets	2.10	13.31	17.03
Capital work-in-progress		472.29	550.63
Non-current investments	2.11	849.28	897.51
Long term loans and advances	2.12	2,105.07	1,826.18
		<b>11,253.33</b>	10,465.42
<b>CURRENT ASSETS</b>			
Current investments	2.13	55.11	150.96
Inventories	2.14	2,738.31	2,427.70
Trade receivables	2.15	97.04	51.39
Cash and bank balances	2.16	141.95	281.56
Short term loans and advances	2.17	558.50	956.21
Other current assets	2.18	215.56	239.12
		<b>3,806.47</b>	4,106.94
<b>TOTAL</b>		<b>15,059.80</b>	14,572.36

Significant accounting policies & notes on financial statements 1 & 2

The significant accounting policies and notes on financial statements form an integral part of balance sheet.

As per our attached report of even date

For and on behalf of the Board of Directors

For **S. DAGA & CO.,**  
Chartered Accountants  
F. No.000669S

**SHANTILAL DAGA**  
Membership No: 11617  
Partner

Place : Hyderabad  
Date : 27.05.2014

**C SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**K ASHOK REDDY**  
Whole Time Director

**Dr K SOMI REDDY**  
Joint Managing Director

**V K MURALI MANOHAR**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

₹ in lakhs

	Note No.	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>INCOME</b>			
Revenue from operations	2.19	<b>14,381.90</b>	13,901.14
Other income	2.20	<b>359.97</b>	429.65
<b>TOTAL REVENUE</b>		<b>14,741.87</b>	14,330.79
<b>EXPENDITURE</b>			
Cost of materials consumed	2.21	<b>8,096.87</b>	7,807.14
Purchases of stock-in-trade	2.22	<b>1,624.76</b>	2,101.36
Changes in inventories of finished goods, work-in-process and stock-in-trade	2.23	<b>(256.08)</b>	(236.61)
Employee benefit expenses	2.24	<b>1,586.35</b>	1,433.94
Finance cost	2.25	<b>233.06</b>	163.93
Depreciation / amortisation	2.10	<b>480.61</b>	489.71
Other expenses	2.26	<b>2,189.87</b>	2,545.74
<b>TOTAL EXPENSES</b>		<b>13,955.44</b>	14,305.21
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS</b>			
Exceptional items	2.27	-	197.34
<b>PROFIT BEFORE TAX</b>			
<b>TAX EXPENSE</b>			
Current tax		<b>237.76</b>	81.89
Less: MAT credit entitlement		-	59.72
		<b>237.76</b>	22.17
Provision for tax for earlier years (net)		<b>1.60</b>	3.95
Deferred tax charge		<b>6.34</b>	46.85
Tax expense		<b>245.70</b>	72.97
<b>PROFIT FOR THE YEAR</b>			
<b>EARNINGS PER EQUITY SHARE</b>			
Basic and diluted earnings per share		<b>5.58</b>	1.55
Face value of each share		<b>10.00</b>	10.00
Significant accounting policies & notes on financial statements	1 & 2		

The significant accounting policies and notes on financial statements form an integral part of statement of profit and loss.

As per our attached report of even date

For and on behalf of the Board of Directors

For **S. DAGA & CO.,**  
Chartered Accountants  
F. No.000669S

**SHANTILAL DAGA**  
Membership No: 11617  
Partner

Place : Hyderabad  
Date : 27.05.2014

**C SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**K ASHOK REDDY**  
Whole Time Director

**Dr K SOMI REDDY**  
Joint Managing Director

**V K MURALI MANOHAR**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

₹ in lakhs

	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	786.43	222.92
Adjustments for :		
Depreciation / amortisation	480.61	489.71
Credit balances written back	(8.83)	(37.75)
Provision no longer required written back	-	(30.15)
Loss on discarded assets	10.12	7.17
(Profit) on sale of assets (net)	(1.14)	(193.81)
(Profit) / Loss on sale of investments (net)	0.14	(0.03)
Income from partnership firm	-	(16.81)
Interest income	(262.49)	(264.60)
Finance cost	233.06	163.93
Dividend income	(8.57)	(18.68)
Baddebts written off	0.09	-
Provision for doubtful debts	-	5.10
Provision for diminution in value of current investments	0.05	-
Provision for diminution in value of non-current investments	-	220.45
<b>Operating cash flows before working capital changes</b>	<b>1,229.47</b>	547.45
Adjustments for :		
Trade and other receivables	83.09	(72.84)
Inventories	(310.61)	(265.96)
Trade payables	(63.25)	366.26
<b>Cash generated from operations</b>	<b>938.70</b>	574.91
Direct taxes paid (net)	(120.45)	(151.82)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>818.25</b>	423.09
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(1,058.64)	(1,399.53)
Sale of fixed assets	11.80	203.26
Sale of investments (net)	143.89	240.84
Loans given (net of repayments)	(64.25)	(46.02)
Interest received	262.49	225.72
Dividend received	8.57	18.68
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(696.14)</b>	(757.05)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

₹ in lakhs

	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings (net)	715.37	(267.96)
Repayment of short term borrowings (net)	(574.64)	1,154.08
Interest paid	(229.42)	(163.93)
Dividend paid (including dividend distribution tax)	(169.03)	(225.37)
<b>NET CASH FLOW (USED) / FROM IN FINANCING ACTIVITIES</b>	<b>(257.72)</b>	496.82
Net (decrease) / increase in cash and cash equivalents	<b>(135.61)</b>	162.86
Cash and cash equivalents at the beginning of the year	<b>258.60</b>	95.74
Cash and cash equivalents at the end of the year	<b>122.99</b>	258.60
Notes:		
Cash and cash equivalents include:		
Cash and remittances in transit	<b>47.60</b>	74.52
With banks in :		
Current accounts	<b>75.39</b>	184.08
<b>TOTAL</b>	<b>122.99</b>	258.60

As per our attached report of even date

For **S. DAGA & CO.,**  
Chartered Accountants  
F. No.000669S

**SHANTILAL DAGA**  
Membership No: 11617  
Partner

Place : Hyderabad  
Date : 27.05.2014

For and on behalf of the Board of Directors

**C SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**K ASHOK REDDY**  
Whole Time Director

**Dr K SOMI REDDY**  
Joint Managing Director

**V K MURALI MANOHAR**  
Company Secretary

## **Note No 1**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1.1 Basis for preparation of accounts**

The financial statements have been prepared under the historical cost convention on accrual basis to comply in all material aspects and in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 (to the extent applicable) and the provisions of the Companies Act, 2013 (to the extent notified). The accounting policies have been consistently applied by the Company unless otherwise stated.

#### **1.2 Use of estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reporting amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognised in the period in which the results are known / materialised.

#### **1.3 Inventories**

Inventories are valued as follows:

Poultry for live stock breeding	At cost
Work-in-process	At lower of cost and net realisable value
Raw and packing material	At lower of cost and net realisable value
Trading goods	At lower of cost and net realisable value
By products	At estimated selling price
Stores and spares	At lower of cost and net realisable value

Cost of raw material, packing material, trading goods and stores & spares is determined on first-in-first out basis.

Cost of work-in-process includes costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### **1.4 Recognition of revenue and expenditure**

- a Revenues/incomes and costs/expenditures are generally accounted on accrual, as they are earned or incurred.
- b Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the customer.
- c Revenue from wind power generation is recognised when the electricity is delivered to the distribution company at a common delivery point and same is measured on the basis of meter reading.
- d Income from services rendered is accounted as per contractual terms with the parties concerned.
- e Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.
- f Dividend income is accounted for in the year in which it is declared.
- g Carbon credits revenue is recognised on achieving the set milestones or targets as prescribed by the approved agency, provided there is reasonable assessment of certainty of future economic benefits.

#### **1.5 Fixed assets**

##### **Tangible assets**

- a Fixed assets have been stated at cost less accumulated depreciation.
- b Depreciation has been provided on assets acquired upto 31st March, 1993 on written down value method and on assets acquired thereafter on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.
- c The cost of leasehold land is amortised over the period of the lease.

## SIGNIFICANT ACCOUNTING POLICIES

### Intangible assets

- a Intangible assets are stated at cost less accumulated amortisation. These are amortised over a period based on the expected future economic benefits flowing from such assets.
- b ERP software is being amortised on a straight line basis over a period of five years.

### 1.6 Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing at the date of the transaction. All monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate and the difference in translation and realised gains and losses on foreign exchange transactions are recognised in the statement of profit and loss.

### 1.7 Investments

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

### 1.8 Employee benefits

#### a Short term employee benefits

Undiscounted value of short term employee benefits such as salaries, wages, short term compensated absences, bonus, exgratia and performance incentives are recognised as expense in the period in which the employees render the related service.

#### b Post employment benefits

##### Defined contribution plans:

Contribution to defined contribution plans being employee provident fund, employee state insurance, Employee pension schemes, labour welfare fund, employee insurance scheme and super annuation fund are recognised in the statement of profit and loss during the period in which the employees render the related services.

##### Defined benefit plans:

Liabilities in respect of defined benefit plans being gratuity and leave encashment are determined based on an actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognised immediately in the statement of profit and loss.

### 1.9 Borrowing costs

Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are included to the extent they relate to the period till such assets are ready to be put to use. All other borrowing costs are charged to revenue. Borrowing costs consist of interest and other costs that the Company incurs in connection with borrowing of funds.

### 1.10 Segment reporting

The Company has disclosed business segment as primary segment. The Company's operations mainly comprise breeding of layers and broilers, trading in poultry and poultry related products. These activities constitute one segment i.e., poultry operations. The other business segment reported is wind power generation.

### 1.11 Leases

The Company's significant leasing arrangements are in respect of operating leases for premises like operational units, offices, residences etc. These leases which are non-cancellable are generally for 11 months, or for longer periods and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent to statement of profit and loss.

In case of non-cancellable operating leases, leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in statement of profit and loss over the term of the lease.

### 1.12 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

## **SIGNIFICANT ACCOUNTING POLICIES**

For the purpose of calculating the diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **1.13 Taxes on income**

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company on the estimated total income for the year.

Deferred tax assets and liabilities are recognised on timing differences between taxable income and accounting income, originating in one period and expected to reverse in subsequent periods.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date.

The deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum alternate tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### **1.14 Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such an indication exists, then the carrying value is reduced to the higher of the net selling price or the value in use. The value in use is the present value of estimated future net income expected from use of the asset.

### **1.15 Provisions / contingent liabilities**

Provisions are recognised, when the Company has a present legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The disclosure is made for all present or possible obligations that may but probably will not require outflow as contingent liability in the financial statements.

## **NOTES FORMING PART OF FINANCIAL STATEMENTS**

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No - 2.1</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
1,00,00,000 (previous year 1,00,00,000) equity shares of ₹ 10 each		<b>1,000.00</b>	1,000.00
<b>ISSUED AND SUBSCRIBED</b>			
97,06,600 (previous year 97,06,600) equity shares of ₹ 10 each		<b>970.66</b>	970.66
<b>PAID UP</b>			
96,95,500 (previous year 96,95,500) equity shares of ₹ 10 each fully paid		<b>969.55</b>	969.55
Add : 11,100 shares (previous year 11,100) of ₹ 10 each forfeited		<b>0.57</b>	0.57
<b>TOTAL</b>		<b>970.12</b>	970.12

The Company is having one class of equity shares of face value ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.



## NOTES FORMING PART OF FINANCIAL STATEMENTS

Of the above subscribed and paid-up capital, 48,47,750 (previous year 48,47,750) shares of ₹ 10 each were allotted as fully paid up by way of issue of bonus shares out of share premium account in the last 5 years immediately preceding the balance sheet date.

The number of shares at the beginning and the end of the year are the same. There are no fresh issue of shares or forfeiture during the current year and in the previous year.

The Company declares and pays dividends in indian rupees. The dividend proposed by the board of directors is subject to the approval of the share holders in ensuing annual general meeting.

Details of equity shareholders holding more than 5% of equity shares along with no. of equity shares held at the beginning and at the end of the reporting period are as given below:-

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	%	No. of shares	%
Jagapati Investments Private Limited	3,423,600	35.31%	3,423,600	35.31%
Chitturi Jagapati Rao	879,450	9.07%	879,450	9.07%
Sri Chitturi Agencies Private Limited	844,200	8.71%	844,200	8.71%

	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE No - 2.2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>RESERVES</b>		
<b>Share premium account</b>	8.47	8.47
<b>Share forfeiture account</b>	6.25	6.25
<b>General reserve</b>		
Balance as per last balance sheet	3,372.15	3,357.15
Add : Transferred from statement of profit and Loss	54.10	15.00
	3,426.25	3,372.15
<b>Contingency reserve*</b>		
Balance as per last balance sheet	521.00	471.00
Add : Transferred from statement of profit and loss	50.00	50.00
	571.00	521.00
<b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
Balance as per last balance sheet	4,223.03	4,307.10
Add: Net profit after tax transferred from statement of profit and loss	540.73	149.95
<b>Balance available for appropriations</b>	4,763.76	4,457.05
<b>APPROPRIATIONS</b>		
Amount transferred to general reserve	54.10	15.00
Amount transferred to contingency reserve	50.00	50.00
Proposed dividend	145.43	145.43
Dividend distribution tax	23.59	23.59
Closing balance	4,490.64	4,223.03
<b>TOTAL RESERVES &amp; SURPLUS</b>	8,502.61	8,130.90

\* As the Company is engaged in livestock industry contingency reserve is being provided to cover any unforeseen losses.

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.3</b>			
<b>LONG TERM BORROWINGS</b>			
Secured			
Term loan from banks *		1,517.34	801.96
Less: Current maturities (Ref Note No.2.8)		467.96	267.96
		<b>1,049.38</b>	534.00
<b>TOTAL</b>		<b>1,049.38</b>	534.00

\* The above term loan of ₹ 534.01 lakhs from Axis Bank Ltd., which carries an interest rate of base interest + 2.25%, repayable in 24 further monthly installments. The above loan is secured by first charge created on entire fixed assets pertaining to wind mill project (excluding equitable mortgage on lease hold rights of the subject land) and collaterally secured by an exclusive charge on the receivables from karnataka state electricity board and equitable mortgage on certain freehold land & building at Vijayawada.

Further, the above includes term loan of ₹ 983.33 lakhs from HDFC Bank Ltd., for the layer unit at Nuzvid, carrying interest @ 11.45% p.a. and repayable in 59 further monthly installments. The loan is secured by first charge on the plant & machinery and an exclusive charge on the land and buildings of the said unit.

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.4</b>			
<b>DEFERRED TAXATION</b>			
<b>Deferred tax liability</b>			
Depreciation		(809.94)	(790.34)
		<b>(809.94)</b>	(790.34)
<b>Deferred tax asset</b>			
Employee benefits		72.42	69.96
Provision for doubtful loans / debts		78.39	67.59
		<b>150.81</b>	137.55
<b>Deferred tax liability (net)</b>		<b>(659.13)</b>	(652.79)

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.5</b>			
<b>LONG TERM PROVISIONS</b>			
Provision for employee benefits (Ref. Note No 2.24 a)			
Provision for gratuity		142.56	134.71
Provision for leave encashment		19.20	25.44
Provision for diminution in value of non-current investments		220.45	220.45
<b>TOTAL</b>		<b>382.21</b>	380.60

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.6</b>			
<b>SHORT TERM BORROWINGS</b>			
<b>Secured</b>			
- from Banks - working capital demand loan*		500.00	850.00
- from Banks - cash credit facilities*		93.66	318.30
<b>TOTAL</b>		<b>593.66</b>	<b>1,168.30</b>

\* The above working capital demand loan and cash credit facilities are secured by first charge on current assets and machinery of the Company pertaining to poultry division.

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.7</b>			
<b>TRADE PAYABLES</b>			
Other than MSMED Enterprises			
- Raw materials		202.01	99.43
- Others		131.92	109.83
<b>TOTAL</b>		<b>333.93</b>	<b>209.26</b>

**NOTE No 2.7a**

The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:-

Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable in succeeding years	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.8</b>			
<b>OTHER CURRENT LIABILITIES</b>			
Current maturities of long term debt (Ref Note No 2.3)		<b>467.96</b>	267.96
Advances from customers		<b>1,382.26</b>	1,812.88
Unclaimed dividend *		<b>18.96</b>	18.29
Sundry creditors for capital items		<b>209.91</b>	-
Employee related liabilities		<b>182.25</b>	164.16
Statutory liabilities		<b>23.95</b>	28.72
Interest accrued but not due on borrowings		<b>17.60</b>	13.96
Other liabilities		<b>30.30</b>	25.43
<b>TOTAL</b>		<b>2,333.19</b>	2,331.40

\* Unclaimed dividends do not include any amounts, to be transferred to Investor Education and Protection Fund as on 31.03.2014.

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.9</b>			
<b>SHORT TERM PROVISIONS</b>			
Provision for employee benefits (Ref Note No 2.24 a)			
Provision for gratuity		<b>38.64</b>	34.63
Provision for leave encashment*		<b>15.70</b>	14.58
Provision for income tax (net of taxes paid)		<b>3.81</b>	(32.64)
Provision for wealth tax		<b>8.40</b>	9.40
Proposed dividend		<b>145.43</b>	145.43
Provision for dividend distribution tax		<b>23.59</b>	23.59
<b>TOTAL</b>		<b>235.57</b>	194.99

\* Provision for leave encashment includes liability towards short term leave encashment of ₹ 12.74 lakhs (previous year ₹ 10.03 lakhs).

## NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at	Additions during the	Deductions during the	As at	Upto	For the	Deductions during the	Upto	As at
	1st April 2013	Year	Year	31st March 2014	31st March 2013	year	Year	31st March 2014	31st March 2013
<b>Note No 2.10</b>									
<b>FIXED ASSETS</b>									
<b>Tangible assets:</b>									
Freehold land	1,195.18	33.44	-	<b>1,228.62</b>	-	-	-	-	1,195.18
Leasehold land	43.00	-	-	<b>43.00</b>	2.96	1.48	-	<b>4.44</b>	40.04
Buildings	1,589.23	98.06	0.07	<b>1,687.22</b>	337.63	33.86	0.07	<b>371.42</b>	1,251.60
Plant and Machinery	7,117.24	964.33	31.49	<b>8,050.08</b>	2,820.68	373.92	20.29	<b>3,174.31</b>	4,296.56
Furniture and Fixtures	91.17	1.48	0.11	<b>92.54</b>	55.16	6.31	0.11	<b>61.36</b>	36.01
Vehicles	519.13	31.02	38.75	<b>511.40</b>	238.91	42.10	32.76	<b>248.25</b>	280.22
Office equipment	197.04	8.65	9.92	<b>195.77</b>	122.58	19.22	6.33	<b>135.47</b>	74.46
	10,751.99	1,136.98	80.34	<b>11,808.63</b>	3,577.92	476.89	59.56	<b>3,995.25</b>	7,174.07
<b>Intangible assets:</b>									
SAP Software	76.37	-	-	<b>76.37</b>	59.34	3.72	-	<b>63.06</b>	17.03
	76.37	-	-	<b>76.37</b>	59.34	3.72	-	<b>63.06</b>	17.03
<b>TOTAL</b>	10,828.36	1,136.98	80.34	<b>11,885.00</b>	3,637.26	480.61	59.56	<b>4,058.31</b>	7,191.10
Previous year	9,697.72	1,226.60	95.96	<b>10,828.36</b>	3,226.90	489.71	79.35	<b>3,637.26</b>	6,470.82

Notes:

1. Leasehold land is acquired for setting up of 3 MW Wind Power Project in Karnataka, the registration thereof in favour of the Company, is pending execution.
2. Gross block of buildings includes buildings constructed on leasehold lands amounting to ₹ 180.88 lakhs (previous year ₹ 178.36 lakhs).
3. Gross block of office equipment includes ₹ 27.10 lakhs (previous year ₹ 27.10 Lakhs) of Company's share of computer hardware jointly owned with other companies.
4. Gross block of intangible assets represents Company's share, jointly owned with other companies.
5. The Company has entered into an agreement dated 16th June, 2012 with M/s. Apurupa Urban to develop a residential building complex on its land located in Kondapur Village, Ranga Reddy District which form part of freehold land. Pursuant to the said agreement, the Company has granted license and authority to the developer to develop and construct the residential building complex on the said land. The Company is entitled to a consideration equivalent to 45% of the built up area on completion of the residential building complex.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

			₹ in lakhs	
No. of Shares/ Units	Face Value	<b>As at 31.03.2014</b>	As at 31.03.2013	
<b>Note No 2.11</b>				
<b>NON CURRENT INVESTMENTS (AT COST)</b>				
<b>LONG TERM - QUOTED</b>				
<b>In fully paid equity shares</b>				
<b>Trade</b>				
74,881 (previous year 74,881) Venky's (India) Ltd	10	<b>14.98</b>	14.98	
<b>Total of long term - quoted shares</b>		<b>14.98</b>	14.98	
<b>LONG TERM - UNQUOTED</b>				
<b>In equity shares of associate companies - other than trade - fully paid</b>				
250,000 (previous year 250,000) Srinivasa Agritech Private Ltd	10	<b>25.00</b>	25.00	
294,500 (previous year 294,500) Rhapsody Foods and Beverages Pvt Ltd	10	<b>29.45</b>	29.45	
1,910,000 (previous year 19,10,000) SHL Foods Private Ltd	10	<b>191.00</b>	191.00	
<b>In preference shares of associate companies - trade - fully paid</b>				
10,000 (previous year 10,000) 8% Non-Cumulative Redeemable Preference Shares - Kansas Feeds Private Ltd	100	<b>10.00</b>	10.00	
13,000 (previous year 13,000) 8% Non-Cumulative Redeemable Preference Shares - Sri Srinivasa Aqua Feeds Private Ltd	100	<b>13.00</b>	13.00	
<b>In debentures - other than trade (Ref. Note No 2.13)</b>				
- (previous year 1) 16.50% Secured Redeemable Non - Convertible Debentures of Century Real Estate Holdings Private Ltd	10,000,000	<b>11.96</b>	48.23	
Less: Transferred to current investments		<b>11.96</b>	-	
		-	48.23	
<b>In partnership firm - other than trade (Ref. Note No 2.11 a)</b>				
SHL Ventures *		<b>540.85</b>	540.85	
<b>Total of long term - unquoted shares and others</b>		<b>809.30</b>	857.53	
* i. The share of profit / (loss) from partnership firm SHL Ventures, is not recognised during the year (previous year: ₹ 16.81 lakhs) pending finalisation of accounts of the said firm.				
ii. The Company has given undertaking to Kotak Mahindra Bank, not to withdraw as partner from SHL Ventures and not to withdraw any amount from the capital of the firm during the currency of loan availed by the firm from Kotak Mahindra Bank.				
<b>In mutual funds - other than trade</b>				
250,000 (previous year 250,000) HDFC Debt Fund for Cancer Cure - 50% Dividend Donation Option	10	<b>25.00</b>	25.00	
<b>Total of long term mutual funds</b>		<b>25.00</b>	25.00	
<b>Total of long term - unquoted investments</b>		<b>834.30</b>	882.53	
<b>Total of long term investments</b>		<b>849.28</b>	897.51	

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

		₹ in lakhs	
No. of Shares/ Units	Face Value	As at 31.03.2014	As at 31.03.2013
<b>Note No 2.11</b>			
<b>Quoted investments</b>			
Aggregate amount - at cost		<b>14.98</b>	14.98
Market value		<b>359.39</b>	373.88
<b>Unquoted investments</b>			
Aggregate amount - at carrying value		<b>834.30</b>	882.53
<b>Aggregate amount of provision for diminution in value of investments</b>		<b>220.45</b>	220.45

		As at 31.03.2014	As at 31.03.2013
<b>Note No 2.11</b>			
<b>Details of investment in partnership firm</b>			
a) Total Capital of the firm as on 31.03.2013 {Ref Note No.2.11 (i)}		<b>1,793.20</b>	1,793.20
b) Names and profit sharing ratio of each partner are as under:			
Srinivasa Hatcheries Limited		<b>10%</b>	10%
Sri. C Jagapati Rao		<b>15%</b>	15%
Sri. C Suresh Rayudu		<b>15%</b>	15%
Smt. C Mangayamma		<b>10%</b>	10%
Smt. E Padmaja		<b>15%</b>	15%
Smt. P Usha Lakshmi		<b>15%</b>	15%
Chitturi Enterprises Private Limited		<b>5%</b>	5%
Jagapati Finance Private Limited		<b>10%</b>	10%
Corporate Leasing Private Limited		<b>5%</b>	5%

NOTES FORMING PART OF FINANCIAL STATEMENTS

	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE No.2.12</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
Unsecured considered good		
Capital advances	213.61	78.35
Deposits	116.08	107.92
Loans to associates *	1,760.78	1,582.79
(including interest of ₹ 177.99 lakhs (previous year ₹ 94.79 lakhs))		
Loans to others		
Secured		
Considered good	-	40.63
Considered doubtful	26.10	26.10
Unsecured		
Considered good	14.60	16.49
Considered doubtful	51.21	51.21
	91.91	134.43
Less: Provision for doubtful loans	77.31	77.31
	14.60	57.12
<b>TOTAL</b>	<b>2,105.07</b>	1,826.18

**NOTE No.2.12a**

\* Loans to associates represent loan given to SHL Ventures, a related party. The said loan including interest is to be repaid by 13th June, 2013 as per the subsisting approval of Ministry of Corporate Affairs. Necessary steps are being initiated by the Company for recovery of the said loan.

	₹ in lakhs	
	As at 31.03.2014	As at 31.03.2013
<b>NOTE No.2.12b</b>		
<b>Loan to HUF/Firm in which directors are members / partners</b>		
SHL Ventures	1,760.78	1,582.79
Maximum amount outstanding at any time during the year	1,760.78	1,582.79



NOTES FORMING PART OF FINANCIAL STATEMENTS

No. of Shares/ Units	Face Value	₹ in lakhs	
		As At 31.03.2014	As At 31.03.2013
<b>Note No 2.13</b>			
<b>CURRENT INVESTMENTS</b>			
<b>QUOTED</b>			
<b>In fully paid equity shares -</b>			
882 (previous year 882) Coal India Ltd	10	2.16	2.16
100 (previous year 100) DQ Entertainment (International) Ltd	10	0.08	0.08
2,238 (previous year 2,238) NHPC Ltd	10	0.81	0.81
<b>Total of current investments quoted</b>		<b>3.05</b>	3.05
<b>UNQUOTED</b>			
<b>In shares -</b>			
18,810 (previous year 18,810) Sai Rayalaseema Paper Mills Ltd	10	2.29	2.29
<b>Total of current investments - unquoted shares</b>		<b>2.29</b>	2.29
<b>In mutual funds -</b>			
- (previous year 51,480) HDFC Cash Management Fund - Savings Plan - Dividend Option	10	-	5.47
- (previous year 42,826) ICICI Prudential Money Market fund - Regular Plan - Dividend Option	100	-	42.83
- (previous year 392,246) Kotak Floater Long Term - Dividend Option	10	-	39.54
- (previous year 597,870) Kotak Flexi Debt Scheme Plan A - Dividend Option	10	-	60.07
40,039 (previous year Nil) Birla Sun Life Cash Manager - Regular Plan - Dividend Option	10	40.15	-
<b>Total of current investments - mutual funds</b>		<b>40.15</b>	147.91
<b>In debentures - other than trade</b>			
1 (previous year Nil) 16.50% Secured Redeemable Non - Convertible Debentures of Century Real Estate Holdings Private Ltd (Transferred from non-current investments - Ref. Note No.2.11)	10,000,000	11.96	-
<b>Total of current investments - unquoted</b>		<b>54.40</b>	150.20
<b>Total of current investments</b>		<b>57.45</b>	153.25
<b>Less: Provision for diminution in value of investments</b>		<b>2.34</b>	2.29
<b>Total of current investments (net)</b>		<b>55.11</b>	150.96
<b>Quoted investments</b>			
Aggregate amount - at cost		3.05	3.05
Market value		2.99	3.18
<b>Unquoted investments</b>			
Aggregate amount - at carrying value (net of provision for diminution in value of investments)		52.06	147.91

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No.2.14</b>			
<b>INVENTORIES</b>			
Poultry for live stock breeding		1,652.39	1,650.94
Raw material and packing material		208.37	167.69
Goods in transit - raw material		5.54	-
Work-in-process		777.62	520.50
Stock in trade		0.35	1.75
By products		0.16	1.17
Consumables, stores and spares		93.88	85.65
<b>TOTAL</b>		<b>2,738.31</b>	<b>2,427.70</b>

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No.2.15</b>			
<b>TRADE RECEIVABLES</b>			
Unsecured			
Outstanding for a period exceeding six months			
Considered good		1.05	2.90
Considered doubtful		15.78	19.62
Others			
Considered good		95.99	48.49
		<b>112.82</b>	<b>71.01</b>
Less : Provision for doubtful debts		<b>15.78</b>	<b>19.62</b>
<b>TOTAL</b>		<b>97.04</b>	<b>51.39</b>

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No.2.16</b>			
<b>CASH AND BANK BALANCES</b>			
Balances with banks *		94.35	202.37
Cheques on hand		18.13	48.70
Cash on hand		8.26	6.69
Remittances in transit		21.21	19.13
Fixed deposits with banks **		-	4.67
<b>TOTAL</b>		<b>141.95</b>	<b>281.56</b>

\* Balances with banks include unclaimed dividend of ₹ 18.96 lakhs (previous year ₹ 18.29 lakhs)

\*\* Fixed deposits with banks include deposit of ₹ Nil (previous year ₹ 3.00 lakhs) which was held by the bank under lien against the bank guarantee in favour of Agriculture Produce Market Committee, Nagpur.

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.17</b>			
<b>SHORT TERM LOANS AND ADVANCES</b>			
Secured considered good			
Loans to others		-	100.00
Unsecured considered good			
Loans to others		<b>100.00</b>	71.21
Loans to employees		<b>4.78</b>	4.42
Advances to suppliers		<b>173.72</b>	393.51
Prepaid expenses		<b>25.10</b>	39.68
Share application money pending allotment		<b>37.80</b>	47.80
MAT credit entitlement		<b>217.10</b>	299.59
	<b>TOTAL</b>	<b>558.50</b>	956.21

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>Note No 2.17 a</b>			
<b>Loan to HUF/Firm in which directors are members / partners</b>			
Srinivasa Ventures		-	-
Maximum amount outstanding at any time during the year		-	254.66

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>NOTE No 2.18</b>			
<b>OTHER CURRENT ASSETS</b>			
Interest accrued		<b>204.39</b>	204.40
Other receivables		<b>11.17</b>	34.72
	<b>TOTAL</b>	<b>215.56</b>	239.12

**Note No 2.18a**

Interest accrued includes interest on loan given to associate SHL Ventures of ₹ 201.06 lakhs (previous year ₹ 177.99 lakhs) - Ref Note No.2.12 a.

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.19</b>			
<b>REVENUE FROM OPERATIONS</b>			
<b>SALES</b>			
<b>MANUFACTURING</b>			
Chicks		8,138.20	7,895.03
Hatching eggs		2,329.37	2,313.40
Culls		1,543.19	902.36
Wind power		222.99	244.88
Others		283.54	190.22
		<b>12,517.29</b>	11,545.89
<b>TRADING</b>			
Chicks		707.31	785.45
Culls		635.95	578.22
Hatching eggs		410.72	894.73
Others		18.80	23.95
		<b>1,772.78</b>	2,282.35
	<b>TOTAL SALES</b>	<b>14,290.07</b>	13,828.24
<b>OPERATING INCOME</b>			
Bird rearing and egg hatching charges		88.19	69.12
Analysis charges		3.64	3.78
	<b>TOTAL OPERATING INCOME</b>	<b>91.83</b>	72.90
	<b>TOTAL</b>	<b>14,381.90</b>	13,901.14

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.20</b>			
<b>OTHER INCOME</b>			
Dividend from :			
Current investments	4.83		14.93
Long term investments	3.74		3.74
		<b>8.57</b>	18.67
Interest on :			
Loans	234.93		226.31
Long term investments / others	27.56		38.28
		<b>262.49</b>	264.59
Income from partnership firm {Ref. Note No.2.11 (i)}		-	16.81
Commission		56.62	52.71
Profit on sale of fixed assets		3.32	0.06
Credit balances written back		8.83	37.75
Provision no longer required written back		-	30.15
Other non-operating income		20.14	8.91
<b>TOTAL</b>		<b>359.97</b>	429.65

		₹ in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.21</b>			
<b>RAW MATERIAL CONSUMED</b>			
Chicks purchased		890.04	855.55
Raw material and packing material consumed :			
Feed & feed ingredients	4,877.24		4,517.09
Hatching eggs	1,389.77		1,550.36
Vaccines and medicines	781.85		772.45
Packing material	157.97		111.69
		<b>7,206.83</b>	6,951.59
<b>TOTAL</b>		<b>8,096.87</b>	7,807.14

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.22</b>			
<b>PURCHASES OF STOCK - IN - TRADE</b>			
Chicks		634.48	716.97
Culls		593.27	528.65
Hatching eggs		388.74	841.24
Others		8.27	14.50
	<b>TOTAL</b>	<b>1,624.76</b>	2,101.36

		₹ in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.23</b>			
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROCESS &amp; STOCK-IN-TRADE</b>			
Opening Inventory			
Poultry for live stock breeding		1,650.94	1,548.18
Work-in-process		520.50	388.83
By products		1.17	0.29
Trading goods		1.75	0.45
	<b>TOTAL</b>	<b>2,174.36</b>	1,937.75
Closing Inventory			
Poultry for live stock breeding		1,652.39	1,650.94
Work-in-process		777.62	520.50
By products		0.16	1.17
Trading goods		0.27	1.75
	<b>TOTAL</b>	<b>2,430.44</b>	2,174.36
<b>(INCREASE) IN STOCK</b>		<b>(256.08)</b>	(236.61)

		₹ in lakhs	
		For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.24</b>			
<b>EMPLOYEE BENEFIT EXPENSES</b>			
Salaries, wages and other benefits		1,483.29	1,341.79
Contribution to provident and other funds		67.93	60.05
Staff welfare expenses		35.13	32.10
	<b>TOTAL</b>	<b>1,586.35</b>	1,433.94

## NOTES FORMING PART OF FINANCIAL STATEMENTS

## 2.24 a Employee Benefits

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contributions :**

Payments and provisions for employees include ₹ 74.39 lakhs (previous year ₹ 67.40 lakhs) recognised as expense in respect of defined contribution plans.

**Defined Benefit Plans :**

**Gratuity** - Gratuity is payable to all the eligible employees of the Company on resignation, death, permanent disablement in terms of the Payment of Gratuity Act, 1972.

**Leave Encashment** - Entitlement to annual leave is recognised when they accrue to employees. Annual leave can either be availed or encashed subject to a restriction on the maximum number of accumulated leaves.

The assumptions and other disclosures relating to the actuarial valuation of gratuity and leave encashment are as under:

₹ in lakhs

	Gratuity		Leave Encashment	
	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
<b>a Change in present value of obligation</b>				
<b>Present value of obligation at beginning of period</b>	<b>169.35</b>	146.22	<b>29.98</b>	32.77
Interest cost	<b>12.89</b>	12.19	<b>2.34</b>	2.74
Current service cost	<b>25.15</b>	23.81	<b>13.72</b>	14.33
Past service cost - (vested benefits)	-	-	-	-
Benefits paid	<b>(18.77)</b>	(7.98)	<b>(2.01)</b>	(1.72)
Actuarial (gain)/loss on obligation	<b>(7.42)</b>	(4.89)	<b>(21.86)</b>	(18.14)
Present value of obligation at end of period	<b>181.20</b>	169.35	<b>22.17</b>	29.98
<b>b Amounts to be recognized in the balance sheet and statement of profit &amp; loss</b>				
Present value of obligation at end of period	<b>181.20</b>	169.35	<b>22.17</b>	29.98
Fair value of plan assets at end of period	-	-	-	-
Funded status	<b>(181.20)</b>	(169.35)	<b>(22.17)</b>	(29.98)
Unrecognized actuarial gain/(loss)	-	-	-	-
Net asset/(liability) recognized in the balance sheet	<b>(181.20)</b>	(169.35)	<b>(22.17)</b>	(29.98)
<b>c Expense recognised in the statement of profit and loss</b>				
Current service cost	<b>25.15</b>	23.81	<b>13.72</b>	14.33
Interest cost	<b>12.89</b>	12.19	<b>2.34</b>	2.74
Past service cost - (non vested benefits)	-	-	-	-
Past service cost - (vested benefits)	-	-	-	-
Expected return on plan assets	-	-	-	-
Net actuarial (gain) / loss recognised for the period	<b>(7.42)</b>	(4.89)	<b>(21.86)</b>	(18.14)
Expense recognised in the statement of profit and loss	<b>30.62</b>	31.11	<b>(5.80)</b>	(1.07)

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

	Gratuity		Leave Encashment	
	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
<b>d Movements in the liability recognised in balance sheet</b>				
Opening net liability	169.35	146.22	29.98	32.77
Expenses as above	30.62	31.11	(5.80)	(1.07)
Contribution paid	(18.77)	(7.98)	(2.01)	(1.72)
Closing net liability	181.20	169.35	22.17	29.98
<b>Assumptions -</b>				
Mortality	IALM (2006-08) Ult	LIC (1994-96) Ult	IALM (2006-08) Ult	LIC (1994-96) Ult
Discount rate	9.19%	8.06%	9.19%	8.06%
Rate of increase in compensation	8.00%	8.00%	8.00%	8.00%
Rate of return (expected) on plan assets	N.A	N.A	N.A	N.A
Attrition rate	6.00%	6.00%	6.00%	6.00%
Maximum limit for gratuity (₹ Lakhs)	10.00	10.00	-	-

Notes:

The estimate of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Note No 2.25

FINANCE COST

Interest

TOTAL

₹ in lakhs

	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest	233.06	163.93
TOTAL	233.06	163.93



**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	₹ in lakhs	
	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.26</b>		
<b>OTHER EXPENSES</b>		
Stores and spares consumed	<b>223.97</b>	256.82
Bird rearing and egg hatching charges	<b>218.57</b>	126.85
Heat, light and power	<b>715.76</b>	721.26
Repairs to:		
Buildings	<b>21.96</b>	26.70
Machinery	<b>137.67</b>	135.72
Others	<b>53.37</b>	73.97
	<b>213.00</b>	236.39
Rent	<b>23.99</b>	28.79
Rates and taxes	<b>24.89</b>	20.89
Insurance	<b>18.80</b>	16.60
Freight and handling charges	<b>183.00</b>	191.12
Market survey expenses	-	196.63
Professional charges	<b>74.04</b>	70.08
Provision for doubtful debts	-	5.11
Provision for diminution in value of current investments	<b>0.05</b>	-
Provision for diminution in value of non-current investments	-	220.45
Travelling and conveyance	<b>83.32</b>	72.05
Vehicle expenses	<b>150.27</b>	117.95
Loss / (profit) on sale / redemption of current investments	<b>0.14</b>	(0.03)
Loss on sale / discarded assets	<b>12.30</b>	10.75
Staff training Expenses	<b>82.91</b>	116.32
Miscellaneous expenses	<b>164.86</b>	137.71
<b>TOTAL</b>	<b>2,189.87</b>	2,545.74

	₹ in lakhs	
	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No 2.27</b>		
<b>EXCEPTIONAL ITEMS</b>		
Profit on sale of assets	-	197.34
<b>TOTAL</b>	-	197.34

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>2.28</b>	<b>Contingent Liabilities</b>		
	a. In respect of Income Tax matters towards interest and penalty	<b>20.77</b>	27.00
	b. In respect of Electricity Demands	<b>0.85</b>	0.85
<b>2.29</b>	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	<b>655.32</b>	131.81

**2.30 Other Commitments**

The Company remains exposed to liability towards fuel surcharge adjustments (FSA), which are notified by power distribution companies of Andhra Pradesh pertaining to the earlier years which are being adjusted in future tariff payable for consumption. Accordingly charges are accounted for in the year of payment/bill raised for the same.

		₹ in lakhs	
		As at 31.03.2014	As at 31.03.2013
<b>2.31</b>	<b>Earnings per Share</b>		
	Net Profit after Tax attributable to equity shareholders		
	Profit after tax (₹ in lakhs)	<b>540.73</b>	149.95
	Weighted average of Number of Shares	<b>9,695,500</b>	9,695,500
	Total Shares outstanding	<b>9,695,500</b>	9,695,500
	Basic and Diluted Earnings per share (₹)	<b>5.58</b>	1.55
	Face Value per share (₹)	<b>10.00</b>	10.00

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Note No 2.32**

**RELATED PARTY TRANSACTIONS**

**NAMES OF ASSOCIATED COMPANIES**

Srinivasa Foods and Feeds Private Limited, Varuna Hatcheries Private Limited, SHL Foods Private Limited, Srikrishnadeveraya Hatcheries Private Limited and Sauri Breeding Farms Private Limited

**NAMES OF ASSOCIATED FIRMS**

SHL Ventures and Srinivasa Ventures

**NAMES OF KEY MANAGEMENT PERSONNEL**

Sri. C.Jagapati Rao, Sri. C.Suresh Rayudu, Dr.K.Somi Reddy and Sri.K.Ashok Reddy

**NAMES OF RELATIVES OF KEY MANAGEMENT PERSONNEL**

Mrs.C.Mangayamma, Mrs.E.Padmaja, Mrs.P.Usha Lakshmi and Mrs. C.Anuradha

₹ in lakhs

Nature of Transaction	Associates		Key Management Personnel		Relatives		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Purchase of goods</b>	<b>5,812.15</b>	5,799.59					<b>5,812.15</b>	5,799.59
Srinivasa Foods & Feeds Pvt Ltd	<b>5,170.98</b>	5,258.34					<b>5,170.98</b>	5,258.34
Others	<b>641.17</b>	541.25					<b>641.17</b>	541.25
<b>Purchase of fixed assets</b>	<b>2.06</b>	-					<b>2.06</b>	-
Srinivasa Foods & Feeds Pvt Ltd	<b>2.06</b>	-					<b>2.06</b>	-
<b>Sale of goods</b>	<b>92.21</b>	93.91					<b>92.21</b>	93.91
Srinivasa Foods & Feeds Pvt Ltd	<b>63.53</b>	68.34					<b>63.53</b>	68.34
Sauri Breeding Farms Pvt Ltd	<b>14.74</b>	23.36					<b>14.74</b>	23.36
Srikrishnadevaraya Hatcheries Pvt Ltd	<b>13.94</b>	-					<b>13.94</b>	-
Others	-	2.21					-	2.21
<b>Sale of fixed assets</b>	<b>0.07</b>	-					<b>0.07</b>	-
Srinivasa Foods & Feeds Pvt Ltd	<b>0.07</b>	-					<b>0.07</b>	-
<b>Services rendered</b>	<b>88.19</b>	68.97					<b>88.19</b>	68.97
Srinivasa Foods & Feeds Pvt Ltd	-	10.30					-	10.30
Varuna Hatcheries Pvt Ltd	<b>75.49</b>	51.68					<b>75.49</b>	51.68
Sauri Breeding Farms Pvt Ltd	<b>12.70</b>	6.99					<b>12.70</b>	6.99
<b>Services utilised</b>	<b>67.18</b>	40.14					<b>67.18</b>	40.14
Srinivasa Foods & Feeds Pvt Ltd	<b>22.34</b>	13.48					<b>22.34</b>	13.48
Varuna Hatcheries Pvt Ltd	<b>44.84</b>	26.66					<b>44.84</b>	26.66
<b>Rents paid</b>	<b>4.98</b>	4.74	<b>1.41</b>	1.41	<b>5.53</b>	5.53	<b>11.92</b>	11.68
Srinivasa Foods & Feeds Pvt Ltd	<b>1.74</b>	1.62					<b>1.74</b>	1.62
Varuna Hatcheries Pvt Ltd	<b>3.24</b>	3.12					<b>3.24</b>	3.12
Sri. K. Ashok Reddy			<b>1.17</b>	1.17			<b>1.17</b>	1.17
Smt. C. Mangayamma					<b>4.80</b>	4.80	<b>4.80</b>	4.80
Others			<b>0.24</b>	0.24	<b>0.73</b>	0.73	<b>0.97</b>	0.97

NOTES FORMING PART OF FINANCIAL STATEMENTS

₹ in lakhs

Nature of Transaction	Associates		Key Management Personnel		Relatives		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<b>Rents received</b>	<b>1.20</b>	1.20					<b>1.20</b>	1.20
Srinivasa Foods & Feeds Pvt Ltd	<b>1.20</b>	1.20					<b>1.20</b>	1.20
<b>Interest received</b>	<b>223.40</b>	201.74					<b>223.40</b>	201.74
Srinivasa Ventures	-	3.97					-	3.97
SHL Ventures	<b>223.40</b>	197.77					<b>223.40</b>	197.77
<b>Remuneration paid to directors</b>			<b>106.06</b>	86.84	<b>2.78</b>	0.60	<b>108.84</b>	87.44
Sri. C. Jagapati Rao			<b>36.51</b>	19.61			<b>36.51</b>	19.61
Sri. C. Suresh Rayudu			<b>30.33</b>	30.69			<b>30.33</b>	30.69
Dr. K. Somi Reddy			<b>27.17</b>	27.17			<b>27.17</b>	27.17
Sri. K. Ashok Reddy			<b>12.05</b>	9.37			<b>12.05</b>	9.37
Others					<b>2.78</b>	0.60	<b>2.78</b>	0.60
<b>Profit earned in a partnership firm</b>	-	16.81					-	16.81
SHL Ventures	-	16.81					-	16.81
<b>Balances as at 31.03.2014:</b>								
<b>- Creditors</b>	<b>138.94</b>	24.57			<b>0.36</b>	0.36	<b>139.30</b>	24.93
Srinivasa Foods & Feeds Pvt Ltd	<b>138.94</b>	23.25					<b>138.94</b>	23.25
Sri Krishnadevaraya Hatcheries Pvt Ltd	-	1.32					-	1.32
Smt. C. Mangayamma					<b>0.36</b>	0.36	<b>0.36</b>	0.36
<b>- Advances</b>	<b>12.33</b>	18.60					<b>12.33</b>	18.60
Srinivasa Foods & Feeds Pvt Ltd	<b>0.91</b>	0.65					<b>0.91</b>	0.65
SHL Foods Pvt Ltd	-	14.51					-	14.51
Varuna Hatcheries Pvt Ltd	<b>7.92</b>	3.44					<b>7.92</b>	3.44
Sri Krishnadevaraya Hatcheries Pvt Ltd	<b>3.50</b>	-					<b>3.50</b>	-
<b>- Investment</b>	<b>731.84</b>	731.84					<b>731.84</b>	731.84
SHL Foods Pvt Ltd	<b>191.00</b>	191.00					<b>191.00</b>	191.00
SHL Ventures	<b>540.84</b>	540.84					<b>540.84</b>	540.84
<b>- Loans</b>	<b>1,760.78</b>	1,582.79					<b>1,760.78</b>	1,582.79
SHL Ventures	<b>1,760.78</b>	1,582.79					<b>1,760.78</b>	1,582.79

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**Note No 2.33**

**STATEMENT SHOWING SEGMENT WISE ANALYSIS AS ON 31.03.2014**

**A. Primary Segment :**

₹ in lakhs

Business Segment	Poultry		Wind Mills		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>SEGMENT REVENUE :</b>						
External Sales	<b>14,158.92</b>	13,656.26	<b>222.99</b>	244.88	<b>14,381.91</b>	13,901.14
<b>Total Revenue</b>	<b>14,158.92</b>	13,656.26	<b>222.99</b>	244.88	<b>14,381.91</b>	13,901.14
<b>SEGMENT RESULT :</b>	<b>1,348.23</b>	1,040.39	<b>83.23</b>	107.49	<b>1,431.46</b>	1,147.88
Unallocated Expenses (net)					<b>(674.46)</b>	(1,025.62)
Operating Profit					<b>757.00</b>	122.26
Interest Expenses					<b>(233.06)</b>	(163.93)
Interest Income					<b>262.49</b>	264.59
Taxation					<b>(245.70)</b>	(72.97)
<b>Profit After Tax</b>					<b>540.73</b>	149.95
<b>OTHER INFORMATION :</b>						
Segment Assets	<b>8,551.24</b>	7,892.79	<b>1,529.03</b>	1,715.28	<b>10,080.27</b>	9,608.07
Unallocated Assets					<b>5,126.54</b>	5,134.49
<b>Total Assets</b>					<b>15,206.81</b>	14,742.56
Segment Liabilities	<b>3,112.02</b>	2,164.15	<b>540.28</b>	810.80	<b>3,652.30</b>	2,974.95
Unallocated Liabilities					<b>2,081.78</b>	2,666.59
<b>Total Liabilities</b>					<b>5,734.08</b>	5,641.54
Capital Expenditure	<b>1,129.60</b>	1,191.54	-	-	<b>1,129.60</b>	1,191.54
Unallocated Capital Expenditure					<b>7.38</b>	35.06
Depreciation	<b>348.27</b>	358.60	<b>94.65</b>	94.65	<b>442.92</b>	453.25
Unallocated Depreciation					<b>37.69</b>	36.46

**B. Secondary Segment:** There are no reportable geographical segments.

**C. Other disclosures:**

- Segments have been identified in line with Accounting Standard - 17.
- Segment reporting is done on the basis of internal organisation and reporting structure of the business of the Company.
- The Company has identified business segment as the primary segment.

NOTES FORMING PART OF FINANCIAL STATEMENTS

		₹ in lakhs	
		2013-2014	2012-2013
<b>2.34</b>	<b>Payments to statutory auditors towards:</b>		
	Audit fee	5.06	3.65
	Fee for audit under the Income-Tax Act, 1961	1.97	1.40
	Fee for certification and other services (Fee is inclusive of service tax)	1.80	1.34
	Reimbursement of expenses	0.57	0.70
	<b>TOTAL</b>	<b>9.40</b>	<b>7.09</b>

**2.35 Operating Lease**

The Company has taken premises and vehicle on non-cancellable operating lease. The total future minimum lease payments under this non-cancellable leases are as follows:

		₹ in lakhs	
		31-Mar-14	31-Mar-13
	Not later than 1 year	12.79	3.00
	Later than 1 year and not later than 5 years	25.05	12.00
	Later than 5 years	3.75	6.75
	<b>TOTAL</b>	<b>41.59</b>	<b>21.75</b>

Lease rentals on the said lease amounting to ₹ 9.53 lakhs (previous year ₹ 3.00 lakhs) has been charged to the statement of profit and loss.

**2.36 Particulars of Sales, Closing & Opening Inventory**

		₹ in lakhs			
		Sales Values 2013-2014	Sales Values 2012-2013	Closing Inventory As at 31.03.2014	Opening Inventory As at 01.04.2013
<b>Manufacturing items</b>					
	Chicks	8,138.20	7,895.03	-	-
	Hatching eggs	2,329.37	2,313.40	777.62	520.50
	Wind power	222.99	244.88	-	-
	Others	1,826.75	1,092.58	0.16	1.17
	<b>SUB-TOTAL</b>	<b>12,517.31</b>	<b>11,545.89</b>	<b>777.78</b>	<b>521.67</b>
<b>Trading items</b>					
	Chicks	707.31	785.45	-	-
	Culls	635.95	578.22	0.24	1.72
	Hatching eggs	410.72	894.73	-	-
	Others	18.80	23.95	0.03	0.03
	<b>SUB-TOTAL</b>	<b>1,772.78</b>	<b>2,282.35</b>	<b>0.27</b>	<b>1.75</b>
	<b>TOTAL</b>	<b>14,290.09</b>	<b>13,828.24</b>	<b>778.05</b>	<b>523.42</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

	In percentage		2013-2014		In percentage		2012-2013	
								₹ in lakhs
<b>2.37 Value of raw material consumed</b>								
Imported	0.00%	-		0.00%	-			
Indigenous	100.00%	8,096.87		100.00%	7,807.14			
		<b>8,096.87</b>			7,807.14			

	In percentage		2013-2014		In percentage		2012-2013	
								₹ in lakhs
<b>2.38 Value of indigenous goods, stores &amp; spares consumed</b>								
Imported goods	0.00%	-		0.00%	-			
Indigenous goods	100.00%	223.97		100.00%	256.82			
		<b>223.97</b>			256.82			

<b>2.39 i) CIF value of imports</b>								
Capital goods		<b>375.48</b>			324.89			
		<b>375.48</b>			324.89			
<b>ii) Expenditure in foreign currency</b>								
Travelling expenses		<b>16.68</b>			15.48			
Others		<b>17.83</b>			14.74			
		<b>34.51</b>			30.22			
<b>2.40 Earnings in foreign exchange</b>		<b>NIL</b>			NIL			

**2.41** Previous year's figures have been regrouped, rearranged and reclassified, wherever considered necessary, to conform to the current year's classification.

As per our attached report of even date

For **S. DAGA & CO.,**  
Chartered Accountants  
F. No.000669S

**SHANTILAL DAGA**  
Membership No: 11617  
Partner

Place : Hyderabad  
Date : 27.05.2014

For and on behalf of the Board of Directors

**C SURESH RAYUDU**  
Vice-Chairman &  
Managing Director

**K ASHOK REDDY**  
Whole Time Director

**Dr K SOMI REDDY**  
Joint Managing Director

**V K MURALI MANOHAR**  
Company Secretary





## SRINIVASA HATCHERIES LIMITED

Regd. Office: 'Srinivas House', Plot No.1028, Road No.45  
Jubilee Hills, Hyderabad-500033

### PROXY FORM

Regd.Folio No.	
No.of Shares held	

* DP ID	
* Client ID	

I/We \_\_\_\_\_ of \_\_\_\_\_  
being member/members of SRINIVASA HATCHERIES LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_  
of \_\_\_\_\_ as my / our proxy to attend and vote for me/us and on my/our behalf  
at the **36th Annual General Meeting** of the Members of the Company to be held on **Wednesday the 27th day of August, 2014  
at 3.30 P.M. at The Country Club, 6-3-1219, Begumpet, Hyderabad-500016.**

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2014

Note: (1) The Proxy need not be a member of the Company

(2) The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

\* Applicable for investors holding shares in electronic form.

Please affix  
a 15 Ps  
Revenue  
Stamp and  
sign across

## SRINIVASA HATCHERIES LIMITED

Regd. Office: 'Srinivas House', Plot No.1028, Road No.45  
Jubilee Hills, Hyderabad-500033

### ATTENDANCE SLIP

**36th Annual General Meeting, 27th August, 2014 at 3.30 P.M**

Regd.Folio No.	
No.of Shares held	

* DP ID	
* Client ID	

Name of the Shareholder	
Name of Proxy	

I/We hereby record my / our presence at the **36th Annual General Meeting** of the Members of the Company held on **Wednesday,  
the 27th day of August, 2014 at 3.30 P.M. at The Country Club, 6-3-1219, Begumpet, Hyderabad-500016.**

### SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

\_\_\_\_\_  
If Member, please sign here

\_\_\_\_\_  
If Proxy, please sign here

Note: This form should be signed and handed over at the Meeting Venue.

\*Applicable for investors holding shares in electronic form.



## TEN YEARS' FINANCIAL SUMMARY (AUDITED)

(Figures in ₹ Lakhs unless otherwise mentioned)

PARTICULARS	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
PAID-UP SHARE CAPITAL (Face Value of ₹ 10/- per share)	970.12	970.12	970.12	970.12	485.35	485.35	485.35	485.35	485.35	485.35
RESERVES AND SURPLUS	8,502.61	8,130.90	8,149.97	7,396.59	6,212.22	5,255.79	5,259.58	4,891.93	4,815.28	4,420.56
NET WORTH	9,472.73	9,101.02	9,120.09	8,366.70	6,697.56	5,741.14	5,744.93	5,377.27	5,300.63	4,905.90
OPERATING INCOME	14,381.90	13,901.14	13,072.05	14,310.70	12,336.74	8,383.38	8,427.00	6,405.24	6,945.43	5,708.71
OTHER INCOME	359.97	429.68	643.31	466.19	160.60	146.91	429.31	428.06	450.64	355.21
TOTAL INCOME	14,741.87	14,330.82	13,715.36	14,776.88	12,497.34	8,530.29	8,856.31	6,833.31	7,396.07	6,063.92
DEPRECIATION	480.61	489.71	508.17	376.88	331.29	254.21	234.80	245.31	170.53	169.61
PROFIT BEFORE TAX	786.43	222.92	1,424.29	2,873.86	1,877.69	153.77	704.22	186.07	736.78	577.84
PROVISION FOR TAX	245.70	72.97	445.54	920.41	640.56	61.96	186.52	106.60	213.30	156.87
PROFIT AFTER TAX	540.73	149.95	978.75	1,953.45	1,237.13	91.81	517.70	175.41	523.48	420.97
DIVIDEND (%)	*15.00	15.00	20.00	25.00	25.00	20.00	25.00	25.00	25.00	25.00
BOOK VALUE (in ₹)	97.69	93.87	94.00	86.29	138.15	120.77	118.50	110.92	109.34	101.20
E P S (in ₹)	5.58	1.55	10.09	20.15	12.76	1.89	10.68	3.62	10.80	8.68

\*Recommended



SH Group  
Hatching Success

If undelivered please return to:

**SRINIVASA HATCHERIES LIMITED**

'SRINIVASA HOUSE'

Plot No. 1028, Road No. 45,  
Jubilee Hills, Hyderabad - 500 033.

Phone: 040 - 67013100-103, Fax: 040 - 67013104

E-mail: [hyd@shgroup.in](mailto:hyd@shgroup.in)

[www.shgroup.in](http://www.shgroup.in)



# SRINIVASA HATCHERIES LIMITED

Regd. & Corp. Off : "Srinivasa House", Plot No. 1028, Road No. 45, Jubilee Hills,  
Hyderabad - 500033. India. Tel : 67013100/1, Fax: +91-40-67013104  
E-mail: hyd@shgroup.in Website : www.shgroup.in CIN:L01222TG1978PLC002297

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the company	Srinivasa Hatcheries Limited
2	Annual financial statements for the year Ended	31st March 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	To be signed by:	<p><i>For Srinivasa Hatcheries Limited</i></p> <p><i>[Signature]</i> Vice Chairman &amp; Managing Director</p> <p>For SRINIVASA HATCHERIES LTD.</p> <p><i>[Signature]</i> General Manager (Finance)</p> <p>For S. D. AGA &amp; Co. Chartered Accountants</p> <p><i>[Signature]</i> Partner</p> <p><i>[Signature]</i></p>
	<ul style="list-style-type: none"> <li>• Managing Director</li> <li>• GM (Finance) / CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	