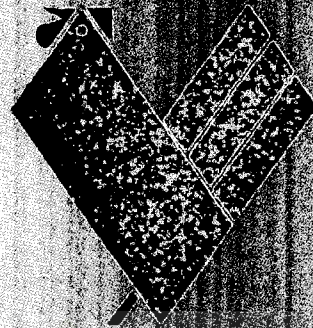


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SHI	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



V H GROUP

REPORT

1996-97

WESTERN HATCHERIES LIMITED

2011
Annual
Report
1996-97



PADMASHREE LATE DR. B. V. RAO
(1935-1996)

Venkateshwara Hatcheries Limited, the flagship company of the VH Group of which your company is a constituent, has completed 25 years of dedicated service to the poultry industry in 1997. On this momentous occasion we salute the founder of the Group Late Dr. B. V. Rao and reverentially recall his pioneering contribution to the poultry industry in India. We rededicate ourselves to achieve the high ambitions and goals set by him for the poultry industry.

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

"To succeed in any business one must have a firm commitment and an affinity for the business - more so in the poultry business. Making money, though welcome, should not be the sole criteria."

"The industry must become self-supporting and self-reliant through better productivity, scientific management and an organised marketing effort."

"Venkateshwara Hatcheries has earned this leadership position because of our extra-ordinary standards in quality service and absolute integrity."

"Technologically, Indian poultry can match the world's best. Our productivity levels in both layer and broiler segments are second to none. Yet we feel so small, for there is so much to be done and so much that can be done."

— Dr. B. V. Rao

Western Hatcheries Limited**BOARD OF DIRECTORS**

Mrs. Anuradha J. Desai — *Chairperson*
 Mr. B. Venkatesh Rao — *Vice Chairman*
 Mr. S. B. Thorat
 Mr. C. Jagapati Rao
 Mr. V. N. Dubey
 Mr. Jitendra M. Desai
 Dr. G. V. K. Rao
 Mr. B. G. Deshmukh
 Mr. B. Balaji Rao
 Dr. S. Samal — *Managing Director*

BANKERS

State Bank of India
 Bank of Baroda
 State Bank of Travancore
 Bank of Maharashtra
 Bank of India
 Cosmos Co-operative Bank Ltd.
 Global Trust Bank Ltd.

AUDITORS

Sudit K. Parekh & Co.
Chartered Accountants
 12-A, Suleman Chambers, 2nd Floor,
 4, Battery Street,
 Mumbai 400 001

COMPANY SECRETARY

Mr. A. G. Bauskar

REGISTERED OFFICE

"Venkateshwara House",
 H. No. 3-5-808 & 808/1, Hyderguda,
 Hyderabad 500 029.

CORPORATE OFFICE

"Venkateshwara House",
 S. No. 114/A/2,
 Pune-Sinhagad Road,
 Pune 411 030.



Western Hatcheries Limited

NOTICE

NOTICE is hereby given that the Twentyfirst Annual General Meeting of the members of Western Hatcheries Limited will be held on Wednesday, the 24th September, 1997 at 3.00 p.m. at Hari Hara Kala Bavan, Sardar Patel Road, Secunderabad 500 003 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended as on that date, together with the Auditors' Report and the Directors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Jitendra M. Desai, who retires by rotation and who, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. B. G. Deshmukh, who retires by rotation and who, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. G. V. K. Rao, who retires by rotation and who, being eligible, offers himself for reappointment.
6. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED that subject to the provisions of Sections 268, 269, 198, 309, Schedule-XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the reappointment and payment of remuneration to Dr. S. Samal, Managing Director as detailed below, for a period of five years effective from 11.5.1997 :

A) Salary :

Salary Rs. 35,000/- per month with such increase as the Board may from time to time sanction, subject to the limit specified in Part II of Schedule XIII.

B) Commission :

1/3rd of the salary or Rs.1,50,000 per annum whichever is lower,

C) Perquisites :

- 1) Provident Fund :

Benefit under the Provident Fund Scheme in accordance with the Company's Rules and Regulations in force from time to time.

- 2) Superannuation Fund and Gratuity :

Benefits under the Company's Superannuation Scheme and Gratuity Scheme in accordance with the Company's practice, rules and regulations in force from time to time provided that the gratuity payable in respect of the period of appointment shall not exceed half a month's salary for each completed year of service, subject to a ceiling of Rs.1,00,000.

Provided however that contribution to Provident Fund and superannuation Fund shall not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961 and gratuity payable as aforesaid shall also not be included in the computation of ceiling on perquisites.

3) Medical Benefits :

Reimbursement of medical expenses incurred for himself and his family subject to a ceiling of one month's salary per year or three months' salary over a period of three years.

4) Leave Travel Concession :

Once in a year for himself and his family, incurred in accordance with any Rules specified by the Company subject to maximum of one month's salary.

5) Housing :

a. The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to a ceiling of 50% of the salary over and above ten per cent payable by the Managing Director.

b. In case the accommodation is owned by the Company 10% of the salary of the Managing Director shall be deducted by the Company.

c. In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceilings laid down in (a) above.

Explanation :

The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962. This shall, however, be subject to a ceiling of 10% of the salary of the Managing Director.

6) Car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed to the Managing Director by the Company.

7) Fees of one club will be paid by the Company. This will not include admission and life membership fees.

8) Personal accident Insurance : Premium not to exceed Rs.1,000/- per annum.

Provided however, the perquisites above mentioned shall be restricted to an amount of Rs.1,00,000 per annum.

"FURTHER RESOLVED that in the event of loss or inadequacy of profits during any financial year comprised by the period of appointment there shall be a cut of 10 per cent in the monthly salary."

"RESOLVED FURTHER that the Managing Director shall not be entitled under any circumstances whatsoever to any compensation for loss of office, unless otherwise decided by the Company."

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

"RESOLVED that the Special Resolution passed at the Nineteenth Annual General Meeting held on 1.9.1995 fixing the overall limit for extending corporate guarantee on behalf of other Group companies at Rs.50.00 crores be and is hereby modified as under :

"RESOLVED that in terms of Section 370(1)(B) the overall limit for extending corporate guarantee on behalf of other Group companies be fixed at Rs.50.00 crores with an absolute discretion of the Board of Directors to issue the said guarantee to such companies of the Group as they deem fit and necessary within the overall limit."



Western Hatcheries Limited

8. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED that pursuant to Sections 94, 16,31 and all other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) equity shares of Rs. 10/- (Rupees Ten) each to Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 1,00,00,000 (One Crore) equity shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crores) and 10,00,000 (Ten Lacs) preference shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crores) provided that the preferential share capital as may be issued and allotted from time to time shall be subject to the rights, terms and conditions as may be specifically attached to each of the preference shares at the time of their issue and further subject to the overall terms and conditions stipulated in the Articles of Association of the Company."

"FURTHER RESOLVED that the existing Clause V of the Memorandum of Association of the Company be substituted as under :

"V" The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 1,00,00,000 (One Crore) equity shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crores) and 10,00,000 (Ten Lacs) preference shares of Rs. 100/- (Rupees One Hundred) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crores). The Company shall have power to increase, consolidate, sub-divide, reduce, classify, reclassify or otherwise alter its share capital subject to the provisions of the Companies Act, 1956.

Any shares of the original or increased capital may from time to time be issued with guarantee or any rights of preference whether in respect of dividend or of repayment of capital or both or any other privilege or advantage, over any shares previously issued or then about to be issued or with deferred or qualified rights or subject to any provisions, conditions and with any special rights or limited rights without any rights of voting and generally on such terms as the Company may from time to time determine."

"FURTHER RESOLVED that the existing Article 4 of the Articles of Association of the Company relating to the share capital be and is hereby altered by deleting the same and substituting in its place and stead the following clause :

"4" (a) The Authorised Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores) divided into 1,00,00,000 (One Crore) equity shares of Rs. 10/- (Rupees Ten) each aggregating to Rs. 10,00,00,000 (Rupees Ten Crores) and 10,00,000 (Ten Lacs) preference shares of Rs. 100/- (Rupees Hundred) each aggregating to Rs.10,00,00,000 (Rupees Ten Crores). The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its share capital subject to the provisions of the Companies Act, 1956.

(b) RIGHTS TERMS AND CONDITIONS ATTACHED TO PREFERENCE SHARES :

The holders of Preference shares shall be entitled to be paid out of the profits which the Directors shall determine to distribute by way of dividend, a fixed preferential dividend (free of Company's tax but subject to deduction of tax at source at the prescribed rates) on the amount credited as paid up thereon or such higher dividend as the Board may determine from time to time in respect of such issue of Redeemable preference shares, but not exceeding the rate of dividend prescribed under the law or any other Regulations relating to the dividends on preference shares, as may be in force from time to time and to the rights, on winding up, to be paid all arrears of preferential dividend, whether earned or declared or note down to the commencement of the winding up, and also to be repaid the amount of capital paid or credited as

paid up on the preference shares held by them respectively in priority to any repayment in respect of equity shares, but shall not be entitled to any other rights in the profits or assets of the Company. Subject as aforesaid and to the rights of the holders of any other shares entitled by terms of issue of preferential repayment over the equity shares in the event of winding up of the Company, the holders of the preference shares shall be entitled to be repaid the amounts of Capital paid up or credited as paid up on such shares, and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid-up or credited as paid up on such equity shares respectively at the commencement of the winding up.

Subject to the provisions of Sections 80, 80A and 81 of the Companies Act, 1956 and the Regulations in force from time to time relating to the issue, redemption etc. of preference shares may be issued by the Board of Directors on such terms and conditions as the Board of Directors may determine, in accordance with the terms and conditions of the issue.

The preference shares shall not confer on the holders thereof the right to vote either in person or by proxy at any General Meeting of the Company save to the extent and in the manner provided by Section 87 (2) of the Companies Act, 1956.

The rights, privileges and conditions for the time being attached to the redeemable preference shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

Subject to the provisions of Section 81, 80 and 80A of the Companies Act, 1956, SEBI Regulations and other applicable, statutes and Regulations, the Board of Directors may also issue convertible preference shares for conversion into equity shares or other securities on the terms and conditions to be determined by the Board of Directors in accordance with the applicable provisions of the Companies Act, 1956, and other Statutes and Regulations."

9. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution :

"RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject, wherever required, to any other approval of Appropriate Authorities, the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any duly authorised Committee thereof for the time being exercising the powers conferred on the Board by this Resolution be and is hereby authorised, on behalf of the Company, to issue Redeemable Preference Shares, Cumulative or Non-Cumulative, at par and in such numbers as the Board may decide for a sum not exceeding Rs. 10 crores (Rupees Ten Crores only) and to offer them on a Private Placement basis to the Bodies Corporate, Financial Institutions, Foreign Institutional investors, Mutual Funds or any other persons/parties, whether they are holders of Equity Shares of the Company or not, in one or more tranch in the manner and on the terms and conditions as may be prescribed in granting the approvals by the Appropriate Authorities or which the Board may at its absolute discretion consider proper or expedient.

1. The Preference Shares issued and allotted by the Company in the manner aforesaid, will be subject to the provisions of the Companies Act, 1956 and Memorandum & Articles of Association of the Company and subject to the exceptions as aforesaid.
2. The Preference Shares will carry such rate of dividend not exceeding 15% as the Board may decide at its absolute discretion.
3. The dividend will be either Cumulative or Non-Cumulative as the Board may decide.



Western Hatcheries Limited

4. The Preference Shares will be redeemed at such price, in one or more instalments on expiry of specified periods as may be agreed to by the Board and the subscriber(s).

"RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to agree to make such modifications and alterations from time to time as it deem fit and to take all steps as it may deem necessary, desirable or expedient and to resolve all questions of doubt relating to the Private Placement and to do all acts, deeds and things in connections therewith, and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the Members of the Company and the decision of the Board shall be final and conclusive."

By order of the Board of Directors

A. G. BAUSKAR
Company Secretary

Place : Pune
Dated : June 27, 1997

Notes :

1. Explanatory statement pursuant to Section-173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A Member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a Member of the Company. The proxy in order to be effective, must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members of the Company will remain closed from 19th August, 1997 to 10th September, 1997 (both days inclusive). If a dividend is declared at the meeting, payment of such dividend will be made to those shareholders or their mandate(s) whose names appear in the Company's Register of Members on 19th August, 1997.
4. Members are requested to intimate any change in their address, to the Company immediately.
5. Members who hold shares in identical order of names in more than one Folio, are requested to write to the Company to enable consolidation of their holdings in one Folio.
6. Members are requested to intimate to the Company queries, if any, regarding these accounts/notice at least 7 (seven) days before the meeting to enable the Management to keep the information ready at the meeting.
7. All documents referred in the accompanying notice and explanatory statement are open for inspection at the Registered office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting, except on Sundays and other Holidays.
8. Members/Proxies are requested to bring their copies of the Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF NOTICE DATED 27.6.1997**Item No. 6**

The Board of Directors of the Company at its meeting held on 27.6.97 reappointed Dr. S. Samal, Managing Director for a period of five years from 11.5.97 on the remuneration as detailed in the resolution.

Your Directors commend passing of the resolution.

None of the Directors, except Dr. S. Samal, is interested in passing of the resolution.

Item No. 7

At the Nineteenth Annual General Meeting held on 1st August, 1995 the Members had authorised the Board of Directors to provide corporate guarantee upto a maximum of Rs.50.00 crores with the following sub limits :

Balaji Foods And Feeds Limited	:	Rs.20.00 crores
Venkateshwara Hatcheries Limited	:	Rs.20.00 crores
Other VH Group Companies	:	Rs.10.00 crores
TOTAL	:	Rs.50.00 crores

In order to enable the company to provide further corporate guarantees to Balaji Foods And Feeds Limited and other Group companies it was felt that it would be better to keep the options open instead of prescribing sub-limits companywise.

None of the Directors is interested in this resolution.

Your Directors commend passing of this resolution.

Item No. 8 & 9

At present the Company has only authorised equity share capital consisting of 1,00,00,000 equity shares of Rs.10 each aggregating Rs.10,00,00,000. The Board feels that there must be a provision in the Memorandum and Articles of Association of the Company to issue preference shares by way of private placement to raise funds from financial institutions etc. This is only an enabling provision and will be used with utmost discretion. The Resolution at item No. 8 is sought to be passed for increasing the authorised capital from Rs. 10 crores to Rs. 20 crores, providing for the preference share capital of Rs. 10 crores so as to raise additional funds upto Rs. 10 crores by issue of preferential share capital. The Resolution at item No. 9 is for approval of issue of the preference share capital and for empowering the Board of Directors to carry out all necessary steps and issue preference shares to the extent of Rs. 10 crores by means of private placement.

The Directors may be deemed to be interested or concerned to the extent of preference shares that may be taken up by themselves and/or by Companies in which they may be deemed to be interested under the provisions of Section 297 and 299 of the Companies Act, 1956.

Your Directors commend passing of the Resolutions as proposed at item Nos. 8 and 9 of the Notice.

By order of the Board of Directors

Place : Pune
Dated : June 27, 1997

A. G. BAUSKAR
Company Secretary



Western Hatcheries Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentyfirst Annual Report and Audited Accounts for the year ended 31st March, 1997.

FINANCIAL RESULTS

		(Rs. in lakhs)
	1996-97	1995-96
Profit before tax	807.91	1123.98
Less : Provision for taxation	18.00	40.00
Profit after tax	789.91	1083.98
Less : Provision for doubtful debts/advances of amalgamated Companies	25.24	—
Add : (Debit)/Credit of previous year (Transferred from investment allowance reserve)	0.66	13.37
Balance of profit brought forward	1035.02	1275.99
Profit available for Appropriation	1800.35	2373.34
Appropriations		
Debenture redemption reserve	7.15	7.15
Corporate Dividend Tax	23.10	—
Proposed dividend	231.00	231.17
Transfer to general reserve	1000.00	1100.00
Balance profit carried forward	539.10	1035.02
	1800.35	2373.34

OPERATIONS

The year that has just gone by has witnessed an unprecedented glut in the day-old broiler chick market. The prices came down sharply thus affecting the turnover and bottomline. Prices of maize and soyabean cake, the main raw materials for the Company, also increased. The interest burden was also higher due to higher cost of funds and additional borrowings to finance expansion and modernisation schemes and capital expenditure. Despite all these circumstances your Company was able to register a turnover of Rs. 164.92 crores, an increase of 7.86% over the previous year. The profit before tax, however, was lower at Rs. 8.07 crores as against Rs. 11.23 crores in the previous year due to the reasons mentioned above. After providing Rs. 0.18 crores towards taxation the net profit was Rs. 7.89 crores as against Rs. 10.83 crores in the previous year. The results reveal the inherent strength of your Company to register good performance even under highly adverse factors.

DIVIDEND

Keeping up the investor-friendly tradition, your Directors are pleased to recommend a tax free dividend of Rs. 3.00 per share (30%) for the year ended 31st March, 1997, thus maintaining the impeccable record of paying dividend consistently for the 15th year in succession. The dividend proposed will absorb Rs. 2.31 crores and will be paid out of the profits for the year ended 31st March, 1997.

DIVISIONAL PERFORMANCE

(A) Poultry Division

During the year under review, the Company's broiler operations had to face some rough weather in the form of sluggish demand and falling prices for broiler chicks. However, the situation is improving and this division is expected to perform better in the months to come.