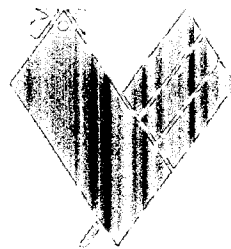


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V H GROUP

**Western
Hatcheries
Limited**

VH Group And Indian Poultry Industry

VH Group was established in 1971 by Padmashree late Dr. B.V. Rao, father of Indian poultry.

The business of the Group encompasses every activity in poultry farming viz. pureline breeding, nationwide network of parent farms and hatcheries, poultry vaccines, Specific Pathogen Free eggs, poultry equipment, poultry feed, animal health products, commercial broilers & poultry processing, Poultry Diagnostic Research Centre, egg powder manufacture and training in poultry management.

VH Group's mission is "to provide under one integrated umbrella, total support for Poultry Development to the farmers through quality products, technological advancement, excellence in all areas of operation and innovations."

Various companies of the Group are engaged in distinct activities in poultry and in case of parent farms which are common to a few companies, geographical areas of operations are distinct.

***Layer Giant** - Venkateshwara Research and Breeding Farm Limited (VRB) is a joint venture between VH Group (60% holding) and ISA Babcock Breeders Inc., U.S.A. (a part of Rhone Poulenc, France) (40% holding). It is engaged in genetic research in layer and layer pureline breeding. Its breed "BV-300" holds 85% market share.*

***Broiler Strength** - Venco Research And Breeding Farm Limited (VENCO) is a joint venture between VH Group (60% holding) and Cobb Vantress Inc., U.S.A. (a part of Tyson Foods) (40% holding). It is engaged in genetic research in broilers and broiler pureline. Its breed "VENCOB" holds 65% market share.*

A recent study on Indian Food Industry by C.I.I. and Mckinsey Company predicts a very bright future for the Indian poultry industry. "The poultry sector in India has a potential to grow at over 20% a year over the next 10 years. This will enable it to at least quadruple in size, growing from the present Rs.7,500 crores to approx. Rs.30,000 crores (in real terms) by 2005".

We at VH have always believed this and have, over the years, strived to enable the Indian poultry industry to realise this potential.

Western Hatcheries Limited



His vision continues to guide us....

“I do not like talking about myself or viewing my contribution as a ‘success story’; it is a favourable interplay of so many factors reinforced and backed by a good product, a very dedicated and committed team in fact, my greatest strength lies in my people”

“Every successful organisation needs a clear commitment to excel in a chosen field; and this commitment will hold up over the years only by staying true to an original vision - even in the worst of times.”

“It is ofcourse possible to substitute men with machines, at least in some areas. Machines are more accurate than men. They do not get frustrated and form unions. Yet the best machines cannot provide superior performances than motivated men can.”

“Training is not a one-time affair. There is a need for continuous updating to keep abreast with the latest developments around the world.”

“There will be difficult times; if it is not in your nature to be patient, to make sacrifices, to work for 18 hours a day for months on end, you will find it very hard to cope. You can beg, borrow or steal money when you need it; but you cannot beg, borrow or steal the ‘will’ to carry on when the world seems to be collapsing about your shoulders; that will to carry on has got to be part of you.”

— Padmashree Dr. B. V. Rao

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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	—	Managing Director (AHP, SPF and FEED)
	Dr. S. Samal	—	Managing Director (Poultry)

BANKERS State Bank of India
Bank of Maharashtra
State Bank of Travancore

Bank of Baroda

Global Trust Bank Ltd.

Cosmos Co-operative 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
AND SHARE DEPARTMENT** "Venkateshwara House"
S.No.114/A/2,
Pune-Sinhagad Road
Pune 411 030.

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Western Hatcheries Limited



FINANCIAL HIGHLIGHTS : 1994-95 TO 1997-98

(Rs. in lakhs)

Particulars	1997-98	1996-97	1995-96	1994-95
OPERATING RESULTS				
Turnover and Other Income	19,427	16,714	15,533	10,889
Material Cost	11,770	10,645	9,911	6,494
Personnel Cost	1,301	1,065	960	635
Interest	1,094	1,103	852	453
Other Expenses	3,236	2,727	2,365	1,959
Depreciation	395	367	321	215
Provision for Contingencies	150	-	-	-
Profit Before Tax	1,480	808	1,124	1,134
Profit After Tax	1,130	790	1,084	1,069
Dividend (%)	35	30	30	30
FINANCIAL SUMMARY				
Assets Employed				
Current Assets	7,151	6,725	6,547	5,916
Current Liabilities	2,416	2,284	2,251	2,438
Net Current Assets	4,735	4,441	4,223	3,478
Net Fixed Assets	7,441	7,269	7,061	5,774
Investments	481	494	416	323
Total Assets	12,658	12,204	11,700	9,576
Financed by				
Share Capital	770	770	770	770
Reserves and Surplus	6,172	5,394	4,957	4,100
Capital Grants and Subsidies	79	11	11	--
Borrowings	5,637	6,030	5,962	4,706
Total Liabilities	12,658	12,204	11,700	9,576

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NOTICE

NOTICE is hereby given that the Twentysecond Annual General Meeting of the members of the Company will be held on Thursday, the 24th September, 1998 at 11.00 A. M. at Arya Vysya Yuvajana Sangam, H. No. 22-1, Near Lal Bazar City Bus Stop, (Trimulgherry Bazar), Secunderabad 500 015, to transact the following business :

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 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. C. Jagapati Rao who retires by rotation and, being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. S.B. Thorat who retires by rotation and, being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Mrs. Anuradha J. Desai who retires by rotation and, being eligible, offers herself for reappointment.
- 6) To appoint Auditors of the Company to hold office from the conclusion of this Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that in partial modification of the Ordinary Resolution passed at the Twentyfirst Annual General Meeting of the members of Western Hatcheries Limited held on Wednesday, the 24th September, 1997 in regard to the re-appointment and payment of remuneration to Dr. S. Samal, Managing Director, pursuant to the provisions of sections 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) and subject to the provisions of Schedule XIII to the said Act, the Company hereby accords its approval and consent for the increase in salary payable to Dr. S. Samal, Managing Director of the Company for a period of five years with effect from 11.05.97, by omitting the proviso to the aforesaid Ordinary Resolution, stating 'provided

however, the perquisites above mentioned shall be restricted to an amount of Rs.1,00,000/- per annum' so that the perquisites will be available in full to Dr. S. Samal."

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

"RESOLVED that pursuant to the provisions of sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. B. Balaji Rao, Director be and is hereby appointed as Managing Director (AHP, SPF and FEED) for a period of five years with effect from 1st November, 1997 on the following remuneration, perquisites and other terms and conditions :

A) Salary :

Salary of Rs.25,000/- per month with such increase as the Board may from time to time sanction, subject to the limit specified in section II of Part II of Schedule XIII.

B) Commission :

Commission @ 5% of the net profits of the Company in a particular year computed in the manner specified under section 349 and 350 of the Companies Act, 1956, subject to a ceiling of Rs.1,00,000/- per annum.

C) Perquisites :

- 1) Provident Fund :
Benefits 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/-.
- 3) Medical Benefits :
Reimbursement of medical expenses incurred for himself and his family members subject to a ceiling of Rs. 25,000/- per annum or Rs.75,000/- over a period of three years.



Western Hatcheries Limited

- 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 a maximum of Rs.25,000/- per annum.
- 5) House Rent Allowance :
House Rent Allowance @ 50% of the salary.
- 6) Car for use on Company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Managing Director.
- 7) Fees of one club will be paid by the Company.
- 8) Personal Accident Insurance - Premium not to exceed Rs.1,000/- per annum.

D) Event of loss or inadequacy of profits :

Where in any financial year during the currency of tenure of the appointment of the Managing Director, the Company has no profits or its profits are inadequate, the total remuneration payable to him by way of salary, house rent allowance, perquisites and any other allowances shall not exceed the applicable limits as specified under section II of Part II of Schedule XIII to the Companies Act, 1956, as amended from time to time or such other notification as may be issued by the Central Government pursuant to section 641 of the Companies Act, 1956.

FURTHER RESOLVED that the Managing Director shall be reimbursed entertainment, conveyance and other expenses incurred in connection with the business of the Company.

RESOLVED FURTHER that the Managing Director is not entitled to any sitting fees for attending any meeting of the Board or Committee thereof."

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

"RESOLVED that in continuation of the Special Resolution passed at the Sixteenth Annual General Meeting held on 12th September, 1992, the Directors of the Company, other than the Managing Directors/Whole-time Directors (hereinafter referred to as Non-Whole-time Directors), be paid remuneration, pursuant to section 309(4)(b) and other applicable provisions, if any, of the Companies Act, 1956, by way of commission on net profits computed in the manner

referred to in section 198(1) and other applicable provisions, if any, of the Companies Act, 1956, for a further period of five years with effect from 1st April, 1997, so however that the total remuneration paid to Non-Whole-time Directors shall not exceed 1% of the net profits of the Company calculated in the manner specified above in any year."

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

"RESOLVED that subject to all applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof and any ordinance promulgated in this regard for the time being in force and as may be enacted from time to time) and subject to such conditions, approvals, permissions and sanctions, as may be prescribed or imposed by the Act or Rules or Guidelines as the case may be, the consent of the Company be and is hereby accorded to the Board of Directors to buy back any of the shares of the Company on such terms and conditions and at such price upto such limits as may be prescribed by Law from time to time."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts and things and deal with all such matters and take all such steps in this regard as may be deemed necessary for the implementation of the resolution if and when the Guidelines in this regard are announced by the Central Government."

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

"RESOLVED that the Articles of Association of the Company be and is hereby altered by addition of a new Article 62A after the existing Article 62 as follows :

'BUY BACK OF SHARES' :

62A. Notwithstanding anything contained in the preceding Article 62, and subject to the provisions of the Companies Act, 1956, and any amendments made thereto and all other applicable provisions of the Law as may be in force at any time and as may be enacted from time to time, the Company may acquire, purchase, hold, resell any of its own fully/ partly paid or redeemable shares and may make payment thereagainst out of funds at its disposal for and in respect of such acquisition/re-purchase on such terms and conditions and at such times as the Board of

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Directors of the Company may decide and deem fit."

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

"RESOLVED that in supersession of the Ordinary Resolution passed by the members at the Eighteenth Annual General Meeting held on 19th August, 1994, the Board of Directors of the Company be and is hereby authorised to contribute to charitable and other funds, not directly relating to the business of the Company, or the welfare of its employees, any amount the aggregate of which shall not exceed Rs. 1,00,00,000/- (Rupees one crore only) in any financial year, in terms of section 293(1)(e) of the Companies Act, 1956, and all other relevant provisions in the Company's Memorandum and Articles of Association or the Companies Act, 1956."

By Order of the Board of Directors

Place : Pune
Date : June 30, 1998

A. G. BAUSKAR
Company Secretary

NOTES :

1. The relative Explanatory Statements, pursuant to section 173(2) of the Companies Act, 1956, in respect of the business under items 7 to 12 set out above are annexed hereto.
2. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not be a member. 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 18th August, 1998 to 28th August, 1998 (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 as on 28th August, 1998.
4. Members are requested to intimate any change in their address, if any, to the Company's Share Department at Pune 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 desiring any information on Accounts are requested to write to the Company at least seven days before the meeting so as to enable the Management to keep the information ready at the meeting.
7. Pursuant to section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1994, have been transferred to the General Revenue Account of the Central Government. Members who have not claimed the dividend for the aforesaid period/s are requested to claim the amount/s from the office of Registrar of Companies, Andhra Pradesh, Kendriya Sadan, II Floor, No.3-5-398, Sultan Bazar, Koti, Hyderabad - 500 195, quoting their folio No., shareholdings etc.
8. All documents referred to in the accompanying notice and the explanatory statement are open to inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting, except on Sundays and other holidays.
9. 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.

Western Hatcheries Limited



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, FORMING PART OF THE NOTICE DATED JUNE 30, 1998

ITEM NO. 7

INCREASE IN REMUNERATION TO DR. S. SAMAL, MANAGING DIRECTOR

The Board of Directors of the Company, at its Meeting held on 27th June, 1997, re-appointed Dr. S. Samal as Managing Director of the Company for a further period of five years with effect from 11.05.97. The remuneration was fixed as is detailed in the resolution passed at the Twentyfirst Annual General Meeting held on 24th September, 1997. However, the perquisites were restricted to Rs.1,00,000/- per annum.

In view of the increased activities of the company, it is proposed to remove this restriction so as to increase the remuneration. The increase in remuneration will require members' approval under section 310, 311 and other applicable provisions of the Companies Act, 1956, and will be within the limits laid down in Schedule XIII of the Companies Act, 1956.

None of the Directors of the Company, except Dr. S. Samal, is interested in the Resolution.

Your Directors commend passing of the Resolution.

ITEM NO. 8

APPOINTMENT OF MR. B. BALAJI RAO AS MANAGING DIRECTOR

The Board of Directors of the Company, at its meeting held on 17th October, 1997, appointed Mr. B. Balaji Rao, Director as the Managing Director of the Company to hold office for a period of five years from 1st November, 1997. The remuneration proposed is subject to the approval of the members and is in accordance with the provisions of section 198, 268, 269, 309 and Schedule XIII of the Companies Act, 1956. Mr. B. Balaji Rao has acquired sufficient experience in the Management of the affairs of the Company. He has taken initiative and efforts in identifying areas for expanding the Company's business, both inland and exports. He will be managing the Animal Health Products, Feed and Specific Pathogen Free Egg Divisions of the Company.

Mrs. Anuradha J. Desai, Mr. B. Venkatesh Rao and Mr. Jitendra M. Desai, being relatives, may be deemed to be interested in the Resolution.

Except for the above, none of the other Directors of the Company is interested in the Resolution.

Your Directors commend passing of the Resolution.

ITEM NO. 9

PAYMENT OF COMMISSION TO NON-WHOLETIME DIRECTORS

At the Sixteenth Annual General Meeting held on 12th September, 1992, it was decided to remunerate the services rendered by the Directors other than Managing Directors/Wholetime Directors by payment of commission upto 1% of the net profits of the Company computed in the manner provided under Sections 349 and 350 of the Companies Act, 1956. The period for payment of such commission was valid upto 31st March, 1997. It has been decided to pay such commission for a further period of five years with effect from 01.04.97.

All the Directors of the Company, other than the Managing Directors/Wholetime Director, are deemed to be interested to the extent of the commission they will be entitled to by virtue of passing of the proposed Special Resolution.

Your Directors commend passing of the Resolution.

ITEM NO.10

BUY BACK OF SHARES

Buy back of their own shares by companies is presently not allowed under the Companies Act, 1956. The Companies Act, 1956 is likely to be amended and it is expected that the amended Act may provide for a company to buy back its own shares subject to certain stipulations. The Directors therefore feel that it will be in the interest of the Company to have such an enabling provision aimed at facilitating the Company to buy back its shares as and when legally permissible.

Such of the Directors of the Company who hold shares in the Company will be deemed to be interested in the Resolution, if and when the shares held by them at that time are bought back by the Company, under this Scheme.

Your Directors commend passing of the Resolution.

ITEM NO.11

AMENDMENT TO ARTICLES OF ASSOCIATION

In anticipation of the amendment to the Companies Act, 1956, it is proposed to insert a new Article 62A after the existing Article 62 as mentioned in the Special Resolution at item number 11 to provide for purchase of any of its own shares by the Company, in terms of the relevant guidelines and amendments to the Act

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that are expected to be introduced by the Central Government. This is an enabling provision.

Such of the Directors of the Company who hold shares in the Company will be deemed to be interested in the Resolution, if and when the shares held by them at that time are bought back by the Company under this Scheme.

Your Directors commend passing of the Resolution.

ITEM NO. 12

CONTRIBUTION TO CHARITABLE FUNDS

In terms of Section 293(1)(e) of the Companies Act, 1956, contributions to the charitable and other funds in excess of Rs.50,000/- or 5% of the net profits of the Company calculated in accordance with section 349 and 350 of the said Act, whichever is greater, requires approval of the Company by means of an Ordinary Resolution passed at a general meeting. Members of

the Company at their Meeting held on 19th August, 1994, had authorised the Board to contribute a maximum of Rs. 50 lakhs or 5% of the average net profits during the three financial years immediately preceding, whichever is greater, to any charitable and other funds. This limit is now sought to be raised upto Rs. 1.00 crore.

None of the Directors of the Company is interested in the Resolution.

Your Directors commend passing of the Resolution.

By Order of the Board of Directors

Place : Pune
Date : June 30, 1998

A. G. BAUSKAR
Company Secretary

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