



VENKY'S (INDIA) LIMITED



Annual Report 1999-2000



Padmashree Late Dr. B.V. Rao
(1935-1996)

"Under the Indian conditions, the small farmer is the backbone and the kingpin of our industry and he will continue to be so for all times to come."

"On its own, my life has little significance or special meaning. If at all there is something to talk about, it is because it's so inextricably mingled and intertwined with the story of Indian poultry industry."

"My group is passionately committed in bringing quality and technology to the Indian poultry industry."

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

"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."

"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."

"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

Venky's (India) Limited

A Business Profile

Venky's is not only the largest poultry company in India but is also the only fully integrated poultry company in India. Its activities encompass parent farms and hatcheries which house broiler and layer parents, hatching fertile eggs and selling one-day old chicks. It grows commercial broilers required for its processing plant. It processes and sells Venky's chicken, Chicken-In-Minutes products. It also produces high quality poultry feed which constitutes 60% of the poultry cost. The feed is produced for captive use as well as for commercial sales. It produces de-oiled soya cake which is an important ingredient of feed, at its solvent extraction plant. It also produces poultry feed supplements for captive as well as commercial use. It also produces SPF eggs which is the ultimate in poultry technology. The company has recently entered in a small way in nutritional health products for humans. The activities of each division are described below :

POULTRY DIVISION

The Poultry Division located at Bhigwan, near Pune (Maharashtra), Anand (Gujarat), Dehradun (U.P.), Ludhiana (Punjab) and Panipat (Haryana) carries out the following :

- Procures broiler and layer day-old parent chicks
- Grows them at grower farms
- The birds after they are fully grown start laying eggs
- Hatch the eggs at the hatcheries for producing commercial chicks
- Sells the commercial chicks to poultry farmers who in turn grow them to produce table eggs and chicken for meat.



PROCESSED CHICKEN - VENKY'S



Venky's is the only national brand in chicken products offering fresh or frozen chicken, pre-portioned chicken and ready-to-cook products like chicken burgers, nuggets, kababs, tikka, kheema, chicken samosas and so on. Venky's is not only the market leader but is also sole supplier of chicken to several multi-national restaurant chains, like KFC, Pizza Hut, Dominos, TGI Friday. The chicken products are produced at Kamshet, near Pune in a fully automatic and state-of-the-art plant. Though processed chicken market in India is quite small for

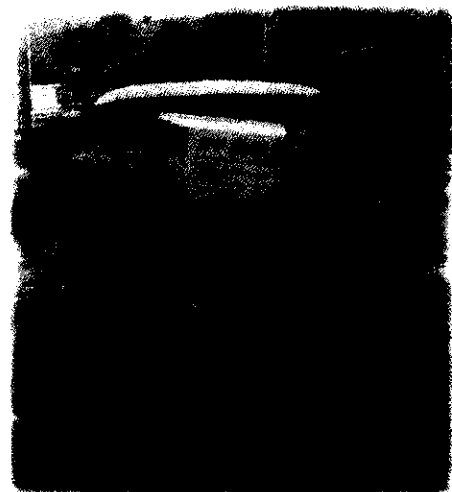
the present, it is expected to grow much faster than poultry industry. Venky's, with the state-of-the-art plant, huge capacity and established market leadership, is set to ride on the approaching boom. The requirement of broilers for the processing is met by the Company's own commercial broiler farm or through contract farms.



SPF DIVISION

What is SPF egg? It is Specific Pathogen Free egg i.e. an egg free of 29 antibodies and is distinctly different from table eggs. SPF eggs are used in production of poultry vaccines and some human vaccines. The company has SPF operations at two locations near Pune.

Till the Company started manufacture of SPF eggs in 1985 under technical collaboration with SPAFAS Inc., U.S.A., the vaccine manufacturers in India were fully depending upon imported SPF



eggs. It is interesting to note that Venky's (India) Limited is the only company in Asia manufacturing SPF eggs and is one among the six producers of SPF eggs in the world. Venky's sells SPF eggs to vaccine manufacturers, bio-medical research institutes and universities.

FEED DIVISION

The Feed Division manufactures quality poultry feed - both for captive consumption and for commercial sales. Realising that the cost of feed constitutes 60% to 65% of poultry cost, and the importance of quality feed for poultry, the company started aggressively marketing poultry feed on commercial basis 6 years back. The feed units located at Pune, Solapur, Dehradun and Ambala are manufacturing commercial feed in pelleted / mash form, meeting stringent quality standards. Poultry feed in pelleted form has several advantages over the conventional feed, like freedom from contamination as the feed is sterile, no wastage etc. The pelleted feed of the Company has added advantage of faster weight growth in broilers, better feed conversion ratio, uniform growth and low mortality.

SOLVENT EXTRACTION DIVISION

The Solvent Extraction Division processes soya seed at its plant at Solapur, about 225 km from Pune. The de-oiled cakes obtained from the processing are used by the group companies for preparation of poultry feed. The soya oil, in crude form, is being sold to oil mills. The plant has a capacity to process 60,000 tonnes of oil seed annually.

ANIMAL HEALTH PRODUCTS (AHP) DIVISION

The AHP Division with factories at Pune and Ambala manufactures wide range of quality animal health products, which include antibiotics, growth promoters, performance enhancers, vitamin pre-mixes, electrolytes, pro-biotics etc. for poultry. To put it in simple term, these products are mixed either with water or with poultry feed in prescribed ratios and fed to the birds. These animal health products provide total health care throughout the life cycle of the birds besides boosting their strength and productivity.



NUTRITIONAL HEALTH PRODUCTS DIVISION

This Division started manufacturing egg powder and chicken powder based health drinks for humans in a small way 18 months back. The products are sold under the brand names *Venper*, *Vengain* and *Venfit*.



BENEFITS FROM INVESTMENTS

Apart from the above activities undertaken directly, Venky's, through its shareholding in other VH Group Companies which are joint ventures with world leaders, participates in genetic research, pureline breeding and manufacture of poultry equipments. The company through its wholly-owned subsidiaries owns 10% of the equity capital of Venco Research And Breeding Farm Limited (VENCO) and Venkateshwara Research And Breeding Farm Limited (VRB) which are joint ventures with world leaders in genetic research and pureline breeding and own the VENC OB and BV-300 breeds which have 60% and 85% market shares respectively.

VENCO has financial collaboration with Cobb-Vantress Inc. (part of the \$ 7.5 billion Tyson Foods of U.S.A.) while VRB has collaboration with I.S.A. Breeders Inc. (part of the \$ 15 billion Rhone Poulenc Group). Venky's (India) Limited benefits substantially from the technological break-through from the research carried out by the foreign joint venture partners and further research by Indian joint venture partners to make breeds suitable for Indian conditions. Besides, Venky's also owns 22% shares of V.R. Equipment Limited and 20% shares of VJ Equipment Limited which are joint ventures with Roxell N.V. of Belgium and Jamesway Incubator Company, Canada respectively. These companies manufacture micro-processor controlled incubators, hatchers and state-of-the-art poultry equipments like feed conveyors, water feeders etc. which are giving excellent results.

Venky's (India) 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 | — 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 |
| Corporation Bank |
| Cosmos Co-operative Bank Ltd. |

Auditors

| |
|-----------------------------|
| Sudit K. Parekh & Co. |
| Chartered Accountants |
| 12-A Suleman Chambers |
| 2nd Floor, 4 Battery Street |
| Apollo Bunder |
| 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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FINANCIAL HIGHLIGHTS : 1995-96 TO 1999-2000

(Rs. in lakhs)

| Particulars | 1999-2000 Rs. | 1998-99 Rs. | 1997-98 Rs. | 1996-97 Rs. | 1995-96 Rs. |
|--|------------------|----------------|----------------|----------------|----------------|
| OPERATING RESULTS | | | | | |
| Turnover and Other Income | 20,805 | 22,306 | 19,427 | 16,714 | 15,533 |
| Material Cost | 13,888 | 13,811 | 11,770 | 10,645 | 9,911 |
| Personnel Cost | 1,591 | 1,450 | 1,301 | 1,065 | 960 |
| Interest | 690 | 810 | 1,094 | 1,103 | 852 |
| Other Expenses | 3,531 | 3,724 | 3,236 | 2,727 | 2,365 |
| Depreciation | 459 | 417 | 395 | 367 | 321 |
| Provision for decline in value of investments | (22) | 107 | — | — | — |
| Provision for Contingencies | — | 50 | 150 | — | — |
| Profit Before Tax | 668 | 1,937 | 1,480 | 808 | 1,124 |
| Profit After Tax | 546 | 1,377 | 1,130 | 790 | 1,084 |
| Dividend (%) | 40 | 40 | 35 | 30 | 30 |
| FINANCIAL SUMMARY | | | | | |
| Assets Employed | | | | | |
| Current Assets | 7,064 | 6,866 | 7,151 | 6,725 | 6,547 |
| Current Liabilities | 2,820 | 2,666 | 2,416 | 2,284 | 2,251 |
| Net Current Assets | 4,244 | 4,200 | 4,735 | 4,441 | 4,296 |
| Net Fixed Assets | 7,925 | 7,846 | 7,441 | 7,269 | 7,061 |
| Investments | 413 | 375 | 481 | 494 | 416 |
| Total Assets | 12,582 | 12,421 | 12,658 | 12,204 | 11,772 |
| Financed by | | | | | |
| Share Capital | 770 | 770 | 770 | 770 | 770 |
| Reserves and Surplus | 6,866 | 6,670 | 6,172 | 5,394 | 4,957 |
| Capital Grants and Subsidies | 77 | 78 | 79 | 11 | 11 |
| Borrowings | 4,869 | 4,903 | 5,637 | 6,030 | 6,034 |
| Total Liabilities | 12,582 | 12,421 | 12,658 | 12,204 | 11,772 |



Venky's (India) Limited

INVESTOR INFORMATION

NAME OF THE COMPANY, WESTERN HATCHERIES LIMITED HAS BEEN CHANGED TO VENKY'S (INDIA) LIMITED FROM 21.06.2000.

1. **Date of Book Closure** 25th July, 2000 to 4th August, 2000 (both days inclusive)
2. **Date & Venue of AGM** 15th September, 2000 at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105 Bashir Bagh, King Koti Road, Hyderabad - 500 029.
3. **Dividend Payment Record**

| Year | Percentage |
|-----------|---|
| 1994-1995 | 30 |
| 1995-1996 | 30 |
| 1996-1997 | 30 |
| 1997-1998 | 35 |
| 1998-1999 | 40 |
| 1999-2000 | (30% interim dividend) paid on 30th May, 2000) (10% final - proposed) |
4. **Listings**
 1. Hyderabad Stock Exchange
 2. Bombay Stock Exchange
 3. Pune Stock Exchange
 4. Bangalore Stock Exchange
 5. Calcutta Stock Exchange
 6. Madras Stock Exchange
 7. Delhi Stock Exchange

Also traded on National Stock Exchange

Quotation of stock is appearing under "B1" category on the Bombay Stock Exchange.

5. Share Transfer System

Share transfers would be registered and returned within a period of 4 weeks from the date of receipt, if the documents are clear in all respects.

The Share Transfer Committee which meets fortnightly aims at ensuring registration and return of transferred shares promptly on receipt of completed documents.

6. Depository System / Demat of Shares

The equity shares of the Company would be compulsorily traded in electronic form from 28.08.2000 as per SEBI circular. This facilitates faster and efficient Transfer System and also reduce investors anxiety of bad delivery / loss in transit of documents besides having the advantage of exemption from stamp duty. The concept of a market lot in respect of the shares stands abolished with effect from the aforesaid date.

The Company has entered into an agreement with National Securities Depository Limited for electronic transfers and has appointed M/s. Bigshare Services Pvt. Ltd. for electronic connectivity at the below mentioned address. A separate agreement with Central Depository Services (India) Limited has also been entered into as per SEBI guidelines.

Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072

Tel No. (022) 852 3474, 856 0652, 856 0653, Fax No. (022) 852 5207

As on 31.03.2000, nearly 10% of the total equity shares of the Company are held in demat form.

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7. Distribution of share holding as on 31st March, 2000.

| No. of equity Shares held | No. of Share Holders | % of share holders |
|---------------------------|----------------------|--------------------|
| 1-100 | 22551 | 85.72 |
| 101-200 | 2587 | 9.84 |
| 201-500 | 780 | 2.97 |
| 501-1000 | 186 | 0.71 |
| 1001-5000 | 120 | 0.46 |
| 5001-10000 | 23 | 0.09 |
| 10001 and above | 54 | 0.21 |

8. Shareholding pattern as on 31st March, 2000.

| Category | No. of Shares | Percentage |
|---------------------------------------|---------------|------------|
| Foreign Institutional Investors | 108466 | 1.410 |
| Financial Institutions / Mutual Funds | 461193 | 5.990 |
| Bodies Corporate | 3552105 | 46.144 |
| Directors & Relatives | 196073 | 2.547 |
| Public | 3380002 | 43.909 |
| Total | 7697839 | 100.000 |

9 Share prices based on daily closing rates at Bombay Stock Exchange.

| Period | 1999-2000 | |
|---------------------------|---------------|--------------|
| | High (in Rs.) | Low (in Rs.) |
| 1st Qtr. Ended 30.06.1999 | 90.70 | 55.50 |
| 2nd Qtr. Ended 30.09.1999 | 114.50 | 49.00 |
| 3rd Qtr. Ended 31.12.1999 | 289.90 | 92.25 |
| 4th Qtr. Ended 31.03.2000 | 350.00 | 75.40 |

10. Shareholders grievances handled :

| Nature of complaints | No. of complaints | | | | Pending complaints | |
|--|-------------------|------|---------|------|--------------------|------|
| | Received | | Cleared | | | |
| | 2000 | 1999 | 2000 | 1999 | 2000 | 1999 |
| i) Complaint related to share certificates | 35 | 130 | 35 | 130 | 0 | 0 |
| ii) Dividend related queries | 190 | 79 | 190 | 79 | 0 | 0 |

11. Share Transfer & Other Information regarding share certificates, change of address etc.

Investors may address their queries, if any, to :

The Investor Service Cell, Venky's (India) Limited, "Venkateshwara House", S.No.114/A/2, Pune-Sinhagad Road, Pune - 411030.

Tel. (020) 4332530 / 4332265 / 4332275 Fax No. (020) 4332287 / 4337760

E-mail : venkys@ip.eth.net

The Annual Report for the year 1999-2000 is also available on web site of the company at www.venkys.com.

