



**25TH ANNUAL REPORT 2000-2001**

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V H GROUP

**VENKY'S (INDIA) LIMITED**



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

*"The process of economic liberalisation will help poultry industry to expand rapidly. There are no longer any artificial barriers between us and modern technology."*

*"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."*

*"Change is the law of nature. Everything changes one day or the other. We must accept change and adapt to change."*

*"All our plans and programmes should be aimed at ensuring that the small farmer continues to remain in the industry and prosper."*

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

**Padmashree Dr. B.V. Rao**

## *A Message From Chairperson*

Dear Shareholders,

Greetings of the Season!

I would like to share with you some of my thoughts on the poultry industry in India.

As you are aware, your company is the largest and the most integrated poultry company in India. VH Group, to which your company belongs, is the pioneer of Indian poultry industry and has been primarily instrumental in modernising our poultry industry from a backyard operation into an organised industry. The late Padmashree Dr. B.V. Rao, with his vision, foresight and dedication, had laid a strong foundation and an R&D base, which enabled our poultry industry to achieve a high degree of productivity and technological excellence, of which the country can be proud.

With this solid foundation for future growth and the enormous scope for expansion offered by the vast gap between the present per capita consumption and the desired levels, I have no doubt that the Indian poultry industry has a bright future. And your company, along with its sister companies in the VH Group has been and will be in the forefront of this development process.

Despite the adverse conditions in the economy, poultry industry has been able to maintain a satisfactory growth rate. The broiler segment has recovered from the setback due to fall in demand in 1999-2000, mainly on account of certain steps taken by the VH Group, to correct the mismatch between supply and demand. The egg prices improved by 10% to 12% compared to the previous year, thanks to the constant vigil and market intervention by the National Egg Co-ordination Committee. The feed prices – which account for nearly 75% of the cost of production – were also subdued benefiting the farmers in a significant way. By-and-large, year 2000-2001 witnessed an overall improvement and increased stability.

Most of you are perhaps aware of the removal of Quantitative Restrictions on import of poultry products. There were apprehensions among the farmers and the industry that import of poultry meat at throw away prices might harm the domestic industry and livelihood of the farmers. The doubts were not entirely unfounded. In fact there were a couple of attempts to import chicken from France and from China. As I mentioned at the last AGM, we are not opposed to a free market and a healthy competition. We are quite confident of our industry's strength and we can face the competition from anywhere in the world, so long as the exports are not subsidised and there is a level playing field. Apart from the uneven competition, we were more concerned about the possibility of diseases hitherto unknown entering our country through imports. That poses a greater danger to the poultry industry than anything else. Fortunately, the Government of India has been quite proactive in protecting the domestic industry and the farmers; I will be failing in my duty if I do not express our sincere thanks to the government through this medium. And I am sure all of you share this thought with me.

My best wishes for you and your family.

**Anuradha J. Desai**

*Chairperson*



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## ***Products at a glance***

*Day-old Broiler and Layer Chicks*



*Specific Pathogen Free Eggs - used in production of Poultry Vaccines and some Human Vaccines*



*Animal Feed Supplements used as growth promoters, performance enhancers, vitamin pre-mixes etc. for better poultry performance.*

*Egg powder and chicken powder-based nutritional health drinks for infants and adults.*





Venky's (India) Limited

## ***Products at a glance***



***CUTLETS***

*Mouth-watering  
chicken delicacies*



***NUGGETS***



***SHEEK KABAB***



***SAMOSAS***



***CHICKEN KHEEMA***



***BURGER PATTY***



## Venky's (India) Limited

## FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2000-01 Rs.	1999-00 Rs.	1998-99 Rs.	1997-98 Rs.	1996-97 Rs.
<b>OPERATING RESULTS</b>					
Turnover and other Income	22,563	20,805	22,306	19,427	16,714
Material Cost	14,588	13,888	13,811	11,770	10,645
Personnel Cost	1,753	1,591	1,450	1,301	1,065
Interest	576	690	810	1,094	1,103
Other Expenses	3,914	3,531	3,724	3,236	2,727
Depreciation	487	459	417	395	367
Provision for decline in value of Investments	11	22	107	—	—
Provision for Contingencies	—	—	50	150	—
Profit Before Tax	1,234	668	1,937	1,480	808
Profit After Tax	864	546	1,377	1,130	790
Dividend (%)	40	40	40	35	30
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	6,997	7,064	6,866	7,151	6,725
Current Liabilities	2,859	2,820	2,666	2,416	2,284
Net Current Assets	4,138	4,244	4,200	4,735	4,441
Net Fixed Assets	8,082	7,925	7,846	7,441	7,269
Investments	395	413	375	481	494
Total Assets	12,615	12,582	12,421	12,658	12,204
<b>Financed By</b>					
Share Capital	770	770	770	770	770
Reserves and Surplus	7,394	6,866	6,670	6,172	5,394
Capital Grants and Subsidies	77	77	78	79	11
Borrowings	4,374	4,869	4,903	5,637	6,030
Total Liabilities	12,615	12,582	12,421	12,658	12,204
Earning per Share (in Rs.)	11.22	7.09	17.88	14.68	10.25
Book Value (in Rs.)	106	99	97	90	80
Debt Equity Ratio	0.53	0.63	0.65	0.80	0.98



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)*  
 (Ceased to be Director and Managing Director w.e.f. 1.8.2001)

**AUDIT COMMITTEE**

Mr. B.G. Deshmukh – *Chairman (Independent Director)*  
 Mr. S. B. Thorat – *Member (Independent Director)*  
 Mr. Jitendra M. Desai – *Member (Non-Executive Director)*

**SHAREHOLDERS COMMITTEE**

Mrs. Anuradha J. Desai – *Chairperson*  
 Mr. Jitendra M. Desai – *Member*  
 Dr. S. Samal – *Member*  
 (Ceased to be Member w.e.f. 1.8.2001)

**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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## NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the members of the Company will be held on Thursday, the 20th September, 2001 at 3.00 p.m. at Bharatiya Vidya Bhavan, Kulapati Munshi Sadan, 5-9-1105 Bashir Bagh, King Koti Road, Hyderabad 500 029 to transact the following business :

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended as on that date together with the Auditor's Report and the Directors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mrs. Anuradha J. Desai who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. S. B. Thorat who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. V. N. Dubey who retires by rotation and, being eligible, offers himself for re-appointment.
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

## ITEM NO.7 :

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

*"RESOLVED that pursuant to the recommendation of the Board of Directors (hereinafter referred to as the Board) at their Meeting held on 28<sup>th</sup> May, 2001 and in terms of Articles 191 of the Articles of Association of the Company, a sum of Rs. 2,56,66,370/- out of Rs. 8,35,22,900/- lying in the Company's share premium account as on 31<sup>st</sup> March, 2001, be capitalised for issuing fully paid equity shares of Rs. 10/- each in the capital of the Company to be issued and allotted as fully paid up bonus shares in the ratio*

*of one (1) fully paid equity share for every three (3) existing equity shares held."*

*"FURTHER RESOLVED that the new equity shares shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes *pari passu* with the existing equity shares except that they shall not be entitled to any dividend declared or paid prior to the date of allotment."*

*"FURTHER RESOLVED that the Board be and is hereby authorised and empowered to allot fully paid up bonus shares to the members of the Company whose names appear on the register of members as on such record date to be fixed by the Board in respect of the physical shares held by them and in the case of shares held in the electronic form on the basis of the lists to be submitted by NSDL and CDSL, at the end of business hours on such record date in consultation with the Stock Exchanges where the Company's securities are listed."*

*"FURTHER RESOLVED that the Board be and is hereby authorised and empowered to deal with the fractional shares arising out of the bonus issue both in respect of physical mode holding and in respect of depository mode of holding as they deem fit in consultation with the stock exchanges."*

*"FURTHER RESOLVED that for the purpose of giving effect to these resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary or desirable and to settle any question, difficulty or doubts that may arise in regard to the issue and the distribution of the new equity shares as they may deem fit and to authorise any of its Directors or officers to do any or all of the specific acts or things consequential to the aforesaid bonus issue."*

*"FURTHER RESOLVED that subject to any unforeseen or unavoidable or adverse circumstances, the Directors intend to declare and / or to recommend the declaration of dividend at the rate of not less than ten percent (10%) on the expanded paid up share capital of the Company in the financial year immediately following the issue and allotment of bonus shares."*

## ITEM NO.8 :

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





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"RESOLVED that pursuant to section 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.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 lakhs) preference shares of Rs.100 (Rupees one hundred) each aggregating to Rs.10,00,00,000 (Rupees ten crores) to Rs.21,00,00,000 (Rupees twenty one crores) divided into 1,10,00,000 (one crore and ten lakhs) equity shares of Rs.10 (Rupees ten) each aggregating to Rs.11,00,00,000 (Rupees eleven crores) and 10,00,000 (Ten lakhs) preference shares of Rs.100 (Rupees one hundred) each aggregating to Rs.10,00,00,000 (Rupees ten crores)."

"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.21,00,00,000 (Rupees twenty one crores) divided into 1,10,00,000 (one crore and ten lakhs) equity shares of Rs.10 (Rupees ten) each aggregating to Rs.11,00,00,000 (Rupees eleven crores) and 10,00,000 (Ten lakhs) 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 sub-clause 4 (a) of 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.21,00,00,000 (Rupees twenty one crores) divided into 1,10,00,000 (one crore and ten lakhs) equity shares of Rs.10 (Rupees ten) each aggregating to Rs.11,00,00,000 (Rupees eleven crores) and 10,00,000 (Ten lakhs) 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 or otherwise alter its share capital subject to the provisions of the Act.

## ITEM NO.9 :

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

"RESOLVED that para 1 of the existing Article 130(1) of the Articles of Association of the Company relating to payment of sitting fees to Directors be and is hereby altered by deleting the same and substituting in its place and stead the following clause :

130 (1) "Subject to the provisions of aforesaid sections each of the Directors of the Company (inclusive of the Chairman) shall, be entitled to payment of a sitting fee of Rs.5,000/- for each of the meeting of the Board or the Committee of the Board attended by him.

By Order of the Board of Directors

Place : Pune  
Dated : 28th May, 2001

**A. G. BAUSKAR**  
Company Secretary

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**NOTES**

1. 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 form 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.
2. The Register of Members of the Company will remain closed from 17th July, 2001 to 27th July, 2001 (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 27th July, 2001.
3. Members are requested to notify change in their address to the Company's Share Department at Pune immediately.
4. 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.
5. 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.
6. Members/Proxies are requested to bring their copies of the Annual Report to the meeting and attendance slip duly filled-in for attending the meeting.
7. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31st March, 1994 have already 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 the Registrar of Companies, Andhra Pradesh, Kendriya Sadan, 2nd Floor, 3-5-398 Sultan Bazar, Koti, Hyderabad 500 195 quoting their folio number, shareholding etc. The dividend for and from the financial year ended 31st March, 1995 not claimed within a period of seven years shall lapse and be transferred by the Company to the Fund established under section 205C of the Companies Act, 1956, namely "Investor Education and Protection Fund".

**SHAREHOLDERS MAY PLEASE NOTE THAT  
NO GIFTS WILL BE GIVEN AT THE AGM**