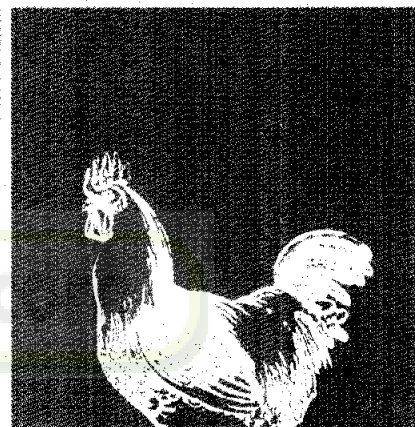


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**26TH ANNUAL REPORT 2001-02**



**V H GROUP**

**VENKY'S (INDIA) LIMITED**



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

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

*"VH has earned this leadership position because of our extraordinary high 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."*

*"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."*

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

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

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

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

Venky's (India) Limited



## *A Message From Chairperson*

Dear Shareholders,

Greetings of the Season !

I am happy to take this opportunity to brief you about the general scenario of the poultry industry in India and the progress of your company, in particular.

Thanks to the vision, farsighted planning and dedication of our late Chairman Padmashree Dr. B.V. Rao, poultry industry in India has grown rapidly into an organised, agro-based techno-commercial activity generating employment in the rural and urban areas and contributing its mite to the national economy. He foresaw that poultry offered an alternative cheap and nutritious food to the teeming millions of India's population, especially with conventional foods becoming costly day by day. We are following in the footsteps of this illustrious leader and are committed to make his dreams a reality.

Presently, the per capita consumption in our country is about 38 eggs, and 1.0 kg of poultry meat per year. Even at this level, poultry sector is providing employment to more than 2 million persons - and contributing over Rs.12,000 crores to GNP.

The National Institute of Nutrition recommends that a balanced diet should contain 30 grams of eggs and 30 grams of meat per day. This works out to approximately, 180 eggs and 11 kg. of meat per annum. The per capita consumption in U.S.A. and Europe is 30 - 32 kg. Though the 11 kg. refers to all types of meat, considering the advantages of poultry meat over other meats, it is obvious that a major share of this requirement has to be met by poultry. We, in the poultry industry, believe that a per capita consumption of 9 kg. is desirable and attainable.

If these are accepted as targeted levels of consumption, we have a wide gap of 144 eggs and 8.0 kg. of poultry meat per capita. To bridge this gap, our poultry industry needs to grow by 500% in egg production and 1,000% in broiler production. As and when this growth is achieved, poultry sector can provide direct and indirect employment to over 9 million persons - and contribute more than Rs.80,000 crores to GNP.

It is encouraging to note that the Government of India is alive to the potential and the role of poultry and the problems faced by it. Especially, the support extended by the Department of Food Processing Industries under the aegis of the Ministry of Agriculture in the form of grants for expansion, modernisation and research operations for the entire food processing industry is most encouraging.

26th  
Annual  
Report  
2001-02

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As for the poultry industry, we are grateful to the Government for its sympathetic gesture in responding to the industry's pleas as and when the occasion arises, such as dumping of poultry products under the new WTO regime by formulating anti-dumping laws on specific products. We are not against global competition *per se*, but only want a level-playing field, and if this level-playing is affected due to surge in imports of poultry and poultry products, the industry or the unit thus affected can take recourse to petition to Anti-Dumping Directorate for investigation and imposing anti-dumping duty on such imports. However, a lot more has to be done by the industry as well as the Government to realise the potential of Rs.80,000 crores which the poultry industry is estimated to have.

Your company, with its diversified products in the poultry sector, such as specific pathogen free (SPF) eggs, day-old broiler and layer chicks, poultry feed, processed chicken products, animal health products and nutritional health products for humans, has carved out a niche for itself in the poultry market. Your Company is only the fifth in the world to have the facility to produce SPF eggs which are the basic raw materials for manufacture of life saving vaccines - both for human beings and animals, including poultry.

The Company has taken necessary initiative for stabilising the egg prices and bolstering its turnover through aggressive marketing, integration in broiler segments, contract farming and constant efforts to explore new avenues to expand its product base. Barring unforeseen circumstances, I foresee your company turning out a good performance in the current year and in the years to come.

All industries are subject to a high and low in their fortunes. Poultry industry is no exception and has a cycle of 3 years and will bounce back thereafter. Despite all these, your company is on the path of steady progress registering an annual growth rate of 15% to 20% which ultimately translates into increase in shareholder value.

My best wishes for you and your families.

**ANURADHA J. DESAI**  
Chairperson

June 29, 2002



## 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. B. S. Maur – *Managing Director (Poultry)*

### AUDIT COMMITTEE

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

### INVESTORS' GRIEVANCES COMMITTEE

Mrs. Anuradha J. Desai – *Chairperson*  
 M. B. Venkatesh Rao – *Member*  
 Mr. Jitendra M. Desai – *Member*

### 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. S. M. Deshmukh

### 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

### CONTENTS

	Page No.
A Message from Chairperson	1
Financial Highlights (1997-98 to 2001-02)	4
Notice	5
Directors' Report	8
Auditors' Report	21
Balance Sheet	24
Profit & Loss Account	25
Schedules	26
Notes to the Accounts	37
Cash Flow Statement	49
Annual Report of Venkateshwara Management Services Ltd.	54
Annual Report of VenKeys Foods (India) Ltd.	70
Consolidated Financial Statements	81
Letter regarding ECS/Bank Mandate	111

26th  
Annual  
Report  
2001-02

**FINANCIAL HIGHLIGHTS**

(Rs. In Lacs)

PARTICULARS	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998
<b>OPERATING RESULTS</b>					
Turnover and Other Income	26,643	22,563	20,805	22,306	19,427
Material Cost	15,778	14,588	13,888	13,811	11,770
Personnel Cost	2,057	1,753	1,591	1,450	1,301
Interest	462	576	690	810	1,094
Other Expenses	6,199	3,914	3,531	3,724	3,236
Depreciation	527	487	459	417	395
Provision for decline in value of investments	-	11	22	107	-
Provision for Contingencies	-	-	-	50	150
Profit Before Tax	1,620	1,234	668	1,937	1,480
Profit After Tax	1,081	864	546	1,377	1,130
Dividend (%)	40	40	40	40	35
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	8,287	6,997	7,064	6,866	7,151
Current Liabilities	3,592	2,859	2,820	2,666	2,416
Net Current Assets	4,695	4,138	4,244	4,200	4,735
Net Fixed Assets	8,071	8,084	7,925	7,846	7,441
Investments	718	395	413	375	481
Deferred Tax Liability	(1,535)	-	-	-	-
Total Assets	11,949	12,615	12,582	12,421	12,658
<b>Financed by</b>					
Share Capital	1,027	770	770	770	770
Reserves and Surplus	6,260	7,394	6,866	6,670	6,172
Capital Grants and Subsidies	97	77	77	78	79
Borrowings	4,565	4,374	4,869	4,903	5,637
Total Liabilities	11,949	12,615	12,582	12,421	12,658
Earning per share (Rs.)	10.53	11.22	7.09	17.88	14.68
Book Value (Rs.)	71	106	99	97	90
Debt-Equity Ratio	0.63	0.53	0.63	0.65	0.80





## Venky's (India) Limited

### NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the members of the Company will be held on Friday, 6<sup>th</sup> September, 2002 at 9.30 a.m. at Hari Hara Kala Bhavan, Sardar Patel Road, Secunderabad (Hyderabad) 500 003 to transact the following business.

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2002 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 Mr. B. Venkatesh Rao who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. G.V.K. Rao who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. Jitendra M. Desai who retires by rotation and being eligible, offers himself 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 modification(s), the following resolution as an Ordinary Resolution:  

"RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 Dr. B. S. Maur, who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 20<sup>th</sup> September, 2001 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company."
8. 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 provisions of Sections 198, 269, 309, Schedule-XIII and other

applicable provisions, if any, of the Companies Act, 1956, approval of members be and is hereby accorded for appointment of Dr. B. S. Maur as Managing Director of the Company for a period of five (5) years with effect from 1<sup>st</sup> October, 2001 on the remuneration and the terms and conditions as are set out in the draft agreement proposed to be entered into between the Company and Dr. B. S. Maur."

BY ORDER OF THE BOARD OF DIRECTORS

Pune  
June 29, 2002

**S. M. DESHMUKH**  
COMPANY SECRETARY

#### 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 Tuesday, 3<sup>rd</sup> September, 2002 to Friday, 6<sup>th</sup> September, 2002 (both days inclusive). If 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 6<sup>th</sup> September, 2002.
3. A brief profile of the Directors retiring by rotation and eligible for re-appointment and other director/s proposed to be appointed, is given in the Report on Corporate Governance attached to the Directors' Report.
4. Pursuant to the amendments introduced by the Finance Act, 2002, tax will be deducted at source at the applicable rates on such dividend where the dividend exceeds Rs.1,000/-. Shareholders whose annual income is not likely to exceed the taxable limit, are requested to submit Form 15G duly filled, signed and verified in the manner prescribed in the said form, to the Company's Secretarial Department at "Venkateshwara House", S.No.114/A/2, Pune-Sinhagad Road, Pune 411 030 latest by **Monday, 2<sup>nd</sup> September, 2002**, to enable the Company to pay such dividend without deduction of tax at source.

**26th  
Annual  
Report  
2001-02**

5. Members are requested to notify change in their address to the Company's Secretarial Department at Pune immediately. The members holding shares in Demat Form, should inform this to their respective Depository Participants.
6. Members holding 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.
7. Members desiring any information on Accounts are requested to write to the Company so as to reach them at least ten days before the meeting so as to enable the Company to keep the information ready at the meeting.
8. 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.
9. Pursuant to section 205A of the Companies Act, 1956, all unclaimed dividends upto the financial year ended 31<sup>st</sup> 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, 2<sup>nd</sup> Floor, 3-5-398 Sultan Bazar, Koti, Hyderabad 500 195 quoting their folio number, shareholding etc. The Members who have not yet encashed their dividend for the financial year 1994-95 and thereafter may approach the Company for payment thereof. The dividend remaining unclaimed for the period of seven years shall be transferred by the Company to the "Investor Education and Protection Fund" of the Central Govt.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEMS NO. 7 & 8**

The Board of Directors of the Company appointed Dr. B. S. Maur as an Additional Director and Managing Director of the Company from 1<sup>st</sup> October, 2001. An Abstract and Memorandum giving details of terms of appointment of Dr. Maur as required under Section 302 of the Companies Act, 1956 was sent to the shareholders.

The appointment of Dr. Maur as an Additional Director is valid upto the date of this Annual General Meeting. The Company has received notice proposing candidature of Dr. Maur as Director of the Company. Dr. Maur is not liable to retire by rotation till the time he continues to be a Managing Director of the Company.

Dr. Maur is a qualified veterinarian by profession and is in employment of the Company for last two and half decades. Dr. Maur has contributed greatly to the development of poultry division and has been instrumental in steering the Company to its present strong position in broiler and layer markets, particularly in North Zone.

Following are the details of terms of appointment of Dr. Maur as a Managing Director:

- I. Term of Appointment : 5 years from 1<sup>st</sup> October, 2001 to 30<sup>th</sup> September, 2006.
- II. Dr. Maur shall be responsible for the poultry operations of the Company.
- III. Remuneration

**A) Salary :**

Salary of 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 of the Companies Act, 1956.

**B) Commission :**

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

**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, subject to the limit specified in Section II of Part II of the Schedule XIII.

**2. Superannuation and Gratuity :**

Benefits under the Company's Superannuation Scheme and Gratuity Scheme in accordance with the Company's rules, 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 such ceiling as may be





## Venky's (India) Limited

determined by the Board at the time of making such payment.

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 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 the Rules of 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 fifty percent of the salary, over and above ten percent payable by the Managing Director.

b. In case the accommodation is owned by the Company ten percent 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 ceiling laid down in (a) above.

6. The Managing Director shall be entitled to:

- a. Car for office use and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.
- b. Membership free of one club. This will not include admission and life membership fees.
- c. Personal accident insurance provided that the Premium will not exceed Rs.1,000/- per annum.

Where in any financial year during the currency of tenure of the appointment of Dr. Maur, the Company has no profits or its profits are inadequate, the total remuneration payable to Dr. Maur shall not exceed the limits as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

Your directors recommend for your approval, the resolutions at Items no. 7 & 8.

No director other than Dr. Maur is interested in these resolutions.

The said draft agreement is available for inspection of the members at the Registered Office of the Company upto the date of Annual General Meeting i.e. 6<sup>th</sup> September, 2002 during working days between 11.00 a.m. and 1.00 p.m.

BY ORDER OF THE BOARD OF DIRECTORS

Pune  
June 29, 2002

**S. M. DESHMUKH**  
Company Secretary

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

26th  
Annual  
Report  
2001-02

## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors have pleasure in presenting the Twenty-sixth Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2002.

### FINANCIAL RESULTS

(Rs. in Lakhs)

	<b>2001-2002</b>	2000-01
Profit before tax	<b>1,620.83</b>	1,234.03
Less : Provision for taxation		
Current	<b>510.00</b>	370.00
Deferred	<b>29.70</b>	—
Profit after tax	<b>1,081.13</b>	864.03
Add: Provision for tax in respect of earlier year	<b>(42.66)</b>	3.56
Balance of profit & loss Account brought forward	<b>261.15</b>	232.97
Profit available for Appropriation	<b>1,299.62</b>	1,100.56
Appropriations		
Transfer to General Reserve	<b>700.00</b>	500.00
Dividend :	<b>410.66</b>	308.00
Corporate dividend tax	—	31.41
Balance profit carried forward	<b>188.96</b>	261.15
	<b>1,299.62</b>	1,100.56

### OPERATIONS

The performance of the Company during the year under review continued to be encouraging. Market for day old broiler chicks was stable throughout the year. On the layer front, the improvement in the prices of eggs and chicks witnessed in the previous year continued during the year. Prices of feed which is a major part of cost of production of poultry industry, were more or less stable throughout the year.

The income of the Company during the year under review rose by 18% from Rs.22,381 lakhs during the previous year to Rs.26,488 lakhs. Profit before tax increased from Rs.1,234 lakhs to Rs.1,621 lakhs by registering a robust growth of 31%. Strengthening of marketing, improvement in realisation and bringing down interest and other costs have contributed towards the improved performance witnessed during the year under review. On the exports front, sale of broiler hatching eggs to the Middle East showed satisfactory progress. Plans are afoot to increase exports during the current year.

### SHARE CAPITAL

During the year, the Company allotted 25,66,637 bonus shares and the paid-up capital of the Company consequently increased from Rs.7,69,99,120 to Rs.10,26,65,490. The earning per share on the expanded capital base is Rs.10.53.

### DIVIDEND

Your Directors recommend a dividend of 40% (i.e. Rs.4.00 per share) on the expanded equity share capital of the Company. The dividend, if approved at the ensuing annual general meeting, will absorb Rs.411 lakhs (previous year Rs.308 lakhs). Bonus shares allotted during the year are entitled to dividend for the full year.

### SEGMENT-WISE PERFORMANCE

Operational performance of each business segment has been comprehensively covered in the Management Discussion and Analysis Report given in Annexure-A which forms part of this Report.