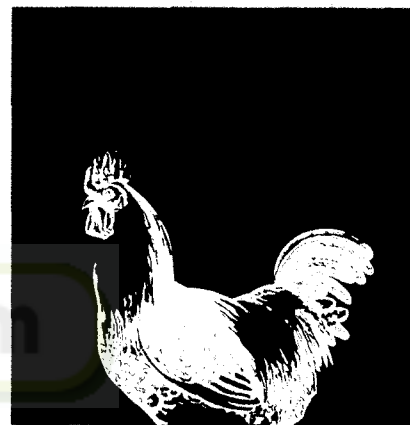


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**27TH ANNUAL REPORT 2002-03**



**V H GROUP**

**VENKY'S (INDIA) LIMITED**



**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 far all time to come."*

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

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

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

*"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."*

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

*"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."*

*"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."*

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



Venky's (India) Limited

## *A Message From Chairperson*

Dear Shareholders,

Greetings of the Season !

Once again it is my pleasure to present you with a review of the general scenario of the poultry sector in India and the progress of your company, in particular.

Despite the various adverse factors, such as over production in the broiler segment, steep increase in feed prices, and decrease in egg and broiler prices, the poultry sector has been able to register a decent growth. We have witnessed wide fluctuations in the fortunes of the poultry sector during the year under review, but thanks to the strong foundation laid by our late Chairman Padmashree Dr. B.V. Rao, we have survived the most daunting period seen in recent years.

The growth of Indian poultry sector is synonymous with the growth of rural employment and creation of wealth for the rural poor. Poultry continues to be a key player in providing a source of economical and nutritious food in these days of severe drought and rising prices of other food items. It is interesting to note that in last three years the broiler segment has grown by about 100%. The Indian poultry has come of age and I hope the time is not far off when it will attain the number one position in terms of largest producer of eggs and poultry meat in the world.

Presently, the per capita consumption in our country is about 38 eggs, and 1.2 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.22,000 crores to GNP.

I have already highlighted in my last year's review that the wide gap of 144 eggs and 8.0 kg. of poultry meat per capita in consumption levels has to be bridged. To this end the poultry sector has to grow by 500% in egg production and 1,000% in broiler production. When this growth is achieved, poultry can provide direct and indirect employment to over 9 million people and contribute more than Rs.80,000 crores to national GNP. Fortunately, our Governments - both Central and States - have realised the potential of this vital sector and its role in uplifting the rural poor and are accordingly increasing the plan allocations to agriculture and agro-based industries.

The government is ensuring a level-playing field for the Indian poultry industry against entry of poultry products from abroad which would have given an uneven and unhealthy competition.

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Yet a lot more has to be done to nurture the poultry sector by giving several incentives and making available enough quantities of maize and other feed ingredients, so vital for its survival. I am sure the present governments - both at the Centre and the States - will give whatever possible support to this pivotal sector and will enable it to play its vital role in uplifting the rural economy and in solving the problem of food security in the country.

Turning to the performance of your company, the profit for the year 2002-03 was under severe pressure due to excess production of broiler chicks, high cost of feed and lower realisation. This is a temporary phase and, I am sure, your company will come out with better performance in the current year and years to come. Necessary corrective measures have been taken to improve the overall performance by adopting appropriate strategies. Being part of VH Group - the pioneer in the poultry sector in India - with inherent potential to withstand adverse conditions, the Company will be able to sail through the unfavourable circumstances quite successfully.

I am glad to inform you that a new division by name 'Royal Pet' has been started to cater to the needs of the pet food industry which has a good potential in this country. Soon we will be setting up our own facilities to manufacture pet food products. These measures are aimed at improving the gross revenue and thereby ensuring better returns to the shareholders. You may be rest assured that our aim is to do our best to live up to the confidence you have placed in us and we will work ceaselessly to achieve this objective.

My best wishes for you and your families.

**Anuradha J. Desai**  
Chairperson



## Venky's (India) Limited

### BOARD OF DIRECTORS

Mrs. Anuradha J. Desai	- Chairperson
Mr. B. Venkatesh Rao	- Vice Chairman
Mr. B. Balaji Rao	- Managing Director (AHP, SPF and Feed)
Mr. Jitendra M. Desai	
Mr. S.B. Thorat	
Mr. B.G. Deshmukh	
Dr. G.V.K. Rao	
Mr. C. Jagapati Rao	
Mr. V.N. Dubey	
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)

### SHARE TRANSFER & INVESTORS' GRIEVANCES COMMITTEE

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

### COMPANY SECRETARY

Mr. S. M. Deshmukh

### BANKERS

State Bank of India  
Bank of Maharashtra  
Bank of Baroda  
Corporation Bank  
IDBI Bank Limited

### AUDITORS

SUDIT K. PAREKH & CO.  
Chartered Accountants  
12-A Suleman Chambers  
2nd Floor, 4 Battery Street  
Apollo Bunder, Mumbai - 400 001

### REGISTRARS AND SHARE TRANSFER AGENTS

BigShare Services (Pvt.) Limited  
E-2, Ansa Industrial Estate  
Sakivihar Road, Sakinaka  
Andheri (East), Mumbai - 400 072.  
Tel. : 022-28560652, 28523474

### REGISTERED AND CORPORATE OFFICE

"Venkateshwara House"  
S.No. 114 /A/2, Pune -Sinhagad Road  
Pune-411 030  
Tel. 020-4251530 to 41

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### FINANCIAL HIGHLIGHTS

(Rs. In Lacs)

PARTICULARS	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
<b>OPERATING RESULTS</b>					
Turnover and Other Income	30,076	26,643	22,563	20,805	22,306
Material Cost	18,439	15,778	14,588	13,888	13,811
Personnel Cost	2,190	2,057	1,753	1,591	1,450
Interest	437	462	576	690	810
Other Expenses	7,501	6,199	3,914	3,531	3,724
Depreciation	575	527	487	459	417
Provision for decline in value of investments	-	-	11	22	107
Provision for Contingencies	-	-	-	-	50
Profit Before Tax	933	1,620	1,234	668	1,937
Profit After Tax	768	1,081	864	546	1,377
Dividend (%)	30	40	40	40	40
<b>FINANCIAL SUMMARY</b>					
<b>Assets Employed</b>					
Current Assets	9,203	8,287	6,997	7,064	6,866
Current Liabilities	3,941	3,592	2,859	2,820	2,666
Net Current Assets	5,261	4,695	4,138	4,244	4,200
Net Fixed Assets	9,326	8,071	8,084	7,925	7,846
Investments	506	718	395	413	375
Deferred Tax Liability	(1,392)	(1,535)	-	-	-
Miscellaneous Expenses	100	-	-	-	-
Total Assets	13,801	11,949	12,615	12,582	12,421
<b>Financed by</b>					
Share Capital	975	1,027	770	770	770
Reserves and Surplus	6,589	6,260	7,394	6,866	6,670
Capital Grants and Subsidies	96	97	77	77	78
Borrowings	6,142	4,565	4,374	4,869	4,903
Total Liabilities	13,801	11,949	12,615	12,582	12,421
Earning per share (Rs.)	7.88	10.53	11.22	7.09	17.88
Book Value (Rs.)	78	71	106	99	97
Debt-Equity Ratio	0.80	0.63	0.53	0.63	0.65





Venky's (India) Limited

**NOTICE**

NOTICE is hereby given that the Twenty-seventh Annual General Meeting of the members of the Company will be held on Thursday, 31st July, 2003 at 11.30 a.m. at Hotel President, Lane No.8, Prabhat Road, Pune 411004 to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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 reappointment.
4. To appoint a Director in place of Mr. B.G. Deshmukh, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr. C Jagapati Rao, 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 subject to the provisions of Sections 198, 269, 309 read with Schedule-XIII of the Companies Act, 1956 and other applicable provisions, if any, the approval of members be and is hereby accorded for the re-appointment of Mr. B. Balaji Rao as Managing Director of the Company for a period of five (5) years with effect from 1st November, 2002 on the remuneration and the terms and conditions as are set out in the explanatory statement attached to the notice."

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

"RESOLVED THAT in accordance with the provisions of Section 309 and other applicable

provisions, if any, of the Companies Act, 1956, the approval of members be and is hereby accorded to pay to its Directors (other than Managing Director/s and Wholetime Director/s) for a period of 5 (five) years commencing 1st April, 2002, such commission as the Board may from time to time determine (to be divided amongst them in such proportion/manner as may be determined by the Board from time to time), in addition to the sitting fee for attending the meetings of Board of Directors or any committee thereof, but so that such commission shall not exceed 1% of the net profits of the Company in any financial year, to be computed in the manner provided in Section 198 of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Securities Contract Regulation Act, 1956 and Rules and Regulations issued by Securities and Exchange Board of India (SEBI), and provisions of other applicable Acts, if any, the consent of the members of the Company be and is hereby accorded to delist the equity shares of the Company from The Hyderabad Stock Exchange Ltd., The Pune Stock Exchange Ltd., Bangalore Stock Exchange Ltd., The Calcutta Stock Exchange Association Ltd., Madras Stock Exchange Ltd. and The Delhi Stock Exchange Association Ltd."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to complete all the formalities with respect to delisting of shares."

10. To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Article 62A of the Articles of Association of the Company and in accordance with the provisions of Sections 77A and 77B and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") and the provisions contained in the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (hereinafter referred to as "the Regulations") (including any statutory modification(s) or re-enactment of the said Act

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or Rules framed thereunder from time to time or the Regulations, for the time being in force) and subject to such approvals, permissions and sanctions which may be necessary and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include a Committee thereof), the consent of the Company be and is hereby accorded to the Board to purchase or buy-back its fully paid-up equity shares of the face value of Rs.10/- each upto a maximum of 10,00,000 equity shares (Ten lakh) and outflow not exceeding Rs. 650 lacs (Rupees Six Hundred and fifty lacs) upto a price not exceeding Rs.65/- (Rupees Sixty Five) per equity share (hereinafter referred to as "the Buy-back").

"RESOLVED FURTHER THAT the Board be and is hereby authorised to implement the buy-back within a period of twelve months from the date of passing of this resolution (or such extended period as may be permitted under the Act or the Regulations or by the appropriate authorities) in one or more tranches from and out of the Company's Free Reserves and/or the Securities Premium Account and / or the proceeds or an earlier issue of shares other than equity shares made specifically for buy-back purposes, by the methodology of open market purchases through the Stock Exchanges or by way of 'tender offer' to all the shareholders or in any other manner as may be prescribed by the Act and /or the Regulations and on such terms and conditions as the Board may from time to time in its absolute discretion deem fit."

"RESOLVED FURTHER THAT within the limits of maximum of 10,00,000 equity shares (Ten lakh) and outflow not exceeding Rs. 650 lacs (Rupees Six Hundred and fifty lacs) upto a price not exceeding Rs.65/- (Rupees Sixty Five) per equity share stipulated as aforesaid, the Board be and is hereby authorised to determine the aggregate amount to be utilized towards the buy-back, including the number of equity shares to be bought back, the specific price for individual transactions in the buy-back and the time frame thereof for the completion of the modalities for the closure of the buy-back."

"RESOLVED FURTHER THAT subject to applicable statutory regulations and within the overall limits of a maximum of 10,00,000 equity shares (Ten

lakh) and outflow not exceeding Rs. 650 lacs (Rupees Six Hundred and fifty lacs) upto a price not exceeding Rs.65/- (Rupees Sixty Five) per equity share, the Board be and is hereby authorised to implement a second tranche of Buy-back from open market through the Stock Exchange or by way of 'tender offer' to all the shareholders or in any other manner, if within a period of twelve months (or such permitted extended period) from the date of passing of this resolution the Board decided to close the earlier Buy-back done from open market through the stock exchange or 'tender offer' to all the shareholders."

"RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer and / or cast any obligation on the part of the Company or the Board to buy-back any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such buy-back, if so permissible by law."

"RESOLVED FURTHER THAT the buy-back of shares from non-resident shareholders, and/or shareholders of foreign nationality shall be subject to such further approvals as may be required including approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the Rules/Regulations framed thereunder."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper with regard to the implementation of the buy-back including:

- (a) appointment of Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agencies, Compliance Officer, Investor Service Centers and other Advisors, Consultants or Representatives.
- (b) making of all applications to the appropriate authorities for their requisite approvals.
- (c) initiating all the necessary actions for preparation and issue of Public Announcement.
- (d) filing of Public Announcement and also the certificates of Declaration of Solvency and all other documents required to be filed in the above connection with necessary authorities and for extinguishment and





## Venky's (India) Limited

physical destruction of share certificates in respect of shares bought back; and

- (e) settling of all such questions or difficulties whatsoever which may arise in connection with the buy-back so as to take all such steps and decisions in this regard."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers to any Committee of Directors of the Company for giving effect to the aforesaid resolution."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of section 31 of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting the following Article as Article 58A after Article 58:

*If a valid request for transfer of shares is received by the Company, it will not refuse to register transfer of such shares, on the grounds that any moneys are due from such transferor (in case of joint holders, from any of such joint holder/s) to the Company on any account."*

By Order of the Board of Directors,

Pune

June 19, 2003

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 Thursday, 24th July, 2003

to Thursday, 31st July, 2003 (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 31st July, 2003. In case of dematerialised shares, the dividend payment shall be made through ECS wherever possible and wherever relevant bank account details are made available by NSDL and CDSL.

- 3 A brief profile of Directors retiring by rotation and eligible for reappointment and other Director/s proposed to be appointed, is given in the report on Corporate Governance, attached to the Directors' Report.
- 4 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.
- 5 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.
- 6 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 to enable the Company to keep the information ready at the meeting.
- 7 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.
- 8 Pursuant to section 205A of the Companies Act, 1956, the unclaimed dividend for the financial year ended 1994-95 was transferred to "Investor Education and Protection Fund" of the Central Government. The members who have not yet encashed their dividend for the financial year 1995-96 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 "Investor Education and Protection Fund" of the Central Government.

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

### Item No. 7

The Board of Directors of the Company re-appointed Mr. B. Balaji Rao as Managing Director of the Company for a term of five years from 1st November, 2002. An Abstract and Memorandum giving details of terms of appointment of Mr. Balaji Rao, as required under Section 302 of the Companies Act, 1956 was sent to the shareholders.

Mr. B. Balaji Rao is not liable to retire by rotation till the time he continues to be a Managing Director of the Company.

Mr. Balaji Rao has contributed significantly to the development of SPF, AHP and Feed divisions of the Company and his re-appointment as proposed will enable the Company to continue to avail his services as Managing Director.

Following are the details of the terms of appointment of Mr. B. Balaji Rao as a Managing Director:

- I. Term of Appointment : 5 years from 1st November, 2002 to 31st October, 2007.
- II. Mr. B. Balaji Rao shall be responsible for the operations of the SPF, AHP and Feed divisions of the Company.
- III. Remuneration:
  - (a) Salary : Rs.50,000/- per month.
  - (b) House Rent Allowance : 50% of the salary i.e. Rs.25,000/- per month. In case the Company provides residential furnished accommodation, no House Rent Allowance will be payable.
  - (c) Medical Reimbursement : Upto one month's salary per annum.
  - (d) Leave Travel Allowance : Upto one month's salary per annum.
  - (e) Mr. B. Balaji Rao shall be entitled for a car with a driver. However, use of car for official work shall not be considered as perquisite. Mr. B. Balaji Rao shall be entitled to telephone and other communication facilities at his residence and personal long distance calls, if any, shall be billed by the Company to the Managing Director.
  - (f) Mr. B. Balaji Rao shall be entitled for Company's contribution to Provident Fund, Superannuation Fund and Gratuity as per the rules of the Company.

Provided however that contribution to Provident Fund and Superannuation Fund shall not be included in computation of limits on remuneration, to the extent they singly or put together are not taxable under the Income Tax Act, 1961. Gratuity as aforesaid shall also not be computed for the purpose of ceiling on remuneration as above.

- (g) Mr. B. Balaji Rao shall be entitled to Membership fees of one club (excluding life membership fee). He shall also be entitled to personal accident insurance provided that the Premium does not exceed Rs.1,000/- per annum.

Mr. B. Balaji Rao shall be entitled to Commission of 5% on net profit of the Company, for a financial year, subject to a ceiling of Rs.1,00,000/-.

The total remuneration of the Managing Director shall be restricted to the limit of 5% of net profit of the Company as per Schedule XIII of the Companies Act, 1956. In case of loss / inadequacy of profits, the above remuneration shall be paid as a 'minimum remuneration' subject to other compliances, if any, under Section II of Part II of Schedule XIII of the Companies Act, 1956."

Your directors recommend for your approval, the resolution at Item No. 7.

Except Mr. B. Balaji Rao, Mrs. Anuradha J. Desai, Mr. B. Venkatesh Rao and Mr. J. M. Desai, none of the other Directors is interested or concerned in the proposed resolution.

Draft of agreement to be executed with Mr. Balaji Rao is available for inspection of the members at the Registered Office of the Company upto the date of Annual General Meeting in working days, between 11.00 a.m. and 1.00 p.m.

### Item No. 8

At the Annual General Meeting of the Company held on 24th September, 1998 the shareholders had approved to remunerate the Directors other than Managing Directors/ Whole-time 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 approval for payment of such commission was valid upto 31st March, 2002. It is proposed to pay such commission for a further period of five years with effect from 1st April, 2002 for the services rendered by such directors.