



**6<sup>th</sup>**  
Annual Report  
1998-99



## Avanti Feeds Limited

### BOARD OF DIRECTORS

**A.Venkateswara Rao**

Chairman and Managing Director

**A.Indra Kumar**, Executive Director

**N.Ram Prasad**

**A.V.Achar**

**C.Satyanarayana**

**M.V.Subba Rao**

**K.Ram Mohan Rao**

**C.Ramachandra Rao**

Executive Director and Company Secretary

### Auditors

Karvy & Co.

Chartered Accountants

Karvy House, 46, Avenue 4,

Street No.1, Banjara Hills

HYDERABAD - 500 034.

### Bankers

State Bank of India

Andhra Bank

### Registrars & Share Transfer Agents

**Karvy Consultants Limited**

Karvy House, 46, Avenue 4,

Street No.1, Banjara Hills

HYDERABAD - 500 034.

### Registered Office

G-2, Concorde Apartments

# 6-3-658, Somajiguda

Hyderabad - 500 082.

### Works

#### Feed Plant

D.No.15-11-24

Kovvur - 534 350

W.G.Dist., A.P., India

#### Processing Plant

Gopalapuram - 533 274

Ravulapalem Mandalam

E.G.Dist., A.P., India.

#### Shrimp Shell Meal Plant

Survey No.197/5 & 197/6

National Highway No.5

Eathakota - 533 238

E.G.Dist, A.P., India



## DIRECTORS' REPORT

To the Shareholders,

Your Directors have pleasure in presenting their Sixth Annual Report together with the audited accounts for the year ended 31st March, 1999.

### FINANCIAL RESULTS :

	Rs.in Lakhs	
	<b>1998-99</b>	<b>1997-98</b>
Sales & Other Income	<b>8482.55</b>	3436.77
Profit before Interest, Depreciation & Tax	<b>1396.60</b>	666.41
Interest	<b>193.35</b>	112.00
Depreciation	<b>93.92</b>	68.84
Profit before Tax	<b>1109.33</b>	485.57
Provision for Income Tax	<b>261.00</b>	107.00
Profit after Tax	<b>848.33</b>	378.57
Add :Balance brought forward from previous year	<b>53.51</b>	4.43
Profit available for appropriation	<b>901.84</b>	383.00
<b>APPROPRIATION :</b>		
Proposed Dividend on equity shares	<b>163.50</b>	117.72
Corporate Dividend Tax	<b>17.98</b>	11.77
General Reserve	<b>400.00</b>	200.00
Surplus carried to Balance Sheet	<b>320.36</b>	53.51

### REVIEW OF OPERATIONS :

Your Directors are pleased to report that the company achieved significant increase in feed sales of 1998-99 over earlier year by establishing as one of the leading brands of feed in the market. The processing and export of Shrimps has registered an export turnover of Rs.16.72 crores.

### DIVERSIFICATION :

Your Directors are pleased to report that the expansion of feed plant has been completed in January '99 by increase of capacity to 20,000 MT per annum. The implementation of Shrimp Shell Meal manufacturing unit and Pre-Processing unit at Eathakota, East Godavari Dist., has also been successfully completed and production will start shortly. The captive Wheat Flour Mill is under implementation and scheduled to be completed by December '99. Your Directors are pleased to report that the scheduled diversification / expansion envisaged last year have all been successfully implemented this year.

### FUTURE PLANS :

The plan envisaged to set up facilities for manufacturing value added products in the processed shrimps for export to US and European markets is under study.

Feasibility of setting up another unit for manufacture of Shrimp feed with a production capacity of 10,000 MT per annum is being considered in view of the over whelming support received from the aquaculture industry for the shrimp feed of





# Avanti Feeds Limited

## ANNEXURE - 1

**Statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 1999.**

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs.	Qualifications	Experience Yrs.	Employment	Age Yrs.	Last Employed
A. Venkateswara Rao	Chairman and Managing Director	Planning, Co-ordination, Financial & Admn. Controls	22,60,146	S.S.L.C.	34	01.01.1997	66	Director, Navabharat Enterprises Limited
A Indra Kumar	Executive Director	Projects, Production, Exports & General Administration	27,35,346	B.E.	13	01.04.1998	37	Executive Director, Srinivasa Cystine Limited
C.Ramachandra Rao	Executive Director	Finance, Secretarial, Imports & Exports and Administration	15,33,073	ACA, ACS & LL.B.	23	01.10.1994	47	Finance Manager & Company Secretary, Srinivasa Cystine Ltd.
Dr.D.C.Das	General Manager (Marketing)	Product-Promotion & Marketing	6,73,480	M.V.Sc.	17	06.06.94	43	Manager-Animal Feed in TATA Oil Mills Co. Limited



## Avanti Feeds Limited

### ANNEXURE - 2

Information pursuant to Section 217(1)(e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the Year ended 31st March, 1999.

#### A. Conservation of Energy :

- |  |   |   |
|--|---|---|
| a) Energy Conservation measures taken  | : | a) High efficiency, Oil fired Boiler is installed to generate steam at low cost.<br>b) Diesel generator sets of high efficiency have been installed to generate electricity at minimum cost per unit. |
| b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy  | : | Since the unit is only five years old periodic review of the performance of the equipment will be taken up and steps will be taken to reduce consumption of energy wherever feasible.                 |
| c) Impact of the measures at (A) and (B) above for reduction of energy consumption and consequent impact on the cost of production of goods.                 | : | Since the unit is set up recently, impact of the measures taken at (A) and (B) will be observed in due course.  |
| d) Total energy consumption and consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the Schedule thereto. | : | Not applicable since the industry does not fall under the list given in schedule to the Annexure of the "Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988".       |

#### B. Technology Absorption : Research and Development (R & D)

- |   |   |  |
|---|---|--|
| 1. Specific areas in which R & D carried out the Company.     | : | Research & Development work has been initiated to develop formulae for |
| 2. Benefits derived as a result of the above R & D            | : | manufacture of low cost feed with high nutritional value.              |
| 3. Future plan of action                                      | : |  |
| 4. Expenditure on R & D                                       | : |  |
| a) Capital  |   |  |
| b) Recurring  |   |  |
| c) Total  |   |  |
| d) Total R & D expenditure as a percentage of total turnover. |   |  |



## Avanti Feeds Limited

### Technology Absorption, Adoption and Innovation :

1. Efforts, in brief made towards Technology Absorption, Adoption and Innovation : The imported Feed manufacturing technology has been successfully adopted by the Company.
2. Benefits derived as a result of the above efforts, e.g. Product improvement, Cost reduction, Product Development, Import substitution etc. : High Quality Shrimp Feed manufactured by the Company is well received by the Aqua Culture Industry and the product enjoys the status of one of the leading Brands in the market.
3. In case of Imported Technology (Imported during the last five years reckoned from the beginning of the financial year), following information may be furnished. :
  - a) Technology Imported : Manufacture of Shrimp Feed.
  - b) Year of Import : 1994
  - c) Has Technology been fully Absorbed : Technology is fully absorbed.
  - d) If not fully absorbed, areas where this has not taken place, therefor and future plans of action. : N.A.

### C. Foreign Exchange Earnings & Outgoings :

	1998-99 Rupees in Lakhs	1997-98 Rupees in Lakhs
a) Foreign Exchange Earnings	1,671.96	—
b) Foreign Exchange Out-go	3,996.42	1,241.85



## Avanti Feeds Limited

### AUDITORS' REPORT

To

The Members of  
M/s.AVANTI FEEDS LIMITED

We have audited the attached Balance Sheet of AVANTI FEEDS LIMITED as at 31st March, 1999 and Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 to the extent applicable, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to the paragraph 1 above, we state that :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company sofar as it appears from our examination of such books.
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report

is in agreement with the books of account.

- d) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) In our opinion and to the best of our information and explanations given to us, the accounts read together with the notes thereon gives the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
  - i) in sofar as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.

**AND**

- ii) in sofar as it relates to the Profit and Loss Account, of the profit of the Company for the year ended on that date.

**for Karvy & Company,**  
Chartered Accountants.

Place : Hyderabad  
Date : 10.08.1999

**(K.Ajay Kumar)**  
Partner



## ANNEXURE

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As per the phased programme designed by the Company the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies have been noticed on such verification.
- ii) None of the fixed assets have been revalued during the year.
- iii) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of the verification is reasonable.
- iv) The procedures of physical verifications of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The discrepancies noticed on verification between the physical stocks and the book records were not material.
- vi) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vii) The Company has taken a Hire Purchase loan from a Company listed in the Register maintained under section 301 of the Companies Act, 1956 (1 of 1956) and the terms and conditions are not *prima-facie* pre- judicial to the interest of the Company. The Company has not taken any other loans secured or unsecured from Companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 (1 of 1956) or from Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- viii) The Company has granted interest free unsecured loan to a company listed in the Register maintained under section 301 under the Companies Act, 1956. The terms and conditions are not *prima-facie* prejudicial to the interest of the company. The Company has not granted any other loans to Companies, firms or other Companies as listed in the register maintained under Section 301 of the Companies Act, 1956 (1 of 1956) or to companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
- ix) The loans and advances made by the company are in the nature of staff advances which do not bear any interest. The principal amounts are being repaid as stipulated.
- x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of the stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.



## Avanti Feeds Limited

- xi) In our opinion and according to the information and explanations given to us the transactions of purchase of goods and materials and sale of goods, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods to the prices at which transactions for similar goods, materials or services have been made with other parties.
- xii) Unserviceable or damaged stores, raw materials or finished goods are determined and provision for the loss has been made in the accounts.
- xiii) The Company has not accepted any deposits from the public under Section 58-A of the Companies Act, 1956.
- xiv) The Company has no by-products and it has maintained reasonable records for sale and disposal of realisable scrap.
- xv) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- xvi) In respect of this Company, maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
- xvii) According to the records of the Company, Provident Fund and Employees State Insurance dues have been regularly deposited with the appropriate authorities.
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account.
- xx) The Company is not a Sick Industrial Company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- for Karvy & Company,  
Chartered Accountants.
- Place : Hyderabad                      (K.Ajay Kumar)  
Date : 10.08.1999                      Partner