



7th
Annual Report
1999-2000



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 & Company
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 & Wheat Flour Plants
D.No.15-11-24
Kovvur - 534 350.
W.G.Dist., A.P., India.

Shrimp 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 Seventh Annual Report together with the audited accounts for the year ended 31st March, 2000.

FINANCIAL RESULTS :

	Rs.in Lakhs	
	1999-2000	1998-99
Sales & Other Income		
Sales :		
Domestic Sales	6794.29	7576.37
Exports	—	1671.96
Deemed Exports (against remittance in Foreign Currency)	1673.25	—
Processing Charges	96.33	126.34
Other Income	99.20	38.48
	8663.07	9413.15
Profit before Interest, Depreciation & Tax	1814.04	1396.60
Interest	220.85	193.35
Depreciation	109.10	93.92
Profit before Tax	1484.09	1109.33
Provision for Income Tax	322.00	261.00
Profit after Tax	1162.09	848.33
Add : Balance brought forward from previous year	320.36	53.51
Profit available for appropriation	1482.45	901.84

APPROPRIATION :

Interim / Proposed Dividend on equity shares	228.90	163.50
Corporate Dividend Tax	32.37	17.98
General Reserve	600.00	400.00
Surplus carried to Balance Sheet	621.18	320.36

REVIEW OF OPERATIONS :

Your Directors are pleased to report that the performance of the company during the year 1999-2000 further improved, consolidating the gains made in the earlier years.

DIVERSIFICATION :

Your Directors are pleased to report that the back-ward integration projects of wheat flour plant and shrimp shell meal manufacturing plant have been successfully completed during this year. The commercial production of wheat flour plant and shrimp shell meal plant commenced from 28.02.2000 and 01.03.2000 respectively.

UPGRADATION OF SHRIMP PROCESS :

The upgradation of Shrimp Processing Unit at Gopalapuram in East Godavari District has been completed in the year 1999-2000 to meet European Union Norms stipulated by Export Inspection Agency (EIA), Government of India. This will go a long way in establishing new export markets in USA and other countries.

**DIVIDEND :**

Your Directors have already declared and paid an interim dividend of Rs.2.50 per Equity Share on 65,40,000 equity shares of Rs.10/- each for the financial year 1999-2000. Your Directors are pleased to recommend further Re.1.00 per Equity Share as final Dividend.

DIRECTORS :

In terms of Article 105 & 106 of the Articles of Association of the Company Sri A.V.Achar and Sri M.V.Subba Rao retire by rotation at conclusion of the Annual General Meeting and being eligible, offer themselves for re-election.

AUDITORS :

M/s.Karvy & Company, Chartered Accountants retire and are eligible for re-appointment.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE :

As required by the Companies (Disclosure of particulars in the Report of Directors) Rules

1988, relevant information pertaining to conservation of Energy, Technology absorption, Foreign Exchange earnings and out-go is given in Annexure-2 to the Report.

PARTICULARS OF EMPLOYEES :

In terms of Section 217 (2A) of the Companies Act, 1956 (as amended) read with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956, Statement of particulars of employees is enclosed at Annexure -1.

GENERAL :

Your Directors wish to place on record their appreciation for co-operation extended by the financial institutions and banks from time to time and staff and workmen of the Company.

By Order of the Board
for Avanti Feeds Limited

A Venkateswara Rao

Chairman &
Managing Director

Place : Hyderabad
Date : 20.08.2000



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, 2000.

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs.	Qualifications	Experience Yrs.	Date of Employ-	Age Yrs.	Designation, Last Employment held
A Venkateswara Rao	Chairman and Managing Director	Planning, Co-ordination, Financial & Admn.Controls	70,94,411	S.S.L.C.	35	01.01.1997	67	Director, Navabharat Enterprises Limited
A Indra Kumar	Executive Director	Projects, Production, Exports & General Administration	37,23,188	B.E.	14	01.04.1998	38	Executive Director, Srinivasa Cystine Limited
CRamachandra Rao	Executive Director	Finance, Secretarial, Imports & Exports and Administration	20,36,043	ACA, ACS & LL.B.	24	01.10.1994	48	Finance Manager & Company Secretary, Srinivasa Cystine Ltd.
Dr. D.C. Das	General Manager (Marketing)	Product-Promotion & Marketing	9,84,722	M.V.Sc.	18	06.06.94	44	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, 2000.

A. Conservation of Energy :

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| a) Energy Conservation measures taken | : | During the year Cold Storage Plant has been rennovated to improve the efficiency |
| b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy | : | — |
| 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. | : | The rennovation of Cold Storage Plant has reduced the freezing time and improved the efficiency of Cold Storage. |
| 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 (Dis-closure of particulars in the report of Board of Directors) Rules 1988". |

B. Technology Absorption :

Research and Development (R & D)

- | | | |
|---|---|--|
| <ol style="list-style-type: none"> 1. Specific areas in which R & D carried out the Company. 2. Benefits derived as a result of the above R & D 3. Future plan of action 4. Expenditure on R & D <ol style="list-style-type: none"> a) Capital b) Recurring c) Total d) Total R & D expenditure as a percentage of total turnover. | } | <p>Research & Development work to develop formulae for manufacture of low cost feed with high nutritional value is being undertaken on continuous basis.</p> |
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Technology Absorption, Adoption and Innovation :

1. Efforts, In brief made towards Technology Absorption, Adoption and Innovation :
 1. Technology for production of low cost feed is adopted successfully.
 2. The Shrimp Processing Plant has been upgraded to meet the norms stipulated by MPEDA and EIA, Government of India.
2. Benefits derived as a result of the above efforts, e.g. Product improvement, Cost reduction, Product Development, Import substitution etc. :
 1. As result of upgradation of the processing plant the product is expected to find new export market in USA and other countries.
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 :

	1999-2000	1998-99
	Rupees	Rupees
	in Lakhs	in Lakhs
a) Foreign Exchange Earnings	1,673.24	1,671.96
b) Foreign Exchange Out-go	2,871.12	3,996.42



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, 2000 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, we annex hereto 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, 2000.

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 : 20.08.2000

K.Ajay Kumar
Partner



ANNEXURE

- | | |
|---|---|
| <p>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.</p> <p>ii) None of the fixed assets have been revalued during the year.</p> <p>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.</p> <p>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.</p> <p>v) The discrepancies noticed on verification between the physical stocks and the book records were not material.</p> <p>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.</p> <p>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</p> | <p>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.</p> <p>viii) The Company has not granted any loans to companies, firms or other parties listed in the Register maintained under section 301 under the Companies Act, 1956.</p> <p>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.</p> <p>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.</p> <p>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</p> |
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Avanti Feeds Limited

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, 2000 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
Date : 20.08.2000

K.Ajay Kumar
Partner