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8th
Annual Report
2000-2001

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

V.V.Ramana Murthy
(APIDC Nominee)

C.Ramachandra Rao
Executive Director and
Company Secretary

Auditors

Karvy & Company
Chartered Accountants
Bhooma Plaza, Street No.4
Avenue 7, Banjara Hills
HYDERABAD - 500 034.

Bankers

State Bank of India

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 I & Wheat Flour Plant
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

Feed Plant II
Vemuluru
Kovvur - 534 350
W.G.Dist., A.P., India



Avanti Feeds Limited

NOTICE

Notice is hereby made that the Eighth Annual General Meeting of the members of Avanti Feeds Limited will be held on Tuesday, the 25th day of September, 2001 at 11. 00 AM, at Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited balance Sheet as on 31st March, 2001 and Profit and Loss Account for the year ended 31st March, 2001 along with Auditors' Report and Directors' Report thereon.
2. To declare final dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Sri N.Ram Prasad who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Sri K.Ram Mohan Rao who retires by rotation and is eligible for re appointment.
5. To appoint M/s. Karvy & Company, Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sec.198, 269,309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, the Company hereby approves the appointment of Sri C.Ramachandra Rao as Executive Director and Company Secretary for a period of five years w.e.f. 01.10.2001 and further approves payment of remuneration partly by way of Salary, Allowances, and perquisites and partly by way of commission on net profits of the Company in pursuance of Sec.198 read with Sec.349 and Sec.350 of the Companies Act, 1956 as detailed below :

- I. Salary : Rs.32,000 - 4,000 - 48,000

Perquisites :

In addition to the salary as above, perquisites as under, the monetary value of such perquisites being limited to 50% of the above mentioned salary per month.

Category- A :

Housing :

Unfurnished accommodation or HRA subject to a limit of 40% of the salary per month.

Category - B :

- a) Company's contribution towards Provident Fund subject to a ceiling of 12% of the Salary.



Avanti Feeds Limited

- b) Company's contribution towards pension/ superannuation funds which shall not together with the company's contribution towards provident fund exceed 15% of the salary or such other higher percentage thereof may be laid down from time to time under the Income Tax Rules.
- c) Contribution to provident fund, superannuation fund and annuity will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act.
- d) Gratuity - not exceeding half month's salary for each completed year of service subject to a ceiling of Rs. 3,50,000/- or such higher ceiling as may be fixed from time to time by the Central Government.

II. Commission :

In addition to Salary, and perquisites as above, Sri C.Ramachandra Rao shall be entitled to a commission at the rate of 1% of the net profits of the Company in the manner laid down under Sec.309 (5)

of the Companies Act, 1956 and other applicable provision of the said Act.

III. Minimum Salary :

Where in any financial year, during the currency of the tenure of Sri C.Ramachandra Rao, the company has no profits or its profits are inadequate, the company shall pay a remuneration by way of salary and perquisites not exceeding the limits specified herein above.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

By Order of the Board
for Avanti Feeds Limited

A Venkateswara Rao

Place: Hyderabad

Chairman &

Date : 28.07.2001

Managing Director



Avanti Feeds Limited

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxy in order to be effective must be deposited at the Company's Registered Office at G-2, Concorde Apartments, #6-3-658, Somajiguda, Hyderabad - 500 082, A.P., not less than 48 hours before the time for holding the meeting.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 24th September, 2001 to 25th September, 2001, both days inclusive.
4. In order to provide protection against fraudulent encashment of Dividend Warrants, members are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to enable the Company to incorporate the same in the Dividend Warrants.
5. Members are requested to notify promptly any change in their address registered with the Company to the Registered Office of the Company.
6. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.
7. All communication relating to shares are to be addressed to the Company's Transfer Agents, M/s.Karvy Consultants Limited, Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.

By Order of the Board
for **Avanti Feeds Limited**

A.Venkateswara Rao
Chairman &
Managing Director

Place: Hyderabad
Date : 28.07.2001

Explanatory Statement

(Pursuant to Sec.173 (2) of the Companies Act, 1956):

Item No.6 :

Sri C.Ramachandra Rao was appointed as Executive Director and Company Secretary for a period of five years on 01.10.1996. His tenure of five years is coming to a close by 30.09.2001. In view of his valuable services to the Company, it is proposed to re-appoint him in the same position for a

further period of five years w.e.f. 01.10.2001. The approval of members is sought for his re-appointment and payment of remuneration to him.

None of the Directors are concerned or interested in the above terms of payment. The Board recommends this resolution for Shareholders approval.



Avanti Feeds Limited

Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting their Eighth Annual Report and the Audited Accounts for the year ended 31st March 2001.

Financial Performance:

	(Rs.in Lakhs)	
	2000-2001	1999-2000
Sales & Other Income	11055.73	8663.07
Profit before Interest, Depreciation & Tax	2071.63	1814.04
Interest	191.57	220.85
Depreciation	153.80	109.10
Profit before Tax	1726.26	1484.09
Provision for Income Tax	454.00	322.00
Profit after Tax	1272.26	1162.09
Add : Balance brought forward from previous year	621.18	320.36
Profit available for appropriation	1893.44	1482.45
APPROPRIATION:		
Interim / Proposed Dividend on equity shares	228.90	228.90
Corporate Dividend Tax	22.35	32.37
General Reserve	1000.00	600.00
Surplus carried to Balance Sheet	642.19	621.18

During the year under review, the turnover of your Company has registered a significant growth of 27.62% at Rs.11055.73 lakhs as against Rs.8663.07 lakhs in the previous year. The increase was mainly due to continued strong support received for the shrimp feed of your Company from the aquaculture farmers.

The profit after tax during the year stood at Rs.1272.26 lakhs as against previous year's profit of Rs.1162.09 lakhs, registering a growth of 9.48% over the previous year.

Your Directors have great pleasure to report that the demand for Shrimp Feed of your Company has been increasing year after year necessitating increase in production capacity of the shrimp feed. In order to cater to this increasing demand, particularly during peak season, your Company has set-up a new Second Shrimp Feed Manufacturing Plant at Vemuluru, Kovvur Mandal, West Godavari District with a production capacity of 10,000 MT per annum. This Unit has commenced commercial production successfully from 08.06.2001.

Your Directors are also pleased to report that with modernisation and upgradation of the processing facilities at Shrimp Processing Unit at Ravulapalem, East Godavari District, the shrimps processed and packed in this Unit have received approval from Food & Drug Administration of USA. Approval of the facilities is also awaited from European Union. These approvals go a long way in increasing the exports to USA and European Countries in future.

OUTLOOK FOR THE INDUSTRY:

The exports of seafood continue to be one of



the main sources of foreign exchange earner for our country. Among seafood exports, shrimp exports constitutes major share. As such, shrimp culture is envisaged to play a dominant role in foreign exchange earnings in future also. Therefore, inspite of competition from other countries like Thailand, Vietnam, China, Equador etc. and fluctuating export realisations, shrimp culture and export of processed shrimps will be a priority sector for the country.

DIVIDEND:

Your directors have already declared and paid an interim dividend of Rs.2.00 per Equity Share on 65,40,000 equity shares of Rs.10/- each for the financial year 2000-2001. Your Directors are pleased to recommend a further dividend (final dividend) of Rs.1.50 per equity share aggregating Rs.98.10 lakhs on 65,40,000 equity shares of Rs.10/- each.

DIRECTORS:

In terms of Article 105 & 106 of the Articles of Association of the company Sri N. Ram Prasad and Sri K. Ram Mohan Rao and Sri C.Satyanarayana retire by rotation at the ensuing Annual General Meeting and they are eligible for reappointment. While Sri N.Ram Prasad and Sri K.Ram Mohan Rao offered themselves for re-election, Sri C.Satyanarayana has not opted for re-election.

AUDITORS:

The Auditors M/S. Karvy & Company, Chartered Accountants will retire at the conclusion of the forthcoming Annual

General Meeting and are eligible for reappointment. Members are requested to consider their reappointment for the financial year ending 31st March 2002 on a remuneration to be decided by the Board of Directors.

CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

The details regarding conservation of energy, research and development, technology absorption, foreign earnings and outgo are furnished at Annexure - 2 pursuant to the provisions of Sec.217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1998.

PARTICULARS OF EMPLOYEES:

A statement containing the particulars of employees as required under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is furnished in Annexure - 1.

CONSTITUTION OF AUDIT COMMITTEE:

As required under Sec.292(A) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000 read with Clause 49 of the Listing Agreement, an Audit Committee has been constituted. The present members of the Audit Committee are:

- (1) Sri N.Ram Prasad
- (2) Sri A.V.Achar
- (3) Sri K.Ram Mohan Rao

**Directors' Responsibility Statement:**

Your Directors hereby confirm and declare that :

- (a) in the preparation of Annual Accounts for the year ended 31st March, 2001, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e. 31st March, 2001 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other regularities.

- (d) they had prepared the accounts for the year ended 31st March, 2001 on a going concern basis.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their gratitude and appreciation for co-operation extended by the Governmental Agencies, Financial Institutions and Banks from time to time. Your Directors also wish to convey their thanks to the valued customers and dealers for their continued patronage during the year. Your Directors also place on record its warm appreciation of the efforts made by all the employees for the improved performance during the year under review.

for and on behalf of the Board
for **Avanti Feeds Limited**

A.Venkateswara Rao
Chairman &
Managing Director

Place: Hyderabad
Date : 28.07.2001



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, 2001.

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs.	Qualifications	Experience Yrs.	Date of Employment	Age Yrs.	Designation, Last Employment held
A.Venkateswara Rao	Chairman and Managing Director	Planning, Co-ordination, Financial & Admn.Controls	83,88,726	S.S.L.C.	36	01.01.1997	68	Managing Director Srinivasa Cystine Limited
A Indra Kumar	Executive Director	Projects, Production, Exports & General Administration	44,35,539	B.E.	15	01.04.1998	39	Executive Director, Srinivasa Cystine Limited
C.Ramachandra Rao	Executive Director	Finance, Secretarial, Imports & Exports and Administration	24,17,859	ACA, ACS & LL.B.	25	01.10.1994	49	Finance Manager & Company Secretary, Srinivasa Cystine Limited
Dr.D.C.Das	General Manager (Marketing)	Product-Promotion & Marketing	13,07,440	M.V.Sc.	19	06.06.94	45	Manager-Animal Feed in TATA Oil Mills Co. Limited



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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, 2001.

FORM A

(See Rule 2)

Form for disclosure of particulars with respect to conservation of Energy:

A) Power & Fuel Consumption:	2000-01	1999-2000
1. Electricity		
a) Purchased : Units (KWH)	34,68,174	27,97,289
Total Amount (Rs)	1,56,92,364	96,23,611
Rate / Unit (Rs)	4.52	3.44
b) Own Generation		
i) Through Diesel Generator		
HSD Oil Consumed (Ltrs)	3,98,943	2,01,937
Units (KWH)	13,56,027	6,56,294
Units produced per litre of Diesel Oil	3.40	3.25
Cost of HSD Oil consumed (Rs.)	69,77,451	23,08,136
Cost / Unit (Fuel Cost/Unit(Rs))	5.15	3.52
2. Furnace Oil		
Quantity consumed (Ltrs)	3,47,000	2,54,466
Total Amount (Rs)	37,71,016	26,66,805
Quantity of Steam produced (Mts)	8,601	6,937
Average Rate (Rs/MT)	439	384
3. Consumption Per Unit(MT) of Production :		
Electricity (KWH) :		
Feed (PMT)	122	113
Shrimp (PMT)	1,347	1,329
Furnace Oil (Ltrs.)		
Feed (PMT)	12.10	11.00