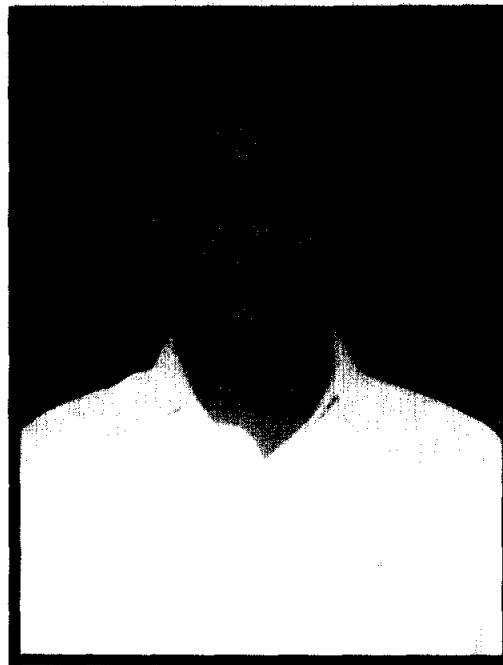


9th
Annual Report 2001-2002

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HOMAGE



A. Venkateswara Rao

Chairman & Managing Director

07.07.1933 – 25.06.2002

*We, the members of the Board, employees and
shareholders of Avanti Feeds Limited,
pay homage to our beloved
Chairman & Managing Director.*



BOARD OF DIRECTORS

A.Indra Kumar
Managing Director

N.Ram Prasad

A.V.Achar

K.Ram Mohan Rao

M.Venkateswara Rao
(Nominee-APIDC)

B.V.Kummar
(Addl. Director)

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

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Avanti Feeds Limited

Directors' Report

To the Shareholders,

Your Directors take great pleasure in bringing you this report for the financial year 2001-02 and Audited Accounts for the year ended 31st March, 2002.

FINANCIAL PERFORMANCE:

	(Rs.in Lakhs)	
	2001-2002	2000-2001
Sales & Other Income	13630.18	11055.73
Profit before Interest, Depreciation & Tax	1673.74	2071.63
Interest	229.48	191.57
Depreciation	192.65	153.80
Profit before Tax	1251.61	1726.26
Provision for Income Tax	307.71	454.00
Profit after Tax	943.90	1272.26
Add : Balance brought forward from previous year	642.19	621.18
Profit available for appropriation	1586.09	1893.44
APPROPRIATION:		
Interim / Proposed Dividend on equity shares	228.90	228.90
Corporate Dividend Tax	0	22.35
General Reserve	700.00	1000.00
Surplus carried to Balance Sheet	657.19	642.19

The year under review concluded with your Company registering a production of 25,682 Mts of Feed and processing of 967 Mts of Shrimps with a turnover of Rs.99.27 crores and Rs.36.44 crores of feed and shrimps respectively.

During the year under consideration, the processing capacity of shrimp processing unit was fully utilised by the Company itself and processed shrimps were exported directly. In the past, shrimp exports were made through SVIMSAN Exports and Imports Limited, a wholly owned subsidiary, as a trading outfit. It was also intended to undertake other trading activities through this subsidiary company. However as the object of SVIMSAN Exports and Imports Limited functioning as a wholly owned subsidiary was not achieved, your Directors decided to export shrimps directly from the year under consideration.

The profit after tax during the year stood at Rs.943.90 lakhs as against previous year's profit of Rs. 1272.26 lakhs. The profitability in respect of shrimp feed unit declined sharply on account of increase in cost of inputs, decrease in sales volume from 28,031 Mts to 26,575 Mts due to failure of second season of shrimp culture. In respect of shrimp processing and export activity, the deficit reduced to Rs.21.35 lakhs during the year under review as against a deficit of Rs.107.98 lakhs due to significant increase in capacity utilisation and volume of exports.

Your directors have great pleasure to report, that the Second Shrimp Feed Manufacturing Plant has commenced commercial production from June, 2002. The



Avanti Feeds Limited

modernisation and installation of IQF facility in the shrimp processing unit at Gopalapuram to manufacture value added products has been completed and commissioned during the year under review.

OUTLOOK FOR THE INDUSTRY :

In spite of uncertainties associated with shrimp culture due to dependence on climatic conditions and volatility of the international market prices of shrimps, the export of shrimps continued to be a potential source of foreign exchange earner for the country. The government looks at this industry as a consistent and long term dependable source of foreign exchange and has been extending support for establishing infrastructure facilities for setting up international standard processing units from time to time. With the emphasis laid by the government on development and sustenance of this industry, the future looks bright.

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.3.50 per equity share of Rs.10/- each for the financial year 2001-02 aggregating Rs.228.90 lakhs on 65,40,000 equity shares. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those share holders whose name appear on the register of members of the Company on 26th September, 2002.

DIRECTORS:

On the demise of Sri A.Venkateswara Rao, Chairman and Managing Director of the Company on 25.06.2002, Sri A.Indra Kumar has been appointed as Managing Director of the Company.

In terms of Article 105 and 106 of the Articles of Association of the Company Sri N. Ram Prasad and Sri A.V.Achar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-election.

With a view to broad base the Board, Sri B. V. Kumar, a retired senior IRS officer and a practicing Advocate has been co-opted as an Additional Director by the Board w.e.f 09.08.2002 and it is proposed to appoint him as a Director liable for retirement by rotation in the ensuing Annual General Meeting.

It is also proposed to appoint Dr. D. C. Das as Director (Marketing) w.e.f 01.10.2002. Dr. D. C. Das has been working as General Manager, Marketing since inception of the Company and the Board considers it appropriate to take him on the Board in recognition of his valuable services.

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 2003 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



Avanti Feeds Limited

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**.

Directors' Responsibility Statement :

Your Directors hereby confirm and declare that :

- (a) in the preparation of Annual Accounts, the applicable accounting standards have been followed ;
- (b) the accounting policies are consistently applied and reasonable, prudent judgements and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- (c) the Directors have 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 irregularities ;

- (d) the Directors have prepared the Annual Accounts on a going concern basis.

Corporate Governance :

As required under clause 49 of the Listing Agreement, reports on Management Discussion and Analysis and Corporate Governance together with the Certificate of Auditors on Corporate Governance are given separately which form part of the Annual Report.

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. Your Directors also place on record its warm appreciation for the efforts made by all the employees for the improved performance during the year under review.

for and on behalf of the Board

Place : Hyderabad

A. INDRA KUMAR

Date : 09.08.2002

Managing Director

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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	6,286,337	S.S.L.C.	37	01.01.1997	69	Managing Director Srinivasa Cystine Limited
A Indra Kumar	Executive Director	Projects, Production, Exports & General Administration	3,468,780	B.E.	16	01.04.1998	40	Executive Director, Srinivasa Cystine Limited

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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, 2002.

FORM A (See Rule 2)

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

A) Power & Fuel Consumption:	2001-2002	2000-2001
1. Electricity		
a) Purchased : Units(KWH)	33,81,746	34,68,174
Total Amount (Rs.)	1,60,57,997	1,56,92,364
Rate / Unit (Rs.)	4.75	4.52
b) Own Generation		
i) Through Diesel Generator		
HSD Oil Consumed (Ltrs)	4,91,486	3,98,943
Units (KWH)	15,28,871	13,56,027
Units produced per litre of Diesel Oil	3.11	3.40
Cost of HSD Oil consumed	90,50,352	69,77,451
Cost / Unit (Fuel Cost / Unit (Rs.))	5.92	5.15
2. Furnace Oil / LSHS		
Quantity Consumed (Ltrs)	4,17,567	3,47,000
Total Amount (Rs.)	42,87,066	37,71,016
Quantity of Steam produced (Mts)	5,488	8,601
Average Rate(Rs./MT)	781	439
3. Consumption Per Unit(MT) of Production		
Electricity (KWH)		
Feed (PMT)	147	122
Shrimp (PMT)	1,169	1,347
Furnace Oil (Ltrs.)		
Feed (PMT)	16.26	12.10

**B) Technology Absorbtion:**

Imported feed manufacturing technology has been fully absorbed. However, efforts are made on-going basis to improve the productivity, product quality and cost reduction.

C) Foreign Exchange Earnings & Outgoings:

	2001-2002 Rs. in Lakhs	2000-2001 Rs. in Lakhs
a) Foreign Exchange Earnings	3,617.35	2,076.73
b) Foreign Exchange Out-go	3,559.13	3,235.32

