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10th Annual Report 2002-2003

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AVANTI FEEDS LIMITED

In the business of quality prawn feed and prawn exports

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Avanti Feeds Limited

NOTICE

Notice is hereby given that the **Tenth Annual General Meeting** of the members of **Avanti Feeds Limited** will be held on **the 25th Day of September 2003, at Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad at 10.00 AM** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2003 and Profit and Loss Account for the year ended 31st March, 2003 along with Auditors' Report and Directors' Report thereon.
2. To declare dividend for the year ended 31st March, 2003.
3. To appoint a Director in place of Sri K. Ram Mohan Rao who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Sri C. Ramachandra 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.

Annexure to the Notice:

Item No. 4

Sri C. Ramachandra Rao is a Whole Time Director of the Company who is liable to retire by rotation in respect of whom the members have approved his remuneration in the 8th Annual General Meeting held on 25th September 2001. He is eligible to receive the same remuneration for the remaining period of his tenure despite his re-appointment consequent to retirement by rotation. A certified extract of the said resolution is available for inspection during the working hours of the company on any working day till the ensuing Tenth Annual General Meeting.

Place : Hyderabad,
Date : 29.07.2003

A. INDRA KUMAR
Managing Director.

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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 2003 to 25th September 2003 (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**

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Place : Hyderabad,
Date : 29.07.2003

A. INDRA KUMAR
Managing Director.

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AVANTI FEEDS LIMITED

Registered Office : G-2, Concorde Apartments, # 6-3-658, Somajiguda, Hyderabad - 500 082.

Nomination Form

(To be filled in by individual applying singly or jointly)
(if jointly, only upto two persons)

Form 2B

(see Rules 4CCC and 5D)

I/We _____ and _____ the holders of Shares / Debentures / Deposit Receipt bearing number(s) _____ of M/s. _____ wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and / or amount payable in respect of shares / debentures / deposits shall vest in the event of my / our death.

Name and Address of Nominee

Name : _____

Address : _____

_____ Date of Birth* : _____
(*to be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is _____

Name and Address _____
(** To be ignored if not applicable)

Signature : _____

Name : _____

Address : _____

_____

Date : _____

Folio No. :

Client ID No. :

DP ID No. :

Signature : _____

Name : _____

Address : _____

_____

Date : _____

Signature of Two Witnesses

Name and Address | Signature with date

1. _____

2. _____

(Instructions Overleaf)

For Office use Only

Nomination Registration Number	Date of Registration
Checked by and Signature of Employee	

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INSTRUCTIONS

1. The Nomination can be made by individuals only applying/holding shares/debentures on their own behalf singly upto two persons. Non-individuals including society, trust body corporate, partnership firm, karta of Hindu undivided Family, holder of power of attorney cannot nominee. If the shares are held jointly all joint holders will sign (as per the specimen registered with the Company) the nomination form.

2. A minor can be nominated by a holder of Shares/Debentures/Deposits and in that event the name and address of the Guardian shall be given by the holder.

3. The nominee shall not be a trust, society, corporate, partnership firm, Karta of Hindu Undivided Family or a power of attorney holder. A non-resident Indian can be a nominee on re-patriable basis.

4. Transfer of share in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a Company against the legal heir.

5. Nomination stand rescinded upon transfer of Shares/Debentures or repayment/renewal of deposits made.

6. Upon the receipt of a duly executed nomination form, the Company will register the form and allot a registration number. This number and folio no. Should be quoted by the nominee in all future correspondence.

7. The nomination can be varied or cancelled by executing a fresh nomination form.

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BOARD OF DIRECTORS

A.Indra Kumar
Managing Director

C.Ramachandra Rao
Executive Director and
Company Secretary

Dr. D.C. Das,
Director, Marketing

N.Ram Prasad

A.V.Achar

K.Ram Mohan Rao

B.V.Kumar

M.Venkateswara Rao,
Nominee - APIDC

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 - 533 234
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

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Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting you the Tenth Annual Report together with the Audited Accounts for the financial year ended 31st March 2003.

FINANCIAL PERFORMANCE :

(Rs.in Lakhs)

	2002-2003	2001-2002
Sales & Other Income	13,902.84	13,630.18
Profit before Interest, Depreciation & Tax	1,048.51	1,673.75
Interest	306.45	229.48
Depreciation	226.44	192.65
Profit before Tax	515.62	1,251.61
Provision for Income Tax incl.Deferred Tax	177.96	307.71
Profit after Tax	337.66	943.90
Add : Balance brought forward from Previous year	657.20	642.19
Profit available for appropriation	994.86	1,586.09

APPROPRIATION :

Interim / Proposed Dividend on equity shares	98.10	228.90
Corporate Dividend Tax	12.57	—
General Reserve	17.00	700.00
Surplus carried to Balance Sheet	867.19	657.20

The year under review concluded with your company registering a production of 24094.5 Mts of Feed and processing of 1034.7 Mts of Shrimps with a turnover of Rs.86.71 crores and Rs.45.49 crores of feed and shrimps respectively.

The year under review witnessed a sharp decline in the profitability compared to the previous year. The shrimp feed sales dropped to 25,038.8 MT for the year from 26,574 MT for the previous year. In 2002-03, shrimp culture activity faced a turbulent time with almost total failure of the second season due to inadequate monsoon and a high mortality rate of shrimp contributing to a fall in volume of feed sales. Adding to this, the raw material costs increased significantly resulting in overall decline in profitability.

In respect of shrimp processing and export, though your company could increase the volumes during the year under review compared to the previous year, the operations continue to result in a loss mainly due to unremunerative export prices vis a vis shrimp procurement cost.

However, feed manufacture and marketing activity and Shrimp processing and export activity of your company are interdependent. On the basis of export performance your company is availing duty free import of raw materials for manufacture of feed. Thus performance of these activities has to be viewed as one inline with the conditions prevalent in the industry.

Your directors are pleased to report that, in order to strengthen the feed market and improve profitability, your comapany has entered into a technical and marketing collaboration agreement with M/s. Thai Union Feed Mill Co. Limited, Thailand, a highly reputed feed manufacturer and marine product processor exporter in Thailand. Under the agreement your company has secured a famous brand name "PROFEED" and its manufacturing technology alongwith other aquaculture related expertise.

OUTLOOK FOR THE INDUSTRY :

Despite the turbulent times witnessed by the industry, it continued to be the major contibutory of country's export earnings. Having established itself in the markets of USA and Japan, it is time work is done on pehetrating deep into those markets. It is also time that the industry sought entry into new markets such as Europe. The Marine Products Export Development Authority has been striving to increase the maket share of the country and achieve an ambitious target of Rs.10,000 Crores. There will be a corresponding increase in the demand for shrimp feed and your company is in place to en-cash the situation. Introduction of new brands and improved technology is surely to improve the market standing of the company.

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DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.1.50 per equity share of Rs.10/- each for the financial year 2002-03 aggregating Rs.98.10 lakhs on 65,40,000 equity shares. No tax is payable by the shareholders on the dividend for the year 2002-03. 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 25th September, 2003.

DIRECTORS:

In terms of Article 105 and 106 of the Articles of Association of the Company Sri K. Ram Mohan Rao, and Sri C.Ramachandra Rao retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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 2004 on a remuneration to be decided by the Board of Directors.

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.**

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.

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 a listed company necessary measures are taken to comply with the listing Agreement with the Stock Exchanges. A report on the Corporate Governance together with a certificate of compliance from the Auditors, forms part of this 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,
Date : 29.07.2003

A. INDRA KUMAR
Managing Director.

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Avanti Feeds Limited

ANNEXURE - I

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, 2003.

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs.	Qualification	Experience	Date of Employment	Age Yrs.	Designation, last Employment held
A.Venkateswara Rao (*)	Chairman & Managing Director	Planning, Co-ordination Financial & Admn.Controls	674831	S S L C	38	01.01.97	70	Managing Director, Srinivasa Cystine Ltd
A.Indra Kumar	Managing Director	Projects, Production, Exports & General Administration	2591943	B E	17	01.04.98	41	Executive Director, Srinivasa Cystine Ltd

(*) Remuneration was paid to Mr. A. Venkateswara Rao till the date of his demise. i.e., till 25th June, 2002

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