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 **AVANTI**  
**FEEDS LIMITED**  
*In the business of Quality Prawn Feed & Prawn Exports*

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# Avanti Feeds Limited

## BOARD OF DIRECTORS

**A.Indra Kumar**

Managing Director

**C.Ramachandra Rao**

Executive Director and Company Secretary

**Dr.D C Das**

Director - Marketing

**A.V.Achar**

**N.Ram Prasad**

**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 Computershare Private 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.

### Feed Plant II

Vemuluru

Kovvur - 534 350

W.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

Website : [www.avantifeeds.com](http://www.avantifeeds.com)



# Avanti Feeds Limited

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# Avanti Feeds Limited

## Directors' Report

### To the Shareholders,

Your Directors have pleasure in presenting their Eleventh Annual Report together with the Audited Accounts for the financial year ended 31st March, 2004.

### FINANCIAL PERFORMANCE:

(Rs. in Lakhs)

	2003-2004	2002-2003
Profit before Interest, Depreciation & Tax	2,012.53	1,048.51
Interest	166.62	306.45
Depreciation	272.67	226.44
Profit before Tax	1,573.24	515.62
Provision for Income Tax incl. Deferred Tax	492.37	177.96
Profit after Tax	1,080.87	337.66
Add : Balance brought forward from Previous year	867.19	657.20
Profit available for appropriation	1,948.06	994.86
<b>APPROPRIATION:</b>		
Proposed Dividend on equity shares	163.50	98.10
Corporate Dividend Tax	20.95	12.57
General Reserve	200.00	17.00
Surplus carried to Balance Sheet	1,563.61	867.19
<b>OPERATIONS:</b>		
The operational performance is summarized below:		
Income	24,094.15	13,560.36
Profit before Tax	1,573.24	515.62
<b>FEED DIVISION:</b>		
Production (MTs)	29,809.365	24,094.500
Sales (MTs)	29,309.790	25,038.825
<b>PROCESSING DIVISION:</b>		
Production (MTs)	998.549	1,034.720
<b>Export Sales :</b>		
Direct (MTs)	1,047.720	974.205
Merchant Exports (MTs)	1,841.991	—

The profit before depreciation, finance charges and tax increased to Rs. 2,012.53 lakhs as compared to Rs. 1,048.51 lakhs in the previous financial year. The profit after tax was Rs. 1,080.87 lakhs against Rs. 337.66 lakhs during the previous financial year. The increase in profits during this year under review compared to the previous year was due to cumulative effect of higher volume and economic operations and reduction of financial charges.

During the year under review, your Company entered into collaboration with Thai Union Feedmill Co. Ltd., Thailand, bringing new product with new brand. Your Company opted out of 100% EOU during the year. These two major steps have contributed significantly to the improved performance.

### DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.2.50 per equity share of Rs.10/- each for the financial year 2003-04 aggregating Rs.163.50 lakhs on 65,40,000 equity shares. No tax is payable by the shareholders on the dividend for the year 2003-04. 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 03rd September 2004.

### DIRECTORS:

In terms of Article 105 and 106 of the Articles of Association of the Company Dr. D C Das and Mr. B V Kumar 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 2005 on 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**.



## Avanti Feeds Limited

### 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 are pleased 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 convey thanks to the valued customers and dealers for their continued patronage. Your Directors also place on record their 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 : 26.06.2004

**A.INDRA KUMAR**

Managing Director





# 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, 2004.

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs.	Qualifications	Experience Yrs.	Date of Employment	Age Yrs.	Designation, Last Employment held
A.Indra Kumar	Managing Director	Projects Production, Exports & General Administration	76,29,680	B.E	18	01.04.1998	42	Executive Director, Srinivasa Cystine Limited
C.Ramachandra Rao	Executive Director	Finance, Secretarial Imports & Exports and General Administration	24,78,289	ACA, ACS & LLB	28	01.10.1994	52	Finance Manager & Company Secretary, Srinivasa Cystine Limited
Dr.D.C.Das	Director (Marketing)	Product Promotion and Marketing	25,65,589	M V SC.	22	06.06.1994	49	Manager - Animal Feed in TATA Oil Mills Ltd



# 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, 2004.

### FORM A

(See Rule 2)

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

A) Power & Fuel Consumption	2003-2004	2002-2003
<b>1. Electricity</b>		
a) Purchased : Units (KWH)	59,20,687	35,98,587
Total Amount (Rs.)	2,43,06,473	1,81,18,756
Rate / Unit (Rs.)	4.11	5.03
b) Own Generation		
i) Through Diesel Generator		
HSD Oil Consumed (Ltrs)	1,06,121	5,88,705
Units (KWH)	3,20,677	17,95,550
Units produced per litre of Diesel Oil	3.02	3.05
Cost of HSD Oil consumed	22,69,961	1,13,26,688
Cost / Unit (Fuel Cost / Unit (Rs.))	7.08	6.31
<b>2. Furnace Oil / LSHS</b>		
Quantity Consumed (Ltrs)	5,98,452	5,01,946
Total Amount (Rs.)	76,56,980	64,80,120
Quantity of Steam produced (Mts)	5,152	7,051
Average Rate (Rs./MT)	1,486	919
<b>3. Consumption Per Unit (MT) of Production</b>		
Electricity (KWH)		
Feed (PMT)	149	160
Shrimp (PMT)	1,489	1,496
Furnace Oil (Ltrs.)		
Feed (PMT)	20.04	20.83

### B) Technology Absorption:

During the year new technical know how relating to Shrimp Feed manufacture has been imported from Thai Union Feed Mill Co. Limited, Thailand and the Company is in the process of absorbing the above technology.

### C) Foreign Exchange Earnings & Outgoings:

	2003-2004 Rs.in Lakhs	2002-2003 Rs.in Lakhs
a) Foreign Exchange Earnings (FOB)	4,280.66	4,484.51
b) Foreign Exchange Out-go	3,328.37	2,732.85



# Avanti Feeds Limited

## Report on the Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

### MANDATORY REQUIREMENTS

#### 1. Company's Philosophy on Code of Governance:

The Corporate Governance philosophy of the Company envisages achievement of high level of transparency, accountability and equity, in all facts of its operations, and in all its interactions with its stake holders, including share holders, lenders and the Government.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall share holder value, over a sustained period of time.

#### 2. Board of Directors:

- i) During the year the Board consisted of 8 Directors, out of which five are non-executive and independent directors.

Sl. No.	Name of Director	Executive Director (ED) Non Executive Director (NED), Independent Director (ID), Nominee Director (ND)	Number of Board Meetings Held	Number of Board Meetings Attended	Attendance in Last AGM on Sept, 26, 2003
1.	Sri A. Indra Kumar	MD-Promoter	5	5	Present
2.	Sri C. Ramachandra Rao	ED	5	4	Present
3.	Dr. D C Das	Director	5	5	Present
4.	Sri N. Ram Prasad	NED	5	3	Present
5.	Sri A.V. Achar	NED/ID	5	4	Not Present
6.	Sri K. Ram Mohan Rao	NED/ID	5	3	Present
7.	Sri M. Venkateswara Rao	ND	5	3	Present
8.	Sri B V Kumar	NED	5	1	Present

- ii) Number of other Companies or committees the Director (being a director as on the date of Directors' Report) is a Director / Chairman

Sl. No.	Name of the Director(s)	No. of other Companies in which Director	No. of Committees (other than Avanti Feeds Limited)
1.	Sri A. Indra Kumar	4	—
2.	Sri C. Ramachandra Rao	3	—
3.	Dr. D C Das	—	—
4.	Sri N. Ram Prasad	4	—
5.	Sri A.V. Achar	4	—
6.	Sri K. Ram Mohan Rao	2	—
7.	Sri M. Venkateswara Rao	4	—
8.	Sri B V Kumar	—	—





## Avanti Feeds Limited

### iii) No. of Board Meetings held and Date of Board Meetings held :

Five Board Meetings were held during the year 2003-04 on the following dates:

25th April, 2003	29th July, 2003	23rd October, 2003
31st January, 2004	03rd March, 2004	

### iv) Note on the Directors seeking re-appointment.

Dr.D.C.Das is a Post Graduate in Veterinary Science and has been associated with the Company since 1994. His services will be of immense value to the Company.

Sri B V Kumar is a retired senior Indian revenue service officer and a practicing advocate. He has been associated with the Company over a period of seven years as a Consultant and two years as a Director.

### 3. Audit Committee:

#### i) Terms of reference of Composition, Name of the Members and Chairman:

The Audit Committee comprises of Sri N.Ram Prasad, Chairman of the Committee, Sri A.V.Achar and Sri K.Ram Mohan Rao, all being non-executive Independent Directors. The Managing Director, Executive Director alongwith the statutory auditors, internal auditors and Manager (Accounts) are invitees to the meeting. The terms of reference of the audit committee are wide enough to cover all the aspects in accordance with Clause 49 of the Listing Agreement and Section 292 A of the Companies Act, 1956.

#### ii) The committee held 4 meetings on 25th April, 2003, 29th July, 2003, 23rd October, 2003 and 31st January, 2004. All the members duly attended the meetings.

### 4. Remuneration to the Directors:

#### i) The details of the remuneration paid to Whole time Directors during the year 2003-04 is given below:

Name and Designation	All elements of remuneration package i.e., salary benefits, pension etc.	Fixed Component and performance linked incentives along with the performance criteria	Service Contract Notice Period and Severance Fees	Stock option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable
<b>A. Indra Kumar</b> Managing Director	8.17	68.13	—	—
<b>C. Ramachandra Rao</b> Executive Director	7.75	17.03	—	—
<b>Dr. D C Das</b> Director (Marketing)	8.62	17.03	—	—



## Avanti Feeds Limited

- ii) The details of payments to Non-Executive Directors during the year 2003-04 are given below:

Name of the Director	Sitting Fee (In Rs.)	Commission (in Rs.)
K. Ram Mohan Rao	2,000	—
A. V. Achar	4,000	—
N. Ram Prasad	3,000	—
M. Venkateswara Rao APIDC Nominee Fee paid to APIDC	3,000	—
B.V. Kumar	1,000	—

### 5. Investors / Shareholders Grievance Committee:

The Board of Directors of the Company constituted an Investors' Service Committee comprising of Sri N.Ram Prasad, as its Chairman. Other members of the Committee are Sri K. Ram Mohan Rao and Sri A.V.Achar. All the three members of the Committee are non-executive Directors. Sri C.Ramachandra Rao, Executive Director & Company Secretary is the compliance officer. The Committee looks after complaints of shareholders and investors concerning transfer / transmission of shares, non-receipt of Annual Reports and dividend warrants etc. The committee met once during the year under the chairmanship of Sri N. Ram Prasad.

During the year the Company has received 431 requests / complaints from the investors, all of which were resolved and no request / complaint is kept unattended for a period beyond 30 days. There were no shares pending transfer as on 31st March 2004.

### 6. General Body Meetings:

- The last three Annual General Body Meetings (AGM) of the Company were held at Sri Sagi Ramakrishnam Raju Memorial Community Hall, Madhura Nagar, Hyderabad – 500 038.
- The AGM for the year 2003 was held on 25.09.2003 at 10.00 a.m.; the AGM for the year 2002 and 2001 were held on 26.09.2002 at 3.00 PM and on 25.09.2001 at 11.00 a.m. respectively.
- No resolution requiring postal ballot as recommended under clause 49 of the listing agreement has been placed for shareholders approval at the meeting.

### 7. Disclosures:

- There was no materially significant transaction with any related party that may have potential conflict with the interest of the Company at large, during the year.
- Details of non-compliance:

There are no non-compliances by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.