

**AVANTI**  
**FEEDS LIMITED**

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*15<sup>th</sup> Annual Report*  
*2007-2008*



## Notice

Notice is hereby given that the FIFTEENTH Annual General Meeting of the members of Avanti Feeds Limited will be held on the Friday, 27th day of September, 2008 at Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad at 11.00 AM to transact the following business:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2008 and Profit and Loss Account for the year ended 31st March, 2008 along with Auditors' Report and Directors' Report thereon.
2. To declare dividend for the year ended 31st March, 2008.
3. To appoint a Director in place of Mr. A.V.Achar who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.N.Ramprasad who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Mr. M.S.P.Rao who retires by rotation and is eligible for re-appointment.
6. 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.

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

**A. Indra Kumar**  
Managing Director

Place: Hyderabad  
Date : 13.08.2008

## Notes

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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 22nd September 2008 to 26th September 2008 (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 Computershare Private Limited,  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081.

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

**A.Indra Kumar**  
Managing Director

Place: Hyderabad  
Date : 13.08.2008



## Board of Directors

**A. Indra Kumar**

Managing Director

**C. Ramachandra Rao**

Joint Managing Director and Company Secretary

**Dr. D C Das,**

Director (Business Development & Recovery Management)

**A. V. Achar**

**N. Ram Prasad**

**K. Ram Mohan Rao**

**B. V. Kumar**

**M. Venkateswara Rao,** Nominee - APIDC

**M. S. P. Rao**

### 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**

Plot No. 17 to 24,

Vittal Rao Nagar, Madhapur

HYDERABAD - 500 081.

### Registered Office

G-2, Concorde Apartments

# 6-3-658, Somajiguda

Hyderabad - 500 082.

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



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## Avanti Feeds Limited

### Directors' Report

To  
The Shareholders,

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts for the financial year ended 31st March 2008.

#### FINANCIAL PERFORMANCE:

(Rs. in Lakhs)

	2007-08	2006-2007
Profit before Interest, Depreciation & Tax	1,019.40	884.47
Interest	500.30	327.31
Depreciation	387.78	368.68
Profit before Tax	131.31	188.48
Provision for Income Tax incl. Deferred Tax	43.28	21.69
Profit after Tax	88.03	166.79
Add: Balance brought forward from Previous year	2,493.73	2,450.05
Profit available for appropriation	2,581.76	2,616.84
<b>APPROPRIATION:</b>		
Proposed Dividend on equity shares	65.40	98.10
Corporate Dividend Tax	11.12	16.51
General Reserve	-	8.50
Surplus carried to Balance Sheet	2,505.25	2,493.73
<b>OPERATIONS:</b>		
Income	10,676.93	12,231.64
Profit before Tax	131.31	188.48
<b>FEED DIVISION:</b>		
Production (MTs)	13,922.25	19,055.39
Sales (MTs)	14,112.75	18,862.05
<b>PROCESSING DIVISION:</b>		
Production (MTs)	1,088.86	1,234.21
<b>Export Sales:</b>		
Direct (MTs)	1,001.70	1,229.34

The profit for the year under consideration i.e. 2007-08, before depreciation, finance charges and tax marginally increased by Rs.134.93 lakhs at Rs. 1019.40 lakhs as compared to Rs. 884.47 lakhs in the previous financial year. The profit after tax was Rs.88.03 lakhs as against Rs.166.79 lakhs during the previous financial year. The increase in profit before depreciation, finance charges and tax is due to refund of anti-dumping duty amounting to Rs.308.70 lacs which was paid for the period February'06 to January'07. Excluding the ADD refund of Rs.308.70 there is a decrease in earnings before finance charges, depreciation and tax by Rs.173.77 lacs mainly due to reduction in feed sales, increase in raw material costs and writing off of Bad Debts. The shrimp culture further reduced during the year due to continuation of the problems of non-availability of quality seeds, fall in export price of shrimps, unfavourable climatic conditions, etc..

The feed division sales decreased by 4749 MT as compared to previous financial year. The decline in feed sales over previous year is mainly on account of general decline in shrimp culture in AP, company's main market due to the reasons stated above.

The shrimp processing and export division sales reduced by 228 MT as compared to previous financial year. The decrease in exports is mainly on account of un-viable international prices.

The four windmills in Karnataka State with a total capacity of 3.2 MW are generated 62.04 lac units and power generated was sold to Karnataka Power Transmission Corporation Limited under PPA.

#### DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.1.00 per equity share of Rs.10/- each for the financial year 2007-08 aggregating Rs.65.40 lakhs on 65,40,000 equity shares. No tax is payable by the shareholders on the dividend for the year 2007-08. The Dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose name appear on the register of members of the Company on 27th September 2008.

#### DIRECTORS:

In terms of Article 105 and 106 of the Articles of Association of the Company Mr.N. Ram Prasad, Mr. A.V.Achar and Mr. M.S.P.Rao retire by rotation at the ensuing Annual General Meeting and being eligible





**Avanti Feeds Limited**

## Directors' Report

offer themselves for re-appointment. An ordinary resolution to that effect is propounded for the consideration and passing by the shareholders in ensuing AGM.

### 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, 2009 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.

### 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, Shareholders and Banks from time to time. Your Directors also place on record their appreciation for the contributions made by the employees through their dedication, hardwork and commitment. Your Directors also convey thanks and appreciation to the valued customers and dealers for their continued patronage.

for and on behalf of the Board

Place: Hyderabad  
Date : 13.08.2008

**A. Indra Kumar**  
Managing Director



## 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, 2008

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs. in lakhs	Qualification	Experience	Date of Employment	Age Yrs.	Designation, Last Employment held
A.Indra Kumar	Managing Director	Projects, Production Exports & General Administration	27.66	B.E.	23	01.04.1998	47	Executive Director, Srinivasa Cystine Limited
C.Ramachandra Rao	Joint Managing Director	Finance, Secretarial, Imports Exports & General Administration	13.22	FCA ACS & LLB	33	01.10.1994	57	Finance Manager & Company Secretary, Srinivasa Cystine Limited
Dr.D.C. Das	Director Business Development & Recovery Management	Product Promotion and Marketing	13.19	MVSc	28	06.06.1994	54	Manager, Animal Feed, Tata Oil Mills 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, 2008.

### FORM A (See Rule 2)

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

A) Power & Fuel Consumption	2007-08	2006-07
<b>1. Electricity</b>		
a) Purchased: Units (KWH)	49,81,270	50,84,630
Total Amount (Rs.)	2,15,29,472	2,12,12,676
Rate / Unit (Rs.)	4.32	4.17
b) Own Generation		
i) Through Diesel Generator		
HSD Oil Consumed (Ltrs)	71,827	1,01,884
Units (KWH)	2,12,174	3,03,262
Units produced per liter of Diesel Oil	2.95	2.98
Cost of HSD Oil consumed (Rs.)	23,45,105	34,45,845
Cost / Unit (Fuel Cost / Unit (Rs.))	11.05	11.36
<b>2. Furnace Oil / LSHS</b>		
Quantity Consumed (Ltrs)	3,42,205	4,29,756
Total Amount (Rs.)	82,25,910	99,69,260
Quantity of Steam produced (Mts)	4,934	6,217
Average Rate (Rs./MT)	1,667	1,603
<b>3. HSD Consumed for Burner (SSMD)</b>		
Quantity Consumed (Ltrs.)	1,07,641	1,10,713
Total Amount (Rs.)	35,42,754	38,01,118
Production per liter of HSD	185.53	205.22
Average Rate (Rs./MT)	6,106	7,046
<b>4. Consumption Per Unit (MT) of Production</b>		
Electricity (KWH)		
Feed (PMT)	162	136
Shrimp (PMT)	2537	2,149
SSM (PMT)	218	273
Furnace Oil (Ltrs.)		
Feed (PMT)	20.30	17.94
SSM (PMT)	92.12	164

#### B) Research and Development:

The company has taken up R & D activity in shrimp culture in 45 acres of lease hold land for improvement of shrimp culture technique, to reduce cost and to achieve better response from the farmers. This activity will be taken up by the company on continuous basis.

Company continuous to receive technological support from Thai Union Feed Mill, Thailand for the efforts made by the company in its R & D.

#### c) Foreign Exchange Earnings & Outgoings:

	2007-08 Rs. in Lakhs	2006-07 Rs. in Lakhs
a) Foreign Exchange Earnings (FOB)	3683.14	5106.40
b) Foreign Exchange Out-go	1,148.76	2094.53



## 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 Company believes that good corporate governance is an intrinsic part of its fiduciary responsibility as a responsible corporate citizen. Corporate Governance is about commitment to values and ethical business conduct. The Company's philosophy on Corporate Governance envisages achievement of highest level of transparency, accountability and equity, in all facts of its operations, and in all its interactions with its stakeholders, including shareholders, lenders and the Government. Timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. The Company's Board extends its fiduciary responsibilities in the widest sense of the term and also endeavors to enhance long term shareholder value by serving and protecting the interests of all the stakeholders.

#### 2. Board of Directors:

The Company's policy is to have optimum combination of Executive and Non-Executive Directors, to ensure independent functioning of the Board. The Board consists of both promoter and external Directors.

The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the Company activities and performances are periodically placed before the Board for effective decision making.

The day-to-day management of the Company is conducted by the Managing Director and the Joint Managing Director, subject to the overall supervision and control of the Board of Directors.

#### (i) The details of the composition of the existing Board of Directors is given below:

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 28 Sep, 2007
1.	Sri A. Indra Kumar	MD-Promoter	8	8	Yes
2.	Sri C. Ramachandra Rao	Joint M.D. & C.S	8	8	Yes
3.	Dr. D C Das	Director	8	7	Yes
4.	Sri N. Ram Prasad	NED	8	6	Yes
5.	Sri A. V. Achar	NED/ID	8	6	Yes
6.	Sri K. Ram Mohan Rao	NED/ID	8	2	Yes
7.	Sri M. Venkateswara Rao	ND	8	7	Yes
8.	Sri B V Kumar	NED/ID	8	4	No
9.	Sri M S P Rao	NED/ID	8	2	No


**Avanti Feeds Limited**

## Report On The Corporate Governance

### 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 (Excluding Avanti Feeds Limited)	
			Membership	Chairmanship
1.	Sri A. Indra Kumar	9	—	—
2.	Sri C. Ramachandra Rao	9	—	—
3.	Dr. D C Das	—	—	—
4.	Sri N. Ram Prasad	6	1	1
5.	Sri A.V.Achar	3	1	1
6.	Sri K. Ram Mohan Rao	—	—	—
7.	Sri M.Venkateswara Rao	7	—	—
8.	Sri B V Kumar	2	—	—
9.	Sri M S P Rao	8	—	—

### iii) The details of Board Meetings held during the financial year 2007-2008

Eight Board Meetings were held during the year 2007-08. The time gap between any two Board Meetings did not exceed by more than four months. The dates on which the said Board Meetings were held during 2007-08 are as follows:

Sl. No.	Date of Board Meeting
1	07.04.2007
2	28.04.2007
3	05.07.2007
4	31.07.2007
5	08.09.2007
6	30.10.2007
7	29.01.2008
8	26.03.2008

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

Sri N.Ramprasad , Sri M.S.P.Rao and Sri. A.V.Achar retires by rotation and, being eligible, have offered themselves for re-appointment.

### Details of Directors seeking re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

1) Name of the Director	: Mr. N.Ramprasad
Date of Birth	: 02.03.1956
Date of appointment	: 07.04.1993
Occupation	: Business
Expertise in specific functional areas	: Administration & Industrial Management