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16th
Annual Report
2008-2009



Avanti Feeds Limited

BOARD OF DIRECTORS

A.Indra Kumar
Managing Director

C.Ramachandra Rao
Joint Managing Director and Company Secretary

A.V.Achar

N.Ram Prasad

K.Ram Mohan Rao

B.V.Kumar

M.Venkateswara Rao, Nominee - APIDC

M.S.P.Rao

Tin King Chan

AUDITORS

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

INTERNAL AUDITORS

Polineni Associates
Chartered Accountants
Plot No.203,
Gayatri Nilayam,
1-1-721/A, Gandhinagar,
Hyderabad - 500 080.

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



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NOTICE

Notice is hereby given that the **SIXTEENTH Annual General Meeting** of the members of **Avanti Feeds Limited** will be held on the **Wednesday, 23rd day of September, 2009 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, 2009 and Profit and Loss Account for the year ended 31st March, 2009 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr.K.Ram Mohan Rao who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. B.V.Kumar who retires by rotation and is eligible for re-appointment.
4. To appoint M/s. Karvy & Co., Chartered Accountants, as 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 :

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

"RESOLVED THAT MR. TIN KING CHAN, who was appointed as an additional director of the company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of director, be and is hereby appointed as a director of the company, not liable to retire by rotation".

6. To consider and, if thought fit, to pass with or without modification the following resolution as a Special 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 and subject to obtaining necessary approvals of financial institutions, the company hereby approves re-appointment of Sri. C. Ramachandra Rao as Joint Managing Director & Company Secretary of the company for a period of three years w.e.f. 01.08.2009 and further seeking approval for 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 Section 350 of the Companies Act, 1956 as detailed below :

- I. **Salary :** Rs.1,50,000 per month in the scale of Rs. 1,50,000-15,000-1,80,000

Perquisites :

In addition to the salary as above, perquisites as under, the monetary value of such perquisites being limited to 60% 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.
- b) Company's contribution towards pension / superannuation funds which shall not



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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. Ex-gratia :

Yearly Ex-gratia subject to a limit of 20% of the annual basic remuneration.

III. Commission:

In addition to salary and perquisites as above, Sri C Ramachandra Rao shall be entitled to commission at the rate of 2% 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.

IV. Minimum Salary:

"RESOLVED FURTHER that in pursuance of the provisions of Section 198 (4) read with Schedule XIII to the Companies Act, 1956 wherein in any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and allowances as specified above be paid as Minimum Remuneration subject to the maximum limit as specified in Clause (B) of Part II of Section II of Schedule XIII of the Companies Act 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deed; 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."

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 and read with Schedule XIII and other applicable provisions if any of the Companies Act 1956 as amended, approval and ratification be and is hereby accorded for minimum remuneration paid to Sri.C.Ramachandra Rao, Joint Managing Director & Company Secretary of the Company , for the period from **01.04.2008 to 31.07.2009** the salary, perquisites and allowances paid as approved by the General Body in its meeting held on 27.09.2006 as Minimum Remuneration subject to the maximum limit as specified in Clause (B) of Part II of Section II of Schedule XIII of the Companies Act 1956."

- 7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

Modification of the Remuneration of Sri.Alluri Indra Kumar:

"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, approval and ratification of modification of remuneration paid and payable to Sri A. Indra Kumar as Managing Director for a period 01.04.2008 to 31.03.2011, the salary, allowances and perquisites remain unchanged as approved by the members in their meeting held on 28th September, 2007 except for the following :

I. Exgratia:

Sri. Alluri Indra Kumar, Managing Director of the Company be entitled to receive annual Ex-gratia



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not exceeding 20% of the annual basic for the period from 1st April'2009 to 31.03.2011.

II. Minimum Salary:

"RESOLVED FURTHER that in pursuance of the provisions of Section 198 (4) read with Schedule XIII to the Companies Act, 1956 wherein any financial year the company incurs loss or its profits are inadequate, the salary, perquisites and

allowances as specified above be paid as Minimum Remuneration subject to the maximum limit as specified in Clause (B) of Part II of Section II of Schedule XIII of the Companies Act 1956."

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

Place : Hyderabad

Date : 25.07.2009

A.Indra Kumar
Managing Director

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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 17th September 2009 to 23rd September 2009 (both days inclusive).
4. Members are requested to notify promptly any change in their address registered with the Company to the Registered Office of the Company or to Registrars & Shares Transfer Agents.
5. 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.
6. 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.
7. As per the provisions of the Sec.205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of 2000-01 has been transferred to Investor Education and Protection Fund on 02.12.2008 upon expiry of 7 years period. Unclaimed Dividend for the year 2001-02 will be transferred to Investor Education and Protection Fund on or before 25.10.2009. Shareholders who have not claimed Dividend for the year 2001-02 are requested to claim the dividend on or before 25.09.2009.

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

A. Indra Kumar
Managing Director

Place : Hyderabad
Date : 25.07.2009



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EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No.5

Mr.TIN KING CHAN was appointed as additional director at the meeting of the Board of Directors of the Company held on 29.01.2009. As per the provisions of the Section 260 of the Companies Act, 1956 they hold office up to the date of the ensuring Annual General Meeting.

Mr.TIN KING CHAN is a California State University business graduate and Managing director of Biz Dimension Co. Limited, engaged in providing E-business services. He is also Executive Director of Thai Union Frozen Products PCL heading the finance and business diversification function. His experience in finance, systems & controls and international business will be of great value to the company.

The Board feels that his experience will be of immense help to the company for effective management and recommended his appointment as Director of the company.

Mr.TIN KING CHAN may be deemed to be interested in the resolution as it relates to his appointment and none of the other directors are interested or concerned in the resolution.

Item No.6

Sri C.Ramachandra Rao was appointed as Joint Managing Director & Company Secretary of the Company for a period of three years effective from 1st August, 2006 and his appointment and remuneration was approved by the Shareholders in the Annual General Meeting held on 27th September, 2006. However, during the period 01st April, 2008 to 31st July,2009 due to inadequacy or absence of profits he has been paid remuneration as approved by the share holders in their meeting held on 27th September, 2006 as minimum remuneration. The members are requested to approve and ratify remuneration paid to Sri C.Ramachandra Rao.

Remuneration Committee in its meeting held on 19th February'09 approved modification in the terms of remuneration to Sri C.Ramchandra Rao by making applicable the provisions of Clause (B) of Part II of Section II of Schedule XIII of the Companies Act, 1956 as maximum remuneration payable in the event of in adequacy of profits. This amendment is applicable for the period from 01.04.2008 to 31.07.09.

The appointment period of three years tenure of Sri C.Ramachandra Rao will be completed on 31st July'09. It is now proposed to renew his re-appointment as Joint Managing Director and Company Secretary for another period of three years starting from 1st August'09 with revised managerial remuneration.

Remuneration Committee met on 17th July'09 and approved the re-appointment of Sri C.Ramachandra Rao for another period of three years starting from 1st August'09 with revised managerial remuneration.

The modification in remuneration paid for the period 1st April'08 to 31.07.09 and re-appointment with revised managerial remuneration for another period of three years starting from 1st August'09 are now placed before shareholders for their approval.

I. General Information :

- (1) Nature of Industry : Manufacturing of Shrimp & Fish Feed, Processing & export of Shrimp.
- (2) Date of commencement of commercial production :
 Shrimp Feed : 01.11.1994
 Fish Feed : 15.02.2008
 Processing of Shrimp : 01.04.1998
- (3) In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable.
- (4) Financial performance :

(Rs in Lacs)

Financial Parameters	2006-2007	2007-2008	2008-2009
Turnover	12173.99	10283.03	7299.59
Net Profit as computed under section 198	230.70	180.02	(924.99)
Net profit as per profit and loss Account	166.79	88.03	(703.00)
Amount of dividend paid	91.80	65.40	—
Rate of dividend declared	15%	10%	—

- (5) Export performance & net foreign exchange collaborations for the financial year 2007-08 & 2008-09 :

Export turnover : Rs. 4264.53 lacs in 2007-08 and Rs.2816.34 lacs in 2008-09

Net foreign exchange collaborations : NIL



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II. Information about the appointee :

(1) Background details :

Sri. C.Ramachandra Rao is a qualified Chartered Accountant, Company Secretary and LLB with rich experience in Government and Public Sector undertakings. He was instrumental in the inception of the company and held positions of Manager Finance & Company Secretary, Executive Director and presently as Joint Managing Director since July'06.

(2) Past Remuneration :

Year	Amount In Lacs
2005-06	14.49
2006-07	13.93
2007-08	13.22
2008-09	14.26

(3) Recognition & Awards:

He joined the organization at its inception as Manager Finance & Company Secretary in 1995. In recognition of his services he was promoted to Executive Director and finally given responsibility of Joint Managing Director in July'06.

(4) Job Profile and his suitability:

Providing strategic inputs at the Board level for strategic decision making for expansion, diversification and other activities and on day to day operational level responsibility of Finance, Accounts, Direct & Indirect Taxes, Legal matters, Imports and HR functions and leads a team of professionals and senior executives for day to day operations of the company. Because of his qualification, experience of over 34 years in various Government, Public Sector and Private Sector organizations and his eventful long association with the company, steering it to become 2nd largest shrimp feed manufacturer, he is most suitable to the position.

(5) Remuneration Proposed:

Rs.32,40,000/- per annum.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person :

Taking into consideration the size of the

Company, the profile of Sri. C. Ramachandra Rao and the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.

(7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personal if any.

Sri.C.Ramachandra Rao does not have any pecuniary relationship directly or indirectly with the company except for the position he is holding. He does not have any relationship with any managerial person in the company.

III. OTHER INFORMATION:

(1) Reasons of loss or inadequate profits :

Overall shrimp culture in India and particularly in the state of AP reduced due to non-availability of quality seed, un-favorable climatic conditions, anti-dumping duty by US, high input costs and depressed international prices for shrimp, which made the shrimp culture un-viable to the farmers. As a result of decline in culture and consequent steep fall in sales company suffered losses.

(2) Steps taken or proposed to be taken for improvement.

Company is aggressively promoting its shrimp feed in new states like Gujrat, Maharastra and Goa. Also it has initiated steps to increase its market share in Tamilnadu, Orissa and West Bengal. With the introduction of Vannamei (white shrimp) in India, company expects the revival of shrimp industry. To take advantage of Vannamei culture; company has tied up with Thai Union Group of Thailand to provide technical know how and cost effective formulations for Vannamei and to train our team and farmers in Vannamei culture practices and also help us in increasing export of processed shrimp.

(3) Expected increase in productivity and profits in measurable terms : Because of the measures initiated, it is expected that the turnover of the company will increase to 25000 MT of feed sales & 1200 MT of shrimp exports in the year 2010-11 and with farmers adapting to Vannamei culture the feed sales are expected to grow at 15% per annum up to 2014-15 and processed shrimp



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sales are expected to grow at 10% per annum. Company expects to breakeven in the year 2010-11 and there after earn a return of 12% on the capital invested in shrimp feed and processed shrimp export divisions.

Mr.C.Ramachandra Rao is interested in the resolution as it relates to his appointment and none of the other directors are interested or concerned in the resolution.

Item No.7

Sri A. Indra Kumar was appointed as the Managing Director of the Company for a period of five years effective from 01st July, 2007 and his appointment and remuneration has been approved by the Shareholders in the Annual General Meeting held on 28th September, 2007.

Remuneration Committee in its meeting held on 19th February'09 approved modification in the terms of remuneration to Sri A. Indra Kumar by making applicable the provisions of clause (B) of Part II of Section II of Schedule XIII of the Companies Act 1956 as maximum remuneration payable in the event of in adequacy of profits. This amendment is applicable for the period from 01.04.2008 to 31.03.2011.

Further it is noticed that Ex-gratia is being paid to all the employees of the company and the same is inadvertently omitted while preparing the Managerial Remuneration of Directors.

Remuneration Committee met on 17th July'09 and approved payment of Ex-gratia to Sri.A.Indra Kumar not exceeding 20% of the annual basic. This approval is for the period from 1st April'09 to 31st March'11.

Hence, it is now proposed to include Ex-gratia not exceeding 20% of the annual basic of Sri.Alluri Indra Kumar, Managing Director for the period from 01.04.2009 to 31.03.2011 in the existing remuneration.

All other terms of appointment as approved by shareholders in the Annual General Meeting held on 28th September'07 remain unchanged.

I. General Information :

- (1) Nature of Industry : Manufacturing of Shrimp & Fish Feed, Processing & export of Shrimp.

- (2) Date of commencement of commercial production :

Shrimp Feed : 01.11.1994

Fish Feed : 15.02.2008

Processing of Shrimp : 01.04.1998

- (3) In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable.

- (4) Financial performance :

(Rs. in Lacs)

Financial Parameters	2006-2007	2007-2008	2008-2009
Turnover	12173.99	10283.03	7299.59
Net Profit as computed under section 198	230.70	180.02	(924.99)
Net profit as per profit and loss Account	166.79	88.03	(703.00)
Amount of dividend paid	91.80	65.40	—
Rate of dividend declared	15%	10%	—

- (5) Export performance & net foreign exchange collaborations for the financial year 2007-08 & 2008-09 :

Export turnover : Rs. 4264.53 lacs in 2007-08 and Rs.2816.34 lacs in 2008-09

Net foreign exchange collaborations : NIL

II. Information about the appointee :

- (1) Background details :

Sri. A.Indra Kumar is a Chemical Engineer is having the 16 years of experience leading organisations. He had identified the opportunity in blue revolution in its nascent stage and promoted this company to set up first shrimp feed manufacturing plant in India. Before given charge as Managing Director in July'02, he guided the company in the capacity of Director and then as Executive Director.

- (2) Past Remuneration :

Year	Amount In Lacs
2005-06	30.10
2006-07	13.82
2007-08	27.66
2008-09	34.87