



18th
Annual Report
2010-2011

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

Bunluesak Sorajjakit

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 - 500080.

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 EIGHTEENTH Annual General Meeting of the members of Avanti Feeds Limited will be held on the SATURDAY, 6TH day of AUGUST, 2011 at Sri 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, 2011 and Profit and Loss Account for the year ended 31st March, 2011 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. K. Rammohan Rao who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. N. Ramprasad who retires by rotation and is eligible for re-appointment.
4. 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.

SPECIAL BUSINESS :

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

Approval for re-appointment of Sri A. Indra Kumar as Managing Director and fix the remuneration:

"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 reappointment of Sri. A. Indra Kumar as Managing Director of the company for a period of five years w.e.f. 01.07.2011 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 subject to approvals of financial institutions and Central Government :

- I. Salary: Rs. 3,40,000/- per month in the scale of Rs. 3,40,000-34,000-4,76,000.

Perquisites:

In addition to the salary as above, perquisites as under shall be payable.

Category – A:

Housing: Unfurnished accommodation or HRA subject to a limit of 60% 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 together with the company's contribution towards provident fund exceed 25% 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 Rs1,000,000 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 A. Indra Kumar shall be entitled to commission at the rate of 4% 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 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 of Rs.8,400,000/-, Rs.9,200,000/- and Rs.10,000,000/- for the first, second and third years of appointment respectively subject to the approval of Central Government, if any.

"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."

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 29th July, 2011 to 6th August, 2011 (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.
8. As per the provisions of the Sec.205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of 2002-03 has been transferred to Investor Education and Protection Fund upon expiry of 7 years period. Unclaimed Dividend for the year 2003-04 will be transferred to Investor Education and Protection Fund on or before 30.09.2011. Shareholders who have not claimed Dividend for the year 2003-04 are requested to claim the dividend on or before 30.09.2011.

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

Place: Hyderabad
Date : 21.05.2011

A. INDRA KUMAR
Managing Director

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Private Limited by filling up the Form sent alongwith Annual Report and post it to Karvy Computershare Private Limited. The postage charges for this will be paid by the company.

EXPLANATORY STATEMENT

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

Item No.5.

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 and further the modification of the remuneration approved by the share holders in Annual general Meeting held on 23rd September, 2009.

The appointment period of Five years tenure of Sri A. Indra Kumar will be completed on 30.06.2012, however as per the provisions of the section 317(3) it is now proposed to renew his reappointment as Managing Director before the completion of his term for another period of five years starting from 1st of July, 2011 with revised managerial remuneration.

Remuneration Committee in its meeting held on 14th of May, 2011 approved the re-appointment of Sri A. Indra Kumar as Managing Director for another period of five years from 1st of July, 2011 with revised managerial remuneration and further approved the terms of remuneration payable to Sri A. Indra Kumar by making applicable the provisions of Schedule XIII of the Companies Act 1956, maximum remuneration payable in the event of inadequacy of profits shall be Rs.8,400,000/-, Rs.9,200,000/- and Rs.100,00,000/- for the first, second and third years of appointment respectively subject to the approval of Central Government

1. General Information :

- (1) Nature of Industry: Manufacturing of Shrimp & Fish Feed and 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	2008-2009	2009-2010	2010-2011
Turnover	7299.59	9616.10	20774.88
Net Profit as computed under Section 198	(917.22)	(147.05)	596.41
Net profit as per profit and loss Account	(703.00)	(119.52)	341.80
Amount of dividend paid	--	--	80.00
Rate of dividend declared	--	--	10%

- (5) Export performance & net foreign exchange collaborations for the financial year 2009-10 & 2010-11 :

Export turnover : Rs. 3556.05 lacs in 2009-10 and Rs.6275.17 lacs in 2010-11

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 June'02, he guided the company in the capacity of Director and then as Executive Director.

- (2) Past Remuneration as per Schedule XIII:

Year	Amount In Lacs
2007-08	27.66
2008-09	34.52
2009-10	41.99
2010-11	41.82

- (1) Recognition & Awards: Best Industrialist Award for the year 1994-95 awarded by GOI. In recognition of his services he was given the responsibility of Executive Director and finally given the responsibility of Managing Director in June'02.

- (2) Job Profile and his suitability:

Providing strategic inputs to Board for decision making for expansions, diversifications and business strategy developments. Apart from implementing the decisions of Board at operational level, on day to day functioning he oversees Production, Quality, Marketing, Purchases, Industrial Relations and Public Relations and leads a team of professionals and senior executives. His rich experience and deep understanding of the dynamics and potential opportunities of the aqua culture industry is most valuable to the company.

- (3) Remuneration Proposed: Rs.84.00 Lacs, Rs.92.00 lacs and Rs.100.00 lacs per annum respectively for the first, second and third years of re-appointment.
- (4) 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. Alluri Indra Kumar and the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.

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

Sri. Alluri Indra Kumar 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 except with Mr.N.Ram Prasad, director who is his relative.

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 in the years 2008-09 and 2009-10. The company's performance improved considerably in the year 2010-11 due to the strategic planning and improvement in the shrimp culture activity.

(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 40000 MT of feed sales & 1600 MT of shrimp exports in the year 2011-12 and with farmers adapting to Vannamei culture the feed sales are expected to grow at 25% per annum up to 2014-15 and shrimp exports expected to grow at 10% per annum. Company expects to earn a return of 20% on the capital invested in shrimp feed and processed shrimp export divisions.

Mr. A. Indra Kumar may be deemed to be interested in the resolution as it relates to his remuneration and none of the other directors are interested or concerned in the resolution except Mr. N. Ram Prasad, Director who is relative of Mr. A. Indra Kumar.

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

Place: Hyderabad
Date : 21.05.2011

A. INDRA KUMAR
Managing Director

DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting their Eighteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2011.

FINANCIAL PERFORMANCE:

(Rs. in Lacs)

	2010-11	2009-10
Profit/(Loss) before Interest, Depreciation & Tax	1,238.58	363.47
Interest	439.22	312.74
Depreciation	288.22	278.27
Profit/(Loss) before Tax	511.14	(227.54)
Provision for Income Tax & Deferred Tax	169.34	(108.82)
Profit/(Loss) after Tax	341.80	(119.52)
Add: Balance brought forward from Previous year	1,682.73	1,802.25
Profit/(Loss) available for appropriation	2,024.53	1,682.73
APPROPRIATION:		
Proposed Dividend on equity shares	80.00	—
Corporate Dividend Tax	12.98	—
Transfer to General Reserve	30.00	—
Surplus carried to Balance Sheet	1,901.55	1,682.73
OPERATIONS :		
Income	21,169.66	10,222.59
Profit/(Loss) before Tax	511.14	(227.54)
FEED DIVISION :		
Production (Mts)		
Shrimp Feed	27,033.37	10,390.70
Fish Feed	10,097.80	5,538.55
Sales (Mts)		
Shrimp Feed	26,641.73	10,474.68
Fish Feed	10,066.95	5,508.75
PROCESSING DIVISION :		
Production (Mts)	1,449.90	963.99
Export Sales :		
Direct (MTs)	1,327.00	935.92

The profit for the year under consideration i.e. 2010-11, before depreciation, finance charges and tax is Rs.1238.58 lacs as compared to a profit of Rs. 363.47 lacs in the previous financial year. The profit for the year after tax is Rs. 341.80 lacs as against a Loss of Rs.119.52 lacs during the previous financial year.

The Shrimp Feed sales increased by 16,167 MT as compared to previous financial year. The sale of Fish Feed also increased by 4,559 MT as compared to previous year. There is overall recovery in the shrimp culture because of farmers going for Vanamei culture and also the culture area has increased as compared to previous year.

The shrimp processing and export division sales also recorded increase of 391 MT as compared to previous financial year. The demand for shrimp in international markets has increased with the wearing off of recessionary pressures. However, the margins are still under pressure.

The four windmills in Karnataka State with a total capacity of 3.2 MW have generated 51.11 lacs units and power generated was sold to Karnataka Power Transmission Corporation Limited under PPA.

DIVIDEND

Your Directors are pleased to recommend dividend of Re.1/- per equity share of Rs.10/- each for the financial year 2010-11 aggregating to Rs. 80 lacs on 80,00,000 equity shares. 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 29th of July, 2011.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, the audited Consolidated Financial Statements are provided in the Annual Report.