



INDUS FOODS LIMITED

13th ANNUAL REPORT 1998-99

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**PAMARRU - 521 157, KRISHNA DIST.,
ANDHRA PRADESH, INDIA**

INDUS FOODS LIMITED



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BOARD OF DIRECTORS

Dr.K.V.Dandamudi
Chairman & Managing Director
Sri. P.R.Mandava
Sri. D.Sridhar
Smt. D.Vijayalakshmi
Sri. V.S.R.K.Prasad
(Alternate to Sri. P.R.Mandava)

BANKERS

IndusInd Bank Limited

AUDITORS

M/s. Mahesh, Virender, & Sriram
Chartered Accountants

REGISTERED OFFICE

Pamaru - 521 157, A.P., INDIA

INDUS FOODS LIMITED**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the thirteenth Annual General Meeting of the Members of INDUS FOODS LIMITED will be held on the 15th day of September, 1999 at 11.00 A.M. at 11/154-A, Kalekhanpet, Machilipatnam, Krishna District the farm office of the Company, to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the period ended 31st March 1999 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Smt. D. VIJAYALAKSHMI who retires by rotation and being eligible offers herself for reappointment.
3. To consider and thought fit to pass the following resolution with or without modification(s) as Ordinary Resolutions :
"RESOLVED THAT M/s. Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad be and are hereby reappointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting of the Company until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company".

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without any modification(s) the following resolutions as an Special Resolution:
"RESOLVED THAT pursuant to Section 146 of the Companies Act, 1956, the Registered Office of the Company be changed from Pamarru - 521 157 Krishna District, Andhra Pradesh to 56-10-15, Vidyanagar, Rajahmundry - 533 105, Andhra Pradesh.
5. To consider and, if thought fit, to pass with or without any modification(s) the following resolution as an Ordinary Resolution:
"RESOLVED THAT due notice in writing signifying the intention of a member to propose Mr. Devarapalli Krishna as a Director having been received pursuant to Section 257 of the Companies Act, 1956, Mr. Devarapalli Krishna be and is hereby appointed as Director of the Company, whose period of office will be liable to determination by retirement of Directors by rotation."

For and on behalf of The Board of Directors

Place : Pamarru
Date : 15th June, 1999.

(Dr. K. V. Dandamudi)
Managing Director

NOTES

1. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and to vote instead of himself.
3. The proxy need not be a member of the Company.
4. Should any member choose to exercise his right of appointing a proxy, the proxy form attached should be duly completed and should be deposited at the Registered Office of the Company not less than 48 hours before the time of holding of the meeting.
5. Members are requested to notify any change in their address immediately to the Registered Office of the Company.
6. The Register of Members and the share transfer books of the Company would be kept closed from 13th September 1999 to 15th September 1999 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4**

Due to lack of Working Capital to continue operations and in order to repay outstanding loan dues demanded by Bank of India, the plant located at Pamarru, the Registered Office of the Company, was sold to M/s. East India Fisheries Private Limited, as agreed by the shareholders in the previous Annual General Meeting.

Hence, the Registered Office of the Company which is at present situated at Pamarru - 521 157 Krishna District, Andhra Pradesh is proposed to be shifted to 56-10-15, Vidyanagar, Rajahmundry - 533 105, East Godavari District, Andhra Pradesh, which is closer to the hatchery, for administrative convenience.

Change of the Registered Office of the Company outside the local limits of the town requires the passing of the Special Resolution by the members of the Company. Hence the said resolution.

ITEM NO. 5

A notice has been received from a member along with a deposit of Rs.500/- as required under Section 257 of the Companies Act, 1956, proposing Mr.D.Krishna as a candidate for the office of Director, whose period of office will be liable to determination by retirement of Directors by rotation.

Mr.D.Krishna has got rich experience in varied fields of business. His appointment is in the interest of the Company.

As required by Section 264 of the Act, Mr.D.Krishna has signed and filed with the Company his consent in writing to act as Director, if appointed.

Except Mr.D.Krishna, none of the Directors are interested in the Resolution.

INDUS FOODS LIMITED**DIRECTORS' REPORT**

TO

THE MEMBERS:

The Directors present their Annual Report and the Audited statement of Accounts for the year ended 31st March 1999

FINANCIAL RESULTS

	(Rs in Lakhs)	
	1998-99	1997-98
Income from Operations	23.81	581.09
Gross Profit (loss)	(177.85)	(42.87)
Finance Charges	21.43	60.94
Depreciation	7.01	6.76
Taxes	NIL	NIL
Provision for doubtful debts	72.09	96.82
Net Profit	(207.98)	(207.39)
Reserves (After set off of revaluation reserves)	23.65	214.11

OPERATIONS

Following sudden and unwarranted stoppage of working capital finance by Bank of India in October 1997, all the company's operations came to standstill. A proposal for renewal of working capital finance was submitted to Bank of India in February 1998, but the bank had not taken any decision. With the limited resources, the company could not effectively carry on its business operations. Almost all the resources available to the company were used in maintenance of plant and other assets hoping that operations will be renewed following renewal of working capital finance by Bank of India by August 1998.

In order to consolidate its business activities to limit further losses, the company is forced to liquidate part of its unproductive assets. The company received an offer for purchase of its processing plant for a sum of Rs. 135 lakhs in January 1998 and the same was communicated to Bank of India promptly. However, the bank has not given its consent for sale until June 1999. The sale is expected to be completed before end of August 1999 and the entire sale proceeds will be paid to Bank of India towards outstanding dues.

Due to problems in Aquaculture for the last four years, the company suffered losses of manageable level but the arbitrary and sudden decision by Bank of India to stop all financing abruptly, inspite of prompt repayment of principal and interest for over ten years, resulted in disastrous consequences to the company.

The company is exploring the possibility of seeking legal and other remedies for the sudden, unjust and unwarranted action of Bank of India.

With regard to the observations made by the statutory Auditor we are giving hereunder the requisite required clarifications:

1. Value of quoted investment: Since, the market value of the Investments are not known the Investments have been shown at the cost at which they have been acquired.
2. Non Provision of depreciation: Since, the Plant has been operating at less than 50% of its capacity the depreciation has been charged at 50% of the rates prescribed.
3. Non Confirmation of balances: Due to the stoppage of processing operations and also due to the slump in the industry most of the debtors and farmers to whom advances have been given have become insolvent. However, efforts are being made to obtain confirmations from the parties whenever it is possible.
4. Non Provision of Interest and reconciliation of Bank accounts: The Company is trying to negotiate with the Banks for a compromise settlement for the dues towards term loan and working capital given by them to the company. The interest, therefore, has not been provided for and confirmation of balances from the Banks was not obtained.

DEPOSITS

The company has not accepted any deposits during the year under review within the provisions of Section 58A of the Companies Act, 1956.

INDUS FOODS LIMITED



DIRECTORS

Smt. D. VIJAYALAKSHMI who retires by rotation in the ensuing Annual General Meeting and is offering herself for reappointment.

AUDITORS

The Auditors M/s. Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration as contemplated under Section 217 (2A) of the Companies Act, 1956.

COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. Conservation of Energy:

The company is efficiently utilising the available energy. No additional equipment is required at this juncture for reduction of consumption of energy.

B. Technology Absorption : Not applicable.

C. Foreign Exchange Earnings and outgo: NIL

D. Y2K Compliance:

- i. The company has initiated steps to meet Y2K requirements effectively and the expenditure to ensure Y2K compliance is not expected to have any material financial impact.
- ii. Significant part of the process has been completed and balance is scheduled for completion by October 1999.
- iii. The Company is confident that the preventive steps taken in advance are sufficient to meet the Y2K requirements.

ACKNOWLEDGMENTS:

Your Directors wish to gratefully acknowledge the support given by its Bankers, M/s IndusInd Bank Ltd. and express their appreciation for the continued co-operation from all employees of the Company.

For and on behalf of The Board of Directors

Place : Pamarru
Date : 15th June, 1999.

(Dr.K.V.Dandamudi)
Managing Director

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