

## **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](http://www.avantifeeds.com)

## NOTICE

Notice is hereby given that the **SEVENTEENTH Annual General Meeting** of the members of **Avanti Feeds Limited** will be held on the Saturday, **14<sup>th</sup> day of August, 2010** 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 31<sup>st</sup> March, 2010 and Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. A.V.Achar who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. M.S.P.Rao 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 an Ordinary Resolution.

**"RESOLVED THAT MR. Bunluesak Sorajjakit, 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".**

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

**Place: Hyderabad**  
**Date : 27.05.2010**

**A.INDRA KUMAR**  
**Managing Director**

## **EXPLANATORY STATEMENT**

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

### **Item No.5**

Mr. Bunluesak Sorajjakit was appointed as additional director at the meeting of the Board of Directors of the Company held on 30.01.2010. As per the provisions of the Section 260 of the Companies Act, 1956 they hold office up to the date of the ensuing Annual General Meeting.

He is a technocrat and Managing Director of Thai Union Feedmill Company, Thailand. Under his dynamic leadership the Thai Union Feedmill Company became a giant 100000 MT producer in Thailand with in a short span of 10 years. He is also instrumental in brining in many changes in shrimp farming methods and feed marketing methods. He joined the company board in January'10 and his association is very valuable to the company in the light of changeover taking place from Black Tiger culture to Vennamei culture in India..

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. Bunluesak Sorajjakit 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.

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

**Place: Hyderabad**  
**Date : 27.05.2010**

**A.INDRA KUMAR**  
**Managing Director**

**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 9<sup>th</sup> August, 2010 to 14<sup>th</sup> August, 2010 (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 2001-02 has been transferred to Investor Education and Protection Fund upon expiry of 7 years period. Unclaimed Dividend for the year 2002-03 will be transferred to Investor Education and Protection Fund on 30.09.2010. Shareholders who have not claimed Dividend for the year 2002-03 are requested to claim the dividend before 30th of September, 2010.

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

**Place: Hyderabad**  
**Date : 27.05.2010**

**A.INDRA KUMAR**  
**Managing Director**

**AVANTI FEEDS LIMITED**

*Registered Office : G-2, Concorde Apartments, # 6-3-658, Somajiguda, Hyderabad - 500 082.*

**ATTENDENCE SLIP**

I hereby record my presence at the **Seventeenth Annual General Meeting of AVANTI FEEDS LIMITED, at Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad - 500 038 Saturday, 14<sup>th</sup> August, 2010 at 11 A.M.**

1. Full Name of the Member : \_\_\_\_\_  
(in block letters)
2. Full Name of the Proxy(\*) : \_\_\_\_\_  
(in block letters)
3. Regd.Folio No. : \_\_\_\_\_
4. Number of Shares held : \_\_\_\_\_
5. Signature of the Member/  
Proxy Attending # : \_\_\_\_\_

\* To be used only when Member, first name is not attending.

# Strike out whichever is not applicable.

- Note :
1. Member / Proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the venue of the meeting.
  2. Members are requested to bring their copy of the Annual Report for the Meeting.

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**NO GIFTS WILL BE GIVEN**

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**AVANTI FEEDS LIMITED**

*Registered Office : G-2, Concorde Apartments, # 6-3-658, Somajiguda, Hyderabad - 500 082.*

**PROXY FORM**

Dear Sirs,

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ being a member / members of  
the above named Company hereby appoint \_\_\_\_\_ as my / our  
proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to  
be held on Saturday, 14<sup>th</sup> August, 2010 and at any adjournment thereof.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2010

affix  
Re.1/-  
Revenue  
Stamp

In the presence of \_\_\_\_\_

Note : Companies Act, 1956 lays down that an instrument appointing a proxy that be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the time for holding the meeting.

**Avanti Feeds Limited**  
**DIRECTORS' REPORT**

**To**

**The Shareholders,**

Your Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2010.

**FINANCIAL PERFORMANCE:**

(Rs. in Lakhs)

	<b>2009-10</b>	<b>2008-09</b>
Profit/(Loss) before Interest, Depreciation & Tax	<b>363.47</b>	(46.52)
Interest	<b>312.74</b>	709.14
Depreciation	<b>278.27</b>	334.15
Profit/(Loss) before Tax	<b>(227.54)</b>	(996.78)
Provision for Income Tax & Deferred Tax Credit	<b>108.81</b>	293.78
Profit/(Loss) after Tax	<b>(118.73)</b>	(703.00)
Add: Balance brought forward from Previous year	<b>1,802.25</b>	2,505.25
Profit/(Loss) available for appropriation	<b>1,683.53</b>	1,802.25
<b>APPROPRIATION:</b>		
Proposed Dividend on equity shares	--	--
Corporate Dividend Tax	--	--
Surplus carried to Balance Sheet	<b>1,683.53</b>	1802.25
<b>OPERATIONS :</b>		
Income	<b>10,224.98</b>	7358.87
Profit/(Loss) before Tax	<b>(227.54)</b>	(996.78)
<b>FEED DIVISION :</b>		
Production (MTs)		
Shrimp Feed	<b>10,390.70</b>	9,168.56
Fish Feed	<b>5,538.55</b>	4,813.60
Sales (MTs)		
Shrimp Feed	<b>10,474.67</b>	9,155.31
Fish Feed	<b>5,508.75</b>	4,895.65
<b>PROCESSING DIVISION :</b>		
Production (MTs)	<b>892.53</b>	669.60
<b>Export Sales :</b>		
Direct (MTs)	<b>862.08</b>	757.76

The profit for the year under consideration i.e. 2009-10, before depreciation, finance charges and tax is Rs.363.47 lakhs as compared to a Loss of Rs. 46.52 lakhs in the previous financial year. The loss for the year after tax is Rs.118.73 lakhs as against a Loss of Rs.703 lakhs during the previous financial year.

The Shrimp Feed sales marginally increased by 1319 MT as compared to previous financial year. The sale of Fish Feed also marginally increased by 613 MT as compared to previous year. There are signs of recovery in the shrimp culture and there is small increase in culture area as compared to previous year. Also in the current year company sold more premium feed as compared to previous year.

The shrimp processing and export division sales also recorded increase of 104 MT as compared to previous financial year. As the effects of recession are wearing off, the international market is improving and as a first sign the imports of shrimp by USA & Europe are increasing, however, the margins are still under pressure.

The four windmills in Karnataka State with a total capacity of 3.2 MW are generated 62.07 lac units and power generated was sold to Karnataka Power Transmission Corporation Limited under PPA.

#### **DIVIDEND:**

Your Directors are not recommending any dividend for the year keeping in view the loss suffered by the company during the year.

#### **DIRECTORS:**

In terms of Article 105 and 106 of the Articles of Association of the Company Mr.A.V.Achar and Mr.M.S.P. Rao retire by rotation at the ensuing Annual General Meeting and being eligible 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 & Co., 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, 2011 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**.



## **SHRIMP FEED PLANT IN GUJARAT**

As discussed in the previous year Annual Report, your company has invested in Avanti Thai Aqua Feeds (P) Limited, a special purpose vehicle to set up a shrimp feed manufacturing plant in Gujarat along with Thai Union Frozen Products Public Co Ltd., Thailand (TUF) in 50:50 equity participation. The land for the proposed plant has already been acquired at Village Pardi, Dist. Valsad and the legal procedures for conversion of land to industrial usage and other statutory approvals are in progress and the project implementation work is planned to commence in July'10 and finish by May'11.

## **HATCHERY FOR VANNAMEI**

In the previous year Annual Report it was intimated to you that your Company has planned to invest in a Joint Venture company with Mr.Anil George, a well known hatchery owner & operator in the ratio of 51:49 to set up a Vannamei shrimp hatchery for which TUF would extend technical support. The venture could not progress as there was shortage of good seed in international market. It is planned to start the hatchery in the current year and the first batch of seed will arrive in **September'10**.

## **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 Losses 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 convey thanks and appreciation to the valued customers and dealers for their continued patronage.

for and on behalf of the Board

**Place: Hyderabad**  
**Date : 27.05.2010**

**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, 2010**

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs. (in lakhs)	Qualifications	Experience	Date of Employment	Age Yrs.	Designation, Last Employment held
A.Indra Kumar	Managing Director	Projects, Production, Exports & General Administration	47.63	B.E	26	01.04.1998	48	Executive Director Srinivasa Cystine Limited
C.Ramachandra Rao	Joint Managing Director	Finance, Secretarial, Imports & Exports and General administration	30.43	ACA, ACS & LLB	34	01.10.1994	58	Finance Manager & Company Secretary Srinivasa Cystine 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 31<sup>st</sup> March, 2010.

FORM A

(See Rule 2)

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

A)	Power & Fuel Consumption	2009-10	2008-09
1.	Electricity		
	a) Purchased: Units (KWH)	41,20,052	39,61,108
	Total Amount (Rs.)	1,78,21,475	1,75,41,821
	Rate / Unit (Rs.)	4.33	4.43
	b) Own Generation		
	i) Through Diesel Generator		
	HSD Oil Consumed (Ltrs)	2,55,621	99,170
	Units (KWH)	7,33,194	2,62,124
	Units produced per liter of Diesel Oil	2.87	2.64
	Cost of HSD Oil consumed (Rs.)	88,17,619	35,17,984
	Cost / Unit (Fuel Cost / Unit (Rs.))	12.03	13.42
2.	Furnace Oil / LSHS		
	Quantity Consumed (Ltrs)	3,43,531	2,60,717
	Total Amount (Rs.)	1,04,13,530	89,68,402
	Quantity of Steam produced (Mts)	4,278	3,662
	Average Cost per MT of steam (Rs.)	2,434	2,449
3.	Consumption Per Unit (MT) of Production		
	Electricity (KWH)		
	Feed (PMT)	142	149
	Shrimp (PMT)	2,910	3,275
	Furnace Oil (Ltrs.)		
	Feed (PMT)	21.57	18.63

### B) Research and Development:

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:

		2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
a)	Foreign Exchange Earnings (FOB)	3,556.05	2,694.22
b)	Foreign Exchange Out-go	804.74	439.96

# 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 facets 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 23 <sup>rd</sup> September, 2009
1.	Sri A. Indra Kumar	MD-Promoter	5	5	Yes
2.	Sri C. Ramachandra Rao	Joint Managing Director & C.S	5	3	Yes
3.	Sri N. Ram Prasad	NED	5	3	Yes
5.	Sri A. V. Achar	NED/ID	5	2	Yes
6.	Sri K. Ram Mohan Rao	NED/ID	5	4	Yes
7.	Sri M. Venkateswara Rao	ND/ID	5	5	Yes
8.	Sri B V Kumar	NED	5	1	No
9.	Sri M S P Rao	NED/ID	5	2	No
10.	Mr. Tin King Chan	NED	5	4	Yes
11.	Bunluesak Sorajjakit	NED	5	1	NA

Note: \* Mr. Tin King Chan resigned from the board on 29.01.2010 and Mr. Bunluesak Sorajjakit appointed as director on 30.01.2010

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

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	13	---	---
2. Sri C. Ramachandra Rao	13	1	---
3. Sri N. Ram Prasad	04	1	1
4. Sri A.V.Achar	02	1	1
5. Sri K. Ram Mohan Rao	03	--	---
6. Sri M. Venkateswara Rao	04	---	---
7. Sri B V Kumar	--	---	---
8. Sri M S P Rao		--	---
9. Sri. Bunluesak Sorajakit			

- iii) The details of Board Meetings held during the financial year 2009-10

Five Board Meetings were held during the year 2009-10. 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 2009-10 are as follows:

Sl. No.	Date of Board Meeting
1	28.04.2009
2	25.07.2009
3	23.09.2009
4	31.10.2009
5	30.01.2010

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

Sri A.V.Achar & Sri M.S.P.Rao, 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. A.V.Achar  
Date of Birth : 22.03.1940  
Date of appointment : 07.04.1993  
Occupation : Business

(1) Expertise in specific functional areas with rich experience in Legal Matters. : He is a qualified Law Graduate

Directorships in other companies : Golkonda Hospitality & Ser.Ltd  
Cancap Industrial Credit Ltd.,

Committee positions held in other companies : Chairman in Audit committee  
And also member in Share holders & Investors Grievances Committee.

2) Name of the Director : Mr. M.S.P.Rao  
Date of Birth : 15.06.1953  
Date of appointment : 27.04.2005  
Occupation : Business

Expertise in specific functional areas : Technical & Industrial Management

Directorships in other companies : Countrywide Power Transmission Ltd  
Teesta Urja Ltd  
Concorde Realtor Pvt Ltd  
Teesta Vallley Power Transmission Ltd  
Athena Kynshi Power Pvt Ltd  
Athena Emra Power Pvt Ltd  
Hightech Propcon Pvt Ltd

Committee positions held in other companies : Member in Audit committee.

#### **Scheduling and Selection of Agenda items for Board Meetings.**

- a. Minimum four Board Meetings are held in each year, which are pre-scheduled after the end of each financial quarter. Apart from the pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- b. The meetings were held at the Registered Office and at factory at Kovvur of the Company.
- c. The information placed before the Board includes.
  - Quarterly results of the Company and its operating divisions or business segments.
  - Minutes of the meetings of Audit Committee and other Committees of the Board.
  - The information on recruitment and remuneration of senior personnel just below the Board Level, including appointment of Chief Financial Officer and the Company Secretary.
  - Non compliance of any regulatory, statutory nature or listing requirements and shareholders services such as delay in share transfer etc.
  - Details of any joint venture or collaboration agreement.
  - Show cause, demand prosecution notices and penalty notices which are materially important.
  - General notice of interest of Directors.
  - Terms of reference of Board Committees.
  - Information and Approval of Preferential Allotment, Foreign Collaboration and Appointment of Additional Director.
  - Any material default in financial obligations to and by the Company etc.

### 3. Audit Committee:

Name(s) of the Chairman and the Members, and the Terms of reference:

The Audit Committee was reconstituted by induction of Mr.B.V.Kumar in the Board Meeting held on 31.10.09 and now it comprises of following Non-executive Independent Directors. The Joint Managing Director along with the statutory auditors, internal auditors and D.G.M. (Accounts & Finance) 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. 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.

Name	Designation	Meetings held during the year	Meetings attended during the tenure
Sri A V Achar	Chairman	4	1
Sri.B.V.Kukar	Member	4	1
Sri K Ram Mohan Rao	Member	4	4
Sri M S P Rao	Member	4	2
Sri. C.Ramachandra Rao	Compliance Officer	4	3

SI.No.	Date of Meeting
01	28.04.2009
02	25.07.2009
03	31.10.2009
04	30.01.2010

The representatives of the Statutory Auditors and Internal Auditors of the Company had also attended the meetings. The Minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note. The Audit Committee considered and reviewed the accounts for the year 2009-10, before it was placed in the Board. The Committee periodically interacts with the statutory auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies.

### 4. Remuneration Committee:

- (i) The Committee comprises of Four Non Executive Directors, namely, Mr.B.V.Kumar, (Chairman), Mr.A.V.Achar, N. Ram Prasad and Mr.K.Ram Mohan Rao.

The Committee would basically look into and determine the Company's policy on remuneration packages to the Executive Directors.

The Executive Directors are paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the General Meeting and such other authorities as the case may be.

- (ii) The remuneration paid/payable to the Managing Director, Whole time Directors of the Company for the year ended 31<sup>st</sup> March,2010 are as under :-



Name and Designation	All elements of remuneration package i.e., salary benefits, pension etc.  (Rs. in lakhs)	Fixed Component and performance linked incentives along with the performance criteria  (Rs. in lakhs)	Service Contract Notice Period and Severance Fees  (Rs. in lakhs)	Stock option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable  (Rs. In lakhs)
A. Indra Kumar Managing Director	47.63	---	---	---
C. Ramachandra Rao Joint Managing Director	30.43	---	---	---

(iii) Details of payments to Non-Executive Directors during the year 2009-10 are given below:

Name of the Director	Sitting Fee (in Rs.)	Commission (in Rs.)
K. Ram Mohan Rao	4,000	---
A. V. Achar	2,000	---
N. Ram Prasad	3,000	---
M. Venkateswara Rao Nominee of APIDC (Paid to APIDC)	5,000	---
B.V. Kumar	1,000	---
M S P Rao	2,000	---
Tin King Chan	4,000	---
Mr. Bunluesak Sorajjakit	1,000	---

(iv) Statement showing number of Equity Shares held by the Non-Executive Directors as on March 31,2010

Name of the Director	Number of Shares held (as on 31.03.2010)
K. Ram Mohan Rao	18400
A. V. Achar	200
N. Ram Prasad	20600
M. Venkateswara Rao* Nominee of APIDC (held on behalf of APIDC)	500000

\*NOTE: Shares held by Andhra Pradesh Industrial Development Corporation

## 5. Shareholders and Investor Grievance Redressal Committee

### Composition

A Shareholders and Investor Redressal Grievance Committee was constituted with Sri N. Ram Prasad as the Chairman and Sri K. Ram Mohan Rao and Sri A.V.Achar as the members. All the three members of the Committee are non-executive Directors. Sri C. Ramachandra Rao, Joint Managing 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 Five times during the year.

During the year the Company has received 50 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 31<sup>st</sup> March,2010.

The status of shareholder's complaints during the financial year 2009-10 is as under:

SL. NO.	Nature of Complaint / Correspondence	TOTAL NO. OF LETTERS RECEIVED DURING THE PERIOD	TOTAL NO. OF LETTERS REPLIED DURING THE PERIOD	LETTERS PENDING
1	NON RECEIPT OF DIVIDEND WARRANTS	14	14	0
2	RECEIPT OF DIVIDEND WARRANTS FOR REVALIDATION	19	19	0
3	NON RECEIPT OF SHARE CERTIFICAGES	0	0	0
4	REQUEST FOR ISSUE OF DUPLICATE DIVIDEND WARRANT	0	0	0
5	NON RECEIPT OF SECURITIES AFTER TRANSFER	2	2	0
6	RECEIPT OF DAMAGED/MUTILATED DIVIDEND WARRANT	0	0	0
7	LETTER OF INTIMATION OF BANK MANDATE	0	0	0
8	REQUEST FOR ECS FACILITY ( ELECTRONIC CLEARANCE SERVICES)	0	0	0
9	CHANGE/CORRECTION OF BANK MANDATE	1	1	0
10	CHANGE/CORRECTION OF BANK MANDATE ON PAYMENT INSTRUMENTS	0	0	0
11	LOSS OF SECURITIES AND REQUEST FOR ISSUE OF DUPLICATE	2	2	0
12	RECEIPT OF IB AND AFFIDAVIT FOR ISSUE OF DUP SECURITIES	0	0	0
13	CORRECTION/CHANGE IN ADDRESS	5	5	0
14	REQUEST FOR CONSOLIDATION/SPLIT OF SECURITIES	0	0	0
15	REQUEST FOR EXCHANGE OF OLD CERTIFICATES WITH NEW CERTIFICATES	1	1	0
16	REQUEST FOR TRANSMISSION OF SECURITIES	3	3	0
17	COMPLAINT RELATING TO TRANSFER OF SHARES	0	0	0
18	CORRECTION IN NAME ON DIVIDEND WARRANTS	1	1	0
19	NON RECEIPT OF ANNUAL REPORT	2	2	0
	<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>0</b>

## 9. General Shareholders' Information:

Sl.No.	Item	Details
(i)	AGM Date, Time and Venue	On 14 <sup>th</sup> August, 2010 at 11.00 A.M . Sri Sagi Ramakrishnam Raju Memorial Community Hall, Madhura Nagar, Hyderabad
(ii)	Financial Year	2010-11
(iii)	Financial Calendar (tentative)	<ul style="list-style-type: none"> <li>• First Quarter Results – Mid August, 2010.</li> <li>• Second Quarter / Half Year Results – End October, 2010</li> <li>• Third Quarter / Nine Months Results – End January, 2011</li> <li>• Fourth Quarter / Year end Results – End June, 2011</li> </ul>
(iv)	Dates of Book Closure	9 <sup>th</sup> August, 2010 to 14 <sup>th</sup> August, 2010 (Both days inclusive).
(v)	Dividend and dividend Payment Date	Board of Directors not recommended any dividend for the financial year 2009-10
(vi)	Listing on Stock Exchanges	<p>The Company's Shares are listed on Madras and Bombay Stock Exchanges. The company's shares are also traded in NSE because of tie up between Madras Stock Exchange and NSE. The Address of these Exchanges is as given below:</p> <ol style="list-style-type: none"> <li>1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001.</li> <li>2. The Madras Stock Exchange, Exchange Building, Post Box No.183, 11, Second Line Beach, Chennai - 600 001</li> </ol> <p>The Company has duly paid the Listing fees for the year 2010-11 to the Stock Exchanges where the shares of the Company are Listed.</p>
(vii)	Stock Code	BSE : 512573 MSE : AVA NSDL/CSDL ISIN No. : INE871C01012

### (viii) Market Price Data (information gathered from BSE)

Month	Open Price	High Price	Low Price	Close Price
Apr 09	15.00	17.90	14.30	16.07
May 09	16.00	20.40	14.00	20.40
Jun 09	20.40	23.00	18.50	18.50
Jul 09	18.25	20.50	16.35	18.55
Aug 09	18.50	19.90	16.50	18.50
Sep 09	18.80	23.10	18.80	22.95
Oct 09	23.50	25.25	20.65	21.00
Nov 09	20.00	21.90	18.25	21.65
Dec 09	20.40	26.90	19.50	24.90
Jan 10	25.90	32.00	22.85	26.70
Feb 10	27.70	31.80	23.10	24.15
Mar 10	24.95	26.15	21.00	22.50

## 6. General Body Meetings:

The details of Annual General Meetings are as follows:

Year	Location	Date	Time
2008-09	Sri Sagi Ramakrishnam Raju Memorial Community Hall, Madhura Nagar, Hyderabad	23.09.2009	11.00 AM
2007-08	Sri Sagi Ramakrishnam Raju Memorial Community Hall, Madhura Nagar, Hyderabad	29.09.2008	11.00 AM
2006-07	Sri Sagi Ramakrishnam Raju Memorial Community Hall, Madhura Nagar, Hyderabad	28.09.2007	11.00 AM

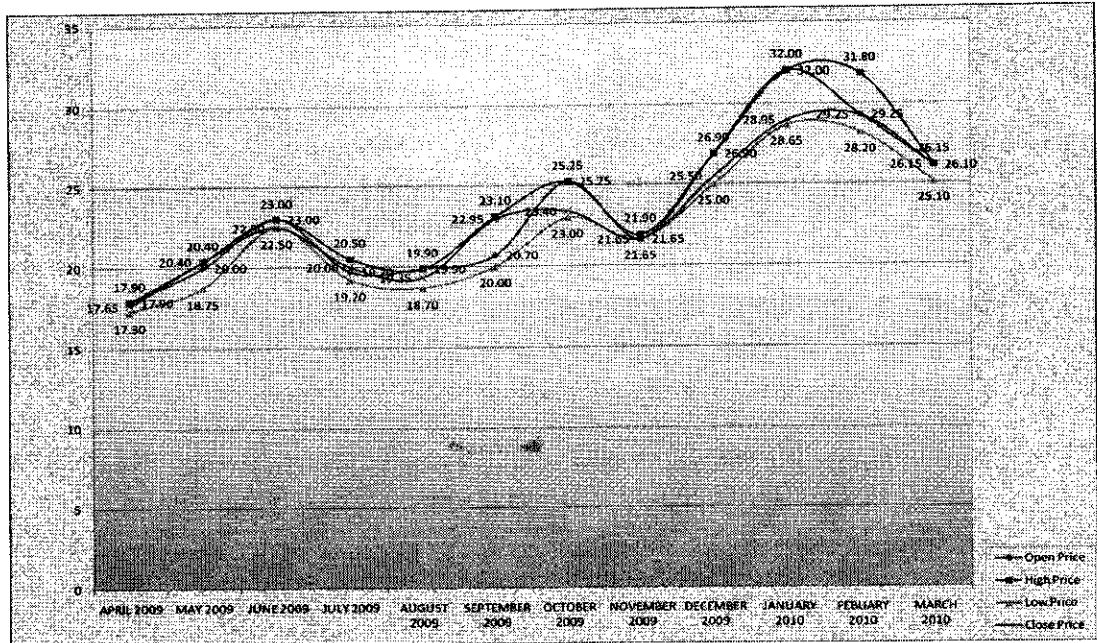
No Extraordinary General Meeting was held during the year 2009-10.

## 7. Disclosures:

- i) The Company has entered into related party transactions as set out in the notes to the accounts which are not likely to have a conflict with the Company's interest.
- ii) There were no non-compliances by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three financial years.
- iii) Whistle Blower Policy : The Company established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud or violation of code of conduct policy. The mechanism also provides for adequate safeguards against victimization of employees who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases.

## 8. Means of Communication:

- a. The relevant information relating to the Directors who would be appointed/re-appointed at the ensuing Annual General Meeting is given in the notice convening the Annual General Meeting .
- b. The Quarterly / Half Yearly and Annual Financial results of the Company are forwarded to the Bombay and Madras Stock Exchanges and were published in Financial Express, Business Standard and Andhra Prabha, Hyderabad.
- c. The Company's results were displayed on SEBI website. ( [www.sebi.gov.in](http://www.sebi.gov.in))
- d. The Management Discussion and Analysis Report is included elsewhere in this Annual Report.



(ix) Registrars & Share Transfer Agents:

Karvy Computershare Private Limited  
 Plot No. 17 to 24, Vittal Rao Nagar,  
 Madhapur, Hyderabad - 500 081  
 Tel: 040-2420815-28  
 Fax: 040-23420814, 23420857  
 E- mail: mailmanager@karvy.com  
 www.karvycomputershare.com

(x) Share transfer system:

All transfers received are processed and approved by the Share Transfer Committee which normally meets once in a fortnight or more depending upon the volume of transfers.

(xi) Shareholding information:

a) Distribution of Share holding pattern as on 31.03.2010

Sl. No.	Category		Number of shareholders	% of shareholders	Number of Shares	% of holding
	From	To				
1	Upto	5000	3396	85.50	5746910	7.18%
2	5001	10000	234	5.89	1911760	2.39%
3	10001	20000	149	3.75	2300760	2.88%
4	20001	30000	71	1.79	1808260	2.26%
5	30001	40000	24	0.60	863460	1.08%
6	40001	50000	29	0.73	1366540	1.71%
7	50001	100000	32	0.81	2304310	2.88%
8	100001 and above		37	0.93	63698000	79.62%
No. of Shareholders in physical mode			1647	41.47	941813	11.77
No. of shareholders in electronic mode			2325	58.53	7058187	88.23

b) Shareholding pattern as on 31.03.2010

Sl.No	Category	No of Shares	% to paid up capital
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters – Individuals	1219790	15.24
2	Promoters – Corporate Bodies	2487700	31.10
	<b>Sub Total</b>	<b>3707490</b>	<b>46.34</b>
<b>B</b>	<b>Non-Promoters Holding</b>		
1	Institutional Investors		
	a.Mutual Funds and	4500	0.06
	b.Banks, IFI, Insurance Cos, \ (Central and State Govt Institutions / Non-Govt Institutions)	500900	6.26
	c. Fils	1100	0.01
	<b>Sub Total</b>	<b>506500</b>	<b>6.33</b>
2	Others		
	a.Private Corporate Bodies	257581	3.22
	b.Indian Public	2256823	28.21
	c.NRIs/ OCB's	1271404	15.89
	d.Others/Clearing Members	202	0.01
	<b>Sub Total</b>	<b>3786010</b>	<b>47.33</b>
	<b>Grand Total</b>	<b>8000000</b>	<b>100.00</b>
3	Dematerialisation of shares and liquidity	<p>The Company has entered into tripartite agreements with NSDL and CDSL to establish Electronic connectivity through Company's Electronic Registrar i.e., Karvy Computershare Private Limited, Hyderabad and facilitate scripless trading. Trading in the equity shares of the Company is compulsorily in dematerialised form for all investors.</p> <p>Investors are therefore advised to open a demat account with the Depository Participant of their choice to trade in demat form. The list of depository participants is available with NSDL and CDSL. The ISIN allotted to the Company's Scrip is <b>INE871C01012</b>.</p> <p>88.23 % ( Previous Year 87.800%)of Company's shares are now held in Electronic form. The liquidity of the Company's shares is expected to improve with the increase in holdings in demat form.</p>	
4	Outstanding ADRs/GDRs	The Company has not issued any ADR/GDR	

5	Plant Locations	<p>Shrimp Feed Plant I &amp; Wheat Flour Plant D.No.15-11-24 Kovvur-534350 W.G.Dist, A.P., India</p> <p>Shrimp Feed Plant II Vemuluru Kovvur-534350 W.G.Dist., A.P., India</p> <p>Shrimp Processing Plant Gopalapuram 533274 Ravulapalem Mandal E.G. Dist., A.P., India</p> <p>Shrimp Shell Meal Plant Velivenu Road, Samisragudem, Nidadovale Mandal, W.G. Dist., A.P., India</p> <p>Wind Mill Lakkihalli Village, Hiriyur Taluk, Chitradurga District, Karnataka State.</p>
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6	Address for Correspondence	<p><b>Registered Office :</b> Avanti Feeds Limited, G-2, 6-3-658, Concorde Apartments, Somajiguda, Hyderabad – 500 082.</p> <p><b>Registrars and Transfer Agents:</b> M/s. Karvy Computershare Private Limited Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Tel: 040-2420815-28 Fax: 040-23420814, 23420857 E-mail : <a href="mailto:mailmanager@karvy.com">mailmanager@karvy.com</a></p>
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(xii) Pursuant to the provision of section 205A and 205C of the Companies Act, as amended, read with Investor education and Protection fund (awareness and Protection of Investors) rules 2001, dividend which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders / Investors who have not en-cashed their dividend warrant(s) so far are requested to make their claim to the Secretarial Department of the Company. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.

## **DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management personnel of the Company. It is further confirmed that all directors and senior management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31<sup>st</sup> March, 2010, as envisaged in clause 49 of the listing agreement with stock exchanges.

Place: Hyderabad  
Date : 27.05.2010

A. INDAR KUMAR  
Managing Director



## **Managing Director and Chief Financial Officer Certification**

We, A. Indra Kumar , Managing Director and C. Ramachandra Rao, Joint Managing Director & Company Secretary of Avanti Feeds Limited certify that :

- a. We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief.
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards , applicable laws and regulations.
- b. These are, to the best of our knowledge and belief , no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
  - i. significant changes in internal controls during the year.
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - iii. That there have been no instances of significant fraud of which we have become aware, involving the management or an employee having a significant role in the Company's internal control system.

Place : Hyderabad  
Date : 27.05.2010

A. Indra Kumar  
Managing Director

C. Ramachandra Rao  
Joint Managing Director &  
Company Secretary

## **Auditors' Certificate on Corporate Governance**

TO  
THE MEMBERS OF  
AVANTI FEEDS LIMITED

We have examined the compliance of conditions of Corporate Governance by Avanti feeds Limited, (the Company), for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited and Chennai Stock Exchange Limited.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above-mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

for Karvy & Co  
Chartered Accountants

(K. Ajay Kumar)  
Partner  
Mem. No.021989

Place : Hyderabad  
Date : 27.05.2010

**AUDITORS' REPORT**

To  
The Members of  
**M/s. AVANTI FEEDS LIMITED.**

We have audited the attached Balance sheet of **M/S.AVANTI FEEDS LIMITED** as at 31<sup>st</sup> March, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, (together the 'Order') issued by the Central Government Of India, in terms of Section 227 (4A) of the Companies Act,1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.

3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of the Company;
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- e. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

22/05/2010

7. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and Notes hereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March, 2010 ;
- ii. in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date; and
- iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For KARVY & CO  
Chartered Accountants

Place: Hyderabad  
Date : 22.05.2010

(K. AJAY KUMAR)  
PARTNER  
(M. No: 21989)  
Firm No:017575

22/05/2010

**Annexure to the Auditors' Report  
Referred to in paragraph 2 of our report**

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) In our opinion, fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. In respect of its inventories:
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the books of account were not material and have been properly dealt with in the books of account.
- iii.
  - a) According to the information and explanations given to us, during the year the Company has not granted any loans to companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4 (ii) (a) to 4 (iii) (d) of the Order are not applicable.
  - e) According to the information and explanations given to us, the Company has taken an unsecured loan from a Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs.1.00 crore and the year end balance is Rs.1.00 Crore.
  - f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

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- v. The transactions as stated in clause 4 (iii) above that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- vi. The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account and records maintained by the Company relating to the generation of wind power, pursuant to Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records for any other product manufactured by the Company.
- ix. In respect of Statutory dues:
- a) According to the books and records as produced and examined by us in and also based on the Management representations, it was found that there were no undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State insurance, Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable to be deposited with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31<sup>st</sup>, 2010 for a period of more than six months from the date on which they become payable.
- b) According to the information and explanations given to us, there are disputed amounts in respect of Service Tax, amounting to Rs.8.26 Lacs and in respect of MP VAT, amounting to Rs.29.22 Lacs; which have not been deposited with the appropriate authorities during the financial year. Except for what has been stated, there are no other amounts in respect of income tax, sales-tax, Service-tax, customs duty, wealth-tax, excise duty and Cess, that have not been deposited with the appropriate authorities on account of any dispute.
- x. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the current financial year. However; the company had incurred a cash loss of Rs.662.63 Lakhs, in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks. No loans have been taken by the Company from financial institutions.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.

22/05/2010

- xiii. In our opinion, the Company is not a Chit-fund or a Nidhi/ Mutual Benefit fund/ Society. Accordingly, Clause 4 (xiii) of the Order is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in Shares, Securities, debentures and other investments. Accordingly, Clause 4 (xiv) of the Order is not applicable to the Company.
- xv. The Company has pledged its investment in M/s Patkari Power Pvt. Ltd with respect to a loan availed of by M/s.Patkari Power Private Limited from State Bank Of India . However; the terms and conditions whereof are not prejudicial to the interest of the company.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, no term loans were taken by the Company during the year. Accordingly, Clause 4 (xvi) of the Order is not applicable to the Company.
- xvii. According to the information and explanations given to us and overall examination of the balance sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long term investment.
- xviii. During the financial year, the Company has not made preferential allotment of shares to the Company covered under register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us and the records examined by us, no debentures were issued by the Company. Accordingly, Clause 4 (xix) of the Order is not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, Clause 4 (xx) is not applicable to the Company.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

for KARVY & Co  
Chartered Accountants

Place: Hyderabad  
Date : 22.05.2010

(K. AJAY KUMAR)  
P A R T N E R  
(M. No. 021989)  
Firm No. 01757S

22/05/2010

**AVANTI FEEDS LIMITED**  
BALANCE SHEET AS AT 31st March, 2010

	Sch. No.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders funds</b>			
Share Capital	1	80,000,000	80,000,000
Reserves & Surplus	2	607,603,036	619,555,147
<b>Loan Funds</b>			
Secured Loans	3	258,293,622	308,189,596
Unsecured Loans	4	58,962,295	58,962,295
		<b>1,004,858,953</b>	<b>1,066,707,038</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	576,454,977	575,288,438
Less : Depreciation		297,903,850	274,743,486
Net Block		<b>278,551,127</b>	<b>300,544,952</b>
<b>Investments</b>	6	<b>323,306,400</b>	284,984,147
<b>Deferred Tax Asset</b>		<b>23,066,573</b>	12,264,971
<b>Current Assets, Loans &amp; Advances</b>	7		
Interest Accrued		1,288,435	579,248
Inventories		272,748,567	203,832,378
Cash & Bank Balances		34,077,377	89,941,460
Sundry Debtors		89,327,212	154,211,506
Loans & Advances		133,946,267	139,964,270
		<b>531,387,859</b>	<b>588,528,863</b>
Less : Current Liabilities & Provisions	8	<b>151,453,006</b>	119,615,894
<b>Net Current Assets</b>		<b>379,934,853</b>	<b>468,912,968</b>
		<b>1,004,858,953</b>	<b>1,066,707,038</b>

As per our Report of even date  
for KARVY & CO  
Chartered Accountants

For and on behalf of the Board

K.Ajay Kumar  
Partner

C.Ramachandra Rao  
Joint Managing Director &  
Company Secretary

A.Indra Kumar  
Managing Director

N.Ram Prasad  
Director

Place : Hyderabad  
Date : 27.05.2010



**AVANTI FEEDS LIMITED**  
**Profit & Loss Account for the year ended 31st March 2010**

	Sch.No	For the year ended 31st March 2010 Rs.	For the year ended 31st March 2009 Rs.
<b>INCOME</b>			
Operating Income	9	961,610,193	729,959,428
Other Income	10	60,648,965	5,927,867
		<u>1,022,259,158</u>	<u>735,887,295</u>
<b>EXPENDITURE</b>			
Material Cost	11	784,861,469	551,897,806
Personnel Cost	12	53,668,158	48,895,108
Manufacturing & Other Expenses	13	147,382,481	130,442,678
Finance Charges	14	31,273,802	70,914,448
Depreciation		27,826,961	33,415,329
		<u>1,045,012,871</u>	<u>835,565,369</u>
Profit / (Loss) before Tax		(22,753,712)	(99,678,074)
Current Tax		-	-
Deferred Tax (Release)		10,801,602	29,930,664
Fringe Benefit Tax		-	552,094
Profit after Tax		(11,952,110)	(70,299,504)
Profit brought forward from Previous Year		180,225,484	250,524,989
Profit available for appropriation		<u>168,273,374</u>	<u>180,225,485</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend		-	-
Provision for Corporate Dividend Tax		-	-
Transfer to General Reserve		-	-
Surplus carried to Balance Sheet		168,273,374	180,225,485
TOTAL		<u>168,273,374</u>	<u>180,225,485</u>
Basic & Diluted earnings per share face value of Rs.10/- each		(1.49)	(10.06)

As per our Report of even date  
for KARVY & CO  
Chartered Accountants

For and on behalf of the Board

A.Indra Kumar  
Managing Director

K.Ajay Kumar  
Partner

C.Ramachandra Rao  
Joint Managing Director &  
Company Secretary

N.Ram Prasad  
Director

Place : Hyderabad  
Date : 27.05.2010

**AVANTI FEEDS LIMITED**

**Cash Flow Statement for the year ended 31st March 2010**

	<b>31st March 2010 Rs.</b>	<b>31st March 2009 Rs.</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(22,753,712)	(99,678,074)
Adjustment for		
Depreciation	27,826,961	33,415,329
Loss on sale of Fixed Assets	362,887	59,488
CWIP Written off	-	1,161,417
Gain on exchange fluctuations & forward contracts	(7,967,451)	3,054,299
Interest Paid	31,273,802	38,520,545
Loss of Derivatives	-	32393903
Interest Received	(5,886,975)	(3,022,686)
Dividend Received on Shares & Mutual Funds	(16,708,630)	(279,467)
<b>Operating Profit before Working Capital Changes</b>	<b>6,146,881</b>	<b>5,624,754</b>
Adjustment for		
Trade and Other Receivables	70,193,109	(19,722,205)
Inventories	(68,916,189)	63,139,064
Trade Payable	31,837,112	<b>44,921,278</b>
<b>Cash generated from Operations</b>	<b>39,260,913</b>	<b>93,962,891</b>
Income Tax Paid	-	(552,094)
<b>Net Cash flow from Operating activities</b>	<b>39,260,913</b>	<b>93,410,797</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment (Net)	(38,322,253)	3,285,875
Dividend Received on Mutual Funds	16,708,630	279,467
Interest Received	5,886,975	3,022,687
Purchase of Fixed Assets	(7,927,523)	(588,552)
Sale of Fixed Assets	1,731,500	443,200
<b>Net Cash used in Investing activities</b>	<b>(21,922,671)</b>	<b>6,442,677</b>
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>		
Increase in Share Capital	-	58,400,000
Repayment of Borrowings	(55,394,444)	(59,652,246)
Proceeds from Borrowings	5,498,470	33,209,746
Interest Paid	(31,273,802)	(38,520,545)
Loss on Derivatives	-	(32,393,903)
Profit on exchange fluctuations & forward contracts	7,967,451	(3,054,299)
Dividends paid including tax on Dividend	-	(7,651,473)
<b>Net Cash generated in Financing Activities</b>	<b>(73,202,325)</b>	<b>(49,662,720)</b>
Net Increase / Decrease in Cash and Cash Equivalents	(55,864,083)	50,190,754
Cash and Cash Equivalents (Opening Balance)	89,941,460	39,750,706
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>34,077,377</b>	<b>89,941,460</b>

As per our Report of even date

For and on behalf of the Board

for Karvy & Company  
Chartered Accountants

A.Indra Kumar  
Managing Director

K.Ajay Kumar  
Partner

C.Ramachandra Rao  
Joint Managing Director &  
Company Secretary

N.Ram Prasad  
Director

Place : Hyderabad  
Date : 27.05.2010

**AVANTI FEEDS LIMITED**  
**SCHEDULES**

Particulars	As at 31 st March 2010 Rs.	As at 31 st March 2009 Rs.
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
Authorised		
80,00,000 Equity Shares of Rs.10/- each	80,000,000	80,000,000
Issued, Subscribed and Paid-Up :		
80,00,000 Equity Shares of Rs.10/- each fully paid-up	80,000,000	80,000,000
TOTAL	<u>80,000,000</u>	<u>80,000,000</u>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
Capital Reserve		
Investment Subsidy		
Government of Andhra Pradesh	3,500,000	3,500,000
Grant-in-Aid from MFPI, Govt of India	5,000,000	5,000,000
MPEDA Subsidy	4,460,401	4,460,401
Share Premium	43,800,000	43,800,000
General Reserve		
Opening Balance	382,569,262	
Add : Transfer from Profit & Loss Account	-	382,569,262
Surplus in Profit & Loss Account	<u>168,273,373</u>	<u>180,225,484</u>
TOTAL	<u>607,603,036</u>	<u>619,555,147</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Term Loans		
From Banks		
ICICI Bank	44,444,446	88,888,890
State Bank of India	47,248,996	58,198,996
Other Loans		
From SBI - Working Capital Loans	162,384,907	160,309,404
From I C I C I Ltd. - Hire Purchase	4,088,177	283,088
From HDFC Bank Ltd. - Hire Purchase	127,096	408,337
From G.E. Money Financial Services - Hire Purchase	-	100,881
TOTAL	<u>258,293,622</u>	<u>308,189,596</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Sales Tax Deferment Loan	58,962,295	58,962,295
TOTAL	<u>58,962,295</u>	<u>58,962,295</u>

AVANTI FEEDS LIMITED

DEPRECIATION SCHEDULE AS ON 31.03.2010

SCHEDULE - 5 FIXED ASSETS		GROSS BLOCK		DEPRECIATION		NET BLOCK					
Sl. No.	PARTICULARS	Cost as on 01.04.2009	Additions	Deletions	Total Cost as on 31.03.2010	Upto 31.03.2009	For the Year	On Deletions	Total upto 31.03.2010	As on 31.03.2010	As on 31.03.2009
		1	Freehold Land	12,833,819	427,285	-	13,261,104	-	-	-	-
2	Buildings :	84,580,652	-	-	84,580,652	21,607,497	2,190,972	-	23,798,469	60,782,183	62,973,155
3	Plant & Machinery	437,770,465	422,896	-	438,193,361	225,560,868	23,203,063	-	248,763,931	189,429,431	212,209,597
4	Office Equipment	11,000,129	1,143,284	-	12,143,413	9,948,139	241,603	-	10,189,742	1,953,671	1,051,980
5	Furniture & Fixtures	3,808,738	68,973	-	3,877,711	2,040,935	226,179	-	2,267,114	1,610,597	1,767,803
6	Vehicles	25,294,636	5,865,085	6,760,985	24,398,737	15,586,047	1,965,145	4,666,597	12,884,595	11,514,142	9,708,589
	<b>Total</b>	<b>575,288,438</b>	<b>7,927,523</b>	<b>6,760,985</b>	<b>576,454,977</b>	<b>274,743,486</b>	<b>27,826,961</b>	<b>4,666,597</b>	<b>297,903,850</b>	<b>278,551,127</b>	<b>300,544,952</b>
	Previous Year Figures	577,542,124	588,552	2,842,238	575,288,438	243,282,363	33,415,329	1,954,206	274,743,486	300,544,952	334,259,762

**AVANTI FEEDS LIMITED**  
**SCHEDULES**

**SCHEDULE 6 : INVESTMENTS**

a) **Trade Investments - Unquoted**

**Long Term:**

Equity shares - Fully paid in Subsidiary company

10,00,000 Shares of Rs.10/- each in Svimsan Exports & Imports Ltd. **10,000,000** 10,000,000

Srivathsa Power Projects Limited **167,053,800** 167,053,800  
(1,66,93,630 shares @ Rs.10/- each)

Avanti Thai Aqua Feeds Pvt. Ltd. **38,448,000** -  
(38,44,800 shares @ Rs.10/- each)

Patikari Power Private Limited **106,452,000** 105,000,000  
(1,06,45,200 shares @ Rs.10/- each)

Patikari Power Private Limited **-** 1,577,747  
( Share application money)

b) **Non-Trade Investments**

**Quoted - Equity Shares**

2,880 Equity Shares of Rs.130/- each in IDBI **54,000** 54,000

5,000 Equity Shares of Rs.10/- each in Bluegold Maritech Ltd. **5,000** 5,000

7,800 Equity Shares of Rs.10/- each in UCO Bank Limited **93,600** 93,600

**Unquoted - Equity Shares**

1,20,000 Equity Shares of Rs.10/- each in Bhimavaram Hospitals **1,200,000** 1,200,000

TOTAL

**323,306,400**

**284,984,147**

**Quoted Investments**

Book Value **152,600** 152,600

Market Value **771,900** 390,512

**Unquoted Investments**

Book Value **323,153,800** 284,831,547

**AVANTI FEEDS LIMITED**  
**SCHEDULES**

**SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES**

a) Interest Accrued	<b>1,288,435</b>	579,248
b) Inventories - At cost or Net Realisable Value as valued and certified by the Management)		
Raw Materials	<b>152,637,075</b>	87,266,061
Work-in-process	<b>7,264,077</b>	16,080,445
Finished Goods	<b>92,153,543</b>	73,332,669
Stores & Spares	<b>18,797,575</b>	13,662,729
Packing Materials	<b>1,123,873</b>	7,610,187
Stock in Transit	<b>772,425</b>	5,880,287
TOTAL	<b>272,748,567</b>	203,832,378
c) Cash & Bank Balances		
Cash on Hand	<b>2,264,990</b>	1,727,062
Balances with Scheduled Banks		
In Current Accounts	<b>8,515,579</b>	12,553,634
In Margin Money Accounts	<b>21,733,860</b>	15,146,042
In Un Claimed Dividend Accounts	<b>1,562,949</b>	2,114,722
Unutilised Money raised in Preferential issue	-	58,400,000
TOTAL	<b>34,077,377</b>	89,941,460
d) Sundry Debtors (Unsecured, considered good)		
Outstanding for more than Six Months	<b>29,141,329</b>	48,856,142
Others	<b>60,185,883</b>	105,355,364
TOTAL	<b>89,327,212</b>	154,211,506
e) Loans & Advances (Unsecured, considered good recoverable in cash or in kind or for value to be received)		
Advance for Purchases	<b>6,105,844</b>	1,906,763
Other Advances	<b>12,532,577</b>	13,366,231
Recoverable from Govt. Authorities	<b>87,424,945</b>	83,771,939
Advance Tax	<b>18,562,233</b>	26,244,251
Deposits	<b>9,320,669</b>	14,675,086
TOTAL	<b>133,946,267</b>	139,964,270

**SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS**

Current Liabilities

Creditors for Trade		
Due to SSI Units	-	-
Due to Others	<b>77,345,889</b>	60,990,969
Creditors for Expenses	<b>15,458,802</b>	21,298,581
Creditors for Other Finance	<b>15,376,721</b>	4,246,205
Unpaid Dividend	<b>1,562,949</b>	2,114,722
Trade Deposit from Customers	<b>15,868,176</b>	6,185,053

TOTAL - A **125,612,537** 94,835,530

Provisions

Provision for Income Tax	<b>14,686,054</b>	14,673,265
Provision for FBT	-	564,883
Provision for Retirement benefits	<b>11,154,415</b>	9,542,216

TOTAL - B **25,840,469** 24,780,364

TOTAL - (A + B) **151,453,006** 119,615,894

**AVANTI FEEDS LIMITED  
SCHEDULES**

Particulars	For the year ended 31st March 2010 Rs.	For the year ended 31st March 2009 Rs.
<b>SCHEDULE 9 : Operating Income</b>		
Domestic Sales	529,048,420	385,815,293
Export Sales	365,610,202	281,633,686
Electricity Sales (Wind Mills)	20,739,571	25,668,342
Export Incentives	46,212,000	36,842,107
	<u>961,610,193</u>	<u>729,959,428</u>
<b>SCHEDULE 10 : OTHER INCOME</b>		
Interest on IDBI Bonds (Gross)	-	428,760
Interest on Deposits	5,886,975	2,593,926
Anti Dumping Duty Refund	28,413,558	-
Dividends	16,708,630	279,467
Gain on Exchange Fluctuations	7,967,451	-
Miscellaneous Income	1,672,351	2,625,715
	<u>60,648,965</u>	<u>5,927,868</u>
<b>SCHEDULE 11 : MATERIAL COST</b>		
a) Raw Materials Consumed	775,406,825	500,739,933
b) Packing Materials Consumed	19,459,149	19,479,551
Total Consumption (a + b + c)	<u>794,865,974</u>	<u>520,219,484</u>
c) Increase / Decrease in Stocks		
Opening Stock		
Work in Process	16,080,445	9,158,600
Finished Goods	73,332,669	111,932,836
Closing Stock		
Work in Process	7,264,077	16,080,445
Finished Goods	92,153,543	73,332,669
Increase / Decrease in Stocks	<u>10,004,505</u>	<u>(31,678,322)</u>
Total Material Cost (a + b + c - d)	<u>784,861,469</u>	<u>551,897,806</u>
<b>SCHEDULE 12 : PERSONNEL COST</b>		
Salaries, Wages & Bonus	37,237,615	36,490,428
Remuneration to Directors	6,757,766	5,546,646
Contribution to P F and Other Funds	8,499,188	5,986,040
Staff Welfare Expenses	1,173,589	871,995
	<u>53,668,158</u>	<u>48,895,109</u>

**AVANTI FEEDS LIMITED**  
**SCHEDULES**

**SCHEDULE 13 : MANUFACTURING & OTHER EXPENSES**

**Manufacturing Expenses**

Power & Fuel	<b>37,052,624</b>	30,028,207
Consumable Stores	<b>10,279,154</b>	7,049,623
Manufacturing Expenses	<b>10,026,576</b>	7,460,596
Factory Maintenance	<b>1,444,039</b>	580,066
Wind Mill Maintenance	<b>2,353,275</b>	2,261,419
Repairs & Maintenance	<b>5,224,487</b>	4,101,669

**Administrative Expenses:**

Rent	<b>819,211</b>	180,442
Electricity Charges	<b>228,107</b>	203,916
Rates & Taxes	<b>1,141,543</b>	1,549,714
Service Tax	<b>333,176</b>	548,698
Insurance	<b>6,879,887</b>	3,474,759
Travelling & Conveyance	<b>6,914,511</b>	6,953,634
Vehicle Maintenance	<b>2,295,592</b>	2,206,010
Communication Expenses	<b>2,035,229</b>	2,099,459
Printing & Stationery	<b>682,642</b>	805,125
Auditors Remuneration		
As Auditors	<b>330,900</b>	330,900
Tax Matters	<b>110,300</b>	110,300
Reimbursement of Expenses	<b>80,801</b>	82,586
Repairs & Maintenance		
Buildings	<b>147,389</b>	22,526
Others	<b>261,818</b>	374,731
Professional Charges	<b>3,071,372</b>	3,793,818
Directors' Sitting Fee	<b>22,000</b>	20,000
Loss on Exchange Fluctuation	-	3,054,299
Donation	<b>12,600</b>	-
General Expenses	<b>4,369,115</b>	7,122,852
Loss on sale of Fixed Assets	<b>362,887</b>	192,857
Loss on Sale of DEPB	<b>1,598,120</b>	1,879,126
<b><u>Selling Expenses:</u></b>		
Advertisement	<b>762,163</b>	941,138
Carriage Outward	<b>8,746,729</b>	7,747,257
Ocean Freight & Export Expenses	<b>13,384,853</b>	17,476,451
Marketing Expenses	<b>6,093,157</b>	2,145,170
Royalty on Profeed Sales	<b>1,071,037</b>	837,906
Discounts	<b>16,606,867</b>	12,711,661
Bad Debts Written Off	<b>2,640,321</b>	2,095,763
	<b>147,382,481</b>	130,442,678

**SCHEDULE 14 : FINANCE CHARGES**

Interest		
On Fixed Loans	<b>11,240,792</b>	17,381,287
On Other Loans	<b>14,846,208</b>	47,656,022
Bank Charges	<b>5,186,801</b>	5,877,139
	<b>31,273,802</b>	70,914,448



## SCHEDULE – 15

### **I SIGNIFICANT ACCOUNTING POLICIES and NOTES TO ACCOUNTS**

#### **1. Significant Accounting Policies**

##### **a. Basis of Accounting**

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the accounting standards notified under Section 211(3C) of the Companies Act, 1956 of India (the Act) and the relevant provisions of the Act.

##### **b. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported value of assets and liabilities on the date of the financial statements and reported amount of revenue and expenditure for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

##### **c. Revenue Recognition**

Revenue from sales is recognised on dispatch to customers and is recorded net of trade discount and returns.

##### **d. Fixed Assets**

All the Fixed Assets are stated at cost reducing depreciation, wherever applicable. Cost comprises the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

##### **e. Assets taken on Hire Purchase**

Assets taken on Hire Purchase arrangements are accounted for as fixed assets in accordance with Accounting Standard 19 'Accounting for Leases' issued by the Institute of Chartered Accountants of India.

##### **f. Depreciation**

Depreciation is provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year. Wind mills are considered as continues process plants and depreciation is provided accordingly on straight line basis.

##### **g. Investments**

Long term investments are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature.

Investments other than Long Term Investments are stated at cost or market value whichever is less. Any increase/reduction in the carrying cost is credited/charged to the profit and loss account.

**h. Inventories**

- i. Raw Materials, Packing Materials, Stores & Spares and Work in process are stated at weighted average cost.
- ii. Stock in Transit is valued at lower of cost or net realizable value.
- iii. Finished goods are stated at lower of cost or net realizable value.

**i. Retirement Benefits**

- a) All employees of the company are entitled to retirement benefits of Provident Fund and Gratuity.
- b) Gratuity liability to employees is covered by the Group Gratuity Scheme of SBI Life and provision is made on the basis of actuarial valuation carried out by SBI Life at the Balance Sheet date and charged to Profit & Loss Account.
- c) Contributions to the Provident Fund are accounted for at the prescribed rates every month on accrual basis.
- d) Superannuation Policy taken from Life Insurance Corporation of India covers the pension of the Senior Executives as decided by the Company.
- e) Leave Encashment Scheme of SBI Life covers accrued Leave Encashment liability to employees and provision is made on the basis of actuarial valuation carried out by SBI Life at the Balance Sheet date and charged to Profit & Loss Account.

**j. Foreign Currency Transactions / Exchange Fluctuations:**

1. Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
2. Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the profit and loss account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.
3. In case of monetary items, which are covered by forward exchange contracts, the difference between the exchange rate on the date of such contracts and the year-end rate is recognized in the Profit and Loss Account. Any profit/loss arising on cancellation of forward exchange contract is recognized as Income or Expense of the year. Premium/Discount arising on such forward exchange contracts is amortized as Income/Expense over the life of contract.

**k. Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition of a fixed asset are capitalized as part of the cost of the asset till the date the asset is ready for commercial use.

Other borrowing costs are treated as an expense in the period in which they are incurred.

**l. Taxation:**

The current charge for taxes is calculated in accordance with relevant tax regulations applicable to the company.

The deferred tax for the timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been subsequently enacted as of the balance sheet date.

Deferred Tax Assets arising from timing differences are recognised and carried forward only if there is reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date.

**m. Earnings per Share**

The basic and diluted earnings per share are computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.

**n. Intangible Assets**

Technical know how fee paid for manufacturing process and purchase of brand name were treated as intangible assets as per AS 26 issued by the Institute of Chartered Accountants of India and written off over 5 years.

**o. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer

exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**p. Provisions and Contingent Liabilities**

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation of a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**q. Government Grants**

The subsidies received from the government authorities are reduced from the cost of the respective assets in the year of receipt.

**II NOTES TO ACCOUNTS**

**1. Contingent liabilities not provided for**

<b>Particulars</b>	<b>As on 31.03.2010 Rs. in Lakhs</b>	<b>As on 31.03.2009 Rs. in Lakhs</b>
On Account of Bank Guarantees	1120.62	1092.53
On account of Letters of Credit	--	--
On account of Foreign Letters of Credit	500.64	631.36
Service Tax Demand	8.26	--
MP VAT demand for soya transactions in 2005-06	29.22	--

**2. Capital commitments not provided for on account of pending execution (net of advance) – Rs. NIL (Previous Year Rs. NIL).**

**3. a )Working Capital Loans from SBI, Industrial Finance Branch, Hyderabad is secured by the hypothecation of stocks of raw materials, finished goods, work-in-process, receivables and first charge on fixed assets of the company and guaranteed by Managing Director of the company in his personal capacity.**

b) The term loan from SBI, Industrial Finance Branch, Hyderabad for the purpose of finance of windmills for power generation is obtained by first charge on the fixed assets of the company covering plant and machinery and other immovable assets both present and future and a second charge on all the current assets of the company and guaranteed by Managing Director of the company in his personal capacity.

c) The term loan of Rs.2000 lacs from ICICI Bank, Punjagutta, Hyderabad is obtained by first charge on the fixed assets of Srivatsa Power Projects Limited. During the year an amount of Rs.444.44 lacs has been repaid towards this loan.

d) Vehicle loans availed from ICICI Bank Ltd and HDFC Bank Limited are secured by hypothecation of vehicles.

4. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

5. Un-claimed dividend pertinent to the year 2001-02 amounting to Rs.5,24,150/- was credited to the Investor Education and Protection Fund during the year.

#### 6. Managerial remuneration:

Details of amounts paid/payable to Managing Director and Whole Time Directors:

Particulars	For the Year Ended 31.03.2010 Rupees	For the Year Ended 31.03.2009 Rupees
Salary	6,757,766	7,047,123
PF Contribution	433,800	410,700
Contribution to Super Annuation Scheme	614,250	432,000
Total	7,805,816	7,889,823

Due to the inadequacy of Profits, the company has paid remuneration in accordance with the provisions of Table B of Part II of Schedule XIII of the Companies act, 1956.

The above remuneration excludes provision for gratuity, since the liability is determined for all the employees on an independent actuarial valuation basis. The specific amount of gratuity of directors cannot be ascertained separately.

## **7. Employee Benefits:**

The company has classified the various benefits prescribed to employees as under:

### **I. Defined Contribution Plans:**

- a) Provident Fund
- b) State Defined contribution plans
  - Employers contribution to Employee's Pension Scheme 1995.
  - Employers contribution to Employees State Insurance

During the year the company has recognized the following amounts in the Profit and Loss Account:

- Employer's Contribution to Provident Fund Rs.29,40,807/-
- Employers contribution to Employees State Insurance Rs.4,97,331/-

### **II. Defined benefit plans:**

Provision for Gratuity and Leave Encashment has been provided in accordance with AS-15. Actuarial valuation was performed in respect of the Gratuity and Leave Encashment based on the following assumptions:

All actuarial gains and losses arising during the year are recognized in the Profit & Loss Account for the year.

The following table sets out the status of the leave encashment and gratuity plans as required under AS-15(Revised)

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

<b>PARTICULARS</b>	<b>Rs FOR THE YEAR ENDED 31 MARCH 2010</b>	<b>Rs FOR THE YEAR ENDED 31 MARCH 2009</b>
Opening defined benefit obligation	95,42,216	1,20,48,043
Current services cost	18,59,901	11,85,422
Interest cost	7,20,212	9,63,844
Actuarial losses/ (gain)	3,73,930	(20,07,756)
Benefits paid	(10,79,111)	(26,47,337)
Closing defined benefit obligation	1,14,17,142	95,42,216
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	57,14,340	64,58,114
Expected return on plan assets	4,49,869	4,65,357
Actuarial gains/ (losses)	50,766	73,163
Contributions by employer	8,97,170	13,65,043
Benefits paid	(10,79,117)	(26,47,337)
Closing fair value of plan assets	60,33,028	57,14,340
<b>Amount recognized in Balance Sheet</b>		
Present Value of Funded Obligations	1,14,17,142	95,42,216
Fair Value of Plan Assets	60,33,028	57,14,340
Net Liability	53,84,114	38,27,876
Amounts in the balance sheet	53,84,114	38,27,876
Provisions for gratuity	53,84,114	38,27,876
Net liability / (asset)	53,84,114	38,27,876
<b>Expense recognized in statement of Profit and Loss Account</b>		
Current services cost	18,59,901	11,85,422
Interest on Defined Benefit Obligation	7,20,212	9,63,844
Expected return on plan assets	(4,49,868)	(4,65,337)
Net actuarial losses / (gains) recognized in year	3,23,164	(20,80,919)
Amount, included in "Employee Benefit Expense"	(24,53,048)	(3,97,011)
Actual return on plan assets	(24,53,048)	(3,97,011)
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate		
Expected Rate of Return on Plan Assets	8%	8%
Salary Escalation Rate	5%	5%

**III. Other Benefit Plans:**

The Liability for leave encashment as at the year end is Rs.55,84,960/-

## **8. Segmental information**

### **I. Primary Segment**

The Company's business is organized into three main business segments mainly Shrimp Feed, Shrimp Exports and Wind Mills. Segments have been identified and reported taking into account the nature of products, the differing risk and returns, the organization structure, and the internal financial reporting system.

Shrimp Feed is manufactured & marketed to the farmers, which is used in Aqua culture to grow shrimp. Shrimp are purchased from the farmers and are further processed and exported to various countries.

Company had installed four windmills of 3.2 MW at Chitradurga, Karnataka. Power generated from windmills is sold to BESCO under Power Purchase agreement.

### **Segment Revenue & Results**

All segment revenues & expenses that are directly attributable to the segments are reported under the respective segment. The revenues and expenses that are not directly attributable to any segments are shown as unallocated expenses.

### **Segment Assets and Liabilities**

Segment assets include all operating assets used by the business segment and consist principally Fixed Assets, Debtors and Inventories. Segment liabilities primarily include creditors and other liabilities. Assets and Liabilities that cannot be allocated between the segments are shown as a part of unallocated assets and liabilities respectively.



Information pursuant to AS - 17 issued by ICAI

(Rs. In lacs)

	Shrimp Feed		Shrimp Processing		Wind Mills		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	5275.13	3783.72	4133.58	3259.19	207.40	256.68	0.00	0.00	7299.60	0.00
External Sales	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inter-segment sales	5275.13	3783.72	4133.58	3259.19	207.40	256.68	0.00	0.00	7299.60	0.00
<b>Total Revenue</b>										
Segment Result	(407.15)	(524.00)	(220.74)	20.51	106.60	156.56	0.00	0.00	(521.28)	(346.93)
Operating Profit	71.70	45.09	353.59	14.19	0.00	0.00	181.20	0.00	606.49	59.28
Other Income	165.79	535.61	91.89	97.45	55.05	76.08	0.00	0.00	312.74	709.14
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exceptional Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax - Current Tax & PY Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
- Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00	(108.02)	(299.31)	(108.02)	(299.31)
- Fringe Benefit Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.52	0.00	5.52
<b>Net Profit</b>	<b>(501.24)</b>	<b>(1014.52)</b>	<b>40.96</b>	<b>(62.75)</b>	<b>51.55</b>	<b>80.48</b>	<b>289.21</b>	<b>293.79</b>	<b>(119.52)</b>	<b>(703.00)</b>
<b>Other Information</b>										
Segment Assets	As on 31.03.09 4517.54	As on 31.03.09 4402.55	As on 31.03.09 1764.69	As on 31.03.09 2152.82	As on 31.03.09 1183.79	As on 31.03.09 1280.60	As on 31.03.09 4097.11	As on 31.03.09 4027.26	As on 31.03.09 11563.12	As on 31.03.09 11863.23
Segment Liabilities	3149.95	3134.86	595.73	782.31	476.60	587.63	464.81	362.86	4687.09	4867.68
<b>Capital Employed</b>	<b>1367.59</b>	<b>1267.69</b>	<b>1168.96</b>	<b>1370.51</b>	<b>707.18</b>	<b>692.97</b>	<b>3632.30</b>	<b>3664.38</b>	<b>6876.03</b>	<b>6995.55</b>
Capital Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	123.75	171.42	66.52	71.35	76.12	76.12	11.88	15.26	278.27	334.15

## II. Secondary Segment:

### Geographical Segment:

Based on the Revenue attributable to the individual customers located in various parts of the world, the company's business is organized into three key geographic segments, viz., India, USA and Rest of World.

(Amount in Lacs)

Name of the Country	Revenue		Location of Assets		Additions to Fixed Assets	
	As on 31.03.10	As on 31.03.09	As on 31.03.10	As on 31.03.09	As on 31.03.10	As on 31.03.09
India	5,497.88	4,114.84	11,319.52	11,041.65	75.00	5.89
U S A	1,966.46	1,707.33	155.41	708.61	-	-
Rest of World	1,689.64	1,109.00	104.61	112.97	-	-
<b>Total</b>	<b>9,153.98</b>	<b>6,931.17</b>	<b>11,579.54</b>	<b>11,863.23</b>	<b>75.00</b>	<b>5.89</b>

## 9. Related Parties

Name of the related parties and description of their relationship:

1. Subsidiary : Svimsan Exports & Imports Limited
2. Key Managerial Personnel : Sri A. Indra Kumar, Managing Director  
: Sri C. Ramachandra Rao, Joint Managing Director
3. Associate Companies : Srinivasa Cystine Private Limited  
: Srivathsa Power Projects Limited  
: Patikari Power Private Limited
4. Companies over which Significant Influence is exercised :  
: Rama Sea Foods Private Limited  
: Avanti Thai Bio Proteins Private Limited  
: Avanti Thai Aqua Feeds Private Limited

Transactions with the related parties:

'Rs' (Amount in Lacs)

Particulars	Subsidiaries		Key Management Personnel		Associate Companies		Companies over which significant influence is exercised	
	As on 31.03.10	As on 31.03.09	As on 31.03.10	As on 31.03.09	As on 31.03.10	As on 31.03.09	As on 31.03.10	As on 31.03.09
Accounts receivable	-	-	-	-	-	-	21.67	17.06
Investment	100.00	100.00	-	-	3119.54	2735.92	-	-
Interest Paid	-	-	-	-	0.00	3.05	0.00	0.00
Remuneration	-	-	67.58	59.57	9.00	9.00	0.00	0.00
Interest received	-	-	-	-	-	-	-	-

**10.** The Hire Purchase Loans of Rs. 42.15 Lakhs are secured by the hypothecation of respective Vehicles.

The Company has entered into any financial lease contracts during the year. The Fixed Assets includes 'Vehicles' which were acquired under Hire Purchase arrangements and are in the nature of Finance Lease as defined in AS 19. The total carrying cost of the same and the installments payable in future and the finance charges debited to the profit and loss account are as under:

- i) Carrying Cost as on 31<sup>st</sup> March, 2010 is Rs.42,15,273/- ( previous year Rs. 7,92,306/-)
- ii) Amount debited to the profit & loss account during the year is Rs.65,969/- ( previous year Rs. 1,13,254/-)

iii) Future Installment Payable & Present Value

Particulars	(Rupees)					
	Not Later than One Year		Later than 1 Year not Later Than 5 Years		Later than 5 Years	
	As on 31st March 2010	As on 31st March 2009	As on 31st March 2010	As on 31st March 2009	As on 31st March 2010	As on 31st March 2009
Minimum Installment Payable	1,466,700	686,926	2,748,573	261,532	Nil	Nil
Present Value of Installment Payable	1,389,698	645,710	2,336,287	230,148	Nil	Nil

**11. Earnings per Share:**

Particulars	For the year ended 31.03.2010 Rupees	For the year ended 31.03.2009 Rupees
Net (Loss) / Profit for the year	(11,872,616)	(70,299,505)
Weighted Average number of Equity Shares outstanding during the year	8,000,000	6,989,140
Basic & diluted earnings per share Face Value Rs.10/- each	(1.48)	(10.06)

**12. Deferred Tax Assets/Liabilities:**

Deferred Tax Assets	2009-10 Rs.	2008-09 Rs.
Carry Forward Losses	36,545,832/-	2,86,98,069/-
Minimum Alternate Tax	7,516,764/-	75,16,764/-
Retirement Benefits	-	-
Disallowances U/s 40(a)	-	-
<b>TOTAL</b>	<b>44,062,596/-</b>	<b>3,62,14,833/-</b>
Deferred Tax Liabilities		
Difference between book and tax depreciation	20,916,529/-	2,39,49,862/-
<b>TOTAL</b>	<b>20,916,529/-</b>	<b>2,39,49,862/-</b>
<b>NET DEFERED TAX ASSET / (LIABILITY)</b>	<b>2,31,46,067/-</b>	<b>1,22,64,971/-</b>

Wind Power division of the company enjoys 100% tax benefit for a period of 10 years under Section 80IA of the Income Tax Act, 1961. Therefore, amount of depreciation which will be adjusted during the initial period of 10 years aggregating to Rs.1109.56 lacs is not considered for providing the deferred tax liability.

**13. Quantitative Details :**

<b>Sl. No.</b>	<b>Particulars</b>	<b>2000-10 (MT/PA)</b>	<b>2008-09 (MT/PA)</b>
a)	<b>Installed Capacity</b>		
	Feed Division	40,000.00	40,000.00
	Processing Division	1,200.00	1,200.00
	Wheat Flour – Captive Consumption	10,000.00	10,000.00
	Shrimp Shell Meal–Captive Consumption	720.00	720.00
	Power from wind mills ( units in thousands)	8,571.00	8,571.00
b)	<b>Actual Capacity Utilization</b>		
	Feed Division		
	Shrimp Feed	10,390.70	9,168.56
	Fish Feed	5,538.55	4,813.60
	Processing Division	892.53	669.60
	Wheat Flour (for Captive Consumption)	3,993.43	3,290.86
	Shrimp Shell Meal (for Captive Consumption)	---	---
	Power from wind mills ( units in thousands)	6207.53	6,233.40
c)	<b>Opening Stock of Finished Goods</b>		
	Shrimp Feed	229.78	216.52
	Fish Feed	9.85	101.20
	Wheat Flour	45.84	36.85
	Shrimps	164.11	252.27
	Shrimp Shell Meal	--	498.10
d)	<b>Closing Stock of Finished Goods</b>		
	Shrimp Feed	145.80	229.78
	Fish Feed	39.65	9.85
	Wheat Flour	114.63	45.84
	Shrimps	190.99	164.11

Sl. No.	Particulars	2009-10		2008-09	
		Quantity (MT)	Value (Rs.in Lakhs)	Quantity (MT)	Value (Rs.in Lakhs)
e)	<b>Turnover</b>				
	Shrimp Feed	10,474.67	4,435.54	9,155.30	3,077.17
	Fish Feed	5,508.75	827.55	4,895.65	704.78
	Captive Consumption	---	---	9.30	---
	Shrimp Exports				
	Direct	862.08	3,656.10	745.59	2,816.34
	Export Incentives	---	462.12	--	368.42
	Shrimp Local Sales	2.79	15.36	12.17	74.43
	Bran	131.52	12.03	20.76	1.77
	Power from wind mills ( units in thousands)	6,103.63	207.40	6,102.86	256.68
	<b>Total</b>		<b>9,616.10</b>		<b>7,299.59</b>
f)	<b>Consumption of Raw Materials</b>				
	Fish Meal	3,351.49	1,651.01	2,253.10	968.95
	Wheat	5,111.30	692.13	4,051.83	496.84
	Other Materials	7,906.89	1,790.98	7,917.86	1,323.86
	Shrimp(Processed)- Direct	1,471.92	3,619.95	763.63	2,217.75
	<b>Total</b>	<b>17,841.60</b>	<b>7,754.07</b>	<b>14,986.42</b>	<b>5,007.40</b>

Sl. No	Particulars	2009-10		2008-09	
		Value (Rs.in Lakhs)	% age	Value (Rs.in Lakhs)	% age
	i) Value of Imported and Indigenous Raw Materials consumed and their percentage to total Imported	1,250.11	16.12%	833.79	16.65%
	Indigenous	6,503.96	83.88%	4,173.61	83.35%
	<b>Total</b>	<b>7,754.07</b>	<b>100.00%</b>	<b>5,007.40</b>	<b>100.00%</b>
	ii) Value of Imported and Indigenous packing and Stores consumed and their percentage to total Imported	33.47	11.25%	24.42	9.21%
	Indigenous	263.91	88.75%	240.87	90.79%
	<b>Total</b>	<b>297.38</b>	<b>100.00%</b>	<b>265.29</b>	<b>100.00%</b>

Sl. No.		2009-10 Rs. in Lakhs	2008-09 Rs. in Lakhs
g)	Value of imports made by the company during the financial year calculated on CIF basis in respect of Capital Goods Spares & Consumables Raw Materials	--- 9.09 777.81	-- 12.18 416.56
h)	Earnings in foreign exchange Exports on FOB basis	3,556.05	2,694.22
i)	Expenditure in foreign currency on account of Traveling Royalty	10.60 7.24	2.84 8.38

14. Other particulars as required under part II of schedule VI is either 'NIL' or 'NOT APPLICABLE' in case of this company.
15. Previous year figures have been regrouped / reclassified wherever considered necessary to conform to this year's classification.

**16. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956:**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details:**

Registration No.	<b>015214</b>	State Code	<b>01</b>
Balance Sheet	<b>31 03 2010</b>	Date	Month Year

**II Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	<b>NIL</b>	Preferential Allot.	<b>NIL</b>
Bonus Issue	<b>NIL</b>	Private Placement	<b>NIL</b>

**III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	<b>10,04,938</b>	Total Assets	<b>10,04,938</b>
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**Sources of Funds**

Paid-up Capital	<b>80,000</b>	Reserves & Surplus	<b>6,07,683</b>
Secured Loans	<b>2,58,294</b>	Unsecured Loans	<b>58,962</b>

**Application of Funds**

Net Fixed Assets	<b>2,78,551</b>	Investments	<b>3,23,306</b>
Deferred Tax Asset	<b>23,146</b>		
Net Current Assets	<b>3,79,935</b>		

**IV Performance of the Company (Amount in Rs.Thousands)**

Turnover	<b>9,61,610</b>	Total Expenditure	<b>10,45,252</b>
Loss before Tax	<b>(22,754)</b>	Loss after Tax	<b>(11,873)</b>
Earning per Share in Rs.	<b>(1.48)</b>	Dividend Rate %	<b>NIL</b>

**V Generic Name of Three Principal Products / Services of the Company (As per monetary terms)**

Item Code No. (ITC Code)	<b>230990</b>	<b>03062300</b>	<b>85023100</b>
Product Description	<b>SHRIMP FEED</b>	<b>SHRIMP</b>	<b>WIND POWER</b>

Signature to Schedules '1' to '15'  
As per our Report of even date

for and on behalf of the Board

For **Karvy & Co.**  
Chartered Accountants

**A.Indra Kumar**  
Managing Director

**K.Ajay Kumar**  
Partner

**C.Ramachandra Rao**  
Joint Managing Director &  
Company Secretary

**N.Ram Prasad**  
Director

Place: Hyderabad  
Date: 27.05.2010



**STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

1.	Name of the Subsidiary Company	<b>Svimsan Exports &amp; Imports Limited</b>
2.	Financial year of the subsidiary ended on	<b>31<sup>st</sup> March, 2010</b>
3.	Holding Company's Interest	<b>100%</b>
4.	The net aggregate amount of the subsidiary's profits after deducting losses or vice versa so far as it concern members of the holding company and is not dealt with in the Company's accounts:  a) Loss for the current financial year and b) Loss for the previous financial years since it became the holding company's subsidiary	  <b>94,050/-</b>  <b>18,552,850/-</b>
5.	The net aggregate amount of the subsidiary profit after deducting losses or vice versa so far as those profits are dealt with in the company's accounts :  a) for the current financial year and b) for the previous financial year since it became the holding company's subsidiary	  <b>NIL</b>  <b>NIL</b>

For and on behalf of the board

**A.Indra Kumar**  
Managing Director

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS.**

**TO**

**THE BOARD OF DIRECTORS,**

**M/s. AVANTI FEEDS LIMITED**

1. We have examined the attached consolidated balance sheet of AVANTI FEEDS LIMITED and its subsidiary ("the Group") as at 31<sup>st</sup> March, 2010, the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date and annexed thereto. These consolidated financial statements are the responsibility of the management of AVANTI FEEDS LIMITED. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, 'Consolidated Financial Statements', notified under the Companies (Accounting Standards) Rules, 2006 ("the rules") and on the basis of the separate audited financial statements of AVANTI FEEDS LIMITED and its subsidiary.
4. On the basis of the foregoing and the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of AVANTI FEEDS LIMITED and its subsidiary, we are of the opinion that, the consolidated financial statements give a true and fair view in conformity with accounting principles generally accepted in India:
  - a) In the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2010,
  - b) In the case of the consolidated profit and loss account of the consolidated results of operations of the Group for the year ended on that date,

And

  - c) In the case of the cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For KARVY AND CO  
Chartered Accountants

(K.AJAY KUMAR)  
PARTNER  
M.No. 21989  
Place : Hyderabad  
Date : 27.05.2010

**AVANTI FEEDS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2010**

	Sch. No.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders funds</b>			
Share Capital	1	80,000,000	80,000,000
Reserves & Surplus	2	588,956,136	601,002,296
<b>Loan Funds</b>			
Secured Loans	3	258,293,622	308,189,596
Unsecured Loans	4	71,972,345	71,972,345
		<b>999,222,103</b>	<b>1,061,164,237</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	576,454,977	575,288,438
Less : Depreciation		297,903,850	274,743,486
Net Block		278,551,127	300,544,952
<b>Investments</b>	6	313,306,400	274,984,147
<b>Deferred Tax Asset</b>		23,066,573	12,264,971
<b>Current Assets, Loans &amp; Advances</b>			
Interest Accrued		1,288,435	579,248
Inventories		272,748,567	203,832,378
Cash & Bank Balances		34,210,472	90,091,887
Sundry Debtors		89,327,212	158,588,919
Loans & Advances		134,105,845	140,224,038
		531,680,532	593,316,470
<b>Less : Current Liabilities &amp; Provisions</b>	8	147,382,529	119,946,303
<b>Net Current Assets</b>		<b>384,298,003</b>	<b>473,370,167</b>
		<b>999,222,102</b>	<b>1,061,164,237</b>

As per our Report of even date  
for KARVY & CO  
Chartered Accountants

For and on behalf of the Board

A.Indra Kumar  
Managing Director

K.Ajay Kumar  
Partner

C.Ramachandra Rao  
Joint Managing Director &  
Company Secretary

N.Ram Prasad  
Director

Place : Hyderabad  
Date : 27.05.2010

**AVANTI FEEDS LIMITED**  
**Consolidated Profit & Loss Account for the year ended 31st March 2010**

	Sch.No	For the year ended 31st March 2010 Rs.	For the year ended 31st March 2009 Rs.
<b>INCOME</b>			
Operating Income	9	961,610,193	729,959,428
Other Income	10	60,661,365	5,841,039
		<u>1,022,271,558</u>	<u>735,800,467</u>
<b>EXPENDITURE</b>			
Material Cost	11	784,861,469	550,772,731
Personnel Cost	12	53,668,242	49,047,564
Manufacturing & Other Expenses	13	147,485,716	130,992,248
Finance Charges	14	31,276,933	70,922,353
Depreciation		27,826,961	33,415,329
		<u>1,045,119,320</u>	<u>835,150,225</u>
Profit / (Loss) before Tax		<u>(22,847,762)</u>	<u>(99,349,758)</u>
Current Tax		-	-
Deferred Tax (Release)		10,801,602	29,930,663
Fringe Benefit Tax		-	552,094
Profit after Tax		<u>(12,046,160)</u>	<u>(69,971,189)</u>
Profit brought forward from Previous Year		180,225,484	231,643,822
Profit available for appropriation		<u>168,179,324</u>	<u>161,672,633</u>
<b>APPROPRIATIONS</b>			
Surplus carried to Balance Sheet		168,179,324	161,672,633
<b>TOTAL</b>		<u>168,179,324</u>	<u>161,672,633</u>
Basic & Diluted earnings per share face value of Rs.10/- each		<b>(1.51)</b>	<b>(10.01)</b>

As per our Report of even date  
for KARVY & CO  
Chartered Accountants

For and on behalf of the Board

A.Indra Kumar  
Managing Director

K.Ajay Kumar  
Partner

C.Ramachandra Rao  
Joint Managing Director &  
Company Secretary

N.Ram Prasad  
Director

Place : Hyderabad  
Date : 27.05.2010

**AVANTI FEEDS LIMITED**
**Consolidated Cash Flow Statement for the year ended 31st March 2010**

	31st March 2010 Rs.	31st March 2009 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(22,847,762)	(99,349,759)
Adjustment for		
Depreciation	27,826,961	33,415,329
Loss on sale of Fixed Assets	362,887	59,488
CWIP Written off	-	1,161,417
Gain on exchange fluctuations & forward contracts	(7,967,451)	3,054,299
Interest Paid	31,276,933	38,528,450
Loss of Derivatives	-	32,393,903
Interest Received	(5,886,975)	(3,022,687)
Dividend Received on Shares & Mutual Funds	(16,708,630)	(279,467)
<b>Operating Profit before Working Capital Changes</b>	<b>6,055,962</b>	<b>5,960,973</b>
Adjustment for		
Trade and Other Receivables	74,670,712	(24,045,782)
Inventories	(68,916,189)	63,139,064
Trade Payable	27,436,226	48,873,376
<b>Cash generated from Operations</b>	<b>39,246,711</b>	<b>93,927,631</b>
Income Tax Paid	-	(552,094)
<b>Net Cash flow from Operating activities</b>	<b>39,246,711</b>	<b>93,375,537</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment (Net)	(38,322,253)	3,285,875
Dividend Received on Mutual Funds	16,708,630	279,467
Interest Received	5,886,975	3,022,687
Purchase of Fixed Assets	(7,927,523)	(588,552)
Sale of Fixed Assets	1,731,500	443,200
<b>Net Cash used in Investing activities</b>	<b>(21,922,671)</b>	<b>6,442,677</b>
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>		
Increase in Share Capital	-	58,400,000
Repayment of Borrowings	(53,318,941)	(59,652,246)
Proceeds from Borrowings	3,422,967	33,209,746
Interest Paid	(31,276,933)	(38,528,450)
Loss on Derivatives	-	(32,393,903)
Profit on exchange fluctuations & forward contracts	7,967,451	(3,054,299)
Dividends paid including tax on Dividend	-	(7,651,473)
<b>Net Cash generated in Financing Activities</b>	<b>(73,205,456)</b>	<b>(49,670,626)</b>
Net Increase / Decrease in Cash and Cash Equivalents	(55,881,416)	50,147,588
Cash and Cash Equivalents (Opening Balance)	90,091,887	39,944,299
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>34,210,472</b>	<b>90,091,887</b>

As per our Report of even date

For and on behalf of the Board

 for Karvy & Company  
Chartered Accountants

 A.Indra Kumar  
Managing Director

 K.Ajay Kumar  
Partner

 C.Ramachandra Rao  
Joint Managing Director &  
Company Secretary

 N.Ram Prasad  
Director

 Place : Hyderabad  
Date : 27.05.2010

**AVANTI FEEDS LIMITED**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010**

Particulars	As at 31 <sup>st</sup> March 2010 Rs.	As at 31 <sup>st</sup> March 2009 Rs.
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
Authorised		
80,00,000 Equity Shares of Rs.10/- each	80,000,000	80,000,000
Issued, Subscribed and Paid-Up :		
80,00,000 Equity Shares of Rs.10/- each fully paid-up	80,000,000	80,000,000
TOTAL	<u>80,000,000</u>	<u>80,000,000</u>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
Subsidies	12,960,401	12,960,401
Share Premium	43,800,000	43,800,000
General Reserve		
Opening Balance	382,569,262	
Add : Transfer from Profit & Loss Account	-	
Surplus in Profit & Loss Account	382,569,262	382,569,262
TOTAL	<u>149,626,473</u>	<u>161,672,633</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
<b>Term Loans</b>		
From Banks		
Term Loans	91,693,442	147,087,886
Working Capital Loans	162,384,907	160,309,404
<b>Other Loans</b>		
Vehicle Loans	4,215,273	792,306
TOTAL	<u>258,293,622</u>	<u>308,189,596</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Sales Tax Deferment Loan	58,962,295	58,962,295
Srinivasa Cystine (P) Limited	13,010,050	13,010,050
TOTAL	<u>71,972,345</u>	<u>71,972,345</u>

SCHEDULE - 5 FIXED ASSETS		DEPRECIATION SCHEDULE AS ON 31.03.2010									
Sl. No.	PARTICULARS	Cost as on 01.04.2009	GROSS BLOCK		Total Cost as on 31.03.2010	DEPRECIATION		Total upto 31.03.2010	NET BLOCK		
			Additions	Deletions		Upto 31.03.2009	For the Year		On Deletions	As on 31.03.2010	As on 31.03.2009
1	Freehold Land	12,833,819	427,285	-	13,261,104	-	-	-	-	13,261,104	12,833,819
2	Buildings :	84,580,652	-	-	84,580,652	21,607,487	2,190,972	23,798,469	60,782,183	62,973,155	84,580,652
3	Plant & Machinery	437,770,465	422,896	-	438,193,361	225,580,868	23,203,063	248,763,931	189,429,431	212,209,597	437,770,465
4	Office Equipment	11,000,129	1,143,284	-	12,143,413	9,848,139	241,603	10,188,742	1,953,671	1,051,990	11,000,129
5	Furniture & Fixtures	3,808,738	68,973	-	3,877,711	2,040,935	226,179	2,287,114	1,610,597	1,767,803	3,808,738
6	Vehicles	25,294,636	5,965,085	6,760,985	24,398,737	15,586,047	1,965,145	12,864,595	11,514,142	9,708,589	25,294,636
	<b>Total</b>	<b>575,288,438</b>	<b>7,927,523</b>	<b>6,760,985</b>	<b>575,454,977</b>	<b>274,743,486</b>	<b>27,826,961</b>	<b>297,903,950</b>	<b>278,551,127</b>	<b>300,544,952</b>	<b>575,288,438</b>
	Previous Year Figures	577,542,124	588,552	2,842,238	575,288,438	243,282,363	33,415,329	274,743,486	300,544,952	334,259,762	577,542,124

**SCHEDULE 6 : INVESTMENTS**a) **Trade Investments - Unquoted****Long Term:**

Srivathsa Power Projects Limited (1,66,93,630 shares @ Rs.10/- each)	<b>167,053,800</b>	167,053,800
Avanti Thai Aqua Feeds Pvt. Ltd. (38,44,800 shares @ Rs.10/- each)	<b>38,448,000</b>	-
Patikari Power Private Limited (1,06,45,200 shares @ Rs.10/- each)	<b>106,452,000</b>	105,000,000
Patikari Power Private Limited (Share application money)	-	1,577,747

b) **Non-Trade Investments****Quoted - Equity Shares**

2,880 Equity Shares of Rs.130/- each in IDBI	<b>54,000</b>	54,000
5,000 Equity Shares of Rs.10/- each in Bluegold Maritech Ltd.	<b>5,000</b>	5,000
7,800 Equity Shares of Rs.10/- each in UCO Bank Limited	<b>93,600</b>	93,600

**Unquoted - Equity Shares**

1,20,000 Equity Shares of Rs.10/- each in Bhimavaram Hospitals	<b>1,200,000</b>	1,200,000
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TOTAL

**Quoted Investments**

Book Value

Market Value

**Unquoted Investments**

Book Value

<b>313,306,400</b>	<b>274,984,147</b>
<b>152,600</b>	152,600
<b>771,900</b>	390,512
<b>313,153,800</b>	274,831,547



**SCHEDULE 7 : CURRENT ASSETS, LOANS & ADVANCES**

		<b>1,288,435</b>	<b>579,248</b>
a) Interest Accrued			
b) Inventories - At cost or Net Realisable Value as valued and certified by the Management)			
Raw Materials		<b>152,637,075</b>	87,266,061
Work-in-process		<b>7,264,077</b>	16,080,445
Finished Goods		<b>92,153,543</b>	73,332,669
Stores & Spares		<b>18,797,575</b>	13,662,729
Packing Materials		<b>1,123,873</b>	7,610,187
Stock in Transit		<b>772,425</b>	5,880,287
	TOTAL	<b>272,748,567</b>	<b>203,832,378</b>
c) Cash & Bank Balances			
Cash on Hand		<b>2,306,528</b>	1,768,681
Balances with Scheduled Banks			
In Current Accounts		<b>8,607,136</b>	12,662,442
In Lien Accounts		<b>23,296,809</b>	17,260,764
Unutilised Money raised in Preferential issue		-	58,400,000
	TOTAL	<b>34,210,472</b>	<b>90,091,887</b>
d) Sundry Debtors (Unsecured, considered good)			
Outstanding for more than Six Months		<b>29,141,329</b>	52,605,047
Others		<b>60,185,883</b>	105,983,872
	TOTAL	<b>89,327,212</b>	<b>158,588,919</b>
e) Loans & Advances (Unsecured, considered good recoverable in cash or in kind or for value to be received)			
Advance for Purchases		<b>6,105,844</b>	1,906,763
Other Advances		<b>12,532,577</b>	13,625,999
Recoverable from Govt. Authorities		<b>87,424,945</b>	83,771,939
Advance Tax		<b>18,569,712</b>	26,244,251
Deposits		<b>9,472,768</b>	14,675,086
	TOTAL	<b>134,105,845</b>	<b>140,224,038</b>

**SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS**

Current Liabilities

Creditors for Trade			
Due to SSI Units		-	-
Due to Others		<b>77,345,889</b>	65,237,174
Creditors for Expenses		<b>26,757,567</b>	21,621,511
Unpaid Dividend		<b>1,562,949</b>	2,114,722
Trade Deposit from Customers		<b>15,868,176</b>	6,185,053

TOTAL - A

**121,534,581**

**95,158,460**

Provisions

Provision for Income Tax		<b>14,693,533</b>	14,693,533
Provision for FBT		-	552,094
Provision for Retirement benefits		<b>11,154,415</b>	9,542,216

TOTAL - B

**25,847,948**

**24,787,843**

TOTAL - (A + B)

**147,382,529**

**119,946,303**

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

Particulars	For the year ended 31st March 2010 Rs.	For the year ended 31st March 2009 Rs.
<b>SCHEDULE 9 : Operating Income</b>		
Domestic Sales	529,048,420	385,815,293
Export Sales	365,610,202	281,633,686
Electricity Sales (Wind Mills)	20,739,571	25,668,342
Export Incentives	46,212,000	36,842,107
	<b>961,610,193</b>	<b>729,959,428</b>
<b>SCHEDULE 10 : OTHER INCOME</b>		
Interest on IDBI Bonds (Gross)	-	428,760
Interest on Deposits	5,886,975	2,593,927
Anti Dumping Duty Refund	28,413,558	-
Dividends	16,708,630	279,467
Gain on Exchange Fluctuations	7,967,451	-
Miscellaneous Income	1,684,751	2,538,885
	<b>60,661,365</b>	<b>5,841,039</b>
<b>SCHEDULE 11 : MATERIAL COST</b>		
a) Raw Materials Consumed	775,406,825	499,614,858
b) Packing Materials Consumed	19,459,149	19,479,551
Total Consumption (a + b + c)	<b>794,865,974</b>	<b>519,094,409</b>
c) Increase / Decrease in Stocks		
Opening Stock		
Work in Process	16,080,445	9,158,600
Finished Goods	73,332,669	111,932,836
Closing Stock		
Work in Process	7,264,077	16,080,445
Finished Goods	92,153,543	73,332,669
Increase / Decrease in Stocks	<b>10,004,505</b>	<b>(31,678,322)</b>
Total Material Cost (a + b + c - d)	<b>784,861,469</b>	<b>550,772,731</b>
<b>SCHEDULE 12 : PERSONNEL COST</b>		
Salaries, Wages & Bonus	37,237,615	36,613,278
Remuneration to Directors	6,757,766	5,957,346
Contribution to P F and Other Funds	8,499,272	5,586,719
Staff Welfare Expenses	1,173,589	890,221
	<b>53,668,242</b>	<b>49,047,564</b>

**SCHEDULE 13 : MANUFACTURING & OTHER EXPENSES****Manufacturing Expenses**

Power & Fuel	37,052,624	30,028,207
Consumable Stores	10,279,154	7,049,623
Manufacturing Expenses	10,026,576	7,961,019
Factory Maintenance	1,444,039	580,066
Wind Mill Maintenance	2,353,275	2,261,419
Repairs & Maintenance	5,224,487	4,049,320

**Administrative Expenses:**

Rent	819,211	180,442
Electricity Charges	228,107	
Rates & Taxes	1,145,133	1,549,714
Service Tax	333,176	548,698
Insurance	6,879,887	3,474,759
Travelling & Conveyance	6,914,511	6,957,264
Vehicle Maintenance	2,295,592	2,206,010
Communication Expenses	2,035,229	2,113,639
Printing & Stationery	682,642	805,125
Auditors Remuneration		
As Auditors	341,930	341,930
Tax Matters	110,300	110,300
Reimbursement of Expenses	80,801	82,586
Repairs & Maintenance		
Buildings	147,389	22,526
Others	261,818	427,080
Professional Charges	3,157,487	3,797,318
Directors' Sitting Fee	22,000	20,000
Loss on Exchange Fluctuation	-	3,054,299
Donation	12,600	-
General Expenses	4,371,615	7,343,575
Loss on sale of Fixed Assets	362,887	192,857
Loss on Sale of DEPB	1,598,120	1,879,126

**Selling Expenses:**

Advertisement	762,163	941,138
Carriage Outward	8,746,729	7,747,257
Ocean Freight & Export Expenses	13,384,853	17,476,451
Marketing Expenses	6,093,157	2,145,170
Royalty on Profeed Sales	1,071,037	837,906
Discounts	16,606,867	12,711,661
Bad Debts Written Off	2,640,321	2,095,763
	<b>147,485,716</b>	<b>130,992,248</b>

**SCHEDULE 14 : FINANCE CHARGES**

Interest		
On Fixed Loans	11,240,792	17,381,287
On Other Loans	14,846,208	47,656,022
Bank Charges	5,189,932	5,885,044
	<b>31,276,933</b>	<b>70,922,353</b>

**SCHEDULE 15 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Principles of consolidation**

- A. The consolidated financial statements relate to Avanti Feeds Limited and its subsidiary. They are prepared on the following basis:

The financial statements of the company and its subsidiary are combined on a line –by –line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra group balances and intra group transactions, except wherever otherwise stated in accordance with accounting standard (AS)-21 –“Consolidated Financial Statements” notified under the Companies (Accounting Standards) Rules, 2006 (“the rules”).

- B. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- C. The consolidated financial statements include the accounts of Avanti Feeds Limited and its subsidiary as detailed here under:

Sl. No.	Name of the Subsidiary	Country of incorporation	Holding Company's interest	Financial Year of Subsidiary ended on
1	Svimsan Exports & Imports Limited	India	100%	31 <sup>st</sup> March, 2009

**D. Other Significant Accounting Policies :**

These are setout under significant accounting policies as given in the unconsolidated financial statements of the company and its subsidiary.

- E. Since the transactions of the subsidiary company except those which have been carried out with the holding company are negligible and insignificant, notes and schedules have not been prepared.

1. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956:

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details:**

Registration No.	<b>015214</b>	State Code	<b>01</b>
Balance Sheet	<b>31 03 2010</b>	Date	Month Year

**II Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	<b>NIL</b>	Preferential Allot.	<b>NIL</b>
Bonus Issue	<b>NIL</b>	Private Placement	<b>NIL</b>

**III Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	<b>999,222</b>	Total Assets	<b>999,222</b>
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**Sources of Funds**

Paid-up Capital	<b>80,000</b>	Reserves & Surplus	<b>588,956</b>
Secured Loans	<b>258,294</b>	Unsecured Loans	<b>71,972</b>
Deferred Tax Asset	<b>12,265</b>		

**Application of Funds**

Net Fixed Assets	<b>278,551</b>	Investments	<b>313,306</b>
Net Current Assets	<b>384,298</b>		

**IV Performance of the Company (Amount in Rs.Thousands)**

Turnover	<b>961,610</b>	Total Expenditure	<b>1,045,119</b>
Loss before Tax	<b>22,848</b>	Loss after Tax	<b>12,046</b>
Loss per Share in Rs.	<b>(1.51)</b>	Dividend Rate %	<b>NIL</b>

**V Generic Name of Three Principal Products / Services of the Company (As per monetary terms)**

Item Code No. (ITC Code)	<b>230990</b>	<b>03062300</b>	<b>85023100</b>
Product Description	<b>SHRIMP FEED</b>	<b>SHRIMP</b>	<b>WIND POWER</b>

Signature to Schedules '1' to '15'  
Board  
As per our Report of even date

for and on behalf of the

For **Karvy & Co.**  
Chartered Accountants

**A.Indra Kumar**  
Managing Director

**K.Ajay Kumar**  
Partner

**C.Ramachandra Rao**  
Joint Managing Director &  
Company Secretary

**N.Ram Prasad**  
Director

Place: Hyderabad  
Date: 27.05.2010

**Svimsan Exports & Imports Limited**

**NOTICE:**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Svimsan Exports & Imports Limited will be held on Wednesday, the 14<sup>th</sup> Day of August, 2010 at 10.00 A.M. at the Registered Office of the Company to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited balance sheet as on March 31, 2010 and Profit & Loss Account for the year ended March 31, 2010 along with Auditors' Report and Directors' Report thereon.
2. To appoint Sri A. Indra Kumar, who retire at the Annual General Meeting and eligible for re-appointment.
3. To appoint M/s Karvy & Co, Chartered Accountants, Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

By Order of the Board

Place : Hyderabad  
Date : 27.05.2010

**A.Indra Kumar**  
Director

## **Svimsan Exports & Imports Limited**

### **Directors' Report**

To  
The Shareholders of **Svimsan Exports & Imports Limited**

Your Directors hereby present the 12th Annual Report together with audited accounts for the year ended 31st March, 2010.

#### **Operations**

During the year under review your company undertook purchase of shrimps and selling them after de-heading to the local exporters.

#### **Directors :**

Mr. A. Indra Kumar retires at the Annual General Meeting as a director and is eligible for re-appointment.

#### **Auditors :**

M/s. Karvy & Co, Chartered Accountants, who retires at the Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

#### **Secretarial Compliance Report :**

The Secretarial Compliance Certificate in terms of the amended Section 383A of the Companies Act 1956 is attached with this report.

#### **Particulars of Employees :**

There are no employees covered in terms of Section 217 (2A) of the Companies Act, 1956 read with Rule 7A of the Companies (Central Government's) General Rules and Forms, 1956.

#### **Energy, Technology and Foreign Exchange :**

The Company has no activities relating to Conservation of Energy, Technology absorption and Foreign Exchange.

#### **Directors' Responsibility Statement :**

Your Directors hereby confirm and declare that :

- a) in the preparation of Annual Accounts for the year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures ;

- b) the accounting policies are consistently applied and reasonable, prudent judgments 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 i.e. 31st March, 2010 and of the profit of the Company for that period ;
- c) proper and sufficient care has been taken 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 regularities.
- d) the accounts for the year ended 31st March, 2010 have been prepared on a going concern basis.

**Acknowledgments:**

Your Directors wish to place on record their gratitude and appreciation for co-operation extended by the Government Agencies and Banks during the year.

By Order of the Board

Place : Hyderabad  
Date : 27.05.2010

**A. Indra Kumar**  
Director



## COMPLIANCE CERTIFICATE

Corporate Identity No. : U24239AP1998PTC030063  
Authorised Capital : Rs.1,00,00,000/-  
Paid Up Capital : Rs.1,00,00,000/-

To  
The Members  
Svimsan Exports & Imports Limited  
Hyderabad

We have examined the Registers, Records, Books and Papers of M/s **Svimsan Exports & Imports Limited** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents. We certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company the provisions of Section 3 (1) (iii) (b), (c) and (d) are not applicable to the Company.
4. The Board of Directors duly met Four times respectively on 28.04.2009, 25.07.2009, 31.10.2009 and 30.01.2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members during the financial year.
6. The Annual General meeting for the financial year ended on 31.03.2009 was held on 23.09.2009 after giving due notice to the members of the Company and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. No Extra- ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the Register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of the Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the year.
13. The Company:
  - i. has not allotted or transferred any shares during the financial year.
  - ii. has not declared any dividend during the financial year.
  - iii. transferred the amounts in unpaid dividend account, application money due for refund, matured debentures, matured deposits and the interest accrued thereon which have remained unclaimed or unpaid for a period of Seven years to Investor Education and Protection Fund – **No such cases.**
  - iv. has complied with the requirements of section 217 of the Act
14. The Board of Directors of the Company is duly constituted and there was no appointment director during the financial year.
15. The Company has not appointed any Managing Director or Manager during the year.
16. The Company has not appointed any sole selling agents during the year.
17. The Company is not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not allotted any shares during the financial year.
20. The company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the year.
22. There were no transactions necessitating the company to keep in abeyance the right to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The company has not accepted / invited any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.

24. The company has not made any borrowings during the financial year.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to objects during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name during the year under Scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital during the year under scrutiny.
30. The Company has not altered its Articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines and penalties or any other punishment imposed on the Company during the financial year, for offenses under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The provision of section 418 is not applicable to the company.

For V. Bhaskara Rao & Co.  
Company Secretaries

Place : Hyderabad

Date: 27.05.2010

*V.Bhaskara Rao*  
Proprietor

C.P.No. 4182, F.C.S.No.5939

Corporate Identity No. : U24239AP1998PTC030063  
Name of the Company : Svimsan Exports & Imports Limited

**Annexure - A**

Statutory Registers as maintained by the Company

1. Register of Charges
2. Register of Members
3. Minute Books of Board Meeting
4. Minute Books of General Meetings
5. Register of particulars of contracts in which Directors are interested
6. Register of Directors, Managing Director, Manager and Secretary
7. Register of Directors shareholdings
8. Register of Directors Attendance.
9. Register of Allotment.
10. Register of Share Transfer

For V. Bhaskara Rao & Co.  
Company Secretaries

Place : Hyderabad

Date: 27.05.2010

*V.Bhaskara Rao*  
Proprietor

C.P.No. 4182, F.C.S.No.5939

Corporate Identity No. : U24239AP1998PTC030063  
Name of the Company : Svimsan Exports & Imports Limited

**Annexure - B**

Forms and Returns as filed by the Company with Registrar of Companies during the financial year ending 31st March 2010.

Sl. No	Form. No/ Return	Under Section	Description	Date of filing	Whether filed With in prescribed Time - Yes/No	If delay in filing whether requisite Additional fee paid-Yes/No
1	23AC & ACA	220	Annual Report for the year 2008-09	21.10.09	Yes	NA
2	20B	159	Annual Return for the year 2008-09	30.10.09	Yes	NA
3	66	383A	Compliance Certificate	19.10.09	Yes	NA

For V. Bhaskara Rao & Co.  
Company Secretaries

Place : Hyderabad

Date: 27.05.2010

*V.Bhaskara Rao*  
Proprietor

C.P.No. 4182, F.C.S.No.5939

## **Auditors' Report**

### **To the Members of Svimsan Exports & Imports Limited**

We have audited the attached Balance Sheet of SVIMSAN EXPORTS & IMPORTS LIMITED as at 31<sup>st</sup> March, 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, (together the 'Order' ) issued by the Central Government Of India, in terms of Section 227 (4A) of the Companies Act,1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and Notes hereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the Balance Sheet, of the state of affairs of the company as on 31<sup>st</sup> March, 2010;
- ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- iii. in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For KARVY & Co  
Chartered Accountants

Place: Hyderabad  
Date: 27.05.2010

K.Ajay Kumar  
(Partner)  
(M. No. 021989)

## **Annexure to the Auditors' Report**

### **Referred to in paragraph 1 of our report**

- i. The company is maintaining fixed asset register; however, since all the assets of the company have been sold and there being no additions of fixed assets in the current year, clause 4(i) of the order is not applicable.
- ii. The company has not carried out any business activities during the year and accordingly no inventories were held by the company. Therefore clause 4(ii) of the order is not applicable.
- iii. The company has not granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained Under Section 301 of the Companies Act, 1956. Accordingly clause 4(iii) of the order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to the purchase of inventory and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- v. In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi. According to the information and explanations given to us, the company has not accepted deposits from public within the meaning of section 58A and 58AA and the rules framed there under.
- vii. In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- viii. In respect of this company, maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.
- ix. (a) According to the records of the company and information and explanations given to us, the company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues to the extent applicable with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31<sup>st</sup> 2010 for a period of more than six months from the date on which they become payable.



- (b) According to the information and explanation given to us the following amounts have not been deposited with the appropriate authorities on account of dispute :

<b>Nature of the Statute</b>	<b>Amount Rs. in Lakhs</b>	<b>Period to which the amount relates</b>	<b>Forum where pending</b>
Agricultural Market cess	40.35	1999-2000 & 2000-01	High court of Andhra Pradesh

- x. The accumulated losses exceed the net worth of the company; however, the company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
- xi. Based on our audit procedures and on the basis of information and explanations given by the management, the company has not taken any loans either from the banks or from the financial institutions. Accordingly, clause 4 (xi) of the order is not applicable.
- xii. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause 4 (xii) of the order is not applicable.
- xiii. In our opinion, the Company is not a Chit fund or a Nidhi/ Mutual Benefit fund/ Society. Accordingly, clause 4 (xiii) of the order is not applicable to the company.
- xiv. In our opinion, the Company is not dealing in or trading in Shares, Securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable to the company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions. Accordingly, clause 4 (xv) of the order is not applicable.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us no term loans were availed by the Company. Accordingly, clause 4 (xvi) of the order is not applicable.
- xvii. According to the information and explanations given to us and overall examination of the balance sheet of the company , we are of the opinion that there are no funds raised on short -term basis that have been used for long term investment. Accordingly, clause 4 (xvii) of the order is not applicable.
- xviii. The company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of the Companies Act, 1956, during the year. Accordingly clause 4 (xviii) of the order is not applicable.

- xix. According to the information and explanations given to us and the records examined by us, no debentures were issued by the company. Accordingly, clause 4 (xix) of the order is not applicable to the company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year nor have we been informed of such case by the management.

For Karvy & Co  
Chartered Accountants

Place: Hyderabad  
Dated: 27.05.2010

K.Ajay Kumar  
Partner  
(M N.o 021989)

**SVIMSAN EXPORTS & IMPORTS LIMITED**  
BALANCE SHEET AS AT 31st March, 2010

	Sch. No.	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SOURCES OF FUNDS</b>			
<i>Shareholders funds</i>			
Share Capital	1	10,000,000	10,000,000
<i>Loan Funds</i>			
Unsecured Loans	2	13,010,050	13,010,050
		<b>23,010,050</b>	<b>23,010,050</b>
<b>APPLICATION OF FUNDS</b>			
<i>Current Assets, Loans &amp; Advances</i>			
Cash & Bank Balances	3	133,095	150,430
Sundry Debtors		-	628,508
Loans & Advances		4,548,064	4,008,671
		<b>4,681,159</b>	<b>4,787,609</b>
Less : Current Liabilities & Provisions	4	318,009	330,409
<b>Net Current Assets</b>		<b>4,363,150</b>	<b>4,457,200</b>
<i>Misc. Expenditure (to the extenet not written off or adjusted)</i>			
<b>Profit &amp; Loss Account</b>		<b>18,646,900</b>	<b>18,552,850</b>
		<b>23,010,050</b>	<b>23,010,050</b>

As per our Report of even date  
for KARVY & COMPANY  
Chartered Accountants

K.Ajay Kumar  
Partner

Place : Hyderabad  
Date : 27.05.2010

For and on behalf of the Board

A.Indra Kumar  
Director

C.Ramachandra Rao  
Director

**SVIMSAN EXPORTS & IMPORTS LIMITED**  
**Profit & Loss Account for the Year ended 31st March, 2010**

	Sch.No	For the period ended 31st March 2010 Rs.	For the year ended 31st March 2009 Rs.
<b>INCOME</b>			
Operating Income	5	-	181,026,505
Other Income	6	<b>12,400</b>	3,170
		<b>12,400</b>	<b>181,029,675</b>
<b>EXPENDITURE</b>			
Material Cost	7	-	176,012,313
Personnel Cost	8	<b>84</b>	152,455
Administrative & Other Expenses	9	<b>103,235</b>	4,528,687
Bank charges	10	<b>3,131</b>	7,905
		<b>106,450</b>	<b>180,701,360</b>
Profit before Tax		<b>(94,050)</b>	328,315
Provision for tax (for 2000-01yr)		-	-
Fringe Benefit Tax		-	-
Deferred Tax / (Release)		-	-
Profit after Tax		<b>(94,050)</b>	328,315
Profit brought forward from Previous Year		<b>(18,552,851)</b>	(18,881,166)
Balance Carried to Balance Sheet		<b>(18,646,901)</b>	(18,552,851)
<b>EARNING PER SHARE</b>			
( Face Value Rs. 10/- each)		<b>(0.01)</b>	0.03

Notes on Accounts

11

As per our Report of even date  
for KARVY & COMPANY  
Chartered Accountants

For and on behalf of the Board

A.Indra Kumar  
Director

K.Ajay Kumar  
Partner

C.Ramachandra Rao  
Director

Place : Hyderabad  
Date : 27.05.2010

**SVIMSAN EXPORTS & IMPORTS LIMITED**  
**Cash Flow Statement for the years ended 31st March 2010**

	<b>31st March 2010</b> Rs.	<b>31st March 2009</b> Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(94,050)	328,316
<b>Operating Profit before Working Capital Changes</b>	<b>(94,050)</b>	<b>328,316</b>
<b>Adjustment for</b>		
Trade and Other Receivables	89,115	2,308,938
Trade Payable	(12,400)	(2,680,416)
<b>Cash generated from Operations</b>	<b>(17,335)</b>	<b>(43,162)</b>
Income Tax Paid	-	-
<b>Net Cash flow from Operating activities</b>	<b>(17,335)</b>	<b>(43,162)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	-	-
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>	-	-
Net Increase / Decrease in Cash and Cash Equivalents	(17,335)	(43,162)
Cash and Cash Equivalents (Opening Balance)	150,430	193,592
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>133,095</b>	<b>150,430</b>

As per our Report of even date  
for KARVY & CO  
Chartered Accountants

K.Ajay Kumar  
Partner

Place : Hyderabad  
Date : 27.05.2010

For and on behalf of the Board

A.Indra Kumar  
Director

C.Ramachandra Rao  
Director

**SVIMSAN EXPORTS & IMPORTS LIMITED**  
**SCHEDULES**

Particulars	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
Authorised		
10,00,000 Equity Shares of Rs.10/- each	<b>10,000,000</b>	10,000,000
Issued, Subscribed and Paid-Up :		
10,00,000 Equity Shares of Rs.10/- each fully paid-up	<b>10,000,000</b>	10,000,000
TOTAL	<b>10,000,000</b>	10,000,000
<b>SCHEDULE 2 : UNSECURED LOANS</b>		
Srinivasa Cystine Limited	<b>13,010,050</b>	13,010,050
TOTAL	<b>13,010,050</b>	13,010,050
<b>SCHEDULE 3 : CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
a) Cash & Bank Balances		
Cash on Hand	<b>41,538</b>	41,622
Balances with Scheduled Banks In Current Accounts	<b>91,557</b>	108,808
TOTAL	<b>133,095</b>	150,430
b) Sundry Debtors (Unsecured, considered good)		
Outstanding for more than Six Months	-	628,508
Others	-	-
TOTAL	-	628,508
c) Loans & Advances (Unsecured, considered good recoverable in cash or in kind or for value to be received)		
Loans & Advances	<b>4,388,486</b>	3,849,093
Advance Tax	<b>7,479</b>	7,479
Deposits Recoverable	<b>152,099</b>	152,099
TOTAL	<b>4,548,064</b>	4,008,671
<b>SCHEDULE 4 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
Current Liabilities		
Creditors for Expenses	<b>310,530</b>	322,930
Provisions	<b>7,479</b>	7,479
TOTAL - A	<b>318,009</b>	330,409

**SVIMSAN EXPORTS & IMPORTS LIMITED**  
**SCHEDULES**

Particulars	For the Year ended 31st March 2010 Rs.	For the Year ended 31st March 2009 Rs.
<b>SCHEDULE 5 : Operating Income</b>		
Sales	-	181,026,505
	-	<u>181,026,505</u>
<b>SCHEDULE 6 : OTHER INCOME</b>		
Profit on sale of vehicle	-	-
Credit Balances W/off	12,400	3,170
	<u>12,400</u>	<u>3,170</u>
<b>SCHEDULE 7: MATERILA COST</b>		
Cost of Purchases	-	176,012,313
Total:	-	<u>176,012,313</u>
<b>SCHEDULE 8 : PERSONNEL COST</b>		
Salaries, Wages & Bonus	-	122,850
Contribution to P F and Other Funds	84	11,379
Staff Welfare Expenses	-	18,226
	<u>84</u>	<u>152,455</u>
<b>SCHEDULE 9 : Manufacturing &amp; OTHER EXPENSES:</b>		
Raw Material Handling Charges	-	1,190,983
Agricultural Market Cess	-	14,400
Procurement Commission	-	957,778
Filing Fees	3,590	-
Communication Expenses	-	14,180
Professional Charges	86,115	3,500
Statutory Audit Fees	11,030	11,030
Vehicle Maintenance	-	2,226,379
Rent	-	90,000
General Expenses	2,500	16,807
Travel & Conveyance Expenses	-	3,630
	<u>103,235</u>	<u>4,528,487</u>
<b>SCHEDULE 10 : FINANCE CHARGES</b>		
Bank Charges	3,131	7,905
	<u>3,131</u>	<u>7,905</u>

## **SCHEDULE 11:**

### **SIGNIFICANT ACCOUNTING POLICIES and NOTES FORMING PART OF ACCOUNTS**

#### **I. Significant accounting policies**

##### **a. Basis of Accounting**

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the accounting standards notified under section 211(3C) of the Companies Act, 1956 of India (the Act) and the relevant provisions of the Act.

##### **b. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current & future periods.

##### **c. Revenue Recognition**

Revenue from sales is recognized on dispatch to customers and are recorded net of trade discount and sales returns.

##### **d. Fixed Assets**

All the Fixed Assets are stated at cost less depreciation, wherever applicable. Cost comprises the purchase price and any other attributable costs of bringing the assets to its working condition for its intended use.

##### **e. Depreciation**

Depreciation is provided on straight-line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

##### **f. Inventories**

- i) Finished Goods are stated at lower of cost or net realizable value
- ii) Processing consumables and packing materials are stated at lower of weighted average cost or net realizable value.

##### **g. Earnings per Share**

The basic earnings per share is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year.



## II. NOTES FORMING PART OF ACCOUNTS

### 1. Contingent liabilities

Agricultural Market Cess against which company is in appeal Rs.40, 35,288/- with AP High Court (Previous Year Rs. 40, 35,288).

2. Capital commitments not provided for on account of pending execution (net of advance) – Rs. NIL (Previous Year Rs. NIL).

3. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 4. Related Parties

Name of the related parties and description of their relationship:

1. Holding Company : Avanti Feeds Limited
2. Key Managerial Personnel : Sri A. Indra Kumar, Managing Director  
: Sri C. Ramachandra Rao, Joint Managing Director

### 5. Earnings per Share

Particulars	For the year ended 31.03.2010	For the year ended 31.03.2009
Profit for the year	(94,050)	328,316
Weighted Average number of Equity Shares outstanding during the year	10,00,000	10,00,000
Basic & diluted earnings per share	(0.01)	0.33

6. In accordance with the Accounting Standard 22 on "Accounting for Taxes on Income "(AS 22), Issued by The Institute of Chartered Accountants of India, deferred tax assets and liabilities should be recognized for all timing differences. However, deferred tax asset (after setting off deferred tax liability) to the extent of Rs. 21.02 lakhs not recognized in the accounts considering the fact that there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

7. **Quantitative Details :**

Sl. No.	Particulars	2009-10 (MT/PA)	2008-09 (MT/PA)		
b)	<b>Actual Capacity Utilisation</b> Shrimp De-heading	---	587.69		
c)	<b>Opening Stock of Finished Goods</b> De-headed Material	---	---		
d)	<b>Closing Stock of Finished Goods</b> De-headed Material	---	---		
Sl. No.	Particulars	2008-09		2007-08	
		Quantity (MT)	Value (Rs.in Lakhs)	Quantity (MT)	Value (Rs.in Lakhs)
e)	<b>Turnover</b> De-headed Shrimp	---	---	587.69	1810.27
	<b>Total</b>	---	---	587.69	1810.27

8. Other particulars as required under part II of schedule VI is either 'NIL' or 'NOT APPLICABLE' in case of this company.
9. Previous years figures have been regrouped/re-classified wherever considered necessary to conform to this year's classification.

**10. Statement pursuant to Part IV of Schedule VI to the Companies Act, 1956:**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details :**

Registration No.	<b>0130063</b>	State Code	<b>01</b>
Balance Sheet	<b>31 03 2010</b>		
	Date Month Year		

**II Capital Raised during the year (Amount in Rs.Thousands)**

Public Issue	<b>NIL</b>	Right Issue	<b>NIL</b>
Bonus Issue	<b>NIL</b>	Private Placement	<b>NIL</b>

**III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)**

Total Liabilities	<b>23010</b>	Total Assets	<b>23010</b>
-------------------	--------------	--------------	--------------

**Sources of Funds**

Paid-up Capital	<b>10000</b>	Reserves & Surplus	<b>NIL</b>
Secured Loans	<b>NIL</b>	Unsecured Loans	<b>13010</b>

**Application of Funds**

Net Fixed Assets	<b>NIL</b>	Investments	<b>NIL</b>
Net Current Assets	<b>4363</b>	Expenditure	<b>NIL</b>
Accumulated Losses	<b>18647</b>		

**IV Performance of the Company (Amount in Rs.Thousands)**

Turnover	<b>NIL</b>	Total Expenditure	<b>106</b>
Profit Before Tax	<b>94</b>	Profit after Tax	<b>94</b>
Earning per Share in Rs.	<b>0.01</b>	Dividend Rate %	<b>NIL</b>

**V Generic Name of Three Principal Products / Services of the Company (as per monetary terms)**

Item Code No. (ITC Code)	<b>03062300</b>
Product Description	<b>SHRIMPS</b>

In authentication of Schedules 'I' to 'II'  
Board  
As per our Report of even date

For and on behalf of the

for **Karvy & Co**  
Chartered Accountants

**A.Indra Kumar**  
Director

**(K.Ajay Kumar)**  
Partner

**C.Ramachandra Rao**  
Director

Place : Hyderabad  
Date : 27.05.2010