

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 35th (**THIRTY FIFTH**) Annual General Meeting of the Members of Avanti Leathers Limited will be held on Friday the 30th day of September, 2011 at 11:00 A.M. at the Registered Office of the Company at Avanti, Kambakkam Village, Varadayapalem Mandal, Chittoor District, Andhra Pradesh, Pin-517 541 to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the profit and Loss Account for the period ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sri M. Santappa who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Sri Tridip Kumar Dugar who retires by rotation and is eligible for re-appointment.
4. To appoint M/s. Brahmayya & Co, Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

1. Appointment of Sri Alessandro Carpignani as Director of the Company

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution.

“RESOLVED THAT Sri Alessandro Carpignanai, an Italian national, be and is hereby appointed as a Director of the Company whose term of office shall be liable to retirement by rotation”

2. Reappointment and revision of the remuneration of Sri Vijay Kumar Koganti, Managing Director.

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, and Shri Vijay Kumar Koganti be re-appointed as Managing Director for a period of three years with effect from 1.11.2011 and further he be paid remuneration by way of salary and perquisites as detailed below:

- 1) Salary : Rs. 2,25,000 – 25,000 – 2,75,000 per month

Perquisites: In addition to the salary above, he shall be entitled to the allowances and other perquisites as set out below:

CATEGORY – A :

A) Housing:

- i) The expenditure by the Company on hiring accommodation subject to ceiling of 60% of the salary over and above 10% payable by the appointee.

- ii) In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company he shall be entitled to House Rent Allowances, subject to the ceiling laid down in (i) above.

The expenditure incurred by the Company on Gas, Electricity, Water expenses and Furnishing to be value as per Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary.

- B) Medical Reimbursement:
Expenses actually incurred for Shri Vijay Kumar Koganti and his family shall be reimbursed to a ceiling of one month salary in a year or three months salary over a period of three years.
- C) Leave Travel Concession:
Leave Travel Concession for Shri Vijay Kumar Koganti and his family in accordance with the rules of the Company.
- D) Club Fee:
Fees of Clubs subject to a maximum of two clubs. No life membership or admission fee shall be paid.
- E) Personal Accident Insurance:
The annual premium shall not exceed Rs. 2000 per month.

Explanation: For the above purpose family means – spouse, dependent children and dependent parents.

CATEGORY – B :

- A) Company's contribution towards Provident Fund subject to a ceiling of 12% of salary.
- B) Company's contribution towards Pension / Super Annuation Funds which shall not together with the Company's contribution towards Provident Fund exceed 15% of the salary or such other higher percentage thereof may be laid down from time to time under the Income Tax Rules.
- C) Contribution to Provident Fund, Super Annuation Fund and Annuity will not be included in the computation of ceiling on perquisites to the extent these either singly or together are not taxable under Income Tax Act.
- D) Gratuity not exceeding half month salary for each completed year of service subject to a ceiling of Rs. 5,00,000 or such higher ceiling as may be fixed from time to time by the Central Government.

CATEGORY – C :

Provision of Car for use on Company's business and telephone, fax and computer at residence will not be considered as perquisite. Personal long distance calls on Telephone and use of car for private purpose shall be billed by the Company.

2) MINIMUM SALARY:

Where in any financial year, during the currency of the tenure of Shri Vijay Kumar Koganti, the Company has no profits or its profits are inadequate, the company shall pay remuneration by way of salary and perquisites not exceeding the limits specified herein above.

3. Appointment of Sri A. Venkateswara Kishore, Whole-time Director as Executive Director and revision of remuneration.

To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force, and Shri A. Venkateswara Kishore be appointed as Executive Director for a period of three years with effect from 1.10.2011 and further he be paid remuneration by way of salary and perquisites as detailed below:

1) Salary : Rs. 2,00,000 – 25,000 – 2,50,000 per month

Perquisites: In addition to the salary above, he shall be entitled to the allowances and other perquisites as set out below:

CATEGORY – A :

A) Housing:

- i) The expenditure by the Company on hiring accommodation subject to ceiling of 60% of the salary over and above 10% payable by the appointee.
- ii) In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company he shall be entitled to House Rent Allowances, subject to the ceiling laid down in (i) above.

The expenditure incurred by the Company on Gas, Electricity, Water expenses and Furnishing to be value as per Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary.

B) Medical Reimbursement:

Expenses actually incurred for Shri A. Venkateswara Kishore and his family shall be reimbursed to a ceiling of one month salary in a year or three months salary over a period of three years.

C) Leave Travel Concession:

Leave Travel Concession for Shri A. Venkateswara Kishore and his family in accordance with the rules of the Company.

D) Club Fee:

Fees of Clubs subject to a maximum of two clubs. No life membership or admission fee shall be paid.

E) Personal Accident Insurance:

The annual premium shall not exceed Rs. 2000 per month.

Explanation: For the above purpose family means – spouse, dependent children and dependent parents.

CATEGORY – B :

A) Company's contribution towards Provident Fund subject to a ceiling of 12% of salary.

B) Company's contribution towards Pension / Super Annuation Funds which shall not together with the Company's contribution towards Provident Fund exceed 15% of the

salary or such other higher percentage thereof may be laid down from time to time under the Income Tax Rules.

- C) Contribution to Provident Fund, Super Annuation Fund and Annuity will not be included in the computation of ceiling on perquisites to the extent these either singly or together are not taxable under Income Tax Act.
- D) Gratuity not exceeding half month salary for each completed year of service subject to a ceiling of Rs. 5,00,000 or such higher ceiling as may be fixed from time to time by the Central Government.

CATEGORY – C :

Provision of Car for use on Company's business and telephone, fax and computer at residence will not be considered as perquisite. Personal long distance calls on Telephone and use of car for private purpose shall be billed by the Company.

2) MINIMUM SALARY:

Where in any financial year, during the currency of the tenure of Shri A. Venkateswara Kishore, the Company has no profits or its profits are inadequate, the company shall pay remuneration by way of salary and perquisites not exceeding the limits specified herein above.

By order of the Board

Place: Chennai
Date: 30th August, 2011

VIJAY KUMAR KOGANTI
MANAGING DIRECTOR

NOTES

1. The Explanatory Statement in respect of the special business in the Notice, pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on his/her behalf and such Proxy need not be a Member of the Company. The Proxy Form duly completed and signed must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. The Register of Members and Transfer Books of the Company will remain closed from 28th September 2011 to 30th September 2011 (both days inclusive)
4. The Equity Shares of the company are listed in Hyderabad and Madras Stock Exchanges.
5. Members are requested to furnish the Company immediately change of their address, if any.
6. Members holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable consolidation of their shareholdings in one folio.
7. Members are requested to quote their Registered Folio Number in all correspondence with the Company.
8. Registration of e-mail addresses for sending Annual Reports, communications, etc:
Members are requested to register their e-mail addresses and changes therein from time to time with the Company so that the Company will use the same for sending Notices, Annual Reports and other communications.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 1: Appointment of Sri Alessandro Carpignani as a Director

Sri Alessandro Carpignani has joined the Board of your Company as an additional director under Section 260 of the Companies Act, 1956 at the meeting held on 30th August, 2011. He is having 35 years of rich experience in Leather processing and Leather marketing.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member together with necessary fee informing his intention to propose the appointment of Sri Alessandro Carpignani as a director of the company. Your directors recommend passing the resolution as an ordinary resolution.

None of the directors except Sri Alessandro Carpignani is interested or concerned in the resolution.

Item No. 2 : Reappointment and variation of the remuneration of Sri Vijay Kumar Koganti, Managing Director

Sri Vijay Kumar Koganti was re-appointed as Managing Director of the Company in the 32nd Annual General Meeting held on 30th September, 2008 with effect from 1st November, 2008 for a period of three years with remuneration. As the term of his appointment is expiring on 31.10.2011, now the Board of Directors decided to re-appoint him as Managing Director for a further period of 3 years with the same terms and conditions as mentioned in the resolution. He is a Science graduate, having vast experience in leather and leather products and looking after the entire business operations of the company since 1998 and putting all efforts to bring up the company. Considering the efforts in revival / restructuring process of the company, the Board of Directors propose to re-appoint him as Managing Director for further period of three years as per the terms and conditions detailed in the resolution. The above appointment and payment of remuneration is subject to the approval of the Shareholders of the company under the various provisions of the Act and hence the resolution set out in the Notice is submitted before the Members for their approval.

None of the directors except Shri Vijay Kumar Koganti is concerned or interested in the above resolution.

Item No.3 : Reappointment and variation of the remuneration of Sri A. Venkateswara Kishore, Executive Director

Sri A. Venkateswara Kishore was appointed as Whole Time Director of the company in the 32nd Annual General Meeting held on 30th September, 2008 with effect from 1st October, 2008 for a period of three years with remuneration. As the term of his appointment is expiring on 30.09.2011, now the Board of Directors decided to re-appoint him as Whole Time Director for a further period of 3 years with the same terms and conditions as mentioned in the resolution. He is a B.Tech (Leather) from Anna University and he is having vast experience in Leather Processing and technical consultant for various tanneries in India and abroad. The above appointment and payment of remuneration is subject to the approval of the Shareholders of the company under the various provisions of the Act and hence the resolution set out in the Notice is submitted before the Members for their approval.

None of the directors except Shri A. Venkateswara Kishore is concerned or interested in the above resolution.

By order of the Board

Place: Chennai
Date: 30th August, 2011

VIJAY KUMAR KOGANTI
MANAGING DIRECTOR