



19th
Annual Report
2011-2012



Mr. C.Ramachandra Rao, Joint Managing Director, Mr. Paco Lee, Head of Investor Relations & Corporate Investments of Thai Union Frozen Products PCL, Mr. Bunluesak Sorajjakit, Managing Director of Thai Union Feed Mill Co. Ltd. and Mr. Alluri Indra Kumar, Managing Director at the Inauguration of Shrimp Feed Manufacturing Plant at Village Balda, Gujarat.



Shrimp Feed Manufacturing Plant at Village Balda, Gujarat.

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

Wai Yat Paco Lee

AUDITORS

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

INTERNAL AUDITORS

Polineni Associates
Chartered Accountants
Plot No. 203
Gayatri Nilayam
1-1-721/A, Gandhinagar
HYDERABAD - 500080.

BANKERS

State Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited
Plot No. 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081

REGISTERED OFFICE

G-2, Concorde Apartments
6-3-658 Somajiguda
Hyderabad - 500 082.

Website : www.avantifeeds.com

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NOTICE

Notice is hereby given that the NINETEENTH Annual General Meeting of the members of M/s. Avanti Feeds Limited will be held on the SATURDAY, 18th day of AUGUST, 2012 at Surana Udyog Hall, FAPCCI Building, FAPCCI Marg, Red Hills Hyderabad – 500 004 at 11.00 AM to transact the Following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 and statement of Profit and Loss for the year ended 31st March, 2012 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. B.V.Kumar who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr.A.V.Achar who retires by rotation and is eligible for re-appointment.
4. To declare the dividend of Rs.6.50 per equity share of Rs.10/- each fully paid for the year 2011-12.
5. 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:

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.
"RESOLVED THAT Mr. Paco Lee, 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."
7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

Approval for re-appointment of Sri. C. Ramachandra Rao as Joint Managing Director & Company Secretary and fix the remuneration :

"RESOLVED THAT in accordance with the provisions of Sec.198, 269, 309, and 310 read with Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, of the said Act, including any statutory modification(s) or re-enactment thereof for the time being in force and subject to obtaining necessary approvals of financial institutions, the Company hereby approves re-appointment of Sri. C. Ramachandra Rao as Joint Managing Director & Company Secretary of the Company for a period of five years w.e.f. 01.08.2012 and further seeking approval for payment of remuneration partly by way of Salary, Allowances, and perquisites and partly by way of commission on net profits of the Company in pursuance of Sec.198 read with Sec.349 and Section 350 of the Companies Act, 1956 as detailed below:

- I. Salary: Rs. 3,75,000/- per month in the scale of Rs. 3,75,000 - 75,000 - 6,75,000/-.

Perquisites :

In addition to the salary as above, perquisites as under, the monetary value of such perquisites being limited to 60% of the above mentioned salary per month.

Category – A:

Housing: Unfurnished accommodation or HRA subject to a limit of: 40% of the salary per month.

Category – B:

- a) Company's contribution towards Provident Fund subject to a ceiling of 12% of the salary.
- b) Company's contribution towards pension / superannuation funds which shall not together with the Company's contribution towards provident fund exceed 15% of the salary or such other higher percentage thereof may be laid down from time to time under the Income Tax Rules.
- c) Contribution to provident fund, superannuation fund and annuity will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under Income Tax Act.
- d) Gratuity not exceeding half month's salary for each completed year of service subject to a ceiling of Rs.10,00,000/- or such higher ceiling as may be fixed from time to time by the Central Government.

II. Ex-gratia :

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

III. Commission:

In addition to salary and perquisites as above, Sri C Ramachandra Rao shall be entitled to commission at the rate of 3% of the net profits of the Company in the manner laid down under Sec.309 (5) of the Companies Act, 1956 and other applicable provision of the said Act.

IV. Minimum Salary:

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

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deed, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

By Order of the Board
for Avanti Feeds Limited

Place: Hyderabad
Date : 14.07.2012

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, Andhra Pradesh, 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 13th August, 2012 to 18th August, 2012 (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 2003-04 has been transferred to Investor Education and Protection Fund upon expiry of 7 years period. Unclaimed Dividend for the year 2004-05 will be transferred to Investor Education and Protection Fund on or before 30.09.2012. Shareholders who have not claimed Dividend for the year 2004-05 are requested to claim the dividend on or before 30.09.2012

By Order of the Board
for Avanti Feeds Limited

Place: Hyderabad
Date : 14.07.2012

A. INDRA KUMAR
Managing Director

IMPORTANT COMMUNICATION TO MEMBERS

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

EXPLANATORY STATEMENT

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

Item No.6

As a consequence of Amalgamation of Avanti Thai Aqua Feeds Private Limited, one more production unit added. Further, the equity stake of Thai Union Frozen Products PCL (TUF) in the Company increased to 25.12%. With the increased levels of operations and future expansion plans of the Company it is desirable to have more of TUF's involvement by having one more nominee Director of TUF on our Board.

Board of Directors in their meeting held on 14.07.2012 appointed Mr. Wai Yat Paco Lee as an Additional Director. Mr. Wai Yat Paco Lee was also a director in the amalgamated company M/S Avanti Thai Aqua Feeds Private Limited. As per the provisions of the Section 260 of the Companies Act, 1956 he holds office up to the date of the ensuing Annual General Meeting.

Mr. Wai Yat Paco Lee is a financial professional and presently holding the position of Head of Investor Relations and Corporate Investment of Thai Union Frozen Products PCL. He joined TUF in 2003 as Financial Controller and was part of core team in transforming TUF to one of the largest sea food exporter company with revenues of USD 3212 mn in 2011. He did his graduation in Business Management from Purdue University, USA and post-graduation from Sasin Graduate Institute of Business Administration, Bangkok which is a joint programme of Kellogg School of Management, USA and The Wharton School of University, USA.

The Board feels that his experience will be of immense help in expansion and growth phase of the Company and recommend his appointment as Director of the Company.

Mr. Wai Yat Paco Lee may be deemed to be interested in the resolution as it relates to his appointment. Mr. Bunluesak Sorajjakit may also be deemed to be interested as he is nominee director of TUF. Except these two none of the other directors are interested or concerned in the resolution.

Item No.7.

Sri C.Ramachandra Rao was re-appointed as Joint Managing Director & Company Secretary of the Company for a period of three years effective from 01st August, 2009 and his re-appointment and remuneration was approved by the Shareholders in the Annual General Meeting held on 23rd September, 2009.

The re-appointment period of three years tenure of Sri C. Ramachandra Rao will be completed on 31st July'12. It is now proposed to renew his re-appointment as Joint Managing Director and Company Secretary for another period of Five years starting from 1st August, 2012 with revised managerial remuneration.

Remuneration committee met on 7th July, 2012 and approved the re-appointment of Sri C. Ramachandra Rao for another period of five years starting from 1st August, 2012 with revised managerial remuneration are now placed before the share holders for their approval.

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

By Order of the Board
for Avanti Feeds Limited

A. INDRA KUMAR
Managing Director

Place: Hyderabad
Date : 14.07.2012

DIRECTORS' REPORT

To

The Shareholders,

Your Directors have immense pleasure in presenting Company's Nineteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2012. Your company has achieved highest ever turnover of Rs. 39,341.48 lacs and before tax profit at Rs. 4,003.00 lacs and profit after tax at Rs.2,807.02 lacs for the year.

FINANCIAL PERFORMANCE:

(Rs. in Lacs)

	2011-12	2010-11
Profit/(Loss) before Interest, Depreciation & Tax	4,810.32	1,238.59
Interest	406.90	439.22
Depreciation	400.42	288.23
Profit/(Loss) before Tax	4,003.00	511.14
Provision for Income Tax & Deferred Tax	1,195.98	169.34
Profit/(Loss) after Tax	2,807.02	341.80
Add: Balance brought forward from Previous year	1,929.10	1,682.73
Profit/(Loss) available for appropriation	4,736.12	2,024.53
APPROPRIATION:		
Proposed Dividend on equity shares	590.40	80.00
Corporate Dividend Tax	95.78	12.98
Transfer to General Reserve	300.00	30.00
Surplus carried to Balance Sheet	3,749.94	1,901.55
OPERATIONS :		
Income	39,676.76	21,169.66
Profit/(Loss) before Tax	4,003.00	511.14
FEED DIVISION :		
Production (Mts)		
Shrimp Feed	59,229.65	27,033.37
Fish Feed	3,589.05	10,097.80
Sales (Mts)		
Shrimp Feed	59,837.64	26,641.73
Fish Feed	3,646.95	10,066.95
PROCESSING DIVISION :		
Production (MTs)	1,966.44	1,449.90
Export Sales :		
Direct (MTs)	2,101.93	1,327.00

The profit for the year under consideration i.e. 2011-12, before depreciation, finance charges and tax is Rs.4,810.32 lacs as compared to a profit of Rs. 1,238.59 lacs in the previous financial year. The profit for the year after tax is Rs. 2,807.02 lacs as against a profit of Rs.341.80 lacs during the previous financial year.

For the second consecutive year there was overall increase in the shrimp culture both in terms of water spread area and density of culture by around 25% mainly because of success of Vannamei shrimp culture many farmers converted from Black Tiger shrimp cultivation to Vannamei shrimp cultivation. The improvement in the international prices for shrimps has also encouraged new farmers in taking up the shrimp cultivation. Your directors are glad to inform you that as against the estimated shrimp culture growth of 25%, your company's Shrimp Feed sales grew by 125%. Your Company's high quality of shrimp feed and technical support to the farmers by educating them with best culture practices, has made our feed the most preferred by the farmers. The year 2011-12 ended with shrimp feed sales at 59,838 MT, an increase of 33,196 MT as compared to previous financial year.

The shrimp processing and export division sales recorded export of 2,102 MT, an increase of 775 MT as compared to previous financial year. The demand for shrimp in international markets is slowly improving with slow and steady economic recovery in USA.

The four windmills of your company located in Karnataka State with a total capacity of 3.2 MW have generated 64.65 lac units and power generated was sold to Bangalore Electricity Supply Company Limited under PPA.

AMALGAMATION OF AVANTI THAI AQUA FEEDS PRIVATE LIMITED WITH THE COMPANY

Your Directors are happy to inform you that the amalgamation process of Avanti Thai Aqua Feeds Private Limited (a subsidiary), with the Company, for

which shareholders gave their unanimous approval at the EGM held on 21st January 2012 has been completed with the Hon'ble High Court of Andhra Pradesh approving the scheme and subsequent effect of the amalgamation by ROC in their records.

DIVIDEND:

Your Directors are pleased to recommend dividend of Re.6.50 per equity share of Rs.10/- each for the financial year 2011-12 aggregating to Rs.590.40 lacs on 90,83,042 equity shares. The dividend if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose name appear on the register of members of the Company on 13th August 2012.

CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the audited Consolidated Financial Statements are provided in the Annual Report.

SUBSIDIARIES:

In accordance with the general circular No.2/2011 and Notification No. 51/12/2007-CL-III issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, statement of Profit and Loss and other documents of the subsidiary company is not attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

DIRECTORS:

In terms of Article 105 and 106 of the Articles of Association of the Company, Mr. B.V.Kumar and Mr. A.V. Achar 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.

Board of Directors in their meeting held on 14.07.2012 appointed Mr. Wai Yat Paco Lee as an Additional Director, a nominee of Thai Union Frozen Products PCL. Mr. Wai Yat Paco Lee was also a director in the amalgamated company M/S Avanti Thai Aqua Feeds Private Limited. As per the provisions of the Section 260 of the Companies Act, 1956 he holds office up to the date of ensuing Annual General Meeting. An ordinary resolution for his appointment as Director of the Company is propounded for the consideration and passing by the Shareholders in the 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, 2013 on remuneration to be decided by the Board of Directors.

COST AUDIT:

Complying with the provisions of Section 233 (B) of the Companies Act, 1956 and Ministry of Corporate Affairs Notification dated 3rd June, 2011, the Board of Directors have appointed M/S Sagar & Associates,