



GROWING STRONGER  
BY THE YEAR

# AVANTI FEEDS LIMITED

27<sup>th</sup>  
ANNUAL REPORT  
2019-20

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# *Our Inspiration*

**Late Sri Alluri Venkateshwarā Rao**  
Founder Chairman

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7<sup>th</sup> July 1933 - 25<sup>th</sup> June 2002



**Vision, Truth, Hardwork  
and Prosperity of all stakeholders  
were his four guiding  
principles**



We at Avanti Feeds, continue to carry on his legacy on the principles.

# Chairman's Message

*Dear Shareholders,*

It is heartening to see that the performance of your Company has improved significantly in 2019-20 as compared to 2018-19. The Aqua Culture industry suffered a setback in 2018 and made a quick positive recovery in 2019-20.

As you are all aware, your Company is a well-acknowledged pioneer in the Indian Shrimp industry, with a proven track record of 27 years. We have technical expertise in developing need based feed in accordance with shrimp culture conditions prevailing in different regions of our country's vast landscape. Regularly our well-trained technical teams visit our farmer friends, brief them on the most suitable shrimp culture methods and update them on latest developments in aquaculture industry.

The shrimp production in India has registered a growth of about 10% - 12% at 8,00,000 Tons in 2019 as compared to 6,85,000 tons in 2018. Shrimp feed consumption has registered a growth of about 10% at 11,50,000 tons in 2019 compared to 10,20,000 Tons in 2018. In view of COVID-19 impact, the Global demand and production is expected to come down by about 10% to 15% in FY21 compared to FY20.

As the industry was breathing a sigh of relief in 2019-20 after a serious setback in 2018-19, the Covid-19 broke out as a pandemic posing a big challenge to the humanity. The Corona Virus which unfolded in a big way during second half of 2019 in China spread like a wild fire almost the entire world with India being no exception. The Covid-19 broke out in India during February 2020 leading to imposition of country wide lockdown from 24<sup>th</sup> March, 2020 bringing all the activities to a standstill.

As an initial reaction to the pandemic, the shrimp culture stocking slowed down during April and May 2020, apprehending a fall in export prices and export market. As you know the Q1 i.e. Apr-May-Jun 2020 are the months during which stocking takes place intensively and the production levels are forecasted depending on the stockings and extent of culture area which missed in Q1 of FY21. There was also



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a shortage of Shrimp seed from hatcheries as the normal operations of hatcheries were affected by lockdown. However, things improved gradually with the farmers gaining confidence due to more or less stable farm gate prices and resumed stocking and the shrimp culture is in progress now.

There are deep-rooted, nagging concerns about threats such as volatility of International Shrimp Prices, Farm Gate Shrimp Prices, fluctuating Foreign Exchange Rates, US Anti-Dumping / Countervailing Duty etc., these concerns can be to a certain extent be offset by developing domestic and alternative markets to supplement US Exports, strict adherence to traceability, scientific pond management and by adopting judicious pricing and forex management.

We can also take heart from recent Government's Policy of "Economic Revolution through Blue Revolution" giving shape to the scheme "Pradhan Mantri Matsya Sampada Yojana" (PMMSY) for fisheries in May 2020 with an investment of over ₹ 20,000 Crores in next 5 years. This scheme aims at increasing fish and shrimp production in India at an annual growth rate of 9% from 137.58 Lakh MT in 2018-19 to 220 Lakh MT by 2024-25. Hopefully, if this scheme is implemented in right earnest, it will go a long way in the growth of Seafood Industry.

Your company's Power business segment also did well during the year. Our 3.2 MW windmill project in Chitradurg (Karnataka) generated a fair output of 48.09 lakh units. Patikari Power – the 16 MW hydel power project in which your company has 25.88% equity – generated a fair output and gave us a decent Net profit. Srivathsa Power Projects – the 17.2 MW gas-based power project in which your company holds 49.99% equity could only put up a modest output, owing to limited supply of APM-gas from GAIL. Next year should hopefully see a better supply of gas from GAIL.

Overall, your Company had a good performance from operations during 2019-20, details of which are given in this Annual Report.

Looking back at Fiscal 2019-20, I can say with satisfaction that we effectively countered every business challenge that came our way, and emerged stronger and profitable. Our success without a doubt is owed largely to the unstinted patronage by the farmers and committed employees across the board.

It is equally important that we acknowledge the resolute faith and support of our extended family of customers, dealers, suppliers, financial institutions and strategic partners who travel with us in our journey. I would like to extend my deepest appreciation to them and hope to see this bond grow even stronger over the coming years. Moreover, I would like to express my sincere gratitude to my fellow Directors for their commitment and professionalism in paving Avanti's long-term path

Despite all the turbulences that were encountered during the year, your company boldly weathered them all, with its usual resilience and professional approach.

**Alluri Indra Kumar**

Chairman and Managing Director



Setting goals is the first step in turning the invisible into the visible -*Tony Robbins*





**As you reach  
your goal,  
set new ones.  
That is the  
way to grow.  
And, become  
stronger...**

At Avanti Feeds we look at a goal not as a destination but as a milestone in our long journey ahead.

It is this attitude that brought us thus far and helps us set our sights on higher achievements. We have the courage to bet on our ideas, to take the calculated risk and, more importantly, to act and implement our strategies for growth.

Over the years, Avanti has been driving business at an accelerated pace, which has resulted in consistent and profitable growth.

Identifying and meeting the customer needs enabled us to increase our footprint and drive higher volume growth. With higher volume growth, we were able to derive the benefits of scale and efficiencies. Growth and value creation followed as a natural corollary.

Our continuous efforts to innovate, scale up and stay ahead of the curve helped us sustain this momentum and deliver on growth year after year. And, become stronger...

Quality is not an act, it is a habit – Aristotle

There are many reasons  
why we stand above the rest...





## We have...

- 27 years of rich experience in the shrimp culture industry
- Ideal feed formulations that give the best Feed Conversion Ratio (FCR) to our farmer-customers
- State-of-the-art shrimp processing plants that process advanced, value-added and cooked products to cater to the global markets
- A long-term technical and financial collaboration with Thai Union Group (Thailand), a multinational conglomerate in the global sea food industry
- The capacities to quickly upscale our production to meet increasing market demands
- Invested in a shrimp hatchery that is expected to fetch decent yields soon
- A strong sales force and wide dealer network, covering all shrimp culture areas
- Robust technical team that advises and supports farmers on culture and disease management
- An inventory management system that effectively guards against overstocking of finished products and raw materials
- Strong employee-supportive policies that have resulted in almost zero staff turnover, highly motivated team with experience, continuous learning and upgrades of technical and commercial know-how
- A strict policy of making timely payment to our raw-material suppliers and investing in long-term relationships with them
- A prudent financial management with internal accruals for funding expansions and not resorting to high-cost borrowing
- A policy of making regular dividend pay-outs, coupled with sound corporate governance
- Social development programs that reach out to communities through various programs on health, education, environment and infrastructure

A photograph of a pond with a rowing team on a blue boat. The boat is blue with yellow seats and oars. The background is a dense line of palm trees. The text "Our Numbers Endorse our Performance" is overlaid on the image.

## Our Numbers Endorse our Performance