
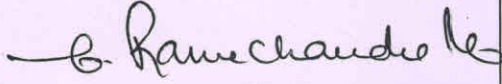



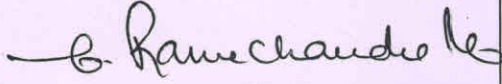



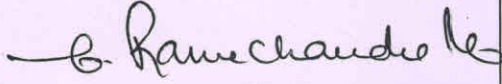




**FORM - A**  
**(Pursuant to Clause 31(a) of the Listing Agreement)**

1.	Name of the Company:	AVANTI FEEDS LIMITED				
2.	Annual financial statements for the year ended	31st March 2014				
3.	Type of Audit observation	Un-qualified				
4.	Frequency of observation	Not Applicable				
5.	<p align="center">Signed by-</p> <table border="0"> <tr> <td align="center"> <p><b>For Avanti Feeds Limited</b></p>  <p><b>A Indra Kumar</b> Chairman &amp; Managing Director</p> </td> <td align="center"> <p><b>For Avanti Feeds Limited</b></p>  <p><b>C Ramachandra Rao</b> Joint Managing Director &amp; Company Secretary</p> </td> </tr> </table> <table border="0"> <tr> <td align="center">  </td> <td align="center"> <p><b>For KARVY &amp; CO.,</b> Chartered Accountants FRN: 01757S</p>  <p><b>(K. AJAY KUMAR)</b> Partner (M. No. 021989)</p> </td> </tr> </table>		<p><b>For Avanti Feeds Limited</b></p>  <p><b>A Indra Kumar</b> Chairman &amp; Managing Director</p>	<p><b>For Avanti Feeds Limited</b></p>  <p><b>C Ramachandra Rao</b> Joint Managing Director &amp; Company Secretary</p>		<p><b>For KARVY &amp; CO.,</b> Chartered Accountants FRN: 01757S</p>  <p><b>(K. AJAY KUMAR)</b> Partner (M. No. 021989)</p>
<p><b>For Avanti Feeds Limited</b></p>  <p><b>A Indra Kumar</b> Chairman &amp; Managing Director</p>	<p><b>For Avanti Feeds Limited</b></p>  <p><b>C Ramachandra Rao</b> Joint Managing Director &amp; Company Secretary</p>					
	<p><b>For KARVY &amp; CO.,</b> Chartered Accountants FRN: 01757S</p>  <p><b>(K. AJAY KUMAR)</b> Partner (M. No. 021989)</p>					

Place: Hyderabad  
Date: 3<sup>rd</sup> July, 2014



21<sup>st</sup>  
Annual Report  
2013-2014

[www.avantifeeds.com](http://www.avantifeeds.com)



Mr. Thiraphong Chansiri, President & CEO, Thai Union Frozen Products PCL., Thailand and Mr. A. Indra Kumar, Chairman & Managing Director of Avanti Feeds Limited at the inauguration function of new shrimp feed manufacturing plant at Kovvur.



Mr. Rittirong Boonmechote, Managing Director (Shrimp Product Lines), Thai Union Frozen Products PCL., Thailand, Mr. Thiraphong Chansiri and Mr. A. Indra Kumar at the inauguration function of new shrimp feed manufacturing plant at Kovvur.

## **BOARD OF DIRECTORS**

**A. Indra Kumar**  
Chairman & Managing Director

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

**A.V. Achar**

**N. Ram Prasad**

**K. Ramamohana Rao**

**B.V. Kumar**

**Anita Rajendra, IAS, 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.

### **BANKERS**

State Bank of India  
Rabo Bank International

### **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)**



---

**CONTENT** ●●●●

Notice to Shareholders .....	5
Directors' Report .....	19
Report on Corporate Governance .....	24
Management Discussion & Analysis .....	38
Auditors' Report on Financial Statements .....	41
Balance Sheet .....	46
Statement of Profit & Loss .....	47
Cash Flow Statement .....	48
Notes on Financial Statements .....	50
Statement of holding Company's interest in subsidiary Company .....	73
Auditor's Report on Consolidated Financial Statements .....	74
Consolidated Balance Sheet .....	76
Consolidated Statement of Profit & Loss .....	77
Consolidated Cashflow Statement .....	78
Notes on Consolidated Financial Statements .....	80
Financial Information of Subsidiary Company .....	104
Attendance Slip .....	105
Form No.MGT-11 Proxy Form .....	107



## NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of the members of M/s. Avanti Feeds Limited (CIN: L16001TG1993PLC015214) will be held on Saturday, the 2<sup>nd</sup> August, 2014 at 11.00 A.M., at K. L. N. Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), 11-6-841, FAPCCI Marg, Red Hills, Hyderabad – 500 004, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2014 including Balance Sheet as on 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014 along with the Report of Board of Directors and Auditors thereon.
2. To declare dividend of Rs.15/- per equity share of Rs.10/- each fully paid-up for the year 2013-14.
3. To appoint a Director in place of Sri N. Ram Prasad (DIN: 00145558), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Karvy & Company, Chartered Accountants, Hyderabad (ICAI Registration No.01757S) as Auditors for a period of three years (i.e. 2014-15, 2015-16 and 2016-17) to hold office from the conclusion of this (21<sup>st</sup>) Annual General Meeting until the conclusion of the 24<sup>th</sup> Annual General Meeting and to authorize the Board of Directors, to fix their remuneration.

### SPECIAL BUSINESS:

#### 5. **Appointment of Sri B. V. Kumar as Independent Director:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED that pursuant to Sec.149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri B. V. Kumar (DIN 00532256), who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

#### 6. **Appointment of Sri A. V. Achar as Independent Director:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED that pursuant to Sec.149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri A. V. Achar (DIN 00325886), who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.



**7. Appointment of Sri M. S. P. Rao as Independent Director:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED that pursuant to Sec.149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri M. S. P. Rao (DIN 00482071), who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

**8. Appointment of Sri K. Ramamohana Rao as Independent Director:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED that pursuant to Sec.149,152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Sri K. Ramamohana Rao (DIN 02384687), who was appointed as Director liable to retire by rotation and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term upto the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

**9. Appointment of Sri A. Indra Kumar, Managing Director as Chairman & Managing Director and approval to increase the Remuneration:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution:**

“RESOLVED that pursuant to Sec.203 and other applicable provisions and relevant Rules applicable, if any, of the Companies Act 2013, Sri A. Indra Kumar (DIN:00190168), Managing Director of the Company be and is hereby appointed as Chairman & Managing Director of the Company [i.e. appointment as Chairman in addition to his present position as Managing Director] with effect from 07.02.2014, without any variation in the period of the appointment.

RESOLVED FURTHER that pursuant to Sec.197 and 198 read with Schedule V of the Companies Act, 2013 and all other applicable provisions and relevant Rules applicable, if any, of the said Act including any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to obtaining necessary approvals of financial institutions, consent of the Company be and is hereby accorded for increase in remuneration of Sri A. Indra Kumar, Chairman & Managing Director of the company for the

unexpired period of his term from 01.07.2014 to 30.06.2016, partly by way of Salary, Allowances, perquisites and Ex-gratia and partly by way of Commission on net profits of the Company, as detailed below :

I. Salary: Rs.8,16,000 - Rs.81,600 - Rs.8,97,600

Perquisites :

In addition to the salary as above, perquisites payable are as under:

Category A:

A) Housing:

Unfurnished accommodation or House Rent Allowance, subject to a limit of 60% of the salary per month. The expenditure incurred by the Company on Gas, Electricity, Water expenses and Furnishing, to be valued as per Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of salary.

Category B:

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

b) Company's contribution towards pension/superannuation funds shall not together with the Company's contribution towards Provident Fund, exceed 25% of the salary or such other higher percentage thereof, as 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 A. Indra Kumar, Chairman & Managing Director shall be entitled to commission at the rate of 4% of the net profits of the Company in the manner laid down under Sec. 198 of the Companies Act, 2013 and other applicable provisions of the said Act.

IV. Minimum Remuneration:

"RESOLVED FURTHER that pursuant to Section 197 read with Schedule V to the Companies Act, 2013 where in any financial year the Company incurs loss or its profits are inadequate, the Salary, Perquisites, allowances and Ex-gratia as specified above be paid as Minimum Remuneration of Rs.2,04,55,680/- and Rs.2,24,53,248/- for the fourth and fifth years of appointment (i.e.01.07.2014 to 30.06.2015 and 01.07.2015 to 30.06.2016) subject to approval of Central Government, if any.

"RESOLVED FURTHER that Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, 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 this Resolution".

**10. Remuneration of Cost Auditors for the year 2014-15:**

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

“RESOLVED that pursuant to Sec. 148 of the Companies Act, 2013 and other applicable provisions if any, and the Companies (Audit and Auditors) Rules, 2014 M/s Sagar & Associates, Cost accountants, Hyderabad, the Cost Auditors appointed by the Board of Directors of the company, to conduct the audit of the cost records of the Company, for the financial year ending 31<sup>st</sup> March, 2015, be paid a Remuneration of Rs.1,00,000/- (Rupees One lakh only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, to give effect to this Resolution”.

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

**A. INDRA KUMAR**  
Chairman & Managing Director

Place: Hyderabad  
Date: 30.05.2014

**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. A person can act as a Proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Company, Carrying voting rights. A member holding more than 10% (ten percent) of the share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other person or share holder.
2. The Explanatory Statement pursuant to Sec.102 of the Companies Act, 2013 which sets out details relating to Special Business to be transacted at the meeting is annexed hereto.
3. The instrument of 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, duly completed and signed not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution / authority, as applicable.
4. Register of Members and Share Transfer Books of the Company shall remain closed from 25<sup>th</sup> July, 2014 to 2<sup>nd</sup> August, 2014 (both days inclusive) for annual closing and determining the entitlement of the shareholders for the dividend declared, at the Annual General Meeting, for the year 2013-14.
5. The dividend on equity shares, if declared at the Annual General Meeting, will be credited / dispatched between 6<sup>th</sup> August, 2014 and 7<sup>th</sup> August, 2014 as under:
  - a) To all those beneficial owners holding shares in electronic form, as per the beneficial ownership data as may be made available to the Company by National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) as of the close of the business hours on Thursday, 24<sup>th</sup> July, 2014 and
  - b) To all those members holding shares in physical form, after giving effect to all the valid share transfers lodged with the Company/share transfer agent (i.e. Karvy Computershare Pvt., Ltd.) on or before the close of business hours on 24<sup>th</sup> July, 2014.
6. To ensure timely delivery of shareholders' communications and also credit of dividend through NECS or dividend warrants/payment instruments, members are requested to notify change of address, or particulars of their bank account, if changed, along with the 9 digit MICR/NECS details, (i) in case of shares held in demat, to the respective depository participant and (ii) in case of shares held in physical form to transfer agent of the Company i.e. Karvy Computershare Private Limited, Hyderabad, on or before 24<sup>th</sup> July, 2014.
7. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company (i.e. Karvy Computershare Pvt. Ltd.). Members are requested to keep the same updated.
8. The notice of Annual General Meeting will be sent to the members, whose name appears in the Register of members / depositories as at closing hours of business on Monday the 30<sup>th</sup> June, 2014.
9. 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.
10. All communications relating to shares are to be addressed to the Company's Registrars and Transfer

Agents, i.e. M/s.Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 082.

11. As per the provisions of the Sec.205 C of the Companies Act, 1956, Unclaimed Dividend amount in respect of 2005-06 has been transferred to Investor Education and Protection Fund. For the financial year ended 31.03.2007, unclaimed dividend will be transferred to the Investor Education and Protection Fund, upon expiry of 7 years period. As such, members who have not en-cashed their dividend warrant(s) for the financial year ended 31.03.2007 and / or subsequent years are requested to submit their claims to the Registrars and Transfer Agents of the Company without any delay.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in Electronic Form are therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrars and Transfer Agents of the Company.
13. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of Directors seeking appointment / re-appointment at the Annual General Meeting forms integral part of the Notice. The Directors have furnished the requisite declarations for their appointment / re-appointment.
14. Voting through Electronic means:
  - (1) In compliance with the provisions of Sec.108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014, the Company is pleased to provide members facility to exercise the right to vote on the items of business given in the Notice through electronic voting system, to members holding shares as on 30<sup>th</sup> June, 2014 (End of day), being the Cut-off date for determining voting rights of members.
  - (2) The company has engaged the services of Karvy Computershare Pvt Ltd, Hyderabad for providing e-voting facility to the members.
  - (3) Sri V. Bhaskara Rao, Practicing Company Secretary, Hyderabad has been appointed as a Scrutinizer for conducting the e-voting process (including voting through Ballot Form received from the members) in a fair and transparent manner.
  - (4) The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, submit the Scrutinizer's Report as per the provisions of the Companies Act 2013 and relevant Rules, to the Chairman & Managing Director of the Company.
  - (5) In the event of a poll, please note that the members who have exercised their right to vote by electronic means/through ballot form as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and report thereon will be prepared in accordance with Section 109 of the Companies Act 2013 read with the relevant Rules. In such an event, votes cast under poll taken together with the votes cast through e-voting and using ballot form shall be counted for the purpose of passing resolution(s).
  - (6) The results on the Resolutions shall be declared at or after the Annual General Meeting of the Company and the Resolutions to be deemed to be passed on the Annual General Meeting date, subject to receipt of the requisite number of votes in favour of the Resolutions.
  - (7) The results declared along with Scrutinizer's Report(s) will be available on the website of the Company, i.e. [www.avantifeeds.com](http://www.avantifeeds.com) and Karvy website: <https://evoting.karvy.com> within

two (2) days of passing of the Resolutions and communications of the same to Bombay Stock Exchange and Madras Stock Exchange.

### PROCEDURE AND INSTRUCTIONS FOR E-VOTING

The procedure and instructions for e-voting are as follows:

- i) Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'
- ii) Enter the login credentials (i.e., user-id & password) mentioned on the Postal Ballot Form. Your folio/DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDI :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary ID For Members holding shares in Physical Form:- • <u>Event No.</u> followed by Folio Number registered with the company
Password	Your Unique password is printed on the Ballot Form / via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) Please contact toll free No. 1-800-34-54-001 for any further clarifications.
- iv) Cut-off date for determining voting rights of members entitled to participate in e-voting: 30.06.2014.
- v) Commencement of e-voting : 27.07.2014 at 9.00 A.M.  
End of e-voting : 29.07.2014 at 5.00 P.M.
- vi) After entering these details appropriately, click on "LOGIN".
- vii) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc., on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) You need to login again with the new credentials.
- ix) On successful login, system will prompt to select the 'Event' i.e., 'Avanti Feeds Limited'.
- x) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.

- xi) On the voting page, you will see Resolution Description and against the same the option 'FOR/AGAINST/ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not want to cast his/her vote, select 'ABSTAIN'.
- xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed .If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL "and accordingly modify your vote.
- xiii) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xiv) Corporate/Institutional Members (Corporate/FIs/FIIs/Trust/Mutual Funds/Banks, etc.,) are required to send scanned certified true copy of the Board Resolution, authority letter etc., together with attested specimen signature(s) of the duly authorized representative(s) (PDF format) to the Scrutinizer through e-mail to [aflagm2014@avantifeeds.com](mailto:aflagm2014@avantifeeds.com) with copy to [evoting@karvy.com](mailto:evoting@karvy.com). The file scanned image of the Board Resolution, authority letter etc., shall be in the naming format "Corporate Name\_ Event no."

By Order of the Board  
for Avanti Feeds Limited

Place: Hyderabad  
Date : 30.05.2014

**A. INDRA KUMAR**  
Chairman & Managing Director

#### **IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paper less compliances by the Companies and has issued circulars stating that the services of notice / documents including Annual Report can be by email to its members. To support this Green Initiative in full measure, members who have not registered their email addresses so far, are requested to register their email address in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with Karvy Computershare Pvt Ltd., Hyderabad.



**EXPLANATORY STATEMENT IN RESPECT OF SPECIAL BUSINESS:**

(Pursuant to Sec.102 of the Companies Act, 2013)

**Item No.5, 6, 7 and 8:**

**Appointment of Sri B.V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao as Independent Directors:**

Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao are Independent Directors of the Company and have held the positions as such, for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment Independent Directors by a Listed Company.

It is proposed to appoint Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term upto the conclusion of the 26<sup>th</sup> Annual General Meeting of the Company in the calendar year 2019.

Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received in writing from members along with the deposit of requisite amount under Section 160 of the Act, proposing the candidatures of each of Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao for the office of Directors of the Company.

The Company has also received declarations from Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao that they meet with the criteria of independence as prescribed under Section 149(6) of the Act.

In the opinion of the Board, Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao are independent of the management. Brief resume and personal details of Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao are as under:



1.	Name	Sri B. V. Kumar	Sri A. V Achar	Sri M.S.P.Rao	Sri K. Ramamohana Rao
2.	Director Identification Number	00532256	00325886	00482071	02384687
3.	Date of Birth	29.05.1934	22.03.1940	15.06.1953	03.04.1950
4.	Date of Appointment	26.09.2002	07.04.1993	27.04.2005	26.09.1998
5.	Qualifications	M.A., LL.B., IRS	B.A.,B.Com., B.L., C.A.I.I.B.	B.E (Chemical Engg.) from IIT, Mumbai	B.Com.
6.	Occupation	Practicing Advocate	ISO Auditor and Consultant	Business	Agriculturist
7.	Expertise	He is a practicing lawyer in the Hon'ble High Court of Karnataka, worked in Government and Government Organizations.	25 years experience in Commercial Banking, 15 years experience in Management and 15 years experience in Management System Auditing and Consulting.	Technical & Industrial experience in various industries.	Agriculturist and his experience will be helpful while formulating marketing policies.
8.	Directorships in other Companies	NIL	(i)Dancap Consultants Limited and (ii) Golconda Hospitality & Services Limited.	(i)Teesta Urja Limited, (ii) Countrywide Power Transmission Ltd., (iii) Teestavalley Power Transmission Ltd., (iv) Concord Relator Pvt Ltd., (v) Athena Kynshi Power Pvt Ltd., (vi) Athena Emra Power Private Limited, (vii) APPL Power Pvt Ltd., (viii) Athena Projects Private Limited and (ix) Athena Infra Projects Pvt Ltd. (x) Satluj Infra Projects Pvt. Ltd.	(i)Srinivasa Cystine Pvt Ltd., (ii) SCL Trading Pvt Ltd. and (iii) SVIMSAN Exports & Imports Ltd.
9.	Committee Positions held in other Companies	N.A.	NIL	NIL	NIL
10.	Shareholding in Avanti Feeds Limited	NIL	200 Equity Shares of Rs.10/- each.	NIL	NIL
11.	Relationship between directors inter-se	NIL	NIL	NIL	NIL

This statement may also be recorded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Copy of the draft letters for respective appointments of Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao as Independent Directors setting out the terms and conditions are available for inspection of the members at the Registered Office of the Company.

Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao are interested in the Resolutions set out respectively at Item Nos.5, 6, 7 and 8 of the Notice with regard to their respective appointment.

Save and except above, none of the other Directors / Key Managerial Personnel of the Company / their Relatives are, in any way, concerned or interested, financially or otherwise in these Resolutions.

The Board comments the Resolutions set out at Item Nos. 5, 6, 7 and 8 of the Notice for approval of the members as Special Resolutions.

#### **Item No.9**

#### **Appointment of Sri A. Indra Kumar, Managing Director as Chairman & Managing Director and approval to increase the remuneration.**

##### **Appointment of Sri A. Indra Kumar, Managing Director as Chairman & Managing Director:**

Sri A. Indra Kumar was appointed as Managing Director of the Company after the demise of Sri Alluri Venkateswara Rao, the founder Chairman & Managing Director of the Company on 01.07.2002. Sri A. Indra Kumar has been steering the Board on planning and implementation of the strategies after the demise of Sri Alluri Venkateswara Rao.

In the past 10 years under the able guidance and management of Sri A. Indra Kumar, the Company's operations have grown significantly. The Board of Directors felt that it is necessary to have a whole-time Chairman to lead the Company in formulating the policies and guide the Board, for effective implementation of the policies. The Board of Directors at its meeting held on 07.02.2014, appointed Sri A. Indra Kumar, Managing Director of the Company as Chairman & Managing Director [i.e. appointment as Chairman in addition to his present position as Managing Director], with effect from 07.02.2014 subject to approval of the shareholders, without any variation in the period of appointment.

##### **Increase the remuneration of Sri A. Indra Kumar, Chairman & Managing Director:**

Sri A. Indra Kumar was appointed as Managing Director of the Company for a period of 5 years with effect from 01.07.2011 and his appointment and remuneration has been approved by the shareholders at the 18<sup>th</sup> Annual General Meeting held on 06.08.2011.

In view of the significant increase in the operations of the Company and profitability, it is proposed to increase the remuneration of Sri A. Indra Kumar, Chairman & Managing Director to Rs.8,16,000/- plus allowance and perquisites, for the unexpired term of his appointment from 01.07.2014 to 30.06.2016.

The Remuneration Committee at its meeting held on 17.05.2014 approved increase in the remuneration of Sri A. Indra Kumar, Chairman & Managing Director to Rs.8,16,000/- plus allowances and perquisites, as set out in the Resolution. It is also proposed to pay the Salary, Perquisites, allowances and Ex-gratia as specified in the resolution as a minimum remuneration, in the event of loss or inadequacy of profits, subject to approval of the Central Government, if any.

1. General Information :

- (1) Nature of Industry: Manufacturing of Shrimp & Fish Feed, Processing & export of Shrimp.
- (2) Date of commencement of commercial production :
- Shrimp Feed : 01.11.1994  
Fish Feed : 15.02.2008  
Processing of Shrimp : 01.04.1998
- (3) In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:  
Not applicable.
- (4) Financial performance:

(Rs in Lacs)

<b>Financial Parameters</b>	<b>2011-2012</b>	<b>2012-2013</b>	<b>2013-2014</b>
Turnover	39,341.48	64,803.77	1,13,160.67
Net Profit as computed as per the provisions of Companies Act.	4,096.28	4,829.35	11,452.99
Net profit as per Statement of Profit and Loss.	2,868.39	3,019.15	6,975.00
Amount of dividend paid	590.40	590.40	1,362.46
Rate of dividend declared	65%	65%	150%

- (5) Foreign Investments or collaborations, if any: -----

II. **Information about the appointee :**

- (1) Background details: Sri. A. Indra Kumar is a Chemical Engineer having 19 years of experience leading organizations. He had identified the opportunity in blue revolution in its nascent stage and promoted this company to set up first shrimp feed manufacturing plant in India. Before given charge as Chairman & Managing Director in February, 2014, he guided the Company in the capacity as Director from October 1993, as Executive Director from April, 1998 and as Managing Director from June, 2002.
- (2) Past Remuneration :

<b>Year</b>	<b>Amount In Rs. Lacs</b>
2010-11	45.41
2011-12	221.88
2012-13	220.85
2013-14	561.53

- (3) Recognition & Awards:

Best Industrialist Award for the year 1994-95 awarded by Government of India. In recognition of his services, he was given the responsibility of Executive Director in April, 1998 and finally given the responsibility of Managing Director in June, 2002.

## (4) Job Profile and suitability:

Providing strategic inputs to Board for decision making for expansions, diversifications and business strategy developments. Apart from implementing the decisions of Board at operational level, on day to day functioning he oversees Production, Quality, Marketing, Purchases, Industrial Relations and Public Relations and leads a team of professionals and senior executives. His rich experience and deep understanding of the dynamics and potential opportunities of the aqua culture industry is most valuable to the Company.

## (i) Remuneration Proposed:

Rs.2,04,55,680/- from 01.07.2014 to 30.06.2015 and Rs.2,24,53,248 from 01.07.2015 to 30.06.2016.

## (ii) Comparative remuneration profile with respect to industry , size of the company, profile of the position and person :

Taking into consideration the size of the Company, the profile of Sri A. Indra Kumar and the responsibilities shouldered by him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial position in other Companies.

## (iii) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personal if any:

Sri A. Indra Kumar does not have any pecuniary relationship directly or indirectly with the Company except for the position he is holding. He does not have any relationship with any managerial person in the Company.

**III. OTHER INFORMATION:**

## (1) Reasons of loss or inadequate profits :

The nature of shrimp culture activity on which shrimp feed and shrimp processing and export is totally dependent, is highly volatile. The shrimp culture success depends on climatic conditions, availability of good quality seed, free from attack of any disease and good culture practices by the farmer. Moreover, the international export price of the shrimp also influences growth of culture to a great extent. India has seen in earlier years, failure of shrimp culture activity due to wide spread deceases, steep fall in international prices of shrimp, levy of anti dumping duty by USA etc., due to which the profitability of feed and processing activity dropped significantly leading to loss or inadequacy of profits.

## (2) Steps taken or proposed to be taken for improvement:

In order to mitigate the hardships caused by the reasons mentioned above, the Company initiates the following steps:

1. Educate the farmers to follow good culture practices to prevent any spread of deceases.
2. Extend technical support to the farmers during culture period rendering timely advise to enable the farmer to reap good harvest.
3. Assist the farmer in selection of good quality seed.
4. To take such initiatives to maintain price mechanism in association with Seafood Exporters Association and other Governmental Agencies, in the best interest of the stakeholders.

5. Expansion of activities to different States to balance shrimp culture reduction/calamity in any one region.

(3) Expected increase in productivity and profits in measurable terms :

The Company has undertaken expansion of its shrimp feed manufacturing capacities in the State of Andhra Pradesh and Gujarat from 1,10,000 MTs in 2013 to 2,00,000 MTs in 2014 in order to meet the significant demand for the feed during past two years. Due to this expansion, increase in volume of sales is expected to be around 20% - 25% in future and profits are likely to be increased by 5% -7%. In addition, plans are afoot to optimize capacity utilization in the shrimp processing plant, which will contribute to increase the volume of exports and increase the profitability depending upon international shrimp prices.

Sri A. Indra Kumar is interested in the Resolution at Item No.9 of the Notice which pertain to his appointment as Chairman and Managing Director and increase in remuneration.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise in this Resolution.

The Board commends the Resolution as set out at Item No. 9 for approval of the members, as Special Resolution.

#### **Item No.10**

##### **Remuneration of Cost Auditors for the year 2014-15.**

The Board, on the recommendation of the Audit Committee has approved the appointment of M/s. Sagar & Associates, Cost Accountants, Hyderabad as Cost Auditors, for the conduct of cost audit of the Company for the financial year ending 31<sup>st</sup> March, 2015, on a remuneration of Rs.1,00,000/- plus Service Tax as applicable and reimbursement of actual travel and out of pocket expenses.

In accordance with the provisions of Sec.148 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the members is sought for ratification of remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No.10 the Notice.

The Board commends the Resolution set out at Item No.10 for approval of the members.

By Order of the Board  
for Avanti Feeds Limited

Place: Hyderabad  
Date : 30.05.2014

**A. INDRA KUMAR**  
Chairman & Managing Director

## DIRECTORS' REPORT

To

The Shareholders,

Your Directors have immense pleasure in presenting their Twenty first Annual Report together with the Audited Accounts for the financial year ended 31st March, 2014. Your Company has crossed Rs.1000 crores turnover mark and closed the year with turnover of Rs. 1131.61 crores. Your Company reported before tax profit at Rs. 105.18 crs and profit after tax at Rs.69.75 crs for the year.

### FINANCIAL PERFORMANCE:

(Rs. in Lacs)

	2013-14	2012-13
Profit/(Loss) before Interest, Depreciation & Tax	11,421.59	5,250.52
Interest	349.96	337.33
Depreciation	553.74	498.38
Profit/(Loss) before Tax	10,517.89	4,414.81
Provision for Income Tax & Deferred Tax	3,542.89	1,395.66
Profit/(Loss) after Tax	6,975.00	3,019.15
Add: Balance brought forward from Previous year	5728.35	3,749.94
Profit/(Loss) available for appropriation	12,703.35	6,769.09
<b>APPROPRIATION:</b>		
Proposed Dividend on equity shares	1,362.46	590.40
Corporate Dividend Tax	231.55	100.34
Transfer to General Reserve	700.00	350.00
Surplus carried to Balance Sheet	10,409.34	5,728.35
<b>OPERATIONS :</b>		
Income	113,528.81	65,061.82
Profit/(Loss) before Tax	10,517.89	4,414.81
<b>FEED DIVISION :</b>		
Production (MTs)		
Shrimp Feed	1,45,930	1,05,422
Fish Feed	-	402
Sales (MTs)		
Shrimp Feed	1,49,891	1,02,988
Fish Feed	-	405
<b>PROCESSING DIVISION :</b>		
Production (MTs)	3,499	2,713
<b>Export Sales :</b>		
Direct (MTs)	3,289	2,551

The profit for the year under consideration i.e. 2013-14, before depreciation, finance charges and tax is Rs.11,421.59 lacs as compared to a profit of Rs. 5,250.52 lacs in the previous financial year. The profit for the year after tax is Rs.6975.00 lacs as against a profit of Rs.3,019.15 lacs during the previous financial year.

For the fourth consecutive year, there was overall increase in the shrimp culture both in terms of water spread area and stocking density, mainly because of success of continuous Vannamei shrimp culture. Remunerative international prices for shrimps has also encouraged new farmers in taking up the shrimp cultivation. Your directors are glad to inform that your company's Shrimp Feed sales grew by 45%. 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 one of the most preferred by the farmers. The year 2013-14 ended with shrimp feed sales at 1,49,891 MT, an increase of 46,903 MT as compared to previous financial year.

The shrimp processing and export division sales recorded export of 3,289 MT in 2013-14 as against 2,551 MT in the previous year, registering an increase of 29%.

The four windmills of your Company located in Karnataka State with a total capacity of 3.2 MW have generated 62.39 lac units as against 62.14 lac units generated during the previous year and power generated was sold to Karnataka Power Transmission Corporation Limited under PPA.

### DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.15/- per equity share of Rs.10/- each for the financial year 2013-14 aggregating to Rs.1,362.46 lacs on 90,83,042 equity shares. The dividend if declared at the ensuing Annual General Meeting, will be paid to those shareholders whose name appears on the register of members of the Company on 25<sup>th</sup> July 2014.

## **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures, 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, Profit and Loss Account 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 and associate companies.

## **DIRECTORS:**

In terms of Article 105 and 106 of the Articles of Association of the Company, Sri N. Ram Prasad retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Sri B.V. Kumar, Sri A.V. Achar, Sri M.S.P. Rao and Sri K. Ramamohana Rao are Independent Directors of the Company and have held the positions as such, for more than 5 (five) years.

The Company has received in writing from members along with the deposit of requisite amount under Section 160 of the Companies Act, 2013, proposing the candidatures of each of Sri B. V. Kumar, Sri A. V. Achar, Sri M. S. P. Rao and Sri K. Ramamohana Rao for appointment as Independent Directors.

Sri B. V. Kumar, Sri A.V. Achar, Sri M.S.P. Rao and Sri K. Ramamohana Rao are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors. The Company has also received declarations from Sri B.V. Kumar, Sri A.V. Achar, Sri M.S.P. Rao and Sri K. Ramamohana Rao that they meet with the criteria of independence as prescribed under Section 149(6) of the Act.

Resolution(s) for re-appointment/appointment of Directors are propounded for consideration and passing by the shareholders at the ensuing Annual General Meeting

## **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 three financial years (ending on 31<sup>st</sup> March, 2015, 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2017) until the conclusion of 24th Annual General Meeting on remuneration to be decided by the Board of Directors.

## **COST AUDIT**

In pursuance of Section 233 (B) of the Companies Act, 1956 and Ministry of Corporate Affairs Notification dated 3<sup>rd</sup> June, 2011, the Board of Directors have appointed M/s. Sagar & Associates, Cost Accountants, Hyderabad to carry out Audit of the Cost Accounts of the Company for the year 2012-13. The cost Audit compliance report for the year ended 31<sup>st</sup> March, 2013 duly certified by the cost accountant was filed with the Central Government within the stipulated time. The cost auditors (represented by Sri E Vidya Sagar) attended the Audit Committee Meeting where cost audit compliance report was discussed.



The Board of Directors appointed M/s. Sagar & Associates, Cost Accountants, Hyderabad as Cost Auditors to carry out the Audit of cost accounts of the Company for the year 2013-14. The due date for filing the Cost Audit Report for the financial year 2013-14 is September, 30, 2014.

**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.

**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 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 and of the Profits 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, report on the Corporate Governance together with a certificate of compliance from the Auditors, forms part of this report.

**ACKNOWLEDGMENTS:**

Your Directors take this opportunity to express their deep and sincere gratitude and appreciation for co-operation extended by the Governmental Agencies, Shareholders and Banks from time to time. Your Directors also place on record their appreciation for the contributions made by the employees through their dedication, hard work and commitment. 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 : 30.05.2014

**A. INDRA KUMAR**  
Chairman & 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, 2014

Name of the Employee Sri	Designation	Nature of Duties	Remuneration received Rs.(in lac)	Qualifications	Experience	Date of Employment	Age Yrs.	Designation, Last Employment held
A.Indra Kumar	Chairman & Managing Director	Projects, Production, Exports & General Administration	561.53	B.E	28	01.04.1998	52	Executive Director Srinivasa Cystine Limited
C.Ramachandra Rao	Joint Managing Director & Company Secretary	Finance, Secretarial, Imports & Exports and General administration	447.02	FCA, ACS & LLB	39	01.10.1994	62	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, 2014.

**FORM A**  
(See Rule 2)

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

(Rs. in Lacs)

A)	Power & Fuel Consumption	2013-14	2012-13
	<b>1. Electricity</b>		
	a) Purchased: Units (KWH)	<b>1,68,01,020</b>	98,36,094
	Total Amount (Rs.)	<b>1213.24</b>	603.28
	Rate / Unit (Rs.)	<b>7.22</b>	6.13
	b) Own Generation		
	Through Diesel Generator		
	HSD Oil Consumed (Ltrs)	<b>8,22,112</b>	14,82,646
	Units (KWH)	<b>26,80,732</b>	45,50,921
	Units produced per liter of Diesel Oil	<b>3.26</b>	3.07
	Cost of HSD Oil consumed (Rs. in lacs)	<b>454.70</b>	687.76
	Cost / Unit (Fuel Cost)/ Unit (Rs.)	<b>16.96</b>	15.11
	<b>2. Diesel/ Furnace Oil/ LSHS</b>		
	Diesel/FO Quantity Consumed (Ltrs)	<b>16,17,346</b>	13,01,705
	Briquettes Quantity Consume (Kg)	<b>3,09,242</b>	-
	Diesel/FO Total Amount (Rs.)	<b>894.56</b>	614.88
	Briquettes Total Amount (Rs.)	<b>18.16</b>	-
	Quantity of Steam produced (Mts)	<b>22,395</b>	18,180
	Average Rate (Rs./MT)	<b>3,994</b>	3,382
	<b>3. Consumption Per Unit (MT) of Production</b>		
	Electricity (KWH)		
	Feed (PMT)	<b>96</b>	98
	Shrimp (PMT)	<b>1301</b>	1481
	Furnace Oil (Ltrs.)		
	Feed (PMT)	<b>11.08</b>	12.30
	Briquettes (PMT)		
	Feed (PMT)	<b>2.12</b>	-

**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:**

(Rs. in Lacs)

	2013-14	2012-13
a) Foreign Exchange Earnings (FOB)	<b>25,039.55</b>	12,987.81
b) Foreign Exchange Out-go	<b>4,302.60</b>	2,658.21

## 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.

The shrimp feed production plants at Kovvur and Vemuluru in West Godavari District of Andhra Pradesh and the plant at Valsad, Balda Village, Pardi Tq., Gujarat are ISO 9001:2008 certified plant. The Shrimp Processing & Export Division of the Company has implemented systems complying with BRC Global Standard for food, ISO 22000:2005 and Best Aqua Culture Practice Certified.

#### **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 Chairman & 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 the Director Smt./Sri	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 27 <sup>th</sup> July 2013
1.	A. Indra Kumar	Chairman & Managing Director/ Promoter	4	4	Yes
2.	C. Ramachandra Rao	Joint Managing Director & C.S	4	4	Yes
3.	N. Ram Prasad	NED	4	4	Yes
4.	A. V. Achar	NED/ID	4	3	Yes
5.	K. Ramamohana Rao	NED/ID	4	4	Yes
6.	C. Mariamma (upto 24.05.2013)	ND/ID	-	-	No
7.	Smt. Anita Rajendra, IAS (from 25.05.2013)	ND/ID	4	1	No
8.	B V Kumar	NED/ID	4	3	Yes
9.	M S P Rao	NED/ID	4	1	No
10.	Bunluesak Sorajjakit	NED	4	3	Yes
11.	Wai Yat Paco Lee	NED	4	3	No

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

Sl. No.	Name of the Director Smt. / Sri	No. of other Companies in which Director	No. of Committees (Excluding Avanti Feeds Limited)	
			Membership	Chairmanship
1.	A. Indra Kumar	8	—	—
2.	C. Ramachandra Rao	8	—	—
3.	N. Ram Prasad	4	—	-
4.	A.V. Achar	2	—	-
5.	K. Ramamohana Rao	3	—	—
6.	Smt Anita Rajendra IAS	11	—	—
7.	B.V. Kumar	-	—	—
8.	M.S.P. Rao	9	—	—
9.	Bunluesak Sorajjakit	5	—	—
10.	Wai Yat Paco Lee	1	—	—

iii) The details of Board Meetings held during the financial year 2013-14:

Four Board Meetings were held during the year 2013-14. 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 2013-14 are as follows:

Sl. No.	Date of Board Meeting
1	25.05.2013
2	27.07.2013
3	26.10.2013
4	07.02.2014

iv) Note on the Directors seeking re-appointment:

Sri N. Ram Prasad, Director retire by rotation and, being eligible, has offered himself for re-appointment.

Details of Director seeking re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

1) Name of the Director	: Sri N. Ram Prasad
Date of Birth	: 02.03.1956
Date of appointment	: 07.04.1993
Occupation	: Business
Expertise in specific functional areas	: He is M.S.(Chem) from United States of America with vast Industrial & Management experience.
Directorships in other companies	: Srinivasa Cystine Private Limited Southern Electrodes Limited Pumps India Private Limited SE gases Private Limited

Committee positions held in other companies : NIL

**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 of the Company.
- c. The information placed before the Board inter alia 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.
  - Show cause, demand prosecution notices and penalty notices which are materially important.
  - General notice of interest of Directors.
  - Terms of reference of Board Committees.
  - 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 comprises of following Non-executive Independent Directors. The Joint Managing Director along with the Independent auditors, internal auditors and Deputy General Manager (Accounts & Finance), Head of Risk and Compliance Department 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.

Sl. No.	Name Sri	Designation	Meetings held during the year	Meetings attended during the tenure
1.	A V Achar	Chairman	4	04
2.	K Ramamohana Rao	Member	4	04
3.	M S P Rao	Member	4	01
4.	B V Kumar	Member	4	03
5.	C Ramachandra Rao	Compliance Officer	4	04

Sl.No.	Date of Meeting
1	18.05.2013
2	20.07.2013
3	19.10.2013
4	24.01.2014

The representatives of the Independent Auditors of the Company have 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 2013-14, before it was placed in the Board. The Committee periodically interacts with the independent 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. Ramamohana 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, 2014 are as under :-

(Rs. In lacs)

<b>Name and Designation</b>	<b>All elements of remuneration package i.e., salary benefits, pension Commission on profits etc.</b>	<b>Fixed Component and performance linked incentives along with the performance criteria</b>	<b>Service Contact Notice Period and Severance Fees</b>	<b>Stock option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable</b>
<b>Sri</b>				
<b>A. Indra Kumar</b> Chairman & Managing Director	561.53	—	—	—
<b>C. Ramachandra Rao</b> Joint Managing Director	447.02	—	—	—

- (iii) Details of payments to Non-Executive Directors during the year 2013-14 are given below:

<b>Sl. No.</b>	<b>Name of the Director</b> Smt. / Sri	<b>Sitting Fee</b> Rs.	<b>Commission</b> Rs.
1.	K. Ramamohana Rao	40,000	—
2.	A. V. Achar	35,000	—
3.	N. Ram Prasad	20,000	—
4.	C. Mariamma Nominee of APIDC [Paid to APIDC]	—	—
5.	Anita Rajendra, IAS Nominee of APIDC [Paid to APIDC]	5,000	—
6.	B.V. Kumar	30,000	—
7.	M S P Rao	10,000	—
8.	Mr. Bunluesak Sorajjakit	15,000	—
9.	Mr. Wai Yat Paco Lee	15,000	—

- (iv) Statement showing number of Equity Shares held by the Non-Executive Directors as on March 31, 2014

<b>Sl. No.</b>	<b>Name of the Director</b> Smt. / Sri	<b>Number of equity shares of Rs.10/- each held (as on 31.03.2014)</b>
1.	A. V. Achar	200
2.	N. Ram Prasad	20,600
3.	Anita Rajendra IAS Nominee of APIDC (shares held by APIDC)	4,46,197
4.	Bunluesak Sorajjakit & Wai Yat Paco Lee Nominees of Thai Union Frozen Products pcl. [Shares held by Thai Union Frozen Products pcl.]	22,82,042

## 5. Shareholders and Investor Grievance Redressal Committee

### Composition :

A Shareholders and Investors Grievances Redressal Committee was constituted with Sri N. Ram Prasad as the Chairman and Sri K. Ramamohana 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 eight times during the year.

During the year the Company has received 133 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, 2014.

The status of shareholder's complaints during the financial year 2013-14 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.	Change, correction of address	22	22	NIL
2.	Non-receipt of Dividend Warrants	23	23	NIL
3.	Loss of securities and Request for issue of Duplicate certificate	18	18	NIL
4.	Request for ECS facility	45	45	NIL
5.	Request for Exchange of old certificates with new certificates	04	04	NIL
6.	Request for Transmission of securities/ Deletion of joint name due to death	09	09	NIL
7.	Non-receipt of securities	02	02	NIL
8.	Dividend warrants for revalidation	09	09	NIL
9.	Change/Correction of Bank Mandate	01	01	NIL
10.	Non-receipt of Annual Reports	00	00	NIL
<b>TOTAL:</b>		<b>133</b>	<b>133</b>	<b>NIL</b>

## 6. General Body Meetings:

The details of Annual General Meetings are as follows:

S.No.	Year	Location	Date	Time
1.	2012-13	Surana Udyog Hall, FAPCCI Building, FAPCCI Marg, Red Hills, Hyderabad	27.07.2013	11.00 A.M.
2.	2011-12	Surana Udyog Hall, FAPCCI Building, FAPCCI Marg, Red Hills, Hyderabad	06.08.2012	11.00 A.M.
3.	2010-11	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	06.08.2011	11.00 A.M.



**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 and no penalties or 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 behavior, 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 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 Company's results were also displayed on the Company's website. ([www.avantifeeds.com](http://www.avantifeeds.com))
- e. The Management Discussion and Analysis Report is included elsewhere in this Annual Report.

**9. General Shareholders' Information:**

Sl.No	Item	Details
(i)	AGM Date, Time and Venue	On Saturday, the 2 <sup>nd</sup> August, 2014 at 11.00 A.M., at K.L.N. Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), 11-6-841, FAPCCI Marg, Red Hills, Hyderabad – 500 004.
(ii)	Financial Year	2014-15
(iii)	Financial Calendar (tentative)	<ul style="list-style-type: none"> <li>◆ First Quarter Results – End of July, 2014.</li> <li>◆ Second Quarter / Half Year Results – End of October, 2014</li> <li>◆ Third Quarter / Nine Months Results – End of January, 2015</li> <li>◆ Fourth Quarter / Year end Results – End of May, 2015</li> </ul>
(iv)	Dates of Book Closure	25 <sup>th</sup> July, 2014 to 2 <sup>nd</sup> August, 2014 (Both days inclusive).
(v)	Dividend & Due date for dividend Payment	Board of Directors has recommended a dividend of Rs.15.00 per Equity share of Rs.10/- each fully paid for the financial year 2013-14. On approval of the shareholders, the dividend warrants will be dispatched with in the statutory time limit.
(vi)	Listing on Stock Exchanges	<p>The Company's Shares are listed on Bombay and Madras Stock Exchanges. The Address of these Exchanges are 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 2014-15 to the Stock Exchanges where the shares of the Company are Listed.</p>
(vii)	Stock Code	<p>BSE : 512573 MSE : AVA NSDL/CSDL ISIN No. : INE871C01012</p>

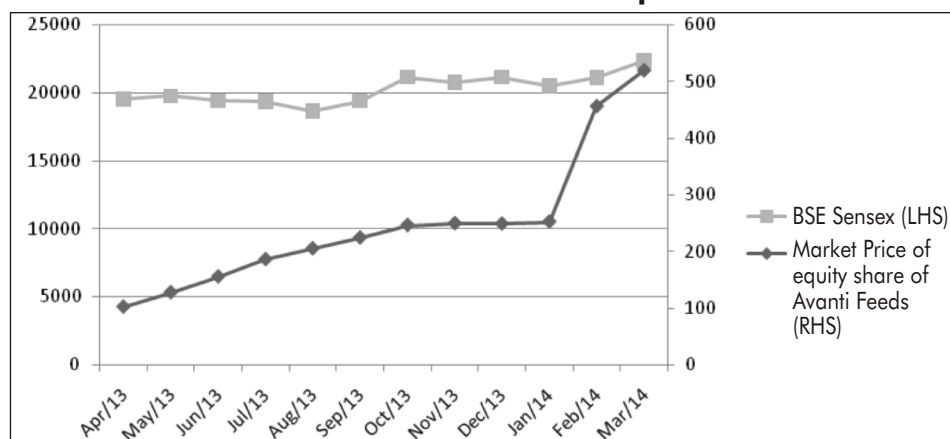
## (viii) Market Price Data

(All prices in Rs)

S.No.	Month	Open Price	High Price	Low Price	Close Price
1.	Apr-13	103.25	120.80	98.00	101.55
2.	May-13	101.50	143.70	83.50	127.15
3.	Jun-13	126.00	157.25	121.50	155.10
4.	Jul-13	162.50	198.00	150.80	185.70
5.	Aug-13	185.60	205.10	159.60	204.85
6.	Sep-13	211.90	238.65	200.30	223.95
7.	Oct-13	226.95	265.00	210.55	246.05
8.	Nov-13	252.00	273.50	218.00	249.20
9.	Dec-13	247.00	264.00	227.70	248.55
10.	Jan-14	253.75	289.85	250.00	252.25
11.	Feb-14	255.00	515.00	245.00	456.45
12.	Mar-14	468.95	519.85	408.25	519.85

Source : BSE

### Price Movement Graph



- (ix) Registrars & Share Transfer Agents: Karvy Computershare Private Limited  
Plot No. 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Tel: 040-23420815-28, Fax: 040-23420814, 23420857  
E- mail: mailmanager@karvy.com  
www.karvycomputershare.com
- (x) Share transfer system: All transfers received are electronically 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 31.03.2014

Avanti Feeds Limited					
Distribution Schedule as on 31.03.2014					
Sl.No	Category	Cases	% of Cases	No. of shares	% of holding
1	upto 1 - 5000	4,495	89.26	5,54,501	6.10
2	5001 - 10000	235	4.67	1,85,888	2.05
3	10001 - 20000	133	2.64	1,99,775	2.20
4	20001 - 30000	60	1.19	1,52,735	1.68
5	30001 - 40000	20	0.40	72,000	0.79
6	40001 - 50000	18	0.36	85,406	0.94
7	50001 - 100000	30	0.60	2,16,782	2.39
8	100001 & ABOVE	45	0.89	76,15,955	83.85
	<b>Total:</b>	<b>5,036</b>	<b>100.00</b>	<b>90,83,042</b>	<b>100.00</b>

b) Details of Shareholding in physical mode and electronic mode as on 31.03.2014:

Sl.No.	Description	Number of Holders	% of shareholders	Number of Shares	% of Equity
1.	Physical	1,485	29.49	3,39,215	3.73
2.	Electronic	3,551	70.51	87,43,827	96.27
	<b>Total</b>	<b>5,036</b>	<b>100.00</b>	<b>90,83,042</b>	<b>100.00</b>

## c) Shareholding pattern as on 31.03.2014:

Sl. No.	Category	No of Shares	% to paid up capital
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters Individuals	13,22,940	14.56
2	Promoters - Corporate Bodies	25,40,277	27.97
	<b>Sub-Total</b>	<b>38,63,217</b>	<b>42.53</b>
<b>B</b>	<b>Non-Promoters shareholding</b>		
1	Institutional Investors		
	a. Mutual Funds	31,200	0.34
	b. Banks, FIs, Insurance Cos [Central and State Govt Public Financial Institutions/Non-Govt. Institutions]	4,47,097	4.92
	c. FIs	9,830	0.11
	<b>Sub-total</b>	<b>4,88,127</b>	<b>5.37</b>
2	<b>Others</b>		
	a. Private Corporate Bodies	2,36,879	2.61
	b. Indian Public	18,73,045	20.62
	c. NRIs/OCBs/FBs	23,56,683	25.95
	d. Other Clearing Members	2,65,091	2.92
	<b>Sub-total</b>	<b>47,31,698</b>	<b>52.10</b>
	<b>Grand Total</b>	<b>90,83,042</b>	<b>100.00</b>

- 3 Dematerialization of shares and liquidity  
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 compulsory in the dematerialized form for all investors.  
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 Company's Scrip is **INE871C01012**.  
96.27% (previous year 90.91%) 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.
- 4 Outstanding ADRs/GDRs  
The Company has not received any ADRs / GDRs.
- 5 Plant locations  
Shrimp Feed Plant I, Plant III & Wheat Flour Plant  
D.No.15-11-24, Kovvur – 534 350.  
West Godavari District. Andhra Pradesh. India  
  
Shrimp Feed Plant II  
Vemuluru, Kovvur – 534 350.  
West Godavari District. Andhra Pradesh. India  
  
Shrimp Feed Plant  
Block No.498/1 & 501, Pardi-Nashik Road, Balda Village  
Pardi Taluk, Valsad Dist. Gujarat – 396 125. India  
  
Shrimp Processing Plant  
Gopalapuram – 533 274.  
Ravulapalem Mandal, East Godavari District. Andhra Pradesh. India  
  
Shrimp Shell Meal Plant  
Velivenu Road, Samisragudem, Nidadavolu Mandal  
West Godavari Dist., Andhra Pradesh. India  
  
Wind Mill:  
Lakkihalli Village, Hiriyur Taluk, Chtradurga District.  
Karnataka State. India.
6. Address for correspondence  
Registered Office:  
Avanti Feeds Limited  
G-2, Concorde Apartments, 6-3-658  
Somajiguda, Hyderabad - 500 082.  
Andhra Pradesh. India.  
  
Registrars and Transfer Agents:  
M/s.Karvy Computershare Private Limited  
Plot No.17 to 24, Vittal Rao Nagar, Madhapur  
Hyderabad – 500 081. Andhra Pradesh. India.  
Tel: 040-23420815 – 28  
Fax: 040-23420814, 23420857  
Email: [mailmanager@karvy.com](mailto:mailmanager@karvy.com)

- (xii) Pursuant to the provisions of section 205A and 205C of the Companies Act, 1956 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, 2014, as envisaged in clause 49 of the listing agreement with stock exchanges.

Place: Hyderabad  
Date : 30.05.2014

**A. INDRA KUMAR**  
Chairman & Managing Director

### **MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION**

We, A. Indra Kumar, Chairman & 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. There 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 proposed to be 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 : 30.05.2014

**A. Indra Kumar**  
Chairman & 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, 2014 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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 of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**for Karvy & Co**  
Chartered Accountants  
(Registration No.001757S)

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

Place : Hyderabad  
Date : 30.05.2014



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### CAVEAT:

This section of Annual Report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India. Though, utmost care has been taken to ensure that the opinions expressed by the Management herein contain its perceptions on most of the important trends having a material impact on the company's operations, no representation is made that the following presents an exhaustive coverage on and of all issues related to the same. Further, the discussion following herein reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or statements expressed in this report, consequent to new information, future event, or otherwise.

### INDUSTRY OVERVIEW:

Indian seafood product exports during 2013-14 recorded major jump of 59% in value terms as compared to 2012-13. The exports were Rs.29,500 crores as against Rs. 18,856 crores in 2012-13.

Shrimp exports accounted for 65% of the total sea food exports in value terms, an increase of 100% as compared to previous year. In the year 2012-13 the shrimp exports were Rs.9,608 crores. In the current year the shrimp exports are Rs.19,175 crores. In volume terms the shrimp exports grew by 33% from 2.26 lac MT in 2012-13 to 3.02 MT in 2013-14.

The major export market has been USA, Europe, Japan and South East Asia during 2013-14 for shrimp exports.

It is heartening to note that for the fourth consecutive year the shrimp culture industry registered growth during 2013-14. The growth in shrimp culture is due to continued changeover from Black Tiger shrimp cultivation to Vannamei Shrimp Culture supported by remunerative export prices during the year 2013-14. This trend is being continued during the current year also.

In order to ensure sustained growth of shrimp culture, with specific emphasis on Vannamei shrimp culture, the Government of India has initiated stringent regulatory measures such as mandatory approvals for setting up hatcheries, import of brood stock from specified approved overseas suppliers and continuous surveillance of Vannamei hatchery operations, mandatory approval of Vannamei farms, EIA Certification of shrimps at the time of harvest, etc. These measures would go a long way in long term success of Indian Shrimp Culture Industry.

### STRENGTHS, WEAKNESS, OPPORTUNITIES AND THREATS:

#### STRENGTHS:

The Company has been in the field of aqua culture industry engaged in manufacturing high quality feed for shrimps and fish, operating Vannamei hatchery and processing & export of shrimps for over two decades now, gaining expertise in this field of activity. The Company has also well trained technical team to provide technical support to the farmers and assisting farmers with information and knowledge of global standard aquaculture practices and also updating developments in culture methods and processes. Presence of strong dealership net work, farmer base and committed work force stands in good stead in sustained growth of company's business. Today the feed manufactured by the Company is acclaimed as the best feed for shrimp available in the market. Added to this, the company has strong technical and marketing tie up with THAI UNION Group of Thailand to strengthen company's capabilities in the field of aqua culture.

The shrimp processing facility has been expanded and modernized to increase the productivity as well as the quality to cater to the high end global customers' requirements of processed shrimps. This would enable to expand customer base of the company abroad.

The global shrimp consumption continues to show increase year after year, assuring consistent market. The domestic market is also picking up slowly and gradually with parity of shrimp prices with any other comparable products such as meat and poultry.

The Company is operating a Vannamei hatchery on a leasehold hatchery producing Vannamei seed to supply good quality Vannamei seed to the farmers. The Company's long term plan of establishing a high standard vannamei hatchery did not take shape during 2013-14, as anticipated. However, the Company is keen to implement this project in the current year i.e 2014-15.

It was informed in the previous year discussion that in order to meet the significant increase in demand for shrimp feed the Company had planned setting up a 50,000 MT per annum shrimp manufacturing facility at the existing plant at Kovvur. The plant commenced production from March'14. In addition to the expansion of Kovvur Plant, the production capacity at Gujarat feed plant has also been enhanced adding 30,000 MT of feed per annum.

**WEAKNESS :**

Notwithstanding the fact of significant growth in shrimp production as well as shrimp exports during 2013-14, the shrimp culture industry is continued to be concerned about inadequate infrastructure facilities, particularly inadequate power supply to aquaculture farmers and inadequate cold store chain which are matter of great concern. Though, it is similar to agriculture in many respects, the recognition of aquaculture on par with agriculture is evading government's approval in order to avail some of the benefits available to agriculture.

**OPPORTUNITIES:**

The demand for sea food is increasing all over the world, particularly Indian Seafood exports as could be seen from the increase in exports during 2013-14. One of the reasons being, seafood is considered healthier as compared to other meat. India is gifted with long coast line ideally suited for development of seafood industry. A planned development would provide abundant opportunities for seafood industry. The successful adoption of Vannamei Species culture is poised for a significant increase in the shrimp production and export. Increase in production of shrimps in the country is also expected to increase domestic consumption of shrimps due to competitive prices compared to other meat products.

**THREATS:**

The aqua culture activity is dependent on climatic conditions prevailing during season to season, which is unpredictable. Natural calamities like floods, cyclones, during the culture season can have serious impact on the prospects of successful culture. In spite of technical advancement and development of Specific Pathogen Free (SPF) seed, the possibilities of the shrimps getting affected by virus and diseases such as white spot diseases, EMS cannot be ruled out.

Volatility of international prices of shrimps and fluctuating foreign exchange rates, US anti-dumping duty and US Countervailing Duty continues to be the major areas of threat for the industry.

However, development of domestic market to support exports, strict adherence of traceability, scientific pond management, a judicious approach on prices and forex management is expected to reduce the impact of threats to a great extent.

**OUTLOOK:**

Feed Market:

Vannamei culture with higher stocking densities compared to Black Tiger species and increase in area of aquaculture is expected to result in increase of feed consumption consistently. Added to this remunerative

export prices for shrimps, gradual increase in the domestic market the production of shrimps is expected to grow significantly resulting in increased demand for shrimp feed in future.

#### Processing & Export of Shrimp:

Similarly, with predominance of Vannmei shrimp culture, the volume of shrimp production will be increased significantly with higher utilization of processing capacity and increase in exports. The development of domestic market would also support exports in the long run. The cost of production of Vannamei shrimps is lower than the Black Tiger shrimps, which will have demand in both export market as well as domestic market.

#### **POWER :**

The Company has investment in the following power projects :

- (a) The 3.2 MW Wind Mill Project in Chitradurg, Karnataka State is operational and has generated 62.39 lac units during the year.
- (b) Srivathsa Power Projects Pvt Ltd, a 17.2 MW gas based independent power project in which company holds 50% shares, is operational and has generated positive cash flows. The company generated 398.58 lac units yielding a gross sales income of Rs.1321.12 lacs and net profit of Rs.95.68 lacs after charging off interest, depreciation & tax.

The GAIL, at par with other customers, has drastically reduced gas supply w.e.f. February,2012 resulting in significant fall in power generated by the Company from 1057.70 lac units in 2011-12 to 398.58 lac units in 2013-14 units. However, Company has got additional sanction of 10500 SCMD gas from ONGC through open bidding process. It is expected that the additional gas will be available for consumption from June'14.

- (c) Patikari Power Private Limited, the 16 MW Hydel Power Project in Himachal Pradesh with our investment of 25.88% as a joint venture project, was commissioned in February'08. During 2013-14 this project generated 648.70 lacs salable energy units, yielding a gross sales income of Rs.1,466.05 lacs and net profit of Rs.73.25 lacs after charging interest, depreciation and tax.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are properly authorized recorded and reported correctly. Further, the internal control system is designed to ensure that all financial and other records are reliable for preparing financial statements and for maintaining accountability of the assets.

In addition, Company has set up an internal Risk & Compliance Department headed by a Chartered Accountant having 16 years of experience in the relevant field. The department is responsible to ensure compliance of all the statutory requirements by the company. This department is also responsible for internal audit and periodical risk appraisal, internal as well as external, of all the functional departments in the organization. On the basis of the appraisal, potential risks are identified and preventive measures are initiated depending on the perceived gravity of the risk.

#### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The financial statements have been prepared in compliance with the requirement of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. In the year under consideration, your company reported profit of Rs.10,517.89 lac before tax adjustments as compared to profit of Rs.4414.81 lac in the previous year.

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Avanti Feeds Limited ('the Company') which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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 those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013; and
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place: Hyderabad  
Date : 30.05.2014

For **KARVY & CO**  
Chartered Accountants  
(Registration No.001757S)

**(K. AJAY KUMAR)**  
Partner  
(Membership No: 021989)

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

The Annexure referred to in our report to the members of Avanti Feeds Limited ('the Company') for the year ended March 31, 2014. We report that:

- 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) As explained to us, the management has physically verified a substantial portion of the fixed assets 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. The discrepancies noticed on physical verification of fixed assets as compared to the books of account were not material and have been properly dealt with in the books of accounts.
  - (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 accounts.
- 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 (iii) (a) to 4 (iii) (d) of the Order are not applicable.
  - (b) According to the information and explanations given to us, the Company has not taken any unsecured loan from a party covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses 4(iii) (e) to 4(iii) (g) of the Order are 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 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 control system.
- v. According to the information and explanations given to us, there are no contracts or arrangements which need to be entered, during the period, in the register to be maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4(v)(b) of the Order is not applicable and hence not commented upon.
- vi. According to the information's and explanations given to us, 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 pursuant to the Rules made by the Central Government of India for the maintenance of cost records prescribed under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of production and processing activities of the Company and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. In respect of Statutory dues:
- a) According to the books and records as produced and examined by us 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, 2014 for a period of more than six months from the date on which they became payable.
- (b) According to the information and explanations 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 amount relates</b>	<b>Forum where dispute is pending</b>
Central Excise and Customs demand	2999.18	A.Y. 2010-11	Commissioner, Customs & Central Excise, Guntur
Service Tax demand	8.26	A.Y.2006-08	CESTAT, Bangalore
MP VAT demand for soya	29.22	A.Y.2005-06	High Court of Madhya Pradesh
Income Tax demand	5.13	A.Y.2011-12	Commissioner appeals
Electricity duty	3.64	A.Y.2011-12	High Court of Andhra Pradesh

- 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 covered by the audit and in the immediately preceding financial year. Accordingly, the clause 4(x) of the Order is not applicable to the company.
- 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 and financial institutions. The Company did not have any debentures outstanding as at the Balance Sheet date. Accordingly, clause 4 (xi) of the Order is not applicable to the Company
- 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.
- 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 equity share of M/s.Patikari Power Private Limited to the extent of 42.50 Lacs equity shares of Rs.10 each with respect to a loan availed by M/s.Patikari Power Private Limited from consortium of banks led by State Bank of India. However, the terms and conditions whereof are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- 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. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act, during the period.
- 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.
- xxi. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

Place: Hyderabad  
Date : 30.05.2014

For **KARVY & CO**  
Chartered Accountants  
(Registration No.001757S)

**(K. AJAY KUMAR)**  
Partner  
(Membership No: 021989)



**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014**

(Rs. in lacs)

	Note	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	2	908.30	908.30
b) Reserves & Surplus	3	16,458.81	11,077.82
<b>2 Non-current Liabilities</b>			
a) Long term borrowings	4	1,095.16	1,193.00
b) Deferred tax liabilities (net)	5	143.48	100.00
c) Other long term liabilities	6	274.50	154.50
d) Long term provisions	7	292.36	145.90
<b>3 Current Liabilities</b>			
a) Short term borrowings	8	4,211.64	4,628.42
b) Trade payables	9	8,192.50	1,979.00
c) Other current liabilities	10	5,771.30	2,953.00
d) Short term provisions	11	1,895.68	1,057.00
<b>TOTAL – EQUITY &amp; LIABILITIES</b>		<b>39,243.73</b>	<b>24,196.94</b>
<b>B ASSETS</b>			
<b>1 Non-current Assets</b>			
a) Fixed Assets :	12		
Tangible		7,739.25	5,071.16
Intangible		11.56	13.61
Capital work in progress		481.18	158.64
b) Non-current investments	13	2,848.54	2,848.54
c) Long term loans & advances	14	313.10	498.32
d) Other non-current assets	15	113.28	94.07
<b>2 Current Assets</b>			
a) Current Investments	16	502.11	25.15
b) Inventories	17	19,914.68	9,716.21
c) Trade receivables	18	4,501.92	3,972.63
d) Cash & Bank balances	19	1,371.10	858.08
e) Short term loans & advances	20	553.24	311.87
f) Other Current assets	21	893.77	628.66
<b>TOTAL ASSETS</b>		<b>39,243.73</b>	<b>24,196.94</b>
<b>C. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants  
Firm Registration No. 01757S

**K. Ajay Kumar**  
Partner  
Membership No. 021989

Place : Hyderabad  
Date : 30.05.2014

For and on behalf of the Board

**A. Indra Kumar**  
Chairman & Managing Director

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

**N. Ram Prasad**  
Director

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

(Rs. in lacs)

	Note	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>INCOME</b>			
Revenue from Operations	22	1,13,160.67	64,803.77
Other Income	23	368.14	258.05
<b>Total Revenue</b>		<b>1,13,528.81</b>	<b>65,061.82</b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	24	88,240.05	51,633.33
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	25	(1,262.53)	(1,935.69)
Employee Benefit expense	26	3,521.55	2,162.29
Finance Costs	27	349.96	337.33
Depreciation & Amortisation Expense	12	553.74	498.38
Manufacturing Expenses	28	4,673.28	3,281.55
Selling & Distribution Expenses	29	5,955.95	3,708.51
Other Expenses	30	978.92	849.78
<b>Total Expenses</b>		<b>1,03,010.92</b>	<b>60,535.48</b>
Profit before exceptional items & Tax		10,517.89	4,526.34
Exceptional items	31	-	111.53
Profit before tax		10,517.89	4,414.81
Tax Expense			
Current Tax		3,499.41	1,394.76
Deferred Tax		43.48	0.90
<b>Profit for the year</b>		<b>6,975.00</b>	<b>3,019.15</b>
Earning per equity share of Rs.10 each Basic & Diluted (in Rs.)	32	76.79	33.24
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants  
Firm Registration No. 01757S

**K. Ajay Kumar**  
Partner  
Membership No. 021989

Place : Hyderabad  
Date : 30.05.2014

For and on behalf of the Board

**A. Indra Kumar**  
Chairman & Managing Director

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

**N. Ram Prasad**  
Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(Rs. in lacs)

	<b>31<sup>st</sup> March, 2014</b>	31 <sup>st</sup> March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	10,517.89	4,414.81
<b>Adjustment for:</b>		
Depreciation	553.74	498.38
Exceptional Items	-	111.53
Bad Debts Written off	-	23.87
Net of Profit/Loss on sale of Fixed Assets & Assets written off	(3.88)	-
Loss/(Gain) on exchange fluctuations & forward contracts	(173.29)	(23.74)
Interest Paid	349.96	337.33
Interest Received	(30.41)	(18.65)
Dividend Received on Investments	(84.70)	(191.21)
<b>Operating Profit before Working Capital Changes</b>	<b>11,129.31</b>	<b>5,152.32</b>
<b>Adjustment for:</b>		
Trade and Other Receivables	(869.73)	(2,650.97)
Inventories	(10,198.47)	(5,500.95)
Trade and other Payables	9,149.28	1,996.69
<b>Cash generated from Operations</b>	<b>9,210.39</b>	<b>(1,002.91)</b>
Income Tax Paid	(3,523.04)	(1,051.89)
<b>Net Cash generated/(used) from Operating activities</b>	<b>5,687.35</b>	<b>(2,054.80)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Short term Investment (Net)	(476.96)	1,702.47
Dividend Received on Investments	84.70	191.21
Interest Received	30.41	18.65
Purchase of Fixed Assets	(3,643.89)	(1,311.43)
Bank Balances not considered as cash and cash equivalents	(140.80)	(84.77)
Sale of Fixed Assets	105.41	26.82
<b>Net Cash generated / (used) in Investing activities</b>	<b>(4,041.13)</b>	<b>542.95</b>

(Rs. in lacs)

	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>		
Increase/ (decrease) in long term borrowings net	10.19	(269.27)
Increase/(decrease) in short term borrowings net	(416.78)	1,349.97
Interest Paid	(349.96)	(337.33)
Profit on exchange fluctuations & forward contracts	173.29	23.74
Dividends paid including tax on Dividend	(690.74)	(686.18)
<b>Net Cash generated/(used) in Financing Activities</b>	<b>(1,274.00)</b>	<b>80.93</b>
Net Increase / Decrease in Cash and Cash Equivalents	372.22	(1,430.92)
Cash and Cash Equivalents (Opening Balance)	671.20	2,102.12
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>1,043.42</b>	<b>671.20</b>

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants  
Firm Registration No. 01757S

**K. Ajay Kumar**  
Partner  
Membership No. 021989

Place : Hyderabad  
Date : 30.05.2014

For and on behalf of the Board

**A. Indra Kumar**  
Chairman & Managing Director

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

**N. Ram Prasad**  
Director

## **NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

### **1) SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

#### **Summary of Significant Accounting Policies**

##### **A. 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.

##### **B. Tangible Fixed Assets**

Fixed assets are stated at cost, net of accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

##### **C. Depreciation on Tangible Fixed Assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

##### **D. Intangible Assets**

Software acquired is measured at cost less accumulated amortisation and is amortised using the straight line method over a period of six years.

##### **E. Expenditure incurred during construction period**

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is related to construction or is incidental thereto.

## **F. Impairment of tangible and intangible fixed assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

## **G. Government Grants**

Government grants and subsidies are recognised when there is reasonable assurance that the company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants received for capital expenditure are reduced from the carrying value of the asset are presented by deducting them from the carrying value of the assets. Other government grants towards expenditures of revenue nature are reduced from the respective expenditure head.

## **H. 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, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

## **I. Inventories**

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

## **J. Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

### **Revenue from sales**

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

### **Dividend and interest income :**

Dividend is recognised when the unconditional right to receive the income is established. Income from deposits loans and interest bearing securities is recognised on the time proportionate method.

## **K. Retirement Benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates defined benefit plan for its employees towards gratuity and leave encashment. The cost of providing benefits under these plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plans using the projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which it occurs in the statement of profit and loss.

Gratuity and Accumulated leave, which are expected to become payable as a result of staff turnover within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such staff turnover on the basis of past experiences.

## **L. 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 statement of profit and loss 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 Statement of Profit and Loss. 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.

## **M. Income Taxes**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**N. Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**O. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**P. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**Q. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**R.** Previous Year figures have been re-grouped/re-classified, wherever necessary to conform to the current year presentation.



## 2) SHARE CAPITAL

(Rs. in lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>Authorised Share Capital :</b> 1,58,50,000 equity shares of Rs. 10 each (Previous year 1,58,50,000 equity shares of Rs. 10 each)	1,585.00	1,585.00
<b>Issued, Subscribed and paid up :</b> 90,83,042 Equity Shares of Rs. 10 each fully paid up (Previous year 90,83,042 Equity Shares of Rs. 10 each fully paid up)	908.30	908.30
<b>Total</b>	<b>908.30</b>	908.30

### 2.1 Reconciliation of the shares outstanding at the beginning and at the end of the year

(Rs.in lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>		As at 31 <sup>st</sup> March, 2013	
	<b>No's</b>	<b>Amount</b>	No's	Amount
<b>Equity shares of Rs. 10/- each fully paid up</b> At the beginning of the year	<b>90,83,042</b>	<b>908.30</b>	80,00,000	800.00
Changes during the year : In consequence to amalgamation of Avanti Thai Aqua Feeds Private Limited with the Company shares issued to pursuant to Scheme of Amalgamation.	-	-	10,83,042	108.30
<b>Outstanding at the end of the year</b>	<b>90,83,042</b>	<b>908.30</b>	90,83,042	908.30

### 2.2 Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014 dividend recognised for distribution to equity share holders at Rs. 15/- per share (March 31, 2013 - Rs. 6.50)

### 2.3 Details of shareholders holding more than 5% shares in the Company

Name of the shareholders	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No's	% Holding	No's	% Holding
Srinivasa Cystine Private Limited	22,78,577	25.09	22,26,000	24.51
Thai Union Frozen Products PCL, Thailand	22,82,042	25.12	22,82,042	25.12
Alluri Indra Kumar (HUF)	5,45,950	6.01	5,45,950	6.01
Andhra Pradesh Industrial Development Corporation Ltd	4,46,197	4.91	5,00,000	5.50
Alluri Indra Kumar	5,43,380	5.98	5,23,380	5.76

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

### 3. Reserves & Surplus

(Rs. in lacs)

	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Capital Reserve :</b>		
Balance at the beginning of the year	405.78	405.78
<b>Balance at the end of the year (a)</b>	<b>405.78</b>	<b>405.78</b>
<b>Share Premium</b>		
Balance at the beginning of the year	438.00	438.00
<b>Balance at the end of the year (b)</b>	<b>438.00</b>	<b>438.00</b>
<b>General Reserve :</b>		
Balance at the beginning of the year	4,505.69	4,155.69
Add : Transferred from Profit & Loss Account	700.00	350.00
<b>Balance at the end of the year (c)</b>	<b>5,205.69</b>	<b>4,505.69</b>
<b>Profit &amp; Loss Account :</b>		
Balance at the beginning of the year	5,728.35	3,749.94
Profit for the year	6,975.00	3,019.15
	<b>12,703.35</b>	<b>6,769.09</b>
<b>Less: Appropriations</b>		
Transferred to General Reserve	700.00	350.00
Proposed Dividend	1,362.46	590.40
Tax on Dividend	231.55	100.34
<b>Total of Profit &amp; Loss Account</b>	<b>10,409.34</b>	<b>5,728.35</b>
<b>Grand total of Reserves &amp; Surplus</b>	<b>16,458.81</b>	<b>11,077.82</b>

**4. Long Term Borrowings & Current Maturities of Long Term Debt :**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Long Term	Current Maturities	Long Term	Current Maturities
<b>Secured Loans :</b>				
a) Term Loan from State Bank of India	362.50	200.00	575.00	160.00
<b>Vehicle Loans :</b>				
a) Volksvagan Finance Ltd.	34.09	31.36		
b) From I C I C I Bank Limited	80.93	58.33	38.10	26.97
c) From Magma Fincorp Limited	-	-	-	7.50
d) From HDFC Bank Limited	38.08	14.69	0.34	1.89
<b>Un-secured Loan</b>				
Deferred Payment Liability - Sales Tax	579.56	-	579.56	-
<b>Total</b>	<b>1,095.16</b>	<b>304.38</b>	<b>1,193.00</b>	<b>196.36</b>

4.1 The long term loan of Rs.935.00 lacs was taken from State Bank of India, Industrial Finance Branch, Hyderabad for the implementation of shrimp feed manufacturing project at Gujarat. The loan is secured by first charge on fixed assets of the Company, pledge of 4.71 lacs equity shares of the Company held by Mr. A. Indra Kumar, Pledge of 2.62 lacs equity shares of the Company held by Sanjeeva Agro-vet Private Limited, Corporate Guarantee of Srinivasa Cystine (P) Limited and Sanjeeva Agro-vet Private Limited, associate companies and personal guarantee of Mr.A.Indra Kumar, Chairman & Managing Director of the Company.

4.2 Vehicle loans are secured by hypothecation of respective vehicles.

4.3 Company had availed sales tax deferment scheme in 2001-02. Under the scheme, the sales tax collected from the customers from 2001-02 to 2004-05 was converted in to interest free loan for period of 14 years. The first instalment of the loan is due for payment in June, 2015.

**5. Deferred Tax Liability (net)**

(Rs. in Lacs)

Deferred Tax Assets	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Deferred Tax Liabilities on account of:</b>		
Impact of difference between tax depreciation and depreciation/ Amortisation charged for the financial reporting.	249.92	177.52
<b>TOTAL</b>	<b>249.92</b>	<b>177.52</b>
<b>Impact of expenditure charged to statement of Profit &amp; Loss but allowed for tax purposes on payment basis:</b>		
Provision for employee benefits	72.77	44.48
Provision for doubtful debts	33.67	33.04
<b>TOTAL</b>	<b>106.44</b>	<b>77.52</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>143.48</b>	<b>100.00</b>

**6. Other Long Term Liabilities**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Security Deposits Received from Dealers	274.50	154.50
<b>Total</b>	<b>274.50</b>	<b>154.50</b>

6.1 Security Deposits taken from dealers for supplying them shrimp feed on credit terms. Interest is paid on these deposits @ 9% per annum (Previous year 9% p.a.).

**7. Long Term Provisions**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Provision for Retirement benefits	292.36	145.90
<b>Total</b>	<b>292.36</b>	<b>145.90</b>

**8. Short Term Borrowings :**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Working Capital loans from State Bank of India	4,161.33	4,628.42
Working Capital loans from Rabo Bank	50.31	-
<b>Total</b>	<b>4,211.64</b>	<b>4,628.42</b>

8.1 Working Capital loans of Rs.4,161.33 lacs was availed from State Bank of India, Industrial Finance Branch, Hyderabad. The loan is secured by first charge on all current assets, second charge on fixed assets, pledge of 4.74 lac equity shares of the Company held by Mr.A. Indra Kumar, Pledge of 2.67 lac equity shares of the Company held by Sanjeev Agro-vet Private Limited and personal guarantee of Mr.A.Indra Kumar, Chairman & Managing Director of the Company.

Working Capital loans of Rs.50.31lacs was availed from Rabo Bank International, Mumbai. The loan is secured by first charge on all current assets, second charge on fixed assets of the Company.

**9. Trade Payables**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Micro and Small enterprises	-	-
Others	8,192.50	1,979.00
<b>Total</b>	<b>8,192.50</b>	<b>1,979.00</b>

**10. Other Current Liabilities**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Current Maturities of long term debt (refer note 4)	304.38	196.36
Unpaid Dividends	29.78	20.60
Advance from customers	1,408.95	490.75
Interest accrued but not due	6.28	66.05
Creditors for expenses	4,021.91	2,179.24
<b>Total</b>	<b>5,771.30</b>	<b>2,953.00</b>

**11. Short Term Provisions**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Provision for employee benefits	35.00	75.96
<b>Other Provisions</b>		
Proposed Dividend	1,362.46	590.40
Tax on proposed dividend	231.55	100.34
Provision for Income Tax (net of Advance Tax paid for current year Rs.3252.72 lacs. Previous Year Rs.1051.54)	266.67	290.30
<b>Total</b>	<b>1,895.68</b>	<b>1,057.00</b>

**Note 12** **Fixed Assets** (Rs. in Lacs)

Sl. No.	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		Cost as at 01.04.2013	Additions	Deletions	Total Cost as at 31.03.2014	Upto 31.03.2013	For the year	On Deletions	Total upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>TANGIBLE ASSETS :</b>											
1	Free Hold Land	467.03	49.79	23.71	493.11	-	-	-	-	493.11	467.03
2	Buildings	1,913.08	552.96	-	2,466.04	359.07	59.92	-	418.99	2,047.05	1,554.01
3	Plant & Machinery	5,543.62	2,293.86	125.65	7,711.83	2,888.64	418.76	106.06	3,201.34	4,510.49	2,654.98
4	Office Equipment	117.83	27.96	5.52	140.27	47.73	15.22	2.67	60.28	79.99	70.10
5	Furniture & Fixtures	41.26	2.92	-	44.18	11.36	4.45	-	15.81	28.37	29.90
6	Vehicles	454.81	392.55	123.85	723.51	159.67	52.03	68.43	143.27	580.24	295.14
	<b>Total (A) :</b>	<b>8,537.63</b>	<b>3,320.04</b>	<b>278.73</b>	<b>11,578.94</b>	<b>3,466.47</b>	<b>550.38</b>	<b>177.16</b>	<b>3,839.69</b>	<b>7,739.25</b>	<b>5,071.16</b>
<b>INTANGIBLE ASSETS :</b>											
1	Computer Software	19.63	1.31	-	20.94	6.02	3.36	-	9.38	11.56	13.61
	<b>Total (B) :</b>	<b>19.63</b>	<b>1.31</b>	<b>-</b>	<b>20.94</b>	<b>6.02</b>	<b>3.36</b>	<b>-</b>	<b>9.38</b>	<b>11.56</b>	<b>13.61</b>
<b>CAPITAL WORK IN PROGRESS :</b>											
1	Capital Work in progress	158.64	3,092.03	2,769.49	481.18	-	-	-	-	481.18	158.64
	<b>Total (c) :</b>	<b>158.64</b>	<b>3,092.03</b>	<b>2,769.49</b>	<b>481.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>481.18</b>	<b>158.64</b>
	<b>Total (A+B+C) :</b>	<b>8,715.90</b>	<b>6,413.38</b>	<b>3,048.22</b>	<b>12,081.06</b>	<b>3,472.49</b>	<b>553.74</b>	<b>177.16</b>	<b>3,849.07</b>	<b>8,231.99</b>	<b>5,243.41</b>
	<b>Previous Year Figures</b>	<b>7,954.63</b>	<b>1,311.43</b>	<b>550.16</b>	<b>8,715.90</b>	<b>3,478.52</b>	<b>498.38</b>	<b>504.41</b>	<b>3,472.49</b>	<b>5,243.41</b>	<b>4,476.11</b>

**13. Non-current Investments**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A) Trade Investments - Unquoted investment in equity shares</b>		
<b>Subsidiary Companies :</b>		
Svimsan Exports & Imports Limited 10,00,000 Shares of Rs.10/- each fully paid (previous year 10,00,000 Shares of Rs.10/- each fully paid)	100.00	100.00
<b>Associate Companies :</b>		
Srivathsa Power Projects Limited 1,66,93,630 Shares @ Rs.10/- each fully paid (previous year 1,66,93,630 Shares Rs. 10/- each fully paid)	1,670.54	1,670.54
Patikari Power Private Limited * 1,06,45,200 shares @ Rs.10/- each fully paid (previous year 1,06,45,200 shares Rs. 10/- each fully paid)	1,064.52	1,064.52
	<b>2,835.06</b>	<b>2,835.06</b>
* Out of 1,06,45,200 Equity Shares, 42,50,000 Shares have been pledged with respect to loan taken by Patikari Power Private Limited from consortium of banks led by State Bank of India.		
<b>B) Non-Trade Investments - Quoted</b>		
IDBI Bank Limited 2,880 Equity Shares of Rs.10/- each fully paid (previous year 2,880 Equity Shares of Rs. 10/- each fully paid)	0.54	0.54
UCO Bank Limited 7,800 Equity Shares of Rs.10/- each fully paid (previous year 7,800 Equity Shares of Rs. 10/- each fully paid )	0.94	0.94
<b>Unquoted - Equity Shares</b>		
Bhimavaram Hospitals Limited 1,20,000 Equity Shares of Rs.10/- each fully paid (previous year 1,20,000 Equity Shares of Rs.10/- each fully paid)	12.00	12.00
	<b>13.48</b>	<b>13.48</b>
<b>Total non-current Investments (A+B)</b>	<b>2,848.54</b>	<b>2,848.54</b>
<b>Quoted Investments</b>		
Book Value	1.48	1.48
Market Value	7.58	6.66
<b>Unquoted Investments</b>		
Book Value	<b>2,847.06</b>	<b>2,847.06</b>

**14. Long Term Loans & Advances**

(Unsecured and Considered Good)

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Advance for Capital Works	108.31	367.76
Advances to Other body corporate	-	-
Deposits with Electricity Boards & rental deposits	159.01	125.72
Staff Advances	45.78	4.84
<b>Total</b>	<b>313.10</b>	<b>498.32</b>

**15. Other Non-current Assets**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Deposits with Defined Benefit Plans	113.28	94.07
<b>Total</b>	<b>113.28</b>	<b>94.07</b>

**16. Current Investments**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>INVESTMENTS IN MUTUAL FUNDS - UNQUOTED, FULLY PAID UP:</b>		
SBI Gold Fund - Growth (Previous year 2,50,000 units of Rs.10.0584 each)	-	25.15
SBI Premier Liquid Fund 50048 units of Rs.1003.25 each (Previous year Nil)	502.11	-
<b>Total</b>	<b>502.11</b>	<b>25.15</b>

**17. Inventories**

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Raw Materials		
In godowns	13,597.77	5,336.43
In transit	279.61	89.32
Packing Materials	311.87	251.04
Work-in-process	569.05	294.31
Finished Goods	4,147.47	3,159.68
Stores & Spares	1,008.91	585.43
<b>Total</b>	<b>19,914.68</b>	<b>9,716.21</b>



### 18. Trade Receivables

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Secured &amp; Considered Good :</b>		
More than six months	-	0.62
Others	4,388.51	1,222.37
<b>Un-secured &amp; Considered Good :</b>		
More than six months	-	-
Others	113.41	2,749.64
<b>Doubtful :</b>		
More than six months	36.79	3.77
Others	62.26	98.05
<b>Total</b>	<b>4,600.97</b>	<b>4,074.45</b>
Less : Provisions	99.05	101.82
<b>Total</b>	<b>4,501.92</b>	<b>3,972.63</b>

### 19. Cash & Bank Balances

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Cash &amp; Cash Equivalants :</b>		
Cash in hand	9.39	15.21
Balances with Banks :		
In Current Accounts	1,034.03	355.99
In Fixed Deposit Accounts (Maturity less than 3 months)	-	300.00
	<b>1,043.42</b>	<b>671.20</b>
<b>Other Bank Balances</b>		
Margin Money Accounts *	297.90	166.28
Unpaid Dividend Accounts	29.78	20.60
	<b>327.68</b>	<b>186.88</b>
<b>Total</b>	<b>1,371.10</b>	<b>858.08</b>

\*19.1 Margin Money Accounts are the deposits with bank lien marked for import L.C.s and for issuance of SBLC for Anti Dumping Duty purpose to US Customs Authorities.

### 20. Short Term Loans and Advances

(Unsecured, considered good)

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Advance for Purchases	238.55	144.83
Other Advances	288.51	117.04
Staff Advances	26.18	50.00
<b>Total</b>	<b>553.24</b>	<b>311.87</b>

### 21. Other Current Assets

(Rs. in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Export Incentives Receivable	788.02	462.79
Freight reimbursement receivable	82.93	156.62
Accrued Interest	22.82	9.25
<b>Total</b>	<b>893.77</b>	<b>628.66</b>

**22. Revenue from Operations**

(Rs. in Lacs)

Particulars	For the Year Ended	
	31st March, 2014	31st March, 2013
<b>a. Sale of Goods</b>		
Domestic Sales		
i) Shrimp Feed	85,611.08	49,992.85
ii) Fish Feed	-	65.84
iii) Shrimp Seed	97.16	55.98
iv) Wheat Bran	2.51	70.00
v) Processed Shrimp	0.45	2.07
vi) Electricity Sales (Wind Mills)	212.00	207.91
Export Sales		
Processed Shrimp	25,338.20	13,523.13
<b>b. Other Operating Revenues</b>		
Export Incentives	1,870.72	853.89
Income from sale of Certified emission reductions	28.55	32.10
<b>Total</b>	<b>1,13,160.67</b>	<b>64,803.77</b>

**23. Other Income**

(Rs. in Lacs)

Particulars	For the Year Ended	
	31st March, 2014	31st March, 2013
Interest on :		
i) Bank Deposits	19.48	9.54
ii) Others	10.93	9.11
Dividend from :		
Current Investments	84.30	24.00
Non-current Investments	0.40	167.21
Gain on Exchange Fluctuations (net)	173.29	23.74
Profit on sale of fixed assets	15.56	-
Miscellaneous Income	64.18	24.45
<b>Total</b>	<b>368.14</b>	<b>258.05</b>

**24. Cost Of Materials Consumed**

(Rs. in Lacs)

Particulars	For the Year Ended		For the Year Ended	
	31st March, 2014		31st March, 2013	
	Qty. in MT	Value	Qty. in MT	Value
Fish Meal	31,671.68	23,826.44	24,666.72	14,448.62
Wheat & Wheat Flour	48,169.83	9,586.47	34,706.44	6,233.11
Soya DOC	53,873.83	20,637.59	35,973.24	12,245.57
Other Materials	14,343.00	9,586.60	9,731.68	6,704.74
Shrimp	5,238.50	22,643.60	4,025.76	10,623.93
Packing Material	-	1,959.35	-	1,377.36
<b>Total</b>	<b>1,53,296.84</b>	<b>88,240.05</b>	<b>1,09,103.84</b>	<b>51,633.33</b>

24.1 Shrimp Feed imported 1000 MT included in other materials.

**25. Changes in inventories of finished goods, stock-in-process and stock-in-trade**

<b>Particulars</b>	<b>For the Year Ended 31st March, 2014</b>	For the Year Ended 31st March, 2013
Inventories (at close)		
Finished Goods	4,147.47	3,159.68
Work-in-process	569.05	294.31
<b>Total Inventories (at close)</b>	<b>4,716.52</b>	<b>3,453.99</b>
Inventories (at commencement)		
Finished Goods	3,159.68	1,436.82
Work-in-process	294.31	81.48
<b>Total Inventories (at commencement)</b>	<b>3,453.99</b>	<b>1,518.30</b>
Net (Increase)/Decrease	(1,262.53)	(1,935.69)

**26. Employee Benefits Expense**

(Rs. in Lacs)

<b>Particulars</b>	<b>For the Year Ended 31st March, 2014</b>	For the Year Ended 31st March, 2013
Salaries, wages & bonus	2,241.04	1,563.53
Contribution to P F and Other Funds	247.91	146.65
Staff Welfare Expenses	50.72	31.98
Remuneration to Directors	981.88	420.13
<b>Total</b>	<b>3,521.55</b>	<b>2,162.29</b>

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

**I. Defined Contribution Plans:**

(Rs. in Lacs)

<b>Particulars</b>	<b>For the Year Ended 31st March, 2014</b>	For the Year Ended 31st March, 2013
Employer's Contribution to Provident Fund	90.57	71.40
Employer's Contribution to Super Annuation Fund	14.79	6.92
Employer's Contribution to ESI	14.16	11.51

**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 Statement of Profit and Loss 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 :

(Rs. in lacs)

Particulars	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Change in the present value of defined obligation</b>		
Opening present value of defined benefit obligation	221.87	177.81
Current services cost	43.98	24.96
Interest cost	19.84	7.38
Actuarial losses/ (gain)	54.21	20.73
Benefits paid	(12.54)	(9.01)
Closing present value of defined benefit obligation	327.36	221.87
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	94.07	79.00
Expected return on plan assets	8.67	10.43
Actuarial gains/ (losses)	4.22	(15.27)
Contributions by employer	18.86	28.92
Benefits paid	(12.54)	(9.01)
Closing fair value of plan assets	113.28	94.07
<b>Amount recognized in the Balance Sheet</b>		
Present Value of Funded Obligations	327.36	221.87
Less: Fair Value of Plan Assets	113.28	94.07
Net Liability	214.08	127.80
<b>Expense recognized in Statement of Profit and Loss</b>		
Current services cost	43.98	24.96
Interest on Defined Benefit Obligation	19.84	7.38
Expected return on plan assets	(8.67)	10.43
Net actuarial losses / (gains) recognized in year	49.99	36.00
<b>Amount, included in "Employee Benefit Expense"</b>	<b>105.14</b>	<b>57.91</b>
Actual return on plan assets	12.89	(4.84)
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	9%	8%
Expected Rate of Return on Plan Assets	8%	8%
Salary Escalation Rate	10%	5%
Attrition Rate	10%	10%

**27. Finance Costs**

(Rs. in Lacs)

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
Interest Expenses	267.28	278.44
Other borrowing costs	82.68	58.89
<b>Total</b>	<b>349.96</b>	<b>337.33</b>

**28. Manufacturing Expenses**

(Rs. in Lacs)

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
Power & Fuel	2,580.66	1,905.92
Repairs & Maintenance		
- Buildings	202.48	94.65
- Plant & Machinery	101.63	41.91
- Electricals	51.53	12.46
Consumable Stores	988.80	657.06
Other Manufacturing Expenses	748.18	569.55
<b>Total</b>	<b>4,673.28</b>	<b>3,281.55</b>

**29. Selling & Distribution Expenses**

(Rs. in Lacs)

	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
Advertisement	7.81	11.47
Carriage Outward	224.84	158.30
Ocean Freight & Export Expenses	829.96	666.93
Marketing Expenses	629.54	410.50
Royalty	430.26	290.71
Cash Discount	3,833.54	2,170.60
<b>Total</b>	<b>5,955.95</b>	<b>3,708.51</b>

**30. Other Expenses**

(Rs. in Lacs)

<b>Particulars</b>	<b>For the Year Ended 31st March, 2014</b>	<b>For the Year Ended 31st March, 2013</b>
Rent	20.76	12.11
Electricity Charges	6.93	5.76
Rates & Taxes	77.52	62.24
Insurance	116.89	112.86
Travelling & Conveyance	271.19	249.99
Vehicle Maintenance	24.63	26.16
Communication Expenses	49.10	38.33
Printing & Stationery	17.02	13.28
Directors' Sitting Fee	1.70	2.35
<b>Auditors Remuneration</b>		
As Auditors	12.36	8.99
Tax Matters	4.49	2.25
Reimbursement of Expenses	1.97	2.18
<b>Repairs &amp; Maintenance</b>		
Buildings	1.37	8.08
Others	7.07	7.04
Professional Charges	72.44	88.07
Bank Charges	89.36	54.43
General Expenses	148.42	110.79
Loss on Sale of DEPB	27.54	8.43
Donation	10.15	2.15
Loss on Sale of Fixed Assets	10.11	4.22
Assets Written off	1.57	6.20
Bad Debts Written Off	-	23.87
CER Management fees	6.33	-
<b>Total</b>	<b>978.92</b>	<b>849.78</b>

**31. Exceptional Items**

(Rs. in Lacs)

<b>Particulars</b>	<b>For the Year Ended 31st March, 2014</b>	<b>For the Year Ended 31st March, 2013</b>
Anti-dumping Duty	-	111.53
<b>Total</b>	<b>-</b>	<b>111.53</b>

31.1 Department of Commerce of USA carried out review and determined anti-dumping duty at 3.23% on shrimp exports made to USA during the period from 01.02.2011 to 31.01.2012. Company had paid ADD @ 1.69% at the time of export. The differential duty payable is Rs.111.53 lacs. was provided for in the previous year.

### 32. Earning Per Share

(Rs. in Lacs)

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
Profit for the year (Rs. In Lacs)	6,975.01	3,019.15
Weighted Average number of Equity Shares outstanding during the year (in Numbers)	9,083,042	9,083,042
<b>Basic &amp; diluted earnings per share-Face Value of Rs.10/- each (in Rs.)</b>	<b>76.79</b>	<b>33.24</b>

### 33. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.771.50 lacs (Previous Year Rs.934.00 lacs) which is net of capital advances of Rs.182.00 lacs (Previous Year Rs367.76 lacs).

### 34. Contingent Liabilities Not Provided For

(Rs. in Lacs)

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
Central Excise & Customs demand	2,999.18	2,999.18
Service Tax Demand	8.26	8.26
MP VAT demand for soya transactions in 2005-06	29.22	29.22
Income Tax demand	5.13	-
Electricity Duty	3.64	3.64

- 34.1 The Customs and Central Excise Department raised demand for Rs.1,494.59 lacs and levied penalty of Rs.1,504.59 lacs for customs duty forgone on duty free imports of raw materials, sale of shrimp feed in domestic tariff area (DTA) without permission of the Development Commissioner, Visakhapatnam Export Procession Zone (VEPZ), Visakhapatnam and for non-fulfilment of export obligation during the period from 1999-2000 to 2001-2002 when the Company was operating as a 100% EOU. Company had achieved positive Net Foreign Exchange Earning by 2002-03 and the Development Commissioner of VEPZ allowed unit to de-bond upon being satisfied with the fulfilment of export obligation by the Company and net foreign exchange earning obligation. Further, Company had paid Rs.1,655.03 lacs excise duty which is equivalent of customs duty on import of shrimp feed on domestic sale of shrimp feed as per then prevailing DTA sale norms applicable to 100% EOU. However, the Customs and Central Excise Department raised the demand without taking in to consideration these facts. This demand and levy of penalty is being contested by the Company and Hon'ble CESTAT, Bangalore remanded the case back to The Commissioner of Customs & Central Excise, Guntur for fresh adjudication after considering all the aspects raised by the Company. The matter is pending before the Commissioner of Central Excise and Customs, Guntur, Andhra Pradesh.
- 34.2 The Customs and Central Excise Department levied penalty of Rs.8.26 lacs for delay in payment of Service Tax on royalty for the period April 1, 2006 to September 30, 2008 paid to Thai Union Feed Mill Co. Ltd. This levy of penalty is being contested by the Company at CESTAT, Bangalore.
- 34.3 Company purchased soya bean in the year 2004-05, converted the same in to DOC in 2005-06 and used some part for own consumption in manufacturing of shrimp feed and some part was exported. The resultant soya oil was sold locally. The Commercial Tax Act pertaining to soya bean processing and soya oil

sale was amended with effect from 13.12.2004 and Commercial Tax department took the view that the soya bean purchased prior to 13.12.2004 will attract tax at old rates and a demand to Rs.29.22 lacs was raised. This is being contested by the Company in the High Court of Madhya Pradesh.

- 34.4 For the Assessment Year 2011-2012 Assessing officer disallowed an amount of Rs. 17.95 lacs U/s. 14A for the Investments made by the Company and raised demand for Rs. 5.13 lacs. Company is contesting the same before Commissioner Appeals.
- 34.5 Company approached High Court of Andhra Pradesh against levy and collection of Electricity Duty on self generated power from DG sets. Honble High Court granted stay on recovery of the same and the matter is pending for final hearing.

### 35. Dues to Micro and Small Enterprises

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2014. 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.

### 36. 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 3.2MW at Chitradurga, Karnataka. Power generated from windmills is sold to BESCOM 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.

#### 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.

(Rs. in Lacs)

Name of the country	Revenue		Location of assets		Additions to fixed assets	
	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	During the Year ended 31 <sup>st</sup> March, 2014	During the Year ended 31 <sup>st</sup> March, 2013
India	87,822.47	51,280.64	35,560.79	21,803.35	3,321.35	1,311.43
USA	21,264.27	12,319.88	2,555.30	2,122.06	-	-
Rest of the world	4,073.93	1,203.25	1,127.64	271.53	-	-
<b>Total</b>	<b>1,13,160.67</b>	<b>64,803.77</b>	<b>39,243.73</b>	<b>24,196.94</b>	<b>3,321.35</b>	<b>1,311.43</b>



**36.1 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
<b>Revenue</b>										
External Sales	85,710.75	50,184.66	27,209.37	14,379.09	240.55	240.02	-	-	-113,160.67	64,803.77
Inter-segment sales		-		-		-				-
<b>Total Revenue</b>	<b>85,710.75</b>	<b>50,184.66</b>	<b>27,209.37</b>	<b>14,379.09</b>	<b>240.55</b>	<b>240.02</b>	<b>-</b>	<b>-</b>	<b>113,160.67</b>	<b>64,803.77</b>
<b>Segment Result</b>										
Operating Profit	7,219.69	2,575.51	3,153.94	1,897.30	126.08	132.81	-	-	10,499.71	4,605.62
Other Income	75.38	12.68	188.27	43.48	-	-	104.49	201.89	368.14	258.05
Interest Expense	199.58	186.25	150.37	151.08	-	-	-	-	349.96	337.33
Exceptional Items	-	-	-	111.53	-	-	-	-	-	111.53
Income Tax										
- Current Tax & PY Taxes							3,499.41	1,394.76	3,499.41	1,394.76
- Deferred Tax							43.48	0.90	43.48	0.90
<b>Net Profit</b>	<b>7,095.49</b>	<b>2,401.94</b>	<b>3,191.83</b>	<b>1,678.17</b>	<b>126.08</b>	<b>132.81</b>	<b>(3,438.40)</b>	<b>(1,193.77)</b>	<b>6,975.00</b>	<b>3,019.15</b>
<b>Other Information</b>										
<b>Segment Assets</b>	<b>23,956.74</b>	<b>13,755.13</b>	<b>10,076.93</b>	<b>5,904.72</b>	<b>850.33</b>	<b>926.75</b>	<b>4,359.73</b>	<b>3,610.34</b>	<b>39,243.73</b>	<b>24,196.94</b>
Segment Liabilities	18,511.28	9,011.67	2,581.63	2,329.37	16.43	14.99	767.28	854.80	21,876.62	12,210.82
<b>Capital Employed</b>	<b>5,445.46</b>	<b>4,743.46</b>	<b>7,495.30</b>	<b>3,575.35</b>	<b>833.90</b>	<b>911.76</b>	<b>3,592.47</b>	<b>2,755.54</b>	<b>17,367.11</b>	<b>11,986.12</b>
Capital Expenditure	2,931.03	605.83	223.11	657.00	-	-	167.21	48.60	3,321.35	1,311.43
Depreciation	316.68	282.21	135.81	119.39	76.12	76.12	25.13	20.65	553.74	498.38

**37. Related Parties****37.1 Name of the related parties and description of their relationship:**

1. Subsidiary : Svimsan Exports & Imports Limited
2. Key Managerial Personnel : Sri A. Indra Kumar, Chairman and Managing Director  
Sri C. Ramachandra Rao, Joint Managing Director & Company Secretary
3. Associate Companies Srinivasa Cystine Private Limited  
SCL Trading Private Limited  
Thai Union Feed Mill Co. Ltd.  
Sanjeev Agro Vet Private Limited  
Laxai-Avanti Life Sciences Private Limited  
Sri Sai Srinivasa Agro Farms & Developers Private Limited
4. Companies over which Significant Influence is exercised Srivathsa Power Projects Limited  
Patikari Power Private Limited

**37.2 Transactions with the related parties during year:**

(Rs. in Lacs)

Particulars	Key Management Personnel		Associate Companies	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Remuneration	1,008.55	430.80	-	-
Rent Paid	1.82	1.80	1.80	1.80
Royalty paid	-	-	430.26	290.71
Purchase of Shrimp Feed	-	-	557.58	-
Sale of Shrimp	-	-	-	75.53
Dividend Paid	69.51	68.83	310.03	310.03

**37.3 Balance as on 31st March 2014**

(Rs. in Lacs)

Particulars	Key Management Personnel		Associate Companies		Subsidiary	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Investment	-	-	2,735.06	2,735.06	100.00	100.00
Remuneration	801.71	260.85	-	-	-	-
Rent	0.15	0.15	0.15	0.15	-	-
Royalty	-	-	110.21	69.38	-	-
Loans and Advances	-	-	-	-	90.29	0.3

**38. Foreign Currency Inflow & Out Flow**

(Rs. in Lacs)

Particulars	For the Year Ended 31st March, 2014	For the Year Ended 31st March, 2013
	i) Value of imports made by the company during the financial year calculated on CIF basis in respect of	
Capital Goods	979.26	324.81
Spares & Consumables	340.15	270.76
Raw Materials	1,699.80	1,465.14
Shrimp Feed imported for trading	557.58	-
ii) Earnings in foreign exchange		
Exports on FOB basis	25,039.55	12,987.81
iii) Expenditure in foreign currency on account of		
Traveling	30.30	13.65
Royalty	430.26	290.71
Quality Insurance Premium	35.97	9.14
Dividend	148.42	148.42
Other expenditures	80.86	24.04
Anti-Dumping Duty	-	111.54

**39. Consumption of Imported and Indigenous Raw Materials**

(Rs. in Lacs)

Particulars	For the year ended 31st March 2014		For the year ended 31st March 2013	
	Value	%age	Value	%age
Imported	2,532.39	2.87	1,634.84	3.17
Indigenous	85,707.66	97.13	49,998.49	96.83
<b>Total</b>	<b>88,240.05</b>	<b>100.00</b>	<b>51,633.33</b>	<b>100.00</b>

**40. Details of NRI Shareholders and Dividend paid in Foreign Currency**

(Rs. in Lacs)

Year of remittance	On account of Financial year	No. of Non-Resident Shareholders	No. of Shares held	Amount of Dividend
2013/2014	2012/2013	2	2,283,442	148.42
2012/2013	2011/2012	2	2,283,442	148.42

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

1. Name of the Subsidiary Company	Svimsan Exports & Imports Limited
2. Financial year of the subsidiary ended on	31 <sup>st</sup> March, 2014
3. Holding Company's Interest	100%
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: Profit/(Loss) for the current financial year and Profit/(Loss) for the previous financial years since it became the holding company's subsidiary	(0.31)  (189.48)
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	NIL  NIL
6. Change in the interest of the Company between the end of last financial year and 31 <sup>st</sup> March, 2013	NIL
7. Material changes between the end of the of last financial year and 31 <sup>st</sup> March, 2013	NIL

Place: Hyderabad  
Date: 30.05.2014

For and on behalf of the board

**A. INDRA KUMAR**  
Chairman & Managing Director

## INDEPENDENT AUDITOR'S REPORT

To  
The Board of Directors of  
**Avanti Feeds Limited**

### **Report On the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Avanti Feeds Limited ('the Company') and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

The Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b. in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### **Other Matter**

We have relied on the unaudited financial statements of associates wherein the Group's share of profit aggregate Rs.66.78 Lacs. These unaudited financial statements as approved by the respective Boards of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the associates is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of other matter.

For **KARVY & CO**  
Chartered Accountants  
Firm Registration No.001757S

Place: Hyderabad  
Date : 30.05.2014

**(K. AJAY KUMAR)**  
Partner  
(Membership No: 021989)

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014**

(Rs. in lacs)

	Note	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a) Share Capital	2	908.30	908.30
b) Reserves & Surplus	3	17,049.26	11,601.80
<b>2 Non-current Liabilities</b>			
a) Long term borrowings	4	1,095.16	1,193.00
b) Deferred tax liabilities (net)	5	143.48	100.00
c) Other long term liabilities	6	274.50	154.50
d) Long term provisions	7	292.36	145.90
<b>3 Current Liabilities</b>			
a) Short term borrowings	8	4,211.64	4,628.42
b) Trade payables	9	8,192.50	1,979.00
c) Other current liabilities	10	5,771.42	3,043.21
d) Short term provisions	11	1895.68	1,057.00
<b>TOTAL – EQUITY &amp; LIABILITIES</b>		<b>39,834.30</b>	<b>24,811.13</b>
<b>B ASSETS</b>			
<b>1 Non-current Assets</b>			
a) Fixed Assets :	12		
Tangible		7,739.25	5,071.16
Intangible		11.56	13.61
Capital work in progress		481.18	158.64
b) Non-current investments	13	3,528.78	3,462.00
c) Long term loans & advances	14	313.10	498.32
d) Other non-current assets	15	113.28	94.07
<b>2 Current Assets</b>			
a) Current Investments	16	502.11	25.15
b) Inventories	17	19,914.68	9,716.21
c) Trade receivables	18	4,501.92	3,972.63
d) Cash & Bank balances	19	1,371.54	858.63
e) Short term loans & advances	20	463.13	312.05
f) Other Current assets	21	893.77	628.66
<b>TOTAL ASSETS</b>		<b>39,834.30</b>	<b>24,811.13</b>
<b>C. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants  
Firm Registration No. 01757S  
**K. Ajay Kumar**  
Partner  
Membership No. 021989  
Place : Hyderabad  
Date : 30.05.2014

For and on behalf of the Board

**A. Indra Kumar**  
Chairman & Managing Director

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

**N. Ram Prasad**  
Director

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014**

(Rs. in lacs)

	Note	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>INCOME</b>			
Revenue from Operations	22	113,160.67	64,803.77
Other Income	23	368.14	258.05
<b>Total Revenue</b>		<b>113,528.81</b>	<b>65,061.82</b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	24	88,240.05	51,633.33
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	25	(1,262.53)	(1,935.69)
Employee Benefit expense	26	3,521.55	2,162.29
Finance Costs	27	349.96	337.33
Depreciation & Amortisation Expense	12	553.74	498.38
Manufacturing Expenses	28	4,673.28	3,281.55
Selling & Distribution Expenses	29	5,955.95	3,708.51
Other Expenses	30	979.23	850.86
<b>Total Expenses</b>		<b>103,011.23</b>	<b>60,536.56</b>
Profit before exceptional items & Tax		10,517.58	4,525.26
Exceptional items	31	-	111.53
Profit before tax		10,517.58	4,413.73
Tax Expense			
Current Tax		3,499.41	1,394.76
Deferred Tax		43.48	0.90
<b>Profit/ (Loss) for the year before Minority Interest and Share of Results of Associates</b>		<b>6,974.69</b>	<b>3,018.07</b>
Less : Share of Profit / (Loss) of Minority Interest		-	-
Share of Net Profit / (Loss) of Associates		66.78	(13.00)
<b>Profit / (Loss) for the year</b>		<b>7,041.47</b>	<b>3,005.07</b>
Earning per equity share of Rs.10 each Basic & Diluted (in Rs.)	32	77.52	33.08
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-40</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants  
Firm Registration No. 01757S

**K. Ajay Kumar**  
Partner  
Membership No. 021989

Place : Hyderabad  
Date : 30.05.2014

For and on behalf of the Board

**A. Indra Kumar**  
Chairman & Managing Director

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

**N. Ram Prasad**  
Director



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

(Rs. in lacs)

	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	10,517.58	4,413.73
Adjustment for		
Depreciation	553.74	498.38
Exceptional Items	-	111.53
Bad Debts Written Off	-	23.87
Net of Profit/Loss on sale of Fixed Assets & Assets written off	(3.88)	-
Loss/(Gain) on exchange fluctuations & forward contracts	(173.29)	(23.74)
Interest Paid	349.96	337.33
Interest Received	(30.41)	(18.65)
Dividend Received on Investments	(84.70)	(191.21)
<b>Operating Profit before Working Capital Changes</b>	<b>11,129.00</b>	<b>5,151.24</b>
<b>Adjustment for</b>		
Trade and Other Receivables	(779.45)	(2,650.21)
Inventories	(10,198.47)	(5,500.95)
Trade and other Payables	9,149.29	1,996.64
<b>Cash generated from Operations</b>	<b>9,300.37</b>	<b>(1,003.28)</b>
Income Tax Paid	(3,523.04)	(1,051.89)
<b>Net Cash generated/(used) from Operating activities</b>	<b>5,777.33</b>	<b>(2,055.17)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Short term Investment (Net)	(476.96)	1,702.47
Dividend Received on Investments	84.70	191.21
Interest Received	30.41	18.65
Purchase of Fixed Assets	(3,643.89)	(1,311.43)
Bank Loans	(140.80)	(84.77)
Sale of Fixed Assets	105.44	26.82
<b>Net Cash generated/(used) in Investing activities</b>	<b>(4,041.10)</b>	<b>542.95</b>

(Rs. in lacs)

	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>		
Repayment of long term borrowings	(79.92)	(269.27)
Increase in short term borrowings/(decrease)	(416.78)	1,349.97
Interest Paid	(349.96)	(337.33)
Profit on exchange fluctuations & forward contracts	173.29	23.74
Dividends paid including tax on Dividend	(690.74)	(686.18)
<b>Net Cash generated/(used) in Financing Activities</b>	<b>(1,364.11)</b>	<b>80.93</b>
Net Increase / Decrease in Cash and Cash Equivalentents	372.12	(1,431.29)
Cash and Cash Equivalentents (Opening Balance)	671.75	2,103.04
<b>Cash and Cash Equivalentents (Closing Balance)</b>	<b>1,043.86</b>	<b>671.75</b>

As per our Report of even date

for **KARVY & CO**

Chartered Accountants

Firm Registration No. 01757S

**K. Ajay Kumar**

Partner

Membership No. 021989

Place : Hyderabad

Date : 30.05.2014

For and on behalf of the Board

**A. Indra Kumar**

Chairman &amp; Managing Director

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

**N. Ram Prasad**  
Director

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A Basis of preparation

The consolidated financial statements of Avanti Feeds Limited, its subsidiaries and associates ("the Group") are prepared under the historical cost convention and in accordance with requirements of the Companies Act, 1956.

#### B Principles of Consolidation:

The consolidated financial statements relate to Avanti Feeds Limited and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- i. 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 fully 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, 2006) ("the rules").
- ii. The difference between the costs of investments in the subsidiaries, over the net assets at the time of acquisition of the shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii. Minority Interest in the net assets of consolidated subsidiaries is identified and presented in consolidated balance sheet separately from liabilities and equity of company's shareholders.
- iv. Minority Interest in the assets of consolidated subsidiaries consists of:
  - a) The amount of equity attributable to minority at the date on which investment in subsidiaries is made; and
  - b) The minority share of movements in equity since the date parent subsidiary relationship came into existence.
- v. Minority Interest's share of net profit for the year of consolidated subsidiaries is identified and against the profit after tax of the group. Investment in equity method as per (AS 23) – "Accounting for Investments in Associates in Consolidation Financial Statements".
- vi. The company accounts for its share in the change in net assets of the associates, post-acquisition, after eliminating unrealized profits and losses resulting from transactions between the company and its associates to the extent of its share, through its Profit and Loss Account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance, based on available information.
- vii. The difference between the costs of investments in the associates and the share of net assets at the time of acquisition of the shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- viii. The Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar and are presented in the same manner as the Company's separate financial statements.

**C The Subsidiary Companies considered in the consolidated financial statements are:**

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Svimsan Exports & Imports Limited	India	100%

**D The significant Associates considered in the consolidated financial statements are:**

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Srivathsa Power Projects Limited	India	49.99%
Patikari Power Private Limited	India	25.89%

**Summary of Significant Accounting Policies****A. 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.

**B. Tangible Fixed Assets**

Fixed assets are stated at cost, net of accumulated depreciation. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the year during which such expenses are incurred.

Assets individually costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

**C. Depreciation on Tangible Fixed Assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

**D. Intangible Assets**

Software acquired is measured at cost less accumulated amortisation and is amortised using the straight line method over a period of six years.

**E. Expenditure incurred during construction period**

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is related to construction or is incidental thereto.

**F. Impairment of tangible and intangible fixed assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**G. Government Grants**

Government grants and subsidies are recognised when there is reasonable assurance that the company will comply with the conditions attached to them and the grants/subsidy will be received. Government grants received for capital expenditure are reduced from the carrying value of the asset are presented by deducting them from the carrying value of the assets. Other government grants towards expenditures of revenue nature are reduced from the respective expenditure head.

**H. 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, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**I. Inventories**

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

**J. Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**Revenue from sales**

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

**Dividend and interest income :**

Dividend is recognised when the unconditional right to receive the income is established. Income from deposits loans and interest bearing securities is recognised on the time proportionate method.

**K. Retirement Benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates defined benefit plan for its employees towards gratuity and leave encashment. The cost of providing benefits under these plan is determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plans using the projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which it occurs in the statement of profit and loss.

Gratuity and Accumulated leave, which are expected to become payable as a result of staff turnover within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such staff turnover on the basis of past experiences.

**L. 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 statement of profit and loss 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 Statement of Profit and Loss. 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.

**M. Income Taxes**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**N. Earnings per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**O. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

**P. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**Q. Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**R.** Previous Year figures have been re-grouped/re-classified, wherever necessary to conform to the current year presentation.

**2. SHARE CAPITAL**

(Rs. in lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>Authorised Share Capital :</b> 1,58,50,000 equity shares of Rs.10 each (Previous year 1,58,50,000 equity shares of Rs.10 each)	1,585.00	1585.00
<b>Issued, Subscribed and paid up :</b> 90,83,042 Equity Shares of Rs.10 each fully paid up (Previous year 90,83,042 equity shares of Rs.10 each fully paid up)	908.30	908.30
<b>Total</b>	<b>908.30</b>	<b>908.30</b>

**2.1. Reconciliation of the shares outstanding at the beginning and at the end of the year** (Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>		As at 31 <sup>st</sup> March, 2013	
	<b>No's</b>	<b>Amount</b>	No's	Amount
Equity shares of Rs. 10/- each fully paid up At the beginning of the year	90,83,042	908.30	80,00,000	800.00
Changes during the year : In consequence to amalgamation of Avanti Thai Aqua Feeds Private Limited with the Company shares issued to pursuant to Scheme of Amalgamation.	-	-	10,83,042	108.30
Outstanding at the end of the year	90,83,042	908.30	90,83,042	908.30

**2.2 Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2014 dividend recognised for distribution to equity share holders at Rs.15/- per share ( March 31, 2013 - Rs. 6.50 )

**2.3 Details of shareholders holding more than 5% shares in the Company**

Name of the shareholders	<b>As at 31<sup>st</sup> March, 2014</b>		As at 31 <sup>st</sup> March, 2013	
	<b>No's</b>	<b>% Holding</b>	No's	% Holding
Srinivasa Cystine Private Limited	22,78,577	25.09	22,26,000	24.51
Thai Union Frozen Products PCL, Thailand	22,82,042	25.12	22,82,042	25.12
Alluri Indra Kumar (HUF)	5,45,950	6.01	5,45,950	6.01
Andhra Pradesh Industrial Development Corporation Ltd	4,46,197	4.91	5,00,000	5.50
Alluri Indra Kumar	5,43,380	5.98	5,23,380	5.76

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.



### 3. Reserves & Surplus

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Capital Reserve :</b>		
Balance at the beginning of the year	609.66	609.66
<b>Balance at the end of the year (a)</b>	<b>609.66</b>	<b>609.66</b>
<b>Share Premium</b>		
Balance at the beginning of the year	456.85	456.85
<b>Balance at the end of the year (b)</b>	<b>456.85</b>	<b>456.85</b>
<b>General Reserve :</b>		
Balance at the beginning of the year	4,548.10	4,195.55
Add : Transferred from Profit & Loss Account	700.00	352.56
<b>Balance at the end of the year (c)</b>	<b>5,248.10</b>	<b>4,548.10</b>
<b>Profit &amp; Loss Account :</b>		
Balance at the beginning of the year	5,987.19	4,022.86
Profit for the year	7,041.47	3,005.06
	<b>13,028.66</b>	<b>7,027.93</b>
<b>Less : Appropriations</b>		
Transferred to General Reserve	700.00	350.00
Proposed Dividend	1,362.46	590.40
Tax on Dividend	231.55	100.34
<b>Total of Profit &amp; Loss Account</b>	<b>10,734.65</b>	<b>5,987.19</b>
<b>Grand total of Reserves &amp; Surplus</b>	<b>17,049.26</b>	<b>11,601.80</b>

### 4. Long Term Borrowings & Current Maturities of Long Term Debt :

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Long Term	Current Maturities	Long Term	Current Maturities
<b>Secured Loans :</b>				
a) Term Loan from State Bank of India	362.50	200.00	575.00	160.00
<b>Vehicle Loans :</b>				
a) Volksvagan Finance Ltd.	34.09	31.36		
b) From I C I C I Bank Limited	80.93	58.33	38.10	26.97
c) From Magma Fincorp Limited	-	-	-	7.50
d) From HDFC Bank Limited	38.08	14.69	0.34	1.89
e) From Tata Capital Limited	-	-	-	-
<b>Unsecured Loan</b>				
Deferred Payment Liability - Sales Tax	579.56	-	579.56	-
From Associated Company	-	-	-	90.10
<b>Total</b>	<b>1,095.16</b>	<b>304.38</b>	<b>1,193.00</b>	<b>286.46</b>

- 4.1 The long term loan of Rs.935.00 lacs was taken from State Bank of India, Industrial Finance Branch, Hyderabad for the implementation of shrimp feed manufacturing project at Gujarat. The loan is secured by first charge on fixed assets of the Company, pledge of 4.71 lacs equity shares of the Company held by Mr.A. Indra Kumar, Pledge of 2.62 lacs equity shares of the Company held by Sanjeeva Agro-vet Private Limited, Corporate Guarantee of Srinivasa Cystine (P) Limited and Sanjeeva Agro-vet Private Limited, associate companies and personal guarantee of Mr.A.Indra Kumar, Chairman & Managing Director of the Company.
- 4.2 Vehicle loans are secured by hypothecation of respective vehicles.
- 4.3 Company had availed sales tax deferment scheme in 2001-02. Under the scheme, the sales tax collected from the customers from 2001-02 to 2004-05 was converted in to interest free loan for period of 14 years. The first instalment of the loan is due for payment in June, 2015.

### 5. Deferred tax liability (net)

(Rs. in Lacs)

Deferred Tax Assets	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Deferred Tax Liabilities on account of:</b>		
Impact of difference between book and tax depreciation and depreciation/ Amortisation charged for the financial reporting.	249.92	177.52
<b>TOTAL</b>	<b>249.92</b>	<b>177.52</b>
<b>Impact of expenditure charged to statement of Profit &amp; Loss but allowed for tax purposes on payment basis:</b>		
Provision for employee benefits	72.77	44.48
Provision for doubtful debts	33.67	33.04
<b>TOTAL</b>	<b>106.44</b>	<b>77.52</b>
<b>NET DEFERED TAX LIABILITY</b>	<b>143.48</b>	<b>100.00</b>

### 6. Other Long Term Liabilities

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Security Deposits Received from Dealers	274.50	154.50
<b>Total</b>	<b>274.50</b>	<b>154.50</b>

- 6.1 Security Deposits taken from dealers for supplying them shrimp feed on credit terms. Interest is paid on these deposits @ 9% per annum (Previous year 9% p.a.).

### 7. Long Term Provisions

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Provision for Retirement benefits	292.36	145.90
<b>Total</b>	<b>292.36</b>	<b>145.90</b>

**8. Short Term Borrowings :**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Working Capital loans from State Bank of India	4,161.33	4,628.42
Working Capital loans from Rabo Bank	50.31	-
<b>Total</b>	<b>4,211.64</b>	<b>4,628.42</b>

8.1 Working Capital loans of Rs.4161.33 lacs was availed from State Bank of India, Industrial Finance Branch, Hyderabad. The loan is secured by first charge on all current assets, second charge on fixed assets, pledge of 4.74 lac equity shares of the Company held by Mr.A. Indra Kumar, Pledge of 2.67 lac equity shares of the Company held by Sanjeeva Agro-vet Private Limited and personal guarantee of Mr.A.Indra Kumar, Chairman & Managing Director of the Company.

Working Capital loans of Rs.50.31lacs was availed from Rabo Bank International, Mumbai. The loan is secured by first charge on all current assets, second charge on fixed assets of the Company.

**9. Trade Payables**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Micro and Small enterprises	-	-
Others	8,192.50	1,979.00
<b>Total</b>	<b>8,192.50</b>	<b>1,979.00</b>

**10. Other Current Liabilities**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Current Maturities of long term debt (refer note 4)	304.38	286.46
Unpaid Dividends	29.78	20.60
Advance from customers	1,408.95	490.75
Interest accrued but not due	6.28	66.05
Creditors for expenses	4,022.03	2,179.35
<b>Total</b>	<b>5,771.42</b>	<b>3,043.21</b>

**11. Short Term Provisions**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>Provision for employee benefits</b>	35.00	75.96
<b>Other Provisions</b>		
Proposed Dividend	1,362.46	590.40
Tax on proposed dividend	231.55	100.34
Provision for Income Tax (net of Advance Tax paid for current year Rs.3252.72 lacs. Previous Year Rs. 1051.54)	266.67	290.30
<b>Total</b>	<b>1,895.68</b>	<b>1,057.00</b>

Sl. No.		PARTICULARS	GROSS BLOCK						DEPRECIATION			NET BLOCK		
			Cost as at 01.04.2013	Additions	Deletions	Total Cost as at 31.03.2014	Upto 31.03.2013	For the year	On Deletions	Total upto 31.03.2014	As at 31.03.2014	As at 31.03.2013		
<b>TANGIBLE ASSETS :</b>														
1		Free Hold Land	467.03	49.79	23.71	493.11	-	-	-	-	-	-	493.11	467.03
2		Buildings	1,913.08	552.96	-	2,466.04	359.07	59.92	-	418.99	-	-	2,047.05	1,554.01
3		Plant & Machinery	5,543.62	2,293.86	125.65	7,711.83	2,888.64	418.76	106.06	3,201.34	-	-	4,510.49	2,654.98
4		Office Equipment	117.83	27.96	5.52	140.27	47.73	15.22	2.67	60.28	-	-	79.99	70.10
5		Furniture & Fixtures	41.26	2.92	-	44.18	11.36	4.45	-	15.81	-	-	28.37	29.90
6		Vehicles	454.81	392.55	123.85	723.51	159.67	52.03	68.43	143.27	-	-	580.24	295.14
<b>Total (A) :</b>			<b>8,537.63</b>	<b>3,320.04</b>	<b>278.73</b>	<b>11,578.94</b>	<b>3,466.47</b>	<b>550.38</b>	<b>177.16</b>	<b>3,839.69</b>			<b>7,739.25</b>	<b>5,071.16</b>
<b>INTANGIBLE ASSETS :</b>														
1		Computer Software	19.63	1.31	-	20.94	6.02	3.36	-	9.38	-	-	11.56	13.61
<b>Total (B) :</b>			<b>19.63</b>	<b>1.31</b>	<b>-</b>	<b>20.94</b>	<b>6.02</b>	<b>3.36</b>	<b>-</b>	<b>9.38</b>			<b>11.56</b>	<b>13.61</b>
<b>CAPITAL WORK IN PROGRESS :</b>														
1		Capital Work in progress	158.64	3,092.03	2,769.49	481.18	-	-	-	-	-	-	481.18	158.64
<b>Total (c) :</b>			<b>158.64</b>	<b>3,092.03</b>	<b>2,769.49</b>	<b>481.18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>481.18</b>	<b>158.64</b>
<b>Total (A+B+C) :</b>			<b>8,715.90</b>	<b>6,413.38</b>	<b>3,048.22</b>	<b>12,081.06</b>	<b>3,472.49</b>	<b>553.74</b>	<b>177.16</b>	<b>3,849.07</b>			<b>8,231.99</b>	<b>5,243.41</b>
<b>Previous Year Figures</b>			<b>7,954.63</b>	<b>1,311.43</b>	<b>550.16</b>	<b>8,715.90</b>	<b>3,478.52</b>	<b>498.38</b>	<b>504.41</b>	<b>3,472.49</b>			<b>5,243.41</b>	<b>4,476.11</b>

Note 12

Fixed Assets

(Rs. in Lacs)

**13. Non-current Investments**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>A Trade Investments -Unquoted investment in Equity Shares</b>		
<b>Associate Companies :</b>		
Srivathsa Power Projects Limited 1,66,93,630 Shares @ Rs.10/- each fully paid (Previous year 1,66,93,630 Shares @ Rs.10/- each fully paid)	2,523.48	2,475.67
Patikari Power Private Limited * 1,06,45,200 Shares @ Rs.10/- each fully paid (Previous year 1,06,45,200 Shares @ Rs.10/- each fully paid)	991.82	972.85
	<b>3,515.30</b>	<b>3,448.52</b>
* Out of 1,06,45,200 Equity Shares, 42,50,000 Shares have been pledged with respect to loan taken by Patikari Power Pvt Ltd from consortium of banks led by State Bank of India.		
<b>B Non-Trade Investments - Quoted</b>		
IDBI Bank Limited 2,880 Equity Shares of Rs.10/- each fully paid (Previous year 2,880 Equity Shares of Rs.10/- each fully paid)	0.54	0.54
UCO Bank Limited 7,800 Equity Shares of Rs.10/- each fully paid (Previous year 7,800 Equity Shares of Rs.10/- each fully paid)	0.94	0.94
<b>Unquoted - Equity Shares</b>		
Bhimavaram Hospitals Limited 1,20,000 Equity Shares of Rs.10/- each fully paid (Previous year 1,20,000 Equity Shares of Rs.10/- each fully paid)	12.00	12.00
	<b>13.48</b>	<b>13.48</b>
<b>Total non-current Investments (A+B)</b>	<b>3,528.78</b>	<b>3,462.00</b>
<b>Quoted Investments</b>		
Book Value	1.48	1.48
Market Value	7.58	6.66
<b>Unquoted Investments</b>		
Book Value	3,527.30	3,460.52

**14. Long Term Loans & Advances**

(Unsecured and Considered Good)

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Advance for Capital Works	108.31	367.76
Advances to Other body corporate	-	-
Deposits with Electricity Boards & rental deposits	159.01	125.89
Staff Advances	45.78	4.84
<b>Total..</b>	<b>313.10</b>	<b>498.49</b>

**15. Other Non-current Assets**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Deposits with Defined Benefit Plans	113.28	94.07
<b>Total</b>	<b>113.28</b>	<b>94.07</b>

**16. Current Investments**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>INVESTMENTS IN MUTUAL FUNDS - UNQUATED, FULLY PAID UP:</b>		
SBI Gold Fund - Growth (Previous year 2,50,000 units of Rs. 10.0584 each)	-	25.15
SBI - Premier Liquid Fund 50048 units of Rs. 1003.25each ( Previous year Nil)	502.11	-
<b>Total</b>	<b>502.11</b>	<b>25.15</b>

**17. Inventories**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Raw Materials		
In godowns	13,597.77	5,336.43
In transit	279.61	89.32
Packing Materials	311.87	251.04
Work-in-process	569.05	294.31
Finished Goods	4,147.47	3,159.68
Stores & Spares	1,008.91	585.43
<b>Total</b>	<b>19,914.68</b>	<b>9,716.21</b>

### 18. Trade Receivables

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>Secured &amp; Considered Good :</b>		
More than six months	-	0.62
Others	4,388.51	1,222.37
<b>Unsecured &amp; Considered Good :</b>		
More than six months	-	-
Others	113.41	2,749.64
<b>Unsecured &amp; Considered Doubtful :</b>		
More than six months	36.79	3.77
Others	62.26	98.05
<b>Total</b>	<b>4,600.97</b>	<b>4,074.45</b>
Less : Provisions	99.05	101.82
<b>Total</b>	<b>4,501.92</b>	<b>3,972.63</b>

### 19. Cash & Bank Balances

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
<b>Cash &amp; Cash Equivalentants :</b>		
Cash in hand	9.39	15.21
Balances with Banks :		
In Current Accounts	1,034.47	356.54
In Fixed Deposit Accounts (Maturity less than 3 months)	-	300.00
	<b>1,043.86</b>	<b>671.75</b>
<b>Other Bank Balances</b>		
Margin Money Accounts *	297.90	166.28
Unpaid Dividend Accounts	29.78	20.60
	<b>327.68</b>	<b>186.88</b>
<b>Total</b>	<b>1,371.54</b>	<b>858.63</b>

19.1 Margin Money Accounts are the deposits with bank lien marked for import L.C.s and for issuance of SBLC for Anti Dumping Duty purpose to US Customs Authorities.

### 20. Short Term Loans and Advances

(Unsecured, considered good)

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Advance for Purchases	238.55	144.83
Other Advances	198.40	117.22
Staff Advances	26.18	50.00
<b>Total</b>	<b>463.13</b>	<b>312.05</b>

**21. Other Current Assets**

(Rs. in Lacs)

	<b>As at 31<sup>st</sup> March, 2014</b>	As at 31 <sup>st</sup> March, 2013
Export Incentives Receivable	788.02	462.79
Freight reimbursement receivable	82.93	156.62
Accrued Interest	22.82	9.25
<b>Total</b>	<b>893.77</b>	<b>628.66</b>

**22. Revenue from operations**

(Rs. in Lacs)

	<b>For the Year Ended 31<sup>st</sup> March, 2014</b>	For the Year Ended 31 <sup>st</sup> March, 2013
<b>a. Sale of Goods</b>		
Domestic Sales		
i) Shrimp Feed	85,611.08	49,992.85
ii) Fish Feed	-	65.84
iii) Shrimp Seed	97.16	55.98
iv) Wheat Bran	2.51	70.00
v) Processed Shrimp	0.45	2.07
vi) Electricity Sales (Wind Mills)	212.00	207.91
Export Sales		
Processed Shrimp	25,338.20	13,523.13
<b>b. Other Operating Revenues</b>		
Export Incentives	1,870.72	853.89
Income from sale of Certified emission reductions	28.55	32.10
<b>Total</b>	<b>113,160.67</b>	<b>64,803.77</b>

**23. Other Income**

(Rs. in Lacs)

	<b>For the Year Ended 31<sup>st</sup> March, 2014</b>	For the Year Ended 31 <sup>st</sup> March, 2013
Interest on :		
i) Bank Deposits	19.48	9.54
ii) Others	10.93	9.11
Dividend from :		
Current Investments	84.30	24.00
Non-current Investments	0.40	167.21
Gain on Exchange Fluctuations (net)	173.29	23.74
Profit on sale of fixed assets	15.56	-
Miscellaneous Income	64.18	24.45
<b>Total</b>	<b>368.14</b>	<b>258.05</b>



**24. Cost of Materials Consumed**

(Rs. in Lacs)

	For the Year Ended 31st March, 2014		For the Year Ended 31st March, 2013	
	Qty. in MT	Value	Qty. in MT	Value
Fish Meal	31,671.68	23,826.44	24,666.72	14,448.62
Wheat & Wheat Flour	48,169.83	9,586.47	34,706.44	6,233.11
Soya DOC	53,873.83	20,637.59	35,973.24	12,245.57
Other Materials	14,343.00	9,586.60	9,731.68	6,704.74
Shrimp (Head on)	5,238.50	22,643.60	4,025.76	10,623.93
Packing Materia	-	1,959.35	-	1,377.36
<b>Total</b>	<b>1,53,296.84</b>	<b>88,240.05</b>	<b>1,09,103.84</b>	<b>51,633.33</b>

24.1 Shrimp Feed imported 1000 MT included in other materials.

**25. Changes in inventories of Finished Goods, Stock-in-process and Stock-in-trade**

(Rs. in Lacs)

	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Inventories (at close)		
Finished Goods	4,147.47	3,159.68
Work-in-process	569.05	294.31
<b>Total Inventories (at close)</b>	<b>4,716.52</b>	<b>3,453.99</b>
Inventories (at commencement)		
Finished Goods	3,159.68	1,436.82
Work-in -process	294.31	81.48
<b>Total Inventories (at commencement)</b>	<b>3,453.99</b>	<b>1,518.30</b>
Net (Increase)/Decrease	(1,262.53)	(1,935.69)

**26. Employee Benefits Expense**

(Rs. in Lacs)

	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Salaries, wages & bonus	2,241.04	1,563.53
Contribution to PF and Other Funds	247.91	146.65
Staff Welfare Expenses	50.72	31.98
Remuneration to Directors	981.88	420.13
<b>Total</b>	<b>3,521.55</b>	<b>2,162.29</b>

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

**I. Defined Contribution Plans:**

(Rs. in Lacs)

	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013
Employer's Contribution to Provident Fund	90.57	71.40
Employer's Contribution to Super Annuation Fund	14.79	6.92
Employer's Contribution to ESI	14.16	11.51

## 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 Statement of Profit and Loss 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 :

(Rs. in Lacs)

Particulars	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>Change in the present value of defined obligation</b>		
Opening present value of defined benefit obligation	221.87	177.81
Current services cost	43.98	24.96
Interest cost	19.84	7.38
Actuarial losses/ (gain)	54.21	20.73
Benefits paid	(12.54)	(9.01)
Closing present value of defined benefit obligation	327.36	221.87
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	94.07	79.00
Expected return on plan assets	8.67	10.43
Actuarial gains/ (losses)	4.22	(15.27)
Contributions by employer	18.86	28.92
Benefits paid	(12.54)	(9.01)
Closing fair value of plan assets	113.28	94.07
<b>Amount recognized in the Balance Sheet</b>		
Present Value of Funded Obligations	327.36	221.87
Less: Fair Value of Plan Assets	113.28	94.07
Net Liability	214.08	127.80
<b>Expense recognized in Statement of Profit and Loss</b>		
Current services cost	43.98	24.96
Interest on Defined Benefit Obligation	19.84	7.38
Expected return on plan assets	(8.67)	10.43
Net actuarial losses / (gains) recognized in year	49.99	36.00
<b>Amount, included in "Employee Benefit Expense"</b>	<b>105.14</b>	<b>57.91</b>
Actual return on plan assets	12.89	(4.84)
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	9%	8%
Expected Rate of Return on Plan Assets	8%	8%
Salary Escalation Rate	10%	5%
Attrition Rate	10%	10%

## 27. Finance Costs

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>	For the year ended 31 <sup>st</sup> March 2013
Interest Expenses	267.28	278.44
Other borrowing costs	82.68	58.89
<b>Total</b>	<b>349.96</b>	<b>337.33</b>

## 28. Manufacturing Expenses

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>	For the year ended 31 <sup>st</sup> March 2013
Power & Fuel	2,580.66	1,905.92
Repairs & Maintenance		
- Buildings	202.48	94.65
- Plant & Machinery	101.63	41.91
- Electricals	51.53	12.46
Consumable Stores	988.80	650.38
Other Manufacturing Expenses	748.18	540.78
<b>Total</b>	<b>4,673.28</b>	<b>3,281.55</b>

## 29. Selling & Distribution Expenses

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>	For the year ended 31 <sup>st</sup> March 2013
Advertisement	7.81	11.47
Carriage Outward	224.84	158.30
Ocean Freight & Export Expenses	829.96	666.93
Marketing Expenses	629.54	410.50
Royalty	430.26	290.71
Cash Discount	3,833.54	2,170.60
<b>Total</b>	<b>5,955.95</b>	<b>3,708.51</b>

**30. Other Expenses**

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>	For the year ended 31 <sup>st</sup> March 2013
Rent	20.79	12.11
Electricity Charges	6.93	5.76
Rates & Taxes	77.52	62.26
Insurance	116.89	112.86
Travelling & Conveyance	271.19	249.99
Vehicle Maintenance	24.63	26.16
Communication Expenses	49.10	38.33
Printing & Stationery	17.02	13.28
Directors' Sitting Fee	1.70	2.35
<b>Auditors Remuneration</b>		
As Auditors	13.60	9.10
Tax Matters	3.37	2.25
Reimbursement of Expenses	1.97	2.18
<b>Repairs &amp; Maintenance</b>		
Buildings	1.37	8.08
Others	7.07	7.04
Professional Charges	72.60	88.22
Bank Charges	89.36	54.49
General Expenses	148.42	111.53
Loss on Sale of DEPB	27.54	8.43
Donation	10.15	2.15
Loss on Sale of Fixed Assets	10.11	4.22
Assets Written off	1.57	6.20
Bad Debts Written Off	-	23.87
CER Management fees	6.33	-
<b>Total</b>	<b>979.23</b>	<b>850.86</b>

**31. Exceptional Items**

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>	For the year ended 31 <sup>st</sup> March 2013
Anti-dumping Duty	-	111.53
<b>Total</b>	<b>-</b>	<b>111.53</b>

31.1 Department of Commerce of USA carried out review and determined anti-dumping duty at 3.23% on shrimp exports made to USA during the period from 01.02.2011 to 31.01.2012. Company had paid ADD @ 1.69% at the time of export. The differential duty payable is Rs.111.53 lacs. was provided for in the previous year.

### 32. Earning per Share

	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
Profit for the year (Rs. In Lacs)	7,041.47	3,005.07
Weighted Average number of Equity Shares outstanding during the year (in Numbers)	9,083,042	9,083,042
<b>Basic &amp; diluted earnings per share - Face Value of Rs. 10/- each (in Rs.)</b>	<b>77.52</b>	<b>33.08</b>

### 33. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.771.50 lacs (Previous Year Rs.934.00 lacs) which is net of capital advances of Rs.182.00 lacs (Previous Year Rs367.76 lacs).

### 34. Contingent Liabilities Not Provided For

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Central Excise & Customs demand	2,999.18	2,999.18
Service Tax Demand	8.26	8.26
MP VAT demand for soya transactions in 2005-06	29.22	29.22
Income Tax demand	5.13	-
Electricity Duty	3.64	3.64

34.1 The Customs and Central Excise Department raised demand for Rs.1,494.59 lacs and levied penalty of Rs.1,504.59 lacs for customs duty forgone on duty free imports of raw materials, sale of shrimp feed in domestic tariff area (DTA) without permission of the Development Commissioner, Visakhapatnam Export Procession Zone (VEPZ), Visakhapatnam and for non-fulfilment of export obligation during the period from 1999-2000 to 2001-2002 when the Company was operating as a 100% EOU. Company had achieved positive Net Foreign Exchange Earning by 2002-03 and the Development Commissioner of VEPZ allowed unit to de-bond upon being satisfied with the fulfilment of export obligation by the Company and net foreign exchange earning obligation. Further, Company had paid Rs.1,655.03 lacs excise duty which is equivalent of customs duty on import of shrimp feed on domestic sale of shrimp feed as per then prevailing DTA sale norms applicable to 100% EOU. However, the Customs and Central Excise Department raised the demand without taking in to consideration these facts. This demand and levy of penalty is being contested by the Company and Hon'ble CESTAT, Bangalore remanded the case back to The Commissioner of Customs & Central Excise, Guntur for fresh adjudication after considering all the aspects raised by the Company. The matter is pending before the Commissioner of Central Excise and Customs, Guntur, Andhra Pradesh.

34.2 The Customs and Central Excise Department levied penalty of Rs.8.26 lacs for delay in payment of Service Tax on royalty for the period April 1, 2006 to September 30, 2008 paid to Thai Union Feed Mill Co. Ltd. This levy of penalty is being contested by the Company at CESTAT, Bangalore.

- 34.3 Company purchased soya bean in the year 2004-05, converted the same in to DOC in 2005-06 and used some part for own consumption in manufacturing of shrimp feed and some part was exported. The resultant soya oil was sold locally. The Commercial Tax Act pertaining to soya bean processing and soya oil sale was amended with effect from 13.12.2004 and Commercial Tax department took the view that the soya bean purchased prior to 13.12.2004 will attract tax at old rates and a demand of Rs.29.22 lacs was raised. This is being contested by the Company in the High Court of Madhya Pradesh.
- 34.4 For the Assessment Year 2011-2012 Assessing officer disallowed an amount of Rs. 17.95 lacs U/s. 14A for the Investments made by the Company and raised demand for Rs. 5.13 lacs. Company is contesting the same before Commissioner Appeals.
- 34.5 Company approached High Court of Andhra Pradesh against levy and collection of Electricity Duty on self generated power from DG sets. Honble High Court granted stay on recovery of the same and the matter is pending for final hearing.

### **35. Dues to Micro and Small Enterprises**

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2014. 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.

### **36. Segmental Information**

#### **I. Primary Segment**

The Company's business is organized into three main business segments mainly Shrimp Feed, Shrimp Exports and Power. 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 3.2MW at Chitradurga, Karnataka. Power generated from windmills is sold to BESCOM under Power Purchase agreement. Company has made investments in Patikari Power (P) Limited which is operating a 16 MW hydel power project in Himachal Pradesh and Srivathsa Power Projects Limited which is operating a 17.2 MW gas based power project in Andhra Pradesh.

#### **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.

### 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.

(Rs. in Lacs)

Name of the country	Revenue		Location of assets		Additions to fixed assets	
	For the Year Ended 31 <sup>st</sup> March, 2014	For the Year Ended 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	During the Year ended 31 <sup>st</sup> March, 2014	During the Year ended 31 <sup>st</sup> March, 2013
India	87,822.47	51,280.64	36,151.36	22,417.54	3,321.35	1,311.43
USA	21,264.27	12,319.88	2,555.30	2,122.06	-	-
Rest of the world	4,073.93	1,203.25	1,127.64	271.53	-	-
<b>Total</b>	<b>1,13,160.67</b>	<b>64,803.77</b>	<b>39,834.30</b>	<b>24,811.13</b>	<b>3,321.35</b>	<b>1,311.43</b>

## 36.1 Information pursuant to AS - 17 issued by ICAI

(Rs. in Lacs)

	Shrimp Feed		Shrimp Processing		Power*		Unallocated		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Revenue</b>										
External Sales	85,710.75	50,184.66	27,209.37	14,379.09	240.55	240.02	-	-	113,160.67	64,803.77
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>85,710.75</b>	<b>50,184.66</b>	<b>27,209.37</b>	<b>14,379.09</b>	<b>240.55</b>	<b>240.02</b>	<b>-</b>	<b>-</b>	<b>113,160.67</b>	<b>64,803.77</b>
<b>Segment Result</b>										
Operating Profit	7,219.69	2,575.51	3,153.94	1,897.30	126.08	132.81	(0.31)	(1.08)	10,499.40	4,604.54
Share of Profit/(Loss) from Associates	-	-	-	-	66.78	(13.00)	-	-	66.78	(13.00)
Other Income	75.38	12.68	188.27	43.48	-	-	104.49	201.89	368.14	258.05
Interest Expense	199.58	186.25	150.37	151.08	-	-	-	-	349.96	337.33
Exceptional Items	-	-	-	111.53	-	-	-	-	-	111.53
Income Tax	-	-	-	-	-	-	-	-	-	-
- Current Tax & PY Taxes	-	-	-	-	-	-	3,499.41	1,394.76	3,499.41	1,394.76
- Deferred Tax	-	-	-	-	-	-	43.48	0.90	43.48	0.90
<b>Net Profit</b>	<b>7,095.49</b>	<b>2,401.94</b>	<b>3,191.83</b>	<b>1,678.17</b>	<b>192.86</b>	<b>119.81</b>	<b>(3,438.71)</b>	<b>(1,194.85)</b>	<b>7041.47</b>	<b>3,005.07</b>
<b>Other Information</b>										
<b>Segment Assets</b>	<b>23,956.74</b>	<b>13,755.13</b>	<b>10,076.93</b>	<b>5,904.72</b>	<b>4,365.63</b>	<b>4,375.27</b>	<b>1,435.00</b>	<b>776.01</b>	<b>39,834.30</b>	<b>24,811.13</b>
Segment Liabilities	18,511.28	9,011.67	2,581.63	2,329.37	16.43	14.99	767.40	945.00	21,876.74	12,301.03
<b>Capital Employed</b>	<b>5,445.46</b>	<b>4,743.46</b>	<b>7,495.30</b>	<b>3,575.35</b>	<b>4,349.20</b>	<b>4,360.28</b>	<b>667.60</b>	<b>(168.99)</b>	<b>17,957.56</b>	<b>12,510.10</b>
Capital Expenditure	2,931.03	605.83	223.11	657.00	-	-	167.21	48.60	3,321.35	1,311.43
Depreciation	316.68	282.21	135.81	119.39	76.12	76.12	25.13	20.65	553.74	498.38

\* 'Power' Segment reflects revenue and investment in Wind Mills, Patikari Power (P) Ltd and Srivathsa Power Projects Limited.



### 37. RELATED PARTIES

#### 37.1 Name of the related parties and description of their relationship:

1. Key Managerial Personnel : Sri A. Indra Kumar, Chairman & Managing Director  
: Sri C. Ramachandra Rao, Joint Managing Director
2. Associate Companies : Srinivasa Cystine Private Limited  
: SCL Trading Private Limited  
: Thai Union Feed Mill Co. Ltd.  
: Sanjeeva Agro Vet Private Limited  
: Laxai-Avanti Life Sciences Private Limited  
: Sri Sai Srinivasa Agro Farms & Developers Private Limited
3. Companies over which Significant Influence is exercised : Srivathsa Power Projects Limited  
: Patikari Power Private Limited

#### 37.2 Transactions with the related parties during year: (Rs. in Lacs)

Particulars	Key Management Personnel		Associate Companies	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Remuneration	1,008.55	430.80	-	-
Rent Paid	1.82	1.80	1.80	1.80
Royalty paid	-	-	430.26	290.71
Purchase of Shrimp Feed	-	-	557.58	-
Sale of Shrimp	-	-	-	75.53
Dividend Paid	69.51	68.83	310.03	310.03

#### 37.3 Balance as on 31st March 2014 (Rs. in Lacs)

Particulars	Key Management Personnel		Associate Companies	
	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Investment	-	-	2,735.06	2,735.06
Remuneration	801.71	260.85	-	-
Rent	0.15	0.15	0.15	0.15
Royalty	-	-	110.21	69.38

**38. Foreign Currency Inflow & Out Flow**

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>	For the year ended 31 <sup>st</sup> March 2013
i) Value of imports made by the company during the financial year calculated on CIF basis in respect of		
Capital Goods	979.26	324.81
Spares & Consumables	340.15	270.76
Raw Materials	1,699.80	1,465.14
Shrimp Feed imported for trading	557.58	-
ii) Earnings in foreign exchange		
Exports on FOB basis	25,039.55	12,987.81
iii) Expenditure in foreign currency on account of		
Traveling	30.30	13.65
Royalty	430.26	290.71
Quality Insurance Premium	35.97	9.14
Dividend	148.42	148.42
Other expenditures	80.86	24.04
Anti-Dumping Duty	-	111.54

**39. Consumption Of Imported and Indigenous Raw Materials**

(Rs. in Lacs)

	<b>For the year ended 31<sup>st</sup> March 2014</b>		For the year ended 31 <sup>st</sup> March 2013	
	Value	Percentage %	Value	Percentage %
Imported	2,532.39	2.20	1,634.84	3.17
Indigenous	85,707.66	97.80	49,998.49	96.83
<b>Total</b>	<b>88,240.05</b>	<b>100.00</b>	<b>51,633.33</b>	<b>100.00</b>

**40. Details of Nri Shareholders and Dividend Paid in Foreign Currency**

(Rs. in Lacs)

Year of remittance	On account of Financial year	No. of Non-Resident Shareholders	No. of Shares held	Amount of Dividend
2013/2014	2012/2013	2	22,83,442	148.42
2012/2013	2011/2012	2	22,83,442	148.42

**Financial Information of Subsidiary Company**

S.No	Name of the Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Total Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation
1	Svimsan Imports & Exports Limited	INR	100.00	(189.79)	0.61	90.41	--	(0.31)	-	(0.31)

**AVANTI FEEDS LIMITED**

CIN: L16001TG1993PLC015214

Regd. Office: G-2, Concorde Apartments, 6-3-658, Somajiguda, Hyderabad – 500 082.

Tel: 040-23310260/261. Fax: 040-23311604. Email: [avantih@avantifeeds.com](mailto:avantih@avantifeeds.com).

Website: [www.avantifeeds.com](http://www.avantifeeds.com)

**ATTENDANCE SLIP**

21<sup>ST</sup> ANNUAL GENERAL MEETING

2<sup>nd</sup> August, 2014

DP ID – Clinet ID No. / Folio No. : \_\_\_\_\_

No. of shares held : \_\_\_\_\_

Name of the Member / Proxy : \_\_\_\_\_

Address of the Member : \_\_\_\_\_

I/We, hereby record my/our presence at the 21<sup>st</sup> Annual General Meeting of Avanti Feeds Limited on Saturday, the 2<sup>nd</sup> August, 2014 at 11.00 A.M., at K. L. N. Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), Red Hills, Hyderabad.

Signature of Member/Proxy

Note:

1. Please complete this attendance slip and hand it over at the entrance of the meeting hall.
2. Members are informed that no duplicate slips will be issued at the venue of the meeting and are requested to bring this slip.

The Page Intentionally Left Blank

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : CIN: L16001TG1993PLC015214  
 Name of the Company : Avanti Feeds Limited  
 Registered Office : G-2, Concorde Apts., 6-3-658, Somajiguda, Hyderabad-500 082.  
 Name of the member(s) : \_\_\_\_\_  
 Registered Address : \_\_\_\_\_  
 Email ID : \_\_\_\_\_  
 Folio No./Client ID/DPID : \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name : \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or falling him
2. Name : \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or falling him
3. Name : \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or falling him

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company, to be held on Saturday the 2<sup>nd</sup> August, 2014 at 11.00 A.M. at K. L. N. Prasad Auditorium, Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), 11-6-841, FAPCCI Marg, Red Hills, Hyderabad-500 004, and at any adjournment thereof in respect of such resolutions as are indicated below:

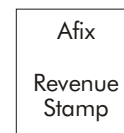
**Ordinary Business:**

1. Adoption of Audited Financial Statements for the year ended 31<sup>st</sup> March, 2014 including Balance Sheet 31<sup>st</sup> March, 2014 and the Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2014 alongwith Report of the Directors and Auditors thereon.
2. To declare dividend of Rs.15/- per equity share of Rs.10/- each fully paid up for the year 2013-14.
3. Reappointment of Sri N. Ram Prasad, who retires by rotation.
4. Appointment of Karvy & Co., Chartered Accountants as Auditors for a period of 3 years and authorizing the Board of Directors to fix their remuneration.

**Special Business:**

5. Appointment of Sri B.V. Kumar as an Independent Director
6. Appointment of Sri A.V. Achar as an Independent Director
7. Appointment of Sri M.S.P. Rao as an Independent Director
8. Appointment of Sri K. Ramamohana Rao as an Independent Director
9. Appointment of Sri A. Indra Kumar, Managing Director as Chairman & Managing Director and approval to increase the remuneration.
10. Remuneration of Cost Auditors i.e., M/s.Sagar Associates, Cost Accountants, Hyderabad, for the year 2014-15.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.



Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

The Page Intentionally Left Blank



New shrimp feed manufacturing plant at Kovvur



New IQF machine in operation at shrimp processing & export division at Gopalapuram.





Registered Office : G-2, Concorde Apartments,  
# 6-3-658, Somajiguda, Hyderabad - 500 082.  
Email: [investors@avantifeeds.com](mailto:investors@avantifeeds.com)