

AVANTI FEEDS LIMITED
22nd ANNUAL GENERAL MEETING OF THE COMPANY
HELD ON 8th AUGUST, 2015.

ADDRESS BY CHAIRMAN & MANAGING DIRECTOR, SRI. A. INDRA KUMAR

Dear Shareholders,

I extend warm welcome to you all to this 22nd Annual General Meeting of your Company.

At the outset, let me share my pleasure with you to inform that FORBES magazine has listed your Company as one of "Asia's 200 Best Under A Billion" company for the year 2015. Only 11 companies from India made it to the elite category.

Industry Overview :

Before I take up the Company's performance during the year 2014-15, let me share with you the industry scenario so that there is better evaluation of the performance and strategic pursuits of the Company.

The overall Indian marine product exports during 2014-15 crossed USD 5.5 billion, recording increase of 10% in value terms as compared to 2013-14. The exports were Rs.33,441 crores as against Rs.30,213 crores in 2014-15.

Shrimp exports accounted for 67% of the total exports in US Dollar value terms. In the current year, the shrimp exports are Rs.22,468 crores as compared to Rs.19,175 crores in the year 2014-15, recording an increase of 17% as compared to negative growth in the other marine products exports such as fish.

In volume terms, the shrimp exports grew by 18% from 3.01 lakh MT in 2013-14 to 3.58 lakh MT in 2014-15.

It is heartening to note that for the 5th consecutive year, there is growth of shrimp culture in India on account of increase in stocking density, conversion to Vannamei and increase of culture to some extent. With the spread of Vannamei shrimp culture, the traditional Black Tiger shrimp culture is almost completely replaced by Vannamei species in all most all the culture areas except in some pockets.

The Nodal agencies like Coastal Aquaculture Authority (CAA), Marine Products Export Development Authority (MPEDA), Export Inspection Agency (EIA), National Fisheries Development Board (NFDB) etc., have been strictly implementing regulatory measures in mandatory registration of farms, import of good quality brood stock, monitoring of hatchery operations, certification of the shrimp at the time of export etc., These measures are giving stability while ensuring sustained growth of shrimp culture in India.

One of the positive development is the development of SPF seed of Tiger species of shrimp by MPEDA. The developed seed is under field trials and if succeeded, will give a stand by alternative to Vannamei and will also give us competitive edge in international market for bigger size tiger prawns.

Your company is doing lot of extensive field work for sustainable aquaculture by holding farmer's seminars, training the farmers to follow best aquaculture practices etc,. I am also happy to inform you that your company achieved highest category of BAP 4 Star, which will go a long way in establishing Brand Reputation of your Company products globally.

Now, I would like to present to you the performance of your company in 2014-15.

The Annual Report for the year 2014-15 is already in your hands and I am sure that you will feel happy to see that your company recorded Rs.1785 crores turnover and Rs.116 crores of PAT, a jump of 57% in the top line and 66% in the bottom line compared with the previous year.

PERFORMANCE OF FEED DIVISION:

The feed sales in 2014-15 are 56% higher than that of the previous year at 2,33,489 MT mainly because of large scale conversion of farmers to your company feed on account of better performance compared to other competitor feeds. As a result, the performance of your company has been exceedingly good for the successive fifth year.

First crop of Shrimp culture in current year is progressing well. There is healthy growth of 10-15% because of increase in the area of culture, stocking density and continued conversions. Your company's June'15 quarter results declared yesterday evening is reflecting the trend of shrimp culture in general and your Company's feed performance in particular.

PERFORMANCE OF SHRIMP PROCESSING & EXPORT DIVISION:

The shrimp processing and export division recorded exports of 3409 MT in 2014-15 as compared to 3289 MT in the previous year.

The division could not show much improvement in its performance during 2014-15 as the exports to US in the 2nd half of the year were severely affected due to stringent checking of each and every container of shrimp exported to that country for presence of antibiotic residues. Because of this, there were inordinate delays in clearing of the consignments by USFDA with additional expenditure to the exporters. As a result, exports to USA slowed down. Added to this, as all of you know, the international prices of shrimps have been coming down almost continuously.

As an alternative, your Company developed new markets in Middle East, Europe and China which enabled Company to maintain at the level of previous year's performance.

Current year, i.e. 2015-16 appears promising as the US Authorities reverted back to random checking of the containers. Although the performance of this division in June'15 quarter is not reflecting much of the positive development, in the coming quarter we believe, the exports will gain momentum. The orders from new markets i.e. Middle East, Europe and China will also add to the top line of this division and it is expected that this division will show improved performance in the current year i.e. 2015-16.

WIND MILLS :

Your company has 4 wind mills of 0.80 MW each at Chitradurg, Karnataka with a total installed capacity of 3.2 MW. The wind mills generated 55.41 lac units of power as compared to 62.39 lac units in the previous year. The reduction in power generation is on account of reduced wind velocity. The Wind Mill operations during 2014-15 reported a net profit of Rs.91.22 lacs.

POWER PROJECTS :

Srivathsa Power Projects Private Limited, is a 17.2 MW gas based independent power project in which company holds 49.99% shares. The unit is not operating on account of non-supply of gas by GAIL and ONGC since July'14 due to accident to GAIL pipelines in Tatipaka in June,2014.

It was reported in the earlier years that GAIL 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. To mitigate this to some extent, Company made arrangement to draw 10500 SCMD gas from ONGC through open bidding process. The delivery of additional gas was started from 16th June'14.

Unfortunately, on 28th June, 2014 there was a blast in gas pipe line of GAIL. As a consequence, GAIL stopped gas supplies to replace the old pipe lines. As a result, ONGC gas is also not being supplied as this gas was being supplied through GAIL pipeline. Hence, the unit is not operating from July'14 onwards.

Laying of new pipelines by GAIL is under progress and expected to be completed by October / November'15.

Patikari Power Private Limited, the 16 MW Hydel Power Project in Himachal Pradesh with Company's investment of 25.88% as a joint venture project, was commissioned in February'08. During 2014-15, this project generated 62.85 lacs salable energy units, yielding a gross sales income of Rs.1,414.22 lacs and net profit of Rs.61.32 lacs after charging interest, depreciation and tax.

FUTURE OUTLOOK OF THE INDUSTRY :

Having placed before you, the performance of your Company during 2014-15, I would like to share with you my views on the future of this industry in India.

The future of the Company remains POSITIVE, as I could be seen from the developments that are taken place.

The Indian shrimp industry is in the process of stabilization as all the stakeholders have become aware of do's and don'ts and mostly adhering to it. The various regulatory agencies like Coastal Aquaculture Authority (CAA) and Marine Products Export Development Authority (MPEDA) have also put in place systems to regulate the industry assuring sustainable growth. Therefore, the future of this industry is attuned to grow at a steady pace of 10-15% and stay for a long time to come. USA continues to be a major export destination for Indian shrimps while new markets are being developed in Middle East, Europe and China.

In the light of the positive outlook of the industry I will now proceed to present your company's future plans.

A. NEW SHRIMP HATCHERY AT GUDIVADA IN VISAKHAPATNAM DISTRICT:

The new hatchery project implementation is under progress and expected to be completed by March,2016.

B. EXPANSION OF SHRIMP FEED CAPACITY BY SETTING-UP NEW PLANT:

In the previous year AGM, I had stated that plans are being drawn up to expand feed capacity by setting up a new feed plant.

I am glad to announce that suitable land for the project has been acquired. The capacity of the new plant would be 1,25,000 MT per annum and project implementation work will be started soon after obtaining all the statutory approvals.

C. NEW PROCESSING FACILITY :

I also had stated in the previous year AGM that your company is studying feasibility of setting up a state-of-the art shrimp processing facility with the association of THAI UNION.

I am extremely happy to report that Company has decided to set up a state-of-the-art shrimp processing facility with latest technology in association with THAI UNION. This plant will have 15000 MT capacity per annum with facilities to do value added products. The project will be implemented under Avanti Frozen Foods Private Limited, a subsidiary of your Company. This is done to bring complete focus on the processing and export activity.

The land for the project has been acquired and implementation work will start soon.

ACKNOWLEDGEMENT:

Before I close my address today, I would like to acknowledge and place on record the unstinted support and cooperation extended by the State, Central and other Governmental Agencies, Shareholders, Banks, Suppliers, Dealers, Farmers and Staff of the Company.

I thank you and wish you all a **HAPPY FESTIVAL SEASON** ahead.
