



19<sup>th</sup>  
Annual Report  
2011-2012



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



Shrimp Feed Manufacturing Plant at Village Balda, Gujarat.

## BOARD OF DIRECTORS

**A. Indra Kumar**  
Managing Director

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

**A.V. Achar**

**N. Ram Prasad**

**K. Ram Mohan Rao**

**B.V. Kumar**

**M. Venkateswara Rao**, Nominee-APIDC

**M.S.P. Rao**

**Bunluesak Sorajjakit**

**Wai Yat Paco Lee**

### AUDITORS

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

### INTERNAL AUDITORS

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

### BANKERS

State Bank of India

### REGISTRARS & SHARE TRANSFER AGENTS

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

### REGISTERED OFFICE

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

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

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## NOTICE

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

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March, 2012 and statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Mr. B.V.Kumar who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. A.V.Achar who retires by rotation and is eligible for re-appointment.
4. To declare the dividend of Rs.6.50 per equity share of Rs.10/- each fully paid for the year 2011-12.
5. To appoint M/s. Karvy & Company, Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Paco Lee, who was appointed as an Additional director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956 received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

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

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

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

Perquisites :

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

Category – A:

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

Category – B:

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

II. Ex-gratia :

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

III. Commission:

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

IV. Minimum Salary:

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

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

By Order of the Board  
for Avanti Feeds Limited

Place: Hyderabad  
Date : 14.07.2012

**A.INDRA KUMAR**  
Managing Director

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxy in order to be effective must be deposited at the Company's Registered Office at G-2, Concorde Apartments, #6-3-658, Somajiguda, Hyderabad - 500 082, Andhra Pradesh, not less than 48 hours before the time for holding the meeting.
3. Register of Members and Share Transfer Books of the Company shall remain closed from 13<sup>th</sup> August, 2012 to 18<sup>th</sup> August, 2012 (both days inclusive).
4. In order to provide protection against fraudulent encashment of Dividend Warrants, members are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to enable the Company to incorporate the same in the Dividend Warrants.
5. Members are requested to notify promptly any change in their address registered with the Company to the Registered Office of the Company.
6. Members desiring to seek any information on the annual accounts are requested to write to the Company at an early date to enable compilation of information.
7. All communication relating to shares are to be addressed to the Company's Transfer Agents, M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
8. As per the provisions of the Sec.205 C of the Companies Act, 1956, Unclaimed Dividend Amount in respect of 2003-04 has been transferred to Investor Education and Protection Fund upon expiry of 7 years period. Unclaimed Dividend for the year 2004-05 will be transferred to Investor Education and Protection Fund on or before 30.09.2012. Shareholders who have not claimed Dividend for the year 2004-05 are requested to claim the dividend on or before 30.09.2012

By Order of the Board  
for Avanti Feeds Limited

Place: Hyderabad  
Date : 14.07.2012

**A. INDRA KUMAR**  
Managing Director

**IMPORTANT COMMUNICATION TO MEMBERS**

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



## EXPLANATORY STATEMENT

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

### Item No.6

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

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

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

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

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

### Item No.7.

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

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

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

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

By Order of the Board  
for Avanti Feeds Limited

**A. INDRA KUMAR**  
Managing Director

Place: Hyderabad  
Date : 14.07.2012



**DIRECTORS' REPORT**

To

The Shareholders,

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

**FINANCIAL PERFORMANCE:**

(Rs. in Lacs)

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

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

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

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

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

**AMALGAMATION OF AVANTI THAI AQUA FEEDS PRIVATE LIMITED WITH THE COMPANY**

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

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

**DIVIDEND:**

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

**CONSOLIDATED FINANCIAL STATEMENTS:**

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

**SUBSIDIARIES:**

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

**DIRECTORS:**

In terms of Article 105 and 106 of the Articles of Association of the Company, Mr. B.V.Kumar and Mr. A.V. Achar retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. An ordinary resolution to that effect is propounded for the consideration and passing by the shareholders in ensuing AGM.

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

**AUDITORS:**

The Auditors M/s. Karvy & Co., Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. Members are requested to consider their reappointment for the financial year ending 31<sup>st</sup> March, 2013 on remuneration to be decided by the Board of Directors.

**COST AUDIT:**

Complying with the provisions of Section 233 (B) of the Companies Act, 1956 and Ministry of Corporate Affairs Notification dated 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 Processing and Export Division of the Company for the year 2012-13 and the cost audit report will be submitted to the Ministry of Corporate Affairs, Government of India.

**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 ;

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.

**ACKNOWLEDGEMENTS:**

Your Directors are pleased to place on record their 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 : 14.07.2012

A. Indra Kumar  
Managing Director

C. Ramachandra Rao  
Joint Managing Director &  
Company Secretary

## 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, 2012.

Name of the Employee	Designation	Nature of Duties	Remuneration received Rs.(in lakhs)	Qualifications	Experience	Date of Employment	Age Yrs.	Designation, Last Employment held
A.Indra Kumar	Managing Director	Projects, Production, Exports & General Administration	221.88	B.E	26	01.04.1998	50	Executive Director Srinivasa Cystine Limited
C.Ramachandra Rao	Joint Managing Director	Finance, Secretarial, Imports & Exports and General administration	126.86	FCA, ACS & LLB	37	01.10.1994	60	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, 2012.

**FORM A**  
(See Rule 2)

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

(Rs. in Lacs)

A)	Power & Fuel Consumption	2011-12	2010-11
	<b>1. Electricity</b>		
	a) Purchased: Units (KWH)	91,19,298	80,91,804
	Total Amount (Rs. in lacs)	422.85	360.08
	Rate / Unit (Rs.)	4.64	4.45
	b) Own Generation		
	Through Diesel Generator		
	HSD Oil Consumed (Ltrs)	6,13,565	2,03,988
	Units (KWH)	18,24,962	5,73,611
	Units produced per liter of Diesel Oil	2.97	2.81
	Cost of HSD Oil consumed (Rs. in lacs)	266.32	77.86
	Cost / Unit (Fuel Cost)/ Unit (Rs.)	14.59	13.57
	<b>2. Diesel/ Furnace Oil for Boiler</b>		
	Quantity Consumed (Ltrs)	9,12,296	7,37,618
	Total Amount (Rs. in lacs)	392.30	260.96
	Quantity of Steam produced (Mts)	12,012	9,389
	Average Rate (Rs./MT)	3,266	2,779
	<b>3. Consumption Per Unit (MT) of Production</b>		
	Electricity (KWH)		
	Feed (PMT)	113	139
	Shrimp (PMT)	1964	2411
	Diesel/Furnace Oil (Ltrs.)		
	Feed (PMT)	14.50	19.87

**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)

	2011-12	2010-11
a) Foreign Exchange Earnings (FOB)	10,807.10	6,275.17
b) Foreign Exchange Out-go	2,432.45	1,666.29

## 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.

During the year Company set up an internal Risk & Compliance Department headed by a Chartered Accountant having 15 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.

The shrimp feed production plants at Kovvur and Vemuluru are ISO 9001:2008 certified plant. Company's Gujarat plant is also in the process of implementing ISO 9001 standards. 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 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 Director	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 16 <sup>th</sup> August, 2011
1.	Sri A. Indra Kumar	MD-Promoter	6	6	Yes
2.	Sri C. Ramachandra Rao	Joint Managing Director & C.S	6	6	Yes
3.	Sri N. Ram Prasad	NED	6	4	Yes
4.	Sri A. V. Achar	NED/ID	6	4	Yes
5.	Sri K. Ram Mohan Rao	NED/ID	6	3	Yes
6.	Sri M. Venkateswara Rao	ND/ID	6	6	Yes
7.	Sri B V Kumar	NED/ID	6	5	Yes
8.	Sri M S P Rao	NED/ID	6	3	No
9.	Bunluesak Sorajjakit	NED	6	2	Yes

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

Name of the Director(s)	No. of other Companies in which Director	No. of Committees (Excluding Avanti Feeds Limited)	
		Membership	Chairmanship
1. Sri A. Indra Kumar	12	...	...
2. Sri C. Ramachandra Rao	12	1	...
3. Sri N. Ram Prasad	04	...	...
4. Sri A.V.Achar	02	...	...
5. Sri K. Ram Mohan Rao	03	...	...
6. Sri M.VenkateswaraRao	03	...	...
7. Sri B V Kumar	...	...	...
8. Sri M S P Rao	09	4	...
9. Sri. Bunluesak Sorajjakit	05	...	...



(iii) The details of Board Meetings held during the financial year 2011-12

Six Board Meetings were held during the year 2011-12. 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 2011-12 are as follows:

Sl. No.	Date of Board Meeting
1	21.05.2011
2	06.08.2011
3	03.09.2011
4	24.09.2011
5	22.10.2011
6	21.01.2012

(iv) Note on the Directors seeking re-appointment.

Sri B.V.Kumar & Sri A.V.Achar, retire by rotation and, being eligible, have offered themselves for re-appointment.

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

- 1) Name of the Director : Mr. B.V.Kumar  
Date of Birth : 29.05.1934  
Date of appointment : 26.09.2002  
Occupation : Service  
Expertise in specific functional areas : He is a Practicing Lawyer in Hon'ble High Court of Karnataka, worked in various Government and Central Government Organizations.  
  
Directorships in other companies : NIL  
Committee positions held in other companies : N A
  
- 2) Name of the Director : Mr. A.V.Achar  
Date of Birth : 22.03.1940  
Date of appointment : 07.04.1993  
Occupation : Business  
Expertise in specific functional areas : He is a qualified Law Graduate with rich experience in legal, Banking and Management & Accounting Systems  
  
Directorships in other companies : Golkonda Hospitality & Ser. Ltd  
Dancap Consultants Ltd.,  
  
Committee positions held in other companies : N A

**(v) Appointment of Director**

With the increased levels of operations and future expansion plans of the Company, it is desirable to have more of TUF's involvement by having one more nominee Director of TUF on our Board. As such, Board of Directors in their meeting held on 14.07.2012 appointed Mr. Wai Yat Paco Lee as an Additional Director who was also a director in the amalgamated company M/S Avanti Thai Aqua Feeds Private Limited as nominee director of TUF.

As per the provisions of the Section 260 of the Companies Act, 1956 Mr. Wai Yat Paco Lee holds office up to the date of the ensuing Annual General Meeting and a resolution for his appointment as a Director is proposed at the forthcoming Annual General Meeting. The details of Mr. Wai Yat Paco Lee are as follows :

Name of the Director	: Mr. Wai Yat Paco Lee
Date of Birth	: 17.01.1966
Occupation	: Service
Expertise in specific functional areas	: He is a finance professional and presently working as Head of Investor Relations and Corporate Investments of Thai Union Frozen Products PCL, Thailand (TUF). Mr. Paco Lee brings with him 20 years of rich experience of international finance and growth management.
Directorships in other companies	: Pakfood Public Company Limited, Thailand.
Committee positions held in other companies	: N A

**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 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 statutory auditors, internal auditors, D.G.M. (Accounts & Finance) and Head of Rare 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.

Name	Designation	Meetings held during the year	Meetings attended during the tenure
Sri A V Achar	Chairman	4	04
Sri K Ram Mohan Rao	Member	4	03
Sri M S P Rao	Member	4	02
Sri. B.V.Kumar	Member	4	03
Sri. C.Ramachandra Rao	Compliance Officer	4	04

Sl.No.	Date of Meeting
01	14.05.2011
02	30.07.2011
03	15.10.2011
04	13.01.2012

The representatives of the Statutory Auditors and Internal Auditors of the Company had 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 2011-12, before it was placed in the Board. The Committee periodically interacts with the statutory 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.Ram Mohan 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 as 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, 2012 are as under :-

(Rs. In lacs)

Name and Designation	All elements of remuneration package i.e., salary benefits, pension Commission on profits etc.	Fixed Component and performance linked incentives along with the performance criteria	Service Contract Notice Period and Severance Fees	Stock option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable
A. Indra Kumar Managing Director	221.88	—	—	—
C. Ramachandra Rao Joint Managing Director	126.86	—	—	—

(Rs. In lacs)

Name of the Director	Sitting Fee	Commission
K. Ram Mohan Rao	30,000	---
A. V. Achar	40,000	---
N. Ram Prasad	20,000	---
M. Venkateswara Rao		
Nominee of APIDC (Paid to APIDC)	30,000	---
B.V. Kumar	40,000	---
M S P Rao	25,000	---
Mr. Bunluesak Sorajjakit	10,000	----

- (iv) Statement showing number of Equity Shares held by the Non-Executive Directors as on March 31, 2012

Name of the Director	Number of Shares held (as on 31.03.2012)
K. Ram Mohan Rao	18400
A. V. Achar	200
N. Ram Prasad	20600
M. Venkateswara Rao *	
Nominee of APIDC (Paid to APIDC)	500000

\* NOTE: Shares held by Andhra Pradesh Industrial Development Corporation

## 5. Shareholders and Investor Grievance Redressal Committee

### Composition

A Shareholders and Investor Redressal Grievance Committee was constituted with Sri N. Ram Prasad as the Chairman and Sri K. Ram Mohan 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 Nine times during the year.

During the year the Company has received 22 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, 2012.

The status of shareholder's complaints during the financial year 2010-11 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.	Non Receipt of Dividend Warrants	18	18	0
2.	Non Receipt of Annual Reports	01	01	0
3.	Non Receipt of Dup/Transmission Deletion of SCS	03	03	0
	<b>Total</b>	<b>22</b>	<b>22</b>	<b>0</b>

#### 6. General Body Meetings:

The details of Annual General Meetings are as follows:

Year	Location	Date	Time
2010-11	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	06.08.2011	11.00 AM
2009-10	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	14.08.2010	11.00 AM
2008-09	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad	23.09.2009	11.00 AM

**EGM :** During the year at the directions of Hon'ble High Court of Andhra Pradesh, Extraordinary General Meeting was held on Saturday the 21<sup>st</sup> January, 2012 at 11.00 AM for the approval of scheme of Amalgamation of M/s. Avanti Thai Aqua Feeds Private Limited with our company.

#### 7. Disclosures:

- 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.
- There were no non-compliances by the Company, penalties, 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.
- 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:

- 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.
- 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, Business Standard 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 Companies website. ([www.avantifeeds.com](http://www.avantifeeds.com))  
e. The Management Discussion and Analysis Report is included elsewhere in this Annual Report.

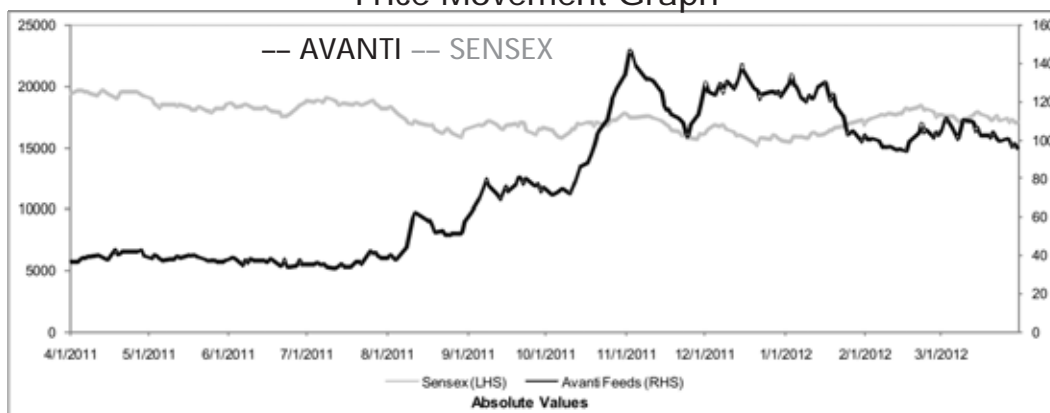
#### 9. General Shareholders' Information:

Sl.No	Item	Details
(i)	AGM Date, Time and Venue	On 18 <sup>th</sup> August, 2012 at 11.00 A.M . Surana Udhyog Hall, FAPCCI Marg, FAPCCI Building, Red Hills, Hyderabad
(ii)	Financial Year	2011-12
(iii)	Financial Calendar (tentative)	First Quarter Results – End July, 2012 • Second Quarter / Half Year Results – End October, 2012 • Third Quarter / Nine Months Results – End January, 2013 • Fourth Quarter / Year end Results – End May, 2013
(iv)	Dates of Book Closure	13 <sup>th</sup> August, 2012 to 18 <sup>th</sup> August, 2012 (Both days inclusive).
(v)	Dividend and due date for Dividend Payment	Board of Directors has recommended Rs.6.50/- dividend per Equity share of Rs.10/- each for the financial year 2011-12. On approval of the shareholders dividend warrants will be dispatched with in the statutory time limit.
(vi)	Listing on Stock Exchanges	The Company's Shares are listed on Madras and Bombay Stock Exchanges. The Address of these Exchanges is as given below: 1. Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 . 2. The Madras Stock Exchange, Exchange Building, Post Box No.183, 11, Second Line Beach, Chennai -600 001 The Company has duly paid the Listing fees for the year 2012-13 to the Stock Exchanges where the shares of the Company are Listed.
(vii)	Stock Code	BSE : 512573 MSE : AVA NSDL/CSDL ISIN No. : INE871C01012

#### (viii) Market Price Data (information gathered from BSE)

Month	Open Price	High Price	Low Price	Close Price
Apr-11	36.15	44.90	35.25	39.35
May-11	38.7	43.45	34.20	39.05
Jun-11	38.95	38.95	33.45	36.95
Jul-11	35.05	43.00	32.30	39.85
Aug-11	40.40	65.30	34.00	57.60
Sep-11	59.95	83.00	59.90	74.30
Oct-11	78.00	133.90	70.35	133.90
Nov-11	137.90	154.90	99.20	125.15
Dec-11	131.40	144.70	119.00	123.10
Jan-12	124.80	135.90	95.35	100.20
Feb-12	102.95	106.95	89.40	103.00
Mar-12	100.00	112.20	90.20	95.80

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 31.03.2012

Sl. No.	Category		Number of shareholders	% of shareholders	Number of Shares	% of holding
	From	To				
1	Upto	5000	3521	86.79	526471	6.58
2	5001	10000	204	5.03	163584	2.04
3	10001	20000	150	3.70	228761	2.86
4	20001	30000	62	1.53	155776	1.95
5	30001	40000	24	0.59	82612	1.03
6	40001	50000	22	0.54	103777	1.30
7	50001	100000	25	0.62	175696	2.20
8	100001	and above	49	1.20	6563323	82.04
No. of Shareholders in physical mode			1581	38.97	408314	5.10
No. of shareholders in electronic mode			2476	61.03	7591686	94.90



## b) Shareholding pattern as on 31.03.2012

Sl.No	Category	No of Shares	% to paid up capital
<b>A</b>	<b>Promoters Holding</b>		
1	Promoters – Individuals	1311940	16.40
2	Promoters – Corporate Bodies	2487700	31.10
	<b>Sub Total</b>	<b>3799640</b>	<b>47.50</b>
<b>B</b>	<b>Non-Promoters Holding</b>		
<b>1</b>	<b>Institutional Investors</b>		
	a. Mutual Funds	4200	0.05
	b. Banks, IFI, Insurance Cos, (Central and State Govt Institutions / Non-Govt Institutions)	500900	6.26
	c. FIIs	100	0.01
	<b>Sub Total</b>	<b>505200</b>	<b>6.32</b>
<b>2</b>	<b>Others</b>		
	a. Private Corporate Bodies	295799	3.70
	b. Indian Public	2115392	26.42
	c. NRIs/ OCB's	1282657	16.04
	d. Others/Clearing Members	1312	0.02
	<b>Sub Total</b>	<b>3695160</b>	<b>46.21</b>
	<b>Grand Total</b>	<b>8000000</b>	<b>100.00</b>

3	Dematerialisation of shares and liquidity	<p>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 compulsorily in dematerialised form for all investors.</p> <p>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 the Company's Scrip is INE871C01012.</p> <p>94.90 % ( Previous Year 92.73%) 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.</p>
4	Outstanding ADRs/ GDRs	The Company has not issued any ADR/GDR

5	Plant Locations	<p>Shrimp Feed Plant I &amp; Wheat Flour Plant D.No.15-11-24 Kovvur-534350 W.G.Dist, A.P., India</p> <p>Shrimp Feed Plant II Vemuluru Kovvur-534350 W.G.Dist., A.P., India</p> <p>Shrimp Feed Plant III Block No.498/1 &amp; 501, Pardi Nasik Road, Balda Village, Pardi Taluk, Valsad Dist, Gujarat - 396125</p> <p>Shrimp Processing Plant Gopalapuram 533274 Ravulapalem Mandal E.G. Dist., A.P., India</p> <p>Wind Mill Lakkihalli Village, Hiriyur Taluk, Chitradurga District, Karnataka State.</p>
6	Address for Correspondence	<p><b><u>Registered Office :</u></b> Avanti Feeds Limited, G-2, 6-3-658, Concorde Apartments, Somajiguda, Hyderabad – 500 082.</p> <p><b><u>Registrars and Transfer Agents:</u></b> M/s. 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 : <a href="mailto:mailmanager@karvy.com">mailmanager@karvy.com</a></p>

- (xii) Pursuant to the provision of section 205A and 205C of the Companies Act, 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, 2012, as envisaged in clause 49 of the listing agreement with stock exchanges.

Place: Hyderabad  
Date : 14.07.2012

**A. INDRA KUMAR**  
Managing Director

## Managing Director and Chief Financial Officer Certification

We, A. Indra Kumar, 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. These 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 propose to 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 : 14.07.2012

**A. Indra Kumar**  
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, 2012 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

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

Place : Hyderabad  
Date : 14.07.2012

## 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:

Total Indian seafood product exports during 2011-12 recorded an increase of about 27.72% over previous year in terms of value and about 5.24% in terms of quantity. During 2011-12, 8.55 lacs tones of seafoods valued at Rs. 16,477 crores were exported. The value of exports of frozen shrimp constituted as much as 49.43% in terms of value amounting to Rs.8,144 crores though in terms of quantity, shrimp exports constitute 22%. The share of Frozen Shrimp in the exports of marine food during 2011-12 increased to 49% in rupee value and 50% in dollar value terms as compared to 42% and 37% respectively in the earlier year.

The major export market has been USA, Europe and Japan during 2011-12 for shrimp exports.

It is heartening to note that after a slow recovery in the previous year, the shrimp culture industry registered a significant growth of around 25% during 2011-12. The growth in shrimp culture is due to successful adoption of Vannamei Shrimp Culture in India coupled with remunerative export prices during the year 2011-12. Continuing the trend, the growth of shrimp culture has registered a very healthy rate of 20% in the first quarter of 2012-13 i.e. from April to June 2012. The reason being gradual change over of shrimp culture to Vannamei species from Black Tiger which is expected to continue whole of this year and next year too.

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, fish, Vannamei hatchery and processing & export of shrimps. The Company has also well trained technical team to provide technical support to the farmers and assisting farmers with information and knowledge of 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. 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 global shrimp consumption is also expected to increase in future, assuring consistent market. The domestic market is also expected to grow in future with parity of shrimp prices with any other comparable products such as meat and poultry products.

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 has been planning to set-up a state-of-art Vannamei hatchery in South India with technical expertise of THAI UNION for which the Company has been scouting for an appropriate location and a suitable land. After a detailed study, the Company has now identified a suitable location near Chennai in the State of Tamilnadu and efforts are on to buy necessary land to set up the hatchery. It is expected that the hatchery would be built and commissioned in a year's time from now.

During the year Company has expanded its shrimp feed manufacturing capacity by replacing old machinery with new higher capacity machines and constructed new godowns to handle volumes. Due to this expansion the annual capacity of the feed mill has increased to 1,10,000 Mts per annum from 52,000 mts per annum.

As a result of increase in shrimp production, the need for enhancing the processing capacity has been realized by the Company and shrimp processing capacity at its existing plant has been increased by adding higher capacity IQF machinery and increasing the processing space. As a result of expansion, the shrimp processing capacity has increased to 8000 Mts per annum from 2720 mts per annum.

In addition to the expansion of feed and processing capacities that have been implemented during the years 2011-12 and in 2012-13 till now, the Company anticipates that the shrimp culture is slated for a big jump in a couple of years from now due to large scale conversion of shrimp culture to Vannamei species. Therefore, the Company has drawn up plans to expand the feed manufacturing facility at the existing plant at Kovvur. As the land to the extent of 4.94 acres was readily available for sale, the Company bought the land which would facilitate fast and economical way of expanding feed production capacity of the Company. Plans are being drawn up to identify machinery suppliers and take necessary action for implementation of the project.

#### **WEAKNESS :**

In spite of registering significant growth in shrimp production as well as shrimp exports during 2011-12 and continued trend, the shrimp culture industry is continued to be haunted with inadequate infrastructure facilities, particularly inadequate power supply to aquaculture farmers which is a 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 2011-12. One of the reasons being, seafood is considered as healthier 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 cannot be ruled out.

Volatility of international prices of shrimps and fluctuating foreign exchange rates and US anti-dumping 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:**

Gradual switching over to Vannamei culture with higher stocking densities compared to Black Tiger species and increase in area of aquaculture the consumption of shrimp feed is expected to increase multifold. Added to 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 Vannmei shrimp culture taking over from Black Tiger, 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 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 6.47 million 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 105.77mn units yielding a gross sales income of Rs.3575.00 lacs and net profit of Rs.773.00 lacs after charging off interest, depreciation & tax. In the year 2011-12 Company declared dividend of 15% and your Company got Rs.250.40 lacs as dividend income.
- (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 2011-12 this project generated 60.25 million salable energy units, yielding a gross sales income of Rs.1704.02 lacs and net loss of Rs.59.92 lacs after charging interest and depreciation. The project achieved capacity utilization of 78.81% to DPR during the year.

#### **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 the financial and other records are reliable for preparing financial statements and for maintaining accountability of the assets.

In addition, a firm of Chartered Accountants has been appointed as internal auditors. The audit committee reviewed their periodical reports and their suggestions are implemented to ensure the functioning of proper internal control systems.

#### **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. 4003.00 lacs before tax adjustments as compared to profit of Rs.511.14 lacs in the previous year.



### AUDITOR'S REPORT

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

We have audited the attached Balance sheet of M/S.AVANTI FEEDS LIMITED as at 31st March, 2012, and also the Statement of Profit & Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report)(Amendment) Order, 2004, (together the 'Order') issued by the Central Government Of India, in terms of sub -section (4A) of Section 227 of the Companies Act,1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, 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 purposes 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 the books of the Company;
  - 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 , to the extent applicable ;
  - e. On the basis of the written representations received from the Directors/ Companies, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read together with the Company's Accounting Policies and Notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 ;
    - ii. In the case of the Statement of Profit and Loss, profit for the year ended on that date; and
    - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date

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

Place: Hyderabad  
Date : 14.07.2012

(K. AJAY KUMAR)  
Partner  
(M. No: 21989)

## Annexure to the Auditors' Report

*(Referred to in paragraph 2 of our report)*

- 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) A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion frequency of verification is reasonable having regard to the size of the and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - (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 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 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 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 has not taken any unsecured loan from a covered in the register maintained under Section 301 of the Companies Act, 1956.
- 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 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 controls.
- v. According to the information and explanations given to us, 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 have been so entered.
- vi. 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 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 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however 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 in 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<sup>st</sup>, 2012 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, there are disputed amounts in respect of Service Tax, amounting to Rs.8.26 Lacs, at the forum of CESTAT, Bangalore and in respect of MP VAT, amounting to Rs.29.22 Lacs, at the forum of The Hon'ble High Court Of Madhya Pradesh; which have not been deposited with the appropriate authorities as at March 31, 2012. Except for what has been stated, there are no other amounts in respect of income tax, sales-tax, Service-tax, customs duty, wealth-tax, excise duty and Cess, that have not been deposited with the appropriate authorities on account of any dispute.

- 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 and in the previous financial year.
- 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. No loans have been taken by the Company from financial institutions and the did not have any debentures outstanding as at the Balance Sheet date.
- 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.
- 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.
- 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.
- xv. The Company has pledged its investment in M/s Patkari Power Pvt. Ltd with respect to a loan availed by M/s.Patkari 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, 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. Accordingly, Clause 4 (xix) of the Order is not applicable to the.
- 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.

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

Place: Hyderabad  
Date : 14.07.2012

(K. AJAY KUMAR)  
P A R T N E R  
(M. No: 21989)

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

(Rs. in lacs)

	Note	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A EQUITY &amp; LIABILITIES</b>			
1 Share Holders Funds			
a) Share Capital	2	908.30	800.00
b) Reserves & Surplus	3	8,749.41	6,324.85
2 Non-current Liabilities			
a) Long term borrowings	4	1,462.27	789.18
b) Deferred tax liabilities (net)	5	99.10	-
c) Other long term liabilities	6	119.50	119.50
d) Long term provisions	7	177.82	137.91
3 Current Liabilities			
a) Short term borrowings	8	3,278.44	3,965.20
b) Trade payables	9	1,224.64	1,014.96
c) Other current liabilities	10	1,644.59	1,016.82
d) Short term provisions	11	686.18	92.98
<b>TOTAL – EQUITY &amp; LIABILITIES</b>		<b>18,350.25</b>	<b>14,261.40</b>
<b>B ASSETS</b>			
1 Non-current Assets			
a) Fixed Assets	12	4,476.10	2,662.32
b) Non-current investments	13	2,848.54	3,248.02
c) Deferred tax asset (Net)	5	-	131.76
d) Long term loans & advances	14	66.59	48.63
e) Other non-current assets	15	185.98	157.40
2 Current Assets			
a) Current Investments	16	1,727.62	700.28
b) Inventories	17	4,215.26	3,905.01
c) Trade receivables	18	1,550.51	2,280.77
d) Cash & cash equivalents	19	2,204.23	410.01
e) Short term loans & advances	20	522.20	170.08
f) Other Current assets	21	553.22	547.12
<b>TOTAL ASSETS</b>		<b>18,350.25</b>	<b>14,261.40</b>
<b>C. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-41</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants

For and on behalf of the Board

**K. Ajay Kumar**  
Partner

**A. Indra Kumar**  
Managing Director

Place : Hyderabad  
Date : 14.07.2012

**N. Ram Prasad**  
Director

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

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(Rs. in lacs)

	Note	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>INCOME</b>			
Revenue from Operations	22	39,341.48	20,774.88
Other Income	23	335.28	394.78
Total Revenue		<u>39,676.76</u>	<u>21,169.66</u>
<b>EXPENDITURE</b>			
Cost of Materials Consumed	24	25,998.91	17,160.74
Purchases of Stock-in-Trade	25	695.68	-
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	26	417.43	(941.56)
Employee Benefits expense	27	1,582.31	727.42
Finance Costs	28	406.90	439.23
Depreciation & Amortisation Expense	12	400.42	288.22
Manufacturing Expenses	29	2,757.46	1,616.29
Selling & Distribution Expenses	30	2,376.32	992.78
Other Expenses	31	972.70	374.50
Total Expenses		<u>35,608.13</u>	<u>20,657.62</u>
Profit before exceptional items & Tax		4,068.63	512.04
Exceptional items	32	65.63	0.90
Profit before tax		4,003.00	511.14
Tax Expenses			
Current Tax		966.00	70.43
Deferred Tax charged (Net)		229.98	98.91
Profit for the year		2,807.02	341.80
Earning per equity share of Rs.10 each Basic & Diluted (in Rs.)	33	30.90	4.27
<b>NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-41</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants

**K. Ajay Kumar**  
Partner

Place : Hyderabad  
Date : 14.07.2012

**N. Ram Prasad**  
Director

For and on behalf of the Board

**A. Indra Kumar**  
Managing Director

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(Rs. in lacs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	4,003.00	511.14
Adjustment for :		
Depreciation	400.42	288.22
Impairment & Profit on sale of Fixed Assets (Net)	61.37	0.90
Bad Debts Written Off	150.78	7.68
Doubtfull Debts	81.82	20.00
Excess Provision written off	89.06	-
Credit Balances Written Off	(3.09)	(1.33)
Loss/(Gain) on exchange fluctuations & forward contracts	302.47	(121.27)
Interest Paid	406.90	439.22
Interest Received	(18.83)	(29.64)
Dividend Received on Investments	(272.09)	(168.55)
<b>Operating Profit before Working Capital Changes</b>	<b>5,201.81</b>	<b>946.37</b>
Adjustment for :		
Trade and Other Receivables	50.25	(1,223.38)
Inventories	(310.25)	(1,177.52)
Trade Payable	1,154.74	732.54
Cash generated from Operations	6,096.55	(721.99)
Income Tax Paid	(966.00)	(70.43)
<b>Net Cash flow from Operating activities :</b>	<b>5,130.55</b>	<b>(792.42)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Investment (Net)	(1,027.33)	(715.23)
Dividend Received on Investments	272.09	168.55
Interest Received	18.83	29.64
Purchase of Fixed Assets	(1,157.05)	(182.54)
Sale of Fixed Assets	14.73	16.62
<b>Net Cash (used in) Investing activities</b>	<b>(1,878.73)</b>	<b>(682.96)</b>



(Rs. in lacs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>		
Proceeds from long term borrowings	565.19	-
Repayment of long term borrowings	(330.01)	(626.93)
Repayment in short term borrowings	(934.43)	2,489.50
Interest Paid	(406.90)	(439.22)
Profit on exchange fluctuations & forward contracts	(302.47)	121.27
Dividends paid (including tax on Dividend)	(93.29)	-
<b>Net Cash generated in Financing Activities</b>	<b>(1,501.91)</b>	<b>1,544.62</b>
Net Increase in Cash and Cash Equivalents	1,749.91	69.24
Cash and Cash Equivalents (Opening Balance)	454.32*	340.77
Cash and Cash Equivalents (Closing Balance)	2,204.23	410.01
* Includes Rs.44.32 lacs cash and cash equivalents of Avanti Thai Aqua Feeds Private Limited		
Notes forming part of Financial Statements 1 - 41		

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants

**K. Ajay Kumar**  
Partner

Place : Hyderabad  
Date : 14.07.2012

**N. Ram Prasad**  
Director

For and on behalf of the Board

**A. Indra Kumar**  
Managing Director

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

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 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, except for the change in accounting policy as discussed in para 2.1(a) below.

#### Summary of significant accounting policies

##### a) Change in accounting policy

###### Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### c) 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.

##### d) 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.

**e) 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.

**f) 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.

**g) 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.

**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**

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

**j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

**Revenue from sales**

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

**Other operating revenue**

Other operating revenue includes income from export incentives receivable in the form of VKGUY and Duty Draw Back. The income is recognised only after dispatch of goods and receipt of bill of lading.

**Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**Dividends**

Dividend income is recognized when the unit holder's right to receive dividend is established by the reporting date.

**k) Retirement and other employee 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:**

- i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the Statement of Profit and Loss.
- iii) 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**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or subsequently enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**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 in financial statements but discloses its existence in the financial statements as a notes to accounts.

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) **Amalgamation**

The amalgamation has been accounted for under the "Pooling Interest Method" as prescribed by Accounting Standard (AS-14) "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.

s) The previous year figures have been re-grouped/re-classified, wherever necessary to confirm to the current year presentation.

**2. Share capital**

(Rs. in lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Authorised Share Capital : 80,00,000 equity shares of Rs. 10 each (PY 80,00,000 equity shares of Rs. 10 each as at 31.03.2011)	800.00	800.00
Issued, Subscribed and Paid up : 80,00,000 Equity Shares of Rs. 10 each fully paid (PY 80,00,000 Equity Shares of Rs. 10 each fully paid up as at 31.03.2011)	800.00	800.00
Share Suspense Account: (In consequence to Amalgamation of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company, 10,83,042 Equity Shares of Rs. 10 each fully paid up is to be issued to shareholders of ATAF as consideration w.e.f. 01.04.2011. Pending issue and allotment of the equity shares, the face value of shares to be allotted is shown against "Share Suspense Account")	108.30	0.00
<b>TOTAL</b>	<b>908.30</b>	<b>800.00</b>

**2.1 Amalgamation of Avanti Thai Aqua Feeds Private Limited with the company**

- In terms of the scheme of Amalgamation & Arrangement (Scheme) approved by orders dated 18<sup>th</sup> April, 2012 of Hon'ble High Court of Andhra Pradesh, M/s. Avanti Thai Aqua Feeds Private Limited (ATAF) whose core business is to manufacture and sell shrimp feed has been amalgamated with the Company with effect from April 1, 2011.
- The amalgamation has been accounted for under the "Pooling Interest Method" as prescribed by Accounting Standard (AS-14) "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.
- In accordance with the said scheme:
  - All the assets, debts, liabilities, duties and obligations of "Avanti Thai Aqua Feeds Private Limited" have been vested in the Company with effect from April 1, 2011 and have been recorded at their respective book values under pooling interest method of accounting for amalgamation. There were no differences in the accounting policies of "Avanti Thai Aqua Feeds Private Limited" and the Company.

2. 10,83,042 equity shares of Rs. 10/- each have to be allotted to the shareholders of "Avanti Thai Aqua Feeds Private Limited" in the ratio of 20 equity shares of Rs. 10/- of the company for every 71 equity shares of Rs. 10/- each of "Avanti Thai Aqua Feeds Private Limited".
3. In accordance with the said scheme, any excess/shortfall of the Net Assets Value taken over by the Company over the paid-up value of equity shares to be issued and allotted has been transferred to Capital Reserve.

## 2.2. Reconciliation of the shares outstanding at the beginning and at the end of the year

	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	No's	Amount Rs.in lacs	No's	Amount Rs.in lacs
Equity shares of Rs. 10/- each fully paid up				
At the beginning of the year	80,00,000	800.00	80,00,000	800.00
Changes during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	80,00,000	800.00	80,00,000	800.00

## 2.3 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, 2012, the amount of per share dividend recognized as distributions to equity shareholders at Rs. 6.50 (March 31, 2011: Re. 1.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	No's	% Holding	No's	% Holding
Srinivasa Cystine Private Limited	22,26,000	27.83	22,26,000	27.83
Thai Union Frozen Products PCL, Thailand	11,99,000	14.99	11,99,000	14.99
Alluri Indra Kumar (HUF)	5,45,950	6.82	5,45,950	6.82
Andhra Pradesh Industrial Development Corporation Ltd.	5,00,000	6.25	5,00,000	6.25
Alluri Indra Kumar	4,94,530	6.18	4,74,380	5.93

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 and surplus

(Rs. in lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Capital Reserve :</b>		
Balance at the beginning of the year	129.60	129.60
Capital Reserve arising on account of amalgamation of Avanti Thai Aqua Feeds Private Limited with the Company	276.18	–
<b>Balance at the end of the year (a)</b>	<b>405.78</b>	<b>129.60</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	3,855.69	3,825.69
Add : Transferred from Profit & Loss Account	300.00	30.00
<b>Balance at the end of the year (c)</b>	<b>4,155.69</b>	<b>3,855.69</b>
<b>Profit &amp; Loss Account :</b>		
Balance at the beginning of the year	1,901.55	1,682.73
<b>Add :</b>		
Transferred from Avanti Thai Aqua Feeds Private Limited on account of amalgamation	27.55	--
<b>Surplus for the year</b>	<b>2,807.02</b>	<b>341.80</b>
	<b>4,736.12</b>	<b>2,024.53</b>
<b>Less : Appropriations</b>		
Transferred to General Reserve	300.00	30.00
Proposed Dividend	590.40	80.00
Tax on Dividend	95.78	12.98
<b>Balance at the end of the year (d)</b>	<b>3,749.94</b>	<b>1,901.55</b>
<b>Grand total of Reserves &amp; Surplus (a + b + c + d)</b>	<b>8,749.41</b>	<b>6,324.85</b>



3.1 The computation of the amount transferred to Capital Reserve as a consequence of Amalgamation is as under: (Rs. in lacs)

	Book Value of Assets	Amount
a)	Fixed Assets	1034.24
b)	Investments	----
c)	Net Current Assets	53.67
d)	Pre-Operative Expenditure pending capitalization	93.03
e)	Miscellaneous Expenditure	6.16
	<b>Total Assets (I)</b>	<b>1,187.10</b>
	<b>Book Value of Liabilities:</b>	
a)	Secured Loans	374.71
b)	Deferred Tax Liability	0.88
	<b>Total Liabilities (II)</b>	<b>375.59</b>
	<b>Net Value of Assets (I-II)</b>	<b>811.51</b>
Less:		
a)	Equity Shares to be issued to shareholders of "Avanti Thai Aqua Feeds Private Limited" 10,83,042 equity shares of Rs. 10/- (each)	108.30
b)	Cancellation of equity holding of company in Avanti Thai Aqua Feeds Private Limited : 39,94,800 equity shares of Rs. 10/- each	399.48
		<b>507.78</b>
App:	Amount credited to Capital Reserve on Amalgamation	276.18
	Amount credited to Profit & Loss Account on Amalgamation	27.55

4. Long Term Borrowings & Current Maturities Of Long Term Debt : (Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Long Term	Current Maturities	Long Term	Current Maturities
<b>Secured Loans :</b>				
a) Term Loan from State Bank of India	854.98	81.00	144.00	146.00
<b>Vehicle Loans :</b>				
b) From I C I C I Bank Limited	7.07	26.92	30.74	25.88
c) From Magma Fincorp Limited	7.50	13.99	21.49	12.73
d) From HDFC Bank Limited	2.23	1.70	-	-
e) From Tata Capital Limited	0.87	2.46	3.33	2.24
<b>Unsecured Loan :</b>				
Deferred payment liability – Sales Tax	589.62	–	589.62	–
<b>Total</b>	<b>1,462.27</b>	<b>126.07</b>	<b>789.18</b>	<b>186.85</b>

4.1 The term loan of Rs. 935.98 (Rs.854.98 lacs is long term debt and Rs.81 lacs is classified as current maturities of the long term debt) was availed from State Bank of India, Industrial Finance Branch, Hyderabad for the implementation of shrimp feed manufacturing project at Gujarat by Avanti Thai Aqua Feeds Private Limited (ATAF). The loan is secured by first charge on fixed assets of Avanti Thai Aqua Feeds Private Limited, Corporate Guarantee of the Company & Srinivasa Cystine Private Limited, an associate company and personal guarantee of Mr. A. Indra Kumar, Managing Director of the Company.

4.2 Other loans stated above are vehicle loans and 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 a period of 14 years. The first installment of the loan is due for payment in June, 2015.

#### 5. Deferred tax liability (net)

(Rs. in Lacs)

Deferred Tax Assets	2011-12	2010-11
Carry Forward Losses	----	155.37
Minimum Alternate Tax	----	130.27
Disallowances U/s 43B:		
Provision for employee benefits	10.63	9.46
Others	59.35	24.30
<b>Total</b>	<b>69.98</b>	<b>319.40</b>
Deferred Tax Liabilities:		
Difference between book and tax depreciation	169.08	187.64
<b>Total</b>	<b>169.08</b>	<b>187.64</b>
<b>NET DEFERRED TAX ASSET / (LIABILITY)</b>	<b>(99.10)</b>	<b>131.76</b>

#### 6. Other Long Term Liabilities

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Security Deposits Received from Dealers	119.50	119.50
<b>Total</b>	<b>119.50</b>	<b>119.50</b>

6.1 Security Deposits taken from dealers for supplying them shrimp feed on credit terms. These deposits are interest free.

#### 7. Long Term Provisions

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Provision for Retirement benefits	177.82	137.91
<b>Total</b>	<b>177.82</b>	<b>137.91</b>

#### 8. Short Term Borrowings :

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Working Capital loans from State Bank of India	3,278.44	3,965.20
<b>Total</b>	<b>3,278.44</b>	<b>3,965.20</b>

8.1 Working Capital loans of Rs.3278.44 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 7.36 lac equity shares of the Company held by promoters and personal guarantee of Mr.A.Indra Kumar, Managing Director of the Company.

## 9. Trade Payables

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Micro, Small and Medium enterprises	-	-
Others	1,224.64	1,014.96
<b>Total</b>	<b>1,224.64</b>	<b>1,014.96</b>

## 10. Other Current Liabilities

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) Current maturities of long term debt (refer Note.4)	127.07	186.85
b) Unclaimed Dividend	11.85	13.06
c) Advance from customers	339.77	258.61
d) Creditors for expenses	1,165.90	315.00
e) Loans from Subsidiaries	-	43.30
f) Loans from Associate Companies	-	200.00
<b>Total</b>	<b>1,644.59</b>	<b>1,016.82</b>

## 11. Short Term Provisions

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Proposed Dividend	590.40	80.00
Provision for dividend distribution tax	95.78	12.98
<b>Total</b>	<b>686.18</b>	<b>92.98</b>

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

	Tangible Assets							Capital Work in Progress	Total
	Free Hand Land	Buildings	Plant & Machinery	Office Equip-ment	Furniture & Fixtures	Vehicles			
Opening as at 01.04.2011									
Company	132.61	852.85	4,409.84	137.98	39.73	337.48	-	5,910.49	
ATAF	-	-	-	5.40	0.73	11.67	-	17.80	
Additions									
Company	50.18	-	285.98	28.11	0.82	19.87	167.13	552.09	
ATAF	112.31	794.79	788.94	6.89	2.46	16.51	-	1,721.90	
Deletions									
Company	-	0.69	153.37	31.97	3.94	57.68	-	247.65	
ATAF	-	-	-	-	-	-	-	-	
Total Cost as at 31.03.2012	295.10	1,646.95	5,331.39	146.41	39.80	327.85	167.13	7,954.63	
Depreciation :									
Opening as at 01.04.2011									
Company	-	259.26	2,732.78	83.78	24.74	146.41	-	3,246.97	
ATAF	-	-	-	0.39	0.02	1.11	-	1.52	
Charged for the year									
Company	-	24.11	285.91	11.35	1.84	29.36	-	352.57	
ATAF	-	20.19	24.70	1.56	0.30	1.11	-	47.85	
On deletions									
Company	-	0.05	100.66	19.22	3.57	46.89	-	170.39	
ATAF	-	-	-	-	-	-	-	-	
Total Depreciation as at 31.03.2012	-	303.51	2,942.73	77.86	23.33	131.10	-	3,478.53	
Depreciation for the year ended 31.03.2011	-	21.28	235.65	1.51	2.09	27.69	-	288.22	
Net Block as at 31st March 2012	295.10	1,343.44	2,388.66	68.55	16.47	196.75	167.13	4,476.10	
Net Block as at 31st March 2011	132.61	593.59	1,694.33	35.76	14.96	191.07	-	2,662.32	

Note : Avanti Thai Aqua Feed Private Limited (ATAF) figures represent the assets of amalgamated company

## 13. Non-current Investments

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A) Trade Investments - Unquoted Investment in equity shares</b>		
<b>Subsidiary companies</b>		
Svimsan Exports & Imports Ltd. 10,00,000 equity Shares of Rs. 10/- each fully paid (PY 10,00,000 equity Shares of Rs. 10/- each fully paid)	100.00	100.00
Avanti Thai Aqua Feeds Pvt. Ltd. 39,94,800 equity shares of Rs. 10/- each fully paid (PY 39,94,800 equity shares of Rs. 10/- each fully paid)	----	399.48
<b>Associate companies</b>		
Srivathsa Power Projects Limited 1,66,93,630 equity shares of Rs. 10/- each fully paid (PY 1,66,93,630 equity shares of Rs. 10/- each fully paid)	1,670.54	1,670.54
Patikari Power Private Limited 1,06,45,200 equity shares of Rs. 10/- each fully paid (1,06,45,200 equity shares of Rs. 10/- each fully paid)	1,064.52	1,064.52
	<u>2,835.06</u>	<u>3,234.54</u>
<b>B) Non-Trade Investments - Quoted</b>		
IDBI Limited 2,880 Equity Shares of Rs. 130/- each fully paid (PY 2,880 Equity Shares of Rs. 130/- each fully paid)	0.54	0.54
UCO Bank Limited 5,000 Equity Shares of Rs. 10/- each fully paid (PY 5,000 Equity Shares of Rs. 10/- each fully paid)	0.94	0.94
<b>Unquoted</b>		
Bhimavaram Hospitals Limited 1,20,000 equity shares of Rs. 10/- each fully paid (PY 1,20,000 equity shares of Rs. 10/- each fully paid)	12.00	12.00
	<u>13.48</u>	<u>13.48</u>
<b>Total non-current Investments (A + B)</b>	<u>2,848.54</u>	<u>3,248.02</u>

**Quoted Investments**

Book Value	1.48	1.48
Market Value	6.95	12.46

**Unquoted Investments**

Book Value	2,747.06	3,246.54
------------	----------	----------

13.1 Consequent to the amalgamation of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company, the shares held by the Company in Avanti Thai Aqua Feeds Private Limited got cancelled.

**14. Long Term Loans & Advances**  
(Unsecured And Considered Good)

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Capital Advances	21.28	--
Advances to Other body corporates	25.89	30.88
Staff Advances	19.42	17.75
<b>Total</b>	<b>66.59</b>	<b>48.63</b>

**15. Other Non-current Assets**  
(Unsecured And Considered Good)

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Deposits with Electricity Boards & rental deposits	113.93	95.65
Deposits in defined benefits plans	72.05	61.75
<b>Total</b>	<b>185.98</b>	<b>157.40</b>

**16. Current Investments**  
(Unsecured And Considered Good)

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Non-Trade Investments :</b>		
SBI Liquid Mutual Fund	1,727.62	700.28
<b>Total</b>	<b>1,727.62</b>	<b>700.28</b>

**17. Inventories**

Rs. in Lacs

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Raw Materials		
in godowns	2,057.10	1,646.12
in transit	105.47	41.11
Work-in-process	81.48	57.33
Finished Goods	1,436.82	1,878.40
Stores & Spares	349.95	264.33
Packing Materials	184.44	17.72
<b>Total</b>	<b>4,215.26</b>	<b>3,905.01</b>

## 18. Trade Receivables

(Rs. in Lacs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>Secured &amp; Considered Good :</b>		
More than six months	--	--
Others	479.93	293.52
<b>Un-secured &amp; Considered Good :</b>		
More than six months	--	86.78
Others	1,070.58	1,821.70
<b>Un-secured &amp; Considered Doubtful</b>		
More than six months	103.74	98.77
Others	10.55	--
<b>Total</b>	<b>1,664.80</b>	<b>2,300.77</b>
Less : Provisions	114.29	20.00
<b>Total Rs.</b>	<b>1,550.51</b>	<b>2,280.77</b>

## 19. Cash &amp; Cash Equivalents

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Balances with Scheduled Banks</b>		
Current Accounts	292.86	113.39
Fixed Deposits for Margin Money	90.26	225.67
Unclaimed Dividend Accounts	11.85	13.06
Fixed Deposits- maturity less than 3 months	1,800.00	--
	<b>2,194.97</b>	<b>352.12</b>
Cash in hand	9.26	57.89
<b>Total</b>	<b>2,204.23</b>	<b>410.01</b>

## 20. Short Term Loans and Advances

(Unsecured And Considered Good)

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Advance for Purchases	292.80	30.81
Other Advances	150.90	118.44
Advance Tax	52.54	0.83
Staff Advances	25.96	20.00
<b>Total</b>	<b>522.20</b>	<b>170.08</b>

## 21. Other Current Assets

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
DEPB & Duty Drawback receivable	530.98	529.10
Accrued Interest	22.24	18.02
<b>Total</b>	<b>553.22</b>	<b>547.12</b>

## 22. Revenue from operations

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Domestic Sales</b>		
i) Shrimp Feed	26,367.52	11,680.64
ii) Fish Feed	589.82	1,610.76
iii) Shrimp Seed	74.39	--
iv) Wheat Bran	116.90	16.38
v) Processed Shrimp	8.39	36.63
vi) Electricity Sales (Wind Mills)	216.41	173.63
<b>Export Sales</b>		
l) Processed Shrimp	10,808.46	6,443.51
Incentives		
Export Incentives	1,159.59	813.33
<b>Total</b>	<b>39,341.48</b>	<b>20,774.88</b>

## 23. Other Income

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Interest on</b>		
i) Bank Deposits	14.42	25.22
ii) Others	4.41	4.42
<b>Dividend from</b>		
Current investments	250.79	167.14
Non-Current investments	21.29	1.41
Gain on Exchange Fluctuations	--	121.27
Profit on sale of fixed assets	4.26	--
Miscellaneous Income	40.11	75.32
<b>Total</b>	<b>335.28</b>	<b>394.78</b>

## 24. Cost Of Materials Consumed

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Qty. in MT	Value	Qty. in MT	Value
Fish Meal	14,001.42	7,075.92	7,883.26	4,404.66
Wheat	16,727.20	2,209.42	12,860.21	1,843.63
Soya DOC	20,408.54	4,463.42	7,232.15	1,487.81
Other Materials	13,500.43	4,510.05	9,310.18	2,554.45
Shrimp	2,950.35	7,740.10	2,224.28	6,870.19
<b>Total</b>	<b>67,587.94</b>	<b>25,998.91</b>	<b>39,510.08</b>	<b>17,160.74</b>



**25. Purchases of Stock in Trade**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Shrimp feed imported	695.68	--
Total	695.68	-

25.1 During the year Company imported 1500 MT of shrimp feed from Thai Union Feed Mill Co Limited, Thailand and sold to its dealers to cater to the temporary increase in demand due to peak season.

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

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Inventories (at close)</b>		
Finished Goods	1,436.82	1,878.40
Work-in-process	81.48	57.33
<b>Total Inventories (at close)</b>	<u>1,518.30</u>	<u>1,935.73</u>
<b>Inventories (at commencement)</b>		
Finished Goods	1,878.40	921.53
Work-in-process	57.33	72.64
<b>Total Inventories (at commencement)</b>	<u>1,935.73</u>	<u>994.17</u>
Net (Increase)/Decrease	417.43	(941.56)

**27. Employee Benefits Expense**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Salaries, wages & bonus	1,104.63	550.34
Contribution to P F & other funds	123.94	85.19
Staff Welfare Expenses	18.25	14.52
Remuneration to Directors	335.49	77.37
<b>Total</b>	<u>1,582.31</u>	<u>727.42</u>

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

**I. Defined Contribution Plans:**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Employer's Contribution to Provident Fund	48.42	34.20
Employer's Contribution to Super Annuation fund	6.28	6.28
Employer's contribution to ESI	9.47	6.99

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 Profit & Loss Account 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 2012	For the year ended 31 <sup>st</sup> March 2011
Opening defined benefit obligation	137.91	114.17
Current services cost	14.07	10.80
Interest cost	10.69	8.85
Actuarial losses/ (gain)	23.74	10.96
Benefits paid	8.60	6.87
Closing defined benefit obligation	177.82	137.91
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	68.69	60.33
Expected return on plan assets	5.69	25.69
Actuarial gains/ (losses)	0.10	30.96
Contributions by employer	13.12	9.96
Benefits paid	8.60	6.87
Closing fair value of plan assets	78.99	68.69
<b>Amount recognized in Balance Sheet</b>		
Present Value of Funded Obligations	177.82	137.91
Fair Value of Plan Assets	78.99	68.69
Net Liability	98.83	69.22
Amounts in the balance sheet		
Provisions for gratuity & Leave Encashment	177.82	137.910
Net liability / (asset)	105.76	79.16
<b>Expense recognized in statement of Profit and Loss Account</b>		
Current services cost	14.07	10.79
Interest on Defined Benefit Obligation	10.69	8.86
Expected return on plan assets	5.69	25.69
Net actuarial losses / (gains) recognized in year	23.64	19.99
Amount, included in "Employee Benefit Expense"	42.71	25.35
Actual return on plan assets	5.79	5.27
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	8%	8%
Expected Rate of Return on Plan Assets	8%	8%
Salary Escalation Rate	5%	5%

## 28. Finance Costs

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest Expenses	314.44	342.64
Bank Charges	92.46	96.59
<b>Total</b>	<b>406.90</b>	<b>439.23</b>

## 29. Manufacturing Expenses

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Power & Fuel	1,081.47	698.89
Packing Materials Consumed	798.07	419.36
Repairs & Maintenance		
- Buildings	52.98	4.32
- Plant & Machinery	62.86	20.30
- Electricals	10.48	4.03
- Windmills maintenance	25.55	25.08
- Laboratory maintenance	13.77	11.11
Stores & Spares	398.45	243.53
Other Manufacturing Expenses	313.83	189.67
<b>Total</b>	<b>2,757.46</b>	<b>1,616.29</b>

## 30. Selling &amp; Distribution Expenses

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Advertisement	4.82	4.23
Carriage Outward	91.66	133.02
Ocean Freight & Export Expenses	363.20	225.70
Marketing Expenses	482.45	153.07
Royalty	145.09	55.91
Cash Discount	1,056.51	393.17
Bad Debts Written Off	150.77	7.68
Provision for Doubtfull Debts	81.82	20.00
<b>Total</b>	<b>2,376.32</b>	<b>992.78</b>

### 31. Other Expenses

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Rent	6.58	10.18
Electricity Charges	3.79	3.01
Rates & Taxes	24.61	18.61
Service Tax	8.80	5.54
Insurance	75.99	56.70
Travelling & Conveyance	167.55	121.23
Vehicle Maintenance	21.43	22.20
Communication Expenses	31.86	24.80
Printing & Stationery	9.25	8.18
Directors' Sitting Fee	1.95	0.26
<b>Auditors Remuneration</b>		
As Auditors	8.27	5.52
Tax Matters	2.21	1.10
Reimbursement of Expenses	2.01	0.93
<b>Repairs &amp; Maintenance</b>		
Buildings	19.52	0.46
Others	9.55	4.34
Professional Charges	64.26	27.60
General Expenses	85.63	47.52
Loss on Sale of DEPB	36.35	16.02
Loss on Exchange Fluctuation	302.47	0.00
Donation	1.56	0.30
Provision of export incentives written off	89.06	0.00
<b>Total</b>	<b>972.70</b>	<b>374.50</b>

### 32. Exceptional items

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Assets Written off	12.92	0.90
Impairment of assets	52.71	—
<b>Total of Exceptional items</b>	<b>65.63</b>	<b>0.90</b>

32.1 The amount of Rs.12.92 lacs represents furniture and fixtures that are discarded while renovating the office and also some of the computer systems and LAN were discarded as they are not compatible to the up graded IT environment.

32.2 Company had set up Shrimp Shell Manufacturing plant in the year 2000 to process the waste generated from shrimp processing unit. Shrimp Shell Meal was used as a raw material for

manufacturing shrimp feed. However, with the high cost of Furnace Oil, the processing of shrimp waste became unviable. The plant is idle since 2007 and there is no possibility of reviving it in future. The initial investment in Plant & Machinery was Rs.180.56 lacs in the year 2000 and the depreciated value now is Rs.52.71 lacs, which is written off as impairment.

### 33. Earning Per Share

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Profit for the year	2,807.02	341.80
Weighted Average number of Equity Shares outstanding during the year including the share suspense account	90,83,042	80,00,000
Basic & diluted earnings per share –Face Value of Rs.10/- each	30.90	4.27

33.1 Number of equity shares of 90,83,042 includes 10,83,042 equity share to be issued to shareholders of Avanti Thai Aqua Feeds Private Limited (ATAF) as a consequence of amalgamations of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company. As per the Scheme of Amalgamation, the effective date of amalgamation is 1<sup>st</sup> April, 2011.

### 34. Commitments

Capital commitments not provided for on account of pending execution (net of Rs.101.88 lacs advance) – Rs. 79.06 lacs (Previous Year Rs. NIL).

### 35. Contingent Liabilities Not Provided For

(Rs. in Lacs)

Particulars	As on 31 <sup>st</sup> March, 2012	As on 31 <sup>st</sup> March, 2011
Service Tax Demand	8.26	8.26
MP VAT demand for soya transactions in 2005-06	29.22	29.22

### 36. Dues To Micro, Small & Medium Enterprises

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2012. 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.

### 37. 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.

37.1 Information pursuant to AS - 17 issued by ICAI

(Rs. in Lacs)

PARTICULARS	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
Revenue										
External Sales	27,148.62	13,307.77	11,976.45	7,293.47	216.41	173.62	-	-	39,341.48	20,774.86
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	27,148.62	13,307.77	11,976.45	7,293.47	216.41	173.62	-	-	39,341.48	20,774.86
Segment Result										
Operating Profit	2,537.43	444.04	1,489.38	40.42	113.44	71.12	-	-	4,140.25	555.58
Other Income	18.57	108.13	3.17	98.40	-	-	313.54	188.25	335.28	394.78
Interest Expense	212.51	272.02	169.42	116.56	24.97	50.64	-	-	406.90	439.22
Exceptional Items	52.71	-	-	-	-	-	12.92	-	65.63	-
Income Tax	-	-	-	-	-	-	-	-	-	-
- Current Tax & PY Taxes	-	-	-	-	-	-	966.00	70.43	966.00	70.43
- Deferred Tax	-	-	-	-	-	-	229.97	98.91	229.97	98.91
Net Profit	2,290.77	280.15	1323.13	22.26	88.47	20.48	(895.35)	18.91	2,807.02	341.80
Other Information	As on	As on	As on	As on	As on	As on	As on	As on	As on	As on
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
	7,898.71	5,153.64	2,737.03	3,366.71	1,006.38	1,087.44	6,708.13	4,890.90	18,350.25	14,498.69
	3,315.72	3,754.45	1,440.54	1,821.87	22.59	290.03	3,913.69	1,507.49	8,692.54	7,373.84
Capital Employed	4,582.99	1,399.19	1,296.49	1,544.84	983.79	797.41	2,794.44	3,383.41	9,657.71	7,124.85
Capital Expenditure	869.67	67.12	65.16	50.96	-	-	12.03	64.46	946.86	182.54
Depreciation	218.87	129.22	84.17	71.81	76.12	76.12	21.26	11.07	400.42	288.22

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 3.2 MW at Chitradurga, Karnataka. Power generated from windmills is sold to BESCO 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	
	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
India	28,787.89	14,331.37	17,526.82	13,217.23	946.86	182.54
USA	8,186.62	5,193.37	544.50	709.15	—	---
Rest of the world	2,366.97	1,250.14	278.93	335.02	---	---
Total	39,341.48	20,774.88	18,350.25	14,261.40	946.86	182.54

## 38. RELATED PARTIES

Name of the related parties and description of their relationship:

1. Subsidiary : Svimsan Exports & Imports Limited  
: Avanti Thai Aqua Feeds Private Limited (up to 31.03.2011)
2. Key Managerial Personnel : Sri A. Indra Kumar, Managing Director  
: Sri C. Ramachandra Rao, Joint Managing Director
3. Associate Companies : Srinivasa Cystine Private Limited  
: SCL Trading Private Limited  
: Bounty Hatcheries Private Limited  
: Laxai-Avanti Life Sciences Private Limited  
: Sri Sai Srinivasa Agro Farms Private Limited  
: Avanti Hatcheries Private Limited  
: Rama Sea Foods Private Limited  
: Sanjeeva Agro Vat Private Limited  
: Thai Union Frozen Products PCL, Thailand
4. Companies over which Significant Influence is exercised : Srivathsa Power Projects Limited  
: Patikari Power Private Limited

38.1. Consequent to amalgamation of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company, Thai Union Frozen Products PCL, Thailand, which had 48% equity in Avanti Thai Aqua Feeds Private Limited against which Thai Union Frozen Products PCL is to be issued 10,83,042 equity shares fully paid of Company, which is shown as Share Suspense Account. With the entitlement of 10,83,042 equity shares of the Company, the total holding of Thai Union Frozen Products PCL is at 25.12% and considered as Associate Company.

38.2. Transactions with the related parties:

(Rs. in Lacs)

	Subsidiaries		Key Management Personnel		Associate Companies	
Name of the country	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sale of Fixed Assets	-	5.87	-	-	-	-
Interest Paid	-	-	-	-	4.86	35.63
Remuneration	-	-	348.74	82.12	-	-
Interest Received	-	-	-	-	-	-
Rent Paid	-	-	1.80	-	1.80	-
Royalty paid	-	-	-	-	145.09	55.91
Purchase of Shrimp Feed	-	-	-	-	695.68	-
Dividend Paid	-	-	11.20	-	24.88	-

### 39. Foreign Currency Inflow & Out Flow

(Rs. in Lacs)

	2011-12	2010-11
g) Value of imports made by the company during the financial year calculated on CIF basis in respect of		
Capital Goods	315.58	--
Spares & Consumables	179.32	72.62
Raw Materials	1,056.11	1,504.15
Shrimp Feed imported for trading	695.68	—
h) Earnings in foreign exchange		
Exports on FOB basis	10,807.10	6,275.17
i) Expenditure in foreign currency on account of		
Traveling	7.91	20.35
Royalty	145.09	55.91
Quality Insurance Premium	20.76	13.26
Dividend paid	12.00	--

### 40. Consumption Of Imported And Indigenous Raw Materials

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Value	%age	Value	%age
Imported	1,663.58	6.40%	1,493.18	8.70%
Indigenous	24,335.33	93.60%	15,667.56	91.30%
Total	25,998.91	100%	17,160.74	100%



## 41. Details of NRI Shareholders and Dividend paid in Foreign Currency

(Rs. in Lacs)

Name Of Shareholders	No. of Shares	No. of Shares	Dividend Paid	Dividend Paid
	held as on 31.03.12	held as on 31.03.11	In 2011-12	In 2010-11
Thai Union Frozen Products PCL	11,99,000	11,99,000	11.99	NIL
Mala Seth	1400	1400	0.01	NIL

## 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, 2012
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	(1.73) (186.66)
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, 2012	NIL
7. Material changes between the end of the of last financial year and 31 <sup>st</sup> March, 2012	NIL

Place: Hyderabad  
Date: 14.07.2012

For and on behalf of the board

A. Indra Kumar  
Managing Director

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors,

M/s. AVANTI FEEDS LIMITED

1. We have audited the attached Consolidated Balance Sheet of AVANTI FEEDS LIMITED ('the Company') and its subsidiary ('the Group') as at 31<sup>st</sup> March, 2012, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements', prescribed by the Central Government under section 211(3C) of the Companies Act, 1956 and other recognized accounting practices and policies.
4. Based on our audit and on the consideration of the separate audit reports on individual financial statements of the Company and the aforesaid subsidiary and other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that, the attached consolidated financial statements give a true and fair view in conformity with 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 31<sup>st</sup> March, 2012,
  - 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.

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

(K.AJAY KUMAR)  
PARTNER  
M.No.21989

Place : Hyderabad  
Date : 14.07.2012

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

(Rs. in lacs)

	Note	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A EQUITY &amp; LIABILITIES</b>			
<b>1 Share Holders Funds</b>			
a) Share Capital	2	908.30	800.00
b) Reserves & Surplus	3	8,561.02	6,152.06
c) Minority Interest			398.14
<b>2 Non-current Liabilities</b>			
a) Long term borrowings	4	1,552.37	1,293.99
b) Deferred tax liabilities (net)	5	99.10	-
c) Other long term liabilities	6	119.50	119.50
d) Long term provisions	7	177.82	137.91
<b>3 Current Liabilities</b>			
a) Short term borrowings	8	3,278.44	3,965.20
b) Trade payables	9	1,224.64	1,014.96
c) Other current liabilities	10	1,644.72	1,066.27
d) Short term provisions	11	686.18	92.98
<b>TOTAL – EQUITY &amp; LIABILITIES</b>		<b>18,252.09</b>	<b>15,041.01</b>
<b>B ASSETS</b>			
<b>1 Non-current Assets</b>			
a) Fixed Assets	12	4,476.10	3,789.59
b) Non-current investments	13	2,748.53	2,748.53
c) Deferred tax asset (Net)	5	-	130.88
d) Long term loans & advances	14	66.59	48.63
e) Other non-current assets	15	186.91	157.40
<b>2 Current Assets</b>			
a) Current Investments	16	1,727.62	700.28
b) Inventories	17	4,215.26	3,905.01
c) Trade receivables	18	1,550.51	2,280.77
d) Cash & cash equivalents	19	2,205.15	455.66
e) Short term loans & advances	20	522.20	277.14
f) Other Current assets	21	553.22	547.12
<b>TOTAL ASSETS</b>		<b>18,252.09</b>	<b>15,041.01</b>
<b>C. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1-41</b>			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants

For and on behalf of the Board

**K. Ajay Kumar**  
Partner

**A. Indra Kumar**  
Managing Director

Place : Hyderabad  
Date : 14.07.2012

**N. Ram Prasad**  
Director

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

**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012**  
(Rs. in lacs)

	Note	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
<b>INCOME</b>			
Revenue from Operations	22	39,341.48	20,774.88
Other Income	23	335.28	414.20
<b>Total Revenue</b>		<b>39,676.76</b>	<b>21,189.08</b>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	24	25,998.91	17,160.74
Purchases of Stock-in-Trade	25	695.68	-
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	26	417.43	(941.56)
Employee Benefits expense	27	1,582.31	748.22
Finance Costs	28	406.93	459.65
Depreciation & Amortisation Expense	12	400.42	289.74
Manufacturing Expenses	29	2,757.46	1,616.29
Selling & Distribution Expenses	30	2,377.31	992.78
Other Expenses	31	973.41	419.85
<b>Total Expenses</b>		<b>35,609.86</b>	<b>20,745.71</b>
Profit before exceptional items & Tax		4,066.90	443.37
Transferred to Pre - Operative Expenses		-	87.23
Exceptional items	32	65.63	0.90
Profit before tax		4,001.27	529.70
Tax Expenses			
Current Tax		966.00	76.43
Deferred Tax charged (Net)		229.97	99.79
Profit for the year		2,805.30	353.48
Earning per equity share of Rs.10 each Basic & Diluted (in Rs.)	33	30.89	4.42
Notes forming part of the Financial Statements 1-41			

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants

**K. Ajay Kumar**  
Partner

Place : Hyderabad  
Date : 14.07.2012

**N. Ram Prasad**  
Director

For and on behalf of the Board

**A. Indra Kumar**  
Managing Director  
**C. Ramachandra Rao**  
Jt. Managing Director &  
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

(Rs. in lacs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	4,001.27	529.71
Adjustment for :		
Depreciation	400.42	289.74
Impairment & Loss on sale of Fixed Assets (Net)	61.37	0.90
Bad Debts Written Off	150.78	7.68
Doubtfull Debts	81.82	20.00
Excess Provision written off	89.06	-
Credit Balances Written Off	(3.09)	(1.33)
Loss/(Gain) on exchange fluctuations & forward contracts	302.47	(121.27)
Interest Paid	406.90	457.58
Interest Received	(18.83)	(48.99)
Dividend Received on Investments	(272.09)	(168.55)
<b>Operating Profit before Working Capital Changes</b>	<b>5,200.08</b>	<b>965.47</b>
Adjustment for :		
Trade and Other Receivables	50.27	(1,260.16)
Inventories	(310.25)	(1,177.52)
Trade Payable	1,156.05	776.37
<b>Cash generated from Operations</b>	<b>6,096.14</b>	<b>(695.84)</b>
Income Tax Paid	(966.00)	(76.44)
<b>Net Cash flow from Operating activities :</b>	<b>5,130.13</b>	<b>(772.28)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Investment (Net)	(1,027.33)	(700.23)
Dividend Received on Investments	272.09	168.55
Interest Received	18.83	48.99
Purchase of Fixed Assets	(1,157.05)	(1,293.86)
Sale of Fixed Assets	14.73	16.61
<b>Net Cash (used in) Investing activities</b>	<b>(1,878.73)</b>	<b>(1,759.94)</b>

(Rs. in lacs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>C. CASH FLOW FROM FINANCE ACTIVITIES :</b>		
Proceed in long term borrowings	565.19	-
Repayment of long term borrowings	(330.01)	(626.93)
Repayment in short term borrowings	(934.43)	2,864.21
Interest Paid	(406.90)	(457.58)
Profit on exchange fluctuations & forward contracts	(302.47)	121.27
Dividends paid (including tax on Dividend)	(93.29)	-
<b>Net Cash generated in Financing Activities</b>	<b>(1,501.91)</b>	<b>1,900.97</b>
Net Increase in Cash and Cash Equivalents	1,749.49	(631.25)
Cash and Cash Equivalents (Opening Balance)	455.66	1,086.91
<b>Cash and Cash Equivalents (Closing Balance)</b>	<b>2,205.15</b>	<b>455.66</b>
Notes forming part of Financial Statements 1 - 41		

As per our Report of even date  
for **KARVY & CO**  
Chartered Accountants

**K. Ajay Kumar**  
Partner

Place : Hyderabad  
Date : 14.07.2012

**N. Ram Prasad**  
Director

For and on behalf of the Board

**A. Indra Kumar**  
Managing Director

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

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS AT THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

### 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, except for the change in accounting policy as discussed in para 2.1(a) below.

#### Summary of significant accounting policies

##### a) Change in accounting policy

##### Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### c) 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.

##### d) 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.

**e) 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.

**f) 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.

**g) 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.

**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**

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

**j) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:



#### Revenue from sales

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

#### Other operating revenue

Other operating revenue includes income from export incentives receivable in the form of VKGUY and Duty Draw Back. The income is recognised only after dispatch of goods and receipt of bill of lading.

#### Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

#### Dividends

Dividend income is recognized when the unit holder's right to receive dividend is established by the reporting date.

#### k) Retirement and other employee 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:

- i) Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii) Any income or expense on account of exchange difference either on settlement or on transaction is recognized in the Statement of profit and loss.
- iii) 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

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or subsequently enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years.

Deferred tax is measured using the tax rates and the tax laws enacted or subsequently enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**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) Amalgamation**

The amalgamation has been accounted for under the "Pooling Interest Method" as prescribed by Accounting Standard (AS-14) "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.

- s) The previous year figures have been re-grouped/re-classified, wherever necessary to conform to the current year presentation.

## 2. Share capital

(Rs. in lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Authorised Share Capital :</b> 80,00,000 equity shares of Rs. 10 each (PY 80,00,000 equity shares of Rs. 10 each as at 31.03.2011)	800.00	800.00
<b>Issued, Subscribed and Paid up :</b> 80,00,000 Equity Shares of Rs. 10 each fully paid (PY 80,00,000 Equity Shares of Rs. 10 each fully paid up as at 31.03.2011)	800.00	800.00
<b>Share Suspense Account:</b> (In consequence to Amalgamation of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company, 10,83,042 Equity Shares of Rs. 10 each fully paid up is to be issued to shareholders of ATAF as consideration w.e.f. 01.04.2011. Pending issue and allotment of the equity shares, the face value of shares to be allotted is shown against "Share Suspense Account")	108.30	0.00
<b>Total</b>	<b>908.30</b>	<b>800.00</b>

### 2.1 Amalgamation of Avanti Thai Aqua Feeds Private Limited

- In terms of the scheme of Amalgamation & Arrangement (Scheme) approved by orders dated 18<sup>th</sup> April, 2012 of Hon'ble High Court of Andhra Pradesh, M/s. Avanti Thai Aqua Feeds Private Limited (ATAF) whose core business is to manufacture and sell shrimp feed has been amalgamated with the Company with effect from April 1, 2011.
- The amalgamation has been accounted for under the "Pooling Interest Method" as prescribed by Accounting Standard (AS-14) "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.
- In accordance with the said scheme:
  - All the assets, debts, liabilities, duties and obligations of "Avanti Thai Aqua Feeds Private Limited" have been vested in the Company with effect from April 1, 2011 and have been recorded at their respective book values under pooling interest method of accounting for amalgamation. There were no differences in the accounting policies of "Avanti Thai Aqua Feeds Private Limited" and the Company.
  - 10,83,042 equity shares of Rs. 10/- each has to be allotted to the shareholders of "Avanti Thai Aqua Feeds Private Limited" in the ratio of 20 equity shares of Rs. 10/- of the company for every 71 equity shares of Rs. 10/- each of "Avanti Thai Aqua Feeds Private Limited".
  - In accordance with the said scheme, any excess/shortfall of the Net Assets Value taken over by the Company over the paid-up value of equity shares to be issued and allotted has been transferred to Capital Reserve.

## 2.2. Reconciliation of the shares outstanding at the beginning and at the end of the year

(Rs. in Lacs)

	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	No's	Amount	No's	Amount
Equity shares of Rs. 10/- each fully paid up				
At the beginning of the year	80,00,000	800.00	80,00,000	800.00
Changes during the year	NIL	NIL	NIL	NIL
Outstanding at the end of the year	80,00,000	800.00	80,00,000	800.00

## 2.3 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, 2012, the amount of per share dividend recognized as distributions to equity shareholders at Rs. 6.50 (March 31, 2011: Re. 1.00).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholders	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	No's	% Holding	No's	% Holding
Srinivasa Cystine Private Limited	22,26,000	27.83	22,26,000	27.83
Thai Union Frozen Products PCL, Thailand	11,99,000	14.99	11,99,000	14.99
Alluri Indra Kumar (HUF)	5,45,950	6.82	5,45,950	6.82
Andhra Pradesh Industrial Development Corporation Ltd.	5,00,000	6.25	5,00,000	6.25
Alluri Indra Kumar	4,94,530	6.18	4,74,380	5.93

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 and surplus

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Capital Reserve :</b>		
Balance at the beginning of the year	129.60	129.60
Capital Reserve arising on account of amalgamation of Avanti Thai Aqua Feeds Private Limited with the Company	276.18	–
<b>Balance at the end of the year (a)</b>	<b>405.78</b>	<b>129.60</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	3,855.69	3,825.69
Add : Transferred from Profit & Loss Account	300.00	30.00
<b>Balance at the end of the year (c)</b>	<b>4,155.69</b>	<b>3,855.69</b>
<b>Profit &amp; Loss Account :</b>		
Balance at the beginning of the year	1,728.77	1,498.27
<b>Add :</b>		
Transferred from Avanti Thai Aqua Feeds Private Limited on account of amalgamation (Minority interest of Previous Year)	13.66	–
Surplus for the year	2,805.30	353.48
	<b>4,547.73</b>	<b>1,851.75</b>
<b>Less : Appropriations</b>		
Transferred to General Reserve	300.00	30.00
Proposed Dividend	590.40	80.00
Tax on Dividend	95.78	12.98
<b>Balance at the end of the year (d)</b>	<b>3,561.55</b>	<b>1,728.77</b>
<b>Grand total of Reserves &amp; Surplus (a + b + c + d)</b>	<b>8,561.02</b>	<b>6,152.06</b>

3.1 The computation of the amount transferred to Capital Reserve as a consequence of Amalgamation is as under:

(Rs. in Lacs)

	Book Value of Assets	Amount
a)	Fixed Assets	1,034.24
b)	Investments	----
c)	Net Current Assets	53.67
d)	Pre-Operative Expenditure pending capitalization	93.03
e)	Miscellaneous Expenditure	6.16
	<b>Total Assets</b>	<b>1,187.10</b>
	<b>Book Value of Liabilities:</b>	
a)	Secured Loans	374.71
b)	Deferred Tax Liability	0.88
	<b>Total Liabilities</b>	<b>375.59</b>
	<b>Net Value of Assets (I-II)</b>	<b>811.51</b>
Less:		
a)	Equity Shares to be issued to shareholders of "ATAF" 10,83,042 equity shares of Rs. 10/- (each)	108.30
b)	Cancellation of equity holding of company in ATAF : 39,94,800 equity shares of Rs.10/- each	399.48
		<b>507.78</b>
App:	Amount credited to Capital Reserve on Amalgamation	276.18
	Added to Statement of Profit & Loss in the Previous Year	13.89
	Amount credited to Profit & Loss Account on Amalgamation	13.66

4. Long Term Borrowings & Current Maturities Of Long Term Debt :

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Long Term	Current Maturities	Long Term	Current Maturities
<b>Secured Loans :</b>				
a) Term Loan from State Bank of India	854.98	81.00	518.71	146.00
<b>Vehicle Loans :</b>				
b) From I C I C I Bank Limited	7.07	24.43	30.74	25.88
c) From Magma Fincorp Limited	7.50	13.99	21.49	12.73
d) From HDFC Bank Limited	2.23	1.70	-	-
e) From Tata Capital Limited	0.87	2.46	3.33	2.24
<b>Unsecured Loan :</b>				
Deferred payment liability – Sales Tax	589.62	–	589.62	–
From Associated Company	90.10	–	130.10	–
<b>Total</b>	<b>1,552.37</b>	<b>123.58</b>	<b>1,293.99</b>	<b>186.85</b>

- 4.1 The term loan of Rs. 935.98 (Rs.854.98 lacs is long term debt and Rs.81 lacs is classified as current maturities of the long term debt) was availed from State Bank of India, Industrial Finance Branch, Hyderabad for the implementation of shrimp feed manufacturing project at Gujarat by Avanti Thai Aqua Feeds Private Limited (ATAF). The loan is secured by first charge on fixed assets of Avanti Thai Aqua Feeds Private Limited, Corporate Guarantee of the Company and Srinivasa Cystine Private Limited, an associate company and personal guarantee of Mr.A.Indra Kumar, Managing Director of the Company.
- 4.2 Other loans stated above are vehicle loans and are secured by hypothecation of respective vehicle.
- 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 a period of 14 years. The first installment of the loan is due for payment in June, 2015.
- 4.4 Svimsan Imports & Exports Limited has obtained a corporate advance of Rs.90.10 lacs (Previous year Rs.130.10 lacs) from Srinivasa Cystine Private Limited, an Associate Company. This advance does not carry any interest.

#### 5. Deferred tax liability (net)

(Rs. in Lacs)

Deferred Tax Assets	2011-12	2010-11
Carry Forward Losses	----	155.37
Minimum Alternate Tax	----	130.27
<b>Disallowances U/s 43B</b>		
Provision for employee benefits	10.63	9.46
Others	59.35	24.30
<b>Total</b>	<b>69.98</b>	<b>319.40</b>
<b>Deferred Tax Liabilities</b>		
Difference between book and tax depreciation	159.96	188.52
<b>Total</b>	<b>169.08</b>	<b>188.52</b>
<b>NET DEFERED TAX ASSET / (LIABILITY)</b>	<b>(99.10)</b>	<b>130.88</b>

#### 6. Other Long Term Liabilities

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Security Deposits Received from Dealers	119.50	119.50
<b>Total</b>	<b>119.50</b>	<b>119.50</b>

- 6.1 Security Deposits taken from dealers for supplying them shrimp feed on credit terms. These deposits are interest free.

#### 7. Long Term Provisions

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Provision for Retirement benefits	177.82	137.91
<b>Total</b>	<b>177.82</b>	<b>137.91</b>

**8. Short Term Borrowings :**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Working Capital loans from State Bank of India	3,278.44	3,965.20
<b>Total</b>	<b>3,278.44</b>	<b>3,965.20</b>

8.1 Working Capital loans of Rs.3278.44 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 7.36 lac equity shares of the Company held by promoters and personal guarantee of Mr. A. Indra Kumar, Managing Director of the Company.

**9. Trade Payables**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Micro, Small and Medium enterprises	-	-
Others	1,224.64	1,014.96
<b>Total</b>	<b>1,224.64</b>	<b>1,014.96</b>

**10. Other Current Liabilities**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
a) Current maturities of long term debt (refer Note. 4)	123.58	186.85
b) Unclaimed Dividend	11.85	13.06
c) Advance from customers	339.76	258.61
d) Creditors for expenses	1,169.53	364.45
e) Loans from Subsidiaries	-	43.30
f) Loans from Associate Companies	-	200.00
<b>Total</b>	<b>1,644.72</b>	<b>1,066.27</b>

**11. Short Term Provisions**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Proposed Dividend	590.40	80.00
Provision for dividend distribution tax	95.78	12.98
<b>Total</b>	<b>686.18</b>	<b>92.98</b>



Note 12

## Tangible Assets

(Rs. in Lacs)

	Free Hand Land	Buildings	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Capital Work in Progress	Total
Opening as at 01.04.2011	132.61	852.85	4,409.84	137.98	39.73	337.48	-	5,910.49
ATAF	-	-	-	5.40	0.73	11.67	-	17.80
Additions								
Company	50.18	-	285.98	28.11	0.82	19.87	167.13	552.09
ATAF	112.31	794.79	788.94	6.89	2.46	16.51	-	1,721.90
Deletions								
Company	-	0.69	153.37	31.97	3.94	57.68	-	247.65
ATAF	-	-	-	-	-	-	-	-
Total Cost as at 31.03.2012	295.10	1,646.95	5,331.39	146.41	39.80	327.85	167.13	7,954.63
Depreciation :								
Opening as at 01.04.2011	-	259.26	2,732.78	83.78	24.74	146.41	-	3,246.97
Company	-	-	-	0.39	0.02	1.11	-	1.52
ATAF	-	-	-	-	-	-	-	-
Charged for the year								
Company	-	24.11	285.91	11.35	1.84	29.36	-	352.57
ATAF	-	20.19	24.70	1.56	0.30	1.11	-	47.85
On deletions								
Company	-	0.05	100.66	19.22	3.57	46.89	-	170.39
ATAF	-	-	-	-	-	-	-	-
Total Depreciation as at 31.03.2012	-	303.51	2,942.73	77.86	23.33	131.10	-	3,478.53
Depreciation for the year ended 31.03.2011	-	21.28	235.65	1.92	2.09	28.80	-	289.74
Net Block as at 31st March 2012	295.10	1,343.44	2,388.66	68.55	16.47	196.75	167.13	4,476.10
Net Block as at 31st March 2011	132.61	593.59	1,694.33	41.48	14.97	201.63	1,110.98	3,789.59

Note : Avanti Thai Aqua Feed Private Limited (ATAF) figures represent the assets of amalgamated company

13. Non-current Investments

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>A) Trade Investments - Unquoted Investment in equity shares</b>		
<b>Subsidiary companies</b>		
<b>Associate companies</b>		
Srivathsa Power Projects Limited 1,66,93,630 equity shares of Rs. 10/- each fully paid (PY 1,66,93,630 equity shares of Rs. 10/- each fully paid)	1,670.54	1,670.54
Patikari Power Private Limited 1,06,45,200 equity shares of Rs. 10/- each fully paid (1,06,45,200 equity shares of Rs. 10/- each fully paid)	1,064.52	1,064.52
	2,735.06	2,735.06
<b>B) Non-Trade Investments - Quoted</b>		
IDBI Limited 2,880 Equity Shares of Rs. 130/- each fully paid (PY 2,880 Equity Shares of Rs. 130/- each fully paid)	0.54	0.54
UCO Bank Limited 5,000 Equity Shares of Rs. 10/- each fully paid (PY 5,000 Equity Shares of Rs. 10/- each fully paid)	0.94	0.94
<b>Unquoted</b>		
Bhimavaram Hospitals Limited 1,20,000 equity shares of Rs. 10/- each fully paid (PY 1,20,000 equity shares of Rs. 10/- each fully paid)	12.00	12.00
	13.48	13.48
<b>Total non-current Investments (A + B)</b>	<b>2,748.53</b>	<b>2,748.53</b>
<b>Quoted Investments</b>		
Book Value	1.48	1.48
Market Value	6.95	12.46
<b>Unquoted Investments</b>		
Book Value	2,747.06	2,747.06

13.1 Consequent to the amalgamation of Avanti Thai Auqa Feeds Private Limited (ATAF) with the Company, the shares held by the Company in Avanti Thai Aqua Feeds Private Limited got cancelled.

**14. Long Term Loans & Advances**  
 (secured And Considered Good)

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Capital Advances	21.28	--
Advances to Other body corporates	25.89	30.88
Staff Advances	19.42	17.75
<b>Total</b>	<b>66.59</b>	<b>48.63</b>

**15. Other Non-current Assets**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Deposits with Electricity Boards & rental deposits	114.86	95.65
Deposits in defined benefits plans	72.05	61.75
<b>Total</b>	<b>186.91</b>	<b>157.40</b>

**16. Current Investments**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>Non-Trade Investments :</b>		
SBI Liquid Mutual Fund	1,727.62	700.28
<b>Total</b>	<b>1,727.62</b>	<b>700.28</b>

**17. Inventories**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Raw Materials		
in godowns	2,057.10	1,646.12
in transit	105.47	41.11
Work-in-process	81.48	57.33
Finished Goods	1,436.82	1,878.40
Stores & Spares	349.95	264.33
Packing Materials	184.44	17.72
<b>Total</b>	<b>4,215.26</b>	<b>3,905.01</b>

18. Trade Receivables

(Rs. in Lacs)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
Secured & Considered Good :		
More than six months	--	--
Others	479.93	293.52
Un-secured & Considered Good :		
More than six months	--	86.78
Others	1,070.58	1,821.70
Un-secured & Considered Doubtful		
More than six months	103.74	98.77
Others	10.55	--
Total	1,664.80	2,300.77
Less : Provisions	114.29	20.00
Total Rs.	1,550.51	2,280.77

19. Cash & Cash Equivalents

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Balances with Scheduled Banks		
Current Accounts	293.78	129.15
Fixed Deposits for Margin Money	90.26	225.67
Unclaimed Dividend Accounts	11.85	13.06
Fixed Deposits- maturity less than 3 months	1,800.00	--
	2,195.89	367.88
Cash in hand	9.26	87.78
Total	2,205.15	455.66

20. Short Term Loans and Advances

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Advance for Purchases	292.80	30.82
Other Advances	150.90	225.49
Advance Tax	52.54	0.83
Staff Advances	25.96	20.00
Total	522.20	277.14

21. Other Current Assets

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
DEPB & Duty Drawback receivable	530.98	529.10
Accrued Interest	22.24	18.02
Total	553.22	547.12

## 22. Revenue from operations

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Domestic Sales		
i) Shrimp Feed	26,367.52	11,680.64
ii) Fish Feed	589.82	1,610.76
iii) Shrimp Seed	74.39	--
iv) Wheat Bran	116.90	16.38
v) Processed Shrimp	8.39	36.63
vi) Electricity Sales (Wind Mills)	216.41	173.63
Export Sales		
i) Processed Shrimp	10,808.46	6,443.51
Incentives		
Export Incentives	1,159.59	813.33
Total	39,341.48	20,774.88

## 23. Other Income

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest on		
i) Bank Deposits	14.42	46.98
ii) Others	4.41	4.41
Dividend from :		
i) Current investments	250.79	167.14
ii) Non-Current investments	21.29	1.41
Gain on Exchange Fluctuations	--	121.27
Profit on sale of fixed assets	4.26	--
Miscellaneous Income	40.11	72.99
Total	335.28	414.20

## 24. Cost Of Materials Consumed

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Qty. in MT	Value	Qty. in MT	Value
Fish Meal	14,001.42	7,075.92	7,883.26	4,404.66
Wheat	16,727.20	2,209.42	12,860.21	1,843.63
Soya DOC	20,408.54	4,463.42	7,232.15	1,487.81
Other Materials	13,500.43	4,510.05	9,310.18	2,554.45
Shrimp	2,950.35	7,740.10	2,224.28	6,870.19
Total	67,587.94	25,998.91	39,510.08	17,160.74

**25. Purchases of Stock in Trade**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Shrimp feed imported	695.68	--
<b>Total</b>	<b>695.68</b>	<b>-</b>

24.1 During the year Company imported 1500 MT of shrimp feed from Thai Union Feed Mill Co Limited, Thailand and sold to its dealers to cater to the increased demand.

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

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Inventories (at close)		
Finished Goods	1,436.82	1,878.40
Work-in-process	81.48	57.33
<b>Total Inventories (at close)</b>	<b>1,518.30</b>	<b>1,935.73</b>
Inventories (at commencement)		
Finished Goods	1,878.40	921.53
Work-in-process	57.33	72.64
<b>Total Inventories (at commencement)</b>	<b>1,935.73</b>	<b>994.17</b>
<b>Net (Increase)/Decrease</b>	<b>417.43</b>	<b>(941.56)</b>

**27. Employee Benefits Expense**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Salaries, wages & bonus	1,104.63	569.37
Contribution to P F & other funds	123.94	85.19
Staff Welfare Expenses	18.25	16.29
Remuneration to Directors	335.49	77.37
<b>Total</b>	<b>1,582.31</b>	<b>748.22</b>

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

**I. Defined Contribution Plans:**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Employer's Contribution to Provident Fund	48.42	34.20
Employer's Contribution to Super Annuation fund	6.28	6.28
Employer's contribution to ESI	9.47	6.99

**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 Profit & Loss Account 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 2012	For the year ended 31 <sup>st</sup> March 2011
Opening defined benefit obligation	137.91	114.17
Current services cost	14.07	10.80
Interest cost	10.69	8.85
Actuarial losses/ (gain)	23.74	10.96
Benefits paid	8.60	6.87
Closing defined benefit obligation	177.82	137.91
<b>Change in the fair value of assets</b>		
Opening fair value of plan assets	68.69	60.33
Expected return on plan assets	5.69	25.69
Actuarial gains/ (losses)	0.10	30.96
Contributions by employer	13.12	9.96
Benefits paid	8.60	6.87
Closing fair value of plan assets	79.00	68.69
<b>Amount recognized in Balance Sheet</b>		
Present Value of Funded Obligations	177.82	137.91
Fair Value of Plan Assets	78.99	68.69
Net Liability	98.83	69.22
Amounts in the balance sheet		
Provisions for gratuity & Leave Encashment	177.82	137.910
Net liability / (asset)	105.76	79.16
<b>Expense recognized in statement of Profit and Loss Account</b>		
Current services cost	14.07	10.79
Interest on Defined Benefit Obligation	10.69	8.86
Expected return on plan assets	5.69	25.69
Net actuarial losses / (gains) recognized in year	23.64	19.99
Amount, included in "Employee Benefit Expense"	42.71	25.35
Actual return on plan assets	5.79	5.27
<b>Summary of Actuarial Assumptions</b>		
<b>Financial assumptions at the valuation date:</b>		
Discount Rate	8%	8%
Expected Rate of Return on Plan Assets	8%	8%
Salary Escalation Rate	5%	5%

## 28. Finance Costs

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Interest Expenses	314.44	348.23
Bank Charges	92.49	111.42
<b>Total</b>	<b>406.93</b>	<b>459.65</b>

## 29. Manufacturing Expenses

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Power & Fuel	1,081.47	698.89
Packing Materials Consumed	798.07	419.36
Repairs & Maintenance		
- Buildings	52.98	4.32
- Plant & Machinery	62.86	20.30
- Electricals	10.48	4.03
- Windmills maintenance	25.55	25.08
- Laboratory maintenance	13.77	11.11
Stores & Spares	398.45	243.53
Other Manufacturing Expenses	313.83	189.67
<b>Total</b>	<b>2,757.46</b>	<b>1,616.29</b>

## 30. Selling & Distribution Expenses

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Advertisement	4.81	4.23
Carriage Outward	91.66	133.02
Ocean Freight & Export Expenses	363.20	225.70
Marketing Expenses	482.45	153.07
Royalty	145.09	55.91
Cash Discount	1,056.51	393.17
Bad Debts Written Off	151.77	7.68
Provision for Doubtfull Debts	81.82	20.00
<b>Total</b>	<b>2,377.31</b>	<b>992.78</b>



**31. Other Expenses**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Rent	6.58	10.82
Electricity Charges	3.79	5.42
Rates & Taxes	24.61	20.93
Service Tax	8.80	5.54
Insurance	75.99	57.76
Travelling & Conveyance	167.55	133.21
Vehicle Maintenance	21.43	23.49
Communication Expenses	31.86	25.39
Printing & Stationery	9.25	8.73
Directors' Sitting Fee	1.95	0.26
<b>Auditors Remuneration</b>		
As Auditors	8.27	6.18
Tax Matters	2.21	1.10
Reimbursement of Expenses	2.01	0.93
<b>Repairs &amp; Maintenance</b>		
Buildings	19.52	0.46
Others	9.55	4.34
Professional Charges	64.26	47.79
General Expenses	86.34	51.18
Loss on Sale of DEPB	36.35	16.02
Loss on Exchange Fluctuation	302.47	--
Donation	1.56	0.30
Provision of export incentives written off	89.06	—
<b>Total</b>	<b>973.41</b>	<b>419.85</b>

**32. Exceptional Items**

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Assets Written off	12.92	0.90
Impairment of assets	52.71	—
<b>Total of Exceptional items</b>	<b>65.63</b>	<b>0.90</b>

32.1 The amount of Rs.12.92 lacs represents furniture and fixtures that are discarded while renovating the office and also some of the computer systems and LAN were discarded as they are not compatible to the up graded IT environment.

32.2 Company had set up Shrimp Shell Manufacturing plant in the year 2000 to process the waste generated from shrimp processing unit. Shrimp Shell Meal was used as a raw material for manufacturing shrimp feed. However, with the high cost of Furnace Oil, the processing of shrimp waste

became unviable. The plant is idle since 2007 and there is no possibility of reviving it in future. The initial investment in Plant & Machinery was Rs.180.56 lacs in the year 2000 and the depreciated value now is Rs.52.71 lacs, which is written off as impairment.

### 33. Earning Per Share

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Profit for the year	2,805.30	353.49
Weighted Average number of Equity Shares outstanding during the year including the share suspense account	90,83,042	80,00,000
Basic & diluted earnings per share –Face Value of Rs. 10/- each	30.89	4.42

33.1 Number of equity shares of 90,83,042 includes 10,83,042 equity share to be issued to shareholders of Avanti Thai Aqua Feeds Private Limited (ATAF) as a consequence of amalgamations of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company. As per the Scheme of Amalgamation, the effective date of amalgamation is 1<sup>st</sup> April, 2011.

### 34. Commitments

Capital commitments not provided for on account of pending execution (net of Rs.101.88 lacs advance) – Rs. 79.06 lacs (Previous Year Rs. NIL).

### 35. Contingent Liabilities Not Provided For

(Rs. in Lacs)

Particulars	As on 31 <sup>st</sup> March, 2012	As on 31 <sup>st</sup> March, 2011
Service Tax Demand	8.26	8.26
MP VAT demand for soya transactions in 2005-06	29.22	29.22

### 36. Dues To Micro, small & Medium Enterprises

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2012. 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.

### 37. 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 3.2 MW at Chitradurga, Karnataka. Power generated from windmills is sold to BESCO under Power Purchase agreement.

(Rs. in Lacs)

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

PARTICULARS	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
Revenue										
External Sales	27,148.62	13,307.79	11,976.45	7,293.47	216.41	173.62	-	-	39,341.48	20,774.88
Inter-segment sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	27,148.62	13,307.79	11,976.45	7,293.47	216.41	173.62	-	-	39,341.48	20,774.88
Segment Result										
Operating Profit	2,537.43	444.04	1,489.38	40.42	113.44	71.12	(1.72)	20.47	4,138.52	576.05
Other Income	18.57	108.13	3.17	98.40	-	-	313.54	207.67	335.28	414.20
Interest Expense	212.51	272.02	169.42	116.56	24.97	50.64	-	20.43	406.90	459.65
Exceptional Items	52.71	-	-	-	-	-	12.92	0.90	65.63	0.90
Income Tax										
- Current Tax & PY Taxes	-	-	-	-	-	-	966.00	76.43	966.00	76.43
- Deferred Tax	-	-	-	-	-	-	229.97	99.79	229.97	99.79
Net Profit	2,290.77	280.15	1,323.13	22.26	88.47	20.48	(897.07)	30.59	2,805.30	353.48
Other Information	As on	As on	As on	As on	As on	As on	As on	As on	As on	As on
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Segment Assets	7,898.71	5,742.57	2,737.03	3,366.71	1,006.38	1,087.44	6,609.96	4,844.29	18,252.08	15,041.01
Segment Liabilities	3,315.72	4,182.46	1,440.54	1,821.87	22.59	290.03	4,003.91	1,402.60	8,782.76	7,696.96
Capital Employed	4,582.99	1,560.11	1,296.49	1,544.84	983.79	797.41	2,606.05	3,441.69	9,469.32	7,344.05
Capital Expenditure	869.66	1,178.44	65.17	50.96	-	-	12.03	64.46	946.86	1,293.86
Depreciation	2,18.87	130.74	84.17	71.81	76.12	76.12	21.26	11.07	400.42	289.74

### 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	
	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
India	28,787.89	14,331.37	17,428.66	13,996.84	946.86	1,293.86
USA	8,186.62	5,193.37	544.50	709.15	---	---
Rest of the world	2,366.97	1,250.14	278.93	335.02	---	---
<b>Total</b>	<b>39,341.48</b>	<b>20,774.88</b>	<b>18,252.09</b>	<b>15,041.01</b>	<b>946.86</b>	<b>1,293.86</b>

## 38. RELATED PARTIES

Name of the related parties and description of their relationship:

1. Subsidiary : Svimsan Exports & Imports Limited  
: Avanti Thai Aqua Feeds Private Limited (up to 31.03.2011)
2. Key Managerial Personnel : Sri A. Indra Kumar, Managing Director  
: Sri C. Ramachandra Rao, Joint Managing Director
3. Associate Companies : Srinivasa Cystine Private Limited  
: SCL Trading Private Limited  
: Bounty Hatcheries Private Limited  
: Laxai-Avanti Life Sciences Private Limited  
: Sri Sai Srinivasa Agro Farms Private Limited  
: Avanti Hatcheries Private Limited  
: Rama Sea Foods Private Limited  
: Sanjeeva Agro Vat Private Limited  
: Thai Union Frozen Products PCL, Thailand
4. Companies over which Significant Influence is exercised : Srivathsa Power Projects Limited  
: Patikari Power Private Limited

38.1. Consequent to amalgamation of Avanti Thai Aqua Feeds Private Limited (ATAF) with the Company, Thai Union Frozen products PCL, Thailand, which had 48% equity in Avanti Thai Aqua Feeds Private Limited against which Thai Union Frozen products PCL is to be issued 10,83,042 equity shares fully paid of Company, which is shown as Share Suspense Account. With the entitlement of 10,83,042 equity shares of the Company, the total holding of Thai Union Frozen products PCL is at 25.12% and considered as Associate Company.

**38.2. Transactions with the related parties:**

(Rs. in Lacs)

	Subsidiaries		Key Management Personnel		Associate Companies	
Name of the country	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
Sale of Fixed Assets	-	5.87	-	-	-	-
Interest Paid	-	-	-	-	4.86	35.63
Remuneration	-	-	348.74	82.12	-	-
Interest Received	-	-	-	-	-	-
Rent Paid	-	-	1.80	-	1.80	-
Royalty paid	-	-	-	-	145.09	55.91
Purchase of Shrimp Feed	-	-	-	-	644.48	-

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

(Rs. in Lacs)

	2011-12	2010-11
g) Value of imports made by the company during the financial year calculated on CIF basis in respect of		
Capital Goods	315.58	--
Spares & Consumables	179.32	72.62
Raw Materials	1,056.11	1,504.15
Shrimp Feed imported for trading	695.68	—
h) Earnings in foreign exchange		
Exports on FOB basis	10,807.10	6,275.17
i) Expenditure in foreign currency on account of		
Traveling	7.91	20.35
Royalty	145.09	55.91
Quality Insurance Premium	20.76	13.26
Dividend paid	12.00	--

40. Consumption Of Imported and Indigenous Raw Materials

(Rs. in Lacs)

	As at 31 <sup>st</sup> March, 2012		As at 31 <sup>st</sup> March, 2011	
	Value	%age	Value	%age
Imported	1,663.58	6.40%	1493.18	8.70%
Indigenous	24,335.33	93.60%	15,667.56	91.30%
Total	25,998.91	100%	17,160.74	100%

41. Details of NRI Shareholders and Dividend Paid In Foreign Currency

(Rs. in Lacs)

Name of Shareholders	No. of Shares	No. of Shares	Dividend Paid	Dividend Paid
	Held as on 31.03.12	Held as on 31.03.11	In 2011-12	In 2010-11
Thai Union Frozen Products PCL	11,99,000	11,99,000	11.99	NIL
Mala Seth	1400	1400	0.01	NIL

### 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	(188.39)	190.10	190.10	--	(1.73)	-	(1.73)

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Registered Office : G-2, Concorde Apartments, # 6-3-658, Somajiguda, Hyderabad - 500 082

### ATTENDANCE SLIP

I hereby record my presence at the Nineteenth Annual General Meeting of Avanti Feeds Limited, at Surana Udyog Hall, Fapcci Building, Fapcci Marg, Red Hills, Hyderabad – 500 004, on Saturday 18th August, 2012 at 11 A.M.

1. Full Name of the Member : \_\_\_\_\_  
(in block letters)
2. Full Name of the Proxy (\*) : \_\_\_\_\_  
(in block letters)
3. Regd. Folio No. : \_\_\_\_\_
4. Number of Shares held : \_\_\_\_\_
5. Signature of the Member / Proxy Attending # : \_\_\_\_\_

\* To be used only when Member, first name is not attending.

# Strike out whichever is not applicable.

- Note :**
1. Member / Proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the venue of the meeting.
  2. Members are requested to bring their copy of the Annual Report for the Meeting.

**NO GIFTS WILL BE GIVEN**



Registered Office : G-2, Concorde Apartments, # 6-3-658, Somajiguda, Hyderabad - 500 082

### PROXY FORM

Dear Sirs,

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a member/members of the above named Company hereby appoint \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Saturday, 18th August, 2012 and at any adjournment thereof.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

In the presence of \_\_\_\_\_

Afix  
Re.1/-  
Revenue  
Stamp

Signature

**Note:** Companies Act, 1956 lays down that an instrument appointing a proxy that be deposited at the Registered Office of the Company not less than FORTY EIGHT hours before the time for holding the meeting.

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New IQF machine in operation at Shrimp Processing Plant at Gopalapuram, Andhra Pradesh.



Clean & Green Initiative taken up by the Company :  
Mr. Rittirong Bonmechote, Managing Director of Thai Union Frozen Products PCL,  
Thailand starting the campaign of planting saplings in Kovvur town.



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