

# Board's Report

## Dear Members,

Your Directors have pleasure in presenting their 25th Annual Report together with the Audited Financial Statements of your Company and its subsidiaries for the year ended 31st March 2018.

## Financial Highlights

The summarised standalone and consolidated results of your Company and its subsidiary are given in the table below:

Particulars	(₹ in Lakh)			
	Financial Year ended			
	Standalone		Consolidated	
	31st March 2018	31st March 2017	31st March 2018	31st March 2017
Total Revenue	2,81,532.89	2,23,085.10	3,39,290.31	2,61,574.40
Profit/(Loss) Before Interest, Depreciation & Tax (PBITDA)	64,506.43	31,045.90	72,997.10	3,53,613.84
Finance Charges	124.43	257.94	279.24	300.34
Depreciation	1,466.82	1,151.89	2,375.75	1,368.95
Provision for Income Tax (including for earlier years)	21,421.33	10,001.14	23,802.36	11,043.23
Net Profit/(Loss) After Tax	41,493.86	19,634.93	46,522.50	22,601.32
Profit/(Loss) brought forward from previous year	46,902.76	33,107.48	53,053.09	33,576.87
Profit/(Loss) carried to Balance Sheet	79,360.56	46,902.76	92,658.54	53,053.09

## Summary of Operations and State of Company's Affairs

The profit for the year under consideration i.e. FY 2017-18, before depreciation, finance charges and tax is ₹ 64,506.44 Lakh as compared to a profit of ₹ 31,045.90 Lakh in the previous financial year. The profit for the year after tax is ₹ 41,493.86 Lakh as against a profit of ₹ 19,634.93 Lakh during the previous financial year.

The industry during the year reported a growth of 20% due to the consistently favourable shrimp prices coupled with an increase in shrimp production and exports from India. Your Company reported 4,30,314 MT sales of shrimp feed during FY 2017-18 as compared to 3,41,660 MT shrimp feed sales in the immediate preceding FY 2016-17, an increase of 26% in volume. For the 6th consecutive year, your Company posted higher growth than the industry, which reflects your Company's uncompromising commitment to product quality and technical support to farmers, making it the farmer's first choice.

The four windmills of your Company located in Karnataka State with a total capacity of 3.2 MW have generated 49.13 Lakh units as against 31.44 Lakh units in the previous year. The power generated during the year was sold to Karnataka Power Transmission Corporation Limited under the Power Purchase Agreement. The Operation and Maintenance (O&M) issues that arose with Wind World India Limited in the previous year were resolved and the machines operated well during FY 2017-18.

No material changes and commitments have occurred after the close of the financial year till the date of this Report.

During the year under review, there is no change in the nature of the business of the Company. The affairs of the Company are conducted in accordance with the accepted business practices and within the purview of the applicable legislations.

## Dividend

Your Directors have recommended a dividend of ₹ 6/- per equity share of ₹ 1/- each fully paid up, for FY 2017-18. The dividend, if declared by the Members at the 25th Annual General Meeting to be held on 7th August 2018, will be paid on or before 31st August 2018.

## Reserves

The Company proposes to transfer ₹ 4,000 Lakh to the General Reserve out of the profits available for appropriation.

## Composition of the Board and details of Board meetings:

Sl. No	Name	Designation
1	Sri A. Indra Kumar	Chairman & Managing Director
2	Sri C. Ramachandra Rao	Joint Managing Director, Company Secretary & Chief Financial Officer
3	Sri N. Ram Prasad	Director
4	Sri A.V. Achar	Independent Director
5	Sri B.V. Kumar	Independent Director

Sl. No	Name	Designation
6	Sri M.S.P. Rao	Independent Director
7	Sri K. Ramamohana Rao	Independent Director
8	Sri N.V. D.S. Raju	Independent Director
9	Smt K. Kiranmayee	Independent Woman Director
10	Sri Bunluesak Sorajjakit	Director
11	Sri Wai Yat Paco Lee	Director
12	Sri Kartikeya Misra, IAS (from 20.09.2016 to 03.07.2017)	Nominee Director (Nominee of Andhra Pradesh Industrial Corporation Limited – represented as equity investor)
13	Siddarth Jain, IAS (from 04.07.2017 to 31.01.2018)	Nominee Director (Nominee of Andhra Pradesh Industrial Corporation Limited – represented as equity investor)
14	Sri Solomon Arokia Raj IAS ( from 01.02.2018)	Nominee Director (Nominee of Andhra Pradesh Industrial Corporation Limited – represented as equity investor)

### 1.1 Number of Board Meetings

During FY 2017-18, 4 Board meetings were held. The details are as under:

Sl. No.	Date of Board Meeting	No. of Directors Attended
1	13.05.2017	8
2	11.08.2017	11
3	11.11.2017	11
4	09.02.2018	9

### 1.2 Committees of the Board

The details of the Committees of the Board viz., Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholders Relationship Committee are reported in the Report on Corporate Governance, which forms part of the Board's Report.

### 1.3 Meeting of Independent Directors

The details of the separate meeting of the Independent Directors are reported in the Report on Corporate Governance, which forms part of the Board's Report.

### 1.4 Familiarisation Programme for Independent Directors

The details of the familiarisation programme for the Independent Directors is reported in the Report on Corporate Governance, which is attached to the Board's Report.

## 2. Changes in Directors and Key Managerial Personnel

During the year under review, Andhra Pradesh Industrial Development Corporation Limited has withdrawn the nomination of Sri. Kartikeya Misra, IAS, on 03.07.2017 and appointed Sri Siddartha Jain, IAS on 04.07.2017 as Nominee Director and it withdrew the nomination of Sri Siddartha Jain on 31.01.2018 and appointed Sri. Solomon Arokia Raj, IAS on 01.02.2018 as a Director.

In terms of Articles 105 and 106 of the Articles of Association of the Company, Sri N. Ram Prasad and Sri Bunluesak Sorajjakit retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The resolutions to that effect are placed for consideration and approval by the members at the ensuing AGM.

### 3. Extract of Annual Return

Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is enclosed in Annexure-1.

### 4. Directors' Responsibility Statement

Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis;
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 5. Internal Financial Controls

The internal financial controls with reference to the Financial Statements for the year ended 31st March 2018 commensurate with the size and nature of business of the Company.

The measures implemented for internal financial controls include multiple authority levels for approval of expenditures, budgetary controls, concurrent internal audit, etc.

## 6. Declaration by Independent Directors

Sri A.V. Achar, Sri B.V. Kumar, Sri M.S.P. Rao, Sri K. Ramamohana Rao, Sri N.V.D.S. Raju and Smt K. Kiranmayee are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149(6) of the Act and the Rules made thereunder about their status as Independent Directors of the Company.

## 7. Policy on Directors' Appointments and Remuneration, including Criteria for Determining Qualifications, Positive Attributes, etc.

The details of Policy on Directors' appointment and Remuneration (i.e. Nomination and Remuneration Policy), and the criteria for determining qualifications, positive attributes, independence of directors are included in the Report on Corporate Governance forming part of the Board's Report.

Further, the information about the elements of remuneration package of individual directors is provided in the extract of the Annual Return in Form MGT-9 enclosed with the Board's Report.

## 8. Independent Auditors, their Report and Notes to Financial Statements

At the 24th Annual General Meeting held on 12th August 2017, Tukaram & Company, Chartered Accountants, Hyderabad have been appointed as Statutory Auditors of the Company for a period of 5 years, to hold the office from the conclusion of the 24th Annual General Meeting till the conclusion of 29th Annual General Meeting to be held in the year 2022. The ratification of the appointment of M/S Tukaram & Company, Chartered Accountants as Statutory Auditors for FY 2018-19 is not required as per the Companies (Amendment) Act, 2017 notified on 07.05.2018.

Further, the report of the Statutory Auditors along with notes to Schedules are annexed to this Report.

## 9. Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and the Rules made thereunder, M/s.V. Bhaskara Rao & Co., Hyderabad Practicing Company Secretary has been appointed as the Secretarial Auditor of the Company for FY 2017-18, on a remuneration of ₹ 1,00,000/- plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses. The report of the Secretarial Auditors is annexed to this Report.

## 10. Internal Audit

In terms of Section 138 of the Companies Act, 2013 and the relevant Rules, the Company appointed Smt Santhilatha, Chartered Accountant, an employee of the Company as Internal Auditor. The Internal Auditor directly reports to the Audit Committee.

## 11. Explanations on Qualifications Made by the Auditors

There were no qualifications, reservations or adverse remarks or disclaimers made by (i) Statutory Auditors i.e. Tukaram & Company., Chartered Accountants, Hyderabad, in their report and (ii) Secretarial Auditor V. Bhaskara Rao & Co., Practicing Company Secretaries, Hyderabad in their Secretarial Audit Report.

## 12. Particulars of Loans, Guarantees or Investments

The details of the Loans, Guarantees and Investments as on 31.03.2018 are as under :

a) Guarantees	:	₹	11,506.00 Lakh
b) Investments	:	₹	11,211.82 Lakh
			-----
		₹	22,717.82 Lakh
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## 13. Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in Annexure-2 to this Report.

The Company formulated the Policy on dealing with Related Party Transactions. The details of the policy may be seen on the Company's website : [www.avantifeeds.com](http://www.avantifeeds.com)

## 14. Details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

### (a) Conservation of Energy:

(i)	The steps taken or impact on conservation of energy	100 kvar capacitors installed for C-Automisers ETP plant auto machine admittance level sensors are installed
(ii)	The steps taken by the Company for utilising alternate sources of energy	Company studying feasibility of installing solar panels on the rooftops of its factory godowns to harness solar power
(iii)	The capital investment on energy conservation equipments	---

### (b) Technology Absorption: Not Applicable.

(c) Foreign Exchange Earnings and Outgo: During the year under review, the total Foreign Exchange

Inflow - NIL  
Outflow - ₹ 14,713.81 Lakhs

## 15. Risk Management Policy

In terms of the requirement of Section 134(3)(n) of the Companies Act, 2013, the Company has developed and implemented the Risk Management Policy. The Audit Committee and the Board review the same periodically. The details of the Policy are available on the Company's website: [www.avantifeeds.com](http://www.avantifeeds.com)

## 16. Corporate Social Responsibility Committee

### Composition:

Sl. No.	Name	Designation	Chairman/ Members
1	Sri A. Indra Kumar	Chairman & Managing Director	Chairman
2	Sri N. Ram Prasad	Non-executive Non-independent Director	Member
3	Sri A.V. Achar	Independent Director	Member
4	Sri B.V. Kumar	Independent Director	Member
5	Smt K Kiranmayee	Independent Director	Member
6	Sri C. Ramachandra Rao	Joint Managing Director, Company Secretary & CFO	Member & Compliance Officer

### Terms of Reference:

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR activities.

### CSR Policy

The Company's CSR Policy is disseminated at [www.avantifeeds.com](http://www.avantifeeds.com)

During FY 2017-18, one meeting of the Corporate Social Responsibility Committee was held on 27th March 2018.

### CSR Expenditure during FY 2016-17:

As per Section 135(5) of The Companies Act, 2013, an amount of 2 percent of the average Net Profits of the Company made during the 3 immediately preceding financial years, which works out to ₹ 515.40 Lakh, is to be spent towards CSR Activities. The Company has spent ₹ 605.03 Lakh towards CSR activities in FY 2017-18, which is more than a mandatory requirement by ₹ 89.63 Lakh. The detailed Report on the CSR Activities is annexed to the Board's Report.

## 17. Manner in which annual evaluation has been made by the Board of its own performance and that of its Committees and Individual Directors

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of (i) its own performance, (ii) the Directors individually and (iii) the working of its Committees. The manner in which the evaluation was carried out is reported in the Report on Corporate Governance forming part of this Report.

## 18. Subsidiaries and Associate Companies

### 18.1 Report on the Performance of Subsidiaries and Associates:

The report on the business of the Subsidiaries and Associate companies as on 31.03.2018 is as follows:

### 18.2 Subsidiaries:

#### (a) Avanti Frozen Foods Private Limited (AFFPL)

During the year, AFFPL reported a turnover of ₹ 58,117.96

Lakh and Profit before Tax of ₹ 7383.89 Lakh. The Profit after Tax reported by AFFPL is ₹ 4994.02 Lakh for FY 2017-18.

Further, AFFPL completed the implementation of a 15,000 MTA capacity shrimp processing plant at Yerravaram in East Godavari District of Andhra Pradesh with a Capex of ₹ 12,159.38 Lakh and started operations from 31.08.2017.

### (b) SVIMSAN Imports and Exports Private Limited : No business activity.

The consolidated financial statements of the Company and its subsidiaries prepared in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies Amendment Rules, 2016, form part of the Annual Report and are reflected in the Consolidated Financial Statements of the Company.

The annual financial statements of the subsidiaries and related detailed information will be kept at the Registered Office and Corporate Office of the Company as also at the Registered Offices of the respective subsidiaries and will be available to the investors seeking information at any time.

The Company has adopted a Policy for determining Material subsidiaries in terms of Regulation 16(1)(c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy as approved by the Board is available on the website of the Company at [www.avantifeeds.com](http://www.avantifeeds.com)

### 18.3 Joint Ventures:

During the year under review, there were no joint ventures.

### 18.4 Associate Companies:

#### 1. Srivathsa Power Projects Private Limited:

Srivathsa Power Projects Pvt Ltd. is a 17.2 MW gas-based independent power project situated in Andhra Pradesh in which the Company holds 49.99% of equity shares.

During FY 2017-18, the gas supply by GAIL was 37,172 SCMD as against the nominated quota of 65,000 SCMD. As a result, the power generation was limited to 549.26 Lakh units as against a capacity of 1,100.00 Lakh units. During FY 2017-18, the Company reported a turnover of ₹ 1738.70 Lakh and a profit of

₹ 32.51 Lakh after charging interest and depreciation as per un-audited financials.

**2. Patikari Power Private Limited:**

The Company holds 25.88% equity shares of Patikari Power Private Limited, which has a 16 MW Hydel Power Project in Himachal Pradesh. During FY 2017-18, as per un-audited financials, the Company generated 502 Lakh saleable energy units, yielding a gross sales income of ₹ 1129.37 Lakh, and resulted in a net profit of ₹ 372.32 Lakh after charging interest, depreciation and tax.

**18.5 Names of companies that have become or ceased to be subsidiaries, joint ventures or associate companies:**

There were no companies that have become or ceased to be joint ventures or associate companies.

**18.6 Statement containing subsidiaries salient features of financial statements of subsidiaries:**

Pursuant to sub-section (3) of Section 129 of the Act, the statement containing the salient features of the financial statements of Company’s subsidiary and associate companies is enclosed in Annexure-4 of the Board’s Report.

**19. Public Deposits**

The Company has not accepted any Public Deposit and as such no principal or interest or any claim is outstanding as on the date of the Balance Sheet.

**19.1 Details of Deposits that are not in compliance with the requirements of Chapter V of the Companies Act, 2013:**

The Company has not accepted any deposits from the public and as such there were no deposits wthat are not in compliance with the requirements of Chapter V of the Companies Act, 2013.

**20. Significant and Material Orders Passed by the Regulators**

None of the orders passed by the Court or Tribunal has any impact on the going concern status of the Company or significant impact on the Company’s operations.

**21. Internal Controls Systems and Adequacy**

The Company has in place an adequate system of internal controls. The details of the internal controls system are given in the Management Discussion and Analysis Report, which forms part of the Board’s Report.

**22. Management Discussion & Analysis**

Management Discussion and Analysis Report is annexed, which forms part of this Report.

**23. Business Responsibility Report**

The Business Responsibility Report is annexed, which forms part of this Report.

**24. Corporate Governance**

As a listed Company, necessary measures are taken to comply with the SEBI (Listing Obligations and Disclosure Requirements) Regulations. Report on the Corporate Governance together with a Certificate on compliance of Corporate Governance by Independent Auditors forms part of this Report.

There are no loans, advances and investments to subsidiary companies during the year under review.

Related Party Disclosure as per Schedule V of SEBI (LODR) Regulations, 2015:

**25. Whistle Blower Policy**

The Company established a Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company’s code of conduct or ethics policy. The practice of the Whistle Blower Policy is overseen by the Audit Committee and no employee has been denied access to the Committee. The Whistle Blower Policy is available at the Company’s website: [www.avantifeeds.com](http://www.avantifeeds.com)

**26. Remuneration to Directors**

The details of the remuneration paid to Sri A. Indra Kumar, Chairman and Managing Director, and Sri C. Ramachandra Rao, Joint Managing Director, Company Secretary & CFO are as under:

Details	₹ in Lakh)	
	Sri A Indra Kumar CMD	Sri C Ramachandra Rao JMD,CS & CFO
Pay	268.36	140.43
Exgratia	30.96	16.20
Perks	2.40	--
Super Annuation	23.15	12.33
Commission on Profits	2631.27	1973.46
<b>Total</b>	<b>2956.14</b>	<b>2142.42</b>

**27. Human Resources**

Your Company treats its human resources as one of its most important assets. Your Company continuously invests in attracting, retaining and developing talent on an ongoing basis. Your Company’s thrust is on the promotion of talent internally through job rotation and job enlargement.

## 28. Particulars of Employees

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 indicating (i) the ratio of remuneration of each Director to the median employees remuneration and other details and (ii) a statement showing the details of employees who are in receipt of remuneration of ₹ 102 Lakh or more are given in Annexure-5 forming part of this Report.

## 29. Policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy.

During the year ended 31.03.2018, the Company has not received any complaints pertaining to sexual harassment of employees.

### Acknowledgments:

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

For and on behalf of the Board  
**Avanti Feeds Limited**

**A. Indra Kumar**

DIN: 00190168

Chairman & Managing Director

Place: Hyderabad  
Date: 26.05.2018