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In the business of quality Prawn feed and Prawn Exports

Ref: AFL/BSE & NSE/2018-19

01st June 2018

The Deputy General Manager
BSE, Limited
Corporate Relation Department
1st Floor, New Trading Ring
Rotunda Building
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National Stock Exchange India Limited
Exchange Plaza
Bandra (East)
Mumbai – 400 0051.
Fax: 022-26598237/38

BSE Code: 512573

NSE Code: AVANTIFEED

Dear Sir,

**Sub: AVANTI FEEDS LIMITED – Corporate Announcement – Information to investors
on recent steep fall in the share price of the Company– Reg.**

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We enclose herewith an announcement by the Company to the investors in connection with recent steep fall in the share price of the Company.

We request you to take the information on record.

Thanking you,

Yours faithfully,
for AVANTI FEEDS LIMITED

C. RAMACHANDRA RAO
JOINT MANAGING DIRECTOR,
COMPANY SECRETARY & CFO



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Annexure

INFORMATION TO INVESTORS ON RECENT STEEP FALL IN COMPANY'S SHARE PRICE

It has been noticed that the Company's share price has been declining steeply in the recent past, particularly, during last few days. The investors are aware that the audited financial results for Q4 FY18 and also for the FY18 have been published recently on 26th May'18, declaring exceptional performance for FY18 and a good performance in Q4 FY18 compared to corresponding periods of the FY17, even after considering increase in feed raw material prices and other circumstances, not warranting a steep declining trend in the share price, which is taking place now.

However, on an analysis of reasons, it appears that the news, purported to be given by some agencies, stating that the shrimp prices are likely to fall further in this year and the production of shrimps in India is likely to drop drastically, has caused serious apprehensions of sustainable performance of the aquaculture industry in India, among investors. As a result, the share prices are falling at a steep and fast pace.

In the light of this development, the Management would like to dispel the apprehensions of the investors about sustainable performance of the Company as well as the industry by bringing the following facts to the notice of the investors:

1. The steep fall in export prices of shrimps witnessed during the past 3 to 4 months was due to certain global developments such as temporary decline in consumption of shrimps in US due to extended winter coupled with stable shrimp production in countries like Indonesia, Vietnam. The shrimp imports by China from Vietnam were also curtailed due to Chinese Regulatory reasons.

The decline in price is only a temporary reaction and the consumption of shrimps in US has come back to normalcy and the demand started picking up and would be restored to normal level soon and even expected to go up, which is expected to trigger increase in prices. The Chinese imports are also expected to go up in the months to come.

Therefore, there is no need to be panic about export demand for shrimps from India and its price, in future.

2. The second apprehension appears to be sustainability of aquaculture activity for the farmer to continue shrimp culture. It is true that the farm gate price of shrimps has fallen steeply in the past few months, reducing the margin (ROI) of the farmer drastically. This, initially, gave a knee-jerk reaction among the farmers to consider to slow down shrimp culture activity. However, now the farmers are in the process of realising that the fall was a temporary phenomenon, as the farm gate price of the shrimps is gradually increasing now, which will make the shrimp culture much more profitable than other agricultural



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crops. Moreover, the farmer would have invested in developing the infrastructure for shrimp culture and would prefer to continue this activity. Hence, there is no need for any apprehension about continuation of shrimp culture and maintaining the production levels in this year also.

3. Realising the importance of sustenance of shrimp culture as a potential foreign exchange earner and also providing employment to rural youth, the Governments have focussed their attention to this sector and considering to render support to the farmers and the industry.
4. Coming to the performance of the Company, the Management would like to assure the investor, with confidence that the capacity utilisation in feed should be able to achieve a growth rate of not less than 10% in FY19 over FY18 and in processing and export of shrimps 60 to 65% capacity utilisation should be possible to achieve.

As the Company has always been maintaining that the sustainable margins (PBT) in feed at 10 to 15% and in shrimp processing and export 8 to 10%, which the Management is confident of achieving at minimum levels.

The Management trusts that the above information would put to rest the apprehension of the investors about sustainability of the industry and also growth and profitability of the Company.

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For AVANTI FEEDS LIMITED

G. Ramchandra Rao

Jt. MANAGING DIRECTOR

