

## India

### Overweight *(no change)*

#### Highlighted Companies

##### Apex Frozen Foods Ltd

ADD, TP Rs780, Rs319 close

The stock looks undervalued on all parameters, in our view. Strong demand uptick with firm pricing and capacity to produce more are not yet factored into its price.

##### Avanti Feeds Ltd

ADD, TP Rs1007, Rs464 close

The stock looks undervalued on most parameters, in our view. Precedent set by the GM soymeal move will reduce volatility in the long run.

##### Coastal Corp Ltd

ADD, TP Rs1658, Rs356 close

The stock remains massively underpriced given the huge scope in the operating segment (shrimp) and the embarking segment (distillery).

#### Summary Valuation Metrics

P/E (x)	Mar22-A	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	24.23	13.29	7.35
Avanti Feeds Ltd	27.35	17.34	11.51
Coastal Corp Ltd	29.25	9.19	3.73

P/BV (x)	Mar22-A	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	2.09	1.83	1.5
Avanti Feeds Ltd	3.33	2.89	2.41
Coastal Corp Ltd	2.02	1.44	1.09

Dividend Yield	Mar22-A	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	0.83%	0.75%	1.36%
Avanti Feeds Ltd	0.7%	1.15%	1.74%
Coastal Corp Ltd	0.66%	2.18%	3.94%

#### Analyst(s)



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# Agribusiness

## Shrimpopedia India Edition | Aug 2022

- India remains the top shrimp exporter to USA in Jun 2022, with a market share of 41%.
- China's shrimp imports are going through the roof with its Jun 2022 imports at 56,019mt, despite the ban on some top exporters from Ecuador.
- USA shrimp prices remain strong at \$9.3/kg, with Indian shrimps in this market fetching \$9.2/kg in May 2022.

### USA's shrimp imports

In Jun 2022, imports improved by 1% yoy to 77,254mt, of which India's share increased by 24% yoy to 31,547mt while competitor Ecuador's share decreased by 13% yoy to 19,614mt. However, in 6MCY22, imports grew 9% yoy to 4,40,734mt. The market share of India improved to 41% in Jun 2022, still away from the peak of 45% achieved in Oct 2021 and Nov 2019. Ecuador climbed up the ladder, achieving a 25% market share, in line with previous months. Indonesia has now shifted to the third position with a 14% market share. Vietnam made a comeback at 10%, securing the fourth position. India, Ecuador, Indonesia, and Vietnam now hold a total ~89% share in USA's shrimp imports.

### China's shrimp imports

The steady growth continues. In Jun 2022, China's imports continued to grow at 11.8% yoy to 56,019mt, of which India's share grew 21% yoy to 10,627mt, while competitor Ecuador decreased its share by 4% yoy to 30,334mt. The market share of India is down to 19% in Jun 2022, further away from the peak of 31% achieved in Jul 2021. Ecuador climbed up the ladder, achieving a 54% market share, but below the previous month's share.

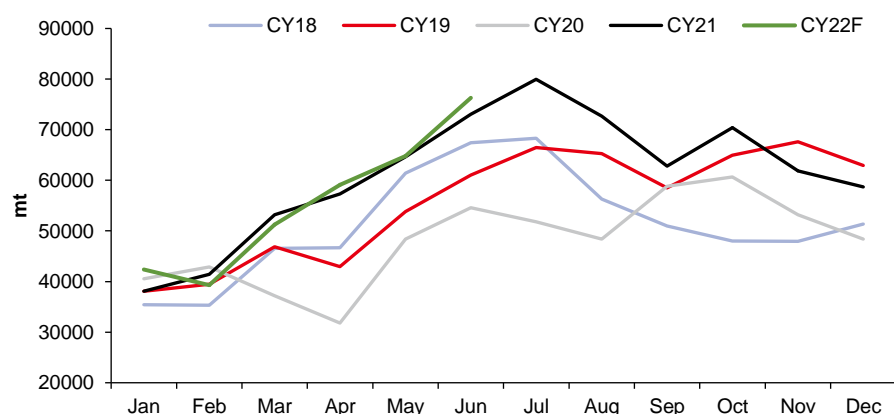
### Ecuador's shrimp exports

Ecuador's shrimp exports seemed to have gained momentum and topped the mark of 95,000 mt, touching 95,212mt in Jun 2022. China leads shrimp imports with a 50% share at 47,981mt, followed by USA at 18% and the European Union or EU at 18%. Rest of the world or ROW was at 13%. We expect the market spreads between the exporting countries to remain similar.

### India's shrimp exports

India's Jun 2022 shrimp exports registered a yoy growth of 4% at 76,296mt. For 6MCY22, export volume continued to be flat. Exports had lost pace during CY20, but now seem to be staging a revival and are all set to get larger in CY22F. Although the decline in numbers does not suggest the same, it is important to factor that in. India has been in short supply of shrimp, and it's a supply issue and not a demand problem, as indicated by the strong uptick in pricing which touched the level of ~US\$8/kg, the highest since CY18.

**Figure 1: India's shrimp exports - monthly volume**

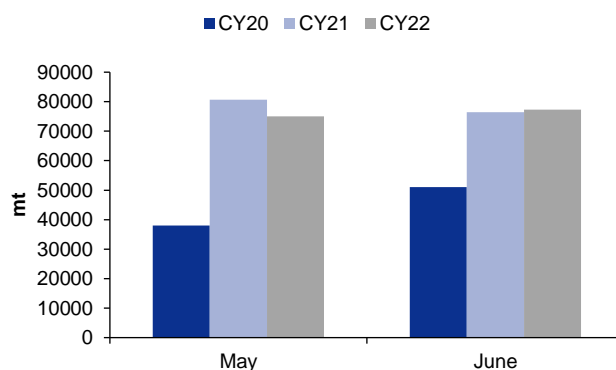


SOURCE: INCRED RESEARCH, COMPANY REPORTS

## KEY CHARTS – USA's shrimp imports in Jun 2022

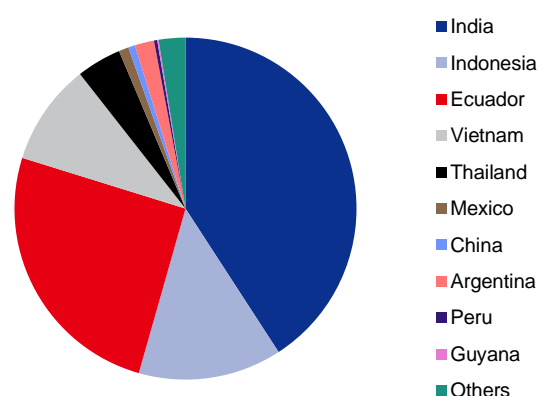
### Monthly volume growth in May and Jun 2020, 2021, and 2022 ->

In Jun 2022, imports improved by 1% yoy to 77,254mt, of which India's share increased by 24% yoy to 31,547mt while competitor Ecuador's share decreased by 13% yoy to 19,614mt. However, in 6MCY22, imports grew 9% yoy to 4,40,734mt.



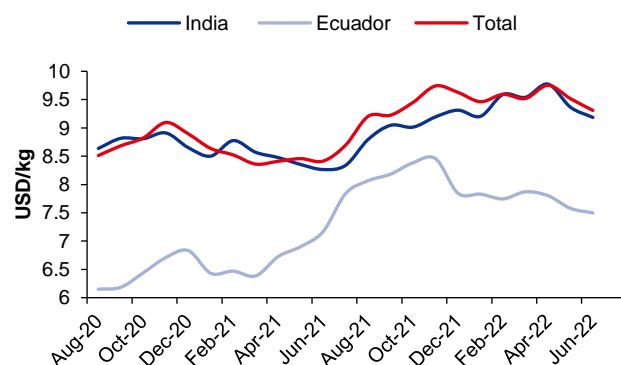
### Monthly market share in Jun 2022 ->

The market share of India improved to 41% in Jun 2022, still away from the peak of 45% achieved in Oct 2021 and Nov 2019. Ecuador climbed up the ladder, achieving a 25% market share, in line with previous months. Indonesia has now shifted to the third position with a 14% market share. Vietnam made a comeback at 10%, securing the fourth position. India, Ecuador, Indonesia, and Vietnam now hold a total ~89% share in USA's shrimp imports.



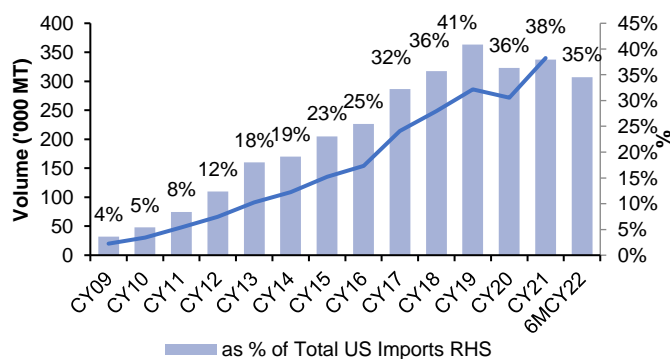
### Monthly pricing growth ->

Overall prices remained firm and have topped the threshold of US\$9/kg for few months in a row in CY22, and are at a US\$9.3/kg. Indian shrimp prices have risen to achieve the US\$9.3/kg mark, topping the US\$9/kg mark for the 10th time in a row.



### USA shrimp imports from India ->

The annual export share of India is expected to be back on the growth track after the harvest of the first crop of CY22. The fall witnessed at the beginning of CY22 is in line with low supply in the country. In our view, the share should be back above 41% (registered in CY19) in CY22F.

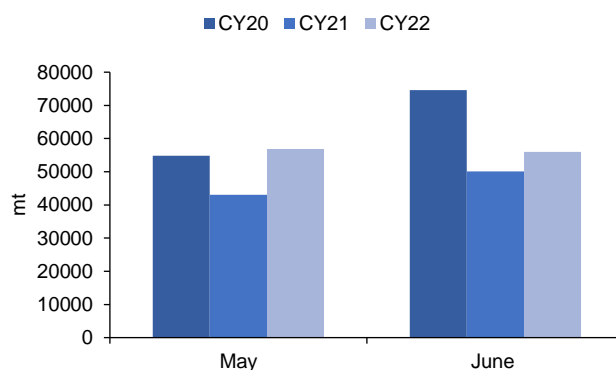


SOURCE: INCRED RESEARCH, COMPANY REPORTS

## KEY CHARTS - China's shrimp imports in Jun 2022

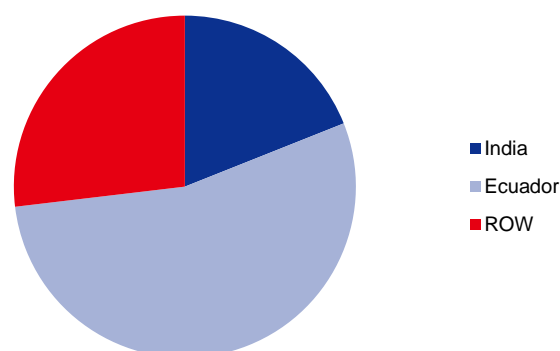
### Monthly volume growth in May and Jun 2020, 2021, and 2022 ->

The steady growth continues. In Jun 2022, China's imports continued to grow at 11.8% yoy to 56,019mt, of which India's share grew 21% yoy to 10,627mt, while competitor Ecuador decreased its share by 4% yoy to 30,334mt.



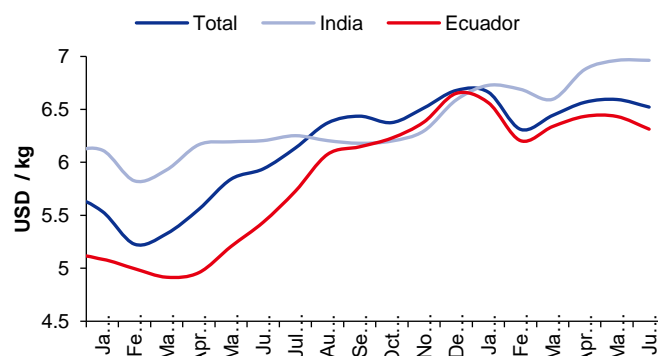
### Monthly market share in Jun 2022 ->

The market share of India is down to 19% in Jun 2022, further away from the peak of 31% achieved in Jul 2021. Ecuador has climbed up the ladder, achieving a 54% market share, but below the previous month's share.



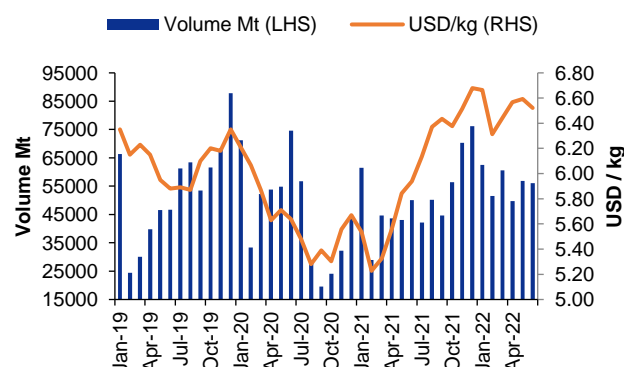
### Monthly pricing growth ->

Overall prices have remained firm and have been topping the threshold of US\$6/kg for few months in a row in CY22. Indian prices have risen to achieve the US\$6.9/kg mark, topping the US\$6.5/kg mark for the seventh time in a row.



### China's shrimp imports ->

The annual export share of India is expected to be back on the growth track after the harvest of the first crop of CY22. The fall witnessed at the beginning of the CY22 is in line with low supply in the country. In our view, the share should start moving up again in CY22F.

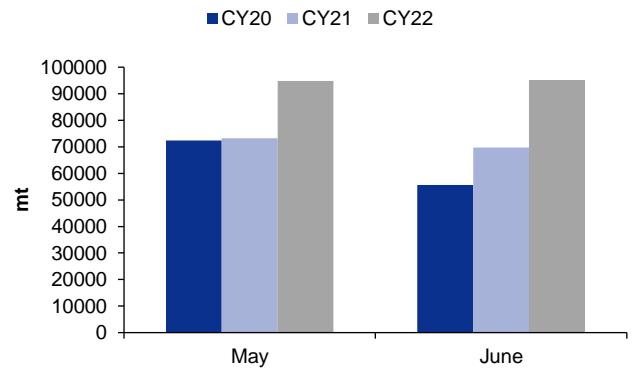


SOURCE: INCRED RESEARCH, COMPANY REPORTS

## KEY CHARTS - Ecuador's shrimp exports in Jun 2022

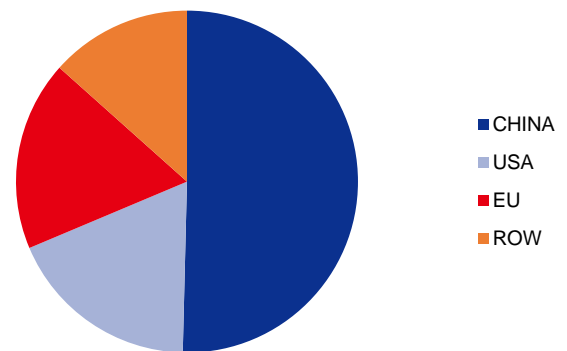
### Monthly volume growth in May & Jun 2020, 2021 & 2022 ->

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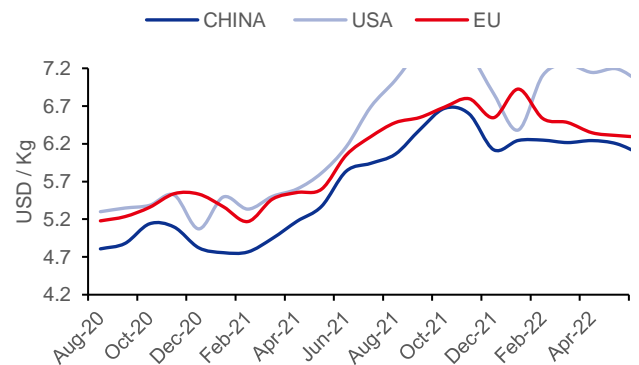
### Monthly market share in Jun 2022 ->

China leads shrimp imports with a 50% share at 47,981mt, followed by USA at 18% and the EU at 18%. ROW was at 13%. We expect the market spreads between the exporting countries to remain similar.



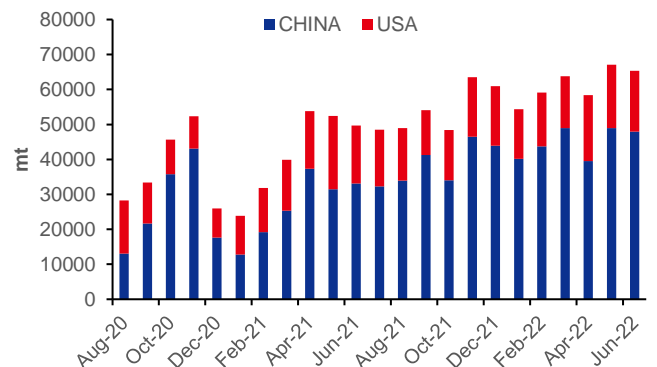
### Monthly pricing growth ->

Overall shrimp prices have remained firm at ~US\$7/kg in USA. China prices have also topped the ~US\$6/kg mark. We expect prices to remain firm and have an upward bias in coming months.



### Monthly volume movement in USA and China ->

We have seen exports to USA picking up when exports to China decline. This trend again shifted towards China as the geopolitical issues were resolved with Ecuador.

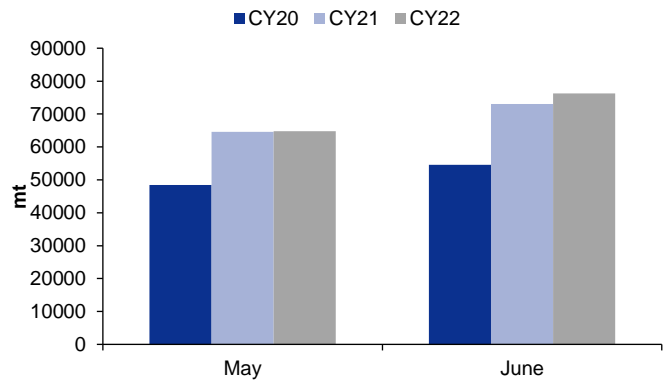


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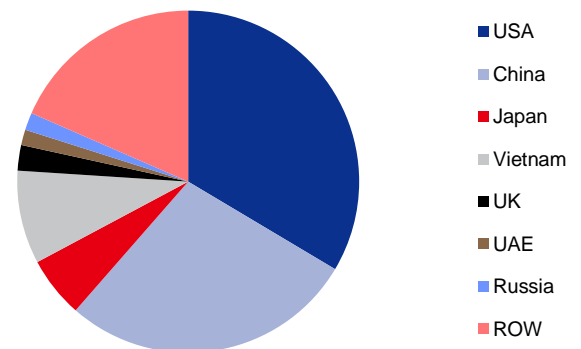
### Monthly volume growth in May and Jun 2020, 2021 & 2022 ->

Jun 2022 registered a growth to 76,296mt, up 4% yoy. For 6MCY22, export volume continued to be flat. Exports had lost pace during CY20, but now seem to be staging a revival and are all set to get larger in CY22F. Although the decline in numbers does not suggest the same, it is important to factor that in. India has been in short supply of shrimp, and it's a supply issue and not a demand problem, as indicated by the strong uptick in pricing which touched the level of ~US\$8/kg, the highest since CY18.



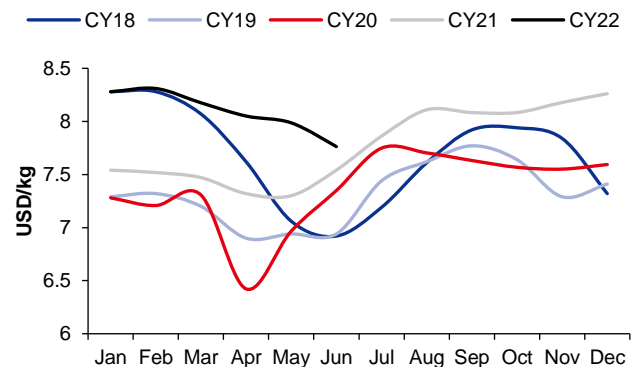
### Monthly market share in Jun 2022 ->

USA leads with a 34% share and is expected to touch 40,000mt in coming months, followed by China at 28%. We expected China to touch the 20,000mt mark in coming months, but in Jun 2022 itself its number crossed that mark and stood at 21,276mt. Japan held a 6% share and is expected to move to the 10,000mt-mark. ROW was at 33%.



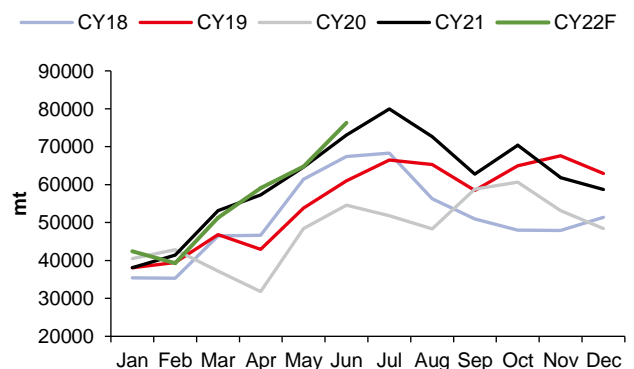
### Monthly pricing growth since CY18 ->

Overall prices have remained firm and touched the US\$7.8/kg-mark, higher than in CY18, CY19, CY20 and CY21, for the month. With strong demand for shrimps and the pumped-up farm-gate prices around the world, the prices should challenge, if not beat CY17 level, in coming months.



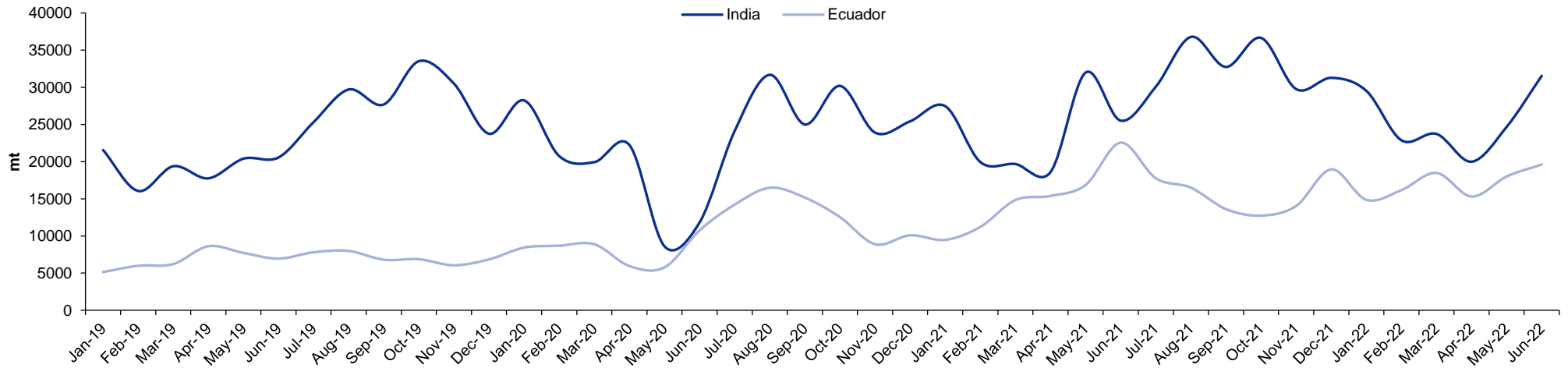
### Monthly volume growth since CY18 ->

We are expecting a sharp pick-up once the first harvest of CY22 hits the shelves of processing plants. We had witnessed a new high in Jul CY21, at 79,958mt. The number should remain in the range of ~70,000mt, with 1,00,000mt being talked about and hoped for in CY22F.



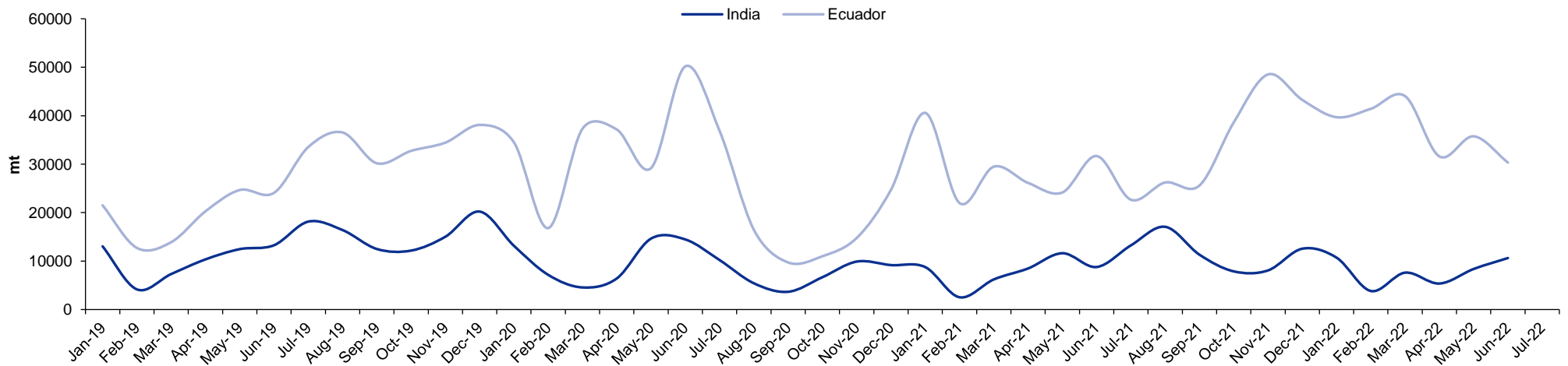
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: India vs. Ecuador shrimp volume share in USA market (in mt)**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: India vs. Ecuador shrimp volume share in China market (in mt)**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Farm-gate prices in Andhra Pradesh

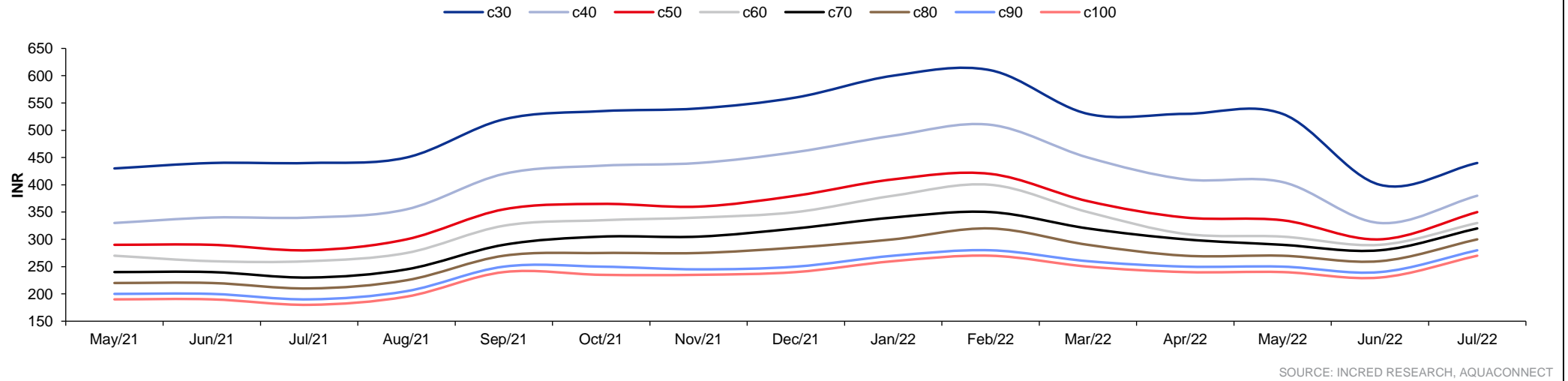
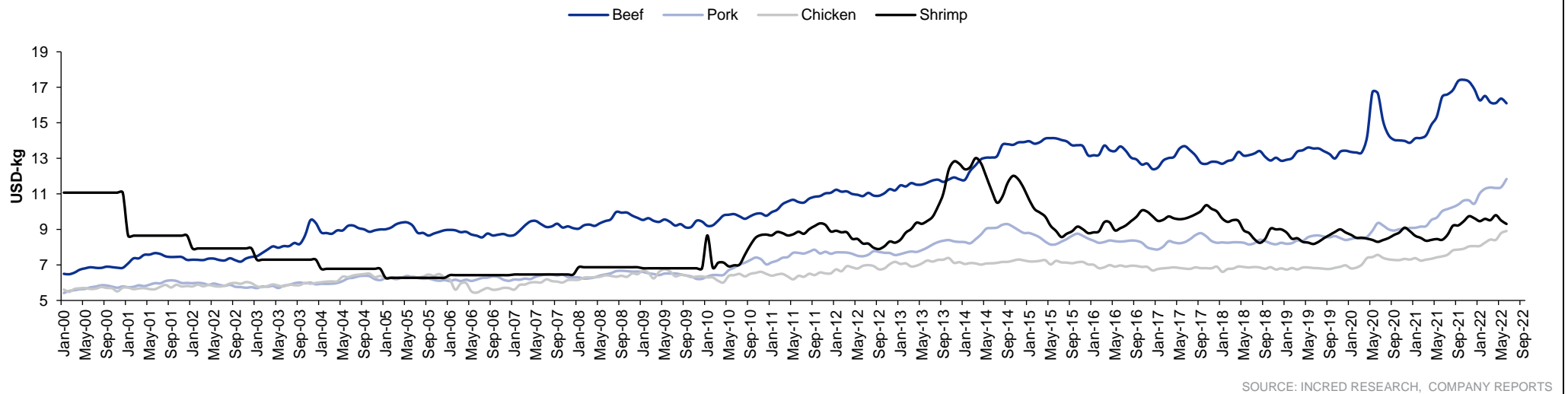


Figure 5: Comparative meat prices





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any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
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managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
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served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

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