

India
Overweight *(no change)*
Highlighted Companies
Apex Frozen Foods Ltd
ADD, TP Rs780, Rs331 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, Rs503 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, Rs347 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	25.14	13.79	7.63
Avanti Feeds Ltd	29.64	18.78	12.48
Coastal Corp Ltd	28.46	8.94	3.63

P/BV (x)

	Mar22-A	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	2.17	1.9	1.55
Avanti Feeds Ltd	3.61	3.13	2.61
Coastal Corp Ltd	1.96	1.41	1.06

Dividend Yield

	Mar22-A	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	0.8%	0.73%	1.31%
Avanti Feeds Ltd	0.65%	1.06%	1.6%
Coastal Corp Ltd	0.68%	2.24%	4.05%

Analyst(s)

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Agribusiness

Shrimpopedia India Edition | Sep 2022

- India remains the top shrimp exporter to USA in Jul 2022, with a market share of 35%.
- China's shrimp imports are going through the roof with its Jul 2022 imports at 92,828mt, 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 July 2022.

USA's shrimp imports

In Jul 2022, imports improved by 11.3% yoy to 67,782mt, in which India's share decreased by 21.5% yoy to 23,617mt while competitor Ecuador's share increased by 11.7% yoy to 19,832mt. However, in 7MCY22, imports grew 6% yoy to 5,08,515mt. The market share of India has declined to 35% in Jul 2022, far away from the peak of 45% achieved in Oct 2021 and Nov 2019. Ecuador has climbed up the ladder, achieving a 29% market share, in line with previous months. Indonesia has now shifted to the third position with a 15% market share. Vietnam has made a comeback at 11%, securing the fourth position. India, Ecuador, Indonesia, and Vietnam now hold a total ~90% share in USA's shrimp imports.

China's shrimp imports

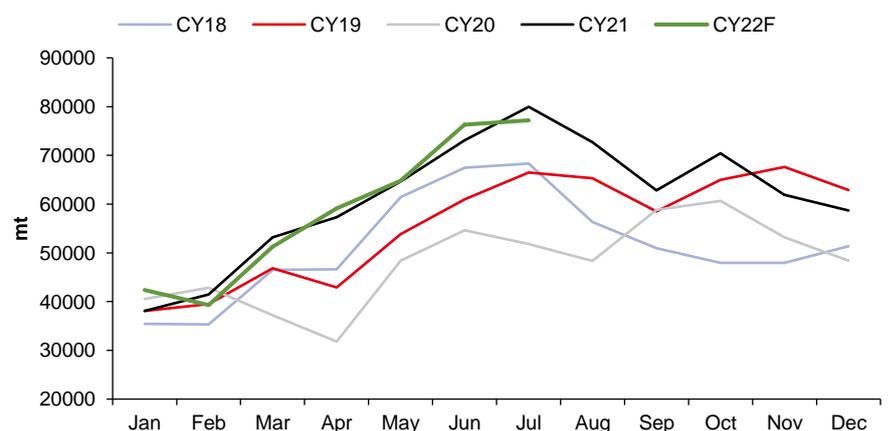
The steady growth continues. In Jul 2022, China's imports continued to grow at 120% yoy to 92,828mt, in which India's share grew 19% yoy to 15,780mt while competitor Ecuador increased its share by 164% yoy to 59,823mt. The market share of India is down to 17% in Jul 2022, further away from the peak of 31% achieved in Jul 2021. Ecuador has climbed up the ladder, achieving a 64% 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 1,00,000 mt, touching 1,03,522 mt in Jul 2022. China leads shrimp imports with a 54% share at 55,536mt, followed by USA at 19% and the European Union or EU at 18%. Rest of the world or ROW was at 10%. We expect the market spread between the importing countries to remain similar.

India's shrimp exports

Jul 2022 shrimp exports from India registered a decline to 77,175mt, down 3% yoy. For 7MCY22, 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 per kg which touched the level of US\$8/kg, the highest since CY18.

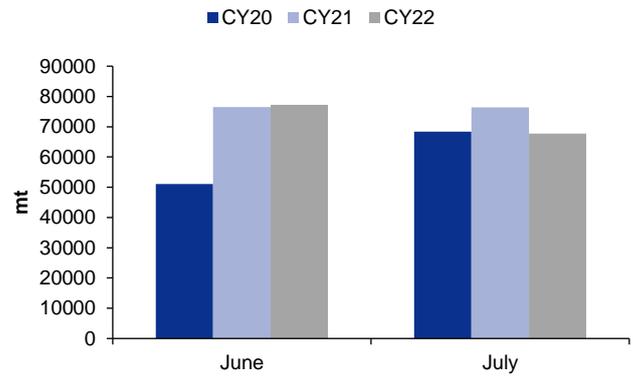
Figure 1: India's shrimp exports - monthly volume


SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS – USA’s shrimp imports in Jul 2022

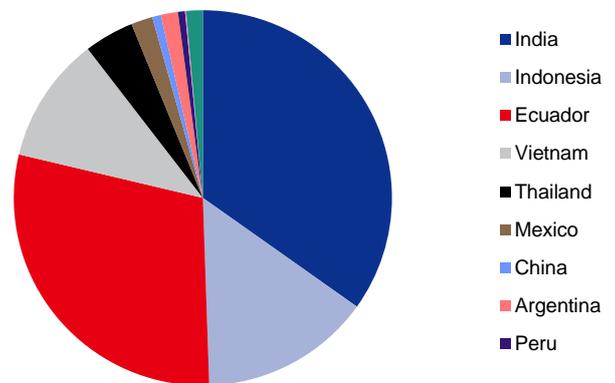
Monthly volume growth in Jun and Jul 2020, 2021, and 2022 ->

In Jul 2022, imports improved by 11.3% yoy to 67,782mt, in which India’s share decreased by 21.5% yoy to 23,617mt while competitor Ecuador’s share increased by 11.7% yoy to 19,832mt. However, in 7MCY22, imports grew 6% yoy to 5,08,515mt.



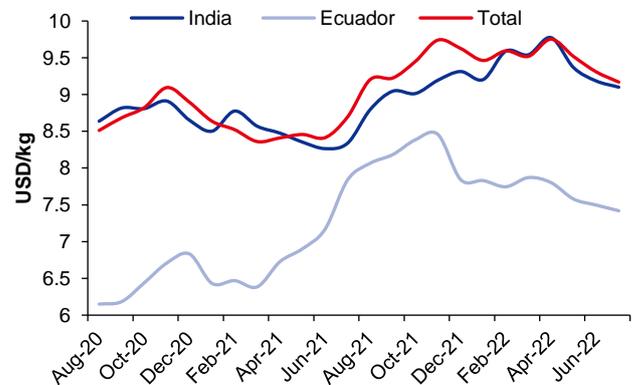
Monthly market share in Jul 2022 ->

The market share of India has declined to 35% in Jul 2022, far away from the peak of 45% achieved in Oct 2021 and Nov 2019. Ecuador has climbed up the ladder, achieving a 29% market share, in line with previous months. Indonesia has now shifted to the third position with a 15% market share. Vietnam made a comeback at 11%, securing the fourth position. India, Ecuador, Indonesia, and Vietnam now hold a total ~90% share in USA’s shrimp imports.



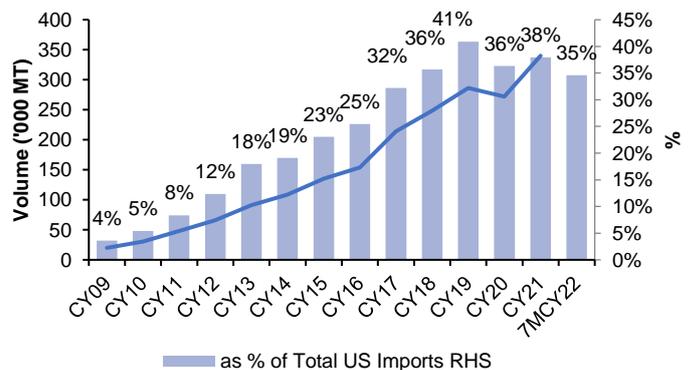
Monthly pricing growth ->

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\$9.2/kg. Indian shrimp prices have risen to achieve the US\$9.1/kg mark, topping the US\$9/kg mark for the 11th time in a row.



USA’s 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) later in CY22F.

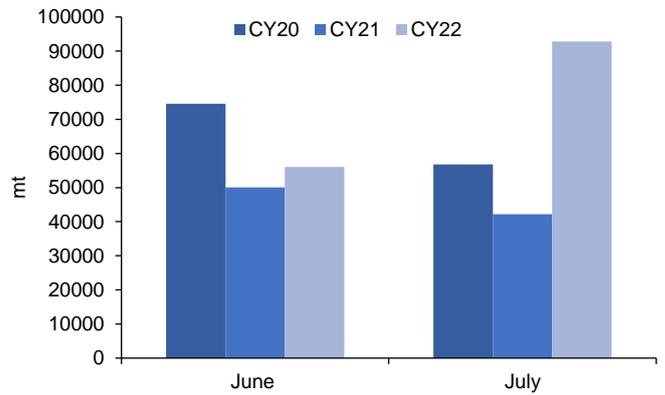


SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS - China's shrimp imports in Jul 2022

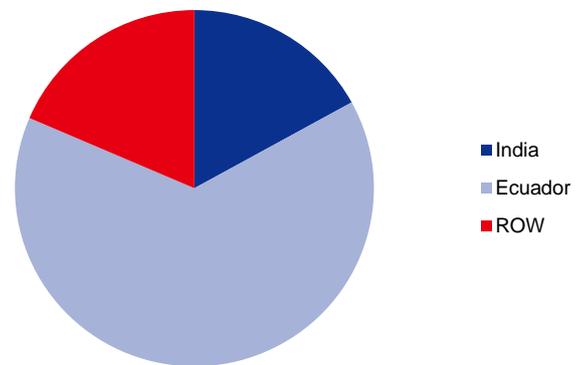
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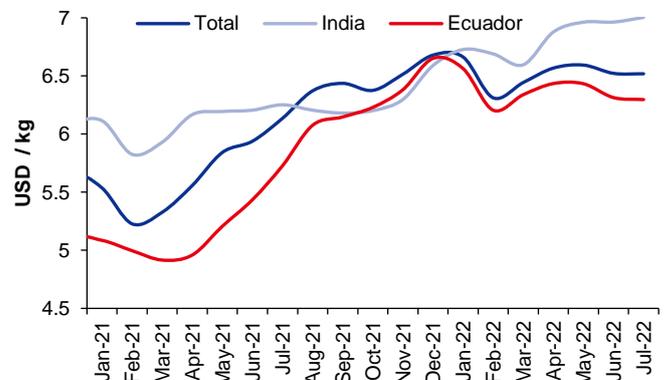
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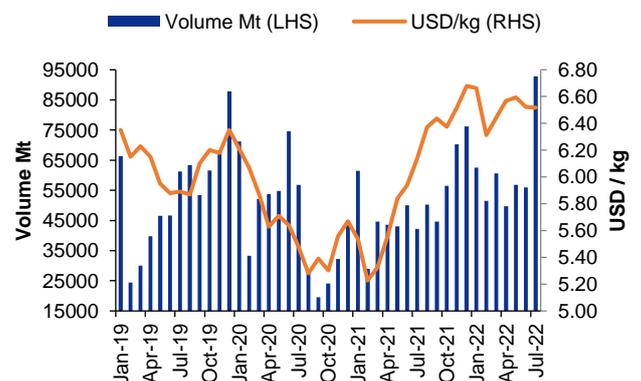
Monthly pricing growth ->

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\$7/kg mark, topping the US\$6.5/kg mark for the eighth time in a row.



China's shrimp imports ->

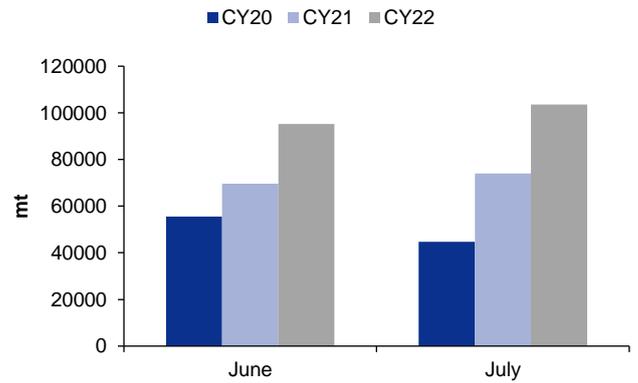
The annual export share of India is expected to be back on the growth track after the harvest of the first crop of CY22. The fall witnessed at the beginning of the CY22 is in line with low supply in the country. In our view, the share should start moving up again later in CY22F.



KEY CHARTS - Ecuador's shrimp exports in Jul 2022

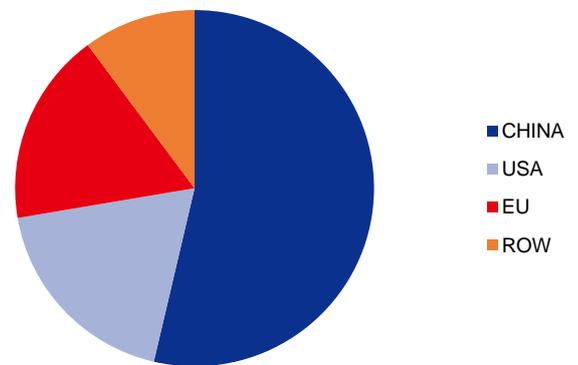
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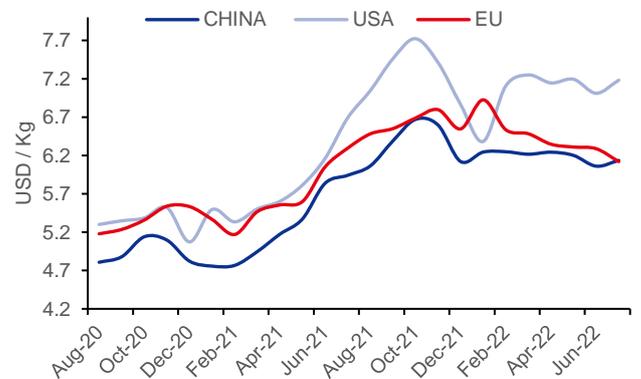
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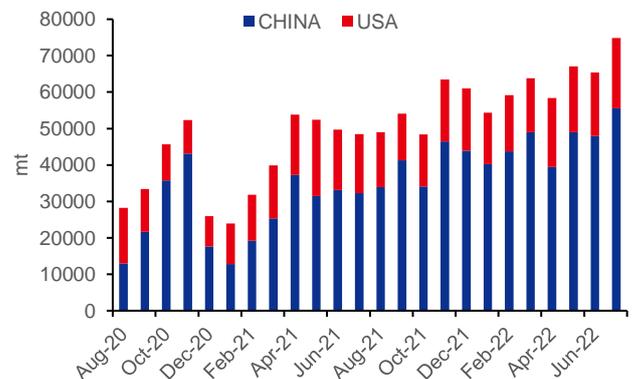
Monthly pricing growth ->

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



Monthly volume movement in USA and China ->

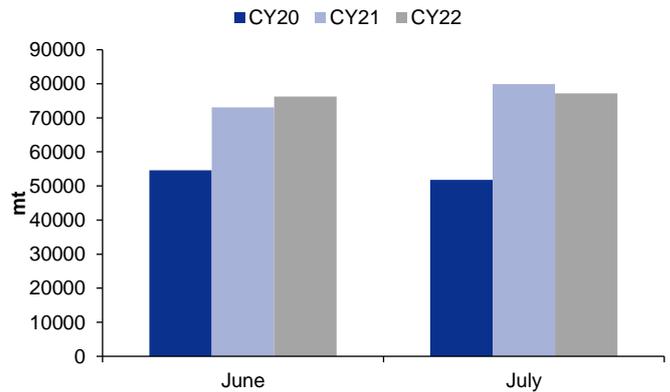
We have seen exports to USA picking up when exports to China decline. This trend again shifted towards China as the geopolitical issues were resolved with Ecuador.



KEY CHARTS - India's shrimp exports in Jul 2022

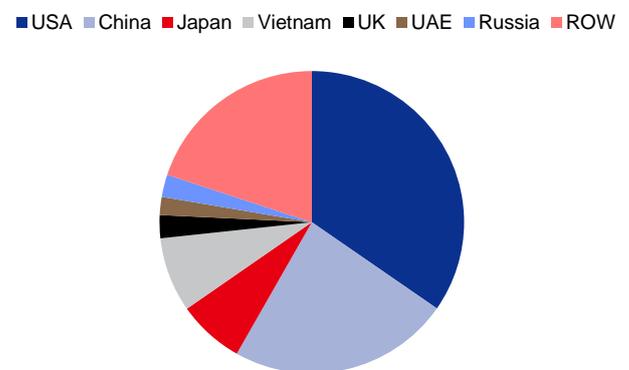
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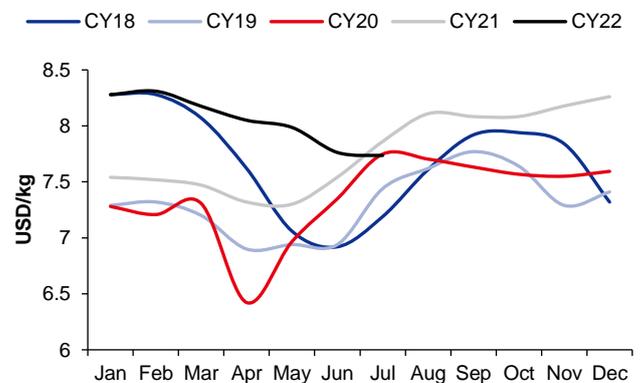
Monthly market share in Jul 2022 ->

USA leads with a 35% share and is expected to touch 35,000mt in coming months, followed by China at 28% and we believe it will touch 35,000mt in coming months, in Jul, the number topped the 18,000mt mark and stood at 18,162mt. Japan held a 7% share and is expected to move to the 10,000mt-mark. ROW was at 35%.



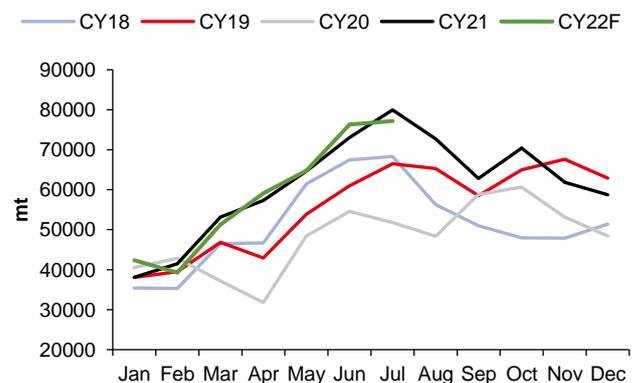
Monthly pricing growth since CY18 ->

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.



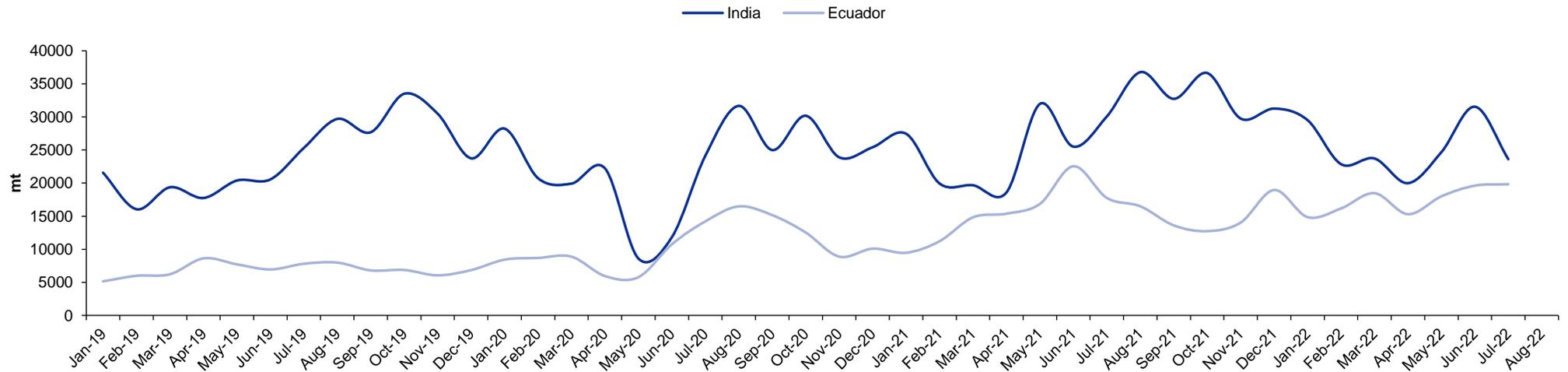
Monthly volume growth since CY18 ->

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.



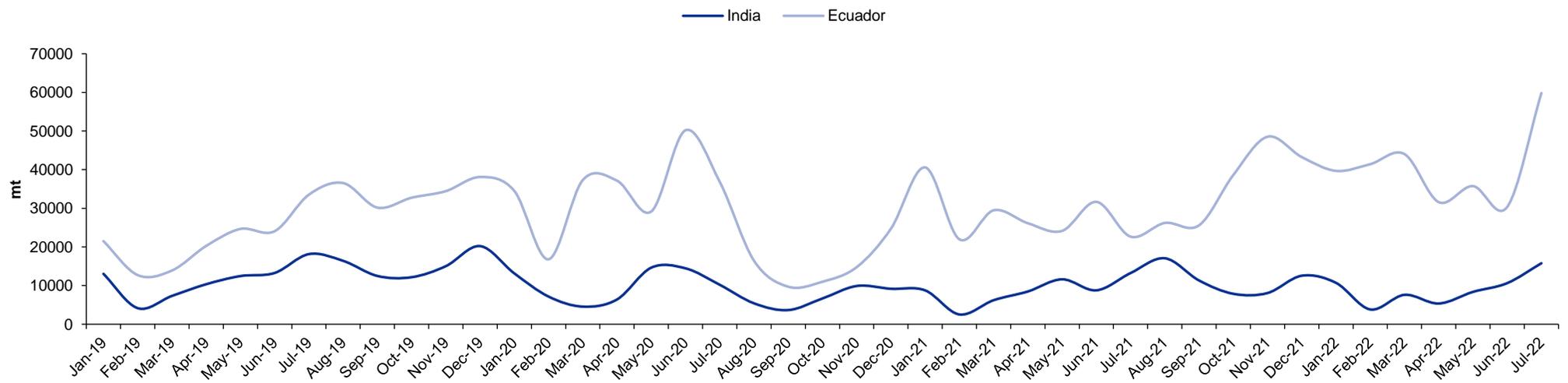
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Farm-gate shrimp prices in Andhra Pradesh

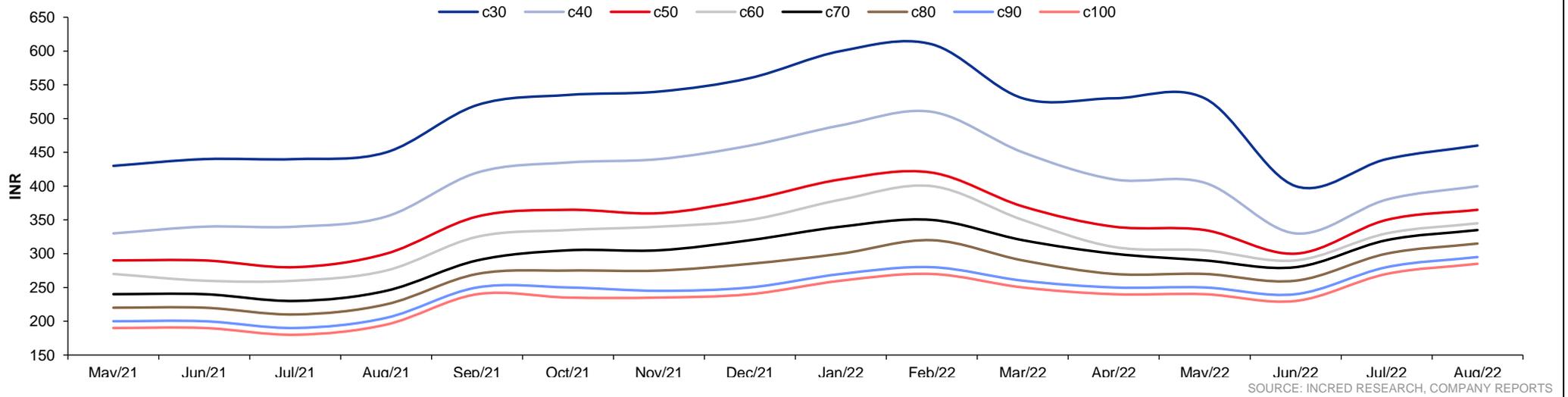
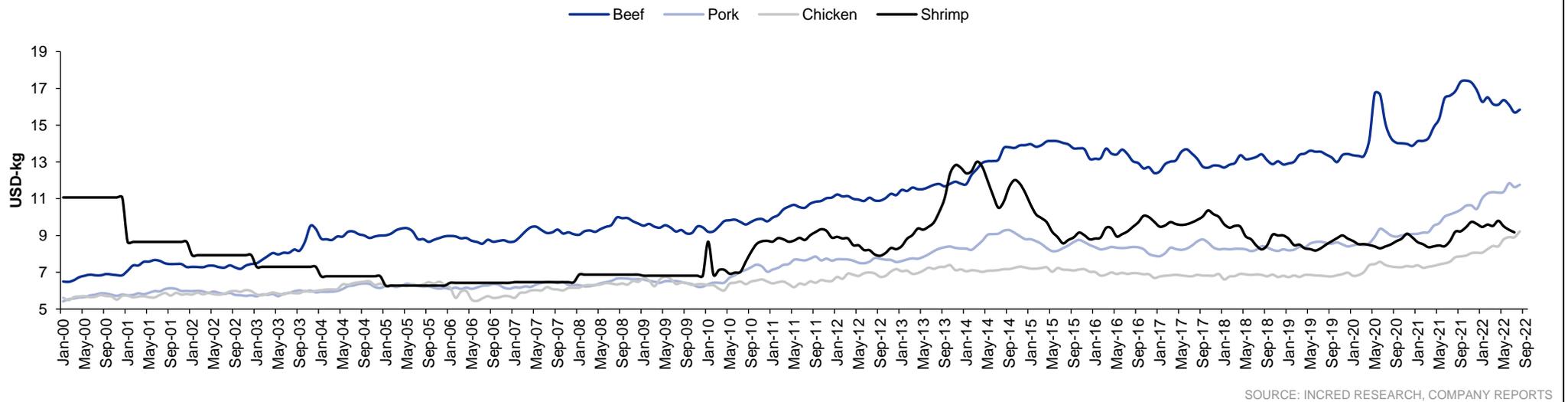


Figure 5: Comparative meat prices



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	Analyst/ Relative	Entity/ Associates
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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
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
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been engaged in market making activity for the subject company	NO	NO

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