

India

**Overweight** (no change)

**Highlighted Companies**

**Apex Frozen Foods Ltd**

ADD, TP Rs780, Rs305 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, Rs487 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, Rs340 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-F	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	23.17	12.71	7.03
Avanti Feeds Ltd	28.71	18.2	12.09
Coastal Corp Ltd	27.93	8.77	3.56

P/BV (x)	Mar22-F	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	2	1.75	1.43
Avanti Feeds Ltd	3.5	3.03	2.53
Coastal Corp Ltd	1.93	1.38	1.04

Dividend Yield	Mar22-F	Mar23-F	Mar24-F
Apex Frozen Foods Ltd	0.86%	0.79%	1.42%
Avanti Feeds Ltd	0.67%	1.1%	1.65%
Coastal Corp Ltd	0.69%	2.28%	4.13%

**Analyst(s)**



**Nitin AWASTHI**

T (91) 22 4161 1550

E nitin.awasthi@incredcapital.com

# Agribusiness

## Shrimpopedia India Edition | Oct 2022

- India remains the top shrimp exporter to USA in Aug 2022, with a market share of 40%.
- China's shrimp imports are going through the roof with its Aug 2022 imports at 95,160mt.
- USA shrimp prices remain strong at \$9.3/kg, with Indian shrimps in this market fetching \$9/kg in Aug 2022.

### USA's shrimp imports

In Aug 2022, USA's shrimp imports fell by 19.8% yoy to 71,665mt, in which India's share decreased by 22.3% yoy to 28,565mt while competitor Ecuador increased its share by 1.6% yoy to 16,752mt. However, in 8MCY22, USA's shrimp imports grew 2% yoy to 5,80,181mt. The market share of India declined to 40% in Aug 2022, away from the peak of 45% achieved in Oct 2021 and Nov 2019. Ecuador has climbed up the ladder, achieving a 23% market share, in line with previous months. Indonesia has now shifted to the third position with a 17% market share. Vietnam made a comeback at 8%, securing the fourth position. India, Ecuador, Indonesia, and Vietnam now hold a total ~88% share in USA's shrimp imports.

### China's shrimp imports

The steady growth continues. In Aug 2022, China's shrimp imports grew 89% yoy to 95,160mt, in which India's share rose 38% yoy to 23,510mt while competitor Ecuador increased its share by 119% yoy to 57,436mt. The market share of India was around 25% in Aug 2022, still away from the peak of 31% achieved in Jul 2021. Ecuador has achieved a 60% market share, below its share in the previous month.

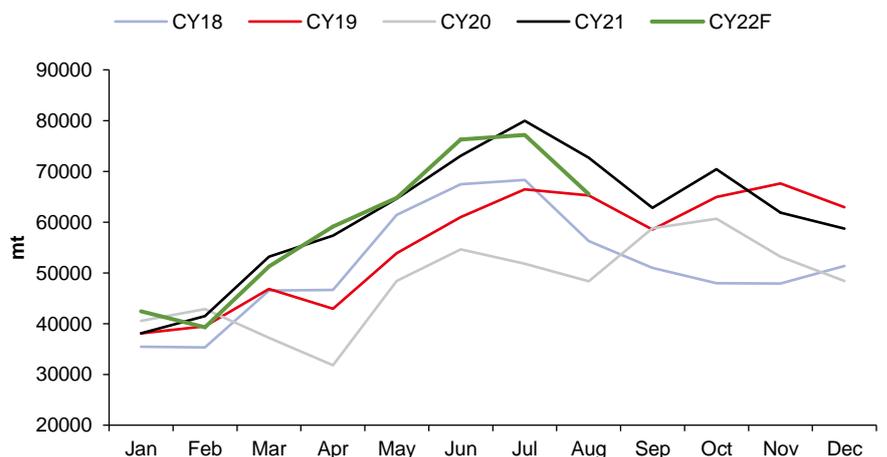
### Ecuador's shrimp exports

Ecuador's shrimp exports seemed to have lost some momentum as it reported only 83,538mt of exports in Aug 2022. China leads shrimp imports with a 60% share at 50,690mt, followed by USA at 17% and the EU at 16%. ROW was at 7%. We expect the market spreads between the importing countries to remain similar.

### India's shrimp exports

In Aug 2022, India's shrimp exports witnessed a decline to 65,482mt, down 10% yoy. For 8MCY22, export volume continued to be flat. Exports had lost pace during CY20, and then staged a revival in CY21, but CY22F is turning out to be a year of consolidation in volume terms. 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, for the country's cumulative shrimp exports.

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

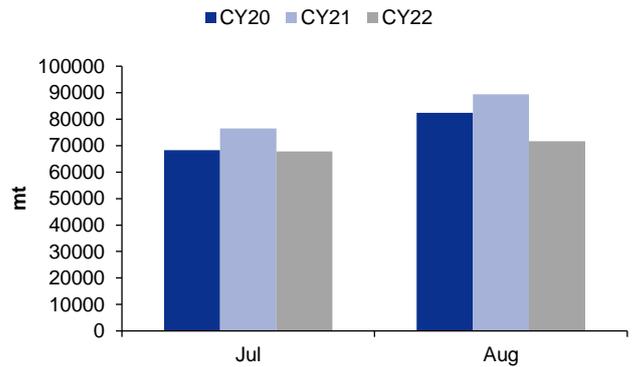


SOURCE: INCRED RESEARCH, COMPANY REPORTS

## KEY CHARTS – USA’s shrimp imports in Aug 2022

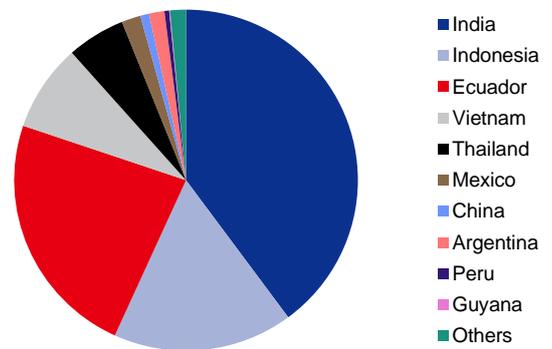
### Monthly volume growth in Jul and Aug 2020, 2021, and 2022 ->

In Aug 2022, USA’s shrimp imports declined 19.8% yoy to 71,665mt, in which India’s share decreased by 22.3% yoy to 28,565mt while competitor Ecuador’s share increased by 1.6% yoy to 16,752mt. However, in 8MCY22, USA’s shrimp imports grew 2% yoy to 5,80,181mt.



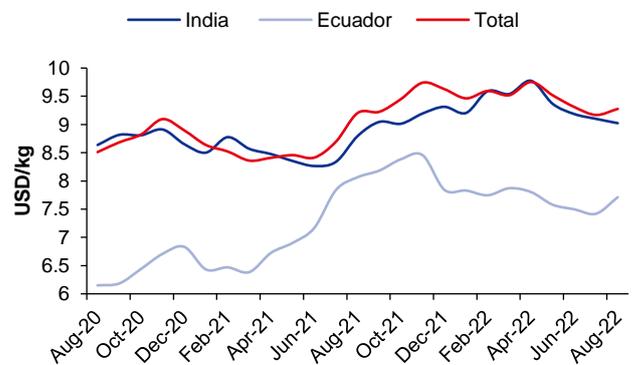
### Monthly market share in Aug 2022 ->

The market share of India has fallen back to 40% in Aug 2022, still away from the peak of 45% achieved in Oct 2021 and Nov 2019. Ecuador has climbed up the ladder, achieving a 23% market share, in line with previous months. Indonesia has now shifted to the third position with a 17% market share. Vietnam made a comeback at 8%, securing the fourth position. India, Ecuador, Indonesia, and Vietnam now hold a total ~88% share in USA’s shrimp imports.



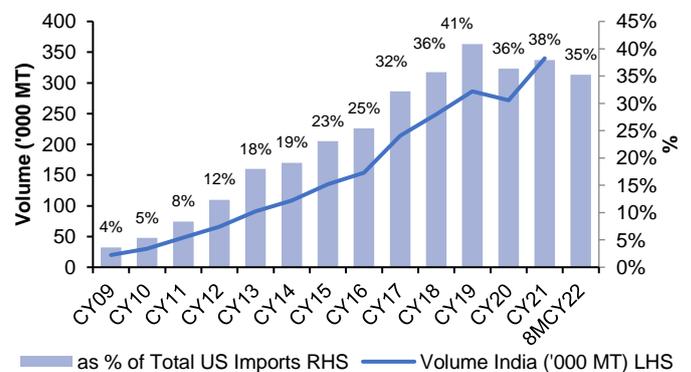
### Monthly pricing growth ->

Overall shrimp 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 prices have risen to achieve the US\$9.0/kg mark.



### 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 CY23F. The fall witnessed in CY22 is in line with low shrimp supply in the country. In our view, the share should be back above 41% (registered in CY19) in CY23F.

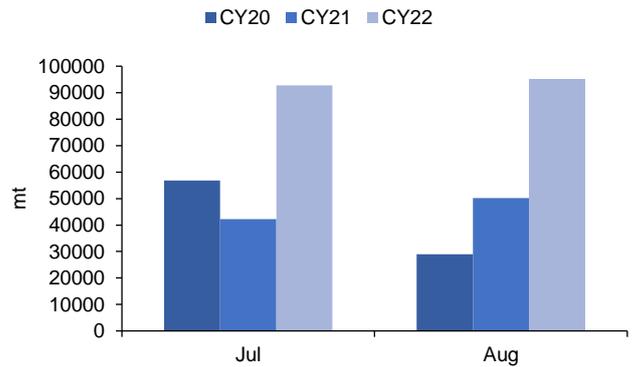


SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

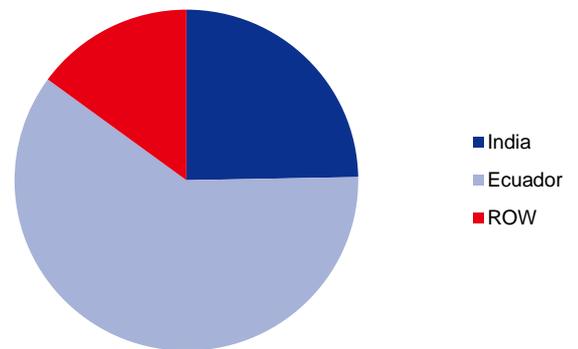
### Monthly volume growth in Jul and Aug 2020, 2021, and 2022 ->

The steady growth continues. In Aug 2022, China's shrimp imports continued to grow, registering 89% growth yoy at 95,160mt, in which India's share grew 38% yoy to 23,510mt while competitor Ecuador increased its share by 119% yoy to 57,436mt.



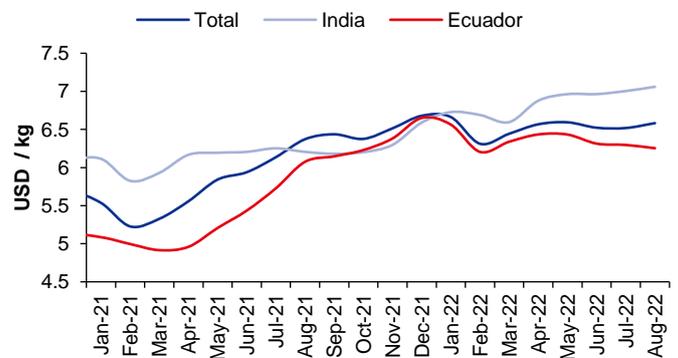
### Monthly market share in Aug 2022 ->

The market share of India was up at 25% in Aug 2022, but still further away from the peak of 31% achieved in Jul 2021. Ecuador has climbed up the ladder, achieving a 60% market share, but below its previous month's share.



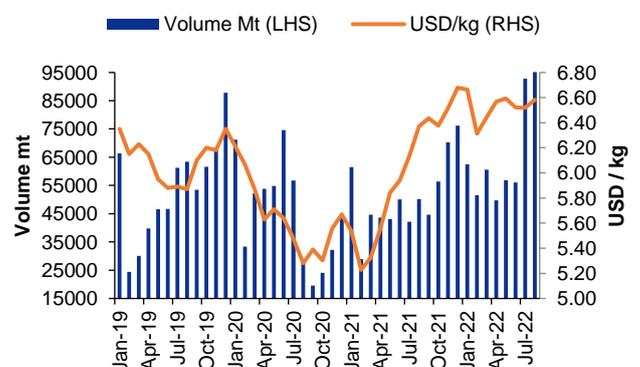
### Monthly pricing growth ->

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\$7/kg mark, topping the US\$6.5/kg yet again.



### 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 CY23F. The flat terrain witnessed so far in CY22 is in line with low shrimp supply in the country. In our view, the share should start moving up again in CY23F.

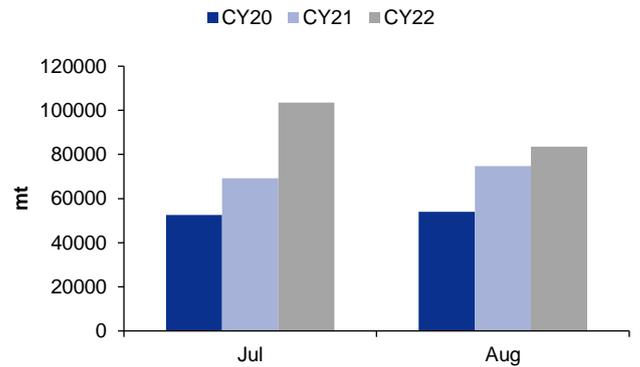


SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

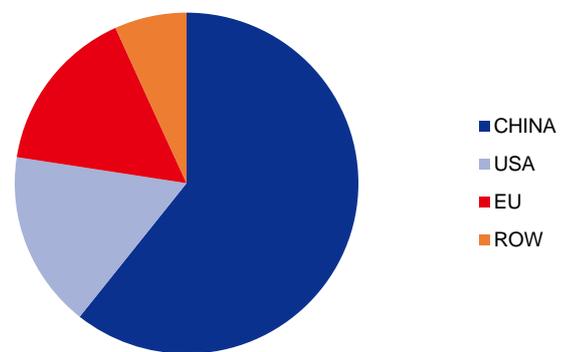
### Monthly volume growth in Jul & Aug 2020, 2021 & 2022->

Ecuador's shrimp exports seemed to have lost some momentum and it reported 83,538mt in Aug 2022.



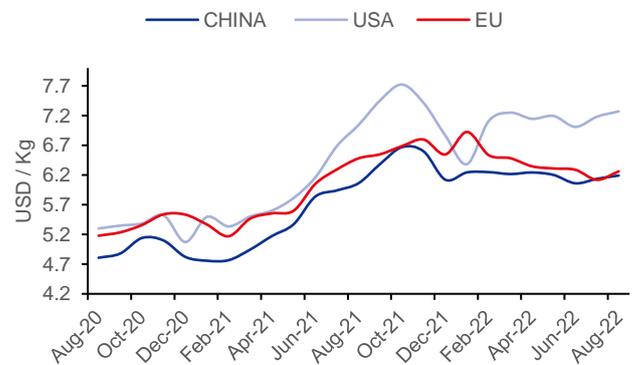
### Monthly market share in Aug 2022 ->

China leads shrimp imports with a 60% share at 50,690mt, followed by USA at 17% and the EU at 16%. ROW was at 7%. We expect the market spreads between the importing countries to remain similar.



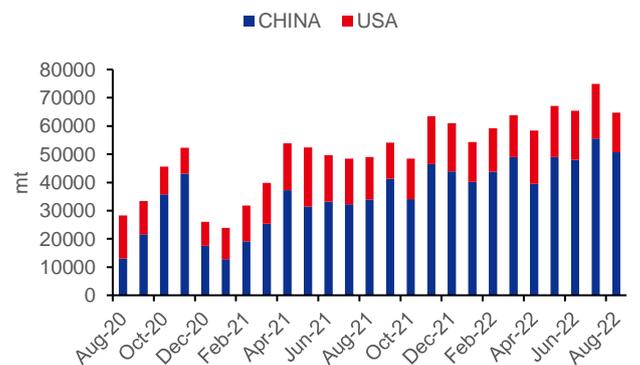
### Monthly pricing growth ->

Overall shrimp prices remained firm at ~US\$7/kg in USA. China prices 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.

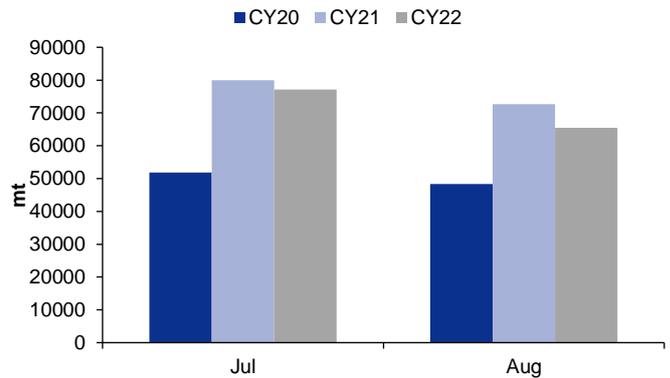


SOURCE: INCRED RESEARCH, COMPANY REPORTS

## KEY CHARTS - India's shrimp exports in Aug 2022

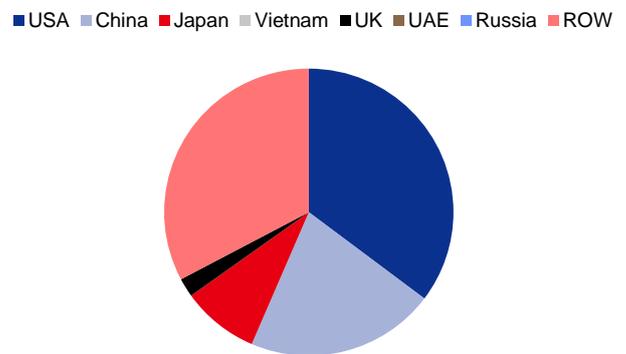
### Monthly volume growth in Jul and Aug 2020, 2021 & 2022 ->

Aug 2022 witnessed a decline in India's shrimp exports to 65,482mt, down 10% yoy. For 8MCY22, export volume continued to be flat. Exports had lost pace during CY20, and then staged a revival in CY21, but CY22F is turning to be a year of consolidation in volume terms. 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.



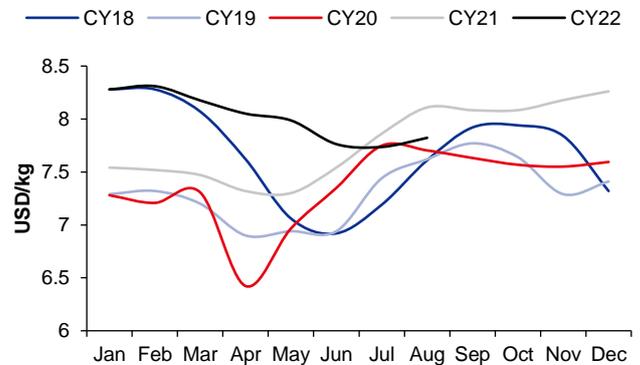
### Monthly market share in Aug 2022 ->

USA leads with a 35% share and is expected to touch 35,000mt in coming months, followed by China at 21% and we expect it also to touch 35,000mt in coming months. Japan held a 9% share and is expected to move to the 10,000mt-mark. ROW was at 33%.



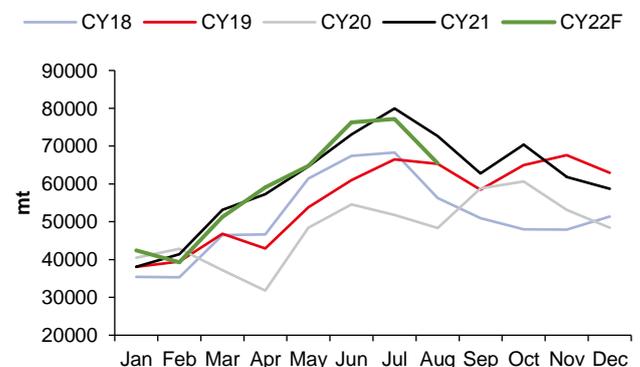
### Monthly pricing growth since CY18 ->

Overall, shrimp prices have remained firm and touched the US\$7.8/kg-mark, higher than in CY18, CY19, and CY20 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.



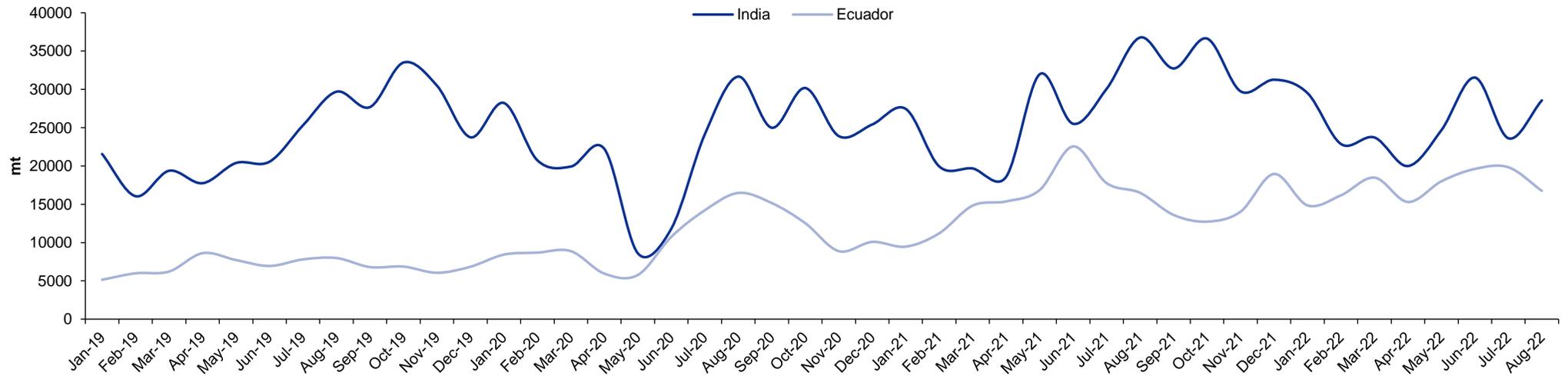
### Monthly volume growth since CY18 ->

We expect a sharp pick-up once the first harvest of CY23F 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 CY23F.



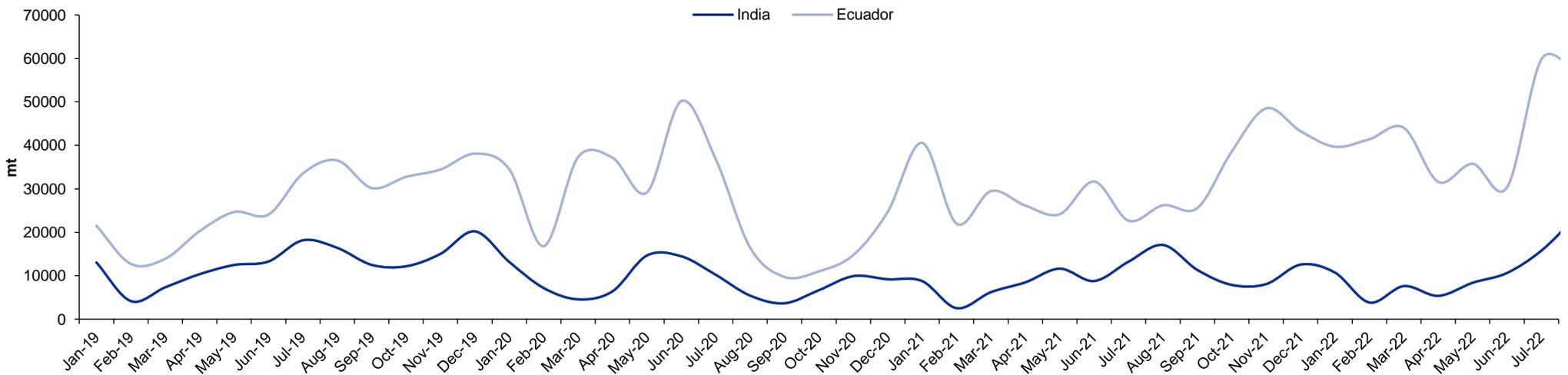
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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 prices in Andhra Pradesh

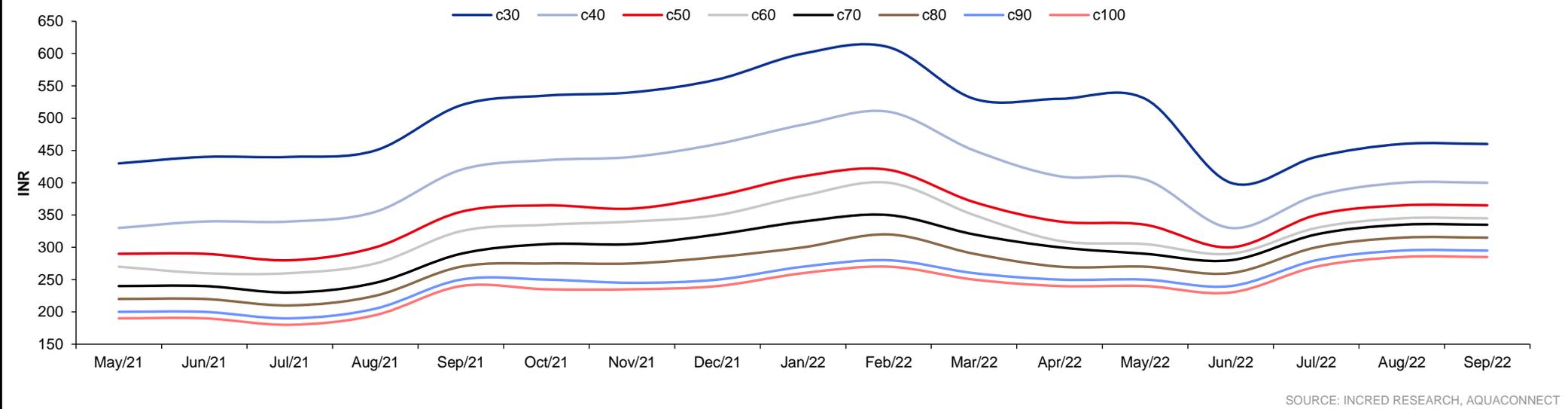
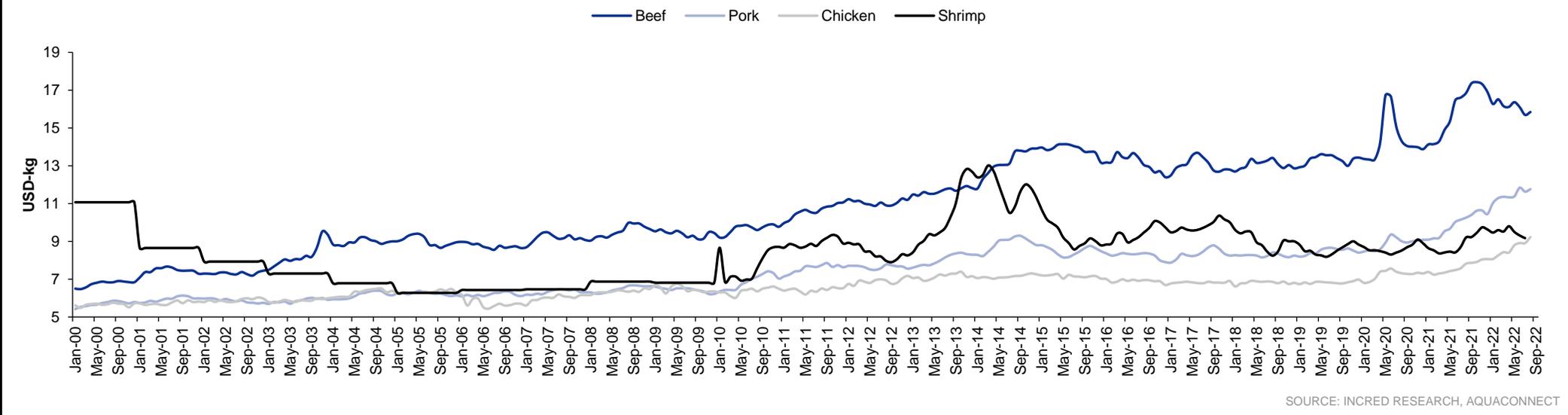


Figure 5: Comparative meat prices



---

## DISCLAIMER

---

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000007793. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
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
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
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

#### Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.