

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%

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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

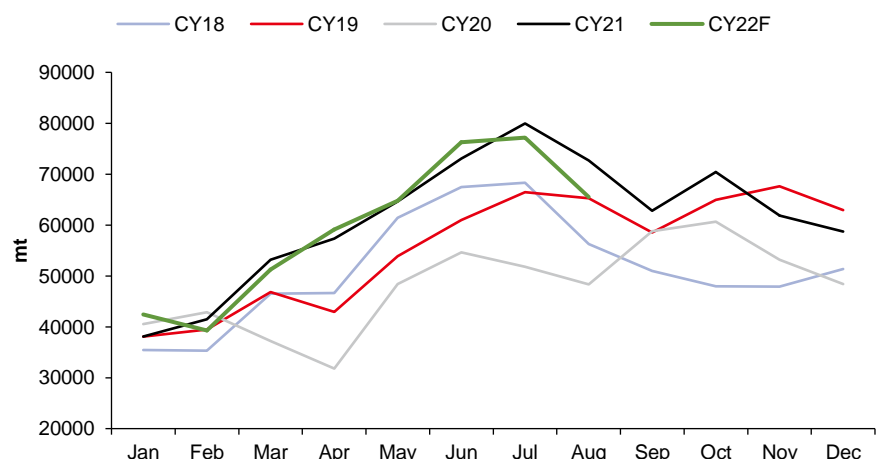
The steady growth continues. In Aug 2022, China's shrimp imports grew 89% yoy to 95,160mt, in which India's share rose 38% yoy to 23,510mt while competitor Ecuador increased its share by 119% yoy to 57,436mt. The market share of India was around 25% in Aug 2022, still away from the peak of 31% achieved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

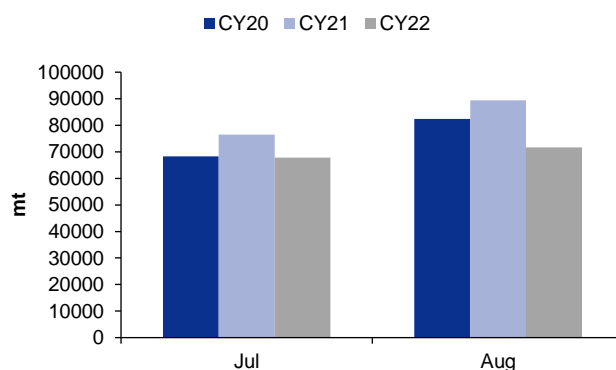
Figure 1: India's shrimp exports - monthly volume

SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS – USA's shrimp imports in Aug 2022

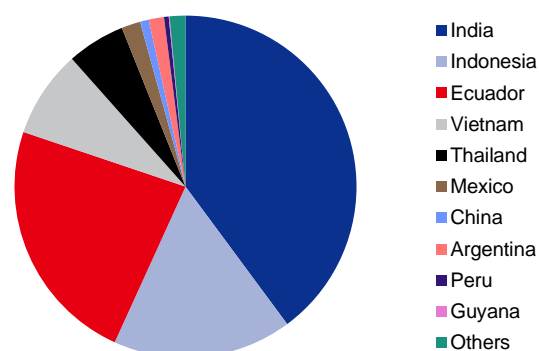
Monthly volume growth in Jul and Aug 2020, 2021, and 2022 ->

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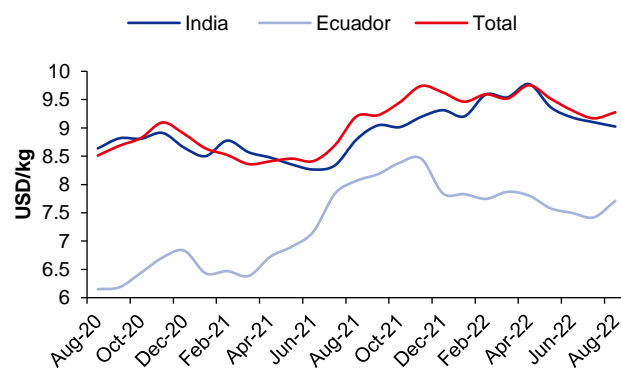
Monthly market share in Aug 2022 ->

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.



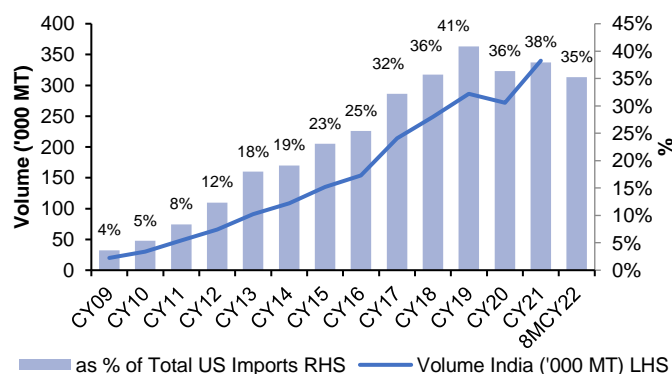
Monthly pricing growth ->

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.

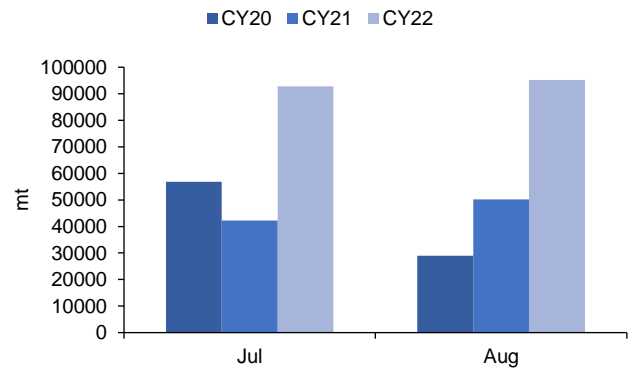


SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS - China's shrimp imports in Aug 2022

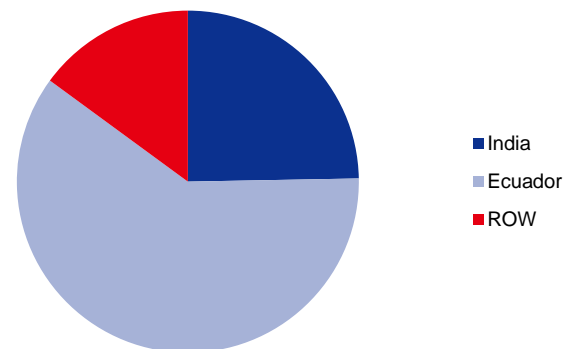
Monthly volume growth in Jul and Aug 2020, 2021, and 2022 ->

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.



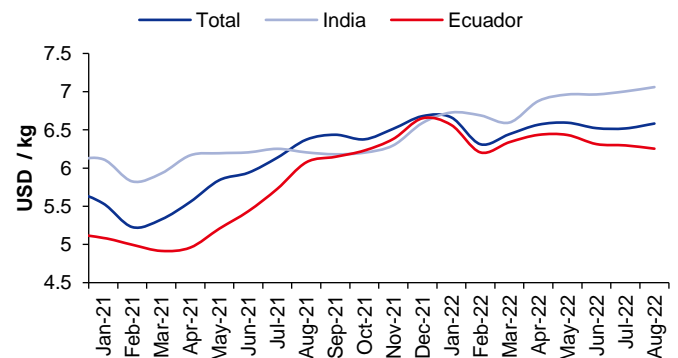
Monthly market share in Aug 2022 ->

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.



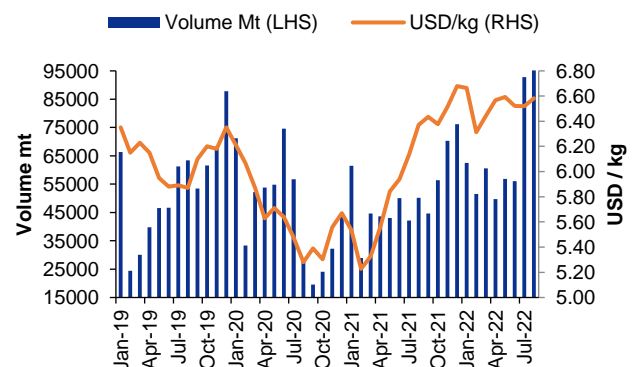
Monthly pricing growth ->

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.

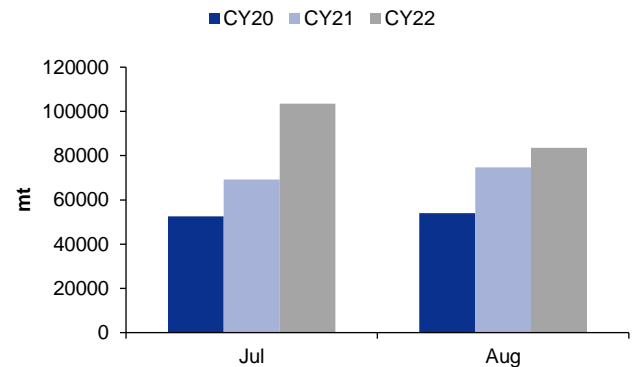


SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS - Ecuador's shrimp exports in Aug 2022

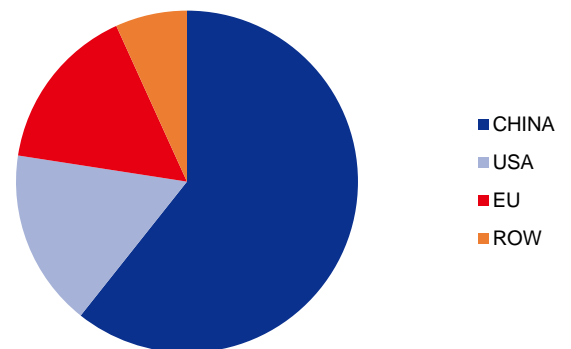
Monthly volume growth in Jul & Aug 2020, 2021 & 2022->

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



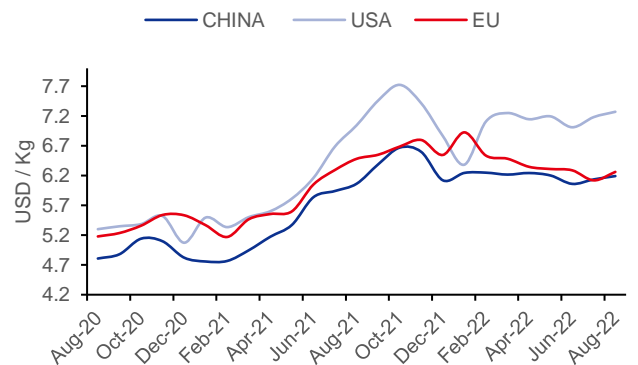
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China leads shrimp imports with a 60% share at 50,690mt, followed by USA at 17% and the EU at 16%. ROW was at 7%. We expect the market spreads between the importing countries to remain similar.



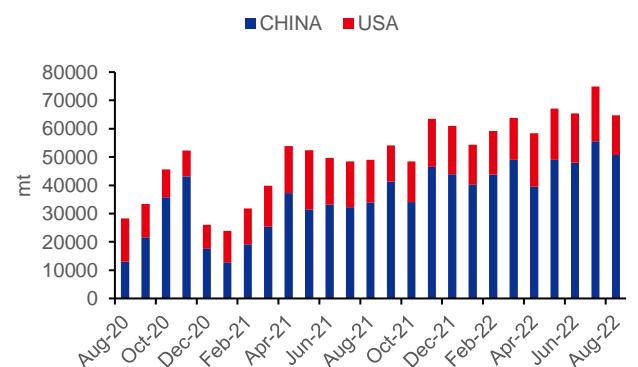
Monthly pricing growth ->

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.

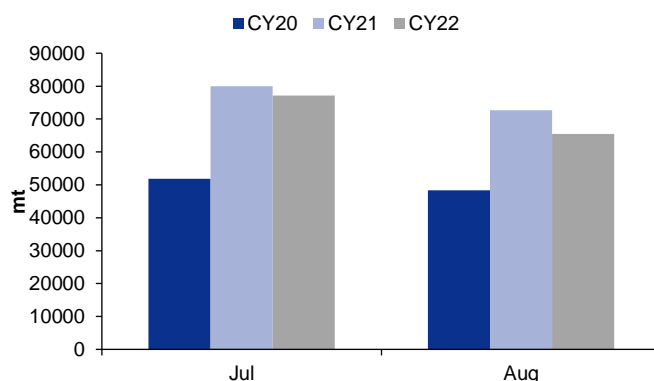


SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS - India's shrimp exports in Aug 2022

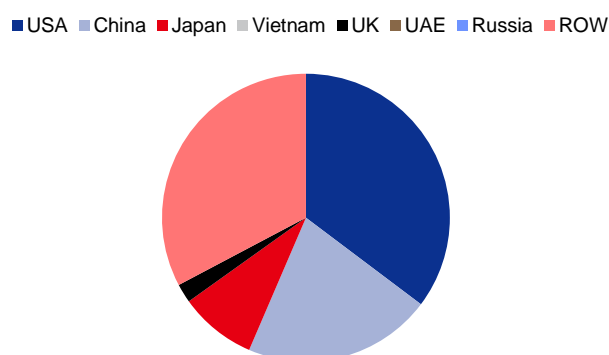
Monthly volume growth in Jul and Aug 2020, 2021 & 2022 ->

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.



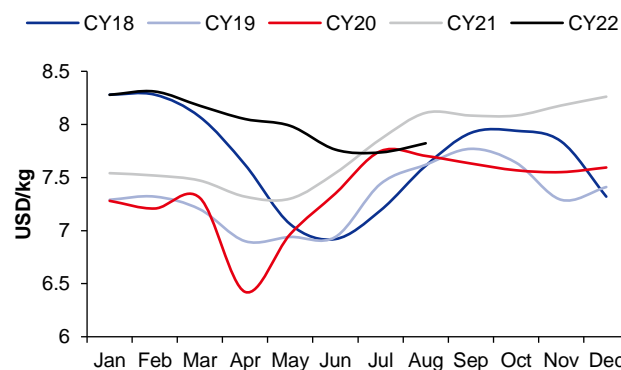
Monthly market share in Aug 2022 ->

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%.



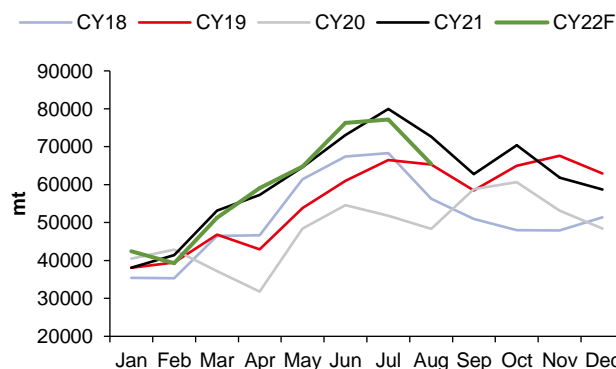
Monthly pricing growth since CY18 ->

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.



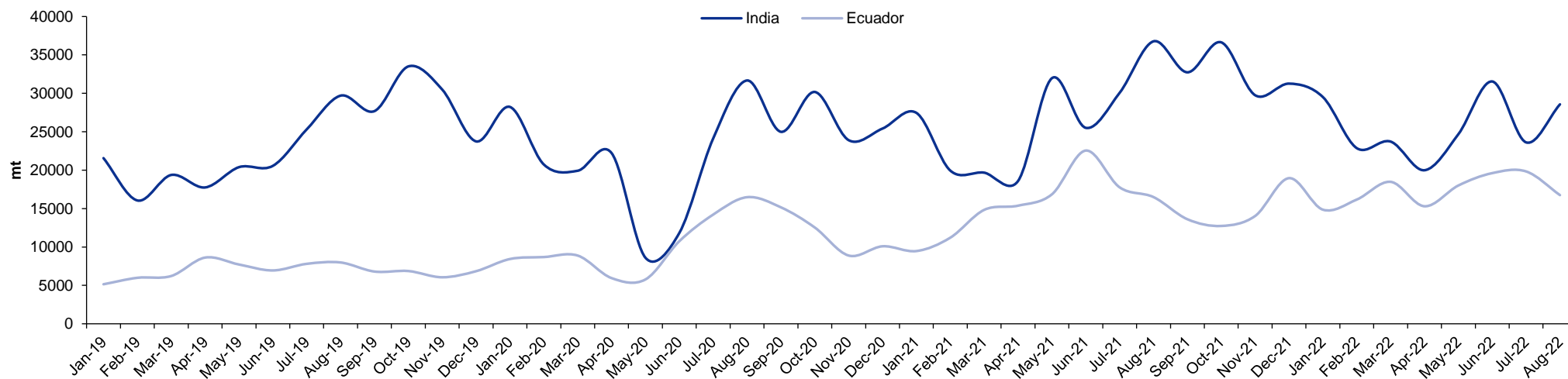
Monthly volume growth since CY18 ->

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.



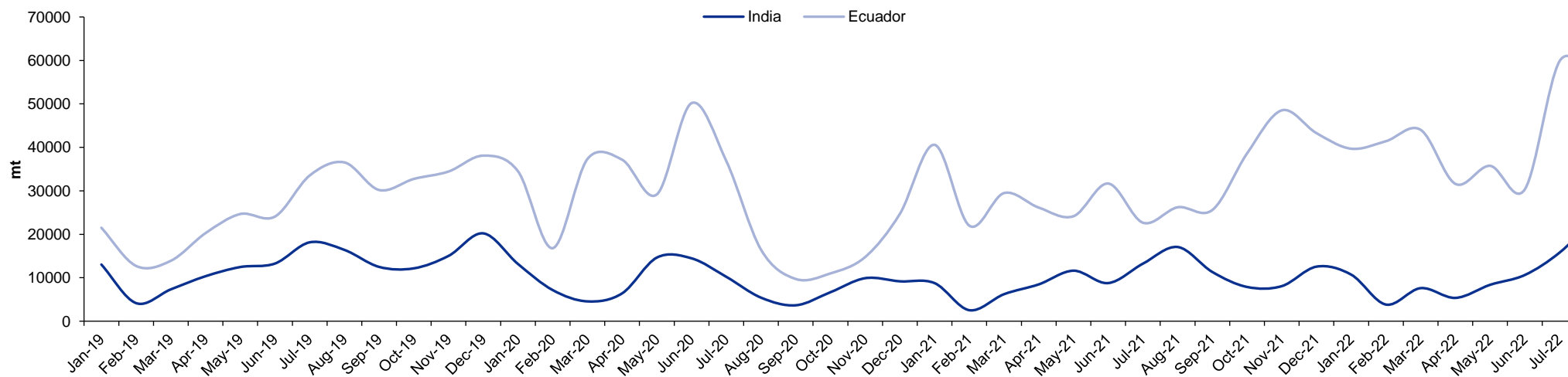
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

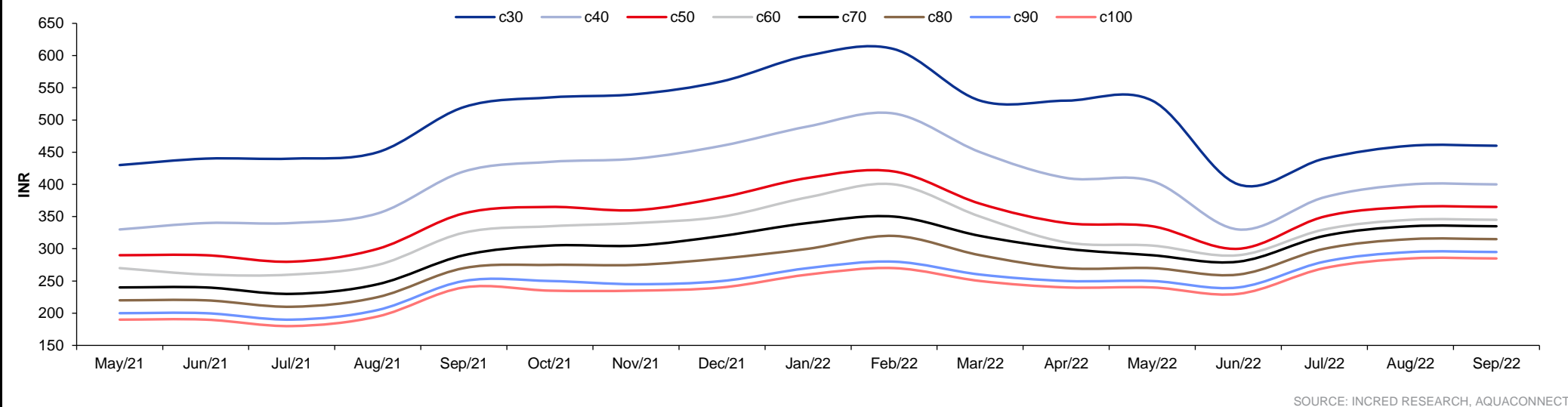
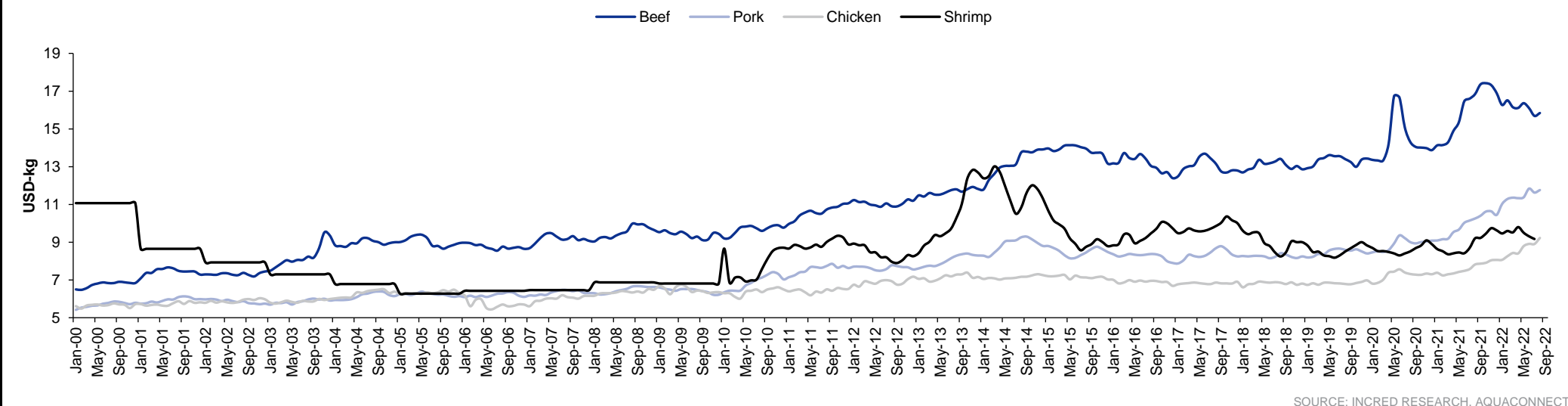


Figure 5: Comparative meat prices



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