

February 28, 2025

To
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Mumbai – 400001
Maharashtra, India

BSE Code: **512573**

To
National Stock Exchange of India Ltd.,
Exchange Plaza,
Bandra (East),
Mumbai – 400051
Maharashtra, India

NSE Symbol: **AVANTIFEED**

Dear Sir/Madam,

Sub: Transcript of post earnings Audio Conference Call for the quarter and nine Months ended December 31, 2024.

Further to our letter dated February 24, 2025, we enclose herewith the transcript of post earnings Audio Conference Call for Investors/Analyst held on February 24, 2025 in connection with unaudited financial results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 2024 and the same will also be available on the website of the Company at <https://avantifeeds.com/corporate-announcement/#Investor-Analyst-Corner>

This is for your information and record.

Thanking you,

Yours faithfully,
For **Avanti Feeds Limited**

C. Ramachandra Rao
Joint Managing Director,
Company Secretary,
Compliance Officer & CFO
DIN: 00026010



Avanti Feeds Limited
Q3FY25 Investors Conference Call

Event Date / Time: 24/02/2025, 16:00 Hrs.
Event Duration: 01 Hr. 04mins 07 secs

CORPORATE PARTICIPANTS:

Mr. C. Ramachandra Rao

Joint Managing Director

Mr. A. Venkata Sanjeev

Executive Director

Mr. Alluri Nikhilesh

Executive Director - Avanti Frozen Foods Pvt. Ltd

Mrs. Santhi Latha

GM Finance & Accounts

Mrs. Lakshmi Sharma

Senior Manager Corporate Affairs

Mr. DVS Satyanarayana

CFO (Avanti Frozen Foods Pvt Ltd)

Mr. K. Srinivasa Reddy

CFO (Avanti Pet Care Pvt Ltd)

Q&A PARTICIPANTS:

- 1. Nitin Awasthi** : Incred Equities
- 2. Kamal Sharma** : Individual Investor
- 3. Jasdeep Walia** : Clockvine Capital
- 4. Mithun Aswath** : Kivah Advisors
- 5. Sameer Deshpande** : Individual Investor
- 6. Sachin Pal** : MC Research
- 7. Tom A Kadavil** : Geojit Financial

Moderator

Good evening, ladies and gentlemen, I am Pelsia, the moderator for the conference call. Welcome to Avanti Feeds Limited Q3 FY '25 Investors Conference Call. We have with us today, Mr. C. Ramachandra Rao, Joint Managing Director; Mr. A. Venkata Sanjeev, Executive Director; Mr. Alluri Nikhilesh, Executive Director, Avanti Frozen Foods Private Limited; Mrs. Santhi Latha, GM, Finance and Accounts. Mrs. Lakshmi Sharma, Senior Manager Corporate Affairs and Mr. D.V.S Satyanarayana, CFO of Avanti Frozen Foods Private Limited.

As a reminder, all participants will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone telephone. Please note that this conference is being recorded.

I would now like to hand over the floor to Mr. C. Ramachandra Rao, Joint Managing Director. Thank you. And over to you, sir.

C. Ramachandra Rao

Thank you, Pelsia. Good evening, ladies and gentlemen. I am pleased to extend a warm welcome to all of you for this investor's conference call to review the unaudited financial statements for quarter ended financial year 2025. Mr. A. Venkata Sanjeev, Executive Director, Avanti Feeds; and Mr. Alluri Nikhilesh, Executive Director, Avanti Frozen have joined from the plant.

Along with Mrs. Santhi Latha, GM Finance and Accounts; Mr. D.V.S. Satyanarayana, CFO of Avanti Frozen Pvt. Ltd; and Mr. K. Srinivas Reddy, CFO of Avanti Petcare Private Limited.

To begin with, Mrs. Santhi Latha, GM Financial Accounts will present highlights of financial results for the period ended 31st, December 2024 of feed division and also consolidated financials of the company for the same period. Thereafter, Mr. D.V.S Satyanarayana will present the financial highlights of shrimp processing and export division. After that, Mr. Srinivas Reddy will give you the status of Petcare project as of as on date. After presentation by all of them, we will take up question and answer session.

Santhi Latha

Thank you, sir. Good evening, everyone. Now I will take you through the consolidated and standalone financial performance highlights for the quarter and 9 months ended 31st December 2024.

Consolidated financial results for the quarter ended Q3 FY '25.

So, the comparative performance of Q3 FY '25 with that of Q2 FY '25 and Q3 FY '24 have been given in the presentation already circulated.

Gross income in Q3 FY '25 is INR 1,405 crores as compared to INR 1,397 crores in the previous quarter Q2 FY '25, an increase by INR 8 crores. Compared to Q3 FY '24 gross income of INR 1,287 crores, there is an increase of INR 1,118 crores by 9.17%. The PPT is INR 184 crores in Q3 FY '25 as compared to INR 162 crores in Q2, FY '25, an increase of INR 22 crores by 14%. And compared to Q3 FY '24 PBT of INR 116 crores, there is an increase of INR 68 crores by 59%.

Comparison of performance for 9 months ended December '24 with 9 months period ended December '23.

In 9 months, FY '25, the total income increased to INR 4,343 crores from INR 4,185 crores in 9 months FY '24.

The PBT in 9 months FY '25 increased to INR 526 crores from INR 386 crores in the corresponding period of the previous year, mainly due to increase in revenue and decrease in raw material costs and better overhead absorption.

The consolidated results indicate net impact of several factors such as increase or decrease in income and expenditure relating to both feed and frozen divisions, which have been discussed in the following divisional performance individually.

Standalone financial performance of feed divisions, Q3 FY '25 results.

The gross income for Q3, FY '25 is INR 1,077 crores as compared to INR 1,118 crores in the previous quarter of Q2 FY '25, a decrease of INR 41 crores due to decrease in the quantity of feed sold. The gross income in Q3 FY '25 increased to INR 1,077 crores from INR 958 crores in the corresponding quarter of Q3 FY '24, an increase by INR 119 crores due to increase in sales quantity by 15,731 metric tons.

The PBT for Q3 FY25 is INR 166 crores as compared to INR 145 crores in Q2 FY '25, an increase of INR 21 crores above 15%, mainly due to the increase in raw material cost. The PBT in Q3 FY '25 has increased by INR 90 crores from INR 76 crores in Q3 FY '24 represented by 118%.

The feed sales decreased to 132,049 MTs in Q3 FY '25, as compared to 134,897 in Q2 FY '25, and 116,318 MT in Q3 FY '25.

Comparison of 9 months performance of December '24 and December '23.

In 9 months, FY '25, the total income increased to INR 3,493 crore from INR 3,373 crore in 9 months FY '24 due to increase in feed sales and other income. The PBT in 9 months FY 2024 increased to INR 465 crores from INR 288 crores in the corresponding period of the previous year, mainly due to increase in sales and other income and decrease in raw material costs and better overhead absorption.

As you know, the major raw material prices are fish meal, soyabean meal and wheat flour. The noticeable development in this quarter is softening of two major raw materials that are fish meal and soyabean meal prices resulting in improvement in the profitability. The prices of these raw materials keep fluctuating since their production is based on agriculture and fish catches from the ocean.

The price of fish meal decreased in Q3 to INR 93 per kg from INR 105 per/kg in Q2 FY '25, and from INR 128 in Q3 FY '24. In case of soyabean meal, their prices reduced to INR 46 per/kg in Q3 FY '25 from INR 49 in Q2, FY '25 and INR 53 in Q3 FY '24. However, the wheat flour prices increased to INR 35 per/kg in Q3 FY '25 from 32 per/kg in Q2 FY '25 and 31 per/kg in Q3 FY '24.

While on one hand, the raw materials are instrumental in determining the margins, on the other hand, the status of aquaculture activity conditions such as climate changes, diseases, etc, determine the consumption of feed in terms of volume, which will have an impact on the overall performance of the industry.

Favorable climatic conditions supporting farmers to rehire made the farmers to re-harvest from September, extending the season up to December 2024, raising higher consumption of feed during Q3 FY '25 compared to that corresponding period of the previous quarter year.

To sum up, in general, FY '24, '25 was expected to be a challenging year for the aquaculture industry, both in respect of shrimp production as well as global demand for shrimp export. In spite of the challenging conditions, your company had better capacity utilization to the plants for 2025 and the shrimp feed consumption in 2024.

SHRIMP PRODUCTION AND FEED CONSUMPTION IN FY24 AND COMPANY PLANS FOR FY25

SHRIMP FEED CONSUMPTION:

On the basis of estimated shrimp production of about 10.5 to 11 lakh metric tons of feed consumption is estimated in the year 2024. The company's feed sales during the 9 months FY '25 is 425,537 MT as against 496,089 MT in 9months period FY '24.

Shrimp Processing and Export.

India seafood exports touched INR 1,781,602 MT; an all-time high in volume during the fiscal year '23-'24. Frozen shrimp remained the major export item in quantity and value, accounting for a share of 40% in quantity and 66% of the total dollar earnings.

The company's shrimp exports during FY '24 was 13,443 MTs as compared to 12,497 for FY '23, an increase by 946 MT's. It is estimated that the exports during FY'25 would be around 15,000 MT's.

An update on the fish feed plant.

As reported earlier, the company will import fish feed from Thai Union Feed Mill Limited and conduct trails of fish feed under Indian conditions. Once the product performance

is approved and accepted in the market, the production in India will be taken up for domestic sale of fish feed.

Now I will hand over to Mr. D.V.S. Satyanarayana to present highlights of Shrimp Processing and Export division.

D.V.S. Satyanarayana

Thank you, madam. Good evening, everyone. Now I would like to take you through the financial highlights of Shrimp Processing and Export division.

SHRIMP PROCESSING DIVISION

Q3 FY '25 results.

The gross income for Q3, FY 2025 is INR 328 crores as compared to INR 284 crores in Q2 FY 2025, an increase by INR 44 crores, representing 15%, mainly due to increase in sales quantity by 420 metric tons, representing 12%.

The gross income in Q3 FY '25 decreased to INR 328 crores from INR 330 crores during Q3, FY, 2024, a decrease of INR 2 crores representing 0.6% year-on-year. The sales volume during Q3 FY '25 decreased to 3,843 metric tons from 3,990 metric tons in Q3, FY 2024, a decrease of 147 metric tons, although volumes decreased in Q3 FY '25, compared to Q3 FY '24, the sales value remained almost the same due to higher average selling price realization and favorable FX rates.

The profit before tax for Q3 FY '25 is INR 18 crores as compared to INR 23 crores in the last quarter, that is Q2 FY 2025, decreased by INR 5 crores. The PBT decreased mainly due to increase in raw material prices and also the ocean price rates. The PBT in Q3 FY '25 is INR 18 crores, a decrease from INR 40 crores in the corresponding quarter that is Q3 FY 2024, primarily due to increase in raw metal prices, impact of CVD, increase in ocean price and also depreciation arise from the new plant.

Comparison of performance for 9 months ended 31/12/2024 with 9 months ended 31/12/2023

The gross income for 9 months during FY '25 was INR 855 crores as compared to INR 820 crores in the corresponding nine months period of previous year, that is FY 2024. An increase of INR 35 crores in the gross income during 9 months of FY '25 is mainly due to increase in sales quantity by 428 metric tons, representing 4.3% growth.

The PBT in 9 months FY '25 is INR 68 crores as compared to INR 104 crores in 9 months FY 2024. The decrease in PBT by INR 36 crores is mainly on account of CVD, increase in raw material prices, higher ocean freight rate during the year and also new plant depreciation.

Now I hand over to Mr. K. Srinivas Reddy to update the status of Pet Food project.

Kandhadi Srinivas Reddy

Thank you, D.V.S. Satyanarayana. Good evening, all. As you know, company has tied up with our Bluefalo Company Limited, Thailand, a well-known pet food and pet care product manufacturing company in Thailand, for setting up a joint venture company in India with equity investment by them along with the transfer of technology.

We are pleased to inform that Avanti Pet Care has successfully commenced a trading in cat food from January 2025. It's our first product range under the Avanti Pet Care brand that is Avant Furst, starting with the cat food. This is a significant milestone in our strategy to enter an Indian pet food market as we have a plan to import pet food products from the Bluefalo Thailand.

Till such time, Indian factory commence the production and sales. Currently, our products are available in five cities in India, that is Mumbai, Pune, Chennai, Bangalore and Hyderabad. And we are working diligently to expand our reach across the entire country, ensuring availability in market in near the future.

As informed in our earlier investor con call, the company has purchased about 30 acres of planning to set up the manufacturing facilities. The planning for the state of art manufacturing facility in Hyderabad is in progress.

Now I'm handing over to a Mr. C. Ramachandra Rao sir for sharing your future outlook of the industry.

C. Ramachandra Rao

Thank you, Mr. Srinivas Reddy. Ladies and gentlemen, just I would like to give a brief of what is happening in this year, the both shrimp culture as well as the shrimp processing and export.

To start with, the season has started, the first season, which is the major aquaculture season for India that is started from most end of middle of January and it is progressing really very well. So the climatic conditions and other factors have helped to take off very smoothly, and with the good farm gate prices, the farmers are very much interested to increase the area cultivation, and also total, there will be the we are expecting the production will continue successfully throughout the first season without any disturbance.

As we see today, we do not have any major hurdle as far as the culture is concerned. So we expect that the production would be on the same levels as in the last year and maybe slightly about 5% more than what was in the last year. As regard to the value-added processing, we move to value added products, we see value creation as not many competitors are focusing and people will have ready to eat as well. However, the levy of CVD, which is at 5.77% now by U.S., is an additional burden to the export of shrimps to U.S., which is the largest export market for the company.

Keeping this factor in view, the company the endeavor of the company is to expand its global markets to other destinations like Japan, Korea, EU, Middle East for which all efforts are being made by the company. Overall, the global market for shrimp expected

to be safe and stable in 2025 compared to 2024 maybe with a marginal increase by about 5%. The focus is on demand for value added products, which is gradually increasing and processes are seeing better margins in value added products.

The company is working with this objective to maintain its margins. I think with this conclusion, I know we will take up the questions from you.

I think Pelsia, I can start with the question-and-answer session.

Moderator

Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad, and please wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. We will wait for a moment while the question queue is assembled.

First question comes from Nitin Awasthi from Incred Equities. Please go ahead.

Nitin Awasthi

Hello, sir. A few questions from my side. Firstly, could you share the timeline for the pet food plant in Hyderabad?

C. Ramachandra Rao

Yes. See, we are expecting that, see, the land has been purchased and we are in the process of getting the approvals as survey and other things. And also, we are in consultation with Bluefalo Thailand. We are preparing the drawings of the factory and list of plant and machinery, indigenous imported and other civil works, all these planning works is progressing. So, once we start, we are expecting that by end of '26, we should be able to come out with our own production by end up December '26.

Nitin Awasthi

Okay. Understood, sir. So, second thing I wanted to ask you was what is our total capacity as of now in the processing segment? And with all those because right now, if I'm not wrong, all our capacities have come on stream, right?

C. Ramachandra Rao

Yes. Which one? You were saying the processing. Processing. Yes, I think Nikhilesh. Yes. Please call me the question, Mr. Nitin.

Nitin Awasthi

Yes. So, in the processing side, we were working on additional capacities. So, if I'm not wrong, all our capacities are completely on stream right now. So cumulatively, what would be our total capacity on the processing side?

C. Ramachandra Rao

Nikhilesh, would you like to take this question?

Alluri Nikhilesh

Hi, Nitin. Right now, like we're scaling up the production, this is a labor-intensive process. We have like over 2,000 workers working at these facilities, so we need to train them and everything. So, I would say currently, during the season, we're at full capacity, off season because there's no raw material during it's a very seasonal business, so we would say about 50%. Net through the year were about 60% to 65% and this will be scaled up to at least 80% in the next 4 to 5 quarters.

Nitin Awasthi

Understood. Could you give the number over here, metric ton wise?

Alluri Nikhilesh

Maybe like it's a difficult number to give, Nitin, because there are different products that we run. Like, if you say, like, Tempura would require a lot more manpower and the production would be much slower. So maybe we can have a separate discussion if you send an email to give an exact number on the metric ton. It's a lot of assumptions. So those are the assumptions....

Nitin Awasthi

I agree with you in the nature of the industry and the variation in the product. Would it have an impact on the final output? I agree with that. Hence, even if you cannot give a number, if you can give a range, that would also work.

Alluri Nikhilesh

So, we're talking raw material about 28,000 to 30,000 tons in the next 4 to 5 quarters?

Nitin Awasthi

On the raw material side?

Alluri Nikhilesh

On the raw material side.

Nitin Awasthi

Okay. So of course, there will be deductions from this and the final product will be made?

Alluri Nikhilesh

Yes, depending on what product we'll position.

Nitin Awasthi

Understood, understood. So last question from my side, you have in the beginning of the call, there was a commentary in which the major raw materials used in the shrimp feed bit was discussed. If you could just shed some light on the current tanks on all the three products?

Santhi Latha

See, the fish meal price is slightly going up. It is expected around INR 96 to INR 97. And the Soya remains stable, whereas, what we are worried about is the wheat flour, but we are expecting the fresh crop. So, the wheat flour is around INR 36 right now.

Nitin Awasthi

Yes. Understood.

Santhi Latha

We are expecting a fresh crop in March. So, we are expecting it to little bit reduce. That is the only thing which has been increasing trend. Otherwise, the rest remains stable.

C. Ramachandra Rao

As you know, I may add to what Santhi said. But as you know that the fish meal is majorly dependent on the fish catches and also export market. These are the two criteria for the major pricing influencing factors. So, we have been seeing that status have been pretty good and also because in production in Chile and Peru, which are the major supplying countries of fish meal to the world, they are producing more and there is no demand for exports from India.

So that is one of the reasons where the prices are looking more stable with maybe around INR 100, we are expecting that it should be varying between INR 95 to INR 100. That's what we are looking for as far as the fish meal is concerned. As far as the as rightly said by Santhi that we are worried about wheat flour, because India has been producing substantial quantities of wheat. But however, the policy of the government to for food security reasons, all the crop is being purchased by the FCI, by the government by making MSP, minimum support price. And the millers have been given only a limited quota for building and making the flour, and we are mostly buying the flour.

So, the prices of these, wheat and wheat flour are dependent on the pricing by the FCI. So earlier, the policy of the government was that FCI was allowed to sell a portion of their total wheat stock at as a open market sale. That was the policy that the Government of India had given to the Food Corporation. But now the government has stopped that open sale and the entire production of wheat is being purchased by them. And we are hoping that somewhere in this year the government may look for a portion

of it to be for open sale, then we have when the wheat is available in the open market, the prices are likely to be lesser compared to the FCI prices.

We'll have to wait and see how the number one, the total production, how much FCI policy to for procurement on behalf of the government and what is going to be open sale. So, this is one area where we are really worried, but we looked at we see that it should not go abnormally high. It should be around INR 36, INR 37. It should be INR 35 to INR 40. It should be between that. But it is really, bit of, concern.

And as far as the soya is concerned, we are pretty stable, and we have been able to get the quantities. And as you know that our margins are mainly dependent on these raw materials and as long as we see a good margins, as long as the prices remain at this level. I think this answer will answer your question.

Moderator

Thank you. Next question comes from Kamal Sharma, an Individual Investor. Please go ahead.

Kamal Sharma

Sir, my question is about the fish -- sorry, the pet feed business. So earlier you had indicated that you will share the numbers related to the overall market size. And maybe just to add on that, do we have the visibility on what is the kind of revenue that we are targeting in this business segment and the kind of margins that we would get?

C. Ramachandra Rao

Yes. I think do you have or do you have Venkata Sanjeev?

A. Venkata Sanjeev

The numbers.?

C. Ramachandra Rao

Yeah. Are we having readily? I think we are also looking for it. We have the data we can share with you. The total in our and we will read it out.

Santhi Latha

See, the pet population in India is around 40 million. So out of that, dogs are 32 million, which is 80%, and the cats are 8 million, which is 20%. The market size is expected to be around INR 50,000 million, growing at a 20% CAGR year-on-year. So, it is expected to go between 15% to 20%. So, the total market size is around 221,000 or around 225,000 to 310,000 metric tons. So, we are expecting to make an entry into the market. So, we are as of not sure, but the market size is 3 lakh metric tons overall, pet food market.

C. Ramachandra Rao

And can you throw some light on what is the present market situation and what are our objectives to get entry into the market and what are the strategies that we are going to have.

Santhi Latha

Because on these 3 lakhs also 50% is an imported feed or more than 50% is imported feed.

C. Ramachandra Rao

Over to Venkata Sanjeev?

A. Venkata Sanjeev

So as of now, as Mrs. Santhi Latha said, the market size has been increasing at 20%. We've just launched our cat food recently. It's been a month. The acceptance of the cat food is very good. We are placing it in stores, in Mumbai, Hyderabad, Chennai, Bangalore. We're looking to further expand to the North of the country after consolidating in the South. And also, we're going to launch -- we have only launched one flavor as of now, and we're going to launch a few more flavors in the coming months and also the dog food maybe by July.

How much, what will be the turnovers and the revenue we have to look at after the first 6 months? Because we are also very new to the market and just entering, we have to see the acceptance from the market and etc.

C. Ramachandra Rao

Yes. I may add to what Venkata Sanjeev said that it is true that because we have the new entrants into the market and we are very confident that because the first launch has given us a very promising entry beginning. So, we'll be working on that. And gradually by July, we will get into the dog food also which is exactly the volume wise it is higher 80% total consumption of feed. So that is where the value comes from. And our endeavor is that our brand should be established before we start the production on our own. That makes us much easier to get into the market at higher volumes, maybe down the line by December, by end of 2026. That is what our target has been and we are very confident of it.

Kamal Sharma

And so, does it offer a better margin than our other business lines? Or is it similar, lower? What is the expectation?

C. Ramachandra Rao

Yes. Please go ahead.

A. Venkata Sanjeev

As of now, we are reporting for the margins would be lesser and also, we are spending a lot on marketing. So, as the volumes go up, the margins would go up, but as of now, the margins, I think, would remain low. We have to look at the first few months to understand how much is the margin.

C. Ramachandra Rao

Yes, the market is something like theta superstore is stock is retail and all of the chain is very big, very long. So, we have to see how much the total margins available, how much sharing among the stakeholders that we'll have to see. And we only rightly told by Mr. Venkata Sanjeev, only our experience in next 6 months or one year will get more clarity on that.

Moderator

Next question comes from Jasdeep Walia from Clockvine Capital. Please go ahead.

Jasdeep Walia

Sir, thanks for taking my question. Sir, in the shrimp feed business exports, is what percentage of sales as of now? And do you see scope to increase exports in the feed business going forward in the next 3 to 5 years?

C. Ramachandra Rao

Yes. In the feed export to feed, we are making lot of efforts even to the Middle East, and we are exploring the markets there. So, these are, see, there are Bangladesh is a little always some trouble state which is getting and Sri Lanka is like that. So, initially, we have a very good response from Bangladesh, but simultaneously, we have in Middle East also. We should be able to increase our export sales. And they are giving good results. Venkata Sanjeev, can you throw more light on this export to our Middle East?

A. Venkata Sanjeev

So, we've already we're exporting a little bit to the Middle East, and we have gotten good results. We're searching for partners. We're getting a lot of inquiries for the feed. I think we'll start increasing in the coming year.

Jasdeep Walia

So, what are exports as a percentage of volumes in the feed business is at what level as of now?

Santhi Latha

As of now, it is around 1% to 2%.

Jasdeep Walia

Got it. And any target you have there to increase this number to some level in the next 3 to 5 years?

Santhi Latha

Yes, around 10% we would like to reach.

Jasdeep Walia

Okay. Got it. And so, could you also throw light on what has been happening in Ecuador?

And what's your sense on whether they will keep on increasing production or there are some, let's say, issues there on the ground on a point of which you expect that the production is going to be a little bit subdued in the next year or so?

C. Ramachandra Rao

Yes. Nikhilesh, please take this.

Alluri Nikhilesh

Hi. So right now, Ecuador is the largest producer of shrimp, let me say, on a normal retail basis. But, however, India and Ecuador differ in the products that we offer. We specialize in, peel and cut material, whereas Ecuador specializes in head on and headless material. So, when we go into India is moving more into value added products and you will see that happening in the next 2, 3 years that India produces more value-added products and gets onto the map. Where Ecuador, because of the limitation of population, that population is about 20 million, if I'm not wrong, whereas India is 1.5 billion.

So, then they just don't have enough of the workforce to do value added and peel and cut material. Even though they do a small quantity, that's not a bulk of the production. So, they...

Jasdeep Walia

My question was not on the shrimp processing business. My question was on just the shrimp production part. That's it. So how do you see shrimp production scenario in Ecuador as of now?

Alluri Nikhilesh

It's quite stable right now. There won't be like increasing scaling up the production like 30%, 40% like they were doing in the past. So, we have to see what will happen. But I think it's going to be a fairly stable year for them and not much increases.

Jasdeep Walia

Got it. Got it, sir. And sir, also could you tell us when is your fish seed plant coming online?

And what are your -- what kind of investments has gone and what kind of peak turnover can that plant produce?

Alluri Nikhilesh

Sir, as of now, we've just started our -- we're going to start our trials. So, after the trials are done, we're going to plan the investment into the plant.

Jasdeep Walia

Okay. So, there's no formal investment proposal for putting a plant on the ground as of now? You're just testing the market. That's it?

Alluri Nikhilesh

No. We're testing the feed, sir. We're importing the feed from Thailand and testing it for we're testing the results.

C. Ramachandra Rao

Yes. The acceptance and adaptability of the feed from to Indian and shrimp fish culture. So only once we get -- once we get a foolproof because there are many spaces also. There is not one. Am I right Venkata Sanjeev? There are other spaces also. We have to nearly identify which feed -- which feed are going to be more profitable, more in demand. And, there is a lot of work that is going on that trend to see that the fish feed, really, you know, when we start it, it should make a very successful project. That is where our endeavor is that we are working for that. In fact, some samples have already come, and we are now we want to start as soon as possible.

Jasdeep Walia

So, once this testing process will be complete, then you would think about what kind of Capex you want to put into this business?

C. Ramachandra Rao

Exactly. So, we have identified certain fish culture farms and with different species, and we are trying to test the feeds of different types for each of these stems. Over period, we will see the results and how it is in cost, results, what is the benefit that is going to come. All these factors have to be taken into consideration, an estimate of the market also is required to be did. What pricing compared to the local prices that feed manufacturers are offering.

So, all these aspects we are working on that. And when we come out, we should come out with a good feed where the farmer gets a benefit out of it. That is the work which we are doing on now.

Moderator

Next question comes from Mithun Aswath from Kivah Advisors. Please go ahead.

Mithun Aswath

I just wanted to understand on the pet food division, you mentioned that right now you are importing and selling in the market. What brand is this under and when do you expect the that food plant to be ready? And how much of that will be used for domestic and exports?

C. Ramachandra Rao

The first question I have indeed, can you come back on that? The plant to which we are expecting is will be ready by end of '26. December '26 where the project will we are working for that. It will be completed by '26 and start December '26 and commercial production will start then. But the first question which you asked, I didn't get it. What was that?

Mithun Aswath

I just wanted to understand what is the brand under which you started?

C. Ramachandra Rao

Okay. Venkata Sanjeev, can you explain that?

Moderator

I'm sorry to interrupt, sir. He got dropped from the call. I'm connecting him, sir. Participants, kindly stay connected while we connect Mr. Sanjeev on the call.

A. Venkata Sanjeev

The brand name is Avant Furst will be launched the cat food has already been launched and the dog will also be launched on the same name **AVANT FRUST**.

Mithun Aswath

Okay. And just wanted to understand, this plant that you're putting up is for how much capacity? What is the metric ton?

C. Ramachandra Rao

Yes. See, we are working on those details, because we want to see what type of feed, how it should be, how much capacity depending upon the market. So, we work what is

optimum capacity, what we can produce and what type of machinery and all those things, we are working on that. Maybe next week it will take about minimum I think 3 to 6 months to complete concrete numbers on that. So, and that's we have started just now the cash.

We will also see the market reaction, how much we are able to take and all these things, what is the requirements and then we decide what is the numbers because there are already well-established players in the market. So, we need to compete with them. So these are it will take some time to give you the numbers.

Mithun Aswath

And so the pet plant, the pet food plant, that is mainly for the domestic use itself? You will not export?

C. Ramachandra Rao

No, it is only -- for the present, it is only for domestic market, because as just now my colleague told, so there is a lot of demand for pet food in India itself. There is a growth of pet population and also the demand for free readymade food that we were giving it. So, the I think we need to have -- need to concentrate more on the domestic market now and establish our lands, then we can think of exports. As of now, we don't have plans to export.

Mithun Aswath

Correct. And during the 9 months, we've seen good margins on the shrimp feed business, but the shrimp processing business has remained under pressure. So just wanted to understand what is the outlook for the coming year?

C. Ramachandra Rao

I think I made this remark in my earlier question that the margin mainly depends on the raw material prices. We have seen that. I think if you look at our track record for even nearly past 3, 4 years, we have seen that the price is going up and coming down because of the raw materials.

So, the raw materials really have softened and it is now like fish meal and soya, these prices are good, because all the three products fish meal, soya and wheat flour constitute the major portion of the raw material. If the raw materials prices are stable, we continue to maintain the percentage. Maybe it is ranging from maybe 7% to 10% we keep our margins. It all depends on how the raw material prices are.

Mithun Aswath

Right. I'm talking more on the processing side. We've averaged between 13% to 15%. But I think this year, 9 months, we're at 11%. So just wanted to get a sense on that part of the business. I've seen on the shrimp speed side, you've seen...

A. Venkata Sanjeev

I'll answer that question. So, see, the duty CVD that was imposed by the U.S. Government, it's a new duty, right? If you remove that duty, I think it's like, you know, it benefits the margin to move up. So that's an important factor. But this duty is periodically reviewed, where we give our arguments to the U.S. Department of Commerce, etc. And then it's usually, like in the past, we've seen that, you know, they devise it depending on the quality of information, given and it includes the government, the association, the different stakeholders, etc.

So, in the short term, even though there's a margin pressure, in the long term, this will slowly stabilize, point number one.

And point two, see, like price increase is a gradual process, the price transfer into the consumer. It doesn't happen overnight. So slowly the price transfer to the consumer is happening. We can see that by higher, like higher prices in the U.S. market and buying levels at a higher price currently. So, this is a slow step by step process. So short term, there might be pressure, but long term, again, it's going to be, again, stabilized and get back to normal.

Mithun Aswath

Great. And just my last question is just on the shrimp feed production and sales. We've been offering from FY 2018 about 430,000 to now 530,000 and FY 2022 was 540,000. I'm just trying to understand what is the kind of growth that one can envisage over the next 3, 4 years? Is it going to be a little cyclical up and down? Or is it going to be at least a high single digit growth on a year-on-year basis?

C. Ramachandra Rao

See, I think there are several factors to answer this question. The one is that the basic thing is the area of culture, the year-on-year basis. So, once the area of culture increases, automatically the feeds consumption also increases. That is number one.

Number two, even in the culture also, it is not necessary that every farmer who has a farm, the pond will go for culture. It depends upon the market price. What is the farm gate price? And the third one is the climatic conditions which will have a great influence on the culture. So, see, there is always these factors keep the entire aquaculture activity in more or less the same level stable with 5% to 10% up and down.

There will not be a serious I mean the big jump of 20%, 25% year-on-year basis. It will be stable because the area is more or less stable and the climatic relations keep changing and the market prices are volatile. All these things into consideration, we do not exactly say that this is going to be the trend which is going to increase. And as Mr. Nikhilesh said, the global market is also there. So, these factors will actually rather work, influence the total production of the shrimp feed in the country year-on-year basis.

So, we normally expect see the next year we are expecting about a 5% or 10% increase. That's because this year the culture is good; the prices are good. So, this year, we are

expecting that it will be better by 5% than last year. That is how the projections and values are made for the feed.

Mithun Aswath

Right, sir. So, I'm just trying to say longer term for the company as a growth driver, obviously, these businesses of shrimp processing and shrimp feed will be stable. Would the growth drivers be your pet food and the fish feed foray that you're looking to enter? Those would be the growth drivers?

C. Ramachandra Rao

The philosophy of the company is that we should focus more on the areas where we have, we are strong. Like organic growth, let us say feed, feed related, food processing, these are the areas where we have lot of experience, expertise and they are good collaborators with us so that like Thai Union which can in association with them we can only glow in these areas.

For example, in marine products we have already the export market, value added products we are increasing on that trend. And simultaneously we are also working on the domestic market and this is going to be a very really good business, but it requires lot of work because it has to be on par with the pricing levels in the local markets. So, it is our endeavor to keep on these things expanding. And also, pet care is another very big and very good area where we can really achieve because we have the experience in our dealership network or in the feed manufacturing and raw material, economies of raw material, all these factors go a long way in really strengthening our pet food also.

So, I think fish feed, pet food, then the domestic market will be the future growth drivers for us so that we can strengthen our value to the company and shareholders of course.

Moderator

Thank you. I request the participants to restrict with two questions in the initial round and join back the queue for more questions.

Next question comes from Sameer Deshpande, an Individual Investor. Please go ahead.

Sameer Deshpande

Hello sir, congratulations for the excellent results. And from your commentary, it seems outlook seems to be good for the coming quarter and the next year also based on the current raw material prices and the culture is in which has become on a good note.

I wanted to know what are the exports as a percentage of our sales? With the last year, we had INR 5,500 crores of revenues. So total exports were how much?

Santhi Latha

20%.

Sameer Deshpande

And out of the USA continues to be a large market for us, about 70% of that?

Santhi Latha

Yes.

C. Ramachandra Rao

Yes.

Sameer Deshpande

And so, the as you mentioned that this controlling duty, which was levied on our Indian product was higher. So currently the margins may be under a bit of a pressure in the short run till the prices improve in the U.S. market or we are in a position to reduce our costs by some means, is it correct?

C. Ramachandra Rao

Nikhilesh, can you answer this question please?

Alluri Nikhilesh

Yeah. There are two things that we're doing. First, we're reducing and trying to optimize our costs. That process has already started. Yes. That's point number one. Apart from our general cost optimization effort, like we're putting it as one of our main goals for this year.

Second is concentrating on higher value products, which don't attract duty. So those are the -- that is the second. We've always told in the past several quarters that value added products is what we're focusing on. So that's what we're doing right now. So, to mitigate that risk.

And the third one is also that we're focusing on other markets. In the past, we used to have a lot more focus into U.S., but now we're looking a lot more into other markets as well. And you can see it over the past few quarters that the U.S. Market share has been coming down slowly from what it was averaged in the previous years. So those are the complete time deposits that the complete time deposits. Exactly.

Sameer Deshpande

Europe and Middle East and etc, which you mentioned.

Alluri Nikhilesh

Exactly. And Asia, yes.

Sameer Deshpande

Okay. And the custom duty in the budget was reduced on two products significantly from 30% to 5% or 15% to 5%. Does it help us in any way reducing our raw material cost?

C. Ramachandra Rao

Yes. See, as you're referring to the raw materials, so but the raw materials did really affect not much because the effect was in fact the reduction of custom duty on feed import is actually a disadvantage for us, because if the 15% or 5% have reduced, so the imported feed competition will go up. So, in fact we have made a representation to the government because India has adequate more than adequate, the capacity to produce Shrimp Feeds.

So, much, much higher more than 5x, 6x annual consumption we have got the production capacity. But we told them that there is no need and already most of the foreign companies which are known for this feed are already present in India. And so, they are already producing the feed and supplying to the market. So, we need not have to import and take concessional rate. The prices we have brought to the notice of the government. It will take its own time to realize that and take corrective action.

As far as some, most of the products is raw materials nowadays we have started when we are using domestically. And, very limited items are being imported. We have got good fish meal, I mean, good fish oil, good fish lipid oil. We have got mineral health, vitamins and premixes. Everything is available in India now. So, there's not much of imposed involved and it does not really make much difference by reducing the duties on that.

Sameer Deshpande

Can I ask a last question? It is regarding this PLI benefits, which we have been receiving. So, did we receive anything in this quarter? And where it likely to be anything in the coming quarter also?

C. Ramachandra Rao

Yes, D.V.S Satyanarayana will tell you.

D.V.S Satyanarayana

So PLI is not a quarterly benefit. Basically, there's an annual incentive which is given by the government on incremental sales as per the guidelines of PLI. So, for the year -- yes, for the last financial year, we have filed the application with the government. It is under review, so which is being expected to be released in the month of April 2025.

Sameer Deshpande

April '25. So, it is not likely to receive be received in this year?

D.V.S Satyanarayana

No.

Sameer Deshpande

Okay. And is it quite substantial, around 20, 30 or INR 20 crores, INR 30 crores?

D.V.S Satyanarayana

No. It is not substantial.

Moderator

Next question comes from Sachin Pal from MC Research. Please go ahead.

Sachin Pal

I just wanted to understand what's the, scenario for the production as well as the and get an outlook on the...

C. Ramachandra Rao

Your voice is not audible.

Moderator

Your voice is not audible, So I request you to speak bit louder.

Sachin Pal

Yes. So, I was saying that I just wanted to understand what's the outlook on the production as well as, the farm gate sizes on the domestic front. Since we've had a pickup, we had a close-up in terms of shrimp feed volumes in Q1 and that has kind of picked up. We have exhibited a 14% growth in shrimp feed volumes in Q3. So how does that translate into probably the farm gate prices and the production on the domestic front?

C. Ramachandra Rao

See, we are expecting that 2025 should be stable, stable year without much worldwide. At least for the first crop, our expectation that it should go on smoothly because the farm grade prices are as of now is good and the feed prices are also good and the climatic collisions are also good. They are able to really go on stocking very, I mean, aggressively in the last one month.

So, we expect that the first crop, which will go up to June, July will be very good. That's what we are expectation. But of course, always with this thing that anything can happen like climatic conditions may change or farm gate prices may change. And but by and large, we see that first crop will be very good. And if the same levels of prices are

maintained, even the second crop also will be good for total making the year 2025 definitely stable than last year and maybe slightly more than last year.

Sachin Pal

Could we see some softening on family prices on domestic fronts since the feed volumes have picked up and the production is anticipated in 2019?

Santhi Latha

Your voice is again breaking.

Sachin Pal

I was saying that could we see some softening of the prices on this farm grade side since that the volumes are picked up on the shrimp feed side so.

C. Ramachandra Rao

No, that's why it is very difficult. I think Nikhilesh.

Alluri Nikhilesh

Could you repeat the question?

Sachin Pal

Could there be some softening on the farm grade prices since feed volumes are picking up and the overall production levels are anticipating to pick up in the next 3 to 6 months?

Alluri Nikhilesh

We don't have any we don't anticipate any major price decrease. Our policy as a company is to ensure that the farmer gets a fair price and we sell at a fair price in the market as well. So, we don't anticipate any large price decrease at the farm get price.

Sachin Pal

Okay, understood. And the second thing is again the digital shrimp processing side, so we've had a spike in the straight cost internationally. So how is that shaping up?

Alluri Nikhilesh

I'm sorry, I'm not able to hear you.

Sachin Pal

I was saying that on the shrimp processing side, the margins have been impacted by higher freight costs. So how have they been trending recently concerned that there have been some opening of the Suez Canal and there has been some reduction in the freight ship internationally?

Alluri Nikhilesh

So, I don't think still there is large number of shipments passing through the Red Sea Suez Canal area. The prices are still firm, but we hope to get a lower reduction this year when things normalize. Like the Middle East has been quite turbulent the last year with the Israel war and everything. So, nothing really changed in that part. But we hope that this year, the price has been softer on the freight.

Sachin Pal

Okay. And what would be the freight cost as a percentage at this point?

Moderator

Mr. Sachin, your voice is not audible, sir.

Sachin Pal

What would be the freight cost as a percentage at this point of time?

Alluri Nikhilesh

Do you want to answer that, D.V.S?

D.V.S Satyanarayana

Yes. It is around 8%, 8% to 9%.

Moderator

The last question of the day comes from Tom A Kadavil from Geojit Financial. Please go ahead.

Tom A Kadavil

Hello. Regarding the pet food, do we have any planned Capex? And what is the total Capex already done? Or what is the planned Capex for FY '25, '26?

C. Ramachandra Rao

Capex, we have already incurred a land purchase about around INR 36 crores. Further, the plant and machinery will be around INR 60 crores. See the major expenditure so far has been on the land. We have acquired about 30 acres of land, near Hyderabad. The

so we have bought the land and we're now getting it surveyed and all those things are happening. But the work of, you know, preparing the drawings and civil works, planted machinery imported, the and domestic machinery, all these details are being worked out in consultation with the Bluefalo Limited Thailand. So, it will take some time to give the exact numbers as to the cost, what is going to be the cost of the project, how much is the civil works, how much mister other utility buildings.

All these things, I think it will take at least four, three, four months for us to come to a definitive number. They are at least the projected numbers. We'll be able to share with you maybe next or after that quarter meeting.

Tom A Kadavil

Okay. And one more question was regarding the CVD. You had mentioned that some higher value products will not attract CVD. Is it RTE products?

C. Ramachandra Rao

Nikhilesh?

Alluri Nikhilesh

No. It's not RTE products per se, but it's a higher value product, like value added products, like, ready to fry, something like that.

Tom A Kadavil

Ready to fry?

Alluri Nikhilesh

Yes. It's like see, it's value-added products as a category, right? Like you look at breaded shrimp or like something like a tempura or a samosa, something like that. It's not just commodity shrimp, it's value-added shrimp.

Tom A Kadavil

Thank You.

Moderator

Thank you. Ladies and gentlemen, this concludes your conference call for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, and have a good day.

Note: 1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.