



# AVANTI FEEDS LTD

JULY 19, 2016

SECTOR FOOD & AGRICULTURE

RECOMMENDATION

Buy @ 515, Target 630



**DYNAMIC LEVELS™**

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**Avanti Feeds Limited** - *Leading provider of high quality feed.*

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## Company Overview and Stock Price

Avanti Feeds is the leading manufacturer of Prawn and Fish Feeds and Shrimp Processor and Exporter from India. Avanti has Three Prawn and a Fish Feed Manufacturing Units, in Kovvur, Vemuluru in West Godavari District, Andhra Pradesh and Pardi in Valsad District, Gujarat, in India with a capacity of 90,000 MT per annum. Avanti produces nutritionally well balanced and high quality feed, consistently, catering to the Indian prawn and fish farmers, at their door step.

Avanti has a long list of customers in USA, Europe, Japan, Australia and Middle East. The company started its commercial operations in 1993 under the able leadership of Late Sri Alluri Venkateswara Rao in technical collaboration with Pingtai Enterprises, Taiwan. Later his son Sri Alluri Indra Kumar expanded the capacity and enhanced technical and marketing capabilities by bringing on board Thai Union Frozen Products PCL., Thailand, the world's largest seafood manufacturers and also having Feed Mill and Prawn Hatchery in Thailand. Today Thai Union is closely associated with Avanti Feeds with equity participation, technical collaboration and marketing tie-up in India.

Avanti Feeds Share Price Performance	
EXCHANGE SYMBOL	AVANTI FEEDS
Current Price * (Rs.)	565.00
Face Value (Rs.)	2.00
52 Week High (Rs.)	678.99(12-Oct-15)
52 Week Low (Rs.)	331.05(19-Jan-16)
Life Time high (Rs.)	678.99(12-Oct-15)
Life Time low (Rs.)	4.24(16-Jun-10)
Average Daily Movement	22.42
Average Volume	50888
1 Month Return (%)	11.30
P/E Ratio (x)	16.29
Book Value	93.10
Market Cap	2385.21(Cr)
% of Promoter holding pledged	NIL



**The 1 year weekly chart of Avanti shows that the stock after taking a support of 440 is trading at 560.**

### COMPANY PROFILE OF AVANTI FEEDS

Date of Incorporation	06-Jan-1993
Date of Listing	08-Jan-2010

#### Management

Name	Designation
A Indra Kumar	Chairman & Managing Director
Wai Yat Paco Lee	Director
N V D S Raju	Director
N Ram Prasad	Director
M S P Rao	Director
K Ramamohana Rao	Director
Bunluesak Sorajjakit	Director
B V Kumar	Director
A V Achar	Director
K Kiranmayee	Director
C Ramachandra Rao	Jt. Managing Director, Comp. Secretary & CFO
J S V Prasad	Nominee Director

#### Registered Office Address

House No.37, Plot No.37,Baymount,  
Rushikonda,530045,Vishakapatnam,Andhra Pradesh, India

#### Website

<http://www.avantifeeds.com>



# AVANTI FEEDS LTD

Leading Provider of High Quality Feed



## Products of Avanti

### Prawn and Fish Feeds

Avanti produces the following international quality feeds for Prawn and fish in collaboration with worlds renowned Prawn and Fish feed manufacturers Pingtai Enterprises CO. Ltd, Taiwan and Thai Union Feed Mill Co. Ltd., Thailand.

### SALIENT FEATURES

- Made from International quality raw materials
- Nutritionally well balanced and excellent FCR
- Ideal water stability and maintains eco friendly water quality
- Greater appetite, faster growth with high survival rate of shrimps/fish
- Higher yields Higher Profits

The alliance with Thai Union Group will take the industry into new heights in developing feeds and supplements for sustainable aquaculture. Avanti Feeds Produces scientifically formulated and nutritionally balanced water-stable international quality shrimp feed in India. **It is also the largest supplier of shrimp feed in the entire coast of India and other countries.**

The continuous focus and R&D on feed formulation has resulted in success for the company.

### Technical and other Support services to the farmers

Avanti Feeds Limited is serving shrimp and fish farmers through its highly equipped quality testing Labs in the coastal regions Kakinada, Amalapuram, Malkipuram & Gudivada for Shrimp Seed Quality Analysis, PCR testing and Water & Soil tests for Shrimp Culture. The company guides the farmers in seed selection, culture practices through qualified and experienced technical staff.

### Shrimp Processing and Exports

The Shrimp Processing and Exports Unit, certified ISO 22000: 2005 is located in Gopalapuram near Ravulapalem, East Godavari District Andhra Pradesh, India and confirms to HACCP, USFDA, EU & BRC Global standards. It is also an ACC Certified for best aquaculture practices. The state of art technology coupled with quality consciousness, excellent storage facilities, logistics capabilities, timely deliveries and commitment to customer satisfaction has made Avanti to be proud of a long list of loyal customers from USA, Europe, Japan, and Australia & Middle East.

*SCAMPI FEED*

*CLASSIC  
SCAMPRO*

*FISH FEED*

*MERMAID*

*PRAWN  
FEED*

*PROFEED  
TITAN  
MANAMEI*



## Prawn King

Having achieved phenomenal success in export market, Avanti has ventured into domestic market with an object of providing export quality shrimp ready to eat and ready to cook product to Indians by launching "PRAWN KING" brand products.

Avanti envisages catering to the prawn consumption of Hotels, Restaurants and household by establishing eateries-cum-shops for selling ready to eat and ready to cook shrimps. To start with, Avanti has started an eatery in "Eat Street in Necklace Road, Hyderabad" and plans to open similar outlets in a span of one year in Hyderabad and expand to other cities in phased manner.

Avanti's Prawn King processed hygienically complying with HACCP standards with USFDA, BRC accreditations in place. It is certified ISO 22000:2005 and certified by ACC for its best aquaculture practices. Avanti's cold supply chain continues to give its delicious tastes across India.

Avanti has in-house Laboratory to conduct special tests to detect the presence of micro organisms and anti-biotic to ensure the end product is absolutely contamination free.

### *Varieties of Shrimp*

*HEAD ON*

*EASY PEEL*

*RAW HEADLESS SHELL-ON*

*RAW PEELLED AND DEVEINED  
TAIL- ON*

*RAW PEELLED AND DEVEINED  
TAIL- OFF*

*BUTTERFLY CUT PEELLED AND  
DEVEINED TAIL - ON*

*SKEWERS*



## Company Financials

Quarterly Income Statement (in Cr)	Mar 16 Quarterly	Dec 15 Quarterly	Mar 15 Quarterly	% Growth QoQ (From Dec 15 to Mar 16)	% Growth YoY (From Mar 15 to Mar 16)
<b>Net Sales/Income from operations</b>	<b>463.73</b>	<b>407.34</b>	<b>378.41</b>	<b>13.84</b>	<b>22.55</b>
Other Operating Income	5.10	5.77	3.04		
<b>Total Income From Operations</b>	<b>468.83</b>	<b>413.11</b>	<b>381.45</b>	<b>13.49</b>	<b>22.91</b>
Increase/Decrease in Stocks	-18.09	10.49	-2.98		
Consumption of Raw Materials	373.62	292.99	294.72		
Employees Cost	13.15	14.66	10.69		
Depreciation	2.52	2.58	2.24		
Other Expenses	52.94	39.48	42.14		
<b>Total Expenditure</b>	<b>424.14</b>	<b>360.20</b>	<b>346.82</b>	<b>17.75</b>	<b>22.29</b>
<b>Operating Profit</b>	<b>44.69</b>	<b>52.91</b>	<b>34.63</b>	<b>-15.54</b>	<b>29.05</b>
Other Income	4.36	3.50	1.52		
P/L Before Int., Excpt. Items & Tax	49.04	56.41	36.15		
Interest	0.57	0.19	0.49		
P/L Before Exceptional Items & Tax	48.47	56.22	35.66		
Exceptional Item	-0.77	--	--		
P/L Before Tax	47.70	56.22	35.66		
Tax	15.58	19.04	13.39		
P/L After Tax from Ordinary Activities	32.12	37.18	22.27		
Extra Ordinary Items	--	--	--		
<b>PAT</b>	<b>32.12</b>	<b>37.18</b>	<b>22.27</b>	<b>-13.61</b>	<b>44.23</b>
Share Of P/L Of Associates	-0.90	-0.64	0.00		
<b>Net Profit/(Loss) For the Period</b>	<b>31.23</b>	<b>36.54</b>	<b>22.27</b>	<b>-14.53</b>	<b>40.23</b>
Equity Share Capital	9.08	9.08	9.08		
Reserves	--	--	256.21		
Equity Dividend Rate (%)	--	--	--		
<b>EPS (Rs.) [Before Extraordinary items]</b>	<b>7.07</b>	<b>8.19</b>	--		
<b>EPS (Rs.) [After Extraordinary items]</b>	<b>7.07</b>	<b>8.19</b>	--		
Promoters and Promoter Group Shareholding Pledged	--	--	18.35		

*The Company shows a top line growth of more than 13% in QoQ basis and more than 22% in YoY basis.*

*The Operating profit decreases in QoQ basis due to increase in expenditure, especially Raw materials cost but increases 29% in YoY basis.*



Yearly Income Statement (in Cr)	Mar – 16	Mar - 15	Mar - 14
INCOME	Annual	Annual	Annual
Revenue From Operations [Gross]	1995.3	1,758.70	1,112.61
Revenue From Operations [Net]	1995.3	1,758.70	1,112.61
Other Operating Revenues	22.99	17.56	18.99
<b>Total Operating Revenues</b>	<b>2018.29</b>	<b>1,776.26</b>	<b>1,131.61</b>
Other Income	16.55	9.02	3.68
<b>Total Revenue</b>	<b>2034.84</b>	<b>1,785.28</b>	<b>1,135.29</b>
EXPENSES			
Cost Of Materials Consumed	1542.97	1,383.58	882.4
Purchase Of Stock-In Trade	0	0	0
Changes In Inventories Of FG,WIP And Stock-In Trade	-14.06	-15	-12.63
Employee Benefit Expenses	58.08	47.64	35.22
Finance Costs	1.35	1.75	3.5
Depreciation And Amortization Expenses	10.23	8.8	5.54
Other Expenses	202.01	178.67	116.08
<b>Total Expenses</b>	<b>1800.58</b>	<b>1,605.44</b>	<b>1,030.11</b>
Profit/Loss Before Exceptional, Extra Ordinary Items And Tax	234.26	179.84	105.18
Exceptional Items	3.91	0	0
Profit/Loss Before Tax	238.17	179.84	105.18
Tax Expenses-Continued Operations			
Total Tax Expenses	79.2	63.27	35.43
Profit/Loss After Tax And Before Extra Ordinary Items	158.97	116.57	69.75
Profit/Loss From Continuing Operations	158.97	116.57	69.75
Profit/Loss For The Period	158.97	116.57	69.75
Share Of Profit/Loss Of Associates	-1.48	-0.65	0.67
<b>Consolidated Profit/Loss After MI And Associates</b>	<b>157.49</b>	<b>115.92</b>	<b>70.41</b>
OTHER ADDITIONAL INFORMATION			
EARNINGS PER SHARE			
Basic EPS (Rs.)	35.01	127.63	77.52
Diluted EPS (Rs.)	35.01	127.63	77.52

*The revenue of the company is in increasing mode every year.*

*The operating profit of the company increases 70% from FY 14 to FY 15, but it increases 30% from FY 15 to FY 16. This decrease in growth of operating profit is due to increase in expenditure, especially raw materials price.*

*The Net profit of Avanti Feeds is showing a steady growth every year.*



Segmental Results (in Crore)	Mar 16 Annually	Mar 15 Annually
<b>Segment Revenue</b>		
Shrimp Feed	1730.09	1507.46
Shrimp Processing	286.06	271.32
Wind Power	2.14	1.88
<b>Gross sales/ Income from operations</b>	<b>2018.29</b>	<b>1780.66</b>
<b>Segment Results</b>		
Shrimp Feed	194.42	150.36
Shrimp Processing	24.85	20.93
Wind Power	1.13	0.91
<b>Total</b>	<b>220.40</b>	<b>172.20</b>
<b>Capital Employed</b>		
Shrimp Feed	149.72	79.23
Shrimp Processing		67.98
Wind Power	6.95	7.44

*The major revenue of Avanti Feeds comes from Shrimp Feed which shows a yearly growth of around 15%.*

*The earnings from Shrimp feed is also in increasing mode.*

*The company is increasing its capital employment in that segment.*

Cash Flow Statement	Mar 15 Annually	Mar 14 Annually	Mar 13 Annually
Net Profit/Loss Before Extraordinary Items And Tax	179.84	105.18	44.14
Net Cash Flow From Operating Activities	89.72	57.77	-20.55
Net Cash Used In Investing Activities	-83.52	-40.41	5.43
Net Cash Used From Financing Activities	-12.35	-13.64	0.81
Foreign Exchange Gains / Losses	0	0	0
Adjustments on Amalgamation / Merger / Demerger / Others	0	0	0
Net Inc/Dec In Cash And Cash Equivalents	-6.15	3.72	-14.31
Cash And Cash Equivalents Begin of Year	10.43	6.72	21.03
Cash And Cash Equivalents End Of Year	4.29	10.44	6.72

*The net profit of Avanti Feeds is increasing every year.*

*The cash flow from Operating activities has shown a significant increase from 57.77 crore in FY 14 to 89.72 crore in FY 15.*





Balance Sheet	Mar – 15	Mar – 14	Mar - 13
<b>EQUITIES AND LIABILITIES</b>			
SHAREHOLDERS FUNDS			
Equity Share Capital	9.08	9.08	9.08
Total Share Capital	9.08	9.08	9.08
Reserves and Surplus	256.21	170.49	108.88
Total Reserves and Surplus	256.21	170.49	108.88
<b>Total Shareholder's Funds</b>	<b>265.3</b>	<b>179.58</b>	<b>117.97</b>
Share Capital Suspense	0	0	0
Minority Interest	0	0	0
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	4.18	10.95	11.93
Deferred Tax Liabilities [Net]	5.99	1.43	1
Other Long Term Liabilities	3.75	2.75	1.55
Long Term Provisions	3.04	2.92	1.46
<b>Total Non-Current Liabilities</b>	<b>16.95</b>	<b>18.06</b>	<b>15.93</b>
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	50.59	42.12	46.28
Trade Payables	91.18	81.92	19.79
Other Current Liabilities	24.27	57.71	30.43
Short Term Provisions	32.29	18.96	10.57
<b>Total Current Liabilities</b>	<b>198.32</b>	<b>200.71</b>	<b>107.08</b>
<b>Total Capital And Liabilities</b>	<b>480.58</b>	<b>398.34</b>	<b>240.98</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible Assets	89.48	77.39	50.71
Intangible Assets	0.09	0.12	0.14
Capital Work-In-Progress	0	4.81	1.59
<b>Fixed Assets</b>	<b>89.57</b>	<b>82.32</b>	<b>52.43</b>
Non-Current Investments	34.64	35.29	27.49
Deferred Tax Assets [Net]	0	0	0
Long Term Loans And Advances	5.6	3.13	4.98
Other Non-Current Assets	0.97	1.13	0.94
<b>Total Non-Current Assets</b>	<b>130.77</b>	<b>121.87</b>	<b>85.85</b>
<b>CURRENT ASSETS</b>			
Current Investments	76.46	5.02	0.25
Inventories	222.02	199.15	97.16
Trade Receivables	33.56	45.02	39.73
Cash And Cash Equivalents	6.16	13.72	8.59
Short Term Loans And Advances	4.67	4.63	3.12
Other Current Assets	6.93	8.94	6.29
<b>Total Current Assets</b>	<b>349.8</b>	<b>276.47</b>	<b>155.13</b>
<b>Total Assets</b>	<b>480.58</b>	<b>398.34</b>	<b>240.98</b>

*Avanti Feeds is increasing its revenue without increasing its current and noncurrent liabilities.*



## Ratios

Valuation Ratios	Fiscal Year			
	Mar-13	Mar-14	Mar-15	Mar-16
P/E	3.2x	6.7x	12.0x	11.4x
EV/EBIT	3.3x	4.9x	7.9x	8.0x
EV/EBITDA	2.9x	4.6x	7.5x	7.6x
P/S	0.2x	0.4x	0.8x	0.9x
P/B	0.8x	2.6x	5.3x	4.7x
Div Yield	614.9%	288.6%	178.9%	-

Profitability Ratios %				
	Mar-13	Mar-14	Mar-15	Mar-16
EBITDA Margin	8.0	10.0	10.2	11.5
Operating Margin	7.2	9.5	9.8	11.0
Profit Margin	4.7	6.3	6.5	7.9
Return on Assets	14.0	21.8	26.4	28.6
Return on Equity	27.3	46.2	52.1	48.5

Leverage and Coverage Ratios				
	Mar-13	Mar-14	Mar-15	Mar-16
Current Ratio	1.4	1.4	1.8	1.8
Quick Ratio	0.4	0.3	0.6	0.5
EBIT/Interest	16.6	39.4	228.7	162.1
Tot Debt/Capital	0.3	0.2	0.2	0.0
Tot Debt/Equity	0.5	0.3	0.2	0.0
Effective Tax Rate%	31.7	33.5	35.3	33.5



## Share Holding Pattern

Shareholding Pattern	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15
<b>Promoter and Promoter Group (%)</b>	<b>43.95</b>	<b>43.95</b>	<b>43.95</b>	<b>44.21</b>	<b>44.17</b>
Indian	43.95	43.95	43.95	44.21	44.17
Foreign	NIL	NIL	NIL	NIL	NIL
<b>Institutions (%)</b>	<b>32.08</b>	<b>31.86</b>	<b>6.17</b>	<b>6.23</b>	<b>6.00</b>
FII	4.10	3.92	3.34	3.42	3.19
DII	27.97	27.95	2.83	2.81	2.81
<b>Non Institutions (%)</b>	<b>23.98</b>	<b>24.19</b>	<b>49.88</b>	<b>49.57</b>	<b>49.84</b>
Bodies Corporate	NIL	NIL	3.11	2.76	2.84
Others	23.98	24.19	46.77	46.80	46.99
Custodians	NIL	NIL	NIL	NIL	NIL
<b>Total no. of shares (cr.)</b>	<b>4.54</b>	<b>4.54</b>	<b>0.91</b>	<b>0.91</b>	<b>0.91</b>

*The above table shows that the institutions that includes FII and DII are increasing their positions in Avanti Feeds*

Persons holding securities more than 1% of total number of shares under category Public Shareholding.	Category	Mar -16	Dec-15	Sep-15	Jun-15	Mar-15
SRINIVASA CYSTINE PRIVATE LIMITED	Promoters	26.64	26.64	26.64	26.64	26.62
THAI UNION FROZEN PRODUCTS PUBLIC COMPANY LIMITED	Non Promoters	25.12	NIL	25.12	25.12	25.12
INDRA KUMAR ALLURI	Promoters	6.11	6.11	6.11	6.11	6.09
ALLURI INDRA KUMAR	Promoters	6.01	6.01	6.01	6.01	6.01
MALABAR INDIA FUND LIMITED	Non Promoters	3.12	2.9	2.76	2.92	2.83
SANJEEV AGRO-VET PVT LIMITED	Promoters	3.11	3.11	3.11	3.11	3.1
Bodies Corporate	Non Promoters	2.97	3.03	NIL	NIL	NIL
ANDHRA PRADESH INDUSTRIAL DEVELOPMENT CORPORATION	Non Promoters	2.72	NIL	NIL	NIL	NIL
Foreign Individuals or NRI	Non Promoters	1.22	NIL	NIL	NIL	NIL
Foreign Corporate Bodies- Thai Union Frozen Products Public Company	Non Promoters	NIL	25.12	NIL	NIL	NIL
Andhra Pradesh Industrial Development Corporation	Non Promoters	NIL	2.72	2.72	2.74	2.75
Non Resident Indians	Non Promoters	NIL	1.17	NIL	NIL	NIL
Girish Gulati HUF	Non Promoters	NIL	NIL	1.01	1.01	1.01



## Thai Union Group Stake buys

According to recent news, the Thai Union Group, world's largest canned tuna maker, would spend 1.25 billion Indian rupees to buy a 40% stake in the shrimp processing unit of Avanti Feeds Ltd.

The purchase of the stake in Avanti Frozen Foods private limited will add production capacity to meet growing demand, the Thai firm said in a statement.

The deal will also help to offset a hit to shrimp production in Thailand, where output is still less than half of the level seen in 2013 before the outbreak of early mortality syndrome, Thai Union said.

According to Avanti, Thai Union aims to boost profits as a result of the stake purchase.

Thai Union has said it was looking for further acquisitions to help it achieve a revenue target of \$8 billion by 2020 after the company scrapped a \$1.5 billion acquisition of U.S. rival Bumble Bee Sea foods in December.

Currently, the board of directors of the company at its meeting held on March 16, 2016, approved the Joint Venture Agreement between Thai Union Group PCL, Avanti Frozen Foods Private Limited (AFFPL) (a wholly owned subsidiary of Avanti Feeds Limited) and Avanti Feeds Limited, and (ii) Thai Union Group PCL shall subscribe to 40,06,667 equity shares of Avanti Frozen Foods Private Limited on preferential basis at a premium of Rs. 303/- per share.

In pursuance of the Joint Venture Agreement, Thai Union Group PCL subscribed to the preferential issue of shares made by Avanti Frozen Foods Private Ltd. The Board of Directors of Avanti Frozen Foods Private Ltd., at its meeting held on July 11, 2016 allotted 40,06,667 equity shares of Rs. 10/- each to Thai Union Group PCL on preferential basis at a premium of Rs. 303/- per share.

*Thai Union Group to take 40% stake in shrimp processing unit of Avanti Feeds Ltd*



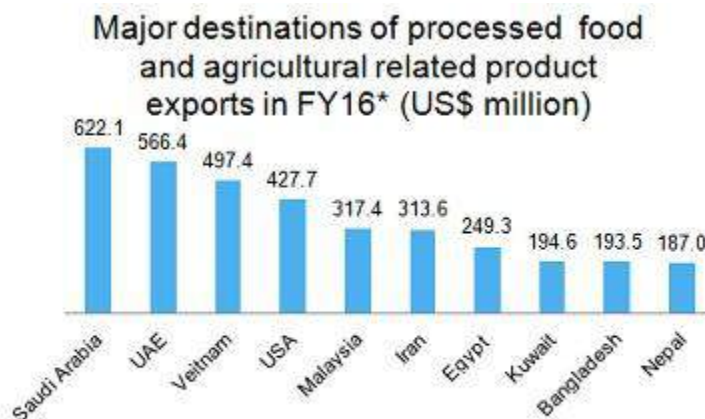
## Outlook for Indian Food and Beverages Industry

The Indian food industry is poised for huge growth, increasing its contribution to world food trade every year. In India, the food sector has emerged as a high-growth and high-profit sector due to its immense potential for value addition, particularly within the food processing industry.

The food industry, which is currently valued at US\$ 39.71 billion expected to grow at a Compounded Annual Growth Rate (CAGR) of 11 per cent to US\$65.4 billion by 2018. Food and grocery account for around 31 per cent of India’s consumption basket.

Accounting for about 32 per cent of the country’s total food market, The Government of India has been instrumental in the growth and development of the food processing industry. The government through the Ministry of Food Processing Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations; industrial licenses and 100 per cent export oriented units.

The Indian food and grocery market is the world’s sixth largest, with retail contributing 70 per cent of the sales. Food has also been one of the largest segments in India's retail sector, which was valued at US\$ 490 billion in 2013@. The Indian food retail market is expected to reach Rs 61 lakh crore (US\$ 894.98 billion) by 2020.



Source: Ministry of Food Processing Industries, APEDA, Ministry of Commerce & Industry, TechSci Research. FY16\* - Data is for April-August 2015



## Indian seafood Industry

Indian sea food industry is a major supplier in the 'Global Seafood trade' in exporting 'wide range of products'. 'International seafood trade' had seen major change in the last decade due to factors like; 'environment reasons', 'diet diversification', 'increased global supply', 'international trade barriers' and Bioterrorism.

Seafood export in India is over 50 years old. Indian seafood Industry has come a long way; shipping seafood products to more than 100 countries. Today Indian factories have grown to have world class facilities, with better quality control; meeting the stringent international norms. On the other hand, International Seafood trade has been changing over the years; last decade had seen significant changes in the 'supply', 'demand' and 'International trade norms'; due to the compulsions from the importing countries. International seafood industry is caught between; increased demand for seafood due to 'diet diversification', and 'over supply' of fish production. This increase in supply and demand has created various environmental issues, like decline in world catch and over exploitation; creating long term threat to the world. Since 1990s, three issues dominated Indian export scene: decline in overall catches particularly shrimp; fluctuations in international markets depressing prices and profitability and overcapitalization of the production and marketing activities increasing risk. The global sea food market is a complex system of trade and sustainability issue. Today there is need for the global seafood industry to balance 'fisheries resources', 'global processing capabilities' and the 'increased global consumption' in a more sustainable way. Indian seafood processing units being a part of the global supply chain need to be a responsible global supplier in providing sustainable seafood while competing with other supplying countries in the global trade competition.



## **Strengths in Indian Seafood Industry**

- Established fishing industry with wide variety of species.
- International acceptance of Indian quality.
- Well established export supply chain with good storage, processing and transport infrastructure.
- Perseverance of exports against all odds.
- Banking Support as Term loan, shipment credit, etc.
- ECGC support on payment (credit) risk.
- Government incentives and subsidies.
- Indigenous manufacturer of sea food equipments.

## **Weakness in Indian sea food Industry**

- Lack of hygienic auctioning platform, quality ice and packaging material.
- High establishment cost result in high unit cost of production.
- Absence of quality control at primary production centers - peeling sheds.
- Increase in labour cost and demand.



## Strengths, weakness and opportunities in Avanti

The Company has been in the field of aqua culture industry engaged in manufacturing high quality feed for shrimps, fish, operating Vannamei hatchery and processing & export of shrimps. The Company has also well trained technical team to provide technical support to the farmers and assisting farmers with information and knowledge of global standard aquaculture practices and also updating developments in culture methods and processes. Presence of strong dealership net work, farmer base and committed work force stands in good stead in sustained growth of company's business. Added to this, the company has strong technical and marketing tie up with THAI UNION Group of Thailand to strengthen company's capabilities in the field of aqua culture. The global shrimp consumption is also expected to increase in future, assuring consistent market.

Presently company's shrimp feed plants are operating at 100% capacity utilization. In view of future increase in growth of shrimp culture, it is planned to set up shrimp feed manufacturing plant with 1,10,000 MT per annum capacity in Andhra Pradesh.

Notwithstanding the fact of significant growth in shrimp production as well as shrimp exports, the shrimp culture industry is continued to be concerned about inadequate infrastructure facilities, particularly inadequate power supply to aquaculture farmers and inadequate cold store chain which are matter of great concern. Though, it is similar to agriculture in many respects, the recognition of aquaculture on par with agriculture is evading government's approval in order to avail some of the benefits available to agriculture sector.

The demand for seafood is increasing all over the world, particularly Indian Seafood exports. One of the reasons being, seafood is considered as healthier compared to other forms of meat. India is gifted with long coast line ideally suited for development of seafood industry. A planned development would provide abundant opportunities for seafood industry. The successful adoption of Vannamei Species shrimp culture is poised for a significant increase in the shrimp production and export.

*Avanti Feeds Ltd is the largest producer of fish feeds in India.*

*The company is the largest exporter of Shrimp from India.*

*The company has a technical and marketing tie up with Thai Union group of Thailand.*





## Investment Rationale:

- Avanti Feeds Ltd is the largest seafood processors and leading manufacturer of prawn in India.
- It is the largest Shrimp processor and exporter from India.
- The state of art technology coupled with quality consciousness, excellent storage facilities, logistics capabilities, timely deliveries and commitment to customer satisfaction has made Avanti to be proud of a long list of loyal customers from USA, Europe, Japan, Australia and Middle East.
- The demand for Seafood is increasing all over the world. Indian sea food exports are in high demand.
- Avanti has Three Prawn and a Fish Feed Manufacturing Units, certified ISO 9001:2008, in Kovvur, Vemuluru in West Godavari District, Andhra Pradesh and Pardi in Valsad District, Gujarat, in India with a capacity of 90,000 MT per annum. Avanti produces nutritionally well balanced and high quality feed, consistently, catering to the Indian prawn and fish farmers, at their door step.
- Avanti Feeds Limited has established joint venture with Thai Union Frozen Products PCL., the world's largest seafood processors and leading manufacturer of prawn and fish feeds in Thailand with integrated facilities from Hatchery to Shrimp & Fish processing and Exports.
- The revenue of the company is increasing every year. The major revenue comes from feeds which show a steady growth.
- The Q4 net profit rises 43.10% at Rs. 31.20 crore.
- The total assets value of the company increased in the last two years.
- The Institutional Investors, FIIs and DIIs are increasing their position in the stock in every quarter.

**Avanti Feeds Ltd** is a Multibagger Stock recommended by Dynamic Levels. We recommend Buy in Avanti Feeds at Rs. 515 with the target of Rs. 630. Avanti Feed is a market leader trading at a PE of 16.



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