Avanti Feeds

Management: Good evening, ladies and gentlemen. I am pleased to extend a warm welcome to all of you for this investor conference call to review the unaudited financial results for the quarter and period ended September 30, 2026. Mr. Anil, ED, Avanti Frozen Foods Private Limited, has joined from the processing plant. Along with me are Mr. C Ramachandra Rao, Joint Managing Director and Company Secretary of Avanti Feeds Limited; Mr. A Venkata Sanjeev, ED, Avanti Feeds Limited; Mr. DVS Satyanarayana, CFO of Avanti Frozen Foods Private Limited; and Mr. K Srinivas Reddy, CFO of Avanti Pet Care Private Limited.

To begin with, I will present the highlights of the standalone and consolidated financial results of the company for the quarter and half-year ended September 30, 2026. Thereafter, Mr. DVS Satyanarayana will present the financial highlights of the shrimp processing and export division, and Mr. K Srinivas Reddy will present the status of the pet care project. After the presentation by all of them, Mr. C Ramachandra Rao, Joint Managing Director and Company Secretary of Avanti Feeds Limited, will give the current situation and highlights of the industry. Then we will move on to the question-and-answer session.

Consolidated financial results for September, for the quarter ended September 2027. The comparative performance of Q2 FY27 with that of Q1 FY27 and Q2 FY26 has been given in the presentation already circulated. Gross income in Q2 FY27 is 1,803 crores as compared to 1,966 crores in the previous quarter, Q1 FY27, a decrease of 163 crores, or about 8.29%. Compared to Q2 FY26 gross income of 1,659 crores, there is an increase of 144 crores, or about 8.69%. PBT is 96 crores in Q2 FY27 as compared to 157 crores in Q1 FY27, a decrease of 61 crores, or about 38.85%. Compared to Q2 FY26 PBT of 227 crores, there is a decrease of 131 crores, or about 57.71%.

Now for the half-yearly financial results. The comparative performance for the half-year ended FY27 with that of FY26 has been given in the presentation. Gross income in the half-year ended FY27 is 3,769 crores as compared to 3,315 crores in the half-year ended FY26, an increase of about 454 crores, or about 13.71%.

Management: 153 crores, by about 13.7%. PBT is 253 crores in the half-year ended FY27 as compared to 476 crores in the half-year ended FY26, a decrease of 223 crores, or about 46.85%. The consolidated results indicate the net impact of several factors, such as an increase in income and a decrease in expenditure, or an increase in expenditure and exceptional items, relating to both the feed and frozen divisions, which have been discussed in the divisional performance of these units individually.

Standalone financial results of the feed division for the quarter ended FY27. Gross income for Q2 FY27 is 1,420 crores as compared to 1,615 crores in the previous quarter, Q1 FY27, a decrease of 195 crores due to a decrease in the quantity of feed sold, since Q1 is the main aquaculture season. Gross income in Q2 FY27 increased to 1,420 crores from 1,200 crores in the corresponding quarter of Q2 FY26, an increase of 220 crores due to an increase in feed prices. PBT for Q2 FY27 is 86 crores as compared to 114 crores in Q1 FY27, a decrease of 28 crores, or about 24.56%. Compared with Q2 FY26 PBT of 180 crores, there is a decrease of 94 crores, or about 52.22%, mainly due to an increase in raw material costs.

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Feed sales during the quarter decreased to 152,888 MT as compared to 193,852 MT in Q1 FY27 and 154,644 MT in Q2 FY26. For the standalone half-yearly highlights, the comparative performance for the half-year ended FY27 with that of FY26 has been given in the presentation. Gross income in the half-year ended FY27 is 3,034 crores as compared to 2,479 crores in the half-year ended FY26, an increase of 555 crores, or about 22.39%. PBT is 199 crores in the half-year ended FY27 as compared to 404 crores in the previous year, a decrease of 205 crores, or about 50.74%. Feed sales during the half-year ended FY27 increased to 346,739 metric tons as compared to 320,209 metric tons in the half-year ended FY26.

The major raw materials are fishmeal, soybean meal, and wheat flour. The noticeable development in this quarter is the increasing trend in the prices of major raw materials, namely fishmeal, soybean meal, and wheat flour, resulting in a decrease in profitability compared with the previous year and quarter. The prices of these raw materials keep fluctuating since their production is based on agriculture and fish catches from the ocean. Fishmeal prices increased in Q2 FY27 to 199 per kg from 153 per kg in Q1 FY27 and increased from 98 per kg in Q2 FY26. In the case of soybean meal, prices increased to 67 per kg in Q2 FY27 from 58 per kg in Q1 FY27 and increased from 43 per kg in Q2 FY26.

The price of wheat flour increased to 32 per kg in Q2 FY27 from 28 per kg in Q1 FY27 and decreased from 33 per kg in Q2 FY26. The present purchase price of fishmeal is 210 per kg, soybean meal is 80 per kg, and wheat flour is 36 per kg. While raw material prices are instrumental in determining the margin, the status of aquaculture activity and conditions such as climatic changes and diseases determine feed consumption in terms of volume, which will have an impact on the overall performance of the company.

PBT stood at 6.03% of total income during Q2 FY27 as compared to about 7.03% during Q1 FY27 and 15.05% during Q2 FY26. The combination of higher input costs, supply-side constraints, and fears of further price escalation is putting considerable pressure on shrimp feed manufacturers and the overall aquaculture industry. To sum up, in general, FY26-27 is expected to be a challenging year for the aquaculture industry with respect to shrimp production, due to the steep increase in feed raw material prices, exports from India, and global demand for shrimp exports.

Shrimp production and feed consumption in FY27 and the company's plans for FY28. Based on estimated shrimp production of about 8 to 9 lakh metric tons in calendar year 2026, shrimp feed consumption is estimated to be about 11 to 12 lakh metric tons. The company's feed sales during the half-year ended FY27 were 346,739 MT against 320,209 MT in the half-year ended FY26. It is estimated that feed sales during FY27 would be around 580,000 metric tons.

Regarding the shrimp processing and export division, exports of frozen shrimp during 2024-25 were 792,647 MT, worth USD 5,624.48 million. The USA was the largest importer, with 33% of frozen shrimp, followed by China at 21%, the European Union at 17%, Southeast Asia at 11%, Japan at 5%, the Middle East at 3%, and all other countries together at 10%. On a year-on-year basis, export volumes to the United States declined by 17.9%, whereas exports increased by 24% to China, 36% to the EU, and 5% to Japan in metric ton terms.

Frozen shrimp continued to be the major item of export in terms of quantity and value, accounting for a share of 40.19% in quantity and 66.52% of total US dollar earnings. During FY26, frozen shrimp

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exports registered growth of 13.16% in rupee value, 8.64% in dollar value, and 6.9% by volume. The company's shrimp exports during FY26 were 16,976 MT as compared to 14,149 MT in FY25, an increase of 2,827 MT. It is estimated that exports during FY27 would be around 17,500 metric tons. Now I hand over to Mr. Devi Satyanarayana to present the highlights of the 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 the shrimp processing and export division. For the Q2 FY27 results, gross income for Q2 FY27 is 387 crores as compared to 350 crores in Q1 FY27, an increase of 37 crores, representing 11%, mainly due to an increase in sales volume of 10%. Further, the improvement in average selling price realization during Q2 FY27, along with favorable foreign exchange movements, contributed to the increase in gross income during the current quarter under review. Gross income in Q2 FY27 decreased to 3 [trails off]

D.V.S. Satyanarayana: ...87 crores, compared with 462 crores during Q2 FY 2026-27 and the corresponding quarter of the previous year. This was a decrease of 75 crores, representing 16%, mainly due to a decrease in sales volume of 20%. This was mainly attributable to an increase in stock in transit during Q2 FY 2026-27 compared to the corresponding quarter of the previous year. However, the impact was partially offset by favorable foreign exchange rates. Profit before tax and before exceptional items for Q2 FY 2026-27 stood at 36 crores as compared to 45 crores in Q1 FY 2026-27. The decline in PBT during Q2 FY 2026-27 was primarily attributable to an increase in ocean freight rates and a revision in the anti-dumping duty rate from 1.35% to 5.53%. Profit before tax and before exceptional items for Q2 FY 2026-27 stood at 36 crores compared to 53 crores in Q2 FY 2025-26. The decline in PBT during Q2 FY 2026-27 was primarily attributable to a decrease in sales volume, an increase in ocean freight rates, and a revision in the anti-dumping duty rate from 1.35% to 5.53%.

Comparison of performance for the 6 months ended September 30, 2026, with the 6 months ended September 30, 2025. Gross income for the 6 months during FY 2026-27 was 737 crores as compared to 841 crores in the corresponding 6-month period of the previous year, that is, financial year 2025-26. The decrease of 104 crores in gross income during the 6 months of FY 2026-27 was mainly due to a decrease in sales quantity of 1,691 metric tons, representing 19%. This was mainly attributable to an increase in stock in transit during Q2 FY 2026-27 compared to the corresponding period of the previous year. Profit before tax and before exceptional items for the 6 months of FY 2026-27 is 81 crores as compared to 78 crores in the 6 months of FY 2025-26. The increase in PBT of 3 crores is mainly on account of better sales price realization and favorable foreign exchange rates during the period ended September 30, 2026. Now I hand over to Mr. K. Srinivasa Reddy to update the status of the pet food project.

K. Srinivasa Reddy: Thank you, Mr. D.V.S. Satyanarayana. Now I would like to update you on the pet food project. During Q2 FY 2026-27, the company continued to strengthen its presence in the pet food segment under its brand {? Avanti First ?}, with encouraging market acceptance of both cat food and dog food. Q2 FY 2026-27 sales increased to 202 lakhs as compared to 180 lakhs in Q1 FY 2026-27, reflecting continued growth in both the cat food and dog food segments. The company continued to expand its market reach by strengthening its presence in tier-1 cities while progressively increasing its distribution network across tier-2 and tier-3 markets. The products are

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also available on leading e-commerce platforms, including Amazon and Supertails, enhancing accessibility and reach among customers across the country.

The company continued to strengthen the {? Avanti First ?} brand through targeted digital marketing initiatives on Instagram and Facebook, that is, at {? Avanti First ?}. It is also planned to introduce new flavors and variants to expand its product portfolio, cater to evolving consumer preferences, and further strengthen its market presence. As informed earlier, the company has purchased land near Hyderabad for establishing a state-of-the-art pet food manufacturing facility and completed the land conversion from agricultural to non-agricultural use. The company also obtained the requisite consent for establishment and approval from the concerned government authorities, and is now planning to commence construction activity. Now I hand over to the CMD for closing remarks.

Management - CMD: [pause] Thank you, K.S. Good evening, ladies and gentlemen. The first 2 quarters of FY 2026-27 have been a mix of positive and negative developments in the aquaculture industry. The long-term future of global aquaculture is broadly positive, with an expected increase in seafood consumption and greater emphasis on value-added products. Shrimp culture, in particular, will have a mixed outlook, with significant opportunities in the future, along with considerable challenges.

The positive factors are that long-term global demand for shrimp remains strong; there is growing acceptance of seafood as a healthy protein; there is increasing demand for value-added and processed shrimp products; and there are improvements in genetics, pond management, automation, and disease prevention.

However, the major challenges are the probability of global oversupply and intense competition between producing countries. Farmgate prices may remain volatile, feed costs continue to be a major concern, and there is dependence on the vagaries of nature, such as cyclones and floods. Disease management also remains a significant challenge in shrimp culture. Export markets are increasingly influenced by tariffs, trade restrictions, and geopolitical developments.

Coming to the Indian aquaculture scenario and the company's performance, as expected, the first quarter of FY 2026-27 started on a positive note, with an expectation that shrimp production and exports would be around 90,000 metric tons in FY 2026-27. However, based on the overall performance in the first half-year and forecasts for the rest of the year, it is expected that exports in FY 2026-27 would be around 70,500 metric tons.

The decrease in exports is anticipated due to reduced shrimp production on account of the impact of cyclones, floods, and disease in some areas. As far as shrimp feed consumption is concerned, against the earlier estimate of 11 to 12 lakhs for FY 2026-27, it is likely to be around 10 lakh metric tons, as against 9 lakh metric tons in FY 2025-26. As we have seen in the previous quarters, the prices of major raw materials such as fishmeal, fish oil, soybean meal, wheat flour, and other commodities have been increasing significantly, pushing up feed costs considerably.

Although the government has set up a mechanism for increasing or decreasing feed prices depending on periodic increases or decreases in raw material prices, feed manufacturers are caught in a catch-22 situation. An increase in feed prices beyond a certain level would make shrimp

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culture non-profitable and unviable for shrimp farmers unless there is a corresponding increase in farmgate prices.

Unfortunately, farmgate prices mostly depend on global export prices of shrimp, irrespective of the cost of shrimp production for the farmer. Therefore, it becomes important for feed manufacturers to consider these factors before resorting to a price increase, which may have a negative impact on the sustainability of shrimp culture as a whole. However, we consider this to be a short-term phenomenon, and in due course things will stabilize and the sustainability of the aquaculture industry will return.

The present prices of fishmeal at 210 rupees per kg, soybean meal at 90 rupees per kg, and wheat flour at 36 per kg are exorbitant, and the cost of producing feed is increasing steeply.

At this juncture, it is considered necessary for all stakeholders, particularly the state and central governments, to come to the rescue of the industry by taking appropriate steps to bring down raw material prices and keep them stable for the sustainable growth of the shrimp culture industry in India. In this context, the Feed Manufacturers Association, supported by the Seafood Exporters Association, has been representing the government for early action.

Coming to shrimp exports, as you know, the US has been the major export market for Indian shrimp, but India has been subject to the imposition of tariffs by the USA by way of anti-dumping duty, countervailing duty, and Section 301 tariffs, impacting margins. The company has been focusing on value-added products and also diversifying into other markets such as Japan, the EU, the Middle East, and Korea to reduce dependence on the US market.

Management: The company has been achieving significant success in this direction. I am confident that, with coordinated efforts and appropriate policy support, the industry can overcome these challenges and ensure that aquaculture continues to remain a strong contributor to Indian economic growth and export earnings. Thank you. Now we will take up questions from investors.

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press star and one on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing star and one again. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad. The first question comes from Ronal Shah from Equirus Securities. Please go ahead.

Ronal Shah – Equirus Securities: Hi, team. Thank you for the opportunity. My first question is on shrimp feed and shrimp activities at present. As you are highlighting, there is steep inflation across the board. Are you seeing any changes on the ground in terms of aquaculture cultivation by farmers? Secondly, from the price hike perspective, I believe we have taken an 8-to-9-to-10% sort of price hike in June. After that, have we taken any price hike considering the current steep inflationary trend? This is my first question.

Management: [pause] To answer the first question, although the prices of raw materials and, consequently, feed prices have gone up recently, since farmgate prices are comfortable and stable now, farmers are still continuing to achieve positive profitability and are continuing the culture. Of

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course, there were some shortcomings because of the floods and early harvest. However, farmers are again restocking now in the month of November. We expect that in the current quarter and also in the first quarter, that is, Q4, peak consumption should improve. Unlike in the normal course, when the first 3 months of the calendar year—January, February, and March—which happen to be Q4 for the financial year, are the peak consumption period, this year should be better because of the stocking that is taking place now. I think that should provide a positive development for feed sales. In October, we took another 8-rupee hike.

Management: 8 rupees. We took it. We took an 8-rupee hike in the month of October.

Ronal Shah – Equirus Securities: In percentage terms, would it be another 8% to 10%?

Management: Yes, around 8%.

Ronal Shah – Equirus Securities: Noted. My second question is on the export front. You highlighted earlier that our aspiration was to have exports of 19,000 metric tons, which we have reduced to 17,500 considering production and other factors. Is there any challenge in terms of any particular market? In terms of the current duty structure, can you highlight the exact current duty structure in the USA market and how comfortable we are compared with the other Asian geographies and Ecuador?

Management: I will take that. On the volume that you started with in the first question, it is almost stable. There is no major difference. As my colleague, DVS, mentioned on the call, there is a lot of stock in transit because of longer transit times, which we have already realized in the following quarter. On the duties, I will let DVS mention the exact duties.

DVS: Yes, sir. Currently, the export duties, especially for the USA, are as follows: the company is paying anti-dumping duty at the rate of 5.53%, countervailing duty at the rate of 5.77%, and Section 301 tariffs at the rate of 10%. Overall, the company is paying around 21% in import duties into the US.

Ronal Shah – Equirus Securities: In terms of the other Asian peers, can you highlight how their duties compare with those of the other Asian geographies and Ecuador?

Management: If you could send an email, we could put it on paper because these are multiple duties across multiple countries, and it will take some time.

Ronal Shah – Equirus Securities: Definitely, no issues. Lastly, at the current juncture of high inflation and considering the government intervention or mechanism that we have highlighted, can you discuss the level of confidence the company has regarding margin revival? What we understand is that the third quarter is again likely to be painful considering the ongoing inflation. Nevertheless, if the macro environment stabilizes or remains at the current level, are we expecting FY28 to be the margin revival year, or can we expect something earlier than that?

Management: One of the major disturbing factors for this year is El Nino. El Nino has been causing disruption in the industry because of the weather conditions and the juvenile fish that is available. Sufficient grown fish is not available for catches for the production of fishmeal. That is one of the reasons why we are facing this kind of situation this year.

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Under normal circumstances, as far as India is concerned, because there have been many problems in obtaining fishmeal in Chile and Peru, there is a great deal of demand for Indian fishmeal. A lot of fishmeal is being exported from India. The Aquaculture Feed Manufacturers Association has represented to the government to introduce some sort of control mechanism because the availability of fishmeal for shrimp culture in India is in poor condition. A large portion of it is being exported outside the country.

We have made a representation, including for quota restrictions, so that a certain quantity should be available for Indian consumption, with only a 30:70 or 40:60 allocation, or something similar. We have made several representations, which are under active consideration by the Government of India. We will have to wait and see how the government takes a broader view.

We have also emphasized that instead of exporting the raw material, which is fishmeal, we are exporting the finished product, which is shrimp, where the value addition is much greater and the foreign exchange earnings are also higher. All these factors have been brought to the notice of the government at various levels, from the bureaucratic level to the ministerial level. We hope that the government will take some positive decision soon and that this will stabilize.

With regard to soybean meal, there have also been many rumors that El Nino is going to create a significant shortage of soybean meal and soybean crops. All these factors have led the market to anticipate strong negative factors in the future. Prices have gone up, and in the last few days they have almost crossed 80 rupees.

We have again represented to the government to permit short-term imports of soybean meal to stabilize prices locally. That is also under consideration. However, the government's response is lukewarm because it says that this will affect Indian farmers. We have told the government that this is only a short-term measure and can reduce prices that are rising uncontrollably.

I think the government will consider this also and introduce an appropriate measure to stabilize soybean meal prices. Overall, we feel that the El Nino effect is likely to continue through March and April. This may have an impact on natural products such as vegetable crops and fishmeal. If prices remain challenging for the rest of the year, we may not expect a significant reduction in prices. With that, we are trying to do our best with the government to ensure that the cost of production is controlled and also [trails off]

Management: ...but viability is also maintained. All these aspects are being considered and appropriate measures are being taken.

Ronal Shah – Equirus Securities: Understood. My last question is on the fish feed project that we discussed over the last 2 quarters. Is there any update on that front?

Management: [pause] It is very difficult because there is no substantial past history available in India. There are a number of, perhaps thousands of, feed mills, many of which are almost like backyard fish feed facilities. With that, the viability and profitability of the fish feed project are a major question. That is why we have not been able to take a firm decision to proceed with it, and we are still working on it because there are different types of fish feed. We are trying to determine which is more profitable and how it works. That is the reason it is being delayed, and we have not

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been able to take a firm position on it.

Ronal Shah – Equirus Securities: Understood. That is it from my side. Thank you, sir.

Operator: Thank you, sir. Ladies and gentlemen, if you have any questions, please press star and one on your telephone keypad. The next question comes from Vivek Singh, an individual investor. Please go ahead.

Vivek Singh – Individual Investor: Hello, sir.

Management: [pause] Hello. Yes, you are audible. Please go ahead.

Vivek Singh – Individual Investor: Can we say that we are at the lowest margin in our business cycle right now?

Management: [pause] Sorry, I did not get your question. The lowest margin?

Vivek Singh – Individual Investor: Can we say that we are at the lowest margin—not in our business cycle, but in our sector—and that we are now at the lowest margin, or could it deteriorate further from this point?

Management: [pause] I would say that we are currently at the lowest margin.

Vivek Singh – Individual Investor: Okay, sir. My next question is about the scenario for the upcoming year and the next quarter. Are we expecting feed prices, such as soybean meal and fishmeal, to remain on the higher side because El Nino is expected to persist into next year as well? There are reports that El Nino will persist next year. Can we therefore say that fishmeal prices can remain higher for a year as well? How you [trails off]

Management: [pause] To answer your question, as I just mentioned, several factors determine the prices of products such as fishmeal, soybean meal, and wheat flour. This year, in particular, we are facing the threat of El Nino, which is already having a severe impact, with crops drying up and water sources being affected. Given all that, the trend is likely to continue for the rest of the year. We do not foresee any significant reduction in prices, and the current situation is likely to continue.

However, next year, once the climate hopefully changes and the El Nino effect clears or gradually reduces, we should receive good rains in the next financial year and have normal crops. Similarly, ocean fish availability should also be plentiful and adequate. Therefore, we can expect some stability and a reduction in prices, as well as stability in the long run.

Vivek Singh – Individual Investor: One more thing: how are margins in the business with China and the rest of the world, especially compared with the US market? Are we getting lower margins in other countries compared with the US?

Management: [pause] Generally, since you mentioned China, China has its own processing factories. They produce their own shrimp, and Indian companies generally supply them with raw material. Therefore, margins to China are generally lower compared with the US. Compared with other markets, it really depends. We cannot say specifically that a particular market has a higher margin. It usually depends on the customer profile in each market.

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Vivek Singh – Individual Investor: Can we say that the US is the most lucrative market compared with other geographies?

Management: No, I would not say so.

Vivek Singh – Individual Investor: Because of the increase in duties that you mentioned, the US is no longer more lucrative. Is this understanding correct?

Management: [pause] I would suggest looking at it from a slightly different perspective. The US is an important customer for any large exporter, whether of shrimp or any other goods. It is a large economy, as you probably know. Therefore, any alteration in its duty structure does have an impact. However, I would not say that the US market is lucrative. That is not the case.

Vivek Singh – Individual Investor: Okay. One last thing: what is the status of the bank account we opened in the US for the reversal of certain tariffs? You mentioned this in the previous-to-previous year's call, or in the previous quarter's conference call.

Management: [pause] The US Supreme Court has ruled that the retroactive tariffs are not legal, so there is a refund mechanism. We did open our bank account, but the entries have not yet been liquidated. That means the tariffs have not yet been refunded. We do not know the exact timelines from the regulators, as they have not specified them. At present, we have not received a substantial portion of the payments.

Vivek Singh – Individual Investor: Do you have any expectation or indication of when we can expect that reversal?

Management: [pause] As I mentioned, the Supreme Court has already ruled, so we need to receive the refund funding. However, the amounts have not yet been liquidated because there are some pending legal reviews regarding our anti-dumping matter. It should happen soon, but the government has not provided any timeline.

Vivek Singh – Individual Investor: Okay, sir. That is all from my side. Thank you.

Operator: Thank you, sir. Ladies and gentlemen, if you have any questions, please press star and one. The next question comes from Nitin Awasthi from InCred Capital. Please go ahead.

Nitin Awasthi – InCred Capital: Hello, sir. Firstly, I want to understand the increase in tariffs that has occurred over the last month, particularly with regard to the anti-dumping duty. This time, given the representations by the Government of India, the expectation from the industry, and the broader expectation from the government was that this duty would actually be reduced.

The previous time this duty revision happened, there was an increase, and there was some blame directed at the fact that we were not prepared and that the authorities did not have the right data to represent themselves and justify why these duties should not be levied on India. However, what has happened over the last month is another massive increase. Would you, as a company or organization, say that we are again seeing the Indian authorities and officials somehow not being able to justify to the relevant authorities that Indian exporters are not dumping? Or is it a political matter, given that this time the duties were imposed around the same time as the elections in the

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US?

Management: [pause] Hi, Nitin. How are you doing?

Nitin Awasthi – InCred Capital: All well, sir. All well. Thank you.

Management: [pause] On the duties, Nitin, the duty in which the government was involved is more the countervailing duty, or CVD. Anti-dumping duty relates more to a particular company and its selling practices in the US compared with other markets. [pause] Therefore, there is not much government intervention in the anti-dumping duty as such, but there is intervention in CVD, and some effort is being made on that.

The anti-dumping duty has gone higher, which was quite surprising for most of us. We appealed on the basis that there were some changes or some [hesitates] miscalculation in the anti-dumping review. There is an opportunity to appeal, so we have filed an appeal. In consultation with our lawyer and after considering everything, we felt that the duty came out higher than it should have. We did file an appeal, but we also made a provision for it.

That said, it is surprising that it went up, but the positive point is that it is retrospective, so we hope that it goes down in the next review.

Nitin Awasthi – InCred Capital: Understood, sir. Honestly, I think that the provision is the right step, even though you have gone for an appeal. Given the situation, I agree that revising the provision is the more appropriate way of accounting rather than not providing for it while the appeal is pending. Thank you for that.

My next question is on the feed front. Feed prices at the beginning of the last financial year were about 75 rupees. We began this financial year with the feed price accounted for in the books of Avanti at about 80 rupees. At the end of Q1, it was 80 rupees, and at the end of Q2 it was about 90 rupees. With the price hikes that have been taken, we are headed towards 110 once the full absorption happens, perhaps in the range of 107 to 110.

That being said, would our EBITDA per kg, which had gone below 3 rupees in Q1, bounce back above 3 rupees in Q2 and appear likely to at least move toward 5 rupees, although not to the levels at which we used to operate as a company, given the challenges in the market? Given the price hikes and the current commodity scenario, could we be closer to 5 rupees per kg on the EBITDA front? The other calculation I may be missing is the 107 to 110 on the feed front.

Management: [pause] A price of 107 to 108 might be quite high because from 90 to 108, you are talking about an 18-rupee increase. We did not take that much of an increase on the sales front.

Nitin Awasthi – InCred Capital: The total increase is 16, correct, if I am correct?

Management: An increase of 16.

Nitin Awasthi – InCred Capital: 16, fair enough. So are we in the range of 103 to 106, given the discount and everything?

Management: It will not be that. You are talking about 80 rupees in Q1, so 80 plus 16 is 96.

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Nitin Awasthi – InCred Capital: 96. Okay, so we are at 96.

Management: Yes, we are around 96. Coming to profitability, raw material prices again play a major role, and this is not the peak season for aquaculture. It all depends on these factors. Therefore, we cannot say whether it will be 5, 3, or 2 rupees.

Compared with previous years, we might end up with the same numbers or something similar, but we cannot be certain. What happened is that, because of the cyclone, there was an early harvest. The temperature did not allow the shrimp to grow to full size, so very small shrimp were harvested.

As a result, farmers have now started stocking again. What we are expecting is that, unlike in the normal course, when we do not normally have much sales in January, February, and March because the season would have closed by the end of the year, sales may continue for another 60 to 90 days since farmers have stocked now.

This is subject to reports and other conditions, including there being no more cyclones and no more diseases. If that happens, feed consumption is also likely to be higher in the first 3 months of 27, which happens to be Q4. If that happens, we will have good performance in Q4 compared with previous years.

Nitin Awasthi – InCred Capital: Understood, sir. Thank you so much for answering my question.

Operator: Thank you, sir. We have a follow-up question from Vidhesh, an individual investor. Please go ahead.

Vidhesh: Hello, sir.

Management: Yes, sir.

Vidhesh: Hello, sir.

Management: Yes, sir.

Vidhesh: How are farmgate prices for shrimp performing?

Management: [pause] Prices are very, very high. That is good for the farmers.

Vidhesh: Okay, that is good for the farmers and also good for us, sir.

Management: Yes, I would say so.

Vidhesh: I think El Nino and raw material prices have made the situation difficult for us, and what makes the situation worse is the cyclones as well. Is this understanding correct?

Management: Yes.

Vidhesh: What I am seeing is that from the next quarter or at least next year, the cyclone factor can be eliminated. Therefore, results are going to improve from here.

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Management: Yes. If everything is favorable, El Nino reduces its impact, and we get good fishmeal, favorable prices, and good prices for soybean, it will definitely happen.

Vidhesh: Okay, sir. Thank you.

Operator: Thank you, sir. Next we have a follow-up question from Ronak Shah from ICICI Securities. Please go ahead.

Ronak Shah – ICICI Securities: Thank you for the opportunity. My question is regarding the benefits related to FTAs. Can you discuss any emerging trend in terms of the FTA-related benefits that we are seeing? We are also seeing news that the Middle East is looking to invest in the region, specifically from the cultivation perspective.

That is the first question. Secondly, from a capital allocation perspective, management used to hold cash considering the volatility in our end market. Despite the current deep inflation and inventory of more than 1,000 crores, we still have sufficient cash of 500-600 crores on the books. Are we looking to make any alternative arrangements in terms of cash distribution or something similar? These are the 2 specific questions.

Management: I did not get the first question. I did not understand it. Can you repeat it, please?

Management: Let me check that. Was it related to FDI, or Foreign Direct Investment?

Ronak Shah – ICICI Securities: [cut off] No, it was related to FTA benefits. It is related to FTAs, or Free Trade Agreements.

Management: FTA, okay. Free Trade Agreement. We have signed an FTA with Europe, which is very beneficial, and with the UK, which is also beneficial. More recently, there was some public news that the Middle East is going to import more shrimp from India. That is promising news. We are still waiting for the policy to come into effect so that we can see the actual benefits. There is some lag between the announcement and enactment. We are waiting, but it is definitely very promising and positive news.

Management: Coming to the second question regarding cash, we should appreciate that, because of the cash surplus we have, we have been able to utilize those funds for working capital. What happened in the last few months is that price negotiations were held with the government several times, and there were discussions with farmers. There were a lot of fluctuations during that period.

At the same time, raw material prices were increasing, and we had to hold a lot of raw material inventory for the current crop and the next early first crop. These are natural products that are available when they are harvested. Therefore, we needed substantial funds to purchase raw materials at good prices.

We utilized those funds, and they came in handy for working capital. In the longer term, we believe it is more useful to keep the funds in short-term deposits and mutual funds. As and when required, we withdraw the funds and use them. That arrangement seems to be working very well, and we do not foresee any other distributions at this point in time.

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Ronak Shah – ICICI Securities: Understood. Best of luck for the year. Thank you.

Operator: Thank you, sir. There are no further questions. Now I hand over the floor to the management for closing comments.

Management: Thank you, gentlemen, for sparing the time to review the financial results for Q2. We thank you for your participation. Thank you very much.

Operator: Thank you, sir. Ladies and gentlemen, this concludes the conference for today. Thank you for your participation, and you may now disconnect your lines.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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