

Avanti Feeds

03 March 2026

Operator: Good day and welcome to the Avanti Feeds Limited Q3 FY26 earnings conference call. We have with us today Mr. C Ramachandra Rao, Joint Managing Director, CFO, and Company Secretary; Mr. A Venkatesan G, Executive Director of Avanti Feeds Limited and Avanti Pet Care Private Limited; Mr. A Nikilesh, Director of Avanti Feeds Limited and Executive Director of Avanti Frozen Foods Private Limited; Mrs. B Santhilatha, GM Finance and Accounts, Avanti Feeds Limited; Mr. DVS Satyanarayana, CFO of Avanti Frozen Foods Private Limited; and Mr. K S Reddy, CFO of Avanti Pet Care Private Limited.

As a reminder, all participants will be in 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 star then zero on your touch-tone telephone. Please note this conference is being recorded. I would now like to hand over the floor to Mr. C Ramachandra Rao. Thank you.

C Ramachandra Rao – Avanti Feeds Ltd.: Thank you, Karthik. Good evening, ladies and gentlemen. I am pleased to extend a warm welcome to all of you for this investors conference call to review the unaudited financial results for Q3 FY26 and for the period ended December 31, 2025. Mr. Venkatesan G and Mr. Nikilesh, Executive Directors, are joining from their respective shrimp processing plants. Along with me here are Mrs. Santhilatha, GM Finance and Accounts; Mr. DVS Satyanarayana, CFO of Avanti Frozen Foods; and Mr. K. S. Reddy, CFO of Avanti Pet Care Private Limited.

To begin, Mrs. Santhilatha will present the highlights of the financial results for the quarter ended December 31, 2025, for Q3 FY26, and the consolidated financials for the same period. Thereafter, Mr. DVS Satyanarayana will present the financial highlights of the shrimp processing and export division, and Mr. K. Srinivasa Reddy will present the status of the pet care project. After their presentations, we will take up the question-and-answer session. Over to Mrs. Santhilatha.

B Santhilatha – Avanti Feeds Ltd.: Thank you, sir. Good evening, everyone. I will now take you through the consolidated and standalone financial performance highlights for the quarter and nine months ended December 31, 2025.

First, we will review the consolidated financial results for Q3 FY26. Gross income in Q3 FY26 was 1,447 crores compared to 1,659 crores in the previous quarter (Q2 FY26), a decrease of 212 crores or about 12.78%. Compared to the Q3 FY25 gross income of 1,405 crores, there is an increase of 42 crores or roughly 2.99%. Profit Before Tax (PBT) for Q3 FY26 was 222 crores compared to 227 crores in Q2 FY26, a decrease of 5 crores or 2.2%. Compared to the Q3 FY25 PBT of 184 crores, there is an increase of 38 crores, representing 20.65% growth.

For the nine months ended December 31, 2025, consolidated gross income was 4,761 crores compared to 4,341 crores in the first nine months of FY25, an increase of 420 crores or 9.67%. The PBT was 698 crores for the nine months of FY26 compared to 526 crores for the same period in FY25, an increase of 172 crores or approximately 32.7%.

Regarding the standalone financial results of the feed division for Q3 FY26: gross income was 993 crores compared to 1,200 crores in Q2 FY26, a decrease of about 207 crores due to a lower

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quantity of feed sold. Compared to 1,073 crores in Q3 FY25, gross income decreased by 80 crores. This was partially offset by changes in sales quantity, which actually increased by 13,922 MT. PBT for Q3 FY26 was 172 crores compared to 180 crores in Q2 FY26, a decrease of 8 crores or 4.44%, as Q2 is the primary season for the aquaculture industry. Compared to the Q3 FY25 PBT of 167 crores, there is an increase of 5 crores or 2.99%, mainly due to a decrease in raw material costs. Feed sales reached 118,127 MT in Q3 FY26 compared to 154,644 MT in Q2 FY26 and 132,049 MT in Q3 FY25.

For the nine months of FY26, the feed division's gross income was 3,471 crores compared to 3,484 crores in the corresponding period of FY25. PBT was 576 crores compared to 465 crores in the same nine-month period last year, an increase of 111 crores or 23.87%. Feed sales volume increased to 438,335 MT from 425,537 MT.

The major raw materials for feed are fishmeal, soybean meal, and wheat flour. A noticeable development this quarter is the increasing price trend of fishmeal and soybean meal, resulting in a decrease in profitability compared to the previous quarter. Fishmeal prices increased to 117 per kg in Q3 FY26 from 98 per kg in Q2 FY26 and 93 per kg in Q3 FY25. Soybean meal prices stood at 43 per kg in Q3 FY26, consistent with Q2 FY26, but decreased from 46 per kg in Q3 FY25. Wheat flour prices decreased to 32 per kg in Q3 FY26. Currently, spot prices are 145 per kg for fishmeal, 56 per kg for soybean meal, and 32 per kg for wheat flour.

The PBT margin on revenues for the nine months of FY26 was 16% compared to 13.3% during the corresponding period of FY25. Due to the recent steep increase in raw material prices, PBT for the full year FY26 is expected to be around 14.5% to 15%. For the calendar year 2025, with estimated shrimp production of about 8 to 9 lakh MT, total feed consumption is estimated at 11 to 12 lakh MT. We expect our total feed sales for FY26 to be around 555,000 MT.

Regarding shrimp processing and exports, during FY25, India's frozen shrimp exports reached 741,529 MT, with the USA remaining the largest importer. Our company's shrimp exports during the first nine months of FY26 were 14,149 MT compared to 13,444 MT in the previous year. We estimate total exports for FY26 will be around 16,500 MT.

Now I hand over the floor to Mr. DVS Satyanarayana.

DVS Satyanarayana – Avanti Frozen Foods: Thank you. Good evening, everyone. I will take you through the financial highlights of the shrimp processing and export division. In Q3 FY26, gross income was 465 crores compared to 462 crores in Q2 FY26. While sales quantity decreased by 1,095 MT (approximately 23%), an increase in other income partially offset that impact. Compared to 328 crores in Q3 FY25, gross income increased by 127 crores or 39% year-over-year. This growth was driven by higher average price realization, favorable foreign exchange rates, and increased other income. PBT before exceptional items for Q3 FY26 was 52 crores.

For the nine months ended December 31, 2025, gross income was 4,500 crores compared to 3,100 crores in the corresponding period of FY25, an increase of 45%. PBT for the first nine months of FY26 was 800 crores compared to 450 crores in the same period of FY25, reflecting 78% growth. This was driven by higher sales volumes, improved price realization, and favorable currency movements. I now hand over to Mr. K. Srinivasa Reddy to update you on the Pet Food segment.

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K. Srinivasa Reddy – Avanti Pet Care: Thank you. Good evening, all. Regarding our pet food project, we have commenced trading cat and dog food under the brand Aavans Pure. The market response from pet owners has been highly positive across all regions. During Q3 FY26, we recorded sales of 136.2 lakhs, showing steady growth momentum. We are strengthening our presence in tier one cities and initiating expansion into tier two and tier three markets.

Our products are now live on Amazon and Supertail platforms. We continue to build brand visibility through digital marketing campaigns. On the infrastructure side, we have acquired land near Hyderabad for a state-of-the-art manufacturing facility. Land development is in progress, and we are finalizing designs. Construction will commence once we receive necessary government approvals. I now hand over to Mr. Rao for closing remarks.

C Ramachandra Rao – Avanti Feeds Ltd.: Thank you. As anticipated, the current shrimp culture season has started with positive expectations from farmers. While volume is increasing, we face challenges with rising raw material prices. We hope these prices stabilize soon.

On the export front, there has been positive news regarding US duties. The high degree of uncertainty regarding preferential tariffs is resolving; the duty reversal of 25% has been removed, and the US has chosen to levy a 5% rate for certain products. Clarity is still awaited on whether this might increase to 15% later. However, with tariffs coming down and the company expanding into other global markets, the environment is encouraging. The government has also increased its focus on the fisheries sector under PMMSY.

Operator: Thank you. We will now begin the question-and-answer session. Our first question is from Vasudha from Capital. Please go ahead.

Vasudha – Capital: Good afternoon. I have questions regarding the pet food business and the export market. Could you clarify the timeline for the trade deals with the UK and Europe? Also, regarding the pet food business, you mentioned revenue of 136.2 lakhs; is that the quarterly run rate we should expect going forward?

Management: Regarding the trade deals, the UK deal is expected to be implemented in April, and the EU deal is expected either by the end of this fiscal year or the beginning of next year. Both should result in a substantial reduction in tariff rates.

Regarding pet food, the 136.2 lakhs represents the current traction we are seeing in our trading phase. While we are currently in the brand-building phase and focusing on distribution, we expect these numbers to scale significantly once our own manufacturing facility becomes operational in the next 14 to 15 months. Until then, expenses for brand promotion will remain high.

Operator: Thank you. The next question is from Arjun Khanna from Kotak Mutual Fund. Please go ahead.

Arjun Khanna – Kotak Mutual Fund: Sir, thank you for taking my question. What is the outlook for shrimp processing for FY27? We have a target of 16,500 MT for FY26; how do we look at the next year? Also, our current capacity is around 28,000 MT; is that correct?

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Management: Yes, 28,000 MT is the correct capacity. For FY27, we expect better market access due to the proactive approach of the Indian government in negotiating trade deals with the UK, EU, and USA. While the outlook is robust, we need to re-evaluate our specific guidance as we finalize numbers following these changes in tariff structures.

Arjun Khanna – Kotak Mutual Fund: What is the sentiment on the farmer side? Do you see them feeding more as the export sentiment improves?

Management: The sentiment is very positive across the supply chain—from farmers to feed mills to processors and even importers. Lower tariffs mean less money going to government coffers and more value in the supply chain.

Arjun Khanna – Kotak Mutual Fund: On the processing side, do you see operating leverage kicking in as volumes move up through that 28,000 MT capacity, or will you price more competitively to enter new markets?

Management: We won't necessarily need to price aggressively because the demand for our product is strong. As these trade announcements are implemented—which could take six to nine months—we expect better long-term margins. It is a bit early to give a definitive range for FY27, but theoretically, higher volumes through our existing capacity will provide operating leverage.

Arjun Khanna – Kotak Mutual Fund: Regarding the US market, are you seeing importers pulling more inventory now that tariffs have been revised downwards?

Management: We are currently in the off-season, so there isn't a massive volume of physical movement right now, but the level of inquiry is much higher. Customers are actively discussing their plans for the year, and we are confident demand will return strongly once the season opens.

Operator: Thank you. Our next question is from Nitin Avasti from Ikhitech Capital. Please go ahead.

Nitin Avasti – Ikhitech Capital: I have a follow-up on the pet food business. How are we looking at the competitive landscape in Asia and Africa?

Management: In Africa, income levels are currently quite low, so the opportunity there is more long-term—perhaps in three to five years. In Asia, we have been doing quite well, and our market share has been growing. We remain very bullish on the Asian market and expect higher sales from that region. We are currently conducting trials for specific new markets there and will provide more details soon.

Operator: Thank you. Our next question is from Akhilesh Rawat from Ranzan Veesan Private Limited. Please go ahead.

Akhilesh Rawat – Ranzan Veesan Private Limited: On the pet food business, how do you plan to penetrate a market dominated by a few global players? And what are the top-line and bottom-line expectations for the end of the year?

Management: Our strategy is centered on the product itself. The repeat customer rate has been excellent. We are launching new products that match or exceed the quality of global brands. Right

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now, we are in a trading model, so we are focused on brand visibility and expanding our distributor network across East, West, North, and South regions, as well as e-commerce.

Regarding financial performance, it is difficult to provide specific bottom-line margins for this segment right now because initial promotional and branding expenditures are very high. The real financial benefit will begin to show when we transition from importing/trading to our own local production in about 15 months.

Operator: Thank you. The next question is from Karan Sharma from Progress Capital. Please go ahead.

Karan Sharma – Progress Capital: Following up on the pet food segment, could you speak about the split between dog and cat food and the progress on the manufacturing plant?

Management: The split is roughly 60% to 75% for dog food, with cat food making up the remainder. Regarding the plant, we have successfully converted the land near Hyderabad for industrial use and are finalizing the Detailed Project Report (DPR). We expect production to start within the next year to 15 months.

Operator: Thank you. There are no further questions. I now hand the floor back to Mr. Ramachandra Rao for closing comments.

C Ramachandra Rao – Avanti Feeds Ltd.: Thank you to all the investors for actively participating and sharing your views on our performance for Q3 and the first nine months of FY26. We look forward to seeing you at our next call, where we will review our year-end results and future plans. Thank you for your time.

Operator: Thank you, sir. Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Chorus Call conference services. You may disconnect your lines now. Have a pleasant day.

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