

AVANTI FEEDS LTD.

Buy at CMP: Rs 693 | Target: Rs 768 (11%) | SL: Rs 650

Sector

Jan 27, 2024

FMCG

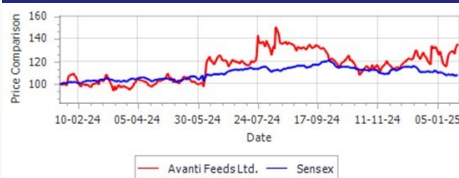
Script Details

BSE Group	A
BSE Code	512573
NSE Code	AVANTIFEED
Bloomberg Code	AVNT IN
Market Cap (INR Cr.)	9,417
Free Float (%)	56.8%
52wk Low/High	791/472
Beta (1yr Nifty 50)	0.00
Face Value (INR)/ D. Yield (%)	1/1
Total paid Up Shares (Mn.)	136.2

Share Holding Pattern (%)

Promoters	Public	Others
43.2%	56.8%	-

Share Price Relative Performance



Invest Now →

Avanti Feeds Limited is a leading prawn and fish feed manufacturer and shrimp processor in India, with joint ventures with Thai Union Frozen Products. It operates ISO-certified feed units in Andhra Pradesh and Gujarat, and a shrimp processing unit adhering to global aquaculture standards.

Investment Rationale

- ◆ **AFL is the leading shrimp feed and export growth:** AFL, India's largest shrimp feed producer with a 600,000 mtpa capacity and 45%-50% market share, is expanding to meet rising global demand. Its subsidiary, AFFPL, processes 22,000 mtpa and is a leading shrimp exporter. India's shrimp industry thrives on a long coastline, favorable climate, skilled manpower, and strong regulatory support, ensuring global competitiveness and disease risk mitigation. The focus on aquaculture underpins robust long-term growth prospects.
- ◆ **AFL is expanding processing capacity by 7,000 MTPA with an ₹800Mn capex, expecting volume-driven growth from FY25:** After adding 1,75,000 MTPA of shrimp feed capacity, operational since December 2022, AFL plans a government-backed capex of INR 800 million for its processing unit, including a post-completion grant of INR 100 million. This will increase the plant's capacity by 7,000 MTPA to 29,000 MTPA. While FY24 revenue growth is expected to be driven by value, volume contributions are anticipated from FY25. Ind-Ra projects a near-term moderation in capacity utilization, with recovery starting FY25.
- ◆ **Balance Sheet remains healthy with low leverage and high cash position keeping it in check:** AFL debt has remained stable at INR 16 Cr from FY22 to FY24 and is expected to stay within a manageable level of less than 1x debt-to-equity ratio. The company holds a strong cash position of INR 689 Cr, representing 20% of its total balance sheet, providing ample room for further capital expenditure. AFL has stable trade receivables and inventory, of INR 184 Cr and INR 659 Cr. This is expected to remain stable.
- ◆ **Outlook and Valuations:** We model a Revenue/PAT CAGR of 11%/23% and estimate AFL to clock PAT of Rs 661 Cr by FY27E. AFL is trading at forward PE (x) of 14.3 and we value at 16(x) FY27E and Recommend BUY on AFL with Target Price of Rs. 768 (11%) .

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	5,369	458	357	26.4	13.1
FY25E	5,959	536	536	17.6	32.7
FY26E	6,615	595	595	15.8	29.5
FY27E	7,343	661	661	14.3	26.5

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

AVANTIFEED [N7936] 686.10, 4.84%
Price Avg2(E,20,E,50)

Observation

- On the monthly timeframe, Avanti Feeds has exhibited a robust structural shift, with the prior resistance from 2022 now acting as a support zone. This shift signifies a classic change in polarity on a higher timeframe, underscoring the stock's bullish potential.
- On the weekly timeframe, since April 2023, the stock has been forming higher tops and higher bottoms, highlighting a consistent uptrend. The current week witnessed a two-week high breakout accompanied by a volume surge, further confirming bullish price action. On the daily timeframe, the stock has formed a base around the 200-day EMA, reinforcing its bullish price structure across multiple timeframes.
- From an indicator perspective, the MACD momentum study shows a bullish crossover, while the RSI remains above 60 across timeframes, indicating strong and sustained bullish momentum.
- Additionally, the ratio chart of Avanti Feeds against the Nifty reveals a multiyear descending trendline breakout, connecting the 2017 and 2024 swing highs. This breakout signals a potential for the stock to outperform the broader market.



- Inference & Expectations
- Considering these factors, it can be inferred that AVANTIFEED stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 768 level.
- The stop loss must be at 650 level, strictly on the closing basis.

Source: Tradingview.in, GEPL Research

Name	Designation	Email	Contact
Mr. Vidnyan Sawant	AVP – Technical Research	Vidnyan@geplcapital.com	+91 (22) 48934000

Terms & Conditions – For Investors

We, Research Analyst of GEPL Capital, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We, also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Disclosure: -

This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL Capital) and this report is for personal information of the selected recipient/s and does not constitute to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL Capital is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein. All investments including Future and Options are involving risks and investor should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL Capital as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL Capital has not independently verified the accuracy or completeness of the same. Neither GEPL Capital nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard. GEPL Capital or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Disclaimers in respect of jurisdiction:

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL Capital its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL Capital.

Analyst Certification:

The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. "INH000000081" under SEBI (Research Analysts) Regulations, 2014.

Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

SEBI Reg. No. NSE/NSEF&O/CD - INB230993934, INF230993934 & INE230993934. BSE/BSE F&O- INB010993934 & INF010993934,

For more information visit us at: www.geplcapital.com

Disclaimer: Investments in securities market are subject to market risks, read all the related documents carefully before investing. Investors must make their own investment decisions based on their specific goals, financial position & risk appetite. The content provided here-with is purely for investor awareness only.