



“Apex Frozen Foods Limited
Q3 & 9M FY'26 Earnings Conference Call”
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FOODS LIMITED**
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MODERATOR: **MR. SUYASH SAMANT – STELLAR IR ADVISORS**

Moderator:

Ladies and gentlemen, good day, and welcome to the Apex Frozen Foods Limited Q3 and 9 Months FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Suyash Samant from Stellar IR Advisors. Thank you, and over to you, sir.

Suyash Samant:

Thank you. Good morning, everyone, and thank you for joining us today. We have with us the senior management team of Apex Frozen Foods Limited, Mr. Chowdary Karuturi, Managing Director and Chief Financial Officer; and Mr. Durga Prasad, Senior Manager, Accounts, who will represent Apex Frozen Foods Limited on the call.

The management will be sharing the key operating and financial highlights for the quarter and 9 months ended 31st December 2025, followed by a question-and-answer session. Please note, this call may contain some of the forward-looking statements, which are completely based upon the company's opinions, expectations as of today. These statements are not a guarantee of the company's future performance and involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made.

I now hand over the conference to Mr. Chowdary Karuturi. Thank you, and over to you, sir.

Choudary Karuturi:

Yes. Thank you, Suyash. Good morning, everyone, and thank you for joining us on this investor call for Q3 FY '26. We have uploaded the investor presentation on the website of the stock exchanges, and we do hope that you had a chance to go through it. We would like to reiterate that diversification remains a key focus for us.

Our non-U.S. export business has grown from around 37% in 9 months of FY '24 to nearly 51% in 9 months of FY '26, reflecting our continued efforts to expand across geographies and reduce dependence on any one single region. At the same time, the U.S. remains an important market for both India and our company. While tariffs were increased to 50% in August 2025, Indian shrimp export tariffs have now been reduced to 25% effective 7 February 2026.

This development is expected to support an improvement in the volumes going forward. Another key development is the EU opportunity. The proposed India EU FTA indicating tariff reductions in a structurally positive development, it's a structurally positive development for the industry as well as the company in specific. While the benefits will accrue gradually, it strengthens the medium- to long-term growth outlook.

Now coming to the financial performance in Q3 FY '26. The net revenue for the quarter grew 15% year-on-year to INR264 crores, primarily driven by higher shrimp sales to the European Union and improved average realizations.

The improvement in realizations was supported by firm global shrimp prices, a favorable currency exchange rate and also the impact of U.S. tariffs. Sales volumes declined by 5% year-on-year to 2,754 metric tons in Q3 FY '26 compared to 2,903 metric tons in Q3 last year. Sales to the U.S. declined by 12% year-on-year.

However, this was partly offset by a strong 22% year-on-year growth in sales to the European Union. Coming to the profitability in Q3 FY '26, lower raw material prices at INR327 per kilo in Q3 FY '26 versus INR374 per kilo in Q3 of last year, along with other cost and control measures aided the growth in profitability overall. EBITDA increased by 147% year-on-year to INR17 crores, and the EBITDA margin improved by 344 bps year-on-year to 6.5% in Q3 of FY '26.

While the previous quarter benefited from low farmgate prices year-on-year, they remained flat when compared sequentially and witnessing a rising trend in the current quarter. The profit after tax in Q3 FY '26 increased to INR10 crores from approximately INR50 lakhs in Q3 of FY '25. Now coming to 9 months FY '26, typically a softer quarter, like I just mentioned -- sorry, with regard to the 9 months FY '26, the net revenue stood at INR761 crores, up 23% year-on-year.

Sales volume increased by 2% year-on-year to 8,373 metric tons. Sales to the European market continued their strong momentum, registering a growth of 20% year-on-year, whereas sales to the U.S. declined marginally by 1%. EBITDA grew 143% year-on-year to INR53 crores with EBITDA margin of 6.9%, a growth of 336 bps year-on-year.

The profit after tax stood at INR31 crores versus INR2 crores in 9 months of FY '25. Looking ahead, as we enter Q4 FY '26, typically a softer quarter, sorry, like I just mentioned, we are witnessing an uptick in the farmgate or raw material prices. Further, alongside the recent U.S. tariff updates, realizations may realign in the near term.

However, we believe that both the U.S. and the EU trade developments are structurally positive and will support a stronger and more sustainable demand for the Indian shrimp industry in general.

In conclusion, despite the headwinds over the past few quarters and years, we have remained focused on strengthening our fundamentals, reinforcing the balance sheet, reducing debt, maintaining disciplined cost control and diversifying our revenue base to enhance resilience. We continue to position ourselves to benefit from improving market conditions as they unfold. We remain committed to driving sustainable business development and long-term growth.

With that, we can now open the floor for question-and-answer session. Thank you very much.

Moderator:

The first question comes from the line of Deepak Ajmera with IGE india.

Deepak Ajmera:

My question on side of the revenue that considering the Europe FTA and now the tariff has been reduced from the U.S.A., what kind of revenue are we expecting in 2 years? And how the ramp-up of our facility will be seen from here? And on the part of the margin, what margins can we see in near future?

- Choudary Karuturi:** So with regard to revenue, specifically, of course, we need to first acknowledge that the recent trade agreements and also the -- both on the EU as well as the U.S. relaxation in tariffs, definitely, it will be boosting the volumes, which will enhance the company's utilization also of its capacities, which is -- and that, obviously, with increased volumes and with a stable pricing, we definitely expect higher revenues compared to for the past 2 years.
- So overall, we do expect a higher growth in the revenue with regard to -- going into the future, especially with these plus points, which are there in the market because of the relaxation of the duties, which are there both in the EU and -- sorry, and the tariffs in the U.S. I think that would be -- with regard -- because of the volume enhancement, obviously, that will be enhancing the volume -- sorry, revenue also over the next 2 years. So specifically, it should be like around approximately around INR1,200-plus crores over the next 2 years.
- And of course, as depends as how the utilization happens, but we are very confident with regard to utilization and growing our volumes. And obviously, as the volumes grow, the revenue also would be picking up. Margins, we expect a stable pricing in the global export markets,
- however, depending on our raw material farmgate prices in India, the margins would be placed. However, at the EBITDA level, we are pretty much confident that with these changes in the market, at the EBITDA level, the present level would be sustainable going forward. So going into the future, that is our idea as of now.
- Moderator:** The next question comes from the line of Nitin with InCred Research.
- Nitin:** Two questions. Firstly, I want to understand when you say EU and the presentation says EU, do you include U.K. market in that? Or do you exclude U.K. from that?
- Choudary Karuturi:** U.K. is not included in the EU.
- Nitin:** In the presentation?
- Choudary Karuturi:** No, yes. It's only the EU block.
- Nitin:** Understood. So that will be part of others area?
- Choudary Karuturi:** Yes, others.
- Nitin:** Okay. So now that being clarified, given that both these markets were won, previously when there was a lot of blockage for India to export to the whole block, which included U.K. And now at least there is a bifurcation, both are working with their own regulations. Do you see anything happening in a speedier manner in any one of them, specifically in U.K. because lesser countries lesser regulation hurdles?
- Choudary Karuturi:** See, there is no relaxation with regard to regulations as such. Even though these free trade agreements are being worked out and they are being finalized or they are finalized, regulations will continue. However, we will be placed on a level playing field with -- when compared to our competition, other Asian or South American competition who do not have any tariffs -- or sorry, any duties. So obviously, currently, India -- Indian shrimp are levied 4.3% of tariff -- around

4.3% of duties for importing both into EU as well as U.K. And so obviously, those will be -- we are expecting them to be removed.

First, it will happen in the U.K. because as you are all aware that the U.K. FTA was signed much more in advance compared to the EU, which was done recently last month. And the EU would anyway take time for a few months, maybe hopefully, in -- before in FY '27, we should be able to see the effect of that.

The U.K., of course, as I stated, it will be much earlier. But the regulatory part is not really going to change. But again, certain non-tariff barriers to get to the right point may be brought down. For example, with regard to 50% mandatory testing of Indian shrimp consignments into the U.K. should most likely be relaxed much earlier to answer your question.

And the EU as well would be most likely following suit. But that has -- we haven't yet received clarity on that. But definitely, with regard to these sort of non-tariff barriers, yes, there could be a relaxation. And that will definitely -- as I state -- we mentioned earlier, we will be placed on a level playing field compared to -- at the same level as the other competitive nations with whom we are competing with.

So yes, that is in one way, since we would be on a level playing field, that is definitely an advantage to our industry as well as the company. We could focus on growing more volume, which we have been losing to others because of these non-tariff barriers also apart from tariff barriers.

Nitin:

Understood, sir. Sir, second question, given that you now have -- you are a large hatchery operator across the coast of Andhra Pradesh, how has been the demand? How has been working since January?

Were the hatcheries very busy? Because that would kind of give a lead indication as what the farmers are thinking because that would be in a way because the first season to anticipate the first season from the farmer side would be you having a very busy January, February on the hatchery side?

Choudary Karuturi:

Yes. With the -- with regard to the hatchery operations, we are operating, of course, in the South currently, our major hatchery, which is there, we are operating. There was definitely a lot of conservative approach until the end of 2025 by the farmers because of the various disease-related issues and overall market mood being dampened because of these tariffs from U.S.A., especially. But however, now the temperatures also have improved.

This is usually stockings happen in January. But this year, it is a little bit kind of got late because of very cold temperatures in the -- almost till the end of January. But that temperature is also improving, along with it, the good news that some of these tariff barriers are being removed definitely has created a positive momentum among the farmers also.

So currently, yes, the stockings are going on. And definitely, like you rightly mentioned, the hatchery operations are going in a very -- in a good way. That is an encouraging point when it

comes to -- finally, it will come to the -- when it comes to the supply side, yes, like you are stating. It will be -- it's a positive sign for the supply going into the future.

Let us say, in another 2 to 3 months when the crop will start -- will be harvesting sometime around March, April onwards. So it's -- yes, we are looking at a positive impact this time because of these issues which were prevailing last year, especially the U.S. tariffs, those being squared off and removed. So definitely, that is also creating a positive momentum among the farmers.

Nitin: But you mentioned more operations happening on the southern side of Andhra, where, of course, you have 1 hatchery. You had 2 close to Odisha on the northern side of Andhra. Those 2 are not operational or are they operational?

Choudary Karuturi: We are not operating them. Of course, the southern side, one is the major hatchery. We have 2 units there actually. So we are operating them in a more -- in an efficient manner. Of course, we are also shipping -- sorry, we are also shipping from there to other parts of the country and not restricting to Andhra. So more on an operational point of view, since we have 2 large units there, we are operating from the south in the south.

Moderator: The next question comes from the line of Unni with Geojit Investments Limited.

Unni: And my question is regarding the realization in sales in terms of dollar and INR and in that how much of the tariff has been passed on to the customers?

Choudary Karuturi: With regard to the realization in rupees, it was -- for the quarter, it is INR914. However, we also need to acknowledge the fact that -- this is the average realization. However, we need to acknowledge the fact that this also comprises of the tariffs payable to the U.S. government. That's why it is high. But on an average 9 months, it was INR864 as far as realized per kilo compared to INR711 last year, 9 months FY '25.

So -- but this is inclusive of the tariffs. And with regard to tariffs from the U.S. charged by the U.S., most of it -- of course, most of it has been taken care by the customers because these were brought in by the U.S. government. So this is more of a policy from that government, and they have been taken care by the customers. But that did create a dent in their volume plans from us. That's why our volumes to the U.S. also have dropped until the last quarter. So that we expect again to be stabilizing. So yes, INR914 sir.

Unni: Okay. One more question. In case of other expense, how much is the tariff and how much is the percentage -- amount?

Choudary Karuturi: See, the tariffs was 50% of the FOB value. So that translated to...

Durga Prasad: INR46 crores...

Choudary Karuturi: That was INR46 crores with regard to the tariff component alone.

Unni: This quarter?

Choudary Karuturi: Yes, only this, Yes, you want the 9 months, 9 months.

Unni: Only this quarter.

Choudary Karuturi: Only this quarter, only this quarter. INR46 crore.

Unni: Sorry?

Choudary Karuturi: It was INR46 crores for Q3.

Unni: Okay. One more question. So in this quarter, what is the average farm gate price? And what is the current outlook of the sale?

Choudary Karuturi: Average purchase price for the company was INR327, based on the sizes, which it has purchased during the quarter, Q3. Yes. And sorry, what was your other question?

Unni: Like current situation of the farm, is there any increase?

Choudary Karuturi: There has been an increase, of course, I think which was also stated in our opening remarks. The farm gate prices have increased. They have been increasing even -- in fact, during Q3 itself, they have marginally been increasing. And currently, they are a little higher. They have increased by almost INR30, INR40 roughly per kilo. But again, this is more driven by the supply -- demand supply scenario presently. It's usual every year, it will be around this time, it will be like that, around Jan, February, that's what.

Unni: Okay. One more last question. Like after the EU FTA, is there any new orders coming for the ready-to-eat products?

Choudary Karuturi: We have been getting the ready-to-eat orders even before the EU FTA, and we believe we will be continuing to grow them going forward with the FTA in place.

Unni: So is there an expectation in the volumes in future?

Choudary Karuturi: Yes, correct. That's what we have stated. That's what we just said. We already have ready-to-eat orders even from the EU. But now that is growing in a small -- in a slow manner. But now with the FTA, when the FTA takes effect and we get the reduced rates applicable from EU, we are confident that our customers are going to place more orders with regard to the ready-to-eat from the EU customers.

Unni: Okay. So is there any volume guidance that you can provide for the future FY '27...

Choudary Karuturi: At this time, we are -- let us wait. We will provide you, of course, as we do more ready-to-eat for the EU market, we will be informing you. But like we also stated to one of the earlier participants, the effectiveness of the EU trade agreement, FTA hasn't yet been done. It will take its time, most likely sometime in FY '27. We don't know which quarter of FY '27, but we are very confident that once that is done, we will be having an uptick in the orders with regard to ready-to-eat also.

So -- but for now, we are focused on increasing the ready-to-eat products irrelevant and irrespective of the FTA since we have got the approval for the ready-to-eat in the beginning of

this financial year -- I mean, sorry, during the Q1 -- end of Q1. So we are using that opportunity, and we are focusing on growing the ready-to-eat volume. So we'll provide you a better idea, hopefully, by the end of the fiscal year as we grow our orders.

Moderator: The next question comes from the line of Harsh Shah with Seven Rivers Holding.

Harsh Shah: Sir, my question was that, I mean, we operate, of course, quite low capacity at almost 32%, 33%. Now with tariff-related uncertainties reduced significantly, and we are obviously guiding much better growth going ahead. So how should we look at margins?

I mean, I'm not holding on to any number, but say, if we reach to a decent capacity utilization say something like 65%, 70%, then what kind of -- I mean, it may happen 2, 3 years down the line, but what kind of margins are we looking at? I mean how is the business designed? What kind of margins can it achieve at optimal capacity utilization, assuming that the current raw material and shrimp prices prevail?

Choudary Karuturi: Well, we have stated earlier also that we would be maintaining the present sustainable EBITDA levels. we'll be able to sustain the present EBITDA levels, which is 7% odd. And of course, as volumes pick up going into next year and the year after, we should look at higher margin levels also as we would definitely have the advantage of the scale of operation and also the costs being rationalized overall.

So yes, so in that regard, as stated, it will be between 7%, 10% currently. And as we grow more of our ready-to-eat, we should look at 10% plus also. But currently, we would state we would be able to sustain these levels and not looking anything lower or looking back of what happened in the past earlier 2 years.

Harsh Shah: Okay. And U.S. has reduced tariff from 50% to 18%. So is there a specific different tariff for shrimp and aqua product at 25%?

Choudary Karuturi: No. See, the U.S. has reduced from 50% to 25%. They removed the penal tariff of 25% removed the penal rate of 25% for the Russian oil component. And as far as reducing from 25% to 18%, it hasn't yet taken effect, which is what we stated as of February 7, 2026, it has -- the 25% has been reduced, thereby the net tariff impact on the company or the industry is 25%. That's what we stated. Once they would affect the reduced rate of 18%, we would obviously -- that will take effect, and we will make the changes accordingly.

We will be paying lesser. But apart from that, you all know that already the antidumping duty and countervailing duty are there separately. That is always there. So that's always -- that's been there already without the tariffs. So -- but currently, we are paying tariff of 25%. That's what we can say as of now.

Harsh Shah: Understood. And sir, how is the supply from Ecuador, Vietnam and with 25% tariff on as now, how do we compete with them in terms of prices?

Choudary Karuturi: Well, the supply from Ecuador is definitely, of course, they are the number 1 producing nation in the world, obviously. And they have been very strong, and they are also, of course, that is

continuing, even making their presence felt in the U.S. market also. That will be there. We don't expect it to be getting any slow.

But -- we are not sure at this point whether they will ramp up any further as we understand there have been issues with regard to them finding market space for their production beyond a certain point. As far as Vietnam is concerned, their production has been stable, but we haven't heard any major uptick in their supply side. So we are -- we need to watch how it will be in 2026 scenario.

Currently, as you know, everybody will be going for stocking in the Asian markets. Everybody will be going for stocking after coming out of the winter climate. So we should look -- we should see how it will be in the current year. But Ecuador is, yes, it's maintaining its supply of 1.4 million to 1.5 million metric tons. I think, roughly.

Harsh Shah: Okay. And in terms of pricing, I mean, how do we compare with Vietnam and Ecuador on FOB basis?

Choudary Karuturi: Obviously, FOB basis, they would be having -- with regard to Ecuador, their FOB pricing, of course, is on a higher side. They could get some advantage in the past few months or last 6 months, we can say, for the almost 5 to 6 months during the time we paid that 25% additional. They were definitely getting some advantage.

But that -- whether it will continue going forward or not, we are not sure now. As far as Vietnam is concerned, they have some other issues, which we don't have a final confirmation that they are likely to be getting a higher antidumping duty rate. which we do not have the information yet as of now.

Harsh Shah: Okay. And sir, it's been a week. I mean, 7th of February is what you have mentioned in the PPT that tariff has come down from 50% to 25%. I know it's still early days, but it's been like 8 to 10 days. But have you seen any significant increase in order inquiries from U.S. market specifically?

Choudary Karuturi: Yes.

Moderator: The next question comes from the line of Sidharth with ithoughtPMS.

Sidharth: My question is like on a 9-month basis, the revenue is up by almost, 20-23 percentage, right? But out of this increase, the volume is just up 2 percentage. So how much of this is sheerly driven by the tariff component and like ForEx component?

Choudary Karuturi: For 9 months, the U.S. has been around 49%. So of course, whether it is 10% extra tariff or 25% tariff or subsequently, it was 50%, now which is again coming down. Roughly 49% of the sales was meant for U.S., which is also stated in our presentation. The US revenue share for 9MFY26 is INR390 crores, but because of tariffs that has grown in regard to the realization of U.S. sales. But then at the same time, even the pricing were also remaining stable in general between Q1 and Q2. In the 9 months period, the unit value at FOB level also was higher, especially. So only the U.S. sales was affected because of the tariffs, but the other markets didn't get affected because

of the tariff component. The overall market pricing itself remains stable. And apart from that, the foreign exchange in 9 months is INR11.54 crores. This increase is mainly on the account of foreign exchange difference front because of the depreciating rupee.

Sidharth: So another related to this, like the other expenses for 9 months, right, it is up by almost 75 percentage. Like is that because of the tariffs majorly?

Choudary Karuturi: Yes, yes. In the 9 months, the tariff component alone, whether it is 10%, 25% or 50%, all put together only the tariff component is INR 86 crores.

Sidharth: So at the same time for 9 months of last year, that INR86 crores will be almost 0, right?

Choudary Karuturi: Yes, it was not there, right? Last year, 9 months, that was not there.

Sidharth: Okay. So one more question I have is like now that the tariff is reduced, what do you think will be the realization going forward in the U.S.?

Choudary Karuturi: Well, the realization, of course, in the case of U.S., it will get corrected because of the same way, at the same time, the tariff expenditure also would not be there. So that by now, we should understand here that whatever increase in the case of realization was there, it was also offset with regard to the tariff payable in the expenditure side, like you rightly asked in the other expenses component, even tariff was there.

Now I think from this quarter, with the tariffs being at 25%, obviously, the realization for the U.S. sales to that extent, 25% on FOB, it will be getting reduced compared to earlier, I think it was around 4, 5 months between August to August to January, almost 6 months. It was the 50% effective rate was there.

Sidharth: Okay. So what would be the price difference between India and Ecuador for your product categories in the U.S. right now with a 25% tariff?

Choudary Karuturi: See, the customers with regard to the Ecuador and Indian pricing, for both, the customers are willing to pay and at least buy from India in the reduced tariff regime because earlier, it was 15% and 50%.

But yes, Ecuador pricing was much higher, which we stated earlier also, they were able to get some advantage, not some, they were able to get some good advantage because of the tariffs on India until recently. They were able to get higher pricing for the demand, which was there, which could not be taken up from India because of these high tariffs.

Now the tariffs being reduced from 50% to 25%, definitely, there is certain a positivity among the customers also who would want to go back to India and place the orders. So currently, yes, Ecuador will likely be trying to charge higher.

But at the same time, India, which is very consistent and reliable with regard to deliveries, the customers are looking towards buying from India, looking back at India rather than having to deal with any lesser dependable sources, whichever they are, any part of the world, not specific to Ecuador.

Moderator:

The next question comes from the line of Sucrit Patil with Eyesight Fintrade Private Limited.

Sucrit Patil:

I have 2 questions. My first question is beyond the guidance which you have given. I just want to understand your view on the growth outlook. How will Apex Foods manage risk and uncertainty in its core business, particularly revolving around global shrimp demand, export market volatility and raw material cost. What strategic choices will help the company stay strong even if there are some external pressures on? That's the first question. I'll ask my second question after this.

Choudary Karuturi:

With regard to export markets, obviously, diversification is the key, which we are which we have been doing, and we will continue to put in our efforts so that we are not -- we are insulated from any one individual market effect like we had in the beginning of -- since we have had it since the beginning of this year because of these tariffs and other. That's one of the reasons why we have been pushing more volume to other markets than ever before.

Obviously, when we have our stakes placed in different markets, obviously, we would be insulating ourselves from any major hits or any major issues like this. With regard to the raw material, obviously, as stated, definitely in a stable shrimp market environment.

Now one of the -- for example, recently, with the guidance being given by the nutritionists, even by the U.S. FTA example, specifically with regard to seafood and shrimp, there is always -- we expect better demand to be growing overall because of the average consumption per capita consumption also growing over the next -- into the future because of these guidances being given against rather promoting more white meat like seafood. So that obviously will have its relative impact at the sourcing side with regard to production at the farm level because steady demand also enables for a stable production at the farm level.

So that way, I think that company will -- by diversifying itself to different markets will insulate itself from any one specific issue. That's one of the -- that we have proven by growing our volume into other markets also for this year, especially. And so I think that answers with regard to the company as well as on the supply side, as we stated just now, the demand being stable and it's also picking up by increase in consumption overall in different markets, that will also create a positive environment for the -- for a stable production at the farming level, sorry.

And of course, for us, we will continue to grow our network and relationships with our farmers even more by supporting them at the primary production area by -- whether it is the seed -- from our hatcheries or in other ways. And that will enable us to have a stable supply also for our company. Yes, I think...

Sucrit Patil:

Answered -- my second question to Mr. Prasad is beyond the margin commentary, how will Apex manage financial risk and uncertainty in areas like receivables, working capital and ForEx? What set of rules will ensure earnings quality stay even in certain volatile conditions. I want to understand your point of view and plan of action on this?

Choudary Karuturi:

With regard to receivables, actually, we don't have any issues as such. We, of course, have been more prompt in ensuring that our receivables are received in a timely manner, both within the country as well as from the customers outside. The current -- 1 minute, the current -- if you see

our -- both our inventory days as well as our debtor days are also maintaining low. Overall, of course, our total working capital days is currently at 108 as of September.

But of course, that is even coming down even further because both our debtor days as well as our inventory days are also coming down. And with regard to ForEx risk, of course, we do cover our risks by way of forward contracts, which are supporting our realizations to the extent required. So -- but in a depreciating rupee environment, definitely, the market is also very supportive for our realizations as stated earlier. So that way, we are able to manage these risks with -- in an efficient manner. Working capital, the data cycle of the...

Moderator: The next question comes from the line of Yogansh with Mittal Analytics.

Yogansh: Most of the questions have been answered. Just one question I had. Sir, last con call, you had mentioned about our efforts in developing newer markets like Russia and Australia. If you could just broadly talk about our efforts over there and how those are yielding any benefits or what is the kind of volume that you're expecting from a market like Australia and Russia and any other key markets that you are seeing coming up for us?

Choudary Karuturi: We are continuing to pursue those. And I think by the end of this financial year, we would be able to start our sales there, if not, or at least early April, we are continuing our discussions in that regard. There are certain regulatory restrictions with regard to Australia, which we are discussing with our customers. And -- we are working in mitigating them by ensuring that we are meeting those standards, their expectations at the border with regard to the health authorities and with their testing.

So we are confident that both those 2 markets, which you have specifically mentioned, we will be able to start volume even in a smaller manner, starting from most likely, if not by Q4, by Q1, that is next fiscal, FY '27, Q1 onwards, we should be able to start our sales in a slow manner. But as we -- because this is the first-time market, also the customers also have to test the product.

As they -- we see a huge good potential to be precise, in both those markets, we see a good potential. And definitely, that will be an added boost for the company in FY '27, especially with these 2 markets. Apart from -- there are a few more markets, which we don't want to state at this time, but we are confident that this will help us going into the future, especially next year -- in the next quarter onwards.

Yogansh: Right, sir. Sir, one more question. Sorry if it has been already answered, I got dropped in between, so I might have missed it. Any numbers that you can share on the capacity utilization scale up that you are expecting for FY '27?

Choudary Karuturi: Well, we are current -- of course, we are like earlier, somebody has stated current this year, for the full year, it is around 33%, 35%, but we expect to push it up to by another 10%, 15% and try to take it up to at least 50% by FY '27. So we will see how that goes. But currently, we are planning for that. as of now as far as the utilization is concerned, capacity utilization is concerned.

- Yogansh:** Got it. And sir, still this major scale-up would be from our normal capacity and the ready-to-eat and ready-to-cook, which is for the European market, that will follow up in the later half of the FY '27, right?
- Choudary Karuturi:** No, that will -- it is part of that. When I -- when we mentioned -- Yes, yes, it is part of that.
- Moderator:** We have a follow-up question. It's from the line of Sidharth with ithoughtPMS.
- Sidharth:** So I just had one question. Like for this quarter and for 9 months, what would be the capacity utilization of the ready-to-eat in comparison to the last year?
- Choudary Karuturi:** Okay. As far as the current quarter's ready-to-eat sales was there. As far as sales is concerned, there has been a drop by 1% because of, of course, the U.S. sales not coming into play and the Europe still picking up. That was at around 7%. Last year's Q3 FY '25, we did around 8%. And on a full -- but however, of course, during the first 2 months, we did some good quantity -- sorry, first 2 quarters. So on a 9-month basis, last year, it was 10% for 9 months. And this year, it was 11%. It increased marginally by 1% as far on ready-to-eat, especially.
- Sidharth:** What would be the utilization be?
- Choudary Karuturi:** Utilization would -- that is what -- on the ready-to-eat, especially we have -- that's on the total sales, sorry. With regard to the utilization, that would be currently around 1 minute -- is around currently -- yes, sorry, that was -- currently, it is around 11% on the -- yes, currently, it was around 11% of ready-to-eat, and there is a good headroom for us to grow a lot on that. Only on the ready-to-eat capacity, what we have utilized as of this year, it's only around 11%.
- Sidharth:** So what was the same last 9 months?
- Choudary Karuturi:** 10%. Last year 10%, 10%. It was lower last year.
- Moderator:** The next question comes from the line of M. Srinivas, an individual investor.
- M. Srinivas:** From the recent news I've been listening to like most of the farmers are shifting to Black Tiger because of the global uncertainties. Did you see any outage in the supply going forward?
- Choudary Karuturi:** No, both -- I mean, there are, of course, farmers who are switching to Black Tiger in some areas. But Vannamei is still there apart from those disease issues, it's good that -- there are an alternative species as such Black Tiger also. So we did not see a major issue with regard to Vannamei production dropping down significantly because parallelly, Vannamei -- this is especially in the state of Andhra Pradesh, a lot of -- quite a number of farmers, we shouldn't say a lot. There are farmers in certain areas who have been switching over to Black Tiger.
- But parallelly, there has been Vannamei growth in other states. Yes, that has also been happening parallelly. And now Vannamei or shrimp farming is not restricted to the coastal states any longer -- this has gone more inland also, aquaculture is being done more in inland also.
- Some of the Northwestern states also have been increasing, especially into Haryana and Rajasthan. But again, in Odisha, Bengal and Gujarat also, the Vannamei has been there. It has

also been increasing. So overall, definitely, Black Tiger has increased in the state of Andhra Pradesh compared to earlier years because of certainty increasing for certain farmers or there based on their strategy.

But however, Vannamei hasn't seen a significant drop with regard to the supply as such. It is because, as I stated, in other states also, Vannamei has been growing overall. So that way, Black Tiger did not -- Black Tiger crop or supply did not really reduce the Vannamei supply, if that is what you are trying to find out.

M. Srinivas: Okay. My second question is regarding this antidumping duty. I think U.S. government is reviewing the antidumping duty and they're coming up with a retrospective effect. So did you see any such big hit in the P&L in Q4?

Choudary Karuturi: Sorry?

M. Srinivas: '23, '24, I think some review has been conducted by U.S. department, FDA, and they are placing antidumping duty with a retrospect effect. I think there is an increase in the pricing, like earlier it is 1.35%. Now they have been revised to like 3.8% or like 3.6%. Will it impact in the upcoming quarter?

Choudary Karuturi: We should be seeing -- we will be knowing about that more, yes, in the Q4 once -- because they have made that effective, I think, this week onwards, they announced it last -- middle of last week. They will be -- they made it effective this week. So that will be there for a prospective payments, yes, means there will be a marginal increase on the antidumping duty from -- not marginal, sorry, from 1.35 to 3.5%, like you rightly stated. That will be there. That will be effective from this -- mostly in this week onwards, yes. So going forward, it will be effective. That's what you were asking.

M. Srinivas: Yes. My last question is on the debt side, sir. I think when I was observing the balance sheet, there is a significant decrease in the short-term borrowing -- from almost like INR140 crores to INR40 crores. But there is no impact on the receivable days or turnover days. Like what made such a significant downsizing of the debt?

Choudary Karuturi: No Sorry, whereas receivables, of course, have also been prompt. But at the same time, our receivables mainly from government departments, including GST input, all those credits -- those also have been typically receivables which are there, our debtors are only pertaining to our receivables, right?

Our -- whereas receivables from the government are also there. So obviously, they are -- have been more prompted in this year, especially over the past 2 to 3 quarters, we have been pursuing them, and we have been receiving them much earlier.

That is how it is. But at the same time, there are -- we have also increased certain customers who are who also pay in much earlier period. So based on the terms which we are negotiating with them, that is the new set of business which has been brought in this year in FY '26. So that both together from the government side as well as certain new customers also are prompting for improvement.

And along with it, utilization of inventories also makes it possible for us to -- that is obviously liquidation of stocks enhances the capital in hand. So definitely, that is another key point, which is there. So within these 3 parameters, we have been reducing our overall debt borrowing -- short-term borrowing from the banks.

Moderator: The next question comes from the line of Harsh Shah with Seven Rivers Holding.

Harsh Shah: Just wanted to on bookkeeping side, what was the export incentive for 9 months?

Choudary Karuturi: INR37.62 crores.

Moderator: The next question comes from the line of Anthony Joy, an individual investor. Anthony, can you please use your handset, please?

Anthony Joy: Can you hear me right now?

Choudary Karuturi: Yes, please.

Anthony Joy: Okay. Sir, in the last call, you were saying that the inventory level in the U.S. has come down. Is the inventory level in the U.S. is still low at this moment?

Choudary Karuturi: No, sorry. See, the inventory level in the U.S. at that time was lower because of all these factors where certain imports also got delayed, shipments got delayed because of these tariffs confusion and all that. That was -- but in the case of Q3, we also need to factor in the holiday sales also play a major role and how the sales happen in that market. Post tariff regime is a very important part. We need to see whether the consumption is at the same rate at that high pricing at the retail level or at the restaurant level. That also will have an impact. We need to see how that would be. But as of now, we don't see any shortage of inventories at the -- on the U.S. side.

But of course, wherever the requirements overall from India have been increasing slowly, inquiries have been picking up, like we stated to another participant earlier post tariff reduction. But as -- with regard to the inventories, it is more dependent on how the holiday sales have happened, especially during Christmas and New Year.

And this month, we should see how it will be. This is the lent season typically where a lot of consumers move towards white meat and avoid red meat altogether, especially in the U.S. and Europe. So we need to see how that would be affecting the overall inventories. So we are not having a clear picture of that as of -- at this point to answer your question.

Anthony Joy: Right, sir. Another question is, how about the freight charges? Have they come down after the tariff...

Choudary Karuturi: No, there was no change. See the price -- the freight rates have -- freight charges have been lower this whole year. There have been no increases in freight rates. In fact, they have been -- yes, they have been coming down in phases, but they are pretty much at among the lowest levels. I mean, pretty much at the lowest levels when we compare it to COVID time or during the pandemic time. This is very, very low and very -- at a reasonable level to be precise as far as the freight rates are concerned.



Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Chowdary for closing comments.

Choudary Karuturi: Thank you one and all for making it to our investor call for Q3 FY '26 results. And you may always reach out to us for any queries or clarifications on ir@apexfrozenfoods.com. That is the e-mail address, ir@apexfrozenfoods.com. Thank you, and we thank the Stellar team also for supporting us on this. Thank you. Have a nice day.

Moderator: Thank you. On behalf of Apex Frozen Foods Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.