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CIN: L15490AP2012PLC080067

Date: 22<sup>nd</sup> August, 2025.

To  
The General Manager,  
Department of Corporate Services,  
Bombay Stock Exchange Limited,  
PhirozeJeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001.  
**Scrip Code : 540692**

To  
The General Manager,  
Listing Department,  
National Stock Exchange of India Limited  
Exchange Plaza, Plot No C/1, G Block,  
BandraKurla Complex,  
Bandra (East), Mumbai - 400 051.  
**Scrip Symbol : APEX**

Dear Sir/Madam,

**Sub: Transcript of Q1FY26 Earnings Conference Call held on 18<sup>th</sup> August, 2025-Reg.**

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Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find enclosed a transcript of the Q1FY26 Earnings Conference Call, which was held on 18<sup>th</sup> August, 2025.

The aforementioned Earnings Conference Call, as per the transcript enclosed, incorporates mainly the highlights of Un-Audited financial results of the 01<sup>st</sup> Quarter ended 30<sup>th</sup> June, 2025 and other related information which is already in public domain and/or made available/uploaded on the Company's website.

Please take the same on record.

**For Apex Frozen Foods Limited**

Karuturi Subrahmanya Chowdary  
Managing Director  
DIN: 03619259

Encl: a/a



“Apex Frozen Foods Limited  
Q1 FY '26 Earnings Conference Call”  
August 18, 2025



**MANAGEMENT:** **MR. CHOWDARY KARUTURI – MANAGING DIRECTOR  
AND CHIEF FINANCIAL OFFICER – APEX FROZEN  
FOODS LIMITED**  
**MR. DURGA PRASAD – SENIOR MANAGER, ACCOUNTS  
– APEX FROZEN FOODS LIMITED**

**MODERATOR:** **MR. SUYASH SAMANT – STELLAR IR ADVISORS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Apex Frozen Foods Limited Q1 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 touch-tone 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 today 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 ended 30th June 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 beliefs, opinions and 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 a statement is made.

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

**Chowdary Karuturi:** Thank you, Suyash. Good morning, everyone, and thank you for joining us on the Investor Call for Q1 of FY '26. We have uploaded the investor presentation on the website of the stock exchanges, and we do hope that you have had a chance to go through it.

Over the past couple of years, we have been strategically working, of course, to diversify our revenue base and reduce dependency mainly on the U.S. market. This strategy is clearly visible in our geographical sales mix during the last fiscal as well as in the Q1 of FY '26, that the non-U.S. business accounted for -- in Q1 FY '26, it accounted for 45% of our total revenue, a significant improvement from 30% in the same quarter 2 years ago.

In Q1 FY '26, the European Union market, excluding the U.K., contributed 39% to our overall sales mix, up from 37% in Q1 FY '25 and 36% in Q4 of FY '25. The EU market achieved a year-on-year sales growth of 22% and a quarter-on-quarter sales growth of 37% in Q1 FY '26.

Sales from our other markets contributed 7% to the overall sales mix compared to 9% in Q1 FY '25 and 3% in Q4 of FY '25. Sales volume for other markets were down by 9% year-on-year and up by 229% quarter-on-quarter.

We aim to further diversify our client base across geographies to mitigate the risk of dependence on any one single region. The second key highlight is the EU approval, basically the listing of our new second facility, which has been -- we have been awaiting for the past 5 years.

We are delighted to share a key milestone of our second facility has received a long-awaited listing approval from the EU towards the end of -- around -- in June 2025, sorry. And the final paperwork is currently underway, which is with the local authorities.

This marks an important step in expanding our access to the European markets, especially. This approval paves the way for new opportunities in the region as well, we can now sell our RTE products, which -- for which there was no access into the EU.

The products that -- these products that are exclusively manufactured at our second facility, the RTE products, so we would get the access for that. We are optimistic about capturing higher volumes also through RTE sales in the coming quarters, which should also enhance our overall product mix. The share of ready-to-eat products stood at 15% in Q1 FY '26.

Now coming to our Q1 FY '26 performance. In Q1 FY '26, revenue and profitability improved compared to both Q1 FY '25 and Q4 of FY '25. Net revenue rose by 39% -- had risen by 39% year-on-year and 31% quarter-on-quarter to INR258 crores, driven mainly by higher realizations and also increased sales volumes.

Sales volumes grew 17% year-on-year and 28% quarter-on-quarter to 3,015 metric tons, while the average realization improved to INR811 per kilo, marking a 19% increase year-on-year and a 2% increase sequentially.

In Q1 of FY '26, gross profit increased by 47% year-on-year and 48% quarter-on-quarter to INR88 crores with a gross margin of 34%. The margin improved by 164 bps year-on-year and 382 bps quarter-on-quarter, supported by the correction in farm gate prices mainly and also the growth in realizations.

In Q1 of FY '26, the average gross shrimp purchase prices were around INR320 per kilo, which is up by 8% year-on-year, but down 11% quarter-on-quarter, with prices correcting sharply in April 2025 following the global trade uncertainties before recovering thereafter.

The EBITDA grew 66% year-on-year and 137% quarter-on-quarter to INR18 crores, while the PAT increased -- profit after tax increased by 139% year-on-year and 363% quarter-on-quarter to INR9 crores. In terms of the balance sheet, it continues to remain strong with our total borrowings reduced significantly over the past 3 years from INR167 crores in FY '22 to INR73 crores in FY '25.

In FY '25, the short-term borrowings stood at INR67 crores and the long term at INR6 crores. Our net debt-to-equity ratio has strengthened from 0.3x in FY '22 to 0.1x multiple in FY '25, reflecting our sustained focus on debt reduction and balance sheet strength.

Looking ahead, global trade conditions remain uncertain following the U.S. reciprocal tariff announcement along with the additional penal tariff announcement, which was there recently in this one.

While in Q1 FY '26, the demand from the U.S. was strong as customers built inventory ahead of the anticipated tariff hike in August. With elevated tariffs now in place, there is uncertainty over future demand and the moderation in orders from the U.S. cannot be ruled out in the upcoming quarters.

Even on the supply side, while a favorable global pricing scenario would typically encourage Indian shrimp farmers to expand cultivation and increase supply, potentially easing farm gate prices, prevailing global trade uncertainties create a degree of unpredictability around this outcome along with certain disease-related issues at the farm level.

We are watching the developments carefully and continuing our endeavor to take the right steps towards a sustainable business development and growth.

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

**Moderator:** Thank you very much. We will now begin the question and answer session. We take the first question from the line of Bala Murali Krishna from Oman Investment Advisors.

**Bala Murali Krishna:** So regarding uncertainty in tariffs, so where India would be there even if 25% tariff, earlier without these tariffs we are facing competitive pressure from the Ecuador and how those countries, so how do you see the India's position with the 25% tariff at least if 50% is not realized? And what is the update from the customers, how they feel that this tariff could be -- who will absorb that? How much they want to absorb and how much at company level we can absorb?

**Chowdary Karuturi:** Yes. The first and foremost thing regarding the tariffs part, the customers -- most of the customers have been absorbing the 10% tariff, which came into effect around May month. They were also willing to absorb 25% tariff, which got initially announced.

In fact, some of our orders and the production, which was being done for those orders have already been revised for the 25% with basically the increase from 10% to 25%. That has also been agreed upon by the customers.

But once the second announcement or the second 25%, the penal rate, which was charged additionally was announced, the uncertainty definitely has increased more. And there are some customers who are -- because there are -- there have been commitments and for certain orders, which are to be received before the holidays, some of the customers did acknowledge to even absorb the 50%, which is 25% plus 25%.

However -- which is mostly some of our program business customers who are there. But there are also certain customers who do more on spot basis and some of the food service customers, restaurant chain customers are rather unwilling to look at the additional 25%, which means they are unwilling to absorb and rather -- they are actually asked us to take a pause and hold

production, awaiting for the uncertainties to be cleared, hoping that there could be some new announcements either from -- mostly from the government of USA based on various measures, which are being taken up by the government of India.

So for now, the first set of 25%, as most -- almost all of the customers have agreed to it, and they are willing to absorb that. There is no issue on that part; however, the second announcement of the additional 25%, that has been causing a problem.

And in fact, a significant amount of the customers are actually holding up the orders or even shipments, except those, which are already there on water, which are on the way. But there are a few customers, which as I mentioned earlier, with whom we already have the program set, they are willing to absorb the additional 25% also, but it is a marginal volume to be at this price.

**Bala Murali Krishna:** So how do you see Indian companies to compete against other countries with this additional 25%. So still we are -- our relation is very attractive or still we face a lot of competition if we include this 25% tariff?

**Chowdary Karuturi:** No. Obviously, 25% tariff, it will be very discouraging. Obviously, the customers will be looking at other sources of origin also, other origins like whether it is Ecuador or Indonesia, wherever it is. But we would not be able to speak on behalf of the country as a whole, but we can only talk for our company.

And with the respective steps, which we have been taking in diversifying more and opening up our production lines even further for the European Union markets and other markets. We -- and now as mentioned in our opening remarks, the recent event with regard to the EU listing of our second facility, we strongly believe we will be able to grow our non-U.S. sales even further, thereby with these uncertainties, at least until things come to a more stable situation, especially with the U.S. market, we would continue to focus and increase our volumes outside the U.S., even though replacing the entire market share of U.S. is not possible in a short term. But since we have already diversified in a good way until the end of last year and even end of Q1 of this year, we are already continuing to do that.

So that way, our company will continue to push volumes to other markets, number one. That is the first part. And with regard to U.S., we will have to evaluate with our customers. Customers are definitely looking for other origins also.

But this uncertainty, we believe, will continue to be there until the end of the calendar year as we have understood from various sources. This uncertainty may continue. And as and when there are decisions taken by the U.S. government, it will change. It will be changed. That's what we expect.

**Bala Murali Krishna:** Understood. So when we can expect these new shipments to the Europe from the new facility, which is undergoing inspection? For the next quarter...

**Chowdary Karuturi:** We are expecting the -- already the listing has been done by the EU. Some paperwork is pending with the local authorities. That is also nearing completion. Most likely this week onwards or next week, mostly in this month, we will also start selling -- getting purchase orders rather, we're



getting -- we'll be looking for getting orders regarding ready-to-eat products also from the European Union from this month. And we should be translating them into sales positively from next month onwards, which is because it takes time to execute an order in the process flow.

**Bala Murali Krishna:** And this -- on farm gate prices, so as of now, I think there's a lot of decrease in the farm gate prices. So this trend will continue or is there any uptick in the prices in the last 1, 1.5 months? So if it is on the lower side, maybe again, farmers will stop cultivating. So again, it will create supply issues like last 3 quarter we have been -- 3, 4 quarters before. So how do you that -- how is the trend? And what do you think about that supply scene going forward?

**Chowdary Karuturi:** The thing is with regard to farm gate prices, of course, there is -- as mentioned in our opening remarks, there are uncertainties, which have been caused because of these tariffs imposed by the U.S. government. In fact, in the beginning of July, as you know, since the demand was still there for all these orders to be shipped, quite a number of orders to be shipped and supply was low because of distressed harvest in the Q1.

Part of the significant amount of volume also got distress harvested during the Q1, thereby reducing the supply of raw material or shrimp in -- especially in the month of July and August also right now as we speak. So that definitely -- it had -- the price hike was there at the farm gate level in the month of July.

However, post announcement of these tariffs by the U.S. Government, that definitely causes a pressure across the processor and exporter level because a lot of inventories are there and subject -- they are all subject to tariffs now, these enhanced tariffs.

So obviously, that created -- that is creating a pressure at the farm gate level. For now, we believe as things -- for now, we believe that as the uncertainties ease out, we believe things should get much better at the farm gate level also depending on the international situation -- sorry, depending on the overseas as the certainties get -- gain more momentum, we will have better picture at the farm gate level.

**Moderator:** Sir, it seems like the line for the participant has been dropped out. I'll move with the next participant.

**Chowdary Karuturi:** Yes please.

**Moderator:** We take the next question from the line of Nitin Awasthi from InCred Research.

**Nitin Awasthi:** A few questions from my side. Firstly, on our second unit that has finally received EU approvals and listings. Firstly, congratulations on that. It's been long awaited from the company. And because of whatever reason, it has been pending for a very long time now. And it's good that it's finally here and couldn't have been at a better time. Now on the facility itself, we have a 20,000 metric ton plant in which we had expanded another 10,000 of RTE. Is that correct?

**Chowdary Karuturi:** We have a 25,000 metric ton plant, out of which 10,000 metric tons, which means 15,000 is RTC and 10,000 is RTE. Correct.

**Nitin Awasthi:** Okay. Got it. So my question over here is how much of this plant are we currently using before the EU orders or other orders?

**Chowdary Karuturi:** We have been using that plant for 0 -- I mean, we have not been using for EU at all. That plant was not available for the EU market until now, and that will be made available both on RTC as well as RTE for doing these products post this listing and now we'll be able to discuss -- I mean, sorry, get more orders for the EU market also from that facility as such. So we -- so far...

**Nitin Awasthi:** So whatever -- for other facility -- for other countries, other destinations, were we using this plant? And if so, how much were we using it?

**Chowdary Karuturi:** For the other countries, 1 minute. That was...

**Nitin Awasthi:** A percentage would also do because what I'm trying to understand is that, that 10,000, which is a highly high-value product would probably not being used till now or being used to bare minimum, if my understanding is right?

**Chowdary Karuturi:** No, in the old -- for example, in the old plant -- the new plant we have for -- between RTC and RTE -- sorry, the RTE percentage was 14%, which means of the total capacity of RTE, we were using 14% -- I mean, our total processing production, which was done in Q1, it is 14%, all put together as RTE. Obviously, that is all to U.S.A., mainly and very miniscule part to Canada and other markets.

But the main -- as far as the other capacity is concerned, currently, I think we are using -- just a minute, please. The remaining capacity you are asking me about the remaining capacity, isn't that correct?

**Nitin Awasthi:** Correct.

**Chowdary Karuturi:** How much we have been using? Yes. So out of the total remaining capacity, which is 15,000 metric tons, we have -- we have used 34% of the RTC. I mean, for the -- I'm only talking on a quarterly basis.

**Nitin Awasthi:** Understood. And that would be -- we can take that as normalized growth, right, to some extent?

**Chowdary Karuturi:** Kind of. Yes, yes.

**Nitin Awasthi:** Yes, so what I was trying -- my intention from this question was to understand the headroom that we have. So overall utilization is still below 30% in this plant, and the headroom is substantially large, even on the volume front before we have to sacrifice on some other market. That is what I'm trying to understand?

**Chowdary Karuturi:** So we do have good headroom as far as growing our volumes to both -- I mean, if things change over the course of time, not only we'll continue to do our business with the U.S. market, along with it, we will also growing -- we'll be growing our European Union market also without needing any significant additional capacity increase in the short or medium term, if that is exactly what you're trying to find out.



- Nitin Awasthi:** Yes, sir. Okay. Sir, apart from this, on the EU front itself, there was a change in regulation. And if I am not wrong, by September next year, India's animal proteins has to be approved by EU or we're going to have problems exporting to EU, we'll have to get it re-audited and everything as a country. And that, of course, we cannot do as a company, that has to be done on the government front. Is there movement happening on that?
- Chowdary Karuturi:** Government is taking it up. It is more to do with antimicrobial resistance issue, so banning of drugs, which are having antimicrobial resistance and such banned substances, which the government of India is already taking it up and -- both between Ministry of Commerce as well as Ministry of Health because this is not related to just shrimp or seafood, but it is in general, so which they are taking it up. We believe the steps will be taken within the right time so that we don't get affected from September 2026, as you pointed out.
- Nitin Awasthi:** Understood, sir. Sir, lastly, on the recent events that have taken place, there was industry representation to the government and some reasonable steps were requested, one of which was financing lines. So that the farmers do not suffer losses while processing companies can continue to buy the product and hold it.
- So financing lines at a discounted rate was something that the industry has -- had asked for, which had -- also seems quite necessary and quite reasonable. Has the government obliged on that front?
- Chowdary Karuturi:** As of now, various proposals have been given by various sectors to the government of India, and they will be working on each of them, not just limited to finance, but other support mechanisms which are available -- which could be made available. And they are currently evaluating between the Ministries of Commerce and Finance.
- And I believe at the right time, they would be taking the call and keeping us informed. And we are pretty sure when we are informed, even you would be aware of it. As and when we are aware, you will also be aware because today, it's everything is in the open.
- So yes, for now, we are just awaiting as they are evaluating maybe also based on the current dialogues, which are happening between the countries also. So we look forward for whatever supports the government of India could be giving to our sector as a whole, to our industry as a whole.
- Nitin Awasthi:** Understood, sir. Sir, lastly, there was news that inventories are starting to dwindle in the U.S. and arrival of holiday season could spike up prices. And you could see sharp upsurges in shrimp prices within the U.S. because of the demand requirement, which normally is far more in the holidays than the normal period.
- Anything you are hearing because, of course, this is not data which comes out. There's no way to focus on it. It's only industry talk. So any -- are you guys also getting the same information that, that is the way it is happening? And are retail chains, which sell this product increasing their prices?

**Chowdary Karuturi:**

Yes. I would answer your last question first. Retail segment has been increasing their prices more to do with, of course, tariffs, which definitely play a major role in the U.S. at the selling point level to the end consumer. But also at the same time, overall, the demand has been increasing even from the -- basically, it had remained very stable.

The pricing was remaining very stable and firm even during Q1. Part of the realization growth during Q1 is also the overall raise or rather stable environment of the selling prices for us to the U.S. and thereby, the U.S. market in general was also maintaining very stable and firm pricing there.

Of course, part of our realization growth also is attributed to the depreciating currency, but that was marginal. That is also there. That also plays a key role. But the major part was that the prices were also remaining stable without including the tariffs. Tariffs play a separate role on our realization part, but overall market also was quite stable and firm.

And yes, definitely one of the reasons, which we also -- I think we stated to the earlier participant is that the customers are also looking towards -- even some of them are willing to pay even 50% tariff for getting the products immediately or especially because they need for the holiday sales like you mentioned. So they are willing to take the products.

Some of them who also already have programs are not really looking at for replacements immediately before the end of this year. So they are willing to absorb 50% tariffs. So the demand is there. But by the time the holidays kick in, the shelf level pricing, what that pricing would eventually do at the consumer level, it is -- for us, it is too premature to comment at this point.

We do not know. So because if you look at it, the tariffs are not just on shrimp or India, tariffs are on multiple products. So obviously, we'll have to see how the effects of these tariffs over the next 2 months will be there.

And eventually, for the holidays, like you rightly said, the biggest time period of consumption, especially during the holidays will -- whether how it will be -- how these tariffs will impact for them to consume. On the volumes, it's too premature to comment at this point.

We'll have to see how it will be. But our customers are willing to absorb these tariffs and which means they will be charging the consumers also. But not all of them, as we stated earlier. There are customers who also have canceled orders.

There are customers who are asking to not ship or rather they are looking at other origins, which we stated. But there are also certain customers who are willing to absorb. Those people -- those customers who are willing to absorb and eventually other origins also are increasing the pricing because of the demand scenario, which you mentioned.

How this will translate to consumption in volumes at the end consumer level is something, which we have to keenly observe. So we'll know better during the holiday period and aftermath how the situation has eventually evolved towards the end of this year for the holiday period.

**Moderator:**

We take the next question from the line of Purushottam from Wise Old Bird.

**Purushottam:** Congratulations on the good set of numbers. I had a question regarding our Canada. So can some things be absorbed to Canada market? So as U.S., we have a very low base in the Canada, but we have been doing business in Canada for quite some time. So -- and EU is a very good thing that happened at the right time now. And U.K. also because of this, will we be able to scale up on the U.K. side?

**Chowdary Karuturi:** Yes, with regard to U.K., we have been growing the volumes there. In fact, out of the 6% of our Q1 -- sorry, 7% of other market sales, almost 6% was towards U.K. so out of the total sales of Q1. And as far as Canada is concerned, we have been growing there, too, but it's been growing -- the inquiries also are flowing in.

But it's -- please understand there will be no market, which is there right now to immediately replace or take a significant part of the largest market in the world for sure. It will take time. So it's not something which is going to happen overnight or short term or like it will take quite some time. It will more than a year also to diversify to many other markets.

And also the product portfolio also matters. The U.S. market, obviously, is not only the largest consumer of shrimp -- consuming nation, but also that market also has the most diversified product portfolio and the highest amount of value addition possible also is in that market.

So -- which is where our country as a whole, Asian countries as a whole, also our company also has been focusing more in the value addition front, mainly. So it will take time for us to diversify and move between markets. But definitely, we are working in that direction.

And as we stated earlier, without the effect of the free trade agreement with U.K. currently, where we -- our product is still subject to tariff, because the free trade agreement with the U.K. is likely to be completed by the end of this year, subject to the -- I mean, the passage of the agreement bill in the Parliament of United Kingdom.

Once that is done, hopefully, from early next year, calendar year 2026, we should see overall growth in the volumes to U.K. also. But at the same time, the market of U.K. is comparatively lower when you compare it to the European Union and definitely far lower and far lesser actually when you compare to USA or China and those markets. So definitely, we are working, and we are confident that we'll be able to pursue these markets in a much bigger manner to answer your question.

**Purushottam:** Okay. One more question I had was on the supply side economics sir. So this tariff situation, there is a lot of chaos in the market. So how does you see for the next 6 months, how the supply dynamics can impact or I just wanted to know how it can...

**Chowdary Karuturi:** Yes. First and foremost thing is at the supply situation, there are 2 issues. One is global uncertainties, which we mentioned in our opening remarks. There is also another point, which we also mentioned in our opening remarks is about the -- on the disease front. So this year, there have been quite some issues on the disease front.

And of course, there are -- both central government and the state government authorities are working on disease management aspects. But end of the day, that is also a long drawn process.

So on the supply side, overall, we believe there's going to be a reduction in supply for -- I mean, we already have -- we are already observing it over the past 1 month, 1.5 months.

And we believe most likely till the end of this year, the supply may be a little bit slower compared to what it was in the past years. Also because of the conservative approach of the farmers also and the primary producers also because of these global uncertainties and the tariffs impact. So we believe it may create a pause and kind of a little bit slow with regard to supply.

But as more concrete steps are taken by our government as well as more positive announcements are made by the U.S. government, definitely, we look forward to farmers also going for good stockings. We did see that they have been quite well as far as stocking was concerned in the months of July and August.

But at the same time, we have to see the disease part, which also could -- would be playing a major role of how the supply will eventually pave out to be. So we also noticed some distress harvest happening as we speak. So because of the weather conditions, which are there with the cyclonic weather, which is there.

So there are multiple factors, which are affecting the supply side, not just the global uncertainties because of tariff announcements from one country. So there are also some inherent issues, like I mentioned, within the -- I mean, at the farm level, whether it is disease, climate problem -- I mean, weather problems and all that. So we are a little bit carefully observing. Of course, we continue to source our product even in a limited supply conditions currently.

But we expect this to be continuing like this, maybe some improvement in supply should be there sometime in October or November, but we'll have to see eventually how it will be for the rest of the year. We believe there will be -- there should -- once the proper announcements are made from USA or when the uncertainties ease out, we believe there will be more active stocking by the farmers.

And if they are supported by a good climate pattern, then -- weather pattern, there should be success also in the crop. Most likely, that will be more for the early part of 2026. That's what we believe.

**Moderator:** We take the next question from the line of Abhishek Singh from S&S Capital.

**Abhishek Singh:** Okay. Sir, I have 3 questions. The first one being, what gives us the leverage with the current set of customers in U.S. that they are ready to absorb as high as 25% to 50% tariffs for us?

**Chowdary Karuturi:** Well, because they need a replacement product, most important point is that. Not all of them, again, as we stated time and again in the past -- to the past earlier participants also. But for those customers who are not really looking at a ready replacement and an alternative source, they are willing to absorb these tariffs.

Obviously, they are definitely going to charge. Whether they're going to charge the entire 50% or whether they are going to charge part of it to the consumer level, we are not aware, which is their metrics. We don't know how their metrics work.

But end of the day, as stated, some of the customers who are looking forward for their product supply because they cannot really afford to have lack of supply. They cannot afford to have a shortage of supply and empty shelf space. So based on their needs and requirements, they are willing to absorb.

And it could be for a limited volume or it could only be to the extent of the holiday sales requirements as we stated to an earlier participant. And it may eventually change towards the end of the year or the needs for early next year, it may change.

So for now, this is more of a -- we believe it will be more of a short-term scenario. But please understand the tariffs also will take time if the government -- U.S. government changes its orders or they eventually change their decisions in due course because we are not yet charged with 50% tariffs, which will be more towards next -- sorry, October 5 onwards arrival, most likely. So we would have an idea based on that.

So we are only -- the customers will only absorb such tariffs only -- if and only they are charged. They are not going to pay 25% or 50% just because there has been an announcement. They definitely would be willing to pay only if such a cost -- actually, if such a tariff is charged by the U.S. government. So that is still -- it's still taking time. most likely it will be towards the end of September and early October. So meanwhile, if there are decision changes, it could change also.

**Abhishek Singh:** Okay. Got it. So you're saying that the implementation is yet to happen, just that because of the talks, the scenario is not as of now favorable to us, but there's a possibility that the U.S. might just go back on what they were saying earlier?

**Chowdary Karuturi:** Well, that's what we have been observing on many other fronts. Yes. So we are not having any exclusive information, but that's what we see. Everybody is noticing the same.

**Abhishek Singh:** Got it. Okay. Sir, the second one is more like a follow-up on the previous question. How long does it normally take for us to complete one cycle, which means starting from the hatchery till the export, which is completely like delivered to the U.S. market? How long does this cycle take? Is it like 6 months or so?

**Chowdary Karuturi:** 6 months.

**Abhishek Singh:** Okay. Got it. Moving to my second question is something similar to what earlier participants have asked. So I'm trying to consider the worst-case scenario where U.S. doesn't budge down on the tariffs. What are we as a company thinking of U.S. because U.S. is still around 40% of the revenue, 40% plus, if I say? Because some other companies where I have been seeing what they're doing is, they are importing it through a market, which has favorable tariff to U.S.

Like, for example, Vietnam, I think you said, has a little bit competitive, more favorable tariff compared to us. So are we thinking of such scenario? Or we are planning to diversify in such a way that U.S. share will go down and we'll start focusing on Europe because we recently got the approval?



**Chowdary Karuturi:** We will be diversifying to all other markets. And Europe will be one of the major market for sure, among the rest of the markets. And that is how we will be doing. So I specifically did not understand your first part of your question where you said about Vietnam, they having lower tariff. I just did not get what you said. Sorry. Can you repeat?

**Abhishek Singh:** Yes, please. So what I was saying is that some other companies who have such kind of global supply chain, what they're doing is they have identified those markets, which have comparatively better tariffs compared to us, and they are opening a unit over there.

For example, in our case, I think it is Vietnam, but you can correct me. And then from Vietnam, they have started supplying it out to U.S. So that way, the market stays with us, and we also get a better favorable rate compared to India.

**Chowdary Karuturi:** I do not -- sorry, we are not aware about any such entity who is doing that, the reason behind India being a preferred choice, let us say, in the U.S. market and being one of the largest exporting -- shrimp-exporting nation to the U.S. is not just got to do with a factory or a facility. It's also got to do with competitive supply being available, workmanship, also -- so in all -- it's multiple factors. It is not like one company would place a factory or a facility in another country and they can do in the same manner. Anyway, we are not aware.

As far as setting up a facility in some other country and trying to deal with the scenario, the industry scenario there, is altogether a different proposal, which our company has not considered any such or such proposal.

And we would rather be focusing on diversifying as much as possible so that not only for now, as we stated earlier, even going into the near future, we would -- if we can bring down our -- I mean, rather increase our non-U.S. sales to more than 50% non-U.S. sales, which could be any market inclusive, of course, dominated by the European Union, especially.

In many other markets, we would want to increase it to more than 50% and grow it even further. If things, like you rightly said, in a worst-case scenario, if it continues to be like this, definitely, we will have to look out for many other avenues. But definitely, one such avenue is not what you stated, of setting up a facility in another country and trying to export from there.

The market -- our -- it's not customers alone. It's also the acceptability of the product. Please understand whether it is Vietnam or Indonesia, those products are still there. They are already there. It's not like there is a dread of facilities or shortage of any processing plants in those countries.

It's -- but there are also supply constraints also in those countries, similar to how we have our own disease issues, they have their own problems. And for example, why Ecuador is still predominantly doing head-on shell-on whole product and not that are high volumes in the value addition or ready-to-eat products, which Asian countries do because there are -- they have their own problems with regard to labor pool -- access to labor pool and workmanship and all that.

So that is how -- that is why they are predominantly doing their business with China or European Union, which are their 2 major markets in head-on shell-on category, whole shrimp, which means there wouldn't be any value addition.

So similar way, I just gave you an example of how we would not be -- just because we set up a facility in another country, it doesn't mean that we'll still be able to retain our market. That has -- this is not -- in our products, that doesn't work. I don't -- we are not aware anyway. If some other company is proposing to do like that, that could be their, in fact, individual company's plan or strategy.

**Abhishek Singh:**

Actually, the company which I was -- I mean, the company which I was referring to, it's not in the same sector as us. It's more like a separate sector altogether, but that's the approach what they were taking out.

Just last question. I was reading somewhere that the government, the Andhra government is planning to start some marketing campaign where they are trying to do a seafood consumption boost within India like any CC, which we've done for the eggs, I believe. Are we seeing any such initiative going on ground because online, we'll see a lot of things, but on ground is something happening?

**Chowdary Karuturi:**

Yes. On ground, the proposals are there by the government of Andhra Pradesh, but the sector -- the processing sector has not really shown much interest into that because that's not an immediate solution and definitely, it will take more than a decade for any such plan really come up -- such project to take off.

And as far as our facilities are concerned, they are all geared up for export markets and the capacities what they are, the capabilities what are there. So on ground, the proposals have been muted by -- that has not -- that's more to do with the government department and the primary producer level at the farmer level.

We do not know how they will eventually be taking up that task. That's more of trying to grow the consumption domestically, which we are not aware much about. But as we said, we are focused more on the export side.

And we'll continue to focus on the export side because that is where the volumes and quality products from our facility are having a better demand, let us say. That's how I'll put it. I'll not go into much details into that.

**Moderator:**

We'll take the next question from the line of Dinesh, an Individual Investor.

**Dinesh:**

So my question is with respect to the margins, so -- and the transportation costs, can you comment on that going forward, if we are focusing on shifting our shipments to outside U.S., then how would the transportation or other costs, which may impact our margins going forward? Any comments on that, please?

**Chowdary Karuturi:** Yes. Definitely, the transportation costs would be lesser compared to USA. Of course, depending on our volume to Canada, there could be some here and there, there could be a little -- that is to those shipments only.

But overall, when we grow our non-U.S. sales, and more to European Union, our transportation -- our freight costs, like you rightly mentioned, they will be much lesser for sure comparatively. U.S. definitely has the most highest freight cost. So maybe 1 or 2 destinations of Canada are having similar freight cost, but for us, where we are mostly focused on European Union, the freight costs are far lesser compared to USA.

**Dinesh:** Got it. Sir, one more question, which was earlier asked by another participant. So in adjacent to that. So government support, I mean, what kind of government support, which the shrimp industry as a whole is expecting? And I mean like do we have any positive confirmation that this will be definitely be brought in by government and which will improve our sales or margins or...

**Chowdary Karuturi:** Yes. As we -- I have stated earlier, various proposals have been given to the Ministry of Commerce. And that is whether it is related to freight assistance or whether it is related to increase in the indirect taxes being reimbursed because as of today, all the indirect taxes are not fully reimbursed to the industry.

So on different fronts. So those proposals have been submitted. And that is being currently being deliberated between the Ministry of Commerce and Ministry of Finance. As and when we get to know, we will have that information. We will keep everybody informed for sure. And we are confident that when we know you will also know because it's all in the public domain.

So there is support mechanisms have been -- I mean, support plans have been proposed to them, both on the freight part, freight component, for example, for U.S. market or also reimbursement of other input -- indirect taxes, also some on the financing part. But again, as we stated, there are different proposals given and such proposals eventually have to be confirmed by the respective ministries in the central government.

**Dinesh:** Sir, what is our margin expectation for upcoming quarters, sir? I mean if you can throw us a picture. So are we expecting in the same lines or to improve or...

**Chowdary Karuturi:** Well, as far as margin expectations, we will -- I think we have been stating from the beginning, there are also uncertainties, which have been increasing with this tariff environment and supply situation, which has also changed, especially over the past few months with all these happening.

But considering that our customers are willing to absorb part, some of the customers are willing to absorb the tariffs, but at the same time, here, the supply situation also, we'll need to see how it goes. But if the scenario is similar to how it was during Q1, obviously, the margin could maintain.

But at the same time, you also have to keep in mind our costs, which are there, how much -- to what extent we are able to bring down our costs, especially during this time when the supply is low, is also very vital and it is very important.

So we will be working in that direction also to minimize our cost to the best possible, and to maintain our margin -- current margins as it is. So we'll have to see because it's too much of uncertainties. I believe you should be able to understand in our various comments, which we have made -- we have been making from the beginning of this call. Please understand on that.

**Moderator:** As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

**Chowdary Karuturi:** Thank you one and all for making it to our quarterly investor call of Q1 FY '25 -- sorry, FY '26, and have a good day, and we'll keep you updated as and when any news is made available. Thank you.

**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.