



Sharat Industries Ltd

India's Oldest Integrated
Aquaculture Company

Hatchery | Farm | Feed Mill | Processing Plant

Investor Presentation
Q3FY2024



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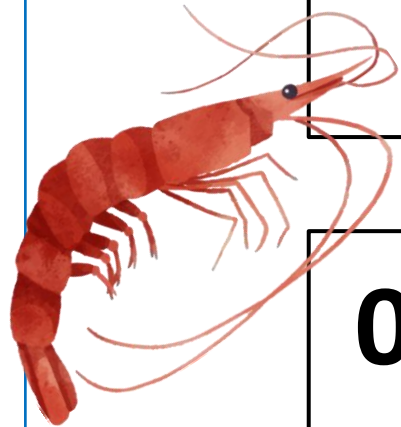
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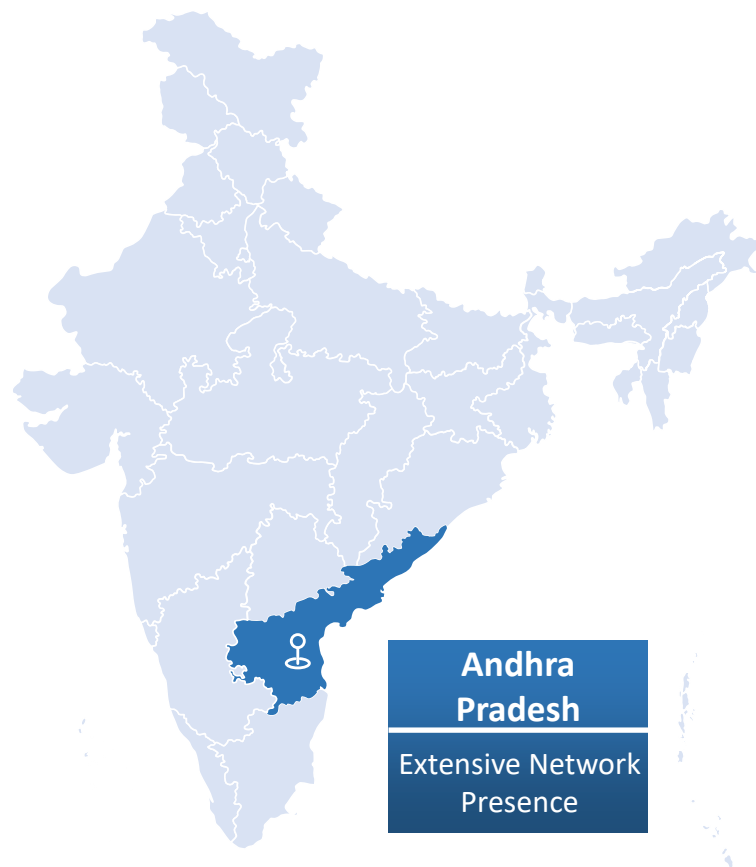
Industry Overview

- ☐ Global Industry
- ☐ Indian Industry





Strategically located



1990

Year of Establishment

25+

Export Customer Base

30+

Domestic Customer Base

10+

Export Countries

500

Acres Land

A pioneer in introducing Vannamei (white shrimp) breeding and culture in India which was instrumental in the revival of aquaculture industry in India in 2009.

Sharat Industries' business divisions and their offerings

Business divisions	Capacity (Per year)	Offerings
Hatchery	500 million seedlings	<ul style="list-style-type: none"> Produces Vannamei seedlings (First hatchery in the country to have introduced and nativised this species) Long-term association with SIS, Florida Uses only specific pathogen free (SPF) brood-stock to ensure stringent quality and disease resistant seedlings
Farm	2000 tonnes Shrimp	<ul style="list-style-type: none"> 500 acre farm located on the coast of the Bay of Bengal Proximity to sea enables the use of sea water for the farming operations. Significant investment in infrastructure to mitigate risk and increase output at farm level.
Feed Mill	22,500 tonnes	<ul style="list-style-type: none"> Produces high quality and nutritional shrimp feed marketed under VANNASTAR brand and widely accepted by farmers
Processing Plant	7,500 tonnes frozen Shrimp	<ul style="list-style-type: none"> Plant with state-of-the-art infrastructure and ultra modern processing equipment Ensures processed products are antibiotic free and high quality





Hatchery



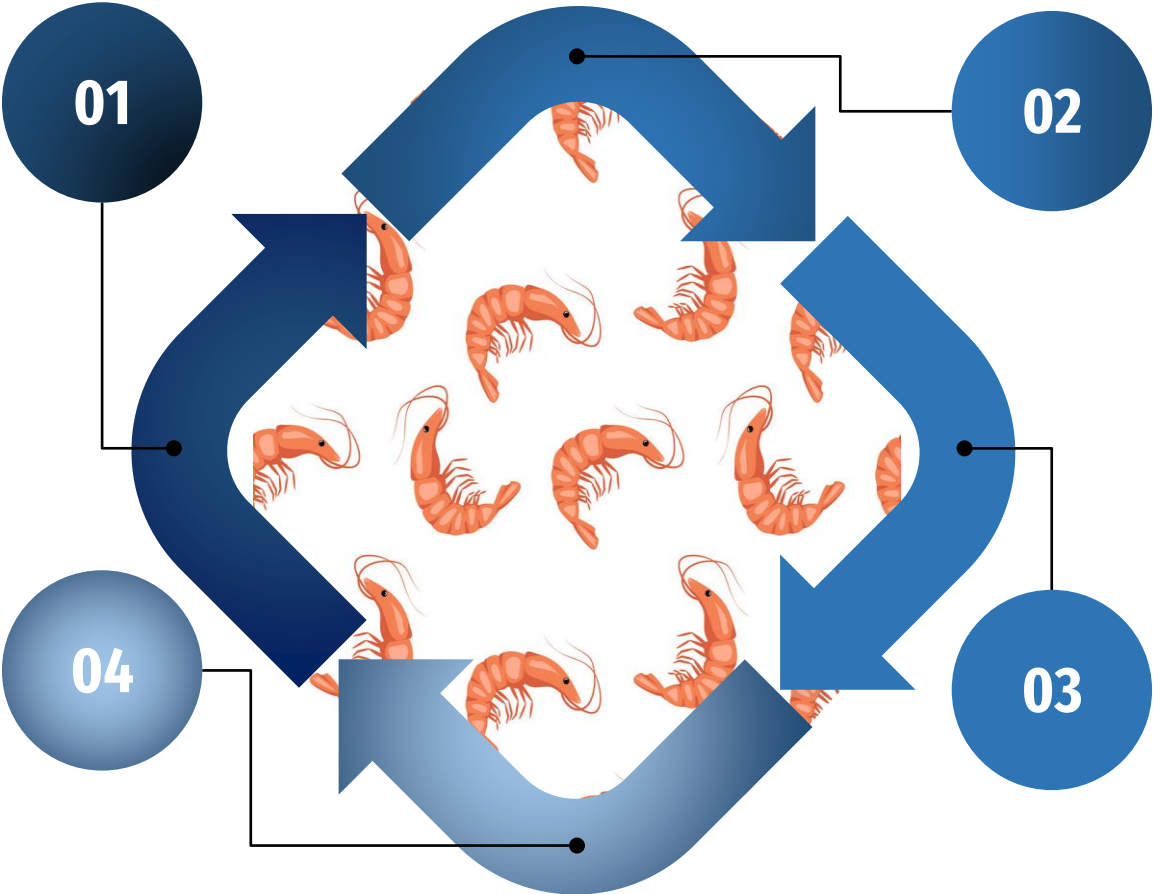
Feed Mill



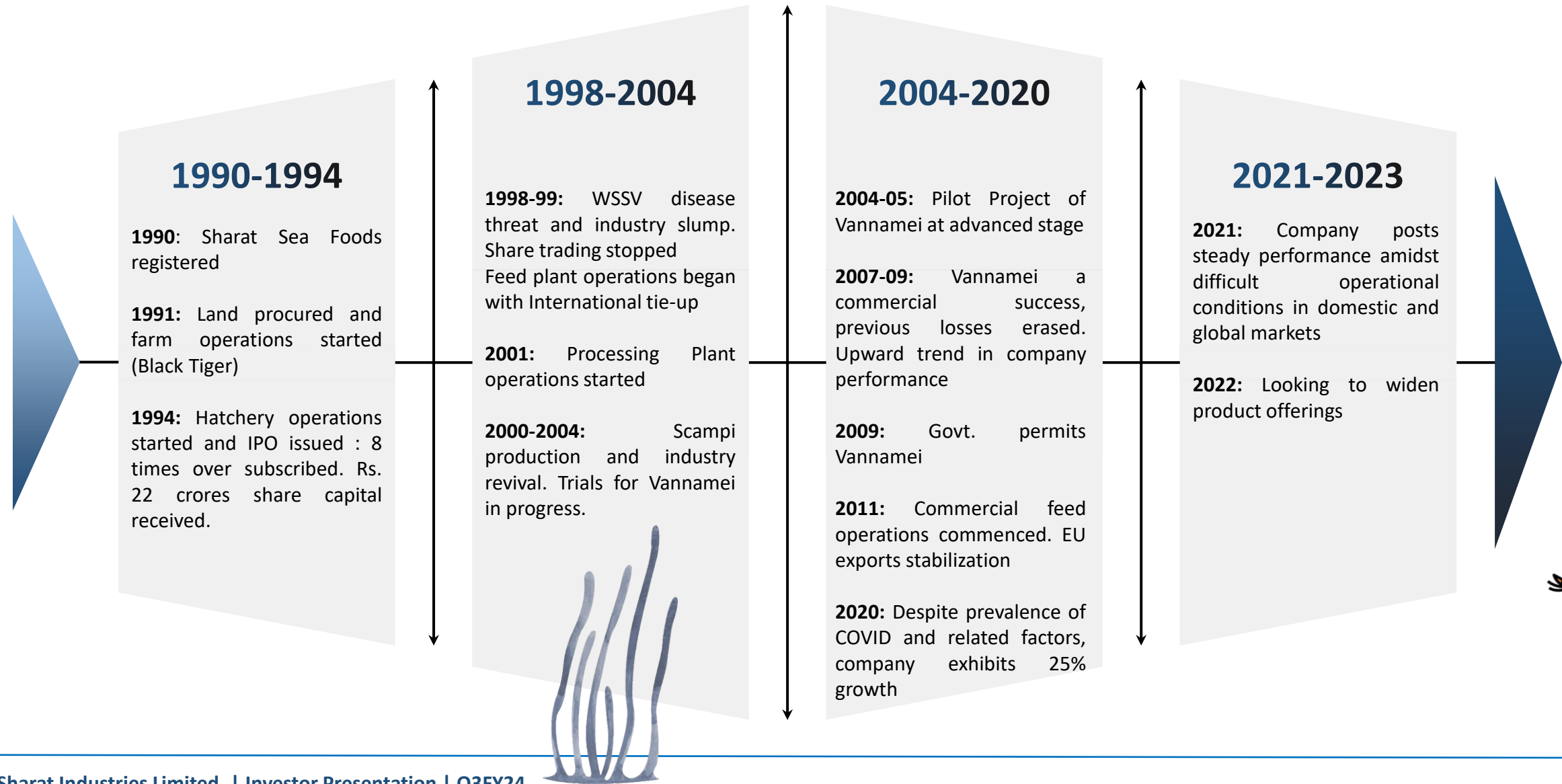
Processing Plant



Farms



Our Journey





Mr S Prasad Reddy

Managing Director

Qualification:

- Post-graduate in Sociology from Jamia Millia Islamia (University in Delhi)

Professional work experience:

- A first-generation entrepreneur with nearly 4 decades of experience, he is considered as a visionary in the seafood sector and was instrumental in conceptualizing and setting up Sharat Industries Ltd as an integrated aquaculture company.
- He is widely regarded as a pioneer in the sector owing to his efforts in introducing the Vannamei Species of Shrimp in India, spurring a revolution in the aquaculture industry.



Mr S Sharat Reddy

Executive Director

Qualification:

- Bachelor's Degree in Mechanical Engineering from College of Engineering, Guindy
- Master's degree in Industrial Engineering and Operations Research from: Pennsylvania State University (USA)

Professional work experience:

- Sharat has been involved with operations at SIL since the last 10 years.
- He is currently responsible for creating the roadmap for the future of SIL, driving strategy, and implementing operational priorities aligned with the overall organizational growth.
- Sharat has a holistic understanding of finance, management, operations, and sales/marketing and has played a key role in the growth of the company over the last 5 years.
- He is focused on innovation and leveraging technology for higher efficiency in the business.



A top-down view of a variety of fresh seafood, including salmon, mackerel, sea bream, octopus, shrimp, and scallops, garnished with lemon wedges and herbs, arranged on a dark, textured surface with smooth stones.

Quarterly Financials

Performance Highlights - 9MFY24

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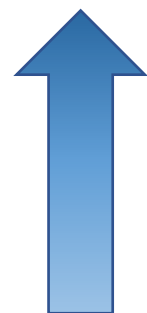
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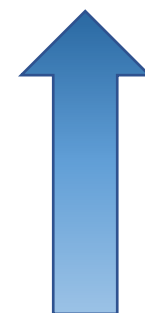
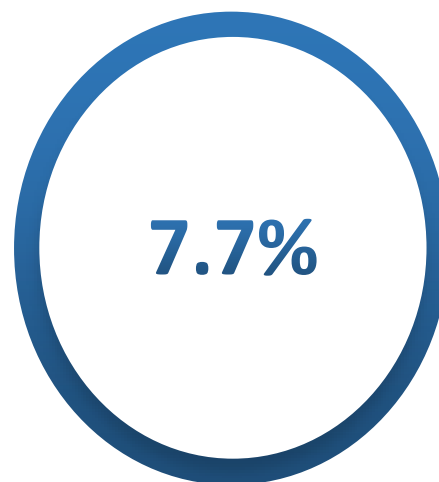
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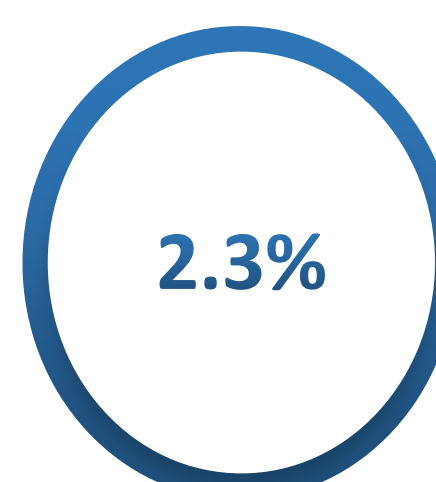
2.9%
YoY

EBIDTA



+117 bps
YoY

EBIDTA Margin



+4 bps
YoY

PAT Margin

Summary of Quarterly Financials

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Rs crore

Particulars (INR Crore)	Q3FY24	Q2FY24	Q3FY23	YoY%	QoQ%	9MFY24	9MFY23	YoY%
Revenue from Operations	60.8	96.8	85.3	- 28.8	- 37.3	237.5	269.9	- 12.0
Other Income	0.1	0.4	1.5	- 94.1	- 78.5	0.7	3.1	- 76.5
Total Income	60.8	97.3	86.9	- 29.9	- 37.4	238.2	273.0	- 12.8
Total Expenditure	56.1	89.6	80.9	- 30.7	- 37.5	219.9	255.2	- 13.8
EBITDA	4.8	7.6	6.0	- 20.1	- 37.2	18.4	17.8	2.9
EBITDA Margin (%)	7.9%	7.8%	6.9%	97 bps	3 bps	7.7%	6.5%	117 bps
Depreciation	1.2	1.2	1.1	10.6	- 1.1	3.5	3.1	12.3
Profit Before Interest & Tax	3.6	6.4	4.9	- 26.6	- 43.8	14.9	14.7	0.9
Interest	2.4	2.5	2.4	- 1.2	- 4.7	7.2	6.1	18.2
Profit Before Tax	1.2	3.9	2.5	- 51.3	- 68.9	7.6	8.6	- 11.4
Tax	0.3	1.1	0.7	- 55.6	- 72.1	2.1	2.4	- 12.0
Profit After Tax	0.9	2.8	1.8	- 49.7	- 67.7	5.5	6.2	- 11.2
PAT Margin (%)	1.5%	2.9%	2.1%	- 59 bps	- 140 bps	2.3%	2.3%	4 bps
EPS (Rs) (calculated on PAT)	0.38	1.17	0.76	- 49.7	- 67.7	2.31	2.60	- 11.2

Note: EBITDA is before Other Income and is the Core Operating Income



Value Proposition & Growth Drivers



Competitive advantage

- » Three decades of experience.
- » Strong brand recall.
- » Strategically located aquaculture farm and processing plant ensuring freshest quality shrimp for processing.
- » Well-integrated farmer network to ensure product traceability and the procurement of healthy, antibiotic-free shrimp.
- » Vertically integrated to ensure quality of the product at every stage.

Operational highlights

- » The export division contributes to roughly two thirds of the overall revenue.
- » Feed division contributes to approximately 25% of the overall revenue. Farm and hatchery contribute to the rest.
- » Exports Sales to grow at 15-20% CAGR over the next 5 years.
- » Company constantly focusses on R&D to improve operational efficiency of divisions and overall product quality.

Product portfolio & certifications

- » A range of 10 raw and 3 Cooked White-Shrimp products, as per customer's specifications.
- » 4 broad varieties of Shrimp feed.
- » Unwavering focus on quality with following certifications – EIC, HACCP, ISO 22000 : 2005, BRC - A Grade, FDA, BSCI, BAP 4 Star, EU approved.
- » FSSAI approval for the process plant lays a platform for future sales of frozen shrimp in the domestic market.

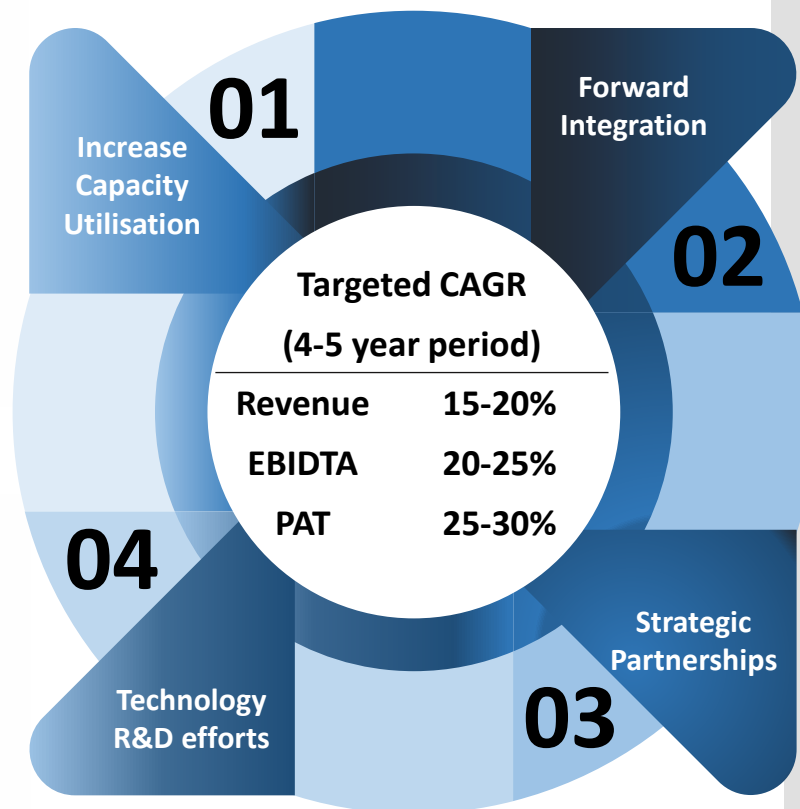


Increase Capacity Utilisation

- ❑ Forward integration and strategic partnerships will help increase capacity utilisation to 90% over the next 3-5 years
- ❑ Will create significant operating leverage in the business
- ❑ Improve overall margins by 200 bps over the next 3-5 years

Technology; R&D efforts

- ❑ Technology based interface for operations
- ❑ Improve supply chain & end traceability for products
- ❑ Pilot farming with UAL Biotech for improved output despite extreme weather.
- ❑ Collaborate to setup a RAS farm (Recirculating aquaculture System) which will help cater up to 50% of overall demand at its processing systems.
- ❑ Taken measures to improve biosecurity thereby reducing risk of disease & shrimp mortality



Forward integration

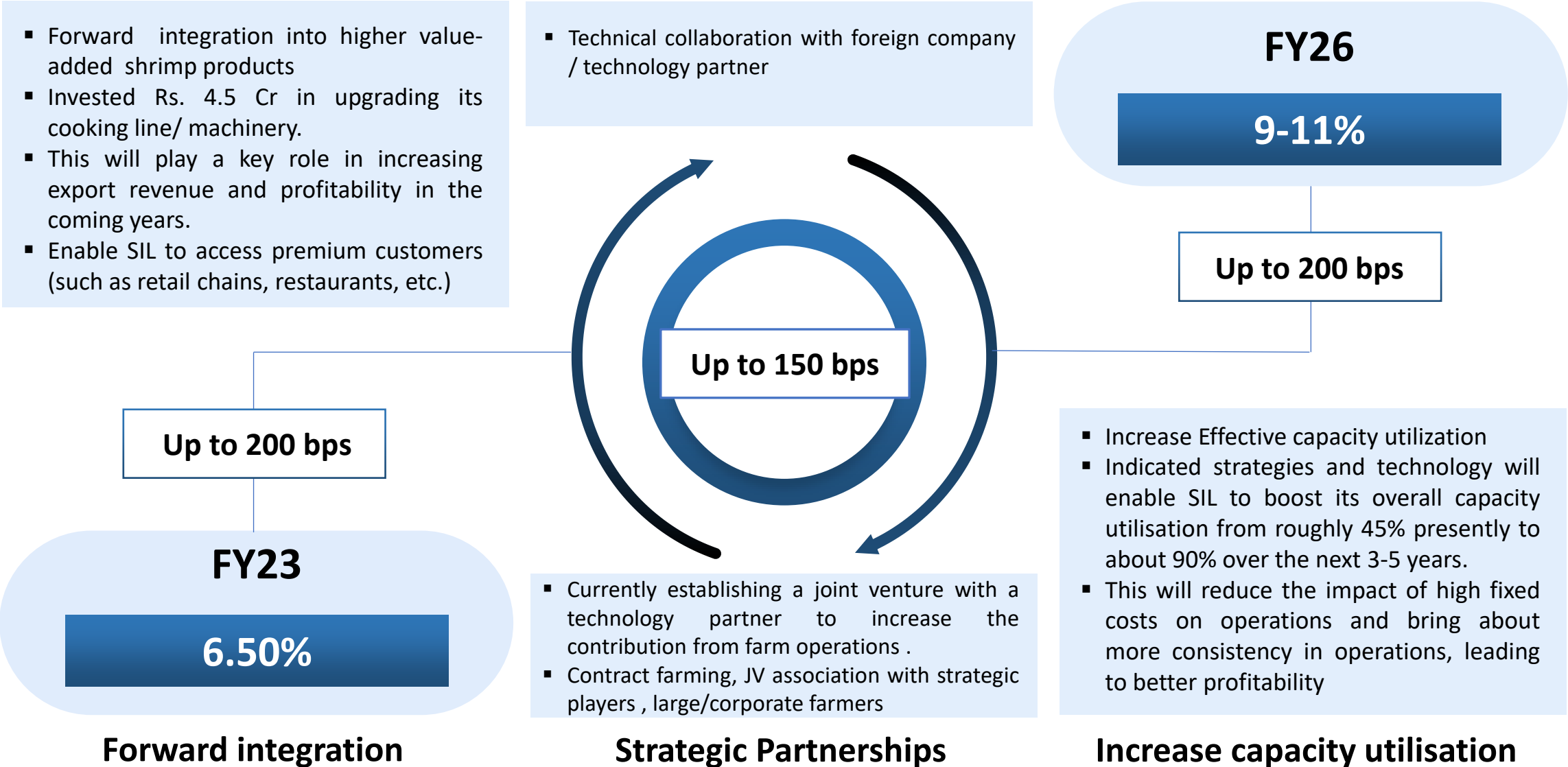
- ❑ Higher value added products
- ❑ Invested Rs 4.5 cr to upgrade cooking line / machinery
- ❑ Opportunity to enhance exports
- ❑ Opportunity to target premium customers
- ❑ Improve overall margins by 200 bps over the next 3-5 years

Strategic partnerships

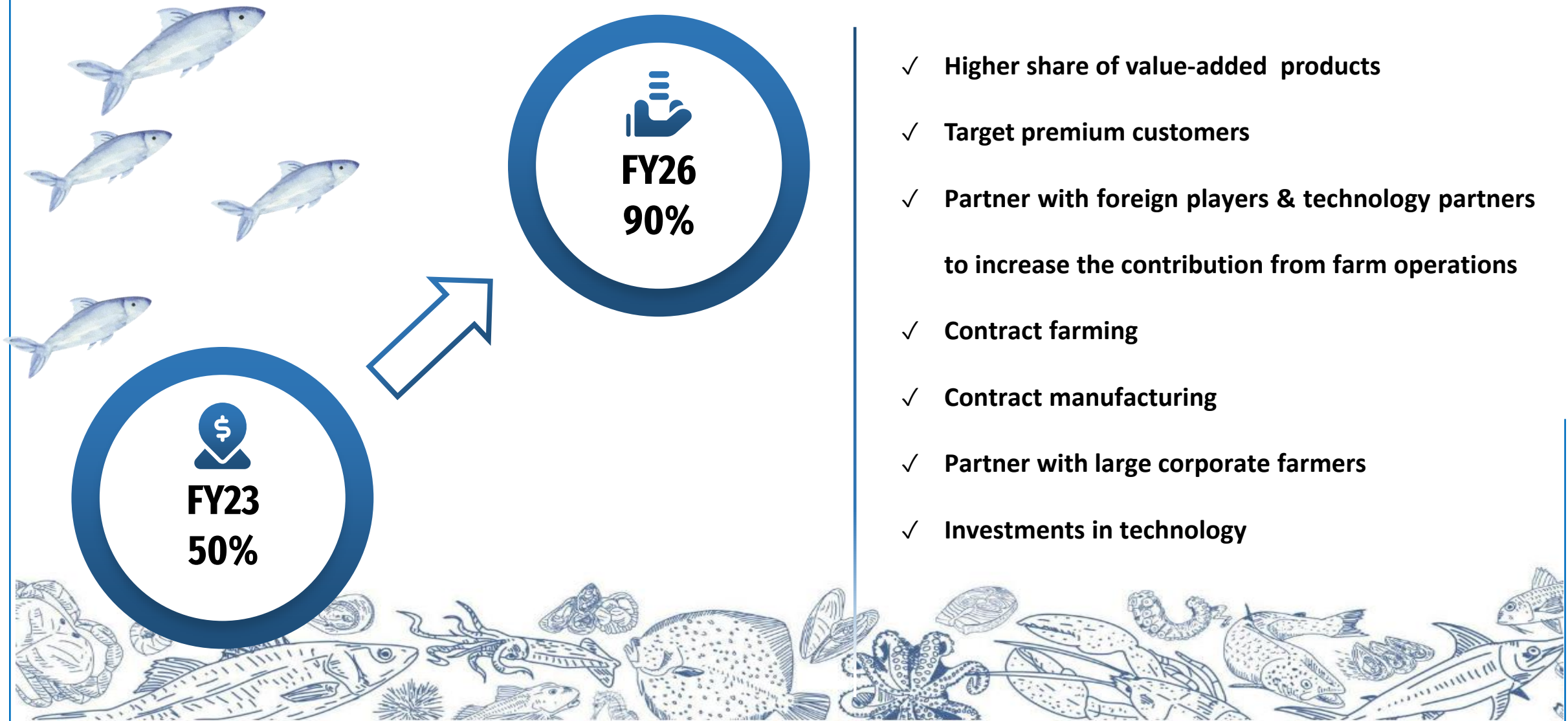
- ❑ Technical collaboration with global / international players to increase capacity utilisation of farm operations
- ❑ Contract farming
- ❑ JV with strategic players / large corporate farmers
- ❑ Improve overall margins by 150 bps over the next 3-5 years



Key factors that will drive EBITDA Margin



Key factors driving Capacity Utilisation





01

Combining Technology & Innovation

By leveraging technology, SIL aims to improve the operational efficiency across the various divisions of its supply chain.

02

End to End Traceability

For its processed products through software & a series of IOT devices. Use of blockchain technology will improve data transparency in both domestic & exports market

03

Renewable Energy

To run existing operations, thereby taking significant steps towards macro-level sustainability. With sufficient captive consumption capacities / requirement and vast extent of land available, the company is likely to adopt these measures during the next 2 financial years.

04

Boost in R&D

SIL will collaborate with UAL to setup a RAS project in its premises. This will enable SIL to rapidly expand its shrimp production in the near future to cater to up to 50% of its overall demand at the processing division.



Strengths

- ❑ Robust farmer network ensures accurate product traceability and the procurement of healthy, antibiotic-free shrimp.
- ❑ Strategically located in Andhra Pradesh.
- ❑ 500 acres of land with 94% dedicated to farm.
- ❑ 3 decades of experience.
- ❑ Strong relationships with supply chain partners.
- ❑ Company has one of the largest shrimp farms in India that has the capacity to farm over 2000 tonnes of shrimp annually.

Opportunities

- ❑ Increased export offerings.
- ❑ Strategic partnerships for improved operational efficiency in the shrimp farming & seafood processing sectors.
- ❑ Enhanced productivity & profitability with the help of technological advances coming through at the farm level.
- ❑ Product development at the seafood processing division to delve further into value-added production to augment profitability in the export and domestic markets.



Weaknesses

- ❑ Disruptions in supply chains restricts the movement of goods, which, in turn hinders the distribution and manufacturing of various seafood products.
- ❑ Lower capacity utilization.
- ❑ Scope to improve use of technology to improve productivity.
- ❑ Lower margin profile versus peers.

Threats

- ❑ Sharp Jump in production from Ecuador, which was lower in production vs India, but is now higher in production in the current year, threatens to keep pricing under pressure thereby impacting overall margins.
- ❑ Cyclones or other weather conditions impacting productivity and output from our farms.
- ❑ An unprecedented increase in international ocean freight, with a dearth of liners, which can adversely affect freight cost
- ❑ Increase in pricing of certain critical commodities can lead to increase of feed manufacturing costs.





Annual Financials

Summary of Annual Income Statement

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Rs crore

Particulars	FY19	FY20	FY21	FY22	FY23
Income from Operations	195.65	201.7	252.8	248.1	336.0
EBIDTA	12.42	13.3	13.08	14.51	21.91
EBIDTA Margin (%)	6.3%	6.6%	5.2%	5.8%	6.5%
Profit After Tax	2.89	1.8	2.61	3.46	6.54
PAT Margin (%)	1.5%	0.9%	1.0%	1.4%	1.9%
Earnings Per Share (Rs)	1.32	0.82	1.19	1.53	2.74

Summary of Annual Balance Sheet

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Rs crore

Particulars (INR Crore)	FY21	FY22	FY23
Equity and Liabilities			
Equity			
Equity Share Capital	22.0	23.9	23.9
Other Equity	35.4	46.4	54.8
Total Equity	57.4	70.4	78.7
Non-Current Liabilities			
Financial Liabilities			
- Borrowings	17.0	12.3	10.5
- Other Financial Liabilities	5.6	4.8	5.0
- Trade Payables	1.8	0.8	0.2
Provisions	0.1	0.1	0.3
Deferred Tax Liabilities (Net)	1.1	1.4	2.3
Total Non-Current Liabilities	25.6	19.5	18.3
Current Liabilities			
Financial Liabilities			
- Borrowings	64.7	76.9	78.8
- Trade Payables	26.7	12.6	16.0
- Other Financial Liabilities	0.0	0.0	0.1
Other Current Liabilities	0.1	1.0	0.2
Provisions	6.4	5.8	5.7
Total Current Liabilities	98.0	96.3	100.8
Total Equity and Liabilities	181.0	186.2	197.8

Particulars (INR Crore)	FY21	FY22	FY23
Assets			
Non-Current Assets			
Property, Plant & Equipment	42.3	45.9	49.3
Capital Work-In-Progress	2.1	2.5	1.4
Intangible Assets	0.0	0.0	-
Intangible Assets under development	-	-	-
Financial Assets	-	-	0.0
Deferred Tax Assets	-	-	-
Other Non-Current Assets	2.5	2.5	2.5
Trade Receivables	4.8	5.2	4.4
Total Non-Current Assets	51.7	56.1	57.6
Current Assets			
Inventories	65.3	54.9	55.1
Financial Assets			
- Investments	-	-	-
- Trade Receivables	41.8	56.6	56.0
- Cash & Cash Equivalents	1.5	4.6	8.5
- Bank Balances other than cash	2.9	1.0	3.5
- Others	8.7	3.9	4.7
Other Current Assets	9.0	9.0	12.3
Total Current Assets	129.3	130.0	140.2
Total Assets	181.0	186.2	197.8



Seafood

Industry Assessment



Global Seafood Industry

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Seafood market to grow at a CAGR of 2.9% during 2022-30

Seafood products are classified as:

- Capture fisheries - aquatic species from natural water bodies
 - such as the sea, lakes, ponds, etc.
 - Aquaculture - species cultivated in aquaculture farms under controlled conditions in marine, fresh or brackish water
- ❑ The global seafood market size was valued at USD 163.1 billion in 2021 and is projected to surpass around USD 210.4 billion by 2030 with a notable CAGR of 2.87% from 2022 to 2030.
 - ❑ The highest contributor to the market was the fish segment with \$101.5 Billion in 2019, and is projected to reach \$125.9 Billion by 2030, at a CAGR of 2.7% during the forecast period.
 - ❑ It's demand is rising because of rising population and incomes, availability of a variety of fish, rising awareness of health benefit from high protein content, and improving infrastructure of supply channels (cold chain).

Source: [Seafood Market Size to Surpass Around USD 210.4 Billion by \(globenewswire.com\)](https://www.globenewswire.com/press-release/2022/01/26/2508881/0/en/Seafood-Market-Size-to-Surpass-Around-USD-210.4-Billion-by-2030-report-seeker-analysis)

Indian Seafood Industry

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- India's share in global seafood trade is set to rise **from 4.1% to 6.7% by 2030** supported by the Blue Revolution.
- The industry had attained an **all-time record of US\$ 7.76 billion worth Seafood Exports** during the Financial Year 2021-22.
- Andhra Pradesh** accounted for 60% of this export basket.
- USA and China** major export destinations. EU market likely to see a rise in demand in upcoming years. Domestic market demand for processed seafood set to increase during the next 7-8 years.

4th largest
Exporter in the Global
Market

70%
Of exports are
shrimps

USD 7 Bn+
Expected Shrimp
exports in the
upcoming years

**43% : USA
15% : China
& Europe**
% of Exports of
Indian Seafood

2x
Exports by FY25
(compared to
FY22 exports)

1.2 Mn+
Hectares for Shrimp
Farming
(**14%** utilized for
farming)

8,118 Km
Of extensive
coastline across:
**9 States &
4 Union
Territories**

40 Mn+
People employed in
the Seafood Industry

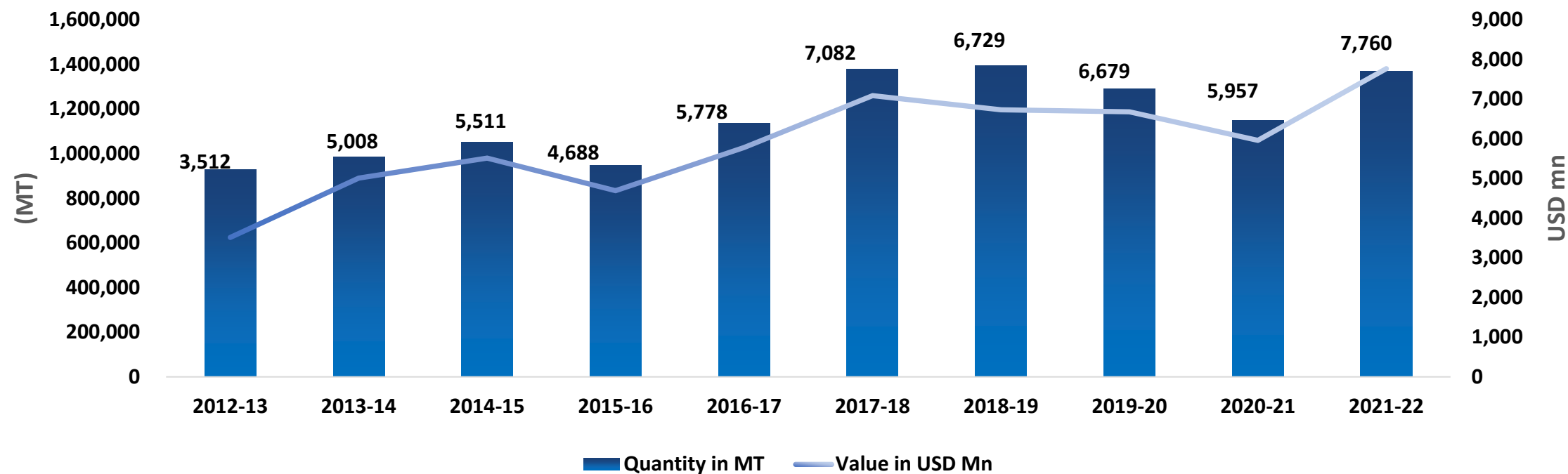
Source: <https://economictimes.indiatimes.com/news/economy/foreign-trade/indias-seafood-exports-rise-15-to-1-99-billion-in-june-quarter-official/articleshow/93526442.cms?from=mdr>

Source : Indian Seafood Industry – 23rd India International Seafood Show 2023 (indianseafoodexpo.com)

Source: India's shrimp industry adapts to COVID-19 restrictions - Responsible Seafood Advocate (globalseafood.org)



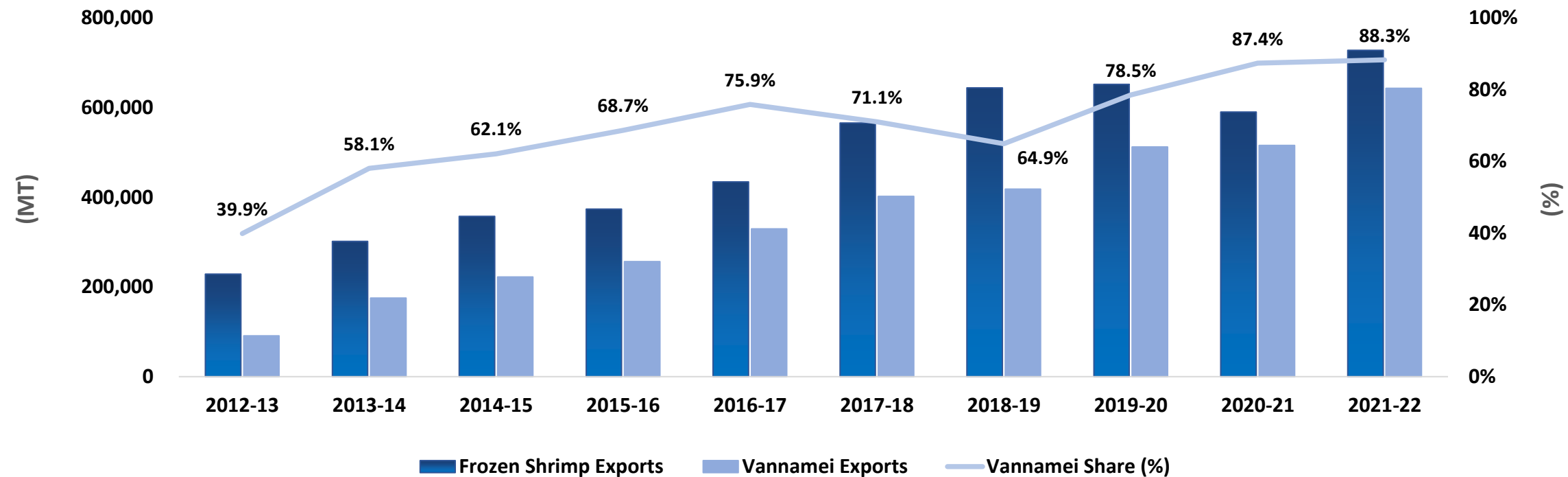
Indian Seafood Exports



Period	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Quantity in Tons	928,215	983,756	1,051,243	945,892	1,134,948	1,377,244	1,392,559	1,289,651	1,149,510	1,369,264
Growth (%)		5.98%	6.86%	-10.02%	19.99%	21.35%	1.11%	-7.39%	-10.87%	19.12%
USD in Million	3,512	5,008	5,511	4,688	5,778	7,082	6,729	6,679	5,957	7,760

Source: MPEDA

Indian Vannamei Exports



Period	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Frozen Shrimp Exports Quantity (MT)	228,620	301,435	357,505	373,866	434,484	565,980	644,145	652,253	590,275	728,123
Vannamei Exports Quantity (MT)	91,171	175,071	222,176	256,699	329,766	402,374	418,128	512,204	515,907	643,037
Vannamei Share (%)	39.9%	58.1%	62.1%	68.7%	75.9%	71.1%	64.9%	78.5%	87.4%	88.3%

Source: MPEDA

Thank You

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