

Sharat Industries Limited
Q4 & FY'26 Earnings Conference Call
June 01, 2026

Moderator: Good afternoon, ladies and gentlemen and welcome to the Earnings Conference Call for Q4 & FY26 for Sharat Industries Ltd.

As a reminder, all participant lines will be in listen-only mode. There will be an opportunity to ask questions after the management discussion concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” followed by “0” on your touchtone phone.

The management will be sharing the key operating and financial highlights for the quarter and full year ended 31st March 2026, followed by a question-and-answer session. Please note that this call may contain some of the forward-looking statements that are completely based upon the company's opinions and expectations as of today. These statements are not a guarantee of the company's future performance and involve unforeseen risks and uncertainties.

Sharat Industries Ltd., established in 1990 and headquartered in Nellore, Andhra Pradesh, operates across key aquaculture activities including shrimp feed, shrimp farming, and processing.

Let us now begin with the introduction of the Management Team.

We have with us today Mr. Sharat Reddy Sabbella – Executive Director, Mr. Ganesan Nilakanandan – Company Secretary and Compliance Officer, and Mr. M. Srinivas – AVP (Finance) from the company.

I would now like to request Mr. Sharat Reddy – Executive Director, to give his opening remarks. Thank you and over to you.

Sharat Reddy Sabbella: Thank you ma'am. Good evening, everyone and thank you for joining the Earnings Call for Q4 and Financial Year '25-26 of our company, Sharat Industries Ltd.

The Investor Presentation for the quarter has been uploaded on the Stock Exchange Website and our Company's Website, and we hope you have had a chance to go through the same.

As always, I would like to begin with the big picture:

This has been a year defined by movement on almost every front the sector touches, trade and tariff cycles, raw material trends, and shifting geopolitics. In that environment, our consistent priority has been to build endurance through diversification and systematic execution across markets, product mix, and sourcing.

Financial Year '25-26 tested that approach and looking back at the year gone by, I believe it has served us well. Diversification continues to remain central to our strategy. Today, our export mix is well balanced.

The US and China make up roughly 40% of our Exports portfolio. Russia, Southeast Asia, Europe, and the Middle East make up the remaining 60%. This balance is precisely what allows us to adapt when conditions shift, as they did during the year gone by.

On the external front, there are three developments I want to touch on:

1. US tariff relief has moved from indication to reality. Tariffs on Indian shrimp, which had increased up to 50%, have now been reduced to 10% with effect from February 2026. The US remains India's largest seafood market at roughly 35%-40% of export by value and typically supports strong realizations. So, this is a positive development that improves our competitiveness relative to suppliers from other countries. We are closely watching how demand normalizes and remains measured on timing.
2. The India-EU opportunity has firmed up. The FTA signed recently points to substantial tariff reductions for seafood exports from India. Our plant already carries an EU certification, and given our strong historical presence in Europe, rebuilding those relationships is a near-term priority. The benefits will accrue gradually, but the direction is clearly encouraging for the medium to long term.
3. On the geopolitical side, the conflict in the Middle East was the defining external event of our 4th Quarter, and I will summarize its impact in a moment.

Moving on to performance, coming into Q4, we had anticipated a softer quarter:

This is a period that typically sees seasonal moderation, and raw material trends were already pointing that way. What we did not anticipate was the scale of the disruption from the war in the Middle East and its effect on our sales into the region. As part of a diversified export strategy, our company typically focuses on shipments to regions in the Middle East in Q4 of each year.

With several Middle East-bound orders affected, we had to repack orders and divert shipments to alternate markets, which increased our operational costs and led to some amount of inventory build-up. Certain cargo that was already in transit had to be stalled or rerouted to ensure safety, and this had an impact to increase logistics costs. Together with the prevailing raw material environment, these factors weighed on quarterly profitability.

We see this as a largely external event-driven impact rather than a change in the underlying business.

Revenue for the quarter still grew substantially by approximately 25% year-on-year to Rs. 117.24 crore, supported by healthy export demand and continued product diversification. Moving on to the domestic business divisions, Q4 is typically the start of stocking cycles in farming operations in Andhra Pradesh as it coincides with the onset of warmer weather after monsoons towards the end of a calendar year. During such periods, demand for feed is generally higher, resulting in higher sales. This year, however, sharp increases in key raw materials such as fishmeal and soya impacted profit margins.

While the company had made arrangements to maintain healthy levels of inventory of key raw materials, the abnormal increase in fishmeal prices due to certain unprecedented reasons resulted in an increase in costs.

For the full FY25-26, the picture is considerably stronger:

Revenue from operations rose by approximately 38% to Rs. 524.7 crore versus Rs. 380.5 crore in FY24-25. Export revenue grew by approximately 23%, with export volumes up by almost 8%.

EBITDA for the year increased roughly 26% to Rs. 36.03 crore and profit after tax grew by approximately 60% to Rs. 15.90 crore, translating to an earnings per share of Rs. 4.06 crore. This reflects the operating leverage our integrated model generates over a full cycle, even when individual quarters see some turbulence.

As we look ahead, we remain mindful that raw material prices and realizations will continue to move through the cycle and the near term will depend on how trade and demand conditions settle.

That said, we stay focused on what we can control, which I would summarize in three points:

1. Building a more balanced, higher-value export mix including premium black tiger shrimp supported by new value-added products.
2. Improving processing plant utilization and unlocking operating leverage to contract farming and asset-light merchant export operations.
3. Scaling sustainably and focusing on innovation. The company is in the midst of setting up a one-megawatt solar power plant for captive consumption in its processing division. Part of the project has already been commissioned in Q4 and the balance will be commissioned shortly.

The feed division has stepped up its R&D efforts to incorporate alternate substitutes to fish meals such as insect protein to explore more cost-effective and sustainable feed manufacturing. Pilot farming projects have already been underway during the Financial Year '2025-2026 and the company intends to build on the momentum generated so far. The

company also intends to consciously explore channels to tap domestic market demand for frozen shrimp by working with established players in the sector.

In this context, we are happy to share that the company has commenced sales to Hyperpure in Q4 of FY2025-26 with the initial plan for the domestic market involving selling of base products such as raw frozen shrimp. The processing plant intends to emphasize R&D initiatives for new product development, keeping the domestic market potential and the palate of the Indian consumers in mind. Looking into FY26-27, our intent is to remain agile as ever, steering the company in the directions that best support revenue growth and market diversification as the landscape evolves.

This is underpinned by a medium-term roadmap to FY27-28 where we are targeting annual export revenues of up to Rs 1,000 crore, supported by deeper penetration in Russia and China and re-entry into the European Union and a measured build-out of our domestic and value-added portfolio.

With that, I would like to open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take our first question from the line of Shruti Desai from SK Capital. Please go ahead.

Shruti Desai: Hi. Good evening. Thanks for the opportunity. My first question is that how much business was impacted due to the West Asia conflict and have all deferred orders been redirected or recovered?

Sharat Reddy Sabbella: Good evening, Shruti. Thank you for your question. So, we had approximately 20 containers of shipments that were originally planned for exports in the Middle East in Q4. Of that, about half of those containers had to be rerouted to alternate destinations as it was advised by our customers to pause shipments considering the escalation of the war. In the other half, about five containers were already in transit, and we had to work closely with the shipping liners to ensure that they were first safe and found their way to the destinations eventually. This came at a cost. Of the remaining shipments, we currently have them as inventory, but we will be reprocessing them for alternate destinations as we speak.

Shruti Desai: Okay. Great. So, also, do we have acquired a new client, and how is the response in the newly entered market?

Sharat Reddy Sabbella: I am sorry, ma'am. Can you repeat that question, please?

Shruti Desai: Yes. So, do we acquire a new client, and how is the response in the newly entered market?

Sharat Reddy Sabbella: Okay. So, in our existing market where we have already had a longstanding presence, we have managed to add clients. For example, in Russia, we added two new clients during the year gone

by. We also penetrated a new market in the form of China for a new product range altogether, which is black tiger shrimp. In that context, we have worked with five customers so far in the year gone by and intend to penetrate the market deeper during the current fiscal. With respect to our other export markets, such as the U.S., we did not add any new clientele during the year because there was a lot of turbulence on behalf of the tariffs and certain other factors.

Shruti Desai: Okay. Yes. And also, how do you see domestic market shaping up with more competition from an organized market?

Sharat Reddy Sabbella: We do feel that the Indian domestic market has substantial potential for shrimp consumption alongside several other forms of protein. While the market has largely comprised of unorganized players so far, we anticipate that in the next four to five years, this trend is likely to change for the better in terms of more organized players coming in. We are hopeful that there will be certain government subsidies announced to ensure that distribution channels for effective cold chain solutions across the supply chain to come into place. And I think that will play a large role for companies like us or any other organized players to penetrate this market further.

Shruti Desai: So, just my follow-up last question is that how is the European market shaping up and do you see any challenges in the market?

Sharat Reddy Sabbella: Firstly, the free trade agreement that has been announced between India and the EU has been positive news for the sector at large. We have noticed through our interactions with customers at trade fairs that there is a positive sort of sentiment associated with it for the current fiscal. That being said, the EU is a large region with several countries still having to sign off on the eventual agreement. So, I think in due course of time during the rest of this calendar year, we anticipate that the agreement will come into place and with that see an increase with respect to customer demand as well as exports from our end. So, the sentiment remains positive for the medium to long term.

Shruti Desai: Okay, that's great. Thank you. Thank you so much for answering my question.

Moderator: Thank you. Next question is from the line of Yash Nisar, an Individual Investor. Please go ahead.

Yash Nisar: My first question is that in FY26, PAT grew nearly 60% year on year, significantly ahead of EBITDA growth. What are the key factors for this strong profit growth?

Sharat Reddy Sabbella: Good evening and thank you for your question. In the year gone by, what we worked on fundamentally is a few things such as market diversification with respect to exports. While the announcement of tariffs was fairly unprecedented at the start of the financial year, we had over a few years consciously reduced our dependency on the U.S. market for strategic reasons. We were able to penetrate the Chinese market for a product such as black tiger shrimp as a result of a very collaborative approach with another processor based out of the west of India.

And this enabled us to gain a lot of traction in what we believe is an important market for the aquaculture sector in India. Besides this, there was a slight improvement in our overall capacity utilization. Which enabled us to improve our profitability. And thirdly, adding further value-added products to our product mix improved certain operational margins from an EBITDA perspective. That being said, the year was also extremely volatile from a geopolitical standpoint. The sudden nature in which the tariffs were imposed, modified and eventually reduced did have a lot of impact on operations at a base level. And the escalation of the war in the Middle East was extremely unprecedented and that again resulted in certain operational expenses shooting up. So, had the year overall been more normal in terms of geopolitics, we would have been bullish of slightly better operating margins and profitability. And that being said, I think all factors considered, we still delivered a really strong performance both in terms of PAT as well as revenue.

Yash Nisar: Okay, so my second question is that with U.S. demand showing signs of normalization, what growth opportunities do you see in the market during FY27?

Sharat Reddy Sabbella: So, prior to the last few years, the U.S. had been our main market of focus. So, we do have well-established customer relations that we can build on during the current year. The reduction in tariffs definitely presented a positive sentiment as far as consumer or customer demand is concerned. So, all factors considered, we anticipate that our U.S. exports this year will scale up significantly compared to the last couple of years. With costs overall rising in the U.S. as a result of recent inflation, potential recession, etc., we do remain cautiously optimistic about these opportunities. And I think a lot will depend on how the next few months pan out. Typically, this is also the so-called season for exports from India because summer sees better demand and supply as well. So, we will be able to revisit this with a lot more clarity perhaps at the end of this quarter.

Yash Nisar: Okay, that's it from us. Thank you.

Moderator: Thank you. Thank you. Next question is from the line of Rahul Kumar, an Individual Investor. Please go ahead. Rahul, your line is unmuted. Please go ahead with your question.

Rahul Kumar: Please go ahead. Hi. My first question is how is the European market shaping up and do we still face any challenges in the market?

Sharat Reddy Sabbella: So, I think I was addressed a little while back on the previous question that somebody else posed. We do remain optimistic with respect to European demand being accessible during the course of the current fiscal. The EU-FTA trade has for the most part resulted in a positive sentiment. And I think over the next few months we will be able to see the results of that in terms of increased exports from India and specifically our company to the European region. So, we remain optimistic on this.

Rahul Kumar: And my last question is what is the expected commercial potential of the newly launched PD Curl control product? And it is initially launched in Russia. Which other market would see its potential availability?

Sharat Reddy Sabbella: So, in this specific scenario we have seen incremental EBITDA margins in excess of 5% up to almost 10% over and above our base EBITDA. Having said that, this is a product that is low in terms of its current volume and we are working closely with our customers to access more demand. It has been a steady journey for us in terms of penetrating the Russian market over the last few years and building our way up to higher value or products that generate better EBITDA. And we intend to add to this product portfolio during the course of the current fiscal. And I think this is also a sign that customers are increasingly confident of our ability to deliver on their expectations. This is something that we have built over the last few years in that market.

Rahul Kumar: Okay, noted sir. Thank you.

Moderator: Thank you. Next question is from the line of Akshat Sharma, an individual investor. Please go ahead.

Akshat Sharma: So, my first question is what is the market share in India exports?

Sharat Reddy Sabbella: Okay. Any second question or is that your only question?

Akshat Sharma: I have one more.

Sharat Reddy Sabbella: Okay. So, I will answer your first question and we will move on to the second. Our market share as far as Indian exports is concerned is currently about 0.5%. Indian exports for shrimp is typically in the region of around 50,000 to 55,000 crores. And we are ranging between 0.5% to 0.75% currently.

Akshat Sharma: Okay. And what is the market share in the feed vertical?

Sharat Reddy Sabbella: In the feed business?

Akshat Sharma: Feed vertical, yeah.

Sharat Reddy Sabbella: So, our market share there would be sub 2%. We consider ourselves to be a minority player in that sector.

Akshat Sharma: Okay, that's all. Thank you.

Moderator: Thank you. Next question is from the line of Vinod Kumar, an individual investor. Please go ahead.

Vinod Kumar: Good evening, Mr. Sharat. Congratulations on the stellar performance by your company. I have two questions for you.

Sharat Reddy Sabella: Thank you.

Vinod Kumar: Yes, go ahead. In our total product portfolio, including both raw and processed, what is the contribution from value-added products in the Financial Year '2025-2026, and what are the company's plans for the year 2026-2027?

Sharat Reddy Sabella: As far as our export portfolio is considered, value-added products made up roughly 7-10% of overall volume for the year gone by. And if all export factors remain fairly normal in terms of markets and geopolitics, we are hopeful of doubling that contribution in terms of percentage by volume.

Vinod Kumar: Thank you. I have another one. Whether the company has added any new clients or entered into new markets in the previous fiscal?

Sharat Reddy Sabella: Okay. So, as highlighted during one of the questions that I answered some time back, yes, we have added new clients. This has been across markets. So, in Russia, where we have a fairly strong presence, we added two new clients during the year gone by. In China, we have added about five new clients, primarily because of the new product that we were able to offer in that market. And the US has remained fairly stable in terms of no new client addition, but we remain optimistic about that during the course of the current fiscal.

Vinod Kumar: Thank you. Thank you for your answers. Thank you.

Moderator: Thank you. Ladies and gentlemen, to ask a question, please press "*" and "1" on your phone. Next question is from the line of Shreya Shah, an Individual Investor.

Shreya Shah: My question is, what are future risks you foresee and how are we building ourselves to mitigate the impact?

Sharat Reddy Sabella: Okay. Firstly, thank you for your question. At this current standpoint, I would say that a lot of the risks are associated with how stable the macroeconomy looks for the world at large. Typically, the kind of business that we are in benefits from stability in terms of geopolitics, tariffs, and certain other potential trade barriers. So, in the short term, I think raw material pricing being volatile across the spectrum is a risk for the sector. And weather also being erratic, I think there are certain reports that there could be intense weather during the rest of the calendar year this year. So, considering that we are in the livestock business and where the product is largely farm-based, we do anticipate that weather can also play a role with respect to operational risks.

Shreya Shah: Okay, thank you. My next question is, where do you see the company maybe three years down the line,

Sharat Reddy Sabbella: Thank you. We intend to grow as healthily as possible, both in terms of revenue and profitability. We intend to collaborate with other like-minded participants in the sector, whether that's on the supply side or, let's say, even forging connections with like-minded customers because the aquaculture business and shrimp in particular has quickly transitioned into a commodity business. And this is the sort of scenario where long relationships that are built on trust can help all channel partners endure any volatilities. We are hopeful that the domestic market in India can open up so that all players from the sector can see and seize the India opportunity with a vast growing population that is sizably protein deficient. We feel that as a sector and as a company, we can provide solutions to that opportunity. As far as the exports division is concerned, we will continue to maintain a fairly diversified export portfolio in terms of region and hopefully continue to add to our product mix with each passing year.

Shreya Shah: Okay. Thank you, sir. for the opportunity.

Sharat Reddy Sabbella: Thank you.

Moderator: Thank you. Ladies and gentlemen, to ask a question, please press "*" and "1" on your phone. Next question is from the line of Kundan Jalan from Globe Wide Overseas India. Please go ahead.

Kundan Jalan: Good evening. Thank you. Congratulations on the FY26 Results. My question is regarding the raw material price increase for the feed division. What are the strategies you are planning in the upcoming months to combat this?

Sharat Reddy Sabbella: Okay. Thank you for your question. So, as mentioned earlier, there has been an unprecedented increase in certain key raw materials for the feed division, primarily in the form of fish meal and subsequently in the form of soya. As an industry, we are actively working with other industry partners to see how we can try and find alternatives with respect to the pricing circumstances. We understand that a steep increase in fish meal price has been on the backdrop of global demand for fish meal rising and a lot of exports happening from India. So, we made representations to the government as an association and we are hopeful that the government can intervene to give us and the rest of the sector some relief. That being said, as a company, we have been making some initiatives to have alternatives for fish meal because we did foresee that in the long term, sustainability with respect to fish meal had its own challenges. So, we had initiated a pilot project in terms of R&D where we have substituted a portion of the fish meal with insect protein and this initiative has been more than a year old with results mostly at the farm level being quite successful and encouraging. So, that is one strategy that we intend to use to mitigate the costs. That being said, we also work quite closely with a lot of farmers as part of our contract farming initiative and they do understand the situation that the whole sector is currently facing. So, some amount of the costs are being passed on to our channel farming partners but we intend to pass on better realizations to them by ensuring that at the exports level, we generate better contracts with improved margins.

That being said, we are all hopeful that this abnormal increase in price is a temporary phenomenon and that there could be some corrections in the near future.

Kundan Jalan: Thank you so much.

Moderator: Thank you. Participants who wish to ask a question, may please press “*” and “1” now. Ladies and gentlemen, to ask a question, please press “*” and “1” on your phone now. As there are no further questions, I now hand the conference over to Mr. Sharat Reddy – Executive Director for Closing Comments. Over to you.

Sharat Reddy Sabbella: Thank you ma'am. Firstly, I would like to thank everybody for participating in today's earnings call. While the circumstances overall from a geopolitical standpoint have remained fairly uncertain, I think as a company, we have delivered strong results in the financial year gone by. And for this, we are thankful to all our channel partners, our customers and our vendors. And the key contributors are also the employees who stood by us during all these difficult times. We are hopeful that the circumstances at a global level will improve in the near future. I think all of us as a nation are following the news closely as we speak. And while this current financial year may have certain unprecedented challenges, I think our ability to pivot swiftly and adopt an agile approach to opportunities or problems has benefited us in the past and will continue to be our strength in the present and the near future. So, once again, I would like to thank everybody for your time and hope to have better conversations in the next quarter. Thank you.

Moderator: Thank you. Ladies and gentlemen, on behalf of Sharat Industries Limited, that concludes today's session. Thank you for your participation. You may now disconnect your lines.