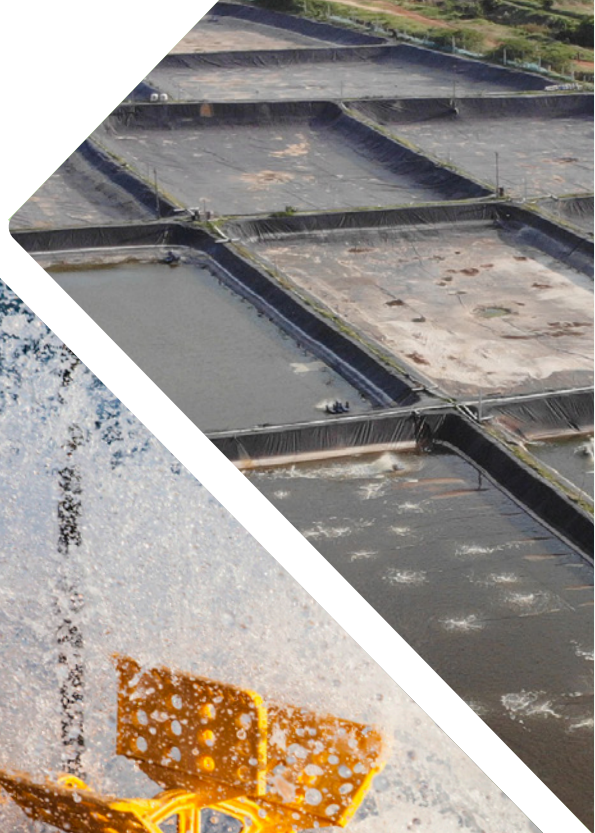




SHARAT INDUSTRIES LIMITED

32nd Annual Report
2021-2022



**Perseverance
through
Innovation**



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FY 2021-22 was a challenging year for Sharat Industries Limited. Despite the extreme circumstances in many parts of the year, the company delivered a strong performance, registering better profitability while generating a similar revenue compared to the earlier year. This was possible mainly because of data driven decision making, teamwork and a substantial amount of courage and perseverance.

Moving forward, the company intends to achieve growth through strategic collaborations, innovation and a higher focus on sustainability in its operations.

The company believes that technology will play a major role in fueling growth, efficiency and long term consistency. Hence, it will continue to invest time and resources in those areas to ensure a bright future for the organisation and its stakeholders.



Corporate Information

Board of Directors

1. **Mr. S. Prasad Reddy**
Managing Director
2. **Mr. S. Sharat Reddy**
Whole Time Director (ED)
3. **Mrs. Durga Thota**
Independent Director
4. **Mr. Ch. Kishore Kumar**
Independent Director
5. **Mr. Harihar Venkata Muthyam**
Independent Director
6. **Mr. P. Shanmugam**
Non-Executive Director

STATUTORY AUDITORS

M/s A.R Krishnan & Associates,
Chartered Accounts.

INTERNAL AUDITORS

P.S.S & Co., Chartered Accounts

SECRETARIAL AUDITORS

M/s. Amresh & Associates – Practising
Company Secretaries

CHIEF FINANCIAL OFFICER

Mr. B. Durga Prasad

COMPANY SECRETARY AND COMPLIANCE OFFICERS

Mr. B. Vignesh Ram – Up to 11th January 2022
Mrs. R. Jasvadhya- From 27th May 2022

BANKERS

THE FEDERAL BANK LIMITED
AXIS BANK LIMITED

REGISTERED OFFICE

Venkannapalem Village T.P Gudur Mandal
SPSR Nellore District
Andhra Pradesh - 524 405

CORPORATE OFFICE

Flat No.4, Third Floor, Pallavi Apartments
No. 57/11 HDFC Bank Compound
First Main Road, R.A Puram
Chennai - 600 028

FEED MARKETING OFFICE

Flat 2B, 2nd Floor, Block B
Sea Doll Apartments, Nowroji Road
Vishakapatnam

REGISTRAR AND SHARE TRANSFER AGENT

M/s Cameo Corporate Service Limited,
Subramanian Building,
No. 1 Club House Road
Chennai 600 002

We Are An Integrated Aquaculture Company

Sharat Industries Limited is one of India's oldest vertically integrated aquaculture companies with operations across shrimp hatchery, farming, shrimp feed manufacturing, shrimp processing and cold storage.

We are the pioneers in Vannamei (white shrimp) culture in India and have played a critical role in the revival of the shrimp industry in India. This was the result of tremendous amount of effort in this direction over a period of 4 years.

We offer a wide range of frozen shrimp products that meet stringent quality standards to leading food services clientele across the globe. The vertically integrated supply chain ensures that premium quality products at every level are combined to generate shrimp of the highest quality.

Our Competitive Advantage

Through supply of good quality feed and seed, we have a symbiotic relationship with our network of farmers, who are an integral part of our supply chain. Our Competitive Advantage

quality standards and supply reliability. Our feed has high nutritional value facilitating cost-effective shrimp growth. Our processed shrimps are antibiotic-free and certified by leading global certification agencies.

With over 23 years of experience in the production of Shrimp feed, we offer shrimp feed in multiple sizes (for different stages of shrimp growth) under the brand VANNASTAR.

Strategically located

Close proximity of our Processing plant to the farm and our network of farmers ensures freshest quality shrimp for processing.

Strong brand recall

Our products (feed and processed shrimps) have a strong brand recall due to the high-

Wide product range

We offer a wide range of processed shrimps that meet the diverse requirements of customers globally.

Our Global Presence



Map not to scale. For illustrative purpose only.

30+
Years of experience

20+
International Customers

30+
Domestic Customers

194
Employees

50
Farmer Relationships

10+
Countries of export

13
Product varieties
(10 raw and 3 cooked)

Well-integrated farmer network

Our robust farmer network ensures accurate product traceability and the procurement of healthy, antibiotic-free shrimp.

Favourable business environment

Located in Andhra Pradesh, which has policies & regulations promoting the growth of aquaculture.

Vertically integrated

Our presence across the shrimp value chain enables quality control and cost effective operations across every stage. With over 30 years of experience in the field, the company has strong relationships with its supply chain partners and customers.

Large farm area

We have one of the largest shrimp farms in India that has the capacity to farm over 2000 tonnes of shrimp annually.



Business Verticals Across the Value Chain

Hatchery



Capacity: 400 million seedlings per annum

- Produces Vannamei seedlings
- Long-term association with SIS, Florida
- Uses only specific pathogen-free (SPF) broodstock to ensure stringent quality and disease-resistant seedlings

Key developments FY 2021-22

- Under renovation - facilities being upgraded to increase operational efficiency

Farm



Capacity: 2,000 tonnes shrimp per annum

- 500 acres of land located on the coast of the Bay of Bengal facilitating use of seawater for the farming operations
- Well-planned interlocking concrete canals for uninterrupted supply of seawater. Sufficient availability of bore water sources to provide optimal mix of salinity and other water parameters.

Key developments FY 2021-22

- Took measures to improve the biosecurity at the farm. This reduces risk of disease transmission and shrimp mortality in farm operations.
- Introduced automatic feeding machines to reduce the dependency on manpower and to improve the feeding efficiency.
- Pilot farming project with UAL Biotech - successful results despite extreme weather
- Company in talks to setup a JV

Our extensive product range



Raw White Shrimp

- Raw Head-On Shell-On (HOSO)
- Raw Headless Shell-On (HLSO)
- Raw Headless Easy Peeled
- Peeled and De-veined Tail-On (PDTO)
- Peeled and De-veined Tail-Off (PD)
- Peeled and Un-De-veined (PUD)

Cooked White Shrimp

- Cooked Headless Shell-On
- Cooked Peeled and De-veined Tail-On
- Cooked Peeled and De-veined Tail-Off
- Cooked Peeled and Un-De-veined (PUD)
- Cooked Head-On

Feed Mill



Capacity: 20,000 tonnes per annum

- Produces high-quality and nutritional shrimp feed marketed under VANNASTAR brand that is widely recognised and accepted by farmers.

Key developments FY 2021-22

- Entered the market of Karnataka , which is expected to be an emerging market in terms of shrimp feed requirement.
- Strengthened customer selection process, majority of whom are from unorganised sector, to improve payment collections. This played a significant role in keeping collections in check, despite the impact of the pandemic.
- Ensured timely delivery of feed to our customers despite significant disruptions caused in the supply chain on account of COVID-19. This was possible through dynamic strategies and the support of the employees and vendors.
- Company expanded vendor base to have more competitive pricing in RM

Capacity: 7,500 tonnes frozen shrimps per annum

- State-of-the-art infrastructure and ultra-modern processing equipment for high quality processing operations

Processing Unit



Key developments FY 2021-22

Despite the impact of COVID-19 on the supply chain and operations, the processing division registered a growth of more than 35% in terms of export volume/value.

Higher capacity utilisation lowered the impact of rise in operational expenditure on account of external circumstances (COVID-19) and ensured reasonable profitability.

- Increased value of exports to lucrative markets like USA and lowered sales to China to ensure that smooth operations took place despite the international crisis that prevailed during most of the financial year.
- Significant investment was made in upgradation of critical plant and machinery to enhance operational efficiency and lower running costs.
- State of the art cooking line was imported - Contributes for increase of export volume in F.Y 23
- up gradation from 11 KV to 33 KVA was completed during the year

Product quality certifications



EIC
HACCP
FSSC 22000
BRC - A Grade
FDA
BSCI
BAP 4 Star
EU approved

Letter From the Managing Director



Dear Shareholders,

I am pleased to present to you our annual report for FY 2021-22. Having withstood the onslaught of 2 waves of the Covid pandemic, your Company has achieved a sustainable performance. Being an integrated aquaculture company with over 30 years of experience in the industry, your company relied on its core business values to promote stable performance during the course of a turbulent year for business overall.

The year in retrospect

In the past year, the demand for processed seafood was fairly steady. There were other challenges, however. There was an unprecedented increase in international ocean freight, with a dearth of liners, which adversely affected demand and supply of sea transport facilities. In addition, the steep increase in fuel prices affected the entire supply chain of raw materials for various processes. An increase in pricing of certain critical commodities like Soya, Maida and Fish meal played a significant role in

the increase of feed manufacturing costs. Finally, adverse weather conditions curtailed production at the farm level during the latter half of the financial year.

Amidst this challenging background, your Company continued its aquaculture operations, produced shrimp feed for the domestic market, expanded its market base to more states within the country, and invested in infrastructure for a new range of processed shrimp products. Your Company has enhanced its production capacities with a view to strategically associating with other firms, for optimal operational efficiency. Your company has exported shrimp largely to the U.S.A, the Middle East and China.

While the overall revenue remained steady with the previous year, there was an increase in profitability as a result of improved operational efficiencies in several parts of the supply chain. Strong support from the customer and vendor base played a critical role in maintaining steady business amidst a challenging business environment

Message to the shareholders

Your Company is one of the oldest integrated aquaculture companies in India. We have experimented with the culture of different shrimp species since the company's inception. Having pioneered Vannamei culture in India, it gives us immense pride to see that Vannamei is widely cultured in almost all parts of our country, contributing in a big measure not only to the national exchequer but also to the foreign exchange earnings of the country. We are confident of robust growth in the sector over the next decade and believe that the domestic

market poses a major opportunity for the aquaculture industry in India.

Glancing back at the year gone by, I can say with reasonable confidence that we have successfully countered most of the challenges that have come

our way, making us emerge steadier and stronger. I extend my deepest appreciation to all our associates, stakeholders and employees whose faith in our company has given us the strength to move forward. We seek your continued support to take the company to greater heights.

Warm regards,

S. Prasad Reddy
Managing Director



Letter from Executive Director



Dear Shareholders,

Yet another challenging year has gone by, and your company has remained strong despite the circumstances. Businesses and economies across the globe were affected by the second wave of the COVID-19 pandemic, which had a deeper impact than the previous year. It took a significant amount of timely effort and operational synergy amongst the employees, vendors, customers and stakeholders of the company to keep the ship steady amidst choppy waters. We are grateful to everyone who played their part in supporting your company's journey through a difficult year.

I am happy to announce that your company delivered an improved performance in terms of net operating profit, which saw an increase of more than 30

percent when compared to the previous financial year. The overall revenue of the company remained steady despite volatile business conditions. A series of continuous improvements in processes enabled the company to lower the negative impact of COVID-19 on the supply chain. With over 32 years of experience in the industry, your company boasts an impressive mix of youth and experience amongst its employees. It was a combination of experienced decision-making from the senior members of the company along with the energy of the younger employees that drove optimism and progress in troubled times.

It gives us tremendous pride to state that our reliance on our company's core values played a major role in the strong performance for the year. Our unwavering focus on product and process quality helped maintain steady sales and production during the year. Our diverse customer base at the international and domestic level enabled quick and effective trade decisions in a volatile economic background. The measures taken during the first wave of the pandemic paid their dividend in terms of nil casualties from COVID and to this date, there remains a high standard of sanitation and hygiene across all parts of the company. We are thankful to God for not having lost anyone in our

company to COVID during the last two years.

Over the next few years, your company intends to increase its export offerings and also collaborate with strategic partners for improved operational efficiency in the shrimp farming and seafood processing sectors. With technological advances coming through at the farm level in the recent past, your company is in an optimal position to enhance its productivity and profitability in a phased manner. Your company is currently focusing on product development at the seafood processing division to delve further into value-added production to augment operational profitability in the export and domestic markets. By adding a state-of-the-art cooking line to its impressive list of processing machinery and infrastructure, your company intends to offer a wide range of cooked and frozen products to its customers during the years to come.

A pilot project with a strategic player (UAL Biotech) at the farm division during the year prompted your company to setup a Joint Venture, under the name of United Aquatech Private Limited, with a view to rapidly increasing farm level output as well as expansion of farming and sourcing activities in other regions