



# Corporate Presentation

May 2018

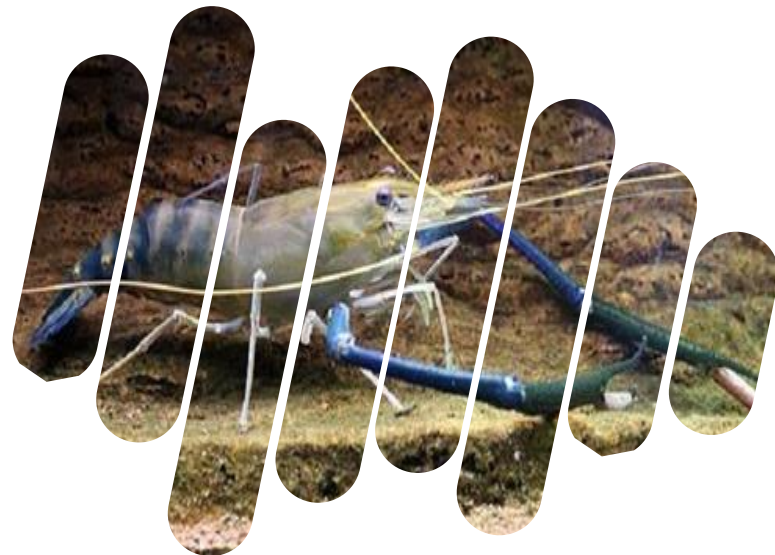


The  
Waterbase  
Limited



## Safe Harbour Statement:

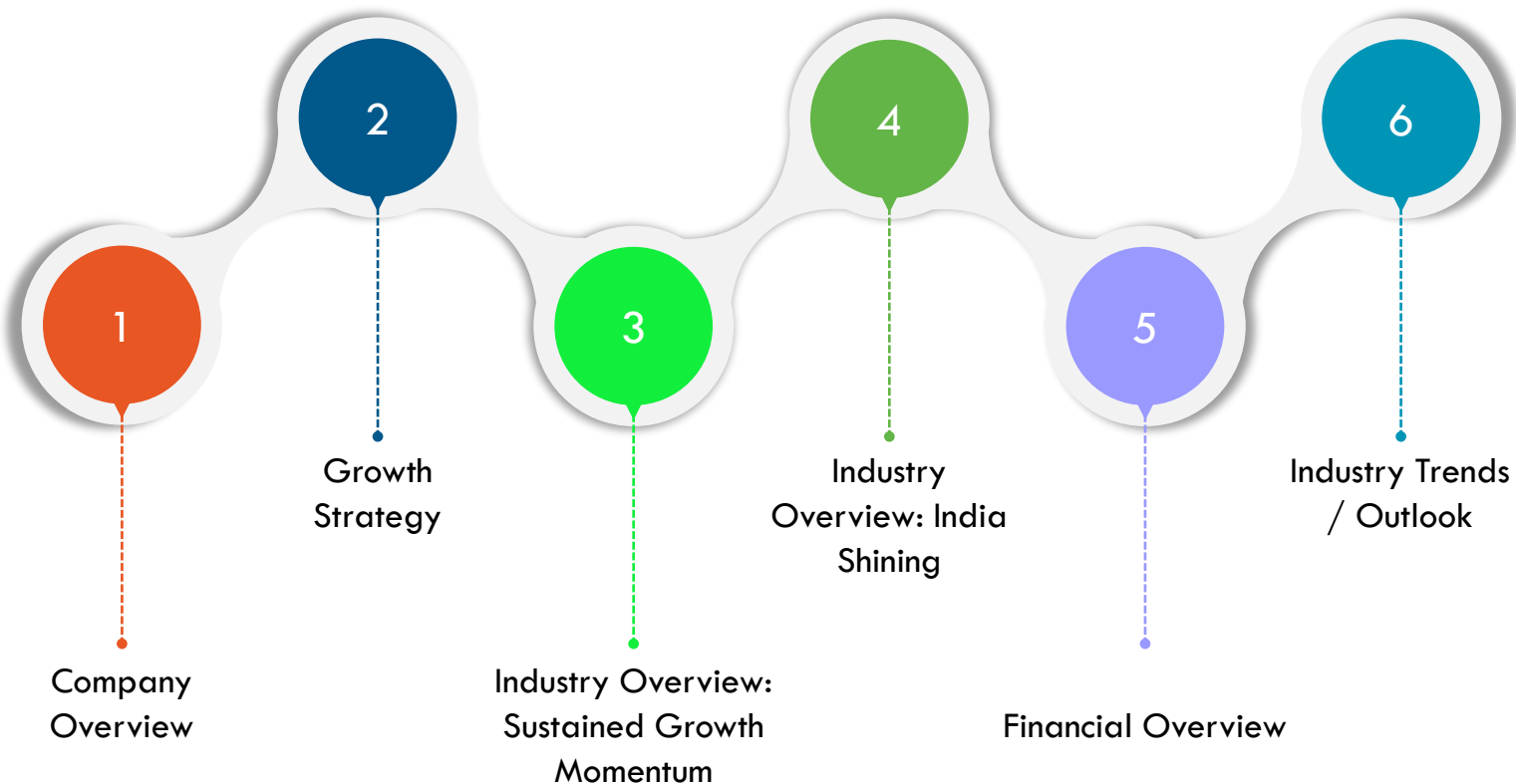
Certain statements in this presentation concerning our future plans and strategies growth prospects, etc. are forward looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to manage growth, competitive intensity in our industry of operations including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, sufficient availability of raw materials, our ability to successfully complete and integrate potential acquisitions, liability for damages on our contracts to supply products, the success of the companies in which TWL has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. TWL may, from time to time, make additional written and oral forward-looking statements, including those in our reports to shareholders. The Company does not undertake to update any forward looking statement that may be made from time to time by or on behalf of the company





# Contents

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# Company Overview

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# TWL – Niche Player in the high growth Aquaculture Industry in India

**1,10,000<sup>MT</sup>**

Installed Manufacturing capacity of Shrimp Feed

**25**

Yrs. In the Industry

**17%**

Revenue CAGR FY13-18

**344<sup>CR</sup>**

Revenues In FY18

**~6,500<sup>CR</sup>**

Estimated size of Domestic Shrimp feed Industry

**0.2**

Debt – Equity As of Mar 31, 2018

**263**

No. of Employees

**173**

#Dealers Pan India Presence

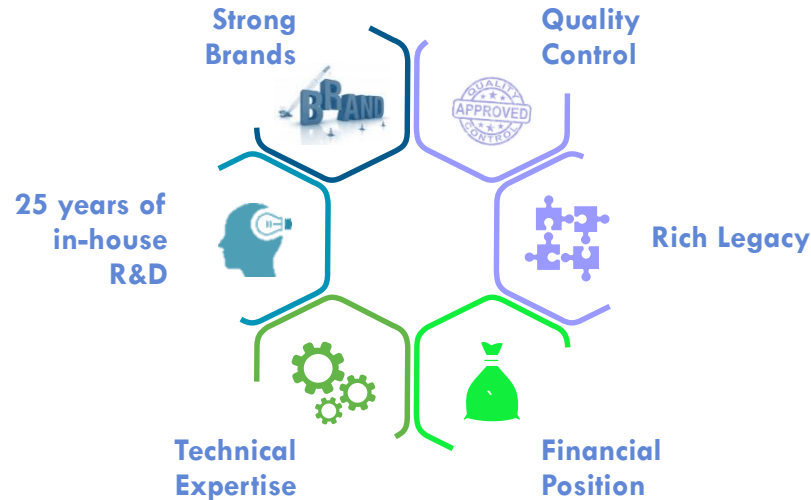


# Key Strengths

- Several popular brands which are favoured by shrimp farmers
- Enjoys high recall and is seen to be synonymous with quality and value

- Robust manufacturing processes and step by step quality control system
- Global best practices implemented

- Working with renowned companies and research institutions in India and abroad for the benefit of industry
- R&D initiatives have been meaningfully converted into new products
- Have driven improvements in feed manufacturing, farm practices, waste management, shrimp processing



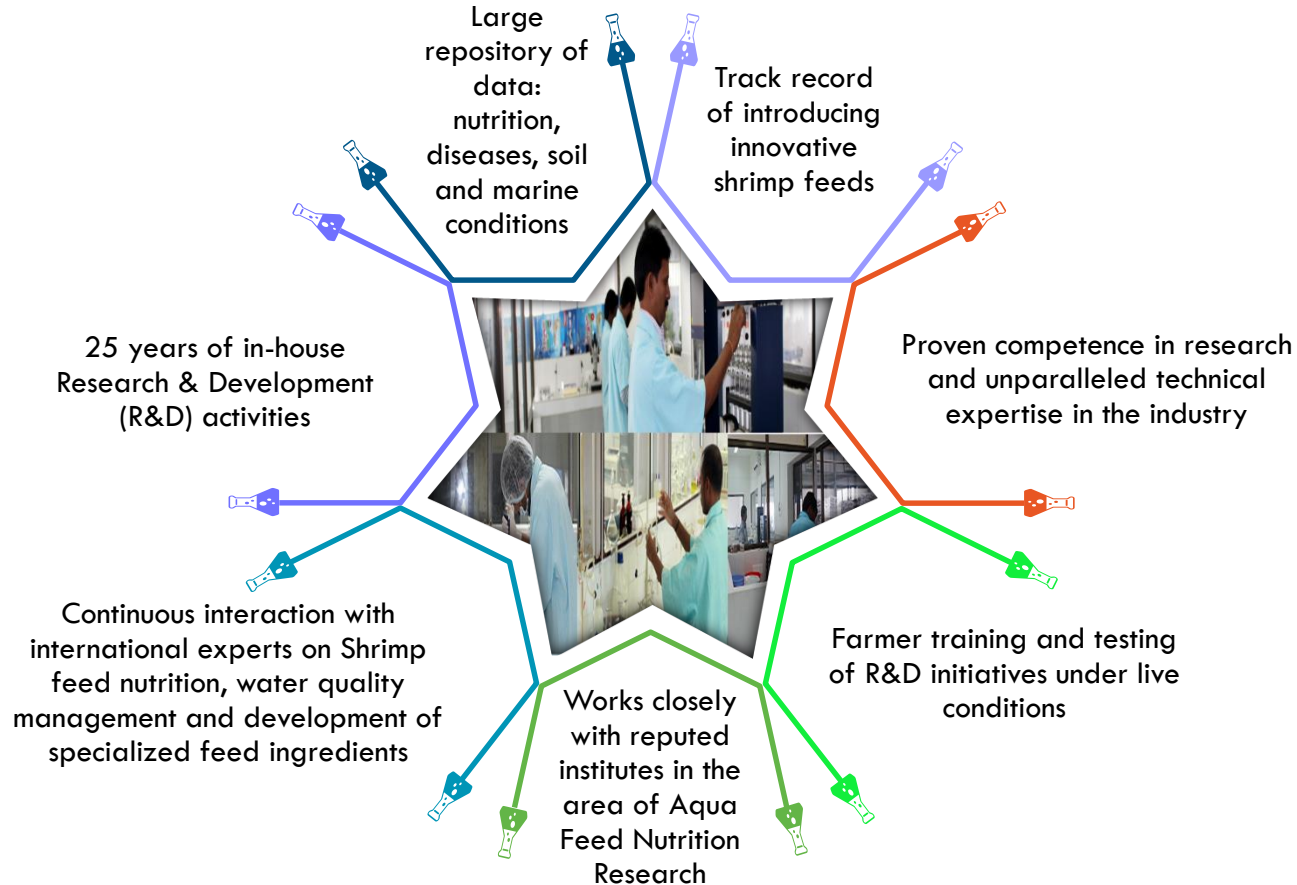
- 25 years of expertise in the business- strong connect with suppliers and farmers
- Backed by the KCT Group – has inculcated ethical business practices with long-term vision in mind

- TWL enjoys unparalleled technical expertise in the industry as the Pioneer
- Staffed by well-qualified personnel with rich industry experience
- Products, processes, practices are viewed as gold standard by industry

- Comfortable debt levels with a debt equity ratio of 0.2x (March 2018)
- Demonstrated financial discipline through good and bad years for industry



# R&D Strengths – Best local R&D Setup in the Industry





# Strategic Alliance with CIBA

- Indian Council of Agricultural Research (ICAR), New Delhi under the Ministry of Agriculture, Government of India established the Central Institute of Brackish water Aquaculture (CIBA)
- CIBA, serves as the nodal agency for the development of brackish water aquaculture in the country
- As part of the MoU, CIBA will collaborate for the testing growth performance and refinement of eco-friendly shrimp feed with Waterbase
- MoU will involve exchange of information on feed formulations and testing of identified feed ingredients, trial feeds and any other market feed for macro and micro nutritional parameters at CIBA's Quality Testing Laboratory
- Both CIBA and Waterbase will identify competent technical personnel namely Scientists / Technicians, Chemists, etc. for implementation of the programme. Waterbase will also be able to use CIBA's technology in its own facilities





# Awards & Accolades



Most valuable business Award – Bagged 'Asia's Most Valuable Business Brand Award 2018' in the Shrimp Feed category. Asia's Most Valuable Business Brands is a concept developed by ibrand 360 in collaboration with WCRCINT (World Consulting and Research Corporation International). The awards are a distinctive recognition for a Company recognized as leader in its industry category, and are based on the broad parameters of brand value proposition, brand persona, prestige, brand reinvention, social conscience, marketing connect and 'Cult Premium' (propensity to influence consumer action), rendering it a greater wide-sweeping and multi-dimensional competitive advantage



# Awards & Accolades



FROST & SULLIVAN

BEST  
2016 PRACTICES  
AWARD

INDIA SHRIMP FEED INDUSTRY NEW PRODUCT  
INNOVATION LEADERSHIP AWARD



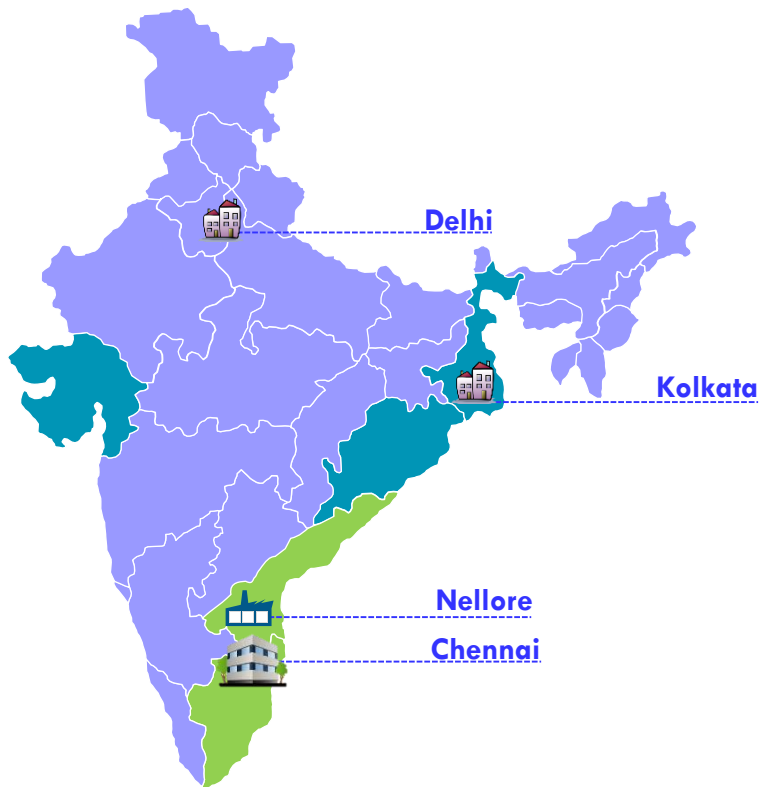
Bagged “2016 India Shrimp Feed Industry New Product Innovation Leadership Award” by Frost & Sullivan a leading global strategy consulting company

Frost & Sullivan’s, 2016 New Product Innovation Leadership Awards identified companies that demonstrated measured excellence in new, innovative products or product lines within their industry

The award was judged on the basis of several parameters, which involved in-depth primary interviews with various industry participants and secondary research conducted by Frost & Sullivan analysts



# Locations



Factory



Group Offices

Tamil Nadu

Andhra Pradesh

West Bengal

Gujarat

Odisha

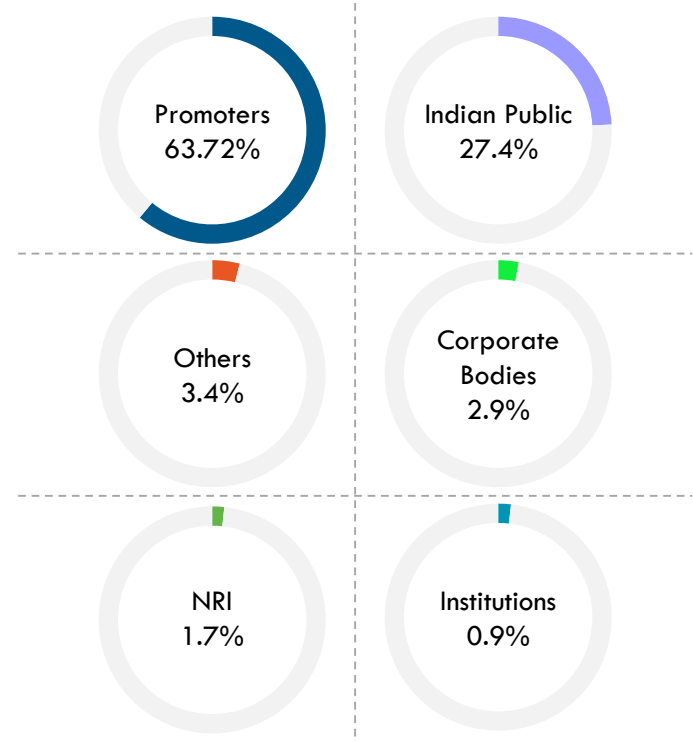
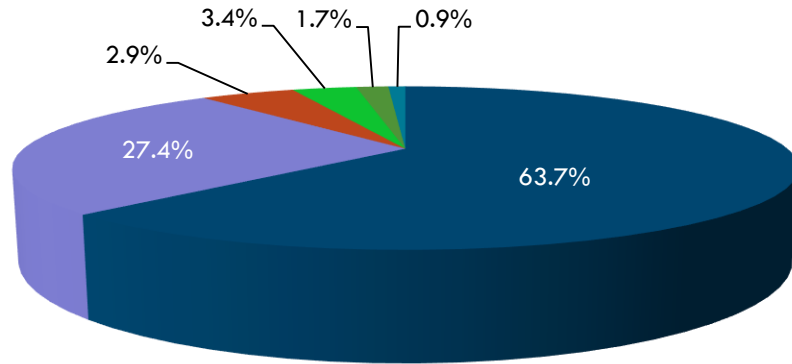
Existing

New



# Shareholding Pattern

As on 31<sup>st</sup> March 2018





# Growth Strategy

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# Growth Strategy

**In-house capacity has increased post merger from 35,000 MTPA to 110,000 MTPA**

- Focused on higher utilisation through increased sales volumes

**Elevate presence in current strongholds**

- Premiumisation of offering
- Deepening of distribution network
- Addressing all sizes of orders

**Increase market share and enhance presence outside of current strongholds by**

- Increasing the farmer base
- Adding new dealers & distributors
- Customer connect through workshops, training camps & farmer meets
- Leveraging after sales service

**Vertical & Horizontal Integration to enhance business stability**

- Launched farm care products under the brand name 'Baylife'
- Launched packaged shrimp and crab meat in Retail market under the brand name 'Prize Catch'
- Foraying into Hatchery to produce good quality seeds for shrimp farming





# Driving Premiumisation in the Feed Business

**Branding & Packaging**



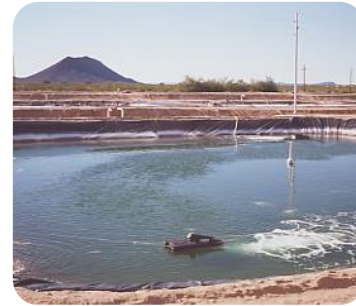
**After Sales service**



**R&D inputs & Feed performance**

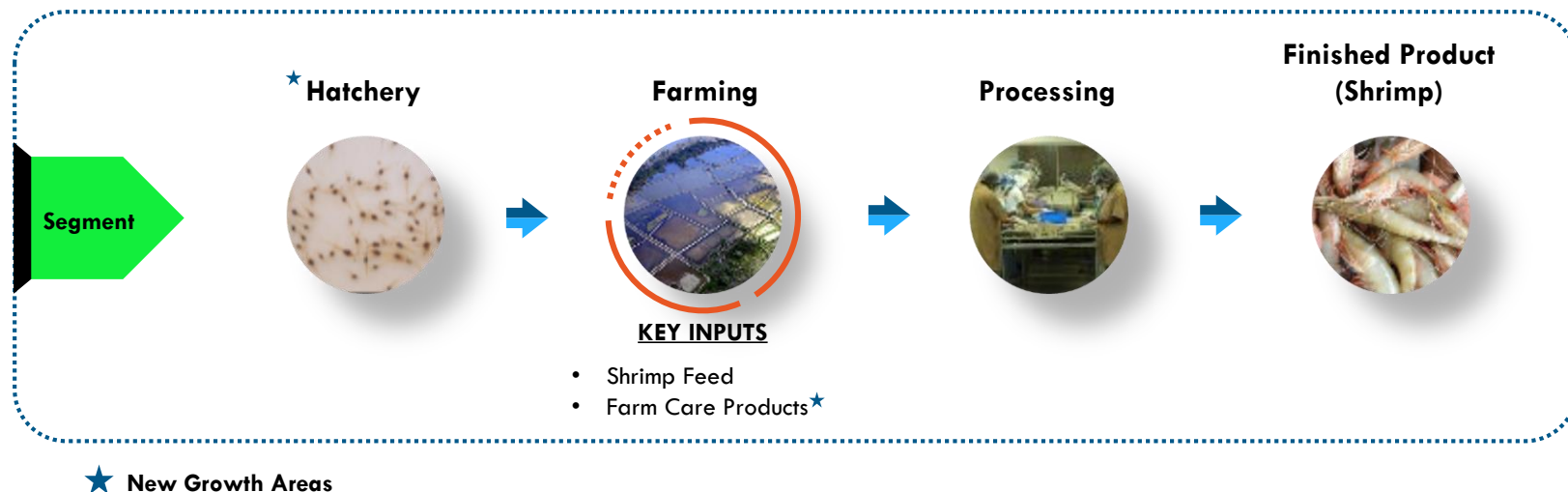


**Enhancing Farming techniques for disease management**





# Vertical & Horizontal Integration



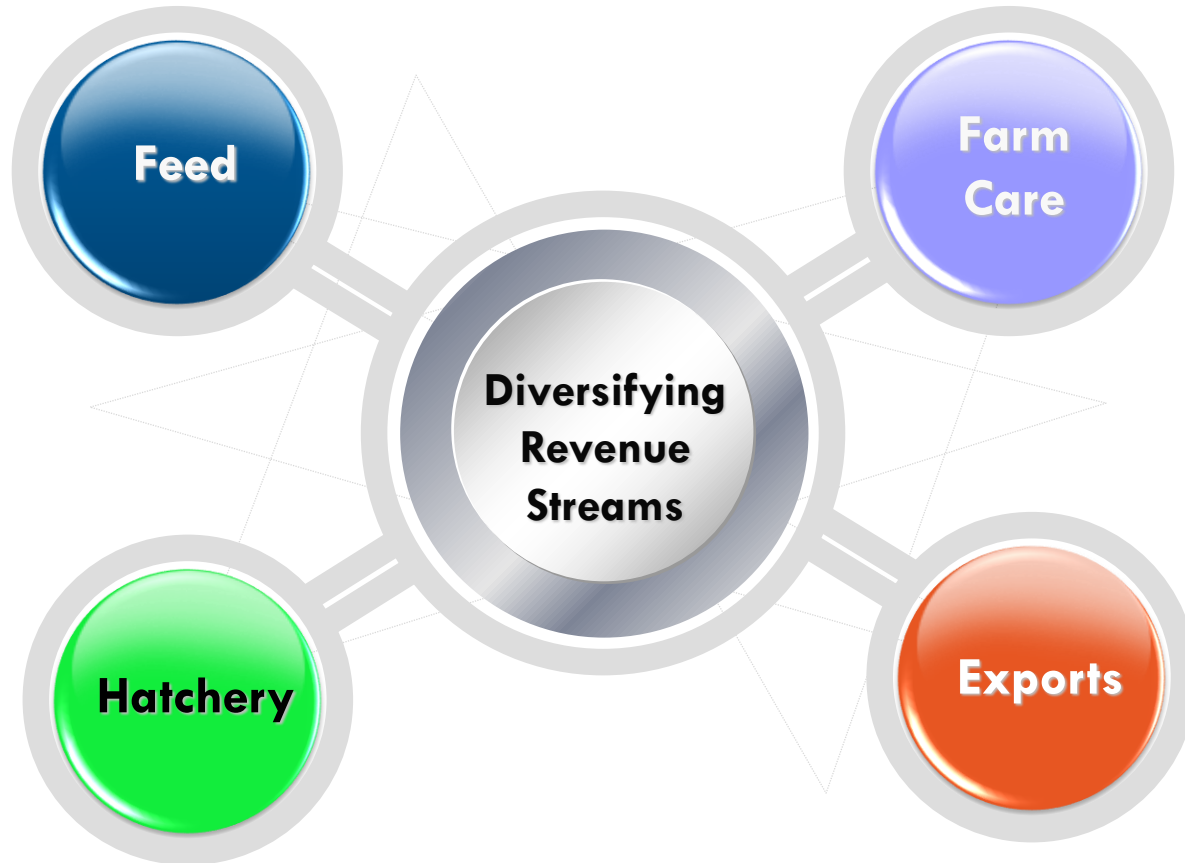
Shrimp farming-Current status	500 (No. of hatcheries in India)	1 50,000 Ha Under Farming	500 Processing Plants for shrimp	Frozen shrimp exports in FY17 - 4,34,484 MT <sup>1</sup>
2018 Industry Requirement / Potential	80 Billion of Post Larvae (PL)	Requires 10,00,000 MT of Shrimp Feed	1,000,000 MT (Current Capacity)	Frozen shrimp exports in FY18 – est 5,00,000 MT
<b>TWL Capacity</b>	<b>1 Hatchery / 500 Mn PL</b>	<b>1,10,000 MT</b>	<b>4,000 MT#</b>	<b>NA</b>

# This capacity is currently being utilised for third party processing and exports



# Diversifying Revenue Streams

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# Feed and Farm care range of products

## Shrimp Feed

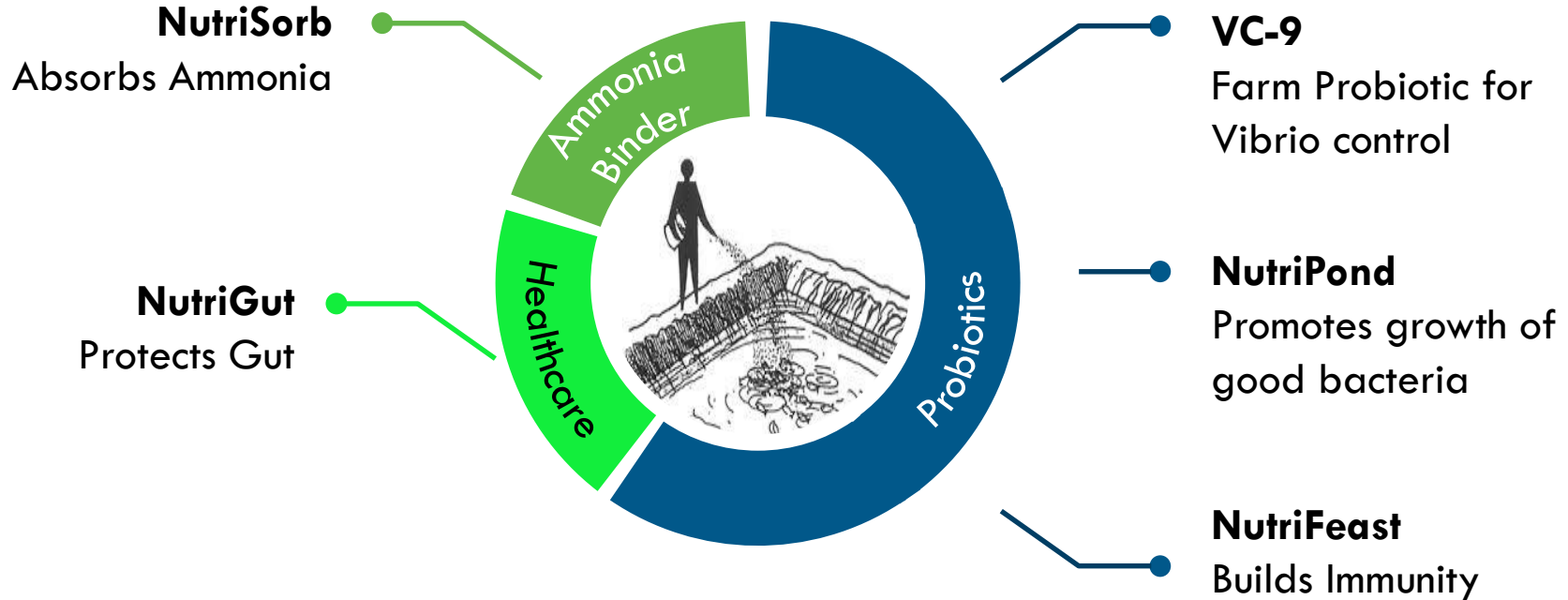


## Farm care range





# New Initiatives – Farm Care Products



Launched in FY17; received positive response from the customers  
Will expand extensively to all touch points in FY19



# New Initiatives – Processed Seafood in the Domestic Market

## Phase - I

- Launched line of frozen seafood under the brand 'Prize Catch'
  - Initially launched Raw Shrimps and Pasteurised Crab meat
  - Soft - launch in Chennai, Bangalore & Goa

## Phase - II

- Plan to scale up launch to other major cities in
- Plan to add other products to widen product range



**Aiming for differentiated offering with a focus on quality and freshness – Initially will focus on institutional (HoReCa) sales**



# Industry Overview 1 – Sustained Growth Momentum

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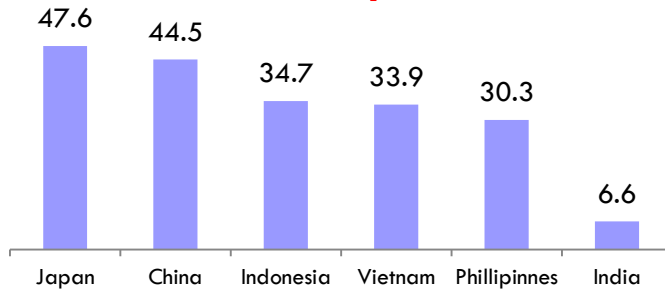




# Global seafood market

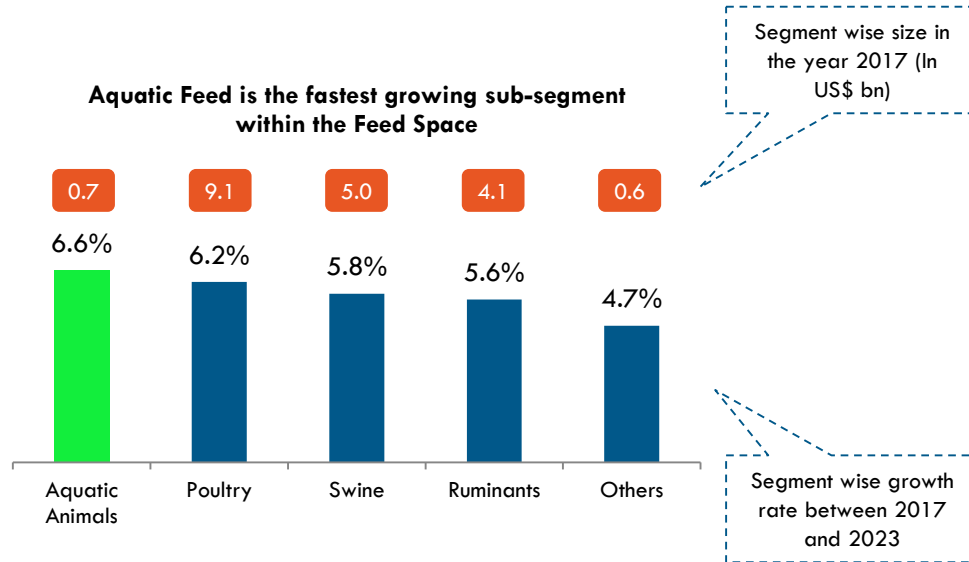
Particulars 2017	Value
Trade Value (exports USD billion)	153.5
Trade Volume (live weight)	60.7

## Percapita sea-food consumption





# Global Seafood Industry: Overview



## Total Utilization

2017



2016



2015





# Global Demand for Seafood to remain strong; Aquaculture to drive future supply

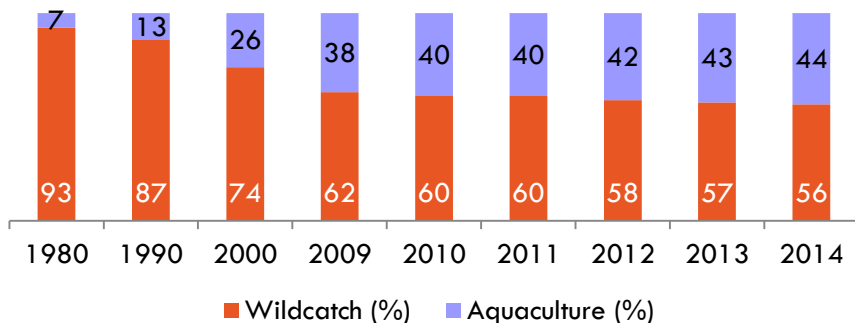
(000 tons)	SEAFOOD CONSUMPTION	
	Data (2006)	Projection (2030)
Capture	64,533	58,159
Aquaculture	47,164	93,612
<b>Global Total</b>	<b>111,697</b>	<b>151,771</b>

Source: [www.fao.org](http://www.fao.org)

FAO concludes that the maximum wild capture fisheries potential from the world's oceans has probably been reached

Overall, 80% of the world's fish stocks for which assessment information is available are reported as fully exploited or overexploited

In 2007, about 28% of stocks monitored by FAO were either overexploited, depleted or recovering from depletion and thus yielding less than their maximum potential owing to excess fishing pressure



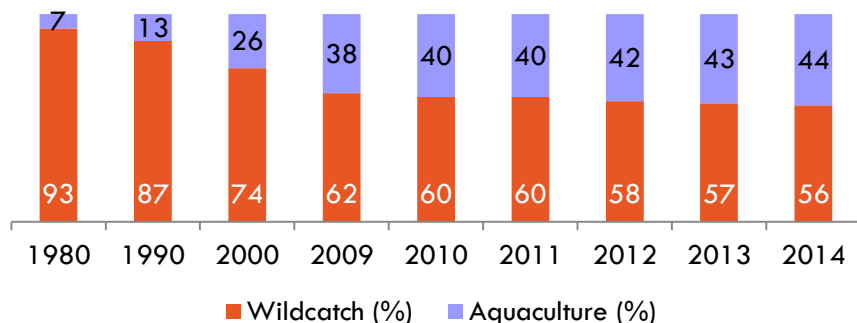


# Global Demand for Seafood to remain strong; Aquaculture to drive future supply

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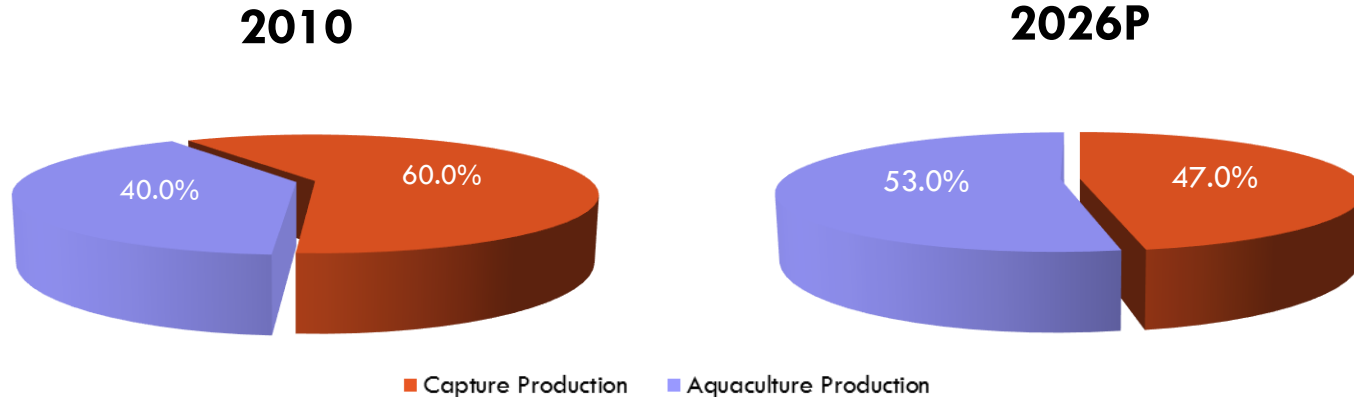
- Seafood production is forecasted to rise 36% over a period of 2006 to 2030 from 111 mn tonnes to ~152 mn tonnes
- Within this, wild catch volumes will decline while aquaculture is expected to grow 98% over 2006 > 2030



- Supply of wild catch (from the sea) is expected to remain stagnant - All incremental supply will come from aquaculture (Farmed Shrimp)
- Aquaculture's share in total seafood production has grown from ~7% in 1980 to ~44% in 2014



# Capture v/s Aquaculture

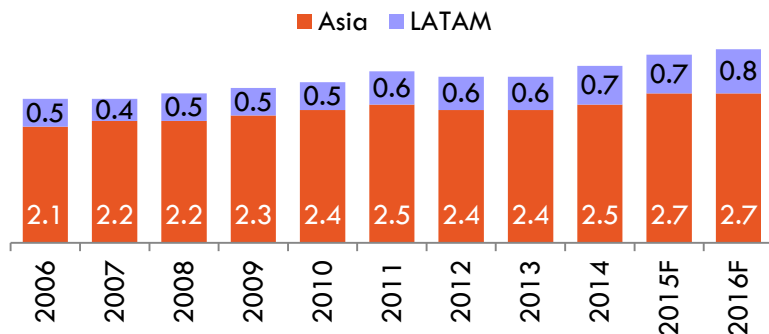


- During 2006 and 2016, while the global aquaculture production grew at 5.2% CAGR, capture fisheries rose at a 0.2% CAGR
- Share of aquaculture in overall seafood industry increased by approximately 1,200 bps from 34% in 2006 to 46% in 2016



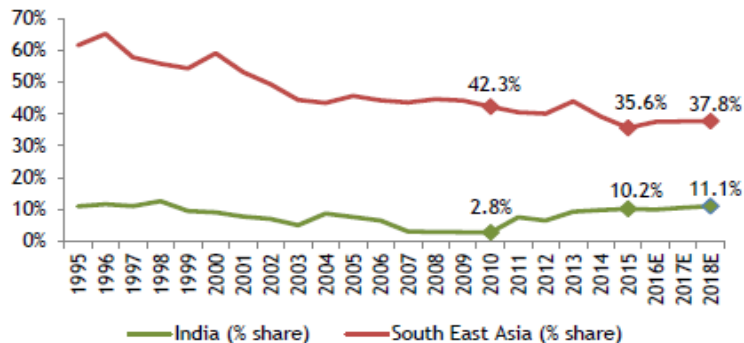
# Asia is the primary supplier of global shrimp; India the dominant force in Asia

## Asian region dominates global shrimp supply



- **~77% of global farmed shrimp supply contributed by Asian countries**
  - Disease outbreak in Thailand and Vietnam in end of the previous decade impacted the growth rate
  - Growth during 2010-14 ~0.9% (albeit on a higher base)
- **LATAM benefiting from disease outbreak in Asia**
  - Supply grew at CAGR of ~7.6% over 2010-2014
  - Ecuador is the shining star within the region - exports grew at a CAGR of 24.4% by value and 38.5% by volume during 2010-14

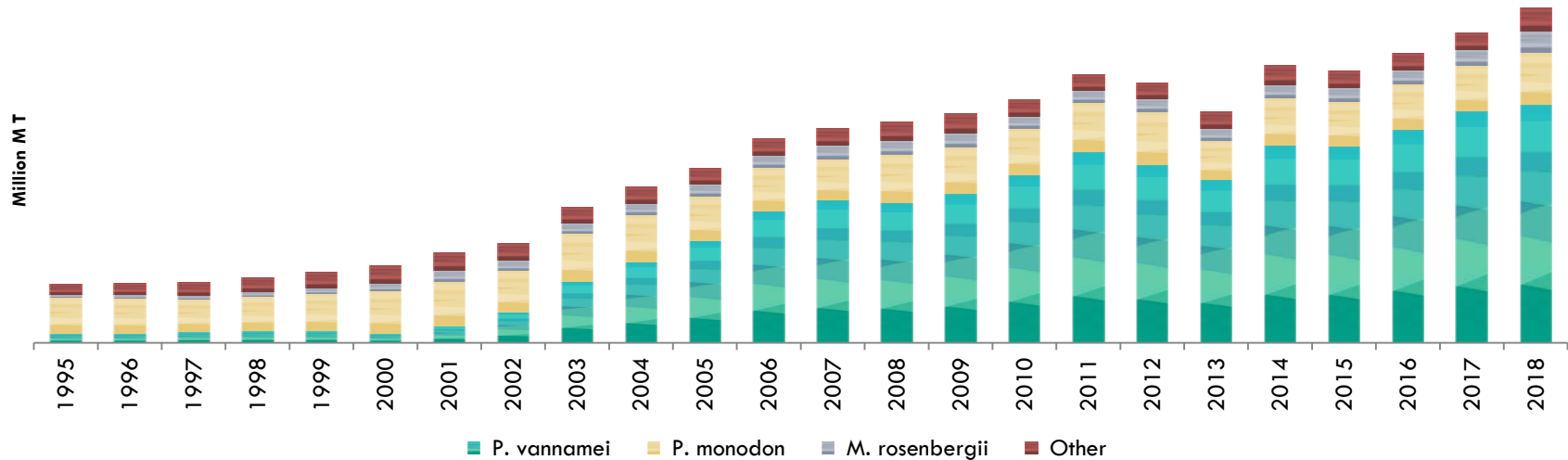
## India the dominant force in Asian region



- Despite Asia's stagnant shrimp supply over the past 5 years, India's exports have grown at a CAGR of 32% (2010-15)
- Introduction of P. Vannamei (White shrimp) key catalyst for India's robust performance
- In absolute terms, India's volumes have increased from 0.1mn tons to 0.4 mn tons growing at CAGR (2010-15) of 32%
- India's shrimp aquaculture market share has risen to 10.2% in 2015 from 2.8% in 2010 and is expected to reach 11.1% by 2018E



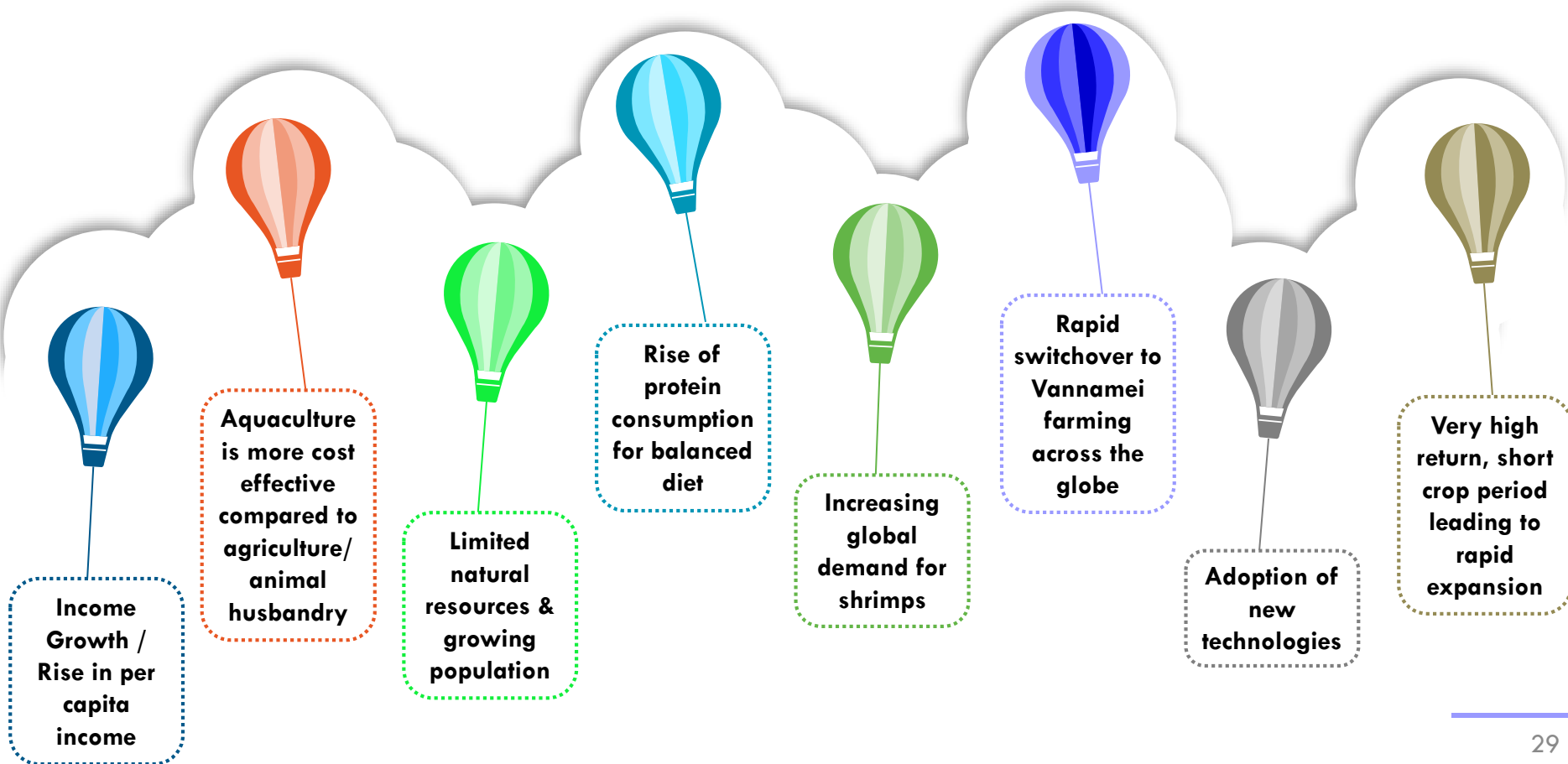
## World Shrimp Aquaculture by Species:



- Aquaculture volumes have grown 4.5x over the last 20 years to 4.5mn tonnes in 2016 from 1.0mn tonnes in 1995
- Share of *P. Vannamei* has increased to 75% in 2016 from <10% in 1995



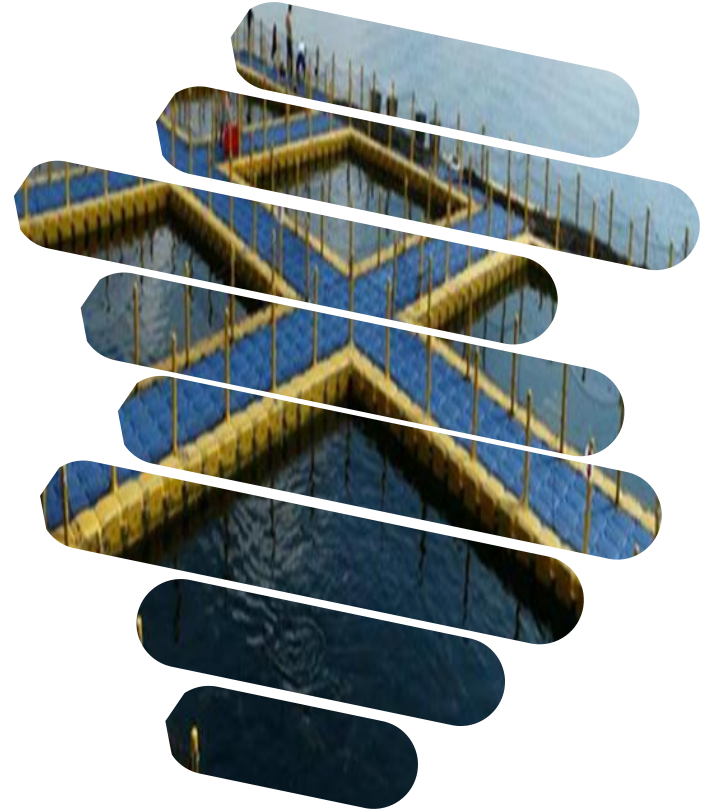
# Growth Drivers





# Industry Overview 2 – India Shining

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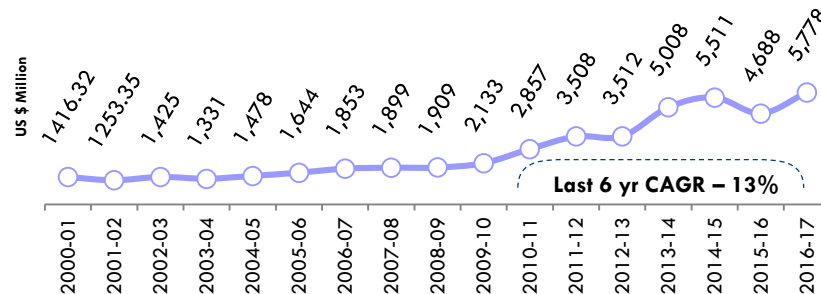




# Robust Track Record of Aqua Industry Growth

- In FY17, Indian seafood exports touched an all-time high of 1.13 million tonnes valued at \$5.78 billion.
- Marine exports constituted 2.1% of the total Indian export earnings from goods (USD 274.6 billion) during FY17
- The USA remains the largest market for Indian seafood products – mkt share by value is USA (29.98%), SE Asia (29.91%), EU (17.98%) & Japan (6.83%)
- Exports to USA had registered a growth of 22.72% in quantity and 29.82% in value driven by exports of Frozen Shrimp
- Shrimp remained most valuable consignment of marine exports with a share of 65% of total exports in value terms

**Export Performance Since 2002-03 (US \$ Million)**



Export Details	2015-16	2016-17	Growth (%)
Quantity Tonnes	9,45,892	11,34,948	19.9
Value Rs. crore	30,420.83	37,870.90	24.5
Value US \$ Billion	4.7	5.8	23.4

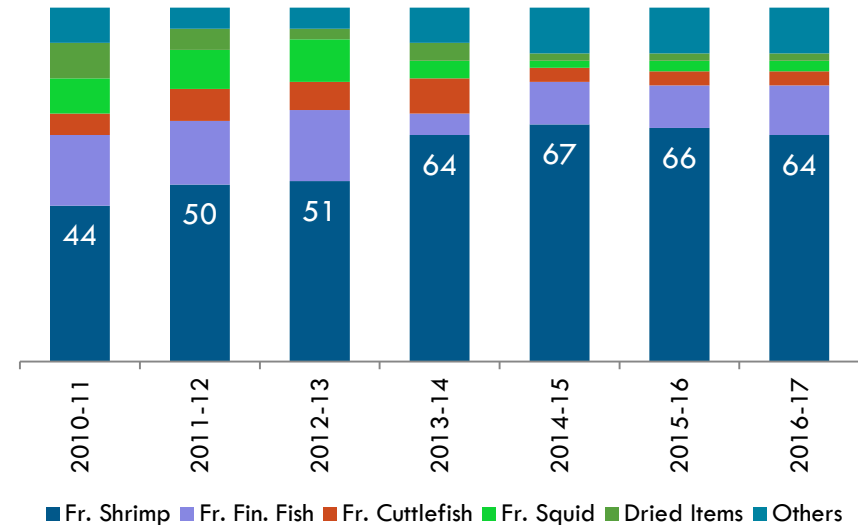
Source: [www.mpeda.com](http://www.mpeda.com)



# Driven by strong growth in Shrimp Exports

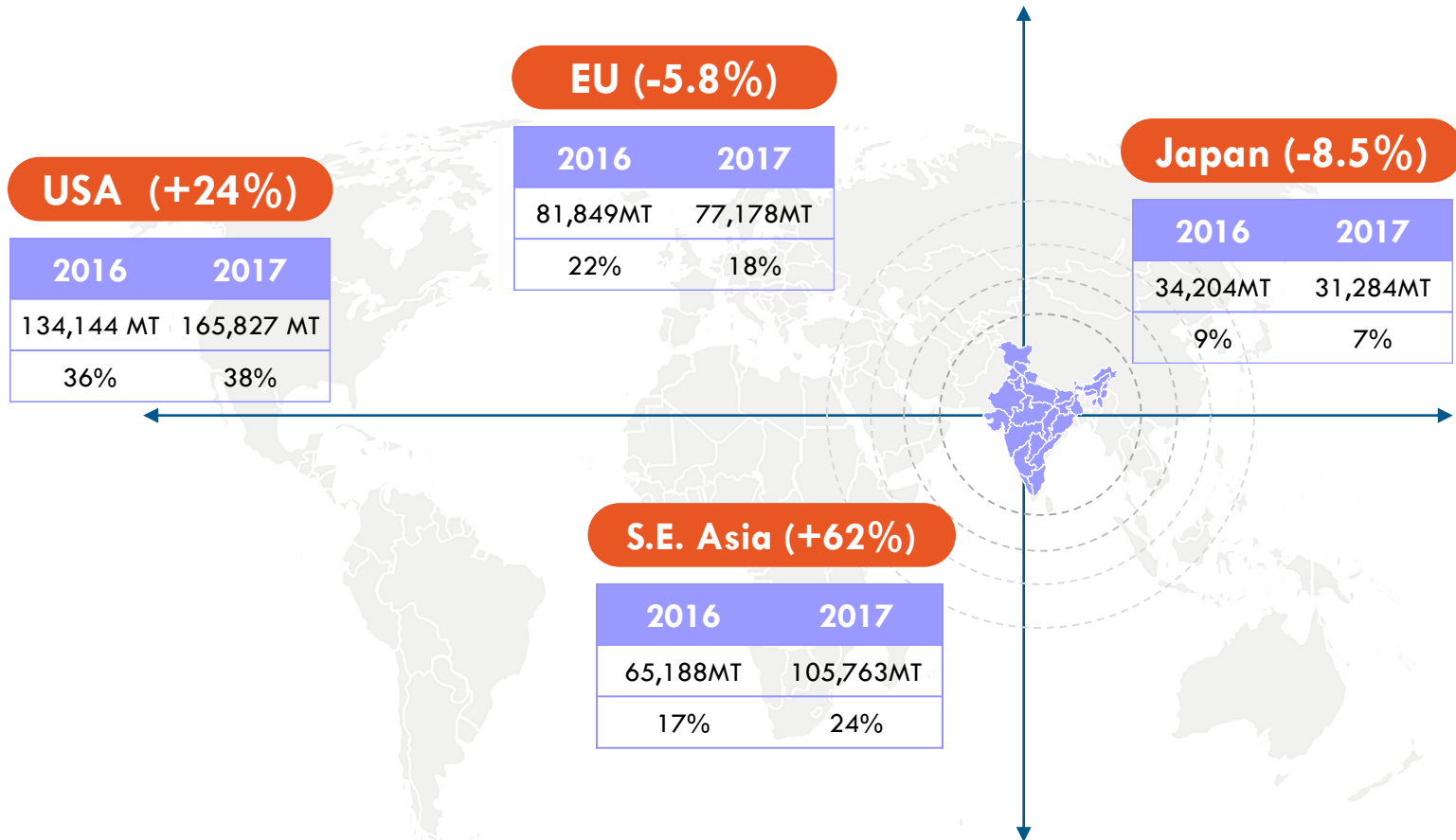
- Shrimp exports continue to report tremendous growth with a CAGR of ~18% in volume terms and 27% in value terms in the last 3 years
- Frozen shrimp maintained its position as the top item of export, accounting for 38.28 % in quantity and 64.50 % of the total earnings in dollar terms
- The overall export of shrimp during 2016-17 stood at 4,34,484 MT valued at \$3.7 billion
- The export of cultured Vannamei stood at 3,29,766 MT recording a growth of ~28% in volumes on a y-on-y basis
- Due to the declining levels of wild shrimp and preference for vannamei, as evident in changed mix in exports, the focus is increasing on farmed products

## Marine Export – Frozen shrimp continues to be highest contributor





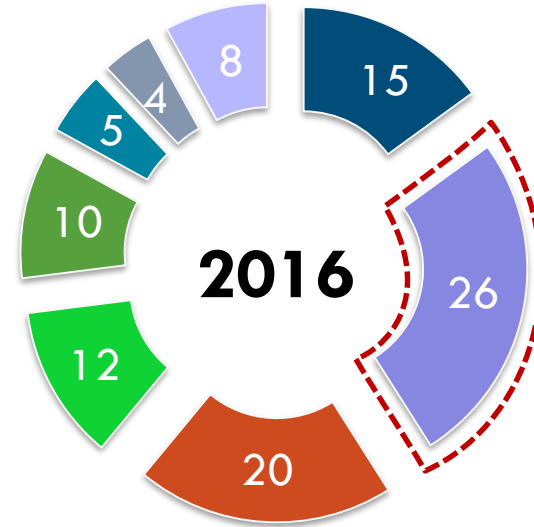
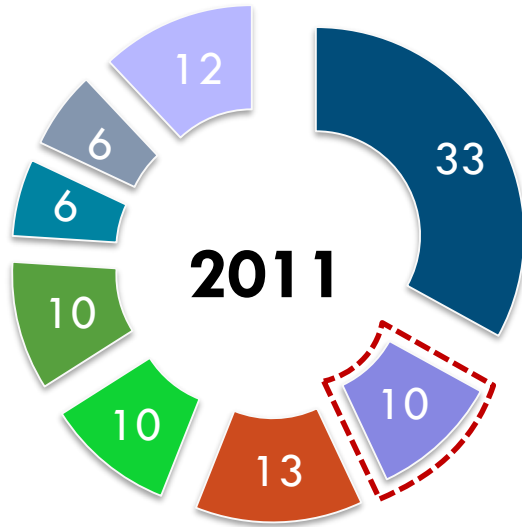
# Shrimp Exports – Main Markets





# India's share in US shrimp imports rising

## Share of US Shrimp Imports (%)

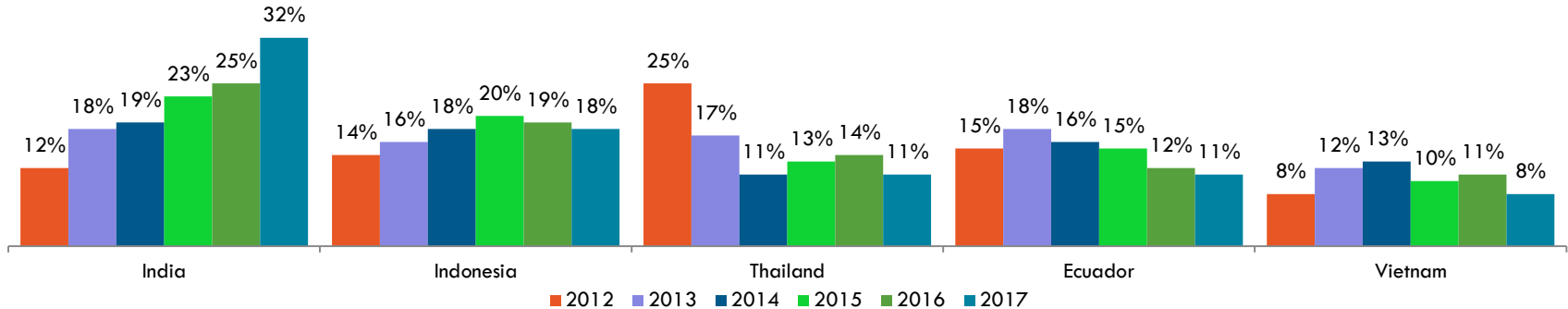


India's share in US shrimp imports has risen from 10% to 26% (2011-16)

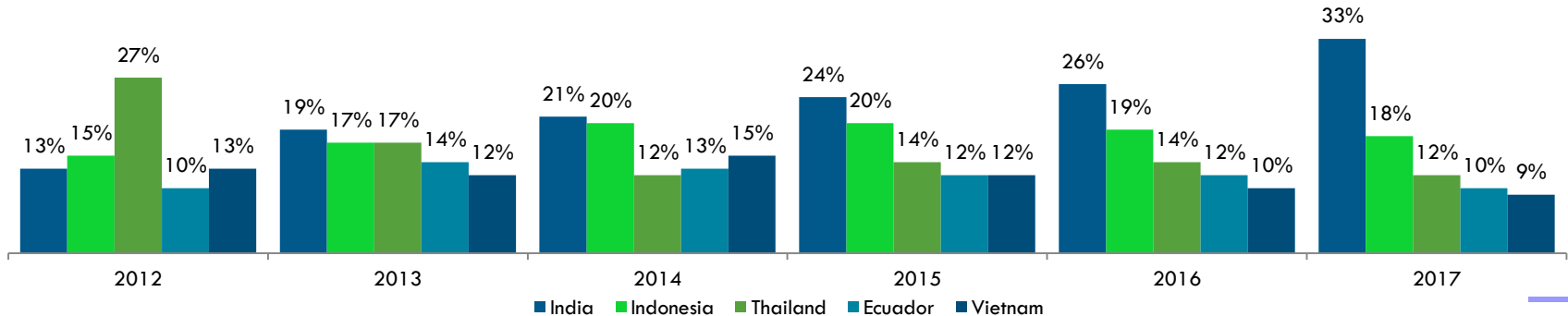


# India – leading exporter of Shrimp to USA

## Volume

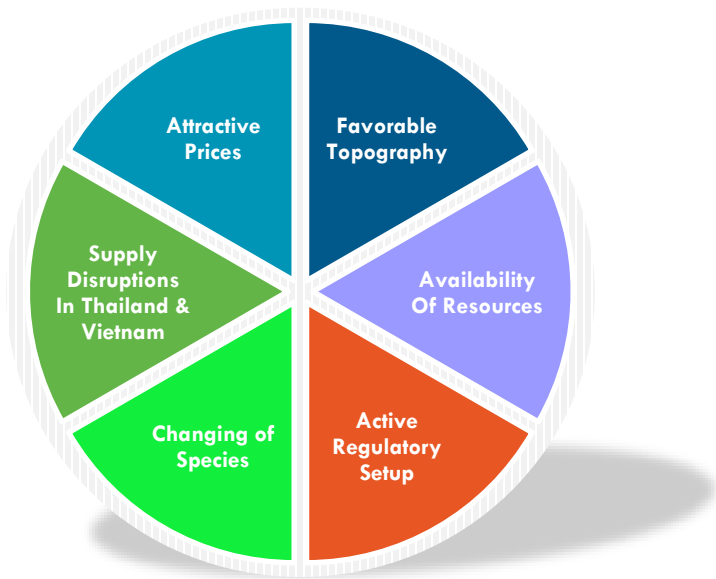


## Value





# Factors behind Success of Shrimp Farming in India



India has an abundant coastline and its climatic conditions are favorable for shrimp farming

Abundant farm labour at reasonable cost, availability of other inputs such as land and power and sustained high levels of productivity have enabled India to be competitive

The industry is governed by MPEDA and CAA and the regulatory framework. This is seen as a key factor which helped India to avert disease which impacted industry growth in neighboring South-east Asian countries

The introduction of the L. Vannamei species shifted the dynamics of shrimp farming through a significant improvement in economic viability of farms

Erstwhile key suppliers like Thailand and Vietnam were affected by breakout of EMS, leading to disruption in global supply thereby providing a window of opportunity to Indian farmers & exporters

Global prices for Vannamei shrimp have sustained at attractive levels in recent years which has helped the industry/opportunity to remain lucrative



# Growth Drivers

Large coastline  
offers huge  
untapped potential  
for shrimp farming  
– 8,129 Km long  
coastline in addition  
to vast inland water  
resources

Economics of  
shrimp farming  
attractive for  
farmers

Growth in demand  
in end user markets  
like US and S. E.  
Asia

Increasing reliability  
of suppliers with  
sophistication and  
value addition of  
products

Government's push  
on developing  
aquaculture in India



# Key Challenges



## Fragmented Industry

Due to its nature it is difficult to regulate and ensure industry –wide implementation of standards. The unorganized structure also leads to challenges in financing, insurance and supply of labor



## Quality of Inputs

Access to quality brood stock and seeds which are key inputs to farming are impediments to faster and sustainable growth – the poor quality of inputs is impacting yields and sustainability



## Expected Increase in Competition

Significant capacities have come up in recent years and suppliers may resort to aggressive marketing in order to offload capacities and / or increase market share



## External

Diseases, weather patterns, fluctuating global prices of shrimp make the industry inherently unpredictable





# Financial Overview

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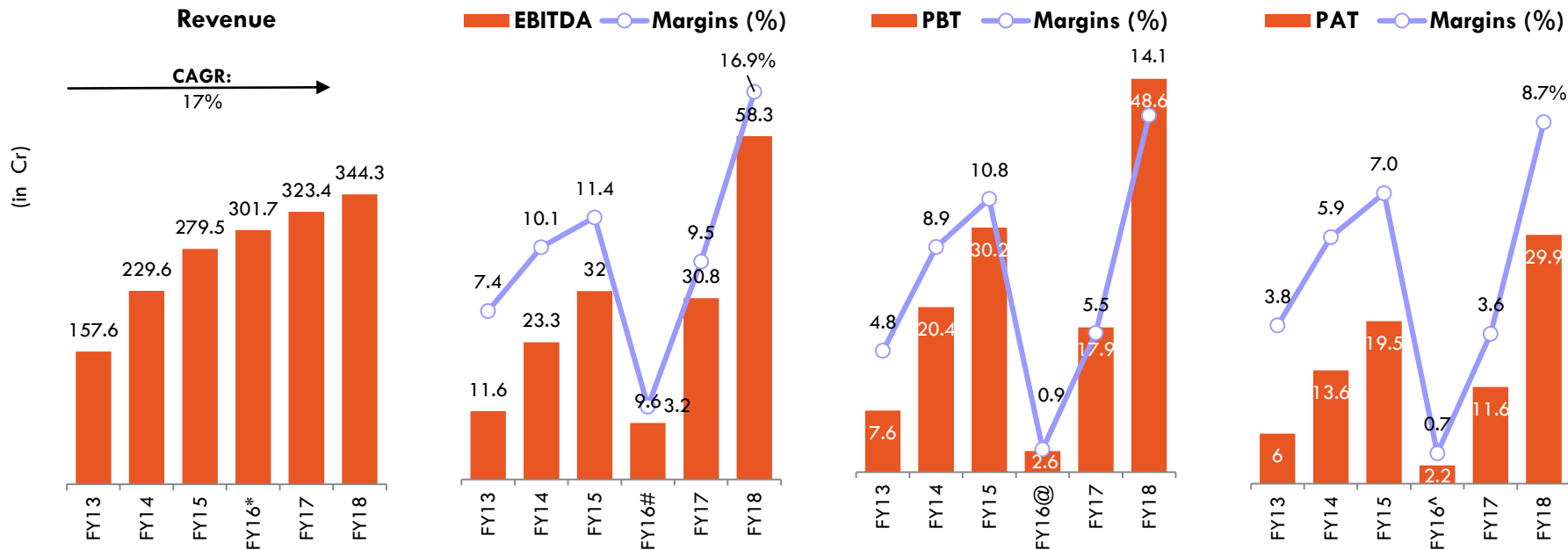


The  
Waterbase  
Limited





# Financial Performance



Flooding of the factory premises and surrounding areas in Nov/Dec 2015 impacted revenue performance due to destruction of stock-in-hand as well as loss of potential revenue in season

# EBITDA performance was impacted due to higher input costs, unexpected expenses on account of flooding and disruption in operations.

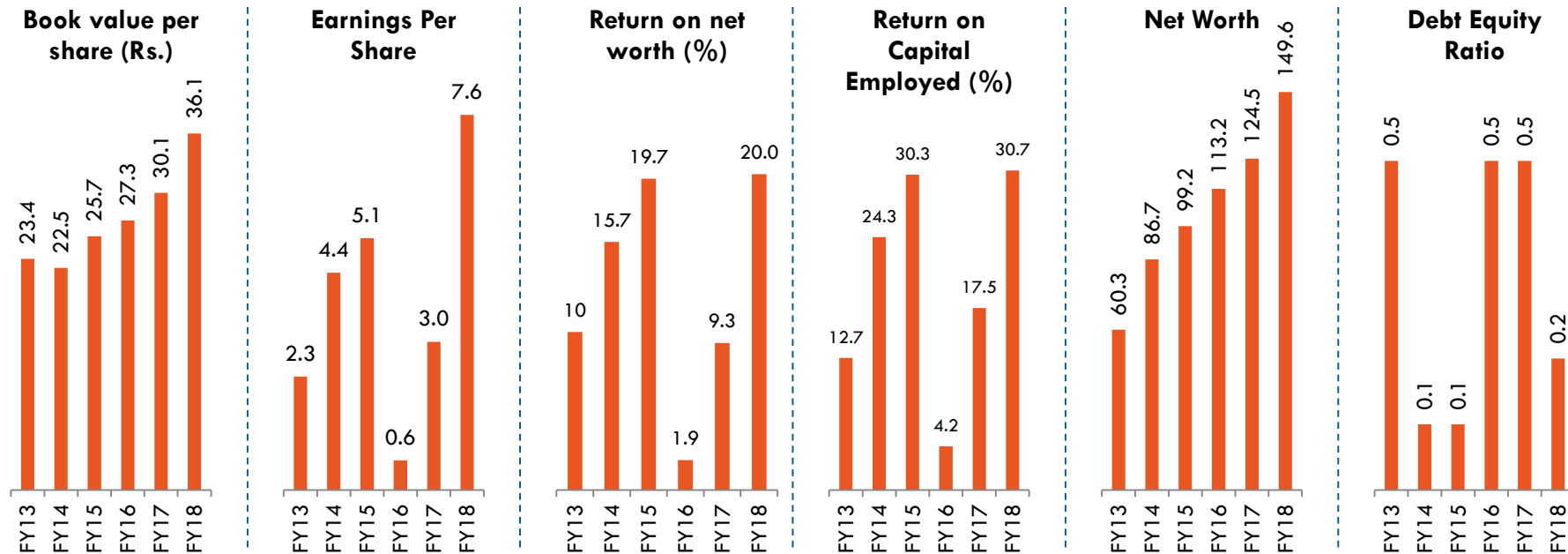
@ PBT was further impacted by (a) exceptional items of Rs. 3.5 crore being one-time settlement cost with one of the company's bankers, (b) extra-ordinary item of Rs. 17.5 crore being one-time loss on account of write off of stock-in-hand and damage to factory premises due to flooding of the factory premises .

FY16, FY17 & FY18 are based on Merged Entity & Ind-AS.

All other numbers are based on Ind - GAAP



# Key Financials



FY16, FY17 & FY18 are based on Merged Entity & Ind-AS. BVPS & EPS for FY16 & FY17 – considering shares to be issued consequent to the merger

All Return ratios for FY16 were impacted by disruption in business operations and unexpected costs incurred due to flooding of the factory premises and surrounding areas in Nov/Dec 2015 \*EPS RoE & RoCE further impacted by (a) exceptional items of Rs. 3.5 crore being one-time settlement cost with one of the company's bankers, (b) extra-ordinary item of Rs. 17.5 crore being one-time loss on account of write off of stock-in-hand and damage to factory premises due to flooding of the factory premises



# FY18 Performance Updates

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# FY18 - Financial Performance

Particulars	FY18	FY17	Growth (%)
Total Income	344	323	6.5%
EBITDA	58	31	87.1%
EBITDA Margin (%)	16.9	9.5	+740 bps
PAT	30	12	150%
PAT Margin (%)	8.7	3.6	+510 bps

Best ever annual PAT on the back of strong volume growth in shrimp feed inclusive of high product acceptability in new markets

Strong demand from existing customers and increased product acceptability across new markets helped deliver revenue growth of 7%

Strong volume growth in feed business coupled with benign raw material prices helped deliver higher operational profitability. Margins though may come under pressure owing to rising input prices in the near term



# FY18 v/s FY17 – Revenue Break – up

INR Cr.

Particulars	FY18	FY17	Growth (%)
Feed	325.8	295.9	10.1%
Processing	13.5	25.6	(47.4)
Farm Care	3.2	0.1	
Others	0.3	0.3	(13.5)
Revenue from Operations	342.7	321.9	6.5%
Other Income	1.5	1.6	(2.5%)
<b>Total Income</b>	<b>344.3</b>	<b>323.5</b>	<b>6.4%</b>





## Feed Business

- Healthy volume growth during the fiscal – shrimp production has extended into newer areas leading to strong growth in volumes
- Continued strong traction in existing markets while new markets picked up with some lag – for example, Gujarat market was weak in the 1<sup>st</sup> quarter but picked up from the second quarter onwards
- Feed input prices were soft during 2017
- Focussed on optimising performance in the feed business and have de-emphasised shrimp processing and exports, facility being utilised for third party processing and exports



## Farmcare Products

- Highly successful debut season for 'Baylife' range of farmcare products
- Have delivered on key objectives of disease management and yield enhancement – this has resonated positively with customers
- The company is in the process of identifying few more products to expand the portfolio
- Helps the Company to diversify revenue streams and capture larger share of wallet

## Other Business Lines

- TWL currently offers frozen shrimps and Pasteurized Crab Meat under the 'Prize Catch' brand to Institutional Customers – Initial response has been good and there is also plenty of demand for value added products which will enable the company to expand the portfolio which the company is considering
- The Company has completed the construction of phase I of its Vannamei Hatchery unit. Approvals are awaited, on receipt of which, the company will commence trial runs



# Industry Trends & Outlook

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# Domestic Market Trends & Outlook

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- India is well poised to become the largest shrimp producer in 2018
- Huge growth potential, shrimp farming now spreading to new areas
- Input prices for shrimp feed which remained soft for large part of 2017 have started firming up since the beginning of 2018, the ability of feed producers to pass on price inflation is limited due to heightened competitive intensity and depressed farm gate prices of shrimps
- Moderate increase in global shrimp production coupled with increased inventory in US have adversely impacted the farm gate prices during the past few months. While the first crop for farming season 2018 is in progress, sustained weakness in farm gate prices may impact farmer sentiment. However we remain cautiously optimistic and expect the farmgate prices to improve in H2 of FY19
- There is an increased preference towards growing smaller sized shrimp as farmers are focussing on derisking the business with early / partial harvest. Local production is showing greater maturity with a focus on new technologies and emphasis on biosecurity, this bodes well for sustainability and disease mitigation



# Thank You



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