

THE WATERBASE LIMITED

Transcript of the 34th Annual General Meeting of Shareholders held on September 23, 2021

Meeting started at 11:30 a.m. and concluded at 01:00 p.m.

Directors & Key Managerial Personnel present:

Name	Designation
Mr. Vikramaditya Mohan Thapar	Chairman & Non - Executive Director and Chairman of the Stakeholder's Relationship Committee
Mr. Varun Aditya Thapar	Non- Executive Director
Mr. Anil Kumar Bhandari	Independent Director and Chairman of • the Audit Committee and • Nomination & Remuneration Committee
Mr. Shashikala Venkatraman	Independent Director
Mr. Ramakanth V Akula	Chief Executive Officer
Mr. R Sureshkumar	Chief Financial Officer
Mr. T B Srikanth	Company Secretary and Compliance Officer

Auditors present:

Mr. Abhijit Bandyopadhyay	Partner, M/s Deloitte Haskins & Sells LLP, Statutory Auditors
Ms. Usha Balasubramanian	Partner, M/s ARUB & Associates, Secretarial Auditors

Scrutinizer: Mr. Chandramouli, J, Partner, M/s BP & Associates, Company Secretaries in Practice

Mr. T. B. Srikanth, Company Secretary

Good afternoon, Ladies & Gentlemen.

I am T.B Srikanth, Company Secretary, of The Waterbase Limited.

I'm very pleased to welcome you to the 34th Annual General Meeting of The Waterbase Limited.

This meeting is being held through video conferencing in accordance with the circulars issued by the Ministry of Corporate Affairs, applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The Company has enabled the members to participate at the AGM through the video conferencing facility, as due to the pandemic, we are unable to arrange for the physical meeting of the shareholders.

Before we start the proceedings of this AGM, I would like to give you an overview of the process to participate at this meeting through VC. The facility of joining this AGM through Video Conference is being made to members on first come first serve basis. All members who have joined this meeting are by default, placed on mute mode by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting.

The proceedings of this meeting can be accessed from the e-voting portal of CDSL by logging in as per the instructions given in the Notice of the AGM. The proceedings of this meeting are being recorded for compliance purposes. In accordance with the provisions of the Companies Act and the SEBI Listing Regulations, the members have been provided with the facility to exercise their right to vote by electronic means both through remote e-voting facility and e-voting at the Annual General Meeting. Remote e-voting facility was made available to all Members holding shares as on the cut-off

date i.e., September 16, 2021, during the period commencing from 9 AM IST on Monday, September 20, 2021, till 5 PM IST on Wednesday, September 22, 2021. Remote e-voting has been blocked on September 22, 2021, at 5 PM. Members joining the meeting through video conferencing facility who have not yet cast their vote by means of the remote e-voting, may vote through the e-voting facility provided at this Annual General Meeting. The voting is kept open now and will be available till 15 minutes from the conclusion of the meeting.

The registered office of the company situated at Nellore shall be the deemed venue for this AGM and the proceedings of the AGM shall be deemed to be made there at to transact the businesses as mentioned in the notice. Pursuant to the MCA circulars issued for the conduct of AGM through electronic mode, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the body corporates are entitled to appoint authorized representatives to attend the AGM through video conferencing and participate and cast their votes through e-voting.

I also wish to inform that the members were provided an opportunity to inspect all documents referred to in the notice and the explanatory statement by writing to the company at the email ID investor@waterbaseindia.com till the date of AGM.

During the AGM if members face any technical issues, they may contact the helpline number mentioned in the notice of the AGM.

With this, I would now request our honorable Chairman Mr. Vikramaditya Mohan Thapar to take over and conduct the proceedings of the meeting. Thank you.

Welcome address by Mr. Vikramaditya Mohan Thapar, Chairman

Thank you Srikanth.

Welcome to all the shareholders of the company. I just wish to announce that due to certain health reasons, I am requesting Mr. Varun Thapar, Non- Executive Director of the company to conduct the proceedings of the meeting on behalf of the Board, while I continue to attend and hear you all virtually.

Over to you Varun.

Welcome address by Mr. Varun Aditya Thapar, Non-Executive Director

Thank you, Chairman. Surely will do the needful.

So thank you Srikanth for the brief update on the virtual AGM and the voting process. I am satisfied that all efforts feasible under the circumstances have been made by the Company, to enable members to participate and vote on the items being considered at this meeting.

Dear Shareholders,

Hi, this is Varun Thapar, Non-Executive Director of the Company and also the member of the Audit Committee, Stakeholders Relationship Committee and the Nomination and Remuneration Committee of the Board.

I have great pleasure in welcoming you to the 34th Annual General Meeting of your Company. I hope that as I Speak you, you and your loved ones are safe and healthy.

Due to the prevailing extraordinary circumstances, this year's AGM is being held virtually today and I thank each of you for taking time and joining the meeting from wherever you are.

As detailed in the notice to the AGM and briefed by Mr. Srikanth earlier, this meeting is being held in compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA and SEBI Circulars pertaining to the AGM of the Company, through Video Conference / Other Audio-Visual Means (VC / OAVM).

Mr. Srikanth, I hope we have the requisite quorum to commence the meeting.

T.B. Srikanth

Yes Chairman. We already have the requisite quorum to commence with the proceedings of this meeting.

Mr. Varun Aditya Thapar

I have been informed that we have the requisite quorum and I therefore declare this meeting open.

I also wish to inform that the company has received authorization under section 113 of the Act from shareholders holding in aggregate 2,81,23,533 shares representing 67.89% of the paid-up share capital of the company.

Before I commence with my formal address, I would like to introduce all my other colleagues on the Board of the company.

I request my dear colleagues to speak once I announce the name of each one of you one by one.

Directors who have joined us today online are:

Mr. Anil Bhandari and Ms. Shashikala Venkatraman

Mr. Anil Kumar Bhandari, Independent Director

Hi, I am Anil Bhandari, and I am an Independent Director on the Board of Waterbase. I am also the Chairman of the Audit & Nomination and Remuneration Committee. I am attending the meeting from Bangalore

Ms. Shashikala Venkatraman, Independent Director

Hi, I am Shashikala Venkatraman, and I am an Independent Director on the Board of Waterbase. I am also the member of the CSR Committee of the Board. I am attending the meeting from Mumbai.

Mr. Vikram Thapar Chairman of the Board has already spoken to you.

Due to some personal exigencies Mr. Ranjit Mehta and Mr. Rahul Kapur, Independent Directors, have not been able to join the meeting.

I take this opportunity to also welcome Mr. Ramakanth V Akula, CEO, Mr. R Sureshkumar, CFO and Mr. T B Srikanth, Company Secretary.

I also take this opportunity to welcome:

- Mr. Abhijit Bandyopadhyay, Partner, Deloitte Haskins & Sells representing our Statutory Auditors,
- Ms. Usha Bala, Partner, Arub & Associates, Secretarial Auditors and

- Mr. Chandramouli J, our scrutinizer for this meeting.

Pursuant to the MCA circulars, the required documents like the Director's report, Financial Statements and Auditor's reports there on, secretarial audit report and register of directors and key managerial personnel and their shareholding under section 170 of the Companies Act 2013 are available for inspection, electronically on request.

It now gives me immense pleasure to present a snapshot of our FY21 performance in the context of the broad sectoral environment.

The last year and a half have been truly unprecedented in recent history.

The COVID-19 pandemic has ravaged lives and livelihoods of millions across the world. And in India, we witnessed a devastating second wave of the pandemic earlier this year, which touched the lives of nearly all citizens.

Coming to the present moment, we see that many countries, including India, have begun to emerge from the throes of this pandemic and as vaccination efforts are ramped up all across the country in the world. I'm cautiously optimistic that better days lie ahead for all of us.

However, that being said, it is also the case that the pandemic has had certain positive outcomes per start. It has brought new innovations in technology that will have lasting benefits. For all of us.

And it has brought together the scientific community and governments across geographical boundaries, posturing, a sense of global cooperation, unlike any in the past.

Governments and monetary authorities around the world have responded swiftly by implementing strong policy initiatives to combat the damage inflicted by the pandemic. I consider Waterbase to have been ahead of the curve in terms of our handling of the pandemic and this, I believe is a testament to our ability to respond to and navigate turbulent times.

Response to COVID-19 has primarily been focused on ensuring that our employees and everyone who is a part of the Waterbase ecosystem remains safe and healthy and equally on ensuring continuity of the business.

Every employee in the organization has gone above and beyond to help each other, as well as others in the larger communities in which we operate.

Equally commendable is a role played by the leadership of the company who have provided guidance and support to our teams throughout this period.

It has been a difficult time, but I'm very proud of the role that every voter base has played in the year gone by.

Now, as we regain our operational momentum and global demand reverts back to the pre-pandemic levels.

I'm confident that we will continue to deliver on our purpose with a clear and meaningful strategy and continue to build on a 3-decade long track record in the agriculture sector.

The global market for seafood was valued at over US\$110 billion in 2020 and is expected to reach US\$133 billion by 2026, growing at a CAGR of 2.9%. The global shrimp market is expected to exceed US\$32 billion by 2021, growing at a CAGR of more than 5%, partly due to the high

nutritional content of shrimp, which is creating a demand for ready to-eat and ready-to-cook shrimp recipes and products.

To this end, rising per capita consumption and growing consumer awareness are two long-term industry drivers and show significant green shoots for this sector going forward.

Amidst a tough macro environment, your Company yet again showed positive performance in terms of reporting a Consolidated Revenue of Rs. 214 Crores and a Profit After Tax of Rs. 5.91 Crores for the year ended March 31, 2021.

A key priority during the past year was to improve the quality of our sales network by focusing on cash sales and collections and limiting credit sales to strengthen our liquidity position.

I'm proud to report that we are now a totally debt free company and we remain committed to maintaining strong fiscal discipline and ensuring complete oversight on liquidity matters going forward.

I'm also pleased to announce that the board has recommended a final dividend of Re.1/- per share for FY20-21 subject, of course, to your approval.

The outlook going forward, your company remains focused on developing, manufacturing, and selling of quality shrimp feed through state-of-the-art manufacturing facilities located at Nellore in Andhra Pradesh. This is strongly supported by the emerging business lines of Farm Care and Hatchery, which expanded our offerings to shrimp farmers across the country.

One differentiation of our product from the competitors to extending the reach of the dealer network in distribution base and three fulfillments of all order sizes.

We are keen on capitalizing our fundamental strengths to expand our volumes in the feed business, while also moving into adjacent categories and entering new spaces.

We are constantly striving for improvements by building a modern, efficient and sustainable value chain. We will continue collaborating with our business partners to restructure processes and deliver products that are safe and of the highest quality.

To conclude, on behalf of the entire Board of Directors at Porter Base, I would like to take this opportunity to thank each and every employee for their commitment, contribution and for going that extra mile in building a stronger business for the company and for serving our valued customer base a little better every day.

I would also like to thank all our shareholders, customers, dealers, and vendors who have continued to oppose their faith in US and the business.

My best wishes to all of you and your families. Please stay safe and stay healthy.

Thank you, ladies and gentlemen.

I now invite Mr. Ramakanth Akula CEO to give further details on the company's performance and strategic initiatives.

Speech by Mr. Ramakanth V Akula , Chief Executive Officer

Thank you, Mr. Varun for your encouraging words.

Good afternoon, Dear Shareholders,

I am delighted to speak to you, on the occasion of the 34th AGM of the Company and would like to begin by urging you all to stay safe and continue following Covid appropriate behavior. FY 2020-21 was unlike what any of us expected. The COVID-19 pandemic surprised governments, businesses, and citizens across all our markets. Repeated lockdowns, supply chain disruptions and fewer customers eating at hotels and restaurants had a major impact on seafood demand for most part of the year, thereby affecting the industry at large. Still, the pandemic has shown how Responsible, Resilient and Future Ready Waterbase has become, which was the very theme that we choose for our Annual Report this year.

In a year full of unforeseen challenges, the Company was able to show a positive financial performance despite the headwinds. The Company generated a Revenue of Rs. 214 Crores on standalone basis while reporting a Profit after Tax of Rs. 5.93 Crores for the year. Despite a subdued performance, the company continues its focus on improving the quality of revenue streams while also becoming a Debt Free company.

About our business operations, during the year, the wellbeing and safety of our employees was our number one priority. On the business front we had introduced a stringent credit policy to enhance the quality of our revenues while we continued to streamline our operations and strengthen our capabilities in key areas impacting our competitiveness, such as shrimp health, quality monitoring technologies, improved production processes and Research & Development.

FY 2020-21 was a genuine stress test for all of us, and I would like to thank all our colleagues for their hard work, loyalty and expertise – they have truly gone beyond the call of duty to deliver on their responsibilities amidst this turmoil. We were also fortunate to witness continued support from our loyal customers and suppliers through these times, clearly demonstrating the richness of our multi-year relationships.

On the whole, the year saw us implement mitigating measures, setting the stage for greater profitability and increased competitiveness in a post-pandemic world.

We have now come a long way from purely being a supplier of shrimp feed to becoming an innovation partner for farmers. Aquaculture is poised to be an important part of the solution in a sustainable global food system, but only if we continue to get better. We are also building on the positive feedback on our farm care products and hatchery business; and expanding along such ancillary lines.

While we are still not out of the pandemic, the light at the end of the tunnel is getting brighter every day and the long-term sectoral outlook remain largely upbeat. We expect demand for high quality, safe and traceable products to rise – and believe that it is the perfect time to strengthen our presence across the value chain to optimally pursue opportunities.

To conclude, I am proud to say that at Waterbase, quality products and responsible behavior have been at the core of building a sustainable enterprise and exploring possibilities towards creating a niche position in the aquaculture space.

Whether by developing high-quality shrimp feed or by offering newer solutions in the shrimp healthcare space, we are relentlessly focused on delivering world-class products that are synonymous with quality and safety.

Even when faced with a once-in-a-century global crisis that tested our resilience, we stayed true to our core values and worked together with our stakeholders to embrace a new normal. This is the firm foundation, upon which we strive to drive our business in the post-pandemic world.

As I wrap up, I want to once again thank my colleagues, clients, partners, Board of Directors, and other stakeholders who have provided incredible support, and trust. I am filled with optimism and energy for this new financial year, and I am confident we will continue to build a Responsible, Resilient and Future Ready organization.

I sincerely appreciate the opportunity to speak to you today.

Thank you.

I now request Srikanth to take the proceedings forward.

T. B. Srikanth:

Thank you, Sir.

The next item on the agenda today is transacting the business as per the Notice of AGM dated August 31, 2021. I request Varun Sir to take the proceedings forward.

Varun Aditya Thapar:

Ok so moving to the next part of today's AGM, I wish to inform that the Notice of the Meeting was sent in advance to all shareholders setting out the business and resolutions to be considered at this meeting. With your permission, I will take the Notice as read.

The Company's financials for the year ended March 31, 2021, along with the Director's and Auditor's reports, have already been circulated to you. The auditor's report on the financial statements do not contain any adverse remark, qualification, or disclaimer, and accordingly the said report is considered to be read.

On the Secretarial Audit report there had been one qualification on account of delay in filing of one intimation to stock exchange which has been duly rectified and appropriately commented upon in the Board's Report.

With your permission, I would like to take the above also as read.

In terms of the Notice of the 34th Annual General Meeting, items of ordinary business are to be considered at this meeting. I now request the Company Secretary to read out the resolutions and guide the shareholders on the voting:

T.B. Srikanth:

Thankyou Sir.

As per the Notice dated August 31, 2021, we have three ordinary business items to transact today which I will be reading out.

In accordance with the provisions of the Companies Act and the SEBI Listing Regulations, the members had been provided with the facility to exercise their right to vote by electronic means both through remote e-voting facility and e-voting at the Annual General Meeting. Remote e-voting facility was made available to all members holding shares as on the cut-off date i.e., August 16, 2021, during the period commencing from 9 AM IST on Monday, September 20, 2021, till 5 PM IST on Wednesday, September 22, 2021. Remote e-voting has been blocked on September 22, 2021, at 5 PM.

Members joining the meeting through video conferencing facility who have not yet cast their vote by means of the remote e-voting, may vote through the e-voting facility provided at this Annual General Meeting. The voting will be kept open till 15 minutes from the conclusion of the AGM.

The members who have cast their vote by remote e-voting prior to the meeting shall not be casting their vote once again.

The Board of Directors has appointed Mr. Chandramouli J from M/s BP and Associates as the scrutinizer for this meeting.

Based on the report of the scrutinizer, the combined results of remote e-voting and the e-voting done at the meeting today will be announced and displayed on the website of the Company and will also be submitted to the stock exchange as per the requirements under the SEBI Listing Regulations.

So, the three resolutions that have been placed today for your approval is

The first resolution: Consideration and adoption of the Financial Statements, both Standalone and Consolidated together with the reports of the Directors and Auditors thereon

The second resolution: Declaration of Final Dividend of Re. 1 / share for the FY 2020-21

And **the third resolution:** Re-appointment of Mr. Vikramaditya Mohan Thapar, who as per the requirement of Companies Act, 2013 retires by rotation and being eligible seeks re-appointment.

With this we have completed the activities w.r.t. the resolutions proposed in the AGM Notice.

Now I would like to seek the permission of the Chairman to invite queries and comments from few shareholders who had registered themselves as speakers.

May I please go ahead

Varun Aditya Thapar:

Yes, please go ahead.

T.B. Srikanth:

Thank you, Sir

Considering the large number of requests received for being a speaker shareholder and considering the time constraints, we have seven speaker shareholders on a first cum first serve basis.

Once the Q&A session starts, I would be announcing the names of the Shareholders who have registered as speaker Shareholder one by one.

Only the audio of the speaker Shareholder thereafter will be unmuted by me.

Before speaking, the Shareholder is requested to click on the video as well as audio icon appearing on the screen to switch it on.

If the Shareholder is not able to join through Video mode for any reason the Shareholder can speak through the audio mode. While speaking, we would request the speaker members to use the earphones so that they are clearly audible, minimize any noise in the background, ensure that WI-FI is not connected to any other devices, no other background applications are running, and proper light is available to have good video experience.

If there is connectivity problem at speaker Shareholder's end, we would invite the next speaker to join and if time permits, we will go back to him once again after completion of all the remaining speakers.

I would like to request the speaker Shareholders to kindly limit their speech, question, or clarifications to 4-5 minutes so that all the speakers get fair chance.

Now I start with the first speaker of the day:

Our first speaker for the day Mr. Kanhaiya Kejriwal having a folio number 1208160055504528.

Sir, I would be unmuting you now

Speaker Shareholder 1- Mr. Kanhaiya Kejriwal:

Good afternoon, Chairman and other members of the board and thank you for allowing me to put forth my questions.

I wish to ask one question that the performance of FY21 is not as per the expectation. We understand it is due to the pandemic situations, but what is the future outlook for FY22, and can we expect that?

Mr. Ramakanth V Akula

So, Chairman, can I go ahead and answer his question.

Varun Aditya Thapar

Yes, Please

Mr. Ramakanth V Akula

Good afternoon, Mr. Kanhaiya, thank you for participating in this AGM and asking us the question.

Yeah, I mean, as you have heard us speaking about last year, the pandemic really dealt deadly blow to the seafood sector at large, largely on account of supply chain disruptions.

I mean, while the demand for seafood is not that impacted because we could witness strong growth, is the retail segment in the consuming markets, but the supply chain disruptions in the first half really dealt very severe blow to the businesses for 2021 was very subdued.

We are coming back to normal. I don't say that we are coming back to the FY20 levels as of now, but we are coming to the near normal levels.

So, in terms of our business outlook for the coming year, it all depends as you know that the business depends on shrimp feed which is the main bread and butter of the Company, and it is in turn dependent on the shrimp farming activities while the summer crop had been pretty good this year.

The second crop had is yet to catch up. I mean, there had been a bit of delay because of the monsoons, etc. So, we need to really see going forward if we have a good second crop and the third crop.

So probably in a couple of months we should know how the year is going to look, so it's a bit too early to say whether we are back to normal or not.

So, did I answer your question?

Speaker Shareholder 1 - Mr. Kanhaiya Kejriwal

Yes Sir.

Another question, so in your Q1 press conference press release, you have also stated that you are actively planning to pursue the processing and export business So what are your business plan on this vertical. I would Like to know a bit of it.

Mr. Ramakanth V Akula

So, Chairman, can I go ahead

Varun Aditya Thapar

Yes, Please

Mr. Ramakanth V Akula

Processing and export business is, you know, growing as we have, uh, witnessing. India has exported close to \$4.7 billion worth of shrimp in the last fiscal, and we in 2018, which was a major here the best year for shrimp exports or the country we crossed even \$5 billion.

So, this is one area where despite having a processing plant, we were not fully into it and we were developing. We are competent building competencies and developing capabilities for that.

So, we have made a beginning in this fiscal year, and we will try to build upon this going forward.

As you know, we have a processing facility. We have all the certifications. And we can easily scale up this business, but we are a bit cautious in our approach, and since it had been quite a while for us since we moved out of this space, but now we are strongly, you know, we believe very strongly that.

The future of this company is strongly linked with the processing and export business, so we have restarted the processing and export business, although in a very small.

Today, but we are building and I'm sure in next couple of years we'll be filling up capacities and we will be adding more capacities and processing and export.

Business will become a very key integral. This is part of the total growth story.

Yeah, thank you Mr. Kanhaiya and I wish all the best to the company for their future endeavours.

Speaker Shareholder 1: Mr. Kanhaiya Kejriwal

Thank You

T.B. Srikkanth

So, the next speaker for the day Mr. Sreejith and his DP number is 1208360000064269.

Due to connectivity issue, I'll just move him back and proceed with the next speaker shareholder.

Moving on to the next speaker, we have Mr. Palaniappan having a folio number is IN303028 84982128

I will be moving him to the panellist position to ask his question

You can please ask your question.

Speaker Shareholder 2: Mr. Palaniappan

Greetings to all the directors in the management of the company.

My question is related to the human resource department on the employee front, I would like to know.

If the company has returned to any employees, especially in these tough times during the pandemic and subdued business performance also, what are the safety measures that the company has in place to protect its employees.?

Mr. Varun Aditya Thapar

So, thank you for your question.

I'm very proud to say that we have not retrenched even one single employee due to the COVID pandemic, neither in water base nor in any other company that is part of KCT Group.

We have Implemented all the best practices in terms of safety protocols related to COVID across the factory and the offices. And you know, I can say that as part of the value system of the group.

The health and safety of our not just of our own employees, but even of our other stakeholders is of paramount importance to us.

So you know that is, on a high level basis, but I'd like Mr. Ramakanth V Akula CEO fill in some of the more specific measures that we have put into place related to the COVID safety protocols.

Mr. Ramakanth V Akula

Yeah, thank you Chairman.

Yes, I mean as soon as the pandemic broke out the first thing that was on the top of our minds was how do we protect our employees that work for us. As the chairman said, it's not just the company employees, but also all those people who work along with us.

Let it be our contractor people, let it be people who are associated with logistics warehousing or even to that matter, even the dealers and even the Shop Boys who work with us and even those farmers and the people who support the farmers for them.

So as soon as the front broke out, we have immediately activated the business continuity plan we have.

As one company we have appointed a flow manager who in turn has made several groups within the company and we call them Champions Health champions and these champions each champion.

Being a city of not only the employees but also their family members, so they keep checking on each and every employee how they are doing during these COVID times, whether they're working from home or so we have enhanced the safety protocols right from a point of contact. We ensured that the temperature is monitored at least four times.

Mr. Varun Aditya Thapar

Palaniappan, while Mr. Akula is trying to reconnect and get the connection stable, I just also like to mention that at a group level we've contributed CSR funds to various NGOs and government initiatives for COVID control and. we've also strongly encouraged vaccination and run vaccination drives both for our office staff as well as our factory stuff, so you know, those are just some of the other initiatives that I'd like to mention.

Mr. Ramakanth V Akula

As chairman was mentioning, we have read out a lot for COVID relief help, not only at our factory sites, but also in various places we have distributed mask. We have given away food supplies to all those needy people.

We have also helped the district administration with providing them with medical equipment and things like that and we recently have also provided a mobile vaccination unit to the Municipal Corporation.

So, all that support is going through the group and at our company.

I mean we are very clear that the safety and well-being of everyone is of paramount importance to the company.

So did I answer your question

Speaker Shareholder 2 - Mr. Palaniappan:

Thank you, sir.

T. B. Srikanth

Thank you, Mr. Palaniappan

Sir, the next speaker on the list Mr. Vinayak Nadesh and his folio number is 1203280000512999

I will just move him, unmute him to ask his question.

Speaker shareholder 3 - Vinayak Nadesh:

Good afternoon to all, Chairman and the Board members, CEO, CFO and the CS of the company.

It's pleasure to attend the Annual General Meeting of the company by VC itself.

So, I would like to ask just two questions so shall I asked both of them to go.

In the annual report, mitigation part mentioned that the inadequate supply and high price of the raw material for manufacturing Shrimp feed such as soya fish meal and fish oil post significant risk to the company.

So how the company is planning to mitigate the risk?

And my second question, shall I go ahead?

T.B. Srikanth

Yes, when I please go ahead you can ask the second one.

Speaker shareholder 3 - Vinayak Nadesh:

My second question is the CEO message it is mentioned that the farm care business has started to do well and in the recent press release also you have mentioned the same.

So, what is a medium- and long-term outlook of this vertical and how it is expected to?

Only with the top line going forward in the next two years.

Mr. Varun Aditya Thapar

OK, so, I'll give a general reply and then I go to Mr. Ramakanth V Akula.

So, first question is on the supply chain.

The best mitigation plan that we have is that we do in house a lot of research you see, because most of the inputs are traded commodities, so there is a fair amount of knowledge and research available in the public domain.

So, our procurement and supply chain team are constantly doing research to understand what are the different factors that may be affecting supply and pricing for any given year so.

You know most of our products like you take in this current year.

Soy has seen unprecedented price There are certain global forces which are responding global and also domestic forces which are responsible for this.

So, we are constantly doing the research and study to understand what the factors are affecting supply of these different Agri inputs and to respond to it, we do a strategic procurement. So, if we are expecting that there is going to be some sort of issue right on the supply side and people do as much strategic procurement prior to the start of crop season as

We possibly cancel that is 1 definite mitigation measures that we put into place, as well as I said, building our knowledge and research capability.

That was your first question, and your second question was on.

Speaker shareholder 3 - Vinayak Nadesh:

Farm Care Business

Mr. Varun Aditya Thapar

So, the farm care products have definitely shown a lot of promise and I would say this is a fast-growing segment.

It's fast growing, not just for the company, but the concept of farm care products is catching on within the farming community in a much larger sense.

So, you know, Farm care basically addresses different needs of the agriculture farmer, so these can be related to water.

It can be related to nutrition of the animal, it could be related to soil etc.

So then. This is a very promising kind of thing because it's basically filling in the gaps that feed cannot address right, because feed is basically just providing nutrition, but there are very you can say specific conditions coming up from pond to pond which farm care looks to address, and I think the farming segment is really realizing the benefits that farm care can have, in terms of boosting the growth. So, I think the level of awareness amongst the farming community is you know growing day by day and we are improving and expanding our portfolio of products and catering to this growing segment.

So that's at a general level and I like Mr Akula to add further insight to this.

Mr. Ramakanth V AKula

Chairman, as you have broadly covered, so you know the aspects of what goes into making these choices as far as procurement is concerned, we are in an industry where raw material costs are very significant. I mean in the animal feed sector you know it's over 70 to 75 percent, so it's very, very important for us to have the formulations optimized so that we keep the RMC costs under check, but unfortunately in the last one year, if you have seen the prices of the key, raw materials have shot up significantly Soy has moved from ₹38.

To over ₹100 and fish meal which used to hover around ₹ 85 to ₹ 90 rupees has crossed out breached the 110 marks.

Fish oil, which used to be in the range of ₹125/- as is trading at ₹200/-.

So, all the key raw material prices have shot up in the last. I mean when you compare with the December exit prices, the raw material price increase itself is over 25%. So how do we mitigate? I mean, while passing on the price increases to the customer is an option, but one needs to look at the sentiment of the farmers because if the farmers shy away from farming, the business crashes.

So, looking at the international prices, the demand and looking at the ability of the farmer to absorb price increases we tend to pass on, not definitely to that extent that the price increases have happened in raw material prices.

So partly we did it in this year, but we are still under a lot of stress.

I mean, we could not pass on the entire inflation to the customers for the reasons that I have mentioned.

But how do you in these kinds of situations?

How do you mitigate?

I mean, strategic sourcing is one that if you have your ears to the ground, you will know how the trend is going to be, whether the raw materials supply would be there during the peak time or not, how well you should plan, and how much you should plan all this.

You know, it's very, very important so strategic sourcing to certain extent has helped us.

And as our chairman has mentioned that we have, a vast experience in working with different raw materials that can be used or say as replacement raw materials whenever there is any issue in terms of availability or in terms of prices.

So, when soy prices have gone up, our team has quickly worked around and change the formulation by including alternate protein sources through vegetable sources and also through marine sources so that we at least take a lesser brunt of these cost increases.

So, customization it becomes very critical, and our R&D is very good at it. So, we are doing a lot of research and development with alternate raw materials, and we are meeting up the required nutritional requirements of shrimp through new formulations.

All the time, and the third thing is going forward.

How do we ensure that you know we tackle these kinds of situations?

So, we also are getting in new feed additives and from abroad which can supplement for some naturally available raw materials like in place of fish oil.

Algae oil is an important source, so which is available overseas which can be a compliment to your formulation and reduce the dependency on fish oil, so like that lot of new ingredients are being tried out new raw materials are being sourced evaluated, so this will help us to be in a better position.

Going forward now, on the other side. So yeah, you know you have seen you would have read in the papers that the prices have ran up from ₹38.00 to over ₹100. But with lot of efforts from all the associations Indian government has allowed import of genetically modified soya.

For the first time in the country and we are one among the first few companies who have already placed our order to import, so this would help us to mitigate to certain extent, but not fully to the extent that we are seeing the prices impacting us and about the funky products that yes, this business is quite promising we have a 12-product portfolio.

We are constantly working to add new products and expand the basket.

Our R&D team is constantly working with the farmers identifying the need gaps and new products are being introduced every year.

Last year we have launched 2 new products, and both were winners and this year also we are going to launch very shortly two unique products, so these also will add up to the total sales revenue that is generated from farm care business. Our objective going forward in the next 2-3 years would be to at least get 10% of our revenue coming from the farm care business, so with that objective we are working and developing this business.

So did we answer the question?

Speaker shareholder 3 - Vinayak Nadesh:

Yes sir, thank you Chairman.

T.B. Srikanth

So, the next speaker for the day is Mrs. N Shyamala and folio number is 12036000 06760019

Yeah, so I request you to please ask a question.

Speaker shareholder 4 — N. Shyamala

Good afternoon to all the dignitaries and thank you so much for allowing me to participate and ask question.

So, my question is, I would like to know how the overall sector or outlook is looking, have they come back to normal considering the pandemic.

T.B. Srikanth

Done with your question.

Speaker shareholder 4 – N. Shyamala

I have one more query, has a demand now normalized in Western countries.

T.B. Srikanth

So Mr. Varun she has asked two questions.

One is on the overall sectoral outlook and the 2nd is on the demand normalization in the western bank.

Mr. Ramakanth V Akula

Ms. Shyamala thank you for posing this question to us. I could see that there are two questions.

One is, have the exports come back to normally and the second question is, is the demand back in the consuming countries?

Thank you, so if you have tracked the news reports India's exports in the first half have been pretty good.

We have registered a growth of over 25% in the period Jan to June. Whether they are back to the same old levels as in 2019. I would say yes.

Now what would happen in the rest of the year?

We need to see as I have mentioned some time back that there had been a slight delay in the second crop. So, this would have an impact for the exports you know, which normally go up in the month of

October and November as I run up to the Christmas season, so the second crop got slightly delayed due to monsoons and spate of disease outbreaks.

But the enthusiasm among the farmers is very much there, so they have again stocked their points, so there would be a slight delay in the farming second season, but overall, I think we should catch up.

So, coming to your question, exports are coming back to normal.

Sure, and your other question was how is the demand shaping up?

Yes, the demand has come back.

I mean food always comes back. You know, with a shape recovery post, any crisis, even during the GFC of 2008, food was the first thing that had a very sharp recovery.

So, we have seen if you're tracking the imports, it has been growing even from 2019 level the numbers are shooting up. That means the business and the demand is quite robust in the US market, which is a very key market.

Europe also we have seen in many countries during the slowdown somehow the restaurants have done rocking business, so the demand is coming back very strongly.

Yes, China is one country which again is a very large and important market for all of us due to certain restrictions, exports from India and couple of other Asian countries have been hit because they have imposed very strict inspection rules which led to a lot of containers getting held up at Chinese ports in the first half.

Although at appropriate levels discussions have happened between both the governments and they have promised to look into it. Things are getting eased up, we cannot ignore China because China is the world's largest consuming country and largest importing country by volume. So, if the Chinese start buying back in a normal way, I think we are back into business, so overall demand is very much there. If at all if they pay today, it is only due to COVID imposed restrictions and regulations.

Otherwise, you know consumers loud to each shrimp for the benefits that we all know, and India shrimp farming first half was pretty good in this calendar year second half as I mentioned there is a delay.

So, which might you know extend the winter crop into next, so otherwise you know I would say this outlook is pretty strong.

Did I answer your Questions?

Speaker shareholder 4 – N. Shyamala

Yes Sir, Thank you.

T. B. Srikanth

We will move to the questions that we have got it from email.

So, moving on to the questions that we have received over email, I'll go one by one, and we can appropriately answer it as seems fit.

The first question that we have received is, as I was going through the Chairman message in the annual report, he has stated that the company is moving into the adjacent and new categories. What are these?

Can you throw some light on the same?

So, you can just direct who can answer the question.

Varun Aditya Thapar

Well, I can answer this question

So, there are different parts of the value chain of aquaculture and today I can probably state that we have presence in all the different segments starting with hatchery.

So, we have commissioned all hatchery about three years or about two years ago, and that's one segment where we have supply capacity available. So, we are looking to grow that business out organically and we also have land available for expansion of the hatchery, so we will be undertaking that capex.

Next part of course is in the core segment of Feed, so feed cost remains the focus area of the company and there also we have existing supply capacity available.

So, the thrust in Feed segment is definitely going to be on marketing and you know pushing sales and also on product innovations.

Then we come to farm care, which is a new segment we've spoken on Farm care already and then the last is processing, which also Mr Akula had spoken on earlier in this call.

I thought the idea is to come out with in all the different segments of the value chain and there are specific plans within each of these different segments or I can say specific strategies to grow within each of these different segments.

Mr. Akula like to add further to that,

Mr. Ramakanth V Akula

I mean, as you have covered there in every phase of agriculture in all the part in the hatchery segment also, we are making the rapid progress in terms of selling or growing the pills from stage two or nursery pills.

So that's something which we are focusing in farm care.

As I mentioned, we are adding new products, expanding the portfolio in the feed also we have introduced new brands into the market.

This year a new brand called Vanamax and Maximy Supreme.

They are today contributing 10% of the total feed volumes we have lined up to three new products that would be launched in the coming days. So, in the field also we have a good product lined up that will be launched soon, then processing and export.

That's a business which has, plenty of headroom to grow, and we have the capacities, we have the certifications, so we are all set to take the company to the next level and again one more area that we would focus going forward would be how do we move on to the consumer side?

I mean by bringing in the best quality seafood to the customers directly because we are already into shrimp business, we have access to other sea catch so we have done a pilot project earlier.

We have started a new division called Price Catch. But going forward we would also explore new opportunities if we can increase our presence in that business judgment.

Mr. T.B. Srikanth

Thank you, Sir.

Second question, which has come up

While the profits of the company have reduced the company's balance sheet is healthy and there is zero debt in the book. The company is also having sizeable liquid funds. What are your plans to deploy these funds?

Varun Aditya Thapar

I mentioned during my speech where I covered the business of the past year that our liquidity position has improved because we have been much first on collections and focused on building cash sales and improving our dealer, Distribution network and the quality of our sales so that has led to a comfortable liquidity position.

So, the idea is very much to redeploy this back towards capex.

So, there is a defined Capex plan that we have in Chennai, I can ask CEO or CFO to elaborate on the Capex plan. So, the focus is essentially to redeploy this liquidity back towards growth within the different segments that I mentioned previously.

Mr. Ramakanth V Akula

Thank you, Chairman.

I mean, as our chairman has mentioned, we have definite plans to deploy these funds for Capex and also for working capital going forward as we embark on a growth pattern. Being in a working capital-intensive industry, we do require some money to undergrowth, and then while.

Will we keep aside some funds for working capital on the Capex strength we are strengthening our infrastructure while we have the basic capacities in our plant, but there is a support infrastructure in terms of warehousing storage capacities for feed business that we have already embarked on that this year.

We'll be completing those projects and a substantial portion of the capex going forward would be in the processing and export with this as I have mentioned this of headroom and we need to again invest some more in expanding the capacities so we will be, you know, putting these funds to the good use going forward and mostly in those areas which will generate a lot of revenue and profits and if I have to pick up one area where we need to focus immediately.

Where we are focusing immediately processing and export business.

T. B. Srikanth

Thank you, Sir, so moving on to the next question.

This is something related to the before question.

What are the major Capex or expansion plans of the company in the coming years?

Mr. Ramakanth V Akula

In the same thing that we have mentioned right now we have two feet plants and are we still have lot of headroom to say that we have filled in capacities in these two plants.

But there is a requirement to come up with strong infrastructure in terms of warehousing in terms of putting storage facilities for liquid with and raw materials, so on the capex front for the feed business it would be deployed in adding this additional infrastructure in terms of providing storage in terms of building up, coming up with new QC laboratories and for the processing and export business we

mentioned that we are enhancing the capacities of the plant totally, so this much of the funds would be deployed.

Over there, so the hatchery also is planning for an expansion going forward and there also the funds would be deployed.

The Farm Care business as of now is not very capital intensive, but maybe 2-3 years down the line we will have to embark. We need to earmark some funds for that as well, so the major Capex for the next say one to two years would be to investing in the infrastructure required for the feed business and then expanding the capacities of the processing and export. Coming to going in for a third plant or 4 feet that's also on our cards, but as of now we are focusing on building the infrastructure for the existing feed plants and then focusing on enhancing the capacities of processing and export ground.

T. B. Srikanth

Thank you, Sir,

We'll move on to the next question.

The next question is something related to the financials.

The shareholder has asked that the company has provided nearly ₹ 9 cross this year as provision for bad and doubtful debts which is significantly higher than the last year.

So, is there any specific reason on this increase in these provisions?

Varun Aditya Thapar

I would like to ask may be CFO to answer this.

R Sureshkumar

Thank you, Chairman,

The company has provided closed about ₹ 8.9 crores provision this year as compared to ₹ 5.4 crores of the last year.

As the chairman and the CEO addressed earlier part of this meeting that we have introduced to strengthen credit policy and followed by the stringent data provisioning policies. Considering this situation of the business in the 2020-21 we have made a prudent provisioning based on the stringent data provisioning policy. While we provided closed about ₹ 9 crores on a prudent and conservative basis this year but, none of the debtors we are leaving oversight and we are continuing to focus and recover those monies, including legal initiatives.

We are focusing on that will be collecting entire money from the dealers that is the reason we have provided provision this year.

T. B. Srikanth

Thank you, Sir,

Now we'll go to the next question.

The question says the shareholder has asked we are hearing that the import duty on the imported feed has been increased by 5%. Will that be an advantage for the domestic feed manufacturers?

Ramakanth V Akula

Yes, I mean if we see the sales of imported feeds into the country, they account to about 10% to the total feed market, so 10% of the feed is a requirement is met through imported feeds.

This is not providing a very healthy situation because competitive this thing because these people who are bringing in the feed from other countries are throwing the feed at a very, very low prices.

I mean in India while we talk about make in India and all that the local domestic manufacturers are not in a competitive position to fight the onslaught of these imported players. So, after lot of representation, Government of India has hiked the duty on the imported feed by 5%. though we have requested them to increase it by about 10 to 15% so that there is a level playing field. But yes, 5% is still better than having a no.

Duty on these kinds of fields, but yes to certain extent this would be an advantage to the domestic manufacturers.

T. B. Srikanth

Thank you, Sir. Moving on to the next question.

This is again related to the financials

While going through the other expenses reported by the company, it is observed that the payment discount is standing at ₹ 4.76 crores vis-a-vis ₹ 4.23 crores of last year, despite there is a 30% drop in the sales. Is there any specific reason why payment discounts have gone up in a subdued market?

Ramakanth V Akula

Ok. So, this payment discount is basically a cash discount that we pay up front to a dealer who makes payment within its time to the company. So, if you look at in the past like hour cash sales component was quite lower. It was less than 20% earlier.

So now, with our stringent credit policy and we have decided it should be now resolved to improve the quality of revenues that are coming in. So, we started tightening the credit that had been and that we were extending to our channel partners.

We are focusing on good dealers who can invest money in the business not depend too much on unrestricted credit. With that, what happened is that the contribution of cash sales has started improving from something like 20% now we are at 37. Same 37% of our business is on cash, so normally when you get these kinds of orders which are on cash you have to pay the discount of about 5%.

So that's the reason why the cash discount as a percentage has gone up from 20% to 37% and in terms of your absolute number.

Also, the cash discount in FY21 is higher than FY20 for the same reason because the cash sales contribution has increased in the last week.

T. B. Srikanth

Thank you, Sir. So, we move on to the last question that has come from the shareholders

One of the shareholders is asked the company has acquired a subsidiary last year and had reported it.

What are your plans for this company acquired?

Varun Aditya Thapar

We had acquired this subsidiary with the more as an enabler, should we choose to expand into any particular line on, look at any particular acquisition so we thought that we could have this subsidiary for that part. But at the moment there is no specific plan for this subsidiary.

You know if there are good inorganic opportunities for growth, they represent themselves, then I think having a subsidiary as an enabler is always a good idea.

T. B. Srikanth

Thank you, Sir,

So, thank you for your time for answering all the questions of the shareholders

With this we have now come to the end of the question-and-answer session, and as a matter of information to the shareholders, if the shareholders have any further questions, they are welcome to email the questions at the email ID provided by the company that is at investor@waterbaseindia.com. The email is also updated on the website so they can have a look at it and they can email their questions.

With this, the question and answer session is over and I now hand over the proceedings back to Chairman.

Varun Aditya Thapar

OK, thank you T. B. Srikanth. Once again, my sincere thanks to all the speaker shareholders.

With this we have come to the end of the meeting.

Members may note e-voting on the CDSL platform will continue to be available for the next 15 minutes post I close the meeting. Therefore, I request members who have not cast their vote yet to do so. The Board of Directors has appointed Mr. Chandramouli J from M/s BP and Associates as the scrutinizer to supervise the e-voting process.

Further, I hereby authorize Mr. Srikanth, the Company Secretary, to declare the results of the voting and place the results on the website of the company at the earliest. The resolutions as set forth in the notice shall be deemed to be passed today subject to the receipt of the requisite number of votes.

On behalf of the Board of Directors, I thank all the shareholders for taking their time out in attending the meeting. I also wish to thank our Statutory Auditors, Secretarial Auditors and Scrutinizer who have attended the meeting.

Lastly, I also would like to thank the management team and my fellow Directors on the Board of Waterbase for the smooth conduct of the AGM.

I look forward to seeing you all at the next AGM, hopefully that will be in person. Stay safe and see you next year with that. I hereby declared the proceedings of the 34th Annual General Meeting.

Thank you all once again.

T. B. Srikanth

Thank you, Sir and the E-voting platform, will be now open for 15 more minutes that is still approximately 1:15 PM post which the voting will get closed. Thank you everyone.