



# Corporate Presentation

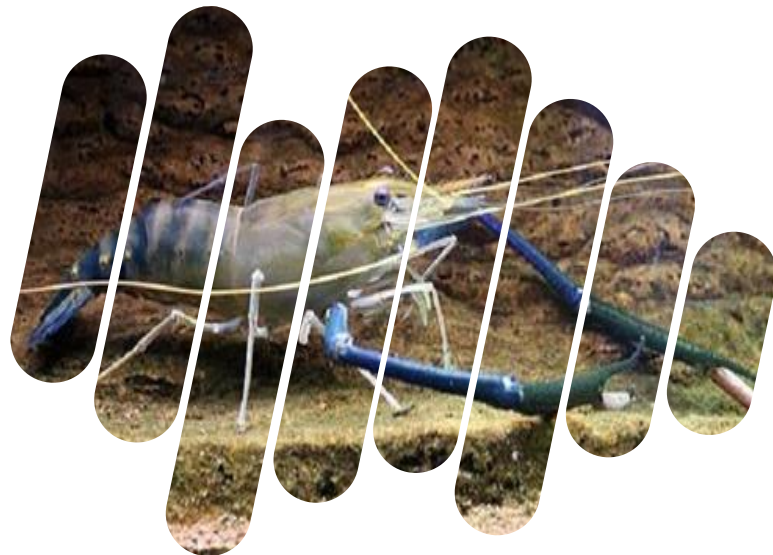
November 2018



The  
Waterbase  
Limited

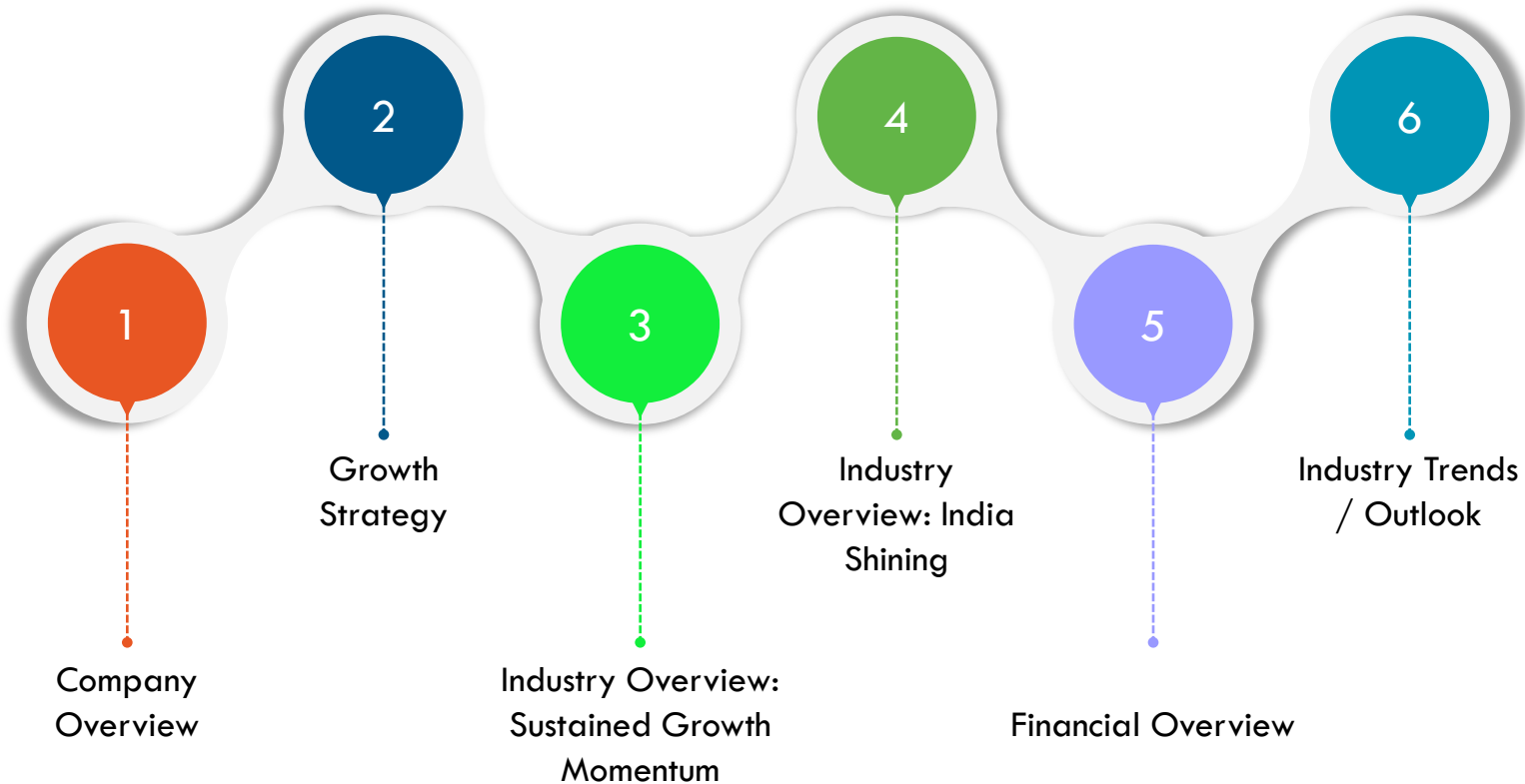
## Safe Harbour Statement:

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

**0.1**

Debt – Equity  
As of Sep 30, 2018

**263**

No. of  
Employees

**184**

#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

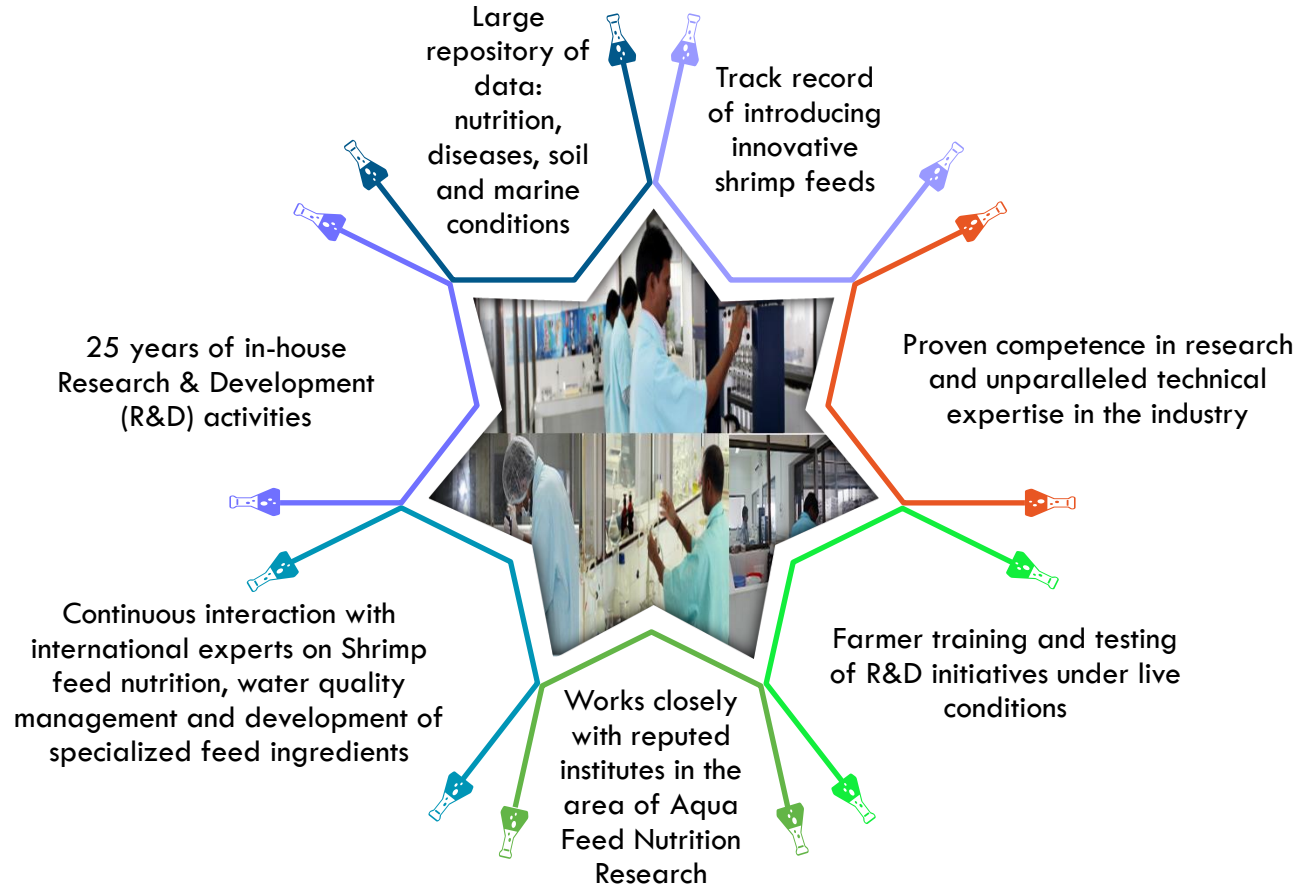


- 25 years of expertise in the business- strong connect with suppliers and farmers
- Backed by the KCT Group – has inculcated ethical business practices with long-term vision in mind

- 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 0.1x (Sep 2018)
- Demonstrated financial discipline through good and bad years for industry

# 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

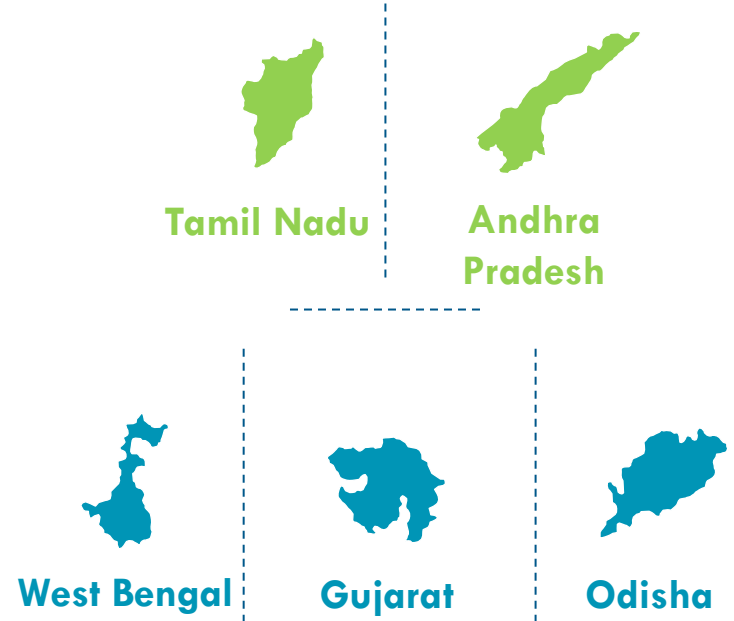
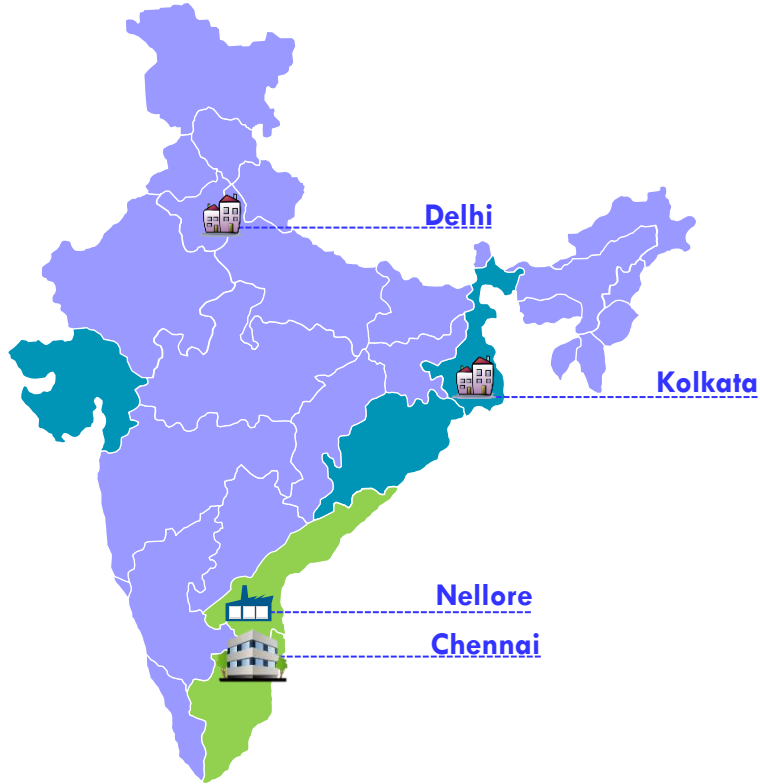


- 'Asia's Most Valuable Business Brand Award 2018'
- Asia's Most Valuable Business Brands is a concept developed by ibrand360 in collaboration with WCRCINT (World Consulting and Research Corporation International)
- Awards are based on broad parameters of brand value proposition, brand persona, prestige, brand reinvention, social conscience, marketing connect and 'Cult Premium'



- 2016 India Shrimp Feed Industry New Product Innovation Leadership Award"
- 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

# Locations

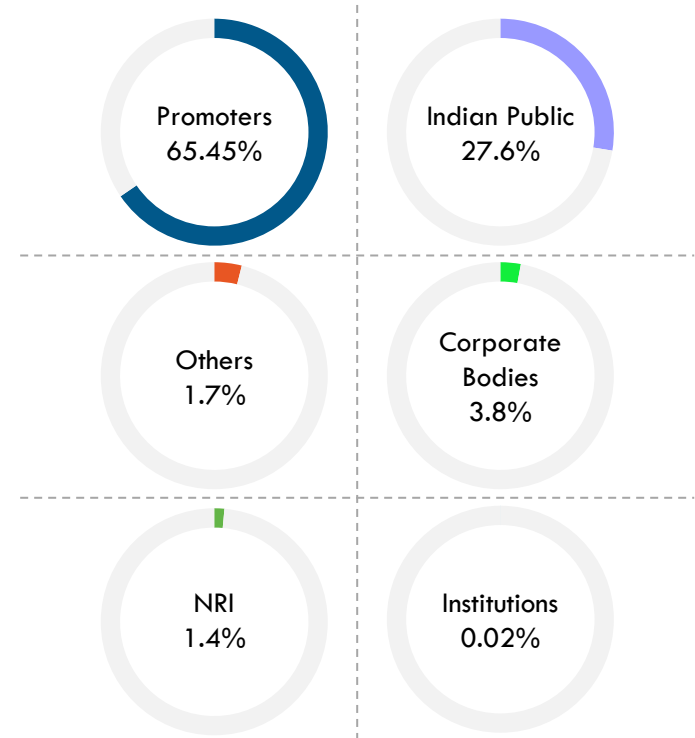
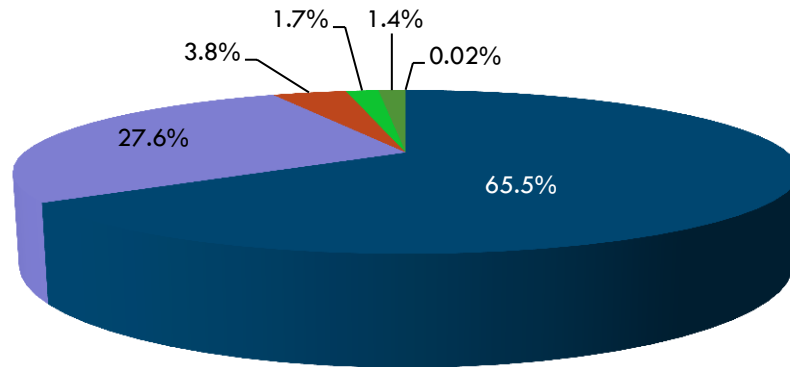


● Existing

● New

# Shareholding Pattern

As on 30<sup>th</sup> September 2018



# Growth Strategy

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# Growth Strategy

## Leverage Increased Capacities

- New plant set up in 2015 resulted in capacity growth of 3x to 110000 MTPA
- Focused on higher utilisation through increased sales volumes

## Elevate presence in core markets

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

## Enhance visibility & Market share in New territories

- 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'
- Commissioned Phase I of Vannamei Hatchery to produce good quality seeds for shrimp farming



# Driving Premiumisation in the Feed Business

**Branding & Packaging**



**After Sales service**



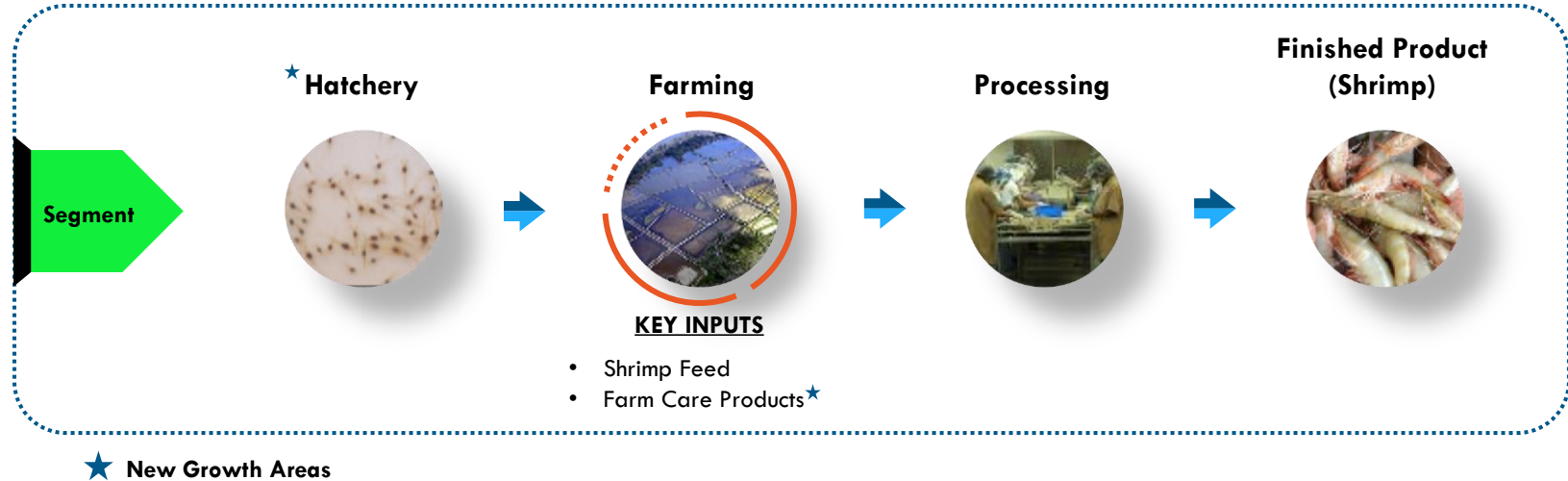
**R&D inputs & Feed performance**



**Enhancing Farming techniques for disease management**



# Vertical & Horizontal Integration



Shrimp farming-Current status	500 (No. of hatcheries in India)	150,000 Ha Under Farming	500 Processing Plants for shrimp	Frozen shrimp exports in FY18 - 5,65,980 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 expected to grow further
<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

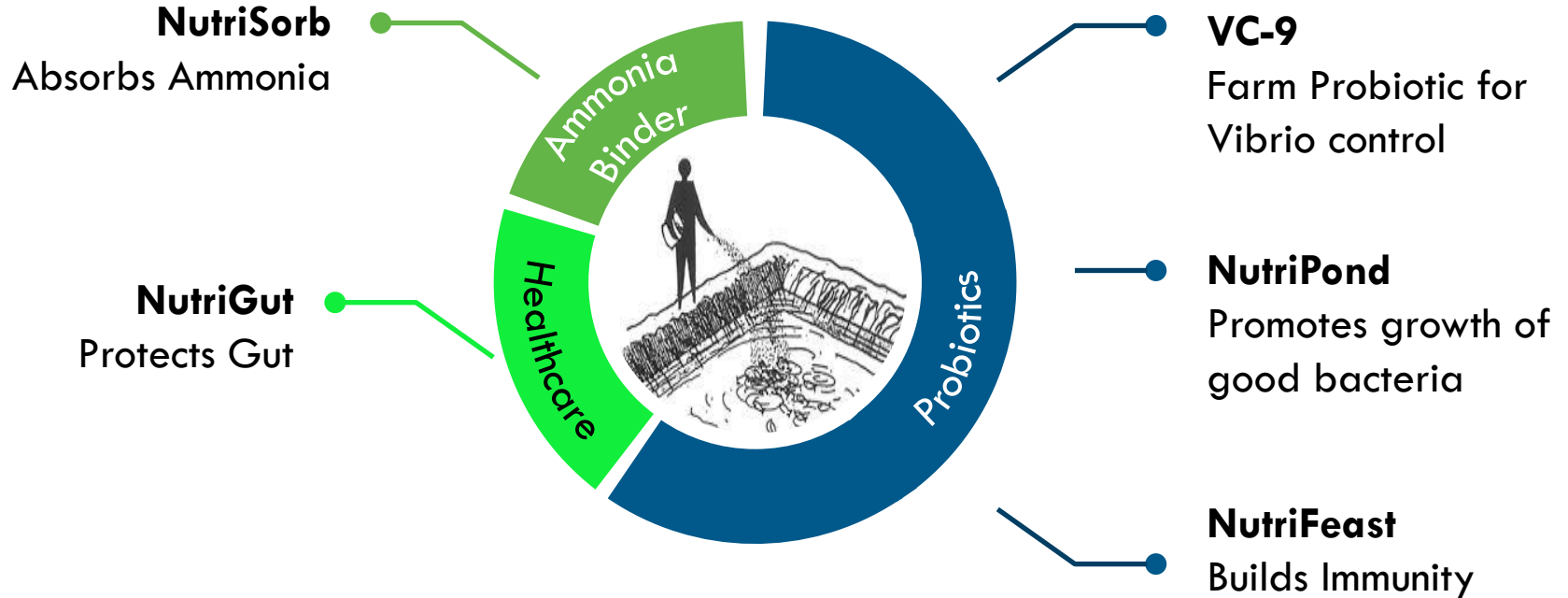
## Shrimp Feed



## 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 India
- 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 – Global Market

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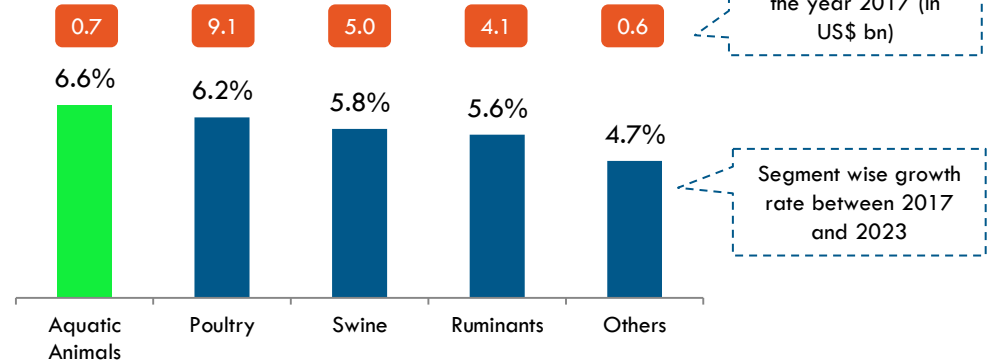


# Global seafood market

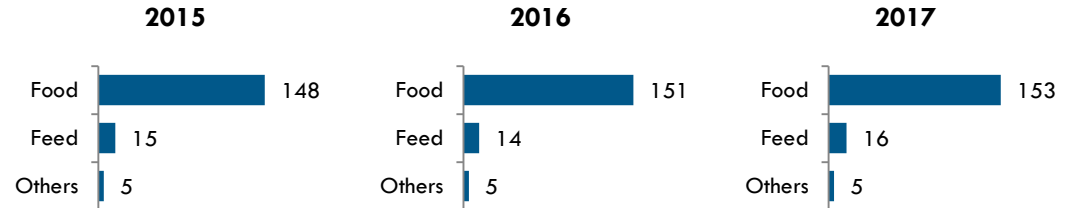
Particulars 2017	Value
Trade Value (exports USD billion)	153.5
Trade Volume (live weight)	60.7



## Aquatic Feed is the fastest growing sub-segment within the Feed Space



## Total Utilization



(in million tonnes)

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

## SEAFOOD CONSUMPTION

	Data (2006)	Projection(2030)	CAGR (%)
Capture	64,533	58,159	(0.43%)
Aquaculture	47,164	93,612	2.90%
<b>Global Total</b>	<b>111,697</b>	<b>151,771</b>	<b>1.29%</b>

Source: www.fao.org

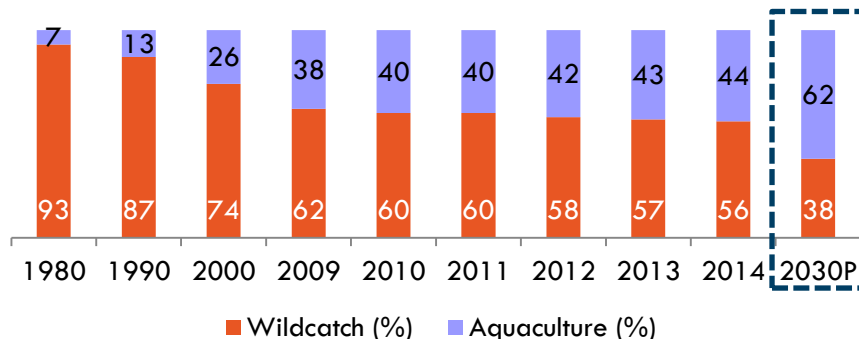
FAO concludes that the maximum wild capture fisheries potential from the world's oceans has probably been reached

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

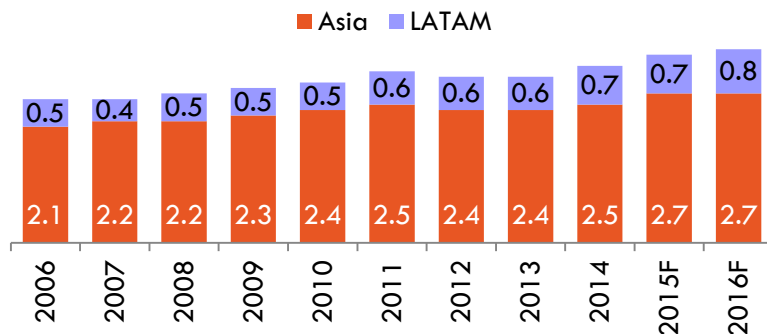
- Supply of wild catch (from the sea) is expected to remain stagnant - All incremental supply will come from aqua culture (Farmed Shrimp)
- Aquaculture to grow at ~3% (CAGR) as against a marginal decline in Capture

(000 tons)



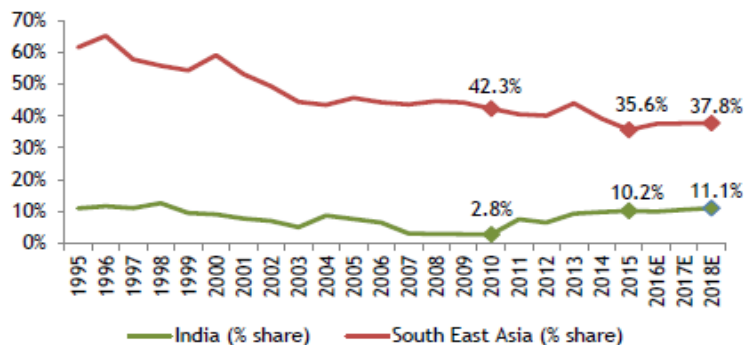
# Asia is the primary supplier of global shrimp; India the dominant force in Asia

## Asian region dominates global shrimp supply



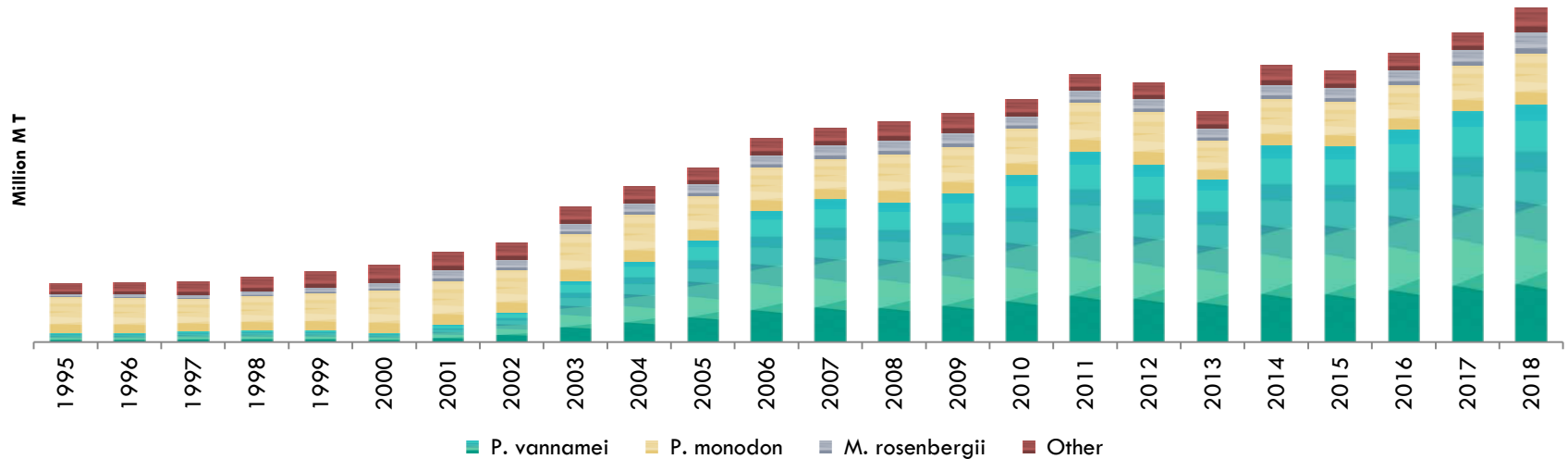
- **~77% of global farmed shrimp supply contributed by Asian countries**
  - Disease outbreak in Thailand and Vietnam in end of the previous decade impacted the growth rate
  - Growth during 2010-14 ~0.9% (albeit on a higher base)
- **LATAM benefiting from disease outbreak in Asia**
  - Supply grew at 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



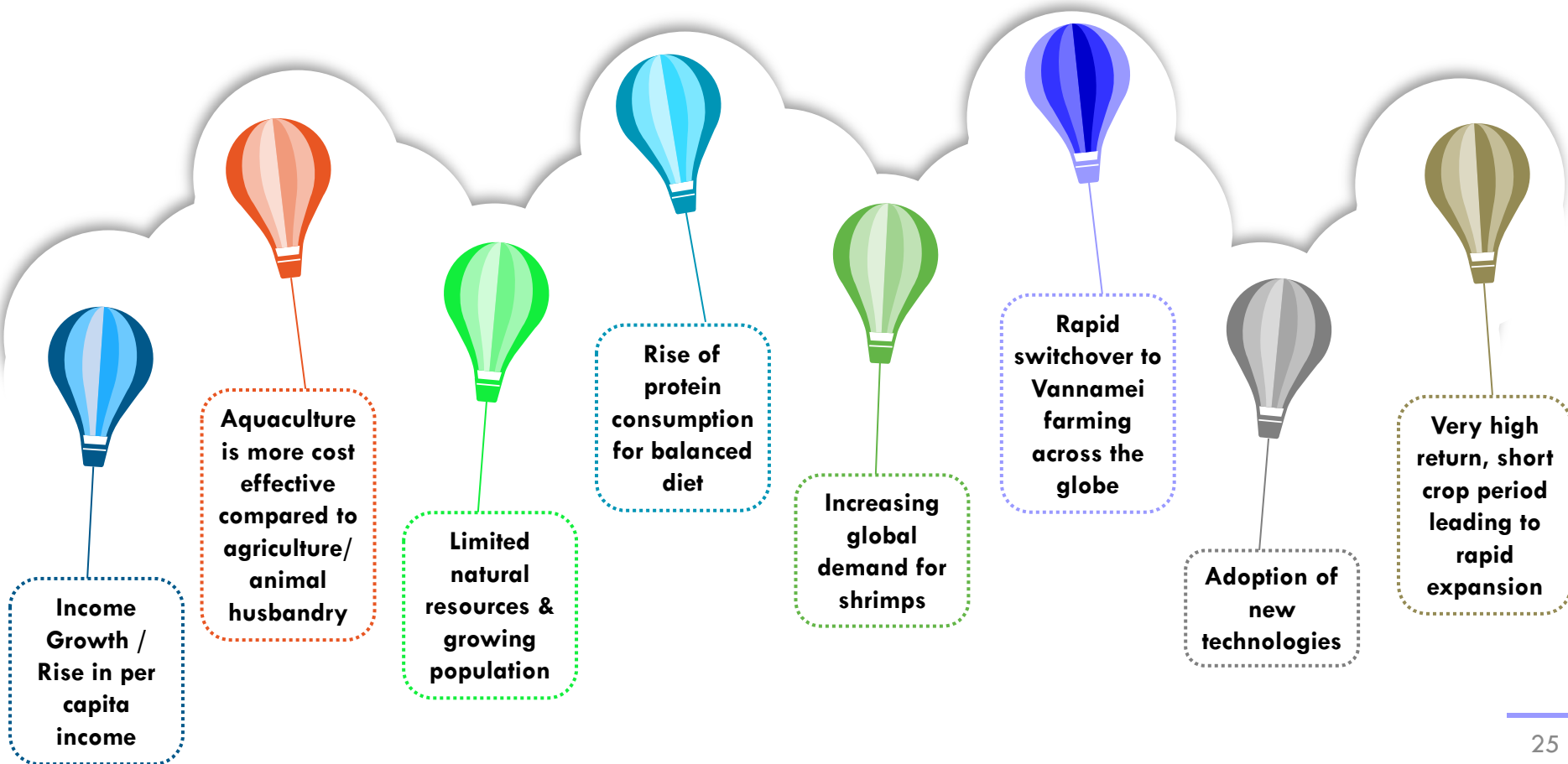
- Despite Asia's stagnant shrimp supply over the past 5 years, India's exports have grown at a CAGR of 32% (2010-15)
- Introduction of P. Vannamei (White shrimp) key catalyst for India's robust performance
- In absolute terms, India's volumes have increased from 0.1mn tons to 0.4 mn tons growing at CAGR (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:



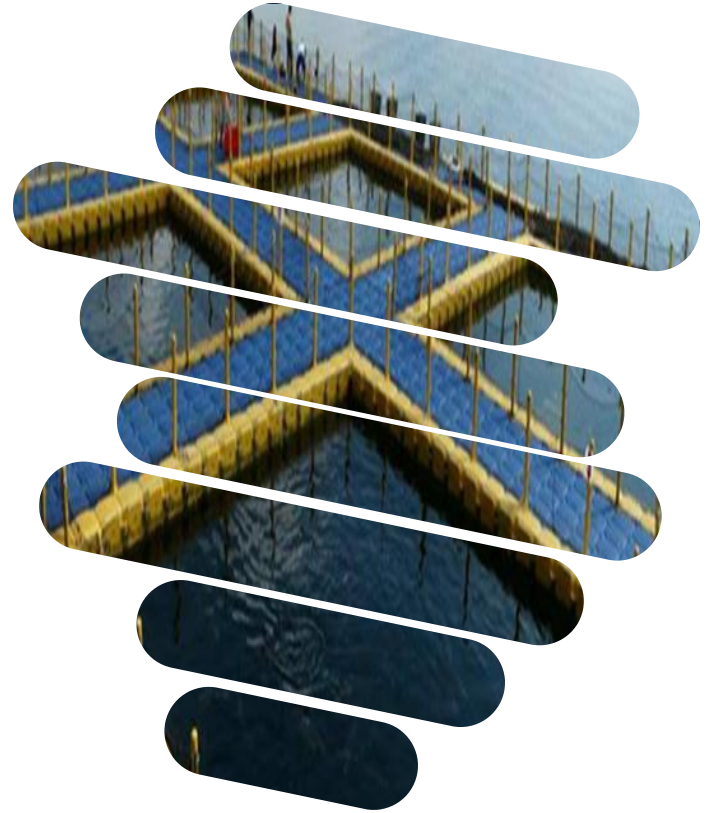
- Aquaculture volumes have grown 4.5x over the last 20 years to 4.5mn tonnes in 2016 from 1.0mn tonnes in 1995
- Share of *P. Vannamei* has increased to 75% in 2016 from <10% in 1995

# Growth Drivers



# Industry Overview 2 – Domestic Market

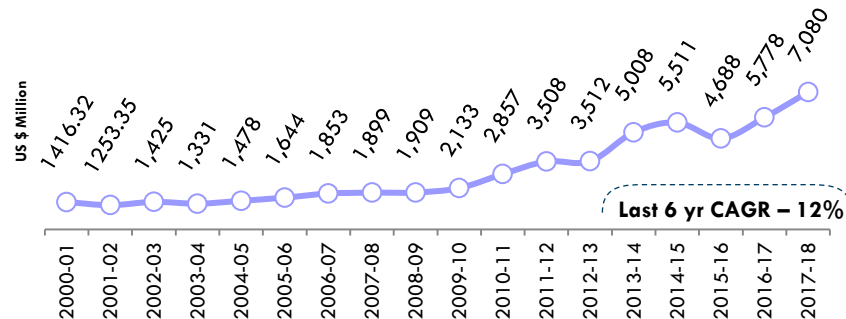
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# Robust Track Record of Aqua Industry Growth

- Indian Seafood export crossed USD 7 bn for the first time during FY18; a growth of ~23% over FY17.
- USA and South East Asia retained their positions as the major import markets of India's seafood products, with a share of 32.76% and 31.59% in dollar terms, respectively, followed by EU (15.77%), Japan (6.29%), Middle East (4.10%) and China (3.21%).
- Frozen Shrimp and Fish constituted the bulk of India's 13,77,244 MT shipment of Seafood during FY18
- Export of Vannamei shrimp grew from 3,29,766 MT to 4,02,374 MT in 2017-18 — an uptick of 22.02% in quantity and 24.74% in dollar terms.
- USA accounted for around 53% of total Vannamei shrimp exports in USD value, registering an increase of 31.93% in quantity and 33.03% in dollar terms, followed by South East Asia with a share of (21.03%), EU (11.31%), Japan (4.67%), Middle East (3%) and China (1.35%)

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



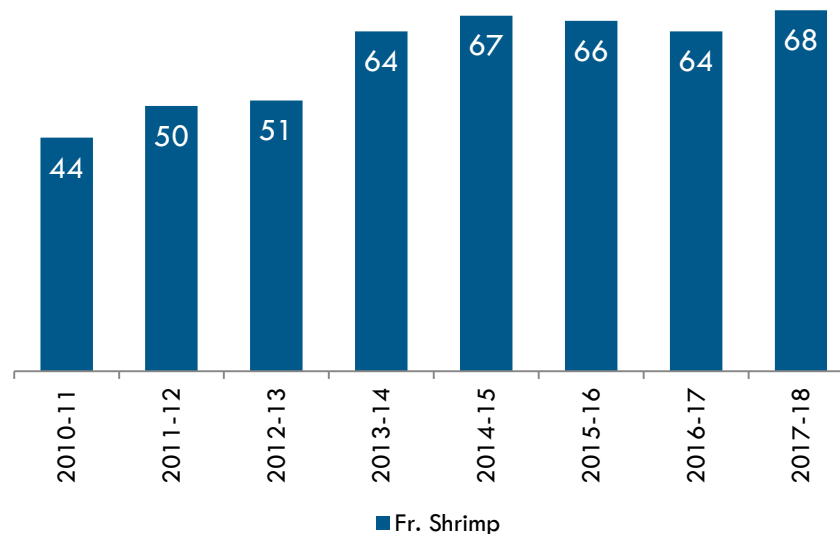
Export Details	2016-17	2017-18	Growth (%)
Quantity Tonnes	11,34,948	13,77,244	21.3%
Value Rs. crore	37,870.90	45,106.89	19.1%
Value US \$ Billion	5.8	7.08	22.7%

Source: www.mpeda.com

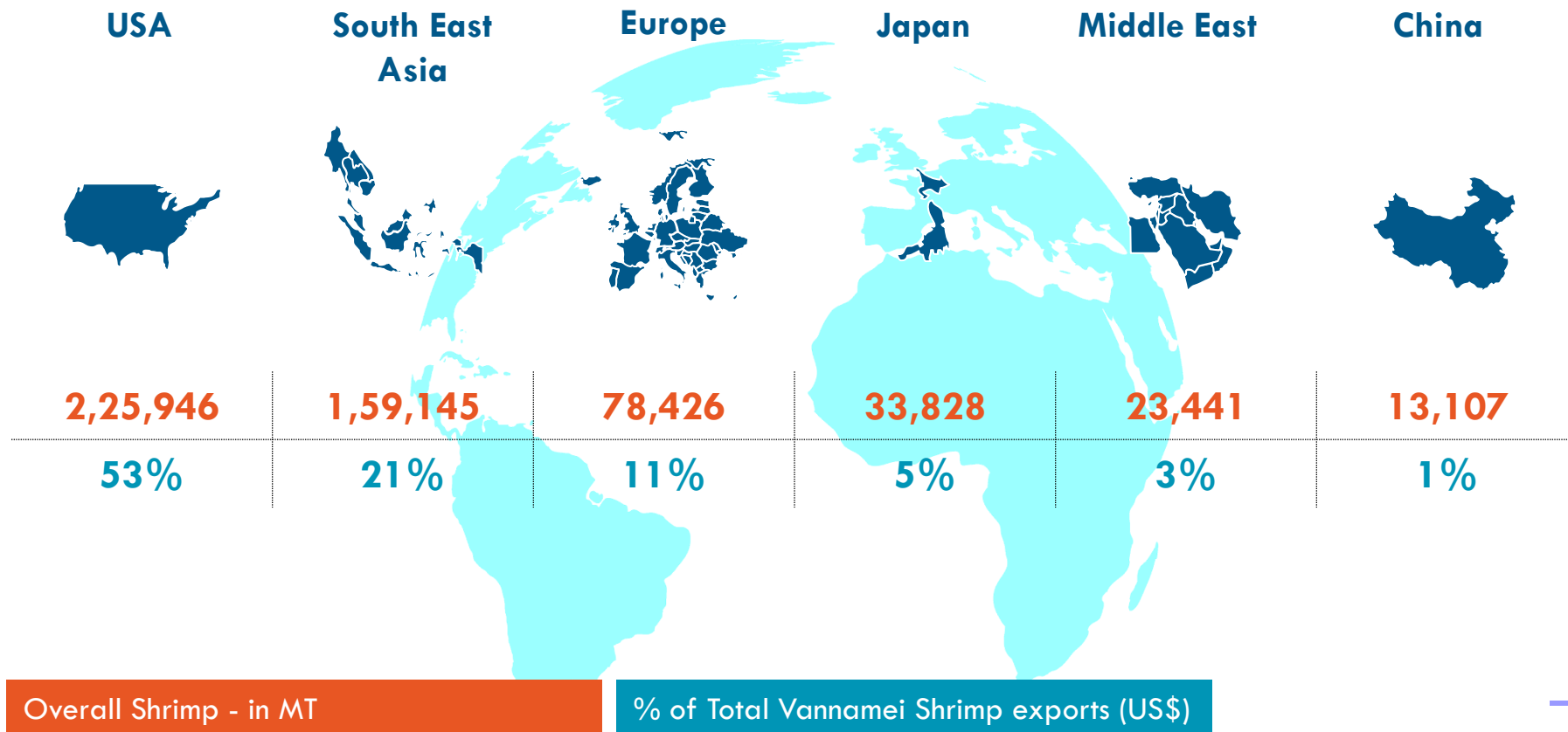
# Driven by strong growth in Shrimp Exports

- Shrimp exports during the year rose by 30.26% in quantity and 30.10% in dollar terms
- Frozen shrimp maintained its position as the key contributor to seafood export basket, accounting for 41.10% in quantity and 68.46% of the total dollar earnings
- The overall export of shrimp during 2017-18 stood at 5,65,980 MT valued at \$4.8 billion
- The export of cultured Vannamei stood at 4,02,374 MT recording a growth of ~22% in volumes on a y-o-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 – FY18

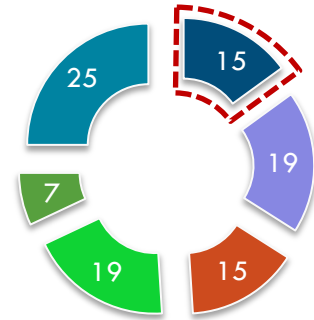
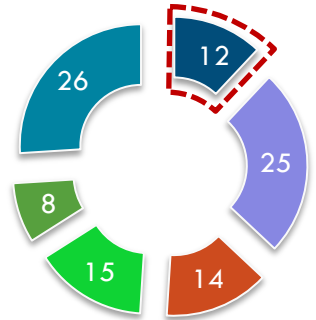


# India – Growing share in Frozen & Value Added Shrimps

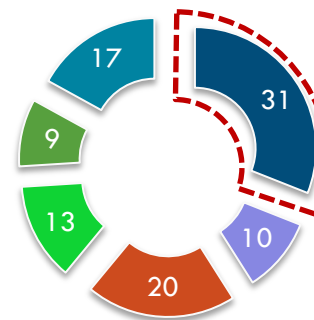
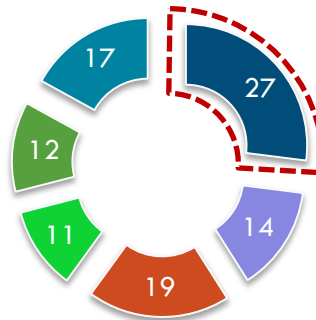
Frozen shrimps

Value-added shrimps

2012

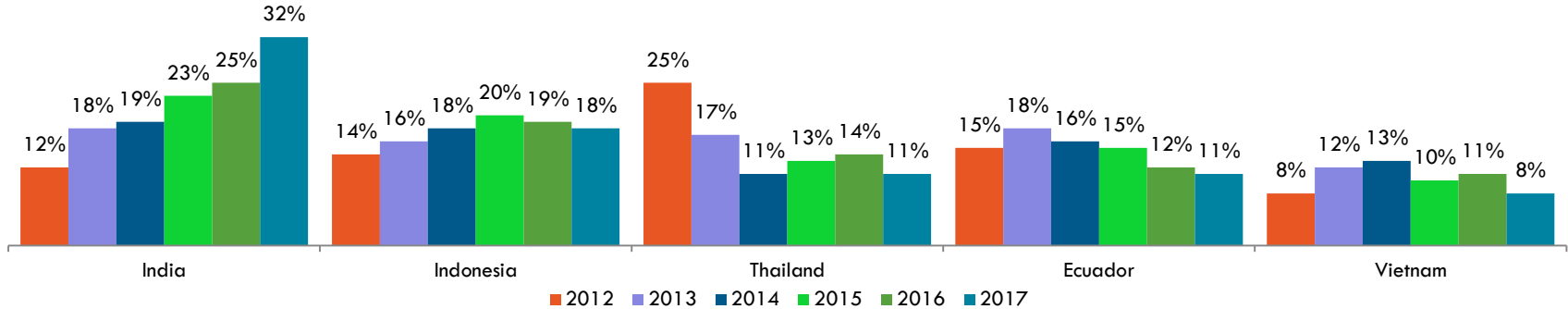


2016

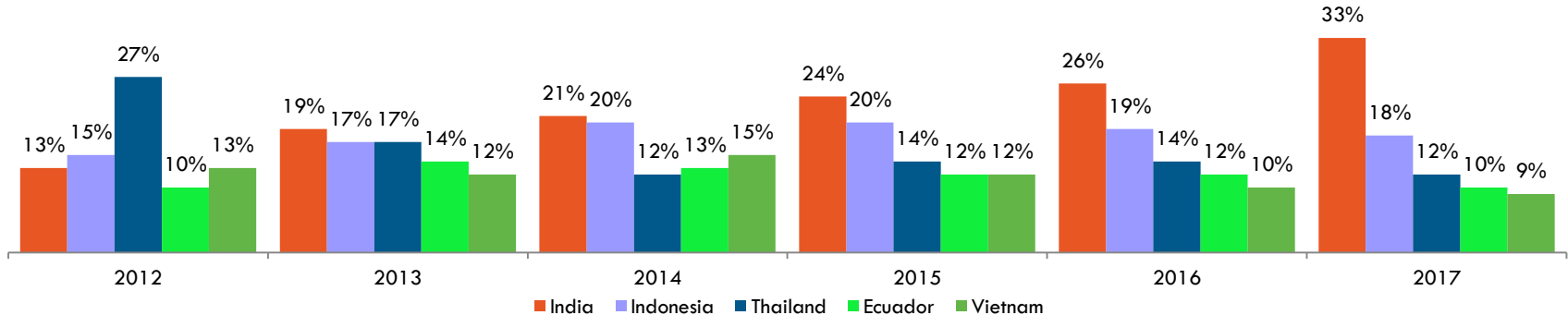


# India – leading exporter of Shrimp to USA

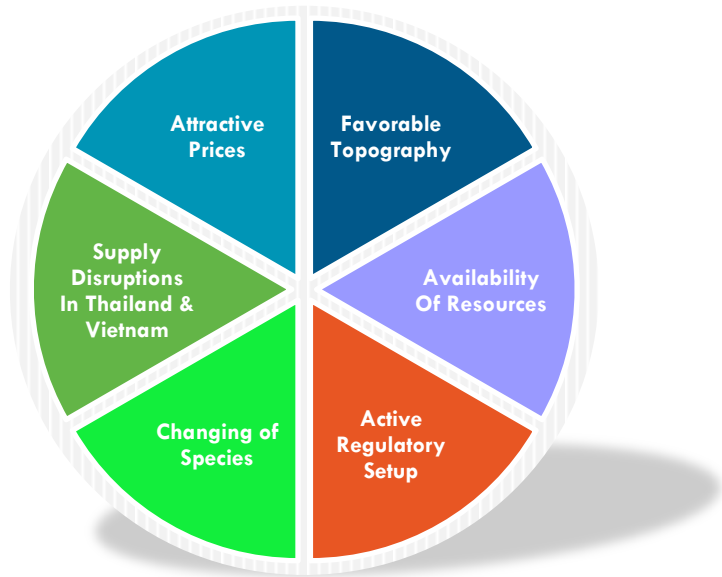
## Volume



## Value



# Factors behind Success of Shrimp Farming in India



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

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

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

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

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

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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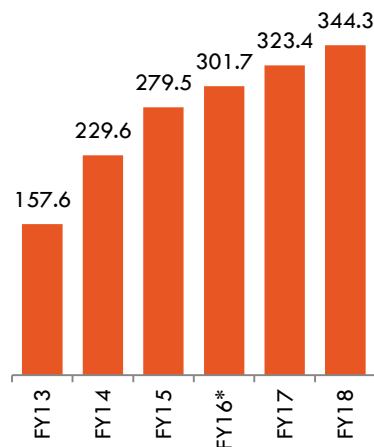


# Financial Performance

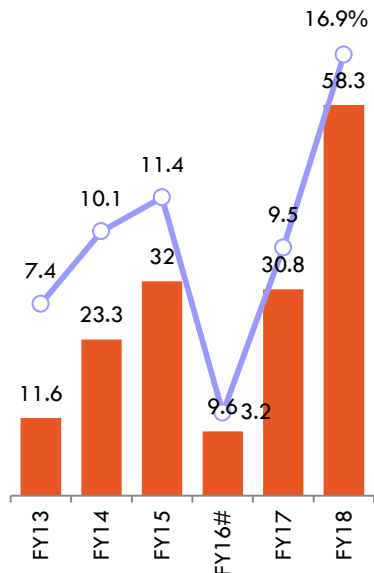
## Revenue

CAGR:  
17%

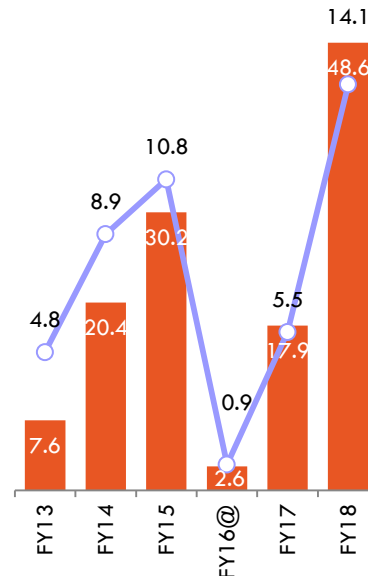
(in Cr)



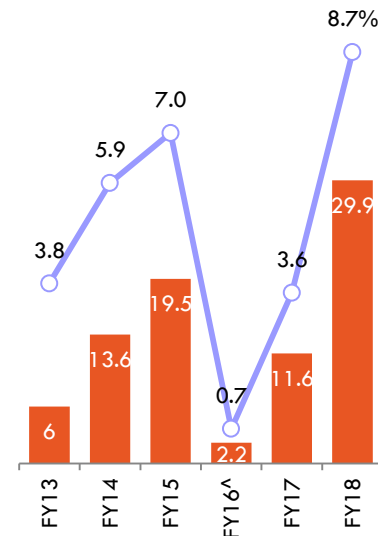
## EBITDA Margins (%)



## PBT Margins (%)



## PAT Margins (%)



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

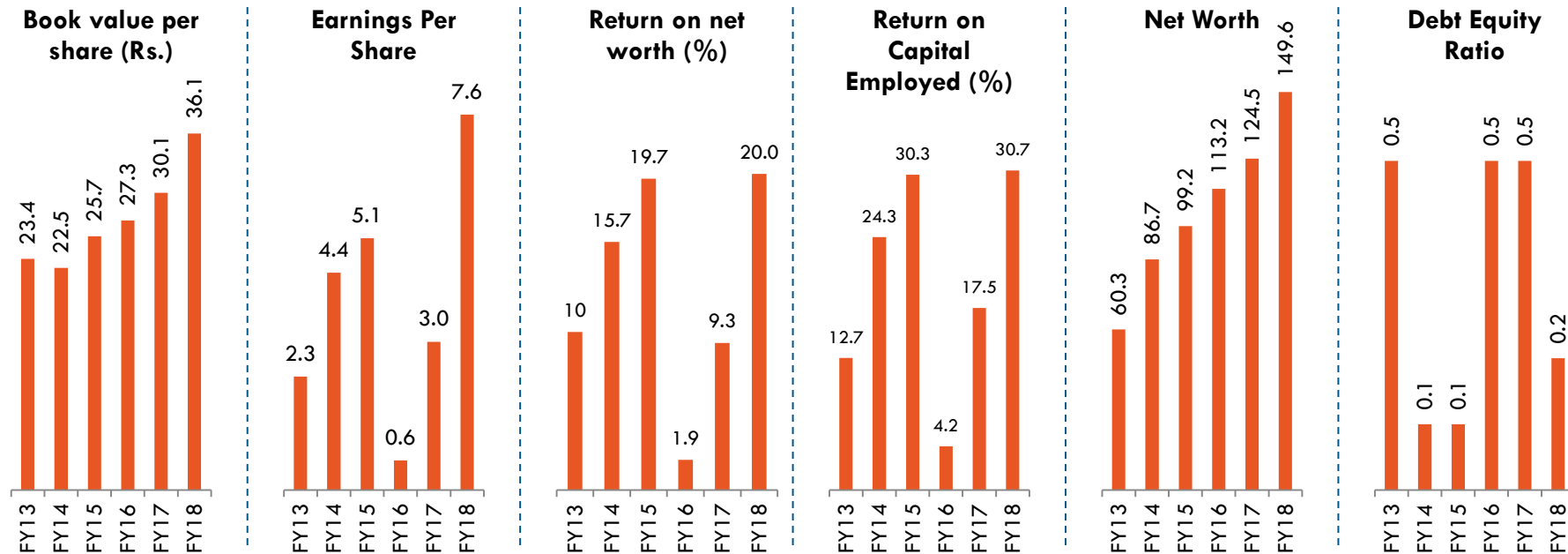
# EBITDA performance was impacted due to higher input costs, unexpected expenses on account of flooding and disruption in operations.

@ 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

# H1FY19 Performance Updates

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# H1FY19 - Financial Performance

Particulars	H1FY19	H1FY18	Growth (%)
Total Income	250.0	216.9	15.3%
EBITDA	46.3	42.9	7.9%
EBITDA Margin (%)	18.5%	19.8%	(130 bps)
PAT	26.4	24.1	9.5%
PAT Margin (%)	10.6%	11.1%	(50 bps)

Strong performance of Shrimp feed business in existing and newer markets coupled with positive response to the farm care products resulted in delivering 15% growth despite sluggish industry growth

Delivered PAT growth of ~10% for the first half on the back of strong performance of Feed and farm care products. This helped to absorb the impact of higher raw material prices which have reverted to long term averages after hitting abnormal lows in FY18

Higher input prices (Fish meal, Soymeal) weighed down profitability and margins for the period. Working towards enhancing overall business efficiencies and lowering other costs to support profitability

# H1 FY19 v/s H1 FY18 – Revenue Break – up

INR Cr.

Particulars	H1FY19	H1FY18	Growth (%)
Feed	238	206	15.5%
Processing	7	9	(22.2%)
Farm Care	3	2	50.0%
Others	2	-	-
Revenue from Operations	250	217	15.2%
Other Income	4	0.34	-
<b>Total Income</b>	<b>254</b>	<b>217.34</b>	<b>16.9%</b>



## Feed Business

- Strong volumes driven by healthy demand in core and newer markets
  - Newer markets (Gujarat, Odisha, West Bengal) performing well – gaining market share
  - Customer acceptance and volume continue to remain high
  - Helping us expand brand visibility across faster growing markets
- Feed input prices rebounded in H1 FY19 from multi year lows in FY18, EBITDA margins reverted to long term levels on anticipated lines
- 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

- Positive response for Farmcare products across markets
- Have delivered on key objectives of disease management and yield enhancement – this has resonated positively with customers
- The company has expanded the portfolio and made these products available across its distribution networks in existing and new markets
- Helps the Company to diversify revenue streams and capture larger share of wallet

## Other Business Lines

- Commissioned Phase I of Vannamei Hatchery during October 2018
- Phase 1 comprises capacity for 250 million PL
- Initial batches of PL have been supplied to customers and the Company will scale up to cater to demand ahead of Farming season 2019
- Commissioning of Hatchery operations to further diversify and strengthen the revenue momentum

# Industry Trends & Outlook

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# Domestic Market Trends & Outlook

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- Farmgate prices in India for farmed vannamei shrimp have rebounded after some weakness at the start of the farming season. The initial softness in farmgate prices coupled with variable weather conditions delayed the start of the second crop.
- However, firming up of farmgate prices are prompting farmers to bet on stocking for the winter crop in those markets where winter cropping is conducive
- Indian shrimp exports have delivered strong growth this fiscal on the back of steady growth in global demand and improved competitiveness due to rupee depreciation. Shrimp exports to US in the first eight months of this year stood at 1, 50,841 tonne, 17% higher on a year-on-year basis.
- While demand is expected to remain strong, supply is expected to be constrained due to a moderate second crop and this is expected to lead to reduction in global inventory.

# Thank You

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