

19th February, 2018

Corporate Relationship Department
BSE Limited
Floor 25, P.J.Towers,
Dalal Street,
Mumbai 400001
Fax No. 22723121
Ref: Security Code : 523660

Dear Sirs,

Sub: Submission of Corporate Presentation

We are enclosing herewith the Corporate Presentation of the Company for dissemination to the Investors.

Thanking you,

For **The Waterbase Limited**

R.Sureshkumar
Chief Financial Officer & Compliance officer



Corporate Presentation

February 2018

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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

Company Overview



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

1,10,000_{MT}

Installed Manufacturing
capacity of Shrimp Feed

20+

Yrs. In the
Industry

20%

Revenue
CAGR FY12-17

323_{CR}

Revenues
In FY17

~6,000_{CR}

Estimated size of Domestic
Shrimp feed Industry

0.5

Debt – Equity
As of Sep 30, 2017

258

No. of
Employees

173

#Dealers
Pan India Presence

Key Strengths

Strong Brands



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

Quality Control



- Robust manufacturing processes and step by step quality control system
- Processing facilities are FDA and BAP approved, EU listed and HACCP certified
- Global best practices implemented

Rich Legacy



- Over two decades 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

R&D Focused



- Working with renowned 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

Technical Expertise



- 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

Financial Position



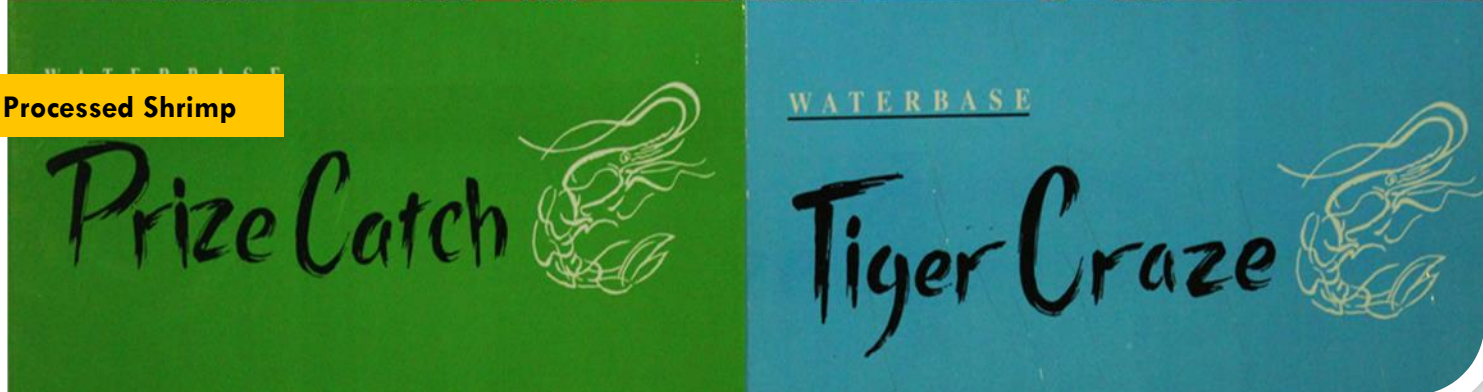
- Comfortable debt levels with a debt equity ratio of 0.5x (March 2017)
- Demonstrated financial discipline through good and bad years for industry

Product Portfolio

Shrimp Feed



Processed Shrimp



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



Large repository
of data:
nutrition,
diseases, soil and
marine conditions

Track record of
introducing
innovative shrimp
feeds

Proven
competence in
research and
unparalleled
technical
expertise in the
industry

Farmer training
and testing of
R&D initiatives
under live
conditions

Works closely
with reputed
institutes in the
area of Aqua
Feed Nutrition
Research

Continuous
interaction with
international
experts on Shrimp
feed nutrition,
water quality
management and
development of
specialized feed
ingredients

Over 20 years
of in-house
Research &
Development
(R&D) activities

Awards & Accolades



FROST & SULLIVAN

BEST
2016 PRACTICES
AWARD

INDIA SHRIMP FEED INDUSTRY NEW PRODUCT
INNOVATION LEADERSHIP AWARD

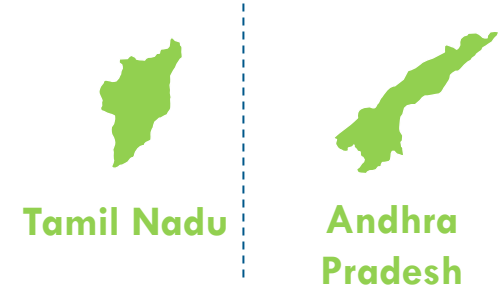
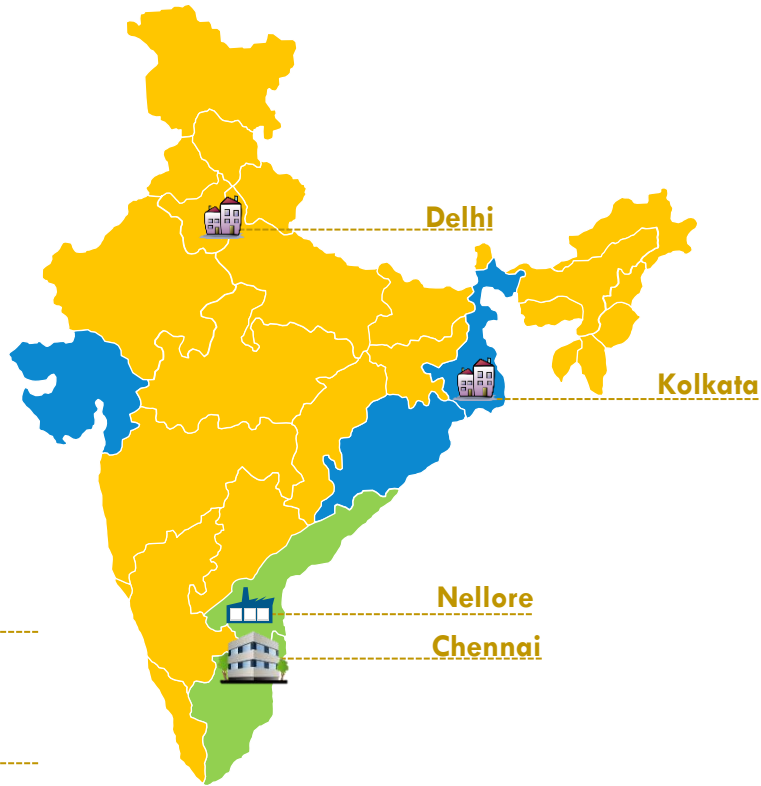


Bagged “2016 India Shrimp Feed Industry New Product Innovation Leadership Award” by Frost & Sullivan a leading global strategy consulting company

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

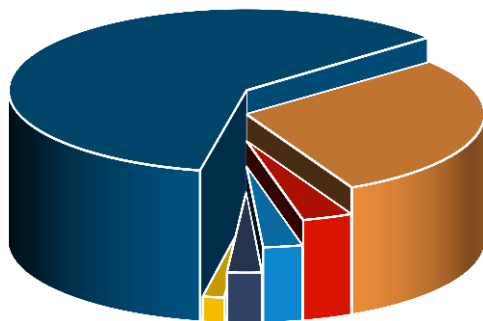
The award was judged on the basis of several parameters, which involved in-depth primary interviews with various industry participants and secondary research conducted by Frost & Sullivan analysts

Locations

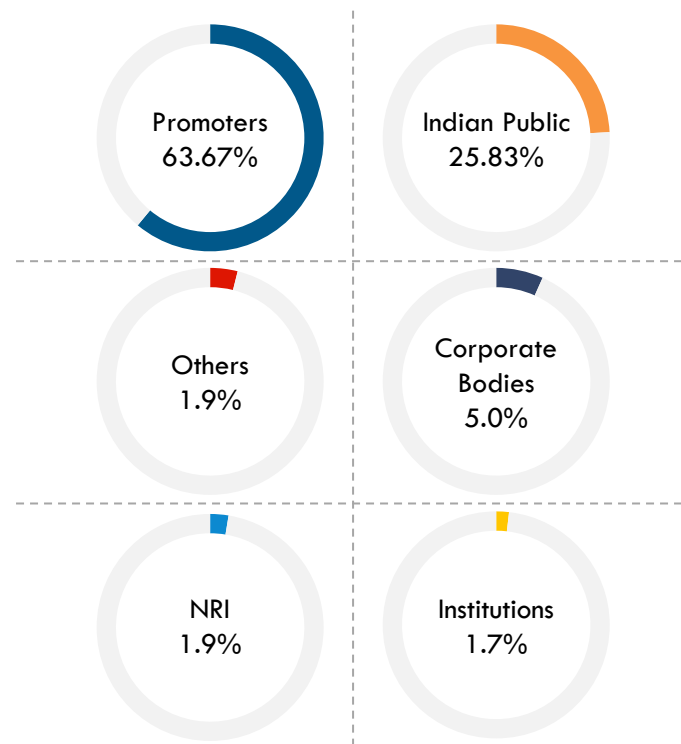


● Existing ● New

Shareholding Pattern



*Data as on
31st December 2017*



Growth Strategy



Growth Strategy

Available capacity has increased from 35,000 MTPA to 110,000 MTPA since FY15
- 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 & marketing 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



R&D inputs & Feed performance

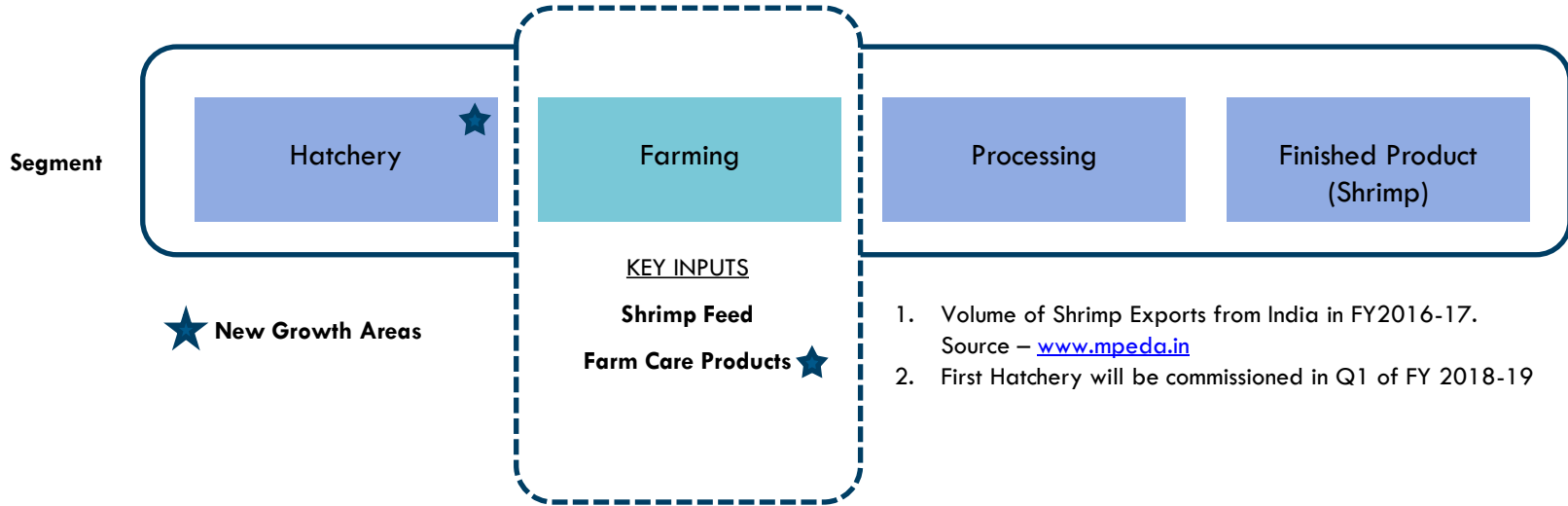


After Sales service



Enhancing Farming techniques for disease management

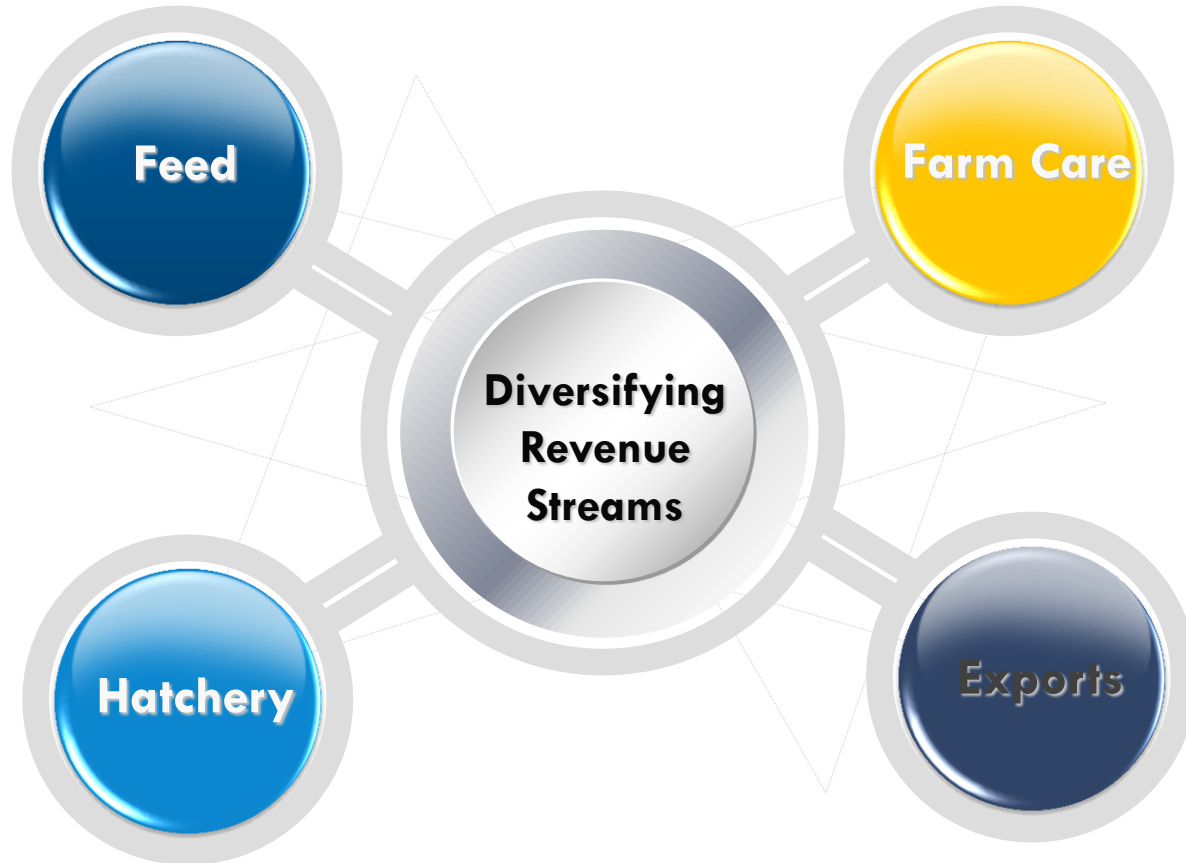
Vertical & Horizontal Integration



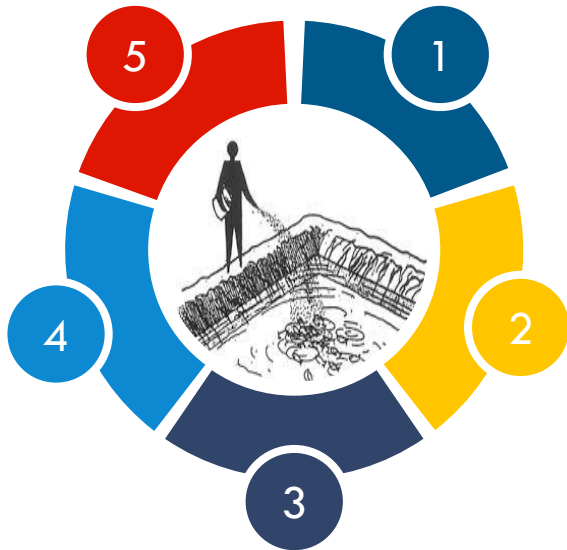
Shrimp farming-Current status	500 (No. of hatcheries in India)	150,000 Ha Under Farming	500 Processing Plants for shrimp	4,34,484 MT ¹
2018 Industry Requirement / Potential	80 Billion of Post Larvae (PL)	Requires 10,00,000+ MT of Shrimp Feed	1,000,000 MT (Current Capacity)	5,00,000 MT +
TWL Capacity	1 Hatchery² / 500 Mn PL	1,10,000 MT	4,000 MT#	NA

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

Diversifying Revenue Streams



New Initiatives – Farm Care Products



Category	Name	Function
1 Probiotics	VC-9	Farm Probiotic for Vibrio control
2 Probiotics	NutriPond	Promotes growth of good bacteria
3 Probiotics	NutriFeast	Builds Immunity
4 Healthcare	NutriGut	Protects Gut
5 Ammonia Binder	NutriSorb	Absorbs Ammonia

Launched in FY17; received positive response from the customers
Will expand extensively to all touch points ahead of Farming season 2018
(March 2018)


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 in Dec 2016

Phase - II

- Plan to scale up launch to other major cities in Southern markets
- 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



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

(000 tons)

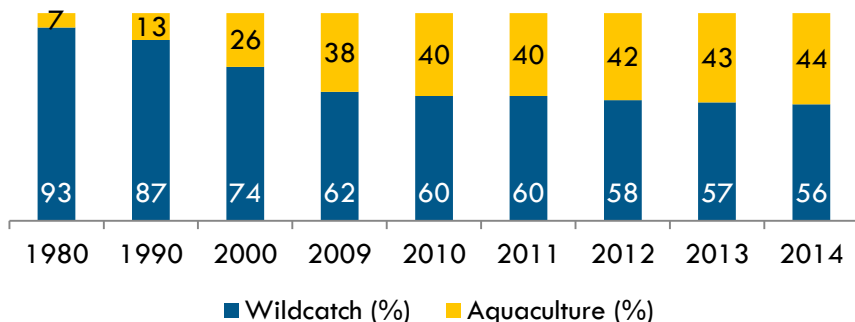
SEAFOOD CONSUMPTION		
	Data (2006)	Projection (2030)
Capture	64,533	58,159
Aquaculture	47,164	93,612
Global Total	111,697	151,771

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



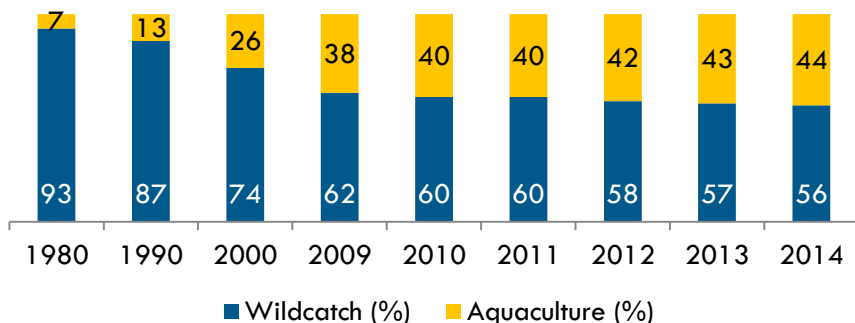
Global Demand for Seafood to remain strong; Aquaculture to drive future supply

(000 tons)

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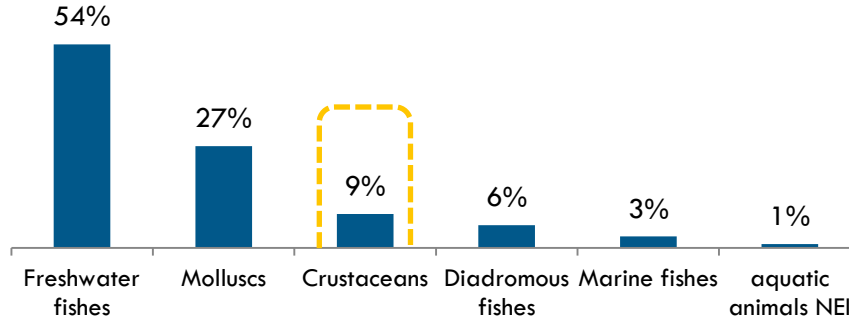
- Seafood production is forecasted to rise 36% over a period of 2006 to 2030 from 111 mn tonnes to ~152 mn tonnes
- Within this, wild catch volumes will decline while aquaculture is expected to grow 98% over 2006 > 2030



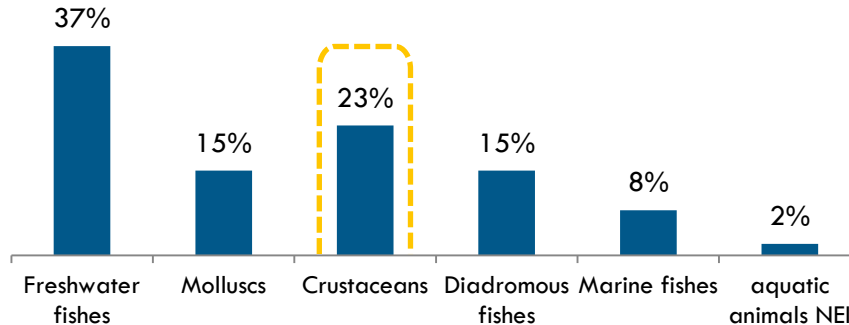
- Supply of wild catch (from the sea) is expected to remain stagnant - All incremental supply will come from aquaculture (Farmed Shrimp)
- Aquaculture's share in total seafood production has grown from ~7% in 1980 to ~44% in 2014

World aquaculture production: major species groups in 2006

Quantity



Value



- Of the total Seafood Production, Crustaceans (Crab, Lobster, Shrimp) represent 9% by quantity but 23% by value
- Within Crustaceans, Shrimp remains the largest sub-category with the strongest growth in demand at scale

Shrimp Aquaculture Production

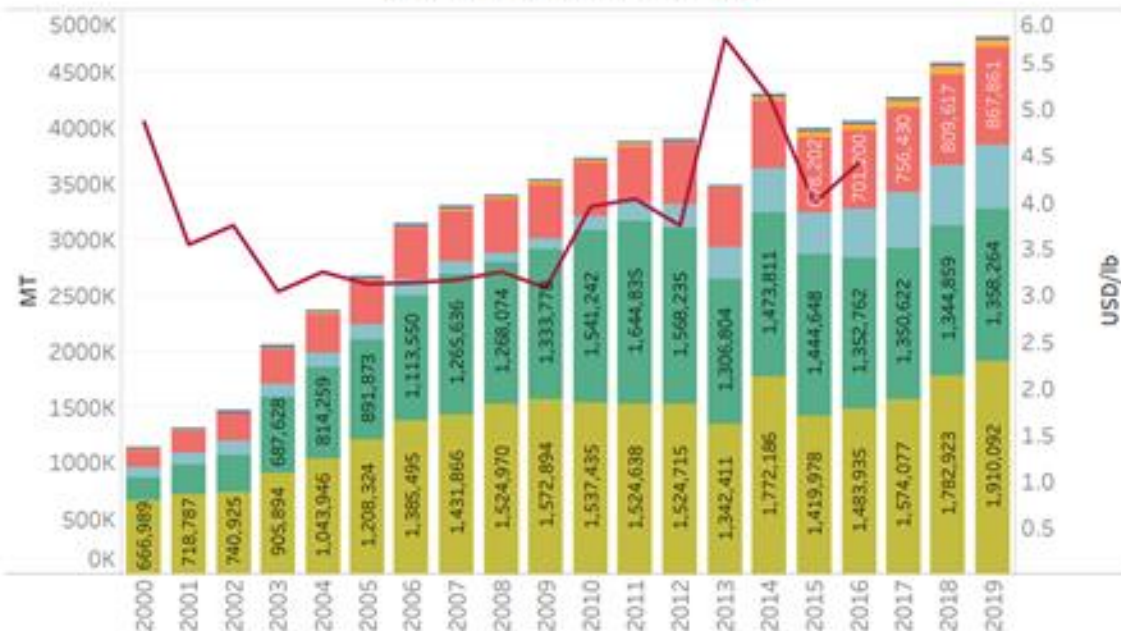


Sources: FAO (2017) for 2000-2009; GOAL (2011-2016) for 2010-2015; GOAL (2017) for 2016-2019.

Southeast Asia includes Thailand, Vietnam, Indonesia, Bangladesh, Malaysia, Philippines, Myanmar and Taiwan.

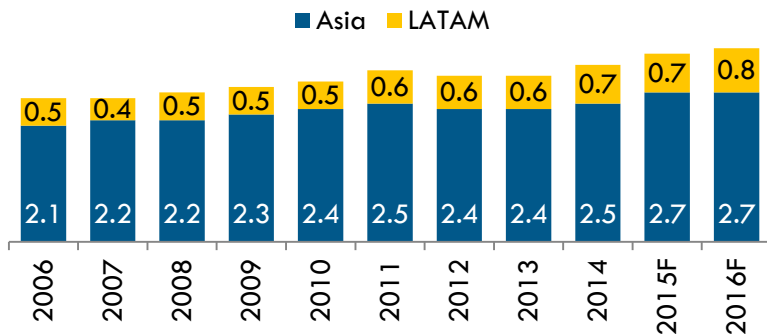
M. rosenbergii is not included.

Shrimp Aquaculture Production by World Region: 2000-2019 (FAO and GOAL Data)



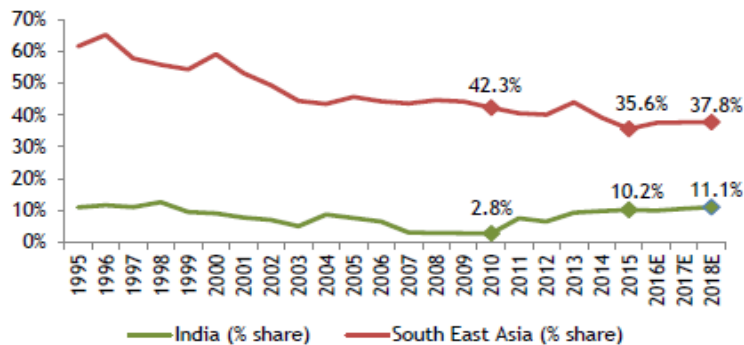
Asia is the primary supplier of global shrimp; India the dominant force in Asia

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

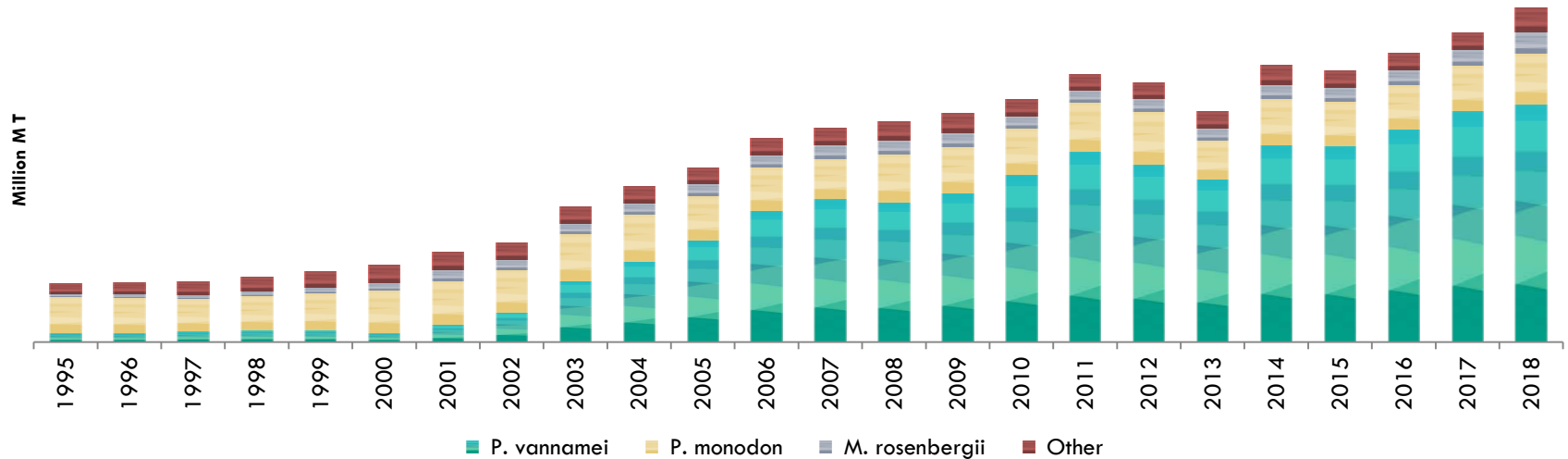
India the dominant force in Asian region



- 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

Global & Regional Trends

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



Very high return, short crop period leading to rapid expansion

Adoption of new technologies

Rapid switchover to Vannamei farming across the globe

Increasing global demand for shrimps

Rise of protein consumption for balanced diet

Limited natural resources & growing population

Aquaculture is more cost effective compared to agriculture/animal husbandry

Income Growth / Rise in per capita income

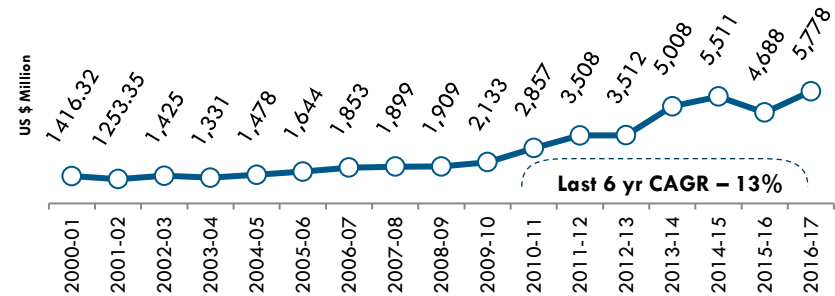
Industry Overview 2 – India Shining



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)



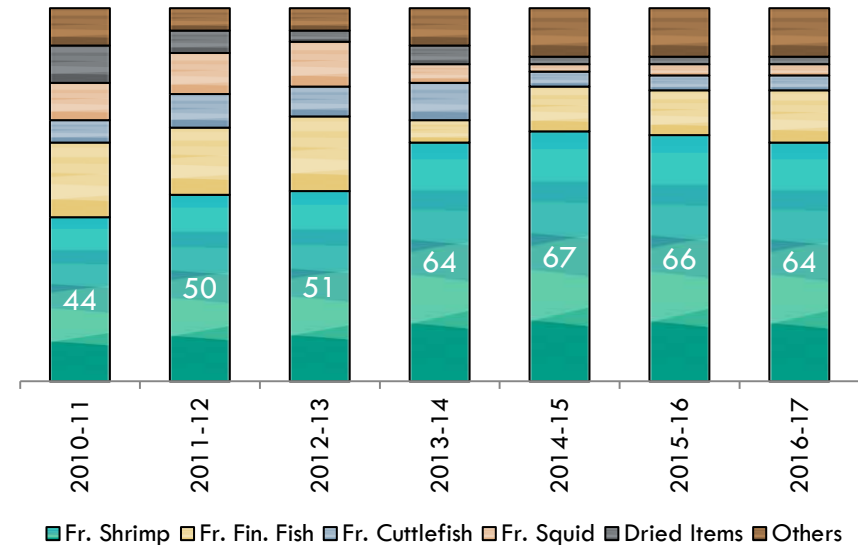
Export Details	2015-16	2016-17	Growth (%)
Quantity Tonnes	9,45,892	11,34,948	19.9
Value Rs. crore	30,420.83	37,870.90	24.5
Value US \$ Billion	4.7	5.8	23.4

Source: www.mpeda.com

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

USA (+24%)

2016	2017
134,144 MT	165,827 MT
36%	38%

EU (-5.8%)

2016	2017
81,849MT	77,178MT
22%	18%

Japan (-8.5%)

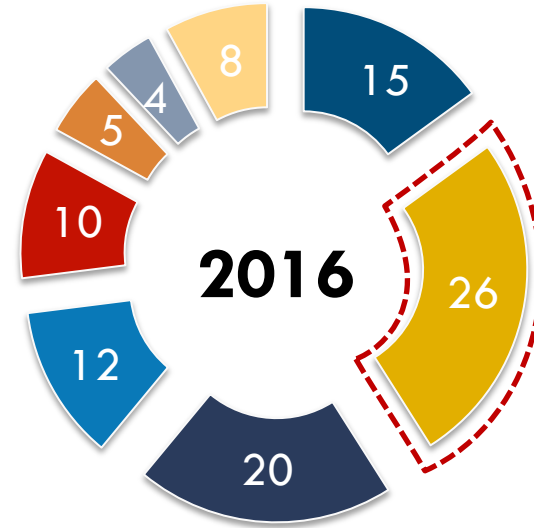
2016	2017
34,204MT	31,284MT
9%	7%

S.E. Asia (+62%)

2016	2017
65,188MT	105,763MT
17%	24%

India's share in US shrimp imports rising

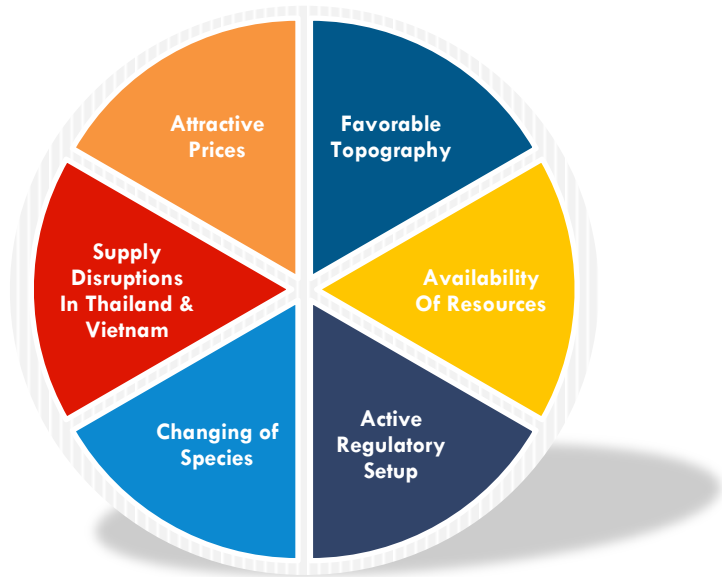
Share of US Shrimp Imports (%)



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

■ Thailand ■ India ■ Indonesia ■ Vietnam ■ Ecuador ■ Mexico ■ China (Mainland) ■ Other Countries

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

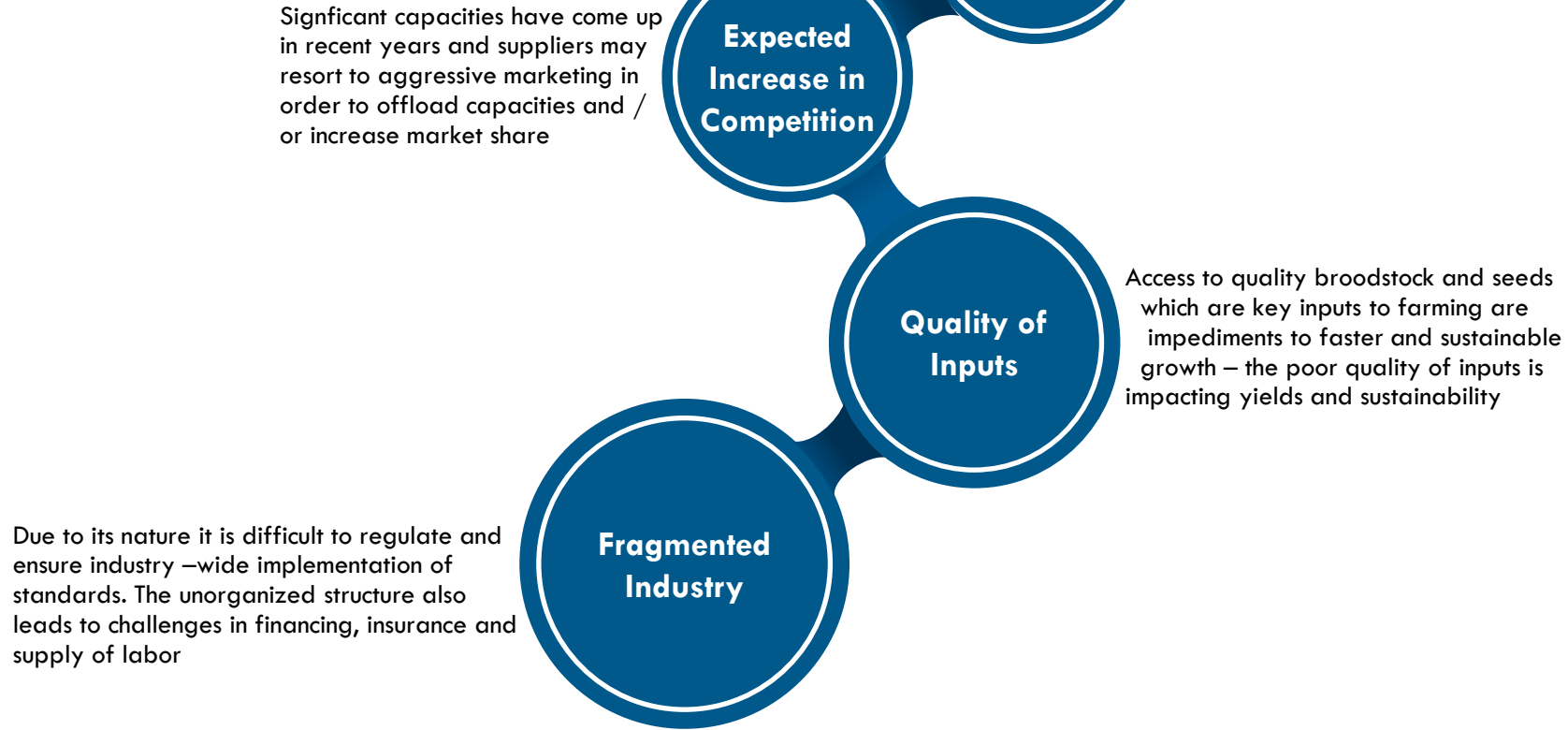
Economics of shrimp farming attractive for farmers

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



Financial Overview

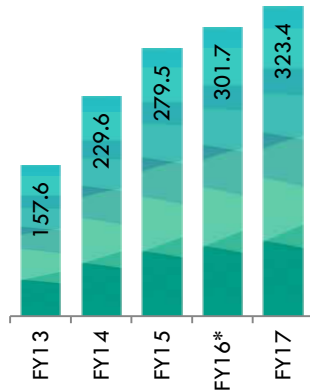


Financial Performance

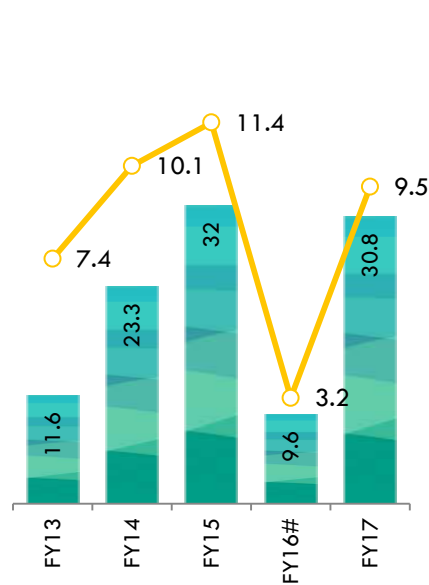
Revenue

CAGR:
20% →

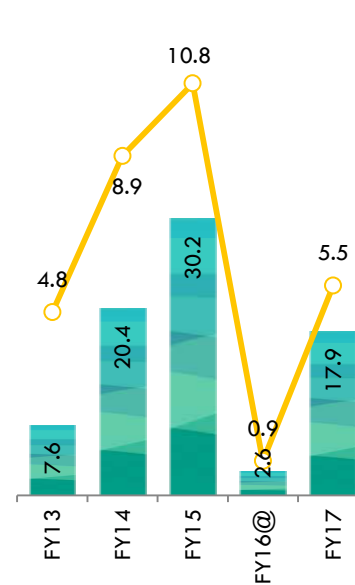
(in Cr)



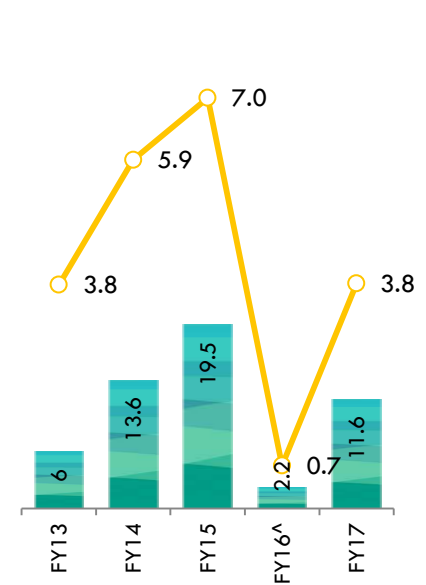
EBITDA Margins (%)



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

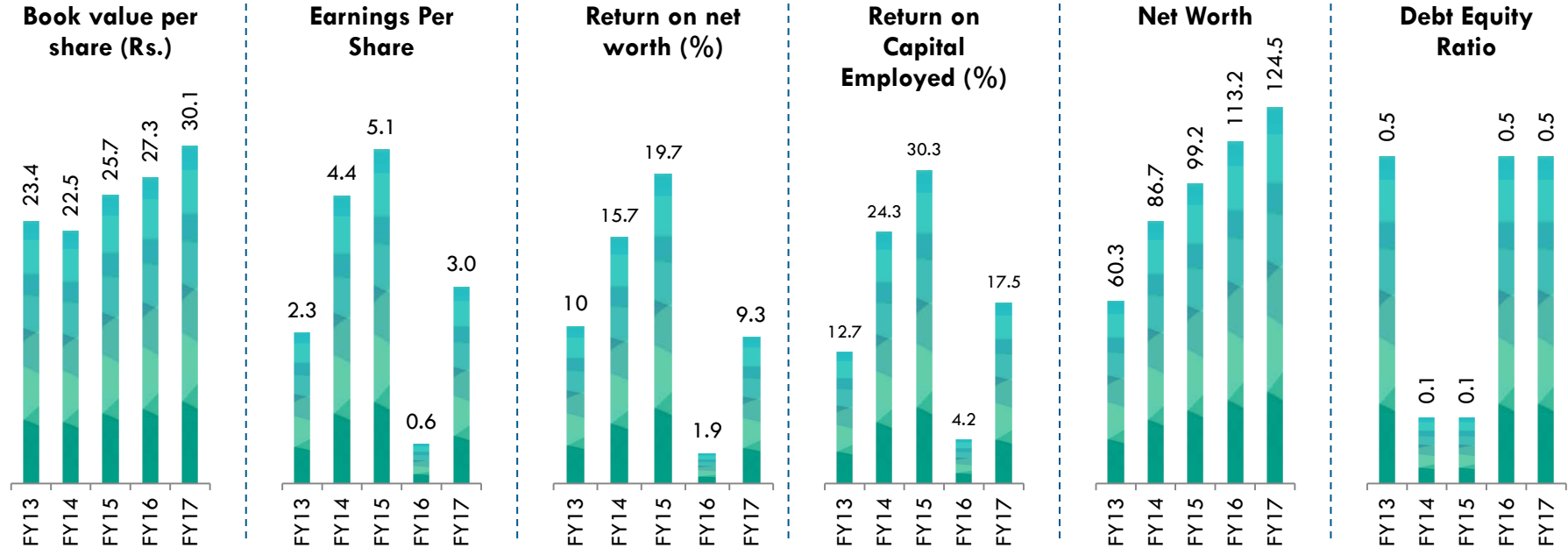
EBITDA performance was impacted due to higher input costs, unexpected expenses on account of flooding and disruption in operations.

@ 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 are based on Merged Entity & Ind-AS.

All other numbers are based on Ind - GAAP

Key Financials



FY16 & FY17 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

Q3 FY18 Performance & Updates



Q3 FY18 - Financial Performance (Standalone)

Particulars	Q3 FY18	Q3 FY17	Growth (%)
Income from Operations	60	53	13.2
EBITDA	7	2	250
EBITDA Margin (%)	12.0	3.6	+840 bps
PAT	3	(1)	-
PAT Margin (%)	5.5	-	-

Continued strong demand from existing customers and increased product acceptability across new markets helped deliver revenue growth of 13%

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

Profitability growth on the back of overall improved performance and lower input costs.

Q3 FY18 v/s Q3 FY17 – Revenue Break – up

INR Cr.

Particulars	Q3 FY18	Q3 FY17	Growth (%)
Feed	58	41	41%
Exports	1	12	-92%
Others	1	0	-
Total Revenues	60	53	13%

NCLT approves Scheme of Amalgamation

- National Company law tribunal (NCLT), Hyderabad, sanctions the scheme of amalgamation of Pinnae Feeds Limited with the Company
- **Date of Order** – November 14, 2017
- **Swap ratio:** 4:17; TWL to issue 4 fully paid up equity share for every 17 equity shares held by shareholders in PFL
- **Scheme Consultant:** KPMG
- **Basis of Valuation:** Net Assets Valuation (NAV) method and Discounted Cash Flow (DCF) methods used to arrive at fair value of assets
- **Number of shares of TWL to be issued for shares of PFL:** 28.2 lakh shares of Rs. 10 each
- **Benefits to Minority Shareholders**
 - Tripling of capacity without cash outgo / additional investment
 - TWL was operating at full capacity – PFL was setup to create capacity at competitive cost – streamlining to offer synergies for growth
 - Value accretive for all shareholders - minority to witness limited dilution relative to capacity added

Business Update



Feed Business

- Healthy volume growth in the first nine months – 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 1st quarter but picked up from the second quarter onwards
- Raw Material prices were at historic lows in early 2017 and started picking up in November – impact not seen in Q3 due to inventories of RM
- 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
- Few products were out of stock as sales exceeded expectations – 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
- Hatchery Operations are nearing completion and the Company plans to undertake extensive trial runs in Q4. Hatchery operations will reflect in financial performance from FY19 onwards.

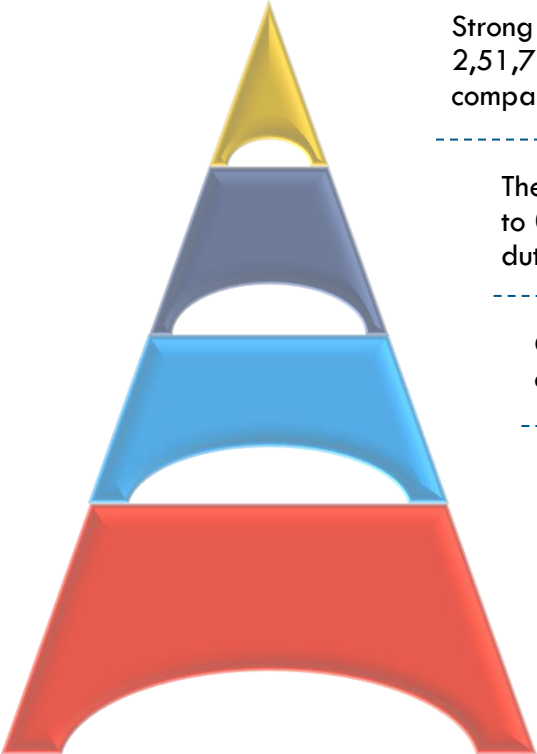
Industry Trends & Outlook



Domestic Market Trends

- **Healthy rebound in shrimp farming production in 2017 following a weak Farming season 2016 – India is poised to emerge as the largest shrimp producer globally in Farming season 2018**
- **There is great level of anticipation for the upcoming season – ponds are ready, hatcheries are ready**
- Positive growth in area under cultivation with newer areas coming under cultivation – the Industry is likely to continue growing in double digits
- Raw Material prices after remaining soft for large part of 2017 and have started firming up – the ability of feed producers to pass on price inflation is limited due to heightened competitive intensity
- Farm gate prices have remained steady – global demand is expected to be buoyant as the China market is slowly opening up for shrimp imports on the back of declining local production – China is a large consumption market comparable to the US market
- There is an increased preference towards higher count shrimp (smaller sized) as farmers are focussing on derisking the business – local production is showing greater maturity with a focus on new technologies and emphasis on biosecurity – this bodes well for sustainability and disease mitigation

Outlook



Strong demand for frozen shrimp and frozen squid helped boost marine products industry's exports to 2,51,735 tonnes of seafood, valued at ₹9,066.06 crore (\$1.42 billion), during April-June 2017 compared to 2,01,223 tonnes and \$1.17 billion, respectively, a year earlier.

The US, largest importer of Indian shrimps, lowered its anti-dumping duty on the perishable item to 0.84% for Indian exporters. The duty finalized is lower than the previous review rates. The final duty for 2014-15 was 2.20 %. The US imported 188,617 tonnes of Indian seafood in 2016-17.

China is slowly opening up its market for imports due to declining local production – high consumption and strong demand from China has the potential to rival the US market in scale

Raw Material prices which touched all time lows in 2017 have already started firming up – as a result operating margins in Shrimp feed are expected to revert to long term levels

Liberalized FDI policy and increasing Government support for the industry due to contribution to economic growth and job creation is likely to lead to improved growth environment and enhanced sector specific infrastructure while will enable the Industry to sustain it's growth for the foreseeable future

Thank You

