

# To dream. To dare.

The story of the entrepreneurial  
fabric of The Waterbase Limited





The ability to perceive opportunities not evident to most.

The skill to innovate where most see no room.

The passion to bounce back from setbacks.

The ability to transform sectoral volatility into corporate stability.

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The sequence on the adjoining page represents the successful transformation of The Waterbase Limited.




\*The Company reported a 38% CAGR in revenues for the 5 years ending 31st March, 2016.

# To dream. To dare.

At a time when most questioned the need for commercial shrimp rearing in India, The Waterbase Limited pioneered the aquaculture industry in the country.

At a time when most did not see hope in the business, The Waterbase Limited stood committed to the Industry.

The result is that The Waterbase Limited is more than just another player in the country's aquaculture industry; it is one of its most dynamic sectoral proxies.



The late Karam Chand Thapar is often regarded as one of the founding fathers of Indian industry and commerce. Mr. Thapar undertook several pioneering initiatives to diversify the presence of the Group into textiles, chemicals, paper, sugar, banking and insurance, some ventures subsequently nationalized. In 1956, he started Thapar Institute of Engineering and Technology which was given the status of Deemed University in 1985 and renamed Thapar University.





## Background

The Waterbase Limited (incorporated 1987) commenced business in 1993, becoming one of the first companies to enter the organized aquaculture business in India.

The Waterbase Limited is part of the Karam Chand Thapar Group (KCT Group). Founded in 1929 as a coal mining company, the KCT Group has a highly diversified portfolio of businesses with interests in sectors ranging from coal and infrastructure to real estate, manufacturing and aquaculture.

The present chairman is Mr. Vikramaditya Mohan Thapar, grandson of the founder.

The group's foundation emanates from a desire to focus on long-term, sustainable growth steeped in strong ideals such as a clear focus on real customer satisfaction; ensuring employee welfare; by adopting a responsible attitude towards the environment in which it operates to

enrich all stakeholders. This ethos lies at the heart of all KCT Group companies.

The Waterbase Ltd. is committed not only to continuing the rich business legacy of the Group, but also to significantly build and develop it across the years.

## Business

The Company is focused on manufacturing shrimp feed, processing shrimp and exporting processed shrimp. The Company is in the process of setting up the Vannamei Shrimp Hatchery.

## Listing

The Company's shares are traded on the Bombay Stock Exchange. As of 31st March 2016, the Company enjoyed a market capitalisation of ₹382 crores, one of the highest in the country's aquaculture industry. The promoters held a 57.39% stake in the Company, as on 31st March, 2016.

## Presence

The Waterbase Limited is headquartered in Chennai (Tamil Nadu) with a shrimp feed manufacturing plant and shrimp processing plant in Nellore (Andhra Pradesh). The Company's shrimp feed is sold across the coastal states of India. The Company also exports shrimp in different forms (IQF, block frozen and cooked) to the quality-conscious geographies of Japan, USA and Europe.

## Quality

The Company's feed plant is India's first ISO 9001:2008 – certified feed plant. The Company's shrimp processing facility is FDA approved, EU-listed, HACCP and BAP certified.

## Product portfolio

The Company manufactures a wide range of shrimp feeds. The feed formulations have been developed over a period of time through committed research, farm trials and under the guidance of International feed nutrition experts.

### Bay White

The first Indian shrimp feed brand developed for 'Vannamei' shrimp farming. A mixture of highly digestible marine and vegetable proteins, it contains natural sources of phospholipids, cholesterol and Omega-3 fatty acids to fulfil the shrimp's nutritional requirements.

### Ultra XL

Specially formulated to meet the nutritional needs of 'Tiger' shrimp, Ultra XL enhances survival, growth and lower FCR. Nutritionally balanced and cost-effective, this feed meets the complete nutritional requirements of semi-intensive culture of Tiger shrimp.

### Tiger Bay XL

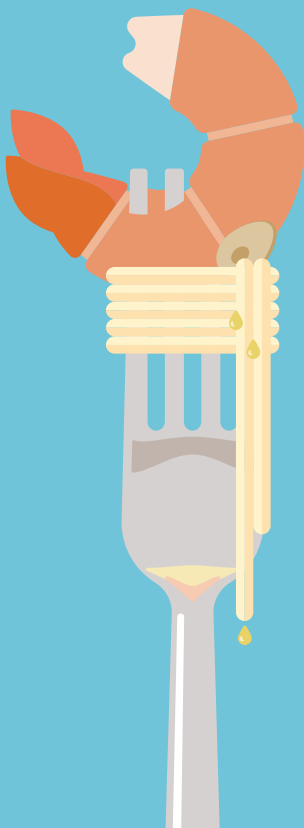
A completely balanced and cost effective feed for modified extensive farming of Tiger shrimp. This contains boosters, which stabilize osmoregulation. The enriched Omega-3 fatty acids enables the feed to perform better in varied aquatic conditions, especially in areas of varying salinity.

### Magnum

One of the better performing feeds for Scampi in India. Magnum contains moulting stimulators which ensure better weekly growth, and is incorporated with high quality attractants.

## SAP

The Company implemented SAP ERP to support its strategic growth plans. This is a 'one of its kind' implementation in the aquaculture industry, enabling the transformation of business operations as well as becoming scalable and agile. It provides the right technology that can help cut costs, become more efficient and grow through innovation. SAP ERP provides real-time information for timely decision making and better business analytics. It is expected to bring visibility across the enterprise while seamlessly integrating business processes, resulting in improved efficiencies and better controls.



## Mission

The Company's mission is to supply products of the highest quality and deliver a superior service to its customers – farmers, shrimp feed dealers, as well as domestic and overseas buyers of processed shrimp.

## Vision

Leverage the Company's pioneering efforts in innovation and create sustainable solutions in the entire value chain of 'Farm to Fork' to attain market leadership.

To maximize stakeholder value by consistently exceeding customers' expectations and achieving operational excellence in whatever we do.

We are fundamentally committed to developing new technologies and imparting best practices for the growth of the sector and its contribution to Indian economy.



## Core Values

**Quality** – We believe that quality comes first. We continuously improve the products and services by investing in top-notch R&D and implementing rigorous quality control protocols.

**Trust** – We maintain a high degree of integrity, transparency and responsibility in whatever we do; we constantly endeavor to instil trust and credibility in the minds of everyone we deal with.

**Collaboration** – We believe in nurturing lasting partnerships with all stakeholders through positive communication and co-operation for creating enduring value.

**Innovation** – We strive to create forward thinking solutions to mitigate the inherent risks and weaknesses in the Industry and to boost growth.

**Excellence** – In pursuit of excellence, we strive to set new benchmarks and raise the bar.

**Sustainability** – We are committed to develop sustainable business practices in all our activities that will help saving this planet for future generations.

# 1,10,000 135

Feed manufacturing capacity in tons (following amalgamation with Pinnae Feeds Limited)

Dealer network as on March 31, 2016

# 4,000 224

Shrimp processing capacity (tons)

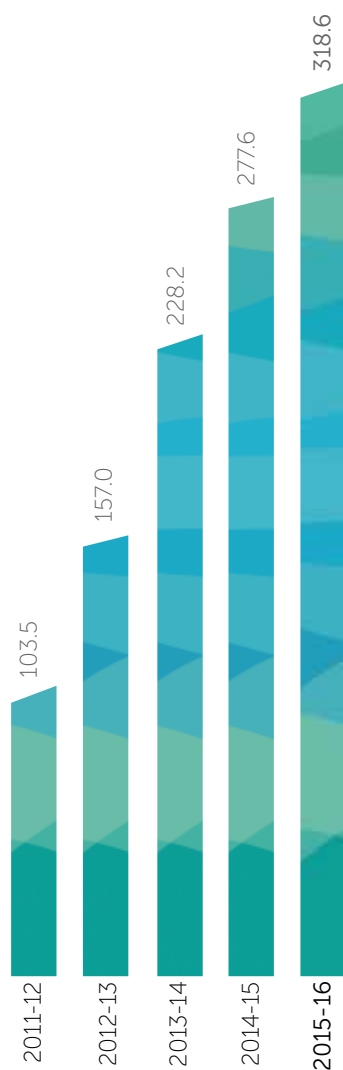
Team size as on March 31, 2016



## This is how we have performed over the years

### Revenues (₹ crore)

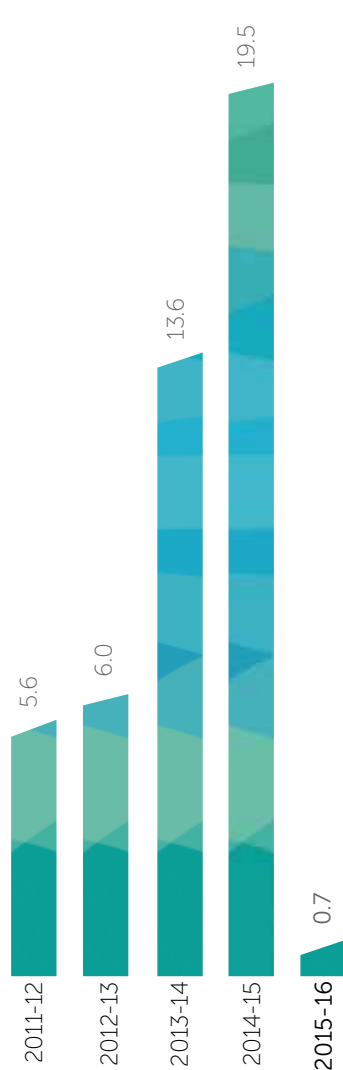
+41 (₹ cr)



A 14.8% sales increase was the result of the Company's ability to enter new geographies, deepen its dealer network and launch value-added products.

### Post-tax profit (₹ crore)

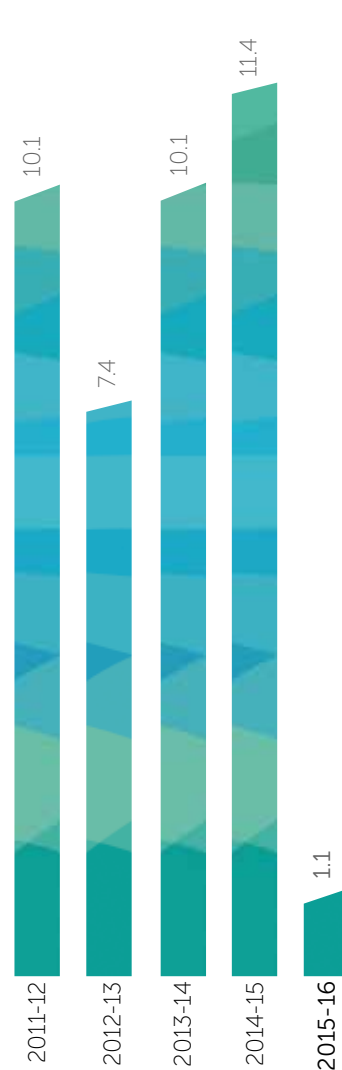
-18.8 (₹ cr)



A decline in the Company's profitability was the result of the abrupt end to the farming season due to outbreak of disease and inclement weather resulting in flooding and one-time expenses incurred as a result of a settlement with the banking partner.

### EBIDTA margin (%)

-1070 bps



This one-time decline in margins was a result of disruption in revenues due to flooding and lower than expected volume growth.



**Debt-equity ratio (x)**

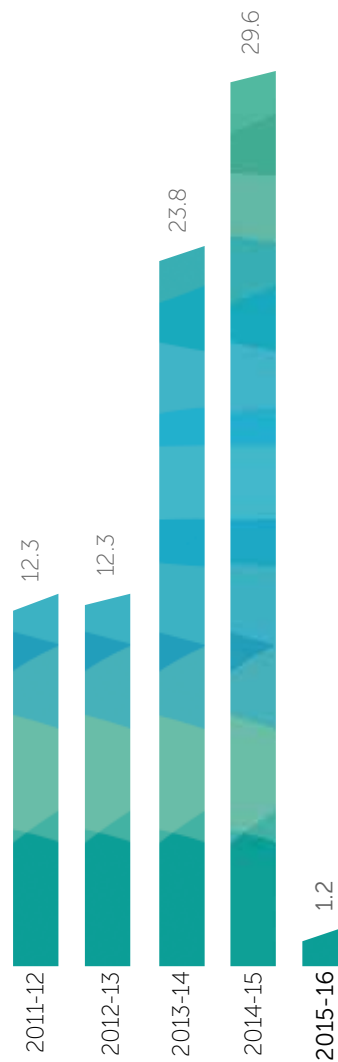
No change



The stability in gearing is a validation of the Company's ability to sustain growth through internal accruals as well as a result of one-time settlement with Canara Bank, one of the bankers.

**RoCE (%)**

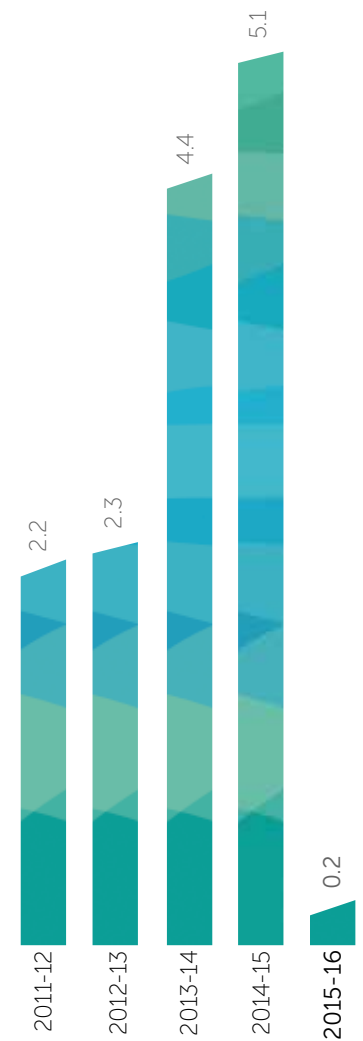
-2840 bps



The Company reported lower returns (temporary phenomenon) owing to a less-than-expected volume growth and lower inventory turnover due to operational disruption for three months

**Earnings per share (₹)**

-4.9 (₹)



The decline in EPS mirrored a decline in profitability.

# To dream.

Until 2009, shrimp farming in India was synonymous with the monoculture of Tiger shrimp *P. monodon*. The Waterbase Limited was not different; the Company engaged in working with the Black Tiger (*P. monodon*) species.

However, this space encountered challenges. Since 1995, the culture of *P. monodon* was so extensively affected by the White Spot Syndrome Virus that shrimp farming became practically stagnant and large players exited the business.

At this time of sectoral weakness and attrition, the Company continued to hold faith. The Company continued to trust India's enduring fundamentals: ideal topography, long coastline, tropical climate and enterprising farmers.

In 2009, the industry reached an inflection point when TWL played an active role in seeking permission to farm the Vannamei shrimp species in India. Following pilot-level introduction and risk analysis, large-scale Vannamei introduction was permitted from 2009 onwards. The Company seized this opportunity by becoming the first Company to introduce Vannamei Feed in the country under the brand name Baywhite.

Following the introduction of this robust shrimp variant, sectoral volumes rebounded, profits increased, reinvestment became recurring and the shrimp farming industry emerged out of an extended trough.

In the last five years through excellent products and services, network expansion, capacity increases and leveraging group synergies, the Company transformed what would otherwise have been a one-off improvement into multi-year sustainability.

Going ahead, the Company will continue to seek sustainable growth across the entire value chain by foraying into new segments, scaling capacity utilization and enhancing presence (and share) in existing and emerging (domestic and international) markets

