

ENDURING STRENGTHS. NEW HORIZONS.

Our strong and successful heritage combined with an unwavering faith that we can successfully move from survival to significance, is our most enduring strength. Against a backdrop of improving market conditions, we have set about re-writing our strategy, building scale, and broadening our horizons.



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ENDURING STRENGTHS. NEW HORIZONS.

Turbulent times can be testing. For us, it provided motivation to push our boundaries. We became determined to overcome the tough challenges in the aquaculture sector. Our strong and successful heritage combined with an unwavering faith that we could successfully move Industry from survival to significance, became our most enduring strength. It gave us conviction that we could redefine our identity and shape the future. So we started to reboot and rebuild. We worked hard to create a renewed company-sustainable and values driven. Against a backdrop of improving market conditions, we set about re-writing our strategy, building scale, and broadening our horizons.

We are now making substantial efforts in new product development. We are stimulating internal innovation through focused R&D. The robustness and viability of our business strategy is founded on the conviction that shrimp farming is sustainable and can drive long term profitable growth. We are hence pursuing the next generation of opportunities and incubating new ideas that will sustain the Company far into the future.

FY17 was a cornerstone year for us. We advanced our strategy and focused on our core priorities of adding scale, increasing geographic footprint, and diversifying revenue streams. As we navigate new horizons and build on our momentum and enduring strength, we will remain guided by what has always defined our Company: our values and ethics, our people, and our deep research-driven capabilities. We will rely on these core pillars to help us create sustained value for our customers, shareholders, the community, and our employees.

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 the 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.

KEY STRENGTHS

Strong Brands

Several favoured brands of quality and value with high recall.

Rich Legacy

Over two decades of expertise and backed by the KCT Group.

Technical Expertise

A pioneer staffed by well-qualified personnel with rich industry experience. Products, processes and practices viewed as gold standard by industry.

Quality Control

Processing facilities FDA and BAP approved, EU listed and HACCP certified. Global best practices implemented.

R&D Focused

R&D initiatives meaningfully converted into new products and have driven improvements in feed manufacturing, farm practices, waste management and shrimp processing.

Financial Position

Financial discipline demonstrated through ups and downs in industry. Debt equity ratio of 0.5 and Net Debt / EBITDA of ~ 1.8x.

*FY 2017 AT A GLANCE***323** CR

Revenue

20 %Revenue CAGR
FY12-17**0.5**

Debt - Equity

1,10,000 MT

Feed Capacity

407 MT

Shrimp Exports

7 %

Market Share

173

Dealers pan India

258

Employees

FROM THE CHAIRMAN'S DESK



Dear Shareholders,

It is my pleasure to present to you an overview of the present economic & industry scenario and a summary of your Company's performance in FY 17.

Economic activity in both advanced economies and emerging and developing economies is estimated to accelerate in 2017, to 2 percent and 4.6 percent respectively. Economic growth has been revised for the US, Japan, and China. While inflation in advanced economies remains subdued and generally below targets; it has also been declining in several emerging economies, such as Brazil, India and Russia. Growth revisions primarily reflect the macroeconomic implications of changes in policy assumptions by the world's two largest economies, the United States and China.

It is expected that growth in India will pick up further in 2018, in line with forecasts. Of the two major reform initiatives of the present Government, we expect the timely and effective implementation of the Goods and Services Tax (GST) would support competitiveness, investment and economic growth. GST will contribute to making India a more integrated market and is expected to boost competitiveness, investment and

job creation. Shrimp feed is exempt from GST, however few of the Raw Materials have been brought under the ambit of GST which will have financial impact.

The other major reform initiative, demonetization, appears to have kickstarted the process of cleaning up the economy of black money. Growth rate for the economy was higher than anticipated, thanks to strong government spending and data revisions that show stronger momentum in the first part of the year. However, aquaculture businesses, which are mostly cash driven, suffered a temporary setback due to demonetization in FY17.

Global demand for shrimp is on the rise and the global prices have been stable for the past 2 years. In view of the constricted supply of shrimp and increased demand from Asian markets, farmgate prices in India rose to higher levels. As a result, area under farming is expected to expand further and demand for shrimp feed will continue to exhibit steady growth.

Your Company's continued focus on farmer education, innovation and embedding best practices from across the industry is now starting to accrue benefits.

I am proud to tell you our revenue grew at a CAGR of 20% between FY 12 and FY 17 and stood at ₹ 323 Crore in FY17. However, Profitability in the feed business was impacted in FY17 by the rise in prices of key raw materials.

I am also very pleased to inform you that your Company has received the coveted '**Shrimp Feed Industry New Product Innovation Leadership Award**' from Frost & Sullivan. This is the first time a feed company is bestowed with such a recognition from Frost & Sullivan in India.

Going forward, enhanced geographical presence coupled with good performance from existing markets would help in accelerating the growth. Weather conditions have been favorable and along with stable farm gate prices have enabled the farmers to shake off the cautious approach and increase the area under cultivation.

We have taken our first steps into the domestic market for the frozen food products. Our Phase I foray saw the soft launch of the brand 'Prize Catch' in Chennai in Dec 2016. We launched processed shrimps and pasteurized crab meat in the HORECA segment. This has received good response and we will soon enter other markets in the South in Phase II and will also expand our product



range. To support this growth, we have alongside embarked on several marketing initiatives. As always, our focus will remain unwavering on quality and freshness.

The launch of the Farm Care range of products under the brand 'Baylife' has been received with much enthusiasm thanks to the trust your Company enjoys in the farming community. This can potentially translate into good volume growth in the coming years.

Your Company's first state of the art Hatchery is nearing completion and will be available for farming season of 2018.

The Scheme of Amalgamation of Pinnae Feeds Ltd., which was approved by the National Company Law Tribunal recently will result in better operational efficiencies as the total production capacity directly available to us increases from 35,000 MTPA to 1,10,000 MTPA. The Scheme became effective on 27th November, 2017, with the appointed date being 1st August, 2015. Hence, the merged audited financial statements of the Company for the year ended 31st March, 2017 is being placed before the shareholders for consideration and adoption. The Board had announced a final dividend of ₹ 1 per share for FY17. The same shall be paid as per Statutory timelines to the shareholders as on the record date, subject to approval at the forthcoming Annual General Meeting (AGM).

With international demand continuing to be robust and domestic demand growing significantly, thanks to changing lifestyles and food preferences, we continue to remain optimistic about our growth and success in the industry. Geographical expansion, thrust on R & D, capacity addition and diversified revenue streams shall augur well for the future growth of your Company and thereby maximize shareholder value.

I would like to thank all our stakeholders who have reposed tremendous confidence in us - for their faith and confidence, and importantly for the encouragement they have shown us in the pursuit of our goals.

I would like to specifically thank our valued employees whose contribution in this journey is immeasurable. I value their dedication and commitment to the tasks at hand towards the pursuit of our short and long-term goals. Last, but certainly not the least, I would like to express my wholehearted gratitude to our dealer and vendor network, whose faith and loyalty urge us forward to scale new heights. Thank you all.

With best wishes,

Vikramaditya Mohan Thapar
Chairman

SUSTAINING LONG-TERM VALUE. OUR BUSINESS STRATEGY.

In jump-starting our business towards the pursuit of new horizons, we have stayed focused on our aspiration of creating sustained long-term value for our stakeholders. This has been our North Star, guiding us in putting together all aspects of our business strategy and decision-making process. The bedrock on which we are founded, the trusted Karam Chand Thapar Group, gives us the strength and confidence to view the glass as half full even in the most trying times. We have now set out re-energized with a business strategy that considers Value creation, an amalgam of shareholder wealth, stakeholder trust, brand equity, reputation, and customer satisfaction.

We have positioned our growth strategy on three pillars:

1

Increasing scale for wider market penetration - leveraging strength of highly skilled technical manpower, brand salience, wider product portfolio, improved distribution network and value-added services; capitalizing the benefits of incremental revenues for enhancing return ratios and making scale margin accretive.

2

Increasing market presence - As capacity constraints are no longer a hindrance, entering new geographies and aggressively pursuing customer categories to increase off-take. Pan India presence has been enhanced with footsteps into West Bengal, Odisha, and Gujarat, and wider reach in the current strongholds of Tamil Nadu and Andhra Pradesh, thanks to wider distribution infrastructure which resulted in increasing our numeric and weighted reach with enhanced after-sales service.

3

Diversifying revenue streams - Have launched a range of farm care products under sustainable agricultural practices under the brand name 'Baylife'. Have also launched frozen sea food products under the brand 'Prize Catch', for institutional customers in the Chennai market, as a first step. We are setting up series of hatcheries to supply good quality seeds (Post Larvae) for shrimp farming - Revenue from the hatchery business will start accruing in FY19.