



The
Waterbase
Limited



INTEGRATION FOR SUSTAINABLE GROWTH

32nd ANNUAL REPORT 2018-19

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NOTICE

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Safe Harbor Statement:

Certain statements in this report concerning our future plans, 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, 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.

INTEGRATION FOR SUSTAINABLE GROWTH

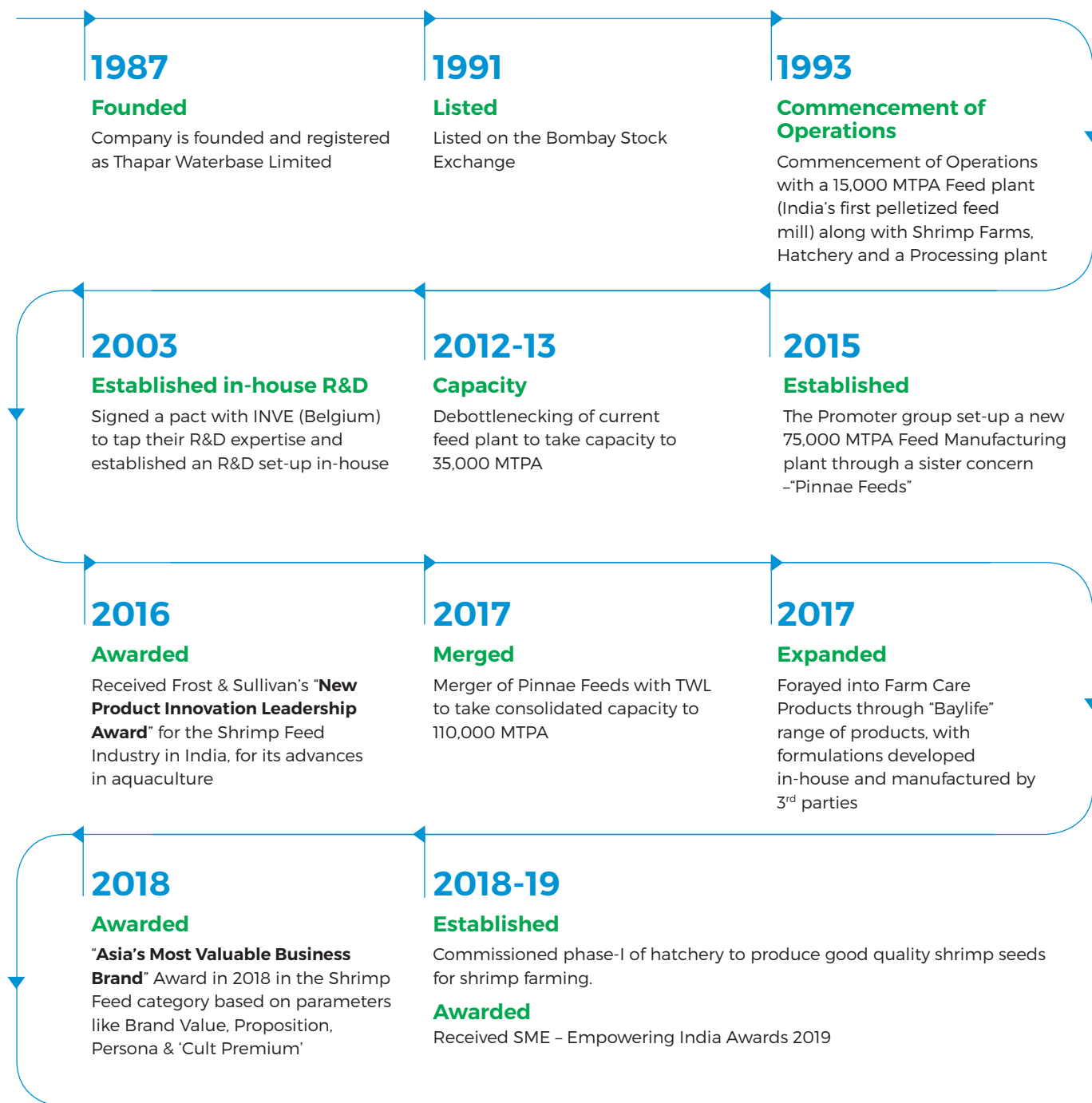
We strive towards being a differentiated player in the Aquaculture Industry in India and seek to create a sustainable value chain encompassing all stages of the aquaculture business from hatchery to farm care.

As part of this endeavour, we have expanded our capabilities across the value chain with the launch of our first Vannamei hatchery during FY19. Expanding our capabilities has enabled us to strengthen our offerings to customers, reduce the company's systemic risks related to product segments as well as open up new sustainable revenue opportunities.

At The Waterbase Ltd., we aim to grow sustainably by living our vision to deliver highest quality of products and services to our customers. In recent years we have increased our customer base by expanding our product portfolio through vertical and horizontal integration as well as by entering new regions within the country.

By expanding our operational capabilities and geographical network, we also increased our market reach for ensuring sustainable growth. Over the years we have been improving our performance on all key performance indicators. Since FY15 our revenue has grown at a CAGR of 10%. Since 2014 our EBITDA margin increased from 10.1% to 15.3% and PAT margin from 5.9% to 8.3%.

MILESTONES



HIGHLIGHTS OF THE YEAR

Revenue
₹ 371.7
Crore
+ 8% year on year

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

PAT
₹ 30.8
Crore
+ 3% year on year

Received SME – Empowering
India Awards 2019. Won the
award under the 'Food, Agro &
Horticulture Products
(Mid – Corporate)' category

OUR BUSINESS MODEL

The Waterbase Limited's value creation process starts with our vision, mission and values and are the foundations of our business model. Our leadership, operational support services and our people at all levels ensure that our value-based approach flows seamlessly and accurately through our entire value chain.

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.

What We Do

Hatcheries



The company has Commissioned Phase I of Vannamei Hatchery to produce good quality seeds for shrimp farming, under the brand name "BayMax".

Feed & Farm Care



Markets its products under the brand name BayWhite

In 2017 the company Launched farm care products under the brand name 'Baylife'

Processed Shrimp



The company has a 4,000 MT per annum state of the art shrimp processing facility. The unit operates with all local and global compliance and quality standards like USFDA, HACCP, FSSAI and BAP global.

Core Values



Integrity

We consistently adhere to ethical and fair practices with the highest degree of transparency and honesty in whatever we do.

Always does the right thing.

Communicate what is on their mind, even if it is uncomfortable, for the greater good of the group.

Everyone at TWL has an equal opportunity to speak up, and we make decisions that have a just and equitable result.



Collaboration

We constantly leverage collective intelligence by working together across teams, departments, functions, businesses, and even with our external partners towards a shared common goal.

Shares required information willingly and quickly in support of own, other teams' and TWL's success.

Leverages other's expertise when needed, doesn't reinvent the wheel.

Prioritizes group goals above personal goals, and works as a team towards the organization's common purpose.



Excellence

We passionately work towards developing our people, and set the highest standards of quality both in what we do and the way we do it.

Expects and delivers the highest standards of performance from self, and inspires the team to achieve ever higher standards as well.

Is not happy with maintaining status quo, wants to and does deliver a higher quality result each time.

Takes up newer and bigger challenges and does utmost to deliver results.



Ownership

We take personal accountability to meet business goals, improve our systems and help others. We act like owners; treating the company as our own, always keeping the company's long term success in mind.

Takes initiative towards the achievement of business results and organizational health even when not asked to do so.

Reliably delivers above and beyond what is expected, consistently and repeatedly.

Once responsibility is taken for a result whether as leader or participant, will see it through to completion and ensure the highest standards of performance.



Respect

We acknowledge and respect differences in each other, and provide a safe and supportive environment in which all individuals are equally valued.

Treats others as one would like to be treated.

Seeks out, listens to, and respects the ideas and opinions of others.

Values different cultures and beliefs, and shows this in day-to-day words and actions.

Displays respect for and awareness of individual differences.



Responsibility

We commit to developing and maintaining sustainable business practices in order to have a positive impact on the business, natural and social environment in which we operate.

Follows company guidelines/ processes with respect to corporate social responsibility diligently.

Brings new ideas and actively participates in initiatives related to sustainable business practices.



Innovation

We aspire to be thought leaders in our chosen sectors, constantly striving towards forward thinking solutions for our products, processes and offerings.

Maintains and strengthens understanding of the market relevant to role by continually learning about future trends, competitors and research related to that area.

Represent TWL in industry groups and forums helping disseminate our thought leadership, as well as bring back learning from that exposure into TWL.

Uses market understanding and know-how to help build products and streamline processes that lead to TWL becoming a market and thought leader in that area.

FROM THE CHAIRMAN'S DESK

Dear Shareholders

I am pleased to share with you the performance of your Company for the year 2018-2019. The year has been a challenging one during which our employees exhibited their commitment and team spirit to enable the company to progress towards its vision. In FY19 we strengthened our capabilities and offerings, delivered operational excellence and increased our brand equity.

The extended winter resulted in excess stockpiling in the US markets by end of 2017. Coupled with that, surplus production in all shrimp farming countries resulted in drastic fall in global shrimp prices in 2018. Disease outbreaks due to abnormal climatic conditions also

Your Company achieved growth of 8% year-on-year in revenues which stood at ₹ 371.7 Cr for the year as against ₹ 344.3 Cr in the previous year. Our Net profit for the year stands at ₹ 30.8 Cr, as against ₹ 29.9 Cr in the last year with a 3% year-on-year growth despite rebound in raw material prices.

added to the woes of Indian farmers. For the first time post Vannamei introduction, shrimp production in the country declined and many Indian farmers suffered losses.

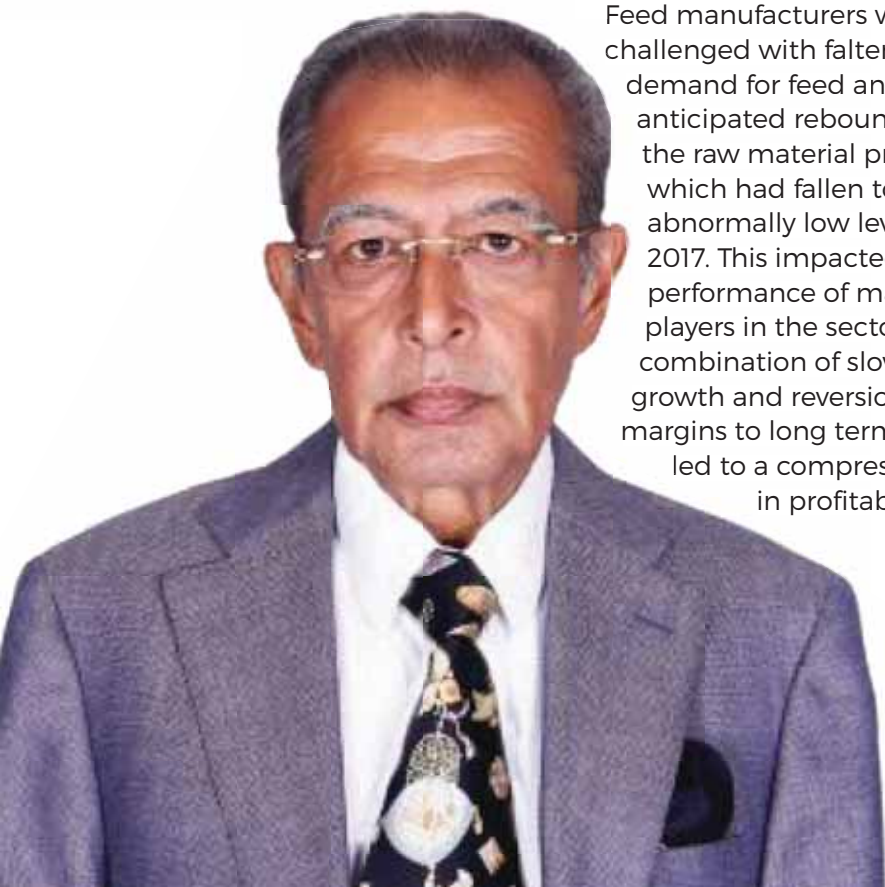
Feed manufacturers were challenged with faltering demand for feed and the anticipated rebound in the raw material prices which had fallen to abnormally low levels in 2017. This impacted the performance of many players in the sector as the combination of slowing growth and reversion of margins to long term levels led to a compression in profitability

both absolute and relative. I am delighted to inform you that your Company was able to successfully counter the challenges at the macro and sectoral level to emerge with industry leading (beating) growth in revenues and profitability.

During the year, your company overcame the prevailing challenges by expanding our business in new and existing markets, strategic sourcing of key raw materials and maintaining tighter controls on costs. Your Company achieved growth of 8% year-on-year in revenues which stood at ₹ 371.7 Cr for the year as against ₹ 344.3 Cr in the previous year. Our Net profit for the year stands at ₹ 30.8 Cr as against ₹ 29.9 Cr in the last year with a 3% year-on-year growth despite rebound in raw material prices.

The Board has recommended a final dividend of ₹ 1.50 per share (@ 15% on Equity share of ₹ 10/- each) for FY19, subject to shareholders' approval at the forthcoming AGM.

I am happy to share that we further strengthened our product value chain by commissioning the first phase of our Vannamei hatchery. This would help the farmers to get good quality seed (Post Larvae) which is very critical for the success of shrimp farming. In addition to bringing more offerings, under the Waterbase fold, this initiative, we believe, will enhance the sustainability



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and the success rates for our customers.

Overall long term prospects for Indian shrimp production continue to be positive as the Sea food industry shifts further towards aquaculture and reduces reliance on capture fishing. Seafood consumption continues to increase across the world and with Indian shrimp farming moving ahead in terms of adopting best farming practices and global benchmarks, India's leadership position in shrimp exports is set to endure in the years to come. India's long coastline, R&D strength among manufacturers and research institutes, availability of manpower at competitive wages and policy support from government are the key drivers of growth in our sector. Feed manufacturers like Waterbase are poised to benefit in the long term.

We expect shrimp production to be marginally lower in

FY20 due to delayed farming season and reduced stocking by farmers during the summer crop due to subdued farmgate prices. We are keenly watching the situation and will try to overcome impediments in our way through our operational agility, product innovations and market expansions.

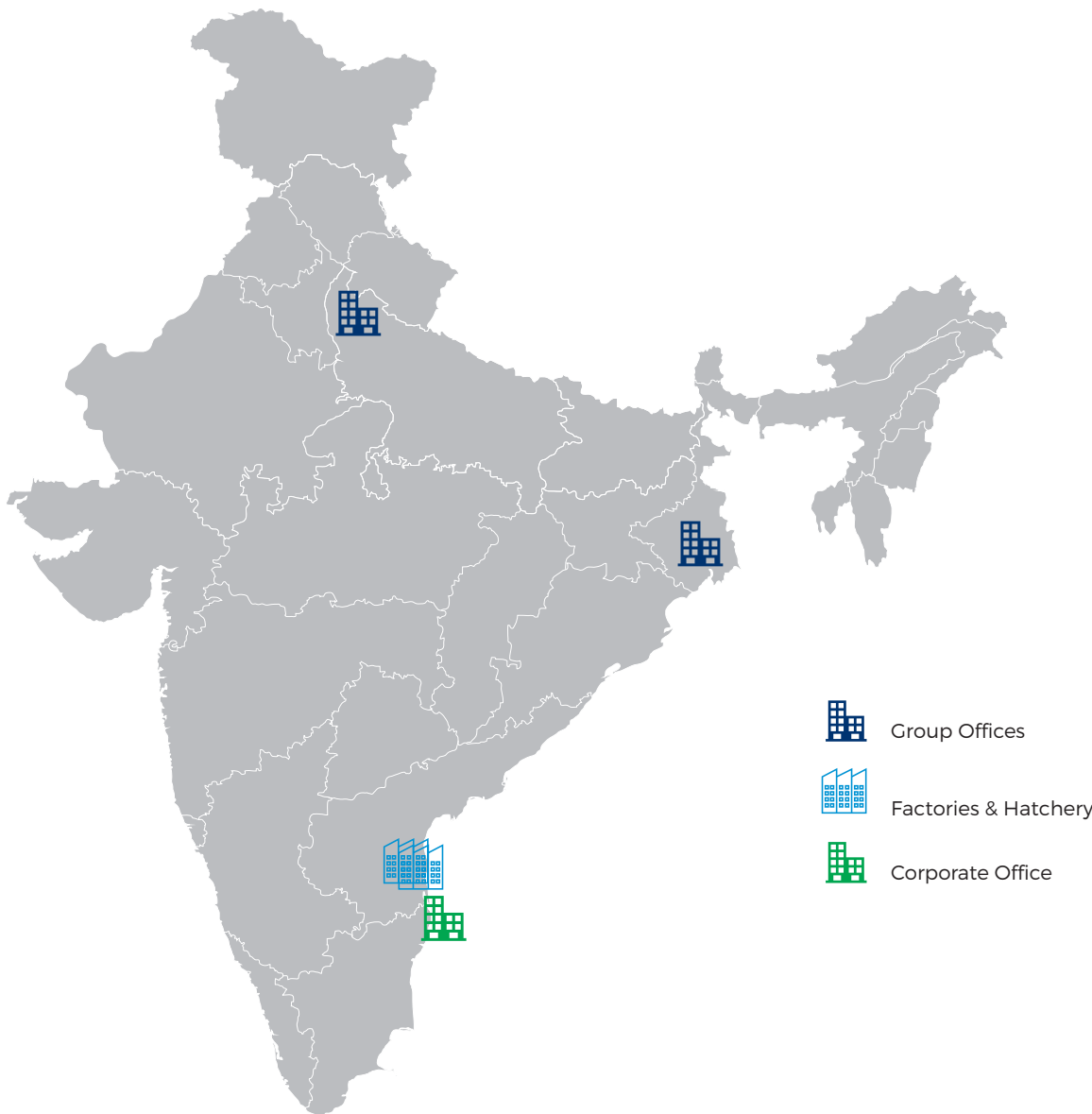
I would like to take this opportunity to thank each and every employee for their commitment and contribution towards achieving our goals with the highest ethical standards. I would also like to extend my gratitude to all our customers, vendors, Bankers and Government agencies for their continued support. I would also like to convey my sincerest appreciation to the Board of Directors for their valuable guidance. And lastly, I also express my heartiest gratitude to all our shareholders for their continued faith, encouragement and support.

With best wishes,

Vikramaditya Mohan Thapar
Chairman

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OUR LOCATIONS



Registered Office & Factory Unit I & II

Ananthapuram Village,
SPSR Nellore - 524344,
Andhra Pradesh,
India

Bogole Village & Mandal
SPSR Nellore- 524142,
Andhra Pradesh,
India

Corporate Office

Thapar House,
37 Montieth Road,
Chennai - 600 008,
Tamilnadu,
India

Hatchery

Ramatheertham,
Varini Village, Vidavalur Mandal,
SPSR Nellore - 524318,
Andhra Pradesh,
India