






**The
Waterbase
Limited**

35th Annual Report 2021-2022

**RIISING WITH
RESILIENCE**



What's inside

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We explain who we are, where we operate, our business model and strategies, corporate action and a summary on how we performed.	We explain our approach on ensuring and implementing the best governance practices through the various statutory reports and relevant annexures.	This section contains the Audited Standalone & Consolidated Financial statements along with the auditors' report.
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www.waterbaseindia.com

Bombay Stock Exchange Limited (BSE Stock Code)	523660
Market Capitalisation	₹ 342 Crores (as on March 31, 2022)
AGM Date & Time	August 18, 2022 from 12 Noon onwards
AGM Mode	Video Conferencing (VC) / Other Audio Visual Means (OAVM)

Rising with Resilience

At Waterbase, we simply push the bar! Where people see challenges, we persistently look for opportunities. Where people are paralysed with inaction, we pursue growth. Where people stay comfortable with the status quo, we constantly engage in transformation.

It's simply easy to be influenced by unforeseen setbacks and do nothing!

It's simply easy to wait for things to change!

It's simply easy to remain still until the storms have released all of their wrath!

The tough times do seem to last forever, unless they are outlasted. The past few years have been such times for our Industry as well as for the Company

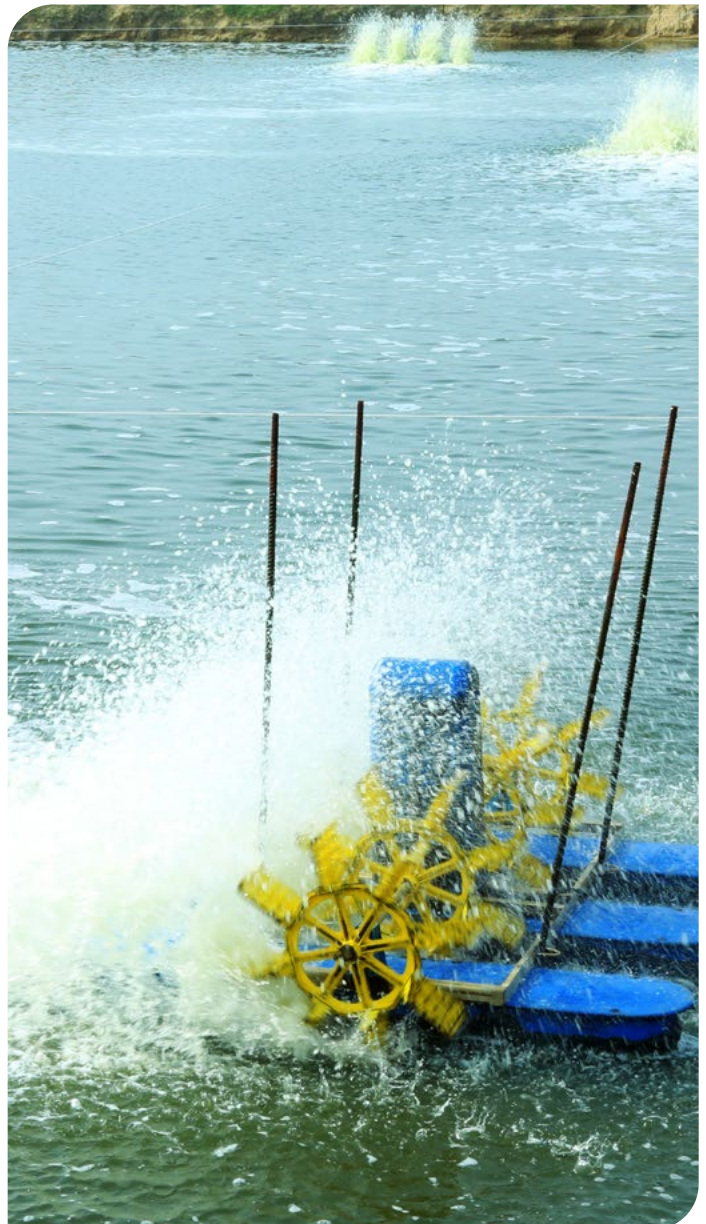
It is challenging, to perform consistently in top-gear in an industry which is always on the edge, due to external factors. A healthy farmer-supplier relation is imperative in an environment which is prone to constant challenges like demand & supply, international prices etc. and ever-rising input costs

However, being at ease has rarely benefited anyone in accomplishing anything meaningful or great.

The quest for changing the course or turning the tide led us to be more persistent and in fact, more focused to define our edge in a competitive industry. We focused on expanding our product portfolio and ensuring growth of healthy shrimps using best in class feed and farm care range of products. To keep abreast to the changing dynamics of our industry, modernising and upgrading our existing processing plant, for expanding our geographical presence, has been timely.

The efforts and strategy we have put in reflects something beyond profitability. It echoes the strong growth we have shown on the revenue front. It displays with assertion that we are Rising with Resilience to meet the coming days successfully.

We believe we have laid a strong foundation for sustained growth in the future – through our patience & perseverance and above all, through our grit on being resilient in the storm!



ONE COMPANY.

Integrated shrimp aquaculture.

Over the years, the Company has invested in its core: from Hatchery, Shrimp Feed to Processing & Exports.

With the objective to cater entire shrimp value chain.

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.

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.



Values



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



Respect: We acknowledge and respect differences in each other, and provide a safe, supportive and balanced environment in which all individuals are valued and encouraged to engage in open two-way communication.



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



Innovation: We demonstrate thought leadership in the markets we play in, constantly striving towards forward thinking solutions for our products, processes and offerings.



Excellence: We passionately and consistently work towards developing people and setting high standard of quality in both what we do and the way we do it.



Ownership: We take personal accountability to meet business needs, improve our systems and help others improve their effectiveness. We act like owners, treating the company's assets as our own and behaving with the company's long-term success in mind.



Responsibility: We commit to developing/maintaining sustainable business practices in order to make a positive difference to our industry, environment and society.

10 facts you should know about

The Waterbase Limited



With more than three and half decades of legacy, the Company was established during 1987.



Led by Mr. Vikramaditya Mohan Thapar as its Chairman, Mr. Ramakanth V Akula as its Chief Executive Officer and aided by a team of professionals in senior management.



Registered Office and Plant at Nellore in Andhra Pradesh and Corporate Office at Chennai.



State of the art shrimp feed manufacturing and shrimp processing facilities.



Strong presence in the States of Andhra Pradesh, and Gujarat. New sales territories being established in the State of Odisha and West Bengal.



The feed plants are accredited with: ISO 9001:2015 and BAP certification. The processing unit complies with EU, USFDA, HACCP and FSSAI standards.



Strong in - house R&D setup and partnership with reputed institutes & agencies for testing and development of eco-friendly aqua feeds.



Key product brands include: Feed - BayWhite Advanced, Vanamax, Maximy Supreme and Tiger XL; Farmcare - Under the Baylife umbrella WhiteKure, Baymin, Prolyf, etc; Hatchery - Baymax; Processed Shrimp - Prize Catch.



Employees strength of 273.



Long-term Credit Rating of CARE A- and Short-term Rating of CARE A2+ with stable outlook.



From the desk of Chairman

Dear Shareholders,

It is always a pleasure to connect with you!

Last year, I spoke to you about our Company's Resiliency and Responsible behaviour during the peak of the COVID-19 pandemic. The steadfast dedication of our employees, who came together to support our customers and provide a consistent supply of products, despite the challenges was commendable. The current year is no different, and I'm happy to report that, despite the challenging external environment especially with high input costs, the company continues to stay resilient and shine in Fy'22 also.

Macro Economy and Industry Perspective

The past financial year was a period of recovery and new uncertainties in equal measure for the Global economies. The period saw a broad-based uptick in investments and demand revival followed by the vagaries of a global commodity shock due to war in Europe and supply chain disruptions in China. These supply-side bottlenecks and a stronger than-anticipated rebound of demand have resulted in major commodities experiencing a significant price surge during the year. Meanwhile subsequent waves of the Covid-19 pandemic continued to jitter governments

and exert pressure on the healthcare systems across the globe.

For India the situation was no different as the economy started witnessing green shoots of recovery post the first wave of Covid19 pandemic. The second wave of the COVID-19 pandemic struck hard right from the beginning of 2021. However, rapid vaccination roll-out by the Government, led to upticks across a range of indicators, including the mobility index, direct tax collections, and electricity demand, reflecting positive levels of economic growth. While demand is yet to fully recover to pre-covid levels and consumer prices continue to increase steeply, RBI used its policy levers to preserve macroeconomic and financial stability while enhancing the economy's resilience.

Talking about the industry, the Indian shrimp market is projected to reach US\$ 12 billion by 2027. India's long coastline and favourable geographical condition offers opportunities for the farming of healthy and disease-free shrimp, which represents one of the key factors impelling the growth of the market. The escalating demand for shrimp products at a global scale and its growing popularity at various regional and international cuisines, along with the rising health consciousness among individuals, is positively influencing the demand for shrimp products in the country. The Government of India has introduced various initiatives to encourage organic shrimp farming practices, thereby

offering lucrative growth opportunities to key players operating in the country. Apart from this, the escalating demand for ready-to-eat food products on account of rapid urbanization, lifestyle changes and higher disposable incomes of individuals are facilitating the consumption of frozen and processed shrimp products in India.

Looking back at our performance

Although, we were able to mitigate much of the impact of pandemic related challenges on our business, the profitability numbers fail to reflect the true courage and positive initiatives from our side. During the current year our Revenue from Operations jumped by nearly 41% to Rs. 298 Crores but Profit Before Tax declined by nearly 98% to Rs. 36 Lakhs. This decline in profits was largely on account of external environment as rising input costs dented the margins. With inflation rising, the situation is expected to continue for some more time before it plateaus out. However, from the Company side, the management is taking stock of the situation carefully, with stringent cost controls and diversification of product offerings to improve margins. With several initiatives already undertaken, I am confident of soon regaining our growth momentum in terms of profitability.

Rising with Resilience

The age-old adage 'When the going gets tough, the tough get going' could never find a better proponent than our very own company. In the face of adversity, being challenged by a unfavourable economic environment with rising input costs, we at Waterbase have braced and fortified ourselves, and placed ourselves at a vantage point from where we can not only identify the opportunities but have also positioned ourselves to make good on them. Thereby creating our very own mantra 'Rising with Resilience'.

All of our business moves are underpinned by financial prudence: a strong balance sheet, net cash position, and access to liquidity. This gives us the confidence and ability to weather any storm.

With a clear vision and precise application, we have built a strong foundation that has laid the path to build a sustainable business. By being constantly attentive to the ever-evolving shrimp farmer's needs, we have always endeavoured in creating feed and farm-care products, that not only ensure better yield to farmers, but which are also free from any antibiotics or banned substances, that can harm our end consumer. Armed with best-in-class products with the right balance of cost, quality and technology, we have embarked on a transformational journey of excellence across the value chain in the organization. And not just in manufacturing, but we have also invested in the R&D transformation that will aid the growth of the company in the foreseeable future. Its full implementation will result in faster go-to-market, development and production efficiency, better cost competitiveness and sustainable farming practices.

Society & Waterbase

Any good business organisation will always evaluate its

“Waterbase as a company in the aqua culture space continues to focus on practices that ensure environmental sustainability”

success alongside the progress of the society that it operates in. At the KCT Group, our ethos is that we believe, it is in giving that we shall receive, which is why the CSR initiatives monitored from the Group Level are planned around this theme, to ensure better education, healthcare support and helping the less privileged walk towards a better life, and I am confident we shall continue on this path to make a difference.

Waterbase as a company in the aqua culture space continues to focus on practices that ensure environmental sustainability, especially, in times when aqua farming is increasingly moving towards sustainable farming practices so as to provide the end user a chemical free food experience.

Sense of optimism

Looking ahead, I believe there is a significant runway for organic growth within our existing business and we will direct as much attention and resources as possible to realizing this value. We are fortunate to have a strong business foundation, proven market leadership, successful products, and a branded, value-added offering that targets the evolving and diverse needs of our farmer friends. And of course, these attributes are supported by the strength of our balance sheet and leverage ratio, which gives us the financial flexibility required to grow even under prolonged headwinds.

With a strong financial flexibility and stability we are exploring opportunities to accelerate growth through investing in shrimp processing & exports and R&D initiatives. We will be extremely prudent as we evaluate potential opportunities to ensure a strong strategic rationale, value upside and alignment with our vision and purpose.

I am extremely grateful to the Board and all our stakeholders for reposing their continued trust in us and for motivating us to keep excelling at what we do.

Together, we rise.

With warm regards

Vikramaditya Mohan Thapar



CEO's perspective

“The biggest enablers of an organisation's long-term sustainability and success are its vision and inherent value system. These define its strategic intent and actionable agenda. Our business ethos has always been our major differentiator and assumes even greater significance for a healthy relationship with our business stakeholders in these volatile times.”

Dear Shareholders,

Greetings to you all!!

I hope this letter finds you and your families well and safe as we delve into the third year of the pandemic.

FY'22 turned out to be extremely eventful across nations, business, economy, travel and most importantly, healthcare. The year also marked the revival for Indian economy post pandemic, as GDP growth rebounded strongly from the contraction witnessed in the previous year.

Though we still need to tread with caution as the pandemic continues, the situation seems to be more under control. There are also headwinds in the form of supply chain disruptions, inflation woes, interest rate hikes, and the sharp depreciation of the Indian Rupee, but I remain optimistic about the prospects for Waterbase as we continue to be Resilient and strive to Rise, in the years ahead!

Financial Performance & Overview

FY22 ended on a mixed note for the Company where Revenues increased by 41% while the Profit after Tax weakened by 98%. The rising input costs and the inability to pass on the cost due to competitive pressures, led to tightening of the margins in the feed business. However, we continued to perform well in the Farm Care range of products and are showing growth in the hatchery business. Our decision to go all-out with the available capacities in the processing and exports business during FY'22 was timely.

Major modernisation and upgradation work is currently being undertaken to ramp up capacities, whose benefits, I expect, to start reflecting in our performance from H2-FY'23.

The fact that we continue to have zero debt on our books, while we undertake the transformational strategy for all our business verticals, validate the way we have run our business with prudence.

Rising with Resilience

While the unsettling times challenged and tested the resolve of many an organisations, we at Waterbase find immense pride in our collective Resilience.

In my last communication to you, I had written how despite the raging pandemic, the organization had demonstrated the traits of being Responsible, Resilient and Future Ready. We continue to demonstrate the same, while putting in transformational strategies to excel and RISE.

The grit and tremendous will demonstrated by our people to adapt themselves to the new normal is truly commendable. At the organisational level, we have moved ahead resolutely on our various transformational initiatives which we embarked on over the last few years. FY'22 further reinforced our core strategic approach i.e. of running diverse but related businesses within the shrimp market. With the emphasis of creating a more digitally enabled enterprise, instilling excellence across our manufacturing capabilities, moving sales more to the cash and carry model

and a deeper engagement with farmers and dealers through our marketing strategy, we have sharpened our focus on rejuvenating our business model to ensure that Waterbase as an organisation is stronger, competitive, more responsive and better positioned to drive maximum benefit out of any opportunity the external environment has to offer.

We have realized, that at a time when a number of factors that affect our industry are beyond the Company's control, the way to mitigate the impact's is through a focused improvement in operating efficiencies, focusing on R&D towards better shrimp feed, expanding the Company's geographical footprint through our processing business and focusing on a deeper farmer-supplier relationship through product awareness. In this respect I take this opportunity to share with you some of the key initiatives that we have taken over the last one year:

Shrimp Feed

There is focused attention on the Andhra Pradesh market while augmenting focus on Gujarat. In order to mitigate credit risks we are promoting more cash sales through attractive cash and early payment discounts to dealers. The focus is also on greater customers connect through workshops, training camps & farmer meets and providing best in class after sales technical support to farmer.

Animal Health Care & Farm Care Products

As the products gain wide acceptance across all markets the focus is now on expanding the product portfolio.

Hatchery

Various upgradation and modernisation of the Hatchery unit was undertaken in FY'22 to produce good quality seeds for shrimp farming.

Processing & Exports (P&E)

The modernisation and upgradation of the existing processing facility to scale up the business is currently being undertaken.

Prioritising Sustainability

Today aqua farming is increasingly moving towards sustainable farming practices so as to ensure food safety. We are aware of the bearings of our operations. We are continuously investing on R&D capabilities, designing and upgrading processes and products to be more efficient and reduce any negative impact on the environment or on our end consumer. At Waterbase, we are continuously engaging with key stakeholders such as aqua farmers, regulators and suppliers, in the process of devising our vision of creating world class and long-term sustainable shrimp farming practices.

People Development

Our people have been working extraordinarily hard and have demonstrated great commitment in the last few challenging years; they are prepared to rise once again to navigate through the current challenging times. We express our sincere gratitude for their efforts. During the year the

Company undertook several measures to maintain high health and hygiene standards at the workplace, ensuring vaccination for all its employees, families and contractual workforce. Meanwhile, as an organisation that deeply values the contributions of its employees, Waterbase continued to invest in the employee's professional growth. During the year, several new initiatives were undertaken to promote learning and encourage individual development.

Outlook

While we have confidence on our medium and long-term growth opportunities, FY'23 will continue to be challenging. With rising inflation and supply chain disruptions continue to hurt consumer spending, economic growth is expected to remain muted and is likely to be a transition year towards better times. Cognizant of the upcoming challenges, we have initiated cost containment measures to avoid discretionary expenses and improving the effectiveness of spends. Whilst we are a business with a strong balance sheet, we are also exercising prudence in our investments to maintain comfortable liquidity.

Going forward, we aim to strengthen our sales forces and network as we stand by our belief that sales and distribution plays a key role in the shrimp farming value chain. In addition, we are re-engineering our processes and we continue to invest aggressively in the development of new products and new capabilities. We are today present across the shrimp value chain from Hatchery, Shrimp Feed, Shrimp Health care products, Farming and Processing & Exports, many of which are highly scalable, and are positioned to drive growth. I am sure that with our relentless focus and efforts, our business will rebound even more strongly when the environment starts turning conducive. Meanwhile, Waterbase is truly determined to rise with resilience and is fully prepared for any future challenges and opportunities that the environment will present.

Concluding Remarks

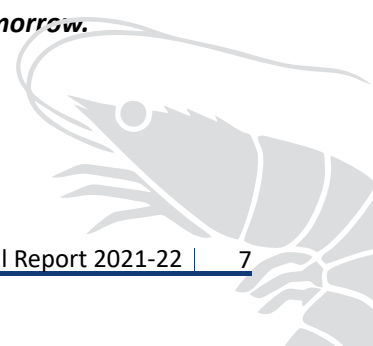
With the above vision, we believe our relative competitiveness will only improve through the months ahead and we will be better positioned than ever, to create long-term value for all our stakeholders. We remain extremely focused on the needs of our farmer friends and even more ready, to expand our technical support towards sustainable farming practices and welfare of our end consumers.

I would like to take this opportunity to thank all my fellow colleagues at Waterbase for their continued contribution. I would also like to thank our customers, shareholders, bankers and business partners for their continued support of our company over the years. Further, I would like to thank the Board for their continued guidance and support.

Looking forward for a better tomorrow.

With warm Wishes

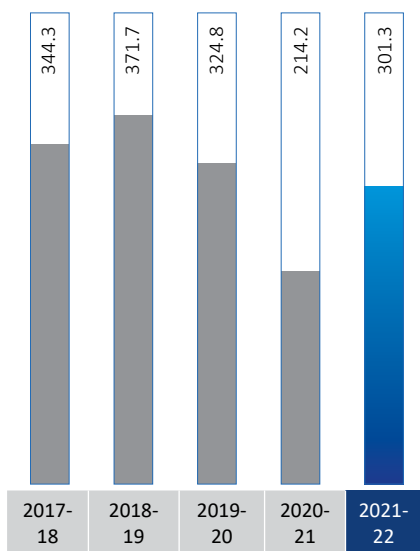
Ramakanth V Akula
Chief Executive Officer



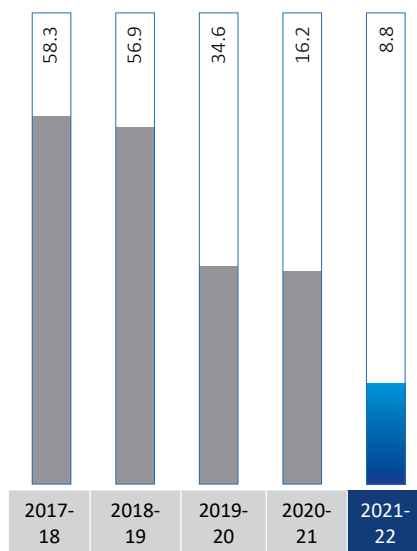
Financial metrics

The bigger picture of creating value for all our stakeholders drives our strategies and operations. We follow a customer-led approach to business, with a strong focus on sustaining margins and market share. As partners in the nation's progress, we contribute to the economy, as well as the economies of various regions, through our business with suppliers, through wages, salaries and taxes paid and long-term capital investments.

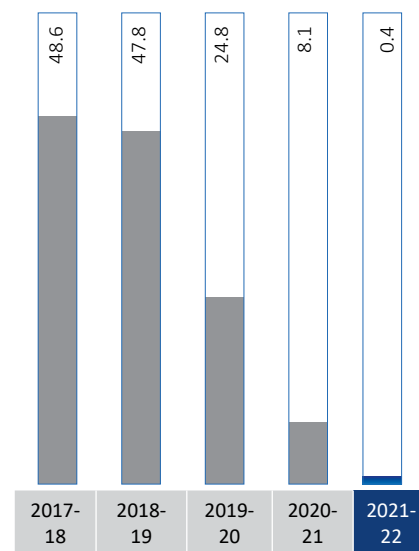
Total Revenue
(₹ in Crs)



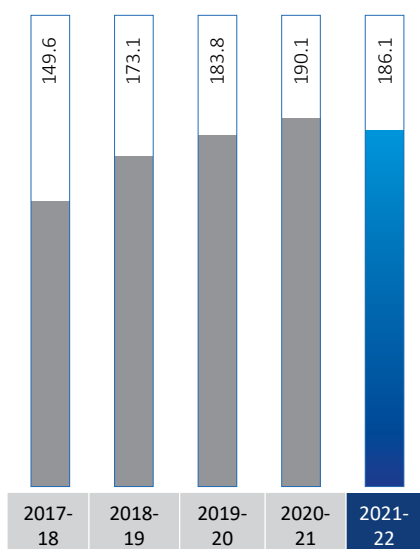
EBIDTA
(₹ in Crs)



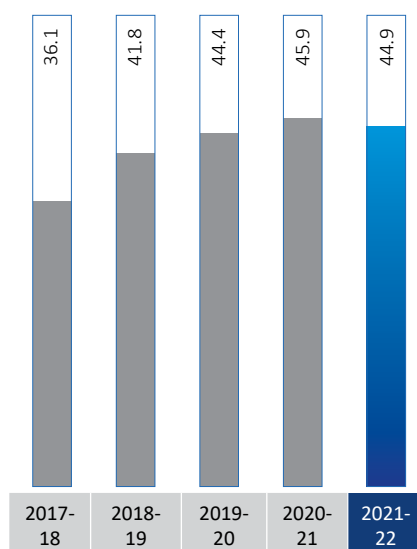
PBT
(₹ in Crs)



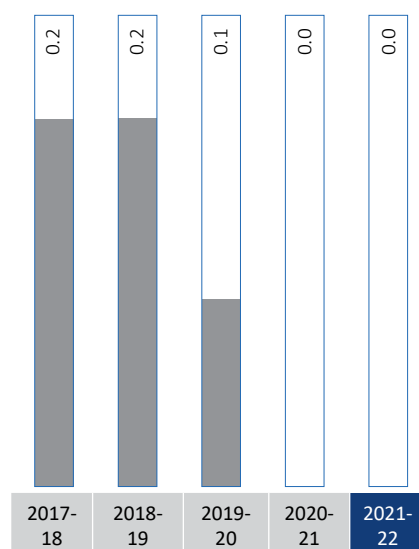
Networth
(₹ in Crs)



Book Value Per Share
(₹)



Debt to Equity
(Ratio)



Our relentless efforts to promote sustainable growth in all our business operations guides our business approach and we hope that this quest will test our strengths and potential and help us discover our innate talents and apply them productively to achieve new performance targets.