



# Corporate Presentation

August 2017

# Contents

---

Company Overview	3
Growth Strategy	11
<b>Industry Overview 1:</b>	
Sustained Growth Momentum	18
<b>Industry Overview 2:</b>	
India Shining	23
Financial Overview/Q1 Update	32
Industry Trends / Outlook	38

## 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<sup>MT</sup>**

Feed Capacity post  
Amalgamation of PFL

**20+**

Yrs. In the  
Industry

**26.2%**

Revenue  
CAGR FY12>17

**332<sup>CR</sup>**

Revenues  
In FY17

**~5,000<sup>CR</sup>**

Estimated size of Domestic  
Shrimp feed Industry

**7%**

Mkt. share  
(Domestic)

**0.2**

Debt – Equity  
As of Mar 31, 2017

**407<sup>TONS</sup>**

Shrimp Exports in  
FY17

**258**

No. of  
Employees

**173**

#Dealers  
Pan India Presence

# Key Strengths

## Strong Brands



- Several popular brands which are favoured by shrimp farmers
- Enjoy high recall and are 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



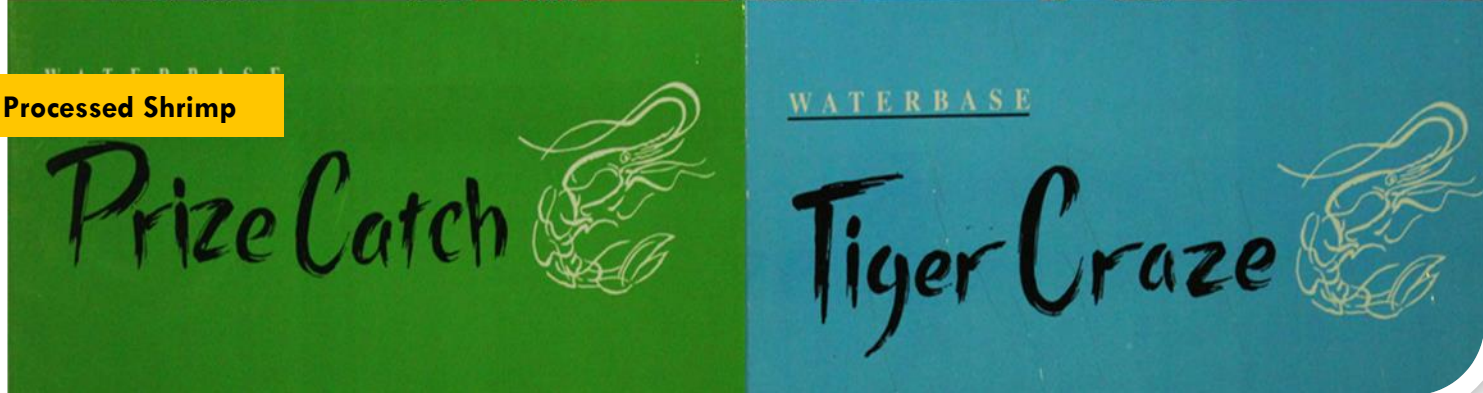
- Comfortable debt levels with a debt equity ratio of 0.2 and Net Debt / EBITDA of ~0.4x
- Demonstrated financial discipline through good and bad years for industry

# 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



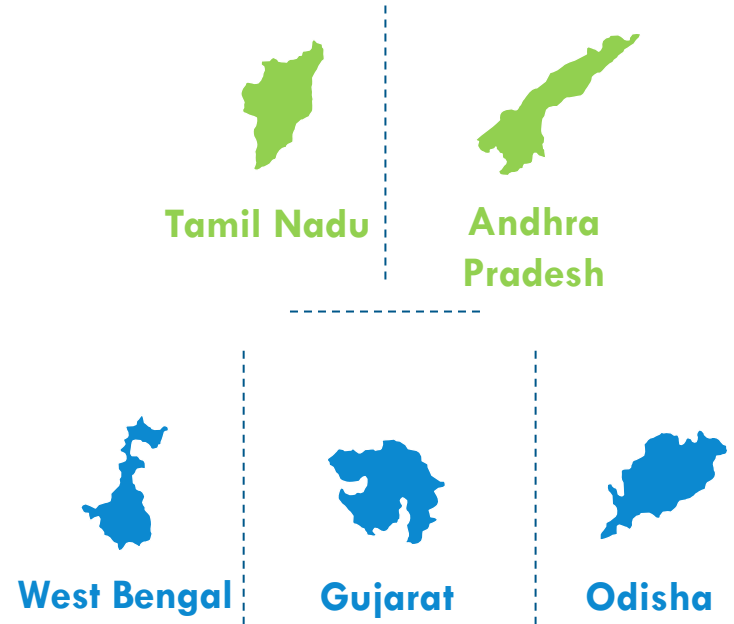
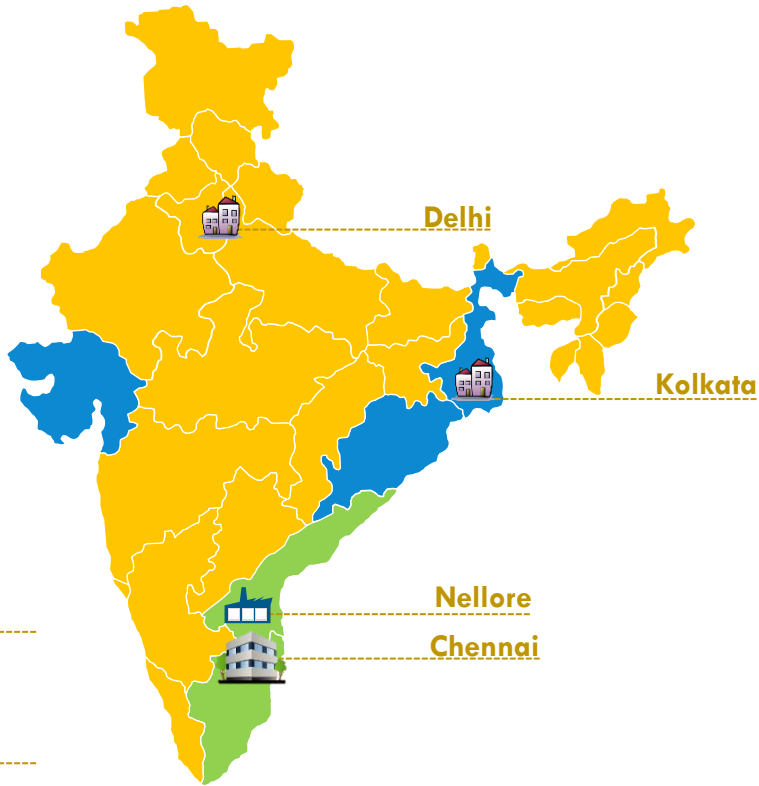
Frost & Sullivan’s, 2016 New Product Innovation Leadership Awards identified companies that demonstrated measured excellence in new, innovative products or product lines within their industry



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



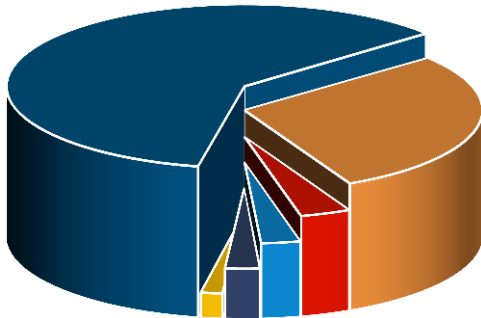
# Locations



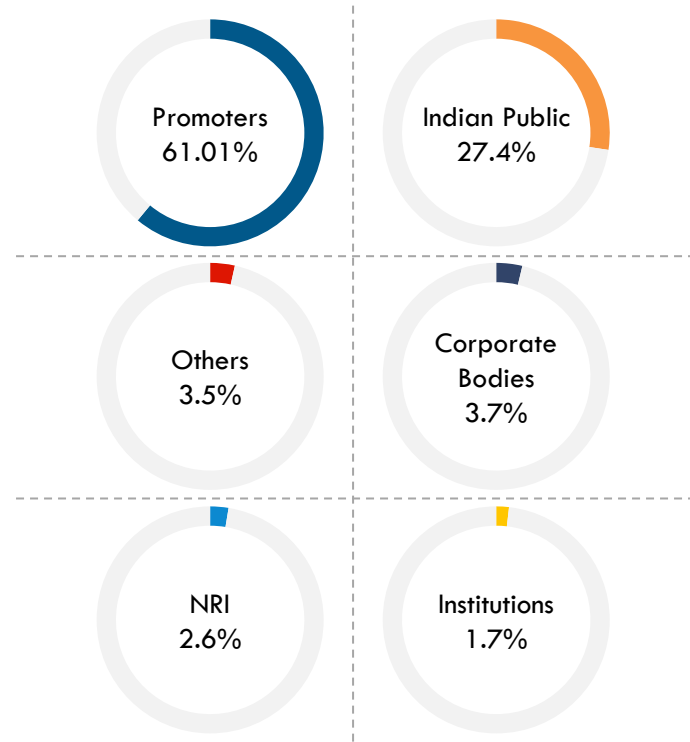
● Existing

● New

# Shareholding Pattern



Data as on  
30<sup>th</sup> June 2017



# Growth Strategy



# Growth Strategy

Following commercialization of PFL in H2 FY15, available capacity has increased from 35,000 MTPA to 110,000 MTPA - Now focused on higher utilisation

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

- Adding new dealers & distributors
- Customer connect through workshops, training camps & marketing meets
- Leveraging after sales service
- Adjusting pellet size based on market & regional preference

Vertical & Horizontal Integration to enhance business stability:

- Restarted exports of frozen shrimp - despatched 407 tonnes in FY17
- Launched farm care products under the brand name 'Baylife'
- Launched packaged shrimp and crab meat in Retail market under the brand name 'Prize Catch'
- To shortly launch 1st hatchery which will supply good quality seeds for shrimp farming

# Driving Premiumisation in the Feed Business



**Branding & Packaging**



**R&D inputs & Feed performance**

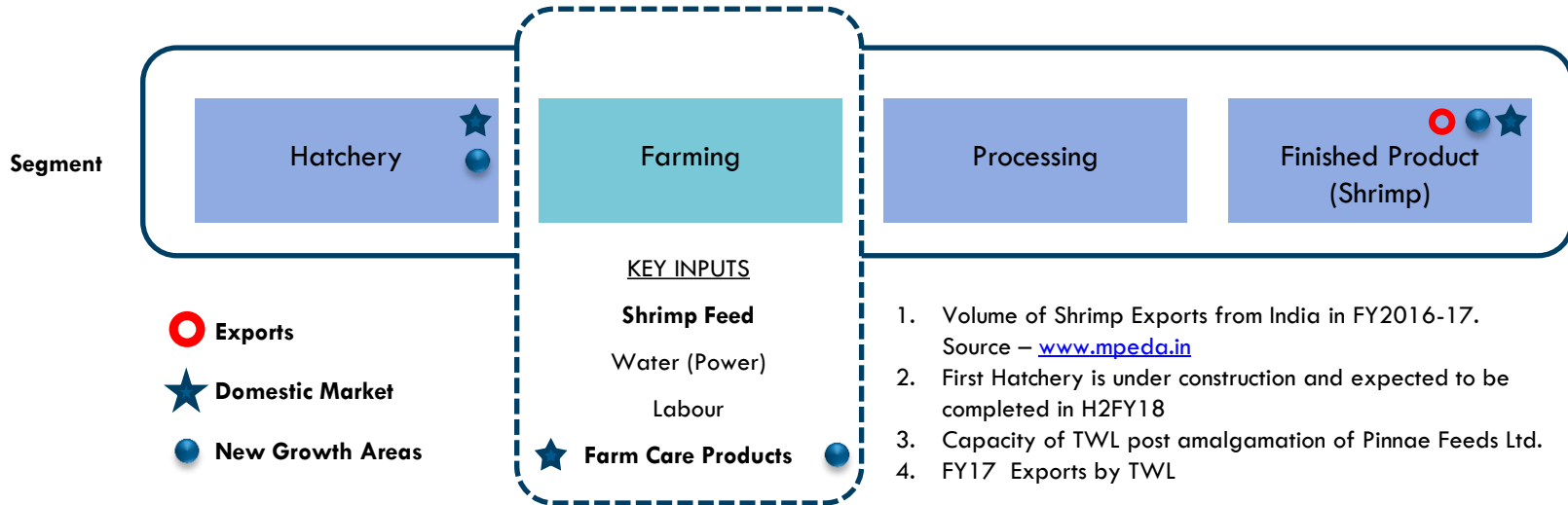


**After Sales service**



**Enhancing Farming techniques for disease management**

# Vertical & Horizontal Integration

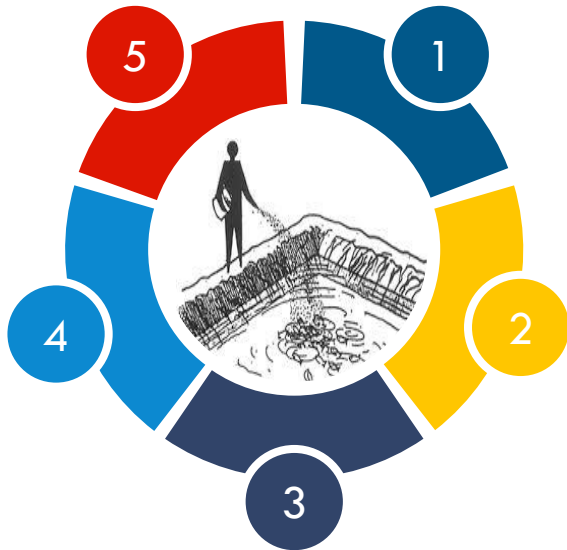


Current Size of Industry	500 (No. of hatcheries in India)	125,000 Ha Under Farming	500+ Processing Plants for shrimp	4,34,484 MT <sup>1</sup>
Industry Requirement / Potential	40 Billion of Post Larvae (PL)	Requires 8,00,000 MT of Shrimp Feed	1,00,000 MT (Current Capacity)	5,00,000 MT +
<b>TWL Capacity</b>	<b>1 Hatchery<sup>2</sup> / 500 Mn PL</b>	<b>1,10,000 MT<sup>3</sup></b>	<b>4,000 MT</b>	<b>407 MT<sup>4</sup></b>

# 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



# New Initiatives – Domestic Market Foray

## Phase - I

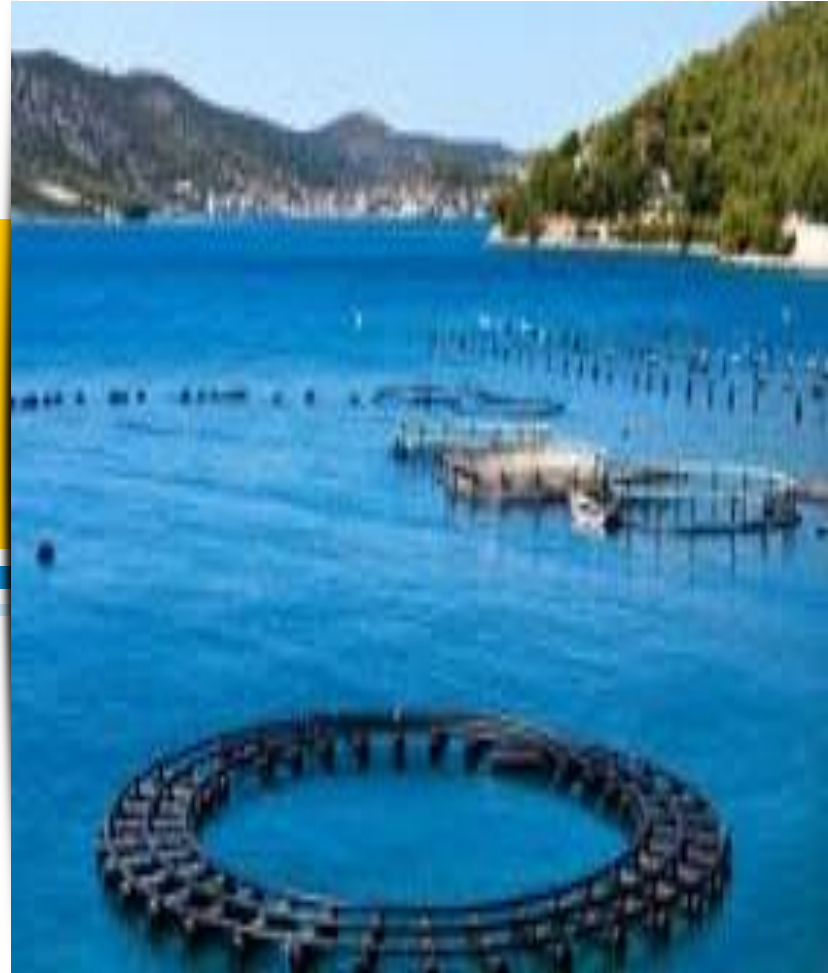
- Soft launch in Chennai in Dec 2016 with the brand 'Prize Catch'
  - Launched Raw Shrimps and Pasteurised Crab meat

## Phase - II

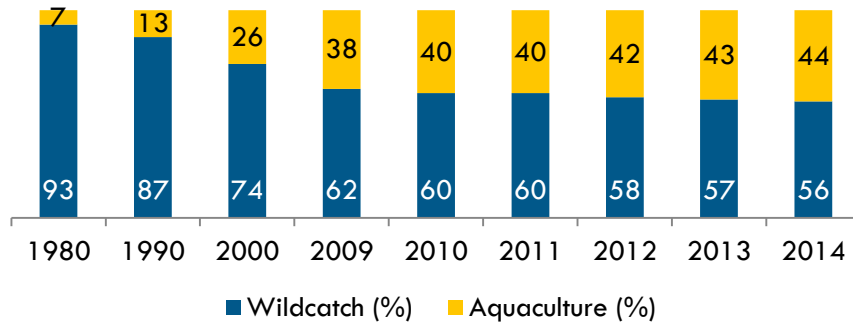
- Plan to scale up launch in other Southern markets
  - Plan to add other products to widen product range

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



- 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

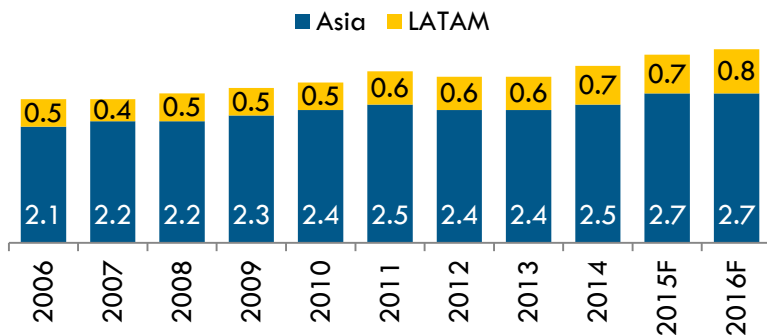
SEAFOOD CONSUMPTION		
(000 tons)	Data (2006)	Projection (2030)
Capture	64,533	58,159
Aquaculture	47,164	93,612
<b>Global Total</b>	<b>111,697</b>	<b>151,771</b>

Source: www.fao.org

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

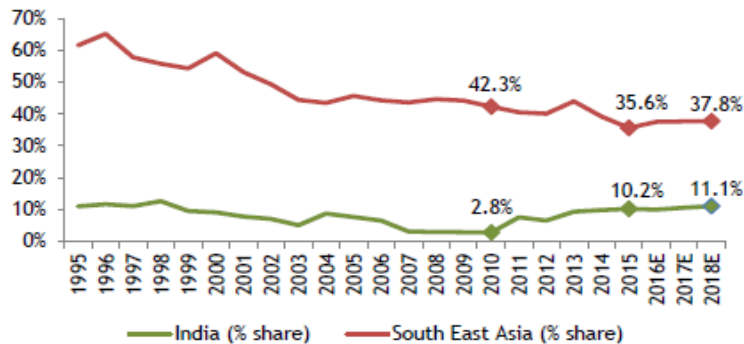
# Asia is the primary supplier of global shrimp; India the dominant force in Asia

## 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

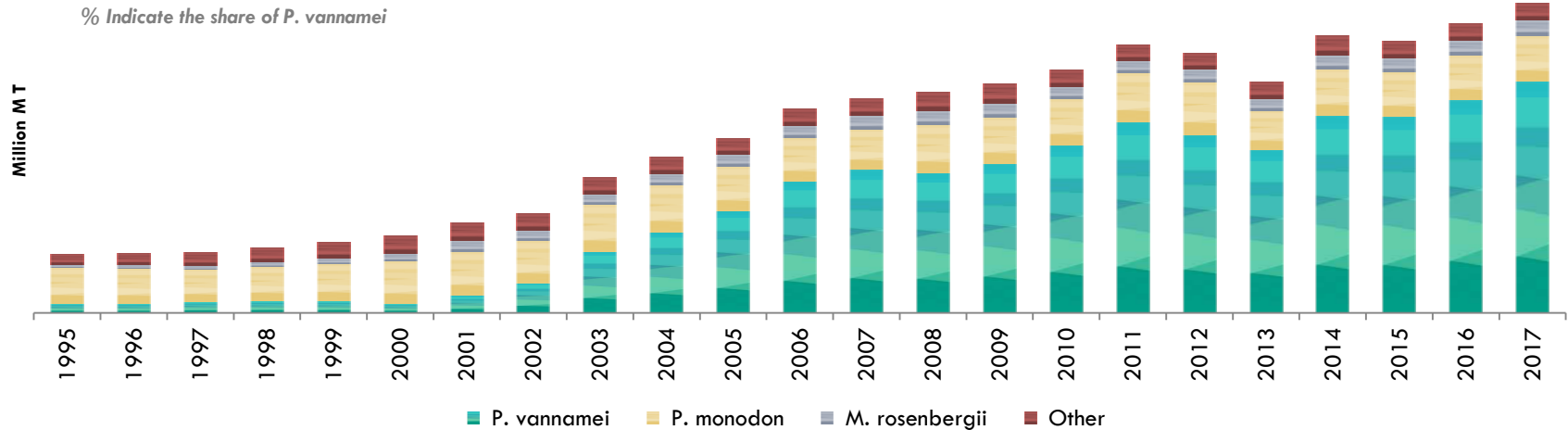
## India the dominant force in Asian region



- 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



**Income Growth / Rise in per capita income**

**Aquaculture is more cost effective compared to agriculture/animal husbandry**

**Limited natural resources & growing population**

**Rise of protein consumption for balanced diet**

**Increasing global demand for shrimps**

**Rapid switchover to Vannamei farming across the globe**

**Adoption of new technologies**

**Very high return, short crop period leading to rapid expansion**

## Industry Overview 2 – India Shining



# Indian Shrimp Industry - Overview



**6.3%** of total global aquaculture production



Marine exports of **USD 5.78 bn** (all time high) during FY17



Fisheries Industry ~ **USD 15 bn**



**20,255 Mn Tonnes** processing capacity



**2%** of India's total export earnings over the last four years



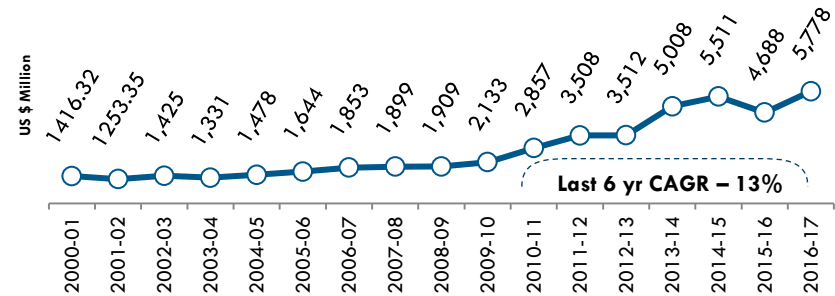
**506** processing plants



# Robust Track Record of 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)



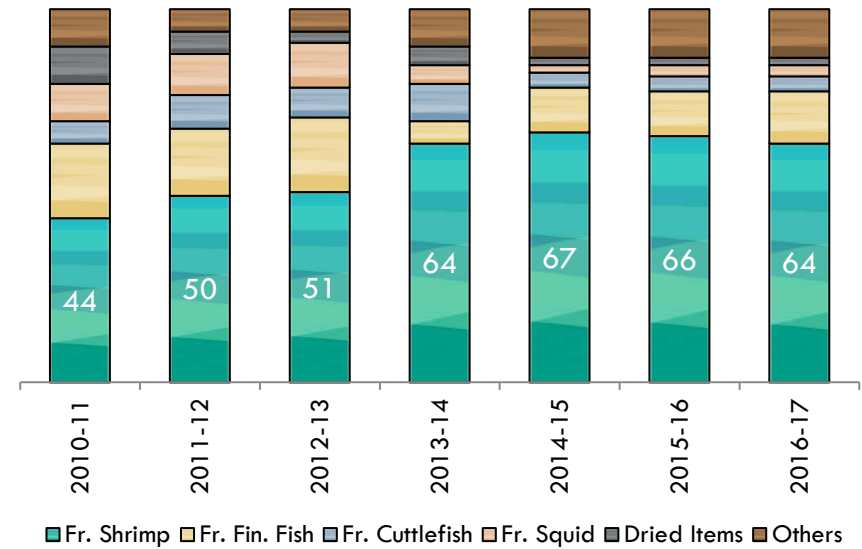
Export Details	2015-16	2016-17	Growth (%)
Quantity Tonnes	9,45,892	11,34,948	19.9
Value Rs. crore	30,420.83	37,870.90	24.5
Value US \$ Billion	4.7	5.8	23.4

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 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

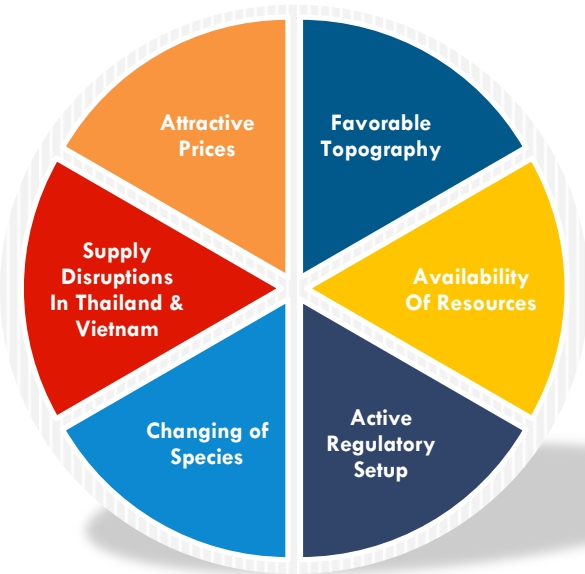
Share of US Shrimp Imports (%)



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 abundant coastline and its climatic conditions are favorable for shrimp farming

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

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

The introduction of the L. Vannamei species altered the dynamics of shrimp farming through a significant shift in economic viability of farms

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

Global prices for Vannamei shrimp have been at sustained high levels since past few years which has helped the industry/opportunity to be more 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

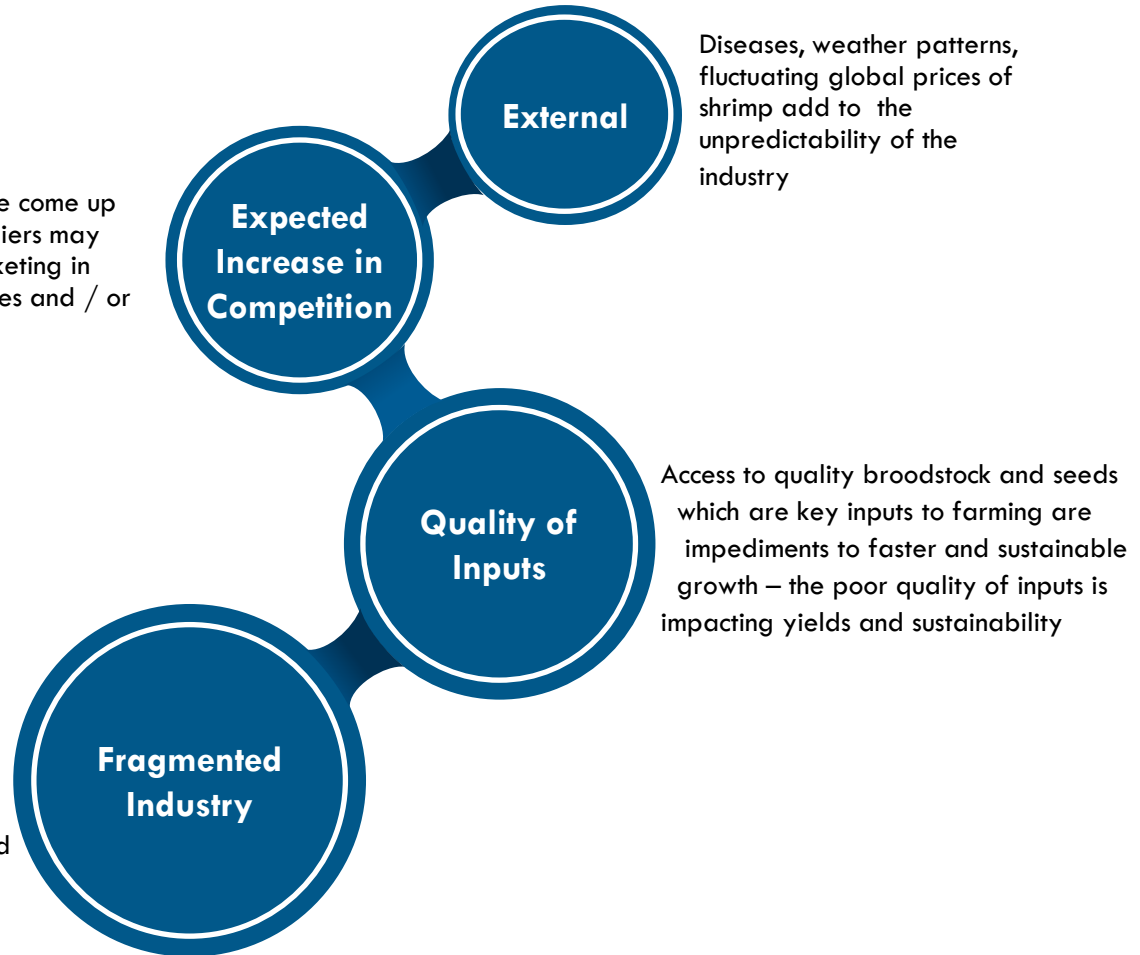
Increasing reliability of suppliers and sophistication and value addition of products

Government's push on developing aquaculture in India

# Key Challenges

Significant capacities have come up in recent years and suppliers may resort to aggressive marketing in order to offload capacities and / or increase market share

Due to its nature it is difficult to regulate and ensure industry –wide implementation of standards. The unorganized structure also leads to challenges in financing, insurance and supply of labor



# Financial Overview



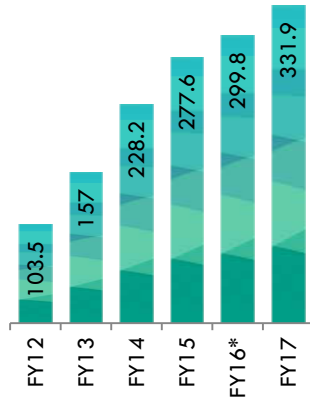


# Financial Performance

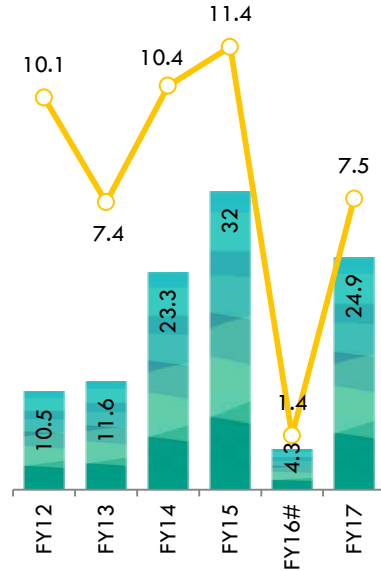
Revenue

CAGR:  
26.24%

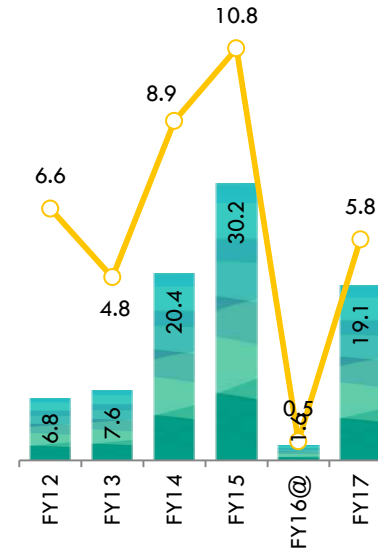
(in Cr)



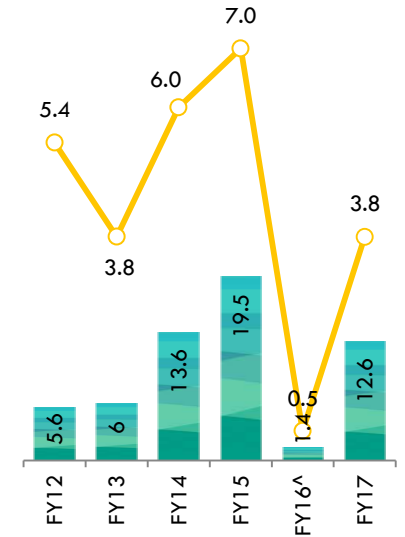
EBITDA Margins (%)



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.

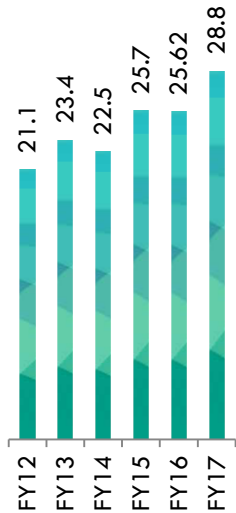
@ PBT was further impacted by exceptional items of Rs. 3.5 crore being one-time settlement cost with one of the company's bankers.

^ PAT (FY16) adjusted for exceptional item of 3.5 crore being one-time settlement cost with one of the company's bankers and 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.

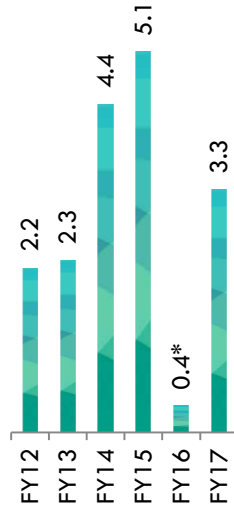
FY16 & FY17 are based on Ind-AS. All other numbers are based on Ind - GAAP

# Key Financials

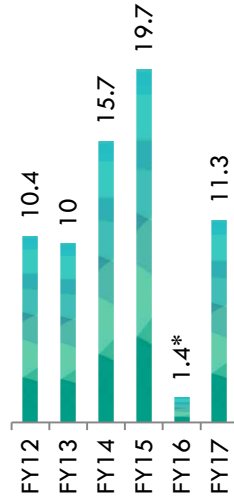
**Book value per share (Rs.)**



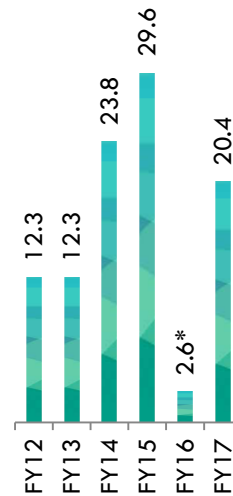
**Earnings Per Share**



**Return on net worth (%)**



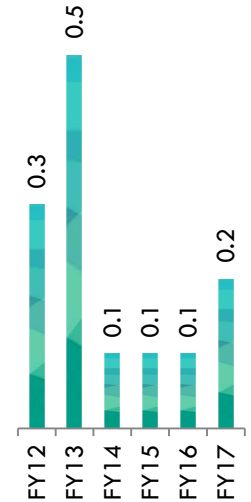
**Return on Capital Employed (%)**



**Net Worth**



**Debt Equity Ratio**



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

# Q1 FY18 Performance & Updates



# Q1 FY18 - Financial Performance

Particulars	Q1 FY18	Q1 FY17	Growth (%)	FY17
Income from Operations	131.8	135.4	(2.7) %	331.8
EBITDA	21.8	14.5	50.3 %	24.9
EBITDA Margin (%)	16.5	10.7	+ 580 bps	7.5
PAT	13.5	9.0	49.9 %	12.6
PAT Margin (%)	10.2	6.6	+360 bps	3.7

Positive start to the season with healthy volume offtake – However, variables in new markets led to stable volume performance compared to high base of last year.

Softening of input prices coupled with improved operational efficiencies resulted in strong improvement in EBITDA despite stable volumes. EBITDA margins improved by 580 bps

PAT for Q1 FY18 stood at Rs. 13.5 crore – Improved EBITDA performance has filtered down supported by cost optimization measures resulting in robust growth in profitability

**INR Cr.**

As per Ind –AS



# Business Update



## Feed Business

- Healthy volume growth in start of the season – continued strong traction in existing markets
- Faced variables in some new markets due to which could not repeat last years high base in those markets – optimistic of catching up in the remainder of the season
- Have tightened credit terms from the start of the fiscal and also witnessed heightened competitive intensity in some sub-markets – believe this may have marginally impacted volumes but will contribute to improved quality of revenues and return ratios
- Raw Material prices are at historic lows – improvement in gross margins supported by cost optimisation efforts have helped to fortify profitability



## 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 thereby strengthening the value offering and positioning of Waterbase brands
- Helps the Company to diversify revenue streams and capture larger share of wallet
- Plan to extend availability to all markets next year and build on initial success

## Other Business Lines

- TWL has forayed into sale of processed seafood in the domestic market in Dec 2016 – currently offers frozen shrimps and Pasteurized Crab Meat under the 'Prize Catch' brand to Institutional Customers – Initial response has been good and will enter other cities in South India in ensuing months
- Hatchery Operations set to be launched in H2FY18 – will undertake trials in Q3FY18 and full commercial launch in Q4FY18

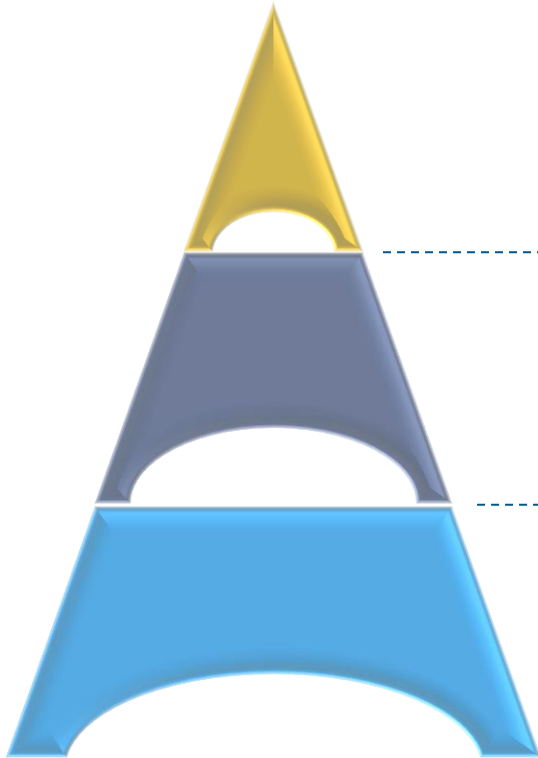
# Industry Trends & Outlook



# Domestic Market Trends

- **Healthy rebound in shrimp farming production** following disease and uncertainty towards end of Farming season 2016
- Positive growth in area under cultivation – the Industry is likely to be growing in double digits
- Raw Material prices are at all time lows – strong tailwinds to profitability for well established players
- Heightened competitive intensity – discounts and extensive credits offered by new players who are leveraging the fall in RM prices
- Farm gate prices had corrected immediately after the first crop and have once again started to strengthen due to sustained demand – however, profitability remains attractive for farmers
- There is an increased preference towards higher count shrimp (smaller sized) due to growth in volumes of exports to S.E. Asia

# Outlook



India's seafood exports touched an all-time high of \$5.78 billion in FY17. Major factors contributing to the strong growth in FY17 include increased production of Vannamei shrimp, diversification of aquaculture species, sustained measures to ensure quality and increase in infrastructure facilities for production of value added products.

While the US remains the major importer, demand from South East Asia has gone up substantially. This is likely to include some element of import into South East Asia for processing and value-addition which is then re-exported to developed markets

Liberalized FDI policy, favorable growth environment and increasing export demand is expected to enable the Industry to sustain it's growth for the foreseeable future



Thank You

