Waterbase Limited

Investor Presentation

September - 2016

Contents

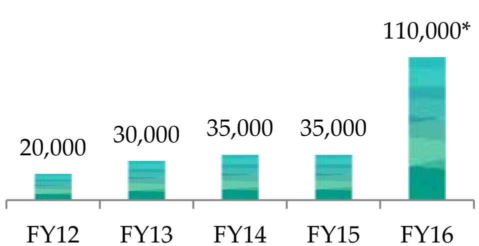
Safe Harbour Statement:

Certain statements in this presentation 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, 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

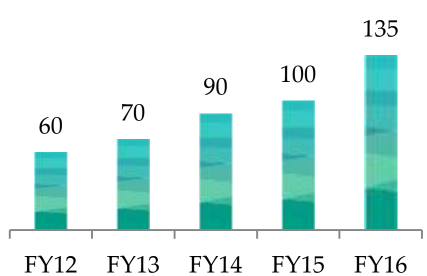
Company Overview

Company Overview

- **Pioneer** in Aquaculture business – ***over 20 years of experience*** – Incorporated in 1987 ; Commenced Operations in 1993
- **Rich Legacy**: Part of the ***diversified*** Karam Chand Thapar Group (KCT Group) which has interests in coal, real estate, infrastructure, manufacturing and aquaculture
- **Wide Presence:**
  - Headquartered in Chennai, Tamil Nadu;
  - Manufacturing plants in and around Nellore, Andhra Pradesh ;
  - Market Presence in Andhra Pradesh, Telangana, Tamil Nadu, Gujarat, West Bengal & Odisha
- **Diversified Operations** – Current operations comprise Manufacturing of shrimp feed, processing of farmed shrimp & export of processed shrimp; incubating hatcheries and distribution of farm care products
- **Quality Compliant:** Processing facilities are FDA & BAP approved, EU listed and HACCP certified



Capacity (MT)



Dealers/Distributors

** Post Amalgamation with Pinnae Feeds*

32%
Revenue
CAGR: *FY12-16*

0.1
Debt-Equity Ratio
Mar 2016

232
Employees

Product Portfolio

Shrimp Feed

Processed Shrimp

Locations

Registered office and factory

- Ananthapuram Village, T.P. Gudur Mandal, Nellore – 524 344, Andhra Pradesh.

Corporate Office

- No. 37, Thapar House, Montieth Road, Egmore, Chennai – 600 008

Group Corporate Office

- Delhi
- Kolkata

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

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

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

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

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

Financial Position

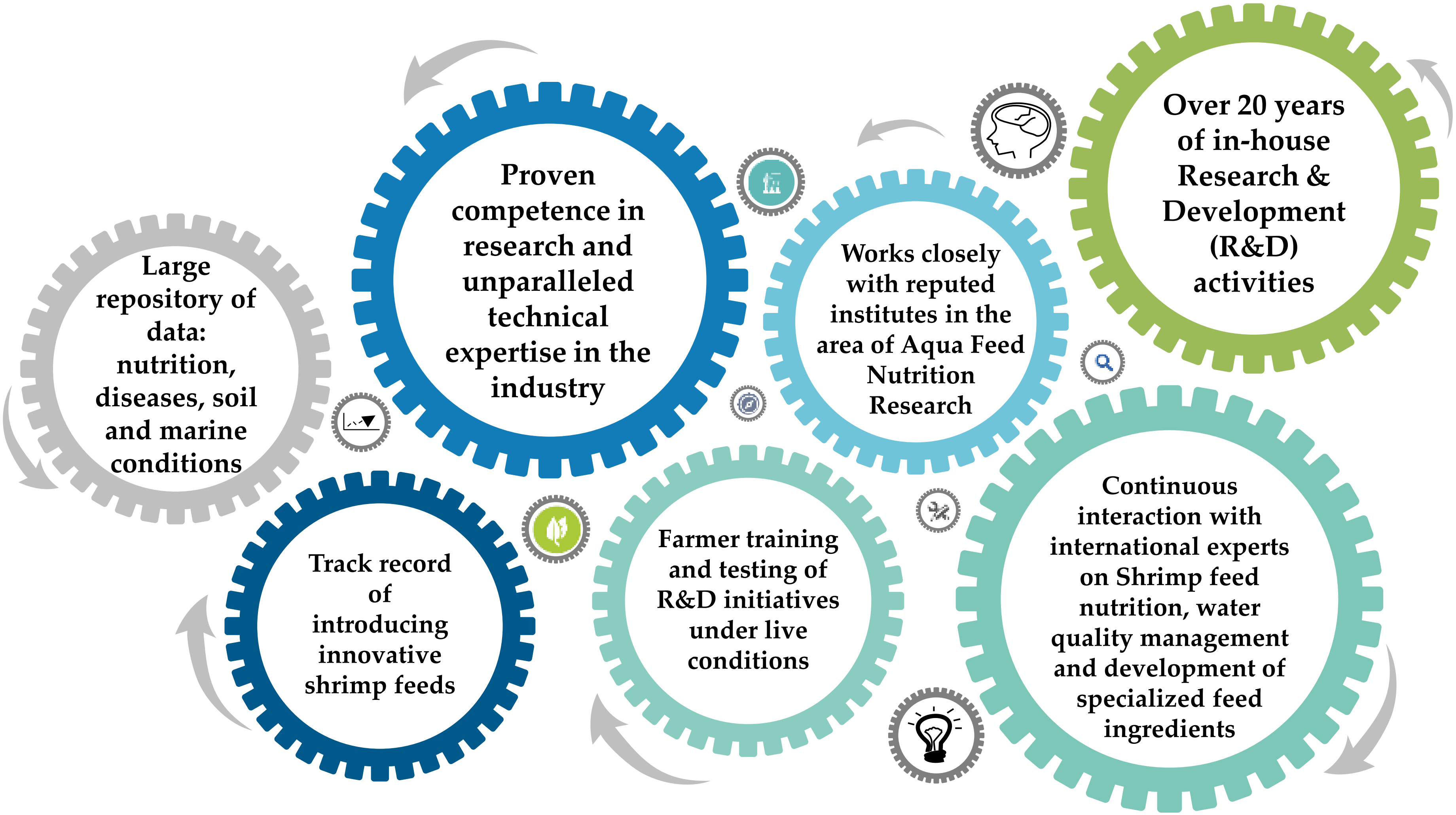
- Zero net debt – Existing Cash balances are in excess of debt
- Demonstrated financial discipline through good and bad years for industry

Product Portfolio

Shrimp Feed

Processed Shrimp

R&D Strengths



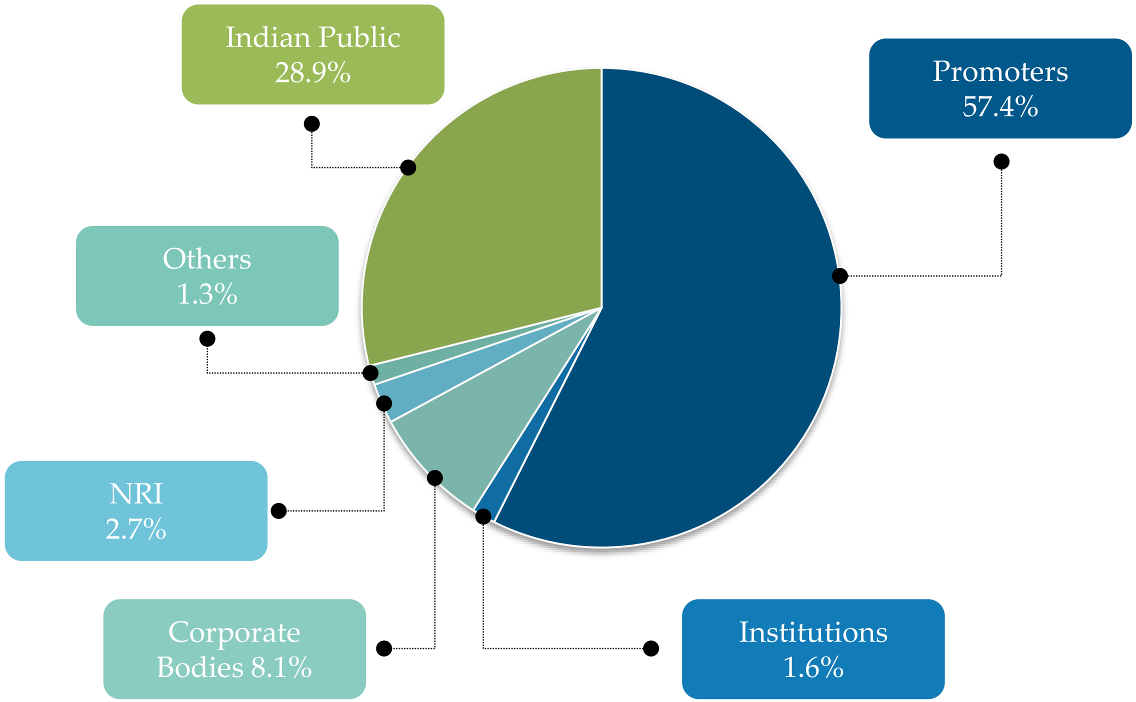
R&D Initiatives

Promoting gut health & a stable gut microflora: Natural antibacterial action

Boosting energy reserves (nutritional status hepatopancreas)

BAY WHITE Enriched		
USP	Feature 1	Feature 2
Improved hepatopancreas function and stabilized gut microflora through natural bacteriostatic action	Natural antibacterial action	Enhanced hepatopancreas function
Starters	Healthy GUT	HP Boost
Growers	Healthy GUT	HP Boost
Action points	Stabilization of the gut microflora using natural bacteriostatic action	Enhanced energy availability and digestive capacity for fats, improved lipid nutrition

Shareholding Pattern

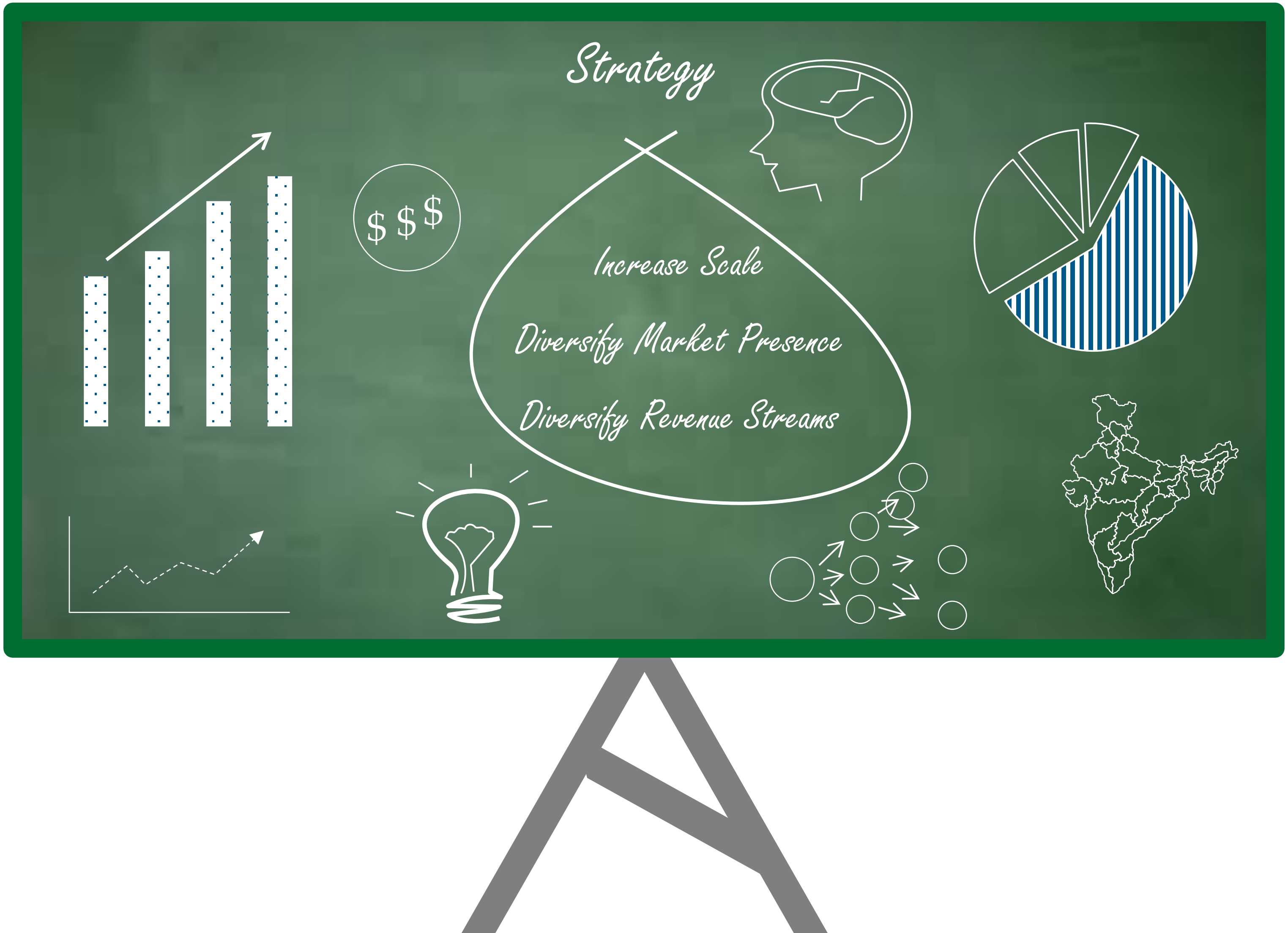


Data as on 30th June 2016

Note: On June 7th 2016, Promoters purchased additional 13,59,448 shares taking its overall ownership level to 60.9%.
The Company had received intimation under Regulation 29(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 from Karam Chand Thapar & Bros. (Coal Sales) Ltd for the acquisition of 19,10,500 shares of the company on 30th March, 2016 and 31st March, 2016. Consequent to this, the Company became the Subsidiary of Karam Chand Thapar & Bros. (Coal Sales) Ltd as its shareholding has increased from 1,80,10,541 (46.66%) to 1,99,21,041 (51.60%).

Growth Strategy

Business Strategy



Business Strategy

Increase scale for wider market penetration

Diversify market presence

- Installed capacity at 35,000 MTPA. Post merger of PFL, combined capacity of 1,10,000 MTPA will be higher by 300%
- Increase volumes and market share by leveraging on strength of highly skilled technical manpower, brands salience, wider product portfolio, improved distribution network and value-added services
- Capacity constraints are no longer a hindrance – will enter new geographies and aggressively pursue customer categories to increase offtake
- Increase in scale expected to be margin accretive – incremental revenues to enhance return ratios

Diversify Revenue Streams

Business Strategy

Increase scale for wider market penetration

Diversify market presence

- Widening distribution infrastructure to enhance pan-India presence – entering high potential markets like West Bengal, Gujarat and Odisha
- Will also scale up presence and reach in current strongholds of Tamil Nadu, AP & Telangana
- Deepening distribution network by adding new depots, better stocking at distributor level, addition of SKUs and enhanced after-sales service. Dealership network has increased by 35% in FY16 to 135+ dealers. Further channel expansion to be undertaken in FY17
- Also working on identifying and developing new markets for shrimp farming

Diversify Revenue Streams

Business Strategy

Increase scale for wider market penetration

Diversify market presence

- Entering more verticals within the value chain – set to emerge as an integrated player from farm to fork
- Have commenced setting up of hatcheries to supply good quality seeds for shrimp farming - location and design finalised; expected completion in Q4 FY16
- Restarted direct exports - despatched over 200 tonnes of shrimp in FY16 to customers in Europe & USA
- Diversified revenue streams, wider market presence, new products and integrated model will elevate business profile

Diversify Revenue Streams

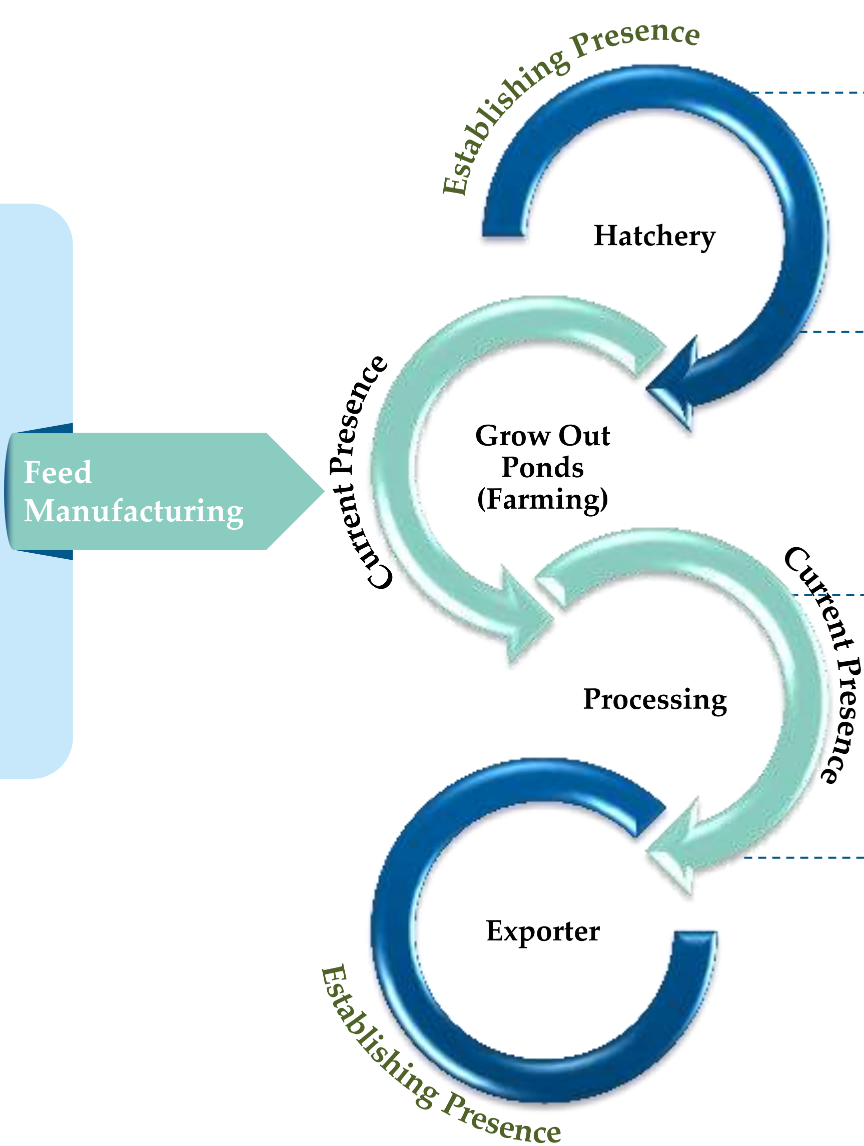
Value Chain – Shrimp Industry

Current Status

- Primary business for the Company

Strategy

- Amalgamating Pinnae Feeds to consolidate operations which will result in tripling of capacity and allow TWL to pursue growth plans



Industry stages	Strategy
Production of seeds (P.L) for sale to farmers	In the process of setting up hatcheries. First hatchery expected to be completed by end FY17
Shrimps are grown by registered shrimp farmers to market size	The Company has Farming Ponds that are currently being used for R&D purposes.
After harvest the produce is sent to processing for export or consumption	The Company has a processing capacity of 4,000 Tonnes per year.
Processed shrimp is exported	Restarted exports in FY16 – with over 200 tonnes exported to customers in Europe & USA

Scheme of Amalgamation - Transaction Highlights

Transaction Details

- **Swap Ratio**: 4:17; TWL to issue 4 fully paid up equity share for every 17 equity shares held by shareholders in PFL
- **Appointed Date of Scheme:** 1st August 2015
- **Completion Date (exp)**: Q3 FY17
- **Basis of Valuation**: Net Assets Valuation (NAV) method and Discounted Cash Flow (DCF) methods used to arrive at fair value of assets
- **Weightage of 1:4 for NAV: DCF** - incorporates the value in the books as well as the potential return that can be generated from these assets
- Illiquidity discount applied to PFL and valuation of PFL takes into consideration the various qualitative factors relevant to each company and the business dynamics and growth potentials of the business

Advisors

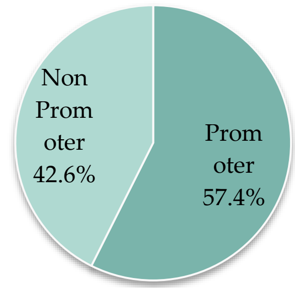
- **Scheme Consultant**: KPMG
- **Fairness Opinion**: Saffron Capital Advisors Pvt Ltd.- Category I Merchant Bankers
- **Legal Advisors:** M/s. VGB & Associates
- **Valuation Report:** SSPA & Co., Chartered Accountants

Benefits to Minority Shareholder

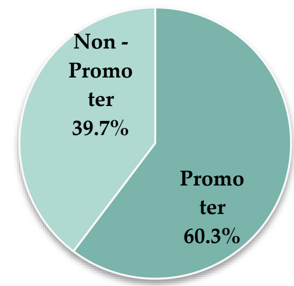
- Tripling of capacity without cash outgo / additional investment
- TWL was operating at full capacity – can now pursue opportunities for growth
- Value accretive for all shareholders - minority to witness limited dilution relative to capacity added

Shareholders – Significant Value Creation

Pre-Amalgamation



Post-Amalgamation



~3.9 Crore — **Total No. of Shares** — ~4.1 Crore

Equity Capital Pre - Amalgamation

- **3.86** cr shares **TWL**
- **1.12** cr shares **PFL**

Number of shares of TWL to be issued: **28.2** lakh shares of Rs.10 each

TWL's equity Capital post amalgamation: **4.14** cr shares

Background - Pinnae Feeds Limited

- Pinnae Feeds Ltd., wholly owned subsidiary of Karam Chand Thapar & Bros (Coal Sales) Limited; the flagship company of the KCT Group (promoters of TWL)
- **Incorporated in**: July, 2012
- **Objective:** To meet capacity expansion plans for the Feed manufacturing business
- TWL was intended to be the sole customer
- Expansion could not be undertaken within TWL due to restrictions placed by one of its bankers

Location :

- Manufacturing unit located at Nellore, Andhra Pradesh
- ~70 Kms away from TWL's factory in Nellore

Producer of shrimp feeds :

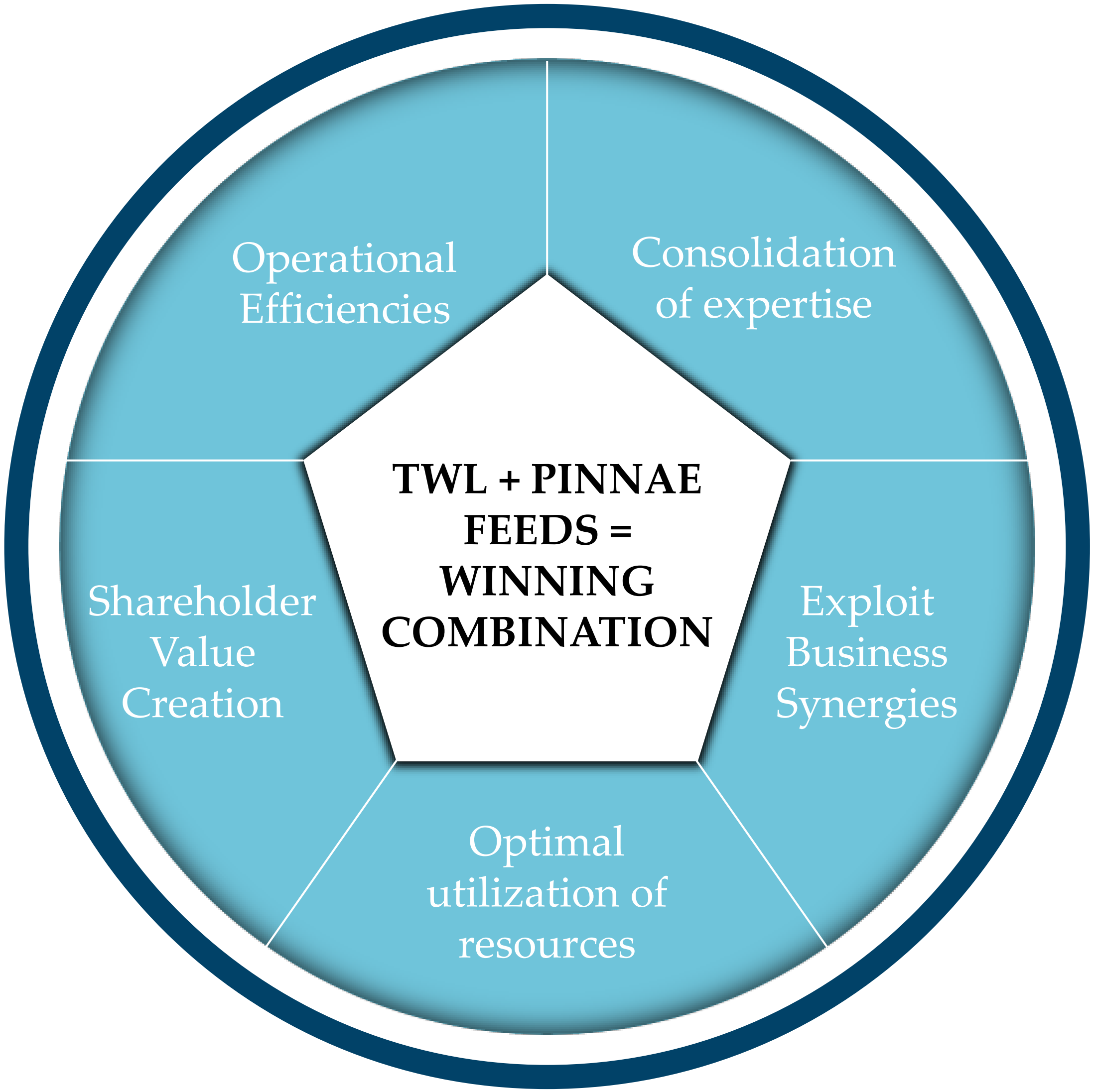
- Expansion undertaken in 2 phases; Phase I completed in FY15 capacity of 40,000 MTPA and Phase II which was completed in FY16 comprised the balance capacity of 35,000 MTPA
- Commenced commercial operation in H2FY15
- Post completion of Phase II - Capacity of 75,000 MTPA is now fully operational

Financials :

- Revenues of Rs. 36.5 crore in FY15 from supply of feed to TWL
- Gross Block - Rs. 45.15 crore
- As of March 31, 2016 - Debt: ~Rs. 46.8 crore (including term loans as well as working capital)

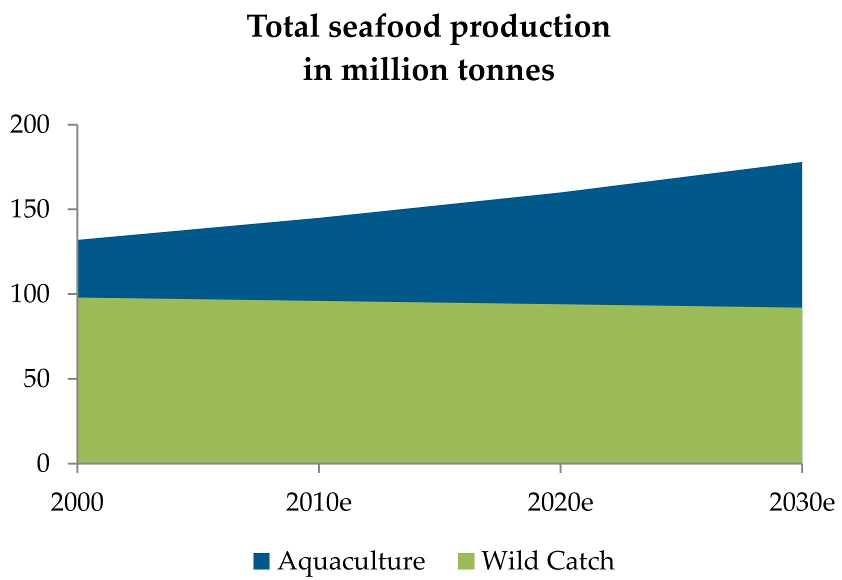
Rationale for Amalgamation

TWL's production capacity will increase from 35,000 MTPA to 1,10,000 MTPA



Industry Overview

Demand for seafood is rising globally



Source: *http://ww.fao.org/docrep/009/A0699e/A0699E09.htm*

- Seafood production is expected to increase from 130mn tonnes in 2000 to ~170mn tonnes in 2030
- Within this, the share of wild catch is expected to remain stable and incremental volumes are expected largely from aquaculture (farmed production)
- Growth in aquaculture projected at 134% over 2000-2030 by the Food & Agriculture Organisation (FAO) of the United Nations

Shrimp is ***the largest*** single seafood commodity in value terms

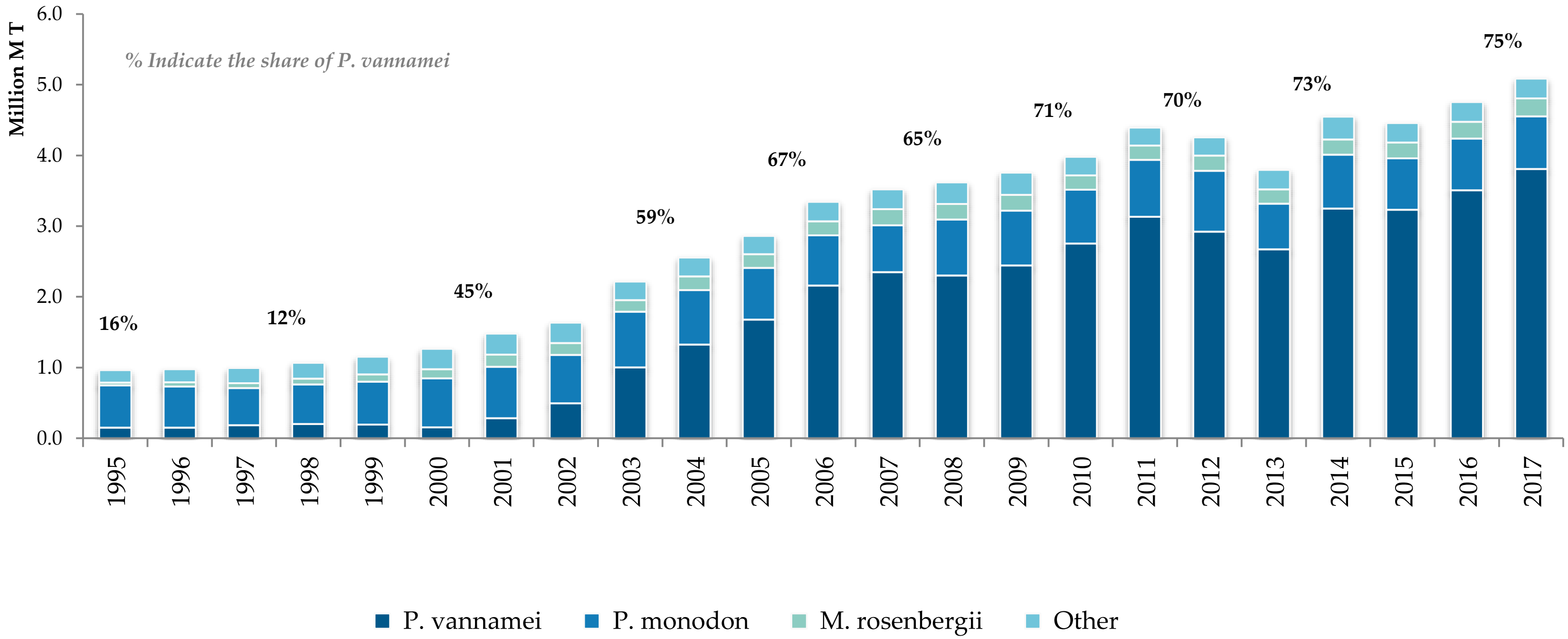
Shrimp production ***is growing at over 5% annually*** and production volumes are estimated at ***4.5 mn tonnes*** annually

Sought after for *nutritional properties* and high quality of proteins

Farmed shrimp contributes *more than half* of total annual production ~55% since the mid – 2000s

Global & Regional Trends

World Shrimp Aquaculture by Species:

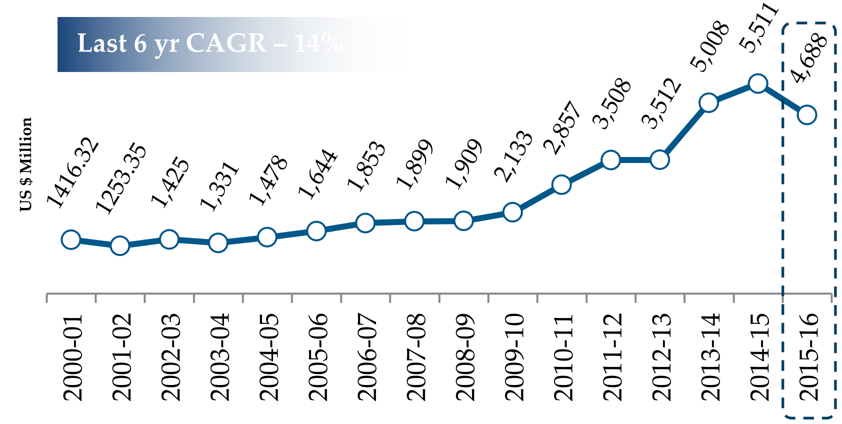


- Aquaculture volumes have grown 4.5x over the last 20 years to 4.5mn tonnes in 2016 from 1.0mn tonnes in 1995
- Share of P. Vannamei has increased to 75% in 2016 from <10% in 1995

Robust Track Record of Industry Growth

- In FY16, Marine product exports from India were at USD $4.7 billion.
  - MPEDA's stated target for the year 2016-17 is US $5.6 billion
- USA remains the largest market for Indian seafood products with a share of 28.46% in terms of USD followed by South East Asia (24.59%), European Union (20.71%) & Japan (8.61%)
- Exports to USA had registered a growth of 16.94% in quantity and 13.39% in USD realization and are mainly attributed to the export of Frozen Shrimp
- Shrimp remained most valuable consignment of marine exports with a share of 66% of total exports in value terms

Export Performance Since 2002-03 (US $ Million)



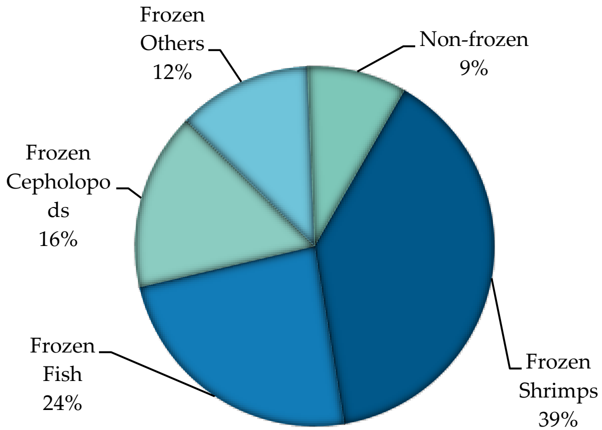
Export Details	2014-15	2015-16	Growth (%)
Quantity Tonnes	10,51,243	9,45,892	(10.2)
Value Rs. crore	33,441.61	30,420.83	(9.03)
Value US $ Billion	5.5	4.7	(14.55)

Source: www.mpeda.com

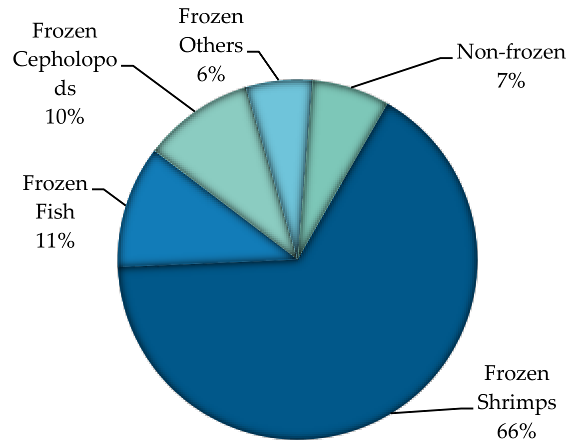
Driven by strong growth in Shrimp Exports

- 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 continued to be the largest item in the export basket in terms of quantity and registered growth of 4.6% y-on-y in FY2015-16 – lone bright spot despite a fall in overall marine exports
- The overall export of shrimp during 2015-16 stood at 3,73,866 MT valued at Rs, 20,046 crore ($3.1 billion)
- The export of Vannamei stood at 2,56,699 MT recording a growth of ~16% in volumes on a y-on-y basis
- With Vannamei shrimps becoming a money spinner in the Indian seafood exports, the focus has shifted to farmed seafood products and the share of sea catch has come down in the total seafood export basket

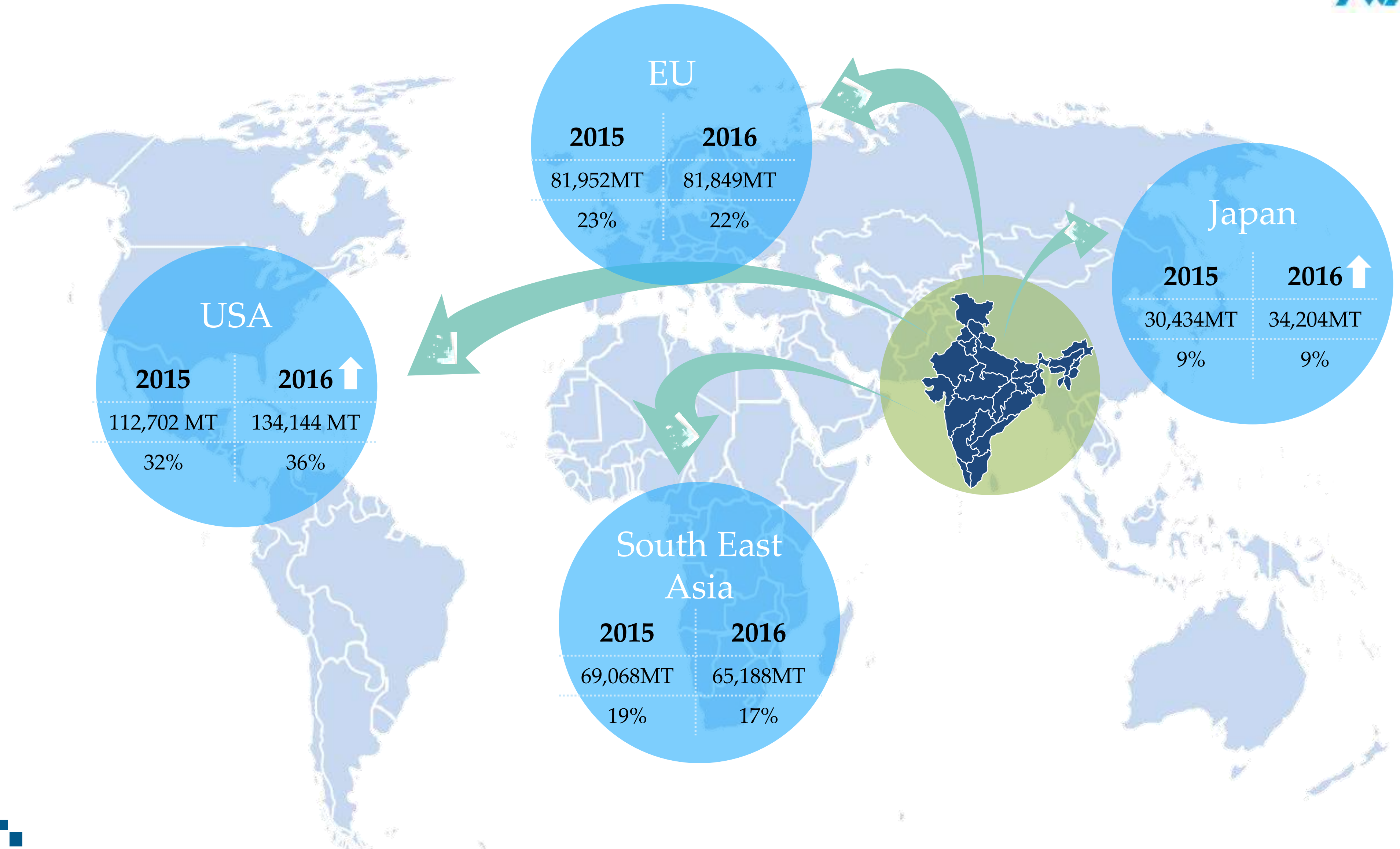
Volume Contribution



Value Contribution



Shrimp Exports



Source: *MPEDA*

Factors behind Success of Shrimp Farming in India

Favorable Topography	India has abundant coastline and its climatic conditions are favorable for shrimp farming
Availability Of Resources	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
Active Regulatory Setup	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 other South-east Asian countries
Changing of Species	The introduction of the L. Vannamei species altered the dynamics of shrimp farming through a significant shift in economic viability of farms
Supply Disruptions In Thailand & Vietnam	Erstwhile key suppliers like Thailand and Vietnam were affected by breakout of EMS, leading to drastic fall in volume.
Attractive Prices	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

Key Challenges

Risks

- Diseases, weather patterns, fluctuating prices add to the unpredictability of the industry

Fragmented Industry

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

Quality of Inputs

- Access to quality broodstock and seeds which are key inputs to farming are impediments to faster and sustainable growth – the poor quality of inputs is impacting consistent size and survival rates

Raw Material Inflation

- Inconsistent supply and rising cost of major ingredients of shrimp feed such as soya and fish meal

Growth Drivers

Increasing global demand of shrimps

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

Rise of the protein consumption in the Indian diet

Increasing preference for cosmopolitan food

Income Growth

Massive shift in Freshwater Fish farming to Vannamei

Rise in per capita income

Increase consumption fast food products world over

Rapid switchover to Vannamei in less converted states

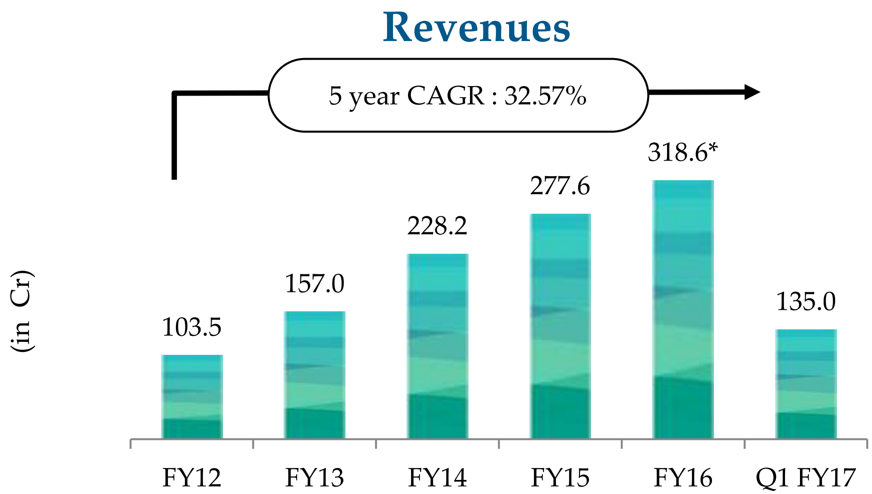
Very high return, short crop period leading to rapid expansion

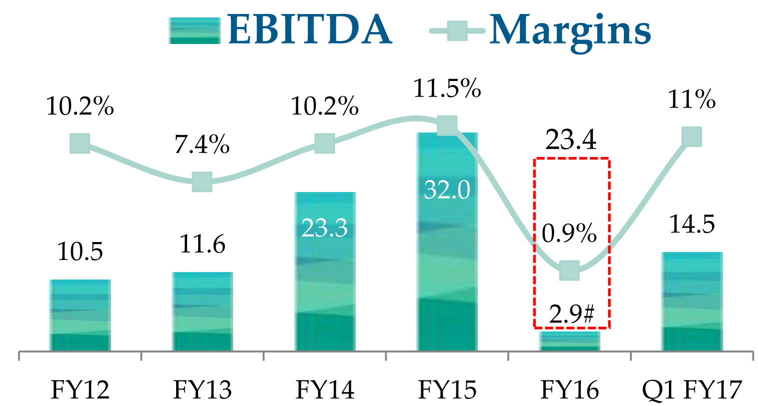
Limited natural resources& growing population

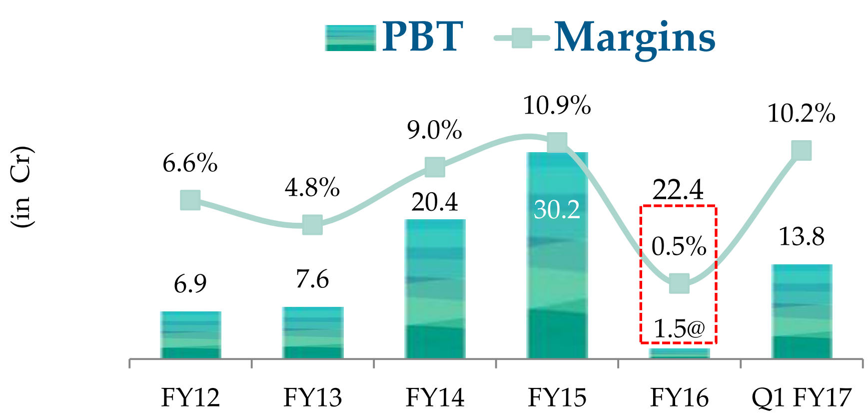
Adoption of new technology

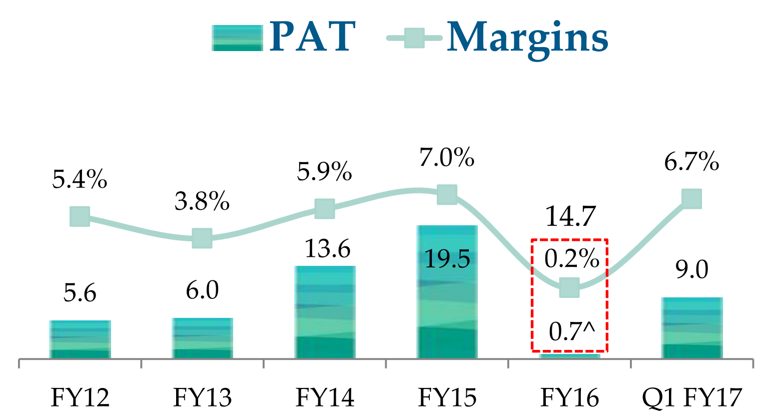
Financial Overview

Financial Performance









* Flooding of the factory premises and surrounding areas in Nov/Dec 2015 impacted revenue performance due to destruction of stock-in-hand and loss of potential revenue from customers

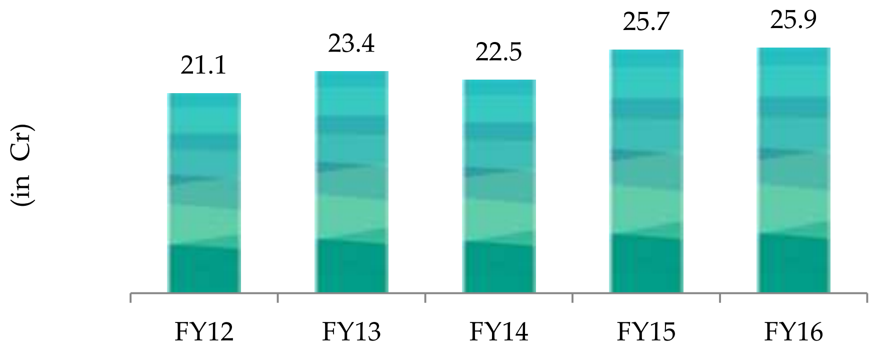
EBIDTA performance was impacted due to higher input costs, unexpected expenses on account of flooding and disruption in operations

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

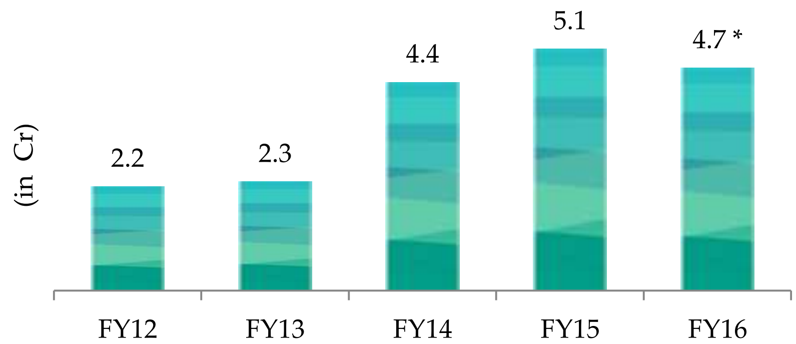
^ PAT is pre-exceptional item of 3.5 crore being one–time settlement cost with one of the company's bankers and prior to extra-ordinary item of Rs. 17.5 crore being one-time loss on account of write off of stock-in-hand and damage to factory premises due to flooding of the factory premises

Key Financials

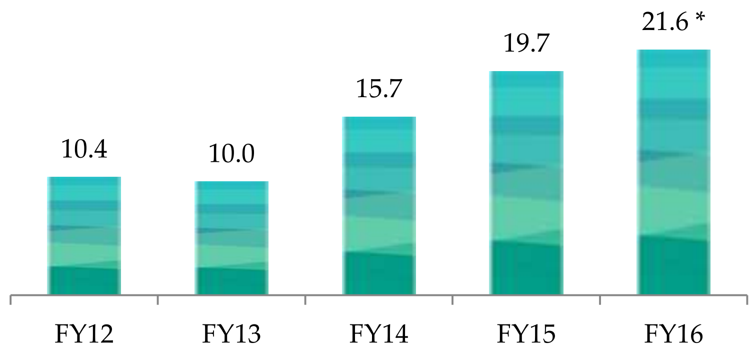
Book value per share (Rs.)



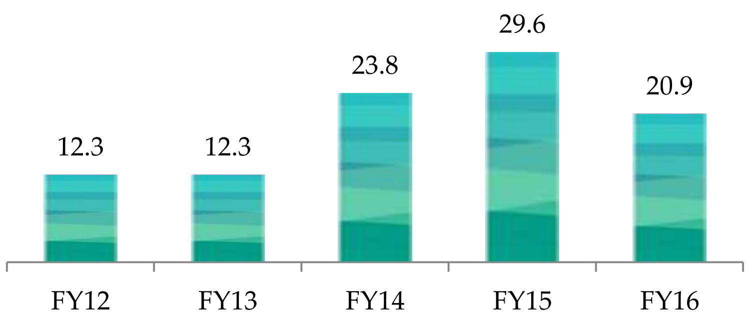
Earnings Per Share



Return on net worth (%)



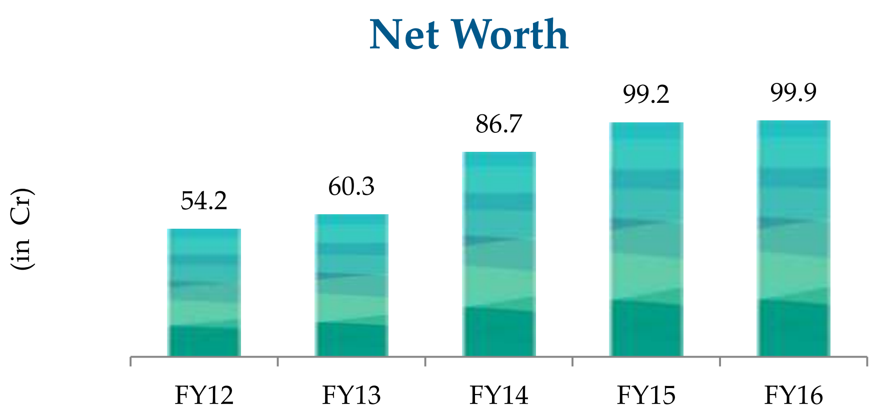
Return on Capital Employed (%)

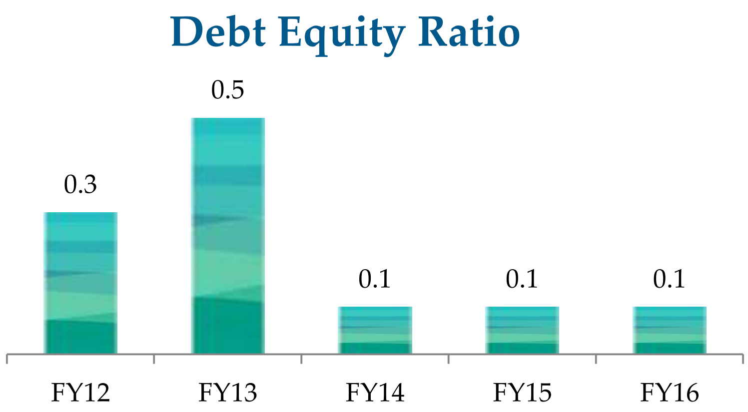


All Return ratios for FY16 were impacted by disruption in business operations and unexpected costs incurred due to flooding of the factory premises and surrounding areas in Nov/Dec 2015

*EPS & RoE further impacted by exceptional items of Rs. 3.5 crore being one–time settlement cost with one of the company's bankers . EPS & RoE calculated before 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

Key Financials





Q1 FY17 Performance & Updates

Financial Performance

INR Cr.

Particulars	Q1 FY17	Q1 FY16	Growth (%)	FY16	FY15	Growth (%)
Income from Operations	135.0	93.0	*45.1%*	318.6	279.5	*14%*
EBITDA	14.5	12.6	*15.0%*	23.8	30.9	*-23%*
EBITDA Margin (%)	*10.7%*	*13.5%*	*(283 bps)*	*7.5%*	*11.1%*	-
PAT^	9.0	8.0	*11.1%*	21.6	19.5	*10.8%*
PAT Margin (%)	*6.7%*	*8.6%*	*(190 bps)*	*6.8%*	*6.7%*	-

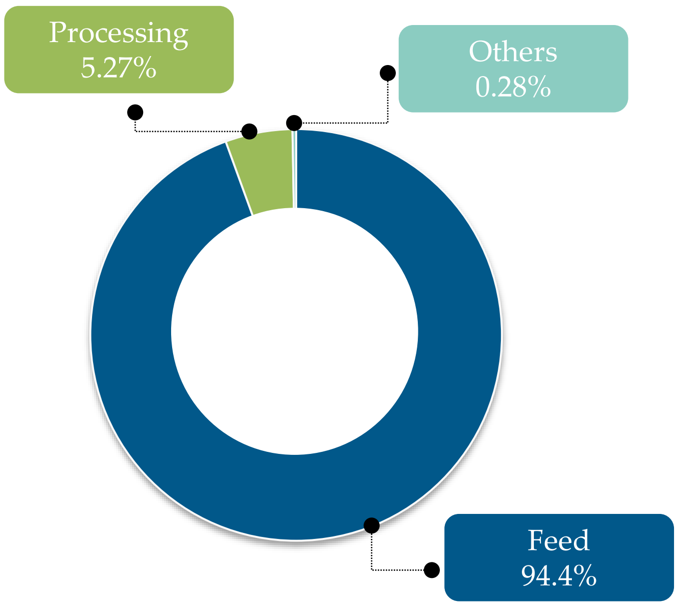
Q1 FY17 Highlights :

- Revenue growth on account of better realisations and volume growth. Positive response in newer markets like Gujarat, West Bengal and Odisha contributed to volume growth
- Higher input cost resulted in negating benefit of higher revenue growth; margins for the quarter contracted by 283 bps
- PAT for the quarter stood at Rs. 9 crore; introduction of newer products & widening product reach will drive growth forward

^ PAT is pre-exceptional item of 3.5 crore being one–time settlement cost with one of the company's bankers and prior to 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

Business Update

Revenue Mix – FY16



Feed Business

- Robust volume growth in Q1FY17
- Growth was from core markets as well as from new centres
- Positive traction from expansion into West Bengal & Gujarat
- Exported Feed to Nigeria
- Launch of Baywhite Enriched
- Obtained BAP certification for Feed Plant

Processing Business

- Resumed Export of Processed shrimps in FY16
- Exported to US & Spain
- Aiming to build on encouraging response - set to increase volumes of exports this year

Other Products

- TWL will foray into marketing of farm care products to support shrimp farming
- Will begin with probiotics and ammonia binders.

Q1 FY17 – Business Review

Exports

- Resumed direct shrimp exports with shipments directed towards Europe and U.S in FY16
- Despatched over 200 MT
- Received encouraging response from leading buyers and expect to despatch increased volumes in FY17

Hatcheries

- Plan to set up Hatcheries is under execution – recent floods have delayed progress
- Location and design finalised – construction activity to commence and the unit is on track to be completed by FY17 end

Deepening Distribution network

- Added 35 dealers in FY16
- Encouraged by response in new markets of West Bengal, Gujarat and new territories of Tamil Nadu
- Continuing to expand network – expect to see further addition in FY17

Amalgamation update

- Amalgamation of Pinnae Feeds Ltd. in progress – court convened meeting completed in June 2016
- Expect to complete the amalgamation by end Q3 FY17

Enhancing Brand Awareness

Shop Signage

Instore

Marketing & Distribution Initiatives

Dealer Meets

Farmer Meets

Industry Trends & Outlook

Global Demand & Production Trends in 2016

Global Demand

- Despite a softer price trend, shrimp imports in the traditional developed markets remained disappointing in 2015-16
- The US which is the largest shrimp importer globally, elicited mixed signals due to unstable wholesale prices and a severe winter.
- There were high inventories in local distribution channels as well as with importers in the US.
- The EU registered a decline in volumes despite moderating global prices due to subdued economic conditions and currency depreciation
- In Japan, the moderation in prices of farmed shrimp have resulted in firming up of demand in the retail and catering trade in Japan since mid-2015.

Global Production

- World production of farmed shrimp was lower in 2015-16 due to falling prices, unfavorable weather conditions and diseases.
- Owing to the disease problems in China, India, Ecuador and Vietnam farmers lowered their stocking density to reduce or avoid disease occurrence.
- Thailand was the exception with production increasing in 2015 for the first time since 2012
- In Latin America, the top regional producer Ecuador saw farmers reducing stocking density beginning in September 2015 to avoid disease issues. The Earthquake in 2016 has impacted farming.
- In Mexico, there was a marginal increase in production as it recovers from the impact of the disease situation in recent years.
- Wild catch volumes continue to decline globally at an accelerated pace.

Outlook

The Global prices for shrimp have been largely stable over the last year.

With diseases still rampant in Vietnam and China demand for Shrimp from other countries, including India, would be higher.

Farm gate prices have held up so far in the 2016 farming season indicating that production may be less robust than expected.

There have been outbreaks of diseases such as white spot and white feces in Andhra Pradesh and Tamil Nadu. These along with sporadic cases of EHP have impacted production.

Seed prices at the Hatchery level are nearing all time lows.

Given the rise in input prices the company has undertaken a price increase in July – input prices have remained at elevated levels during the first half of the season and have only recently shown signs of softening.

Glossary

SPF	Specific pathogen free
FCR	Feed conversion ratio
MPEDA	Marine Products Exports Development Authority
CAA	Coastal aquaculture authority
MTPA	Metric tonne per annum
Broodstock	a group of mature individuals used in aquaculture for breeding purposes
P. Monodon	Black Tiger
P. Vannamei	White Shrimp

Thank You

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