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CS	<input checked="" type="checkbox"/>		DTY	<input checked="" type="checkbox"/>
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ANNUAL REPORT 1996 - 97

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THE WATERBASE LIMITED



THE WATERBASE LIMITED

ANNUAL REPORT

1996-97

BOARD OF DIRECTORS

VIKRAM M THAPAR
Chairman

ANIL KUMAR BHANDARI

ANIL THADANI

J B DADACHANJI

JYOTI THAPAR

PRADEEP DINODIA

RAM KUMAR MEHRA
Nominee of SCICI

TAPAN GANGULI
Nominee of IFCI

AUDITORS

MITRA KUNDU & BASU
CHARTERED ACCOUNTANTS
1 ACHARYA J C BOSE ROAD
CALCUTTA - 700 020

REGISTERED OFFICE & WORKS

ANANTHAPURAM VILLAGE
T P GUDUR MANDAL
NELLORE - 524 344
ANDHRA PRADESH

SHARE TRANSFER AGENTS

DATA SOFTWARE RESEARCH CO. LTD.
SREE SOVEREIGN COMPLEX
22 4TH CROSS STREET
TRUSTPURAM KODAMBAKKAM
CHENNAI 600 024

Members are requested to bring their copies of Annual Report to the meeting as the practice of distributing the same in the meeting has been dispensed with.

THE WATERBASE LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Company will be held at 10.00 a.m. on Thursday, the 25th September 1997 at the Company's Registered Office at Ananthapuram Village, T P Gudur Mandal, Nellore - 524 344, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March 1997 together with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Shri Anil Thadani who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri J B Dadachanji who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt Jyothi Thapar, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration. M/s Mitra Kundu & Basu, Chartered Accountants, retire and are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution.

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors of the Company in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to the mortgaging and/or charging of all the immovable properties of the Company, wheresoever situated, present and future, and the whole of the undertaking of the Company in certain events (whether such power is contained in the documents creating the mortgage/charge or otherwise), to or in favour of :

- i. Industrial Finance Corporation of India (IFCI) of its Rupee Term Loan of Rs.326.00 lacs.
- ii. Industrial Finance Corporation of India (IFCI) and Industrial Credit and Investment Corporation of India Ltd., (ICICI) of their Rupee Term Loans aggregating Rs.468.00 lacs sanctioned under Project Finance Participation Scheme (PFPS) as set out hereunder :

Name of the Institution	Rs. lacs
IFCI	316.00
ICICI	152.00
TOTAL	468.00

- iii. IFCI and ICICI of their Foreign Currency Loans (FCL) equivalent in the aggregate to Rs.348.06 lacs sanctioned under PFPS in the manner and to the extent as set out below:

IFCI	DKK 4456248	equivalent to Rs. 174.03 lacs
	HFL 401255	
ICICI	DKK 4456248	equivalent to Rs. 174.03 lacs
	HFL 401255	

- iv. IFCI and ICICI of their Foreign Currency Loans in the aggregate equivalent to Rs.314.01 lacs sanctioned under PFPS in the manner and to the extent as set out below :

IFCI	DKK 4456248	equivalent to Rs. 174.03 lacs
	HFL 401255	
ICICI	USD 704315.26	equivalent to Rs. 139.98 lacs
	UK Pound 50500.00	



- v. The Shipping Credit and Investment Co of India Ltd., (SCICI) of its Rupee Term Loan of Rs. 470 lacs.

together with interest, additional interest, further interest, liquidated damages, commitment charges, compound interest, premium on pre-payment or on redemption, costs, charges, expenses and other monies including any amount as a result of revaluation, devaluation, fluctuation in the rate of exchange of foreign currencies involved payable under their respective Loan Agreement/Letter of Sanction/Memorandum of terms and conditions, amended from time to time, lent and advanced/agreed to be lent and advanced to the Company.

'RESOLVED FURTHER that the mortgage/charge created/to be created and/or all agreements/documents executed/to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified.

By Order of the Board

Registered Office :

Ananthapuram Village
Nellore - 524 344
23rd June 1997

C B HARI
Company Secretary

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member. The instrument appointing the Proxy should, however, be deposited at the Registered Office of the company not less than forty-eight hours before the commencement of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.6 is appended and forms a part of this notice.
3. The Register of Members and Share Transfer Book of the company will remain closed from 18th September 1997 to 30th September 1997 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

With a view to augmenting the resources of the Company for meeting the capital expenditure requirements for the on-going project, the company had approached IFCI, ICICI and SCICI for Foreign Currency Loans/Rupee Loans of an aggregate value not exceeding Rs. 20 crores.

As the documents executed for securing the loans contain the power to take-over the management of the Company in certain events, it is necessary for the members to pass a resolution under section 293(1) (a) of the Companies Act, 1956 for the creation of the mortgage.

IFCI, ICICI & SCICI had sanctioned long-term finance to the company and the documents of title, evidences, deeds and writings in respect of the Company's immovable properties pertaining to the Ananthapuram unit had been deposited on 17th July, 1992 by the Company with IFCI, IFCI acting for itself and as an agency of ICICI and SCICI. Inadvertantly, no resolution was passed by the members in a General Meeting.

Your Directors commend the resolution for approval.

None of the Directors of the Company is interested or concerned in the resolution.

Registered Office :

By Order of the Board

Ananthapuram Village
Nellore - 524 344
23rd June 1997

C B HARI
Company Secretary

THE WATERBASE LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors present their Tenth Annual Report together with the Audited Accounts for the Financial Year ended 31st March 1997.

FINANCIAL RESULTS

	Current Year (Rs.in Crores)	Previous Year (Rs.in Crores)
Gross Sales	43.49	33.00
Operating Profit before Interest and Depreciation	3.71	(5.34)
Less : Interest	6.02	5.50
Depreciation	2.71	2.51
Net Loss for the year	5.02	13.35

OPERATIONS

The operations of your Company were reasonably satisfactory, recording a growth of 30% over earlier performance. The results were achieved inspite of a cyclone which affected the entire Andhra Coast and the Supreme Court order, which had drastic effect on farming activities in the entire country.

Due to the Supreme Court order, the commencement of farming was considerably delayed which affected both our Feed and Seed sales. Review petitions have been filed by the Central and State Governments and MPEDA for a fair interpretation of the Supreme Court Order. A stay has been granted, which has resulted in the commencement of farming activities and we are hopeful that the order would be suitably amended to provide for planned and sustained growth of aquaculture in India.

FARMING

As reported earlier, we had consciously declared a crop holiday to assess the capacity of the industry to manage the disease effectively. A premature commencement of farming, by virtue of our size, could have resulted in major losses, had there been a recurrence of the disease.

The Supreme Court Order of December 11, 1996 restraining farming activities created further uncertainties. Your Company has now decided that commencement of any farming activities will be after careful assessment of the situation.

PROCESS PLANT AND MARKETING

In spite of considerable constraints, your Company was able to market 544 MT of shrimp as against 306 MT in the previous year. The Company has established its name for quality in the international market and this would ensure sustained demand for our product at remunerative prices.



FEED MARKETING

Feed sales were 6512 MT compared to 6150 MT in the previous year. This was achieved inspite of the problems experienced by the industry in view of natural calamities and the Supreme Court Order, which had direct effect on our feed offtake.

The marketing network has been considerably strengthened with appointment of additional dealers and distributors.

Our feed continues to be well accepted in foreign market and exports were made to Sri Lanka, Bangladesh and Madagascar.

HATCHERY

The Hatchery produced 52.27 million seeds against last year's 62.53 million. Sale in the later part of the year was badly affected due to cyclone and subsequent Supreme Court Order.

Seed prices have been under pressure due to lower stocking densities and commissioning of new hatcheries.

Your Company has successfully commissioned the fresh water shrimp hatchery and we expect to increase our production during 97-98.

FINANCE

In view of the low proportion of exports, we have not been able to avail low cost export credit to the maximum extent, which has resulted in increased cost of finances. With the proposed increase in exports in 97-98, your Company hopes to avail of the concessional export credit and reduce the interest costs.

PROJECTION Vs PERFORMANCE FOR THE YEAR 1996-97

Sl. No.	Particulars	Projection (Prospectus dt.08.12.94) Rs. lacs	Performance (Audited) Rs. lacs
1.	Total Sales & Other Income	148,50.00	43,48.73
2.	Profit / (Loss) After Tax	19,04.00	(5,02.14)
3.	Share Capital	24,73.50	24,73.55

After the severe effect of the virus disease in the year 1995-96, the entire industry looked forward to a problem-free year and significant growth. Accordingly, your Company had geared-up all its facilities to meet with the expected growth.

As explained earlier, due to the twin factors of natural calamity and Supreme Court Order, there was no significant growth in the industry.

With improved farming methods and possible relief from the Supreme Court Order, we are hopeful that the industry will show a significant growth. In anticipation, your Company has adequately strengthened its feed marketing, shrimp procurement and processing facilities.

THE WATERBASE LIMITED

There has been a conscious and systematic effort in reducing the overheads of the Company and various austerity measures have been implemented.

Similarly, greater attention has been given to the sourcing of both imported and indigenous raw materials, which has resulted in improved quality of finished feed and reduced cost of raw materials.

ENVIRONMENT

The company continues to implement all pollution control standards at its factory in Nellore. An application for consent from the A.P. Pollution Control Board has been filed and is deemed to be approved.

DIVIDEND

In view of the loss for the year, your Directors do not recommend declaration of any dividend.

DIRECTORS

Shri Anil Thadani, Smt Jyoti Thapar and Shri J B Dadachanji retire by rotation and are eligible for reappointment.

During the year, Shri Kirit C Shah and Shri Udayan Bose resigned from the Board.

Your Directors take on record the valuable contribution made by them during their association with the Company.

AUDITORS

Messrs. Mitra Kundu and Basu, Chartered Accountants, Auditors of the Company, retire and are eligible for re-appointment.

PERSONNEL

Your Directors wish to place on record their appreciation of the contribution made by the workers and staff. The statement giving particulars of employees as required under Section 217 (2A) of the Companies Act, 1956 and rules framed thereunder, forms part of this report.

CONSERVATION OF ENERGY, ETC.

The information required under Section 217 (1) (e) of the Companies Act, 1956 relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed to this report.

On Behalf of the Board

New Delhi
23rd June, 1997

VIKRAM M THAPAR
Chairman