

ANNUAL REPORT

1998 - 99

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THE WATERBASE LIMITED

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1998-99**

BOARD OF DIRECTORS

VIKRAM M THAPAR
CHAIRMAN

ANIL KUMAR BHANDARI

ANIL THADAH

J B DADACHANJI

JYOTHI THAPAR

PRADEEP DINODIA

RAM KUMAR MEHRA
Nominee of ICICI

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

BANKERS

STATE BANK OF INDIA, OVERSEAS BRANCH, CHENNAI 600 001.
CANARA BANK, OVERSEAS BRANCH, CHENNAI 600 002.
UNION BANK OF INDIA, OVERSEAS BRANCH, CHENNAI 600 017.
STATE BANK OF HYDERABAD, INDUSTRIAL FINANCE BRANCH, CHENNAI 600 086.

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 Twelfth Annual General Meeting of the Company will be held on Wednesday, the 8th September 1999 at 11.00 a.m at the Registered Office of the Company 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 1999 together with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Shri JB Dadachanji, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Anil Thadani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt Jyoti 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.
6. To consider and, if thought fit, to pass with or without modifications, as a Special Resolution, the following:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and are hereby altered as follows :

- a. The following sub-clauses be inserted under Article 1 of the Articles of Association, namely:

'Depositories Act' shall mean Depositories Act, 1996 or any statutory modification or re-enactment thereof.

'Beneficial Owner' shall have the meaning assigned thereto by Section 2 of the Depositories Act, 1996.

'Depository' shall have the meaning assigned thereto by the Depositories Act, 1996.

- b. The following be inserted as Article 36(A), after the existing Article 36 namely:

36(A) Notwithstanding anything contained in these Articles, the Company may in accordance with the provisions of the Depositories Act, dematerialise the Shares for subscription in the dematerialised form. Thereupon, the Company shall maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in electronic or any other media as permitted by law either in respect of the existing shares or any future issue, provided that, the provisions set forth in the Articles 36 to 47 shall apply to shares which have been dematerialised in so far as they are repugnant to the provisions of the Depositories Act and the Rules, if any, made thereunder, as amended from time to time."



c. The following new articles numbered as 14(5) and 14(6) be inserted after the existing Article 14(4):

14(5) Nothing contained in the Articles 36 to 47 shall apply to transfer of shares effected by the transferor and the transferee, both of whom are entered as beneficial owners in the records of a Depository, in so far as they are repugnant to the provisions of the Depository Act and the Rules, if any, made thereunder, as amended from time to time".

"14(6) In the case of transfer of Shares, where the Company has not issued any Certificate and where shares are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply".

Registered Office:

Ananthapuram Village

Nellore - 524 344

27th July 1999

By Order of the Board

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. The Register of Members and Share Transfer Book of the company will remain closed from 1st September 1999 to 30th September 1999 (both days inclusive).

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

The Company is considering the introduction of depository system to facilitate the shareholders to hold the shares of the Company in dematerialised form. The various implications of this proposal are being worked out. In the mean time, it is proposed to pass an enabling resolution at the ensuing General Meeting to this effect. This requires amendment / insertion of new clauses / sub-clauses to certain provisions of Articles of Association of the Company pertaining to the issue, holding, transfer and other dealings in shares as also issue of certificates which were framed in accordance with the relevant provisions of the Companies Act, 1956.

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

The Directors recommend the resolution for approval of the shareholders.

Registered Office:

Ananthapuram Village

Nellore - 524 344

27th July 1999

By Order of the Board

C B HARI

Company Secretary

THE WATERBASE LIMITED

REPORT OF THE DIRECTORS TO THE MEMBERS

Your Directors have pleasure in presenting their Twelfth Annual Report together with the Audited Accounts for the Financial Year ended 31st March 1999.

Financial Results

	Rs. in Crores	
	Current Year	Previous Year
Gross Sales	80.22	41.52
Operating Profit (before Interest & Depreciation)	14.41	4.14
Less : Interest	6.36	5.03
Depreciation	2.84	2.73
Provision for Tax - Prior period	0.37	Nil
Net Profit / (Net Loss) for the year	4.84	(3.62)

OPERATIONS

The improved trend in operations established over the past 3 years continued during the year under review and your Company has shown an excellent turnaround in its operations, resulting in a reasonable net profit. During the year, the Operating Profit before Interest, Depreciation and Tax was Rs. 14.41 crores, against Rs. 4.14 crores the previous year, thereby recording an improvement of nearly 250%. The Profit after Tax (PAT) at Rs. 4.84 crores, against a loss during the previous year of Rs.3.62 crores, has exhibited a healthy overall "swing" of Rs. 8.46 crores; and the sales for the current year at Rs.80.22 crores was nearly double the previous year's Rs. 41.52 crores.

HATCHERY

Your Company produced and sold 43 million seeds during the year under review, compared to 31 million seeds during the previous year. The efforts at adding fresh water prawn seed production to the existing brackish water prawn seed has proven very successful and the possibility of introducing other new species and further diversification is under consideration.

FARMING

Farming operations recommenced in February 1998 under a special arrangement. Unfortunately, farming results were not as per expectations but it is hoped that your Company's efforts in improving this situation, by interactive farming and propagation of alternative aquacultural species and varieties, will offer results over the coming years.

FEED PLANT

Feeds produced by your Company have always enjoyed strong consumer acceptance and this is evidenced by the tremendous increase in feed sales during the year under review. Your Company achieved a record sales volume of approximately 14,000 MT, valued at Rs.52.80 crores, as against 5,155 MT, valued at Rs. 18.36 crores, in the previous year.

Your Company's R&D efforts to produce other high quality feeds to meet the differing farming requirements of aquaculturists continue. During the year, two new extensive shrimp feeds, under the brand names "Supreme" (for brackish water) and "Magnum" (for fresh water) farming have been launched and have found immediate market acceptance. Simultaneously, to reinforce the spread and reach of your Company's feed products, the marketing network has been considerably strengthened along your Company's most prominent market, the Andhra coast.



We feel your attention should also be drawn to an additional effort aimed at strengthening your Company's marketing bonds with the consumer, and which has proven very successful - is the concept of aquaculture laboratories located in major aquacultural centres. These laboratories, which operate on a "minimum cost" basis, provide technical support to prawn farmers in their vicinity. This service has contributed very significantly to your Company's efforts at establishing brand equity for its range of products.

PROCESSING AND MARKETING OF MARINE PRODUCTS

The processing plant processed and exported over 700 MT of marine products during the year under review and Japan, USA and the Middle East were the major markets. During the year your Company has concentrated on developing new value added export products. Samples of these products have been presented to several potential buyers abroad and the initial response has been very encouraging. Further development of these products, to meet with buyers' specific requirements, is in progress and it is expected that this new range of value added products will be commercialised during the current financial year.

FINANCE

During the year under review the secured loan from the financial institutions has been rescheduled and all concerned formalities have been completed. Consequent to the increased levels of operations in your Company there has been increase in overall financial cost from Rs.50.2 million to Rs.63.6 million.

CURRENT SCENARIO

The hectareage under farming has increased especially along the Andhra Pradesh coast which should be of benefit to your company both in sale of feed and seed and subsequently in the export of shrimps.

In the first quarter ended 30th June '99 your company recorded a turnover of Rs.35 crores with a net profit of Rs.4.28 crores, which was well in excess of our projections.

To meet with market demands, we have launched "Supreme Feed" for extensive farming, which was well received by the farmers.

Based on the increased activity of freshwater farming especially in the Nellore belt, we have launched a new feed under the brand name of "Magnum" and initial response has been good.

All the divisions of the company have been operative and exports to Japan and U.S.A. have commenced and should pick-up in the second quarter.

For and on behalf of Board of Directors

New Delhi
27th July 1999.

VIKRAM M THAPAR
CHAIRMAN