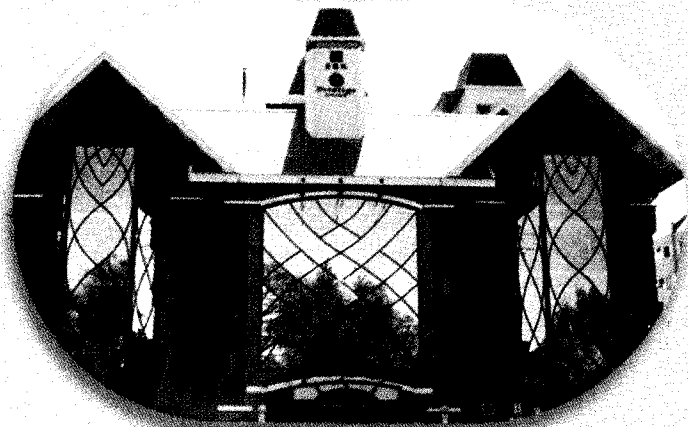


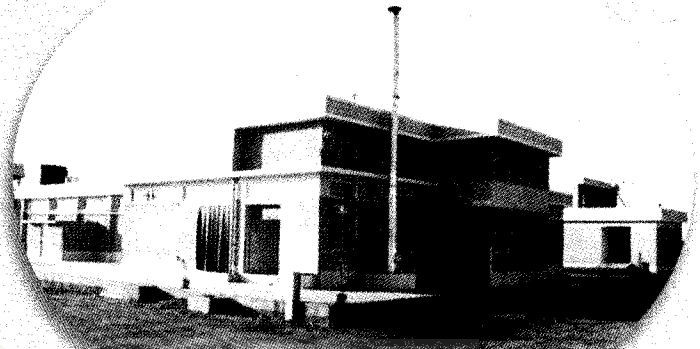
# toer Bay



Annual Report  
2002 - 2003



Speciality Seafood Restaurant



Crab Pasteurising Plant



Shrimp Processing Plant



Shrimp Feed Mill



# THE WATERBASE LIMITED

## ANNUAL REPORT 2002 - 2003

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# THE WATERBASE LIMITED

## ANNUAL REPORT

2002 - 2003

### BOARD OF DIRECTORS

SHRI VIKRAM M THAPAR  
Chairman

SHRI. ANIL KUMAR BHANDARI

SHRI. ANIL THADANI

SHRI. J B DADACHANJI

SMT. JYOTI THAPAR

SHRI. PRADEEP DINODIA

SHRI. AJAY GUPTA  
(Nominee of ICICI Bank Ltd.)

SHRI. MANEESH MANSINGKA

SHRI. ADARSH SARAN

SHRI. PREM PANDHI  
(Alternate to Shri. Anil Thadani)

Chief Executive  
Shri. ASHOK NANJAPA

Company Secretary  
Ms. SUGUNA KRISHNAMURTHY

### AUDITORS

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

### REGISTERED OFFICE & WORKS

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

### SHARE TRANSFER AGENTS

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

### LISTING ON EXCHANGES

THE HYDERABAD STOCK EXCHANGE LTD.  
THE STOCK EXCHANGE, MUMBAI  
MADRAS STOCK EXCHANGE LTD.  
THE STOCK EXCHANGE, AHMEDABAD  
THE CALCUTTA STOCK EXCHANGE ASSN. LTD.  
DELHI STOCK EXCHANGE ASSN. LTD.

### 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.





## NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Friday, the 18th July 2003 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 Balance Sheet as at 31st March 2003 and the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Smt. Jyoti Thapar who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Shri Anil Thadani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri J.B. Dadachanji, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s Mitra Kundu & Basu, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors.

### SPECIAL BUSINESS

6. To appoint a Director in place of Shri Adarsh Saran who was appointed as Additional Director of the Company by the Board of Directors on 28/10/2002, under section 260 of the Companies Act 1956, and who holds office upto the date of the forthcoming Annual General Meeting, but who is eligible for appointment and in respect of whom the company has received a notice in writing from a member proposing his candidature to the office of Director pursuant to the provisions of Section 257 of the Act.
7. To appoint a Director in place of Shri Maneesh Mansingka who was appointed as Additional Director of the Company by the Board of Directors on 28/10/2002, under Section 260 of the Companies Act 1956, and who holds office upto the date of the forthcoming Annual General Meeting, but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature to the office of Director pursuant to the provisions of Section 257 of the Act.
8. Voluntary Delisting of Company's Securities from Stock Exchanges at Ahmedabad, Chennai, New Delhi, Hyderabad and Kolkata.

To consider and, if thought fit, to pass with or without modifications, the following as a Special Resolution :

"RESOLVED that subject to the provisions of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force, the Securities Contracts (Regulations) Act, 1956 and the rules framed thereunder, Listing Agreements and other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company which term shall be deemed to include any committee thereof exercising the powers conferred on the Board by this resolution, the consent of the Company be and is hereby accorded to the Board to delist the Company's Securities from all or any of the following Stock Exchanges, viz (1) The Stock Exchange, Ahmedabad (2) The Madras Stock Exchange Ltd., Chennai (3) The Delhi Stock Exchange Association Ltd., New Delhi (4) The Calcutta Stock Exchange Association Ltd., Kolkata and (5) The Hyderabad Stock Exchange Ltd., Hyderabad at such times as the Board may decide.

Chennai, 26th May, 2003

Registered Office,  
Ananthapuram Village,  
Nellore 524 344

By Order of the Board  
For THE WATERBASE LIMITED

SUGUNA KRISHNAMURTHY  
Company Secretary

## THE WATERBASE LIMITED

### 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 / HERSELF. 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 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th July 2003 to 18th July 2003 (both days inclusive).

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

#### Item No. 6 and 7

The Board of Directors at their meeting held on 28/10/2002 appointed Shri. Adarsh Saran and Shri Maneesh Mansingka as Additional Directors pursuant to Article 103 of the Articles of Association of the Company. According to Section 260 of the Companies Act 1956, the said directors will cease to hold office at this Annual General Meeting and are eligible for appointment as directors. The Company has received notices under Section 257 of the Companies Act, 1956 from the members proposing the appointment of Shri. Adarsh Saran and Shri. Maneesh Mansingka as directors of the Company. The Board commends these resolutions for acceptance by the members.

Shri. Adarsh Saran and Shri. Maneesh Mansingka are concerned or interested in the Items No. 6 and 7 of the Notice respectively.

#### Item No. 8

The Company's Securities are presently listed on the following Stock Exchanges in India :

The Hyderabad Stock Exchange Ltd.	The Stock Exchange, Ahmedabad.
Madras Stock Exchange Limited	Delhi Stock Exchange, Assn Ltd.
The Calcutta Stock Exchange Assn. Ltd.	The Stock Exchange, Mumbai

The Board has been informed that there has been no trading in the Company's Securities in the Stock Exchanges at Hyderabad, Delhi, Kolkata, Chennai and Ahmedabad. The costs incurred by the Company for continued listing on these exchanges are not commensurate with the benefits accruing to the investors residing in these places. The Company has proposed this resolution as part of its cost reduction measures which will enable it to delist from all or any of the Stock Exchanges at Hyderabad, Delhi, Kolkata, Chennai and Ahmedabad.

The Securities and Exchange Board of India (SEBI) has issued the SEBI (Delisting of Securities) Guidelines 2003 which incorporates the provisions for voluntary delisting of securities of a Company. In accordance with the guidelines, members approval is being sought by a Special Resolution for enabling voluntary delisting of securities from the said Stock Exchanges.

The SEBI guidelines provides that an exit offer need not be made to the shareholders of the Company if its securities continue to be listed in a Stock Exchange having nationwide terminals such as the BSE / NSE. The Company's securities will continue to be listed on the Stock Exchange, Mumbai (BSE) and therefore no exit offer is required to be made. The delisting from these Stock Exchanges will not adversely affect the members of the Company at the places where they are located as they can continue to trade in the Company's securities on the Stock Exchange, Mumbai (BSE). The extensive networking of the BSE and the extension of terminals to other cities enables investors across the country to have access to online dealings in securities of the Company.

The proposed delisting will take effect after all approvals, permissions and sanctions are received.

The proposed delisting is in the interest of the Company and the Board of Directors commends this resolution for acceptance by the members. None of the Directors of the Company are concerned or interested in the said resolution.

Chennai, 26th May, 2003

Registered Office,  
Ananthapuram Village,  
Nellore 524 344

By Order of the Board  
For THE WATERBASE LIMITED  
SUGUNA KRISHNAMURTHY  
Company Secretary



## **DIRECTORS REPORT**

Your directors have pleasure in presenting the Sixteenth Annual Report of the Company together with the Audited Financial Statement for the year ended 31<sup>st</sup> March 2003.

### **FINANCIAL RESULTS**

(Rs. in Million)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Gross Sales	1143.84	1035.60
Profit before Tax	22.62	19.61
Provision for Tax - Current year	1.44	0.40
Profit before Provision for Deferred Tax	21.18	19.21
Provision for Deferred Tax	0.65	1.89
Profit After Tax	20.53	17.32

### **OPERATIONS**

During the year under review the company has achieved an increase in turnover by 10.45% compared to the previous year. The profit before tax is higher at Rs. 22.62 million as compared to Rs. 19.61 million, an increase of 15%. The company's export turnover improved from Rs. 355.47 million to Rs. 498.93 million in spite of unfavorable international business conditions. However the margins continue to be under severe pressure as US and Japan who constitute the major market for shrimps have not shown signs of recovery. It is expected that global market for shrimp products would continue to be depressed even during the current year. The strengthening of the rupee against the US dollar has also put pressure on the export margins. Sale of feed in the domestic market decreased marginally, due to international conditions and early harvest. However there was an improvement in unit realization due to better product mix. During the year, the Company's new project commenced its operations in processing and exporting of pasteurised crab meat.

### **FINANCE**

Interest continues to be a major cost. Initiatives are continuing to be made to access low cost debt.

### **RESTRUCTURING**

The capital restructuring scheme approved by the share holders in the Extraordinary General Meeting held on 25<sup>th</sup> January 2003 was approved by the Honourable High Court of Andhra Pradesh vide its order dated 20th March 2003 and the consequent adjustments are incorporated in the accounts under review. As per the scheme approved, the debit balance in the Profit & Loss Account of Rs. 70,884,494/- as on 31.03.2002 and certain Sundry Debtors amounting to Rs. 13,433,031/- and Loans and advances amounting to Rs. 59,393,543/- were adjusted against the Share Premium account. After adjustment the Share Premium account stands at Rs. 117,349,277/-.

Considering the advantages of being a non-EOU, the Company from September 2002 ceased to be a 100% EOU. The Company would be entitled to Duty Entitlement Pass Book scheme which would help in better realisation and capacity utilisation.

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information pursuant of section 217 (1) (e) of the Companies Act 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is given in the Annexure to the report.

### **PARTICULARS OF EMPLOYEES:**

During the year under review, no employee of the Company was in receipt of remuneration requiring disclosure under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

## THE WATERBASE LIMITED

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### DIRECTORS

During the year Shri Kirit C Shah resigned from the Board with effect from 12<sup>th</sup> September 2002. The Board places on record the appreciation for the valuable contribution rendered by Sri Kirit C Shah during his tenure as Director of the Company.

Shri Adarsh Saran was appointed as Additional Director of the Company by the Board with effect from 28/10/2002, under Section 260 of the Companies Act 1956, and holds office upto the forthcoming Annual General Meeting. The Company has received notice in writing from a member proposing his candidature to the office of Director pursuant to the provisions of Section 257 of the Act.

Shri Maneesh Mansingka was appointed as Additional Director of the Company by the Board with effect from 28/10/2002, under Section 260 of the Companies Act 1956, and holds office upto the forthcoming Annual General Meeting. The Company has received notice in writing from a member proposing his candidature to the office of Director pursuant to the provisions of Section 257 of the Act.

Smt Jyoti Thapar, Shri Anil Thadani and Shri J B Dadachanji, Directors retire by rotation and are eligible for re-appointment.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed that:

- (1) In the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2003, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (2) The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the company at the end of the financial year and of the profit of the company for the year under review.
- (3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (4) The Directors have prepared the Annual Accounts on a going concern basis.

### CORPORATE GOVERNANCE

A separate report on Corporate Governance together with Auditor's Certificate regarding Compliance of conditions of Corporate Governance forms part of the Annual Report.

### AUDITORS

The Auditors M/s Mitra Kundu & Basu, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

### ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and support extended by the Government Authorities, Financial Institutions and Banks.

Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the company.

For and on behalf of the Board of Directors

Chennai, 26<sup>th</sup> May 2003.

**VIKRAM M THAPAR**  
Chairman





## ANNEXURE TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY

Your Company has implemented a system for continuous review of energy costs, to reduce energy generation costs and optimise energy utilisation.

#### FORM A

##### A. Power and Fuel consumption:

Electricity	Current year	Previous year
a) Purchased Units (KWH)	5,468,279	5,185,797
Total Amount Rs.	24,048,946	23,102,029
Rate / Unit Rs.	4.40	4.45
b) Own Generation:		
(i) Through Diesel Generator		
Units (KWH)	517,322	320,716
Total Amount Rs.	3,028,683	1,866,997
Rate / Unit Rs.	5.85	5.82
(ii) Through Steam Turbine/Generator	NA	NA
2. Coal	NA	NA
3. Furnace Oil		
Quantity (K.Lts)	179.64	186.24
Total Amount Rs.	2,254,512	1,955,562
Average Rate Rs.	12,550	10,500
4. Other/Internal Generation	NA	NA
B. Consumption per unit of Production		
Electricity (KWH / MT)	334.65	268.61
Furnace Oil (Litres/MT)	10.04	9.08

#### FORM B

### TECHNOLOGY ABSORPTION

##### A. Research and Development (R & D)

The Company continues its work on alternative species in order to identify species suitable for crop rotation. Trials are being conducted in the company's R & D facilities in association with a number of International Companies on nutritional aspects of shrimps. Studies are also being conducted in areas of behavioural aspects of shrimp in stressful conditions.

##### B. Technology absorption, adaptation and innovation.

Efforts are on to diversify nature and sources of raw material for feed manufacture.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

	Current year (Rs. in Millions)	Previous year
Foreign Exchange Income	476.80	342.19
Foreign Exchange outgo	220.70	210.59

For and on behalf of the Board of Directors

Chennai, Date : 26th May 2003

**VIKRAM M THAPAR**  
Chairman