

THE WATERBASE LIMITED



2003-2004
ANNUAL REPORT



THE WATERBASE LIMITED

ANNUAL REPORT 2003 - 2004

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THE WATERBASE LIMITED

ANNUAL REPORT 2003 - 2004

BOARD OF DIRECTORS

Mr. VIKRAM M THAPAR, Chairman
Mr. ANIL KUMAR BHANDARI
Mr. ANIL THADANI
Mrs. JYOTI THAPAR
Mr. PRADEEP DINODIA
Mr. MANAS RANJAN PANI
(Nominee of ICICI Bank Ltd.)
Mr. MANEESH MANSINGKA
Mr. ADARSH SARAN
Mr. PREM PANDHI
(Alternate to Mr. Anil Thadani)

Chief Executive
Mr. ASHOK NANJAPA

Company Secretary
Ms. SUGUNA KRISHNAMURTHY

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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.,
SHREE SOVEREIGN COMPLEX,
22, 4TH CROSS STREET,
TRUSTPURAM, KODAMBAKKAM,
CHENNAI - 600 024

LISTING ON EXCHANGES

THE STOCK EXCHANGE, MUMBAI

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.

THE WATERBASE LIMITED

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the company will be held on Friday, July 16, 2004 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 March 31, 2004 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 Mr. Vikram M Thapar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradeep Dinodia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil Kumar Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
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.

Chennai, April 29, 2004

By Order of the Board
For THE WATERBASE LIMITED

Registered office:
Ananthapuram Villiage
Nellore - 524 344

SUGUNA KRISHNAMURTHY
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. 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 Books of the Company will remain closed from July 13, 2004 to July 23, 2004 (both days inclusive).

Chennai, April 29, 2004

By Order of the Board
For THE WATERBASE LIMITED

Registered office:
Ananthapuram Villiage
Nellore - 524 344

SUGUNA KRISHNAMURTHY
COMPANY SECRETARY



DIRECTORS REPORT

Your Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts for the financial year ended March 31, 2004.

FINANCIAL RESULTS

(Rs.in.Million)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Gross Sales	889.26	1143.84
Profit before Tax	18.04	22.62
Provision for Tax - Current year	1.27	1.44
Profit before Deferred Tax	16.77	21.18
Provision for Deferred Tax	—	0.65
Profit After Tax	16.77	20.53

OPERATIONS

The operating profit before interest, depreciation and tax is Rs.97 Million as against Rs.119 Million in the previous year.

The Company has taken a very cautious approach on its exports as the export prices were under severe pressure, which was further amplified by the Anti-dumping petition, filed in the U.S.

The strengthening of rupee against Dollar had a direct impact on our margins.

FINANCE

The Company is constantly monitoring and pursuing suitable options in its continuing efforts to reduce interest costs.

HANDY- WATERBASE

Your Company has invested in M/s Handy Waterbase India Pvt. Ltd., a Joint venture Company with M/s John T Handy Inc., U.S.A. This Company exports Pasteurised Crab Meat.

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 Annexure to this 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

DIRECTORS

Mr.Vikram M Thapar, Mr.Pradeep Dinodia and Mr.Anil Kumar Bhandari retire by rotation and offer themselves for reappointment at the ensuing Annual General Meeting.

Mr.J.B.Dadachanji who was eligible for re-appointment as Director at the previous Annual General Meeting had expressed his inability to continue as a Director and therefore, was not reappointed. The Directors record their appreciation for the invaluable contribution of Mr.J.B.Dadachanji during his tenure as Director.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed that:

- (1) In the preparation of the Annual Accounts for the financial year ended March 31, 2004 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

The Company has over the years been committed to good Corporate Governance practices. A separate report on Corporate Governance together with Auditor's Certificate regarding Compliance of Conditions of Corporate Governance under Clause 49 of the Listing agreement 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.

ACKNOWLEDGEMENTS

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, April 29, 2004

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 utilization.

FORM A

A. Power and Fuel consumption (During the period of Manufacture)		
1. Electricity		
a) Purchased	Current year	Previous year
Units (KWH)	5,244,477	5,468,279
Total Amount (Rs.)	23,881,178	24,048,946
Rate / Unit (Rs.)	4.55	4.40
b) Own Generation		
(i) Through Diesel Generator		
Units (KWH)	276,284	517,322
Total Amount (Rs.)	1,893,655	3,028,683
Rate/Unit (Rs.)	6.85	5.85
(ii) Through Steam Turbine/ Generator	NA	NA
2. Coal (Quality and where used)	NA	NA
3. Furnace Oil		
Quantity(K.Lts)	279.27	179.64
Total Amount (Rs.)	3,574,630	2,254,512
Average Rate (Rs.)	12,800	12,550
4. Other/Internal Generation	NIL	NIL
B. Consumption per unit of production		
Electricity (KWH/MT)	465.75	334.65
Furnace Oil (Litres/MT)	16.25	10.04

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.

The Export of frozen shrimp block and other value added items continued during the year.

	Current year	Previous year
	(Rs.in Millions)	
Foreign Exchange Income	281.16	476.80
Foreign Exchange outgo	97.97	220.70

For and on behalf of the Board of Directors

VIKRAM M THAPAR
Chairman

Chennai, April 29, 2004

CORPORATE GOVERNANCE REPORT

Company's philosophy on code of governance

The Company is firmly committed to the best practices of corporate governance that aims to protect the interest of all stakeholders through accountability, transparency and sustained growth. In compliance with Clause 49 of the Listing Agreement, a Report on Corporate governance is given below.

Board of Directors

a) Composition

The present strength of the Board is eight Directors. All the Directors are Non-executive Directors. Three Directors are Promoter Directors. Five are Independent Directors of whom one is a Nominee Director of ICICI Bank Ltd. The number of independent Directors is more than one third of the total number of Directors. The number of Non-executive Directors is more than 50 percent of the total number of Directors, and conforms with the requirements of the Corporate Governance Code under the Listing Agreement. The Company has a Non-executive Chairman.

During the year, apart from the sitting fees paid for attending Board meetings, the Company has not had any pecuniary relationship with any of the Directors.

b) No of Board Meetings and dates on which held

During the year, four Board Meetings were held as follows:
 May 26, 2003, July 17, 2003, October 31, 2003, & January 23, 2004.

c) Attendance of the Directors at the Board Meetings and at the last Annual General Meeting

Name of the Director	Category	Attendance Particulars		No. of other Directorships and Committee Memberships (other than TWL)		
		Board Meeting	Last AGM	No. of Directorship	Member	Chairman
Mr. Vikram M Thapar, Chairman	Non Executive Promoter	3	Yes	6	Nil	Nil
Mrs. Jyoti Thapar	Non Executive, Promoter	3	Yes	1	Nil	Nil
Mr. Adarsh Saran	Non Executive, Promoter	Nil	No	3	Nil	Nil
Mr. Pradeep Dinodia	Non Executive, Independent	1	No	9	3	4
Mr. Anil Kumar Bhandari	Non Executive, Independent	2	No	3	Nil	Nil
Mr. Prem Pandhi (Alternate Director to Mr. Anil Thadani)	Non Executive, Independent	3	No	6	Nil	4
Mr. Maneesh Mansingka	Non Executive, Independent	2	No	4	Nil	Nil
Mr. Manas Ranjan Pani (Nominee Director of ICICI Bank Ltd.)	Non Executive, independent	1	No	2	Nil	Nil

None of the Directors of the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in clause 49 of the Listing Agreement.

Audit Committee

a) Composition, No. of Meetings and attendance during the year

Name of the Member	Category	Meetings attended
Mr. Anil Kumar Bhandari, Chairman	Non Executive	2
Mr. Vikram M. Thapar	Non Executive	1
Mr. Pradeep Dinodia	Non Executive	-
Mr. Prem Pandhi (Alternate Director to Mr. Anil Thadani)	Non Executive	1
Mr. Maneesh Mansingka	Non Executive	2

The Chief Executive, Financial Controller and Internal Auditor attend the meetings as invitees. The Company Secretary acts as the Secretary of the Audit Committee.