



THE WATERBASE LIMITED

Annual Report 2007-2008



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THE WATERBASE LIMITED



Annual Report 2007-2008

BOARD OF DIRECTORS

Mr. VIKRAM M THAPAR, Chairman

Mr. ANIL KUMAR BHANDARI

Mr. ADARSH SARAN

Lt. Gen. DEEPAK SUMMANWAR, (Retd.)

Mrs. JYOTHI THAPAR

Mr. MANEESH MANSINGKA

CHIEF EXECUTIVE

Mr. 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
NELLORE - 524 344
ANDHRAPRADESH

SHARE TRANSFER AGENTS

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

LISTING IN STOCK 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 - 600 001.



NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Company will be held on Friday, September 26, 2008 at 12.15 p.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, 2008 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. Anil Kumar Bhandari who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. To appoint a Director in place of Lt. Gen. Deepak Summanwar who was appointed as Additional Director of the Company by the Board of Directors on January 28, 2008, 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.

Registered Office :
Ananthapuram Village
Nellore - 524 344

By Order the Board
For **THE WATERBASE LIMITED**

SUGUNA KRISHNAMURTHY
COMPANY SECRETARY

New Delhi, July 25th, 2008

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

Item No. 5

The Board of Directors at their meeting held on January 28, 2008 appointed Lt. Gen. Deepak Summanwar (Retd) as Additional Director pursuant to Article 103 of the Articles of Association of the Company. According to Section 260 of the Companies Act 1956, the said director will cease to hold office at this Annual General Meeting and is eligible for re-appointment.

The Company has received notices under Section 257 of the Companies Act, 1956 from the members proposing Lt. Gen. Deepak Summanwar, (Retd.) for the office of Directorship. The Board commends his appointment for acceptance by the members.

Lt. Gen. Deepak Summanwar, (Retd.) is not concerned or interested in the item No. 5 of the Notice.

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.
2. 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.
3. The Register of Members and Share Transfer Book of the Company will remain closed from September 17, 2008 to September 26, 2008 (both days inclusive)



DIRECTOR'S REPORT

Your Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Accounts for the financial year ended March, 31, 2008

Rs. in millions

Particulars	Current Year	Previous Year
Gross Sales / Services	396.49	595.28
Operating Profit before Interest, Depreciation, Prior period & Tax	44.34	42.05
Profit / (Loss) after Tax and before Extra Ordinary Item prior period adjustment	(47.80)	(43.35)

OPERATIONS

The operating profit before interest, depreciation, tax and extraordinary item is Rs. 44.34 million as against Rs. 42.05 million.

The year 2007-2008 continued to be a difficult year for the Industry. The Anti-dumping duty and the disease problems continue to haunt the Indian shrimp industry. The depression in the United States resulted in a slump in the international shrimp prices which had its effect on the Indian shrimp industry and the operations of the company.

The strengthening of the Rupee against the US Dollar has affected the profitability on exports. Based on the above the company has taken abundant caution while entering into export contracts. The above had a negative cascading effect resulting in the farmers getting very low prices which resulted in reduced farming at low stocking densities which inturn impacted our domestic feed sales.

The Industry expects the trend to continue in the current year also. However, there are certain positive signs for the revival of the Industry, with the United States reducing the anti-dumping duty to 1.69% and the strengthening of the US Dollar.

Your Company has played an important role in the Government of India establishing a SPF shrimp seed multiplication centre in Srikakulam, Andhra Pradesh, for the Black Tiger Shrimp (*Penaeus Monodon*), which will help in introduction of disease free seed for the first time in the Indian Industry. This is a beginning in solving the disease problem which has troubled the industry since 1995. This should make shrimp farming viable.

The Government of India has decided to permit import and introduction of *Penaeus Vannamei* into India which should see a steady increase in the area under farming and consequently an increase in the production of shrimps.



With the above initiatives, we expect a revival in the health of the industry and a turn around of the company's performance.

FINANCE

Over the last one year interest on borrowings have been steadily increasing. The Company continues to pursue suitable options to reduce interest cost in the given circumstances. During the year the company has completed a one-time settlement with the term loan lending institutions.

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

Information pursuant to Section 217 (1) (e) of the Companies Act 1956, read with the 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.

DIRECTORS

During the year Mr. Anil Thadani resigned from the Board with effect from 23rd July 2007. The Board places on record the appreciation for the valuable contribution rendered by Mr. Anil Thadani during his tenure as Director of the Company

Lt. Gen. Deepak Summanwar (Retd.) was appointed as Additional Director of the Company by the Board with effect from 28th January 2008 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.

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

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, 2008 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 judgements 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 loss 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 going concern basis.

CORPORATE GOVERNANCE

The Company has over the years been committed to good 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.

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.

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For and on behalf of the Board of Directors

New Delhi, July 25th, 2008

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 (During the period of Manufacture)	Current Year	Previous Year
1. Electricity		
a) <i>Purchased:</i> - Units (Kwh)	3,264,660	4,102,536
- Total Amount Rs.	13,756,424	16,867,766
- Rate / Unit Rs.	4.21	4.11
b) <i>Own Generation:</i>		
(i) Through Diesel Generator : - Units (Kwh)	91,016	344,406
- Total Amount Rs.	1,092,988	5,262,936
- Rate / Unit Rs.	12.01	15.28
(ii) Through Steam Turbine / Generator	NA	NA
2. Coal (Quality and where used)	NA	NA
3. Furnace Oil - Quantity (K.Lts)	78.994	105.62
Total Amount Rs.	1,848,235	2,108,264
Average Rate Rs.	23.397	19.961
4. Other/Internal Generation	NA	NA
B. Consumption Per unit of production		
Electricity (Unit/MT)	474.449	327.852
Furnace Oil (Litres/MT)	11.30	10.94

FORM B

TECHNOLOGY ABSORPTION

A. Research and Development (R & D)

The Company continues its work on 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 source alternative 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.

	(Rs. millions)	
Foreign Exchange Income	103.07	131.78
Foreign Exchange outgo	12.73	76.83

For and on behalf of the Board

Vikram M Thapar
Chairman

New Delhi, July 25th, 2008



CORPORATE OF GOVERNANCE

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 six Directors. The Company has a Non-executive Chairman. All the directors are Non-executive directors. Three directors are Promoter directors. Three are Independent directors. During the year one independent director resigned, and the Board appointed an additional Director who is independent. The number of independent Directors is one half of the total number of directors. All the directors are non-executive directors, and this conforms with the requirements of Corporate Governance Code under the Listing Agreement. 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 18, 2007, July 30, 2007, October 25, 2007, & January 28, 2008

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 Meetings	Last AGM	No. of Directorships	Member	Chairman
Mr. Vikram M Thapar, Chairman	Non Executive Promoter	4	Yes	7	Nil	2
Mrs. Jyoti Thapar	Non Executive Promoter	3	No	3	Nil	1
Mr. Anil Kumar Bhandari	Non Executive Independent	3	Yes	3	Nil	Nil
Mr. Adarsh Saran	Non Executive Promoter	1	No	6	Nil	2
Mr. Maneesh Mansingka	Non Executive Independent	2	No	4	Nil	Nil
Mr. Anil Thadani (Resigned on 23/7/2007)	Non Executive Promoter	0	No	4	Nil	Nil
Lt. Gen. Deepak Summanar (Retd.)	Non Executive Independent	1	Nil	Nil	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.