

# **THE WATERBASE LTD**

## **24<sup>th</sup> ANNUAL REPORT**

**2010 - 2011**



# **THE WATERBASE LIMITED**

*24th Annual Report 2010 - 2011*

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# THE WATERBASE LIMITED

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## *24th Annual Report 2010 - 2011*

### **BOARD OF DIRECTORS**

Mr. VIKRAM M THAPAR, Chairman  
Mr. ANIL KUMAR BHANDARI  
Mrs. JYOTI THAPAR  
Mr. ADARSH SARAN  
Lt. Gen. DEEPAK SUMMANWAR (Retd.)  
Mr. NAKUL KAMANI  
Ms. AYESHA THAPAR  
Mr. RANJIT MEHTA

### **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 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 IN STOCK EXCHANGE**

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 fourth Annual General Meeting of the Company will be held on *Friday, September 2nd, 2011 at 12.15 p.m.* at the Registered Office of the Company at Ananthapuram Village, TP 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, 2011 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 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 Statutory 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 consider and if thought fit, to pass with or without modification, the following as an **ORDINARY RESOLUTION**:  
"RESOLVED that Mr. Ranjit Mehta who was appointed as Additional Director of the Company with effect from October 27, 2010 and who holds office upto the date of the forthcoming Annual General Meeting in terms of Section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company".
6. To consider and if thought fit, to pass with or without modification, the following as a **SPECIAL RESOLUTION**:  
"RESOLVED, that, pursuant to Section 198, 269 and 309 read with Schedule XIII (including any statutory modification(s) or re-enactments thereof for the time being in force) and other applicable provisions, if any of the Companies Act 1956, and subject to the approval of the Central Government, and such modifications if any as may be made by the Central Government, consent be and is hereby accorded to the reappointment of Mr. Ashok Nanjapa as Manager for a period of three years effective from April 1, 2011 and at a payment of remuneration as set out in the Explanatory statement annexed hereto.  
"RESOLVED that the Board of Directors (hereinafter referred to as the Board which term will also be deemed to include the Remuneration Committee constituted by the Board) of the Company be and is hereby authorized to make/accept modifications to the terms of appointment and remuneration as may be required by the Central Government"
7. To consider and if thought fit, to pass with or without modification, the following as a **SPECIAL RESOLUTION**:  
"RESOLVED that the Authorised Share capital of the Company comprising of 3,50,00,000 (Three Crore fifty lakhs) equity shares of ₹ 10/- (Ten) each and 15,00,000 (Fifteen lakhs) preference shares of Rs.100/- (One hundred) each aggregating to ₹ 50,00,00,000/- (Rupees Fifty crore) be and is hereby reclassified into 4,50,00,000 (Four crore fifty lakhs) equity shares of ₹ 10/- each and 5,00,000 preference shares (Five lakh) ₹100/- each aggregating to Rs.50,00,00,000/-"
8. To consider and if thought fit, to pass the following resolution as an **ORDINARY RESOLUTION**  
"RESOLVED that pursuant to section 16 and other applicable provisions of the Companies Act 1956 (including any statutory modification and re-enactment thereof for the time being in force) the existing clause V of the Memorandum of Association of the Company be and is hereby altered by deleting the words "The Authorised Share capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty crores) divided into 3,50,00,000/- (Three crore fifty lakhs) equity shares of ₹ 10/- (Ten) each and 15,00,000 (Fifteen lakhs) preference shares of ₹ 100/- (One hundred) each and by inserting the words:  
"The Authorised Share capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty crores) divided into 4,50,00,000/- (Four crore fifty lakhs) equity shares of ₹ 10/- (Ten) each and 5,00,000 (Five lakhs) preference shares of Rs. 100/- (One hundred) each."
9. To consider and if thought fit, to pass the following resolution a **SPECIAL RESOLUTION**  
"RESOLVED that the Articles of Association of the Company be altered in the manner as follows:  
Article 4 of the Articles of Association of the Company by deleting the words:  
"The Capital of the Company is ₹ 50,00,00,000/- (Rupees fifty crores only) divided into 3,50,00,000 (Three crore fifty lakhs) Equity shares of ₹ 10/- (Ten) Each and (ii) 15,00,000 (Fifteen Lakhs) preference shares of ₹ 100/- (One Hundred) each" and by inserting the words "The Capital of the Company is ₹ 50,00,00,000/- (Rupees fifty crores only) divided into 4,50,00,000 (Four crore fifty lakhs) Equity shares of ₹ 10/- (Ten) Each and 5,00,000 (Five Lakhs) preference shares of ₹ 100/- (One Hundred)"
10. Approval for conversion of loans to the tune of ₹ 1,00,00,000/- into 10,00,000 equity shares at ₹ 10/- each (more than the market value of the shares) under section 81 (1A) of the Companies Act, 1956, through preferential basis to the provider of the loan.  
To consider and thought is fit to pass with or without modification the following resolution as **SPECIAL RESOLUTION**:  
"RESOLVED THAT pursuant to Section 81 (1A) and all other provisions, if any, of the Companies Act, 1956 (including any statutory amendment(s) or re-enactment thereof for the time being in force) and subject to the approvals from Company Law Board, Central Government and other regulatory authorities and in accordance with the Regulations, if any, of the Securities and Exchange Board of India (SEBI), including the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time, and in accordance with the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with the Stock Exchange, and subject to the permissions, consents/approvals of any other authorities/institutions as may be necessary the consent of the Company be and is hereby accorded to convert part or the loans as at 31st July, 2011 amounting to of ₹ 1,00,00,000/- into 10,00,000 equity shares of ₹ 10/- each (which is more than the market value of the shares as on 2nd August 2011) on such terms and conditions as maybe decided and deemed appropriate by the board of Directors of the Company (herein after referred to as the "Board" which shall be deemed to include any duly authorized committee thereof) at the time thereof.

### FURTHER RESOLVED THAT

- a) All the equity shares to be issued on preferential basis shall be subject to the Memorandum and Articles of Association of the Company.
- b) All the equity shares shall rank pari passu in all respects including entitlement for dividend and rights with the existing equity shares of the Company.

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- c) The relevant date for the purpose of pricing of issue of the shares in accordance with SEBI Guidelines (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders in convened, in terms of section 81 (1A) of the Companies Act, 1956, to consider the proposed issue) is 2nd August, 2011.
- d) The allotment of the said equity shares is expected to be completed within a period of 15 days of the date of passing of the above resolution.
- e) Pricing of the equity shares is based on SEBI and stock exchange regulations.

**"FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to accept such terms & conditions as the Stock Exchange and or any other Regulatory authority(s) may stipulate in that behalf."

11. To consider and if thought fit to pass with or without modification the following on rights issue as **SPECIAL RESOLUTION**

RESOLVED that in supersession of earlier resolutions passed, if any, and pursuant to section 81 and other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and enabling provisions of the memorandum and the Articles of Association of the Company, the regulations issued by the Securities and Exchange Board of India ("SEBI"), the listing agreements entered into by the Company with the stock exchanges and subject to approval, permissions, sanctions of the lenders of the Company, SEBI, stock exchanges, Reserve Bank of India (RBI), the Foreign Investment Promotion Board (FIPB), Government of India and other authorities concerned, as may be necessary (hereinafter collectively referred to as the "appropriate authorities") and subject to such conditions as may be prescribed by any one of them while granting such approval, consent, permission and /or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed by the Board of Directors of the Company (hereinafter called the "Board" which term shall constitute to exercise its powers including power conferred by this resolution), the consent of the members of the Company be and is hereby accorded and the Board be and is hereby authorised to create, issue, offer and allot to the equity shareholders of the Company as on the record date (to be fixed for the purpose) One (1) equity share each of the Company for every Two (2) shares held by the shareholders as on the record date for a sum up to ₹ 12,36,77,500/- (Rupees Twelve Crores Thirty six Lacs and seventy seven thousand five hundred only) and the equity shareholders consequent to preferential allotment shall be eligible on their increased holding or such sum, as may be determined by the Board ("The Rights issue") and on such other terms and conditions as may be mentioned in the draft Letter of offer to be issued by the Company in respect of the Rights issue, at a price that may be arrived as per existing regulations and guidelines.

**RESOLVED FURTHER THAT** the Board or any committee thereof be and are hereby authorised to do all such acts, matters, deeds and things as may be necessary for the purpose of the Rights issue as aforesaid including but not limited to the following:

1. To fix the record date(s) for the purpose of the Rights issue for ascertaining the names of the shareholders who will be entitled to the aforesaid offer of equity shares in consultation with the stock exchanges with which the Company's shares are listed
2. To decide and determine the final size of the Rights issue, the price per share either prior to or after filing of the draft letter of offer with SEBI and the rights entitlement ratio for equity shares including terms of the Rights issue
3. To decide on the rights of the lenders or loan providers to convert the same for subscribing to their rights entitlements or to subscribe for the shares through such conversion
4. To decide the treatment to be given to fractional entitlement, if any, including rounding upward or downward or ignoring such fractional entitlements or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements into a whole share and application to the Company for the same as well as to decide the disposal off the shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole shares or treating fractional entitlement in the manner as may be approved by the SEBI and the stock exchanges
5. To decide opening and closing dates for the Rights Issue and to extend, vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, stock exchanges or other authorities from time to time
6. To finalise the draft Letter of offer, Composite Application Form, abridged Letter of offer (as approved) and other documents and to file the same with SEBI, stock exchanges and other concerned authorities and issue the same to the equity shareholders of the Company
7. To appoint Lead Managers to the Rights issue, bankers, Registrar, Legal Advisors, Monitoring Agency, Consultants, Advisors, Underwriters, Printers and other such agencies as may be desired and to remunerate such agencies in cash or otherwise including by way of payment of commission, brokerage, fees, reimbursement of expenses incurred in relation to the issue of securities and other expenses, if any
8. To finalise the basis of allotment of equity shares in consultation with lead Managers, Registrar and the designated stock exchange and other stock exchanges where the shares are listed
9. To issue and allot the equity shares in one or more tranches and to do all such acts, deeds, matters and things necessary or desirable in connection with or incidental to the issue of the equity shares
10. To issue Letters of Allotment and share certificates to the proposed allottees either in dematerialized form or in physical form as may be required by the allottees
11. To ensure the names of the allottees are entered in the Register of Members of the Company
12. Issue new shares (including new certificates required) representing the equity shares issued as part of the Rights issue with new distinctive Numbers as laid down in the Companies (Issue of share certificates) Rules, 1960 and also to inform the depositories to take necessary action to give effect to the above and to do all such other acts, deeds, matters, and things necessary or desirable in connection with or incidental to the Rights Issue
13. To settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issue and allotment of the equity shares as aforesaid and to do all such acts, deeds, and things as the committee may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the said Rights Issue and allotment of equity shares
14. To decide the mode and manner of allotment of shares if any not subscribed and left/remaining after allotment of rights shares and additional shares applied by the shareholders and renounees
15. To open Bank account(s) to receive applications along with application monies in respect of the issue of the shares and to make refunds
16. To file necessary returns, make declarations/announcements, furnish information etc to the concerned authorities in connection with the Rights Issue
17. To sign, execute any other document, agreement, undertaking in connection with the Rights issue and
18. To take all such other steps as may be necessary in connection with the Rights Issue



**RESOLVED FURTHER THAT** the Board or any committee there of or any person authorised by the Board be and are hereby severally authorised to do all such acts, matters, deeds and things and to execute all such deeds, documents, agreements etc. as may be necessary for the purpose of the proposed Rights issue including but not limited to the following:

1. To obtain the requisite approvals, consents and sanctions from SEBI , stock exchanges, RBI, Registrar of Companies, Government of India, Company Law Board, Central Government, FIPB, Lenders of the Company etc
2. To file necessary certificates/returns, forms with SEBI, stock exchanges, Reserve Bank of India, Government of India, Company Law Board, Central Government, FIPB and other authorities
3. To issue public advertisements and notices
4. To apply to the stock exchanges for obtaining in-principle approval for listing and for permission to trade the equity shares and to do all such acts, deeds, matters and things and to sign all such papers, documents, agreements, as may be necessary to seek the listing of such equity shares on Bombay stock exchange Limited with power to settle any query, difficulty or doubt that may arise in regard to the Rights Issue
5. To apply to the concerned depositories for the admission of the equity shares into the depository system and
6. To incur necessary expenses such as fees of various agencies, filing fees, stamp duty etc

**RESOLVED FURTHER THAT** the Board or any committee there of or any person authorised by the Board be and are hereby authorised to do all such acts, deeds as may be required

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

##### **Item No. 5**

The Board of Directors appointed Mr. Ranjit Mehta as Additional Director on October 22, 2010 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 notice under Section 257 of the Companies Act, 1956 from a member proposing Mr. Ranjit Mehta for the office of Directorship. The Board commends his appointment for acceptance by the members.

None of the Directors except Mr. Ranjit Mehta is concerned or interested in this resolution.

##### **Item No. 6**

As required by Schedule XIII, certain disclosures are required to be made to the shareholders as given below. An application has been made to the Central Government for seeking approval for the proposed remuneration.

The Board of Directors in its meeting dated May, 9, 2011 approved the reappointment of Mr. Ashok Nanjapa , as Chief Executive and Manager of the Company for a further period of three years from April 1, 2011 on the recommendation of the Remuneration Committee. The reappointment and remuneration proposed is subject to the approval of the shareholders and the Central Government.

The remuneration proposed to be paid to Mr. Ashok Nanjapa is in accordance with clause 1(C) Part II of Schedule XIII of the Companies Act, 1956. The proposed appointee would be eligible for a maximum amount not exceeding ₹ 0.5 mn. per month by way of salary and perquisites as per Company rules and in addition is eligible for benefits as specified in clause 2 of Section II of Part II of schedule XIII of the Companies Act, 1956.

As required by Schedule XIII, certain disclosures are required to be made to the shareholders as given below. An application has been made to the Central Government for seeking approval for the proposed remuneration.

Statement As Required Under Part II, Section II, (1C) (v) of Schedule XIII, of the Companies Act 1956

##### **GENERAL INFORMATION:**

Nature of industry : The Company is engaged in production of feed for shrimps.

Date of commercial production : Commercial production commenced in July 1993 and full scale production in January 1994.

Financial performance : As per Annual report

Export performance : Exports FOB value ₹ 11.89 mn.

##### **INFORMATION ABOUT THE APPOINTEE**

Background details and job suitability: Mr. Ashok Nanjapa is a senior management executive with industry experience of over 40 years. He has been associated with the Company as its Chief Executive and Manager for the past 16 years. The Company since its inception has been facing many challenges owing to one crisis after another that has befallen the aquaculture industry. The virus that infected the shrimps in the 1990's, the effects of the Tsunami , the antidumping duty imposed by the US, and more recently the financial crisis have all compounded the industry's woes. The Company has survived these tough times, when many other Companies were closed down. Now the industry is seeing a revival in demand and more farmers are returning to shrimp farming. The Company expects an increase in turnover over the next few years. Mr. Ashok Nanjapa's experience and management skills which helped steer the Company out of its difficult times will be of great benefit to the Company as it looks forward to better times.

Past / Proposed Remuneration : The remuneration paid to Mr. Ashok Nanjapa was last approved by the shareholders at the Annual General Meeting dated 26th July 2006 and by the Central government as per provisions of Schedule XIII of the Companies Act 1956.

The role of the Chief Executive has become significantly crucial at this juncture when the industry is facing a revival in demand. The Board of Directors therefore recommend an increase in the remuneration in accordance with clause 1(c) Part II of Schedule XIII of the Companies Act, 1956. as per which he is eligible for a maximum amount not exceeding ₹ 0.5 mn. per month by way of salary and perquisites as per Company rules and in addition is eligible for benefits as specified in clause 2 of Section II of Part II of schedule XIII of the Companies Act, 1956.

Comparative remuneration with respect to industry, size of Company, profile of the position and person : The remuneration payable is below industry standards considering the experience and profile of the appointee.

Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel - None

Other Information:



Reasons for inadequate profits : The Company since its inception has been facing many challenges owing to one crisis after another that has befallen the aquaculture industry. The virus that infected the shrimps in the 1990's, the effects of the Tsunami, the antidumping duty imposed by the US, and more recently the financial crisis have all compounded the industry's woes and had a negative impact on the Company's profits.

Steps taken and expected increase in productivity and profits

The Company has taken steps to increase its marketing network and put in place strategies to take advantage of the revival in demand in the markets

The Directors recommend this resolution for your approval.

None of the Directors are interested or concerned in the above resolution.

**Item No.7**

Consequent to the reclassification of capital that was effected in the last financial year the present authorized capital of the Company is Rs. 50 crores divided into 35 crores of equity share capital and 15 crores of preference share capital. This was effected to facilitate infusion of funds into the Company by way of 7% Redeemable Cumulative Preference shares. However, with increase in interest rates, the Company was not able to raise funds at the indicated rate of interest. In order to facilitate issue of equity capital in the future, the Board has thought it fit to reclassify the authorized capital by increasing the equity component.

The Directors recommend this resolution for your approval.

None of the Directors are interested or concerned in the above resolution.

**Item No. 8**

The Capital clause of the Memorandum of Association of the Company is required to be altered for the reclassification of the authorized share capital.

The Directors recommend this resolution for your approval.

None of the Directors are interested or concerned in the above resolution.

**Item No.9**

The Articles of Association of the Company is required to be altered for the classification of the authorized share capital.

The Directors recommend this resolution for your approval.

None of the Directors are interested or concerned in the above resolution.

**Item No.10**

Statement of Material Facts pursuant to Section 173 read with Section 81 (1A) of Companies Act, 1956, and under SEBI Regulations

The loans provided to the Company by the associate companies of promoter group is being converted partly into equity shares at the price and/or face value determined in accordance with SEBI and listing requirements. The Board of Directors of your Company has decided to convert part of the loans into equity shares through preferential basis.

Your consent is sought pursuant to the provisions of the section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

Disclosures in terms of the Securities and Exchange Board of India (Issue of Capital and disclosure requirements) Regulations 2009:

I. Object of the issue through preferential offer:

The object of the issue is to convert part of the loans provided by the Associate companies in the promoter group into equity shares through allotment of equity shares on preferential basis. Hence your Company has decided to take the shareholders approval and other requisite statutory approvals.

II. No Change in the Management and Control:

The proposed issue of shares on conversion of loans on preferential basis shall not result in any change in the management/ control of the Company.

III. Proposed time within which the allotment will be completed:

The allotment of the said equity shares is expected to be completed within a period of 15 days of the date of passing of the above resolution.

IV. Identity of the allottee :

Name of the Proposed Allottee Towerbase Services Private Limited

Number of shares offered 10,00,000

a. Percentage of post preferential issue capital held by TowerBase Services Private Limited

The allottee, at present holds 2,15,736 which is equivalent to 0.87% of the present equity paid up capital now. The allottee would be issued 10,00,000 equity shares @ ₹ 10/- per share being the face value (though the fair value is only ₹ 8.73), the post preferential share holding of the allottee would be 12,15,736 out of 2,57,35,500 for an overall % holding of 4.72% of the expanded equity.

b. Change in control, if any, in the issuer consequent to the preferential issue;

Not Applicable

V. Shareholding pattern before and after the offer:

The current and proposed shareholding pattern of the Company is as under:

**Shareholding Pattern before the Preferential issue**

	Category	No. of shares held	Percentage of shareholding
<b>A.</b>	<b>Promoter's holding</b>		
1.	Promoters	72,38,112	29.26
	<b>Sub-Total</b>	<b>72,38,112</b>	<b>29.26</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
a.	Private Corporate Bodies		
b.	Indian Public	17,497,388	70.74
c.	NRIs/OCBs		
d.	Any other (please specify)		
	<b>Sub-Total</b>	<b>17,497,388</b>	<b>70.74</b>
	<b>GRAND TOTAL</b>	<b>24,735,500</b>	<b>100%</b>

**Shareholding Pattern after the Preferential issue**

	Category	No. of shares held	Percentage of shareholding
<b>A.</b>	<b>Promoter's holding</b>		
1.	Promoters	82,38,112	32.01
	<b>Sub-Total</b>	<b>82,38,112</b>	<b>32.01</b>
<b>B.</b>	<b>Non-Promoters Holding</b>		
a.	Private Corporate Bodies		
b.	Indian Public	1,74,97,388	67.99
c.	NRIs/OCBs		
d.	Any other (please specify)		
	<b>Sub-Total</b>	<b>17,497,388</b>	<b>67.99</b>
	<b>GRAND TOTAL</b>	<b>25,735,500</b>	<b>100%</b>

VI. We hereby undertake that we shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so

VII. We undertake that if the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.

The Director recommend this resolution for your approval.

None of the Directors except Mr. Vikram M. Thapar, Mrs. Jyoti Thapar, Ms. Ayesha Thapar and Mr. Adarsh Saran are interested or concerned in the above resolution.

**Item No.11**

The Board of Directors of your Company has decided to issue equity shares in proportion of one equity share for every two equity shares held by the equity shareholders, subject to the approval of shareholders, SEBI, Stock Exchange and other regulatory authorities.

Your consent is sought pursuant to the provisions of the section 81 and all other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Directors recommend this resolution for your approval.

None of the Directors are interested or concerned in the above resolution.

Registered Office:

Ananthapuram Village,

Nellore 524 344.

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

**Vikram M Thapar**  
Chairman

New Delhi, July 18, 2011

**Notes:**

- 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.**
- The Register of Members and Share Transfer Book of the Company will remain closed from *Friday August 26, 2011 to Friday September 2, 2011* (both days inclusive).
- Members are requested to keep the Company informed of any change in their mailing addresses.





## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Fourth Annual Report with the Audited Accounts for the financial year ended 31st March, 2011.

₹ Million

Particulars	Current Year	Previous Year
Gross Sales / Services	461.80	276.32
Profit before Interest Depreciation, Tax and Exceptional Item	43.12	3.45

### OPERATIONS

During the year under review the gross revenue from sales and services of the company increased to ₹ 461.80 million compared to ₹ 276.32 million in the previous year , registering an impressive growth of 67%.

The Company made a profit of ₹ 6.87 million in the current year after Interest, Depreciation, Tax and exceptional item compared to a loss of ₹ 36.07 million in the previous year. The profit before Interest, Depreciation, Tax and exceptional item in the current year is ₹ 43.72 million as against a loss of ₹ 2.42 million of the previous year.

The government's initiative of approving farming of Vannamei Shrimp spices had a very positive impact on the Industry. More and more farmers are shifting over to Vannamei farming.

With this changed scenario shrimp production of exports will witness a sharp increase and India will soon be a very dominant player in the global shrimp industry.

Your Company has established a good marketing network to meet with the increased feed demand. The Company's feed has been well accepted by the farmers.

### 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 Annexure – A of 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

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

Mr. Ranjit Mehta was appointed as Additional Director of the Company with effect from October, 27, 2010. Mr. Ranjit Mehta as Additional director holds office up to the date of the ensuing annual general meeting of the Company and being eligible offers himself for reappointment. The Company has received notice under section 257 of the Companies Act, 1956 proposing appointment of Mr. Ranjit Mehta as Director.

During the year Mr. Maneesh Mansingka resigned from the Board with effect from 8th April, 2010 due to his personal business commitments. The Board places on record its appreciation for the valuable contribution rendered by Mr. Maneesh Mansingka during his tenure as Director of the Company.

### DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement 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, 2011, 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 safe guarding 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.

#### **EXPANSION OF EQUITY**

The Management and the Board of Directors of the Company have considered and approved the conversion of loans advanced by Associate Companies along with accumulated interest upto 31st July 2011 into Equity shares in the name of the loan providers to the amount permissible as per statutory guidelines.

The management and the Board of Director of the Company have also considered and approved the Rights Issue in the Ratio of One Equity share for every Two Equity shares held subject to compliance with statutory formalities as may be required. The Associate companies hold / retain their right to subscribe to their rights shares entitlement including conversion of the loans already advanced by them to the Company by the way of remittance / otherwise singly or jointly.

To facilitate right issue of the Board of Directors have also considered and approved the reclassification of the capital.

#### **CORPORATE GOVERNANCE**

The Company has over the years been committed to good governance practices. A separate report on Corporate Governance together with Auditors 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**

Yours Directors place on record their appreciation for the assistance and support extended by the Government Authorities 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

New Delhi, July 18, 2011

**Vikram M Thapar**  
*Chairman*



## ANNEXURE TO THE DIRECTORS' REPORT

### I. CONSERVATION OF ENERGY

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

#### FORM A

#### A. Power and Fuel Consumption (During the period of Manufacture)

	2010-11	2009-10
<b>1. Electricity</b>		
a) Purchased: - Units(Kwh)	<b>3686410</b>	2392790
- Total Amount - ₹	<b>16310975</b>	10255962
- Rate / Unit	<b>4.42</b>	4.29
b) Own Generation:		
i) Through Diesel Generator: - Units(Kwh)	<b>41210</b>	18364
- Total Amount - ₹	<b>711336</b>	275177
- Rate / Unit	<b>17.26</b>	14.99
ii) Through Steam Turbine/Generator	NA	NA
<b>2. Coal (Quality and where used)</b>	NA	NA
<b>3. Furnace Oil- Quality (K.Lts)</b>	<b>123.558</b>	89.39
- Total Amount - ₹	<b>3674615</b>	2870408
- Average Rate - ₹	<b>29.74</b>	32.11
<b>4. Other / Internal Generation</b>	NA	NA
<b>Consumption per unit of production</b>		
Electricity (Unit / MT)	<b>279.53</b>	423.60
Furnace Oil (Litres / MT)	<b>11.45</b>	15.71

#### FORM B

### II. TECHNOLOGY ABSORPTION

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

Trials are being continuously conducted in the Company's R&D facilities in association with a number of international companies on nutritional aspects of shrimps.

#### B. Technology Absorption, Adaptation and Innovation

The Company is constantly making efforts to use alternative raw materials in its feed manufacture.

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

	₹ Million	
	2010-11	2009-10
Foreign Exchange Income (C & F)	<b>12.65</b>	23.69
Foreign Exchange Outgo	<b>11.79</b>	8.75

For and on behalf of the Board

New Delhi, July 18, 2011

**Vikram M Thapar**  
Chairman



## 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 Strength of the Board is eight Directors out of which four are independent Directors. The Company has a Non-executive Chairman. All the Directors are Non-executive Directors. During the year Mr. Maneesh Mansingka, an independent Director, resigned from the Board and Mr. Ranjit Mehta as independent Director was appointed by the Board.

Except for 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: April 27, 2010, August 3, 2010, October 27 2010, & January 25, 2011 The gap between two meetings did not exceed four months. The necessary quorum was present for all meetings.

- c) **Attendance of the Directors at the Board Meetings/ the last Annual General Meeting**

Name of the Director	Category	Attendance Particulars		Other Directorships and Committee Memberships (other than TWL)		
		Board Meeting	Last AGM	No. of Directorships	Member	Chairman
Mr. Vikram M Thapar, Chairman	Non Executive Promoter	4	No	8	Nil	1
Mrs. Jyoti Thapar	Non Executive Promoter	4	No	4	Nil	1
Mr. Anil Kumar Bhandari	Non Executive Independent	4	Yes	3	Nil	Nil
Mr. Adarsh Saran	Non Executive Promoter, brother-in law of Mr. Vikram M Thapar	Nil	No	1	Nil	Nil
Lt. Gen Deepak Summanwar	Non Executive Independent	4	Yes	2	1	1
Mr. Nakul Kamani	Non Executive Independent	3	No	5	Nil	1
Ms. Ayesha Thapar	Non Executive Promoter, daughter of Mr. Vikram M Thapar & Mrs. Jyoti Thapar	4	No	1	Nil	Nil
Mr. Ranjit Mehta	Non Executive Promoter	1	Nil	1	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.

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## AUDIT COMMITTEE:

### a) Composition, Number of Meetings and attendance during the year.

Name of the Member	Category	Meetings attended
Mr. Anil Kumar Bhandari Chairman	Non Executive, Independent	4
Mr. Vikram M Thapar	Non Executive, Promoter	4
Lt.Gen.Deepak Summanwar	Non Executive, Independent	4
Mr.Nakul Kamani	Non Executive, Independent	3

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

The Company has complied with the requirements of the Companies Act 1956 and Clause 49(II)(A) of the Listing Agreement in the constitution and working of the Committee.

The Audit Committee met four times on the following dates : April 27,2010, August 3, 2010, October 27 2010, and January 25, 2011.

### c) Terms of reference:

The terms of reference of Audit Committee cover all the areas prescribed by Clause 49(II)(D) and Section 292 A of the Companies Act 1956 and includes the following:

- Review of Company's financial reporting process, quarterly and annual financial statements, and disclosure of financial information.
- Review with the management, internal and external auditors, the adequacy of the internal control systems.
- Review of reports of the Internal Auditor and functioning of the Internal Audit team.
- Post Audit review with Statutory Auditors and discussions on findings, suggestions, and any areas of concern.
- Recommending the appointment/removal of statutory auditor, fixing of audit fees and approval for payment for any other services.

### Remuneration Committee

The Remuneration Committee consists of Mr. Anil Kumar Bhandari, Chairman, Lt. Gen.Deepak Summanwar, and Mr. Nakul Kamani. The broad terms of reference of the Remuneration committee is to determine and approve remuneration payable to the Managerial personnel of the Company within the provisions of the Companies Act 1956 and amendments thereto.

### Investor /Shareholders Grievance Committee and Share transfer Committee

The Committee comprises of two non executive Directors Mr. Anil Kumar Bhandari, the Chairman, and Lt.Gen Deepak Summanwar. Ms.Suguna Krishnamurthy, Company Secretary is the Compliance Officer of the Company. The Committee met four times during the year on April 27,2010, August 3, 2010, October 27 2010, and January 25, 2011.



Share transfers in the physical form are approved on a fortnightly basis by the Company Secretary and these are confirmed by the Committee at its meetings. Requests for Demat of shares are processed within a period of 20 days by the Company's Registrars.

During the year under review, the Company received 70 cases of share transfer / Transmission / Transposition, out of which 9 cases were transferred/ transmitted and 30 cases were rejected on account of technical reasons. As on March 31, 2011 no case was pending for transfer. During the year, 26 queries/complaints were received 8 pertaining to change of address, 7 for non receipt of, annual reports, share certificate, and 11 for other matters. All the queries/complaints were duly attended and resolved to the satisfaction of the investors.

The share transfers are processed within 30 days from the date of receipt, subject to the transfer instrument being valid in all respects. In compliance with the Listing / SEBI guidelines:

- a) a practicing Company Secretary audits the system of shares that are de-materialised and in physical form every quarter and necessary certificates are filed with the Stock Exchanges / Depositories. The shares in demat and physical form tally with the issued/paid up capital of the Company.
- b) a practicing Company Secretary carries out a Secretarial Compliance Audit pertaining to share transfers and transmissions every six months and the required Report is filed with the Stock Exchange.

### GENERAL BODY MEETING:

#### Date, time, and location of last three General Meetings:

Year	Date	Time	Location
2007-08	26.09.2008	12.15 p.m	Regd. office at Ananthapuram Village, Nellore.
2008-09	08.09.2009	11.30 a.m	- do -
2009-10	27.09.2010	11.30 a.m.	- do -

No postal ballots were used for voting at these meetings in respect of special resolutions passed.

#### PARTICULARS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AS REQUIRED UNDER CLAUSE 49 (VI) A OF THE LISTING AGREEMENT

Name	Mr. Vikram Thapar	Mr. Anil Kumar Bhandari	Mr. Ranjit Mehta
Date of birth & Age	29.10.1947/64 years	07.08.1944 / 67 years	11.2.1948 /63 years
Appointed on	16.07.2004	16.07.2004	27.10.2010
Qualification	Chartered Accountant	B.A (Economics)	B.A.Economics Institute of Bankers , U.K.
Experience	40 years	45 years	38 years
Directorship held in other Public Companies	KCT Bros ltd KCT Bros (CS) Ltd The Silk Base Ltd Indian City Properties Ltd KCT Coal LTd	Indian City properties Ltd Kirloskar Electricals LTD	Nil
Membership/ Chairmanship of Committees across public companies	FICCI	Nil	Nil
No of shares held in Company	50,000	Nil	Nil

**Disclosures:**

a) **Materially significant related party transactions** There were no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, or relatives etc that may have potential conflict with the interest of the Company at large. The Register of Contracts containing transactions in which Directors are interested, is placed before the Board whenever necessary. Details of transactions between the Company and related parties as per Accounting Standard 18 is set out on page 27 of the Annual report.

b) **Compliances by the Company**

There has been no case of non compliance by the Company, or any penalties strictures imposed on the Company by the Stock Exchange, SEBI or any other authority on any matter related to capital markets in the last three years.

c) **Board disclosure – Risk management**

During its periodic review of operative of the Company, the Board also discusses the possible risks that need to be considered and the steps to be taken for managing the same.

d) **Compliance with mandatory requirements**

i)The Company has complied with all mandatory requirements of code of Corporate Governance stipulated Under Clause 49 of Listing Agreements with the Mumbai Stock Exchange. The Company has also complied with the requirements of amended Clause 49 after it came into force.

e) **Compliance with Non-mandatory requirements**

i) There is no reimbursement of expenses to the office of the Non executive Chairman of the Company for the maintenance of his office.

b)The statutory financial statements of the Company are not qualified.

c) The Company does not have a formal Whistle Blower policy. However access to Audit Committee is available to every employee.

d)Preparation of financial statements are on the basis of generally accepted accounting principles and policies and the mandatory accounting standards announced by the Institute of Chartered Accountants of India.

f) **Declaration of Compliance with the code of Conduct / Ethics**

All the Directors and Senior Management Personnel have affirmed Compliance with the code of Conduct as approved and adopted by the Board of Directors. The said Code of Conduct has also been posted on the website of the Company. A declaration signed by the CEO is given below:

"It is hereby declared that the Company has obtained confirmation from all members of the Board and the senior management of the Company that they have complied with the Code of Conduct of the Company for the financial year 2010-11."

**Means of communication:** The quarterly, half yearly and the annual results of the Company are sent to the Stock exchange immediately after the Board's approval, first by fax and then by courier immediately after the Board approved the same. The results are also published in the Newspapers “Vaartha”, and “News Today”. The Management Discussion & Analysis Report forms part of the Annual Report.

**General Shareholders information:**

The Twenty Fourth Annual General Meeting	Financial Calender
<b>Venue</b> : Registered Office at Ananthapuram Village, Nellore – 524 344.	Publication of results for quarter ending June 30, 2011 -July 18, 2011
<b>Date</b> : Friday, September 2, 2011	Publication of results for quarter/half year ending Sep 30, 2011- in Oct 2011
<b>Time</b> : 12.15 p.m.	Publication of results for quarter/nine month ending Dec 31,2011- in Jan 2012
	Publication of Audited results for 2011-12 -in May 2012

**Book Closure:**

The Register of Members & Share Transfer Books of the Company shall remain closed from *Friday August 26, 2011 upto Friday, September 2, 2011* (both days inclusive).

**Listing on Stock Exchanges:**

At present the Company is listed with the Mumbai Stock Exchange. The Annual Listing fee to the Mumbai Stock Exchange, and custodial Fees to NSDL/CDSL have been paid.

**Registrars and Share Transfer Agent:**

M/s. The Data Software Research Co. Pvt. Ltd (DSRC) are the Registrar & Share Transfer Agents of the Company for effecting transfer / transmission of shares.

**Dematerialisation of Shares:** The Company has connectivity with M/s National Securities Depositories Ltd.(NSDL) and Central Depository Services Ltd (CDSL) through the Registrars M/s DSRC Ltd. As on 31/3/2011, 47.75% of our paid up share capital has been dematerialized as against 47.59% in the previous year.

**DISTRIBUTION OF SHAREHOLDING:**

CATEGORY:	No. of Equity Shares	% of Shareholding
<b>A. Promoters holdings</b>		
Indian Promoters/Persons acting in concert	72,38,112	29.26
<b>B. Non Promoters holdings:</b>		
Mutual Funds and UTI	7,000	0.02
Financial Institutions and Banks	1,92,008	0.78
Foreign Institutional Investor	1,600	0.01
Private Corporate Bodies	23,82,527	9.63
Indian Public	97,66,590	39.47
NRIs / OCBs	51,47,663	20.83
<b>Total</b>	<b>2,47,35,500</b>	<b>100.00</b>

**MARKET PRICE DATA : (₹)**

Month	High	Low	Month	High	Low
April 10	5.67	4.45	October 10	5.45	4.38
May 10	5.00	3.90	November 10	5.57	4.00
June 10	4.84	4.05	December 10	4.94	3.40
July 10	5.19	4.21	January 11	5.30	4.08
August 10	4.74	4.07	February 11	4.90	3.40
September 10	5.35	4.20	March 11	4.89	4.05

**PLANT LOCATION:**

The Company's Factory is located at Ananthapuram Village, T.P. Gudur Mandal, Nellore – 524 344.

**ADDRESS FOR CORRESPONDENCE:**

Registered Office - Ananthapuram Village, T.P. Gudur Mandal, Nellore – 524 344.

Corporate Office - Post Box No. 4902, No. 22, Sadasivam Street, Off Lloyds Road, Gopalapuram, Chennai – 600 086.





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**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

**To the Members of The Waterbase Limited**

We have examined the compliance of conditions of Corporate Governance by The Waterbase Limited, the Company for the year ended 31<sup>st</sup> March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions on Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, 2007, there were no investor grievances remaining unattended / pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of  
**MITRA KUNDU & BASU**  
*Chartered Accountants*  
*Firm Regn. No. 302061E*

**SIBAJI DAS**  
*Partner*  
*Membership No. 051391*

New Delhi, July 18, 2011



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## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Trends

With the gradual stabilization in International financial markets and signs of recovery in US market growth for exports from India looks brighter. However, the rise in interest rates in the last one year has the potential of impacting our economic growth and compression of margins.

During the year government has identified and issued licenses to few more hatcheries for import of Vannamei Brand and production of Disease free seed.

Coastal Aqua Culture Authority under ministry of Commerce is regulating Vannamei farming to ensure Bio Security restrict spread of Disease.

Overcoming the initial hesitance to go for Vannamei culture more and more farmers are deciding to venture into Vannamei from Black Tiger farming.

This has resulted in increased demand for shrimp feed and other inputs.

Capacity enhancement in the shrimp processing sector has commenced to cater to the increased production.

### Threats / Risks and concerns

Though the US economy is recovering, the threat of debt default in certain Euro Zone economies continues, which would have its impact on exports from India.

The competition among the world producers would definitely affect the export prices.

The recent trend of the banks increasing the interest rates will also affect the margins.

The government of India is contemplating to withdraw the export benefits. If this thought is put into practice export margins will shrimp affecting India's competitiveness with countries like China, Vietnam, Thailand where the governments give full thrust to this Industry.

The above would have an effect on the Indian farmers.

### Product Performance

The Company's feed developed for Vannamei shrimp continues to have the acceptance of the farmers.

During the current year, shrimp feed sales of the company, in terms of Quantity, achieved an increase of 82 % over the previous year.

### Outlook

India's Large coastline which is suitable for shrimp farming has the potential to make India amongst the largest producers of Shrimp's in the world.

The gradual recovery of US economy is a good sign for the Industry as well as the company as USA is a major importer of Indian Shrimp. Recovery of Japanese Economy will have a positive impact on our industry.

### Internal Control System

The Company has adequate Internal control systems and procedures, with regard to all activities of the company including purchase of raw materials, stores and spares and to ensure that the assets are safeguarded and accounted for. The internal control is supplemented by an extensive programme of internal audits, review by management, policies, and procedures.

The Audit Committee reviews the report of the internal auditor and their suggestions are implemented.

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## **Discussion on Financial Performance with respect to Operational Performance**

The Company's performance in financial year 2010-11 is given below:

- The company has achieved a Turnover of ₹ 461.80 million
- Profit after Tax is ₹ 6.87 million
- The diluted Earnings per share before Extraordinary item is i.e. ₹ 0.28
- The diluted Earnings per share after Extraordinary item is ₹ 0.28

### **Special Obligation**

The company has a technical team who continuously offer services to the farmers to adopt good farming practices.

The company provides bus facility to pick-up and drop school children from the nearby villages to their schools.

### **Human Resources/ Industrial relations**

The Employees relationship is cordial and the Directors wish to place on record their appreciation for their continued contribution to the Company.

The company also provides necessary training facility to enhance their skills and personal development.

The Statement in this Management discussion and analysis report detailing the Company's objectives, projections, estimates and expectations may be "Forward-looking statements" within the meaning of applicable security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting global and Indian demand /supply and the price conditions, in the domestic and overseas markets, material availability, climatic conditions, changes in the government regulations, tax laws and other statutes and other incidental factors.



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## AUDITOR'S REPORT

### The Members of The Waterbase Limited

We have audited the attached Balance Sheet of The Waterbase Limited, as at 31<sup>st</sup> March, 2011 and the Profit and Loss account and the Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we are giving in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read with significant Accounting Policy and Notes on Accounts as referred in Schedule 19 comply with the Accounting Standards referred to in sub-section (3c) of section 211 of the Companies Act, 1956.
- (e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Notes in Schedule 19 gives the information required by the Companies Act, 1956 (as amended) in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - (iii) In the case of the cash Flow Statement, of the cash flows for the year ended on that date.

For **MITRA KUNDU & BASU**  
*Chartered Accountants*  
*Firm Regn. No. 302061E*

**SIBAJI DAS**  
*Partner*  
*Membership No. 051391*

New Delhi, July 18, 2011

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**ANNEXURE TO THE AUDITOR'S REPORT**  
**(referred to in paragraph 3 of our report of even date)**

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancy was noticed during such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory of the Company has been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to Companies, firms, or other parties covered in the register maintain under section 301 of the Companies Act, 1956. Consequently, clause (iii) (b); (c) & (d) of paragraph 4 of the order are not applicable.  
In respect of loans, secured or unsecured taken by the Company from companies, firms or other parties covered in the register maintain under section 301 of the Companies Act, 1956. According to the information and explanations given to us:
  - (b) The Company has taken loan of ₹ 630 lakhs as covered in the register maintained under section 301 of the Companies Act, 1956. At the year end, the outstanding balance of such loan is ₹ 630 lakhs and the maximum amount outstanding during the year is ₹ 630 lakhs.
  - (c) The rate of interest and other terms and conditions of such loan taken are, in our opinion, prima-facie not prejudicial to the interest of the Company.
  - (d) The principal amount is not due for repayment and the Company has been regular in payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for sale of goods and services. Further, on the basis of our examinations, and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weakness in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts of arrangements referred to in section 301 of the Act, has been entered in the register required to maintain under the section.
  - (b) In our opinion and according to the information and explanations given to us, for sale of goods made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act and exceeding the value of ₹ 5.00 lakhs in respect of any party during the year, the transaction have been made on prices which are prima-facie reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits under the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) To the best of our knowledge, the Central Government has not prescribed the maintenance of



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cost records by the Company under section 209 (1) (d) of the Companies Act, 1956 for any of its products.

- (ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues with the appropriate authorities and no undisputed amounts payable in respect of the aforesaid dues are outstanding as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date of becoming payable.
- (b) According to the records of the Company and the information and explanations given to us, there are no disputed dues on account of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess matters that have not been deposited.
- (x) The Company has made profits during the financial year ended 31<sup>st</sup> March 2011, the Company incurred a cash loss in the immediately preceding financial year and has an accumulated loss as at 31<sup>st</sup> March 2011, this loss is less than 50% of its net worth.
- (xi) In our opinion and according to the explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provision of any special statute as specified under paragraph (xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not a dealer or trader in securities.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xvii) Based on information and explanations given to us and on overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for a long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The Company has not issued any debentures during the period covered by our report.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **MITRA KUNDU & BASU**  
*Chartered Accountants*  
*Firm Regn. No. 302061E*

**SIBAJI DAS**  
*Partner*  
*Membership No. 051391*

New Delhi, July 18, 2011



## BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	Sch.No.	31st MARCH 2011 ₹	31st MARCH 2010 ₹
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS FUNDS</b>			
Share Capital	1	247,355,000	247,355,000
Reserves and Surplus	2	257,920,032	257,920,032
Secured Loans	3	169,652,093	196,515,242
Un Secured Loans		42,500,000	42,500,000
<b>TOTAL</b>		<b>717,427,125</b>	<b>744,290,274</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
<b>Gross Block</b>	4	532,692,595	531,193,162
Less: Depreciation		366,469,747	349,832,167
<b>Net Block</b>		<b>166,222,848</b>	181,360,995
<b>INVESTMENTS</b>			
<b>DEFERRED TAX ASSET</b>	5	3,770,400	1,270,400
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	296,004,026	445,425,159
Sundry Debtors	7	332,493,306	304,824,319
Cash and Bank Balances	8	103,375,420	76,060,777
Loans & Advances	9	169,928,400	161,194,560
		<b>901,801,152</b>	987,504,815
<b>Less: Current Liabilities &amp; Provisions</b>	10	<b>418,966,640</b>	491,810,730
<b>Net Current Assets</b>		<b>482,834,512</b>	495,694,085
Profit and Loss Account		29,197,197	36,074,114
<b>TOTAL</b>		<b>717,427,125</b>	<b>744,290,274</b>

### Notes on Accounts 19

Note: Schedules 1 to 10 & 19 referred to above form an integral part of the Accounts

For and on behalf of the Board

As per our report of even date

**Vikram M Thapar**  
Chairman

**Anil Kumar Bhandari**  
Director

For **MITRA KUNDU & BASU**  
Chartered Accountants  
Firm Regn. No. 302061E

**Ashok Nanjapa**  
Chief Executive

**Suguna Krishnamurthy**  
Company Secretary

**Sibaji Das**  
Partner  
Membership No. 051391

New Delhi, July 18, 2011



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

PARTICULARS	Sch. No.	31st MARCH 2011 ₹	31st MARCH 2010 ₹
<b>SOURCES OF FUNDS</b>			
<b>INCOME:</b>			
Sales & Services	11	461,801,333	276,323,110
Other Income	12	8,655,311	15,480,898
Increase/(Decrease) in Stocks	13	1,623,143	(5,961,123)
<b>TOTAL</b>		<b>472,079,787</b>	<b>285,842,885</b>
<b>EXPENDITURE:</b>			
Manufacturing Expenses	14	330,399,937	196,249,578
Payment & Provisions for Employees	15	40,804,894	34,929,802
Other Expenditure	16	14,934,556	29,818,997
Selling Expenses	17	38,466,482	23,036,160
Interest & Finance Charges	18	23,248,544	22,813,188
Depreciation		23,378,823	23,104,974
<b>TOTAL</b>		<b>471,233,236</b>	<b>329,952,699</b>
<b>Profit/(Loss) Prior to Extraordinary Item</b>		<b>846,551</b>	(44,109,814)
Exceptional Item - Profit on Sale of Assets		518,880	4,188,656
<b>Profit/(Loss) before tax</b>		<b>1,365,431</b>	(39,921,158)
Provision for - Deferred Tax		(5,511,486)	(3,847,044)
<b>Profit/(Loss) after tax for the year</b>		<b>6,876,917</b>	(36,074,114)
Loss b/f from Balance Sheet		(36,074,114)	-
Loss carried forward to Balance Sheet		(29,197,197)	(36,074,114)

### Notes on Accounts 19

Note: Schedules 11 to 18 & 19 referred to above form an integral part of the Accounts

For and on behalf of the Board

As per our report of even date

**Vikram M Thapar**  
Chairman

**Anil Kumar Bhandari**  
Director

For **MITRA KUNDU & BASU**  
Chartered Accountants  
Firm Regn. No. 302061E

**Ashok Nanjapa**  
Chief Executive

**Suguna Krishnamurthy**  
Company Secretary

**Sibaji Das**  
Partner  
Membership No. 051391

New Delhi, July 18, 2011





## SCHEDULES FORMING PART OF THE ACCOUNTS

PARTICULARS	31st MARCH 2011		31st MARCH 2010	
		₹		₹
<b>SCHEDULE 1 : SHARE CAPITAL</b>				
<b>Authorised</b>				
35,000,000 (PY 50,000,000) Equity Shares of ₹ 10/- each	350,000,000		500,000,000	
15,00,000 (PY NIL) Preference Shares of ₹ 100/- each	<u>150,000,000</u>	<b>500,000,000</b>	-	500,000,000
<b>Issued, Subscribed and paid up</b>				
24,735,500 Equity Shares (PY 24,735,500 Shares) of ₹ 10/- each, fully paid up in cash		<b>247,355,000</b>		247,355,000
<b>TOTAL</b>		<b><u>247,355,000</u></b>		<b><u>247,355,000</u></b>
<b>SCHEDULE 2 : RESERVES AND SURPLUS</b>				
<b>Securities Premium Account</b>				
Balance in Securities Premium Account		<b>117,349,276</b>		117,349,276
<b>Revaluation Reserve</b>				
Revaluation Reserve	<b>11,036,498</b>		11,342,246	
Less : On Sale of Land	<u>191,602</u>	<b>10,844,896</b>	<u>305,748</u>	11,036,498
<b>General Reserve</b>				
Opening Balance	<b>129,534,258</b>		129,228,510	
Add : Transfer from Revaluation Reserve on Land	<u>191,602</u>	<b>129,725,860</b>	<u>305,748</u>	129,534,258
<b>TOTAL</b>		<b><u>257,920,032</u></b>		<b><u>257,920,032</u></b>
<b>SCHEDULE 3 : SECURED LOAN</b>				
Term Loans		<b>20,500,000</b>		20,500,000
From Banks		<b>149,152,093</b>		176,015,242
<b>TOTAL</b>		<b><u>169,652,093</u></b>		<b><u>196,515,242</u></b>
Unsecured Loan		<b>42,500,000</b>		42,500,000

(a) The Term Loans are secured by a first mortgage and charge on all immovable assets of the Company both present and future, ranking pari-passu with charges created in favour of Banks.

(b) Loans from banks are secured by way of Hypothecation of stocks of movable assets such as raw materials, work in progress, stores and spares and consumables both present and future, and a first charge on the fixed assets ranking pari-passu with term loan lenders.



*Schedules forming part of the Accounts (Continued...)*

**SCHEDULE 4 : FIXED ASSETS**

In Rupees

S. NO.	PARTICULARS	GROSS BLOCK					DEPRECIATION				NET BLOCK		
		COST AS AT 1-Apr-10	ADDITIONS FOR THE YEAR	ADDITION ON REVALUATION	DELETION FOR THE YEAR	DELETION ON REVALUATION	COST AS AT 31-Mar-11	AS AT 1-Apr-10	Depn. for the YR 10-11	On Deletion	AS AT 31-Mar-11	AS AT 31-Mar-11	AS AT 31-Mar-10
1	LAND	12,024,300	-	0	15,198	191,602	11,817,500	0	0	0	0	11,817,500	12,024,300
2	BUILDINGS	100,785,402	143,896	-	0	-	100,929,298	45,122,385	3,015,369	0	48,137,756	52,791,542	55,663,014
3	PONDS AND RESERVOIRS	2,123,984	0	-	0	-	2,123,984	243,040	34,621	0	277,661	1,846,323	1,880,945
4	PLANT AND MACHINERY	379,943,356	9,706,745	-	3,512,122	-	386,137,979	288,878,837	18,232,730	3,512,122	303,599,444	82,538,534	91,064,521
5	FURNITURE AND FIXTURES	11,633,338	55,500	-	0	-	11,688,838	7,086,768	658,002	0	7,744,770	3,944,068	4,546,569
6	VEHICLES	18,638,018	1,817,660	-	5,588,460	-	14,867,218	8,501,137	1,438,101	3,229,122	6,710,116	8,157,102	10,136,841
	<b>SUB TOTAL</b>	<b>525,148,399</b>	<b>11,723,801</b>	<b>0</b>	<b>9,115,780</b>	<b>191,602</b>	<b>527,564,857</b>	<b>349,832,167</b>	<b>23,378,823</b>	<b>6,741,244</b>	<b>366,469,747</b>	<b>161,095,070</b>	<b>175,316,189</b>
7	CAPITAL WORK IN PROGRESS	6,044,763	9,565,171	-	10,482,196	-	5,127,738	0	0	0	0	5,127,738	6,044,763
	<b>TOTAL</b>	<b>531,193,162</b>	<b>21,288,972</b>	<b>0</b>	<b>19,597,976</b>	<b>191,602</b>	<b>532,692,595</b>	<b>349,832,167</b>	<b>23,378,823</b>	<b>6,741,244</b>	<b>366,469,747</b>	<b>166,222,848</b>	<b>181,360,995</b>
	PREVIOUS YEAR	528,298,825	4,901,280	0	1,701,234	305,748	531,193,162	326,838,521	23,104,974	111,327	349,832,167	181,360,995	201,460,304

Note : During the year 2008-09 the land was revalued by ₹ 106.03 millions, out of which ₹ 95 millions was adjusted on sale of land in that year and after adjustment of subsequent land sale the revaluation reserve balance stands at 10.84 millions.

PARTICULARS	31st MARCH 2011	31st MARCH 2010
	₹	₹

**SCHEDULE 5 : INVESTMENTS (AT COST)**

Trade - Unquoted

- Shares in Moana Technologies India Pvt Ltd (12704 Equity Shares of ₹ 100/- each fully paid)	<b>1,270,400</b>	1,270,400
- Gourmet Delicatessens Ltd (2,50,000 Equity Shares of ₹ 10/- each fully paid)	<b>2,500,000</b>	-
<b>TOTAL</b>	<b>3,770,400</b>	<b>1,270,400</b>

**SCHEDULE 6 : INVENTORIES**

(As valued and certified by the Management)

Consumable Stores	<b>12,368,046</b>	9,245,940
Raw Materials	<b>54,058,040</b>	208,224,420
Process Stock	<b>55,797,984</b>	37,192,746
Finished Goods	<b>173,779,956</b>	190,762,053
<b>TOTAL</b>	<b>296,004,026</b>	<b>445,425,159</b>



*Schedules forming part of the Accounts (Continued...)*

<b>PARTICULARS</b>	<b>31st MARCH 2011</b>	<b>31st MARCH 2010</b>
	<b>₹</b>	<b>₹</b>
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>		
Unsecured considered good		
- Debts Outstanding Exceeding Six Months	<b>204,794,331</b>	223,534,958
- Other debts (Up to Six Months)	<b>127,698,975</b>	81,289,361
<b>TOTAL</b>	<b><u>332,493,306</u></b>	<b><u>304,824,319</u></b>
<b>SCHEDULE 8 : CASH AND BANK BALANCES</b>		
Cash & Cheques on hand	<b>1,017,444</b>	843,560
With Scheduled Banks - Current Account	<b>5,928,982</b>	3,005,820
Deposits	<b>68,000,000</b>	48,000,000
Margin Money	<b>28,428,994</b>	24,211,397
<b>TOTAL</b>	<b><u>103,375,420</u></b>	<b><u>76,060,777</u></b>
<b>SCHEDULE 9 : LOANS &amp; ADVANCES</b>		
(Unsecured)		
Advances/Deposits recoverable in cash or in kind or for value to be received		
- Considered good	<b>155,028,897</b>	146,248,193
- Considered doubtful	<b>825,043</b>	1,100,079
	<b>155,853,940</b>	147,348,272
Balances with Excise & Sales Tax Dept.	<b>3,255,469</b>	2,851,403
Advance Payment of Tax - Fringe Benefit Tax	<b>4,653,507</b>	4,653,507
Tax Deducted at Source	<b>6,165,484</b>	6,341,378
<b>TOTAL</b>	<b><u>169,928,400</u></b>	<b><u>161,194,560</u></b>
<b>SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities:</b>		
Acceptances	<b>87,203,923</b>	70,784,723
Sundry Creditors - Trade Creditors	<b>24,617,935</b>	7,954,014
- Others	<b>216,279,334</b>	328,490,893
	<b>240,897,269</b>	336,444,907
Advances received from customers and employees	<b>56,954,552</b>	53,510,930
<b>Provisions:</b>		
Interest Accrued but not due on Loans	<b>20,990,389</b>	19,736,169
Provision for Fringe Benefit Tax	<b>4,653,507</b>	4,653,507
Provision for Employee Benefit	<b>8,267,000</b>	6,680,494
<b>TOTAL</b>	<b><u>418,966,640</u></b>	<b><u>491,810,730</u></b>



**Schedules forming part of the Accounts (Continued...)**

PARTICULARS	31st MARCH 2011 ₹	31st MARCH 2010 ₹
<b>SCHEDULE 11: SALES &amp; SERVICES</b>		
Sales - Export	14,234,112	26,527,778
- Domestic	443,879,418	246,305,684
Services	3,687,803	3,489,648
<b>TOTAL</b>	<b><u>461,801,333</u></b>	<b><u>276,323,110</u></b>
<b>SCHEDULE 12: OTHER INCOME</b>		
Interest on Margin Money with banks	2,670,367	4,633,054
Consultancy Income	210,734	453,309
Scrap Sales	1,255,394	1,271,211
Anti Dumping Duty Refund	4,518,816	9,123,324
<b>TOTAL</b>	<b><u>8,655,311</u></b>	<b><u>15,480,898</u></b>
<b>SCHEDULE 13: INCREASE/(DECREASE) IN STOCKS</b>		
<b>Opening Stock:</b>		
Work in Process	37,192,746	5,167,979
Finished goods	190,762,051	228,747,941
<b>TOTAL</b>	<b><u>227,954,797</u></b>	<b><u>233,915,920</u></b>
<b>Closing Stock :</b>		
Work in Process	55,797,984	37,192,746
Finished goods	173,779,956	190,762,051
<b>TOTAL</b>	<b><u>229,577,940</u></b>	<b><u>227,954,797</u></b>
<b>INCREASE/(DECREASE)</b>	<b>1,623,143</b>	<b>(5,961,123)</b>
<b>SCHEDULE 14 : MANUFACTURING EXPENSES</b>		
Raw Materials Consumed	263,671,141	154,216,009
Procured Shrimps/Crabs	16,587,634	10,760,410
Repairs and Maintenance		
- Buildings and Others	2,952,082	2,829,250
- Equipment	2,988,823	5,940,905
Processing Charges	5,197,547	1,322,996
Power and Utilities	16,489,192	4,152,246
Consumables and Stores Consumed	15,547,528	4,531,917
Other Manufacturing Expenses	2,817,783	10,618,170
Insurance	4,148,207	6,558,189
<b>TOTAL</b>	<b><u>330,399,937</u></b>	<b><u>3,863,601</u></b>
<b>TOTAL</b>	<b><u>196,249,578</u></b>	
<b>SCHEDULE 15: PAYMENTS AND PROVISIONS FOR EMPLOYEES</b>		
Salaries, Wages, Bonus & Gratuity	33,377,708	29,887,268
Contribution to Provident and Superannuation Fund	2,450,070	2,482,424
Staff Welfare Expenses	4,977,116	2,560,110
<b>TOTAL</b>	<b><u>40,804,894</u></b>	<b><u>34,929,802</u></b>



**Schedules forming part of the Accounts (Continued...)**

<b>PARTICULARS</b>	<b>31st MARCH 2011</b>	<b>31st MARCH 2010</b>
	<b>₹</b>	<b>₹</b>
<b>SCHEDULE 16: OTHER EXPENDITURE</b>		
Rent	1,881,545	1,537,193
Rates & Taxes	660,544	234,118
Payment to Auditors:		
Audit Fees	137,875	137,875
Tax Audit Fees	27,575	27,575
Reimbursement of Expenses	11,495	9,945
	<u>176,945</u>	<u>175,395</u>
Bad Debts	-	16,062,770
Loss on Retired / Sale of Fixed Assets	824,907	-
Travelling Expenses	1,900,495	2,675,732
Lease Rentals	45,000	363,240
Vehicle Maintenance	2,384,482	1,903,603
Business Communication Costs	755,652	841,459
Miscellaneous Expenses	2,152,826	2,379,194
Secretarial Expenses	919,010	873,473
Consultancy Charges	1,986,976	1,520,605
Advertisement	3,700	44,010
Legal and other Professional Charges	1,242,474	1,208,205
<b>TOTAL</b>	<b><u>14,934,556</u></b>	<b><u>29,818,997</u></b>
<b>SCHEDULE 17: SELLING EXPENSES</b>		
Discount on Sales	30,030,780	16,524,930
Freight Outward	1,178,314	1,148,987
Insurance	975	1,110
Anti Dumping Duty	-	202,307
Others	7,256,413	5,158,826
<b>TOTAL</b>	<b><u>38,466,482</u></b>	<b><u>23,036,160</u></b>
<b>SCHEDULE 18: INTEREST &amp; FINANCE CHARGES</b>		
<b>Interest on :</b>		
Fixed Loans	5,100,000	5,100,000
Others	14,391,827	13,485,300
	<u>19,491,827</u>	<u>18,585,300</u>
Less: Interest Received	600,000	1,030,020
<b>Net Interest</b>	<b>18,891,827</b>	<b>17,555,280</b>
<b>Bank Charges</b>	<b>4,356,717</b>	<b>5,257,908</b>
<b>TOTAL</b>	<b><u>23,248,544</u></b>	<b><u>22,813,188</u></b>



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*Schedules forming part of the Accounts (continued)*

**Schedule - 19**

**NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

- (a) **Accounting Convention:** The Financial Statements are prepared under the historical cost convention, in accordance with the Generally Accepted Accounting Principles and the provisions of the Companies Act 1956. The preparation of Financial Statements requires estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities and assets as at the Balance sheet date and the reported amounts of income and expenses during the year. Differences between the actual results and estimation are recognized in the year in which the results are known / materialized.
- (b) **Revenue Recognition:** The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties.
- (c) **Fixed Assets:** Fixed Assets are stated at cost of acquisition / revaluation.
- (d) **Depreciation:** Depreciation on fixed assets has been provided on straight line method as per the rates prescribed in Schedule XIV of the Companies Act 1956, as amended.
- (e) **Inventories:** Inventories are valued at the lower of cost (Raw materials and Stores determined on Weighted Average Basis) or net realizable value, whichever is lower.
- (f) **Foreign Currency:** Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign Currency monetary assets and liabilities are translated at the year-end exchange rate. Exchange differences arising on settlement of transaction and translation of monetary items are recognized as income or expense in the year in which they arise.
- (g) **Investment:** Long-term investments are carried at cost less provision, if any for permanent diminution in value of such investments.
- (h) **Employee Benefits:**
- (i) In the case of defined contribution plans such as Provident Fund etc., the Company's contribution to these plans are charged to Profit and Loss Account as incurred.
  - (ii) Liability for Defined benefit plans is provided on the basis of valuations as at the Balance Sheet date, carried out by an actuary using the Projected Unit credit method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account.
- (i) **Taxes on income:** Taxes on income for the current period are determined on the basis of taxable income and tax credits computed in accordance with provision of the Income Tax Act, 1961. Deferred tax is recognized for all timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (j) **Impairment of Assets:** The carrying amounts of Assets are reviewed at each balance sheet date if there is any indication of impairment based on internal /external factors. An asset / cash-generating unit is treated as impaired when the carrying cost of assets exceeds its recoverable

value. An impairment loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

## 2. EXPORT INCENTIVES

Export Sale includes DEPB benefits on to the extent of ₹ 1.64 million (Previous year ₹ 3.53million).

## 3. CONTINGENT LIABILITIES

₹. Millions

	<u>2010-11</u>	<u>2009-10</u>
a) Guarantees given by Bank on behalf of the Company and Outstanding	52.69	52.69

b) Interest on dues to Canara Bank has not been provided as the settlement is under negotiation and hence not quantifiable.

## 4. MANAGER'S REMUNERATION :

₹ Millions

Particulars	2010-11	2009-10
a. Salary / Incentive	2.02	1.92
b. Contribution to PF & Superannuation Funds	0.32	0.32
<b>Total</b>	<b>2.34</b>	<b>2.24</b>

5. (a) Accounting standard in respect of Segment reporting is not applicable to the Company as the operations of the Company is in the nature of an integrated system of function.

(b) Information about Secondary Segments : Geographical Revenue by Geographical Market

₹ Millions

Particulars	2010-11	2009-10
India	447.57	249.79
Outside India	14.23	26.53
<b>Total</b>	<b>461.80</b>	<b>276.32</b>

## 6. Related Party Disclosure :

(a) Key Management Personnel :

(i) The Key management person is Mr. Ashok Nanjapa, Chief Executive. Remuneration paid to him including perquisites is 2.34 mn. (PY 2.24 mn.)

(ii) Transaction with relatives of key management personal - Nil.

(b) Associates

(i) **Gourmet Delicatessens Ltd.**

**Investments in the equity share of above Company - Rs. 2.50 mn. Goods sold ₹ 1.75 mn. (PY ₹ 2.05 mn) and the outstanding balance as on 31.3.2011 in Rs. 0.34 mn.**

(ii) India City Properties Limited

Have advanced secure term loan of ₹ 20.5 mn. (PY ₹ 20.5 mn.)

(iii) Towerbase Service Private Ltd.

Have advanced unsecured loan of ₹ 42.50 mn. (PY ₹ 42.50 mn.) interest paid ₹ 5.10 mn. (PY ₹ 5.10 mn.)

7. The Company has not received any memorandum ( as required to be filed by the suppliers with the notified authority under the Micro, Small & Enterprises Development Act, 2006) claiming their status as on 31<sup>st</sup> March, 2011 as micro small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.

8.

9. **Provident Fund :** The Company has no further obligation beyond making the contribution.

Net Deferred Tax Asset represents timing difference in depreciation of ₹ 4.99 Mn and provision for Employees benefit of ₹ 0.53 Mn.



**10. Employee Benefits:** In case of defined contribution plans, the companies contribution are charged to Profit and Loss Account since the Company has no further obligation beyond making the contribution.

In case of defined benefit plans the actuarial gain and losses arising on actuarial valuation based on projected unit credit method are charged to Profit and loss account.

**Consequent upon adopting accounting standard on Employee benefits the following disclosures are made. Reconciliation of Opening and closing balances of the present value of the defined benefit obligation**

Particulars	2010-11		2009-10	
	Gratuity (unfunded) (₹ Million)	Leave encashment (unfunded) (₹ Million)	Gratuity (unfunded) (₹ Million)	Leave encashment (unfunded) (₹ Million)
Obligation at period beginning	5.22	1.46	5.04	1.46
Current Service Cost	0.52	0.15	0.40	0.14
Interest Cost	0.36	0.10	0.35	0.10
Actuarial gain (+) / loss (-)	(0.45)	(0.73)	(0.33)	(0.04)
Benefits paid	0.95	0.68	(0.24)	(0.21)
<b>Obligations at the year end (March, 31)</b>	<b>6.61</b>	<b>1.66</b>	<b>5.22</b>	<b>1.45</b>

**Cost for the Year**

Current service Cost	0.52	0.15	0.40	0.14
Interest cost	0.36	0.10	0.35	0.10
Actuarial ( gain)/loss	(0.45)	(0.73)	(0.33)	(0.04)
<b>Net Cost recognised in the Profit and Loss Account</b>	<b>0.43</b>	<b>(0.48)</b>	<b>0.42</b>	<b>0.20</b>

**Assumptions used to determine the benefit obligations:**

Interest Rate	7%	7%	7%	7%
Expected Rate of increase in salary	4%	4%	4%	4%

**11. Particulars in respect of goods manufactured and installed capacities.**

The provisions of Industries (Development and Regulation) Act, 1951 relating to licenced capacities are not applicable to the Company. The installed capacity is 1712 tonnes of processed prawns (from integrated Farm including hatchery, Feed Mill and Processing Unit), on Single shift basis, as approved by the Government of India.



## 12. Particulars in respect of Production, Sales and Closing Stock of Finished Goods.

### (a) Production and Sales

₹ Millions

Class of Goods	Unit of Qty.	Production (Qty.)		Sales			
		2010-11	2009-10	2010-11		2009-10	
				Qty.	Value	Qty.	Value
Feed	MT	<b>10035.544</b>	5588.956	<b>10010.260</b>	<b>416.37</b>	5485.510	225.44
Processed Prawns	MT	<b>24.721</b>	55.967	<b>31.337</b>	<b>11.55</b>	74.345	21.89
Shoft ShellCrab	MT	<b>17.582</b>	19.587	<b>14.392</b>	<b>7.12</b>	21.517	12.06
Crab Cake	MT					8.048	6.25
Claw meat	MT				<b>0.23</b>	0.921	0.14
Others	MT				<b>26.53</b>		10.54
<b>Total</b>					<b>461.80</b>		276.32

(i) Feed sales excludes internal consumption 71.720 MT, (PY 10.075)

(ii) Other sales includes own farm output.

### (b) Opening and Closing Stock of Finished Goods

₹ Millions

Class of Goods	Unit of Qty.	Opening Stock				Closing Stock			
		2010-11		2009-10		2010-11		2009-10	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Feed	MT	<b>167.707</b>	<b>4.30</b>	74.336	1.76	<b>121.271</b>	<b>3.63</b>	167.707	4.30
Processed Prawns	MT	<b>474.536</b>	<b>183.32</b>	492.914	218.18	<b>467.920</b>	<b>165.97</b>	474.536	183.32
S S Crab	MT	<b>7.028</b>	<b>3.09</b>	8.958	2.99	<b>10.218</b>	<b>4.85</b>	7.028	3.09
Crab Cake	MT	<b>0.080</b>	<b>0.05</b>	8.128	5.82	<b>0.080</b>	<b>0.05</b>	0.080	0.05
<b>TOTAL</b>			<b>190.76</b>		228.75		<b>174.50</b>		190.76

## 13. Analysis of Raw Materials consumed

₹ Millions

Particulars	Unit	2010-11		2009-10	
		Qty.	Value	Qty.	Value
Fish/Shrimp Shell Meal	MT	<b>1793.008</b>	<b>82.70</b>	1408.657	53.88
Wheat/Soya Flour	MT	<b>3582.554</b>	<b>94.09</b>	1671.461	44.06
Premixes	MT	<b>35.146</b>	<b>7.69</b>	30.169	6.63
Raw / Processed Shrimps - Head on/Headless		-	<b>12.28</b>	-	9.97
SS crab / crab		-	<b>4.31</b>	-	4.71
Others		-	<b>79.19</b>	-	45.74
<b>TOTAL</b>			<b>280.26</b>		164.98



**14. Value of imported and indigenous materials consumed and the percentage of each to the total consumption.**

₹ Millions

Particulars	2010-11		2009-10	
	Value	%	Value	%
Raw materials, Stores & Consumables				
- Imported	4.08	1.45	6.50	3.94
- Indigenous	276.18	98.55	158.47	96.06
<b>TOTAL</b>	<b>280.26</b>	<b>100.00</b>	164.98	100.00

₹ Millions

2010-11                      2009-10

**15. Value of Imports on CIF basis**

(a) Raw materials	7.85	5.16
(b) Spares	3.57	2.79

**16. Expenditure in Foreign Currency**

(a) Travelling expenses	0.27	0.71
(b) Subscription	0.10	0.03
(c) Insurance	0.00	0.06

**17. Earnings in Foreign exchange**

FOB value of Exports	11.89	22.27
Services	0.00	0.38

**18. Earnings Per Share (EPS)**

Profit after Tax but before Extraordinary item	6.88	(36.07)
Profit after Tax- For Diluted EPS	6.88	(36.07)
Number of Equity shares for		
Basic EPS and diluted EPS (Nos)	24,735,500	24,735,500
Nominal Value of Ordinary Shares (₹)	10.00	10.00
Basic Earnings per Ordinary Share (₹)	0.28	(1.46)
Diluted Earnings per Ordinary Share (₹)	0.28	(1.46)

**19.** Figures for the previous year have been regrouped wherever necessary. Previous years figures are indicated in brackets.

For and on behalf of the Board

As per our report of even date

**Vikram M Thapar**  
Chairman

**Anil Kumar Bhandari**  
Director

For **MITRA KUNDU & BASU**  
Chartered Accountants  
Firm Regn. No. 302061E

**Ashok Nanjapa**  
Chief Executive

**Suguna Krishnamurthy**  
Company Secretary

**Sibaji Das**  
Partner  
Membership No. 051391

New Delhi, July 18, 2011



**CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2011**

₹ Millions

PARTICULARS	2010-11		2009-10	
	Amount	Amount	Amount	Amount
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit Before Tax as per Profit and Loss Account		1.37		(39.92)
<b>Adjustment for:</b>				
Depreciation	23.38		23.10	
Depreciation reserve on deleted Assets	(0.19)		(0.11)	
General Reserve/P&L A/c	6.88		(157.03)	
Interest/Other Income/Net profit on Sale of Assets	(0.52)		(4.19)	
Interest Expenses	18.89	48.44	17.56	(120.67)
<b>Operating profit before Working Capital</b>		49.80		(160.59)
<b>Changes and other adjustments:</b>				
<b>Adjustment for:</b>				
Trade and Other Receivables	(37.11)		117.64	
Inventories	1.62		5.96	
Trade Payables	9.75	(25.74)	44.14	167.74
Cash generated from Operating activities		24.07		7.15
Taxes Paid/ Provided		(5.51)		3.85
<b>Net Cash from Operating Activites</b>		29.58		11.00
<b>B. Cash Flow From Investing Activities :</b>				
Addition to Fixed Assets		(10.62)		(3.05)
Deletion from Fixed Assets		9.12		0.09
Interest on Investments		2.50		0.00
<b>Net Cash Increase/Decrease in Investing Activities</b>		1.00		(2.96)
<b>C. Cash Flow From Financing Activities :</b>				
Working Capital Loans		(26.86)		5.72
Long Term Borrowings		42.50		0.00
Interest Payments		(18.89)		(17.56)
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>		(3.25)		(11.84)
<b>Opening Cash and Cash equivalents</b>		76.06		79.86
<b>Closing Cash and Cash equivalents</b>		103.38		76.06

Note : Previous Year figures have been regrouped wherever necessary.

For and on behalf of the Board

As per our report of even date

**Vikram M Thapar**  
Chairman

**Anil Kumar Bhandari**  
Director

For **MITRA KUNDU & BASU**  
Chartered Accountants  
Firm Regn. No. 302061E

**Ashok Nanjapa**  
Chief Executive

**Suguna Krishnamurthy**  
Company Secretary

**Sibaji Das**  
Partner  
Membership No. 051391

New Delhi, July 18, 2011



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. 

		1	8	4	3	6
--	--	---	---	---	---	---

 State Code 

	0	1
--	---	---

Balance Sheet Date 

3	1
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0	3
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2	0	1	1
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Date                      Month                      Year

### II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	Rights Issue														
<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									
Bonus Issue	Private Placement														
<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>					N	I	L
				N	I	L									
				N	I	L									

### III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total liabilities	Total Assets																
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>4</td><td>1</td><td>8</td><td>9</td><td>6</td><td>6</td></tr></table>			4	1	8	9	6	6	<table border="1" style="width: 100%;"><tr><td></td><td></td><td>9</td><td>0</td><td>1</td><td>8</td><td>0</td><td>1</td></tr></table>			9	0	1	8	0	1
		4	1	8	9	6	6										
		9	0	1	8	0	1										

#### Source of funds

<i>Paid-up Capital</i>	<i>Reserves and Surplus</i>																
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>2</td><td>4</td><td>7</td><td>3</td><td>5</td><td>5</td></tr></table>			2	4	7	3	5	5	<table border="1" style="width: 100%;"><tr><td></td><td></td><td>2</td><td>5</td><td>7</td><td>9</td><td>2</td><td>0</td></tr></table>			2	5	7	9	2	0
		2	4	7	3	5	5										
		2	5	7	9	2	0										
<i>Secured Loans</i>	<i>Unsecured Loans</i>																
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>1</td><td>6</td><td>9</td><td>6</td><td>5</td><td>2</td></tr></table>			1	6	9	6	5	2	<table border="1" style="width: 100%;"><tr><td></td><td></td><td>4</td><td>2</td><td>5</td><td>0</td><td>0</td></tr></table>			4	2	5	0	0	
		1	6	9	6	5	2										
		4	2	5	0	0											
<i>Deferred Tax</i>	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L							
						N	I	L									
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			3	5	4	0	2										

#### Application of Funds

Net Fixed Assets	Investments																	
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		1	6	6	2	2	2											
				3	7	7	0											
Net Current Assets	Misc. Expenditure																	
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>4</td><td>8</td><td>2</td><td>8</td><td>3</td><td>4</td></tr></table>			4	8	2	8	3	4	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
		4	8	2	8	3	4											
						N	I	L										
Accumulated Losses																		
<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>2</td><td>9</td><td>1</td><td>9</td><td>7</td></tr></table>				2	9	1	9	7										
			2	9	1	9	7											

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including Other income)	Total Expenditure																
<table border="1" style="width: 100%;"><tr><td></td><td></td><td>4</td><td>7</td><td>0</td><td>4</td><td>5</td><td>6</td></tr></table>			4	7	0	4	5	6	<table border="1" style="width: 100%;"><tr><td></td><td></td><td>4</td><td>7</td><td>1</td><td>2</td><td>3</td><td>3</td></tr></table>			4	7	1	2	3	3
		4	7	0	4	5	6										
		4	7	1	2	3	3										
+ - Profit before Tax	+ - Profit after Tax																
<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>1</td><td>3</td><td>6</td><td>5</td></tr></table>				1	3	6	5	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>6</td><td>8</td><td>7</td><td>6</td></tr></table>				6	8	7	6		
			1	3	6	5											
			6	8	7	6											
Earnings per Share (Rs.)	Dividend Rate (%)																
<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td>0</td><td>.</td><td>2</td><td>8</td></tr></table>				0	.	2	8	<table border="1" style="width: 100%;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
			0	.	2	8											
						N	I	L									

### V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code. (ITC Code)	Product Description																									
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3	0	6	1	3	2	0																				
2	3	0	9	9	0	3	1																			
3	0	6	1	4	0	0																				
FROZEN SHRIMP																										
PRAWN FEED																										
S.S. CRAB																										



## THE WATERBASE LIMITED

Regd. Office : Ananthapuram Village, Nellore - 524 344

### Attendance Slip

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the 24th Annual General Meeting of the Company held on Friday, September 2, 2011 at 12.15 p.m. at Ananthapuram Village, Nellore - 524 344.

Folio No.

DP ID

Client ID

No. of Shares

.....  
SIGNATURE OF THE MEMBER OR PROXY

NAME OF THE MEMBER :

NAME OF THE PROXY :

*Note : Shareholder/Proxy attending the meeting is requested to hand over the Attendance Slip duly completed at the entrance of the meeting hall*



## THE WATERBASE LIMITED

Regd. Office : Ananthapuram Village, Nellore - 524 344

### PROXY FORM

I/We.....

Of ..... in the district of .....

being a member/members of The Waterbase Limited, hereby appoint.....

..... of .....

or failing him / her ..... of..... in

the district of ..... as my/our Proxy

to attend and vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held on Friday, September 2, 2011 at 12.15 p.m. at Ananthapuram Village, Nellore - 524 344 and at any adjournment thereof.

Signed this..... day of ..... 2011.

Folio No.

DP ID

Client ID

No. of Shares

SIGNATURE.....

Affix  
Re. 1.00  
Revenue  
Stamp

**Note : This Proxy Form must be deposited at the Registered Office of the Company at Ananthapuram Village, Nellore - 524 344, not less than 48 hours before the commencement of the meeting.**





## FOR YOUR KIND ATTENTION PLEASE

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has taken a “Green Initiative in Corporate Governance”. Companies can now send various notices and documents, including Annual Report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders.

It is a welcome move as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a greener environment. For this purpose, you are requested to furnish the following details:

Shareholder's Name	
Folio No. *	
DP ID	
Client ID	
E-mail address	
Phone No. (with STD Code) / Mobile No.	
Please convey your preference to receive the above in Electronic Form	YES /NO
Signature of the Shareholder	

\*Applicable for to investors holding shares in physical form.

This form duly filled-in and signed may please be sent to the Secretarial Department, The Waterbase Ltd, Chennai – 600 086. The details may also be sent through e-mail to the Company's e-mail address [investorcare\\_twl@waterbaseindia.com](mailto:investorcare_twl@waterbaseindia.com)

Thanking You

Yours faithfully

**FOR THE WATERBASE LTD.**

- Sd -

Company Secretary

HARVEST RAIN WATER

USE SOLAR ENERGY

PLANT A TREE

## Book Post

To

.....  
.....  
.....

If undelivered, please return to :



**THE WATERBASE LIMITED**

Post Box No. 4902

No. 22, Sadasivam Street (Off Lloyds Road)

Gopalapuram, Chennai - 600 086.