



THE WATERBASE LTD

ANNUAL REPORT 2009 – 2010



THE WATERBASE LIMITED

23rd Annual Report 2009 - 2010

CONTENTS	Page No.
Board of Directors	1
Notice	2
Directors' Report	5
Corporate Governance Report	8
Management Discussion and Analysis	14
Auditor's Report	16
Balance Sheet	19
Profit and Loss Account	20
Schedules to Accounts	21
Notes on Accounts	26
Cash Flow Statement	31
Balance Sheet Abstract	32

THE WATERBASE LIMITED



23rd Annual Report 2009 - 2010

BOARD OF DIRECTORS

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

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-third Annual General Meeting of the Company will be held on Monday, September 27, 2010 at 11.30 a.m. at the Registered Office of the Company at Ananthapuram Village, T P Gudur Mandal, Nellore - 524 344 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2010 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. Adarsh Saran who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Lt. Gen Deepak Summanwar 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 the following resolution as an ORDINARY RESOLUTION:
“RESOLVED that Ms. Ayesha Thapar who was appointed as Additional Director of the Company with effect from February 1, 2010 and who holds office upto the date of the forthcoming Annual General Meeting, in terms of Section 260 of the Companies Act 1956 (the Act) and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Act, proposing her 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 the following resolution as an ORDINARY RESOLUTION:
“RESOLVED that Mr. Nakul Kamani who was appointed as Additional Director of the Company with effect from February 22, 2010 and who holds office upto the date of the forthcoming Annual General Meeting, in terms of Section 260 of the Companies Act 1956 (the Act) 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.”
7. To consider and if thought fit, to pass the following resolution as a SPECIAL RESOLUTION:
“RESOLVED that the Authorised Share capital of the Company comprising of 5,00,00,000/- (Five crore) equity shares of Rs. 10/- each aggregating to Rs. 50,00,00,000/- (Rupees Fifty crore) be and is hereby reclassified into 3,50,00,000 (Three crore fifty lakhs) equity shares of Rs. 10/- (Ten) each and 15,00,000 (Fifteen lakhs) preference shares of Rs.100/- (One hundred) each aggregating to Rs. 50,00,00,000/- (Rupees Fifty crore).
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 Rs. 50,00,00,000/- (Rupees Fifty crores) divided into 5,00,00,000 (Five crores) equity shares of Rs. 10/- each" and by inserting the words :
“The Authorised Share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty crores) divided into 3,50,00,000/- (Three crore fifty lakhs) equity shares of Rs. 10/- (Ten) each and 15,00,000 (Fifteen lakhs) preference shares of Rs.100/- (One hundred) each.
9. To consider and if thought fit to pass the following resolution as a SPECIAL RESOLUTION:
“RESOLVED that the Articles of Association of the company be altered in the manner as follows:

Article 4 of the Company be altered by inserting the words.

“The Capital of the Company is Rs. 50,00,00,000 /- (Rupees fifty crores only) divided into :

- i) 3,50,00,000 (Three crore fifty lakhs) Equity shares of Rs. 10/- (Ten) each.
- ii) 15,00,000 (Fifteen Lakhs) Preference shares of Rs. 100/- (One Hundred) each”.

10. To consider and if thought fit to pass the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED that pursuant to Section 81(1A) and other applicable provisions if any of the Companies Act 1956 and any other law for the time being in force and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing agreement entered into by the Company with the Bombay Stock Exchange, and subject to any approvals or permissions required from SEBI and the Bombay Stock Exchange and subject to such conditions and modifications as may be prescribed by these authorities while granting such approvals and permissions as may be agreed to by the Board of Directors (hereinafter referred to as the Board), consent of the shareholders be and is hereby accorded to authorize the Board to offer, issue and allot from time to time, upto 15,00,000 (Fifteen lakh) Preference shares of face value of Rs. 100/- each, on a private placement basis to any person or persons as they may deem fit subject to the following terms and conditions:

1. The preference shares will be 7% Redeemable Cumulative Preference Shares of face value of Rs. 100/- each.
2. The preference shares will rank in priority to the equity shares for repayment of share capital and arrears of dividend in a winding up.
3. The preference shares will not confer a right to vote in Company's general meetings. They will not be entitled to further participate in surplus assets.
4. The preference shares will be redeemable at par at the option of the company by giving 3 (three) months notice on or before 20 (twenty) years from date of issue”

“RESOLVED FURTHER THAT the Board of Directors be authorized to do all such acts deeds and things in connection therewith and incidental thereto, that may be necessary and in its absolute discretion deemed fit and proper for the issue and allotment of the preference shares.”

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

Items No. 5 and 6

The Board of Directors appointed Ms. Ayesha Thapar and Mr. Nakul Kamani as Additional Directors of the Company with effect from February 1, 2010 and February 22, 2010 respectively pursuant to Section 260 of the Act and Article 103 of the Articles of Association. Under Section 260 of the Act, Ms. Ayesha Thapar and Mr. Nakul Kamani cease to hold office at this Annual General Meeting but are eligible for appointment as Directors. Notices under Section 257 of the Act have been received from members to propose their appointment as Directors.

Brief information of Ms. Ayesha Thapar and Mr. Nakul Kamani are given under the Corporate Governance section.

The Board recommends their appointment as Directors for acceptance by the members

None of the Directors except Ms. Ayesha Thapar and Mr. Nakul Kamani are interested or concerned in Item No. 5 and Item No. 6 respectively.

Item No. 7

The present authorized capital of the Company is Rs. 50 crores of equity share capital.

For the purpose of infusing funds into the company to finance capital expenditure and debt restructuring schemes, the Board of Directors have proposed to issue 7% Redeemable Cumulative Preference shares on a private placement basis.



Instead of increasing the Authorised capital of the company, your Board of Directors have thought it prudent to reclassify part of the existing authorised equity share capital to preference share capital.

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 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. 10

The Company plans to issue preference share capital on a private placement basis as and when the need to raise funds arises, upto Rs. 15 crore (Rupees Fifteen crores) on terms and conditions approved by the shareholders, for the business requirements of the Company.

The Directors recommend this resolution for your approval.

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

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

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

SUGUNA KRISHNAMURTHY

Company Secretary

New Delhi, August 3, 2010

Notes:

- 1. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member. The instrument appointing the Proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday September 22, 2010 to Monday, September 27, 2010 (both days inclusive).

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Accounts for the financial year ended 31st March, 2010.

Rs. Million

Particulars	Current Year	Previous Year
Gross Sales /Services	276.32	335.23
Operating Profit/(Loss) before Interest, Depreciation, Exceptional / Extra-ordinary item & Prior period Expenses & Tax	3.45	(175.42)
Profit/(Loss) after Tax, Extra-ordinary Item and Prior Period Adjustment.	(36.07)	10.46

OPERATIONS

The Operating loss after interest, depreciation, tax and exceptional/extraordinary item is Rs.36.07 million as against a profit of Rs.10.46 million in the previous year. The operating Profit before Interest, depreciation and exceptional/extraordinary Item in the current year is Rs.3.45 million as against a loss of Rs.175.42 million in the previous year.

The outlook for the year 2009-10 continued to be moderate. The global economic slowdown continued to affect the International demand for shrimps which in turn has also affected feed production.

Government of India had approved the farming of an exotic species called Vannamei which is widely exported by all the shrimp farming countries. The cost of production being lower Vannamei is preferred over Black Tiger which was the only species grown in India.

Government of India has specified that only those farms that have been licensed by Coastal Aquaculture Authority would be allowed to raise the new variety called the Vannamei shrimps which is a good step forward for the Industry. The process of licensing has commenced and it is hoped that most of the farms would be covered during the next financial year.

The initial result of the farming of this species has been very encouraging and it is hoped that this would be a good beginning for the Industry in the coming years.

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 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. Maneesh Mansingka resigned from the Board on April 8, 2010. The Board places on record its appreciation for the valuable contribution rendered by Mr. Mansingka during his tenure as Director of the Company.

Mr. Adarsh Saran and Lt.Gen Deepak Summanwar retire by rotation and offer themselves for reappointment at the ensuing Annual General Meeting.

Ms. Ayesha Thapar was appointed as Additional Director of the Company on February 1, 2010. She holds office till the forthcoming Annual General Meeting and being eligible offers herself for reappointment at the ensuing Annual General Meeting.

Mr. Nakul Kamani was appointed as Additional Director of the Company on February 22, 2010. He holds office till the forthcoming Annual General Meeting and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (1) In the preparation of the Annual Accounts for the financial year ended March 31, 2010, 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 loss of the Company for the year under review.
- (3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) The Directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

The Company has over the years been committed to good governance practices. A separate report on Corporate Governance together with Auditor's certificate regarding compliance of conditions of Corporate Governance under clause 49 of the listing agreement forms part of the Annual Report.

AUDITORS

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

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and support extended by the Government Authorities 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, August 3, 2010

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)

	2009-10	2008-09
1. Electricity		
a) Purchased: - Units(Kwh)	2392790	2568690
- Total Amount - Rs.	10255962	10176790
- Rate / Unit	4.29	3.96
b) Own Generation:		
i) Through Diesel Generator: - Units(Kwh)	18364	39011
- Total Amount - Rs.	275177	476219
- Rate / Unit	14.99	12.20
ii) Through Steam Turbine/Generator	NA	NA
2. Coal (Quality and where used)	NA	NA
3. Furnace Oil - Quality (K.Lts)	89.39	23.02
- Total Amount - Rs.	2870408	61072
- Average Rate - Rs.	32.11	26.53
4. Other / Internal Generation	NA	NA
Consumption per unit of production		
Electricity (Unit / MT)	423.60	468.39
Furnace Oil (Litres / MT)	15.71	10.98

FORM B

II. TECHNOLOGY ABSORPTION

A. Research and Development (R & D)

The company is constantly striving to improve its shrimp feed. Trials are being 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

	Rs. Million	
	2009-10	2008-09
Foreign Exchange Income (C & F)	23.69	86.45
Foreign Exchange Outgo	8.76	11.01

For and on behalf of the Board

New Delhi, August 3, 2010

Vikram M Thapar
Chairman



CORPORATE GOVERNANCE

Company's philosophy on code of governance:

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

Board of Directors:

a) Composition as on 31st March 2010 :

The strength of the Board has eight Directors. The Company has a Non-executive Chairman. All the directors are Non-executive directors. Four directors are Promoter directors. Four are Independent directors. During the year the Board has appointed one independent director and one promoter director. During the year, apart from the sitting fees paid for attending Board meetings, the Company has not had any pecuniary relationship with any of the directors.

b) Number of Board Meetings and dates on which held

During the year, four Board Meetings were held as follows: April 18,2009, July 27, 2009, October 28,2009 and January 29,2010

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	Yes	8	Nil	1
Mrs. Jyoti Thapar	Non Executive Promoter	3	No	4	Nil	1
Mr. Anil Kumar Bhandari	Non Executive Independent	3	No	3	Nil	Nil
Mr. Adarsh Saran	Non Executive Promoter	1	No	1	Nil	Nil
Mr. Maneesh Mansingka (resigned on April 8,2010)	Non Executive Independent	2	No	5	Nil	Nil
Lt. Gen Deepak Summanwar	Non Executive Independent	4	Yes	2	1	1
Mr. Nakul Kamani	Non Executive Independent	1	No	5	Nil	1
Ms. Ayesha Thapar	Non Executive Promoter	1	No	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.