

THE WATERBASE LTD

24th ANNUAL REPORT

2010 - 2011



THE WATERBASE LIMITED

24th Annual Report 2010 - 2011

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THE WATERBASE LIMITED



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, T P Gudur Mandal, Nellore - 524 344 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 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 as 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 may be 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.

- 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 |
|-----------|------------------------------|--------------------|----------------------------|
| A. | Promoter's holding | | |
| 1. | Promoters | 72,38,112 | 29.26 |
| | Sub-Total | 72,38,112 | 29.26 |
| B. | Non-Promoters Holding | | |
| a. | Private Corporate Bodies | | |
| b. | Indian Public | 17,497,388 | 70.74 |
| c. | NRIs/OCBs | | |
| d. | Any other (please specify) | | |
| | Sub-Total | 17,497,388 | 70.74 |
| | GRAND TOTAL | 24,735,500 | 100% |

Shareholding Pattern after the Preferential issue

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

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 (2 A) 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 (2 AA) 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