



# THE WATERBASE LTD

---

ANNUAL REPORT 2009 – 2010



# **THE WATERBASE LIMITED**

*23rd Annual Report 2009 - 2010*

| <b>CONTENTS</b>                              | <b>Page No.</b> |
|--|-----------------|
| 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  | <b>276.32</b>  | 335.23        |
| Operating Profit/(Loss) before Interest, Depreciation, Exceptional / Extra-ordinary item & Prior period Expenses & Tax | <b>3.45</b>    | (175.42)      |
| Profit/(Loss) after Tax, Extra-ordinary Item and Prior Period Adjustment.  | <b>(36.07)</b> | 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  |
|---|-----------------|----------|
| <b>1. Electricity</b>                     |                 |          |
| a) Purchased: - Units(Kwh)                | <b>2392790</b>  | 2568690  |
| - Total Amount - Rs.                      | <b>10255962</b> | 10176790 |
| - Rate / Unit                             | <b>4.29</b>     | 3.96     |
| b) Own Generation:                        |                 |          |
| i) Through Diesel Generator: - Units(Kwh) | <b>18364</b>    | 39011    |
| - Total Amount - Rs.                      | <b>275177</b>   | 476219   |
| - Rate / Unit                             | <b>14.99</b>    | 12.20    |
| ii) Through Steam Turbine/Generator       | <b>NA</b>       | NA       |
| <b>2. Coal (Quality and where used)</b>   | <b>NA</b>       | NA       |
| <b>3. Furnace Oil - Quality (K.Lts)</b>   | <b>89.39</b>    | 23.02    |
| - Total Amount - Rs.                      | <b>2870408</b>  | 61072    |
| - Average Rate - Rs.                      | <b>32.11</b>    | 26.53    |
| <b>4. Other / Internal Generation</b>     | <b>NA</b>       | NA       |
| <b>Consumption per unit of production</b> |                 |          |
| Electricity (Unit / MT)                   | <b>423.60</b>   | 468.39   |
| Furnace Oil (Litres / MT)                 | <b>15.71</b>    | 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) | <b>23.69</b> | 86.45   |
| Foreign Exchange Outgo          | <b>8.76</b>  | 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.

## 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 | 3                 |
| Mr. Vikram M Thapar                               | Non Executive, Promoter    | 4                 |
| Mr. Maneesh Mansingka (resigned on April 8, 2010) | Non Executive, Independent | 2                 |
| Lt.Gen. Deepak Summanwar                          | Non Executive, Independent | 4                 |

The Chief Executive, Financial Controller and Company Secretary attend the meetings. 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 held meetings on April 18, 2009, July 27, 2009, October 28, 2009 and January 29, 2010. The Audit Committee met on August 3, 2010 to review the audited Annual Accounts for the year ended 31/3/2010 and recommended approval of the Annual Accounts to the Board of Directors of the Company which also met on August 3, 2010 to approve the audited accounts.

### b) 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, fixation of audit fees and approval for payment for any other services.

### Remuneration Committee

The Remuneration Committee consists of Mr. Anil Kumar Bhandari, Chairman, Mr. Maneesh Mansingka and Lt. Gen. Deepak Summanwar. 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 three non executive directors Mr. Anil Kumar Bhandari, Chairman Mr. Maneesh Mansingka, and Lt.Gen Deepak Summanwar. Ms. Suguna Krishnamurthy, Company Secretary is the Compliance Officer of the Company.

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. The Committee met four times during the year under review. 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 48 cases of share transfer / transmission / transposition, out of which 33 cases were transferred / transmitted and 15 cases were rejected on account of technical reasons. As on March 31, 2010 no case was pending for transfer. During the year, 28 queries / complaints were received 12 pertaining to change of address, 6 for non receipt of, annual reports, share certificate, and 10 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 practising 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.
- a practising 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 Exchanges.

#### **GENERAL BODY MEETING:**

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

| <b>Year</b> | <b>Date</b> | <b>Time</b> | <b>Location</b>                                |
|-------------|-------------|-------------|--|
| 2006-07     | 21.09.2007  | 12 noon     | Regd. office at Ananthapuram Village, Nellore. |
| 2007-08     | 26.09.2008  | 12.15 p.m.  | - do -   |
| 2008-09     | 08.09.2009  | 11.30 a.m.  | - do -   |

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

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

| <b>Name</b>  | <b>Lt Gen Deepak Summanwar</b>   | <b>Mr. Adarsh Saran</b>     | <b>Mr.Nakul Kamani</b>              | <b>Ms.Ayesha Thapar</b>     |
|--|--|-----------------------------|-------------------------------------|-----------------------------|
| Date of birth & Age  | 14.03.1947/63 years  | 9.12.1938/72 years          | 21.4.1954 / 56 years                | 1.11.1977 /33 years         |
| Appointed on   | 28.1.2008  | 28.10.2002                  | 22.2.2010                           | 1. 2.2010                   |
| Qualification  | M.Phil in Defence Managemt<br>M.B.A (Finance) PGDBM,<br>(Marketing) Independent<br>Directors course, Assocham. | B.Sc Eng(U.K.)<br>F.I.E.    | B.Com                               | B.A. (Economics,<br>Maths)  |
| Experience   | 40 years   | 48 years                    | 30 years                            | 10 years                    |
| Directorship held in other Public Companies                    | - Peninsula Land Ltd.<br>- Great Offshore Ltd.   | Indian City Properties Ltd. | Chairman, Kamani Group of Companies | Indian City Properties Ltd. |
| Membership/ Chairmanship of Committees across public companies | Great Offshore Ltd.<br>- Shareholder Grievance Committee - Chairman<br>- Remuneration Committee                | Nil                         | Nil                                 | Nil                         |



### **Directors and Officers (D & O) Liability Insurance Policy**

The Company has obtained D&O liability insurance coverage for any legal action that might be initiated against the Directors.

### **DISCLOSURES:**

#### **a) Materially significant related party transactions**

There was 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. There were no contracts or transactions entered by the company in which Directors were interested.

#### **b) Details of noncompliance by the Company, 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.**

There have been no such cases in the last three years.

#### **c) Compliance with mandatory requirements**

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.

#### **d) Declaration of Compliance with the Code of Conduct/Ethics**

All the Director and Senior Management Personnel have affirmed Compliance with the code of Conduct /Ethics as approved and adopted by the Board of Directors. A declaration signed by the CEO of the Company is given below:

“It is hereby declared that the Company has obtained confirmation from all the members of the Board and the Senior Management of the Company that they have complied with the Code of Conduct for Directors and Senior Management personnel as adopted by the Board for Directors for the financial year 2009-10”

sd/-

Ashok Nanjapa

Chief Executive

August 3, 2010

### **MEANS OF COMMUNICATION:**

The Quarterly, Half yearly and the Annual results of the company are sent to the Stock exchanges 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 Discussions and Analysis Report forms part of the Annual Report.

### **General Shareholders information:**

| <b>The Twenty third Annual General Meeting</b> |   | <b>Financial Calender</b>                  |                |
|--|---|--|----------------|
| <b>Venue</b> :                                 | Registered Office at Ananthapuram Village, Nellore – 524 344. | Publication of first quarter results       | - August 2010  |
| <b>Date</b> :                                  | Monday, September 27, 2010                                    | Publication of second quarter results      | - October 2010 |
| <b>Time</b> :                                  | 11.30 a.m.  | Publication of third quarter results       | - January 2011 |
|  |   | Publication of Audited results for 2010-11 | - in May 2011  |

### **Book Closure:**

The Register of Members & Share Transfer Books of the Company shall remain closed from Wednesday September 22, 2010 upto Monday September 27, 2010 (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.

**Registrar and Share Transfer Agent:**

M/s. The Data Software Research Co. Pvt. Ltd (DSRC) are the Registrar and Share Transfer Agent 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 31/3/2010, 47.59% of the paid up share capital has been dematerialized as against 47.32% 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 | 70,22,376            | 28.39             |
| <b>B. Non Promoters holdings:</b>          |                      |                   |
| Mutual Funds and UTI                       | 7,000                | 0.02              |
| Financial Institutions and Banks           | 2,22,008             | 0.90              |
| Foreign Institutional Investor             | 1,600                | 0.01              |
| Private Corporate Bodies                   | 26,44,682            | 10.69             |
| Indian Public                              | 96,87,904            | 39.16             |
| NRI's / OCBs                               | 51,49,930            | 20.83             |
| <b>Total</b>                               | <b>2,47,35,500</b>   | <b>100.00</b>     |

**MARKET PRICE DATA : (Rs.)**

| Month        | High | Low  | Month       | High | Low  |
|--------------|------|------|-------------|------|------|
| April 09     | 4.65 | 3.86 | October 09  | 5.92 | 4.16 |
| May 09       | 6.40 | 4.01 | November 09 | 5.42 | 4.16 |
| June 09      | 6.72 | 4.22 | December 09 | 5.60 | 4.15 |
| July 09      | 5.14 | 4.02 | January 10  | 6.65 | 4.40 |
| August 09    | 5.68 | 4.35 | February 10 | 5.35 | 4.15 |
| September 09 | 5.84 | 4.70 | March 10    | 4.94 | 4.17 |

**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.



---

## **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 2010 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 grievance 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, August 3, 2010



---

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Trends

The Indian economy by virtue of its strong macroeconomic fundamentals has been one of the fastest growing emerging economies of the world. While there are encouraging signs for the global economy with some stabilization in International financial markets and slight growth in US market, much of the European countries still continue to be affected by the economic slowdown.

Government of India which had approved the farming of Vannamei has also identified a list of Hatcheries from whom the Indian hatchery owners can import brood Stocks.

The government also identified and issued licenses to Hatcheries in India who alone are approved to import the brood stock and then distribute the seed to the farmers.

The Coastal Aquaculture Authority has been authorized by the Government of India to issue licenses to those farms which meet the bio-security criteria laid out by them. Those farms which have been granted licenses by the Coastal Aquaculture Authority can alone take up Vannamei farming.

The process of licensing has begun during the year. It is hoped that over the coming 12 months a substantial area will come under Vannamei farming.

During the year the farmers who cultivated the Vannamei species have been very successful. This success will have very good impact in the coming year when more farms would turn to Vannamei farming.

The cost of production being low and the prices being high, the farmers are just waiting to get the licensing to start culture of this species in their farms. This would result in vast areas coming under shrimp culture resulting in higher demand for shrimp feed.

### Threats / Risks and concerns

While there is slight semblance of recovery in the US market, the other major market which is the European market is still to find its stability.

Exports being mainly to US and then to European countries, the shrimp market has become highly competitive. The world producers are competing for this competitive shrimp market. This probably will have its impact on the shrimp export prices.

Though the government has approved farming of Vannamei species it has brought in a few measures like farmers to get license for farming from Coastal Aquaculture Authority, restricting the Hatcheries who can import brood stock, restricting the foreign brood stock suppliers etc., though, good for Indian industry, would slowdown the process of conversion from Black Tiger to Vannamei.

Another concern is from the farmer's angle. Those farmers who are unable to get the licenses would not switch over to Vannamei culture which would reduce the Vannamei farming area.

### Product Performance

The Shrimp feed continued to hold its place in the market.

The new feed developed for the Vannamei species has the acceptance of the farmers and the company hopes to capitalize on it in the coming year.

### Outlook

The government after approving the farming of the new species Vannamei has proceeded to issue license to farmers. This in the eyes of International Shrimp community would be considered as good

governance in the maintenance and farming of Shrimps. With traceability being one of the important aspects the importer would insist on, in the coming years the licensing is a step towards that direction.

The revival of the US economy is a good sign for the Industry. Your company which predominantly exports Shrimps to US can look forward for a higher export turnover.

### **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. The policies and procedures are continuously monitored.

The Audit Committee reviews the report of the internal auditor and their suggestions are put into operation.

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

The Company's performance for the financial year 2009-10 is given below:

- The company has achieved a Turnover of Rs. 276.32 million
- Loss after Tax exceptional / extraordinary item is Rs. 36.07 million
- The diluted Earnings per share before exceptional / extraordinary item is Negative Rs. 1.46
- The diluted Earnings per share after exceptional / extraordinary item is Negative Rs. 1.46

### **Special Obligation**

The company continuously renders technical services to the farmers free of cost and meets its social obligation by extending medical facilities to nearby villages.

### **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 condition, in the domestic and overseas markets, material availability, climatic conditions, changes in the government regulations, tax laws and other statutes and other incidental factors.



---

## 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, 2010 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, 2010 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, 2010;
  - (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, August 3, 2010

---

**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) The Company has neither granted / taken any loans, secured or unsecured to / from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clause (iii) (b), (c), (d), (f) and (g) of paragraph 4 of the Order are not applicable.
- (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) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 hence paragraph (v) (b) of the order is not applicable.
- (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 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 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, 2010 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 incurred cash loss during the financial year ended 31<sup>st</sup> March, 2010 and it has not incurred any cash losses in the immediately preceding financial year. The Company has no accumulated losses as at 31<sup>st</sup> March, 2010.
- (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, August 3, 2010



## BALANCE SHEET AS AT 31st MARCH 2010

| PARTICULARS                            | Sch.No. | As at 31st MARCH 2010 |             | As at 31st MARCH 2009 |             |
|--|---------|-----------------------|-------------|-----------------------|-------------|
|  |         | Rs.                   | Rs.         | Rs.                   | Rs.         |
| SOURCES OF FUNDS                       |         |                       |             |                       |             |
| SHARE HOLDERS FUNDS                    |         |                       |             |                       |             |
| Share Capital                          | 1       |                       | 247,355,000 |                       | 247,355,000 |
| Reserves and Surplus                   | 2       |                       | 221,845,918 |                       | 257,920,032 |
| LOAN FUNDS                             |         |                       |             |                       |             |
| Secured Loans                          | 3       |                       | 196,515,242 |                       | 202,237,946 |
| Deferred Tax Liability                 |         |                       | 120,670,692 |                       | 141,457,729 |
| TOTAL                                  |         |                       | 786,386,852 |                       | 848,970,707 |
| APPLICATION OF FUNDS                   |         |                       |             |                       |             |
| FIXED ASSETS                           |         |                       |             |                       |             |
| Gross Block                            |         | 531,193,162           |             | 528,298,825           |             |
| Less: Depreciation                     |         | 349,832,167           |             | 326,838,521           |             |
| Net Block                              | 4       |                       | 181,360,995 |                       | 201,460,304 |
| INVESTMENTS                            | 5       |                       | 1,270,400   |                       | 1,270,400   |
| CURRENT ASSETS, LOANS AND ADVANCES     |         |                       |             |                       |             |
| Inventories                            | 6       | 445,425,159           |             | 410,603,631           |             |
| Sundry Debtors                         | 7       | 304,824,319           |             | 380,773,786           |             |
| Cash and Bank Balances                 | 8       | 76,060,777            |             | 79,860,847            |             |
| Loans & Advances                       | 9       | 315,602,976           |             | 357,297,647           |             |
|  |         | 1,141,913,231         |             | 1,228,535,911         |             |
| Less: Current Liabilities & Provisions | 10      | 538,157,774           |             | 582,295,908           |             |
| Net Current Assets                     |         |                       | 603,755,457 |                       | 646,240,003 |
| TOTAL                                  |         |                       | 786,386,852 |                       | 848,970,707 |
| 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, August 3, 2010



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

| PARTICULARS  | Sch.No.   | As at 31st MARCH 2010<br>Rs. | As at 31st MARCH 2009<br>Rs. |
|--|-----------|------------------------------|------------------------------|
| <b>SOURCES OF FUNDS</b>                            |           |                              |                              |
| <b>INCOME:</b>                                     |           |                              |                              |
| Sales & Services                                   | 11        | 276,323,110                  | 335,230,034                  |
| Other Income                                       | 12        | 15,480,898                   | 9,589,641                    |
| Increase/(Decrease) in Stocks                      | 13        | (5,961,123)                  | (3,144,991)                  |
| <b>TOTAL</b>                                       |           | <b>285,842,885</b>           | <b>341,674,684</b>           |
| <b>EXPENDITURE:</b>                                |           |                              |                              |
| Manufacturing Expenses                             | 14        | 196,249,578                  | 289,375,893                  |
| Payment & Provisions for Employees                 | 15        | 34,929,802                   | 38,877,668                   |
| Other Expenditure                                  | 16        | 29,818,997                   | 151,998,716                  |
| Selling Expenses                                   | 17        | 23,036,160                   | 28,234,750                   |
| Interest & Finance Charges                         | 18        | 22,813,188                   | 57,127,019                   |
| Depreciation                                       |           | 23,104,974                   | 27,053,837                   |
| <b>TOTAL</b>                                       |           | <b>329,952,699</b>           | <b>592,667,883</b>           |
| <b>Profit/(Loss) Prior to Extraordinary Item</b>   |           | <b>(44,109,814)</b>          | <b>(250,993,199)</b>         |
| Exceptional Item - Profit on Sale of Assets        |           | 4,188,656                    | -                            |
| Extraordinary Item - Profit on Sale of Land        |           | -                            | 257,711,250                  |
| <b>Profit/(Loss) before tax</b>                    |           | <b>(39,921,158)</b>          | <b>6,718,051</b>             |
| Provision for - Fringe Benefit Tax                 |           | -                            | 1,534,278                    |
| - Deferred Tax                                     |           | (3,847,044)                  | (5,278,474)                  |
| <b>Profit/(Loss) after tax</b>                     |           | <b>(36,074,114)</b>          | <b>10,462,247</b>            |
| Surplus/(Deficit) carried forward to Balance Sheet |           | <b>(36,074,114)</b>          | <b>10,462,247</b>            |
| <b>Notes on Accounts</b>                           | <b>19</b> |                              |                              |

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, August 3, 2010



## SCHEDULES FORMING PART OF THE ACCOUNTS

| PARTICULARS   | As at 31st MARCH 2010 |                    | As at 31st MARCH 2009 |                    |
|---|-----------------------|--------------------|-----------------------|--------------------|
|   | Rs.                   | Rs.                | Rs.                   | Rs.                |
| <b>SCHEDULE 1 : SHARE CAPITAL</b>   |                       |                    |                       |                    |
| <b>Authorised</b>   |                       |                    |                       |                    |
| 50,000,000 (PY 50,000,000) Equity Shares<br>of Rs.10/- each                               |                       | <b>500,000,000</b> |                       | <b>500,000,000</b> |
| <b>Issued, Subscribed and paid up</b>   |                       |                    |                       |                    |
| 24,735,500 Equity Shares (PY 24,735,500 Shares)<br>of Rs 10/- each, fully paid up in cash |                       | <b>247,355,000</b> |                       | <b>247,355,000</b> |
| <b>TOTAL</b>  |                       | <b>247,355,000</b> |                       | <b>247,355,000</b> |
| <b>SCHEDULE 2 : RESERVES AND SURPLUS</b>  |                       |                    |                       |                    |
| <b>Securities Premium Account</b>   |                       |                    |                       |                    |
| Balance in Securities Premium Account   |                       | <b>117,349,276</b> |                       | <b>117,349,276</b> |
| <b>Revaluation Reserve</b>  |                       |                    |                       |                    |
| Revaluation Reserve   | <b>11,342,246</b>     |                    | 106,032,522           |                    |
| Less : On Sale of Land  | <b>305,748</b>        | <b>11,036,498</b>  | <b>94,690,276</b>     | <b>11,342,246</b>  |
| <b>General Reserve</b>  |                       |                    |                       |                    |
| Opening Balance   | <b>129,228,510</b>    |                    | 24,075,987            |                    |
| Add : Transfer from Revaluation<br>Reserve on Land  | <b>305,748</b>        |                    | 94,690,276            |                    |
| Transfer from Profit and Loss Account   | <b>(36,074,114)</b>   | <b>93,460,144</b>  | <b>10,462,247</b>     | <b>129,228,510</b> |
| <b>TOTAL</b>  |                       | <b>221,845,918</b> |                       | <b>257,920,032</b> |
| <b>SCHEDULE 3 : LOAN FUNDS</b>  |                       |                    |                       |                    |
| <b>SECURED LOANS</b>  |                       |                    |                       |                    |
| Term Loans  |                       | <b>20,500,000</b>  |                       | <b>20,500,000</b>  |
| From Banks  |                       | <b>176,015,242</b> |                       | <b>181,737,946</b> |
| <b>TOTAL</b>  |                       | <b>196,515,242</b> |                       | <b>202,237,946</b> |

- (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 second charge on the fixed assets ranking pari-passu with term loan lenders.



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

**SCHEDULE 4 : FIXED ASSETS**

| S. NO. | PARTICULARS              | GROSS BLOCK         |                        |                         |                       |                         |                      | DEPRECIATION       |                    |                    | NET BLOCK          |                    |                    |
|--------|--------------------------|---------------------|------------------------|-------------------------|-----------------------|-------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|        |                          | COST AS AT 1-Apr-09 | ADDITIONS FOR THE YEAR | ADDITION ON REVALUATION | DELETION FOR THE YEAR | DELETION ON REVALUATION | COST AS AT 31-Mar-10 | AS AT 1-Apr-09     | Depn. for the Year | On Deletion        | AS AT 31-Mar-10    | AS AT 31-Mar-10    | AS AT 31-Mar-09    |
| 1      | LAND                     | 12,354,300          | -                      | -                       | 24,252                | 305,748                 | 12,024,300           | -                  | -                  | -                  | -                  | 12,024,300         | 12,354,300         |
| 2      | BUILDINGS                | 101,588,602         | 61,471                 | -                       | 864,672               | -                       | 100,785,401          | 42,216,806         | 3,016,908          | 111,327            | 45,122,387         | 55,663,014         | 59,371,795         |
| 3      | PONDS AND RESERVOIRS     | 1,386,786           | 737,198                | -                       | -                     | -                       | 2,123,984            | 220,402            | 22,638             | -                  | 243,040            | 1,880,945          | 1,166,384          |
| 4      | PLANT AND MACHINERY      | 379,706,174         | 237,182                | -                       | -                     | -                       | 379,943,356          | 270,877,001        | 18,001,834         | -                  | 288,878,835        | 91,064,521         | 108,829,169        |
| 5      | FURNITURE AND FIXTURES   | 11,633,339          | -                      | -                       | -                     | -                       | 11,633,339           | 6,432,424          | 654,346            | -                  | 7,086,770          | 4,546,569          | 5,200,736          |
| 6      | VEHICLES                 | 16,623,300          | 2,014,718              | -                       | 39                    | -                       | 18,637,979           | 7,091,889          | 1,409,249          | -                  | 8,501,138          | 10,136,841         | 9,531,592          |
|        | <b>SUB TOTAL</b>         | <b>523,292,502</b>  | <b>3,050,569</b>       | <b>-</b>                | <b>888,963</b>        | <b>305,748</b>          | <b>525,148,399</b>   | <b>326,838,521</b> | <b>23,104,974</b>  | <b>111,327</b>     | <b>349,832,167</b> | <b>175,316,189</b> | <b>196,453,981</b> |
| 7      | CAPITAL WORK IN PROGRESS | 5,006,323           | 1,850,711              | -                       | 812,271               | -                       | 6,044,763            | -                  | -                  | -                  | -                  | 6,044,763          | 5,006,323          |
|        | <b>TOTAL</b>             | <b>528,298,825</b>  | <b>4,901,280</b>       | <b>-</b>                | <b>1,701,234</b>      | <b>305,748</b>          | <b>531,193,162</b>   | <b>326,838,521</b> | <b>23,104,974</b>  | <b>111,327</b>     | <b>349,832,167</b> | <b>181,360,995</b> | <b>201,460,304</b> |
|        | <b>PREVIOUS YEAR</b>     | <b>812,890,789</b>  | <b>8,897,082</b>       | <b>106,032,522</b>      | <b>304,831,301</b>    | <b>94,690,276</b>       | <b>528,298,825</b>   | <b>437,085,558</b> | <b>27,053,837</b>  | <b>137,300,874</b> | <b>326,838,525</b> | <b>201,460,304</b> | <b>375,805,231</b> |

Note : During the year 2008-09 the land was revalued by Rs. 1060.32 Lakhs, out of which Rs. 949.96 Lakhs was adjusted on sale of land.

| PARTICULARS | As at 31st MARCH 2010 | As at 31st MARCH 2009 |
|-------------|-----------------------|-----------------------|
|             | Rs.                   | Rs.                   |

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

Trade - Unquoted

|   |                  |                  |
|---|------------------|------------------|
| - Shares in Moana Technologies India Pvt Ltd      | <b>1,270,400</b> | 1,270,400        |
| (12704 Equity Shares of Rs.100/- each fully paid) |                  |                  |
| <b>TOTAL</b>                                      | <b>1,270,400</b> | <b>1,270,400</b> |

**SCHEDULE 6 : INVENTORIES**

(As valued and certified by the Management)

|                                 |                    |                    |
|---------------------------------|--------------------|--------------------|
| Consumable Stores               | <b>9,245,940</b>   | 16,804,444         |
| Raw Materials and Others Stores | <b>208,224,420</b> | 159,883,268        |
| Process Stock                   | <b>37,192,746</b>  | 5,167,979          |
| Finished Goods                  | <b>190,762,053</b> | 228,747,940        |
| <b>TOTAL</b>                    | <b>445,425,159</b> | <b>410,603,631</b> |

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

| PARTICULARS  | As at 31st MARCH 2010 |                    | As at 31st MARCH 2009 |                    |
|--|-----------------------|--------------------|-----------------------|--------------------|
|  | Rs.                   | Rs.                | Rs.                   | Rs.                |
| <b>SCHEDULE 7 : SUNDRY DEBTORS</b>   |                       |                    |                       |                    |
| Unsecured considered good  |                       |                    |                       |                    |
| - Debts Outstanding Exceeding Six Months   |                       | 223,534,958        |                       | 270,794,354        |
| - Others   |                       | 81,289,361         |                       | 109,979,432        |
| <b>TOTAL</b>   |                       | <b>304,824,319</b> |                       | <b>380,773,786</b> |
| <b>SCHEDULE 8 : CASH AND BANK BALANCES</b>   |                       |                    |                       |                    |
| Cash on hand   |                       | 843,560            |                       | 438,812            |
| With Scheduled Banks - Current Account   |                       | 51,005,820         |                       | 53,517,961         |
| - Margin Money Deposit   |                       | 24,211,397         |                       | 25,904,074         |
| <b>TOTAL</b>   |                       | <b>76,060,777</b>  |                       | <b>79,860,847</b>  |
| <b>SCHEDULE 9 : LOANS &amp; ADVANCES</b>   |                       |                    |                       |                    |
| (Unsecured)  |                       |                    |                       |                    |
| Advances/Deposits recoverable<br>in cash or in kind or for<br>value to be received |                       |                    |                       |                    |
| - Considered good  | 150,095,236           |                    | 193,817,229           |                    |
| - Considered doubtful  | 1,100,079             | 151,195,315        | 1,421,529             | 192,238,758        |
| Deferred Tax Asset   |                       | 150,561,372        |                       | 147,130,739        |
| Balances with Excise & Sales Tax Dept.   |                       | 2,851,403          |                       | 2,851,403          |
| Advance Payment of Tax - Fringe Benefit Tax  |                       | 4,653,507          |                       | 4,987,959          |
| Tax Deducted at Source   |                       | 6,341,378          |                       | 7,088,788          |
| <b>TOTAL</b>   |                       | <b>315,602,976</b> |                       | <b>357,297,647</b> |
| <b>SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS</b>                            |                       |                    |                       |                    |
| <b>Current Liabilities:</b>  |                       |                    |                       |                    |
| Acceptances  |                       | 70,784,723         |                       | 52,834,279         |
| Sundry Creditors - Trade Creditors   | 7,954,014             |                    | 6,313,955             |                    |
| - Others   | 370,990,893           | 378,944,907        | 387,210,579           | 393,524,534        |
| Advances received from customers<br>and employees                                  |                       | 53,510,930         |                       | 99,427,770         |
| <b>Provisions:</b>   |                       |                    |                       |                    |
| Interest Accrued but not due on Loans  |                       | 19,736,169         |                       | 19,736,169         |
| Provision for Fringe Benefit Tax   |                       | 4,653,507          |                       | 4,987,959          |
| Provision for Deferred Tax Liability   |                       | 3,847,044          |                       | 5,278,474          |
| Provision for Employee Benefit   |                       | 6,680,494          |                       | 6,506,723          |
| <b>TOTAL</b>   |                       | <b>538,157,774</b> |                       | <b>582,295,908</b> |



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

| PARTICULARS   | For the year ended<br>31st MARCH 2010 |                    | For the year ended<br>31st MARCH 2009 |                    |
|---|---------------------------------------|--------------------|---------------------------------------|--------------------|
|   | Rs.                                   | Rs.                | Rs.                                   | Rs.                |
| <b>SCHEDULE 11: SALES &amp; SERVICES</b>                      |                                       |                    |                                       |                    |
| Sales - Export  |                                       | 26,527,778         |                                       | 90,461,315         |
| - Domestic  |                                       | 246,305,684        |                                       | 243,001,773        |
| Services  |                                       | 3,489,648          |                                       | 1,766,946          |
| <b>TOTAL</b>  |                                       | <u>276,323,110</u> |                                       | <u>335,230,034</u> |
| <b>SCHEDULE 12: OTHER INCOME</b>                              |                                       |                    |                                       |                    |
| Interest on Margin Money with banks                           |                                       | 4,633,054          |                                       | 5,216,868          |
| Consultancy Income  |                                       | 453,309            |                                       | 3,576,613          |
| Scrap Sales   |                                       | 1,271,211          |                                       | 796,160            |
| Anti Dumping Duty Refund                                      |                                       | 9,123,324          |                                       | 0                  |
| <b>TOTAL</b>  |                                       | <u>15,480,898</u>  |                                       | <u>9,589,641</u>   |
| <b>SCHEDULE 13: INCREASE/(DECREASE) IN STOCKS</b>             |                                       |                    |                                       |                    |
| <b>Opening Stock:</b>   |                                       |                    |                                       |                    |
| Work in Process   |                                       | 5,167,979          |                                       | 5,419,418          |
| Finished goods  |                                       | 228,747,941        |                                       | 231,641,493        |
| <b>TOTAL</b>  |                                       | <u>233,915,920</u> |                                       | <u>237,060,911</u> |
| <b>Closing Stock :</b>  |                                       |                    |                                       |                    |
| Work in Process   |                                       | 37,192,746         |                                       | 5,167,979          |
| Finished goods  |                                       | 190,762,051        |                                       | 228,747,941        |
| <b>TOTAL</b>  |                                       | <u>227,954,797</u> |                                       | <u>233,915,920</u> |
| <b>INCREASE/(DECREASE)</b>                                    |                                       | <u>(5,961,123)</u> |                                       | <u>(3,144,991)</u> |
| <b>SCHEDULE 14 : MANUFACTURING EXPENSES</b>                   |                                       |                    |                                       |                    |
| Raw Materials Consumed  |                                       | 154,216,009        |                                       | 173,376,993        |
| Procured Shrimps/Crabs  |                                       | 10,760,410         |                                       | 78,428,505         |
| Repairs and Maintenance                                       |                                       |                    |                                       |                    |
| - Buildings and Others  | 2,829,250                             |                    | 2,571,545                             |                    |
| - Equipment   | 1,322,996                             | 4,152,246          | 1,256,168                             | 3,827,713          |
| Processing Charges  |                                       | 4,531,917          |                                       | 8,756,663          |
| Power and Utilities   |                                       | 10,618,170         |                                       | 11,930,204         |
| Consumables and Stores Consumed                               |                                       | 6,558,189          |                                       | 6,012,039          |
| Other Manufacturing Expenses                                  |                                       | 1,549,036          |                                       | 1,861,506          |
| Insurance   |                                       | 3,863,601          |                                       | 5,182,270          |
| <b>TOTAL</b>  |                                       | <u>196,249,578</u> |                                       | <u>289,375,893</u> |
| <b>SCHEDULE 15: PAYMENTS AND PROVISIONS<br/>FOR EMPLOYEES</b> |                                       |                    |                                       |                    |
| Salaries, Wages, Bonus & Gratuity                             |                                       | 29,887,268         |                                       | 32,328,693         |
| Contribution to Provident and Superannuation Fund             |                                       | 2,482,424          |                                       | 2,275,224          |
| Staff Welfare Expenses  |                                       | 2,560,110          |                                       | 4,273,751          |
| <b>TOTAL</b>  |                                       | <u>34,929,802</u>  |                                       | <u>38,877,668</u>  |

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

| PARTICULARS  | For the year ended<br>31st MARCH 2010 |                   | For the year ended<br>31st MARCH 2009 |                    |
|--|---------------------------------------|-------------------|---------------------------------------|--------------------|
|  | Rs.                                   | Rs.               | Rs.                                   | Rs.                |
| <b>SCHEDULE 16: OTHER EXPENDITURE</b>              |                                       |                   |                                       |                    |
| Rent   |                                       | 1,537,193         |                                       | 2,082,087          |
| Rates & Taxes                                      |                                       | 234,118           |                                       | 124,489            |
| Payment to Auditors:                               |                                       |                   |                                       |                    |
| Audit Fees   | 137,875                               |                   | 82,725                                |                    |
| Tax Audit Fees                                     | 27,575                                |                   | 16,545                                |                    |
| Reimbursement of Expenses                          | 9,945                                 | 175,395           | 5,504                                 | 104,774            |
| Bad Debts  |                                       | 16,062,770        |                                       | -                  |
| Loss on Retired / Sale of Fixed Assets             |                                       | -                 |                                       | 137,472,502        |
| Travelling Expenses                                |                                       | 2,675,732         |                                       | 2,980,113          |
| Lease Rentals                                      |                                       | 363,240           |                                       | 990,062            |
| Vehicle Maintenance                                |                                       | 1,903,603         |                                       | 1,639,773          |
| Business Communication Costs                       |                                       | 841,459           |                                       | 958,563            |
| Miscellaneous Expenses                             |                                       | 2,379,194         |                                       | 1,912,041          |
| Secretarial Expenses                               |                                       | 1,253,438         |                                       | 762,912            |
| Consultancy Charges                                |                                       | 1,520,605         |                                       | 1,713,848          |
| Advertisement                                      |                                       | 44,010            |                                       | 71,980             |
| Legal and other Professional Charges               |                                       | 828,240           |                                       | 1,185,570          |
| <b>TOTAL</b>                                       |                                       | <b>29,818,997</b> |                                       | <b>151,998,716</b> |
| <b>SCHEDULE 17: SELLING EXPENSES</b>               |                                       |                   |                                       |                    |
| Discount on Sales                                  |                                       | 16,524,930        |                                       | 21,608,398         |
| Freight Outward                                    |                                       | 1,148,986         |                                       | 1,174,830          |
| Insurance  |                                       | 76,108            |                                       | 167,382            |
| Anti Dumping Duty                                  |                                       | 202,307           |                                       | -                  |
| Others   |                                       | 5,083,829         |                                       | 5,284,140          |
| <b>TOTAL</b>                                       |                                       | <b>23,036,160</b> |                                       | <b>28,234,750</b>  |
| <b>SCHEDULE 18: INTEREST &amp; FINANCE CHARGES</b> |                                       |                   |                                       |                    |
| <b>Interest on :</b>                               |                                       |                   |                                       |                    |
| Fixed Loans  | -                                     |                   | 1,224,150                             |                    |
| Others   | 18,585,300                            |                   | 48,463,029                            |                    |
|  | 18,585,300                            |                   | 49,687,179                            |                    |
| Less: Interest Received                            | 1,030,020                             |                   | 1,164,510                             |                    |
|  |                                       | 17,555,280        |                                       | 48,522,669         |
| <b>Bank Charges</b>                                |                                       | 5,257,908         |                                       | 8,604,350          |
| <b>TOTAL</b>                                       |                                       | <b>22,813,188</b> |                                       | <b>57,127,019</b>  |



---

*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 Rs. 3.53 million (Previous year Rs. 4.01 million).

## 3. CONTINGENT LIABILITIES

Rs. Millions

|   | 2009-10 | 2008-09 |
|---|---------|---------|
| Guarantees given by Bank on behalf of the Company | 52.69   | 52.69   |

4. Interest on dues to Canara Bank has not been provided as the settlement is under negotiation.

## 5. MANAGER'S REMUNERATION :

Rs. Millions

| Particulars                                  | 2009-10 | 2008-09 |
|--|---------|---------|
| a. Salary / Incentive                        | 1.92    | 1.82    |
| b. Contribution to PF & Superannuation Funds | 0.32    | 0.32    |

6. (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

Rs. Millions

| Revenue by Geographical Market | 2009-10       | 2008-09       |
|--------------------------------|---------------|---------------|
| India                          | 249.79        | 244.77        |
| Outside India                  | 26.53         | 90.46         |
| <b>Total</b>                   | <b>276.32</b> | <b>335.23</b> |

7. (a) With regard to related party transactions, the key management personnel is Mr. Ashok Nanjapa, Chief Executive. Remuneration paid to him is Rs. 2.24 million.

(b) Transaction with relatives of key management personnel - Nil.

8. 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 31st March, 2010 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties during the year is nil.

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

10. **Employee Benefits:** In case of defined contribution plans, the company's contribution is charged to Profit and Loss Account and 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                        | 2009-10                                 |  | 2008-09                                  |   |
|------------------------------------|---|--|--|---|
|                                    | Gratuity<br>(unfunded)<br>(Rs. Million) | Leave<br>encashment<br>(unfunded)<br>(Rs. Million) | Gratuity<br>( unfunded)<br>(Rs. Million) | Leave<br>encashment<br>( unfunded)<br>(Rs. Million) |
| Obligation at period beginning     | 5.04                                    | 1.46   | 4.49                                     | 1.27  |
| Current Service Cost               | 0.40                                    | 0.14   | 0.42                                     | 0.87  |
| Interest Cost                      | 0.35                                    | 0.10   | 0.31                                     | 0.89  |
| Acturial gain (+) / loss (-)       | (0.33)                                  | (0.04)   | 1.28                                     | (0.46)  |
| Benefits paid                      | (0.24)                                  | (0.21)   | (1.47)                                   | (1.11)  |
| <b>Obligations at the year end</b> | <b>5.22</b>                             | <b>1.45</b>  | <b>5.04</b>                              | <b>1.46</b>   |

### Changes in Fair Value of Assets

|  |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| Fair Value of Plan Asset as at 31.03.2009                        | 5.04        | 1.46        | 4.49        | 1.27        |
| Expected return of Plan Asset @ 7%                               | 0.35        | 0.00        | 0.31        | 0.09        |
| Additional Provision to be made                                  | 0.07        | 0.19        | 6.52        | 2.98        |
| Less : Benefits to be paid                                       | 0.24        | 0.19        | 1.47        | 1.10        |
| Acturial (gain)/loss   | 0.00        | 0.00        | 4.81        | 1.78        |
| <b>Fair Value of Plan Assets as at 31<sup>st</sup> Mar. 2010</b> | <b>5.22</b> | <b>1.46</b> | <b>5.04</b> | <b>1.46</b> |

## Reconciliation of present value of the obligation and the fair value of plan asset

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| Fair value of plan assets at the end of the year                        | 5.22        | 1.46        | 5.04        | 1.46        |
| Present value of the defined benefit obligations at the end of the year | 5.22        | 1.46        | 5.04        | 1.46        |
| <b>Liability/ (Asset) recognised in the Balance Sheet</b>               | <b>5.22</b> | <b>1.46</b> | <b>5.04</b> | <b>1.46</b> |

### Cost for the Year

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| Current service Cost                                      | 0.40        | 0.14        | 0.42        | 0.87        |
| Interest cost   | 0.35        | 0.10        | 0.31        | 0.89        |
| Expected return on plan assets                            | (0.35)      | 0.00        | (0.31)      | (0.09)      |
| Acturial ( gain)/loss                                     | 0.33        | 0.04        | 6.09        | 1.31        |
| <b>Net Cost recognised in the Profit and Loss Account</b> | <b>0.07</b> | <b>0.20</b> | <b>6.51</b> | <b>2.98</b> |

## Assumptions used to determine the benefit obligations:

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| Interest Rate                           | 7%          | 7%          | 7%          | 7%          |
| Estimated rate of return on plan assets | NA          | NA          | NA          | NA          |
| Expected Rate of increase in salary     | 4%          | 4%          | 4%          | 4%          |
| Employee Turnover                       | 5%          | 5%          | 5%          | 5%          |
| <b>Actual return on plan assets</b>     | <b>N.A.</b> | <b>N.A.</b> | <b>N.A.</b> | <b>N.A.</b> |

# 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

Rs. Millions

| Class of Goods   | Unit of Qty. | Production (Qty.) |          | Sales    |        |          |        |
|------------------|--------------|-------------------|----------|----------|--------|----------|--------|
|                  |              | 2009-10           | 2008-09  | 2009-10  |        | 2008-09  |        |
|                  |              |                   |          | Qty.     | Value  | Qty.     | Value  |
| Feed             | MT           | 5588.956          | 5008.665 | 5495.585 | 225.44 | 5017.690 | 188.61 |
| Processed Prawns | MT           | 55.967            | 34.272   | 74.345   | 21.89  | 82.177   | 10.21  |
| Shoft ShellCrab  | MT           | 19.587            | 25.841   | 21.517   | 12.06  | 21.099   | 11.77  |
| Crab Cake        | MT           | 0.00              | 29.947   | 8.048    | 6.25   | 22.132   | 1.64   |
| Claw meat        | MT           | 0.00              | 12.949   | 0.921    | 0.14   | 12.964   | 6.59   |
| Others           | MT           |                   |          |          | 10.54  |          | 114.64 |
| <b>Total</b>     |              |                   |          |          | 276.32 |          | 333.46 |

(i) Production excludes reprocessing loss and includes Farm Production

(ii) Feed sales excludes internal consumption.

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

Rs. Millions

| Class of Goods   | Unit of Qty. | Opening Stock |        |         |        | Closing Stock |        |         |        |
|------------------|--------------|---------------|--------|---------|--------|---------------|--------|---------|--------|
|                  |              | 2009-10       |        | 2008-09 |        | 2009-10       |        | 2008-09 |        |
|                  |              | Qty.          | Value  | Qty.    | Value  | Qty.          | Value  | Qty.    | Value  |
| Feed             | MT           | 74.336        | 1.76   | 83.361  | 2.14   | 167.707       | 4.30   | 74.336  | 1.76   |
| Processed Prawns | MT           | 492.914       | 218.18 | 540.819 | 228.32 | 474.536       | 183.32 | 492.914 | 218.18 |
| S S Crab         | MT           | 8.958         | 2.99   | 4.216   | 1.19   | 7.028         | 3.09   | 8.958   | 2.99   |
| Crab Cake        | MT           | 8.128         | 5.82   | 0.313   | 0.19   | 0.080         | 0.05   | 8.128   | 5.82   |
| <b>TOTAL</b>     |              |               | 228.75 |         | 231.84 |               | 190.76 |         | 228.75 |

# 13. Analysis of materials consumed

Rs. Millions

| Particulars                                | Unit | 2009-10  |        | 2008-09  |        |
|--|------|----------|--------|----------|--------|
|  |      | Qty.     | Value  | Qty.     | Value  |
| Fish/Shrimp Shell Meal                     | MT   | 1408.657 | 53.88  | 843.110  | 29.85  |
| Wheat/Soya Flour                           | MT   | 1671.461 | 44.06  | 1277.150 | 25.70  |
| Premixes                                   | MT   | 30.169   | 6.63   | 10.337   | 3.64   |
| Raw / Processed Shrimps - Head on/Headless |      | -        | 9.97   | -        | 135.32 |
| SS crab / crab                             |      | -        | 4.71   | -        | 57.30  |
| Others                                     |      | -        | 45.42  | -        | -      |
| <b>TOTAL</b>                               |      |          | 164.66 |          | 251.81 |



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

| Particulars                         | Rs. Millions  |               |               |               |
|-------------------------------------|---------------|---------------|---------------|---------------|
|                                     | 2009-10       |               | 2008-09       |               |
|                                     | Value         | %             | Value         | %             |
| Raw materials, Stores & Consumables |               |               |               |               |
| - Imported                          | 6.50          | 3.95          | 10.86         | 4.31          |
| - Indigenous                        | 158.16        | 96.05         | 240.95        | 95.69         |
| <b>TOTAL</b>                        | <b>164.66</b> | <b>100.00</b> | <b>251.81</b> | <b>100.00</b> |

|  | Rs. Millions |            |
|--|--------------|------------|
|  | 2009-10      | 2008-09    |
| <b>15. Value of Imports on CIF basis</b>       |              |            |
| Raw materials                                  | 7.96         | 10.94      |
| <b>16. Expenditure in Foreign Currency</b>     |              |            |
| Travelling expenses                            | 0.71         | -          |
| Subscription                                   | 0.03         | 0.01       |
| Insurance                                      | 0.06         | 0.06       |
| <b>17. Earnings in Foreign exchange</b>        |              |            |
| FOB value of Exports                           | 22.27        | 85.37      |
| Services                                       | 0.38         | -          |
| <b>18. Earnings Per Share (EPS)</b>            |              |            |
| Profit after Tax but before Extraordinary item | (36.07)      | (247.50)   |
| Profit after Tax- For Diluted EPS              | (36.07)      | 10.46      |
| Number of Equity shares for                    |              |            |
| Basic EPS and diluted EPS (Nos)                | 24,735,500   | 24,735,500 |
| Nominal Value of Ordinary Shares (Rs.)         | 10.00        | 10.00      |
| Basic Earnings per Ordinary Share (Rs.)        | (1.46)       | (10.01)    |
| Diluted Earnings per Ordinary Share (Rs.)      | (1.46)       | 0.42       |

**19.** Figures for the previous year have been regrouped wherever necessary. Previous years figures in the notes 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, August 3, 2010



## CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2010

Rs. Millions

| PARTICULARS   | 2009-10  |                | 2008-09  |                 |
|---|----------|----------------|----------|-----------------|
|   | Amount   | Amount         | Amount   | Amount          |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>             |          |                |          |                 |
| Net profit Before Tax as per Profit and Loss Account      |          | (39.92)        |          | 6.72            |
| Adjustment for:   |          |                |          |                 |
| Depreciation  | 23.10    |                | 27.05    |                 |
| Depreciation reserve on deleted Assets                    | (0.11)   |                | (137.30) |                 |
| General Reserve   | (157.03) |                | 51.62    |                 |
| Interest/Other Income/Net profit on Sale of Assets        | (4.19)   |                | (142.45) |                 |
| Interest Expenses   | 17.56    | (120.67)       | 48.52    | (152.55)        |
| Operating profit before Working Capital                   |          | (160.59)       |          | (145.83)        |
| Changes and other adjustments:                            |          |                |          |                 |
| Adjustment for:   |          |                |          |                 |
| Trade and Other Receivables                               | 117.64   |                | (17.27)  |                 |
| Inventories   | 5.96     |                | 3.15     |                 |
| Trade Payables  | 44.14    | 167.74         | 96.74    | 82.61           |
| Cash generated from Operating activities                  |          | 7.15           |          | (63.22)         |
| Taxes Paid/ Provided                                      |          | 3.85           |          | 3.74            |
| <b>Net Cash from Operating Activities</b>                 |          | <b>11.00</b>   |          | <b>(59.48)</b>  |
| <b>B. Cash Flow From Investing Activities :</b>           |          |                |          |                 |
| Addition to Fixed Assets                                  |          | (3.05)         |          | (4.83)          |
| Deletion from Fixed Assets                                |          | 0.09           |          | 298.08          |
| Deletion from Investments                                 |          | -              |          | 3.81            |
| Interest on Investments                                   |          | -              | -        | -               |
| <b>Net Cash Increase/Decrease in Investing Activities</b> |          | <b>(2.96)</b>  |          | <b>297.06</b>   |
| <b>C. Cash Flow From Financing Activities :</b>           |          |                |          |                 |
| Working Capital Loans                                     |          | 5.72           |          | (117.18)        |
| Long Term Borrowings                                      |          | -              |          | (0.26)          |
| Debentures  |          | -              |          | (20.84)         |
| Interest Payments   |          | (17.56)        |          | (48.52)         |
| <b>Net Increase/Decrease in Cash and Cash Equivalents</b> |          | <b>(11.84)</b> |          | <b>(186.79)</b> |
| <b>Opening Cash and Cash equivalents</b>                  |          | <b>79.86</b>   |          | <b>29.07</b>    |
| <b>Closing Cash and Cash equivalents</b>                  |          | <b>76.06</b>   |          | <b>79.86</b>    |

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, August 3, 2010



## 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 | 0 | 3 |
|---|---|---|---|

Date

Month

|   |   |   |   |
|---|---|---|---|
| 2 | 0 | 1 | 0 |
|---|---|---|---|

Year

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

Public Issue

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Rights Issue

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Bonus Issue

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Private Placement

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

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

Total liabilities

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 5 | 3 | 8 | 1 | 5 | 7 |
|--|--|---|---|---|---|---|---|

Total Assets

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| 1 | 1 | 4 | 1 | 9 | 1 | 3 |
|---|---|---|---|---|---|---|

#### Source of funds

*Paid-up Capital*

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 2 | 4 | 7 | 3 | 5 | 5 |
|--|--|---|---|---|---|---|---|

*Reserves and Surplus*

|  |   |   |   |   |   |   |
|--|---|---|---|---|---|---|
|  | 2 | 2 | 1 | 8 | 4 | 6 |
|--|---|---|---|---|---|---|

*Secured Loans*

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 1 | 9 | 6 | 5 | 1 | 5 |
|--|--|---|---|---|---|---|---|

*Unsecured Loans*

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

*Deferred Tax*

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 1 | 2 | 0 | 6 | 7 | 0 |
|--|--|---|---|---|---|---|---|

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

#### Application of Funds

Net Fixed Assets

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 1 | 8 | 1 | 3 | 6 | 1 |
|--|--|---|---|---|---|---|---|

Investments

|  |  |  |   |   |   |   |
|--|--|--|---|---|---|---|
|  |  |  | 1 | 2 | 7 | 0 |
|--|--|--|---|---|---|---|

Net Current Assets

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 6 | 0 | 3 | 7 | 5 | 5 |
|--|--|---|---|---|---|---|---|

Misc. Expenditure

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

Accumulated Losses

|  |  |  |  |  |   |   |   |
|--|--|--|--|--|---|---|---|
|  |  |  |  |  | N | I | L |
|--|--|--|--|--|---|---|---|

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

Turnover (including Other income)

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 2 | 9 | 1 | 8 | 0 | 3 |
|--|--|---|---|---|---|---|---|

Total Expenditure

|  |  |   |   |   |   |   |   |
|--|--|---|---|---|---|---|---|
|  |  | 3 | 2 | 9 | 9 | 5 | 3 |
|--|--|---|---|---|---|---|---|

+

-

Profit before Tax

|  |     |   |   |   |   |   |
|--|-----|---|---|---|---|---|
|  | (-) | 3 | 9 | 9 | 2 | 1 |
|--|-----|---|---|---|---|---|

+

-

Profit after Tax

|  |     |   |   |   |   |   |
|--|-----|---|---|---|---|---|
|  | (-) | 3 | 6 | 0 | 7 | 4 |
|--|-----|---|---|---|---|---|

Earnings per Share (Rs.)

|  |  |  |     |   |   |   |   |
|--|--|--|-----|---|---|---|---|
|  |  |  | (-) | 1 | . | 4 | 6 |
|--|--|--|-----|---|---|---|---|

Dividend Rate (%)

|  |   |   |   |
|--|---|---|---|
|  | N | I | L |
|--|---|---|---|

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

Item Code. (ITC Code)

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 3 | 0 | 6 | 1 | 3 | 2 | 0 |   |
| 2 | 3 | 0 | 9 | 9 | 0 | 3 | 1 |
| 3 | 0 | 6 | 1 | 4 | 0 | 0 |   |

Product Description

|               |
|---------------|
| 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 23rd Annual General Meeting of the Company held on Monday, September 27, 2010 at 11.30 a.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 23rd Annual General Meeting of the Company to be held on  
Monday, September 27, 2010 at 11.30 a.m. at Ananthapuram Village, Nellore - 524 344 and at any adjournment  
thereof.

Signed this..... day of ..... 2010.

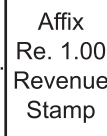
Folio No.

DP ID

Client ID

No. of Shares

SIGNATURE.....



**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.**

SAVE ELECTRICITY

HARVEST RAINWATER

PLANT TREES

**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.