

MALABAR TRADING COMPANY LIMITED

**ANNUAL REPORT
2011-2012**

BOARD OF DIRECTORS

BOARD OF DIRECTORS	Mr. Motilal Laxkar	Chairman & Managing Director
	Mr. Rajnath Shukla	Director (Independent)
	Mr. Vivek Agrawal	Additional Director (Independent)
	Mr. Manish Kumar Pokherna	Additional Director (Independent)
STATUTORY AUDITORS	M/S. L.K.MALPANI & CO. Chartered Accountants	
BANKERS	Axis Bank	
REGISTERED OFFICE	C-1, 1st Floor, Everest Building Opp. BMC School, Dattapada Road, Borivali-(E), Mumbai-400066, Maharashtra, India. Tel:022-28706523 E-mail: malabartrading@rediffmail.com Website: www.malabartradingcomltd.com	
REGISTRAR AND SHARE TRANSFER AGENTS	Purva Sharegistry (India) Pvt. Ltd. Unit no. 9, Shiv Shakti Ind.Estt. J.R.Boricha Marg, Opp. Kasturba Hospital Lane, Lower Parel (E), Mumbai-400011. Tel: 91-22-2301 6761/ 8261 Fax: 91-22-2301 2517 Email: busicomp@vsnl.com	

32ND ANNUAL GENERAL MEETING**Tuesday, the 20th day of November, 2012 at 1.00 p.m.**At C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road,
Borivali (East), Mumbai – 400 066.

Shareholders are requested to kindly bring copy of Annual Report in the Meeting.

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NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the members of the Company will be held on Tuesday, 20th November, 2012 at 01.00 p.m. at the Registered Office of the Company at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (East), Mumbai – 400 066, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet of the Company as at 31st March, 2012 and the Profit and Loss Account of the Company for the year ended as on that date together with the report of the Auditors and the Directors thereon.
2. To declare dividend @ 1% on equity shares, i.e., Rs. 0.10 per share of the face value of Rs. 10/- each.
3. To note the retirement of Mr. Rajnath Shukla, who retires by rotation and has not opted for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

Appointment of Mr. Vivek Agrawal as a Director of the Company

“**RESOLVED THAT** Mr. Vivek Agrawal who was appointed by the Board of directors as an additional director of the Company with effect from 20th June, 2011 and who holds office upto the date of the forthcoming Annual General meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) be and is hereby appointed as a Director of the Company and who shall be liable to retire by rotation.”

6. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

Appointment of Mr. Manish Kumar Pokherna as a Director of the Company

“**RESOLVED THAT** Mr. Manish Kumar Pokherna who was appointed by the Board of directors as an additional director of the Company with effect from 22nd February, 2012 and who holds office upto the date of the forthcoming Annual General meeting of the Company in terms of Section 260 of the Companies Act, 1956 (“the Act”) be and is hereby appointed as a Director of the Company and who shall be liable to retire by rotation.”

7. Alteration of Articles of Association (AOA) of the Company

“**RESOLVED THAT** pursuant to the provisions of section 31 and all other applicable provisions, if any, of the Companies Act, 1956 and Rules framed there under and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the existing Articles of Association of the Company be amended as under:

1. The following Article be inserted after the existing Article 57 as Article 57A:

Participation of Shareholders through Electronic Mode

57A Notwithstanding anything contrary contained in the Articles of Association, the Company may provide Video Conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings of the Company. Such participation by the Shareholders at General Meetings of the Company through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

2. The following Article be inserted after the existing Article 107 as Article 107 A:

Participation of Directors through Electronic Mode

107A Notwithstanding anything contrary contained in the Articles of Association, the Director(s) may participate in Meetings of the Board and Committees thereof, through Video Conference facility and/or other permissible electronic or virtual facilities for communication. Such participation by the Director(s) at Meetings of the Board and Committees thereof, through Video Conference facility and/or use of other permissible electronic or virtual facilities for communication shall be governed by such legal or regulatory provisions as applicable to the Company for the time being in force.

Provided that a Director participating in a Meeting through use of Video Conference or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in the Articles of Association.

3. The following Article be inserted after the Article 60 as Article 60(A):

60(A) Notwithstanding anything contrary contained in the Articles of Association, a document may be served by the Company on any Member by any electronic mode of communication and in such manner as is/ may be permitted by any law. Where a document is served by any such electronic mode, the service thereof shall be deemed to be effected in the manner as is/may be provided by any law.

FURTHER RESOLVED THAT the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee or any person which the Board may constitute/ nominate to exercise its powers, including the powers conferred by this Resolution) be authorised to carry out the abovementioned amendments in the existing Articles of Association of the Company and that the Board may take all such steps as may be necessary to give effect to this Resolution."

8. To Keep Registers and other Statutory Records of the Company at office other than Registered office of the Company:

"RESOLVED THAT approval be accorded to the Company to keep its Registers and Index of Members and copies of Annual Returns prepared under section 159 of the Companies Act, 1956 together with copies of Certificates and documents required to be annexed thereto under section 161 of the Companies Act, 1956 or one of them at the office premises of the Company's Registrar & Share Transfer Agents viz. Purva Sharegistry (India) Private Limited. ("R&T Agents") at Unit no. 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Opposite Kasturba Hospital Lane, Lower Parel (E), Mumbai - 400 011 and/or such other place(s) within the city of Mumbai where R&T Agents may shift its office from time to time and/or at the Registered office of the Company at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (E), Mumbai – 400 066."

By order of the Board

M L LAXKAR

Chairman & Managing Director

Registered Office:

C-1, 1st Floor, Everest Building,
Opp. BMC School, Dattapada Road,
Borivali (East), Mumbai – 400 066.
Phone No. 022 28706523

Date: 29.09.2012

Place: Mumbai

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. THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
 2. The explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of special business mentioned in the above notice is annexed hereto.
 3. The Register of Members and Share Transfer Books of the company will remain closed from Friday, the 16th day of November, 2012 to Tuesday, the 20th day of November, 2012 (both days inclusive).
 4. Members are requested to intimate to the company, quoting Registered Folio, change in address, if any, with the Pin Code number.
 5. In all correspondence with the company, members are requested to quote their account/folio number.
 6. Members desirous of obtaining and information concerning the accounts and operations are requested to send their queries to the company at least seven days before the date of the meeting so that the information required by the members may be made available at the meeting.
 7. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
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EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following explanatory statement sets out material facts relating to the Business mentioned under Item Nos. 5 to 8 of the accompanying Notice.

Item No. 5

Mr. Vivek Agrawal was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 20th June, 2011. Mr. Agrawal aged about 35 years, is a post graduate in commerce, having 15 years of rich experience in the field of financial and commercial market and his experience will add value to the organization. His induction on the Board would be beneficial to the company.

The Board of directors recommends the resolution for your approval.

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

Item No. 6

Mr. Manish Kumar Pokherna was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on 22nd February, 2012. Mr. Pokherna is aged about 27 years, is a commerce graduate, young and dynamic personality, possesses good experience in the field of trading business and his appointment will add value to the organization. His induction on the Board would be beneficial to the company.

The Board of directors recommends the resolution for your approval.

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

Item No. 7:

The Ministry of Corporate Affairs ("MCA"), Government of India, New Delhi vide General Circulars No.27/2011 and 28/2011 dated 20th May, 2011 and Circular No.35/2011 dated 6th June, 2011 has permitted companies to hold Board Meetings and Shareholders Meetings through Video Conference facility, as part of the Green Initiatives under Corporate Governance. Further, MCA vide Circular No. 72/2011 dated 27th December, 2011 made the Video Conference facility at the Shareholders Meetings optional to the listed companies.

Section 53 of the Companies Act, 1956 and Articles of Association of the Company provides for modes of service of documents on a Member of the Company. The MCA has vide Circular No. 17/2011 dated 21st April, 2011 stated that a company would have complied with section 53 if the service of a document has been made through electronic mode, provided the Company has obtained e-mail addresses of its Members for sending Notices/ Documents through e-mail by giving an advance opportunity to every Shareholder to register their e-mail addresses with the Company. Clause 32 of the Listing Agreement of the Stock Exchanges also permits a company to send soft copies of full Annual Reports, Balance Sheet, Statement of Profit and Loss and Directors' Report to all Shareholders who have registered their e-mail addresses for the purpose.

It is proposed to carry out necessary amendments in the existing Articles of Association of the Company by inserting appropriate enabling provisions as set out in the Special Resolution under Item No.7 to give effect to the above Circulars of MCA.

In terms of section 31 of the Companies Act, 1956, approval of the Members by way of a Special Resolution is required to amend the Articles of Association of the Company. A copy of the existing Memorandum and Articles of Association of the Company along with the proposed draft amendments to the Articles of Association is available for inspection by any Member at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days (except Saturdays, Sundays and Public Holidays).

The Directors recommend the passing of the Resolution at Item No. 7 as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in this item of business.

Item No. 8:

As per Section 163(1) of the Companies Act, 1956, approval of Members is required to keep Company's Registers and copies of Annual Returns prepared under section 159 of the Companies Act, 1956 together with copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 (hereinafter collectively referred to as "the aforesaid Records") at a place other than the Registered Office of the Company. Accordingly, the approval of the Members is sought by a Special Resolution for any one or more of aforesaid Records to be kept at the aforesaid Premises of the R&T Agents and/or at such other place(s) within the city of Mumbai where the R&T Agents may shift its office from time to time and/or at the Registered Office of the Company at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (E), Mumbai – 400 066.

The Directors recommend the passing of the Resolution at Item No. 8 as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in this item of business.

By order of the Board

M L LAXKAR

Chairman & Managing Director

Registered Office:

C-1, 1st Floor, Everest Building,
Opp. BMC School, Dattapada Road,
Borivali (East), Mumbai – 400 066.
Phone No. 022 28706523

Date: 29.09.2012**Place: Mumbai**

DIRECTORS' REPORT

To,
The Members,
Malabar Trading Company Limited

Your Directors have pleasure in presenting the Annual Report of the Company together with the Audited Statement of Accounts for the accounting period ended on 31st March, 2012.

FINANCIAL RESULTS

(Rs. In Lacs)

Description	For the Year ended 31.03.2012	For the Year ended 31.03.2011
Total Income	40.24	12.59
Total Expenditure	13.44	7.47
Operating Profit(PBDT)	26.8	5.12
Depreciation	0.49	0.61
Profit before Taxation	26.31	4.51
Add: Net Deferred Tax Assets/Reversal of DTL	(3.99)	3.74
Add: MAT Credit Entitlement	0.79	0.58
Less: Interest paid on Income Tax	0.00	0.02
Less: Provision for MAT	5.02	0.83
Profit after Taxation	18.09	7.99
Proposed Dividend	10.85	1.55
Provision for Dividend Tax	1.76	0.26
Net Profit after Tax and Dividend	5.48	6.18
Amount B/F from Last year	36.55	30.37
Balance C/F to Balance Sheet	42.03	36.55

During the year under review the company's Profit after Tax stood at Rs. 18.09 Lacs.

The Directors expects a further growth in the current year due to the new activities being taken up in the current year.

DIVIDEND

The Board has recommended 1% dividend on equity shares, i.e., Rs. 0.10 per share of the face value of Rs. 10/- each.

AUDITORS

The existing auditors M/s. LKM & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have shown their unwillingness for re-appointment as the auditors of the Company due to preoccupation.

The Board has obtained the confirmation from M/s. Katariya & Co., Chartered Accountants of their eligibility and willingness to be appointed as the Statutory Auditors of the Company. A proposal seeking their appointment is provided as part of the Notice of the ensuing Annual General Meeting.

The comments by the Auditors in their Report are self explanatory and in the opinion of the Board, do not require any further clarifications.

DIRECTORS

Mr. Shyam Sunder Gupta resigned from the directorship of the Company with effect from 20th October, 2011. Your Board places on record its sincere appreciation of the services rendered by him.

Mr. Vivek Agrawal and Mr. Manish Kumar Pokherna were appointed as additional director w.e.f. 20th June, 2011 and 22nd February, 2012 respectively. Notice in writing under section 257 of the Companies Act, 1956 have been received from some members of the Company proposing the candidature of Mr. Agrawal and Mr. Pokherna.

Mr. Rajnath Shukla retires by rotation at the forthcoming Annual General Meeting and since he has not opted for re-appointment due to pre-occupation, he will cease to be a director on the date of AGM. Your Board places on record its sincere appreciation of the services rendered by him.

AUDITORS' REPORT

Observations made in the Auditors' Report are self explanatory, and therefore, do not call for comments under section 217(3) of the Companies Act, 1956.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, management Discussion & Analysis Report is appended to this Report.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

BONUS ISSUE

During the year under review, the Company had declared and allotted 93,00,000 equity shares of Rs. 10/- each as fully paid up Bonus Shares in the ratio of Six (6) Equity Shares as Bonus Shares on August 26, 2011, against Every One (1) Equity Share held as on the Record Date, i.e., August 25, 2011.

ACQUISITION OF STAKE

During the year, Company has acquired 789000 equity shares of M/s IADFAC Laboratories Private Limited ("ILPL") (99.87% Holding of "ILPL") and 900000 equity shares of M/s Protect Nature Private Limited ("PNPL") (97.26% Holding of "PNPL"). Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company.

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

The Company is not manufacturing unit hence, information pertaining to conservation of energy and technology absorption is not applicable to the Company.

There are no transactions pertaining to Foreign exchange earning and outgo during the year under review.

PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be given pursuant to the provisions of the section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA), which was introduced by the Companies (amendment) Act, 2000 you're Directors confirm that:-

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
 - ii. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as it gives a true & fair view of the state of affairs of the Company as on 31st March, 2012 and the profit & loss of the company for the year ended on 31st March, 2012.
 - iii. 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
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safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv. The Directors have prepared the Annual Accounts on going concern basis.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their sincere appreciation and acknowledge with gratitude to the Company's valued clients and Bankers for their continued support. The Directors also record their appreciation of the Company's Employees at all their appreciation, commitment and hardwork, without which the results achieved by your company would not have been possible and look forward to their continued support.

For and on behalf of the Board,

Managing Director

Director

Date: 29.09.2012

Place: Mumbai

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

1. Industrial Structure and Developments

During the financial year 2011-2012 the overall economic scenario has been on recovery and the economy is overcoming from the recession which gives positive sign for growth in the coming years. The Company is engaged in the business of trading and recently acquired significant strategic stakes in two companies, (i) 99.87% stake in M/s IADFAC Laboratories Private Limited ("ILPL") a Company engaged in lab testing of Dairy and Food Products. ILPL has ISO 17025 Certification, BIS, Egmark & more. (ii) 97.26% stake in M/s Protect Nature Private Limited("PNPL"), a Company engaged in the business of agro food produce, production and process including forward and backward integration including manufacturing of fertilizers. Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company. With stakes in these two sectors, the Company is hoping to realize the potential in near future.

2. Outlook on Opportunities, Threats, Risk and Concerns

Opportunities

The management sees huge opportunities in the field of food testing, agro food produce and related activities, being carried on through subsidiaries.

Threats, Risk and Concerns:

The acquisition of stake in ILPL and PNPL which are engaged in lab testing of Dairy and Food Products; and agro food produce, production and process including forward and backward integration including manufacturing of fertilizers has certain external threats, risk and concerns:

- Availability of suitable lands for respective business.
- Government policies
- General economic conditions and financial sector conditions.
- Availability of suitable raw material which is required for production of food and fertilizers.
- Mobilization of requisite resources to implement the project, including, internal resources, Bank financing, raising of funds from the shareholders, associating any strategic stakeholder(s), etc. to meet the future financial requirements.

Therefore, the success of the Projects is dependent, inter-alia, on the above factors.

3. Internal Control Systems and their Adequacy

The Company has adequate internal control systems and procedures to ensure that all assets are safeguarded and protected against any loss from unauthorized use and that all transactions are authorized and reported correctly.

The processes and systems followed by the company at operational level have been integrated with the equipments and people associated therewith. The management is happy to state that the emphasis on the processes and systems is paying rich dividends in terms of quality performance and customer satisfaction.

4. Financial Performance

The Company's total turnover for the financial year 2011-2012 is 40.24 Lacs (Previous Year Rs. 12.59 Lacs). The top-line and bottom-line has considerably increased mainly due to favorable market conditions and growth oriented policies of the management. The Net Profit before tax was impressive at Rs. 26.31 Lacs as compared to Previous Year's Rs. 4.51 Lacs. The Company is optimistic about its proposed business ventures which are highly profitable.

5. Development of Human Resources

The company has been proactive to build the requisite skill-sets in the organization for its new project initiatives. The relevant industry experience of the team coupled with commitment towards adherence to the operating processes adopted by the company is a unique feature demonstrated by the company. Employees are encouraged to upgrade their skills and knowledge through various training programs.

Note:

This report contains forward-looking statements based on beliefs of the company's management. The words anticipate, believe, estimate, forecast, expect, intend, plan, should and project are used to identify forward-looking statements. Such statements reflect the company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different, including amongst others, changes in the general economic and business conditions, changes in the currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services, and changes in business strategy. Actual results may vary materially from those projected here. The company does not intend to assume any obligation to update these forward-looking statements.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company believes that "Corporate Governance" refers to the processes and structure by which the business and affairs of the Company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of all stakeholders. Good corporate governance, therefore, embodies both enterprise (performance) and accountability (conformance).

The company strives to adopt the best governance and disclosure practices with the following principles in mind:

- (a) Satisfaction of the spirit of the law through ethical business conduct.
- (b) Transparency and a high degree of disclosure levels.
- (c) Truthful communication about how the company is run internally.
- (d) A simple and transparent corporate structure driven solely by the business needs.
- (e) Strict compliance with Clause 49 of the Listing Agreement as amended from time to time.
- (f) Establishment of an efficient Corporate Structure for the management of the Company's affairs.
- (g) Management is the trustee of the shareholders' capital and not the owner.

2. COMPOSITION OF BOARD OF DIRECTORS

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment in the deliberations and decisions of the Board.

The composition of the Board is in accordance with the requirements of the Corporate Governance code of Listing Agreement with the stock exchanges. The Board is headed by the Executive Chairman. The Board of Directors presently comprises of 4 members.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in clause 49 of the Listing Agreement), across all the Companies in which he is a Director. The composition of the Board in detail is as follows :

Sr. No.	Name Of The Directors	Category	*No. of Other Directorships	Membership of committees
1.	Mr. Motilal Laxkar (Chairman & Managing Director)	Executive & Promoter	None	2
2.	Mr. Rajnath shukla (Director)	Non Executive & Independent	None	4
3.	# Mr. Vivek Agrawal (Additional Director)	Non Executive & Independent	None	3
4.	# Mr. Manish Kumar Pokherna (Additional Director)	Non Executive & Independent	2	-
5.	@ Mr. Shyam Sunder Gupta (Director)	Non Executive & Professional	1	3

* Includes Directorships of Public Limited Companies only

#Appointed w.e.f. 20th June, 2011 and 22nd February, 2012 respectively.

@ Resigned w.e.f. 20th October, 2011.

The Directors furnish Notice of Disclosure of Interest as specified in Section 299(3) of the Companies Act 1956.

Responsibilities of the Boards:

The Board discharges the duties responsibilities as required under the applicable statute (s) including the Companies Act, 1956, Guidelines issued by SEBI and other regularities bodies from time to time. The Board of Directors ensures that other responsibilities do not have any material impact on their responsibilities as Directors of the company

Role of the Independent Directors:

The independent directors play an important role & participate in all the deliberation of the Board and contribute to the decision making process with their rich knowledge and expertise in the areas of Account, Financial, Law, & other professional areas.

Meetings of the Board:

Normally the meetings of the Board are held at Mumbai, dates of which are informed in advance. The members of the Boards have access to all information and records of the Company. Senior officials are invited to attend the meeting and provide clarification as and when required. The Board met 11 times during the year.

Sr. No.	Name Of The Directors	Meetings held during the tenure of the Director from 01/04/2011 to 31/03/2012	No. of Meetings attended	Attendance at the last AGM
1	Mr. Motilal Laxkar	11	11	Yes
2	Mr. Rajnath shukla	11	11	Yes
3	Mr. Vivek Agrawal	9	9	NA
4	Mr. Manish Kumar Pokherna	2	2	NA
5	Mr. Shyam Sunder Gupta	5	4	Yes

Changes in Directors

During the year under review, following were changes in the Composition of Board of Directors:

Mr. Shyam Sunder Gupta resigned from the directorship of the Company w.e.f. 20th October, 2011. Mr. Vivek Agarwal and Mr. Manish Pokherna were appointed as Additional Directors of the Company w.e.f. 20th June, 2011 and 22nd February, 2012 respectively. The Company has received notice from some members of the Company under Section 257 of the Companies Act, 1956 in respect of appointment of Mr. Agarwal and Mr. Pokherna as Directors, along with the requisite deposit. It is proposed to appoint Mr. Agarwal and Mr. Pokherna as Directors of the Company at the ensuing Annual General Meeting.

Mr. Rajnath Shukla retires by rotation at the forthcoming Annual General Meeting and since he has not opted for re-appointment due to pre-occupation, he will cease to be a director on the date of AGM.

3. COMMITTEES OF THE BOARD

With a view to enable more focused and timely attention on the affairs of the company, the Board has constituted the following committees with delegation in particular areas.

Audit Committee:

Audit Committee of the Board was constituted in compliance with the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Composition of the Audit Committee and the details of meetings attended by the members of the Audit Committee are given below:-

Name	Designation	Status	No. of Meetings during the year 2011-12	
			Held	Attended
Mr. Rajnath Shukla	Chairman	Independent Director	4	4
Mr. Motilal Laxkar	Member	Managing Director	4	3
Mr. Shyam Sunder Gupta (resigned w.e.f. 20 th October, 2011)	Member	Independent Director	2	2
Mr. Vivek Agrawal (appointed w.e.f. 26 th June, 2012)	Member	Independent Director	3	3

Mr. Vivek Agarwal was appointed as a member of the Audit Committee on 20th October, 2011 in place of Mr. Shyam Sunder Gupta who resigned as a director w.e.f. 20th October, 2011.

The Committee consists of experienced Directors having knowledge in accounts, law and other related subjects. The Quorum of the meeting is two independent Directors.

The following areas are referred to the Audit Committee

- (a) Overall assessment of the company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Recommending the appointment of external auditor, fixation of audit fees and also approval for payment for any other services.
- (c) Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - (i) Changes, if any, in accounting policies and practices.
 - (ii) Major accounting entries based on exercise of judgment by management.
 - (iii) Observations, if any, in draft audit report.
 - (iv) Significant changes/amendments, if any, arising out of audit.
 - (v) The going concern assumption.
 - (vi) Compliance with accounting standards.
 - (vii) Compliance with Stock Exchanges and Legal requirements concerning financial statements.

- (viii) Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- (d) Reviewing with the management, external and internal auditors and adequacy of internal control systems.
- (e) Reviewing the adequacy of internal audit function, coverage and frequency of internal audit.
- (f) Discussion with internal auditors any significant findings and follow up there on.
- (g) Reviewing the findings, if any, of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (h) Discussions with external auditors before the audit commencement nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- (i) Reviewing the company's financial and risk management policies.
- (j) To look into the reasons for substantial defaults, if any, in the payments to the creditors etc.

The Audit Committee shall exercise the following additional powers;

- (a) To investigate any activity within its terms of reference;
- (b) To seek information from any employee;
- (c) To obtain outside legal or other professional advice; and
- (d) To secure attendance of outsiders with relevant expertise, if any, if it considers necessary.

Shareholders and Investor Grievances Committee:

The Composition of the Shareholders/Investors Grievance Committee and details of Meetings attended by the Directors are given below:

Name	Designation	Status	No. of Meetings during the year 2011-12	
			Held	Attended
Mr. Rajnath Shukla	Chairman	Independent Director	2	2
Mr. Shyam Sunder Gupta	Member	Independent Director	1	1
Mr. Vivek Agrawal	Member	Independent Director	1	1

Mr. Vivek Agarwal was appointed as a member of the Shareholders and Investor Grievances Committee on 20th October, 2011 in place of Mr. Shaym Sunder Gupta who resigned as a director w.e.f. 20th October, 2011.

The Committee has been delegated authority by the Board to approve transfers/transmission of shares, issue of share certificates etc. The committee meets as and when transfers/transmission of shares, or any complaints/ queries of the shareholders need to be attended.

The committee also reviews the queries and complaints received from the shareholders and the steps taken for their redressal. There were no complaints pending as on 31st March 2012.

Remuneration committee

No Remuneration Committee meeting was held during the year under review and further no remuneration was paid to the Managing Director.

The Composition of the Remuneration committee and details of Meetings attended by the Directors are given below:

Name	Designation	Status	No. of Meetings during the year 2011-12	
			Held	Attended
Mr. Rajnath Shukla	Chairman	Independent Director	Nil	Nil
Mr. Shyam Sunder Gupta	Member	Independent Director	Nil	Nil
Mr. Vivek Agrawal	Member	Independent Director	Nil	Nil

Mr. Vivek Agarwal was appointed as a member of the Shareholders and Investor Grievances Committee on 20th October, 2011 in place of Mr. Shaym Sunder Gupta who resigned as a director w.e.f. 20th October, 2011.

The Remuneration Committee is authorized to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive Directors including pension rights and any compensation payment.

Directors Remuneration :

Sr. No	Name of the Director	Designation	Salary per month (in Rs)	Bonus
1	Motilal Laxkar	Managing Director	Nil	Nil

Bonus Issue Committee (“Adhok Committee”)**(i) Terms of reference**

For the purpose of giving effect to the issue of Bonus Shares, the Board constituted an adhok committee of Directors called as “Bonus Issue Committee”.

The terms of reference of the Committee are:

- i) finalise, approve, execute and deliver the necessary documents, Agreement(s), deeds and instrument as may be necessary for the purpose of giving effect to this Resolution;
- ii) do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary including without limitation the issue and allotment of shares and take necessary steps for dematerialization and credit of equity shares to the allottees, etc.;
- iii) to finalise the terms and conditions with the Depositories and to execute and deliver necessary documents to the concerned depositories;
- iv) make application for listing and trading permission of the bonus equity shares to Bombay Stock Exchange Limited and to execute and deliver the necessary documents and agreements to the Stock Exchange; and settle all questions, difficulties or doubts that may arise with regard to such issue or allotment as it may, in its absolute discretion deem fit.

(ii) Composition:

The Composition of the Committee and details of Meetings attended by the Directors are given below:

Name	Designation	Status	No. of Meetings during the year 2011-12	
			Held	Attended
Mr. M L Laxkar	Managing Director	Chairman	1	1
Mr. Rajnath Shukla	Independent Director	Member	1	1

4. ANNUAL GENERAL MEETING (AGMs):

The particulars of annual general meeting held during the last three years are as follows:

Year	Date	Time	Venue
2010-2011	June 16, 2011	09.30 a.m.	Registered Office
2009-2010	September 30, 2010	09.30 a.m.	Registered Office
2008-2009	July 30, 2009	09.30 a.m.	Registered Office

Special resolution(s): Following special resolutions were passed in the last Annual General Meeting of the Company.

- ❖ Appointment of Mr. M. L. Laxkar, as Chairman & Managing Director of the Company
- ❖ Alteration in the Articles of Association of the Company, Substituted words/phrases in Article No. 138 and Article No. 139

5. DISCLOSURES OF RELATED PARTY

The disclosure of related party transactions has been made in the Point No. 24.12 of Notes to Accounts forming part of the Balance sheet as on 31st March 2012.

No penalties or strictures have been imposed on the company on any matter relating to the capital market by any regulatory authority for non-compliance for any laws during the last three years.

6. OTHER DISCLOSURES

❖ **BONUS ISSUE**

During the year under review, the Company had declared and allotted 93,00,000 equity shares of Rs. 10/- each as fully paid up Bonus Shares in the ratio of Six (6) Equity Shares as Bonus Shares on August 26, 2011, against Every One (1) Equity Share held as on the Record Date, i.e., August 25, 2011.

❖ **ACQUISITION OF STAKE**

During the year, Company has acquired 789000 equity shares of M/s IADFAC Laboratories Private Limited ("ILPL") (99.87% Holding of "ILPL") and 900000 equity shares of M/s Protect Nature Private Limited ("PNPL") (97.26% Holding of "PNPL"). Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company.

7. COMMUNICATION TO SHAREHOLDERS

The main source of the information to the Shareholder is the Annual Reports, which include, inter alia, the Director's Report, the report of Board of Directors on Corporate Governance, Management Discussion and analysis Report and the audited financial results. The unaudited quarterly/Audited results, notices of general meetings are published for the information of the shareholders in leading national and regional daily newspapers and under due intimation to the Stock Exchanges as required under the Listing Agreements as per details/information given below:

Quarterly and half yearly results	Published in English & Regional Newspaper
Email Id	malabartrading@rediffmail.com
Any website, where displayed	www.malabartradingcomltd.com
Whether it also displays official news releases; and the presentations made to institutional investors or to the analysts	Yes.

8. MANAGEMENT DISCUSSION ANALYSIS REPORT

The Management Discussion Analysis report forms a part of the Annual Report.

9. CODE OF CONDUCT

The Board members have confirmed compliance with code of conduct and ethics for the period ended March 31st, 2012 as provided under clause 49 of the listing agreement with the stock exchange.

Declaration

I, Mr. Motilal Laxkar- Chairman & Managing Director of Malabar Trading Company Limited hereby declare that all the members of the Board of Directors of the Company and the Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Company in terms of Clause 49 (1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges for the financial year ended 31st March, 2012.

For MALABAR TRADING COMPANY LIMITED

Sd./-

M L Laxkar

Chairman & Managing Director

Date: September 29, 2012

Place: Mumbai

10. SHAREHOLDERS INFORMATION:**i. Annual General Meeting**

The Annual General Meeting of the company for the year ended 31st March 2012 will be held at its Registered Office situated at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (East), Mumbai – 400 066 on 20th November, 2012 at 01.00 p.m

ii. Financial Calendar for 2012-2013 (Provisional)

1	Results for the Quarter ended 30 th September 2012	By 15 th November 2012
2	Results for the Quarter ended 31 st December 2012	By 14 th February 2013
3	Results for the Quarter ended 31 st March 2013	By 15 th May 2013
4	Results for the Quarter ended 31 st June 2013	By 14 th August 2013
5	Results for the Year ended 31 st March 2013	By end of August 2013
6	Annual general Meeting for the year ended 31 st March 2013	By end of September 2013

iii. Book Closure

The Register of members and Share Transfer books are closed keeping in view the proposed dates of Annual General Meeting and dividend declaration. For the year under reference the

above registers/books would be closed from Friday, the 16th day of November, 2012 to Tuesday, the 20th day of November, 2012 (both days inclusive) and was notified accordingly.

iv. Listing of Shares:

The equity shares issued by the company are listed on the following Stock Exchange,

Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

v. Dematerialization of Shares:

The Equity Shares of the Company are to be traded compulsorily in Dematerialized form. About 73.93% of paid-up Equity Capital has been dematerialized as on 31/03/2012.

The Company has entered into agreements with the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for the purpose.

ISIN number for NSDL & CDSL: INE438D01018

vi. Dividend Payment:

The Company has declared dividend @1% on Equity Shares i.e. Rs. 0.10 per share of the face value of Rs. 10 each for the Financial year 2011-2012.

vii. Listing of shares on stock exchanges and Stock Code

SI. NO.	Name of the Stock Exchange	Stock code
1	The Bombay Stock Exchange Limited	501473

Viii . Stock Market Price data

Month	High	Low
	BSE PRICE	BSE PRICE
April 2011	Not Traded	Not Traded
May 2011	Not Traded	Not Traded
June 2011	Not Traded	Not Traded
July 2011	Not Traded	Not Traded
August 2011	Not Traded	Not Traded
September 2011	Not Traded	Not Traded
October 2011	Not Traded	Not Traded
November 2011	Not Traded	Not Traded
December 2011	5.15	5.15
January 2012	6.10	5.25
February 2012	8.28	6.22
March 2012	11.05	8.44

ix. Registrar & Transfer Agent

With a view to provide prompt and efficient services to the investors the company has entered into an agreement with M/s. Purva Sharegistry (India) Private Limited, Registrar & Transfer Agents registered with SEBI.

Address:

Unit No. 9, Shiv Shakti Industrial Estate, J.R. Barucha Marg, Opp. Kasturba Hospital, Lower Parel (East), Mumbai - 400 011 Email: busicomp@vsnl.com	Contact Person: Mr. V B Shah Contact Details: Tel: 02223016761/0222301 0771 Fax : 022- 2301 8261
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x. Share Transfer System

With a view to provide prompt and efficient services to the investors the company has entered into an agreement with M/s. Purva Sharegistry (India) Private Ltd, Registrar & Transfer Agents registered with SEBI.

To supplement to the prompt services given by the Registrar & Transfer Agent the Shareholders and Investors grievance Committee meets as and when there are transfers/transmission of shares for the approvals of periodical transfers, issue of share certificates, splitting of shares etc.

All requests for dematerialization of shares are processed and confirmation thereof is sent to the shareholders within 7 to 15 days of the receipt thereof.

xi. (A) Distribution schedule of the Shareholding as on 31st March 2012:

No. of Equity shares held	No. of shareholders	No. of shares held	Percentage of shareholding
Up to 5000	10	19	0.00
5001 to 10000	1	600	0.01
30001 to 40000	3	10699	0.10
40001 to 50000	3	12975	0.12
50001 to 100000	12	86100	0.79
100001 and above	41	10739607	98.98
TOTAL	70	10850000	100.00

xii. (B) Shareholding Pattern as on 31st March 2012

Category	As on March 31, 2012	
	No. of Shares	%
Individuals	4291815	39.56
Companies, Mutual Funds & Trusts	227504	2.10
HUF	590154	5.44
Directors and relatives	0	0
NRIs & Foreign Companies	0	0
Government & Public Financial Institutions	0	0
Clearing Members	2	0
Promoters	5740525	52.91

xiii. Address for Correspondence

C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road,
Borivali (East), Mumbai – 400 066, Phone No. 022 28706523.

By and on behalf of the Board
For **MALABAR TRADING COMPANY LIMITED**

Motilal Laxkar
Chairman & Managing Director

Registered Office:

C-1, 1st Floor, Everest Building,
Opp. BMC School, Dattapada Road,
Borivali (East), Mumbai – 400 066.
Phone No. 022 28706523

Place: Mumbai

Date: 29.09.2012

LKM COMPANY

Chartered Accountants

H403, Phase -1, Haria Park, Mira Bhayander Road,
Mira Road (E), Dist, Thane – 401 107

CERTIFICATE

**TO THE MEMBERS OF
MALABAR TRADING COMPANY LIMITED**

WE HAVE EXAMINED THE COMPLIANCE OF THE CONDITIONS OF Corporate Governance by Malabar Trading Company Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statement 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 of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that based on the report given by the Registrar of the company to the Grievance committee, as on March 31, 2012 there were no investor grievance matters against the Company remaining unattended/ pending for more than 30 days.

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 LKM & Company
Chartered Accountants

(L. K. Malpani)
Proprietor
M. No. 106989

Place: Mumbai

Date: 29.09.2012

MANAGING DIRECTORS CERTIFICATION

To
The Board of Directors
Malabar Trading Company Limited
Mumbai

I, Motilal Laxkar, Managing Director of Malabar Trading Company Limited to the best of my knowledge and belief, certify that :

- a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) I am responsible for establishing and maintaining internal controls and have evaluated the effectiveness of internal control systems of the company and the auditors, the Audit Committee, and I have not come across any deficiencies in the design or operation of internal controls during the financial year;
- d) There were no instances of any fraud involving management or employees having a significant role in the Company's internal systems;
- e) There were no significant changes in internal control and/or of accounting policies during the year;
- f) I have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct);
- g) I further declare that all board members and senior managerial personnel have affirmed compliances with the code of conduct for the current year.

For **MALABAR TRADING COMPANY LIMITED**

Place: Mumbai
Date: 29.09.2012

MOTILAL LAXKAR
Managing Director

LKM & CO.

Chartered Accountants

To,
The Members,
MALABAR TRADING COMPANY LIMITED

We have audited the attached Balance Sheet of **M/S MALABAR TRADING COMPANY LIMITED** as at 31st March 2012 and also the Statement of Profit and Loss for the year ended on that date annexed hereto. These Financial Statement are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit:-

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. The Standards required that we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes, Examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall presentation of the financial statements. We believe that our Audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Amendment Order 2004 (together the 'Order'), issued by the Central Government in terms of Sub-Section (4A) of the Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order
3. Further to our comments in the Annexure referred to above, we report that :-
 - i. 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 ;
 - ii. 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 of the company ;
 - iii. The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the company;
 - iv. In our opinion, the Balance sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956.
 - v. Based on the representation made by the Directors of the company and taken on record by the Board of Directors and the information and explanations given to us, we report that none of the Directors is, as at 31st March 2012, Prima Facie disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956;

- vi. In our opinion and to the best of information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :
- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2012 ; and
 - (b) in the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date.
 - (c) in the case of the Cash flow of the Company for the year ended on that date.

FOR LKM & CO.
Chartered Accountants
FRN No.126823W

L.K.MALPANI
Proprietor
M No.106989

PLACE : MUMBAI
DATE : 29.9.2012

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Para (2) of our report of even date

We report that :-

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
(b) According to the information and explanation given to us and the records produce to us, fixed assets have been physically verified by the management at reasonable intervals and no any material discrepancies were noticed on such verification.
(c) Substantial part of the Fixed Assets has not been disposed off during the year which affects the Going Concern.
2. (a) The Management has conducted physical verification of inventory at reasonable intervals.
(b) In our opinion, the procedure followed by the management for such physically verification are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on verification between inventories and the books records.
- 3 (a) According to the information and explanations given to us and the record produce to us for our verification, the company has not taken or granted any loan from / to any Parties/ Firm/Companies listed in the register maintained under Section 301 of the Company Act, 1956. Accordingly Clause No. 3(b), (c),(d), (e), (f) and (g) of the said Order are not applicable to the company.
4. In our opinion and according to the information and explanation given to us, there is exists a reasonable internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods.
5. (a) On the basis of information and explanations given to us and records produced to us for our verification, all the contract / arrangements, the particulars of which needed to be entered into the register maintained under section 301 of the Act, have been recorded.
(b) Based on the information and explanations provided by the management to us, all transaction entered under section 301 of the Companies Act, 1956, have been made / executed in pursuance of contract / arrangements entered in the register maintained under section 301 of the Companies Act 1956 exceeding the value of Rs. 5 lacs in respect of any party during the year.
6. As per Information & Explanations given to us, the company has not accepted any deposits during the year from the public under section 58 of the Companies Act-1956. Accordingly the said clause of the Order is not applicable to the company.

7. As per Information & explanations given to us and record produce to us, the company has an internal audit system commensurate with its size of the company and the nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Act, hence the said clause of the Order is not applicable to the company.
9.
 - (a) According to the records of the company, the company has been regular in depositing undisputed statutory dues of the Income Tax and any other statutory dues with the appropriate authorities.
 - (b) According to the records of the company and information and explanations given to us, there are no undisputed amount payable in respect of Income tax and other Statutory Dues at the last date of the financial year concerned for a period for more than six months from the date they become payable.
 - (c) The provisions of Employees State Insurance and Employees Provident Fund, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Leave Encashment, Gratuity Act and others Retirement Benefits Clauses are not applicable to the company.
 - (d) According to the records of the company and as per information and explanations given to us, there are no statutory dues outstanding on account of any dispute.
10. According to the records of the company and information & explanations given to us the company has not given any guarantees for loans taken by other from banks or financial institutions.
11. The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses in the current year and in the preceding financial year.
12. According to the records of the company and information & explanations given to us the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
13. According to the records of the company and information & explanations given to us the company has not granted loans on the basis of security by way of pledge of shares.
14. According to the records of the company and information & explanations given to us, the company is not a chit fund or nidhi/mutual benefit fund / societies, Accordingly the said clause of the Order is not applicable to the company.
15. In our opinion and record produce to us, during the year, Company has acquired 789000 unquoted equity shares at a total consideration of Rs. 201.00 Lacs of M/s IADFAC Laboratories Private Limited ("ILPL") (99.87% Holding of "ILPL") and 900000 unquoted equity shares at a total consideration of Rs. 360.00 Lacs of M/s Protect Nature Private Limited ("PNPL") (97.26% Holding of "PNPL"). Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company. Investments are valued at Cost.

16. According to the records of the company and information & explanations given to us the company has not taken any term loan facility from any bank or financial institutions.
17. On the basis of an overall examination of the balance sheet and cash flows of the company and as per the information and explanations given to us, we report that the company has not utilized any fund raised on short term basis for long term investment and vice versa. *Except unutilized Preference Equity Share Issue Proceeds which have been temporarily held in short term interest bearing liquid loans.*
18. The Company has allotted bonus shares in the ratio of 1:6 to its shareholders by utilizing the amount of security premium. 48,60,000 Equity Shares allotted to parties or companies covered under section 301 of the Act.
19. The company has not issued any debentures during the year. Accordingly the said clause of the Order is not applicable to the company.
20. According to the information and explanations given to us, during the year covered by our audit report, the Company has not raised any money by public issue.
21. Based on our audit procedures performed and the information and explanation given to us by the management we report that no fraud on or by the company has been noticed or reported during the year that caused the financial statement to be materially misstated.

FOR LKM & CO.
Chartered Accountants
FRN No.126823W

L.K.MALPANI
Proprietor
M No.106989

PLACE : MUMBAI
DATE : 29.9.2012

BALANCE SHEET AS AT 31.03.2012

Amount (in Rs.)

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	108,500,000	15,500,000
(b) Reserves and Surplus	2	4,203,016	96,654,707
(2) Non-Current Liabilities			
(a) Long-term borrowings	3	64,750	64,750
(b) Deferred tax liabilities (Net)	4	34,606	-
(3) Current Liabilities			
(a) Short-term borrowings	5	-	13,592,245
(b) Other current liabilities	6	78,288	316,732
(c) Short-term provisions	7	1,762,565	264,064
Total		114,643,224	126,392,498
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	10,475,935	10,591,216
(b) Non-current investments	9	56,100,000	-
(c) Deferred Tax Assets (Net)		-	364,186
(d) Other non current assets	10	160,800	-
(2) Current assets			
(a) Inventories	11	626,897	941,602
(b) Trade receivables	12	18,904	39,178
(c) Cash and Bank Balance	13	4,742,976	26,465,769
(d) Short-term loans and advances	14	41,895,550	87,883,103
(e) Other current assets	15	622,162	107,444
Total		114,643,224	126,392,498

Notes on Financial Statements (1 to 23)

As per our Report of even date

For LKM & Co.

Chartered Accountants

F.R.N. 126823W

For and on Behalf of Board

Malabar Trading Company Limited**Laxmikant Malpani**

Proprietor

M. No. 106989

Managing Director**Director****Place : Mumbai****Dated : 29.09.2012**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	Note No	31st March, 2012	31st March, 2011
I. Revenue from Operations	16	(4,284,421)	552,645
II. Other Income	17	8,308,167	706,403
III. Total Revenue (I +II)		4,023,746	1,259,048
<i>IV. Expenses:</i>			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	18	314,705	(133,314)
Employee Benefit Expense	19	366,659	240,064
Financial Costs	20	101,840	39,186
Depreciation		48,820	61,231
Other expenses	21	560,538	600,827
Total Expenses		1,392,562	807,994
V. Profit before tax (III - IV)		2,631,184	451,054
VI. Tax expense:			
(1) Current tax (MAT)		501,578	82,722
(2) Deferred tax made / (reversed)		398,792	(374,318)
(3) Earlier year Tax Paid		-	1,645
(4) MAT Credit entitlement		(78,482)	(57,788)
VII. Profit/(Loss) for the period (V-VI)		1,809,296	798,793
VIII. Earning per equity share:			
(1) Basic & Diluted	22	0.25	12.02

Notes on Financial Statements (1 to 23)

As per our Report of even date

For LKM & Co.

Chartered Accountants

F.R.N. 126823W

For and on Behalf of Board

Malabar Trading Company Limited

Laxmikant Malpani

Proprietor

M. No. 106989

Managing Director

Director

Place : Mumbai

Dated : 29.09.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	For the Year 2011-2012	For the Year 2010-2011
A. Cash Flow From Operating Activities :		
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS	2631184	451054
ADJUSTMENT FOR :-		
Depreciation	48820	61231
Deferred Revenue Exp. W/off	40200	0
Profit on sale of Assets	(84142)	0
Interest Received	(8179757)	-665203
Interest Paid	96230	29454
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(5447465)	(123464)
ADJUSTMENT FOR :-		
Trade & Other Receivables	20274	894036
Inventories	314705	(133314)
Other Loans & Advances	45987553	(85750234)
Trade Payables	(238595)	(858061)
CASH GENERATED FROM OPERATION	40636472	(85971037)
Direct Taxes Paid	(34676)	(20300)
Cash Flow before Extra Ordinary Items	40601796	(85991337)
NET CASH FROM OPERATING ACTIVITIES (A)	40601796	(85991337)
B. CASH FLOW FROM INVESTING ACTIVITIES :-		
Purchase of Assets	0	(10015750)
Sale of Fixed Assets	150000	0
Purchase of Investment/ Share Application Made	(56100000)	0
Interest Received	8179757	665203
Tax Deducted at Source	(483679)	(46142)
NET CASH USED IN INVESTING ACTIVITIES (B)	(48253922)	(9396689)
C. CASH FLOW FROM FINANCIAL ACTIVITIES :-		
Proceeds received from Issue of Shares	0	15000000
Proceed received from Share Application Money	0	93000000
Expenses incurred for Preferential Allotment & Bonus issue	(201000)	0
Proceeds from Loan Fund	(13592245)	13592245
Interest Paid	(96230)	(29454)
Dividend Paid	(154850)	(25000)
Income Tax on Dividend	(26342)	(4249)
NET CASH USED IN FINANCING ACTIVITIES (C)	(14070667)	121533542
Net Increase in Cash & Cash Equivalent (A + B + C)	(21722793)	26145516
Cash & Cash Equivalent As At 31-03-2011	26465769	320252
Cash & Cash Equivalent As At 31-03-2012	4742976	26465769

As per our report of even date

For LKM & Co.
Chartered Accountants
FRN No. 126823W

Laxmikant Malpani
(Proprietor)
M No. 106989

Place : Mumbai
Date : 29.09.2012

SIGNIFICANT ACCOUNTING POLICIES

Sr. No.	Sub Sr. No.	Particulars
1		<p><u>COMPANY INFORMATION</u></p> <p>The Malabar Trading Company Limited (“The Company”) was incorporated on 18th April, 1980 under the Companies Act, 1956. The company made its maiden public issue during June 1980 aggregating Rs. 3.00 lacs for raising working capital and meeting issue expenses. The paid-up capital of the Company post listing in 1980 was Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each. The Company was incorporated with the main object of trading, acting as distributors, commission agents etc. Presently the registered office of the Company is situated at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (E), Mumbai – 400066.</p> <p>In February, 2011, the Company altered its objects clause by inserting objects relating to (i) Hospitality Entertainment and related activities (ii) Healthcare related activities (iii) Agro food produce, production and process including forward and back integration and (iv) Infrastructure and construction activities, to be carried on either directly or indirectly through joint venture/wholly owned subsidiaries/ acquisition of strategic stake in such entities in the respective fields or otherwise and also obtained the approval of members u/s 149(2A) of the Companies Act, 1956 to carry on these newly inserted objects.</p> <p>In March, 2011, the Company issued 15,00,000 equity shares of Rs. 10 each at a premium of Rs. 62 per share upon conversion of warrants. In August, 2011, the Company announced issue of Bonus Shares in the ratio of 6 equity shares as bonus shares against every 1 share held. Post bonus, the present paid-up share capital of the Company is Rs. 10,85,00,000 divided into 1,08,50,000 equity shares of Rs. 10 each.</p> <p>The Company has acquired 99.87% stake in M/s IADFAC Laboratories Private Limited (“ILPL”) a Company engaged in lab testing of Dairy, Food and other products. ILPL has ISO 17025 Certification, BIS, Egmark & more. Further, the Company has also acquired 97.26% stake in M/s Protect Nature Private Limited (“PNPL”), a Company engaged in the business of agro food produce, production and process including forward and backward integration including manufacturing of fertilizers. Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company.</p> <p><u>NOTES</u></p> <p><u>2.a Basis of Preparation</u></p> <p>These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on</p>

Sr. No.	Sub Sr. No.	Particulars
		<p>the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI).</p>
	2.b	<p><u>Use of Estimates</u></p> <p>The preparation of the financial statements in conformity with GAAP requires estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period.</p> <p>Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.</p>
	2.c	<p><u>Own Fixed Assets</u></p> <p>Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use.</p>
	2.d	<p><u>Depreciation and Amortisation</u></p> <p>Depreciation on Tangible Assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956 over their useful lives of assets estimated by the Management.</p>
	2.e	<p><u>Impairment of Assets</u></p> <p>The assets is treated as impaired when the carrying cost of the assets exceeds its recoverable value. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.</p>

Sr. No.	Sub Sr. No.	Particulars
	2.f	<p><u>Investments</u></p> <p>Investments are classified as long-term based on Management's intention at the time of purchase. Long term investments are carried at cost.</p>
	2.g	<p><u>Inventories</u></p> <p>Inventories includes the Traded Goods available for Sale i.e. quoted equity shares. Value of Inventories includes the Cost of Procuring Goods and Services, Borrowing Cost (if permitted by AS-16 - "Borrowing Cost") and any other expenditure incurred in relation to the inventory necessary to bring that in the Present and Saleable Condition.</p> <p>Inventory are valued using First in First Out basis as suggested by Accounting Standard - 2.</p>
	2.h	<p><u>Cash & Cash Equivalents</u></p> <p>Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.</p>
	2.i	<p><u>Provision for Contingent Liabilities</u></p> <p>A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.</p>
	2.j	<p><u>Revenue Recognition</u></p> <p>The company derives its revenue from Interest and Trading of Shares. Sales of Shares are recognized in accordance with the settlement cycle of stock exchange. The revenue in respect of Interest Income is recognized on accrual basis. Rentals are recognized ratably on a straight line basis over the balance sheet period.</p> <p>In Statement of Profit & Loss, company has taken the income as the difference between the value of sale and purchase of shares.</p>

Sr. No.	Sub Sr. No.	Particulars
	2.k	<p><u>Employee Benefit</u></p> <p>Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.</p>
	2.l	<p><u>Provision for Current & Deferred Tax</u></p> <p>Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably.</p>
	2.m	<p>Deferred Tax resulting from timing difference between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the date of balance sheet date.</p> <p><u>Earning per share</u></p> <p>Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.</p>

PARTICULARS	AS AT 31.03.2012	AS AT 31.03.2011
NOTE		
1. SHARE CAPITAL		
AUTHORIZED SHARE CAPITAL		
11,000,000 Equity Shares of Rs. 10/- each (11,000,000 Equity Shares of Rs. 10/- each)	110,000,000	110,000,000
ISSUED, SUBSCRIBED AND PAID UP		
10,850,000 Equity Shares of Rs. 10/- each (1,550,000 Equity Shares of Rs. 10/- each) (9300000 Number of shares issued as fully paid-up by way of bonus shares in the ratio of 1:6 from Securities Premium Account)	108,500,000	15,500,000
	108,500,000	15,500,000
FOOTNOTES:-		
The reconciliation of the number of shares outstanding is set out below :		
PARTICULARS	As at 31st March, 2012 No. of Shares	As at 31st March, 2011 No. of Shares
Shares outstanding at the commencement of the year	1,550,000	50,000
Issued during the year	9,300,000	1,500,000
Shares outstanding at the close of the year	10,850,000	1,550,000
Terms / Rights attached to equity shares		
<p>The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.</p> <p>9,300,000 Equity Shares out of the issued, subscribed and paid up share capital were allotted as Bonus Shares in the last five years by capitalisation of Securities Premium Account and Reserves.</p> <p>9,300,000 Equity Shares out of the issued, subscribed and paid up share capital were allotted in the last five year pursuant to the various schemes without payment being received in cash.</p> <p>During the last five years, the company has allotted 1,500,000 Equity Shares at Rs. 10/- each with a premium of Rs. 62/- each pursuant to the preferential issue of equity shares.</p>		

List of shareholders holding more than 5%	As at		As at	
	31st March, 2012		31st March, 2011	
Name of the Share Holder :-	No. of Shares & % of Holding		No. of Shares & % of Holding	
Moti Lal Laxkar	2177000	20.06%	311000	20.06%
Ranjita Infrastructure Private Limited	3500000	32.26%	500000	32.26%
Supreme Industries	1225000	11.29%	175000	11.29%
2. Reserve & Surplus				
A. Security Premium Account				
Opening Balance		93,000,000		-
Add : Securities premium credited on Share issue		-		93,000,000
Less : Utilised for issue of Bonus Share		93,000,000		-
Closing Balance		-		93,000,000
B. Surplus in Statement of Profit & Loss Account				
Opening Balance		3,654,707		3,037,255
Add : Profit during the year		1,809,296		798,793
Less :				
Proposed Dividend		1,085,000		155,000
{Dividend per Shares of Rs. 0.10/- (P.Y. Rs.0.10/-)}				
Tax on Dividend		175,987		26,342
Balance in Surplus		4,203,016		3,654,707
	Total (A+B)	4,203,016		96,654,707
3. Long Term Borrowings				
		As at 31.03.2012		As at 31.03.2011
A. Unsecured Loan				
Inter Corporate Deposits		64,750		64,750
Total		64,750		64,750
4. Deferred Tax (Net)				
Deferred Tax Liabilities				
Opening Balance		4,043		10,131
Add : On Account of Depreciation		30,563		-
Less : Reversal on account of timing difference		-		6,089
Closing Balance of Deferred Tax Liability		34,606		4,043

Deferred Tax Assets

Opening Balance	368,229	-
Add : On Account of timing difference	-	368,229
Less : Reversal on account of timing difference	368,229	-
Closing Balance of Deferred Tax Assets	-	368,229
Total of Deferred Tax Liability (Net)	34,606	(364,186)

5. Short Term Borrowings**From Bank****Secured Loans**

OD Limit From Axis Bank Limited, Indore	-	13,592,245
Total	-	13,592,245

(OD Limit from Axis Bank Limited is secured by pledge of Fixed Deposit Receipt.)

6. Other Current Liabilities

(a) Outstanding Expenses	78,137	316,732
(b) Unpaid Dividends	151	-
Total	78,288	316,732

7. Short Term Provisions

(a) Provision of Income Tax	501,578	82,722
(b) Proposed Dividend	1,085,000	155,000
(c) Provision for Dividend Tax	175,987	26,342
Total	1,762,565	264,064

9. Non Current Investments**(Long Term Investments)**

In Equity Share of Subsidiary Company

Unquoted, fully paid up

789000 Shares of M/s IADFAC Laboratories Private Limited of Rs. 10/- each	20,100,000	-
900000 Shares of M/s Protect Nature Private Limited of Rs. 10/- each	36,000,000	-
Total	56,100,000	-

During the year, Company has acquired 789000 unquoted equity shares at a total consideration of Rs. 201.00 Lacs of M/s IADFAC Laboratories Private Limited ("ILPL") (99.87% Holding of "ILPL") and 900000 unquoted equity shares at a total consideration of Rs. 360.00 Lacs of M/s Protect Nature Private Limited ("PNPL") (97.26% Holding of "PNPL"). Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company.

10. Other Non Current Assets

Deferred Revenue Expenditure(to be written off)

Opening Balance	-	-
Add : Deferred Revenue Exp. Incurred for Prefrential & Bonus issue	201,000	-
Less : W/off 1/5th during the year	40,200	-
Total	160,800	-

As per policy of company management, Deferred Revenue Expenditure incurred for Prefrential & Bonus Issue, would be written off in five financial year commencing from financial year 2011-2012.

11. Inventories

(a) Traded Goods (Quoted Equity Shares)	626,897	941,602
Total	626,897	941,602

(Valuation of inventories made on lower of cost or market price as at 31.03.2012)

12. Trade Receivables**Trade Receivables (Unsecured)**

(a) Considered good	18,904	39,178
(b) Outstanding For a Period Exceeding 6 Months	-	-
Total	18,904	39,178

13. Cash & Bank Balance**(a) Balance with Banks**

on Current Account	4,449,655	106,984
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(b) Cash on hand	293,321	13,026
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(c) In Fixed Deposit Account	-	26,345,758
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(Pledge / Lien Marked with Axis Bank Limited against there OD Limit).

Total	4,742,976	26,465,769
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14. Short Term Loans & Advnces

(Unsecured & considered good)

(a) Other Advances (Recoverable in cash or Kind, for value to be received)	41,895,550	87,883,103
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Total	41,895,550	87,883,103
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15. Other Current Assets

(a) MAT Credit Entitlement	136,270	57,788
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(b) Prepaid Insurance	-	1,301
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(c) Tax Deducted at source	485,892	48,355
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Total	622,162	107,444
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16. Revenue from Operations		
Net income from Share Trading Activities	(4,284,421)	552,645
Total	(4,284,421)	552,645
(Company has taken the income as the difference between the value of sale and purchase of shares.)		
17. Other Income		
Interest income ((T.D.S. 483679/- P.Y.46142/-)	8,179,757	665,203
Dividend Income	8,268	5,200
Rent Income	36,000	36,000
Other non-operating income	84,142	-
Total	8,308,167	706,403
18. Change in Inventories		
18.1 Opening Stock		
Traded Goods (Quoted Shares)	941,602	808,288
	941,602	808,288
18.2 Closing Stock		
Traded Goods (Quoted Shares)	626,897	941,602
	626,897	941,602
Increase/(Decrease) in stock (18.1 - 18.2)	314,705	(133,314)
19. Employees Benefit Expenses		
Salaries & Wages with Allowances	342,099	223,250
Staff Welfare Expenses	24,560	16,814
Total	366,659	240,064
20. Financial Cost		
Interest Expenses	96,230	29,454
Bank Commission & Charges	5,610	9,732
Total	101,840	39,186
21 Other Expenses		
Auditor's Fees	27575	27575
BSE Listing Fees & Preferential Issue Expenses	47401	202360
D-Mat N.S.D.L. & C.D.S.L Charges	65005	38484
Books & Periodicals	7463	4178
Electric Charges	15368	13380
Repairs & Maintenance	23493	22890

Insurance Charges	4738	2602
Result Publication Charges	24566	12087
Other Miscellaneous Expenses	48325	31636
Stationery & Printing	18180	15655
Postage, Telegram and Telephones	43649	43467
Legal & Professional Charges	68414	70668
1/5 Deferred Revenue Exps Written Off	40200	0
Sundry Balances Written off	19432	0
Travelling Expenses	57819	57105
Vehicle Running Exp.	48910	58740
Total	560538	600827

22.Earning Per Share

(i) Net Profit after tax as per Statemnet of Profit & Loss attributable to Equity Sahareholder	1809296	798793
(ii) Weighted Average number of equity shares used in denominator for calculating Earnings per Share	7114754	66438
(iii) Basic & Diluted Earnings per Share	0.25	12.02
(iv) Face Value per Equity Shares	10	10

Note - 23 “ Notes forming part of the consolidated financial statements for the year ended 31.03.2012”

Note	Particulars		
23.1	Previous year figures have been regrouped, reclassified and recast wherever considered necessary to make them comparable with current year figures.		
23.2	None of the employees of the company were in receipt of remuneration in excess of limits specified under section 217(2A) of the Companies Act, 1956.		
23.4	In the opinion of the Board, all the items of current assets, long term loans and advances and other non current assets have a value on realisation in the ordinary course of the business at least equal to the amount at which they are stated.		
23.5	The various balances of long term loans and advances, other non current assets, trade payables, trade receivables and other items of current assets, as well as current and non current liabilities are unconfirmed from the parties concerned.		
23.6	In absence of proper information in respect of trade payables as to their status as Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, Company is not in a position to state information required		
23.7	In terms of AS-22, company has recognised deferred tax liability/(asset) for the year as follows:		
	Particulars	As at 31 March, 2012	As at 31 March, 2011
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	34606	4043
		34606	4043
	<u>Tax effect of items constituting deferred tax assets</u>		
	Due to carry forward losses	0	368229
		0	368229
	Net deferred tax liability / (Assets)	34606	(364186)
	Particulars	As at 31 March, 2012	As at 31 March, 2011
23.8	Payment to Auditors	27575	27575
23.9	Additional information pursuant to part II of schedule VI of the Companies Act 1956 to the extent applicable to the companies as certified by the Director of the company is furnished below.		
	<u>Quantitative Details of Opening Stock, Purchases, Closing Stock of Goods traded during the year</u>		
	i) Opening Stock	2294210	
	ii) Purchases	193413	
	(iii) Sales	2385542	
	(iv) Closing Stock	102081	

23.9 A. Value analysis of Sales / Transfer Turnover :

	NOS.	2011-2012	NOS.	2010-2011
A. Chemicals	Nil	0	Nil	-
B. Equity Shares	2385542	4600156	234956	1,896,830
TOTAL	2385542	4600156	234956	1896830

23.9 B. Purchase/Allotment/Conversion/Bonus for Resale

	NOS.	2011-2012	NOS.	2010-2011
A. Chemicals	Nil	-	Nil	-
B. Equity Shares	193413	8884577	55452	1,344,185
TOTAL	193413	8884577	55452	1344185

23.9 C. Closing Stock of Quoted Equity Shares

Company Name	2011-2012		2010-2011	
	Nos.	Amount	Nos.	Amount
Netlink Solutions Limited	50000	51500	50000	74000
Netlink Solutions Ltd (Bonus)	292	0	292	0
Shiv wani Oils Limited	0	0	250	73425
Signet Overseas Limited	352	30976	352	30900
Dazzel Confindiv Limited	0	0	500	1225
Goplee Infotech Limited	950	4988	950	18620
Sunitee Chemicals Limited	28444	5689	2228444	690818
Rock Hard Petrochemicals Limited	13422	52614	13422	52614
Bajaj Hindustan Limited	2000	62100	0	0
Coal India Limited	421	144445	0	0
EIH Hotels Limited	150	23100	0	0
Nagarjun Construction	500	28100	0	0
Renuka Sugars Limited	2000	63200	0	0
Satyam Limited	50	4010	0	0
Trendy Knittware Limited	2000	133000	0	0
Triveni Engineering Limited	1500	23175	0	0
TOTAL	102081	626897	2294210	941602

23.10	Related Party Disclosure: Director has certify that there were no transaction 'with Related Parties, As per Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants Of India except the followings :-			
	Sr. No.	Name of the Related Parties	Relation	Remarks
	1	M. L. Laxkar	Director & Promoter	31100 (Rs.) Dividend paid pertaining for financial year 2010-2011
	2	Ranjeeta Infrastructure Pvt. Ltd.	Promoter	50000 (Rs.) Dividend paid pertaining for financial year 2010-2011
	4	M. L. Laxkar	Director & Promoter	1866000 (Number os Shares) Bonus share allotted in the ration of 1:6 during the financial year 2011-2012
	5	Ranjeeta Infrastructure Pvt. Ltd.	Promoter	3000000 (Number of Shares) Bonus share allotted in the ration of 1:6 during the financial year 2011-2012
<p>In terms of our report attached.</p> <p>For LKM & Co. Chartered Accountants (FRN : 126823W)</p> <p>(Laxmikant Malpani) Proprietor M. No 106989</p> <p>Place : Mumbai Date :</p> <p style="text-align: right;">For and on behalf of the Board of Directors Malabar Trading Company Limited</p> <p style="text-align: right;">Managing Director Director</p>				

**SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR
FINANCIAL YEAR 2011-12**

(Amount in Rs.)

Particulars	Name of Subsidiaries	
	IADFAC Laboratories Private Limited	Protect Nature Private Limited
Share Capital	7900000	9254000
Reserves	11332412	27000000
Total Assets	26082968	38668170
Total Liabilities	26082968	38668170
Investment other than Investment inSubsidiary	0	0
Turnover (Gross)	11401049	0
Profit before Taxation	143357	0
Provsion for Taxation		
- Current Tax	0	0
- Deferred Tax	0	0
Profit after Taxation	143357	0
Proposed Dividend	0	0

For and on behalf of the Board

Place : Mumbai

Dated : 29/09/2012

Managing Director

Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO COMPANY'S INTEREST IN SUBSIDIARY COMPANIES**

(Amount in Rs.)

Particulars	Name of Subsidiaries	
	IADFAC Laboratories Private Limited	Protect Nature Private Limited
1 The Financial Year of the Subsidiary ended on	31.03.2012	31.03.2012
2 Shares of the Subsidiary held by the Company on the above date		
(a) Number of Shares	789000	900000
(b) Extent of Holdings	99.87%	97.26%
3 Net aggregate of profits /(losses) of the subsidiary for the above financial year so far as they concern members of the Company	143175	0
(a) Dealt with in the accounts of the Company for the year ended 31st March 2012	143175	0
(b) Not dealt with in the accounts of the Company for the year ended 31st March 2012	182	0
4 Net aggregate of profits /(losses) of the subsidiary for the previous financial year ,since it became a subsidiary so far as they concern members of the Company	NA	NA
(a) Dealt with in the accounts of the Company for the year ended 31st March 2011	NA	NA
(b) Not dealt with in the accounts of the Company for the year ended 31st March 2011	NA	NA

For and on behalf of the Board

Place : Mumbai

Dated : 29/09/2012

Managing Director

Director

LKM & CO.

Chartered Accountants

To

The Board of Directors,

MALABAR TRADING COMPANY LIMITED.

1. We have audited the Consolidated Financial Results of '**Malabar Trading Company Limited**' ("the Company") for the year ended 31st March, 2012, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from the disclosures made by the Management and have not been audited by us. These Consolidated Financial Results are prepared on the basis of Financial Statement of the Company and its subsidiaries, which are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to express an opinion on these financial results based on our audit of such Financial Statement.
2. 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 Consolidated Financial Statements are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the Financial Statements of subsidiaries includes in the Consolidated Financial Statements. These financial statements and other financial information of the 2 subsidiaries have been audited by other auditor whose reports have been furnished to us, and our opinion on the Consolidated Financial Statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors. Details of the Subsidiary are as follows:

Particulars	IADFAC Laboratories Private Limited (Amount in INR)	Protect Nature Private Limited (Amount in INR)
Country of Incorporation	India	India
Total Capital Employed	2,60,82,968	3,86,68,170
Total Assets	2,60,82,968	3,86,68,170
Profit after Tax for the Year	1,43,357	NA
Interest of Holding Company (in %)	99.87%	97.26%
Interest of Minority (in %)	0.19%	2.74
Minority Share (in Currency)	24343	995267

4. We report that the Consolidated Financial Statements prepared by the company is in accordance with the requirements of Accounting Standards (AS) 21 on, "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

5. Based on our audit and on consideration of reports of other auditors on financial statements of subsidiary companies, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in the conformity with the accounting principles generally accepted in India:
 - a. In case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012.

 - b. In case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the period ended March 31, 2012; and

 - c. In case of the Consolidated Cash Flow Statement, of the cash flow of the Group for the year ended on that date.

For **LKM & Co.**
Chartered Accountants
Firm Registration Number 126823W

Laxmikant Malpani
Proprietor
Membership Number 106989

Place : Mumbai
Date : 29.9.2012

Consolidated Balance Sheet as at 31.03.2012

Amount (in Rs.)

Particulars	Note No	As at 31st March, 2012
I. EQUITY AND LIABILITIES		
Shareholder's Funds		
(a) Share Capital	1	108,500,000
(b) Reserves and Surplus	2	4,203,226
Share Capital Pending for Allotment		200,000
Minority Interest		1,019,610
Non-Current Liabilities		
(a) Long-term borrowings	3	1,785,514
Current Liabilities		
(a) Trade Paybles	4	1,360,039
(b) Short-term borrowings	5	1,890,533
(c) Other current liabilities	6	3,261,510
(d) Short-term provisions	7	2,672,733
Total		124,893,165
II.Assets		
(1) Non-current assets		
<i>(a) Fixed assets</i>		
(i) Tangible assets	8	20,676,992
(ii) Goodwill (On Consideration of Subsidiary)		1,633,409
(b) Deferred Tax Assets (Net)	9	251,342
(c) Long Term Loans & Advances	10	35,287,800
(d) Other non current assets	11	1,340,005
(2) Current assets		
(a) Inventories	12	1,091,464
(b) Trade receivables	13	10,780,590
(c) Cash and Bank Balance	14	5,911,571
(d) Short-term loans and advances	15	44,402,448
(e) Other current assets	16	3,517,544
Total		124,893,165

Notes on Financial Statements (1 to 24)

As per our Report of even date

For LKM & Co.
Chartered Accountants
F.R.N. 126823W

For and on Behalf of Board
Malabar Trading Company Limited

Laxmikant Malpani
Proprietor
M. No. 106989

Managing Director Director

Place : Mumbai
Dated : 29/09/2012

Consolidated Statement of Profit and Loss For the Year Ended March 31, 2012

Amount (in Rs.)

Particulars	Note No	As at 31st March, 2012
I. Revenue from Operations	17	4,940,256
II. Other Income	18	10,484,539
III. Total Revenue (I +II)		15,424,795
<i>IV. Expenses:</i>		
Cost of Material Consumed		1,276,301
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	314,705
Employee Benefit Expense	20	5,785,684
Financial Costs	21	454,054
Depreciation		48,820
Other expenses	22	4,770,690
Total Expenses		12,650,254
V. Profit before tax (III - IV)		2,774,541
VI. Tax expense:		
(1) Current tax (MAT)		501,578
(2) Deferred tax made / (reversed)		398,792
(3) Earlier year Tax Paid		-
(4) MAT Credit entitlement		(78,482)
VII. Profit / (Loss) for the period from continuing operations (V-VI)		1,952,653
VIII. Share of Profit transferred to Minority Interest		182
IX Pre-acquisition Profit / (Loss) on Acquisition of Subsidiary		142965
X. Profit/(Loss) for the year carried to Balance Sheet		1809506
XI Net Profit considered for Calculation of Earning per Share		1952653
XII. Earning per equity share:		
(1) Basic & Diluted	23	0.27

Notes on Financial Statements (1 to 24)

As per our Report of even date

For LKM & Co.
Chartered Accountants
F.R.N. 126823W

For and on Behalf of Board
Malabar Trading Company Limited

Laxmikant Malpani
Proprietor
M. No. 106989

Managing Director Director

Place : Mumbai
Dated : 29/09/2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	For the year 2011-2012
A. Cash Flow From Operating Activities :	
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS	2774541
ADJUSTMENT FOR :-	
Depreciation	48820
Deferred Revenue Exp. W/off	40200
Profit on sale of Assets	(2229782)
Interest Received	(8210489)
Interest Paid	290436
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(7286274)
ADJUSTMENT FOR :-	
Trade & Other Receivables	(2635149)
Inventories	182420
Other Loans & Advances	42774822
Trade Payables & Other Current Liabilities	206043
Short Term Provision	242121
CASH GENERATED FROM OPERATION	33483983
Direct Taxes Paid	(34676)
Cash Flow before Extra Ordinary Items	33449307
NET CASH FROM OPERATING ACTIVITIES (A)	33449307
B. CASH FLOW FROM INVESTING ACTIVITIES :-	
Purchase of Fixed Assets	(44045)
Sale of Fixed Assets	7906431
Purchase of Investment	(5300000)
Interest Received	8210489
Tax Deducted at Source	(483679)
Advance made towards Capital Goods	(35000000)
Increase in Long Term Loans & Advances	1197146
NET CASH USED IN INVESTING ACTIVITIES (B)	(23513658)
C. CASH FLOW FROM FINANCIAL ACTIVITIES :-	
Expenses incurred for Preferential Allotment & Bonus issue	(201000)
Expenses incurred for increase in Authorised Capital	(182207)
Proceeds from Loan Fund	(17209081)
Interest Paid	(290436)
Dividend Paid	(154850)
Income Tax on Dividend	(26342)
Repayment of Short Term Liabilities	(12601371)
Pre-operative Expenses Incurred for	(81473)
NET CASH USED IN FINANCING ACTIVITIES (C)	(30746760)
Net Increase in Cash & Cash Equivalent (A + B + C)	(20811111)
Cash & Cash Equivalent As At 31-03-2011	26722682
Cash & Cash Equivalent As At 31-03-2012	5911571

As per our report of even date

For LKM & Co.
Chartered Accountants
FRN No. 126823W

Laxmikant Malpani
(Proprietor)
M No. 106989

Place : Mumbai
Date : 29.09.2012

CONSOLIDATED FINANCIAL STATEMENT

PARTICULARS	AS AT 31.03.2012
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NOTE**1. SHARE CAPITAL****AUTHORIZED SHARE CAPITAL**

11,000,000 Equity Shares of Rs. 10/- each (11,000,000 Equity Shares of Rs. 10/- each)	110,000,000
---	--------------------

ISSUED, SUBSCRIBED AND PAID UP

10,850,000 Equity Shares of Rs. 10/- each (1,550,000 Equity Shares of Rs. 10/- each) (9300000 Number of shares issued as fully paid-up by way of bonus shares in the ratio of 1:6 from Securities Premium Account)	108,500,000
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FOOTNOTES:-

The reconciliation of the number of shares outstanding is set out below :

PARTICULARS	As at 31st March, 2012 No. of Shares
Shares outstanding at the commencement of the year	1,550,000
Issued during the year (Bonus Allotment)	9,300,000
Shares outstanding at the close of the year	10,850,000

Terms / Rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

9,300,000 Equity Shares out of the issued, subscribed and paid up share capital were allotted as Bonus Shares in the last five years by capitalisation of Securities Premium Account and Reserves.

9,300,000 Equity Shares out of the issued, subscribed and paid up share capital were allotted in the last five year pursuant to the various schemes without payment being received in cash.

During the last five years, the company has allotted 1,500,000 Equity Shares at Rs. 10/- each with a premium of Rs. 62/- each pursuant to the preferential issue of equity shares.

List of shareholders holding more than 5%	As at 31st March, 2012	
Name of the Share Holder :-	No. of Shares & % of Holding	
Moti Lal Laxkar	2177000	20.06%
Ranjita Infrastructure Private Limited	3500000	32.26%
Supreme Industries	1225000	11.29%

2. Reserve & Surplus**A. Security Premium Account**

Opening Balance	93,000,000
Add : Securities premium credited on Share issue	-
Less : Utilised for issue of Bonus Share	93,000,000
Closing Balance	-

B. Surplus in Statement of Profit & Loss Account

Opening Balance	3,654,707
Add : Profit during the year	1,809,506
Less :	
Proposed Dividend	1,085,000
{Dividend per Shares of Rs. 0.10/- (P.Y. Rs.0.10/-)}.	
Tax on Dividend	175,987
Balance in Surplus	4,203,226

Total (A+B)	4,203,226
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3. Long Term Borrowings**A. Unsecured Loan**

Inter Corporate Deposits	64,750
Loans and advances from related parties	1,720,764
Total	1,785,514

4. Trade Paybles

(a) Sundry Creditors	1,360,039
Total	1,360,039

5. Short Term Borrowings**From Others****Secured Loans**

(a) Loans repayable on demand from other Parties	1,240,533
(b) Loans and Advances from Directors	650,000
Total	1,890,533

6. Other Current Liabilities

(a) Outstanding Expenses	279,543
(b) Unpaid Dividends	151
(c) Statutory Liabilities	2,981,816
(d) Creditor for Expenses	-
Total	3,261,510

Note 8 Disclosure pursuant to Note no. 8 Part I of Schedule VI to the Companies Act, 1956

	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1 April 2011	Additions	Disposals	Balance as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	On disposals	Balance as at 31 March 2012	Balance as at 31 March 2011
Fixed Assets									
a									
Tangible Assets									
Own Assets									
Freehold Land	10,015,750	-	-	10,015,750	-	-	-	10,015,750	10,015,750
Land (Leasehold)	39,900	-	-	39,900	-	-	-	39,900	39,900
Factory Building	1,411,850	-	-	1,411,850	-	-	-	1,411,850	1,411,850
Air Conditioner	21,499	-	-	21,499	9,653	1,648	-	10,198	11,846
Office Property	620,010	-	-	620,010	153,139	23,344	-	443,527	466,871
Furniture & Fixtures	856,268	-	-	856,268	246,510	796	-	608,962	609,758
Computer	71,500	-	-	71,500	66,740	1,904	-	2,856	4,760
Vehicles	564,274	-	564,274	-	476,684	21,128	497,812	-	87,590
Plant & Equipments	16,351,294	-	6,930,463	9,420,831	2,922,090	-	1,319,672	7,818,413	13,429,204
Office Equipments	402,924	44,045	-	446,969	121,434	-	-	325,535	281,490
Total	30,355,269	44,045	7,494,737	22,904,577	3,996,249	48,820	1,817,484	20,676,992	26,359,020
b									
Intangible Assets									
Others (specify nature)	0	0	0	0	0	0	0	0	0
Total	-	-	-	-	-	-	-	-	-
c									
Capital Work In Progress									
	0	-	-	-	0	0	0	0	0
Total	-	-	-	-	-	-	-	-	-
d									
Intangible assets under Development									
	0	0	0	0	0	0	0	0	0
Total	30,355,269	44,045	7,494,737	22,904,577	3,996,249	48,820	1,817,484	20,676,992	26,359,020

7. Short Term Provisions

(a) Provision of Income Tax	501,578
(b) Proposed Dividend	1,085,000
(c) Provision for Dividend Tax	175,987
(d) Salary Payble	819,585
(e) Contribution to PPF	31,203
(f) Contribution to ESIC	10,029
(g) Creditor for Expenses	49,351
Total	2,672,733

9. Deferred Tax (Net)**Deferred Tax Liabilities**

Opening Balance	4,043
Add : On Account of Depreciation	30,563
Less : Reversal on account of timing difference	-
Closing Balance of Deferred Tax Liability	34,606

Deferred Tax Assets

Opening Balance	654,177
Add : On Account of timing difference	-
Less : Reversal on account of timing difference	368,229
Closing Balance of Deferred Tax Assets	285,948
Total of Deferred Tax Assets (Net)	251,342

10. Long Term Loans & Advances

Unsecured, considered good	287800
Capital Advance	35000000
Total	35,287,800

11. Other Non Current Assets

Deferred Revenue Expenditure(to be written off)	
Opening Balance	915,525
Add : Deferred Revenue Exp. Incurred for Prefrential & Bonus issue	201,000
Add : Expenditure incurred in current year	263,680
Less : W/off 1/5th during the year	40,200
Total	1,340,005

As per policy of company management, Deferred Revenue Expenditure incurred for Prefrential & Bonuss Issue, would be written off in five financial year commencing from financial year 2011-2012.

12. Inventories

(a) Traded Goods (Quoted Equity Shares)	626,897
(b) Stores and Spares	464,567
Total	1,091,464

(Valuation of inventories made on lower of cost or market price as at 31.03.2012)

13. Trade Receivables**Trade Receivables (Unsecured)**

(a) Considered good	3,551,530
(b) Outstanding For a Period Exceeding 6 Months (Net)	7,229,060
Total	10,780,590

14. Cash & Bank Balance**(a) Balance with Banks**

on Current Account 5,219,516

(b) Cash on hand

692,055

Total **5,911,571**

15. Short Term Loans & Advances

(Unsecured & considered good)

(a) Other Advances (Recoverable in cash or Kind, for value to be received) 44,402,448

Total **44,402,448**

16. Other Current Assets

(a) MAT Credit Entitlement 136,270

(b) Expenses Capitalised related to discontinue Operation 2,895,382

(c) Tax Deducted at source 485,892

Total **3,517,544**

17. Revenue from Operations

Net income from Share Trading Activities (4,284,421)

Sale of Services 9,224,677

Total **4,940,256**

(Company has taken the income as the difference between the value of sale and purchase of shares.)

18. Other Income

Interest income 8,210,489

Dividend Income 8,268

Rent Income 36,000

Other non-operating income 2,229,782

Total **10,484,539**

19. Change in Inventories**19.1 Opening Stock**

Traded Goods (Quoted Shares) 941,602

941,602

19.2 Closing Stock

Traded Goods (Quoted Shares) 626,897

626,897

Increase/(Decrease) in stock (19.1 - 19.2) **314,705**

20. Employees Benefit Expenses

Salaries & Wages with Allowances & Incentives	5,227,666
Staff Welfare Expenses	73,241
Contribution to ESIC	98,773
Contribution to Provident Fund	386,004
Total	5,785,684

21. Financial Cost

Interest Expenses	290,436
Other Borrowing Cost	158,008
Bank Commission & Charges	5,610
Total	454,054

22 Other Expenses

Auditor's Fees	72575
Analytical Charges	345982
Business Promotion Expenses	24936
Bank Charges	7235
Laboratory Maintainence	965810
BSE Listing Fees & Preferential Issue Expenses	47401
D-Mat N.S.D.L. & C.D.S.L Charges	65005
Power & Fuel	313995
Books & Periodicals	7463
Electric Charges	15368
Repairs & Maintenance	796358
Insurance Charges	4738
Rates & Taxes	20750
Rent	732665
Result Publication Charges	24566
Security Charges	17087
Transportation Charges	69120
Other Miscellaneous Expenses	122103
Stationery & Printing	184072
Postage, Telegram and Telephones	190280
Legal & Professional Charges	241521
1/5 Deferred Revenue Exps Written Off	40200
Sundry Balances Written off	19432
Travelling Expenses	366039
Vehicle Running Exp.	48910
Water Charges	27079
Total	4770690

23. Earning Per Share

(i) Net Profit after tax as per Statemnet of Profit & Loss attributable to Equity Sahareholder	1952653
(ii) Weighted Average number of equity shares used in denominator for calculating Earnings per Share	7114754
(iii) Basic & Diluted Earnings per Share	0.27
(iv) Face Value per Equity Shares	10

Note - 24 “ Notes forming part of the consolidated financial statements for the year ended 31.03.2012”

Note	Particulars		
24.1	This is first year of consolidation, so corresponding previous year figures are not been given.		
24.2	Information of Subsidiary companies The following is the list of all subsidiary companies along with the proportion of voting power held. Each of them is incorporated in India.		
	Name of Subsidiaries	% of Holding	Country of incorporation and other particulars
	Protect Nature Private Limited	97.26%	A company registered under the Companies Act, 1956 of India and subsidiary of the Company since 31st March 2012.
	IADFAC Laboratories Private Limited	99.87%	A company registered under the Companies Act, 1956 of India and subsidiary of the Company since 31st March 2012.
24.3	None of the employees of the company were in receipt of remuneration in excess of limits specified under section 217(2A) of the Companies Act, 1956.		
24.4	In the opinion of the Board, all the items of current assets, long term loans and advances and other non current assets have a value on realisation in the ordinary course of the business at least equal to the amount at which they are stated.		
24.5	The various balances of long term loans and advances, other non current assets, trade payables, trade receivables and other items of current assets, as well as current and non current liabilities are unconfirmed from the parties concerned.		
24.6	In absence of proper information in respect of trade payables as to their status as Micro, Small and Medium enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006, Company is not in a position to state information required		
24.7	In terms of AS-22, company has recognised deferred tax liability/(asset) for the year as follows:		
	Particulars	As at 31 March, 2012	
	<u>Tax effect of items constituting deferred tax liability</u> On difference between book balance and tax balance of fixed assets	34606	
		34606	
	<u>Tax effect of items constituting deferred tax assets</u> Due to carry forward losses	285948	
		285948	
	Net deferred tax liability / (Assets)	(251342)	
	Particulars	As at 31 March, 2012	
24.8	Payment to Auditors	72575	

24.9	Depreciation on Tangible Assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV of the Companies Act 1956 over their useful lives of assets estimated by the Management except in case of M/s IADFAC Laboratories Private Limited (Subsidiary Company), where no depreciation has been provided with the reason that that the company had discontinued its operation for short term period and also company had changed its operation place, hence management had not charged depreciation during the year and expenses related to discontinued period of operation have been capitalized under the head of other current assets.				
24.10	Business Segment(a) Primary (Business) SegmentThe Company is mainly engaged in the business of trading of A. Shares and B. Laboratory & C. Food testing with its subsidiary and there is three separate reportable segment as per Accounting Standard (AS) 17 on segment reporting. The unallocable items include income and expenses items which are not directly identifiable to any segment and therefore not allocated to any business segment.				
		Agro food produce and mfg. of bio fertilisers	Securitates Trading	Dairy, Food, Other Products testing	Other unallocable
	Segment Revenue				
	Revenue	-	(4284421)	9,224,677	-
	Other Income	-	8,308,167	2,176,372	
	Total Revenue		4,023,746	11,401,049	-
	Segment Results				
	Profit / (Loss) before Tax and Interest from segment	-	2,733,024	495,571	-
	Less : Finance Cost	-	101,840	352,214	-
	Total Profit of Segment before Tax	-	2,631,184	143,357	-
	Less : Provision for Tax	-	821,888	-	-
	Total Profit of Segment after Tax	-	1,809,296	143,357	-
	Capital Employed				
	Segment Assets	38,668,170	58,543,224	26,082,968	1,633,409
	Segment Liabilities	2,214,170	1,940,209	6,850,556	1,019,429
	Net Assets	36,454,000	56,603,015	19,232,412	613,980
24.11	Additional information pursuant to part II of schedule VI of the Companies Act 1956 to the extent applicable to the companies as certified by the Director of the company is furnished below				
	<u>Quantitative Details of Opening Stock, Purchases, Closing Stock of Goods traded during the year</u>				
	i) Opening Stock	2294210			
	ii) Purchases	193413			
	(iii) Sales	2385542			
	(iv) Closing Stock	102081			
	24.11 (A) The Subsidiary Company i.e. M/s IADFAC Laboratories Private Limited is engaged in food analysis and testing. The production and sale of such analysis and testing can not be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and certain information as required under part ii of schedule VI of the companies act, 1956.				

24.11 B. Value analysis of Sales / Transfer Turnover:		2011-2012	
	NOS.	Amount	
A. Agro food produce and mfg. of bio fertilisers	Nil	Nil	
B. Equity Shares	2385542	4,600,156	
C. Laboratories Charges Recived	Nil	9,224,677	
TOTAL	2385542	13824833	
24.11 C. Purchase/Allotment/Conversion/Bonus for Resale			
A. Agro food produce and mfg. of bio fertilisers	Nil	Nil	
B. Equity Shares	193413	8,884,577	
C. Laboratories Charges paid / related purchase	Nil	1,276,301	
TOTAL	193413	10160878	
24.11 D. Closing Stock of Quoted Equity Shares		2011-2012	
Company Name	Nos.	Amount	
Netlink Solutions Limited	50000	51500	
Netlink Solutions Ltd (Bonus)	292	0	
Signet Overseas Limited	352	30976	
Goplee Infotech Limited	950	4988	
Sunitee Chemicals Limited	28444	5689	
Rock Hard Petrochemicals Limited	13422	52614	
Bajaj Hindustan Limited	2000	62100	
Coal India Limited	421	144445	
EIH Hotels Limited	150	23100	
Nagarjun Construction	500	28100	
Renuka Sugars Limited	2000	63200	
Satyam Limited	50	4010	
Trendy Knittware Limited	2000	133000	
Triveni Engineering Limited	1500	23175	
TOTAL	102081	626897	
24.12	Related Party Disclosure: Director has certify that there were no transaction 'with Related Parties, As per Accounting Standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants Of India except the followings :-		
Name of the Related Parties	Relation		Remarks
M. L. Laxkar	Director & Promoter	31100 (Rs.)	Dividend paid pertaining for financial year 2010-2011
Ranjeeta Infrastructure Pvt. Ltd.	Promoter	50000 (Rs.)	Dividend paid pertaining for financial year 2010-2011
M. L. Laxkar	Director & Promoter	1866000 (Number of Shares)	Bonus share allotted in the ration of 1:6 during the financial year 2011-2012
Ranjeeta Infrastructure Pvt. Ltd.	Promoter	3000000 (Number of Shares)	Bonus share allotted in the ration of 1:6 during the financial year 2011-2012

	IADFAC Laboratories Private Limited	Subsidiary Company	740000 (No. of Shares)	Invested in unquoted equity shares of Rs.10/- each at a premium of Rs. 10/-.
	Mr. Ramesh Bassapa	Director of Subsidiary Company	960000 (Rs.)	Director Remuneration Paid
	NJ Investment Private Limited	Related Concern of director of subsidiary company	5300000 (Rs.)	Purchased 49000 nos of unquoted equity shares of M/s IADFAC Laboratories Private Limited.
	NJ Investment Private Limited	Related Concern of director of subsidiary company	650000 (Rs.)	Loan outstanding at the end of the year
	Protect Nature Private Limited	Subsidiary Company	900000 (No. of Shares)	Invested in unquoted equity shares of Rs.10/- each at a premium of Rs. 30/-.
24.13	Contingent liability and other commitments (to the extent not provided for) contingent liability.			
	The Group do not have any material undisclosed contingent liability, hence no disclosure is required in this matter.			
24.14	Employee Benefits :			
	In case of parent company, provision of employee benefits like provident fund / ESIC / Gratuity / Leave Encashment is not applicable, however in the case of its subsidiary, Provision of Provident Fund and ESIC are applicable and same is deducted and deposited to the concern Authorities except in the case of Gratuity payable to employees, same is accounted for on cash basis which is contrary to the Accounting Standard 15 issued by the institute of Chartered Accountants of India and the effect of the same in statement of profit & loss is not quantified as the required information is not available.			
	<p>In terms of our report attached.</p> <p>For LKM & Co. Chartered Accountants (FRN : 126823W)</p> <p>(Laxmikant Malpani) Proprietor M. No 106989 Place : Mumbai Date : 29.09.2012</p>		<p>For and on behalf of the Board of Directors Malabar Trading Company Limited</p> <p>Managing Director Director</p>	

Notes forming part of the Consolidated Balance Sheet & Statement of Profit and Loss for the Year Ended 31 March, 2012.**Sr. No. Particulars****1 COMPANY OVERVIEW**

The Malabar Trading Company Limited (“The Company”) was incorporated on 18th April, 1980 under the Companies Act, 1956. The company made its maiden public issue during June 1980 aggregating Rs. 3.00 lacs for raising working capital and meeting issue expenses. The paid-up capital of the Company post listing in 1980 was Rs. 5,00,000 divided into 50,000 equity shares of Rs. 10 each. The Company was incorporated with the main object of trading, acting as distributors, commission agents etc. Presently the registered office of the Company is situated at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (E), Mumbai – 400066.

In February, 2011, the Company altered its objects clause by inserting objects relating to (i) Hospitality Entertainment and related activities (ii) Healthcare related activities (iii) Agro food produce, production and process including forward and back integration and (iv) Infrastructure and construction activities, to be carried on either directly or indirectly through joint venture/ wholly owned subsidiaries/acquisition of strategic stake in such entities in the respective fields or otherwise and also obtained the approval of members u/s 149(2A) of the Companies Act, 1956 to carry on these newly inserted objects.

In March, 2011, the Company issued 15,00,000 equity shares of Rs. 10 each at a premium of Rs. 62 per share upon conversion of warrants. In August, 2011, the Company announced issue of Bonus Shares in the ratio of 6 equity shares as bonus shares against every 1 share held. Post bonus, the present paid-up share capital of the Company is Rs. 10,85,00,000 divided into 1,08,50,000 equity shares of Rs. 10 each.

The Company has acquired 99.87% stake in M/s IADFAC Laboratories Private Limited (“ILPL”) a Company engaged in lab testing of Dairy, Food and other Products. ILPL has ISO 17025 Certification, BIS, Egmark & more. Further, the Company has also acquired 97.26% stake in M/s Protect Nature Private Limited (“PNPL”), a Company engaged in the business of agro food produce, production and process including forward and backward integration including manufacturing of fertilizers. Pursuant to the said acquisitions, ILPL and PNPL became subsidiaries of the Company.

2 2.a Significant Accounting Policies**a. Basis of Preparation**

The preparation of the Financial Statements of Parent Company and Subsidiaries are in conformity with Indian Generally Accepted Accounting Principles (GAAP), requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of

income and expenses during the period. Examples of such estimates include computation of provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

b. Use of Estimates

The preparation of the Financial Statements of Parent Company and Subsidiaries are in conformity with Indian Generally Accepted Accounting Principles (GAAP), requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

c. Revenue Recognition

The parent company derives its revenue from trading of securities and interest.

Sales of Shares are recognized in accordance with the settlement cycle of stock exchange. The revenue in respect of Interest Income is recognized on accrual basis. Rentals are recognized ratably on a straight line basis over the balance sheet period.

In Statement of Profit & Loss, company has taken the income as the difference between the value of sale and purchase of shares.

In its subsidiary company namely IADFAC Laboratories Private Limited, revenue is recognised from lab testing of Dairy and Food Products.

d. Provision and Contingent Liabilities

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

e. Fixed Assets - Tangible and Intangible Assets and Capital Work-in-Progress

Fixed assets are stated at cost, less accumulated depreciation. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

f. Depreciation and Amortization

Depreciation on Tangible Assets is provided on the Written down Value Method over the useful lives of assets estimated by the Management.

g. Impairment of Assets

The assets is treated as impaired when the carrying cost of the assets exceeds its recoverable value. The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

h. Inventories

Inventories includes the Traded Goods available for Sale i.e. quoted equity shares. Value of Inventories includes the Cost of Procuring Goods and Services, Borrowing Cost (if permitted by AS-16 - "Borrowing Cost") and any other expenditure incurred in relation to the inventory necessary to bring that in the Present and Saleable Condition.

Inventory are valued using First in First Out basis as suggested by Accounting Standard - 2.

i. Employee Benefits

i. Short-term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

ii. Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

j. Provision for Current and Deferred Tax

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due

to disallowances or other matters is probable. Minimum alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant asset can be measured reliably.

Deferred Tax resulting from timing difference between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the date of balance sheet date.

k Earnings per share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

l. Investments

Investments are classified as long-term based on Management's intention at the time of purchase. Long term investments are carried at cost.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

n. Segment Reporting

Segments are identified in line with the Accounting Standard on Segment Reporting (AS-17) taking into account the organization structure as well as the differential risk and returns of the segments. The unallocable items include income and expenses items which are not directly identifiable to any segment and therefore not allocated to any business segment.

o. Foreign Currency Transactions

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction and the liability is translated to the Exchange Rate in effect on the Balance Sheet Date and any gain or loss on such translation is charge to Statement of Profit and Loss.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

p. Borrowing Cost

Borrowing Cost is generally and ordinarily charged to the Statement of Profit and Loss for the respective year of which that Cost belongs except the Borrowing Cost incurred in relation to acquisition and Construction of Fixed Assets and Inventory which take substantial period of time to get ready for its intended use.

3 Principles of Consolidation

- i.** Consolidated Financial Statements relate to Malabar Trading Company Limited (MTCL, the Parent Company) and its subsidiary companies has been prepared in accordance with the Accounting Standard (AS) 21 'Consolidated Financial Statements', and have been combined on a Line - by - Line basis by adding together the Book Value of like items of Assets, Liabilities, Income and Expenses, after Fully Eliminating Intra- Group Balances, Intra Group Transactions and the Unrealized Gains and / or Losses.
- ii.** The Financial Statements have been Consolidated using Uniform Accounting Policies for like transactions and other events in Similar Circumstances.
- iii.** Minority Interest is Presented Separately from Liabilities or Assets and Equity of Parent Shareholders in the Consolidated Balance Sheet. Minority Interest in the Statement of Profit and Loss Account is Separately Presented.
- iv.** It is the first year of consolidation hence Consolidated Cash Flow has been prepared on the basis of Financial Statement Holding Company 'Malabar Trading Company Limited' and its subsidiaries 'IADFAC Laboratories Private Limited and Protect Nature Private Limited.
- v.** The difference between the cost to the Company of investment in Subsidiaries and the proportionate share in the equity of the subsidiaries as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Goodwill has been recorded to the extent that the cost of acquisition, comprising purchase consideration and transaction costs, exceeds the book value of net assets in each acquired company.
- vi.** A per Accounting Standard Interpretation (ASI)-15 on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements need not be disclosed in the consolidated financial statements.

MALABAR TRADING COMPANY LIMITED

Regd. Office : C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road,
Borivali (E), Mumbai – 400 066

ATTENDANCE SLIP

(Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall)

I, hereby, record my presence at the 32nd Annual General Meeting of the company to be held on Tuesday, 20th November, 2012 at C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road, Borivali (E), Mumbai – 400 066 at 01.00 p.m.

Folio No/ Client ID : _____ No. of shares held _____

Full name of the member / proxy: _____

Signature

— Please cut here and bring the above attendance slip at the meeting —

MALABAR TRADING COMPANY LIMITED

Regd. Office : C-1, 1st Floor, Everest Building, Opp. BMC School, Dattapada Road,
Borivali (E), Mumbai – 400 066

PROXY FORM

I/We _____ of
_____ in the district of _____ being a member/
members of the above named company, hereby appoint _____ of or failing him
_____ of _____ in the district of
_____ as my/our Proxy to vote for me/us on my/our behalf at the 32nd Annual General
Meeting of the company to be held on Tuesday, 20th November 2012 at C-1, 1st Floor, Everest Building,
Opp. BMC School, Dattapada Road, Borivali (E), Mumbai – 400 066, at 01.00 p.m.

Signed this _____ day of _____ 2012

Signature _____

15 Paise
Revenue
Stamp

Note : This form duly completed and signed should be deposited at the Registered Office of the company not later than 48 hours before the time of the meeting.