

Birla Pacific

MEDSPA

BIRLA PACIFIC MEDSPA LIMITED



THE YASH BIRLA GROUP

**4th ANNUAL REPORT
2011-12**

BIRLA PACIFIC MEDSPA LIMITED

Registered Office

Dalamal House, First Floor, Nariman Point, Mumbai – 400021

Tel No: 91-22-66168400 / 66158392

Email: info@evolvemedspa.in Visit us at: www.birlapacificmedspa.com

Corporate Identity Number (CIN) : L85100MH2008PLC184689

BOARD OF DIRECTORS

| | |
|---------------------------------------|--|
| 1. Shri Yashovardhan Birla | Chairman |
| 2. Dr. Abhijit Desai | Managing Director |
| 3. Shri William Lai Leong Chong | |
| 4. Shri P.V. R. Murthy | |
| 5. Shri Mohandas Shenoy Adige | |
| 6. Shri Rajesh Shah | |
| 7. Shri Anoj Menon | |
| 8. Shri Upkar Singh Kohli | |
| 9. Shri Vijay Agarwal | (Resigned w.e.f. August 16, 2011) |
| 10. Shri Venkateshwarlu Nelabhotla | (Resigned w.e.f. August 9, 2012) |
| 11. Shri Ram Prakash Murlidhar Mishra | (Appointed w.e.f. May 25, 2012) |
| 12. Shri Tushar Dey | (Alternate Director to Shri William Lai Leong Chong) |

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Karishma Palejwala

AUDITOR

Kanu Doshi Associates
Chartered Accountants
Mumbai

REGISTRAR AND SHARE TRANSFER AGENT

Adroit Corporate Services Private Limited
19/20, 1st Floor, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka,
Andheri (E), Mumbai – 400059, India
Tel.: 91-22—28596060/28594060 Fax: 91-22-28503748
Email: info@adroitcorporate.com

REGISTERED OFFICE

Dalamal House, First Floor,
Nariman Point, Mumbai – 400021

BANKERS:

HDFC Bank Limited
Yes Bank Limited
State Bank of India
Indian Bank

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 4th Annual General Meeting of Birla Pacific Medspa Limited will be held on Monday, 24th day of September, 2012 at 3:30 p.m. at Hall of Culture, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Mohandas Shenoy Adige, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Anoj Menon, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Kanu Doshi Associates, Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Kanu Doshi Associates, Chartered Accountant, Mumbai (Firm Registration Number: 104746W) be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors of the Company"

SPECIAL BUSINESS:

5. **TO APPOINT SHRI RAMPRAKASH MURLIDHAR MISHRA AS A DIRECTOR LIABLE TO RETIRE BY ROTATION:**

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

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Ramprakash Murlidhar Mishra who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, who shall retire by rotation, pursuant to the provisions of the Articles of Association of the Company."

6. **AMENDMENT IN OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the confirmation of the Registrar of Companies, sub – clause I of Clause III A of the Memorandum of Association of the Company be altered as under:-

1. To carry on in India and abroad the business of beauty and healthcare treatments in the areas of Cosmetic Dermatology, Cosmetic Surgery and Advanced Dentistry; to acquire, establish and maintain spa service centers, health and fitness resorts, dieticians, yoga ashrams, saloons, hair and skin treatments, Sanatorium centers, Ayurvedic Therapy centers, In Vitro Fertilization (IVF) centers; to manufacture, produce, process, buy, sell, import, export or otherwise deal in soaps, consumables, oils, medicines, body sprays and perfumes, creams, powders, natural and artificial skin, hair conditioners, dietary supplements including sports nutrition food, health drinks; to carry out, organize, develop and manage any or all businesses relating to the research, development, manufacture, production, trade, store, maintain, sell or buy medical, biological, food products and services based on ayurvedic sciences, herbal sciences, advanced chemistry, plant / agricultural biotechnology, industrial biotechnology, medical biotechnology, bioinformatics, biophysics, cell sciences, material sciences and genetics.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby severally authorised to do all such acts and things as may be necessary, desirable or expedient for giving effect to this resolution and to settle any question or dispute that may arise in relation thereto."

7. **VARIATION IN TERMS OF CONTRACT MENTIONED IN THE PROSPECTUS**

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

"RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to add, delete, amend or in any way vary the terms specified in the prospectus dated June 29, 2011 issued by the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution."

8. INCREASE IN BORROWING POWERS

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

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, (including any statutory modification or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956, to borrow any sum or sums of money from time to time from any one or more of the Company’s bankers and/or from any one or more other persons, firms, bodies corporate, or financial institutions whether by way of cash credit, advance or deposits, loans or bill discounting or otherwise including External Commercial Borrowings/ Foreign Currency Convertible Bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets and properties whether movable or stock-in-trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work-in-progress and all or any of the undertakings of the Company notwithstanding that the moneys to be borrowed, together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose but, however, that the total amount up to which the moneys may be borrowed by the Board and outstanding at any time shall not exceed the limit of Rs. 100 Crores (Rupees One Hundred Crores only), exclusive of interest and the Board may execute such deed of hypothecation, lien, promissory notes, deposit receipts and other deeds and instruments or writings as they may think fit and containing such conditions and covenants as the Board may think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things that may be necessary, desirable or expedient for giving effect to this resolution.”

9. CREATION OF CHARGE / MORTGAGE

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

“RESOLVED THAT the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) under Section 293(1)(a) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company wherever situated, both present and future in such form and in such manner as the Board may think fit, for securing any borrowings of the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) in the form of loans and/or advances already obtained or that may be obtained from any financial institutions/banks/insurance companies or person or persons, and/or any debenture/bonds issued or that may be issued and all interests, compound/additional interest, commitment charges, costs, charges, expenses and all other monies payable to the concerned lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

By order of the Board of Directors

Place: Mumbai
Date: August 9, 2012

Karishma Palejwala
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the businesses under Item No. 5 to Item No. 9 set out above is annexed hereto.
3. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the Meeting.
4. As required under clause 49 IV (G) of the Listing Agreement, the relevant details in respect to the directors seeking appointment/ re-appointment at the ensuing Annual General Meeting are provided in the Corporate Governance report.

5. The Register of Members and share transfer books of the Company will remain closed from Friday, September 21, 2012 to Monday, September 24, 2012 (both days inclusive) for the purpose of Annual General Meeting.
6. Members are requested to forward all application for transfer, demat and all other share related correspondence, including intimation of change of address, if any, to the Registrar and Transfer Agents of the Company at the following address:
M/s. Adroit Corporate Services Private Limited
19/20, 1st Floor, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka, Andheri – (East),
Mumbai – 400 059.
Tel: 91-22-28594060 / 28596060
Fax: 91-22-285 03748
Email Id: info@adroitcoporate.com
7. Members are requested to:
 - a) complete the attendance slip and deliver the same at the entrance of the meeting hall.
 - b) bring their copies of the Annual Report at the time of attending the Annual General Meeting.
 - c) send their questions atleast 10 days in advance before the Annual General Meeting about any further information on accounts so as to enable the Company to answer their question satisfactorily.
8. In case of joint holders, attending the Meeting, only such holder who is higher in the order of names will be entitled to vote.
9. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
10. The Ministry of Corporate Affairs has taken a “**Green Initiative in the Corporate Governance**” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with M/s. Adroit Corporate Services Private Limited – Registrar and Transfer Agents of the Company.

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

Item No. 5

Appointment of Shri Ramprakash Murlidhar Mishra as Director

The Board of Directors of the Company (the Board), at its meeting held on May 25, 2012 appointed Shri Ramprakash Murlidhar Mishra as an Additional Director of the Company with effect from May 25, 2012 pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act).

In terms of the provisions of Section 260 of the Act and Article 95 of the Articles of Association of the Company, Shri Ramprakash Murlidhar Mishra would hold office upto the date of the ensuing Annual General Meeting.

The Company has received notice, along with requisite fee, from a member under Section 257 of the Companies Act, 1956 proposing candidature of Shri Ramprakash Murlidhar Mishra as a Director of the Company liable to retire by rotation.

The Board recommends the resolution set out at Item No. 5 of the Notice for approval of the members.

Save and expect for Shri Ramprakash Murlidhar Mishra, none of the Directors of the Company are, in any way, concerned or interested in this resolution.

Item No. 6

Amendment in Object Clause of the Memorandum of Association of the Company:

The company is at present engaged in the business of beauty and healthcare treatments in the areas of Cosmetic Dermatology, Cosmetic Surgery and Advanced Dentistry; Spa Services, health and fitness resorts, dieticians, yoga ashrams, saloons, hair and skin treatments, sanatorium centers, and to manufacture soaps consumables, oils, medicines, body sprays and scents, creams, powders, natural and artificial skin and hair conditioners.

The Board of Directors of the Company would like to diversify/ expand the activities of the Company by providing Ayurvedic, Herbal, Medical, Biological products to its customers availing the services at the spa centers which would in turn help the Company to fortify its existing services and thus its business.

The present Main Object clause of the Memorandum of Association of the Company is not covering the aforesaid areas, which may be considered in future by the Company for diversification / expansion etc, Hence, it is desirable to suitably amend the existing Main Object Clause of the Memorandum of Association of the Company, as specified in the Item No. 6 of the notice.

The amendment shall be effective upon the registration of the resolution with the Registrar of Companies.

A draft copy of the proposed amended copy of the Memorandum of Association of the Company is available for inspection at the Registered Office of the Company between 11.00 am to 1.00 pm on all working days till the date of this General Meeting.

The Board recommends the Special Resolution as set out in the Item no. 6 of the Notice for approval of the members.

None of the Directors are concerned or interested in this resolution except to the extent of their shareholding.

Item No. 7

VARIATION IN TERMS OF CONTRACT MENTIONED IN THE PROSPECTUS

The members at the Extra – Ordinary General Meeting of the Company held on June 4, 2010 had approved the Initial Public offer (“IPO”) of the equity shares of the Company. Accordingly, the Company came out with the IPO through 100% Book building route pursuant to the prospectus dated June 29, 2011 (“Prospectus”). The said IPO opened for subscription on June 20, 2011 and closed on June 23, 2011 and the same was subscribed 1.1 times. The IPO comprised of 6,51,75,000 Equity Shares of Rs. 10/- each aggregating to Rs. 6517.50 lacs.

With the increase in personal wellbeing in India, there is a huge demand for beauty and cosmetic treatments. Increased Media attention of wellness services has lead the young generation in India to demand services which can help them improve their beauty and wellbeing. Additionally, high disposable incomes also make the business potentially a very high yielding sector. In view of the above, the IPO of the Company was planned *inter alia* to establish 55 outlets of Evolve Medspa centers across various cities and places which will offer Cosmetic Dermatology, Cosmetic Surgery, Advanced Dentistry and Slimming Services.

The details of the “Objects of the Issue” for which the IPO proceeds were proposed to be utilized, as more particularly stated on page 23 of the prospectus are as under:

(Rs. In Lacs)

| Sr. No. | Particulars | Amount |
|----------------|--|-----------------|
| 1 | Capital Expenditure for Setting up 55 centres across the country | 4950.00 |
| 2 | Working Capital Requirement | 70.00 |
| 3 | Brand Promotion | 600.00 |
| 4 | Issue Expenses | 650.00 |
| 5 | Contingencies | 123.75 |
| 6 | Preliminary & Preoperative expenses | 123.75 |
| | TOTAL | 6,517.50 |

The macroeconomic situation at the time of conceiving the aforesaid project looked positive and it was anticipated that the Company would register growth in the years to come. However, the results envisaged have not been as per expectations as the deployment of issue proceeds (as discussed in the prospectus) depended on several factors which were not within the control of the Company or its Management.

The details of the “Objects of the Issue” for which the IPO proceeds were utilized till March 31, 2012 are as under:

Utilization of proceeds of public/right issue is as under :

(Rs. In Lacs)

| Sr. No. | Description | Total Estimated cost | Deployed upto 31st March 2012 |
|----------------|--|-----------------------------|---|
| 1 | Capital Expenditure for Setting up centres across the country# | 4,950.00 | 3,417.68 |
| 2 | Working Capital Requirement | 70.00 | 70.00 |
| 3 | Brand Promotion | 600.00 | 65.08 |
| 4 | Issue Expenses | 650.00 | 446.81 |
| 5 | Contingencies | 123.75 | — |
| 6 | Preliminary & Preoperative expenses | 123.75 | 123.75 |
| | TOTAL | 6,517.50 | 4,123.32 |

in the nature of advances.

The economic conditions prevailing in the economy were unfavorable and after analyzing the performance of the existing centers, the Company was of the view that there would be a slack in the business potential at these centres. Keeping in view of the slowdown in the economy and the not so good customer response in the existing centers, the management decided to go slow in finalizing and opening of new Evolve centres.

In the light of the aforesaid, your Company has adopted a cautious approach towards utilization of the IPO Proceeds. As a result, the management devised new strategies which would not only complement its existing business but also help the company in diversifying & expanding its business portfolio. As a risk mitigating strategy, the Company thought fit to diversify the businesses from pure service business to a scalable products business and need based medical service business. With this context in purview, the Company has decided to utilize its current proceeds of IPO under the following new business segments:

Need based Medical Services:

1. In Vitro Fertilization (IVF Centers)

It is 51:49 Joint venture with seven renowned gynecologists under a subsidiary called Birla IVF LLP. The subsidiary has set up a IVF clinic in Kandivali (East), Mumbai. The business will focus on providing medically assisted reproductive services to its customers.

The subsidiary intends to set up similar clinics in other Tier II cities.

2. Integrated Wellness Centers

Birla Wellness Centres will be one stop shop for providing integrated wellness services to its customers. The centres will offer services ranging from cosmetic medical services to ayurvedic treatments to spa and shall also offer customers with wide range of healthcare and nutrition products ranging from personal/body care products to health foods to nutritional supplements.

The company has already set up one such centre in Jaipur and is proposing to set similar 4 centres in other cities.

Wellness related products businesses:

1. Sports Nutrition

In line with the Slimming Services offered by Evolve, the company is proposing to launch a new range of sports nutrition products under the brand name of BCube, which will cater as sports nutrition product to fitness enthusiasts and health conscious lifestyle users. BCube will be sold through multiple channel including wellness chains, modern trade and general trade retailers. Exclusive product stores and Trainer's Academy will also be opened under the BCube brand to promote the brand. BCube will be launched across all major metros and Tier I cities over the next 2-3 years.

Others

1 Ayurveda Medicine Products

2. Acquisition of Company for alternative medicine viz. Ayurvedic, Unani etc.

The broad utilization of IPO proceeds will be as under:

(Rs. In Lacs)

| Sr. No. | Description | Total Estimated Cost |
|---------|---|----------------------|
| 1 | Capital Expenditure for Setting up of IVF Centres | 250.00 |
| 2 | Capital Expenditure for Setting up of Integrated Wellness Centres | 500.00 |
| 3 | Capital Expenditure for Setting up of Ayurveda Therapy Centers# | 1000.00 |
| 4 | Capital Expenditure for Setting up of Evolve Centres | 500.00 |
| 5 | Working capital Requirement for existing Evolve Centres | 1370.00 |
| 6 | Sports Nutrition Business & related Capital expenditure | 1000.00 |
| 7 | Brand Promotion for all above businesses | 1000.00 |
| 8 | Issue Expenses | 650.00 |
| 9 | Contingencies | 123.75 |
| 10 | Preliminary & Preoperative Expenses | 123.75 |
| | TOTAL | 6517.50 |

Including cost of acquisition of Company(s).

Considering the possible benefits accruing to the Company and its shareholders, the Company may utilize partially / fully the balance issue proceeds for purposes which may vary from those mentioned in the Prospectus, but which are in its opinion in the best interest of the Company and its Shareholders. Accordingly, the Board of Directors therefore, considers it prudent that the balance unutilized proceeds of IPO may be utilized partially or fully towards scalable products business and need based medical service business.

In these circumstances, the Company is required for the exigencies of its business and in the best interest of the Shareholders to vary the terms referred in the Prospectus with regards to utilization of the proceeds of IPO. Accordingly, the Company is seeking the approval of the Shareholders as to utilize the unutilized portion of the IPO proceeds for the purpose other than those stated in the prospectus and such consent shall be deemed to have been granted to the Board at all times for all such purposes as considered fit by the Board in the best interest

of the Company from time to time.

The Board recommends the resolution set out at Item No. 7 of the Notice for approval of the members.

None of the Directors of the Company are, in any way, concerned or interested in the resolution except to the extent of their shareholding in the Company.

Item No. 8

INCREASE IN BORROWING POWERS

In terms of provision of section 293 (1)(d) of the Companies Act, 1956, the Board of Directors of the Company, cannot except with the consent of the member in the General Meeting, borrow money, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of paid up capital and its free reserves not set apart for any specific purpose.

Presently the Company has no borrowings. However, in view of expansion of business portfolio of the Company and taking into account the requirement of additional funds, your Directors feel that they should obtain consent from the Shareholders to borrow more funds. Accordingly, they have thought it desirable to obtain the consent from the shareholders pursuant to Section 293(1)(d) of the Companies Act, 1956 to borrow money which at any time shall not exceed the limit of Rs. 100 Crores (Rupees One Hundred Crores only), exclusive of interest.

The Board recommends the resolution set out at Item No. 8 of the Notice for approval of the members.

None of the Directors is concerned or interested in the resolution.

Item No. 9

CREATION OF CHARGE / MORTGAGE

The borrowing of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and rankings as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s)

Under section 293 (1)(a) of the Companies Act, 1956, the Board of Directors, except with the consent of the shareholders in a General Meeting, cannot create mortgage and/or charge the whole or substantially the whole of the undertaking including the immovable or movable properties of the Company to secure the borrowings made by the Company made in accordance with the provisions of Section 293(1)(d) of the Companies Act, 1956 in favour of lender(s).

The Board recommends the resolution set out at Item No. 9 of the Notice for approval of the members.

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

By order of the Board of Directors

Place: Mumbai
Date: August 9, 2012

Karishma Palejwala
Company Secretary

DIRECTORS' REPORT

To
The Members,

The Directors present hereunder the 4th Annual Report on the Business and operations of the Company along with the Audited Statement of Accounts of the Company for the year ended March 31, 2012. The financial results for the year are summarized as under:

I. FINANCIAL RESULTS

| Particulars | (Amt. in Rupees) | |
|--|------------------|---------------|
| | 2011-12 | 2010-11 |
| Net Sales and Other Income | 4,60,48,351 | 2,24,47,983 |
| Profit/(Loss) before Interest, Depreciation and Taxation | (58,42,778) | (3,30,94,246) |
| Less: Interest | 17675 | -- |
| Less: Depreciation | 98,61,273 | 1,12,47,374 |
| Net Profit / (Loss) After Tax | (1,57,21,726) | (4,43,41,620) |
| Add: Balance bought forward | (8,38,91,135) | (3,95,49,515) |
| Balance carried forward to Balance Sheet | (9,96,12,861) | (8,38,91,135) |

2. PERFORMANCE REVIEW

The net sales and other income of the Company for the financial year 2011-12 stood at Rs. 460.48 Lacs as against previous year Rs. 224.48 Lacs. The Loss after tax is Rs.157.22 Lacs as against Loss after tax of Rs.443.42 Lacs of corresponding previous year 2010-11.

3. DIVIDEND

Considering the financial performance of the Company for the financial year ended March 31, 2012, your Directors regret their inability to recommend dividend on the Equity shares.

4. SUBSIDIARY COMPANY

The Accounts of the wholly owned subsidiary Company, Birla IVF LLP have been received by the Company and a statement pursuant to Section 212 of the Companies Act, 1956 forms a part of this Annual Report.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated February 8, 2011, has granted a general exemption from compliance with Section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. The financial data of the subsidiaries have been furnished under 'Annexure I to the consolidated notes' to financial statement forming part of the Annual Report. Consolidated Financial Statements of the Company and its subsidiary for the year ended March 31, 2012, together with reports of Auditors thereon and the statement pursuant to Section 212 of the Companies Act, 1956, form part of the Annual Report. The Annual Accounts and the related detailed information of subsidiary company will be made available to the Members of the Company and subsidiary Company seeking such information at any point of time. The Annual Accounts of the subsidiary Company will also be available for inspection by any member at the registered/head office of the Company and that of the subsidiary concerned.

5. DIVERSIFICATION OF BUSINESS

Your Directors thought it prudent to diversify and expand its existing business portfolio from pure service business to a scalable product business and need based medical services business such as to set up IVF Centers, Integrated Wellness Centers, Sports Nutrition etc.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis Report is appended to this report.

7. CORPORATE GOVERNANCE

Your Company will continue to strive to incorporate best of standards for good corporate governance. As a listed company, all required measures are being taken to comply with the agreement entered with the Stock Exchange Guidelines and other statutory regulations. A separate report on Corporate Governance along with a Certificate of Compliance from the Auditors forms part of this report.

8. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act 1956, with respect to Directors' Responsibility Statement the Directors of the Company state as under that:-

- in the preparation of annual accounts, applicable accounting standards had been followed along with proper explanation relating to material departure;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud & other irregularities;
- iv. the directors had prepared the annual accounts on a 'going concern' basis.

9. DIRECTORS

During the year under review, Shri Ramprakash Murlidhar Mishra was appointed as an Additional Director of the Company with effect from May 25, 2012. As per provisions of Section 260 of the Companies Act 1956, such director holds office only upto the date of forthcoming Annual General Meeting of the Company. The Company has received notice proposing Shri Ramprakash Murlidhar Mishra as candidate for the office of Director pursuant to Section 257 of the Companies Act, 1956.

Shri Venkateswarlu Nelabhotla tendered his resignation with effect from August 9, 2012 as Director of the Company.

Shri Mohandas Shenoy Adige and Shri Anoj Menon Directors of the Company, retire by rotation and being eligible at the forthcoming Annual General Meeting, offers themselves for reappointment.

10. PUBLIC DEPOSIT

Your Company has not accepted any fixed deposit from the public. As such, no amount of principal or interest is outstanding as on the Balance Sheet date.

11. AUDITORS

M/s. Kanu Doshi Associates, Charter Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. They have confirmed their eligibility and willingness for reappointment. The Directors recommend their reappointment by the Members at the forthcoming Annual General Meeting.

12. AUDITORS REMARKS

| Auditors' Qualification | Directors' Explanation |
|--|--|
| The Auditors have made a remark in point no. 4(vi) of the Auditors' Report for the year ended March 31, 2012 which states that the Company has deferred the accumulated revenue expenditure of Rs. 8,97,55,020 (previous period Rs. 5,56,38,638 plus current period Rs. 3,41,16,382) being in the nature of Brand Building Expenses which is not in accordance with of Accounting Standard 26 "Accounting for Intangibles". Due to the above, the loss as reported by the profit and loss account is understated by Rs. 3,41,16,382 and reserve of the company is overstated to the extent of Rs. 8,97,55,020. Our report for the earlier period contained similar observation | The Board of Directors explanation to this remark is that the management has continued to defer these expenses as it is felt that these expenses have benefit off enduring nature to the Company and therefore the same shall be written of in the future years. |

13. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to energy, technology absorption and foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure 'A' to the Directors Report.

14. PARTICULARS OF EMPLOYEES

During the year under review, there was no employee covered under the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended by Notification GSR 289(E) dated 31.03.2011, General Circular No. 23 dated 03.05.2011.

15. HUMAN RESOURCE

Your Directors place on the record their appreciation to the contribution made by the employees at all levels who, through their competence, diligence, solidarity, co-operation and support, have enabled the Company to achieve the desired results during the year.

16. ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank all investors, clients, vendors, banks, regulatory authorities and wishes to acknowledge the invaluable support extended to the Company by them. The Directors are pleased to place on record their appreciation for the valuable information made by the employees of the Company.

For and on behalf of Board of Directors

Place: Mumbai
Date: August 9, 2012

Dr. Abhijit Desai
Managing Director

P.V.R. Murthy
Director