



MEDSPA

BIRLA PACIFIC MEDSPA LIMITED



THE YASH BIRLA GROUP

**5th ANNUAL REPORT
2012-2013**

BIRLA PACIFIC MEDSPA LIMITED**Registered office**

Dalamal House, First Floor, Nariman Point, Mumbai – 400 021

Tel No. 91-22-66168400/66158391

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

Corporate Identity Number (CIN) : L85100MH2008PLC184689

BOARD OF DIRECTORS	
1. Shri William Lai Leong Chong	Independent Director
2. Shri Rajesh Shah	Independent Director
3. Shri Ram Prakash Murlidhar Mishra	Independent Director
4. Shri Rubin Malkani	Managing Director (Appointed w.e.f. 21/05/2013)
5. Shri Abhijit Desai	Managing Director (Upto 30/09/2012)
6. Shri Yashovardhan Birla	Chairman (Upto 14/02/2013)
7. Shri Anoj Menon	Independent Director (Upto 21/03/2013)
8. Shri Upkar Singh Kohli	Independent Director (Upto 08/05/2013)
9. Shri Tushar Dey	Alternate Director to (Upto 03/07/2013) Shri William Lai Leong Chong
10. Shri P.V.R. Murthy	Non Independent Director (Upto 30/04/2013)
11. Shri Mohandas Shenoy Adige	Independent Director (Upto 22/05/2013)
COMPANY SECRETARY & COMPLIANCE OFFICER	Ms. Karishma Palejwala (Upto 07.11.2012)
AUDITORS	Kanu Doshi & Associates Chartered Accountants Mumbai
REGISTRARS	Adroit Corporate Services Pvt. Ltd. 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
BANKERS	1) HDFC Bank 2) YES Bank 3) State Bank of India 4) Indian Bank

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NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 5th Annual General Meeting of Birla Pacific Medspa Limited will be held on Saturday, 28th September, 2013 at 11.30 a.m. at Gopi Birla Memorial School, 68, Walkeshwar Road, Mumbai-400 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, Statement of Profit and Loss Account 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 Rajesh Shah who retires by rotation and being eligible offers himself for re-appointment.
3. 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 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:

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:-

4. 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 Rubin Malkani 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, under the provisions of the Articles of Association of the Company."

5. As an Ordinary Resolution:

"RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 Schedule XIII and subject to such other applicable provisions, if any, of the Companies Act, 1956 and any statutory modifications or enactment thereof and all guidelines for the managerial remuneration issued by the Central Government from time to time and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded for the appointment of Shri Rubin Malkani as Managing Director of the Company for the period of three years commencing from 21.05.2013 to 20.05.2016 on the remuneration and perquisites and such other terms and conditions as set out in the agreement to be entered into between the Company and Shri Rubin Malkani.

RESOLVED FURTHER THAT subject to the limits prescribed from time to time in Section II of Schedule XIII of the Companies Act, 1956 and the conditions prescribed therein, remuneration payable as aforesaid shall be paid to Shri Rubin Malkani as minimum remuneration, notwithstanding that in any financial year of the Company during the term of his office as such, the Company may have made no profits or inadequate profits.

RESOLVED FURTHER THAT the Remuneration Committee/ Board of Directors be and are hereby authorized to review, revise, increase or enhance the remuneration, perquisites and benefits to be paid to Shri Rubin Malkani (including the minimum remuneration) in accordance with the relevant provisions of Companies Act, 1956 and / or the rules and regulations made thereunder and / or relaxation or revision subject to the provisions contained in Schedule XIII of the Companies Act, 1956 as amended time to time pertaining to managerial remuneration.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to the above resolution.

For and on behalf of the Board

Rajesh Shah
Director

Place: Mumbai
Date: 14/08/2013

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST REACH REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send the certified copy of the Board Resolution authorizing their representative to attend and vote in their behalf at the meeting.
3. As required under clause 49 IV (G) of the Listing Agreement, the relevant details in respect to the directors seeking appointment/reappointment at the ensuing Annual General Meeting are provided in the Corporate Governance Report.
4. The Register of Members and share transfer books of the Company will remain closed from 26th September 2013 to 28th September 2013 (both days inclusive) for the purpose of Annual General Meeting.
5. Members/Proxies 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: 022-28594060/ 6060/ 1942/ 4442
Fax: 022-28503748
Email Id: info@adroitcorporate.com
6. 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 at least 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.
7. In case of Joint Holders, attending the meeting, only such holder who is higher in the order of names will be entitled to vote.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 4 and 5**

Shri Rubin Malkani aged 63 years is a B. Com. Graduate, Diploma in Business Management and Marketing Management. He has around 35 years of rich & extensive experience in Strategic Planning & Management, Business Development, General Administration, Brand Management, New Project Development, Media Planning & Management, Start up Ventures, Legal Affairs, Imports & Exports and Team Management, Trade between Swiss, German & Indian Companies.

The Board of Directors of the Company in their meeting held on 21st May, 2013 had appointed Shri Rubin Malkani as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 95 of the Articles of Association of the company. Further, in the same Board Meeting held on 21st May, 2013, and as per the recommendation of the Remuneration Committee, Mr. Rubin Malkani was appointed as Managing Director of the Company, with immediate effect, for a period of three years, subject to the approval of Shareholders, in terms of Article 127 of the Articles of Association, Mr. Rubin Malkani shall not be liable to retirement by rotation till he continues to hold such office.

However, being appointed as an Additional Director of the Company, he holds office up to the date of this Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing the candidature of Mr. Rubin Malkani for the office of Director of the Company.

The terms and conditions of the appointment are as under:

Mr. Rubin Malkani as Managing Director shall be responsible for the company's business affair as entrusted to him subject to the direction, supervision and control of the Board of Directors by way of remuneration: salary, perquisites and all other allowances - Rs. 12,00,000 (Rupees Twelve Lacs) per annum for the Period of 3 (three) years i.e. 21.05.2013 to 20.05.2016.

The perquisites and allowances payable to Shri Rubin Malkani, subject to aforesaid limits, will include house rent allowance together with reimbursement of expenses or allowances for education, professional magazines, drivers salary, petrol allowance, telephone allowance, entertainment allowance and flexible allowance besides medical reimbursement, leave travel concession for self and his dependant family member(s) and such other perquisites and / or allowances, within the amount specified above. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income-tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Minimum Remuneration: Notwithstanding anything herein contained, wherein any financial year, during the currency of the tenure of Mr. Rubin Malkani, as Managing Director of the Company, if the Company has no profits or its profits are inadequate, the Company will pay minimum remuneration by way of salary and perquisites as specified above subject to the limit prescribed under Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being in force from time to time.

Note: For the purpose of perquisites stated above, family means the spouse, dependent children and dependent parents of the appointee.

The Managing Director shall not be: (i) entitled for sitting fees for attending meetings of the Board of Directors or Committee thereof, (ii) as long as he continues to be Managing Director of the Company, shall not be liable to retire by rotation.

Except Mr. Rubin Malkani, no other director of the Company is concerned or interested in the above resolution.

The Board recommends the resolution as set out in Item No. 4 and 5 of the Notice for Members' approval.

For and on behalf of the Board

Rajesh Shah
Director

Place: Mumbai
Date: 14/08/2013

DIRECTORS' REPORT

To
The Members,

The Directors present hereunder the 5th Annual Report on the Business and operations of the Company along with the Audited Statement of Accounts of the Company for the year ended 31st March, 2013. The financial results for the year are summarized as under:

I. FINANCIAL RESULTS

Particulars	Standalone		Consolidated	
	For the year ended 31.03.2013	For the year ended 31.03.2012	For the year ended 31.03.2013	For the year ended 31.03.2012
Net Sales and Other Income	4,59,66,036	4,60,48,351	5,76,72,112	5,23,01,683
Profit /(Loss) before Interest, Depreciation, Taxation and Extra Ordinary Items	1,18,27,672	(58,60,453)	1,15,94,775	(76,07,931)
Less : Extra Ordinary Items	8,97,55,020	--	8,97,55,020	--
Profit /(Loss) before Interest, Depreciation and Taxation	(7,79,27,348)	(58,60,453)	(7,81,60,245)	(76,07,931)
Less: Interest	--	--	--	--
Less: Depreciation	80,36,968	98,61,273	91,51,792	1,11,97,701
Net Profit / (Loss) After Tax	(8,59,64,316)	(1,57,21,726)	(8,73,12,037)	(1,88,05,632)
Add: Balance brought forward	(9,96,12,860)	(8,38,91,136)	(10,11,85,653)	(8,38,91,136)
Balance carried forward to Balance Sheet	(18,55,77,176)	(9,96,12,862)	(18,78,37,307)	(10,11,85,653)

2. PERFORMANCE REVIEW

a. STANDLONE RESULTS

The net sales and other income of the Company for the financial year 2012-13 stood at Rs. 459.66 Lacs as against previous year Rs. 460.48 Lacs. The Loss after tax adjustments is Rs. 859.64 Lacs as against Loss of Rs. 157.21 Lacs of corresponding previous year 2011-12. The cumulative Loss carried forward is 18.56 crores. The company has made profit before extraordinary item of 37.91 lacs for the financial year 2012-13.

b. CONSOLIDATED RESULTS

On a consolidated basis, the net sales and other income of the Company for the financial year 2012-13 stood at Rs. 576.72 Lacs as against previous year Rs. 523.02 Lacs. The Loss after tax adjustments is Rs. 873.12 Lacs as against Loss of Rs. 188.06 Lacs of corresponding previous year 2011-12. The cumulative Loss carried forward is 18.78 crores.

3. FUTURE OUTLOOK

The Company plans to set up wellness centres and ayurvedic centres in Tier I, Tier II & Tier III cities in India and also exploring the possibilities of services to the international market by setting up centres mainly in America.

4. DIVIDEND

Due to loss in the financial year ended 31st March, 2013, your Directors regret their inability to recommend dividend on the Equity shares.

5. SUBSIDIARY COMPANY

During the Financial Year 2012-13, the Company had one subsidiary, viz. Birla IVF LLP which is a Limited Liability

Partnership (LLP). On 01.04.2013 the Company has sold the Birla IVF, LLP and ceased to be partner of the subsidiary and accordingly, the relation between the Holding Company and Subsidiary has ceased. On 01.07.2013, Birla Kerala Vaidyashala Private Limited became the subsidiary of the Company.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

In terms of General Circular No. 2/2011 dated February 8, 2011, of the Ministry of Corporate Affairs, Government of India, the Company has availed the exemption from compliance with Section 212 of the Companies Act, 1956. Accordingly, the consolidated financial statements of the Company and its subsidiaries for the year ended 31st March, 2013 together with reports of Auditor thereon and the statement pursuant to Section 212 of the Companies Act, 1956 form part of the Annual Report.

Information required to be provided in respect of subsidiary companies has been disclosed separately in the Annual Report. The Annual Accounts of the Subsidiary Companies are available for inspection by the shareholders at the Registered Office of the Company

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 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, it is hereby confirmed:

- that in preparation of the annual accounts for the period ended on 31st March, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that 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 period ended on 31st March, 2013 and of the profit or loss of the Company for that period;
- that 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 and other irregularities;
- that the directors had prepared the annual accounts for the period ended on 31st March, 2013 on a going concern basis.

9. DIRECTORS

Pursuant to Article 91 of the Articles of Association of the Company and Section 256 of the Companies Act, 1956, Mr. Rajesh Shah Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible himself for re-appointment.

The Board of Directors of the Company in their meeting held on 21st May, 2013 appointed Mr. Rubin Malkani as Additional Director. He holds office only upto the date of ensuing Annual General Meeting. The Company has received notice in writing from member proposing the candidature of Mr. Rubin Malkani as a Director of the Company. Further, in the same Board Meeting held on 21st May, 2013, the Board appointed Mr. Rubin Malkani as Managing Director of the Company for a period of three years w.e.f. 21st May, 2013 subject to the approval of Members.

Brief resume of the Directors proposed to be appointed, nature of their expertise in specific functional areas and names of the Companies in which they hold the directorship and membership/chairmanship of committees of the

Board, as well as their shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the report on Corporate Governance forming part of the Annual Report.

Mr. Abhijit Desai, Managing Director resigned from the Board w.e.f. 30.09.2012, Mr. Yashovardhan Birla, Chairman resigned from the Board w.e.f. 14.02.2013, Mr. Jaydeep Banerjee appointed as Managing Director on 07.11.2012 through Postal Ballot and resigned from the Board w.e.f. 15.01.2013, Mr. Anoj Menon resigned from the Board w.e.f. 21.03.2013, Mr. Upkar Singh Kohli resigned from the Board w.e.f. 08.05.2013, Mr. Tushar Dey, Alternate Director to Mr. Willaim Lai Leong Chong resigned from the Board w.e.f. 03.07.2013, Mr. P.V.R. Murthy resigned from the Board w.e.f. 30.04.2013 and Mr. Mohandas Shenoy Adige resigned from the Board w.e.f. 22.05.2013. The Board placed on record its appreciation of the valuable services rendered by them.

10. FIXED DEPOSITS

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, Chartered 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. 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 to Directors Report.

13. 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.

14. HUMAN RESOURCE

Your Directors place on the record their appreciation of 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.

15. 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

Rajesh Shah
Director

RamPrakash Mishra
Director

Place: Mumbai
Date: 14.08.2013

ANNEXURE 'A' TO DIRECTORS' REPORT

I. Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2013.

A. Conservation of Energy:

During the year under review, efforts continued to conserve and avoid wastage of energy in every possible way.

B. Technology Absorption:

Research & Development:

1. Specific areas in which R & D carried out by the Company:
Not Applicable.

2. Benefit derived as a result of the above R & D:
Not Applicable.

3. Expenditure on R & D:
Not Applicable.

4. Technology Absorption, Adaption and Innovation:
Not Applicable.

C. Foreign Exchange Earnings and Outgo:

5. Activities relating to the exports, initiatives taken to increase exports:
Not Applicable.

6. Total foreign exchange used and earned:

(Rupees in Lacs)

Particulars	2012-13 (12 Months)	2011-12 (12 Months)
Total foreign exchange used	--	--
Total foreign exchange earned	--	--

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

a) **Economy and Market Trends:**

According to a FICCI-Ernst and Young study titled 'Wellness-Exploring the Untapped Potential', the wellness services market, presently estimated at Rs 11,000 crore, would sustain an annual growth rate of about 30-35% for the next five years. Further, the FICCI-EY report, titled Wellness Exploring the untapped potential, highlights that the growth is expected on the back of favorable market demographics, consumerism, globalization, changing lifestyles, increasing availability across categories and regions and rising awareness among people. The Report has classified the wellness industry into seven core segments within different products & services, such as Allopathy, Alternative therapies, Beauty, Counseling, Fitness/slimming, Nutrition and Rejuvenation. Of these, rejuvenation services such as spas, alternative therapies, ayurveda treatments and beauty services are expected to show growth rates as high as 30%. The FICCI-E&Y report said increasing level of activity created by the entry of national and international players in the organised market, expansion by existing companies to new product categories and regions, strategic alliances across the value chain and interest by private equity investors led to the growth in the wellness sector.

India is currently going through a socio economic change; the country is witnessing an expansion of existing markets and the creation of many new ones.

The report also points to a trend of players moving towards offering a 'one-stop-solution' for all Wellness based needs by adding more products and services across various segments in wellness.

With rising disposable incomes and growing health and fitness consciousness, demand for health, wellness and grooming services in the country has gone up. The country's wellness industry is growing at 35% and estimated to touch 14,500 crore by 2014.

This high growth is fuelling the ambitions of niche healthcare and wellness companies.

b) **About the Company**

Our company, was incorporated on 15th July 2008 to carry on in India and abroad the business of beauty and healthcare treatments, 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. However our company presently does not carry on the business of manufacturing of soaps, consumables, etc. It offers treatments and special products; diet skin care tips; anti-tanning solutions, skin whitening solutions, age control solutions, and tone skin solutions for men; hair loss prevention solutions; revitalizing face wash services; skin relief after shave gel services; and anti ageing services

We presently operate our healthcare centres under the brand name BIRLA WELLNESS CENTER.

Our Centers act as a single stop set up for beauty related medical procedures in India which gives our company an edge over local unorganized players.

c) **Competitive Strength:**

The Competitive Strength of the Company are:

1. In-house panel of qualified and specialist doctors to facilitate our doctor-led approach for treatment.
2. Wide range of specialized treatments in cosmetic surgery, dermatology and dentistry as compared with competition and ayurveda.
3. Competitive pricing with cost leadership.
4. Association of Pacific Healthcare, Singapore, one of the Asia's leading healthcare providers, ourerstwhile JV partner.

d) **Segment-wise Performance:**

The segment wise performance in detail is given in Note 32 to the audited accounts of the Company as available in this Annual Report.

e) **Threats/Risks & Concerns:**

Our business, results of operations and financial condition are affected by a number of factors, including:

- 1 General Economic conditions
- 2 Changes in Laws and regulations applicable to the industry, fiscal, economic or political conditions in the country
- 3 Increasing competition in the industry
- 4 Realisability of the dues