

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 Shareregistry (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.

CONTENTS

Notice	4
Directors' Report	10
Management's Discussion and Analysis	14
Corporate Governance Report	16
Auditors' Report	30
Standalone Financial Statements	35
Auditors' Report on Consolidated Financial Statements	53
Consolidated Financial Statements	55

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 Shareregistry (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.
-

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.