

NOTICE

NOTICE is hereby given that Annual General Meeting of **SAFAL HERBS LIMITED** will be held on 24th September, 2013 at 11:00 a.m. at the Registered office of the Company at B - 29, Ujjval Complex, Opp. Old Bus Stand, Ahmednagar, Maharashtra - 414 001 to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account of the Company 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 Mr. Harshadkumar Patel who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

4. To Consider and if thought fit to pass the following resolution with or without modification(s) as an Ordinary Resolution.

RESOLVED THAT Mr. Navinbhai M. Parmar who was appointed as additional Director of the company by the Board of Directors with effect from 21st February, 2013 and who according to section 260 of the companies Act, 1956 hold office up to the date of this Annual General Meeting and in respect of whom the company has received a notice from shareholders in writing proposing his candidature for the office of the Directors be and is hereby appointed as a Director of the company.

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

RESOLVED THAT Mr. Shamubhai D. Dhobi who was appointed as additional Director of the company by the Board of Directors with effect from 21st February, 2013 and who according to section 260 of the companies Act, 1956 hold office up to the date of this Annual General Meeting and in respect of whom the company has received a notice from shareholders in writing proposing his candidature for the office of the Directors be and is hereby appointed as a Director of the company.

Dated : 30th May, 2013
Place : AHMEDNAGAR

BY ORDER OF THE BOARD

Sd/-
CHAIRMAN

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 AND PROXY NEED NOT BE A MEMBER. Proxy in order to be valid must be received by the company not less than forty-eight hours before the time of holding the Meeting.
2. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 18.09.2013 to 24.09.2013 (both days inclusive)
4. Members desiring any information regarding the accounts are requested to write to the Company at least Seven Days before the meeting so as to enable the management to keep the same ready.

DIRECTOR'S REPORT

To,
The Members
Safal Herbs Ltd.

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS:

The summarized financial results for the year ended 31st March, 2013 are as under:

(Rs. in Lacs)

Particulars	2012-2013	2011-2012
1. Profit before Interest, Depreciation and Tax	2.10	4.40
2. Interest	--	--
3. Depreciation	--	--
4. Profit (Loss) Before Tax	2.10	4.40
5. Provision for taxation	0.65	1.36
6. Profit (loss) after Tax	1.45	3.04

DIRECTORS :

Mr. Harshadkumar Patel director of the Company retires by rotation at this annual general meeting and being eligible, offers himself for reappointment. The board of directors recommends the appointment of the directors. However Mr. Navinbhai Parmar and Mr. Shamubhai Dhobi will be appointed as a regular director of the Company w.e.f. General Meeting.

DIVIDEND :

Your director do not recommend dividend for the year.

FIXED DEPOSITS:

The company has not accepted the fixed deposits during the year under report.

AUDITORS :

Niranjan Jain & Co., Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible, are recommended for reappointment.

AUDITORS REPORT:

The Auditors report is self-explanatory and so far, there is no negative remark by the Auditors.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217 (2AA) of the Companies Amendment Act, 2000 with respect to Director Responsibility Statement it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2013 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the accounts for the financial year ended 31st March, 2013 on a going concern basis.

CORPORATE GOVERNANCE :

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance there to is set out in the Annexure forming part of this report.

LISTING:

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited.

PARTICULARS OF THE EMPLOYEES :

The Company has no employee to whom the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 apply and so it is not applicable to the company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :

The additional information required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of energy, technology absorption and foreign exchange earnings or outgoes is not applicable.

ACKNOWLEDGMENT :

The Directors wish to thank and deeply acknowledge the cooperation and assistance received from the Bankers, Suppliers and shareholders. The Director also wishes to place on record their appreciation of the devoted services of employees of the Company.

DATE : 30.05.2013
PLACE: AHMEDABAD

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS**

**Sd/-
CHAIRMAN**

SAFAL HERBS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Overall Review

The Growth rate has been on the upward trend as compared to the previous year with favorable market conditions which reflect the positive market.

2. Financial Review

During the year the company has done its business activities and earned the profit of Rs. 1.45 Lacs

3. Risk and Concern

The competition in global market of herbal products affects the business activities of the Company. The loss of such types of specific jadibhutties in nature, lack of processing method also affects the profitability of the Company.

4. Internal Control System and their adequacy

The internal control system is looked after by Directors themselves, who also looked after the day to day affairs to ensure compliance of guide lines and policies, adhere to the management instructions and policies to ensure improvements in the system. The Internal Audit reports are regularly reviewed by the management.

5. Environmental Issues

No such environmental issue is associated with the process of the herbal products.

6. Financial Performance with Respect to Operation Performance

The Company has all the plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind borrowing where ever possible.

7. Cautionary Statement

Statement in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward - looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

The company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under :

Company's Philosophy on Code of Governance

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

BOARD OF DIRECTORS

a) Size and Composition of the Board:

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. As of the year ended 31st March, 2013, the Board of Directors had 4 members comprising of 2 Executive Directors and 2 Non-Executive Directors. All the Non-Executive Directors are Independent Directors.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	Directorships in other Indian Public Companies* as at 31 st March 2012	Other Mandatory Committee** membership as at 31 st March 2012.	
					Chairman	Member
Mr. Navinbhai M. Parmar	Executive Director	2	No	NIL	NIL	NIL
Mr. Mukesh B. Desai	Executive Director	15	Yes	Yes	Yes	Yes
Mr. Shamubhai D. Dhobi	Independent Director	2	No	NIL	NIL	NIL
Mr. Harshad M. Patel	Independent Director	15	Yes	NIL	NIL	NIL
Mr. Jignesh J. Dayani#	Executive Director	14	Yes	NIL	NIL	NIL

Mr. Jignesh J. Dayani resigned from the post of director on 21.02.2013 whereas Mr. Navinbhai Parmar and Mr. Shamubhai Dhobi appointed as an additional director on 21.02.2013.

*Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

**Represents Membership/Chairmanship of the Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of other companies.

CMD-Chairman & Managing Director, WTD- Whole Time Director, NE- Non Executive.

b) Management & Function of the Board:

The day-to-day management of the Company is conducted by the Chairman & Managing Director in consultation with four Whole Time Directors and subject to the supervision and control of the Board of Directors. The required information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews the Board Minutes of its Subsidiary Company.

c) Details of Board Meetings held during the Financial Year and the number of Directors present:

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors Present
1	16.04.2012	4	4
2	30.04.2012	4	4
3	16.05.2012	4	4
4	31.05.2012	3	3
5	07.06.2012	3	3
6	13.06.2012	3	3
7	15.06.2012	3	3
8	14.07.2012	3	3
9	31.07.2012	3	3
10	01.09.2012	3	3
11	31.10.2012	3	3
12	31.12.2012	3	3
13	31.01.2013	3	3
14	21.02.2013	3	3
15	31.03.2013	4	4

d) Committees of the Board

Currently the Board has three committees viz:

1) Audit Committee

Composition:

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause – 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of three directors. Amongst them two directors are Non Executive & Independent. Details of the composition, number of meetings held during the year and attendance thereat are as under :

Name	Position held	Attendance at Audit Committee meeting held on				
		30.04.2012	31.07.2012	01.09.2012	31.10.2012	31.01.2013
Mr. Harshad M. Patel	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Mukesh Desai	Member	Yes	Yes	Yes	Yes	Yes
Mr. Shamubhai Dhobi	Member	N.A.	N.A.	N.A.	N.A.	N.A.

Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

Powers of the audit committee includes:

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

The terms of reference are broadly as under :

- a. Oversight of the company's financial reporting process and the disclosure of its financial Information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee 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;
 - Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements

- 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, the adequacy of internal control systems.
- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.
- h. Reviewing the findings 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.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

2) Shareholders'/Investors' Relations Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises of two directors. Details of the composition, number of meetings held during the year and attendance thereat as under:

Name	Category of Director	Position held	Attendance at Shareholders' Committee meeting held on				
			30.04.2012	30.07.2012	30.09.2012	31.10.2012	31.03.2013
Mr. Navinbhai M. Parmar	Executive Director	Chairman	N.A.	N.A.	N.A.	N.A.	Yes
Mr. Mukesh B. Desai	Non – Executive Director	Member	Yes	Yes	Yes	Yes	Yes

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

During the year complaints were received from SEBI or shareholders were resolved satisfactory.

No requests for share transfers are pending except those that are disputed or sub-judice.

Mr. Navinbhai M. Parmar, Director of the company who is appointed on 21st February, 2013, is a Compliance Officer of the Company.