

Emmessar Biotech & Nutrition Ltd.



20th ANNUAL REPORT

2011 - 2012

19th ANNUAL REPORT

BOARD OF DIRECTORS

Shri Ashok M. Kadakia (Chairman)
Shri MSR Ayyangar (Managing Director)
Shri Arvind M. Shah
Shri Manoj M. Shah
Shri Vijay K. Agrawal
Shri. A.V. Vardharajan (Executive Director)

AUDITORS

M/s. R.G. Jain & Co.,
Chartered Accountants
507, 5th floor, Kakad Market
306, Kalbadevi Road,
Mumbai - 400 002.

REGISTERED OFFICE & FACTORY

Plot No. T-3/2, MIDC Area,
P.O. Box No. 39,
Taloja - 410 208,
Dist. Raigad, Maharashtra.

ADMINISTRATIVE OFFICE

29, Kamer Building, 4th floor,
38, Cawasji Patel Street,
Fort, Mumbai - 400 001.
Tel : 00-91-22-66356209/10/11
Fax : 00-91-22-66370190
Email : emmessar@vsnl.com / contact@ebnl.co.in
Exclusive email for Investors: investors@ebnl.co.in
Website: www.ebnl.co.in



NOTICE

Notice is hereby given that the **Twentieth Annual General Meeting of the Members of Emmessar Biotech & Nutrition Ltd** will be held at the Registered Office of the Company at T-3/2, MIDC Area, Taloja, Dist. Raigad on Saturday, the 1st of September, 2012 at 11.00 hrs, to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Directors' Report, Audited Profit & Loss Account for the year ended 31st March 2012, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Mr. Vijay K. Agrawal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Manoj M. Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Resolved that pursuant to the provisions of Section 224, and other applicable provisions, if any, of the Companies Act, 1956, M/s. R. G. Jain & Co, Chartered Accountants, retiring auditors of the Company, be and are hereby re-appointed Auditors of the Company, to hold office from the conclusion of this meeting up to the conclusion of the next Annual General Meeting of the Company".

Resolved Further that M/s R. G. Jain & Co, Chartered Accountants, be paid for the financial year 2012 - 2013 such remuneration as may be mutually agreed upon.

Special Business:

5. To consider and if thought fit to pass with or without modifications the following resolution as a special resolution:

"Resolved that the consent of the members be and is hereby accorded to the Resolution passed by the Board of Directors, in their meeting held on 9th May, 2012 to re-appoint Mr. MSR Ayyangar as Managing Director of the Company for a period of 5 years w.e.f. 20.04.2012, with the following terms and conditions.

- (i) Salary ₹. 50,000/- (Rupees: Fifty Thousand only) per month.
- (ii) Perquisites shall be in addition to the salary and shall be restricted to 50% of the salary as mentioned in (i) above to be reckoned on the basis of actual

expenditure or liability incurred by the Company as provided under:

- (a) Company's contribution towards provident fund subject to ceiling of 10% of the salary.
- (b) Company's contribution towards pension / superannuation fund and such contribution together with the contribution to the Provident Fund shall not exceed 25% of the salary. (The overall ceiling referred to above will be non-inter changeable)
- (c) Gratuity: (Non-interchangeable) not exceeding one half month's salary for each completed year in service, subject to a ceiling as fixed by the Government.
- (d) Leave: Not exceeding one month's leave for every 11 months of service and subject to further condition that the leave accumulated but not availed of, will not be allowed to be encashed.
- (e) Medical Benefit: Reimbursement of expenses incurred for self and family, the total cost of which shall not exceed three months salary in the block of three years.
- (f) Free House: Housing accommodation including furniture, fixtures, appliances, gas, water and electricity charges subject to a ceiling of 40% of the salary on the condition that 10% of the salary would be borne by the managerial personnel.
- (g) Leave Travel Concession: For self and family once in a year by air to any place in India and back (Halting expenses not payable).
- (h) Car: Free use of Company's car with driver.
- (i) Personal accident insurance of an amount, the annual premium for which does not exceed ₹. 1,000/- per month.
- (j) Free Telephone facility at the residence.
- (k) Club Membership subject to a maximum of two clubs.

By Order of the Board

For **Emmessar Biotech & Nutrition Ltd**

Place: Mumbai
Date: 12th July 2012

MSR Ayyangar
Managing Director

20th ANNUAL REPORT

Explanatory statement as required under Section 173(2) of The Companies Act 1956

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)

OF THE COMPANIES ACT, 1956.

Item No. 5: Shri MSR Ayyangar, is the Chief Promoter of the Company and the Chief Technologist whose expertise in R&D has resulted in the successful development of all the products so far produced by the Company which have received acceptance for their international quality in the world markets. It is his diligence, perseverance and courage that has navigated the Company through extremely difficult and testing times. The Board feels that it is in the best interest of the Company that MSR Ayyangar continues as the Managing Director and the Chief Executive to lead the Company to greater heights of prosperity. Hence he be appointed as the Managing Director for the next 5 years.

None of the Directors, except the Managing Director in his position as such, are interested in the above resolution.

Notes

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy so appointed need not be a member.
- b) The proxy form duly completed and signed must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
- c) Members are requested to notify the Company's Registrar: Link Intime India Pvt. Ltd., immediately, at its Office in Mumbai, the change of address, corrections in name etc., if any.
- d) **Investors are requested to send their latest email id's to the Company or to the Company's Registrar. This will enable the Company to forward communications in electronic mode.**
- e) The Directors who retire by rotation and being eligible for re-appointment are deemed to be interested in the resolution concerning them.
- f) The Register of Members will remain closed from 27th August 2012 to 1st September 2012, both days inclusive.

By Order of the Board
For **Emmessar Biotech & Nutrition Ltd**

Place: Mumbai
Date: 12th July 2012

MSR Ayyangar
Managing Director



Directors' Report

Your Directors present their 20th Annual Report together with Audited Statement of Accounts of your Company for the year ended 31st March 2012.

Financial Results

	(₹. in Lacs)	(₹. in Lacs)
	2011-2012	2010-2011
Profit /(Loss) before Interest,		
Depreciation and Tax:	4.40	(19.99)
Depreciation:	7.01	7.88
Net Profit / (Loss)	(2.61)	(27.87)

Operations, Management's discussions and analysis:

The Global depression has had its own adverse impact on us also. Many promising prospects could not be realised because of this. Growing appreciation for the healthcare products by the end users is not getting reflected with corresponding jump in sales due to variety of factors. However, the growing realisation worldwide for non-toxic medicines will ensure our growth in future. The sale of chemicals has been badly hit because of global recession.

Dividends:

As the Company has accumulated losses, no dividends are recommended.

Directors:

Mr. Vijay K. Agrawal and Mr. Manoj M. Shah retire by rotation and being eligible offer themselves for re-appointment.

The Directors mentioned above are deemed to be interested in their resolutions for re-appointment.

Statement Pursuant to Listing Agreements:

The Company's shares are listed with the BSE Ltd. Your Company has paid the annual listing fees up to date.

Auditors:

R G. Jain & Co, Chartered Accountants, the retiring Auditors of the Company are eligible for re-appointment. Members are requested to re-appoint the Auditors for the current year and fix their remuneration.

Particulars of Employees:

The particulars of employees under Section 217(2A) of the Companies Act 1956 is given in Annexure 1.

Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Pollution Control.

A statement giving details of the Conservation of Energy, Technology absorption, Pollution Control, Exports and Foreign Exchange earnings and outgo is annexed to this report (Annexure 2).

Directors Responsibility Statement:

In Compliance with the provisions of Section 217 (2AA) of the Companies Act, 1956 (the Act) your Directors hereby confirm that:

- In preparing the Annual Accounts for the year ended 31st March 2012 all the applicable accounting standards have been followed.
- Accounting policies were adopted and applied 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 as at 31st March 2012 and of the Loss of the Company for the year ended on that date.
- Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act and for preventing / detecting fraud and irregularities have been taken.
- The Annual Accounts have been prepared on a "going concern" basis.

Corporate Governance:

A separate section on Corporate Governance and a certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, form part of the Annual Report.

Acknowledgements:

Your Directors wish to place on record their appreciation of the wholehearted co-operation received by the Company from the Shareholders, Employees and its Bankers during the year under review.

For and on behalf of the
Board of Directors

Place: Mumbai
Date: 12th July 2012

MSR Ayyangar
Managing Director

20th ANNUAL REPORT

Annexure 1 to Directors Report.

Particulars of employees pursuant to Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended by the Companies Amendment Act 1988 and forming part of the Directors' Report for the year ended 31st March 2012.

None of the employees (including for part of the year) received remuneration exceeding 2,00,000 per month. (24.00 Lacs per annum).

Annexure 2 to Directors Report.

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Directors Report) Rules 1988 and forming part of the Directors' Report.

1. Conservation of Energy & Pollution Control:

As the Company's own factory has not been in operation, no special energy saving measures were required and there was no need for the Company to take any pollution control measures.

2. Research and Development:

The total amount spent on the R&D activities this year and previous year was not material and as the same have been included in normal heads of accounts, no amount can be quantified separately under the head of R&D cost.

3. Foreign Exchange Earning (CIF) & Outgo:

Earnings:55,83,361 Previous year: 21,08,608/-

Expenses :0.00. Previous year: 3,02,163/-

For and on behalf of the

Board of Directors

Place: Mumbai

Date: 12th July 2012

MSR Ayyangar
Managing Director



CORPORATE GOVERNANCE FOR TWENTIETH ANNUAL REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below.

MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of high level of transparency and accountability in the functioning of the Company and the conduct of its business, including its interaction with employees, share holders, creditors, consumers and institutional and other lenders and places due emphasis on regulatory compliance.

The Company believes that its systems and actions must be integrated for enhancement of Corporate performance resulting in the maximisation of stakeholder's value in the long run.

2. BOARD OF DIRECTORS

Composition of Board

The Board consists of 4 Non-Executive Directors and 2 Executive Directors, the Chairman being Non-Executive Director. During the financial year the Board met 5 times on the following dates: 26th April 2011, 27th June 2011, 29th July 2011, 24th October 2011 and 25th January 2012.

The composition of category of members of the Board and the number of their other directorships

are set out below:

Director	Category	No. of Directorship held in other Companies	Committee Membership/ Chairmanship in other companies
Mr. Ashok M. Kadakia Chairman	Non-Promoter Non Executive	8	2
Mr. MSR Ayyangar Chief Executive	Promoter	2	2
Mr. Arvind M. Shah	Non-Promoter Non-Executive	6	Nil
Mr. Manoj M. Shah	Non-Promoter Non-Executive	7	Nil
Mr. Vijay K. Agrawal	Non-Promoter Non-Executive	3	1
Mr. A.V. Vardharajan	Non-Promoter Executive	1	Nil

Details of remuneration paid to all the Directors

The Company pays no sitting fees to its Directors, both executive and non-executive, for each Board and Audit committee meetings attended. Non-Executive Directors are not paid any salary, bonus, stock options, pension etc.

Attendance record of the Directors

Director	Board Meetings Attended during the year	Attendance at last AGM held on 17.9.2011
Mr. Ashok M. Kadakia	5	No
Mr. MSR Ayyangar	4	Yes
Mr. Arvind M. Shah	3	Yes
Mr. Manoj M. Shah	2	Yes
Mr. Vijay K. Agrawal	2	Yes
Mr. A.V. Vardharajan	5	Yes

None of the Directors is a member in more than ten committees and acts as Chairman in more than 5 committees across all the companies in which he is a Director.

Brief Resume of Directors (Those retiring and eligible for reappointment)

i) **Mr. Vijay K. Argawal** has an experience of more than 3 decades in the field of Fine and Speciality Chemicals. He is involved in activities of indenting, manufacturing, trading and sourcing for a long time. He is also advising U.S. based companies for their investment opportunities in Pharma Sector in India. He is a Director in the following other Companies.

1. Agarwal Chemical Agencies Pvt. Ltd.
2. Lee Pharma Ltd.
3. Survival Technologies Pvt. Ltd.

2) **Mr. Manoj M. Shah** Shri. Manoj Moolchand Shah is a qualified Chartered Accountant and an experienced Financial Specialist. He is member of The Bombay Stock Exchange Ltd. He is a valued investor in our Company. The list of other Companies in which he is a Director is as follows.

1. Amu Investment & Finance Pvt. Ltd.
2. Amu Properties & Finance Pvt. Ltd.
3. Amu Shares & Securities Ltd.
4. Gava Securities Ltd.
5. Lamhas Satellite Services Ltd.
6. Dideonet India Limited
7. Vashi Railway Commercial Complex Ltd

20th ANNUAL REPORT

3. COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Composition of the committee

Director	Category	Audit Committee Meetings Attended during the year
Mr. Vijay K. Agrawal	Non-Executive Director	2
Mr. Arvind M. Shah	Non-Executive Director	3
Mr. Manoj M. Shah	Non-Executive Director	2
Mr. MSR Ayyangar	Chief Executive Managing Director	4

During the year, the committee met 5 times on the following dates:

26th April 2011

27th June 2011

29th July 2011

24th October 2011

25th January 2012

Functions of the Committee:

The Committee oversees the audit and risk management functions in the Company, including quality of internal and management audit. It also reviews audit plans, audited and un-audited financial results and findings of the internal and statutory auditors and recommends to the Board for its approval. The constitution of the Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.

The Board has stipulated the following as terms of reference, as are stipulated under Clause 49 of the listing agreement:-

- Overseeing of the company's financial reporting process and the disclosure of its financial information to review that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on:

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.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - 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.
 - Discussion with internal auditors any significant findings and follow up thereon.
 - Reviewing the findings of any internal investigation 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.
 - Discussions 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.
 - Reviewing the company's financial and risk management policies.
 - 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.

4 SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE

Composition of Committee

Name of Directors	Category
Mr. Ashok M. Kadakia	Non-Executive / Independent
Mr. A.V. Vardharajan	Executive Director
Mr. MSR Ayyangar	Chief Executive/Managing Director

During the year, the committee met 2 times on the following dates:

29th July 2011

25th January 2012



• **Functions of the Committee**

The Committee approves, transfer / transmission / transposition / consolidations / splitting, issue of duplicate certificates, de-materialisation, allotment of shares and debentures, shareholders grievances pertaining to non-receipt of transferred share certificates, non-receipt of balance sheet and non-receipts of dividend / interest etc.

Compliance Officer

The Board has designated Mr. A.V. Vardharajan, as the Compliance Officer and in his absence Mr. I. J. Pereira has been designated as the Compliance Officer.

• **Details of shareholder's complaints received, not solved and pending share certificates.**

The Company has approximately 6306 shareholders. The total number of complaints received and replied to the satisfaction of shareholders during the year under review were 2. There were no outstanding complaints as on March 31, 2012. There were no request for transfers & dematerialisation pending for approval as on March 31, 2012. They were approved and dealt with before 5th April 2012.

The company has an exclusive email id investors@ebnl.co.in for receiving investor's complaints.

5. GENERAL BODY MEETINGS

Date, time and venue of the last three Annual General Meetings held are given below:-

Financial Year	Date	Time	Venue
2008 – 2009	27-06-2009	11.00 AM	T-3/2, MIDC, Talaja.
2009 – 2010	26-06-2010	11.00 AM	T-3/2, MIDC, Talaja
2010 – 2011	17-09-2011	11.00 AM	T-3/2, MIDC, Talaja

No postal ballots were used / invited for voting at these meetings in respect of special resolutions passed. The Company shall comply with the requirements relating to postal ballot as and when necessary.

6. DISCLOSURES

- i) In respect of related party transaction, the company does not have any transaction, which may have potential conflicts with the interest of the Company at large.
- ii) The Company has complied with the requirements of regulatory authorities on capital markets and has not incurred any penalties / strictures during the last three years.

7. MEANS OF COMMUNICATION

- i. The quarterly, half yearly and annual results are forthwith communicated to all the Stock Exchanges with whom the Company is listed as soon as they are approved and taken on record by the Board of Directors of the Company. Further, the results are published in one English daily newspaper (Free Press Journal) circulating in the country and in Marathi newspaper (Navshakti), published from Mumbai.
- ii. Management discussion and analysis, forms part of the Directors' Report.

8. GENERAL SHAREHOLDERS INFORMATION

i. Annual General Meeting

Date and time : 1st September 2012 at 11.00 hrs.
Venue : Plot No. T-3/2, MIDC Area,
Taloja – 410 208.

ii. Financial Calendar for 2012-13(tentative)

Financial reporting for the quarter ending June 30, 2012, 2nd week of July 2012

Financial reporting for the quarter ending September 30, 2012 End of October 2012

Financial reporting for the quarter ending December 31, 2012 End of January 2013

Financial reporting for the year ending March 31, 2013 Between April & June 2013

iii Date of Book Closure:

27th August 2012 to 1st September, 2012 (both days inclusive).

iv Dividend payment date: This is not applicable as dividend is not declared.

v Listing on Stock Exchanges

Equity shares of the Company are listed only in the BSE Limited.

vi Scrip Code: - 524768
Scrip ID - EMESSA
ISIN No. - INE634B01016

20th ANNUAL REPORT

vii Stock Market Data

		High(₹)	Low(₹)
Bombay Stock Exchange Limited			
Bombay Stock Exchange Limited			
April	2011	9.18	6.10
May	2011	8.70	6.87
June	2011	6.85	5.10
July	2011	6.14	4.72
August	2011	5.40	4.88
September	2011	6.42	5.12
October	2011	5.51	4.53
November	2011	4.75	3.48
December	2011	3.40	2.80
January	2012	3.15	2.94
February	2012	3.30	3.30
March	2012	4.24	3.40

viii Corporate Ethics

The consistent endeavour of Emmessar Biotech & Nutrition Ltd., is to enhance the reputation of the Company and irrespective of the goals to be achieved, the means are as important as the end. The Company has adopted "the Code of Conduct for prevention of insider trading", which contains policies prohibiting insider trading. The Company has also promulgated Code of Conduct to be followed by Directors and Management.

ix Registrar and Share Transfer Agents

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West, Mumbai – 400078.
Telephone Number: 25963838
Fax number: 25946970
Email: rnthelpdesk@linkintime.co.in

x Share Transfer System

Share Transfer requests received in physical form are registered within 7 days from the date of receipt and Demat requests are normally confirmed within an average of 7 days from the date of receipt.

xi Distribution of Shareholding

Promoters including	
Persons acting in concert	: 26,00,269 Shares (52.04%)
Private Corporate Bodies	: 73,635 Shares (1.47%)
NRI	: 9,350 Shares (0.19%)
Indian Public	: 23,03,046 Shares (46.10%)
FII's & Banks	: 9,800 Shares (0.20%)

xii Dematerialisation of shares

About 83.25% of the shares have been dematerialised as on 31st March 2012. Trading in Emmessar Biotech & Nutrition Ltd shares is in compulsory demat w.e.f. 29th May 2000 as per the notification issued by Securities and Exchange Board of India.

NON-MANDATORY REQUIREMENTS

Remuneration Committee

Since no remuneration is being paid to the non-executive Directors, remuneration committee has not been formed.

Shareholder's Right

The Company publishes quarterly and half yearly financial results and performance in newspapers, the same are not sent to the shareholders of the Company. The Company sends Annual Report, the yearly financial results / performance to the shareholders.

Postal Ballot

No postal ballots were used / invited for voting at general meetings in respect of special resolutions passed. The Company shall comply with the requirements relating to postal ballot as and when necessary.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **Emmessar Biotech & Nutrition Ltd.**

We have examined the compliance of conditions of Corporate Governance by Emmessar Biotech & Nutrition Limited ("the Company") for the year ended on 31st March 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement for the year ended 31st March 2012.

We state that in respect of investor grievances received during the year ended 31st March 2012, no Investor Grievance is pending / unattended for a period exceeding one month against the Company as per the records maintained by the Share Transfer and Investor Grievance Committee and as intimated by the Registrars and Share Transfer Agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R. G. Jain & Co
Chartered Accountants

Place: Mumbai
Date: 12th July 2012

Girish Jain
Partner.
Membership No. 107416



AUDITOR'S REPORT

To the Members of Emmessar Biotech & Nutrition Limited

1. We have audited the attached Balance Sheet of Emmessar Biotech & Nutrition Limited (the Company), as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and according to the information and explanations given to us and on the basis of such checks of the available books and records as we considered appropriate, we enclose in the Annexure hereto, a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph-3 above, we report that:
 - (a) We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956
- (e) On the basis of written representations received from the directors of the Company as at 31st March, 2012, and taken on record by the Board of Directors, we report that prima-facie none of the Directors of the Company is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and the Notes on the Financial Statements appearing thereon, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012
 - ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

**For R.G. Jain & Co.
Chartered Accountants
Firm Regn No 121214W**

**Place: Mumbai
Date: July 12, 2012**

**Girish Jain
Partner.
Membership No 107416**

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF EMESSAR BIOTECH & NUTRITION LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

As required by the Companies (Auditors Report) Order, 2003, as amended ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, on the matters specified in paragraphs 4 and 5 of the said Order, we further report that:

(i) **In respect of Company's Fixed Assets:**

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the Company has formulated a regular programme of verification by which all assets of the Company shall be verified in phased manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business and assets. To the best of our knowledge, no material discrepancies were noticed on such physical verification conducted during the year as compared with the book records.
- (c) During the year under report the Company has not disposed off any of its fixed assets and the going concern status of the Company is not affected.

(ii) **In respect of Company's Inventories:**

- (a) The stock of finished goods and raw material has been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable. In the case of material lying with the third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between physical inventories and the book records were not material in relation to the size of the Company and the same have been properly dealt with in the books of account.

(iii) **In respect of loans, secured or unsecured, granted or taken by the Company to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies act, 1956:**

- (a) The Company has granted interest free unsecured loan to a body corporate covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the

year was ₹11,12,294 and the year-end balance of such loan amounted to ₹8,12,924. Other than the above, the Company has not granted any loans, secured or unsecured, to Companies, firms or parties covered in the register maintained under section 301 of the Act.

- (b) In our opinion and according to information and explanation given to us, Other terms and conditions on which the loans has been granted to body corporate listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) In the case of the loan granted to the body corporate listed in the register maintained under section 301 of the Act, the borrower has been regular in the payment of the principal amount as and when demanded. The terms of arrangement do not stipulate any repayment schedule and the loan is repayable on demand. Accordingly, paragraph 4(iii) (c) of the Companies (Auditor's Report) order 2003 is not applicable to the company in respect of repayment of the principal amount.
- (d) There are no overdue amounts of more than rupees one lakh in respect of the loan granted to a body corporate listed in the register maintained under section 301 of the Act.
- (e) The Company has not taken any loan, secured or unsecured from companies, firms or parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) (e) to 4(iii) (g) of the Companies (Auditor's Report) Order 2003 are not applicable.
- (iv) On the basis of selective checks carried out during the course of audit and in our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system. We have not observed any continuing failure on the part of the Company to correct major weakness in the internal control system.
- (v) a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) Transaction made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us during the year under report, the Company has not invited and accepted any deposits



- from the public within the meaning of Section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an internal audit system for the year under audit commensurate with the size of the Company and the nature of its business.
- (viii) We have been broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the company's products to which the said rules are made applicable and are of the opinion that prima facie the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (ix) **In respect of Statutory dues:**
- (a) According to the records examined by us, the Company is generally regular in depositing during the year, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, to the extent applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no arrears of undisputed outstanding statutory dues as at 31st March 2012 for a period of more than six months from the date they became payable.
- (b) In our opinion and according to the information & explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute as on 31st March 2012.
- (x) The accumulated losses of the Company have exceeded 50% of its net worth at the end of the financial year. The Company has not incurred cash losses in the current financial year and incurred cash losses in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us and based on the documents and records produced to us, the Company has not taken any loan from financial institutions or banks. The Company does not have any debenture holder. Therefore Paragraph 4(xi) of the Companies (Auditor's Report) Order 2003 regarding default in repayment of dues to a financial institution or bank or debenture holder is not applicable to the Company.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund, nidhi, mutual benefit fund / society. Therefore, the provision of Paragraph 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing in shares, securities and debentures and other investments. Therefore Paragraph 4 (xiv) of Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) As per records, the Company has not obtained any term loans during the financial year under report.
- (xvii) According to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet and Cash Flow of the Company, we report that no funds raised on short-term basis have been utilized for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) On the basis of records made available to us, the Company did not issue any debentures during the year. Hence, Paragraph 4 (xix) of the Companies (Auditor's Report) Order, 2003 regarding creation of security or charge in respect of debentures issued is not presently applicable to the Company.
- (xx) The Company has not raised any money by way of public issue during the year. Accordingly, Paragraph (xx) of the Companies (Auditor's Report) Order, 2003 on the end use of money raised by public issues is not presently applicable to the Company.
- (xxi) Based on the audit procedures performed and the information and explanations given by the Management, we report that to the best of our knowledge and belief, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For R.G. Jain & Co
Chartered Accountants
Firm Regn. No 121214W

Place: Mumbai
Date: 12th July 2012

Girish Jain
Partner.
Membership No. 107416

20th ANNUAL REPORT

BALANCE SHEET AS AT 31ST MARCH 2012

(Value in ₹)

	Note No.	As at 31.3.2012	As at 31.3.2011
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2.1	49,961,000.00	49,961,000.00
(b) Reserves and surplus	2.2	(28,599,792.00)	(28,338,897.00)
		21,361,208.00	21,622,103.00
2 Non-current liabilities			
(a) Long Term Provisions	2.3	599,650.00	792,911.00
		599,650.00	792,911.00
3 Current liabilities			
(a) Trade payables	2.4	26,868,358.00	22,140,031.00
(b) Other current liabilities	2.5	812,261.00	356,081.00
		27,680,619.00	22,496,112.00
TOTAL(1+2+3)		49,641,477.00	44,911,126.00
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.6	18,999,009.00	19,647,943.00
(ii) Intangible assets		0.00	0.00
(iii) Capital work-in-progress		0.00	0.00
		18,999,009.00	19,647,943.00
(b) Long-term loans and advances	2.7	412,559.00	408,115.00
		412,559.00	408,115.00
2 Current assets			
(a) Current Investments	2.8	46,839.00	43,841.00
(b) Inventories	2.9	1,831,613.00	1,334,820.00
(c) Trade Receivables	2.10	26,591,128.00	22,298,990.00
(d) Cash and cash equivalents	2.11	613,083.00	758,668.00
(e) Short-term loans and advances	2.12	1,147,246.00	418,749.00
		30,229,909.00	24,855,068.00
TOTAL(1+2)		49,641,477.00	44,911,126.00

Significant Accounting Policies & Notes on Accounts 1&2

As per our report of even date

For and on behalf of the Board

For R.G. Jain & Co.
Chartered Accountants
Firm Regn. No 121214W

Ashok M. Kadakia
Chairman

MSR Ayyangar
Managing Director

Arvind M. Shah
Director

Manoj M. Shah
Director

Girish Jain
Partner
Membership No. 107416

Vijay K. Agrawal
Director

A.V. Vardharajan
Executive Director

Place : Mumbai
Date : 12th July 2012

Place : Mumbai
Date : 12th July 2012

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

(Value in ₹)

	Note No.	For the year ended ended 31.3.2012	For the year ended ended 31.3.2011
INCOME			
Revenue From Operations	2.13	32,394,162.00	39,499,622.00
Less :- Excise Duty		<u>399,014.00</u>	<u>557,908.00</u>
Net Revenue From Operations		31,995,148.00	38,941,714.00
Other income	2.14	<u>709,209.00</u>	<u>1,028,002.00</u>
TOTAL REVENUE		<u>32,704,357.00</u>	<u>39,969,716.00</u>
Expenses			
(a) Cost of Materials Consumed	2.15	2,730,406.00	1,440,042.00
(b) Purchase of Stock in Trade	2.16	24,408,914.00	34,270,689.00
(c) Change in Inventories of Finished Goods, Work in Progress and Stock in Trade	2.17	-898,922.00	1,069,376.00
(d) Employee Benefit Expenses	2.18	2,621,188.00	2,502,479.00
(e) Finance costs		-	0.00
(f) Depreciation and amortisation expense	2.6	701,724.00	788,121.00
(g) Other expenses	2.19	<u>3,401,942.00</u>	<u>2,685,831.00</u>
TOTAL EXPENSES		<u>32,965,252.00</u>	<u>42,756,538.00</u>
PROFIT /(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS		<u>-260,895.00</u>	<u>-2,786,822.00</u>
Exceptional items		0.00	0.00
PROFIT /(LOSS) BEFORE TAX		(260,895.00)	(2,786,822.00)
Tax expense:			
(a) Current tax expense for current year		-	-
(b) Current tax expense relating to prior years		0.00	-
(c) Net current tax expense		-	-
(d) Deferred tax			
PROFIT /(LOSS) AFTER TAX		<u>(260,895.00)</u>	<u>(2,786,822.00)</u>
EARNING PER EQUITY SHARE (Equity Shares of Par Value ₹10/- each)			
(a) Basic		(0.05)	(0.56)
(b) Diluted		(0.05)	(0.56)
No. of shares used in computing earning per share			
(a) Basic		4996100	4996100
(b) Diluted		4996100	4996100

Significant Accounting Policies & Notes on Accounts 1&2

As per our report of even date

For and on behalf of the Board

For R.G. Jain & Co.
Chartered Accountants
Firm Regn. No 121214W

Ashok M. Kadakia
Chairman

MSR Ayyangar
Managing Director

Arvind M. Shah
Director

Manoj M. Shah
Director

Girish Jain
Partner
Membership No. 107416

Vijay K. Agrawal
Director

A.V. Vardharajan
Executive Director

Place : Mumbai
Date : 12th July 2012

Place : Mumbai
Date : 12th July 2012

20th ANNUAL REPORT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

	2011-2012 (in ₹)	2010-2011 (in ₹)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	-260895	-2786822
Adjustments		
Depreciation	701724	788121
Interest / Dividend	-2998	-7195
Operating Profit / Loss before working Capital changes	437831	-2005896
Adjustment for (Increase) / Decrease in operating Assets		
Inventories	-496793	702999
Trade Receivables	-4292138	-20884355
Long term Loans and Advances	-4444	26277
Short term Loans & Advances	-728497	3781660
Adjustment for Increase / (Decrease) in operating Liabilities		
Other Current Liabilities	456180	-3688806
Trade Payables	4728327	21198073
Long term provisions	-193261	0
Cash generated from operations	-92795	-870048
Direct Taxes Paid (FBT)	0	0
Cash Flow before extraordinary items	-92795	-870048
Extraordinary items	0	0
Net Cash flow from Operating activities	-92795	-870048
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-52790	-55100
Investments in Mutual Funds	-2998	692805
Interest / Dividend Received	2998	7195
Net Cash inflow/(out flow) in Investing activities	-52790	644900
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	0	0
Net Cash used in financing activities	0	0
Net increase in cash and cash equivalents	-145585	-225148
Cash and cash equivalents as at 31.3.2011	758668	983816
Cash and cash equivalents as at 31.3.2012	613083	758668

As per our report of even date

For and on behalf of the Board

For R.G. Jain & Co.
Chartered Accountants
Firm Regn. No 121214W

Ashok M. Kadakia
Chairman

MSR Ayyangar
Managing Director

Girish Jain
Partner
Membership No. 107416

Arvind M. Shah
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Director

Vijay K. Agrawal
Director

A.V. Vardharajan
Executive Director

Place : Mumbai
Date : 12th July 2012

Place : Mumbai
Date : 12th July 2012



1. NOTE FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

A. Corporate Information

Emmessar Biotech & Nutrition Limited is a public limited company domiciled in India incorporated under the provisions of the Companies Act, 1956. Its shares are listed in the Bombay Stock Exchange. The Company is engaged in manufacturing and marketing Healthcare / pharmaceuticals products and chemicals. The Company caters to both domestic and international markets.

A) Significant Accounting Policies followed by the Company are as follows :-

1. Basis of Preparation of Financial Statements:

The financial statements are prepared on the basis of going concern, on the accrual basis of accounting, under the historical cost convention except for revaluation of land, and in accordance with accounting principles generally accepted in India and to comply in all material aspects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India as applicable and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those followed in previous year.

2. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. Inventories:

Raw material and Finished goods are valued at lower of costs or net realizable value. Cost of inventories comprises all cost of purchase, conversions and other costs incurred in bringing the inventories to their present location and condition. Finished goods are valued inclusive of excise duty payable thereon. Provisions for obsolescence / expired goods are made, wherever necessary. Cost is determined by using FIFO method.

4. Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

5. Cash Flow Statement

Cash flow is reported using indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non – cash

nature any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

6. Revenue Recognition :

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Service revenue is recognized as per terms of contract. Sales include amount recovered towards Excise Duty but exclude, Central Sales Tax, Value Added Tax & Courier Charges and in case of Export Sales exclude amounts recovered towards insurance and freight.

7. Fixed Assets:

Fixed Assets are stated at cost except for revaluation of Land, less accumulated depreciation. The cost of fixed assets includes freight and other incidental expenses related to the acquisition and installation of the respective assets and excludes Cenvat and MVAT, if any. Interests on borrowings for the purpose of acquiring Fixed Assets are also added to the cost of acquisition until the use thereof for Commercial Production.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of either net book value or net realizable value and are disclosed separately in the financial statements. Any expected loss is recognized in the Profit and Loss account as "Diminution in Fixed Assets".

8. Depreciation:

Depreciation on Fixed Assets is provided on Straight Line Method at the applicable rates and in the manner as prescribed in Schedule XIV to the Companies Act, 1956, which management considers as being representative of the useful economic lives of such assets.

Depreciation on addition / deletion of Fixed Assets made during the year is provided on pro-rata basis from / up to the date of such addition / deletion, as the case may be. Assets under construction are not depreciated.

9. Impairment of Assets:

The Company assesses at each Balance Sheet date where there is any indication that any assets may be impaired and if such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and a provision is made for such impairment loss in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

10. Foreign Currency Transactions and Translations:

Transactions denominated in foreign currency are

20th ANNUAL REPORT

recorded at the exchange rate prevailing on the date of relevant transaction.

Translation of all foreign currency denominated monetary Current Assets & Current Liabilities as at 31st March 2012 are translated at exchange rates prevailing as on the same date. Exchange difference arising on restatement or settlement is charged to the Statement of Profit and Loss.

11. Investments:

Long Term Investments are stated at cost of acquisition and related expenses. Provision is made to recognize a diminution, other than temporary, in the value of investments. Current Investments are carried individually at lower of cost and fair value.

12. Employee Benefit:

A. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and performance incentive paid annual leave, bonus, leave travel assistance, medical allowance, contribution to provident fund etc. recognized as actual amounts due in period in which the employee renders the related services.

B. Post –employment benefits

a) Defined Contribution plan

Payment made to defined contribution plans such as Provident fund is charged as expenses as they fall due.

b) Defined Benefit Plan

The cost of providing benefits i.e. gratuity is determined using the Projected Unit Credit Method, with actuarial valuation carried out as at the balance sheet date. Actuarial gain and losses are recognized immediately in the Statement of Profit & Loss.

13. Insurance:

Wherever considered necessary, the Company covers all the normal risks on the basis of estimated values of its assets. The premium pertaining to the year is charged against revenue of the year. Insurance claims are accounted as and when admitted as due by the Insurance Company.

14. Research and Development Cost:

All revenue expenses pertaining to Research and Development are charged to the Profit and Loss Account under the normal and natural heads of account under which they are incurred; hence no amount can be quantified separately under the head of R & D Cost. The expenditure of capital nature on R & D is capitalized as fixed assets, and depreciated as per the Company's policy.

15. Segment Reporting:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure.

The operating segments are the segments for which separate financial information is available and for which operating profit/ loss amounts are evaluated regularly by the management.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue/ expenses/ assets / liabilities".

16. Taxation:

Income Tax expense comprises current tax (i.e. Amount of Income tax for the period determined in accordance with the Income Tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of the assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written up to reflect the amount that is reasonable / virtual certain (as the case may be) to be realized.

17. Earnings per share:

Basic earnings per share are computed by dividing the net profit or loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

18. Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognized only when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in the respect of which a reliable estimate can be made based on technical evaluation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

**2 NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012****2.1 SHARE CAPITAL**

Particulars	As at 31.3.2012 (in ₹)	As at 31.3.2011 (in ₹)
Authorised :		
Equity shares of ₹10/- Par Value	54,000,000.00	54,000,000.00
54,00,000(P.Y. 54,00,000) Equity Shares		
	<u>54,000,000.00</u>	<u>54,000,000.00</u>
Issued, Subscribed and Paid up :		
Equity shares of ₹10/- Par Value		
49,96,100(P.Y. 49,96,100) Equity Shares fully paid up	49,961,000.00	49,961,000.00
* includes 4,98,000 Equity Shares of ₹10/- each allotted as Bonus Shares by capitalising Revaluation Reserve in the year 1994		
	<u>49,961,000.00</u>	<u>49,961,000.00</u>

- a) The Company has only one class of shares referred to as Equity Shares having a par value of ₹10/- each. Each holder of Equity Share is entitled to one vote per share.
- b) The Company has not declared any Dividend as it has accumulated Losses.
- c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

d) Share Reconciliation

The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2012 and March 31, 2011 is set out below:

Particulars	As At 31st March 2012		As At 31st March 2011	
	No .of Shares	Amount	No. of Shares	Amount
Number of Shares at the Beginning	4996100	49961000	4996100	49961000
Add :- Addition During the Year	0	0	0	0
Number of Shares at the End	<u>4996100</u>	<u>49961000</u>	<u>4996100</u>	<u>49961000</u>

e) List of Shareholders holding more than 5% of the Total Number of Shares issued by the Company

Name of the Shareholder	As At 31st March 2012		As At 31st March 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Emmessar Technologies Ltd	713226	14.280	713226	14.280
Manar Leasing & Investment Pvt Ltd	528000	10.570	528000	10.570
Amu Investment & Finance Pvt Ltd	260000	5.20	260,000	5.20
Heena M Shah	268000	5.36	250,000	5.00

2.2 RESERVES AND SURPLUS

Revaluation Reserve		
As per Last Balance Sheet	638,900.00	638,900.00
	<u>638,900.00</u>	<u>638,900.00</u>
(Deficit) in the Statement of Profit & Loss		
Opening Balance	(28,977,797.00)	(26,190,975.00)
Surplus / (Deficit) for the year	(260,895.00)	(2,786,822.00)
Closing Balance	<u>-29,238,692.00</u>	<u>-28,977,797.00</u>
	<u>-28,599,792.00</u>	<u>-28,338,897.00</u>

20th ANNUAL REPORT

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Particulars	As at 31.3.2012 (in ₹)	As at 31.3.2011 (in ₹)
2.3 LONG TERM PROVISIONS		
Provision for Employee Benefits		
Gratuity	599,650.00	792,911.00
	599,650.00	792,911.00
2.4 TRADE PAYABLE		
Micro, Small & Medium Enterprises	0.00	0.00
Other Trade Payable	26,868,358.00	22,140,031.00
	26,868,358.00	22,140,031.00

There is no amount due to Micro, Small and Medium Enterprises. Further no Interest is paid/ payable in terms of Sec 16 of Micro, Small and Medium Enterprises Development Act, 2006. The Information regarding dues to Micro, Small and Medium Enterprises are given to the extent such parties have been identified on the basis of information available with the Company.

2.5 OTHER CURRENT LIABILITIES

Accrued Payroll	235,842.00	197,161.00
Accrued Expenses	44,824.00	27,054.00
Other Liabilities		
Payable to Statutory Authorities	122,972.00	73,524.00
Gratuity	392,762.00	53,942.00
Advance From Customers	15,861.00	4,400.00
	812,261.00	356,081.00

2.6 FIXED ASSETS

A. Tangible assets	GROSS BLOCK (COST)				DEPRECIATION				NET BLOCK	
	"Balance as at 1 April, 2011"	Additions	Disposals	As at 31.3.2012	Balance as at 1.4.2011	For the year	Deductions/ adjustments	Up to 31.3.2012	As at 31.3.2012	As at 31.3.2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Leasehold Land	8871300.00	0.00	0.00	8871300.00	0.00	0.00	0	0	8871300.00	8871300.00
(b) Buildings	20355452.00	0.00	0.00	20355452.00	9680229.00	674186.00	0	10354415	10001037.00	10675223.00
(c) Furniture and Fixtures	595660.00	0.00	0.00	595660.00	582789.00	6385.00	0	589174	6486.00	12871.00
(d) Office equipment	1084629.00	45790.00	0.00	1130419.00	996080.00	14153.00	0	1010233	120186.00	88549.00
Total A	30907041.00	45790.00	0.00	30952831.00	11259098.00	694724.00	-	11,953,822	18999009.00	19647943.00
B. Intangible assets										
Trademarks	-	7,000.00	-	7,000.00	-	7,000.00	-	7,000.00	0.00	0.00
Total (A+B)	30,907,041.00	52,790.00	-	30,959,831.00	11,259,098.00	701,724.00	-	11,960,822.00	18999009.00	19647943.00
Previous year	31,237,621.00	55,100.00	385,680.00	30,907,041.00	10,856,657.00	788,121.00	385,680.00	11,259,098.00	19,647,943.00	0.00

2.7 LONG TERM LOANS & ADVANCES

Unsecured, Considered good		
Security Deposits	46,010.00	46,010.00
Balance with Government Authorities		
Vat Credit receivables	177,865.00	128,171.00
Tax Deducted at Source	143,684.00	168,934.00
Other Loans & Advances	45,000.00	65,000.00
	412,559.00	408,115.00

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012****2.8 CURRENT INVESTMENTS**

Particulars	As at 31.3.2012 (in ₹)	As at 31.3.2011 (in ₹)
Unquoted (At Lower of Cost or Fair Value)		
In Mutual Fund		
Dividend option SBI Magnum Insta Cash Fund	46,839.00	43,841.00
Net asset value	46,839.00	43,841.00

2.9 INVENTORIES

(At Lower of Cost or Net Realisable Value)

Raw Materials	430,867.00	832,996.00
Work in Progress	0.00	0.00
Finished Goods	1,084,697.00	294,786.00
Stock in Trade	316,049.00	207,038.00
	1,831,613.00	1,334,820.00

2.10 TRADE RECEIVABLES

Unsecured , Considered Good

Debts outstanding for a period Exceeding Six Month	26,247,553.00	9,598,053.00
Other Debts	343,575.00	12,700,937.00
	26,591,128.00	22,298,990.00

Provision for doubtful debts

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provisions is assessed based on various factors including collectability of specific dues ,risk perceptions of the industry in which the customer operates, general economic factors, which could affect the customer's ability to settle. The Company normally provides for debtor where ascertainity of recoverability is very less. The Company pursues the recovery of the dues, in part or full.

2.11 CASH AND CASH EQUIVALENTS

Balance with Banks		
In Current Account	611,437.00	754,427.00
Cash on Hand	1,646.00	4,241.00
	613,083.00	758,668.00

2.12 SHORT TERM LOANS & ADVANCES**Unsecured, Considered Good**

Loans & Advances to related parties	812,924.00	0.00
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(Refer Note No. 2.24)**Balance with Government Authorities**

Cenvat Credit receivables	39,728.00	28,372.00
Export Duty receivables	211,233.00	182,146.00
Advance Income Tax \ TDS	0.00	158,965.00

Loans & Advance to Employees

Advance to Staff	20,000.00	9,721.00
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Others

Prepaid Expenses	39,828.00	9,513.00
Advance to Suppliers	23,533.00	30,032.00

1,147,246.00 **418,749.00**

20th ANNUAL REPORT

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

2.13 REVENUE FROM OPERATIONS

Particulars	Year Ended 31.3.2012 (in ₹)	Year Ended 31.3.2011 (in ₹)
Manufactured Goods	7,388,762.00	5,019,639.00
Traded Goods	25,005,400.00	34,479,983.00
	<u>32,394,162.00</u>	<u>39,499,622.00</u>
Details of the Products Sold		
Manufactured Goods		
Healthcare Products	3,857,262.00	5,019,639.00
Fine Chemicals	3,531,500.00	0.00
	<u>7,388,762.00</u>	<u>5,019,639.00</u>
Traded Goods		
Healthcare	1,172,828.00	445,593.00
Generics	23,832,572.00	34,034,390.00
	<u>25,005,400.00</u>	<u>34,479,983.00</u>

2.14 OTHER INCOME

Licence Fee/ Compensation	694,436.00	955,161.00
Interest Income	11,775.00	9,727.00
Dividend Income	2,998.00	7,195.00
Miscellaneous Income	0.00	55,919.00
	<u>709,209.00</u>	<u>1,028,002.00</u>

2.15 COST OF MATERIALS CONSUMED

Raw Materials, Process Chemicals & Packing Materials Consumed

Opening Stock	832,996.00	466,619.00
Add: Purchases	2,328,277.00	1,806,419.00
	<u>3,161,273.00</u>	<u>2,273,038.00</u>
Less: Closing Stock	430,867.00	832,996.00
Cost of Materials Consumed	<u>2,730,406.00</u>	<u>1,440,042.00</u>
Details of Raw Materials Consumed:		
Solvents	1,123,410.00	207,500.00
Oxidising Substances	411,978.00	113,004.00
Inorganic Salts	468,775.00	0.00
Others	726,243.00	1,119,538.00
	<u>2,730,406.00</u>	<u>1,440,042.00</u>

2.16 PURCHASE OF TRADED GOODS

Generic Pharmaceuticals	23,822,750.00	34,023,550.00
Healthcare Products	586,164.00	247,139.00
	<u>24,408,914.00</u>	<u>34,270,689.00</u>

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	Year Ended 31.3.2012 (in ₹)	Year Ended 31.3.2011 (in ₹)
2.17 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK IN TRADE		
Inventories at the end of the year		
Finished Goods \ Stock in Trade	1,400,746.00	501,824.00
Inventories at the beginning of the year		
Finished Goods \ Stock in Trade	501,824.00	1,571,200.00
	<u>898,922.00</u>	<u>-1,069,376.00</u>
Detail of Inventories Finished Goods \ Stock in Trade		
Health Care Products	1,266,746.00	475,824.00
Fine Chemicals	134,000.00	26,000.00
	<u>1,400,746.00</u>	<u>501,824.00</u>
2.18 EMPLOYEE BENEFIT EXPENSES		
Salaries,Wages & Bonus etc	2,383,671.00	2,224,539.00
Contributions to Provident & Other funds	104,748.00	105,791.00
Staff Welfare Expenses	132,769.00	172,149.00
	<u>2,621,188.00</u>	<u>2,502,479.00</u>
2.19 OTHER EXPENSES		
Processing Charges	1,013,156.00	316,753.00
Power & Fuel	49,116.00	64,940.00
Excise Duty on Stock #	51,000.00	0.00
Freight, Clearing & Forwarding Charges	249,331.00	257,625.00
Advertisement	82,902.00	95,658.00
Auditor's Remuneration (Refer Note 2.20)	56,180.00	45,223.00
Bank Charges	27,302.00	32,726.00
Office Rent	100,000.00	100,000.00
Rates & Taxes	7,200.00	7,680.00
Insurance	45,466.00	34,893.00
Repairs and Maintenance- Others	84,222.00	116,963.00
Marketing & Sales Promotion Expenses	114,124.00	254,811.00
Printing & Stationery	60,454.00	58,889.00
Travelling & Conveyance	114,529.00	174,713.00
Listing fees with Stock exchange	16,545.00	11,030.00
Communication Expenses	243,546.00	215,783.00
Depository Connectivity Charges	6,618.00	6,618.00
Professional Charges	82,396.00	107,295.00
Exchange Loss on Foreign currency Transaction \ Transalation	256,059.00	41,361.00
Registrar& Share Transfer Agents Fees	109,197.00	91,871.00
Service charges of MIDC	198,129.00	325,942.00
Internet & Website Expenses	114,325.00	106,210.00
Bad Debts written off	57,898.00	0.00
Miscellaneous Expenses	262,247.00	218,847.00
	<u>3,401,942.00</u>	<u>2,685,831.00</u>

Excise duty shown under expenditure represents the aggregate of excise duty borne by the Company and difference between excise duty on opening & closing stock of finished goods.

20th ANNUAL REPORT

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

2.20 PAYMENT TO AUDITORS

Particulars	Year Ended 31.3.2012 (in ₹)	Year Ended 31.3.2011 (in ₹)
Audit Fees	25,000.00	20,000.00
Tax Audit Fees	13,000.00	10,000.00
Certifications fees	12,000.00	11,000.00
Service Tax	6,180.00	4,223.00
	56,180.00	45,223.00

2.21 COMMITMENTS & CONTINGENT LIABILITIES

a) Estimated Amount of Contract remains to be executed and not provided for in the accounts (Net of Payments Made) in respect of Capital Assets	NIL	NIL
b) Claims against the Company not acknowledged as Debts	NIL	NIL

2.22 DISCLOSURE IN ACCORDANCE WITH ACCOUNTING STANDARDS AS NOTIFIED BY THE COMPANIES (ACCOUNTING STANDARDS) RULES, 2006.

Accounting Standard (AS) - 15 on "Employee Benefits:

i. Defined Contribution Plans:

The Company has recognised the following amounts in the Profits and Loss Account for the year:

(i) Contribution to Employees' Provident Fund	104,748.00	105,791.00
Total:	104,748.00	105,791.00

ii. Defined Benefit Plans:

(i) Gratuity is payable to all the members at the rate of 15 days salary for each year of service.

A. Changes in the Present Value of Obligation in respect of Gratuity Benefits

a) Obligation at the year beginning	963,746.00	772,579.00
b) Interest Cost	79,027.00	65,669.00
c) Past Service Cost	0.00	0.00
d) Current Service Cost	104,312.00	90,766.00
e) Past Service Cost - Vested Benefit	0.00	0.00
f) Current Cost / (Credit)	0.00	0.00
g) Settlement Cost / (Credit)	0.00	0.00
h) Benefits Paid	-44,993.00	-8,246.00
i) Actuarial (Gain) / Loss	-109,680.00	42,978.00
j) Obligation at the year end	992,412.00	963,746.00

B. Expenses recognised in the Profit and Loss Statement in respect of Gratuity Benefits

a) Current Service Cost	59,319.00	82,520.00
b) Past Service Cost	0.00	0.00
c) Interest Cost	79,027.00	65,669.00
d) Past Service Cost - Vested Benefit	0.00	0.00
e) Curtailment Cost / (Credit)	0.00	0.00
f) Settlement Cost / (Credit)	0.00	0.00
g) Net Actuarial (Gain) / Loss	0.00	0.00
h) Employees' Contribution	-109,680.00	42,978.00
i) Total Expenses recognised in Profit and Loss Statement	28,666.00	191,167.00

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012****C. Following are the Principal Actuarial Assumption used as at the Balance Sheet date:**

Particulars	Year Ended 31.3.2012	Year Ended 31.3.2011
	(in ₹) Gratuity	(in ₹) Gratuity
a) Discount Rate	8.20%	8.50%
b) Salary Escalation rate	10%	10%
c) Turnover Rate	10%	10%
d) Mortality Table	LIC 1994-96 Ultimate Table	LIC 1994-96 Ultimate Table

The estimation of future salary increases considered in Actuarial Valuation takes account of inflation, seniority promotions, and other relevant factor on long term basis.

D. Other Long Term Benefits

The Company's does not have any other Long Term benefits

2.23 Accounting Standard (AS-17) "Segment Reporting":

The Company has identified business segments as its primary segment. Business segments are primarily Healthcare and Fine Chemicals Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary segments.

Particulars - for the year ended March 31, 2012

Business Segments	Healthcare	Fine chemicals	Total (₹)
Revenue	28,463,648	3,531,500	31,995,148
Segment Result	2,499,147	2,242,447	4,741,594
Unallocable expenses (Net)			5,711,698
Operating Income			-970,104
Other Income (Net)			709,209
Profit before taxes			-260,895
Tax expenses			0
Net profit for the year			-260,895
Segment Assets	28,288,741	134,000	28,422,741
Unallocable Assets			21,218,736
Total Assets			49,641,477
Segment liabilities	0	0	0
Unallocable liabilities			28,280,269
Total liabilities			28,280,269

2.24 Accounting Standard (As-18) "Related Party Disclosures":

- a) Entities in which the Company has substantial Interest
Emmessar Technologies Limited
- b) Key Management Personnel and their relatives
 - i) MSR Ayyangar - Managing Director
 - ii) A.V.Vardharajan - Executive Director
 - iii) A.V. Saranagarajan - Brother of A.V. Vardharajan
 - iv) Vasudevan Raghavan - Son of MSR Ayyangar

20th ANNUAL REPORT

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

Details of the transactions with above parties

Financial transactions have been carried out in the ordinary course of business and/ or in discharge of contractual obligations

Transaction During the year Particulars	With parties referred to in a(i)		With parties referred to in b(i) (ii) (iii) (iv)	
	2011-2012	2010-2011	2011-2012	2010-2011
Purchases	44,100.00	0.00		
Sales	0.00	1,561,439.00		
Advance Given	1,112,924.00	0.00		
Advance Repaid	300,000.00	0.00		
Remuneration **			1,315,464.00	1,296,464.00

Note :-

**Remuneration

	2011-2012	2010-2011
i) MSR Ayyangar	609,360	614,360
ii) A.V.Vardharajan	305,232	297,232
iii) A.V. Saranagarajan	200,436	192,436
iv) Vasudevan Raghavan	200,436	192,436
	1,315,464	1,296,464

2.25 The Company has incurred net loss during the year and it has also brought forward unabsorbed depreciation and business loss from previous years as per books of account as well as under the Income Tax Act, 1961. In view thereof no provision for Income Tax including Minimum Alternate Tax on Book Profits has been made in the accounts. However net Deferred Tax Asset has not been recognised, as there is uncertainty of the realization thereof in the future.

2.26 Due to/ from parties are subject to confirmation.

2.27 In the opinion of the Board all the current Assets, Loans and Advances deposits are realisable at value stated in ordinary course of business which are atleast equal to the amount at which they are stated in the books unless otherwise stated.

2.28 As no dividend has been declared during the current year as well as previous year, the Company has not remitted any dividend in foreign currency to its non resident shareholders during the current year as well as previous year.

2.29 Value of Imports on CIF Basis

Particulars	Year Ended 31.3.2012 (in ₹)	Year Ended 31.3.2011 (in ₹)
Raw Materials	0.00	302,163.00
Other Materials	0.00	0.00
Total	0.00	302,163.00

2.30 Calculation of Earnings per share as per Accounting Standard (AS 20)

Particulars	Year Ended 31.3.2012 (in ₹)	Year Ended 31.3.2011 (in ₹)
Net Profit for the year (₹)	-260,895	-2,786,822
No of Equity Shares outstanding at the begning of the year	4,996,100	4,996,100
No. of Equity Shares outstanding at the end of the year	4,996,100	4,996,100
Weighted Average Number of Equity Shares	4,996,100	4,996,100
Nominal Value per Share	10	10
Basic and Diluted (EPS)	-0.05	-0.56

2.31 Earnings in Foreign Exchange

Export of Goods (FOB Value)	5,583,361	21,08,608
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NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

2.32 Expenditure in Foreign Currency

Particulars	Year Ended 31.3.2012	Year Ended 31.3.2011
	(in ₹)	(in ₹)
Imports / Other Expenditure	NIL	NIL

2.33 Details of Consumption of Imported & Indigenous Items

Particulars	2011-2012		2010-2011	
	Value in ₹	% of Total Consumption	Value in ₹	% of Total Consumption
Raw Material				
Imported	0.00	0.00	302,163.00	20.98
Indigenous	2,730,406.00	100.00	1,137,879.00	79.02
Total	2,730,406.00	100.00	1,440,042.00	100.00

2.34 The Revised Schedule VI has become effective from 1st April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous Years figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date

For and on behalf of the Board

For R.G. Jain & Co.
Chartered Accountants
Firm Regn. No 121214W

Ashok M. Kadakia
Chairman

MSR Ayyangar
Managing Director

Girish Jain
Partner
Membership No. 107416

Arvind M. Shah
Director

Manoj M. Shah
Director

Vijay K. Agrawal
Director

A.V. Vardharajan
Executive Director

Place : Mumbai
Date : 12th July 2012

Place : Mumbai
Date : 12th July 2012

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Emmessar Biotech & Nutrition Ltd

Regd. Office: T-3/2, MIDC Area, Talaja - 410 208, Dist. Raigad, Maharashtra.

PROXY FORM

Reg. Folio No. _____

I/We _____
of _____ in the District of _____
being a member/members of the above Company appoint* _____
of _____ in the District of _____ or failing him
_____ of _____ in the District of _____ as my/our
proxy to vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at T-3/2,
MIDC Area, Talaja, Dist. Raigad, Maharashtra, at 11 hrs. on 1st September 2012.

Signed this _____ day of _____

Note:

Signature

This form duly completed and signed should be deposited at
the Registered Office of the Company at least 48 hours before
the time of the meeting.



Emmessar Biotech & Nutrition Ltd

Regd. Office: T-3/2, MIDC Area, Talaja - 410 208, Dist. Raigad, Maharashtra.

ATTENDANCE SLIP

To be signed and handed over at the Entrance of the Meeting Hall
(TO BE FILLED IN BLOCK LETTERS)

Full Name of the Member attending _____

Full Name of the First Joint-Holder _____

(To be filled in if the first-named joint-holder does not attend the meeting)

Name of the Proxy _____

(To be filled in if proxy form has been duly deposited with the Company)

I hereby record my presence at the Twentieth Annual General Meeting of the Company to be held at:
T-3/2, MIDC Area, Talaja, Dist. Raigad, Maharashtra, at 11 hrs. on 1st September 2012.

Regd. Folio No. _____

No. of Shares held _____

Members'/Proxy's Signature
(To be signed at time of
handing over this slip)

BOOK - POST

TO,

If undelivered please return to :

EMMESSAR BIOTECH & NUTRITION LTD.

29, KAMER BUILDING, 4TH FLOOR,

38, CAWASJI PATEL STREET, FORT,

MUMBAI 400 001.