

PHIL CORPORATION LIMITED

ANNUAL REPORT

2008 - 2009



Board of Directors

- A. Y. Fazalbhoy - Chairman
- Kavas D. Patel - Vice Chairman
- John B. Bowman - Director
- S. V. Muzumdar - Director
- K. D. Bhat - Managing Director
- A. V. Gaikwad - Executive Director

Audit & Shareholders' Grievance Committee

- Kavas D. Patel - Chairman
- A. Y. Fazalbhoy - Member
- S. V. Muzumdar - Member

Remuneration Committee

- Kavas D. Patel - Chairman
- John B. Bowman - Member
- A. Y. Fazalbhoy - Member
- K. D. Bhat - Member

Secretary & Compliance Officer

A. V. Gaikwad

Registered Office

Vision House, Tivim,
Mapusa, Goa-403 526.

Auditors

V. C. Shah & Company

Solicitors

Gagrats, Vigil Juris

Factories

Tivim, Valpoi- Goa

Executive Office

Excom House, 7 Saki Vihar Road, Mumbai - 400 072.

Registrars & Share Transfer Agents

Datamatics Financial Services Ltd.
Plot No. A-16 & 17, MIDC, Part B Cross Lane,
Marol, Andheri (E), Mumbai - 400 093.

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DIRECTOR'S REPORT / MANAGEMENT DISCUSSION AND ANALYSIS

TO THE MEMBERS OF PHIL CORPORATION LIMITED

1. The Directors present herewith the Annual Report along with the audited Accounts of the Company for the financial year ended 31st March, 2009.

2. Financial Results at a glance :

	Rs.	Rs.
	2008-09	2007-08
Sales & Services	57,44,882	41,11,406
Other Income	2,83,92,407	1,56,38,109
	<u>3,41,37,289</u>	<u>1,97,49,515</u>
Gross Operating Profit/(Loss)	(33,65,053)	(2,76,29,479)
Less: Interest	22,465	1,25,768
Depreciation	19,17,079	18,52,075
	<u>19,39,544</u>	<u>19,77,843</u>
Profit/(Loss) before Tax	(53,04,597)	(2,96,07,322)
Less: Provision for Taxation		
Current Tax	-	-
Fringe Benefit Tax	2,21,438	1,59,490
Profit/(Loss) after Tax	(55,26,035)	(2,97,66,812)
Less: Extraordinary Items	5,62,70,920	36,44,130
Balance	5,07,44,885	(2,61,22,682)
Add: Balance brought forward	(5,60,21,905)	(2,98,99,223)
Balance (Loss) carried to	<u>(52,77,020)</u>	<u>(5,60,21,905)</u>
Balance Sheet		

3. Dividend :

In view of the operating cash loss made during the year and the accumulated losses, the Directors do not recommend any dividend for the financial year 2008-09.

4. Management Discussion and Analysis :

i) Financial Results

Sales during the year were Rs. 57.45 lacs compared to Rs. 41.11 lacs during the previous financial period. The other income mainly consisted of the profits from sale of assets for both the years. During the year some of the assets were sold and proportionate adjustment in the impairment loss provided in the earlier years was made and the balance provision of impairment loss of Rs. 518.82 lacs is being carried forward. The loss for the year was

Rs. 53.04 lacs compared to loss of Rs. 296.07 lacs in the previous financial period. The extra-ordinary item of excess provision written back is in respect of provision of sales tax on completion of re-assessment proceedings as mentioned in the Notes to Accounts.

After taking into account the extra-ordinary item and after adjustment of carry forward losses of Rs. 560.22 lacs the amount of loss carried to the balance sheet is Rs. 52.77 lacs.

ii) Operations & Restructuring

The initiatives taken by the Company in restructuring of operations of business particularly with focus on Food Business are showing signs of improvement. Some of the new products introduced in the Food Business have been well accepted by the market and the market response seems to be encouraging. Food processing in general is a promising business and the strategies being followed by the Company are for steady development of this business. As a part of financial restructuring the Company will be submitting its proposal for settlement of the redemption of Preference Shares and waiver of the right to the accumulated dividend since there were losses incurred by the Company during the last 5-6 years. Some of the old issues will hopefully be resolved during the next couple of years and the restructuring will thus be successfully completed.

iii) Risks and Concerns

The future seems to be uncertain and the global slow down in the economies is affecting the development of the new emerging businesses. We are constantly exploring the options and opportunities for new businesses.

iv) Internal Control and Systems

The Company has maintained a core staff to complete the outstanding financial and restructuring issues and this will form the key building block for the new businesses as well. The system of internal control is oriented to review the risks, control measures, maintenance of proper accounting records and reliability of information and data.

5. Corporate Governance :

The Company has complied with the Corporate Governance requirements as per the Listing Agreement. Report on compliance with Corporate Governance and certificate from Auditors are given as Annexure-I to this Report.

6. Conservation of Energy :

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo :

The details required under the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 are given in Annexure-II to this Report.

7. Fixed Deposits :

The Company did not accept any fixed deposits during the year.

There were 74 nos. of deposits amounting to Rs. 12.18 lacs which remained unclaimed as of 31st March, 2009. In respect of unclaimed deposits and interest the Company has created Liquid Asset by transferring the equivalent amount to a separate Bank Account. The unclaimed deposits and interest are being paid out of the said Bank Account.

8. Directors :

In accordance with the provisions of the Companies Act, 1956, and Article 134 of the Articles of Association of the Company, Shri Kavas D. Patel and Shri John B. Bowman retire by rotation and are eligible for re-appointment. The resolutions pertaining to their re-appointment are put for your approval. The proposals for re-appointment of Shri K. D. Bhat, Managing Director and Shri A.V. Galkwad, Executive Director are put for the approval of members as mentioned in the AGM Notice.

9. Directors' Responsibility Statements :

The Board of Directors of the Company confirm :

- i. that in the preparation of the annual accounts the applicable accounting standards have been followed and there has been no material departure.
- ii. that the selected accounting policies were applied consistently and the Directors made judgements 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 March 31, 2009 and of the profit/loss of the Company for the year ended on that date.

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

10. Qualifications in the Auditor's Report :

The Auditors have made certain comments and observations in their report in respect of payment of undisputed and disputed statutory dues. In respect of these matters we have to state and clarify as under:

- a) In respect of Sales Tax, VAT, the Company will be able to make the payments during the current year. In respect of Gratuity the Company had fully funded the liability in respect of continuing employees during the previous year and in respect of ex-employees and employees transferred to other associate Companies the Company is making the payments directly as mentioned in Note No. 7 of Notes to Accounts.
- b) As regards various disputed statutory dues the Company has submitted its appeals/petitions before adjudication/appellate authorities and is of the opinion that the matters will be decided in its favour.

11. Merger of GEL with the Company :

GoKhatak Enterprises Ltd., (GEL), a wholly owned subsidiary of the Company had to discontinue its operations due to withdrawal of Konica Minolta from photographic business as its business was that of running of 'Konica Photo Express' outlets. This 100% subsidiary which on account of the discontinuation of conventional photographic products has become non-functional, is proposed to be merged with the parent Company in order to save on the administrative costs and also for the benefit of the retail outlets of the subsidiary company for retail business of the Company. The merger was earlier made as a part of the BIFR scheme for Rehabilitation. However, subsequent to BIFR Order dated 1st August, 2008 discharging the

Company from the purview of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company is following the proposal of merger under the provisions of the Companies Act, 1956 and necessary applications / petitions are being filed with the High Court of Bombay.

12. Delisting of shares on NSE :

The business volume of the Company has been considerably reduced and only operations of Food Division are continued and that too on a lower scale. Because of the suspension of trading on both the Stock Exchanges the transactions pertaining to transfer of shares have also considerably reduced. Further, since revival of the business operations is going to take a considerable time and it may not be at the level of the operations earlier achieved by the Company, the Board of Directors at their meeting held on 18th April, 2009 decided that the equity shares of the Company listed on the National Stock Exchange of India Ltd. (NSE) be delisted and only the listing on the Bombay Stock Exchange Ltd. be continued.

Accordingly, the Company is now in the process of complying with the procedures of voluntary delisting as indicated by NSE as per their letter dated 18th May, 2009. A Resolution for voluntary delisting of the equity shares on NSE is therefore put up for approval of the Members at the ensuing AGM.

13. Auditors

The members will be appointing the Auditors for the next financial year and to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and fixing their remuneration. The Company has received a Certificate from M/s. V. C. Shah & Co., Chartered Accountants, Mumbai, under Section 224(1B) of the Companies Act, 1956 for being eligible for their reappointment.

14. Particulars of the employees :

Particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 are not applicable as the Company did not have any employee drawing remuneration in excess of the sums prescribed.

15. Appreciation :

The Directors place on record their appreciation of the excellent contribution made by the employees of the Company at all levels.

For and on behalf of Board of Directors

Place : Mumbai
Dated : June 23, 2009

A.Y. FAZALBHOY
Chairman

ANNEXURE – I REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance :

The Company follows the philosophy of Corporate Governance to create an organisation culture that ensures good conscience, transparency, integrity and openness. The aim is to achieve desired goals with accountability and create a system that brings stability, growth, increased employee and customer satisfaction and increased shareholder value.

The Board of Directors appreciates the spirit behind Corporate Governance code which will bring the transparency in disclosure and communication. By initiating steps to improve Corporate Governance we can expect the benefits to shareholders, employees and other stakeholders.

Board of Directors' – Composition :

The Board of Directors of your Company is led by Non-Executive Chairman Shri A.Y. Fazalbhoy. The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement with the Stock Exchange.

Name of the Director	Business Relationship	Executive/Non-Executive/ Independent	No. of other Directorships	No. of other Committee Memberships	
				Chairman	Member
Shri A.Y. Fazalbhoy	Chairman	Promoter, Non-Executive	-	-	-
Shri Kavas D. Patel	Vice Chairman	Independent, Non-Executive	7	2	1
Shri John B. Bowman	Director	Independent, Non-Executive	2	-	-
Shri S.V. Muzumdar	Director	Independent, Non-Executive	5	2	7
Shri K.D. Bhat	Managing Director	Executive	1	-	-
Shri A.V. Gaikwad	Executive Director	Executive	1	-	-

66.66% Non-Executive

50% Independent

NOTES:

1. Except the Managing Director and the Executive Director the other Directors retire by rotation.
2. Number of other Directorships is given excluding Pvt. Ltd., Companies and Section 25 Bodies Corporates.
3. For Committee Membership / Chairmanship; the Committees considered are Audit Committee, Shareholder's Grievance Committee and Remuneration Committee.
4. None of the Directors is holding Membership of Committees more than 10 Committees and Chairmanship of more than 5 Committees as specified by Clause 49(l)(c)(ii) of the Listing Agreement.

Number of Board Meetings, Attendance at Board Meetings and previous Annual General Meeting :

Name of the Director	Board Meetings held during the period : 6	25th AGM held on 29th September, 2008	Dates of Board Meetings held during the period
	Attended	Attended	
Shri A.Y. Fazalbhoy	6	Y	18.04.2008
Shri Kavas D. Patel	5	Y	26.06.2008
Shri John B. Bowman	5	N	27.08.2008
Shri S.V. Muzumdar	4	N	29.09.2008
Shri K.D. Bhat	6	Y	08.12.2008
Shri A.V. Gaikwad	6	Y	19.01.2009

Shareholding of Non-Executive Directors :

The shareholding of the Non-Executive Directors as on 31st March, 2009 is as follows :

Name of the Non-Executive Director	No. of Equity Shares held	% of paid up Equity Capital
1. Shri A.Y. Fazalbhoj (Chairman)	2,26,140	1.95%
2. Shri Kavas D. Patel (Vice Chairman)	10,000	0.09%
3. Shri John B. Bowman	1,000	0.01%
4. Shri S.V. Muzumdar	1,100	0.01%

Code of conduct :

Guidelines for Philcorp Code of Conduct to be observed by all the employees of the Company including the Whole Time Directors were issued. The Board of Directors have approved and adopted the Philcorp Code of Conduct. All the Board of Directors and senior personnel as per Clause 49 of the Listing Agreement have affirmed compliance with the Code of Conduct. A declaration to this effect signed by Managing Director (CEO) forms part of this report.

Audit & Shareholders' Grievance Committee

The Board has constituted the Audit and Shareholders' Grievance Committee of the following members :

Shri Kavas D. Patel – Chairman

Shri A.Y. Fazalbhoj – Member

Shri S.V. Muzumdar – Member

The Composition of the Audit Committee is in Conformity with Clause 49(II)(A) of the Listing Agreement. Shri Kavas D. Patel, Chairman of the Committee is a member of the Institute of Chartered Accountants England & Wales.

The Committee deals with all matters indicated in Clause 49(II-D) of the Listing Agreement. In all three Meetings of the Audit and Shareholders' Grievance Committee were

held during the year and the attendance at the Meeting was as follows :

Name of the Member	No. of Audit Committee Meetings held during the period : 3	Dates of the Audit Committee Meetings held during the year
	Attended	
Shri Kavas D. Patel	3	27.08.2008
Shri A.Y. Fazalbhoj	3	08.12.2008
Shri S.V. Muzumdar	2	19.01.2009

Remuneration Committee :

The Remuneration Committee consists of the following Members :

1. Shri Kavas D. Patel – Chairman
2. Shri John B. Bowman – Member
3. Shri A.Y. Fazalbhoj – Member
4. Shri K.D. Bhat – Managing Director

The Committee is responsible for revising remuneration packages to Managing Director, Whole Time Directors, Senior Executives and Managers. No stock options are issued to the Directors or Employees. No meeting of Remuneration Committee was held during the year under review.

Remuneration Policy :

Non-Executive Directors : Presently no commission or any other remuneration except the sitting fees are paid to the Non-Executive Directors. Sitting fees are paid for attending the Board Meetings, Audit Committee Meetings and Remuneration Committee Meetings. The Company pays Rs. 3,000/- per meeting towards the sitting fees to Directors for attending the Board Meeting / Audit Committee Meeting / Remuneration Committee Meeting. No sitting fees are paid for Executive Committee Meetings.

The Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors.

Managing Director/Executive Director :

As approved by the Shareholders and the Central Government, the Company is paying remuneration to Managing Director and Executive Director by way of salary and perquisites (Fixed component). No commission or incentive is paid or payable to the Managing Director or Executive Director. No sitting fees for attending Board Meetings or any other Committee Meetings of the Company are paid to Managing Director or Executive Director.

The Board approves the appointment and the terms and conditions of appointment and remuneration of Whole Time Directors (including Managing Director) on the basis of recommendations of the Remuneration Committee. The terms and conditions and remuneration payable to the present Managing Director and Executive Director are within the ceilings prescribed as per the Schedule XIII of the Companies Act, 1956.

Service Contracts, Severance Pay, Restrictive Covenants and Notice period :

Managing Director

- Period of contract :** Three years from 1st April, 2007
- Notice Period :** By either party giving three Months notice in writing.
- Restrictive covenants/ Severance Pay :** As per Board Resolution dated 21st March, 2007 and the Agreement entered between Shri K. D. Bhat and the Company

Executive Director

- Period of contract :** Three years from 1st November, 2006.
- Notice Period :** By either party giving three months notice in writing.
- Restrictive covenants/ Severance Pay :** As per Board Resolution dated 31st October, 2006 and the Agreement between Shri A.V. Gaikwad and the Company.

Remuneration paid to the Directors :

Non-Executive Directors are paid sitting fees for attending the Board Meetings / Audit Committee Meetings / Remuneration Committee Meetings. During the Financial year ended 31st March, 2009 the sitting fees paid to Non-Executive Directors are as follows :

Name of the Director	Remuneration Rs.	Sitting fee Rs.	Total Rs.
Shri A.Y. Fazalbhoy	-	27,000/-	27,000/-
Shri Kavas D. Patel	-	24,000/-	24,000/-
Shri John B. Bowman	-	15,000/-	15,000/-
Shri S.V. Muzumdar	-	18,000/-	18,000/-

The details of Remuneration paid to Shri K.D. Bhat, Managing Director and Shri A.V. Gaikwad - Executive Director & Company Secretary are given below :

Name of the Director	Salary Rs.	Contribution to PF & Other Funds Rs.	Perquisites Allowances Rs.	Total Rs.
Shri K.D. Bhat Managing Director	6,48,000/-	1,62,000/-	1,10,000/-	9,20,000/-
Shri A.V. Gaikwad Executive Director & Company Secretary	4,85,000/-	1,21,250/-	1,41,145/-	7,47,395/-

Executive Committee of Directors :

This Non-Mandatory Committee was constituted in the year 1985 and it has been functioning regularly. Its Composition as at 31st March, 2009 is as follows :

- Shri A.Y. Fazalbhoy - Chairman
- Shri Kavas D. Patel - Vice Chairman
- Shri K.D. Bhat - Managing Director
- Shri A.V. Gaikwad - Executive Director & Company Secretary

Terms of Reference :

- i. Review and sanction of Capital Expenditure within delegated limits and recommendations to the Board for approval above its limits.
- ii. To examine and study new proposals for investment and recommend to the Board for approval of any expansion or diversification projects.

- iii. To formulate future strategies for business development.
- iv. To consider all administrative matters/approvals within its delegated powers.

The powers delegated to this Committee as per Board Resolution dated 28th June, 2001 inter alia, include the following:

- a) Power to borrow moneys otherwise than on Debentures with limits.
- b) Power to invest the funds of the Company.
- c) Power to make loans.
- d) Purchase/disposal of fixed assets.
- e) Powers as per Article 162 of the Articles of Association.
- f) Powers in respect of operation/closing of Bank Accounts/Branches/Depots etc., and other administrative matters.

Share Transfer Committee & Share Transfer System :

The Share Transfer Committee consists of any one Director and Executive Director & Company Secretary. The Share Transfer Committee meets regularly. The Registrars and Share Transfer Agents process the physical Share Transfers and any defects while processing the Share Transfer Deeds are immediately intimated by objection letters by the Registrars and Share Transfer Agents to the concerned Transferor / Transferee. Every cycle of share transfer is verified by the Secretary in Whole Time Practice.

In all 15 Meetings of Share Transfer Committee were held during the year.

Means of Communication :

The Unaudited quarterly results of the Company are taken on Record by the Directors and are communicated to the Stock Exchanges where the Shares of the Company are listed. The Unaudited quarterly results are published as per Clause 41 of the Listing Agreement.

During the period under review the results were published in the following newspapers :

- (1) Sunaparant (Goa) (Konkani)
- (2) Gomantak (Goa) and
- (3) Gomantak Times (Goa) (English & Marathi)

General Body Meeting Venue & Time of previous Three Annual General Meetings :

Day	Date	Time	Venue
Monday	29th September, 2008	5.00 p.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)
Friday	7th December, 2007	5.00 p.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)
Thursday	14th September, 2006	11.30 a.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)

Disclosures :

The Company has complied with the statutory provisions, rules and regulations relating to the 'Capital Market' during the last three years and no penalties or strictures have been imposed by Stock Exchange or SEBI or any other Statutory Authority.

GENERAL SHAREHOLDER INFORMATION :

26th Annual General Meeting – Day, Date, Time and Venue

Day	Date	Time	Venue
Friday	25th September, 2009	4.00 p.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)

There are no Special Resolutions for approval of the members by Postal Ballot system at the 26th Annual General Meeting

Financial Calendar :

Financial Year	: 1st April, 2008 to 31st March, 2009
Unaudited Results	: 1st Quarter - (April - June, 2008) July, 2008
Unaudited Results	: 2nd Quarter - (July - September, 2008) October, 2008
Unaudited Results	: 3rd Quarter - (October - December, 2008) January, 2009
Accounts Approval and Audited Results	: 4th Quarter - (January - March, 2009) June, 2009

PHIL CORPORATION LIMITED

Dates of Book Closure (Both days inclusive) & Dividend payment date :

Book Closure :	Dividend Payment
From Thursday the 17th September, 2009 to Friday the 25th September, 2009 (Both days inclusive)	Not Applicable

The Company's Equity Shares are listed on the following Stock Exchange

Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Stock Code : Physical - 458 Demat - 500458	National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051
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Demat ISIN in NSDL & CSDL : INE601A01017

Delisting of Equity Shares on NSE :

The business volume of the Company has been considerably reduced and only operations of Food Division are continued and that too on a lower scale. Because of the suspension of trading on both the Stock Exchanges the transactions pertaining to transfer of shares have also considerably reduced. Further, since revival of the business operations is going to take a considerable time and it may not be at the level of the operations earlier achieved by the Company, the Board of Directors at their meeting held on 18th April, 2009 decided that the equity shares of the Company listed on the National Stock Exchange of India Ltd. be delisted and only the listing on the Bombay Stock Exchange Ltd. be continued.

Accordingly, the Company is now in the process of complying with the procedures of voluntary delisting as indicated by NSE as per their letter dated 18th May, 2009.

Revocation of Suspension of trading of Equity Shares on BSE :

The trading of Equity Shares listed on Bombay Stock Exchange Ltd. was suspended in the year 2005-06 because of the delay in payment of the listing fees. The listing fees were paid to the Stock Exchange and application for revocation of suspension was submitted earlier. However, the Company was declared as a 'Sick Company' by BIFR in January 2007 and the application for revocation of suspension was not being considered by Bombay Stock Exchange Ltd. since the Company was declared a Sick Company.

Subsequently, in August, 2008 BIFR passed the order discharging the Company from the purview of 'Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). On receipt of this order, the application for revocation of suspension was revived and all the particulars for the revocation of suspension which were required by the Bombay Stock Exchange were submitted. Our application for revocation of suspension of trading of securities was considered by the Internal Committee of Bombay Stock Exchange on 19th May, 2009 and the Internal Committee has decided to revoke the suspension

subject to fulfillment of the conditions as mentioned in their approval letter dated 20th May, 2009.

Shareholding Pattern as on 31st March, 2009

Category	No. of Shares held	% of Share holding
Directors, their relatives and Promoter Group	58,63,173	50.33
Mutual Fund and UTI	5,100	0.04
Banks, Financial Institutions, Insurance Companies (Central/State Govt.) Institutions/Non-Governmental Insurance	42,900	0.37
Foreign Institutional Investors	1,000	0.01
Private Corporate Bodies	3,02,140	2.59
Indian Public	53,82,499	46.20
Non-resident Indians/OCBs	53,188	0.46
Total	1,16,50,000	100.00

Distribution of Shareholding as on 31st March, 2009

Sr. No.	Share Range		Shares	% To Capital	No. of Holders	% to Total Holders
	From	To				
1	1	500	2428914	20.85	13645	87.92
2	501	1000	886218	7.61	1073	6.91
3	1001	2000	688570	5.91	424	2.73
4	2001	3000	382102	3.28	146	0.94
5	3001	4000	219840	1.89	61	0.39
6	4001	5000	298362	2.56	62	0.40
7	5001	10000	515424	4.42	71	0.46
8	10001	50000	512854	4.40	27	0.17
9	50001	999999999	5717716	49.08	12	0.08
TOTAL			11650000	100.00	15521	100.00

Status of Shareholder's Complaints/Service Requests received and attended during the year :

As per the quarterly reports received from Registrars and Share Transfer Agents the status of complaints and service requests received and attended during the year is as follows :

	Complaints	Service Requests
(i) Pending as on 1st April, 2008	0	0
(ii) Received during the period	1	40
(iii) Resolved/Attended during the period.	1	40
(iv) Pending as on 31st March, 2009	0	0

Registrars & Share Transfer Agents:

Datamatics Financial Services Ltd.
Plot No. A-16 & 17, MIDC,
Part B Cross Lane, Marol,
Andheri (East), Mumbai 400 093.

ANNEXURE TO THE REPORT OF THE DIRECTORS'

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Shareholders of Phil Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Phil Corporation Limited, for the financial year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing

Agreement; except as mentioned in the report on Corporate Governance.

We state that in respect of investor grievances received during the financial year ended 31st March, 2009, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company or the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. C. Shah & Co.
Chartered Accountant

V. C. Shah
Partner

Place : Mumbai
Dated : June 23, 2009

Membership No. 10360

DECLARATION

I, Kundapur Damodar Bhat, Managing Director of Phil Corporation Ltd., hereby declare that all the members of the Board of Directors and Senior Management Personnel as defined by Clause 49 of the Listing Agreement have affirmed compliance with the code of conduct for the financial year ended 31st March, 2009.

For PHIL CORPORATION LIMITED

Place : Mumbai
Dated : June 23, 2009

K.D. BHAT
Managing Director

ANNEXURE –II – TO DIRECTORS' REPORT

(Disclosure as per Notification GSR No. 1029 dated December 31, 1988)

A. Conservation of Energy :

Energy conservation is a continuous programme and the Company has laid emphasis on creating awareness amongst employees for optimizing operations and improving efficiency of machinery and equipment. The Company is installing energy efficient devices in its new projects. The measures taken by the Company have resulted in saving in energy consumption.

B. Technology Absorption :

Research and Development :

1. Specific areas in which R & D carried out by the Company :
 - Product/Process improvement and development.
 - Import Substitution of various components and spares.
 - Quality improvement.
2. Benefits derived as a result of R & D :
 - Improvement in quality and new product/process development.

3. Future plan of action:
 - Continuous development of products and processes.

4. Expenditure on R & D	Rs.
Capital	-
Recurring	-
TOTAL	-

Total R & D Expenditure as percentage of turnover

Nil

5. Imported Technology :
 - (a) Technology imported over past 5 years
 - (b) Has the technology been fully developed

Nil

N/A

C. Foreign Exchange Earnings and Outgo :

The details of foreign exchange earnings and outgo are given in Note Nos. 13 and 14 of the Notes to Accounts.

REPORT OF THE AUDITORS

TO
THE SHAREHOLDERS OF
PHIL CORPORATION LIMITED

We have audited the attached Balance Sheet of PHIL CORPORATION LIMITED, as of 31st March, 2009 and also the Profit and Loss Account of the Company and the Cash Flow Statement for the year ended on that date annexed hereto.

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.

1. We have 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to in paragraph 2 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 purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow statement comply with Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009, 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 accounts read together with the notes 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, 2009.
 - (ii) in the case of the Profit and Loss Account, 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 flow for the year ended on that date.

For V.C. Shah & Co.
Chartered Accountants

Place : Mumbai
Dated : June 23, 2009

V.C. Shah
Partner
Membership No. 10360

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 2 of our Report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) Fixed assets disposed off during the year were substantial. According to the information and explanations given to us, we are of the opinion that the status of the Company as a going concern has been affected on account of closure of major business division.
- (ii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and these have been properly dealt with in the books of account.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Sub-Clause (b), (c) and (d) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) Based upon the audit procedures performed and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, such transactions exceeding the value of Rs. 5 lacs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us during the year the Company has not accepted any deposits from the public. The Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the unclaimed deposits accepted. In respect of the orders passed by the Company Law Board in previous year the Company has complied with the orders.
- (vii) In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(i)(d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records of the Company, in respect of Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax Custom Duty, Excise Duty, Cess have been generally, regularly deposited during the period with the appropriate authorities. As per the explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2009 for a period of more than six months from the date on which they became payable. In respect of Sales Tax, Gratuity payments the extent of arrears of outstanding dues, as at the last day of the financial year for a period of more than six months from the date they became payable are given below:

Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates
Delhi VAT Act, 2004	Sales Tax	5,52,616	April 2005 to August 2005
Maharashtra VAT Act, 2002	VAT	8,82,384	July 2006 to September 2008
A. P. VAT Act, 2005	Sales Tax/	64,799	February 2006 to August 2006
Karnataka VAT Act, 2004	Sales Tax/ VAT	3,02,381	November 2005 to March 2006
		1,05,871	April .06 to October 06.
M. P. VAT Act, 2002	Sales Tax/ VAT	2,569	April 2006 to October 2006
		12,238	
U.P. Sales Tax Act, 1948	Sales Tax/	36,027	March 2006
Bihar VAT Act, 2005	Sales Tax/ VAT	1,204	September 2006
Chattisgarh VAT Act, 2004	Sales Tax	1,715	March 2006
Goa - Sales Tax	Sales Tax 3%	2,09,503	April 2007 to June 2007
	Sales Tax CST 12.5%	19,733	April 2006 to June 2007
Under Payment of Gratuity Act	Gratuity	50,18,385	Upto 31st March, 2009

(b) According to the records of the Company, Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute are given below :

Name of the statute (nature of dues)	Period to which the amount relates	A Forum where dispute is pending	Amount (Rs.)
Duty Drawback Rules	1989-1990	High Court, Mumbai	7,04,000
Demand of Excise Duty against show cause notice	1990-1992	Excise Department	15,72,000
Excise Duty demand in respect of Chemicals	1985-1988	Excise Department Mumbai	3,51,000
Excise Duty on Nuts processing food products- Supreme Court Review Petition pending	1997-1999	Supreme Court	89,85,000
State Sales Tax/ CST	1999-2000	Sales Tax Appellate/ Tribunal	1,92,99,346
Income Tax	1993	Income Tax Dept, Panaji	10,99,000
Foreign Trade (Development & Regulation) Act 1992	1999-2000	DGFT/Jt. DGFT	1,92,73,000
Service Tax	2003-2004	Central Excise Service Tax Appellate Tribunal, Mumbai	1,32,000
Excise Duty on Films.	2003-2006	Central Excise Tribunal.	1,70,46,000

- (x) The accumulated losses at the end of the financial year are less than 50% of the net worth. The Company has incurred cash loss of Rs. 45,30,471 in the current financial year and Rs. 81,25,474 in the preceding financial year.
- (xi) 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 of pledge of shares, debentures and other securities.
- (xii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of the Clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company has not availed of any term loans during the year.
- (xv) According to the information and explanation given to us the company has not raised any short term funds.
- (xvi) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment or vice versa.
- (xvii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xviii) The Company has not issued any debentures during the year.
- (xix) During the year, the Company has not raised any money by public issue.
- (xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For V. C. Shah & Co.
Chartered Accountants

Place : Mumbai
Dated : June 23, 2009

V. C. Shah
Partner
Membership No. 10360

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	2009 Rs.	2008 Rs.
SOURCE OF FUNDS			
1. Shareholders' Funds			
Capital	1	12,65,00,000	12,65,00,000
Reserves & Surplus	2	14,11,16,347	14,11,16,347
		<u>26,76,16,347</u>	<u>26,76,16,347</u>
2. Loan Funds			
Secured Loans			
Unsecured Loans	3	13,20,555	13,57,895
		<u>13,20,555</u>	<u>13,57,895</u>
TOTAL		<u>26,89,36,902</u>	<u>26,89,74,242</u>
APPLICATION OF FUNDS			
3. Fixed Assets	4		
Gross Block		17,46,73,128	19,91,28,580
Less: Depreciation		8,10,81,982	8,70,93,607
Impairment Loss		5,18,82,172	5,82,96,803
Net Block		<u>4,17,08,974</u>	<u>5,37,38,170</u>
4. Investments	5	9,07,10,000	10,41,08,000
5. Current Assets, Loans and Advances			
Inventories	6	43,10,415	14,81,000
Sunday Debtors	7	17,00,25,584	17,13,88,189
Cash and Bank Balances	8	32,33,533	35,83,418
Loans and Advances	9	66,30,317	59,09,060
		<u>18,41,99,848</u>	<u>18,23,61,667</u>
6. Less: Current Liabilities & Provisions	10		
Current Liabilities		4,74,74,706	12,04,76,844
Provisions		54,84,234	67,78,656
		<u>5,29,58,940</u>	<u>12,72,55,500</u>
7. Net Current Assets		13,12,40,908	5,51,06,167
8. Miscellaneous Expenditure	11	52,77,020	5,60,21,905
TOTAL		<u>26,89,36,902</u>	<u>26,89,74,242</u>
Statement of Significant Accounting Policies	19		
Notes to Accounts	20		

The schedules referred to above form an integral part of Balance Sheet

As per our report attached

For and on behalf of the Board of Directors

For V.C.SHAH & CO.
Chartered Accountants

A. Y. FAZALBHOY - Chairman

V.C.SHAH
Partner

K.D.BHAT
Managing Director

KAVAS D. PATEL - Vice Chairman

Mumbai
Dated: June 23, 2009

A. V. GAIKWAD
Executive Director &
Company Secretary

JOHN B. BOWMAN - Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	2009 Rs.	2008 Rs.
INCOME			
Sales and Services	12	57,44,882	41,11,406
Other Income	13	2,83,92,407	1,56,38,109
		<u>3,41,37,289</u>	<u>1,97,49,515</u>
Less : EXPENDITURE			
Cost of Goods sold	14	39,60,230	29,86,170
Personnel	15	75,83,696	64,02,725
Other Expenses	16	2,59,54,440	3,78,86,820
Excise		3,976	1,03,279
		<u>3,75,02,342</u>	<u>4,73,78,994</u>
Gross Operating Profit/(Loss)		<u>(33,65,053)</u>	<u>(2,76,29,479)</u>
Less: Interest	17	22,465	1,25,768
Depreciation		19,17,079	18,52,075
		<u>19,39,544</u>	<u>19,77,843</u>
Profit/(Loss) before Taxation		<u>(53,04,597)</u>	<u>(2,96,07,322)</u>
Less : Provision for Taxation - Current tax			-
- Fringe Benefit Tax		2,21,438	1,59,490
Profit/(Loss) after Taxation		<u>(55,26,035)</u>	<u>(2,97,66,812)</u>
Less/Add : Extra Ordinary Items	18	5,62,70,920	36,44,130
		<u>5,07,44,885</u>	<u>(2,61,22,682)</u>
Add: Balance brought forward		<u>(5,60,21,905)</u>	<u>(2,98,99,223)</u>
Loss carried to Balance Sheet		<u>(52,77,020)</u>	<u>(5,60,21,905)</u>
Statement of Significant Accounting Policies	19		
Notes to Accounts	20		

The schedules referred to above form an integral part of Profit & Loss Account

As per our report attached

For and on behalf of the Board of Directors

For V.C.SHAH & CO.
Chartered Accountants

A. Y. FAZALBHOY - Chairman

V.C.SHAH
Partner

K.D.BHAT
Managing Director

KAVAS D. PATEL - Vice Chairman

Mumbai
Dated: June 23, 2009

A. V. GAIKWAD
Executive Director &
Company Secretary

JOHN B. BOWMAN - Director

PHIL CORPORATION LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 1	2009	2008
SHARES CAPITAL	Rs.	Rs.
Authorised		
1,50,00,000 (Previous year 1,50,00,000) Equity Shares of Rs.10 each.	15,00,00,000	15,00,00,000
10,00,000 (Previous year 10,00,000) Preference Shares of Rs.100 each.	10,00,00,000	10,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued and Subscribed		
1,16,50,000 (Previous year 1,16,50,000) Equity Shares of Rs.10 each fully paid	11,65,00,000	11,65,00,000
1,00,000 (Previous year 1,00,000) Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each fully paid. Redeemable on 9th June, 2003 at par (Refer Note No.3)	1,00,00,000	1,00,00,000
	<u>12,65,00,000</u>	<u>12,65,00,000</u>
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve	35,06,438	35,06,438
Capital Redemption Reserve	4,20,00,000	4,20,00,000
Securities Premium	9,56,09,909	9,56,09,909
	<u>14,11,16,347</u>	<u>14,11,16,347</u>
SCHEDULE 3		
UNSECURED LOANS		
Fixed Deposits (Unclaimed including interest)	13,20,555	13,57,895
	<u>13,20,555</u>	<u>13,57,895</u>

SCHEDULE 4

FIXED ASSETS AS OF 31ST MARCH, 2009

Rs.

	GROSS BLOCK-COST			DEPRECIATION			NET BLOCK	
	AS ON 1ST APRIL, 2008	ADDITIONS	DEDUCTION	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008
LEASEHOLD LAND	17,89,821	-	-	17,89,821	-	-	17,89,821	17,89,821
FREEHOLD LAND	2,20,050	-	-	2,20,050	-	-	2,20,050	2,20,050
BUILDINGS	9,85,65,418	-	2,59,10,412	7,26,55,006	1,81,36,897	2,31,45,111	5,65,18,309	7,54,20,307
PLANT & MACHINERY	8,64,42,721	1,63,060	-	8,66,05,781	5,75,81,981	5,69,66,353	2,90,43,801	2,94,76,368
COMPUTERS	18,05,224	1,55,900	-	19,61,124	11,17,413	9,03,223	8,43,710	9,02,000
VEHICLES	2,45,846	11,36,000	-	13,81,846	1,14,182	19,772	12,67,664	2,26,074
FURNITURE & FIXTURES	1,00,79,500	-	-	1,00,79,500	61,51,710	60,59,147	39,27,791	40,20,353
SUB TOTAL	19,91,28,580	14,54,960	2,59,10,412	17,46,73,128	8,10,81,982	8,70,93,607	9,35,91,146	11,20,34,974
IMPAIRMENT LOSS	-	-	-	-	-	-	5,18,82,172	5,82,96,803
TOTAL	19,91,28,580	14,54,960	2,59,10,412	17,46,73,128	8,10,81,982	8,70,93,607	4,17,08,974	5,37,38,171
PREVIOUS YEAR	54,25,88,216	10,77,870	34,45,37,506	19,91,28,580	8,70,93,607	27,63,92,008	5,37,38,170	9,71,86,269

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 5	2009	2008
	Rs.	Rs.
INVESTMENTS		
Long Term		
Quoted - Fully Paid		
1000 Units of Rs. 10 each of Unit Trust of India UGS Scheme 10000	10,000	10,000
Unquoted - Fully Paid		
Trade Investments		
a) In Subsidiary Company		
GoKhatak Enterprises Limited		
38,70,000 (Previous year 38,70,000) Equity Shares of Rs. 10 each	7,07,00,000	7,07,00,000
2,00,000 (Previous Year 2,00,000) 12% Redeemable Preference Shares of Rs.100 each	2,00,00,000	2,00,00,000
	9,07,00,000	9,07,00,000
b) Others		
New Vision Imaging Pvt. Ltd. (Formerly Phil Systems Ltd.)	-	1,33,98,000
Nil (Previous year 13,39,800) Equity Shares of Rs. 10 each		
	9,07,10,000	10,41,08,000
Market value of Quoted Investments Rs. 24,000 (Previous year Rs. 29,000)		

SCHEDULE 6

INVENTORIES

Raw Materials & Components - at cost	10,24,090	10,02,000
Stores, packing materials etc. - at cost	7,12,851	4,72,000
Goods in Process - at cost	-	-
Finished Goods - at lower of cost or realisable value	25,73,474	7,000
	43,10,415	14,81,000

SCHEDULE 7

SUNDRY DEBTORS

Unsecured

Outstanding over six months - Considered good	16,91,86,196	17,04,55,729
Other Debts - Considered good	8,39,388	9,32,460
	17,00,25,584	17,13,88,189

(Includes dues from a Subsidiary Company Rs.16,91,18,502

Previous Year Rs. 17,04,13,502)

PHIL CORPORATION LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 8	2009	2008
	Rs.	Rs.
CASH AND BANK BALANCES		
Cash and Cheques on Hand	22,650	24,713
With Scheduled Banks on		
Current Accounts	32,10,883	35,58,705
	<u>32,33,533</u>	<u>35,83,418</u>

SCHEDULE 9

LOANS AND ADVANCES

(Unsecured, Considered good)

Advances recoverable in cash or in kind or for value to be received	41,00,923	33,79,666
Balance with Excise, Customs etc.	21,69,484	21,69,484
Payments towards Income Tax	3,59,910	3,59,910
	<u>66,30,317</u>	<u>59,09,060</u>

SCHEDULE 10

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

1. Sundry Creditors		
i) Total outstanding dues to Micro, Small & Medium Enterprises	5,64,055	11,97,248
ii) Others	1,70,62,666	3,25,99,254
2. Advances from customers	17,34,020	17,65,501
3. Investor Education and Protection Fund (shall be transferred to "Investor Education & Protection Fund" if and when due)		
Unpaid Dividend	-	2,22,163
4. Other Liabilities	2,81,13,965	8,46,92,678
	<u>4,74,74,706</u>	<u>12,04,76,844</u>

B. Provisions

For ESIC and Staff Benefits	54,84,234	67,78,656
	<u>5,29,58,940</u>	<u>12,72,55,500</u>

SCHEDULE 11

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Profit & Loss Account	52,77,020	5,60,21,905
	<u>52,77,020</u>	<u>5,60,21,905</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 12	2009	2008
	Rs.	Rs.
SALES AND SERVICE		
Sales	57,36,882	40,62,184
Service	8,000	49,222
	<u>57,44,882</u>	<u>41,11,406</u>

SCHEDULE 13		
OTHER INCOME		
Interest on Deposits	49,891	3,162
Sale of Scrap	3,59,965	82,20,759
Miscellaneous Income	98,826	-
Profit on sale of Fixed Assets	2,78,83,924	74,14,188
	<u>2,83,92,407</u>	<u>1,56,38,109</u>

SCHEDULE 14		
COST OF GOODS SOLD		
Raw Materials Consumed		
Opening Stock		
Raw Materials and Components	10,02,000	15,79,000
Stores, packing materials etc.	4,72,000	8,82,000
Goods in Process	-	-
	<u>14,74,000</u>	<u>24,61,000</u>
Purchase of Raw Materials and Components	42,68,283	19,92,170
	<u>57,42,283</u>	<u>44,53,170</u>
Less :		
Closing Stock		
Raw Materials and Components	10,24,090	10,02,000
Stores, packing materials etc.	7,12,851	4,72,000
Goods in Process	-	-
	<u>17,36,941</u>	<u>14,74,000</u>
	<u>40,05,342</u>	<u>29,79,170</u>
Add: Purchase of Resalable goods	25,21,362	65,26,704
Stock Adjustments		
Finished Goods		
Opening Stock	7,000	14,000
Less: Closing Stock (including resalable goods)	25,73,474	7,000
	<u>(25,66,474)</u>	<u>7,000</u>
	<u>39,60,230</u>	<u>29,86,170</u>

SCHEDULE 15		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	44,44,460	54,59,744
Staff Welfare Expenses	2,79,338	1,66,547
Contribution to Provident and Other Funds [Refer Note No.7]	28,59,897	7,76,434
	<u>75,83,696</u>	<u>64,02,725</u>

PHIL CORPORATION LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 16	2009	2008
	Rs.	Rs.
OTHER EXPENSES		
Stores Consumed	3,31,616	34,618
Rent	18,600	5,36,199
Rates & Taxes	3,51,682	6,92,552
Insurance	51,155	15,353
Power & Lighting	6,80,627	3,35,891
Travelling and Conveyance	20,01,052	9,92,414
Repairs, & Maintenance		
- Machinery	1,03,157	13,731
- Building	99,818	17,183
- Others	<u>5,02,991</u>	<u>4,04,751</u>
	7,05,966	4,35,665
Packing, Freight & Forwarding	4,50,924	2,30,585
Loss on sales of investments	1,20,58,200	-
Assets Scraped	-	2,62,41,872
Advertising and Sales Promotion	2,75,865	7,08,684
Commission on Sales	-	48,901
Postage & Telephones	6,50,974	5,17,686
Printing & Stationery	3,30,710	3,55,431
Legal & Professional Charges	27,61,475	21,33,828
Security & Housekeeping Charges	9,95,034	7,25,856
Statutory Fees	1,98,828	2,57,079
Vehicle Expenses	13,80,075	12,54,241
Miscellaneous Expenses	4,96,803	13,87,241
Sales Tax Paid	18,72,546	6,97,724
Auditors' Remuneration		
Audit Fees	2,00,000	150,000
Other Services	36,000	40,000
Travelling and Out of Pocket Expenses including Service Tax	<u>24,310</u>	<u>35,000</u>
	2,60,310	2,25,000
Directors' Fees	84,000	60,000
	<u>2,59,54,440</u>	<u>3,78,86,820</u>
 SCHEDULE 17		
INTEREST		
Interest on :		
Fixed Deposits	-	1,23,843
Others	22,465	1,925
	<u>22,465</u>	<u>1,25,768</u>
 SCHEDULE 18		
EXTRA ORDINARY ITEMS		
Sundry Credit Balances Written Back	-	6,563
Excess Provision made in earlier years Written back	5,62,70,920	36,37,567
	<u>5,62,70,920</u>	<u>36,44,130</u>

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE-19

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Institute of chartered Accountants of India and the relevant provisions of Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on accrual basis except in case of assets for which provision for impairment is made and valuation is carried out. The Accounting policies have been consistently applied by the Company and are consistent with those used in provision year.

(ii) FIXED ASSETS, DEPRECIATION & IMPAIRMENT LOSS :

Fixed Assets are stated at cost net of modvat/cenvat. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period in the case of new projects. Depreciation has been provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956.

The carrying amounts of the fixed assets are reviewed at each Balance Sheet date to assess whether they are recorded in excess of their recoverable amounts. In case the recoverable amount of the Fixed Assets is lower than its carrying amount a provision is made for the Impairment loss.

(iii) INVESTMENT :

Long term investments are stated at cost, provision is made to recognise a decline, other than temporary, in the value of long term investments.

(iv) INVENTORIES :

The raw materials & components, stores, packing materials and work-in-progress are valued at cost and finished goods are valued at lower of cost or net realisable value on "First in First out" basis. Excise and Custom Duties payable in respect of finished goods/imported materials held in bond are provided for and consequently include cost of conversion and other cost incurred in bringing the inventories to their present location and conditions. Obsolete, unserviceable and slow moving inventories are duly recognised and provided.

(v) SUNDRY DEBTORS :

Sundry Debtors are stated after making adequate provision for doubtful debts/advances.

(vi) RECOGNITION OF INCOME AND EXPENDITURE :

All income and expenditure are accounted on accrual basis.

(vii) SALES :

Sales are inclusive of Excise Duty, but net of Sales Tax, returns and trade discounts. Revenue from sales is recognised on transfer of all significant risk and rewards of ownership to the buyer.

(viii) RETIREMENT BENEFITS :

(a) Contribution to Provident Fund and Superannuation Fund are made to recognised fund and charged to Profit & Loss Account. Gratuity contribution are made to the schemes of Life Insurance Corporation of India based on premium actuarially assessed and intimated in terms of the policies taken with them. These contributions are charged to Profit & Loss Account.

(b) Provision for incremental liability in respect of encashable privileged leave is made on the basis of independent actuarial valuation at the year end.

(ix) FOREIGN CURRENCY TRANSACTIONS :

Transaction in Foreign Currencies are recorded at the exchange rate prevailing at the date of transaction. Foreign currency denominated Current Assets and Current Liabilities are translated at year end exchange rates. The resulting gains or losses are recognised in the Profit & Loss Account. The premia or gains/losses arising from forward cover transactions are recognised in the Profit & Loss Account over the life of the forward contract.

(x) DEFERRED REVENUE EXPENDITURE :

Payment under Voluntary Retirement Scheme are amortised equally in three years.

(xi) TAXES ON INCOME :

Income tax expenses comprise Current Tax and Deferred Tax charge or credit. Provision for Current Tax is made on the assessable income at the tax rate applicable to the relevant Assessment Year. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and Unabsorbed depreciation under tax laws, are recognised, only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred Tax Assets are reviewed to reassure realisation.

(xii) SEGMENT REPORTING :

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE NO. 20

**2009
Rs.**

**2008
Rs.**

NOTES TO THE ACCOUNTS

1	Contingent Liabilities not provided for		
	(i) Claims for Sales Tax/Excise/Service Tax not accepted by the Company for which appeals are pending.	8,87,28,784	9,07,17,234
	(ii) Claims against the Company not acknowledged as debts.	2,50,42,516	2,50,42,516
	(iii) Export obligations not fulfilled against advance/ EPCG licences.	1,92,73,000	1,92,73,000
	(vi) Duty drawback claim granted and later revoked.	7,04,000	7,04,000
	(v) Counter Guarantee given to bankers against guarantee given by them for Sales Tax and Deposit for Electricity.	15,97,000	15,97,000
	(vi) The Income Tax Assessments of the Company have been completed upto Assessment Year 2005-06 and the demand raised by the Department is Rs. 10,99,593 (previous year Rs. 10,99,593) which is contested in appeal. The Company does not expect any liability over the provision made.	10,99,593	10,99,593
	(vii) Penalty imposed by Commissioner - Customs & Central Excise, Goa, in respect of CVD on bulk (semi-packed / semi-finished) films which were imported by Phil Marketing Services Pvt. Ltd. and given to the Company for further packing and in respect of which Excise Duty has been paid by the Company. Customs, Excise & Service Tax Tribunal, Western Region have granted stay against the recovery of the penalty.	1,70,46,000	1,70,46,000
2.	Dividend on Non-Convertible Cumulative Redeemable Preference Shares up to the due date of redemption not provided for, there being no profits.	41,25,000	41,25,000
3.	1,00,000 - 13.75% Redeemable Cumulative Preference Shares of Rs. 100 each are held equally by General Insurance Corporation of India and New India Assurance Co. Ltd. These were due for redemption in June 2003. Proposal for settlement of redemption of the said Preference Shares and waiver of right to cumulative dividend is being submitted by the Company.		
4.	The Company had submitted in June 2005 application for reference under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and the Company was declared as a "Sick Industrial Company" within the meaning of Section 3(1) of SICA. The DRS was circulated by BIFR in May 2008 and the final hearing of DRS was held on 23rd July, 2008. As per BIFR Order dated 1st August, 2008 the Company has been discharged from the purview of SICA.		
5.	In the current financial year the impairment loss amounting to Rs. 64,14,631 in respect of fixed assets sold / discarded has been adjusted and the balance impairment loss of Rs. 5,18,82,172 on existing fixed assets is continued. Further the management has reviewed the realisable value of assets in use and is of the opinion that no further provision for impairment of fixed assets considered necessary.		
6.	The Company has investments in GoKhatak Enterprises Ltd. a 100 % subsidiary of the Company. The said subsidiary Company's main activity was in respect of photographic services and products of Konica Minolta Photo Imaging Inc (KMPI). KMPI has withdrawn from photographic business. Consequent thereto, there has been an impact on the business of the said subsidiary. There is also impact of technological change, being the advent of digital technology and the impairment in the value of assets being investment and receivables. The investment made in GEL is Rs. 9,07,00,000 and outstanding amount of receivables which have become doubtful of recovery is Rs. 16,91,18,502 (previous year Rs. 17,04,13,502). Anticipated loss due to loss of investment, receivables and impairment in the value of fixed assets of the subsidiary has not been provided for in the accounts for the year ended 31st March, 2009 as the proposal of merger of GEL with the Company is being submitted to the High Court of Mumbai as per Board Resolution dated 19th January, 2009. Intimation to the Stock		

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

2009
Rs. 2008
Rs.

Exchanges was given as per the requirements of listing agreement and application for NOC from the Stock Exchanges is being submitted by the Company.

7. During the previous year the Company had funded the actual liability for gratuity in respect of continuing employees amounting to Rs. 28,39,032. Further liability in respect of the gratuity based on the actuarial valuation informed by LIC has been provided in the Books of Accounts. Gratuity liability in respect of ex-employees and employees transferred to associate Companies is being paid directly by the Company for which the necessary provision has been made in the Books of Accounts.

8. The Company has unabsorbed depreciation and carried forward losses etc. available for set off under Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income Net Deferred Tax Asset in respect of related credit for the year has not been recognised in the accounts on prudent basis.

The Company is advised that in view of the proposed merger of GEL with the Company with effect from 1-4-2008 there would be no liability to Income Tax and hence no provision for Income Tax is made.

9. Payments made or provided for the Whole Time Directors

(i) Salaries	11,33,000	8,33,000
(ii) Contribution to Provident /Superannuation fund	2,83,250	2,08,250
(iii) Other Perquisites	2,51,145	2,38,000
Total	<u>16,67,395</u>	<u>12,79,250</u>

10. Detailed quantitative information in respect of each class of goods manufactured.

Class of goods	Units	Annual Installed Capacity on Single Shift Basis	Actual Production
1. Photographic Cameras*	Nos.	-	Nil
		(2,50,000)	(Nil)
2. Processing and Conversion of Coated Products *	Sq. Mt.	-	Nil
		(48,90,000)	(Nil)
3. Photographic Chemicals in Assorted Packs *	Nos.	-	Nil
		(1,25,000)	(-)
4. Projectors	Nos.	7,200	66
			97
5. Roasted/Salted/Flavoured Nuts	Kgs.	15,04,000	19,490
			5,898

Notes:

- i) * The manufacture of the class of goods has been discontinued from May, 2006 onwards on account of withdrawal of KMPI from Photo business and Camera business worldwide.
- ii) Licensed Capacity : No Industrial Licence is required for manufacturing of any of the products of the Company.
- iii) Annual Installed Capacity-As certified by the Management and relied upon by Auditor being a technical matter.
- iv) Figures in brackets are of previous year.

PHIL CORPORATION LIMITED

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2009 Rs.	2008 Rs.
11. (a) Turnover by class of goods:		
Photographic Cameras	-	-
Projectors & Spares	3,70,283	8,07,632
Photographic Chemicals	-	-
Photosensitive coated products	-	-
Food Products	53,30,200	32,54,552
Others	36,399	-
	<u>57,36,882</u>	<u>40,62,184</u>
(b) Details of goods Purchased		
Photographic/ Imaging Products	25,21,362	-
Accessories & Spares	-	-
Others	-	-
	<u>25,21,362</u>	<u>-</u>
(c) Opening and Closing stock held in hand and in transit:		
Photographic/ Imaging Products, Spares and Accessories		
Opening Stock	-	-
Closing Stock	25,21,362	-
Others (Food Products)		
Opening Stock	7,000	14,000
Closing Stock	52,112	7,000
Total Opening Stock	7,000	14,000
Total Closing Stock	25,73,474	7,000

Note: There are no common units in respect of turnover, purchases, stocks etc. for most of the Company's products; therefore, no quantitative information has been given.

12. Consumption of Raw materials and Components:

Indigenous

Assorted type Components of Projectors		3.40%	1,41,127	6.74%	1,95,000
Food Products (Processed Nuts, Cereals etc.)	Qty.5881kgs	96.60%	38,64,215	93.26%	27,84,170
		<u>100%</u>	<u>40,05,342</u>	<u>100%</u>	<u>29,79,170</u>

Note: The above components are consumed in production of goods stated in Note No.11.

13. Expenditure in Foreign Currency

(a) For Travel	-	-
(b) Royalty	-	-

14. Earning in Foreign Currency

Exports of Goods on F.O.B. basis	9,68,701	3,37,000
----------------------------------	----------	----------

15. The names of Micro, Small and Medium Enterprises to whom the Company owes sums exceeding Rs. 1 lac and which are outstanding for more than 30 days as at 31st March, 2009 are nil; as the vendors of the Company have not filed intimation about their recognition as "Supplier" under the provisions of the Micro, Small & Medium Enterprises Development Act, 2006.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2009 Rs.	2008 Rs.
16. Earning Per Share Calculation		
Net Profit (Loss) after Tax	(5,526,035)	(2,97,66,812)
No of Equity Shares	1,16,50,000	1,16,50,000
Earning Per share (Basic)	(0.47)	(2.56)
Diluted	4.36	(2.24)
17. Related Party Disclosures		
a) List of Related Parties		
Parties where control exists: (Subsidiaries)		
GoKhatak Enterprises Ltd.		
Other Related Parties with whom transactions have taken place during the year: New Vision Group Holding Pvt. Ltd, New Vision Imaging Pvt. Ltd		
b) Transactions with related parties		
1) Sales, Services and other Income		
Subsidiaries	-	-
Associates	-	11,028
2) Purchases of goods		
Subsidiaries	-	-
Associates	25,21,362	-
3) Outstanding balances as at 31st March, 2009		
Debtors		
Subsidiaries	16,91,18,502	17,04,13,502
Associates	54,48,095	8,34,933
4) Advance and Deposit		
Subsidiaries	-	-
Associates	15,00,000	15,00,000
5) Creditors		
Subsidiaries	-	-
Associates	1,00,000	-
6) Reimbursement of Expenses		
Subsidiaries	6,35,650	3,58,955
Associates	-	96,531
7) Cessation of liability		
Subsidiaries	-	-
Associates	-	-
8) Sale of Investment		
Subsidiaries	-	-
Associates	13,39,800	-
9) Loans and advances include security deposits to Company in which Directors are interested.	15,00,000	15,00,000
18. On account of uncertainty of restructuring of business no segment reporting can be done.		
19. The Extra-ordinary item of excess provision written back in the Current year is in respect of Sales Tax on completion of reassessment proceedings at Goa.		
20. Previous year's figures have been regrouped where necessary. The previous accounting year was of nine months. Hence the figures for the Current account year are not strictly comparable with the previous year's figures.		

PHIL CORPORATION LIMITED

CASH FLOW STATEMENT AS ON 31ST MARCH, 2009 AS PER CLAUSE 32 OF LISTING AGREEMENT

	2009 Rs.	2008 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Extra - Ordinary items	(53,04,597)	(2,96,07,322)
Adjustment for :		
Depreciation	19,17,079	18,52,075
Interest Paid	22,465	1,25,768
Loss on sale of Investment	1,20,58,200	-
Profit on sale of assets	-2,78,83,924	-
Excess Provision Written back	5,62,70,920	-
Sundry Debit/Credit A/c Write off	-2,21,436	9,81,033
Loss on sale of Fixed Assets	-	1,88,31,474
Operating Profit/Before Changes in Operating Assets	-	2,17,90,350
(Increase)/Decrease in Operating Assets		
Inventories	-28,29,415	9,94,000
Loans & Advances	(7,21,257)	(7,90,327)
Trade Receivables	13,62,605	95,81,259
Trade Payables	(7,42,96,560)	(2,37,76,789)
Cash Generated From Operations	-3,43,21,323	2,95,88,843
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(14,54,960)	(10,77,870)
Sale of fixed assets	3,94,51,000	2,63,46,025
Sale of Investment	13,39,800	-
Net cash from Investing Activities	<u>3,93,35,840</u>	<u>2,52,68,155</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(22,465)	(1,25,768)
Repayment of unsecured Loans	(37,340)	(11,36,105)
Net cash from Financing Activities	(59,805)	(12,61,873)
NET INCREASE IN CASH & CASH EQUIVALENTS	(3,49,885)	(2,39,87,803)
Cash & Cash Equivalents as on 31-03-08	35,83,418	13,86,000
Cash & Cash Equivalents as on 31-03-09	32,33,533	35,83,418

For and on behalf of the Board of Directors

K.D. BHAT
Managing Director

A. Y. FAZALBHOY - Chairman

A. V. GAIKWAD
Executive Director &
Company Secretary

KAVAS D. PATEL - Vice Chairman

JOHN B. BOWMAN - Director

Mumbai
Dated: June 23, 2009

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Phil Corporation Ltd. for the period ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32, of the Listing Agreement with the corresponding Profit and Loss Account and Balance Sheet covered by our report of even date to the members of the Company.

For V. C. SHAH & CO.
Chartered Accountants

Mumbai
Dated: June 23, 2009

V.C. SHAH
Partner
Membership No. 10360

STATEMENT PURSUANT TO SECTION 212 OF COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANY

PARTICULARS	Name of Subsidiary Company GOKHATAK ENTERPRISES LTD.
The Financial year of the Subsidiary Company ended on	31st March, 2009
Number of Shares in the Subsidiary Company held by Phil Corporation Limited at the above date:	
Equity Share [Nos.]	38,70,000 (38,70,000)
Extent of Holding [%]	100% (100%)
Preference Shares [Nos.]	2,00,000 (2,00,000)
Extent of Holding [%]	100% (100%)
The net aggregate of Profit/ (Loss) of the Subsidiary Company for its Financial Period so far as they concern the Members of Phil Corporation Limited:	
(a) Dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	-
(b) Not dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	Loss : 31,32,620 (Loss: 6,93,303)
The net aggregate of Profit/ (Loss) of the Subsidiary Company for its previous financial years so far as they concern the members of Phil Corporation Limited:	
(a) Dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	-
(b) Not dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	Loss : 24,28,73,065 (Loss: 24,21,79,765)

Figures in bracket are for previous year.

For and on behalf of the Board of Directors

K.D. BHAT
Managing Director

A. Y. FAZALBHOY - Chairman

KAVAS D. PATEL - Vice Chairman

A. V. GAIKWAD
Executive Director &
Company Secretary

JOHN B. BOWMAN - Director

Mumbai
Dated: June 23, 2009

INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
(Balance Sheet Abstract and Company's Business Profile)

I Registration Details
 Registration No. State Code
 Balance Sheet Date
 Date Month Year

II Capital raised during the Year (Amount Rs.)

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III Position of Mobilisation and Deployment of Funds (Amount Rs.)

Source of Funds	Total Liabilities	Total Assets
	<input type="text" value="268938902"/>	<input type="text" value="268938902"/>
	Paid-Up Capital	Reserves & Surplus
	<input type="text" value="126500000"/>	<input type="text" value="141118347"/>
	Secured Loans	Unsecured Loans
	<input type="text" value=""/>	<input type="text" value="1320555"/>
Application of Funds	Net Fixed Assets	Investments
	<input type="text" value="41708974"/>	<input type="text" value="90710000"/>
	Net Current Assets	Misc. Expenditure
	<input type="text" value="131240908"/>	<input type="text" value="5277020"/>
	Accumulated Losses	
	<input type="text" value="5277020"/>	

IV Performance of Company (Amount Rs.)

Turnover	Total Expenditure
<input type="text" value="34137289"/>	<input type="text" value="39441866"/>
+ - Profit/Loss Before Tax	+ - Profit/Loss after Tax
<input type="text" value="-"/> <input type="text" value="5304597"/>	<input type="text" value="-"/> <input type="text" value="5526035"/>
(Please tick appropriate box + for Profit - for Loss)	
Earnings per Share	Dividend Rate %
<input type="text" value="0.47"/>	<input type="text" value="NIL"/>

V Generic Names of two Principal Products/Services of Company (As per Monetary Terms)

Item Code No. (ITC Code) :

Product Description :

Item Code No. (ITC Code) :

Product Description :

DIRECTORS' REPORT

TO THE MEMBERS OF GOKHATAK ENTERPRISES LIMITED

The Directors present their Fourteenth Annual Report along with the Audited Accounts for the year ended 31st March, 2009.

Financial Results:

	(Rs.)	(Rs.)
2006-2009	2007-2008	
Sales & Services	3,99,494	
Gross operating Profit/(Loss)	(39,87,909)	(3,06,515)
Less: Interest	-	-
Depreciation	44,811	3,84,787
Profit/(Loss) before Tax	(31,32,629)	(6,93,303)
Provision for fringe benefit tax	-	-
Profit/(Loss) after Tax	(31,32,629)	(6,93,303)
Prior period expenses	-	-
Balance brought forward	(24,28,73,067)	(24,21,79,764)
Profit/(Loss) available for appropriation	(24,60,05,687)	(24,28,73,067)
Balance carried to Balance Sheet	(24,60,05,687)	(24,28,73,067)

Dividend:

In view of the loss during the year no dividend has been recommended.

Operations and future prospects:

The operations during the year were considerably affected due to Konica Minolta's withdrawal from photo business. Due to their withdrawal the holding Company had to declare lock out and suspend the manufacturing operations since May 2006. The supply of photographic paper and chemicals was therefore affected.

In view of closure of Konica Minolta's business and there being no further prospects for conventional photographic products/business the Board of Directors have decided to merge the Company with the holding Company.

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo:

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given below:

- (a) Conservation of Energy: The Company lays emphasis on conservation of energy. Systems are introduced to closely monitor the consumption of energy.
- (b) Technology Absorption: The Company has not so far created the R & D facilities for its business. The Company has not imported any technology during the relevant period.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association

of the Company, Mr K.D.Bhat retires by rotation and being eligible, offers himself for re-appointment.

Audit Committee:

The Audit Committee which has been constituted as required under the provisions of Section 222A of the Companies Act, 1956 has met four times during the year under Report.

Directors' Responsibility Statement:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i that in the preparation of the accounts for the financial period ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give 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;
- iii that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv that the Directors have prepared the accounts for the financial period ended 31st March, 2009 on a going concern basis.

Auditors:

M/s V C Shah & Company, Chartered Accountants, who retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Particulars of employees:

The Company has not paid any remuneration attracting the provisions of Companies (Particulars of Employees) Rules, 1975 read with Section 217(2A) of the Companies Act, 1956. Hence no information is required to be appended to this report in this regard.

Appreciation:

The Directors place on record their appreciation of the valuable help and co-operation received by them from their bankers Canara Bank, Bank of Baroda, Syndicate Bank. The Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives and Staff of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Dated: June 22, 2009

K D Bhat
Chairman

REPORT OF THE AUDITORS

TO,

THE MEMBERS OF GOKHATAK ENTERPRISES LIMITED

1. We have audited the attached Balance Sheet of GOKHATAK ENTERPRISES LIMITED, as at 31st March, 2009 the Profit and Loss Account of the Company 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 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 (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956. We enquire in the Annexure 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 above, we report that:
 - i) 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;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts 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.
 - a) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2009
 - b) In the case of profit and loss account, of the loss for the year ended on that date.

For V.C. Shah & Co.
Chartered Accountants

V.C. Shah
Partner
Membership No. 10360

Place: Mumbai
Dated: June 22, 2009

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our Report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The major assets have been physically verified by the management during the year and in our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such verification.
- c) There has been no substantial disposal of fixed assets during the year.
2. a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of the inventory. The discrepancies noticed on verification between the physical inventory and the book record were not material and have been properly dealt within the books of account.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases 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 controls.
5. a) Based upon the audit procedures applied by us 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) In our opinion and according to the information and explanations given to us, such transactions exceeding the value of Rs. 5,00,000 in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (a) of the Companies Act, 1956, for any of the activities of the Company.
9. Statutory Dues
 - a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including dues pertaining to Provident Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Custom Duty, Cess and any other statutory dues with the appropriate authorities. We have been informed that there are no dues which have remained outstanding as at the end of the financial year, for a period of more than six months from the date they became payable, in respect of Sales Tax the extent of arrears of outstanding dues for a period of more than six months from the date they become payable are given below:

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
Maharashtra Sales Tax	Sales Tax	1,20,501	April 2006 to March 2008
Maharashtra Vat	VAT	44,815	April 2006 to March 2007
Maharashtra Vat	VAT	12,853	April 2007 to March 2008

GOKHATAK ENTERPRISES LIMITED

b) There are disputed amounts of statutory dues which have not been deposited with the concerned authorities as under:

Sr.No.	Nature of Statute	Period to which Amount relates	Forum where dispute is pending	Amount Ra.
1.	Sales Tax	1996-1997	High Court of Andhra Pradesh - Hyderabad	2,52,293
2.	Sales Tax	2001-2002	High Court of Jabalpur	2,63,841
3.	Sales Tax	2002-03 & 03-04	Jt. Comm. Gazlbad	6,12,804
4.	Sales Tax	2002-2003	Dy. Comm. Bharatpur	66,591
5.	Service Tax	2003-2004	Customs, Excise, Service Tax Appellate Tribunal - Mumbai.	19,11,046
6.	Sales Tax	2004-2005	Ast. Comm Sales Tax Bangalore Range.	6,587
7.	Sales Tax	2002-03, 03-04 & 2004-05	High Court of Kerala - Kerala	13,21,060

10. In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth. The accumulated losses at the end of the financial year is Rs. 24,80,06,687 and Net worth is Rs. 9,07,00,000. The Company has also incurred Cash loss of Rs. 30,84,906 during the current financial Year and cash profit of Rs. 4,57,070 in the preceding financial year.
11. According to the records of the Company, there has been no default in repayment of dues to a financial institution or bank.

12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. 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.
14. The Company has not availed of any term loans during the year.
15. According to the information and explanations given to us the Company has not raised any short term funds.
16. The Company has not made any preferential allotment of shares to any parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
17. Based upon the audit procedures performed by us, to the best of our knowledge and belief and according to the information and explanations given to us, no fraud on, or by the Company, has been noticed or reported during the year.
18. None of the other matters specified in the Companies (Auditor's Report) Order, 2003, are applicable to the Company. Consequently, we have not included these matters in this report.

For V. C. SHAH & CO
Chartered Accountants
V. C. SHAH
Partner
Membership No. 10360

Mumbai
Dated: June 22, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	2009 Rs.	2008 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	5,87,00,000	5,87,00,000
Reserves & Surplus	2	3,29,96,000	3,20,00,000
Total Funds Employed		<u>9,07,00,000</u>	<u>9,07,00,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
(a) Gross Block	3	10,26,39,610	10,71,17,695
(b) Less : Depreciation		4,46,31,225	4,66,92,982
(c) Less : Provision for Impairment Loss		5,59,96,462	5,61,77,079
(d) Net Block		<u>22,62,823</u>	<u>22,47,634</u>
Current Assets, Loans and Advances			
Inventories	4	8,01,545	8,01,545
Sundry Debtors	5	4,12,916	4,34,997
Cash and Bank Balances	6	5,82,901	25,70,047
Loans and Advances	7	71,61,279	98,63,899
		<u>89,27,741</u>	<u>1,36,70,488</u>
Less: Current Liabilities & Provisions			
Current Liabilities			
Provisions	8	17,62,71,839	17,19,26,777
	9	2,76,611	2,76,611
		<u>17,65,48,450</u>	<u>17,22,03,388</u>
Net Current Assets		(16,18,20,708)	(15,85,32,900)
Deferred Tax Asset/(Liability)	15	41,12,199	41,12,199
Profit and Loss Account		24,60,95,687	24,28,73,067
Total Assets		<u>9,07,00,000</u>	<u>9,07,00,000</u>
Statement of Significant Accounting Policies	16		
Notes to Accounts.	17		
The schedules referred to above form an integral part of Balance Sheet			

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	2009 Rs.	2008 Rs.
INCOME			
Sales and Services	10	-	3,96,484
Other Income	11	1,65,068	96,64,338
		<u>1,65,068</u>	<u>96,63,853</u>
EXPENDITURE			
Cost of Goods sold	12	-	7,21,619
Personnel	13	12,63,271	1,80,102
Other Expenses	14	19,90,136	88,11,227
		<u>32,53,407</u>	<u>97,12,348</u>
Operating Profit/(loss)		<u>(30,87,809)</u>	<u>(3,06,816)</u>
Interest		-	-
Depreciation	15	44,811	3,84,787
Impairment Loss		-	-
		<u>44,811</u>	<u>3,84,787</u>
Profit/(loss) before Taxation		<u>(31,32,620)</u>	<u>(6,93,303)</u>
Provision for fringe Benefit tax		-	-
Profit/(loss) after tax		<u>(31,32,620)</u>	<u>(693,303)</u>
Prior period expenses		-	-
		<u>(31,32,620)</u>	<u>(693,303)</u>
Balance brought forward		(24,28,73,067)	(24,21,78,764)
Profit / (loss) available for appropriation		<u>(24,60,95,687)</u>	<u>(24,28,73,067)</u>
Appropriations:			
Balance carried over to Balance Sheet		<u>(24,60,95,687)</u>	<u>(24,28,73,067)</u>
		<u>(24,60,95,687)</u>	<u>(24,28,73,067)</u>
Statement of Significant Accounting Policies	16		
Notes to Accounts.	17		
The schedules referred to above form an integral part of Profit & Loss Account			

For and on behalf of the Board of Directors

As per our report attached

For V. C. SHAH & CO.
Chartered Accountants

V.C. SHAH
Partner

Mumbai,
Dated: June 22, 2009

B.S. SRIDHARA
Company Secretary

K.D.BHAT
Chairman

A. V. GAJKWAD
Director

SCHEDULES TO THE BALANCE SHEET & PROFIT AND LOSS ACCOUNT

	2009 Rs.	2008 Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised:		
50,00,000 (Previous Year 50,00,000) Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000
2,00,000 (Previous Year 2,00,000) 12% Redeemable Cumulative Preference Shares of Rs. 100/- each	2,00,00,000	2,00,00,000
7,00,00,000	7,00,00,000	
Issued, Subscribed and Paid up :		
38,70,000 (Previous year 38,70,000) Equity Shares of Rs.10/- each fully paid	3,87,00,000	3,87,00,000
2,00,000 (Previous year 2,00,000) 12% Redeemable of Rs.100/- each (Redeemable on Sept 10, 2007 at par)	2,00,00,000	2,00,00,000
	<u>5,87,00,000</u>	<u>5,87,00,000</u>

(All the Shares are held by Phil Corporation Ltd., the Holding Company, and its nominees)

	2009 Rs.	2008 Rs.
SCHEDULE 2		
RESERVES & SURPLUS :		
Share Premium Account	3,20,00,000	3,20,00,000
	<u>3,20,00,000</u>	<u>3,20,00,000</u>

SCHEDULE 3
FIXED ASSETS

	COST			DEPRECIATION			NET BLOCK	
	AS ON 1ST APRIL, 2008	ADDITIONS	DEDUCTIONS	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008
Buildings	27,49,160	-	-	27,49,160	5,46,337	5,01,525	22,02,823	22,47,635
Plant & Machinery	9,07,57,065	-	41,92,627	8,65,64,438	3,83,66,257	4,02,91,174	4,81,98,181	5,04,65,892
Furniture & Fixtures	1,36,11,470	-	2,85,558	1,33,25,912	57,18,831	59,00,283	76,07,281	77,11,187
TOTAL	10,71,17,695	-	44,78,185	10,26,39,510	4,46,31,225	4,66,92,982	5,80,08,285	6,04,24,714
IMPAIRMENT LOSS	-	-	-	-	-	-	5,58,05,462	5,81,77,079
TOTAL	10,71,17,695	-	44,78,185	10,26,39,510	4,46,31,225	4,66,92,982	22,02,823	22,47,634
PREVIOUS YEAR	14,83,40,961	-	4,12,23,266	10,71,17,695	4,66,92,982	7,17,36,088	22,47,634	7,66,04,872

	2009 Rs.	2008 Rs.
SCHEDULE 4		
INVENTORIES		
(As valued and certified by the management) (At lower of cost or net realisable value)		
Photographic Paper, Chemicals & Resaleable Goods	6,32,023	6,32,023
Stores & Spares	1,69,522	1,69,522
	<u>8,01,545</u>	<u>8,01,545</u>

	2009 Rs.	2008 Rs.
SCHEDULE 6		
CASH AND BANK BALANCE		
Cash in hand	1,090	5,704
With Scheduled Banks on		
(i) Current Accounts	3,05,900	19,54,514
(ii) Deposit Accounts	2,45,263	6,08,828
	<u>5,52,901</u>	<u>25,70,047</u>

	2009 Rs.	2008 Rs.
SCHEDULE 5		
SUNDRY DEBTORS		
Unsecured		
Outstanding over six months - Outstanding for the period exceeding six months-Considered Doubtful	16,06,013	16,06,013
Less : Provision for Doubtful Debts	<u>16,06,013</u>	<u>16,06,013</u>
Other Debts - Considered good	-	22,500
	<u>4,12,016</u>	<u>4,34,997</u>

	2009 Rs.	2008 Rs.
SCHEDULE 7		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	70,18,883	97,21,503
Tax Payments	1,42,396	1,42,396
	<u>71,61,279</u>	<u>98,63,899</u>

	2009 Rs.	2008 Rs.
SCHEDULE 8		
CURRENT LIABILITIES		
Sundry Creditors		
- Micro, Small and Medium Enterprises	11,503	11,503
- Others	16,94,27,505	17,11,54,769
Other Liabilities	8,32,831	7,60,505
	<u>17,02,71,839</u>	<u>17,19,26,777</u>

GOKHATAK ENTERPRISES LIMITED

	2009 Rs.	2008 Rs.
SCHEDULE 9		
PROVISIONS		
Provision for Staff benefits	2,76,611	2,76,611
	<u>2,76,611</u>	<u>2,76,611</u>

	2009 Rs.	2008 Rs.
SCHEDULE 10		
SALES AND SERVICE		
Photo Finishing	-	3,77,930
(Tax deducted as Source Nil - Previous Year Nil)	-	-
Retail Sales	-	21,564
	-	<u>3,99,494</u>

	2009 Rs.	2008 Rs.
SCHEDULE 11		
OTHER INCOME		
Miscellaneous Income	16,602	59,927
Prior period adjustment in respect of Directors fees & leave encashment	-	3,56,490
Profit on sale of asset	1,30,500	84,00,109
Bad debts recovered	-	25,011
Interest	18,496	1,62,802
(Tax deducted at source Rs. Nil Previous year 0.09 lac)	-	-
	<u>1,65,598</u>	<u>90,04,338</u>

	2009 Rs.	2008 Rs.
SCHEDULE 12		
COST OF GOODS SOLD		
Paper, Chemical/Consumables	-	-
Opening Stock	-	5,29,881
Purchases	-	91,921
Less: Closing Stock	-	-
	-	<u>6,21,802</u>
Resaleable goods	-	-
Opening Stock	6,32,023	7,31,240
Purchases	-	-
Less: Closing Stock	6,32,023	6,32,023
	-	<u>99,218</u>
	-	<u>7,21,019</u>

	2009 Rs.	2008 Rs.
SCHEDULE 13		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	12,53,044	1,38,929
Staff Welfare Expenses	-	8,099
Contribution to Provident Fund and other funds	10,227	33,074
	<u>12,63,271</u>	<u>1,80,102</u>

	2009 Rs.	2008 Rs.
SCHEDULE 14		
OTHER EXPENSES		
Power & Lighting	3,51,741	6,63,203
Rent-Premises	9,20,479	7,00,869
Rates & Taxes	2,85,091	213,861
Insurance	16,183	4,673
Postage, Telephone and Telegrams	11,445	2,052
Repairs & maintenance - Machinery	10,560	-
Building	-	15,849
Others	60,312	50,055
	<u>70,812</u>	<u>65,904</u>
Travelling and Conveyance	13,064	1,673
Legal and Professional Fees	1,31,617	1,05,750
Miscellaneous Expenses	58,969	39,404
Transportation	1,987	81,618
Auditors Remuneration - Audit fee	1,26,845	97,134
Bad Debts written off	2,903	1,36,187
Assets Scrapped	-	62,11,742
Loss on sale of Asset	-	5,07,167
	<u>19,90,136</u>	<u>88,11,227</u>

SCHEDULE 15

DEFERRED TAX

	2009 Rs.	2008 Rs.
DEFERRED TAX		
Deferred tax asset upto		
Last year	41,12,199	41,12,199
Current year	-	-
	<u>41,12,199</u>	<u>41,12,199</u>
Deferred tax liability upto		
Last year	-	-
Current year	-	-
	<u>41,12,199</u>	<u>41,12,199</u>

SCHEDULE 16

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :

The financial statements prepared under the historical cost convention in accordance with the applicable accounting standards and relevant disclosure requirement of the Companies Act, 1956.

(ii) FIXED ASSETS AND DEPRECIATION :

Fixed Assets are stated at cost. Depreciation has been provided on straight line basis at the rates prescribed in Schedule XIV (as amended) of the Companies Act, 1956. In case the recoverable amount of the Fixed Asset is lower than its carrying amount, provision is made for the impairment loss.

(iii) INVENTORIES :

Inventories are valued at lower of cost or net realisable value on "First in First out" basis. Cost stated are inclusive of other cost incurred in bringing the inventories to their present location and condition.

(iv) RECOGNITION OF INCOME AND EXPENDITURE :

All income and expenditure are accounted on accrual basis.

(v) RETIREMENT BENEFITS :

(a) Company's contribution to Provident Fund and payment to Life Insurance Corporation towards Gratuity and Super Annuation Contribution are charged to Profit and Loss Account for the year.

(b) Provision is made for the liability of the unutilised leave of the employees and the same is included in Salaries & Wages.

(vi) TAXES ON INCOME :

Income tax expenses comprise Current and Deferred Tax charge or credit. Provision for Current Tax is made on the assessable income at the tax rate applicable to the relevant Assessment Year. The Deferred Tax Asset and Deferred Tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and Unabsorbed depreciation under tax laws, are recognised, only to the extent there is the reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred Tax Assets are reviewed to reassure realisation.

SCHEDULE 17

NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for:

- (i) Claims for Sales Tax not accepted by the Company for which Company has obtained Stay from High Court, Jabalpur Rs. 2,63,641 (Previous Year Rs. 2,63,641) High Court of Andhra Pradesh, Hyderabad, Rs. 2,52,293, (Previous Year Rs. 2,52,293). Appeal filed with Keral High Court demand by Kasargode Sales Tax Office for Rs. 13,21,080 (Previous Year Rs. 12,83,849). Appeal filed with Joint Commissioner Appeals, Gaziabad for Rs. 6,12,604, (Previous Year Rs. 2,80,928) Deputy Commissioner Appeals, Jaipur Rs. 66,591 (Previous Year Rs. 66,591) and Appeals filed with Assistant Commissioner Sales Tax, Balasore Range Rs. 8,887 (Previous year Rs. 8,887)
- (ii) Claims for Service Tax on material consumed in photofinishing not accepted by the Company for which Company has filed appeal with Custom, Excise, Service Tax Appellate Tribunal (CESTAT) WZB, Mumbai. Rs. 19,11,046 (Previous Year Rs. 19,11,046)
- (iii) Arrears of Preference Shares dividend Rs. 1,20,00,000 (Previous year Rs. 1,20,00,000)
- (iv) The Income Tax Assessments of the Company have been completed upto Assessment Year 2005-06.

2. Deferred Taxation :

	Accumulate as at 31.03.08	Charges/ Credit during the year	Balance as at 31.03.09
Deferred Tax Liability on account of : On fiscal allowance on fixed assets	4,14,48,854	-	4,14,48,854
Deferred Tax Asset on account of : (i) On other timing differences	6,99,000	-	6,99,000
(ii) On fiscal incentives of unabsorbed depreciation	3,62,99,236	-	3,62,99,236
(iii) On fiscal incentives of Carried forward losses	85,62,817	-	85,62,817
	<u>4,55,61,236</u>	<u>-</u>	<u>4,55,61,236</u>
Deferred Tax Asset(Liability)	<u>41,12,199</u>	<u>-</u>	<u>41,12,199</u>

The company has unabsorbed depreciation and carried forward losses etc. available for Set - Off under Income Tax Act,1961. However, in view of present uncertainty regarding generation of sufficient future taxable income net deferred tax asset in respect related credit for the year has not been recognised in the accounts on prudent basis.
The Deferred Tax Assets and Liability recognised on 31st March, 2003 are not revised on Prudent basis.

3. Payments made or provided for the whole time Directors/Manager.

	2009	2008	2009	2008
	Directors	Directors	Manager	Manager
I. Salaries	Nil	Nil	3,75,286	2,03,697
II. Contribution to Provident/ Superannuation fund	Nil	Nil	48,276	20,124
III. Other Allowances	Nil	Nil	68,000	53,250
	<u>Nil</u>	<u>Nil</u>	<u>4,91,542</u>	<u>2,77,071</u>

4. Consumption of materials for Photo finishing (Indigenous) :

Product Description	Units	Opening Stock		Purchases		Closing Stock		Consumptions	
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount (Rs.)
1. Paper	Rolls	-	-	-	-	-	-	-	-
		(341)	(1,98,793)	(822)	(83,930)	(-)	(-)	(1,163)	(2,82,723)
2. Chemicals	Boxes	-	-	-	-	-	-	-	-
		(469)	(1,98,746)	(151)	(7,391)	(-)	(-)	(620)	(2,06,137)
3. Consumables		-	-	-	-	-	-	-	-
			(1,32,342)		(600)		(-)		(1,32,942)
Total									
Previous Year		(810)	(5,29,881)	(973)	(91,921)	(-)	(-)	(1,783)	(6,21,802)

5. Particulars in respect of goods traded in:

Product Description	Units	Opening Stock		Purchases		Closing Stock		Sales	
		Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount (Rs.)
1. Films	Rolls	-	-	-	-	-	-	-	-
		(515)	(41,779)	(-)	(-)	(-)	(-)	(515)	(-)
2. Cameras	Nos.	1,761	5,73,205	-	-	1,761	5,73,205	-	-
		(1,873)	(5,85,909)	(-)	(-)	(1,761)	(5,73,205)	(112)	(6,484)
3. Paper	Rolls	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
4 Others			58,818		-		58,818		-
			(1,03,553)		(-)		(58,818)		(15,080)
Total			6,32,023		-		6,32,023		(-)
Previous Year			(7,31,240)		-		(6,32,023)		(21,564)

GOKHATAK ENTERPRISES LIMITED

6. The name of Micro Small and Medium Enterprises to whom the Company owes sums exceeding Rs. 1 lac each and which are outstanding for more than 30 days as at 31st March, 2009 - Rs. Nil

7. Related Party Disclosures

a) List of Related Parties

Phil Corporation Limited - Holding Company
New Vision Imaging Pvt. Ltd. - Associates Company

b) Transactions with related Parties

	2009	2008
	Rs.	Rs.

i) Purchases of goods		
Holding Company	-	-
Associated Company	-	-
ii) Outstanding balances as on 31st March, 2009		
Creditors		
Holding Company	16,91,18,502	17,04,13,502
Associate Company	32,803	69,349

8. Previous financial year was for nine months. Hence the figures for the current financial year are not strictly comparable with the previous year's figures.

9. Previous years figures have been regrouped wherever necessary to conform with the current presentation.

GOKHATAK ENTERPRISES LIMITED

Information Required as per part IV of Schedule VI to the Companies Act, 1956
(Balance Sheet Abstract and Company's Business Profile)

I. Registration Details

Registration No. **314819039** State Code **214**
Balance Sheet Date **31/03/09**

II. Capital Raised during the Year (Amount Rs.)

Public Issues: **0000000000** Rights Issues: **0000000000**
Debt Issues: **0000000000** Private Placement: **0000000000**

III. Position of Mobilisation and Deployment of Funds (Amount Rs.)

Source of Funds: Total Liabilities **1517039** Total Assets **1517039**
Public Capital: **0000000000** Reserves & Surplus: **1517039**
Secured Loans: **0000000000** Unsecured Loans: **0000000000**
Application of Funds: Net Fixed Assets: **1517039** Investments: **0000000000**
Net Current Assets: **0000000000** Misc. Expenditure: **0000000000**
Accumulated Losses: **0000000000**

IV. Performance of Company (Amount Rs.)

Turn Over: **143718** Total Expenditure: **1517039**
Profit/Loss Before Tax: **31926** Profit/Loss After Tax: **31926**
Earnings Per Share (Rs.): **111** Dividend Rate %: **0000000000**

V. Generic Names of Principal Products/Services of Company (As per Monetary Terms)

Item Code No. / ITC Code: **314819039**
Product Description: **PHOTO FINISHING**
Item Code No. / ITC Code: **314819039**
Product Description: **PHOTOGRAPHIC FILMS**
Item Code No. / ITC Code: **314819039**
Product Description: **PHOTOGRAPHIC CHEMICALS**

CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

**AUDITOR'S REPORT ON
CONSOLIDATED FINANCIAL
STATEMENTS**

**TO
THE BOARD OF DIRECTORS OF
PHIL CORPORATION LIMITED**

1. We have audited the attached Consolidated Balance Sheet of Phil Corporation Limited and its subsidiary as at 31st March, 2009 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Phil Corporation Limited's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards required 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 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 Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the Consolidated Financial Statements have been prepared by Phil Corporation Limited's Management in accordance with the requirements of Accounting Standards, Consolidated Financial Statements and Accounting Standard (AS) 21, Accounting for Investments in Associates in Consolidated Financial Statements (AS) 23 issued by the Institute of Chartered Accountants of India.
4. On the basis of the information and explanation given to us and on the consideration of the separate audit report on individual audited financial statements of Phil Corporation Limited and aforesaid subsidiary, we are of the opinion that:
 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Phil Corporation Limited and its subsidiary as at 31st March, 2009.
 - (b) the Consolidated Profit and Loss Account gives true and fair view of the consolidated results of operations of Phil Corporation Limited and its subsidiary for the year ended on that date,
 - (c) the Consolidated Cash Flow Statement of the Cash Flow of Phil Corporation Limited and its subsidiary for the year as on that date.

For V. C. Shah & Co.
Chartered Accountants

Mumbai
Dated : June 23, 2009

V. C. Shah
Partner
Membership No. 10360

PHIL CORPORATION LIMITED

**CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY
BALANCE SHEET AS AT 31ST MARCH, 2009**

**PROFIT AND LOSS ACCOUNT FOR
THE YEAR ENDED 31ST MARCH, 2009**

SOURCE OF FUNDS	Schedule	2009 Rs.	2008 Rs.
1. Shareholders' Funds			
Capital	1	12,65,00,000	12,65,00,000
Reserves & Surplus	2	13,72,43,764	13,72,43,764
		<u>26,37,43,764</u>	<u>26,37,43,764</u>
2. Loan Funds			
Secured Loans			
Unsecured Loans	3	13,20,555	13,57,895
		<u>13,20,555</u>	<u>13,57,895</u>
TOTAL		<u>26,50,64,319</u>	<u>26,51,01,659</u>

APPLICATION OF FUNDS

3. Fixed Assets	4		
Gross Block		27,73,12,638	30,82,46,276
Less: Depreciation		12,57,13,207	13,37,86,590
Impairment Loss		10,76,87,634	11,64,73,882
Net Block		<u>4,39,11,797</u>	<u>5,59,85,804</u>
4. Investments	5	10,000	1,34,08,000
5. Current Assets, Loans and Advances			
Inventories	6	51,11,960	22,82,546
Sunday Debtors	7	13,19,098	14,09,884
Cash and Bank Balances	8	37,86,434	61,53,464
Loans and Advances	9	1,37,91,596	1,57,72,959
		<u>2,40,09,087</u>	<u>2,56,18,853</u>
6. Less: Current Liabilities & Provisions	10		
Current Liabilities		4,86,28,044	12,19,90,119
Provisions		57,60,846	70,55,287
		<u>5,43,88,890</u>	<u>12,90,45,386</u>
7. Net Current Assets		<u>-3,03,79,802</u>	<u>-10,34,26,733</u>
8. Deferred Tax Asset/(Liabilities)		41,12,199	41,12,000
9. Miscellaneous Expenditure	11	24,74,10,124	29,50,22,389
TOTAL		<u>26,50,64,319</u>	<u>26,51,01,460</u>

INCOME	Schedule	2009 Rs.	2008 Rs.
Sales and Service	12	57,44,882	45,10,900
Other Income	13	2,85,58,005	2,46,42,448
		<u>3,43,02,887</u>	<u>2,91,53,348</u>
Less : EXPENDITURE			
Cost of Goods sold	14	39,60,230	37,07,189
Personnel	15	88,46,967	65,82,827
Franchisee Service Charges		-	-
Other Expenses	16	2,79,44,576	4,66,98,047
Excise		3,976	1,03,279
		<u>4,07,55,749</u>	<u>5,70,91,342</u>
Gross Operating Profit/(Loss)		<u>-84,52,862</u>	<u>-2,79,37,994</u>
Less: Interest	17	22,465	1,25,768
Depreciation		19,61,890	22,36,862
Impairment Loss		-	-
		<u>19,84,355</u>	<u>23,62,630</u>
Profit/(Loss) before Taxation		<u>-84,37,217</u>	<u>-3,03,00,624</u>
Less : Provision for Taxation			
- Current tax		-	-
- Fringe Benefit Tax		2,21,438	1,59,490
		<u>-86,58,655</u>	<u>-3,04,60,114</u>
Profit/(Loss) after Taxation		<u>-86,58,655</u>	<u>-3,04,60,114</u>
Less : Extra Ordinary Items	18	5,62,70,920	36,44,130
		<u>4,76,12,265</u>	<u>-2,68,15,984</u>
Add: Balance brought forward		<u>-29,50,22,389</u>	<u>-26,82,06,405</u>
Loss carried to Balance Sheet		<u>-24,74,10,124</u>	<u>-29,50,22,389</u>

Statement of Significant Accounting Policies 19
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Statement of Significant Accounting Policies 19
Notes to Accounts 20

The schedules referred to above form an integral part of Balance Sheet

The Schedules referred to above form an integral part of Profit & Loss Account.

As per our report attached

For V.C.SHAH & CO.
Chartered Accountants

V.C.SHAH
Partner

Mumbai
Dated: June 23, 2009

For and on behalf of the Board of Directors

K.D.BHAT
Managing Director

A.V.GAIKWAD
Executive Director &
Company Secretary

A.Y. FAZALBHOY - Chairman

KAVAS D. PATEL - Vice Chairman

JOHN B.BOWMAN - Director

CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE 1	2009 Rs.	2008 Rs.
SHARES CAPITAL		
Authorised		
1,50,00,000 (Previous year 1,50,00,000 Equity Shares of Rs.10 each)	20,00,00,000	20,00,00,000
10,00,000 (Previous year 10,00,000) Preference Shares of Rs. 100 each	12,00,00,000	12,00,00,000
	<u>32,00,00,000</u>	<u>32,00,00,000</u>
Issued and Subscribed		
1,16,50,000 (Previous year 1,16,50,000) Equity Shares of Rs.10 each fully paid	11,65,00,000	11,65,00,000
1,00,000 (Previous year 1,00,000) Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each fully paid. Redeemable on 9th June, 2003 at per (Refer Note No.4)	1,00,00,000	1,00,00,000
	<u>12,65,00,000</u>	<u>12,65,00,000</u>

SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Reserve	35,06,438	35,06,438
Capital Redemption Reserve	4,20,00,000	4,20,00,000
Securities Premium	9,56,09,909	9,56,09,909
	<u>14,11,16,347</u>	<u>14,11,16,347</u>
Less : Capital Reserve on Consolidation	38,72,583	38,72,583
	<u>13,72,43,764</u>	<u>13,72,43,764</u>

SCHEDULE 3		
UNSECURED LOANS		
Fixed Deposits (Due within a year Rs. Nil) Previous year Rs. 24,94,000) (Includes interest Rs.1,09,895 Previous year Rs. Nil)	13,20,555	13,57,895
	<u>13,20,555</u>	<u>13,57,895</u>

SCHEDULE 4	CONSOLIDATED FIXED ASSETS				Rs.			
	GROSS BLOCK - COST			DEPRECIATION			NET BLOCK	
	AS ON 1ST APRIL, 2008	ADDITIONS	DEDUCTION	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008
LEASEHOLD LAND	17,69,821	-	-	17,69,821	-	-	17,69,821	17,69,821
FREEHOLD LAND	2,20,050	-	-	2,20,050	-	-	2,20,050	2,20,050
BUILDINGS	10,13,14,578	-	2,59,10,412	7,54,04,166	1,66,83,033	2,36,46,636	5,87,21,133	7,76,67,942
PLANT & MACHINERY	17,71,99,786	1,83,060	41,92,627	17,31,70,219	9,59,28,238	9,72,57,527	7,72,41,982	7,98,42,259
COMPUTERS	18,05,224	1,55,900	-	19,61,124	1,17,413	9,03,223	8,43,710	9,02,000
VEHICLES	2,45,846	11,36,000	-	13,81,846	1,14,182	19,772	12,67,664	2,28,074
FURNITURE & FIXTURES	2,36,90,971	-	2,85,558	2,34,05,412	1,18,70,341	1,19,59,430	1,15,35,072	1,17,31,540
SUB TOTAL	<u>30,67,46,276</u>	<u>14,54,960</u>	<u>3,03,88,597</u>	<u>27,73,12,638</u>	<u>12,57,13,207</u>	<u>13,37,86,590</u>	<u>15,15,99,432</u>	<u>17,24,59,687</u>
IMPAIRMENT LOSS	-	-	-	-	-	-	<u>10,76,87,634</u>	<u>11,64,73,982</u>
TOTAL	<u>30,67,46,276</u>	<u>14,54,960</u>	<u>3,03,88,597</u>	<u>27,73,12,638</u>	<u>12,57,13,207</u>	<u>13,37,86,590</u>	<u>4,39,11,798</u>	<u>5,59,85,805</u>
PREVIOUS YEAR	69,09,29,177	10,77,870	38,57,60,771	30,82,46,276	13,37,86,590	34,81,28,096	11,64,73,882	10,87,85,725

SCHEDULE 5	2009 Rs.	2008 Rs.
INVESTMENTS		
Long Term		
Quoted - Fully Paid		
1000 Units of Rs. 10 each of Unit Trust of India UGS Scheme 10000	10,000	10,000
Unquoted - Fully Paid		
Trade Investments		
a) In Subsidiary Company		
GoKhatak Enterprises Limited 38,70,000 (Previous year 38,70,000) Equity Shares of Rs. 10 each	-	-
2,00,000 (Previous Year 2,00,000) 12% Redeemable Preference Shares of Rs.100 each	-	-
b) Others		
New Vision Imaging Pvt. Ltd. (Formerly Phil Systems Ltd.) 13,39,800 (Previous year 13,39,800) Equity Shares of Rs. 10 each	-	1,33,98,000
	<u>10,000</u>	<u>1,34,08,000</u>
Market value of Quoted Investments Rs.24,000 (Previous year Rs. 26,000)		

SCHEDULE 6		
INVENTORIES		
Raw Materials & Components - at cost	10,24,090	10,02,000
Stores, packing materials etc. - at cost	7,12,851	4,72,000
Goods in Process - at cost	-	-
Finished Goods - at lower of cost or realisable value	33,75,019	8,08,546
	<u>51,11,960</u>	<u>22,82,546</u>

SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured		
Outstanding over six months - Considered good	4,79,710	4,54,724
Outstanding over six months - Considered doubtful	16,06,013	16,06,013
Less : Provision for Doubtful Debts	16,06,013	16,06,013
Other Debts - Considered good	8,39,388	9,54,960
(Includes dues from a Subsidiary Company Rs.16,91,18,502 Previous Year Rs. 17,04,13,501)	<u>13,19,088</u>	<u>14,09,684</u>

PHIL CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE 8			SCHEDULE 12		
	2009	2008		2009	2008
	Rs.	Rs.	SALES AND SERVICE	Rs.	Rs.
CASH AND BANK BALANCES			Sales	57,36,882	44,61,678
Cash and Cheques on Hand	23,740	30,417	Service	8,000	49,222
With Scheduled Banks on				57,44,882	45,10,900
(i) Current Accounts	35,17,491	55,13,219	SCHEDULE 13		
(ii) Deposit Accounts	2,45,203	6,09,828	OTHER INCOME		
	37,66,434	61,53,464	Interest on Deposits (Tax deducted at source Rs. Nil, Previous year Rs. 0.63 lac)	68,388	1,65,964
			Interest on Income Tax refund	-	-
			Prior Period Adjustment	-	3,56,490
			Sale of Scrap	3,59,965	82,20,759
			Miscellaneous Income (Tax deducted at source Rs. Nil, Previous year Rs. Nil)	1,15,228	59,927
			Recovery of Bad Debts	-	25,011
			Profit on Variation In Foreign Exchange	-	-
			Profit on sale of Fixed Assets	2,80,14,424	1,58,14,297
				2,85,58,005	2,46,42,448
			SCHEDULE 14		
			COST OF GOODS SOLD		
			Raw Materials Consumed		
			Opening Stock	10,02,000	21,08,881
			Raw Materials and Components Stores, packing materials etc.	4,72,000	8,82,000
			Goods In Process	-	-
				14,74,000	29,90,881
			Purchase of Raw Materials and Components	42,68,283	20,84,091
				57,42,283	5,074,972
			Less :		
			Closing Stock		
			Raw Materials and Components Stores, packing materials etc.	10,24,090	10,02,000
			Goods In Process	7,12,851	4,72,000
				17,36,941	14,74,000
				40,05,342	36,00,972
			Purchase of Resaleable Goods	-	-
				40,05,342	36,00,972
			Stock Adjustments		
			Finished Goods		
			Opening Stock	8,08,545	7,45,240
			Less: Closing Stock	33,75,019	6,39,023
				-25,66,474	1,06,217
				14,38,868	37,07,189
			SCHEDULE 15		
			PERSONNEL EXPENSES		
			Salaries, Wages and Bonus	56,97,505	55,98,673
			Staff Welfare Expenses	2,79,338	1,74,646
			Contribution to Provident and Other Funds [Refer Note No.9]	28,70,124	8,09,508
			Staff cost on restructuring	-	-
				88,46,967	65,82,827
			SCHEDULE 11		
			MISCELLANEOUS EXPENDITURE		
			(To the extent not written off or adjusted)		
Profit & Loss Account as per contra	24,74,10,124	29,50,22,389			
	24,74,10,124	29,50,22,389			

CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE 16	2009 Rs.	2008 Rs.
OTHER EXPENSES		
Stores Consumed	3,31,616	34,618
Rent	9,37,079	12,36,858
Rates & Taxes	6,36,773	9,06,413
Insurance	66,338	20,026
Power & Lighting	10,32,368	9,99,094
Travelling and Conveyance	20,14,116	9,94,287
Repairs, & Maintenance		
- Machinery	1,13,657	13,731
- Building	99,818	33,032
- Others	5,63,303	4,54,806
	7,76,778	5,01,569
Packing, Freight & Forwarding	4,82,911	2,92,203
Loss on sales of Investments	1,20,58,200	-
Loss on Foreign exchange	-	-
Loss on Sale of Assets	-	5,07,167
Assets Scraped	-	3,24,53,614
Advertising and Sales Promotion	2,75,865	7,06,684
Commission on Sales	-	48,901
Postage & Telephones	6,62,419	5,19,738
Printing & Stationery	3,30,710	3,55,431
Legal & Professional Charges	28,93,092	22,39,578
Security & Housekeeping Charges	9,95,034	7,25,856
Statutory Fees	1,98,628	2,57,079
Vehicle Expenses	13,80,075	12,54,241
Registrar & Transfer Expenses	-	-
Miscellaneous Expenses	5,55,772	14,26,845
Sales Tax Paid	18,72,546	6,97,724
Auditors' Remuneration		
Audit Fees	3,26,845	2,47,134
Other Services	38,000	40,000
Travelling and Out of Pocket	24,310	35,000
Expenses Including Service Tax	3,87,158	3,22,134
Directors' Fees	84,000	60,000
Bad Debts written off	2,993	1,36,187
	<u>2,79,44,576</u>	<u>4,66,98,047</u>

SCHEDULE 17

INTEREST

Interest on :		
Term Loans	-	-
Fixed Deposits	-	1,23,843
Others	22,485	1,925
	<u>22,485</u>	<u>1,25,768</u>

SCHEDULE 18	2009 Rs.	2008 Rs.
EXTRA ORDINARY ITEMS		
Sundry Credit Balances		
Written Back	-	6,564
Excess Provision made in earlier years Written back	5,62,70,920	36,37,567
	<u>5,62,70,920</u>	<u>36,44,131</u>
Less : Prior Period Adjustment in respect of Indirect Taxes	-	-
	<u>5,62,70,920</u>	<u>36,44,131</u>

SCHEDULE 19

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

- (i) **BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**
The financial statements have been prepared to comply in all material respect with the mandatory Accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on accrual basis except in case of assets for which provision for impairment is made and valuation is carried out. The Accounting policies have been consistently applied by the Company and are consistent with those used in previous year.
- (ii) **FIXED ASSETS, DEPRECIATION & IMPAIRMENT LOSS:**
Fixed Assets are stated at cost net of modvat/cenvat. The cost includes all pre-operative expenses and the financing cost of borrowed funds relating to the construction period in the case of new projects. Depreciation has been provided on straight line basis at the rates prescribed in Schedule XIV of the Companies Act, 1956. The carrying amounts of the fixed assets are reviewed at each Balance Sheet date to assess whether they are recorded in excess of their recoverable amounts. In case the recoverable amount of the Fixed Assets is lower than its carrying amount a provision is made for the impairment loss.
- (iii) **INVESTMENT:**
Long term investments are stated at cost, provision is made to recognise a decline, excepting in subsidiary and other than temporary, in the value of long term investments.
- (iv) **INVENTORIES:**
The raw materials & components, stores, packing materials and work-in-progress are valued at cost and finished goods are valued at lower of cost or net realisable value on "First In First out" basis. Excise and Custom Duties payable in respect of finished goods/imported materials held in bond are provided for and consequently include cost of conversion and other cost incurred in bringing the inventories to their present location and conditions. Obsolete unserviceable and slow moving inventories are duly recognised and provided.
- (v) **SUNDRY DEBTORS:**
Sundry Debtors are stated after making adequate provision for doubtful debts/advances.
- (vi) **RECOGNITION OF INCOME AND EXPENDITURE:**
All income and expenditure are accounted on accrual basis.
- (vii) **SALES:**
Sales are inclusive of Excise Duty, but net of Sales Tax, returns and trade discounts. Revenue from sales is recognised on transfer of all significant risk and rewards of ownership to the buyer.
- (viii) **RETIREMENT BENEFITS:**
 - a) Contribution to Provident Fund and Super Annuation Fund are made to recognised fund and charged to Profit & Loss Account. Gratuity contribution are made to the schemes of Life Insurance Corporation of India based on premium actuarially assessed and intimated in terms of the policies taken with them. These contributions are charged to Profit & Loss Account.

- (b) Provision for incremental liability in respect of encashable privilege leave is made on the basis of Independent actuarial valuation at the year end.
- (ix) **FOREIGN CURRENCY TRANSACTIONS:**
Transactions in Foreign Currencies are recorded at the exchange rate prevailing at the date of transaction. Foreign Currency denominated Current Assets and Current Liabilities are translated at year end exchange rates. The resulting gains or losses are recognised in the Profit & Loss Account. The premia or gains/losses arising from forward cover transactions are recognised in the Profit & Loss Account over the life of the forward contract.
- (x) **DEFERRED REVENUE EXPENDITURE:**
Payments under Voluntary Retirement Scheme are amortised equally in three years
- (xi) **TAXES ON INCOME:**
Income tax expenses comprise Current Tax and Deferred Tax charge or credit. Provision for Current Tax is made on the assessable income at the tax rate applicable to the relevant Assessment year. The Deferred Tax Asset and Deferred Tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and Unabsorbed depreciation under tax laws, are recognised, only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred Tax Assets are reviewed to reassess realisation.
- (xii) **SEGMENT REPORTING:**
The accounting policies adopted for segment reporting are in line with the accounting policies of the company.

SCHEDULE 20

NOTES TO THE ACCOUNTS:

	2009 Rs.	2008 Rs.
1. Contingent Liabilities not provided for:		
(i) Claims for Sales tax/Excise/Service tax not accepted by the Companies for which appeals are pending.	91975954	94764489
(ii) Claims against the Company not acknowledged as debts.	2,50,42,516	2,50,42,516
(iii) Export obligations not fulfilled against advance/EPCG licences.	1,92,73,000	1,92,73,000
(iv) Duty drawback claim granted and later revoked.	7,04,000	7,04,000
(v) Counter Guarantee given to bankers against guarantee given by them for Sales Tax and Deposit for Electricity.	15,97,000	15,97,000
(vi) The Income Tax Assessments of the parent Company have been completed upto Assessment year 2005-06 and the demand raised by the Department is Rs. 10,99,593 (previous year Rs. 10,99,593/-) which is contested in appeal. The Company does not expect any liability over the provision made.	10,99,593	10,99,593
(vii) Penalty imposed by Commissioner - Customs & Central Excise, Goa, in respect of CVD on bulk (semi-packed/semi-finished) films which were imported by Phil Marketing Services Pvt. Ltd. and given to the parent Company for further packing and in respect of which Excise Duty has been paid by the parent Company. Customs, Excise & Service Tax Tribunal, Western Region have granted stay against the recovery of the penalty.	1,70,46,000	1,70,46,000
2. Dividend on Non-Convertible Cumulative Redeemable Preference Shares up to the due date of redemption not provided for, there being no profits.	41,25,000	41,25,000
3. 1,00,000/- 13.75% Redeemable Cumulative Preference Shares of Rs. 100/- each of parent Company are held equally by General Insurance Corporation of India and New India Assurance Co. Ltd. These were due for redemption in June 2003. Proposal		

for settlement of redemption of the said Preference Shares and waiver of right to cumulative dividend is being submitted by the parent Company.

4. The parent Company had submitted in June 2005 application for reference under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and the parent Company was declared as a "Sick Industrial Company" within the meaning of Section 3(1) of SICA. The DRS was circulated by BIFR in May 2008 and the final hearing of DRS was held on 23rd July, 2008. As per BIFR Order dated 1st August, 2008 the parent Company has been discharged from the purview of SICA.
5. In the current financial year the impairment loss amounting to Rs 87,86,248 in respect of fixed assets sold / discarded has been adjusted and the balance provision for impairment loss of Rs. 10,76,87,634 on existing fixed assets is continued. Further the management has reviewed the realisable value of assets in use and are of the opinion that no further provision for impairment of fixed assets is considered necessary.
6. The parent Company has investments in GoKhatk Enterprises Ltd. a 100 % subsidiary of the Company. The said subsidiary Company's main activity was in respect of photographic services and products of Konica Minolta Photo Imaging Inc (KMPI). KMPI has withdrawn from photographic business. Consequent thereto, there has been an impact on the business of the said subsidiary. There is also impact of technological change, being the advent of digital technology and the impairment in the value of assets being investment and receivables. The investment made in GEL is Rs. 9,07,00,000 and outstanding amount of receivables which have become doubtful of recovery is Rs. 16,91,18,502 (Previous Year 17,04,13,502). Anticipated loss due to loss of investment, receivables and impairment in the value of fixed assets of the subsidiary has not been provided for in the accounts for the year ended 31st March, 2009 as the proposal of merger of GEL with the parent Company is being submitted to the High Court of Mumbai as per Board Resolution dated 19th January, 2009. Intimation to the Stock Exchanges was given as per the requirements of listing agreement and application for NOC from the Stock Exchanges is being submitted by the parent Company.
7. During the previous year the parent Company had funded the actual liability for gratuity in respect of continuing employees amounting to Rs. 28,39,032. Further liability in respect of the gratuity based on the actuarial valuation informed by LIC has been provided in the Books of Accounts. Gratuity liability in respect of ex-employees and employees transferred to Associate Companies is being paid directly by the parent Company for which the necessary provision has been made in the Books of Accounts.
8. The parent Company has unabsorbed depreciation and carried forward losses etc available for set off under Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income. Net Deferred Tax Asset in respect of related credit for the year has not been recognised in the accounts on prudent basis. The parent Company is advised that in view of the proposed merger of GEL with the Company with effect from 1-4-2008 there would be no liability to Income Tax and hence no provision for Income Tax is made. In case of Deferred Tax of Subsidiary Company, Net Deferred Tax Assets is as under.

	2009 Rs.	2008 Rs.
Deferred Tax Assets up to last year	4,55,64,236	4,55,64,236
Deferred Tax Liability	4,14,48,854	4,14,48,854
Deferred Tax Assets	41,12,199	41,12,199

9. On account of uncertainty of restructuring of business no segment reporting can be done.
10. The Accounts of parent Company's extra-ordinary item of excess provision written back in the current year is in respect of Sales Tax on completion of reassessment proceedings at Goa.
11. Previous year's figures have been regrouped where necessary. The previous accounting year was nine months. Hence the figures for the Current accounting year are not strictly comparable with the previous year's figures.

CONSOLIDATED CASH FLOW STATEMENT OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY AS ON 31ST MARCH, 2009 AS PER CLAUSE 32 OF LISTING AGREEMENT :

	2009 Rs.	2008 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) Before Tax & Extra - ordinary items	(84,37,217)	(3,03,00,624)
Adjustments for:		
Depreciation	19,61,890	22,36,862
Interest Paid	22,465	1,25,768
Loss on Sale of Investments	1,26,58,200	—
Profit on sale of fixed assets	(2,80,14,424)	(1,58,14,297)
Excess Provision written back	5,82,70,920	—
Sundry Debit / Credit A/c write off	(2,21,445)	—
Debit balance written off	—	9,81,033
Bad debts written off	—	1,36,187
Loss on sale of fixed assets	—	3,29,64,571
Operating Profit/Loss before Changes in Operating Assets	—	(96,70,500)
(Increase)/Decrease in Operating Assets		
Inventories	(28,29,415)	16,23,454
Loans & Advances	19,81,363	(12,33,959)
Trade Receivables	90,596	3,70,316
Trade Payables	(7,46,56,498)	(2,51,86,614)
Cash Generated From Operations	(3,33,36,348)	(1,34,67,179)
Net cash from operating Activities	—	—
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(14,54,960)	(10,77,870)
Sale of fixed assets	3,94,51,000	3,88,56,510
Sale of Investment	13,39,800	—
Net cash from Investing Activities	3,93,35,840	3,57,78,640
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(22,465)	(1,25,768)
Repayment of unsecured Loans	(37,340)	(11,36,105)
Net cash from Financing Activities	(59,805)	(12,61,873)
NET INCREASE IN CASH & CASH EQUIVALENTS	<u>(24,97,630)</u>	<u>(92,51,036)</u>
Cash & Cash Equivalents as on 31-03-08	61,53,464	57,34,000
Cash & Cash Equivalents as on 31-03-09	37,86,434	61,53,464

For and on behalf of the Board of Directors

K. D. BHAT
Managing Director

A. Y. FAZALBHOY

Chairman

A. V. GAIKWAD
Executive Director &
Company Secretary

KAVAS D. PATEL

Vice Chairman

JOHN B. BOWMAN

Director

Mumbai

Dated : June 23, 2009

AUDITOR'S CERTIFICATE

We have verified the above Consolidated Cash Flow Statement of Phil Corporation Limited for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the corresponding Profit & Loss Account and Balance Sheet covered by our report of even date to the members of the Company.

For V. C. SHAH & CO.
Chartered Accountants

Mumbai

Dated : June 23, 2009

V. C. SHAH
Partner
Membership No.10360

PHIL CORPORATION LIMITED

10 YEARS'S HIGHLIGHTS

Rs.in Lacs

	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	**2007-08	***2008-09
SALES & EARNINGS										
Sales and other income	30249	27850	20062	7888	4560	4285	2879	644	197	341
Gross Operating Profit/(Loss) (EBIDTA)	1399	1575	(92)	(1506)	(458)	(422)	(1347)	(1319)	(276)	(33)
Profit/(Loss) before taxes	331	283	(1361)	(2711)	(1656)	(1705)	(2655)	261.82	(296)	(53)
Profit/(Loss) after taxes	302	261	*(860)	(2711)	(1656)	(1705)	(2655)	261.82	(298)	(55)
Retained Earnings	25	68	0	0	0	0	0	0	0	0
ASSETS										
Gross Fixed Assets	5943	6130	6205	6021	6018	5961	5951	5426	1991	1746
Net Fixed Assets	4585	4496	4307	3921	3671	3388	3146	972	537	417
Total Assets	14568	15079	13924	10367	9336	8461	7271	3913	3402	3157
LIABILITIES										
Equity Share Capital	1165	1165	1165	1165	1165	1165	1165	1165	1165	1165
Non-Convertible Redeemable Preference Shares	820	600	600	600	600	600	600	100	100	100
Reserves	4469	4437	3006	324	1911	1911	1911	1411	1411	1411
Misc. Expenditure to the extend not W/off	161	81	0	0	0	0	0	0	0	0
Accumulated Loss	0	0	0	0	(3244)	(4948)	(7613)	(299)	(560)	(52)
Networth	6293	6122	4771	2089	432	(1272)	(3937)	2377	2116	2623
Borrowings	5742	6196	6113	6136	6970	7804	8850	25	14	0
RATIOS										
Earning per Equity Share (Rupees)	2.59	2.24	0	0	0	0	0	2.25	2.56	(0.47)
Book Value per Equity Share (Rupees)	48.77	48.09	35.8	12.78	(1.44)	(16.07)	(38.94)	19.62	14.10	22.51
Dividend per Equity Share (Rupees)	0.9	0.6	0	0	0	0	0	0	0	0
Networth per Equity Share (Rupees)	46.29	47.4	35.8	12.78	(1.44)	(16.07)	(38.94)	19.62	14.10	22.51
NUMBER OF EMPLOYEES										
Number of Employees	793	705	686	468	378	352	239	24	22	25

* After adjusting Deferred Tax Liability of Rs. 500.54 lacs in 2001-02

** Financial period of 9 months ended 31st March, 2008

*** Financial year of 12 months ended 31st March, 2009

PHIL CORPORATION LIMITED

Regd. Office : Vision House, Tivim, Mapusa, Goa-403 526

*DPID No.		Folio No.	
*Client ID No.		No. of Shares held	

ATTENDANCE SLIP

Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I/we hereby record my/our presence at the **26th Annual General Meeting of the Company at Mapusa Residency (Tourist Hostel), Near Kadamba Bus Stand, Mapusa, Goa-403 507 on Friday, the 25th September, 2009 at 4.00 p.m.**

Full Name of the Shareholder (in Capitals)	Signature of the Shareholder
Full Name of the Proxy (in Capitals)	Signature of the Proxy

* Applicable in case of Beneficial Owners of Dematerialised Shares.

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PHIL CORPORATION LIMITED

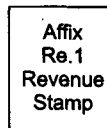
Regd. Office : Vision House, Tivim, Mapusa, Goa-403 526

*DPID No.		Folio No.	
*Client ID No.		No. of Shares held	

PROXY FORM

I/We _____
of _____ in the District of _____ being
a member/members of the above-named Company, hereby appoint _____
of _____, or failing him / her _____
of _____, as my/our proxy to vote for me/us on my/our behalf on poll
at the **26th Annual General Meeting of the Company, to be held on Friday, the 25th September, 2009 at 4.00 p.m.** and any adjournment thereof.

Signed this _____ day of _____ 2009.



Signature

* Applicable in case of Beneficial Owners of Dematerialised Shares.

PHIL CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the 26th ANNUAL GENERAL MEETING of the Company will be held at **Mapusa Residency (Tourist Hostel), Near Kadamba Bus Stand, Mapusa, Goa 403 507 on Friday the 25th September, 2009 at 4.00 P.M.** to transact the following :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Auditor's Report and the audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2009.
2. To appoint a Director in place of Shri Kavas D. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri John B. Bowman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution for voluntary delisting of Equity Shares of the Company on National Stock Exchange of India Ltd :

"RESOLVED that approval of Members of the Company be and is hereby given for voluntary delisting of Equity Shares of the Company on National Stock Exchange of India Ltd. as decided by the Board of Directors of the Company vide their Resolution dated 18th April, 2009.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised and empowered to do such deeds, acts and things and submit such applications, papers and documents and further delegate such powers and authorities to the Directors / officers of the Company as may be required for giving effect to this Resolution."

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution for appointment of Shri. A. V. Gaikwad as a Non-Executive Director retiring by rotation :

"RESOLVED that Shri A. V. Gaikwad, who holds office as the Executive Director of the Company till 31st October, 2009, and who is eligible for being appointed as a Non-Executive Director and in respect of whom the Company has received notices in writing from members under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Non-Executive Director of the Company with effect from 1st November, 2009 liable to retire by rotation".

7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution for appointment of Shri A.V. Gaikwad as a Consultant and payment of Remuneration to him:

"RESOLVED that pursuant to the provision of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Company engaging the services of Shri A. V. Gaikwad as a Consultant to the Company for the Company's business, for a period of two years commencing from 1st November 2009 on the remuneration and on other terms and conditions as set out in the draft of the Agreement to be entered into by and between the Company and Shri. A. V. Gaikwad which is placed before the meeting and initiated by the Chairman for the purpose of identification.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to enter into the said Agreement and also to modify the same as they deem fit and proper".

8. To consider and if thought fit, to pass with or without modification, the following Resolution as an Ordinary Resolution for re-appointment of Shri K. D. Bhat as the Managing Director :

"RESOLVED that pursuant to provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves appointment of Shri K. D. Bhat as the 'Managing Director' of the Company for a period of two years from 1st April, 2010 to 31st March, 2012 on the terms and conditions and the remuneration as approved by the Board of Directors and as set out in the Agreement to be entered into between the Company and Shri K. D. Bhat, a draft of which has been placed before the meeting and initiated by the Chairman, for the purpose of identification.

RESOLVED FURTHER that the Board of Directors be and is hereby empowered and authorised to vary such terms and conditions of the Agreement including any increase or enhancement in remuneration not exceeding the limits specified in Schedule XIII of the Companies Act, 1956 or any amendments thereto, as may be agreed to by the Board of Directors and Shri K. D. Bhat.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to enter into an Agreement on behalf of the Company with Shri K. D. Bhat, as per the said draft of the Agreement".

By Order of the Board of Directors

A. V. Gaikwad
Executive Director &
Company Secretary

Mumbai

Dated : July 30, 2009

Registered Office : Vision House, Tivim,
Mapusa, Goa 403 526.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. Members/Proxies should fill in and bring the attendance slip for attending the meeting. Members who hold shares in dematerialised form should bring their Client ID and DPID numbers for their identification of attendance at the meeting.
3. For the purpose of Annual General Meeting the Register of Members and Transfer Books shall remain closed from Thursday the 17th September, 2009 to Friday the 25th September, 2009 (both days inclusive).
4. The Company has already transferred unclaimed Dividend declared upto the financial year ended 31st March, 2001 to Investor Education and Protection Fund as required under the provisions of Section 205A and Section 205C of the Companies Act, 1956. For subsequent years from the financial year 2001-02 to 2008-09 because of the losses incurred by the Company no Dividend has been declared.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT.

As required under Clause 49 (VI-A) of the Listing Agreement the particulars of Directors who are proposed to be re-appointed are given below :

- I Name : SHRI KAVAS D. PATEL
 Age : 63
 Qualification : B.Com., Member (Fellow) of the Institute of Chartered Accountants – England and Wales.
 Experience : Shri Kavass D. Patel is a qualified Chartered Accountant with 19 years employment experience with Polaroid Corporation in Europe, U.S.A. and Asia. He has been on the Board of Directors of the Company since 1993. He is the Chairman of Audit & Shareholders' Grievance Committee, Chairman of Remuneration Committee and a member of Board Committee.

Other Directorships :

Name of the Company	Position/Status	Membership (M)/ Chairmanship (C) of Committees
1. Dai-ichi Karkaria Ltd	Director	Chairman of Audit Committee
2. Uniklingor Ltd.	Director	Chairman of Audit Committee
3. Indian Oxides & Chemicals Ltd.	Director	-
4. Inarco Ltd.	Director	-
5. ARI Consolidated Investments Ltd.	Director	-
6. Baker Oil Trading (India) Ltd.	Director	-
7. Tasty Bite Eatables Ltd.	Director	-

- II Name : SHRI JOHN B. BOWMAN
 Age : 92
 Qualification : M.A. (1st Class Hons. Edin) ICS.
 Experience : Shri John B. Bowman is a retired ICS Officer and former stipendiary Vice-President of Bombay Chamber of Commerce and Industry and has wide experience in Industry and Commerce. He has been on the Board of Directors of the Company since 1985. He is also a member of the Remuneration Committee.

Other Directorships :

Name of the Company	Position/Status	Membership (M)/ Chairmanship (C) of Committees
1. Mahindra Engineering Chemical Products Ltd.	Alternate Director	-
2. Roplas (India) Ltd.	Director	-

By Order of the Board of Directors

A. V. Gaikwad
 Executive Director &
 Company Secretary

Mumbai.
 Dated : July 30, 2009
 Registered Office :
 Vision House, Tvim,
 Mapusa, Goa 403 526.

ANNEXURE TO NOTICE

Explanatory Statement setting out material facts as required under Section 173 of the Companies Act, 1956 in respect of items of Special Business as per the Notice.

Item No. 5

The business volume of the Company has been considerably reduced and only operations of Food Division are continued. Because of the suspension of trading on both the Stock Exchanges the transactions pertaining to transfer of shares have also got considerably reduced.

Further, since revival of the business operations is going to take a considerable time and it may not be at the level of the operations earlier obtained by the Company, the Board of Directors at their meeting held on 18th April, 2009 decided that the equity shares of the Company listed on National Stock Exchange of India Ltd. (NSE) be delisted and only the listing on Bombay Stock Exchange be continued.

Accordingly, the Company is now in the process of complying with the procedures of voluntary delisting as indicated by NSE and as per the provisions of SEBI guidelines issued for voluntary delisting. A Resolution for voluntary delisting of the equity shares is put for approval of the Shareholders. None of the Directors is interested or concerned in this Resolution.

Item No. 6

Shri A. V. Gaikwad has served the Company in various capacities since June 1990. He was reappointed as a Executive Director of the Company with effect from 1st November, 2006 and his reappointment was approved by the shareholders by passing a resolution in the 24th Annual General Meeting of the Company held on 7th December, 2007. His term as the Executive Director will end on 31st October, 2009. Shri A. V. Gaikwad does not desire to be re-appointed as the Executive Director of the Company. He will also cease to be the Company Secretary at the end of 31st October, 2009. He is however willing to be appointed as a non-executive director of the Company with effect from 1st November, 2009 i.e. immediately upon his ceasing to be the Executive Director and Company Secretary of the Company on 31st October, 2009.

As required under Section 257 of the Companies Act, 1956, notices have been received by the Company from two members of the Company alongwith a deposit of Rs. 500/- each signifying their intention to propose the candidature of Shri A. V. Gaikwad for the office of the Director of the Company, liable to retire by rotation.

The Board of Director recommends his appointment as a Director of the Company to utilise his services particularly for business and financial restructuring.

None of the Directors, except Shri A. V. Gaikwad is concerned or interested in the said resolution.

Item No. 7

Shri A. V. Gaikwad has served the Company in various capacities for a period of 19 years. He retires on 31st October, 2009 as the Executive Director and Company Secretary of the Company. During his association with the Company he rendered excellent service to the Company. He has been persuaded to continue as a non-executive director of the Company with effect from 1st November, 2009 and for this purpose a resolution is proposed at item No. 6 as mentioned above.

If Shri A. V. Gaikwad is appointed as a Non-Executive Director of the Company with effect from 1st November, 2009, his appointment as a Consultant may tantamount to a Director holding office or place of profit in the Company and would require consent of the Company accorded by a Special Resolution as required by Section 314 (1) of the Companies Act, 1956. The Board of Directors of the Company at their meeting held on 30th July, 2009 have resolved to appoint Shri A. V. Gaikwad as a Consultant to the Company with effect from 1st November, 2009, subject to the approval of the shareholders of the Company as required by Section 314 of the Companies Act, 1956. The consultancy fees payable to Shri A. V. Gaikwad as a Consultant to the Company and other terms and conditions on which he will be appointed as a Consultant are contained in a draft of the Agreement proposed to be entered into between the Company and Shri A. V. Gaikwad. The main terms and conditions contained in the said draft Agreement are as under :

- (i) Shri Gaikwad will act as a Consultant to the Company in respect of the Company's business activities and corporate matters.
- (ii) He will devote such reasonable time as a Consultant to the Company as may be necessary and as may be reasonably required by the Company but he shall not be required to devote his full time as a Consultant.
- (iii) Shri Gaikwad will be paid a consultancy fee of Rs. 25,000/- per month.
- (iv) Shri Gaikwad will be reimbursed all travelling, conveyance and out-of-pocket expenses incurred by him for the Company's business.
- (v) Shri Gaikwad will be free to act as a Consultant/Advisor to any other party.
- (vi) Shri Gaikwad will act as a Consultant for a period of two years with effect from 1st November, 2009. However, this arrangement may be terminated by either party by giving three months notice in writing.
- (vii) The remuneration payable to Shri Gaikwad shall be in addition to any sitting fee he may get as a Director of the Company.

The said draft Agreement is available for inspection for the Members of the Company at the Registered Office of the Company on any working day between 11.00 a.m. and 1.30 p.m.

The Directors commend this resolution for acceptance by the Members. None of the Directors of the Company is interested in the said resolution except Shri A. V. Gaikwad as it concerns his appointment as the Consultant to the Company and payment of consultancy fees to him.

Item No. 8

The term of appointment of Shri K. D. Bhat as Managing Director will end on 31st March, 2010. The Remuneration Committee at the meeting held on 30th July, 2009 recommended his re-appointment for a further period of two years from 1st April, 2010 to 31st March, 2012 and payment of remuneration to him subject to approval of the Board and subject to approval of the Shareholders in General Meeting.

PHIL CORPORATION LIMITED

Accordingly the Board on 30th July, 2009 passed the Resolution for re-appointment of Shri K. D. Bhat as the Managing Director for a further period of two years with effect from 1st April, 2010 and remuneration payable to him, subject to the approval of Shareholders in General Meeting.

The re-appointment of Shri K. D. Bhat as Managing Director is in accordance with the provisions of Schedule XIII of the Companies Act, 1956. The main terms and conditions of the re-appointment and remuneration payable to him are as follows :

I) REMUNERATION

Salary & Perquisites

- i) Salary : Rs. 42,000/- per mensem with an annual increment of Rs. 3000/- per mensem or such higher increment as may be decided by the Board of Directors
- ii) Perquisites : As may be decided by the Board so long as all perquisites together with salary do not exceed the limits as laid down by Schedule XIII of the Companies Act, 1956. However, payment of the following perquisites will not be included in the computation of the ceiling on remuneration :
 - a) Provident Fund/Superannuation : Company's contribution to Provident Fund and/or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - b) Gratuity : One-half month's salary for each completed year of service.
 - c) Leave & Leave Encashment : Privilege leave of one month for every 11 months of service.
Encashment of accumulated leave at the end of the tenure or earlier termination.

II) MINIMUM REMUNERATION : The above remuneration mentioned in I above, will be paid as Minimum Remuneration in case of loss or inadequacy of profits in any financial year during the term of appointment.

III) OTHER TERMS & CONDITIONS : The Managing Director shall also be entitled to :

- a) Provision of car with driver (or Reimbursement of driver's Salary and vehicle expenses).
- b) Free telephone facility.
- c) Reimbursement of all reasonable expenses including entertainment expenses incurred bonafide in connection with the business of the Company.

Shri K. D. Bhat is interested in this resolution since it pertains to his appointment and payment of remuneration to him. No other Director is interested or concerned in this Resolution.

The draft of the proposed agreement to be entered into between Shri K. D. Bhat and the Company is available for inspection by members of the Company on any working day between 10.00 a.m. to 1.00 p.m. at the Registered Office of the Company.

By Order of the Board of Directors

A. V. GAIKWAD
Executive Director &
Company Secretary.

Mumbai
Dated : July 30, 2009

Registered Office :
Vision House, Tivim,
Mapusa, Goa – 403 526.

BOOK - POST



**If undelivered, please return to:
Phil Corporation Ltd., Excom House, 7, Saki Vihar Road, Andheri (East), Mumbai - 400 072**