

PHIL CORPORATION LIMITED

ANNUAL REPORT

2010 - 2011



IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "**Green Initiative**" in the Corporate Governance by allowing paperless compliances by the Companies, and issued circulars stating that service of notices/documents including Annual Reports can be effected to its members in electronic form.

In order to fully support this Green Initiative of the Ministry, members are requested to come forward and register their email addresses, and update the same from time to time.

Members holding their shares in demat form may please register their email addresses with their concerned Depository Participants.

Members holding their shares in physical form may intimate their email addresses either to the Company by sending a mail to companysecretary@philproducts.com or to the Company's Registrar & Share Transfer Agents, mentioning their Folio Numbers.

Board of Directors

A. Y. Fazalbhoy - Chairman
Kavas D. Patel - Vice Chairman
Dr. J. C. Almeida - Director
Sadashiv V. Shet - Director
K. D. Bhat - Managing Director
A. V. Gaikwad - Director

Audit & Shareholders' Grievance Committee

Kavas D. Patel - Chairman
A. Y. Fazalbhoy - Member
Sadashiv V. Shet - Member
A. V. Gaikwad - Member

Remuneration Committee

Kavas D. Patel - Chairman
A. Y. Fazalbhoy - Member
Dr. J. C. Almeida - Member
K. D. Bhat - Member

Secretary & Compliance Officer

B. S. Sridhara

Registered Office

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

Auditors

V. C. Shah & Company
Chartered Accountants, Mumbai

Solicitors

Gagrats,
Vigil Juris

Factory

Mauxi Road, Valpoi,
Sattari - Goa.

Executive Office

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

Registrars & Share Transfer Agents

Datamatics Financial Services Ltd.
Plot No. B-5, MIDC, Part B Cross Lane,
Marol, Andheri (E), Mumbai - 400 093.

Contents

Page No.

Directors' Report / Management Discussion and Analysis	1
Auditors' Report	10
Accounts	21
Notice	27

DIRECTORS' 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, 2011.

2. Financial Results at a glance :

	Rs. in Lacs	Rs. in Lacs
	2010-11	2009-10
Sales & Services	119.24	77.10
Other Income	45.66	145.90
	<u>164.91</u>	<u>223.00</u>
Gross Operating Profit/(Loss)	(150.39)	(12.00)
Less : Interest	-	-
Depreciation	21.39	19.59
	<u>21.39</u>	<u>19.59</u>
Profit/(Loss) before Tax	(171.79)	(31.59)
Less : Tax Adjustment	41.12	-
	<u>(129.67)</u>	<u>(31.59)</u>
Profit/(Loss) after Tax	(212.91)	(31.59)
Less : Extraordinary Items	403.38	-
	<u>190.47</u>	<u>(31.59)</u>
Balance	190.46	(31.59)
Add : Balance brought forward	(2544.42)	(2512.83)
	<u>(2353.95)</u>	<u>(2544.42)</u>
Balance (Loss) carried to 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 2010-11.

4. Management Discussion and Analysis Report :

i) Financial Results

Sales during the year were Rs. 119.24 lacs compared to Rs. 77.10 lacs during the previous financial year. The other income mainly consisted of the profit from sale of fixed assets

The extraordinary item of provision written back is in respect of provision for sales tax / customs duty as mentioned in the Notes to Accounts.

After taking into account the extraordinary item and after adjustment of brought forward losses, the amount of loss carried to the balance sheet is Rs. 2353.95 lacs.

ii) Operations & Restructuring

The Company had taken various initiatives and adopted different strategies for restructuring Company's business operations and particularly for ensuring steady development of Food Business, and the results are encouraging. Some of the old issues like settlement of redemption of Preference Shares, etc, will hopefully be resolved during the coming years, thereby completing the restructuring.

iii) Risks and Concerns

Infusing funds for development of business and suitably managing the same, would be required to exploit fully the available opportunities and to minimise the risks of competition.

iv) Internal Control and Systems

The Company has an adequate internal control system to review the risks and 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 64 nos. of fixed deposits amounting to Rs. 10.83 lacs which remained unclaimed as of 31st March, 2011. 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 A.V. Gaikwad retire by rotation and are eligible for re-appointment. The resolutions pertaining to their re-appointment are put for your approval.

Shri S. V. Muzumdar and Shri John B. Bowman resigned on account of their ill health. In the casual vacancies caused by resignations of these two Directors Dr. J. C. Almeida and Shri Sadashiv V. Shet were appointed as Independent Directors liable to retire by rotation.

9. Directors' Responsibility Statement :

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, 2011 and of the operating 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 Auditors' Report :

There are no qualifications in the Auditors' Report regarding audited Accounts for the year ended March 31, 2011.

The Auditors have made certain comments and observations in their report in respect of non-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 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. 5 of Notes to Accounts.
- b) As regards various disputed statutory liabilities stated as Contingent Liabilities the Company has submitted its appeals before adjudication /appellate authorities and is of the opinion that the matters will be decided in Company's favour.

11. 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.

12. 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.

13. 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

A. Y. Fazalbhoy
Chairman

Place : Mapusa, Goa
Dated : 21st June, 2011

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	2	2	3
Shri K.D. Bhat	Managing Director	Executive	-	-	-
Shri A.V. Gaikwad	Director	Non-Executive	-	-	-
Dr. J. C. Almeida***	Director	Independent, Non-Executive	-	-	-
Shri Sadashiv V. Shet***	Director	Independent, Non-Executive	1	-	-

83.33% Non-Executive

50% Independent

* Upto 31.01.2011 ** Upto 24.11.2010 *** W.e.f. 31.01.2011

NOTES :

1. Except the Managing 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, Shareholders' 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(I)(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 : 5	27th AGM held on 29th September, 2010	Dates of Board Meetings held during the period
	Attended	Attended	
Shri A.Y. Fazalbhoy	3	N	12.06.2010
Shri Kavas D. Patel	5	Y	31.08.2010
Shri John B. Bowman	1	N	29.09.2010
Shri S.V. Muzumdar	2	N	24.11.2010
Shri K.D. Bhat	5	Y	31.01.2011
Shri A.V. Gaikwad	5	Y	
Dr. J. C. Almeida	1	N/A	
Shri Sadashiv V. Shet	1	N/A	

Shareholding of Non-Executive Directors :

The shareholding of the Non-Executive Directors as on 31st March, 2011 is as follows :

Name of the Non-Executive Director	No. of Equity Shares held	% of paid up Equity Capital
1. Shri A.Y. Fazalbhoy (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%
5. Shri A.V. Gaikwad	1,200	0.01%
6. Dr. J. C. Almeida	Nil	--
7. Shri Sadashiv V. Shet	Nil	--

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. Fazalbhoy -- Member

Shri S.V. Muzumdar -- Member

Shri A. V. Gaikwad -- 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 four 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 : 4	Dates of the Audit Committee Meetings held during the year
	Attended	
Shri Kavas D. Patel	4	12.06.2010
Shri A.Y. Fazalbhoy	3	31.08.2010
Shri S.V. Muzumdar (upto 24.11.2010)	1	24.11.2010
Shri A. V. Gaikwad	2	31.01.2011

Remuneration Committee :

The Remuneration Committee consists of the following Members :

1. Shri Kavas D. Patel -- Chairman
2. Shri John B. Bowman – Member (upto 31.01.2011)
3. Shri A.Y. Fazalbhoy – 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.

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, except in case of Shri A. V. Gaikwad to whom Consultancy Fees have been paid as per approval of the Board / Shareholders.

Managing Director/Whole-time Director :

As approved by the Shareholders, the Company is paying remuneration to Managing Director by way of salary and perquisites (Fixed component). No commission or

incentive is paid or payable to the Managing Director. No sitting fees for attending Board Meetings or any other Committee Meetings of the Company are paid to Managing 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 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 : Two years from 1st April, 2010

Notice Period : By either party giving three Months notice in writing.

Restrictive covenants/ Severance Pay : As per Board Resolution dated 30th July, 2009 and the Agreement entered between Shri K. D. Bhat 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, 2011 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	–	18,000/-	18,000/-
Shri Kavas D. Patel	–	27,000/-	27,000/-
Shri John B. Bowman	–	3,000/-	3,000/-
Shri S.V. Muzumdar	–	12,000/-	12,000/-
Shri A. V. Gaikwad	*3,00,000	21,000/-	3,21,000/-
Dr. J. C. Almeida	–	3,000/-	3,000/-
Shri Sadashiv V Shet	–	3,000/-	3,000/-

* Consultation Fees

The details of Remuneration paid to Shri K.D. Bhat, Managing Director 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	5,04,000/-	60,480/-	65,520/-	6,30,000/-

Executive Committee of Directors :

This Non-Mandatory Committee was constituted in the year 1985 and its composition as at 31st March, 2011 is as follows :

Shri A.Y. Fazalbhoy - Chairman
 Shri Kavas D. Patel - Vice Chariman
 Shri K.D. Bhat - Managing Director
 Shri A.V. Gaikwad - Director

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 two Directors of the Company. 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.

In all 13 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 Times (Goa) (English)

Venue & Time of previous Three Annual General Meetings :

Day	Date	Time	Venue
Wednesday	29th September, 2010	4.30 p.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)
Friday	25th September, 2009	4.00 p.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)
Monday	29th September, 2008	5.00 p.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 :

28th Annual General Meeting – Day, Date, Time and Venue

Day	Date	Time	Venue
Thursday	8th September, 2011	4.30 p.m.	Mapusa Residency (Tourist Hostel, Mapusa, Goa)

There are no Special Resolutions for approval of the members by Postal Ballot system at the 28th Annual General Meeting

Financial Calendar :

- Financial Year : 1st April, 2010 to 31st March, 2011
- Unaudited Results : 1st Quarter - (April - June, 2010) August, 2010
- Unaudited Results : 2nd Quarter - (July - September, 2010) November, 2010
- Unaudited Results : 3rd Quarter - (October - December, 2010) January, 2011
- Unaudited Results : 4th Quarter - (January - March, 2011) April, 2011
- Accounts Approval / Audited Results : June, 2011

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

Book Closure :	Dividend Payment
From Thursday the 1st September, 2011 to Thursday the 8th September, 2011 (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

Demat ISIN in NSDL & CSDL : INE601A01017

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.

The revocation of suspension is being actively considered by BSE and it will be done shortly after certain compliances are made.

Shareholding Pattern as on 31st March, 2011

Category	No. of Shares held	% of Shareholding
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	43,300	0.37
Foreign Institutional Investors	1,000	0.01
Private Corporate Bodies	2,67,441	2.30
Indian Public	54,17,198	46.50
Non-resident Indians/OCBs	52,788	0.45
Total	1,16,50,000	100.00

Distribution of Shareholding as on 31st March, 2011

Sr. No.	Share Range		Shares	% To Capital	No. of Holders	% to Total Holders
	From	To				
1	1	500	2430259	20.85	13,639	87.83
2	501	1,000	898856	7.72	1088	7.01
3	1001	2,000	691296	5.93	425	2.74
4	2001	3,000	383266	3.29	147	0.95
5	3001	4,000	219055	1.88	61	0.39
6	4001	5,000	289570	2.49	60	0.39
7	5001	10,000	506227	4.35	69	0.44
8	10001	50,000	513755	4.41	27	0.17
9	50001	and above	57,17,716	49.08	12	0.08
TOTAL			1,16,50,000	100.00	15,528	100.00

Status of Shareholders' Complaints/Service Requests received and attended during the period :

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, 2010	0	0
(ii) Received during the year	4	47
(iii) Resolved/Attended during the year.	4	47
(iv) Pending as on 31st March, 2011	0	0

Registrars & Share Transfer Agents:

Datamatics Financial Services Ltd.
Plot No. B-5, 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, 2011 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, 2011, 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 Accountants
Firm Reg. No. 109818W

Place : Mumbai
Dated : 21st June, 2011

V. C. Shah
Partner
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, 2011.

For PHIL CORPORATION LIMITED

Place : Mapusa, Goa
Dated : 21st June, 2011

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.
 - 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. in lacs
Capital	-
Recurring	<u>0.00</u>
TOTAL	<u>0.00</u>
Total R & D Expenditure as percentage of turnover	-

5. Imported Technology :

- (a) Technology imported over past 5 years Nil
- (b) Has the technology been fully developed N/A

C. Foreign Exchange Earnings and Outgo :

The details of foreign exchange earnings and outgo are given in Note No. 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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011, 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, 2011;
 - (ii) in the case of the Profit and Loss Account, after considering extraordinary items, the profit 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
Firm Reg. No. 109818W

Place : Mumbai
Dated : 21st June, 2011

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) There has been no substantial disposal of fixed assets during the year.
- (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), (d), (e), (f) and (g) 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, the Company has not accepted any fixed deposits from the public during the year. There are unclaimed deposits, in respect of which 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. In respect of the orders passed by the Company Law Board in earlier years the Company has complied with the said orders.
- (vii) We are informed that in view of closure of substantial business of the Company the management has not considered it appropriate to have any formal internal audit system.
- (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, Cess have been generally, regularly deposited during the year 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, 2011 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 dues, as at the last day of the financial year outstanding 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	552616	April 2005 to August 2005
Delhi - Sales Tax Payable	Sales Tax	459090	April 1992 to March 1997
Chennai	VAT	6854	April 2010 to September 2010
Maharashtra VAT Act, 2002	VAT	399614	April 2006 to September 2010
Goa Sales Tax	Sales Tax	1159441	April 2006 to September 2010
Under Payment of Gratuity Act	Gratuity	3589579	Upto 31st March, 2010

(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	Forum where dispute is pending	Amount (Rs.)
Duty Drawback Rules	1989-1990	High Court, Mumbai	7,04,000
Foreign Trade (Development & Regulation) Act, 1992	1999-2000	DGFT/Jt.DGFT	1,92,73,000
Excise Duty on Films.	2003-2005	Central Excise Tribunal	1,70,46,000
State Sales Tax \ CST \ CENTRAL EXCISE \ SERVICE TAX	1992-2006	Appellate Tribunal	4,73,85,313

(x) The accumulated losses at the end of the financial year are more than 50% of the net worth. The Company has incurred cash loss of Rs. 1,66,57,419/- in the current financial year and Rs. 95,15,805/- in the preceding financial year.

(xi) In our opinion and according to information given to us, the Company does not owe any dues to Financial Institutions, Banks or Debenture holders. Therefore the provisions of clause 4(xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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 (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) 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.
- (xv) According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us, the Company has not taken any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not raised any funds on short term or long term basis.
- (xviii) 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.
- (xix) The Company has not issued any debentures during the year.
- (xx) During the year, the Company has not raised any money by public issue.
- (xxi) 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
Firm Reg. No. 109818W

Place : Mumbai
Dated : 21st June, 2011

V. C. Shah
Partner
Membership No. 10360

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	2011 Rs.	2010 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	11,85,555	11,85,555
		<u>11,85,555</u>	<u>11,85,555</u>
TOTAL		<u>26,88,01,902</u>	<u>26,88,01,902</u>
APPLICATION OF FUNDS			
3. Fixed Assets	4		
Gross Block		17,27,00,530	18,08,96,125
Less: Depreciation		8,35,22,035	8,33,80,836
Provision for Impairment Loss		5,18,82,172	5,18,82,172
Net Block		<u>3,72,96,323</u>	<u>4,56,33,118</u>
4. Investments	5	10,000	10,000
5. Current Assets, Loans and Advances			
Inventories	6	13,33,208	28,29,800
Sunday Debtors	7	19,93,118	14,38,528
Cash and Bank Balances	8	30,84,149	30,89,533
Loans and Advances	9	32,29,055	1,04,76,735
		<u>96,39,530</u>	<u>1,78,34,596</u>
6. Less: Current Liabilities & Provisions	10		
Current Liabilities		97,38,707	4,94,14,287
Provisions		38,00,738	38,15,904
		<u>1,35,39,445</u>	<u>5,32,30,191</u>
7. Net Current Assets		<u>(38,99,915)</u>	<u>(3,53,95,595)</u>
8. Deferred Tax Asset			41,12,199
9. Miscellaneous Expenditure	11	23,53,95,493	25,44,42,182
TOTAL		<u>26,88,01,902</u>	<u>26,88,01,902</u>
Statement of Significant Accounting Policies	18		
Notes to Accounts	19		

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

As per our report attached

For V.C.SHAH & CO.
Chartered Accountants
Firm Reg. No. 109818W

V.C.SHAH
Partner
Membership No. 10360
Mumbai
Dated: 21st June, 2011

K.D.BHAT
Managing Director

B.S. SRIDHARA
Company Secretary

For and on behalf of the Board of Directors

A. Y. FAZALBHOY - Chairman

KAVAS D. PATEL - Vice Chairman

A. V. GAIKWAD - Director

SADASHIV V. SHET - Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	2011 Rs.	2010 Rs.
INCOME			
Sales and Services	12	1,19,24,416	77,10,157
Other Income	13	45,66,606	1,45,89,714
		<u>1,64,91,022</u>	<u>2,22,99,871</u>
Less : EXPENDITURE			
Cost of Goods sold	14	1,06,37,810	70,36,598
Personnel	15	51,73,689	54,64,729
Other Expenses	16	1,57,19,240	1,09,94,319
Excise		-	4,638
		<u>3,15,30,739</u>	<u>2,35,00,285</u>
Gross Operating Profit/(Loss)		(1,50,39,717)	(12,00,413)
Less: Depreciation		21,39,399	19,59,063
		<u>21,39,399</u>	<u>19,59,063</u>
Profit/(Loss) before Taxation		(1,71,79,116)	(3159476)
Add : Tax adjustment		41,12,199	-
Profit/(Loss) after Taxation		(2,12,91,315)	
Less Extra Ordinary items	17	4,03,38,005	
Profit after extraordinary items		1,90,46,690	(3159476)
Add: Balance brought forward		(25,44,42,183)	(25,12,82,707)
Loss carried to Balance Sheet		<u>(23,53,95,493)</u>	<u>(25,44,42,183)</u>
Statement of Significant Accounting Policies	18		
Notes to Accounts	19		

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
Firm Reg. No. 109818W

V.C.SHAH
Partner
Membership No. 10360

Mumbai
Dated: 21st June, 2011

K.D.BHAT
Managing Director

B.S. SRIDHARA
Company Secretary

For and on behalf of the Board of Directors

A. Y. FAZALBHOY - Chairman

KAVAS D. PATEL - Vice Chairman

A. V. GAIKWAD - Director

SADASHIV V. SHET - Director

PHIL CORPORATION LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
SCHEDULE 1		
SHARES CAPITAL		
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.	<u>10,00,00,000</u>	<u>10,00,00,000</u>
	<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)	11,85,555	11,85,555
	<u>11,85,555</u>	<u>11,85,555</u>

SCHEDULE 4

FIXED ASSETS

Rs.

	GROSS BLOCK-COST				DEPRECIATION			NET BLOCK	
	COST AS ON 1ST APRIL, 2010	ADDITIONS	DEDUCTION	COST AS ON 31ST MARCH, 2011	AS ON 31ST MARCH, 2011	AS ON 31ST MARCH, 2010	NET BLOCK AS 31ST MARCH, 2011	NET BLOCK AS 31ST MARCH, 2010	
LEASEHOLD LAND	17,69,821	-	6,00,000	11,69,821	-	-	11,69,821	17,69,821	
FREEHOLD LAND	2,20,050	-	-	2,20,050	-	-	2,20,050	2,20,050	
BUILDINGS	7,44,86,666	40,73,040	81,14,393	7,04,45,312	1,65,24,676	1,74,38,761	5,39,20,636	5,70,47,905	
PLANT & MACHINERY	8,66,05,781	8,01,240	-	8,74,07,021	5,87,63,444	5,81,57,608	2,86,43,577	2,84,48,173	
VEHICLES	13,81,846	-	-	13,81,846	3,41,620	2,08,592	10,40,226	11,73,254	
FURNITURE & FIXTURES	1,00,79,500	-	-	1,00,79,500	63,36,835	62,44,272	37,42,665	38,35,228	
COMPUTER	19,61,124	35,855	-	19,96,979	15,55,460	13,31,603	4,41,519	6,29,521	
CAPITAL WORK IN PROGRESS	17,65,04,788	49,10,135	87,14,393	17,27,00,530	8,35,22,035	8,33,80,836	8,91,78,494	9,31,23,952	
	43,91,337	-	43,91,337	-	-	-	-	43,91,337	
SUB TOTAL	18,08,96,125	49,10,135	1,31,05,730	17,27,00,530	8,35,22,035	8,33,80,836	8,91,78,494	9,75,15,290	
IMPAIRMENT LOSS	-	-	-	-	-	-	5,18,82,172	5,18,82,172	
T O T A L	18,08,96,125	49,10,135	1,31,05,730	17,27,00,530	8,35,22,035	8,33,80,836	3,72,96,322	4,56,33,118	
PREVIOUS YEAR	2,77,23,12,638	43,91,337	10,08,07,850	18,08,96,125	8,33,80,836	12,57,13,207	4,56,33,118	4,39,11,798	

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011	2010
	Rs.	Rs.
SCHEDULE 5		
INVESTMENTS		
Long Term		
Quoted - Fully Paid		
1000 Units of Rs. 10 each of Unit Trust of India UGS Scheme 10000	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>10,000</u>
Market value of Quoted Investments Rs. 34,000 (Previous year Rs. 34,000)		
SCHEDULE 6		
INVENTORIES		
Raw Materials & Components - at cost	5,06,798	3,73,763
Stores, packing materials etc. - at cost	7,48,728	5,92,940
Finished Goods - at lower of cost or realisable value	<u>77,682</u>	<u>18,63,097</u>
	<u>13,33,208</u>	<u>28,29,800</u>
SCHEDULE 7		
SUNDRY DEBTORS		
Unsecured		
Outstanding over six months - Considered good	1,86,368	4,68,417
Other Debts - Considered good	18,06,750	9,70,111
	<u>19,93,118</u>	<u>14,38,528</u>
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash and Cheques on Hand	62,407	11,055
With Scheduled Banks on		
i) Current Accounts	28,30,780	28,33,275
ii) Deposit Accounts	<u>1,90,962</u>	<u>2,45,203</u>
	<u>30,84,149</u>	<u>30,89,533</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances recoverable in cash or in kind or for value to be received	31,92,091	80,25,585
Balance with Excise, Customs etc.	-	21,69,484
Payments towards Income Tax	36,964	2,81,667
	<u>32,29,055</u>	<u>1,04,76,735</u>

SCHEDULE 10

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities

1. Sundry Creditors		
i) Total outstanding dues to Small Scale Industrial Undertaking	-	5,17,700
ii) Others	33,19,385	2,47,97,040
2. Advances from customers	2,71,056	18,82,387
3. Other Liabilities	61,48,266	2,22,17,161
	<u>97,38,707</u>	<u>4,94,14,287</u>

B. Provisions

For ESIC and Staff Benefits	38,00,738	38,15,904
	<u>1,35,39,445</u>	<u>5,32,30,191</u>

SCHEDULE 11

MISCELLANEOUS EXPENDITURE

Profit & Loss Account	23,53,95,493	25,44,42,182
	<u>23,53,95,493</u>	<u>25,44,42,182</u>

SCHEDULE 12

SALES AND SERVICE

Sales	1,19,24,416	77,09,068
Service	-	1,089
	<u>1,19,24,416</u>	<u>77,10,157</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
SCHEDULE 13		
OTHER INCOME		
Interest on Deposits	1,01,019	1,25,544
Dividend	-	14,111
Sale of Scrap	11,378	14,93,062
Miscellaneous Income	2,45,402	22,87,850
Sundry Debit / Credit Balance W/off	-	96,10,100
Profit on sale of Fixed Assets	42,08,807	10,59,046
	<u>45,66,606</u>	<u>1,45,89,713</u>
SCHEDULE 14		
COST OF GOODS SOLD		
Raw Materials Consumed		
Opening Stock		
Raw Materials and Components	3,73,763	10,24,090
Stores, packing materials etc.	5,92,940	7,12,851
	<u>9,66,703</u>	<u>17,36,941</u>
Purchase of Raw Materials and Components	91,41,218	55,55,983
	<u>1,01,07,921</u>	<u>72,92,924</u>
Less :		
Closing Stock		
Raw Materials and Components	5,06,798	3,73,763
Stores, packing materials etc.	7,48,728	5,92,940
	<u>12,55,526</u>	<u>9,66,703</u>
	88,52,395	63,26,221
Stock Adjustments		
Finished Goods		
Opening Stock		
	18,63,097	32,05,497
Less: Stock Scrapped		6,32,023
Less: Closing Stock	77,682	18,63,097
	<u>17,85,415</u>	<u>7,10,377</u>
	<u>1,06,37,810</u>	<u>70,36,598</u>
SCHEDULE 15		
PERSONNEL EXPENSES		
Salaries, Wages and Bonus	47,10,168	40,50,899
Staff Welfare Expenses	1,16,888	3,86,363
Contribution to Provident and Other Funds	3,46,635	10,27,467
	<u>51,73,691</u>	<u>54,64,729</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
SCHEDULE 16		
OTHER EXPENSES		
Stores Consumed	2,01,726	1,17,981
Rent	43,107	88,734
Rates & Taxes	1,80,726	61,587
Insurance	30,041	66,031
Power & Lighting	3,81,539	3,73,854
Travelling and Conveyance	29,57,865	11,83,127
Repairs & Maintenance		
- Machinery	39,408	1,19,812
- Building	42,480	2,02,748
- Others	4,92,552	4,72,734
	<u>5,74,440</u>	7,95,294
Packing, Freight & Forwarding	4,48,355	6,56,099
Advertising and Sales Promotion	3,72,661	2,57,284
Postage & Telephones	3,68,203	5,15,928
Printing & Stationery	2,39,564	2,43,595
Legal & Professional Charges	20,35,534	20,24,132
Security & Housekeeping Charges	5,79,314	5,64,522
Statutory Fees	4,11,355	4,28,344
Vehicle Expenses	17,32,182	8,10,256
Miscellaneous Expenses	6,55,775	9,67,909
Sundry Debit / Credit balances w/off	22,99,741	-
Sales Tax Paid	15,37,832	9,47,470
Auditors' Remuneration		
Audit Fees	2,00,000	3,15,000
Other Services	36,000	36,000
Travelling and Out of Pocket Expenses including Service Tax	39,750	36,155
	<u>2,75,750</u>	3,87,155
Directors' Fees	87,000	93,000
Bad Debts written off	3,06,530	4,12,016
	<u>1,57,19,240</u>	<u>1,09,94,319</u>
SCHEDULE 17		
EXTRA ORDINARY ITEM		
Write back of provisions for sales tax/custom duty made in earlier years	4,03,38,005	
	<u>4,03,38,005</u>	

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE-18

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :

- (i) **BASIS OF PREPARATION OF FINANCIAL ACCOUNTING POLICIES :**
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, 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 is made to Regional Provident Fund Commissioner. Contributions towards Super Annuation Fund and Gratuity 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 the 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 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) **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.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 19

2011 **2010**
Rs. **Rs.**

NOTES TO THE ACCOUNTS

1. SCHEME OF AMALGAMATION

In accordance with the Scheme of Amalgamation (the " Scheme") as approved by the Hon'ble High Court of Bombay at Goa vide its orders dated 06-08-2010 the whole business and affairs of the erstwhile GOKHATAK ENTERPRISES LIMITED the Wholly owned Subsidiary of the Company (the "Transferor Company") have been transferred to and vested in the Company with effect from the Appointed Date i.e. 01-04-2008. The scheme has accordingly been given effect to in the accounts.

The amalgamation being in the nature of merger has been accounted for under "Pooling of interests method" of accounting as prescribed by Accounting Standard (AS) 14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.

As per the scheme all the Assets and Liabilities of the Transferor Company have been taken at book value.

As per the Scheme, w.e.f. 1st April, 2008 upto 6th August, 2010 erstwhile Transferor Company has been carrying its business in "trust" on behalf of the Company. All the Income and Expenditure of the Transferor Company have been included in the Company.

2. Contingent Liabilities not provided for :

(i) Estimated amounts of contract remaining to be executed on capital account not provided for (net of advances)	-	5,00,000
(ii) Claims for Sales Tax / Excise / Service Tax not accepted by the Company for which appeals are pending.	4,73,85,313	9,59,72,654
(iii) Claims against the Company not acknowledged as debts.	1,32,25,000	2,50,42,516
(iv) Export obligations not fulfilled against advance / EPCG licences.	1,92,73,000	1,92,73,000
(v) Duty drawback claim granted and later revoked.	7,04,000	7,04,000
(vi) Counter Guarantee given to bankers against guarantee given by them for Sales Tax and Deposit for Electricity.	-	15,97,000
(vii) The Income Tax Assessments have been completed upto the Assessment Year 2008-09 and there is no demand raised by Income Tax Department.	-	-
(viii) 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

3. 1,00,000 - 13.75% Redeemable Cumulative Preference Shares of Rs. 100 each of the Company are held equally by General Insurance Corporation of India and New India Assurance Co. Ltd. These were due for redemption in June 2003. Dividend on Non Convertible Cumulative Redeemable Preference Shares upto the due date of Redemption not provided for, there being no profit : Rs. 41,25,000/-. Proposal for settlement of redemption of the said Preference Shares and waiver of right to cumulative dividend has been submitted by the Company.

4. In respect of Fixed Assets the provision for 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 are of the opinion that no further provision for impairment of fixed assets is considered necessary.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
5. During the financial year 2007-08 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 and funded. 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.		
6. 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.		
7. The realisability of Deferred Tax Assets of erstwhile subsidiary has been reviewed and adjustment has been made in the current year.		
8. Payments made or provided for the Whole time Directors		
(i) Salaries	504,000	9,47,000
(ii) Contribution to Provident/Superannuation Fund	60,480	2,36,750
(iii) Other Perquisites	65,520	4,38,557
Total	<u>630,000</u>	<u>16,22,307</u>

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

Class of goods	Units	Annual Installed Capacity on Single Shift Basis	Actual Production 2011	Actual Production 2010
1. Projectors			8	28
2. Roasted/Salted/Flavoured Nuts	Kgs.	15,04,000	19,992	20,062

Notes:

- i) Licensed Capacity : No Industrial Licence is required for manufacturing of any of the products of the Company.
- ii) Annual Installed Capacity-As certified by the Management and relied upon by Auditor being a technical matter.
- iii) Terminal production of Projectors during the year.

10. (a) Turnover by class of goods:

Projectors & Spares	60,339	2,89,407
Photosensitive coated products	-	46,527
Food Products	1,18,64,077	73,73,134
Others	0	1,089
	<u>1,19,24,416</u>	<u>77,10,157</u>

(b) Details of goods Purchased

Photographic / Imaging Products	-	7,610
Food Products	91,41,218	55,48,373
	<u>91,41,218</u>	<u>55,55,983</u>

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011 Rs.	2010 Rs.
(c) Opening and Closing stock held in hand and in transit:		
Photographic / Imaging Products, Spares and Accessories		
Opening Stock	18,20,512	25,21,362
Closing Stock	0	18,20,512
Others (Food Products)		
Opening Stock	42,585	52,112
Closing Stock	77,682	42,585
Total Opening Stock	<u>18,63,097</u>	<u>25,73,474</u>
Total Closing Stock	<u>77,682</u>	<u>18,63,097</u>

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.

11. Consumption of Raw materials and Components:

Indigenous

Assorted type Components of Projectors	0.34%	30800	4.19%	256274
Food Products (Processed Nuts, Cereals etc.)	<u>99.66%</u>	<u>8821595</u>	<u>95.81%</u>	<u>6069947</u>
	<u>100%</u>	<u>8852395</u>	<u>100%</u>	<u>6326221</u>

Note: The above components are consumed in production of goods stated in Note No.10.

12. Extraordinary items relate to write back of Provision made in earlier year for Sales-tax, arising due to favourable decision of Tribunal and of cessation of liability for customs duty on goods in Bonds.

13. Cost of goods sold includes the value of Rs. 17,98,097/- of obsolete stocks written off during the year.

14. Earning in Foreign Currency

Exports of Goods on F.O.B. basis

15. The names 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, 2011 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.

16. On account of uncertainty of restructuring of business no segment reporting can be done.

SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	2011	2010
	Rs.	Rs.
17. Earning Per Share Calculation		
Net Profit/(Loss) after Tax	(2,12,91,315)	(31,59,476)
No of Equity Shares	1,16,50,000	1,16,50,000
Earning Per share (Basic)	(1.83)	(0.27)
Diluted	(1.83)	2.51
18. Related Party Disclosures		
a) List of Related Parties		
Other Related Parties with whom transactions have taken place during the year:		
New Vision Group Holding Pvt. Ltd.		
New Vision Imaging Pvt. Ltd.		
New Vision Printing Services Pvt. Ltd.		
b) Transactions with related parties		
1) Sales, Services and other income		
Associates	4,10,675	6,79,548
2) Purchases of goods		
Associates	12,07,601	-
3) Outstanding balances as at 31st March, 2011		
Debtors		
Associates	-	54,48,60
4) Advance and Deposit		
Associates	-	10,50,000
5) Loans and advances include security deposits to Company in which Directors are interested.	-	10,50,000

19. Previous year's figures have been regrouped where necessary.

CASH FLOW STATEMENT AS ON 31ST MARCH, 2011 AS PER CLAUSE 32 OF LISTING AGREEMENT

	2011 Rs.	2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) After Tax & Extra - Ordinary items	19,046,690	(31,59,476)
Adjustment for :		
Depreciation	21,39,399	19,59,063
Bad Debts Written off	3,06,530	-
Interest & Dividend received	(101,019)	(1,39,655)
Profit on sale of fixed assets	(42,08,807)	(10,59,046)
Deffered Tax Assets W/off	41,12,199	-
Sundry Balances W/off	22,99,741	(63,36,276)
Operating Profit/Loss before Changes in Operating Assets (Increase)/Decrease in Operating Assets		
Inventories	14,96,592	22,82,160
Loans & Advances	72,47,680	33,14,861
Trade Receivables	(31,60,864)	(1,19,430)
Trade Payables	(3,96,90,746)	7,86,243
Cash Generated From Operations	(2,95,59,295)	6,87,920
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,18,798)	-
Sale of Fixed Assets	1,09,25,000	-
Sale of Investment	-	17,70,000
Net cash from Investing Activities	1,04,06,202	17,70,000
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest & Dividend received	1,01,019	1,39,655
Repayment of unsecured Loans	-	(1,35,000)
Net cash from Financing Activities	1,01,019	4,655
NET INCREASE IN CASH & CASH EQUIVALENTS	(5,384)	(6,96,901)
Cash & Cash Equivalents as on 31-03-10	30,89,533	37,86,434
Cash & Cash Equivalents as on 31-03-11	30,84,149	30,89,533

For and on behalf of the Board of Directors

K.D.BHAT <i>Managing Director</i>	A. Y. FAZALBHOY KAVAS D. PATEL	- <i>Chairman</i> - <i>Vice Chairman</i>
B.S. SRIDHARA <i>Company Secretary</i>	A. V. GAIKWAD SADASHIV V. SHET	- <i>Director</i> - <i>Director</i>

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Phil Corporation Ltd. for the year ended 31st March, 2011. 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
Firm Reg. No. 109818W

V.C. SHAH
Partner
Membership No. 10360

Mumbai
Dated: 21st June, 2011

PHIL CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the **28th ANNUAL GENERAL MEETING** of the Company will be held at **Mapusa Residency (Tourist Hostel), Near Kadamba Bus Stand, Mapusa, Goa - 403 507 on Thursday the 8th September, 2011 at 4.30 p.m. to transact the following :**

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors' Report, Auditors' Report and the audited Balance Sheet and Profit and Loss Account for the financial year ended 31st March, 2011.
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 A. V. Gaikwad, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To pass the following Resolution as an Ordinary Resolution for re-appointment of Shri Sadashiv V Shet as a Director of the Company :

"RESOLVED that Shri Sadashiv V. Shet be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board of Directors

B. S. Sridhara
Company Secretary
& Vice President

Dated : *21st June, 2011*

Registered Office :
Vision House,
Tivim Industrial Estate,
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 1st September, 2011 to Thursday the 8th September, 2011 (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 2010-11 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 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 : 64
Qualification : B.Com., Member (Fellow) of the Institute of Chartered Accountants - England and Wales.
Experience : Shri Kavas 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 : In Public Limited Companies :

Name of the Company	Position/Status	Membership (M)/ Chairmanship (C) of Committees
1. Dai-Ichi Karkaria Ltd.	Director	Chairman of Audit Committees
2. Uni Klingor Ltd.	Director	Chairman of Audit Committees
3. Indian Oxides & Chemicals Ltd.	Director	–
4. Inarco Ltd.	Director	–
5. ARI Consolidated Investments Ltd.	Director	–
6. Tasty Bite Eatables Ltd.	Director	–
7. Champion Dai-Ichi Technologies India Ltd.	Director	--

- II Name : SHRI A. V. GAIKWAD
Age : 65
Qualification : M.Com., ACS
Experience : Shri A. V. Gaikwad is a Post Graduate in Commerce and an Associate Member of the Institute of Company Secretaries. He has overall experience of 38 years in the field of Corporate Finance and Company Secretarial Work. He has been working with the Company for about 20 years and retired as Executive Director and Company Secretary in October 2009. At present he is Non-Executive Director of the Company and a member of Audit & Shareholders' Grievance Committee.

Other Directorships : In Public Limited Companies :

Name of the Company	Position/Status	Membership (M)/ Chairmanship (C) of Committees
	NIL	

By Order of the Board of Directors

B. S. Sridhara
Company Secretary
& Vice President

Dated : 21st June, 2011

Registered Office :
Vision House,
Tivim Industrial Estate,
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

Shri Sadashiv V. Shet was appointed as a Director at the Board Meeting held on 31st January 2011 to fill the casual vacancy caused by resignation of Shri J. B. Bowman. If Shri Bowman had continued, he would have retired by rotation at the ensuing Annual General Meeting. Therefore, Shri Sadashiv V. Shet's appointment is being taken up for approval of the Members.

As required under Clause 49 of the Listing Agreement, brief particulars of Shri Sadashiv V. Shet are given below :

I Name : SHRI SADASHIV V. SHET
Age : 60 years
Qualification : B.A. (Econ), B.Com., LL.B., FCS.
Experience : He has vast experience in handling Accounts and Company Secretarial matters in various Companies. He is a Fellow Member of the Institute of Company Secretaries of India and one of the seniormost among the Practising Company Secretaries in the State of Goa. He is also on the Board of GKB Ophthalmics Ltd.

Shri Sadashiv V Shet may be deemed to be interested in this Resolution since it pertains to his appointment as a Director. None of the other Directors is interested or concerned in this Resolution.

By Order of the Board of Directors

B. S. Sridhara
Company Secretary
& Vice President

Dated : 21st June, 2011

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

PHIL CORPORATION LIMITED

Regd. Office : Vision House, Tivim Industrial Estate, 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 **28th Annual General Meeting of the Company at Mapusa Residency (Tourist Hostel), Near Kadamba Bus Stand, Mapusa, Goa-403 507 on Thursday, the 8th September, 2011 at 4.30 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.

----- Tear Here -----

PHIL CORPORATION LIMITED

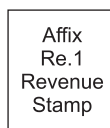
Regd. Office : Vision House, Tivim Industrial Estate, Mapusa, Goa-403 526

*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 **28th Annual General Meeting of the Company, to be held on Thursday, the 8th September, 2011 at 4.30 p.m.** and any adjournment thereof.

Signed this _____ day of _____ 2011.



* Applicable in case of Beneficial Owners of Dematerialised Shares.

Signature

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "**Green Initiative**" in the Corporate Governance by allowing paperless compliances by the Companies, and issued circulars stating that service of notices/documents including Annual Reports can be effected to its members in electronic form.

In order to fully support this Green Initiative of the Ministry, members are requested to come forward and register their email addresses, and update the same from time to time.

Members holding their shares in demat form may please register their email addresses with their concerned Depository Participants.

Members holding their shares in physical form may intimate their email addresses either to the Company by sending a mail to companysecretary@philproducts.com or to the Company's Registrar & Share Transfer Agents, mentioning their Folio Numbers.

BOOK - POST



If undelivered, please return to:
Phil Corporation Ltd., Vision House, Tivim Industrial Estate, Mapusa, Goa - 403 526.