



MULLER & PHIPPS (INDIA) LIMITED

**NINETY THIRD ANNUAL REPORT
2009-2010**

MULLER & PHIPPS (INDIA) LIMITED
NINETY THIRD ANNUAL REPORT 2009-2010

DIRECTORS :

U.K. Dhupelia
M.B. Dalal
R. Simkins
Christopher Beale

REGISTERED OFFICE :

221, Unique Industrial Estate
Off Veer Savarkar Marg
Prabhadevi
Mumbai 400 025

ADVOCATES & SOLICITORS :

Crawford Bayley & Co.

AUDITORS :

Ford,Rhodes,Parks & Co.

BANKERS :

State Bank of India
Syndicate Bank

R&T AGENTS :

Link Intime India Pvt Ltd
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai 400 078

FACTORY :

National House
13,14,15, Swami Nityanand Marg
Opp. Koldongri Municipal School
Vile Parle (East)
Mumbai 400 057

REGIONAL OFFICES/DEPOTS :

Mumbai, Ahmedabad, Indore
Delhi, Ghaziabad, Lucknow, Jaipur, Chandigarh
Calcutta, Cuttack, Patna, Ranchi, Guwahati
Bangalore, Chennai, Kochi, Hyderabad



NOTICE

Notice is hereby given that the **NINETY THIRD ANNUAL GENERAL MEETING OF MULLER & PHIPPS (INDIA) LIMITED** will be held at South Lounge, Ground Floor, MVIRDC World Trade Centre, Centre 1, Cuffe Parade, Mumbai 400 005 on Wednesday September 29, 2010 at 11.00 a.m. to transact the following business:

1. To receive and adopt the Directors' Report and the audited Balance Sheet and Profit & Loss Account for the year ended March 31, 2010 and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. Milan B. Dalal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Ford, Rhodes, Parks & Co. as Auditors to hold office from the conclusion of this Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

Registered office
221, Unique Industrial Estate
Off Veer Savarkar Marg
Prabhadevi
Mumbai 400 025

By Order of the Board

**U.K. DHUPELIA
DIRECTOR**

Dated at Mumbai
Date: 27th August 2010

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 2010 to September 29, 2010 (both days inclusive)
3. A Member or his proxy is requested to produce at the entrance of the meeting hall Admission Slip forwarded to the Member, duly completed and signed in accordance with the specimen signature registered with the Company.
4. A Member or his proxy is requested to bring the Annual Report sent to the Member, as extra copy will not be supplied due to high cost of paper and printing.
5. Details of Directors retiring by rotation and seeking reappointment as Director at this Annual General Meeting. (Item Sr. No. 2 of the Notice)

Name	Mr.Milan Dalal
Date of Birth & Age	09.02.1962 (48)
Appointed on	31/07/2006
Qualification	B.Com.
Expertise/experience	Finance & General Management
Directorship in other Public Companies	Foods & Inns Limited Muller & Phipps (India) Limited Bombay Swadeshi Stores Limited Bombay Stores Retail Company Limited CFL Securities Limited Cifco Limited The Amalgamated Electricity Company Limited
Shareholding	2350

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Mumbai 400 025

By Order of the Board

**U.K. DHUPELIA
DIRECTOR**

Dated at Mumbai
Date: 27th August 2010

DIRECTORS' REPORT TO MEMBERS

The Directors have pleasure in presenting this Ninety Third Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

	(Rs. in Lacs)	
	2009-2010	2008-2009
Gross Sales	1396.69	4229.00
Profit / (Loss) after Interest & Finance charges	(442.84)	(217.97)
Provision for Depreciation	5.78	13.26
Profit / (Loss) before tax & prior period items	(448.62)	(231.23)
Profit on Perpetual Assignment of Brand	506.73	246.11
Prior period Interest Income Reversed	2.48	-
Current Tax	-	-
Fringe Benefit Tax	-	11.75
Deferred tax adjustment Debit / (Credit)	-	-
Prior period Tax adjustments – debit / (credit)	1.03	(0.44)
Profit / (Loss) for the year	54.60	3.57
Add: Provision for gratuity as on 1/4/2008	-	-
Add: Profit / (Loss) balance brought forward from previous year	(658.47)	(662.04)
Balance available for appropriation	<u>(603.87)</u>	<u>(658.47)</u>

OPERATIONS : During the year sales were Rs. 1397 lacs against 4229 lacs in the previous year. We regret to advise you that our main distribution line Colormate terminated the distribution arrangement, which resulted in the shortfall in sales. Our efforts in lining up alternate products did not succeed to our expectation mainly because of the worsening market conditions for consumer products and ever increasing input cost on inhouse brands. In view of the carried forward losses directors do not recommend any dividend for the year under review.

FUTURE PROSPECTS : We are happy to advise during the current year we have finalized distribution arrangements with Simla Chemicals Pvt. Ltd. for handling their Simco brand of hair fixers, shampoos etc and the business has commenced in the Northern Region from June 2010. This brand has existing turnover in this area and we hope to improve upon the same with vigorous distribution efforts. Renewed efforts are being made to revamp our inhouse products portfolio and sales are improving. We are also in final stage of negotiation with a food products company in the Southern Region. It is hoped that with these additional business we will be in a position to break-even in the operation.

SUBSIDIARY COMPANIES:

The accounts of the Subsidiary Companies - Muller & Phipps Agencies Ltd. and Muller & Phipps (Industrial Services) Ltd. drawn up to 31st March, 2010 are annexed to this report.

FIXED DEPOSITS:

There are no fixed deposits outstanding as on 31st March, 2010.

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

As required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed.

PARTICULARS OF EMPLOYEES:

Information as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2010 has not been given as no employee is covered under the said Section.

PERSONNEL:

The relationship with employees was cordial and the Directors would like to thank the executives, members of the staff and workers at various levels in the Company.



DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

DIRECTORS:

Mr. Milan B. Dalal is due to retire at the ensuing Annual General Meeting and being eligible offers themselves for re- appointment.

SECRETARIAL COMPLIANCE:

The Secretarial Compliance Report required as per provisions of section 383A of The Companies Act 1956, has been obtained from Mr. Sanjay Soman of Sanjay Soman & Associates, a practicing Company Secretary for the financial year ended on 31.3.2010.

AUDITORS :

The Auditors, M/s. Ford, Rhodes, Parks & Co., retire at the end of the Annual General Meeting and they have given their consent for re-appointment.

AUDITORS REPORT:

- i) As regards Clause 1 of Annexure referred to in Clause 3 of the Auditors Report, the Company is in the process of updating the fixed assets records and the physical verification of assets is being conducted in a phased manner.
- ii) As regards Clause 7 of Annexure referred to in Clause 3 of the Auditors Report, the Company is in process of putting in place proper Internal Audit System commensurate with the size of the Company and nature of its business.

On behalf of the Board of Directors

U.K. DHUPELIA
DIRECTOR

MUMBAI

Dated: 27th August 2010

ANNEXURE TO THE DIRECTORS REPORT :

Information as per Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended 31st March, 2010.

1. CONSUMPTION OF ENERGY :

The actual energy consumption for the previous year ended 31st March, 2009 were 9036 (KWH) units and for the current year ending 31st March, 2010 were 9196 (KWH) units. The consumption being insignificant billing was based on 40% of the contract demand, the value of which was Rs. 1,59,970/- and Rs. 1,43,610/- respectively.

The energy consumption being insignificant the question of any alternate source of energy did not arise.

2. TECHNOLOGY ABSORPTION:

The Company has its own laboratory where Research and Development activities are carried out for up gradation of its existing products and introduction of new products.

3. FOREIGN EXCHANGE EARNINGS & OUTGOINGS :

The details relating to the foreign exchange earnings and outgoings are available in Notes No. 14 & 15 of the Notes forming part of the Accounts for the year ended 31st March, 2010.



SECRETARIAL COMPLIANCE CERTIFICATE

To,
The Members,
Muller & Phipps India Limited,

We have examined the registers, records, books and papers of Muller & Phipps India Limited, as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. the company has kept and maintained all registers as stated under the Companies Act 1956, as per the provisions and the rules made thereunder and all entries therein have been duly recorded. The list is attached as *Annx A* to this report. .
2. the company has duly filed the forms and returns as stated below, with the Registrar of Companies, Regional Director, Central Government. Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder. As per *Annx B* attached to this report.
3. the company is listed limited company and has the minimum prescribed paid-up capital.
The Company has *not invited or accepted* any fresh deposits from persons attracting the provisions of Section 58A of the Companies Act, 1956.
4. the Board of Directors duly met six (6) times on 24.04.09, 31.07.09, 7.09.09, 28.09.09, 30.10.09, and 30.1.10 in the financial year 2009-2010 and 4 times thereafter on 1.4.10, 28.4.10, 31.07.10 and 27.8.10 till date, in respect of which meetings; proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the company closed its Register of Members, and/or Debenture holders on to **23/10/2009 till 30/10/2009** and necessary compliance of section 154 of the Act has been made.
6. the annual general meeting for the financial year ended on 31st March 2009 was held on 30.10.2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. *No extra ordinary meeting was held during the financial year.*
8. the company has not advanced loans to its directors but the advances have been given to the persons or firms or companies referred in the section 295 of the Act.
9. the company has duly complied with the provisions of section 297 of the Act in respect of contracts specified in that section.
-the disclosure wherever necessary has been taken by Board.
10. the company has made necessary entries in the register maintained under section 301 of the Act.
-relevant records have been updated from time to time.
11. the company has obtained necessary approvals from the Board of Directors, members and previous approval of the Central Government pursuant to section 314 of the Act wherever applicable.
-not applicable
12. the Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
-The securities related transactions have been carried out by R & T Agents Link Intime India Pvt. Ltd from time to time under the POA.
13. the Company has: through its R & T Agents,
 - (i) delivered all the certificates on allotment of securities and on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared including interim dividend in a separate Bank Account on _____ which is within five days from the date of declaration of such dividend.
-Not applicable for the period under review
 - (iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with _____ Bank on _____.
-Not applicable for the period under review

(iv) transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.

-Not applicable for the period under review

(v) duly complied with the requirements of section 217 of the Act.

14. the Board of Directors of the company is duly constituted and the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.

15. the appointment of Managing Director/ Whole-time Director/Manager has been made in compliance with the provisions of section 269 read with Schedule XIII to the Act and approval of the Central Government has been obtained in respect of appointment of _____ not being in terms of Schedule XIII.

-Not applicable for the period under review

16. there is *no* appointment of sole-selling agent, attracting the provisions of the Act.

17. the company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.

18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

-the disclosures have been received from the directors as per provisions u/s 299 of the Companies Act 1956 and recorded.

19. the company has *not issued* shares/debentures/other securities during the financial year and complied with the provisions of the Act.

20. the company *has not* bought back any shares during the financial year.

21. the company *has not* redeemed any preference shares/debentures during the year.

22. the company wherever necessary has kept in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.

- as may be necessary as per instruction from the appropriate authorities.

23. the company *does not attract the compliance* with the provisions of sections 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975/ the applicable directions issued by the Reserve Bank of India/ any other authority in respect of deposits accepted including unsecured loans taken.

24. the amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year *ending 31.3.2010* is/are within the borrowing limits of the company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened annual/extraordinary general meeting.

- As per the Resolution passed in the Extra Ordinary General Meeting dated 31.5.94 for the maximum limit of Rs. 10 crores (for other than usual bank OD and c/c limits)

25. the company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and

--the company has taken the necessary entries in the register kept for the purpose.

26. the company has altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.

-Not applicable for the period under review

27. the company has altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny and complied with provisions of the Act.

-Not applicable for the period under review

28. the company has altered the provisions of the memorandum with respect to name of the company during the year under scrutiny and complied with the provisions of the Act.

-Not applicable for the period under review



29. the company has altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny and complied with the provisions of the Act.
-Not applicable for the period under review
30. the company has altered its articles of association after obtaining approval of members in the general meeting and the amendments to the articles of association have been duly registered with the Registrar of Companies.
-Not applicable for the period under review
31. a list of prosecution initiated against or show cause notices received by the company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the company in such cases is attached.
-Not applicable for the period under review.
32. the company has received Rs. _____ as security from its employees during the year under certification and the same has been deposited as per provisions of section 417(1) of the Act.
-Not applicable for the period under review
33. the company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to section 418 of the Act.
-All payments have been made upto date.

Note: The Qualification, reservation or adverse remarks, if any, have been stated at the relevant places *in Italics*.

For Sanjay Soman & Associates

Place: Mumbai
Date : 27.08.2010

Sanjay M Soman. (C. P. No. : 817)

Annx A The Company has maintained the following Registers of Records :

- a. *Register of Members* u/s 150
b. *Alpha Index* u/s 151
c. *Register of Contracts* u/s 301
d. *Register of Directors* u/s303
e. *Register of General Interest* u/s 299
f. *Register of Investments & loans* u/s 372A
g. *Minutes Book and Attendance Book for Board and General Meetings of members.*

Annx B

Forms and Returns as filed by the Company with the MCA, Central Government or other authorities during the Financial Year ending on 31st March,2010, till date. (Form/SRN No/Date/Filing Purpose)

1	FORM 66	P40836074	18.11.09	Compl Cert.
2	FORM 23 AC & 23 ACA	P40984320	18.11.09	BS and PL
3	FORM 20 B	P43381268	11.12.09	Share List

AUDITORS' REPORT TO THE MEMBERS OF MULLER & PHIPPS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Muller & Phipps (India) Limited as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. 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 (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. The financial statements have been prepared on a going concern basis, although the net worth of the Company has been completely eroded, for reasons stated in Note no. 24 of the Notes to Accounts.
5. Further to our comments in the Annexure referred to in paragraph 3 and 4 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors and from the public companies in which these directors are directors, which are taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956;
 - g) In our opinion and to the best of our information and according to the explanations given to us, the accounts read 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, 2010;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Mumbai : 27th August, 2010

S.B. Prabhu
Partner
Membership No.35296



ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF MULLER & PHIPPS (INDIA) LIMITED

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

As required by the Companies (Auditor's Report) Order, 2003 (the Order), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we further report that: -

1. a) *The Company has not maintained proper records to show full particulars, including quantitative details and situation of fixed assets.*
 - b) *No physical verification of fixed assets has been conducted by the management during the year or in the recent past. In our opinion, the frequency of verification needs to be improved to be commensurate with the size of the Company and the nature of its business.*
 - c) The Company has not disposed off a substantial part of fixed assets during the year so as to affect the going concern status of the Company.
2. a) The inventory has been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion, the Company has maintained proper records of inventory.
 - d) The discrepancies between the physical inventory and the book records noticed on physical verification were not material and have been properly dealt with in the books of accounts.
3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
 - b) The Company has taken unsecured loans, from a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.11,200,000/- and the year-end balance of such loans taken was Rs.5,700,000/-.
 - c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken are not, prima facie, prejudicial to the interest of the Company.
 - d) The Company is repaying the principal amounts of such loans as stipulated and is regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither been informed nor have we observed any continuing failure to correct major weaknesses in internal controls.
5. a) On the basis of our examination of the books of account and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, and aggregating during the year to more than Rs. 5 lakhs in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time and prices at which similar transactions have been made with other parties.
6. In our opinion and based on the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of Sections 58A, 58AA or any other relevant provisions of the Act. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. *The Company did not have any internal audit system in operation during the year under audit. In our opinion, the Company needs to put in place an internal audit system commensurate with the size of the Company and the nature of its business.*
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.

9. a) According to the information and explanations given to us and on the basis of the examination of the books of account carried out by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Excise Duty, Cess and other statutory dues, wherever applicable with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us by management and the records of the company examined by us, there were no disputed dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess which have not been deposited as on 31st March, 2010 except as stated below :

<u>Nature of dues pending</u>	<u>Amount Rs.</u>	<u>Forum where dispute is</u>
Income Tax Demand (A.Y 2001-2002)	1,28,74,309	Commissioner of Income-tax (Appeals)
Sales Tax Demand		
(F.Y. 2004-2005)	2,85,000	Sales Tax Authorities - Lucknow.
(F.Y. 2002-2003)	2,29,000	Sales Tax Authorities - Lucknow.

10. The accumulated losses of the Company as at 31st March, 2010 are more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution or bank. The Company has not issued any debentures.
12. As per the books and records of the Company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order is not applicable as the Company is not a chit fund company or nidhi / mutual benefit fund / society.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information given to us and as per the records examined by us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. On the basis of our review of utilisation of funds pertaining to term loans on overall basis and related information and explanations as made available to us, we are of the opinion that the term loans taken by the Company have been applied for the purposes for which they were obtained.
17. 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.
18. 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 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us and on the basis of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of fraud on or by the Company during the year.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Mumbai : 27th August, 2010

S.B. Prabhu
Partner
Membership No.35296

**BALANCE SHEET AS AT 31ST MARCH, 2010**

	Schedule No	31-03-2010 Rs.	31-03-2009 Rs.
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	62,50,000	62,50,000
Reserves and Surplus	2	2,25,00,000	2,25,00,000
		2,87,50,000	2,87,50,000
Loan Funds:			
Secured Loan	3	1,67,35,322	2,05,22,132
Unsecured Loan	4	61,86,597	69,36,297
		2,29,21,919	2,74,58,429
Total		5,16,71,919	5,62,08,429
APPLICATION OF FUNDS:			
Fixed Assets	5	19,40,334	24,07,714
Investments	6	1,00,000	1,00,000
Current Assets, Loans and Advances:			
Inventories	7	2,20,43,644	2,27,09,291
Sundry Debtors	8	1,63,88,697	3,01,92,647
Cash and Bank Balances	9	75,60,869	1,18,14,084
Other Current Assets	10	5,46,07,941	3,43,81,992
Loans and Advances	11	1,59,52,256	1,29,51,441
		11,65,53,407	11,20,49,455
Less: Current Liabilities and Provisions:			
Current Liabilities	12	12,19,33,772	11,86,22,023
Provisions	13	53,74,989	55,73,829
		12,73,08,761	12,41,95,852
Net Current Assets		(1,07,55,354)	(1,21,46,397)
Profit and Loss Account - Debit Balance		6,03,86,939	6,58,47,112
Total		5,16,71,919	5,62,08,429
Notes to the Accounts	18		

As per our Report Attached

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

S.B. PRABHU
Partner
Membership No. 35296

Mumbai
Dated : 27th August, 2010

U.K. DHUPELIA
MILAN DALAL

Directors

Mumbai
Dated : 27th August, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule No	31-03-2010 Rs.	31-03-2009 Rs.
INCOME:			
Sales		13,96,68,846	42,29,00,381
Others	14	1,08,35,763	78,01,033
		15,05,04,609	<u>43,07,01,414</u>
EXPENDITURE:			
Materials	15	11,04,04,345	35,55,42,461
Expenses	16	7,79,20,995	8,85,26,899
Interest and Finance Charges	17	64,63,033	84,29,643
Depreciation		5,77,874	13,25,827
		19,53,66,247	<u>45,38,24,830</u>
PROFIT / (LOSS) BEFORE TAX, PRIOR PERIOD AND EXCEPTIONAL ITEMS		(4,48,61,638)	(2,31,23,416)
Profit on Perpetual Assignment of Brand		5,06,73,076	<u>2,46,11,154</u>
PROFIT / (LOSS) BEFORE TAX AND PRIOR PERIOD ITEMS		58,11,438	14,87,738
Prior Period Interest Income reversed		2,48,353	-
Profit Before Tax		55,63,085	14,87,738
Current Tax		-	-
Fringe Benefit Tax		-	11,75,000
Deferred Tax Adjustment - Debit / (Credit)		-	-
Prior Period Tax Adjustment		1,02,912	(44,615)
PROFIT / (LOSS) FOR THE YEAR		54,60,173	3,57,353
Add : (Debit) / Credit Balance brought forward from previous year		(6,58,47,112)	(6,62,04,465)
BALANCE AVAILABLE FOR APPROPRIATION		(6,03,86,939)	<u>(6,58,47,112)</u>
APPROPRIATIONS:			
Balance carried forward		(6,03,86,939)	<u>(6,58,47,112)</u>
		(6,03,86,939)	<u>(6,58,47,112)</u>
Earning per Share - Basic and Diluted (See Note No. 22)		Rs.8.74	Rs.0.57
Notes to the Accounts	18		

As per our Report Attached

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

S.B. PRABHU
Partner
Membership No. 35296

Mumbai
Dated : 27th August, 2010

U.K. DHUPELIA
MILAN DALAL
Directors

Mumbai
Dated : 27th August, 2010



SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010 Rs.	31-03-2009 Rs.						
SCHEDULE 1 - SHARE CAPITAL								
Authorised:								
20,00,000 Equity Shares of Rs.10 each	<u>2,00,00,000</u>	<u>2,00,00,000</u>						
Issued and Subscribed								
6,25,000 Equity Shares of Rs.10 each fully paid (Out of the above, 3,22,680 Shares are held by the Holding Company- M/s. Development Holdings Asia Ltd.)	<u>62,50,000</u>	<u>62,50,000</u>						
SCHEDULE 2 - RESERVES AND SURPLUS								
Share Premium	<u>2,25,00,000</u>	<u>2,25,00,000</u>						
	<u>2,25,00,000</u>	<u>2,25,00,000</u>						
SCHEDULE 3 - SECURED LOANS								
From Bank :								
Cash Credit	<u>1,66,60,537</u>	<u>2,01,96,084</u>						
Vehicle Loans (Repayable within one year Rs. 74,785/- Previous Year Rs.2,51,463/-) (Cash Credit is secured by hypothecation of inventories, book debts, receivables, and first charge on the entire fixed assets, both present and future and also personal guarantee of a Director. Vehicle Loans are secured against the hypothecation of specific vehicles.)	<u>74,785</u>	<u>3,26,048</u>						
	<u>1,67,35,322</u>	<u>2,05,22,132</u>						
SCHEDULE 4 - UNSECURED LOANS								
Short Term Loans from Companies	<u>61,00,000</u>	<u>36,00,000</u>						
Short Term Loans from Companies against Promissory Notes	-	<u>32,75,000</u>						
Interest Accrued and due on above Loans	<u>86,597</u>	<u>61,297</u>						
	<u>61,86,597</u>	<u>69,36,297</u>						
SCHEDULE 5 - FIXED ASSETS								
	Cost as at 1.4.2009 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Cost as at 31.3.2010 Rs.	Total depreciation as at 31.3.2010 Rs.	Impairment Loss as at 31.3.2010 Rs.	Net Value as at 31.3.2010 Rs.	Net Value as at 31.3.2009 Rs.
Plant and Machinery	9,19,804	27,000	-	9,46,804	7,10,990	-	2,35,814	2,46,893
Furniture, Fixtures and Office Equipment	59,95,281	23,400	-	60,18,681	52,19,786	-	7,98,895	9,19,186
Technical Know-how	3,88,25,605	-	-	3,88,25,605	1,00,29,947	2,87,95,658	-	-
Computer	32,86,515	60,094	-	33,46,609	30,25,118	-	3,21,491	4,53,436
Motor Vehicles	17,18,308	-	-	17,18,308	11,34,174	-	5,84,134	7,88,199
Total	5,07,45,513	1,10,494	-	5,08,56,007	2,01,20,015	2,87,95,658	19,40,334	24,07,714
Previous Year	5,62,25,873	2,94,640	57,75,000	5,07,45,513	1,95,42,141	2,87,95,658	24,07,714	-

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 6 - INVESTMENTS				
(Unquoted, Non-trade) - At cost				
Shares in Subsidiary Companies -				
50,000	Equity Shares of Rs.10 each fully paid up of Muller & Phipps (Agencies) Ltd.	5,00,000		5,00,000
10,000	Equity Shares of Rs.10 each fully paid up of Muller & Phipps (Industrial Services) Ltd.	1,00,000		1,00,000
4000	14% Cumulative Redeemable Preference Shares of Rs.100 each fully paid up of Muller & Phipps (Industrial Services) Ltd.	4,00,000		4,00,000
		<u>10,00,000</u>		<u>10,00,000</u>
	Less: Provision for diminution in value of shares	9,00,000		9,00,000
		<u>1,00,000</u>		<u>1,00,000</u>
SCHEDULE 7 - INVENTORIES				
(At lower of cost and net realisable value)				
	Raw Materials	-		2,29,970
	Packing Materials	-		64,794
	Finished Products	2,20,43,644		2,24,14,527
		<u>2,20,43,644</u>		<u>2,27,09,291</u>
SCHEDULE 8 - SUNDRY DEBTORS				
(Unsecured)				
Debts over six months:				
	Considered good	4,04,938		6,79,135
	Considered doubtful	<u>32,62,439</u>		<u>43,28,873</u>
		36,67,377		50,08,008
	Other Debts - Considered Good	1,59,83,759		2,95,13,512
		<u>1,96,51,136</u>		<u>3,45,21,520</u>
	Less: Provision for Doubtful Debts	32,62,439		43,28,873
		<u>1,63,88,697</u>		<u>3,01,92,647</u>
SCHEDULE 9 - CASH AND BANK BALANCES				
	Cash on hand	1,20,310		2,19,071
	Remittance in Transit	2,00,249		12,45,608
	With Scheduled Banks:			
	On Current Account	28,12,707		47,61,160
	On Savings Account	4,04,103		88,769
	On Deposit Account/Margin Money Account	40,23,500		54,99,476
		<u>75,60,869</u>		<u>1,18,14,084</u>
SCHEDULE 10 - OTHER CURRENT ASSETS				
(Unsecured, considered good unless otherwise specified)				
	Accrued Interest	663		3,50,679
	Due from Holding Company - Considered doubtful	1,18,264		1,18,264
	Other Receivables			
	Considered good	5,46,07,278		3,23,76,014
	Considered doubtful	-		17,46,586
		<u>5,46,07,278</u>		<u>3,41,22,600</u>
		5,47,26,205		3,45,91,543
	Less: Provision for Doubtful Receivables	1,18,264		2,09,551
		<u>5,46,07,941</u>		<u>3,43,81,992</u>



SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 11 - LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received				
Considered good	65,91,426		16,98,937	
Considered doubtful	25,44,132		61,41,320	
		91,35,558		78,40,257
Sundry Deposits				
Considered good	39,15,338		40,71,565	
Considered doubtful	-		38,000	
		39,15,338		41,09,565
Balance with Central Excise on Current Account		20,902		20,902
Advance Tax Paid		54,24,590		51,60,037
Intercorporate Deposits				
Considered good	-		-	
Considered doubtful	-		20,00,000	
		-		20,00,000
		1,84,96,388		1,91,30,761
Less: Provision for Doubtful Advances		25,44,132		61,79,320
		1,59,52,256		1,29,51,441
SCHEDULE 12 - CURRENT LIABILITIES				
Sundry Creditors (See Note no.16)		12,01,33,309		11,05,75,993
Acceptances		-		70,50,247
Interest Accrued		18,00,463		9,95,783
		12,19,33,772		11,86,22,023
SCHEDULE 13 - PROVISIONS				
Provision for Leave Encashment		16,31,600		19,84,730
Provision for Gratuity		24,34,669		22,80,379
Provision for Taxation		13,08,720		13,08,720
		53,74,989		55,73,829
SCHEDULE 14 - INCOME - OTHERS				
Interest from Bank Deposits (T.D.S Rs.25,030/- Previous year Rs.71,378/-)	2,39,685		3,22,459	
Interest others (T.D.S Rs.NIL, Previous year Rs. NIL)	3,00,000		3,12,000	
		5,39,685		6,34,459
Commission Income		13,66,028		60,41,293
Warehousing Charges		1,80,000		3,40,000
Exchange Fluctuation Gain (Net)		8,788		-
Export Benefits		3,64,669		-
Credit Balances written back		4,08,599		4,94,171
Provision for expenses written back		2,50,008		1,20,531
Provision for Doubtful Advance reversed		40,14,784		-
Provision for Doubtful Debts reversed		35,73,635		-
Miscellaneous Income		1,29,567		1,70,579
		1,08,35,763		78,01,033

SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 15 - MATERIALS				
Opening Stock :				
Raw Materials	2,29,970		2,75,400	
Packing Materials	64,794		46,960	
Finished Products	2,24,14,527		3,93,86,995	
		2,27,09,291		3,97,09,355
Add : Purchases :				
Raw Materials	13,29,110		39,64,715	
Packing Materials	3,27,727		6,15,968	
Finished Products	10,80,81,861		33,39,61,714	
		10,97,38,698		33,85,42,397
		13,24,47,989		37,82,51,752
Less : Closing Stock :				
Raw Materials	-		2,29,970	
Packing Materials	-		64,794	
Finished Products	2,20,43,644		2,24,14,527	
		2,20,43,644		2,27,09,291
		11,04,04,345		35,55,42,461
SCHEDULE 16 - EXPENSES				
Salaries,Wages,Allowances and Bonus		1,96,88,733		2,74,41,036
Contribution to Provident and Other Funds		20,58,237		34,40,742
Staff Welfare Expenses		18,61,389		16,90,939
Rent		64,10,243		67,91,268
Rates and Taxes		7,73,227		29,97,500
Electricity		7,97,886		7,88,586
Repairs and Maintenance		2,05,978		11,43,424
Insurance		1,52,241		1,47,874
Freight, Packing and Forwarding		61,37,924		80,95,386
Travel and Conveyance		1,07,87,277		1,42,57,682
Postage, Telegram and Telephones		13,38,069		21,34,230
Advertising and Display		17,00,376		46,79,642
C & F Agents Service Charges		18,35,030		20,62,648
Discount		6,02,178		2,94,230
Guarantee Commission		10,62,500		12,75,000
Brokerage		3,81,124		2,53,126
Directors Fees		54,000		60,000
Advance Written off		80,61,370		-
Bad Debts Written off		35,73,635		-
Provision for Doubtful Debts.		25,07,200		7,55,238
Provision for Doubtful Advances		2,88,308		98,564
Exchange Fluctuation Loss (Net)		-		3,447
Miscellaneous Expenses		76,44,070		1,01,16,335
		7,79,20,995		8,85,26,899
SCHEDULE 17 - INTEREST AND FINANCE CHARGES				
Cash Credit		28,94,870		37,02,808
Intercompany Loans		9,21,222		5,12,000
Discounting and Finance Charges		23,60,933		37,87,131
Others		2,86,008		4,27,704
		64,63,033		84,29,643



SCHEDULE 18 - NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31 ST MARCH 2010.

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared under historical cost convention in accordance with the normally accepted accounting principles and provisions of the Companies Act, 1956.

b) FIXED ASSETS AND DEPRECIATION

- i) Fixed assets are stated at acquisition cost less accumulated depreciation.
- ii) Depreciation is provided on written down value method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- iii) Technical Know-how is depreciated equally over a period of 20 years starting from the month in which Technical Know-how has been put to use.
- iv) Trade Marks/Brand are depreciated equally over 10 years starting from the month in which the Trade Marks/Brand have been acquired.
- v) Impairment in the carrying value of the fixed assets is recognised in accordance with Accounting Standard No. 28 - 'Impairment of Assets'.

c) INVENTORIES

- i) Raw material are valued at cost on FIFO basis or net realisable value whichever is lower
- ii) Process stock is valued at material cost or net realisable value whichever is lower.
- iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost in respect of own manufactured goods includes material cost, direct labour and attributable production overheads.

d) INVESTMENTS

Long-term investments are valued at cost except that any permanent diminution in the value thereof is recognised in the profit and loss account.

e) REVENUE RECOGNITION

All income and expenditure items are recognised on accrual basis. Payments to employees under voluntary retirement schemes are deferred and written off equally over a period of 5 years starting from the year in which payment is made.

f) EMPLOYEE/RETIREMENT BENEFITS

The Company has made arrangements with the Life Insurance Corporation of India through Gratuity Fund and Superannuation Fund for meeting its employee retirement liability. The liability for gratuity is calculated on basis of actuarial valuation as reduced by funded amount. Leave encashment benefit is provided for based on actuarial valuation basis.

g) FOREIGN CURRENCY TRANSLATION

Foreign currency revenue transactions are booked at the exchange rate prevailing at the date of the transaction. Exchange loss/gain on realisation/payment is booked to exchange fluctuation.

Foreign currency assets and liabilities outstanding as at the year end, if any, are translated at the year end exchange rates.

h) TAXATION

Provision for taxes is made based on the current applicable tax rates. Adjustment for deferred tax is made based on the tax effect of timing differences resulting from the recognition of items in the financial statements and their allowance under the tax laws, subject to the consideration of prudence. The effect on deferred tax of a change in income tax rates is recognised in the period that includes the enactment date.

SCHEDULES FORMING PART OF ACCOUNTS

	31-03-2010			31-03-2009	
	Unit	Qty	Value Rs.	Qty	Value Rs.
2. Claims against the Company not acknowledged as debts					
a) Disputed Sales Tax demands			21,47,000		21,47,000
b) Disputed Income tax demand			1,47,38,911		1,47,38,911
3. Contingent liabilities not provided for					
a) Guarantees given by bank on behalf of the company			2,35,000		22,35,000
4. Advance recoverable in cash or in kind or for value to be received includes due from subsidiary companies			10,51,256		10,31,221
The above figure of Rs. 10,51256/- (Previous year Rs 10,31221/-) due from subsidiaries represents amount due from a subsidiary whose net worth has been completely eroded due to accumulated losses.					
5. Sale of finished goods produced or purchased by the Company:					
Cosmetic/Toiletary	Nos' 000	4119	6,04,55,633	6735	33,96,64,039
Medicated preparations (in tins/tubes of different sizes)	Nos' 000	2089	4,85,74,215	2438	7,07,74,738
Others			3,06,38,997		1,24,61,604
			<u>13,96,68,846</u>		<u>42,29,00,381</u>
(Quantity figures of turnover include stocks issued free against bonus/special discount schemes allowed to the trade)					
6. Purchase of Finished goods for resale :					
Cosmetic/Toiletary	Nos' 000	3543	4,86,81,207	6760	6,80,49,593
Medicated preparations	Nos' 000	1624	2,83,66,494	2500	50,614,644
Others			3,10,34,160		15,297,477
			<u>10,80,81,861</u>		<u>33,39,61,714</u>
7. Opening stock of finished goods produced or purchased by the company:					
Cosmetic/Toiletary	Nos' 000	1087	1,26,18,713	1394	3,58,71,570
Medicated preparations	Nos' 000	777	32,73,966	778	35,15,425
Others			65,21,848		-
			<u>2,24,14,527</u>		<u>3,93,86,995</u>
8. Closing stock of Finished goods produced or purchased by the Company					
Cosmetic/Toiletary	Nos' 000	644	1,05,99,079	1087	1,26,18,713
Medicated preparations	Nos' 000	312	4,96,364	777	32,73,966
Others			1,09,48,201	0	65,21,848
			<u>2,20,43,644</u>		<u>2,24,14,527</u>
9. Raw Materials consumed:					
Talcum Powder, Perfumes and Chemicals	Nos' 000 Kgs		15,59,080	50807	40,10,145
			<u>15,59,080</u>		<u>40,10,145</u>
10. Consumption of Raw Materials:					
Indigenous		%	100%	%	100%
			<u>15,59,080</u>		<u>40,10,145</u>
			<u>15,59,080</u>		<u>40,10,145</u>



	31-03-2010		31-03-2009	
	Unit	Value Qty Rs.	Qty	Value Rs.
11. Licensed and Installed capacities and actual production				
1. Licensed Capacity		N. A.		N. A.
2. Installed Capacity(for single Shift) as certified by a Director				
Talcum Powder		900 M.T.		900 M.T.
Medicated Preparations		120 M.T.		120 M.T.
3. Actual production				
Toiletaries	Nos' 000	378		556
12. Auditors' Remuneration :				
Audit Fees		93,755		93,755
For Tax Audit		27,575		27,575
For Others services, certification etc.		-		37,585
Out of Pocket Expenses		2,239		13,865
		<u>1,23,569</u>		<u>1,72,780</u>
13. Director's Remuneration :				
Director's fees		54,000		60,000
		<u>54,000</u>		<u>60,000</u>
(The above figures does not include Guarantee commission of Rs. 4,25,000/-, previous year Rs. 4,25,000/- paid to a Director)				
14. Earnings in foreign exchange :				
FOB value of Exports		54,66,243		70,51,969
Earnings on assignment of Brand		5,06,73,076		2,88,46,154
15 CIF value of Imports-Finished Goods		40,14,279		26,61,233
16 The Company has not received any intimation from suppliers/ creditors regarding their status under The Micro,Small and Medium Enterprises Development Act,2006 and hence disclousre if any relating to amounts unpaid as at the year end together with the interest paid/payable as required under the said Act has been not made.				
17 Deferred Tax Asset on carried forward losses and unabsorbed depreciation and other timing diffrence as at 31st March, 2010 has not been recognized as there is no virtual/reasonable certainty that the same can be realised in the future.				

18 SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH,2010

(Rs in Lacs)

	Primary Segment-Bussiness	Cosmetic/Toiletary		Medicated preparation		Others		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a)	Sales To External Customers	604.56	3396.64	485.74	707.75	306.39	124.62	1396.69	4229.01
	Total Segment Revenue	604.56	3396.64	485.74	707.75	306.39	124.62	1396.69	4229.01
b)	Segment Result (PBIT)	-127.56	1.51	90.68	114.17	-140.35	18.90	-177.23	134.58
	Less : Interest & Finance Charges	-	-	-	-	-	-	64.63	84.30
	Less : Unallocable expenditure net of unallocable income	-	-	-	-	-	-	-206.76	281.52
	Profit / (Loss) Before Tax	-	-	-	-	-	-	(448.62)	(231.24)
	Profit on Assignment of Brand	-	-	-	-	-	-	506.73	246.11
	Prior Period Interest Income Reversed	-	-	-	-	-	-	2.48	-
	Prior Period Tax Adjustment	-	-	-	-	-	-	1.03	-0.45
	Provision for Deferred Tax	-	-	-	-	-	-	-	-
	Provision for FBT	-	-	-	-	-	-	-	11.75
	Profit / (Loss) After Tax	-	-	-	-	-	-	54.60	3.57
c)	Carrying amount of segment								
	Assets	183.11	677.94	37.98	93.12	65.22	65.22	286.31	836.28
	Unallocated Assets	-	-	-	-	-	-	899.63	309.29
	Total Assets	-	-	-	-	-	-	1185.94	1145.57
d)	Carrying amount of segment								
	Liabilities	155.97	481.41	58.97	84.19	747.77	346.99	962.71	912.59
	Unallocated Liabilities	-	-	-	-	-	-	539.60	603.95
	Total Liabilities	-	-	-	-	-	-	1502.31	1516.54
e)	Cost incurred to acquire segment								
	Fixed assets during year	-	0.26	-	-	-	-	-	0.26
	Unallocated Assets	-	-	-	-	-	-	1.10	2.68
f)	Depreciation/ Amortization	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	5.78	13.25

Note: The Common expenses has been allocated to segment on the basis of turnover of the segment to arrive at segment result.

2 Secondary segment-Geographical

Current Period
(Rs. In lacs)

Previous Period
(Rs. In lacs)

The Company operating facilities are located in India

Domestic Revenues

1341.94

4148.8

Exports Revenue

54.75

80.20

Total

1397

4229



19 Names of related parties and description of relationship -

a Where control exists :

Holding Company :

Development Holding Asia Ltd.

Fellow Subsidiary:

Getz Bros. Company Limited

Subsidiaries :

Muller and Phipps (Industrial Services) Ltd

Muller and Phipps Agencies Ltd

b Other parties where the company has entered in transaction during the year :

Associates:

Foods and Inns Ltd.

Western Press Pvt Ltd.

The Bombay Swadeshi Stores Ltd.

Key Managerial Personnel and their Relatives:

U K Dhupelia - Director

Mrs. Pallavi Dhupelia-wife of Director

Milan Dalal-Director

20 Related Party Disclosures :

	Type of Related Party							
	Fellow Subsidiary		Subsidiaries		Associates		Key Management Personnel and their Relatives	
	Current Year	Previous year	Current Year	Previous year	Current Year	Previous Year	Current year	Previous year
Nature of Transactions :	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)
Purchase of Goods	-	-	-	-	53,07,072	12,52,39,747	-	-
Directors Fees	-	-	-	-	-	-	54,000	60,000
Guarantee Commission	-	-	-	-	2,12,500	4,25,000	8,50,000	8,50,000
Printing and Stationery	-	-	-	-	88,212	88,219	-	-
Travel Expenses	-	-	-	-	2,49,104	3,33,349	-	-
Reimbursement of Expenses paid	-	-	-	-	1,42,233	7,03,117	-	-
Interest Expenses	-	-	32,000	32,000	8,70,040	4,80,000	-	-
Doubtful Advances provided	-	-	20,036	13,986	-	-	-	-
Sale of Assigned Brand	5,06,73,076	2,88,46,154	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Export Benefits Income	-	-	-	-	-	-	-	-
Intercompany Loans given	-	-	-	-	-	-	-	-
Intercompany Loans recovered	-	-	-	-	-	-	-	-
Intercompany Loans received	-	-	-	-	95,00,000	-	-	-
Intercompany Loans re-paid	-	-	-	-	70,00,000	-	-	-
Outstanding at year-end :	-	-	-	-	-	-	-	-
Intercompany Loans given	-	-	-	-	-	-	-	-
Intercompany Loans taken	-	-	-	-	57,00,000	32,00,000	-	-
Loans and Advances given	-	-	10,51,257	10,31,221	-	-	-	-
Other Receivables	5,24,97,811	3,00,00,000	-	-	7,09,579	8,90,896	-	-
Payables	-	-	-	-	3,02,34,852	3,02,47,826	29,50,000	21,00,000
Loan Payable	-	-	4,00,000	4,00,000	-	-	-	-
Interest Payable	-	-	86,597	61,297	15,46,320	9,61,315	-	-
Doubtful Advances Provision	-	-	10,51,257	10,31,221	-	-	-	-

21 Disclosure as per Accounting Standard 15 (Revised)

As per Accounting Standard 15 " Employee Benefits ", the disclosures of Employees benefits as Defined in the Accounting Standard are given below.

Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognized as expenses for the year are as under:

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Employer's Contribution to Provident Fund	11,62,698	19,69,175
Employer's Contribution to Superannuation Fund	76,238	3,97,111

Defined Benefit Plan :

Gratuity Scheme

The employees gratuity scheme is a funded defined benefit scheme managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

Leave Encashment Scheme

The obligation for leave encashment which is a non funded long term employee scheme is recognized based on actuarial valuation.

The Disclosure in the respect of above Gratuity benefit Scheme as given below

I Actuarial Assumptions

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Discount Rate	8.20%	7%
Rate of Return	9%	9%
Salary Escalation	6%	5%

The rate of increase in compensation considered above takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

II Change in Present Value Of Obligation

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Value of Obligation at the beginning of year	46,20,148	43,10,607
Interest Cost	3,06,351	3,03,935
Current Service Cost	4,66,939	4,07,681
Benefits Paid	(5,59,988)	(6,65,896)
Actuarial (gain) / loss on Obligation	(4,20,717)	2,63,821
Value of Obligation at the end of year	44,12,733	46,20,148

III Changes in Fair Value Of Plan Assets

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Fair Value of plan Assets at the beginning of year	23,39,769	18,89,753
Expected Return On Plan Assets	1,72,865	1,32,359
Contribution	15,181	9,57,004
Benefits Paid	(5,59,988)	(6,65,896)
Actuarial (gain) / loss on Plan Assets	10,237	26,549
Fair Value of plan Assets at the end of year	19,78,064	23,39,769



IV Amounts to be Recognized in the Balance sheet and Statement of Profit & Loss Account					
		Amount (Rs.)		Amount (Rs.)	
	Present Value Of obligation At End of the year	44,12,733		46,20,148	
	Fair Value Of plan Assets at end of the year	(19,78,064)		(23,39,769)	
	Funded Status	(24,34,669)		(22,80,379)	
	Unrecognized Actuarial Gain / (Loss)	-		-	
	Net Asset (Liability) recognized in the Balance Sheet	(24,34,669)		(22,80,379)	
V Expenses recognized in the statement of profit & Loss Account					
		Amount (Rs.)		Amount (Rs.)	
	Current Service cost	4,66,939		4,07,681	
	Interest Cost	3,06,351		3,03,935	
	Expected Return On Plan Assets(172865)	(1,32,359)			
	Net Actuarial Gain (Loss) recognized for the year	(4,30,954)		2,37,272	
	Expenses recognized in the statement of Profit & Loss Account	1,69,471		8,16,529	
VI Movement in the Liability recognized in Balance Sheet					
		Amount (Rs.)		Amount (Rs.)	
	Opening Net Liability	22,80,379		24,20,854	
	Expenses as Above	1,69,471		8,16,529	
	Contribution Paid	(15,181)		(9,57,004)	
	Closing Net Liability	24,34,669		22,80,379	
22	Earnings Per Share (EPS)			Amount (Rs.)	
		Year Ended		Year Ended	
		31/3/2010		31/3/2009	
	A. Profit/(Loss) Attributable to Equity Shareholders (Rs. In Lacs)	54,60,173		3,57,353	
	B. Number of Equity Shares Outstanding during the year	6,25,000		6,25,000	
	C. Nominal Value of Equity Shares (Rs.)	10		10	
	Basic Earning/Diluted Per Share (Rs.) (A/B)	8.74		0.57	
23	Foreign Currency Exposures				
	The Company Foreign Currency exposures as on 31 st March 2010, which are not hedged by any derivatives instruments or otherwise are as follows:				
	Particulars	Payables		Receivables	
		Current Year	Previous Year	Current Year	Previous Year
	Foreign Currency US\$				
	Foreign Currency amount	-	52,907	23,750	-
	Equivalent of India Rs.	-	26,61,233	10,60,913	-
24	Previous year's figures have been re-grouped wherever necessary to conform to current year's classification.				
As per our Report Attached					
For Ford, Rhodes, Parks & Co.			U.K. DHUPELIA		
Chartered Accountants			MILAN DALAL		
Firm's Registration No. 102860W			Directors		
S.B. PRABHU					
Partner					
Membership No. 35296					
Mumbai			Mumbai		
Dated : 27th August, 2010			Dated : 27th August, 2010		

Balance Sheet Abstract and Company's General Business Profile :

A. Registration Details

Registration No	:	11-07897	State Code No	:	011
Balance Sheet Date	:	31.03.2010			

B. Capital raised during the year

Public Issue	:	N I L	Right Issue	:	N I L
Bonus Issue	:	N I L	Private Placement	:	N I L

C. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000 s)

Total Liabilities	:	178,981	Total Assets	:	178,981
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Sources of Funds

Paid up Capital	:	6,250	Reserves and Surplus	:	22,500
Secured Loans	:	16,735	Unsecured Loans	:	6,187

Application of Funds

Net Fixed Assets	:	1,940	Investments	:	100
Net Current Assets	:	(10,755)	Miscellaneous Expenditure	:	N I L
Accumulated Loss	:	60,387	Deferred Tax Asset (Net)	:	N I L

D. Performance of Company (amount in Rs. 000s)

Turnover	:	139,669	Total Expenditure	:	195,718
Profit/(Loss) Before Tax	:	5,563	Profit/(Loss) After Tax	:	5,460
Earning Per Share(Rs.)	:	8.74	Dividend Rate (%)	:	N I L

E. Generic Names of Three Principal products/Services of the Company

(As per Monetary Terms)

Item Code No (ITC Code)	:	33049109	Product Description	:	Talcum Powder
Item Code No (ITC Code)	:	33061000	Product Description	:	Dental Cream
Item Code No (ITC Code)	:	33051002	Product Description	:	Hair Wash

**U. K. DHUPELIA
MILAN DALAL**
Directors

Mumbai
Dated: 27th August, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) Before Tax and Prior Period Items		(4,48,61,638)		(2,31,23,416)
Adjustments for :				
Depreciation	5,77,874		13,25,827	
Interest And Finance Charges Expenses	64,63,033	70,40,907	84,29,643	97,55,470
Operating Profit/(Loss) before Working Capital Changes		(3,78,20,731)		(1,33,67,946)
Adjustments for :				
(Increase)/Decrease in Trade and Other Receivables		1,26,68,661		1,01,72,059
(Increase)/Decrease in Inventories		6,65,647		1,70,00,064
Increase/(Decrease) in Sundry Creditors and Other Liabilities		23,08,229		48,89,532
Cash Used in Operations		(2,21,78,194)		1,86,93,709
Interest Paid		(56,33,053)		(82,07,838)
Taxes paid		(3,67,465)		(22,86,327)
Cash Flow before Prior Period Items		(2,81,78,712)		81,99,544
Prior Period Interest Income reversed		(2,48,353)		-
Net Cash Used in Operating Activities		(2,84,27,065)		81,99,544
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(1,10,494)		(2,94,640)
Sale Proceeds of Perpetual Assignment of Brand		2,88,46,154		-
Net Cash from Investing Activities		2,87,35,660		(2,94,640)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Cash Credit (net)		(35,35,547)		(68,57,956)
Intercompany and Other Loans (net)		(10,26,263)		(42,13,361)
Net Cash used in Financing Activities		(45,61,810)		(1,10,71,317)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(42,53,215)		(31,66,413)
Cash and Cash Equivalents as at beginning of the year		1,18,14,084		1,49,80,497
Cash and Cash Equivalents as at close of the year		75,60,869		1,18,14,084

As per our Report Attached

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

S.B. PRABHU
Partner
Membership No. 35296

Mumbai
Dated : 27th August, 2010

U.K. DHUPELIA
MILAN DALAL

Directors

Mumbai
Dated : 27th August, 2010

Statement Pursuant to Section 212(3) of the Companies Act 1956 Relating to Subsidiary Companies

Name of subsidiary	MULLER & PHIPPS (INDUSTRIAL SERVICES) LTD.	MULLER & PHIPPS AGENCIES LIMITED
1. The relevant financial year of the subsidiary ended	31.03.2010	31.03.2010
2. No. of shares in the subsidiary Companies held by MULLER & PHIPPS (INDIA) LIMITED as on March 31, 2010	10000 Equity Shares of Rs. 10/- each 4,000 - 14% Cumulative Redeemable Preference shares of Rs. 100 each	50000 Equity Shares of Rs. 10/- each
3. Extent of holding by MULLER & PHIPPS (INDIA) LIMITED as at the end of the financial year	100%	100%
4. The net aggregate of Profits of (Losses) of the subsidiary for the above financial year so far as they concern the members of MULLER & PHIPPS (INDIA) LIMITED		
a) Dealt with in the accounts of Muller & Phipps (India) Limited for the year ended March 31, 2010	NIL	NIL
b) Not dealt with in the accounts of Muller & Phipps (India) Limited for the year ended March 31, 2010 Profit	383	1090
5. The net aggregate of the Profits or (Losses) for previous financial year of the subsidiary so far as they concern members of Muller & Phipps (India) Limited	NIL	NIL
a) Dealt with in the accounts of Muller & Phipps (India) Limited for the year ended March 31, 2009	NIL	NIL
b) Not dealt with in the accounts of Muller & Phipps (India) Limited for the year ended March 31, 2009 Loss	(1157)	(1011)
6. Change of interest of MULLER & PHIPPS (INDIA) LIMITED in subsidiary between the end of financial year of subsidiary and that of MULLER & PHIPPS (INDIA) LIMITED	NOT APPLICABLE	NOT APPLICABLE
7. Material changes between the end of the financial year of the subsidiary and the end of the financial year of MULLER & PHIPPS (INDIA) LIMITED in the respect of subsidiary's Fixed Assets, Investments, Monies lent and borrowed.	NOT APPLICABLE	NOT APPLICABLE

U.K. DHUPELIA

M.B. DALAL

Directors

Mumbai

Dated : 27th August 2010



AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF MULLER & PHIPPS (INDIA) LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached Consolidated Balance Sheet of Muller & Phipps (India) Limited and its subsidiaries as at 31st March, 2010 and the Consolidated Profit and Loss Account for the year then ended and the consolidated Cash Flow Statement for the year ended on that date.
2. These financial statements are the responsibility of the Muller & Phipps (India) Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.5,45,347 (excluding Profit and Loss Account debit balance) as at 31st March, 2010 and total revenues of Rs.48,500 for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accounts of India and on the basis of the separate audited financial statements of Muller & Phipps (India) Limited, and its subsidiaries included in the consolidated financial statements.
5. The financial statements have been prepared on a going concern basis, although the net worth of the Group has been completely eroded, for reasons stated in Note No.17 of the Notes to Accounts.
6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Muller & Phipps (India) Limited and its aforesaid subsidiaries, we are of the opinion that :
 - i) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Muller & Phipps (India) Limited and its subsidiaries as at 31st March, 2010;
 - ii) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Muller & Phipps (India) Limited and its subsidiaries for the year then endedand
 - iii) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flow of Muller & Phipps (India) Limited and its subsidiaries for the year ended on that date.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

S.B. Prabhu
Partner

Membership No. 35296

Mumbai : 27th August, 2010

CONSOLIDATED BALANCE SHEET OF MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES AS AT 31st MARCH, 2010

	Schedule No	31-03-2010 Rs.	31-03-2009 Rs.
SOURCES OF FUNDS:			
Shareholders' Funds:			
Share Capital	1	62,50,000	62,50,000
Reserves and Surplus	2	2,25,00,000	2,25,00,000
		<u>2,87,50,000</u>	<u>2,87,50,000</u>
Loan Funds:			
Secured Loan	3	1,67,35,322	2,05,22,132
Unsecured Loan	4	57,00,000	64,75,000
		<u>2,24,35,322</u>	<u>2,69,97,132</u>
Total		<u>5,11,85,322</u>	<u>5,57,47,132</u>
APPLICATION OF FUNDS:			
Fixed Assets	5	19,43,337	24,11,202
Current Assets, Loans and Advances:			
Inventories	6	2,20,43,644	2,27,09,291
Sundry Debtors	7	1,63,88,698	3,01,92,647
Cash and Bank Balances	8	75,92,491	1,18,68,272
Other Current Assets	9	5,46,07,941	3,43,81,992
Loans and Advances	10	1,59,76,282	1,29,84,328
		<u>11,66,09,056</u>	<u>11,21,36,530</u>
Less: Current Liabilities and Provisions:			
Current Liabilities	11	12,22,28,136	11,89,35,857
Provisions	12	53,74,989	55,82,479
		<u>12,76,03,125</u>	<u>12,45,18,336</u>
Net Current Assets		<u>(1,09,94,070)</u>	<u>(1,23,81,806)</u>
Profit and Loss Account - Debit Balance		6,02,36,054	6,58,47,112
Total		<u>5,11,85,322</u>	<u>5,58,76,508</u>
Notes to the Accounts	17		

As per our Report Attached

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firms Registration No. 102860W

U.K. DHUPELIA
MILAN DALAL
Directors

S.B. PRABHU
Partner
Membership No. 35296

Mumbai
Dated : 27th August, 2010

Mumbai
Dated : 27th August, 2010


CONSOLIDATED PROFIT AND LOSS ACCOUNT OF MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES AS AT 31st MARCH, 2010

	Schedule No	31-03-2010 Rs.	31-03-2009 Rs.
INCOME:			
Sales		13,96,68,846	42,29,00,381
Others	13	1,08,51,732	78,19,645
		15,05,20,578	43,07,20,026
EXPENDITURE:			
Materials	14	11,04,04,344	35,55,42,461
Expenses	15	7,79,47,501	8,85,65,736
Interest and Finance Charges	16	64,30,503	83,97,034
Depreciation		5,78,359	13,26,391
		19,53,60,706	45,38,31,622
PROFIT / (LOSS) BEFORE TAX PRIOR PERIOD AND EXCEPTIONAL ITEMS			
Profit on Perpetual Assignment of Brand		5,06,73,076	2,46,11,154
PROFIT / (LOSS) BEFORE TAX AND PRIOR PERIOD ITEMS			
Prior Period Interest Income reversed		2,48,353	-
Profit before Tax		55,84,594	14,99,558
Current Tax		-	-
Fringe Benefit Tax		-	11,75,000
Deferred Tax Adjustment - Debit / (Credit)		-	-
Prior Period Tax Adjustment		1,02,912	(44,615)
PROFIT / (LOSS) FOR THE YEAR			
Add : (Debit) / Credit Balance brought forward from previous year		(6,57,17,736)	(6,60,86,909)
Add : Provision for Gratuity As on 01/04/2008		-	-
BALANCE AVAILABLE FOR APPROPRIATION			
		(6,02,36,054)	(6,57,17,736)
APPROPRIATIONS:			
Balance carried forward		(6,02,36,054)	(6,57,17,736)
		(6,02,36,054)	(6,57,17,736)
Earning per Share - Basic and Diluted (See Note No. 22)		Rs.8.77	Rs.0.50
Notes to the Accounts	17		

As per our Report Attached

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firms Registration No. 102860W

U.K. DHUPELIA
MILAN DALAL
Directors

S.B. PRABHU
Partner
Membership No. 35296

Mumbai
Dated : 27th August, 2010

Mumbai
Dated : 27th August, 2010

	31-03-2010 Rs.	31-03-2009 Rs.
SCHEDULE 1 - SHARE CAPITAL		
Authorised:		
20,00,000 Equity Shares of Rs.10 each	<u>2,00,00,000</u>	<u>2,00,00,000</u>
Issued and Subscribed		
6,25,000 Equity Shares of Rs.10 each fully paid (Out of the above, 3,22,680 Shares are held by the Holding Company-M/s. Development Holdings Asia Ltd.)	<u>62,50,000</u>	<u>62,50,000</u>
SCHEDULE 2 - RESERVES AND SURPLUS		
Share Premium	<u>2,25,00,000</u>	<u>2,25,00,000</u>
	<u>2,25,00,000</u>	<u>2,25,00,000</u>
SCHEDULE 3 - SECURED LOANS		
From Bank :		
Cash Credit	1,66,60,537	2,01,96,084
Vehicle Loans (Repayable within one year Rs.74,785/-, Previous Year Rs.2,51,463) (Cash Credit is secured by hypothecation of inventories, book debts, receivables, and first charge on the entire fixed assets, both present and future and also personal guarantee of a Director. Vehicle Loans are secured against the hypothecation of specific vehicles.)	74,785	3,26,048
	<u>1,67,35,322</u>	<u>2,05,22,132</u>
SCHEDULE 4 - UNSECURED LOANS		
Short Term Loans from Companies	57,00,000	32,00,000
Short Term Loans from Companies and Others against Promissory Notes	-	32,75,000
	<u>57,00,000</u>	<u>64,75,000</u>

SCHEDULE 5 - FIXED ASSETS

	Cost as at 1.4.2009 Rs.	Additions during the year Rs.	Deductions during the year Rs.	Cost as at 31.3.2010 Rs.	Total depreciation as at 31.3.2010 Rs.	Impairment Loss as at 31.3.2010 Rs.	Net Value as at 31.3.2010 Rs.	Net Value as at 31.3.2009 Rs.
Plant and Machinery	9,19,804	27,000	-	9,46,804	7,10,990	-	2,35,814	2,46,893
Furniture, Fixtures and Office Equipment	60,25,281	23,400	-	60,48,681	52,46,783	-	8,01,898	9,22,674
Technical Know-how	3,88,25,605	-	-	3,88,25,605	1,00,29,947	2,87,95,658	-	-
Computer	32,86,515	60,094	-	33,46,609	30,25,118	-	3,21,491	4,53,436
Motor Vehicles	17,18,308	-	-	17,18,308	11,34,174	-	5,84,134	7,88,199
Total	5,07,75,513	1,10,494	-	5,08,86,007	2,01,47,012	2,87,95,658	19,43,337	24,11,202
Previous Year	5,62,55,873	2,94,640	57,75,000	5,07,75,513	1,95,68,653	2,87,95,658	24,11,202	-

**MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES SCHEDULES FORMING PART OF THE ACCOUNTS**

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 6 - INVENTORIES				
(At lower of cost and net realisable value)				
Raw Materials		-		2,29,970
Packing Materials		-		64,794
Finished Products		2,20,43,644		2,24,14,527
		2,20,43,644		2,27,09,291
SCHEDULE 7 - SUNDRY DEBTORS				
(Unsecured)				
Debts over six months:				
Considered good		4,04,938		6,79,135
Considered doubtful		32,62,439		43,28,873
		36,67,377		50,08,008
Other Debts - Considered Good		1,59,83,759		2,95,13,512
		1,96,51,136		3,45,21,520
Less: Provision for Doubtful Debts		32,62,439		43,28,873
		1,63,88,698		3,01,92,647
SCHEDULE 8 - CASH AND BANK BALANCES				
Cash on hand		1,24,705		2,23,466
Remittance in Transit		2,00,249		12,45,608
With Scheduled Banks:				
On Current Account		28,39,934		48,10,953
On Savings Account		4,04,103		88,769
On Deposit Account/Margin Money Account		40,23,500		54,99,476
		75,92,491		1,18,68,272

MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 9 - OTHER CURRENT ASSETS				
(Unsecured, considered good unless otherwise specified)				
Accrued Interest		663		3,50,679
Due from Holding Company -				
Considered doubtful		1,18,264		1,18,264
Other Receivables				
Considered good	5,46,07,278		3,23,76,014	
Considered doubtful	-		17,46,586	
		<u>5,46,07,278</u>		<u>3,41,22,600</u>
		5,47,26,205		3,45,91,543
Less: Provision for Doubtful Receivables		1,18,264		2,09,551
		<u>5,46,07,941</u>		<u>3,43,81,992</u>
SCHEDULE 10 - LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise specified)				
Advances recoverable in cash or in kind or for value to be received				
Considered good	65,91,327		16,98,839	
Considered doubtful	14,92,876		51,10,099	
		<u>80,84,203</u>		<u>68,08,938</u>
Sundry Deposits				
Considered good	39,16,838		40,73,065	
Considered doubtful	-		38,000	
		<u>39,16,838</u>		<u>41,11,065</u>
Balance with Central Excise on Current Account		20,902		20,902
Advance Tax Paid		54,47,215		51,91,522
Intercorporate Deposits				
Considered good	-		-	
Considered doubtful	-		20,00,000	
		<u>-</u>		<u>20,00,000</u>
		1,74,69,158		1,81,32,427
Less: Provision for Doubtful Advances		14,92,876		51,48,099
		<u>1,59,76,282</u>		<u>1,29,84,328</u>
SCHEDULE 11 - CURRENT LIABILITIES				
Sundry Creditors (See Note no.8)		12,04,27,673		11,08,89,827
Acceptances		-		70,50,247
Interest Accrued		18,00,463		9,95,783
		<u>12,22,28,136</u>		<u>11,89,35,857</u>
SCHEDULE 12 - PROVISIONS				
Provision for Leave Encashment		16,31,600		19,84,730
Provision for Gratuity		24,34,669		22,80,379
Provision for Taxation		13,08,720		13,17,370
		<u>53,74,989</u>		<u>55,82,479</u>



MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010		31-03-2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 13 - INCOME - OTHERS				
Interest from Bank Deposits (T.D.S Rs25,030/- Previous year Rs.71,378/-)	2,39,685		3,22,459	
Interest others (T.D.S Rs.NIL, Previous year Rs. NIL)	3,00,000		<u>3,12,000</u>	
		5,39,685		6,34,459
Commission Income		13,66,028		60,41,293
Warehousing Charges		1,80,000		3,40,000
Exchange Fluctuation Gain (Net)		24,758		18,612
Export Benefits		3,64,669		-
Credit Balances written back		4,08,599		4,94,171
Provision for expenses written back		2,50,008		1,20,531
Provision for Doubtful Advances reversed		40,14,784		-
Provision for Doubtful Debts reversed		35,73,635		-
Miscellaneous Income		1,29,567		1,70,579
		<u>1,08,51,732</u>		<u>78,19,645</u>
SCHEDULE 14 - MATERIALS				
Opening Stock :				
Raw Materials	2,29,970		2,75,400	
Packing Materials	64,794		46,960	
Finished Products	2,24,14,527		<u>3,93,86,995</u>	
		2,27,09,291		3,97,09,355
Add : Purchases :				
Raw Materials	13,29,110		39,64,715	
Packing Materials	3,27,727		6,15,968	
Finished Products	10,80,81,861		<u>33,39,61,714</u>	
		10,97,38,698		33,85,42,397
		13,24,47,988		37,82,51,752
Less : Closing Stock :				
Raw Materials	-		2,29,970	
Packing Materials	-		64,794	
Finished Products	2,20,43,644		<u>2,24,14,527</u>	
		2,20,43,644		2,27,09,291
		<u>11,04,04,344</u>		<u>35,55,42,461</u>

MULLER & PHIPPS (INDIA) LIMITED AND ITS SUBSIDIARY COMPANIES SCHEDULES FORMING PART OF THE ACCOUNTS

	31-03-2010	31-03-2009
	Rs.	Rs.
SCHEDULE 15 - EXPENSES		
Salaries, Wages, Allowances and Bonus	1,96,88,733	2,74,41,036
Contribution to Provident and Other Funds	20,58,237	34,40,742
Staff Welfare Expenses	18,61,389	16,90,939
Rent	64,10,243	67,91,268
Rates and Taxes	7,73,227	29,97,500
Electricity	7,97,886	7,88,586
Repairs and Maintenance	2,05,978	11,43,424
Insurance	1,52,241	1,47,874
Freight, Packing and Forwarding	61,37,924	80,95,386
Travel and Conveyance	1,07,87,277	1,42,57,682
Postage, Telegram and Telephones	13,38,069	21,34,230
Advertising and Display	17,00,376	46,79,642
C & F Agents Service Charges	18,35,030	20,62,648
Discount	6,02,179	2,94,230
Guarantee Commission	10,62,500	12,75,000
Brokerage	3,81,124	2,53,126
Directors Fees	54,000	60,000
Advances Written off	80,61,370	-
Bad Debts Written off	35,73,635	-
Provision for Doubtful Debts.	25,07,200	7,55,238
Provision for Doubtful Advances	2,68,272	84,578
Exchange Fluctuation Loss (Net)	-	-
Miscellaneous Expenses	76,90,611	1,01,72,607
	7,79,47,501	8,85,65,738
SCHEDULE 16 - INTEREST AND FINANCE CHARGES		
Cash Credit	28,94,870	37,02,808
Intercompany Loans	8,89,222	4,80,000
Discounting and Finance Charges	23,60,403	37,86,522
Others	2,86,008	4,27,704
	64,30,503	83,97,034



NOTES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 17 - NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31 ST MARCH 2010.

1. 1. SIGNIFICANT ACCOUNTING POLICIES

A) Principles of Consolidation

- (i) The consolidated financial statements relate to Muller & Phipps (India) Ltd (the Company) and its wholly owned Subsidiary Companies. The consolidated financial statements have been prepared on the following basis : The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book Value of like items of assets, liabilities, income and expenses.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are prepared to the extent possible, in the same manner as the Company's separate financial statements.

The Subsidiary Companies considered in the consolidated financial statements are :

Name of the Company	Country of Incorporation
Muller & Phipps (Industrial Services) Limited	India
Muller & Phipps Agencies Limited	India

B) Other Significant Accounting Policies

These are set out in the notes to financial statements under 'Significant Accounting Policies' of the financial statements of the Company, Muller & Phipps (Industrial Services) Limited & Muller & Phipps Agencies Limited.

C) FIXED ASSETS AND DEPRECIATION

- i) Fixed assets are stated at acquisition cost less accumulated depreciation.
- ii) Depreciation is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- iii) Technical Know-how is depreciated equally over a period of 20 years starting from the month in which Technical Know-how has been put to use.
- iv) Trade Marks/Brand are depreciated equally over 10 years starting from the month in which the Trade Marks / Brand have been acquired.
- v) Impairment in the carrying value of the fixed assets is recognised in accordance with Accounting Standard No. 28 - 'Impairment of Assets'.

D) INVENTORIES

- i) Raw material and packing material are valued at cost on FIFO basis or net realizable value whichever is lower.
- ii) Process stock is valued at material cost or net realizable value whichever is lower.
- iii) Finished goods are valued at cost or net realizable value whichever is lower. Cost in respect of own manufactured goods includes material cost, direct labour and attributable production overheads.

E) REVENUE RECOGNITION

All income and expenditure items are recognised on accrual basis. Payments to employees under voluntary retirement schemes are deferred and written off equally over a period of 5 years starting from the year in which payment is made.

Preliminary expenses are amortized over a period of 10 years.

F) EMPLOYEE/RETIREMENT BENEFITS

The Company has made arrangements with the Life Insurance Corporation of India through Gratuity Fund and Superannuation Fund for meeting its employee retirement liability. The liability for gratuity is calculated on basis of actuarial valuation as reduced by funded amount.

Leave encashment benefit is provided for based on actuarial valuation basis.

G) FOREIGN CURRENCY TRANSLATION

Foreign currency transaction are booked at the exchange rate prevailing at the date of the transaction. Exchange loss/gain on realisation/payment is booked to exchange fluctuation. Foreign currency assets and liabilities outstanding as at the year end, if any, are translated at the year end exchange rates.

H) TAXATION

Provision for taxes is made based on the current applicable tax rates. Adjustment for deferred tax is made based on the tax effect of timing differences resulting from the recognition of items in the financial statements and their allowance under the tax laws, subject to the consideration of prudence. The effect on deferred tax of a change in income tax rates is recognised in the period that includes the enactment date.

		31-03-2010	31-03-2009
		Rs.	Rs.
2.	Claims not acknowledged as debts		
	a) Disputed Sales Tax demands	21,47,000	21,47,000
	b) Disputed Income Tax demand	1,47,38,911	1,47,38,911
3.	Contingent liabilities not provided for		
	a) Guarantee given by bank on behalf of the consolidated group	2,35,000	22,35,000
	b) Arrears of Dividend in respect of 14% Cumulative Redeemed Preference Shares of Muller & Phipps (Industrial Services) Limited.	3,55,178	3,55,178
4.	Auditors' Remuneration :		
	Audit Fees	1,15,815	1,23,927
	For Tax Audit	27,575	27,575
	For Other services	-	37,585
	Out of Pocket Expenses	2,239	13,865
		1,45,629	2,02,952
5.	Director's Remuneration :		
	Director's fees	54,000	60,000
	(The above figures does not include Guarantee commission of Rs. 4,25,000, previous year Rs. 6,25,000/- paid to a Director)	54,000	60,000
6.	Earnings in foreign exchange :		
	FOB value of Exports	54,66,243	70,51,969
	Earnings on assignment of Brand	5,06,73,076	2,88,46,154
7.	CIF value of Imports- Finished Goods	40,14,279	26,61,233

8 The Company has not received any intimation from suppliers / creditors regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amounts unpaid as at the year end together with the interest paid/payable as required under the said Act has not been made.

9 Deferred Tax Asset on carried forward losses and unabsorbed depreciation and other timing difference as at 31st March, 2010 has not been recognized as there is no virtual certainty that the same can be realised in the future.



NOTES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

10 SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH, 2010
(Rs. In Lacs)

1	Primary Segment-Business	Cosmetic/Toiletary		Medicated preparation		Others		Total	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a)	Sales To External Customers	604.56	3396.64	485.74	707.75	306.39	124.62	13,96.69	4229.01
	Total Segment Revenue	604.56	3396.64	485.74	707.75	306.39	124.62	13,96.69	4229.01
b)	Segment Result (PBIT)	(127.56)	1.51	90.68	114.17	(140.35)	18.90	(177.23)	134.58
	Less : Interest & Finance Charges	-	-	-	-	-	-	64.63	84.30
	Less : Unallocable expenditure net of unallocable income	-	-	-	-	-	-	(206.76)	281.52
	Profit / (Loss) Before Tax	-	-	-	-	-	-	(448.62)	(231.24)
	Profit on Assignment of Brand	-	-	-	-	-	-	506.73	246.11
	Prior Period Interest Income Reversed	-	-	-	-	-	-	2.48	-
	Prior Period Tax Adjustment	-	-	-	-	-	-	1.03	(.45)
	Provision for Deferred Tax	-	-	-	-	-	-	-	-
	Provision for FBT	-	-	-	-	-	-	-	11.75
	Profit / (Loss) After Tax	-	-	-	-	-	-	57.08	(3.57)
c)	Carrying amount of segment Assets	183.11	677.94	37.98	93.12	65.22	65.22	286.31	836.28
	Unallocated Assets	-	-	-	-	-	-	899.63	309.29
	Total Assets	-	-	-	-	-	-	11,85.94	11,45.57
d)	Carrying amount of segment Liabilities	155.97	481.41	58.97	84.19	747.77	346.99	962.71	912.59
	Unallocated Liabilities	-	-	-	-	-	-	539.60	603.95
	Total Liabilities	-	-	-	-	-	-	1502.31	1516.54
e)	Cost incurred to acquire segment Fixed assets during year	-	0.26	-	-	-	-	-	0.26
	Unallocated Assets	-	-	-	-	-	-	1.10	2.68
f)	Depreciation/ Amortization	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	5.78	13.25

Note: The Common expenses has been allocated to segment on the basis of turnover of the segment to arrive at segment result.

2	Secondary segment-Geographical	Current Period (Rs. In lacs)	Previous Period (Rs. In lacs)
	The Company operating facilities are located in India		
	Domestic Revenues	1341.94	4148.80
	Exports Revenue	54.75	80.20
	Total	1396.69	4229.00

NOTES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

11 Names of related parties and description of relationship -

a Where control exists :

Holding Company :

Development Holding Asia Ltd.

Fellow Subsidiary:

Getz Bros. Company Limited

b Other parties where the company has entered into transaction during the year :

Associates:

Foods and Inns Ltd.

Western Press Pvt Ltd.

The Bombay Swadeshi Stores Ltd.

Key Managerial Personnel and their Relatives:

U K Dhupelia - Director

Mrs. Pallavi Dhupelia-wife of Director

Milan Dalal-Director

12 Related Party Disclosure :

	Type of Related Party					
	Fellow Subsidiary		Key Management Personnel and their Relatives		Associates	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Nature of Transactions :	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)	(In Rs.)
Purchase of Goods	-	-	-	-	53,07,072	12,52,39,747
Directors Fees	-	-	54,000	60,000	-	-
Guarantee Commission	-	-	8,50,000	8,50,000	2,12,500	4,25,000
Printing and Stationery	-	-	-	-	88,212	88,219
Travel Expenses	-	-	-	-	2,49,104	3,33,349
Reimbursement of Expenses paid	-	-	-	-	1,42,233	7,03,117
Interst Expenses	-	-	-	-	8,70,040	4,80,000
Sale of Assigned Brand	5,06,73,076	2,88,46,154	-	-	-	-
Interest Income	-	-	-	-	-	-
Export Benefit Income	-	-	-	-	-	-
Intercorporate Loans received	-	-	-	-	95,00,000	-
Intercorporate Loans re-paid	-	-	-	-	70,00,000	-
Outstanding at year-end :	-	-	-	-	-	-
Intercorporate Loans taken	-	-	-	-	57,00,000	32,00,000
Other Receivables	5,24,97,811	3,00,00,000	-	-	7,09,579	8,90,896
Interest payable	-	-	-	-	15,46,320	9,61,315
Payables	-	-	29,50,000	21,00,000	3,02,34,852	3,02,47,826



NOTES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

13 Disclosure as per Accounting Standard 15 (Revised)

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employees benefits as Defined in the Accounting Standard are given below.

Defined Contribution Plans :

Contribution to Defined Contribution Plans, recognized as expenses for the year are as under:

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Employer's Contribution to Provident Fund	11,62,698	19,69,175
Employer's Contribution to Superannuation Fund	76,238	397,111

Defined Benefit Plan :

Gratuity Scheme

The employees gratuity scheme is a funded scheme managed by the Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method. The Disclosure in the respect of above benefit plans as given below

I Actuarial Assumptions

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Discount Rate	8.20%	7%
Rate of Return	9%	9%
Salary Escalation	6%	5%

The rate of increase in compensation considered above takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.

II Change in Present Value Of Obligation

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Value of Obligation at the beginning of year	46,20,148	43,10,607
Interest Cost	3,06,351	3,03,935
Current Service Cost	4,66,939	4,07,681
Benefits Paid	(5,59,988)	(6,65,896)
Actuarial (gain) / loss on Obligation	(4,20,717)	2,63,821
Value of Obligation at the end of year	44,12,733	46,20,148

III Changes in Fair Value Of Plan Assets

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Fair Value of plan Assets at the beginning of year	23,39,769	18,89,753
Expected Return On Plan Assets	1,72,865	1,32,359
Contribution	15,181	9,57,004
Benefits Paid	(5,59,988)	(6,65,896)
Actuarial (gain) / loss on Plan Assets	10,237	26,549
Fair Value of plan Assets at the end of year	19,78,064	23,39,769

IV Amounts to be Recognized in the Balance Sheet and Statement of Profit & Loss Account

	2009-10	2008-09
	Amount (Rs.)	Amount (Rs.)
Present Value of Obligation at end of the year	44,12,733	46,20,148
Fair Value of plan Assets at end of the year	(19,78,064)	(23,39,769)
Funded Status	(24,34,669)	(22,80,379)
Unrecognized Actuarial Gain / (Loss)	-	-
Net Asset (Liability) recognized in the Balance Sheet	(24,34,669)	(22,80,379)

NOTES ANNEXED TO THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

V Expenses recognized in the statement of Profit & Loss Account	2009-10	2008-09		
	Amount (Rs.)	Amount (Rs.)		
Current Service cost	4,66,939	407,681		
Interest Cost	3,06,351	303,935		
Expected Return On Plan Assets	(1,72,865)	(132,359)		
Net Actuarial Gain/(Loss) recognized for the year	(430,954)	237,272		
Expenses recognized in the statement of Profit & Loss Account	1,69,471	816,529		
VI Movement in the Liability recognized in Balance Sheet	2009-10	2008-09		
	Amount (Rs.)	Amount (Rs.)		
Opening Net Liability	22,80,379	24,20,854		
Expenses as Above	1,69,471	8,16,529		
Contribution Paid	(15,181)	(9,57,004)		
Closing Net Liability	24,34,669	22,80,379		
14 Earnings Per Share (EPS)	Amount (Rs.)	Amount (Rs.)		
	Year Ended	Year Ended		
	31/3/2010	31/3/2009		
A. Profit/(Loss) after tax as per Profit & Loss Account (Rs In Lacs)	54,81,682	3,69,173		
Less : Dividend Payable for the year to Preference Shareholder	-	0.56		
Profit/(Loss) Attributable to Equity Share holder	54,81,682	3.13		
B. Number of Equity Shares Outstanding during the year	6,25,000	6,25,000		
C. Nominal Value of Equity Shares (Rs.)	10	10		
Basic Earning/Diluted Per Share (Rs.) (A/B)	8.77	0.50		
15 Foreign Currency Exposures				
The Company's Foreign Currency exposures as on 31 st March, 2010, which are not hedged by any derivative instruments or otherwise are as follows:				
Particulars	Payables		Receivables	
	Current Year	Previous Year	Current Year	Previous Year
Foreign Currency US \$				
Foreign Currency Amount	-	52,907	23,750	-
Equivalent Indian Rs.	-	26,61,233	10,60,913	-
16	The consolidated financial statements have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.			
As per our Report Attached				
For Ford, Rhodes, Parks & Co.			U.K. DHUPELIA	
Chartered Accountants			MILAN DALAL	
Firm's Registration No. 102860W			Directors	
S.B. PRABHU				
Partner				
Membership No. 35296				
Mumbai			Mumbai	
Dated : 27th August, 2010			Dated : 27th August, 2010	



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Year Ended 31.03.2010		Year Ended 31.03.2009	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit/(Loss) Before Tax and Prior Period Items		(44,840,129)		(23,111,596)
Adjustments for :				
Depreciation	578,359		1,326,391	
Interest And Finance Charges Expenses	6,430,503	7,008,862	8,397,034	9,723,425
Operating Profit/(Loss) before Working Capital Changes		(37,831,267)		(13,388,171)
Adjustments for :				
(Increase)/Decrease in Trade and Other Receivables		12,668,661		10,172,059
(Increase)/Decrease in Inventories		665,647		17,000,064
Increase/(Decrease) in Sundry Creditors and Other Liabilities		2,288,759		4,870,171
Cash Used in Operations		(22,208,200)		18,654,123
Interest Paid		(5,625,823)		(8,149,137)
Taxes paid		(367,255)		(2,285,738)
Cash Flow before Prior Period Items		(28,201,278)		8,219,248
Prior Period Interest Income reversed		(248,353)		-
Net Cash Used in Operating Activities		(28,449,631)		8,219,248
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets		(110,494)		(294,640)
Sale Proceeds of Perpetual Assignment of Brand		28,846,154		-
Net Cash from Investing Activities		28,735,660		(294,640)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Cash Credit (net)		(3,535,547)		(6,857,956)
Intercompany and Other Loans (net)		(1,026,263)		(4,213,361)
Net Cash used in Financing Activities		(4,561,810)		(11,071,317)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(4,275,781)		(3,146,709)
Cash and Cash Equivalents as at beginning of the year		11,868,272		15,014,981
Cash and Cash Equivalents as at close of the year		7,592,491		11,868,272

Note : Previous year figures have been reclassified where necessary.

As per our Report Attached

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

S.B. PRABHU
Partner
Membership No. 35296

Mumbai
Dated : 27 August, ,2010

U.K. DHUPELIA
MILAN DALAL
Directors

Mumbai
Dated : 27 August, ,2010

TWENTY EIGHTH ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS:

P.N. Dalal
D.B. Deshmukh
P.V. Mohan

AUDITORS :

J.G. Naik & Company

BANKERS :

Canara Bank
Mumbai

REGISTERED OFFICE :

221, Unique Industrial Estate
Off Veer Savarkar Marg
Prabhadevi
Mumbai 400 025

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present the Twenty Eighth Annual Report along with the Audited Statements of Accounts for the year ended 31st March, 2010.

RESULTS:

The year under review the Company has made a profit of Rs. 1,090/-. After adding the carry forward loss there is still a deficit of Rs. 27,462/-. The Company has not commenced any activities till date.

STATUTORY REQUIREMENTS:

There are no employees drawing remuneration, which attracts the provision of Section 217 (2A) of the Companies Act, 1956

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

DIRECTORS:

Mr. P. V. Mohan retires by rotation, and being eligible, offers himself for re-appointment.

FIXED DEPOSIT:

The Company has not invited any fixed deposits during the year under consideration.

AUDITORS:

The Auditors, M/s. J.G. Naik & Company, retire at the end of the Annual General Meeting and they have given their consent for re-appointment.

For and On behalf of the Board

P.N. DALAL
D.B. DESHMUKH
P.V. MOHAN
DIRECTORS

Registered Office

221 Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi, Mumbai 400 025

Date: 27th August, 2010

AUDITORS' REPORT TO THE MEMBERS

MULLER & PHIPPS AGENCIES LIMITED

1. We have audited the attached Balance Sheet of **MULLER & PHIPPS AGENCIES LIMITED** as at 31st March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. (Collectively referred to as "Financial Statements"). 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 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 as to 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 (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give 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.
 - 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, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, from being appointed as 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, 2010; and
 - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.

For J.G. NAIK CO.
Chartered Accountants
ICAI Reg. No. 106811W

J.G. NAIK
PROPRIETOR
Membership No. 30614

MUMBAI
DATED: 27th August 2010

ANNEXURE TO THE AUDITORS' REPORT

Re: MULLER & PHIPPS AGENCIES LIMITED

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

1. The Company has no fixed assets at any time during the year, the clauses relating to maintenance of records, physical verification and disposal of substantial assets does not arise.
2. Since the Company has not carried on any activity involving inventory, the clauses relating to its physical verification, procedures, maintenance of records and discrepancies does not arise.
3. (a) The Company has granted an unsecured interest bearing loan to one party (holding Company) covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year as well as year end balance was Rs. 4,00,000/-
 - (b) The rate of interest and other terms and conditions of loan given by the Company are prima facie not prejudicial to the interest of the Company.
 - (c) There is no stipulation as to repayment of the principal amounts and payment of interest in respect of loan granted by the Company.
 - (d) Since there is no stipulation as to repayment of loan granted to its Holding Company, the question of any overdue amount does not arise.
 - (e) The Company has not taken any loans secured or unsecured from Companies, firm or other parties covered in the register maintained U/s. 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal

TWENTY EIGHTH ANNUAL REPORT 2009-2010

- control system commensurate with the size of the Company and the nature of its business for purchases of fixed assets. The activities of the Company do not involve purchase of inventory and sale of goods and services. We have not noted any continuing failure to correct major weakness in the internal controls during the course of the audit.
5. a) Based on the audit procedures applied by us, and according to the information and explanations provided by the management, the particulars of contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- b) In our opinion and according to the information and explanations given to us, transaction made in pursuance of such contracts or arrangements in respect of one party during the year have been made at prices which are reasonable having regards to prevailing Market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company is not listed and neither does have paid up capital and reserves exceeding Rs. 50 lakhs nor average annual turnover of 5 crores, consecutively for past three financial years, hence comments on Internal Audit System are not made.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services rendered by the Company.
- 9 a) (i) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Income Tax and other material statutory dues applicable to it.
- Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (ii) According to information and explanations given to us, the Company was not liable for contribution towards Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty during the year.
- (iii) According to records of the Company there are no undisputed arrears of Statutory dues, which were outstanding as on 31st March, 2010 for a period of more than six months from the date they become payable.
- b) According to the information and explanations given to us, there are no dues in respect of Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company's accumulated losses at the end of the financial year are less than 50% of its net worth. The Company has not incurred any cash loss during the year but incurred cash loss of Rs. 1,011/- in immediately preceding financial year.
11. The Company has neither taken any loans from a financial institution or a bank nor issued any debentures.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi /mutual benefit fund / societies.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities debentures and other investments.
15. 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.
16. The Company has not obtained any term loans.
17. According to the information and explanations given to us, the Company has not raised any funds on short-term basis. All assets have been funded by shareholders' funds.
18. 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.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For J.G. NAIK CO.
Chartered Accountants
ICAI Reg. No. 106811W

J.G. NAIK
PROPRIETOR
Membership No. 30614

MUMBAI
DATED: 27th August 2010

MULLER & PHIPPS (AGENCIES) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE ANNEXED	As at 31-03-2010 Rupees	As at 31-03-2009 Rupees
I. SOURCES OF FUNDS :			
1) Shareholders' Funds :			
Share Capital	A	5,00,000	5,00,000
II. APPLICATION OF FUNDS :			
1) Current assets, Loans and advances	B		
a) Cash and Bank Balances	B-1	17,850	40,350
b) Loans and Advances	B-2	5,09,222	4,92,782
		5,27,072	5,33,132
Less :			
Current Liabilities and Provisions	C		
a) Liabilities	C-1	54,534	53,034
b) Provisions	C-2	-	8,650
		54,534	61,684
Net Current Assets		4,72,538	4,71,448
2) Miscellaneous Expenditure : (to the extent not written off or adjusted)			
a) Profit and Loss Account			
Deficit As Per Profit and Loss Account Attached		27,462	28,552
TOTAL		5,00,000	5,00,000
This is the Balance Sheet referred to in our Report of reven date		For Notes foring part of Accounts refer Schedule 'D' Annexed	
For J. G. NAIK & CO. Chartered Accountants ICAI Reg. No. 106811W J. G. NAIK PROPRIETOR Membership No. 30614 Place : Mumbai Dated : 27th August 2010		P.N. DALAL D.B. DESHMUKH P.V. MOHAN DIRECTORS Place : Mumbai Dated : 27th August 2010	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 RUPEES	2008-2009 RUPEES
INCOME :		
Interest on Loan Gross (T.D.S. Rs. 6,400/- (P. Y. Rs. 6,592/-))	32,000	32,000
Interest on Income Tax Refund	530	609
	32,530	32,609
EXPENDITURE :		
Auditors' Remuneration :		
Audit Fees	10,000	14,000
Service Tax	1,030	1,648
Legal and Professional Fees	20,000	15,000
General Expenses	-	1,250
Filing Fees	300	1,500
Bank Charges	110	222
TOTAL EXPENDITURE	31,440	33,620
Profit (Loss) for the year	1,090	(1,011)
Less : Provision of Taxation	170	-
Profit (Loss) after taxation	920	(1,011)
Add : Mat Credit Entitlement	170	-
	1,090	(1,011)
Less : Deficit As Per Last Year	(28,552)	(27,541)
Deficit Carried to Balance Sheet	(27,462)	(28,552)
BASIC AND DILUTED EARNINGS PER SHARE	0.02	(0.02)

This is the Balance Sheet referred to in our Report of even date

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 106811W

J. G. NAIK
PROPRIETOR
Membership No. 30614

Place : Mumbai
Dated : 27th August 2010

For Notes forming part of Accounts refer Schedule 'D' Annexed

P.N. DALAL
D.B. DESHMUKH
P.V. MOHAN
DIRECTORS

Place : Mumbai
Dated : 27th August 2010

MULLER & PHIPPS (AGENCIES) LIMITED

SCHEDULE TO BALANCE SHEET AS AT 31ST MARCH 2010

	As at 31-03-10 RS.	As at 31-03-09 RS.
A. SHARE CAPITAL :		
Authorised :		
50,000 Equity Shares of Rs.10/- each	<u>5,00,000</u>	<u>5,00,000</u>
Issued, Subscribed and paid up		
50,000 Equity shares of Rs.10/- each Fully Paid up	<u>5,00,000</u>	<u>5,00,000</u>
(The entire Share Capital is held by the holding Company Muller & Phipps (India) Limited and its nominees)		
B. CURRENT ASSETS LOANS AND ADVANCES :		
B-1 <u>Cash and Bank Balances :</u>		
a) Cash balance on hand	-	-
b) Balance with Scheduled Bank in Current Account	<u>17,850</u>	<u>40,350</u>
	<u>17,850</u>	<u>40,350</u>
B-2 <u>Loans and Advances</u>		
(Unsecured, Considered Good)		
a) Loan to holding Company	<u>4,00,000</u>	<u>4,00,000</u>
b) Interest Receivable	<u>86,597</u>	<u>61,297</u>
c) Tax Deducted at Source (Net of provision)	<u>22,455</u>	<u>31,485</u>
d) Mat Credit Entitlement	<u>170</u>	<u>-</u>
	<u>5,09,222</u>	<u>4,92,782</u>
C. CURRENT LIABILITIES AND PROVISIONS :		
C-1 <u>Current Liabilities :</u>		
Sundry Creditors	<u>54,534</u>	<u>53,034</u>
C-2 <u>Provisions :</u>		
Provision for Taxation	<u>-</u>	<u>8,650</u>

“D” NOTES :

1. SIGNIFICANT ACCOUNTING POLICIES :

a) Applicability of Accounting Standards :

The Company is a Small and Medium Company as defined in the Companies (Accounting Standards) Rules, 2006 in respect of Accounting Standards Notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

b) Basis of Accounting :

The financial statements have been prepared under historical cost convention in conformity in all material aspects with the generally accepted accounting principles in India.

c) Revenue Recognition :

The accounts are prepared on accrual basis in accordance with the requirements of the Companies Act, 1956.

d) Employees Benefit :

The Company had no employees during the year hence the Measurement and Disclosure requirements as per AS-15 are not applicable to the Company.

e) Taxation :

- i) Provision for tax is made on the basis of the estimated taxable income as per the provisions of the Income Tax Act, 1961 and the relevant Finance Act, after taking into consideration judicial pronouncements and opinions of the Company's tax advisors.
- ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

f) Impairment of Assets :

Where carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value is use determined by the present value of estimated future cash flow.

g) Provisions and Contingencies :

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed in the financial statements.

- 2. Provision for taxation has been made in view of the applicability of Books profit tax (MAT) as per section 115JB of the Income Tax Act, 1961.
- 3. The Company has not received any intimation from suppliers / creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act has not been made.
- 4. The Company has only one revenue segment, hence no separate segmentwise information on revenue, results and capital employed is given as per AS-17, issued by ICAI on "Segment Reporting".
- 5. **Related party transactions :** (AS-18)

Nature of Transactions	Holding Company Muller & Phipps (I) Limited	Common Control CIFCO Finance Ltd.
a) Transactions during the year		
1) Reimbursement of Expenses	300 (1500)	- (-)
2) Income by way of Interest	32,000 (32,000)	- (-)
b) Outstanding at the end of the year		
1) Share Capital	5,00,000 (5,00,000)	- (-)
2) Loans outstanding	4,00,000 (4,00,000)	- (-)
3) Interest Receivable	86,697 (61,297)	- (-)
4) Creditors and Other Payable	-	18,504

MULLER & PHIPPS (AGENCIES) LIMITED

6. EARNINGS PER SHARE (AS-20)		
	2009-2010	2008-2009
a) Calculation of weighted average number of equity shares of Rs. 10/- each		
Number of shares at the beginning of the year	50,000	50,000
Shares issued during the year	-	-
Number of shares outstanding at the end of the year	50,000	50,000
Weighted average number of equity shares outstanding during the year	50,000	50,000
b) Net profit (loss) after tax available for equity shareholders Rupees	1,090	(1,011)
c) Basic and diluted earning per share of Rs. 10/- each rupees	(0.02)	(0.02)

7. DEFERRED TAXATION : ACCOUNTING FOR TAXES IN INCOME (AS-22)

There being no timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods, no deferred tax adjustment is required to be made. Deferred Tax Assets are not recognized due to uncertainty of its utilization.

8. The Company does not have any fixed assets hence Accounting Standard AS-28 Impairment of Asset is not applicable.
9. Previous year's figures have been rearranged and regrouped wherever necessary to confirm to current year's classification and are in brackets.

These are the Schedule referred in our report of even date.

Signature to Schedule 'A' to 'D' Annexed

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 106811W

J. G. NAIK
PROPRIETOR
Membership No. 30614
Place : Mumbai
Dated : 27th August 2010

P.N. DALAL
D.B. DESHMUKH
P.V. MOHAN
DIRECTORS

Place : Mumbai
Dated : 27th August 2010

8. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	25416	State Code	11
Balance Sheet Date	31st March, 2010		

II. Capital Raised during the year

(Amounts in Rs. Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	Total Assets
500	500

Sources of Funds

Paid Up Capital	Reserves & Surplus
500	Nil
Secured Loans	Unsecured Loans
Nil	Nil

Application of Funds

Net Fixed Assets	Investments
Nil	NIL
Net Current Assets	Misc. Expenditure
473	NIL
Accumulated Losses	
27	

IV. Performance of Company

(Amount in Rs. Thousands)

Turnover (Gross Revenue)	Total Expenditure
32	31
Profit/Loss Before Tax	Profit/Loss After Tax
1	1
Earnings Per Share in Rs.	Dividend rate %
(0.02)	NIL

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Since the Company has not started any activity the requirement of this clause is not applicable.

These are the Schedule referred to in our report of even date.

Signature to Schedule
'A' to 'D' Annexed

This is the Balance Sheet referred to in our Report of even date

For Notes forming part of Accounts refer Schedule 'D' Annexed

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 106811W

P.N. DALAL
D.B. DESHMUKH
P.V. MOHAN
DIRECTORS

J. G. NAIK
PROPRIETOR
Membership No. 30614

Place : Mumbai
Dated : 27th August 2010

Place : Mumbai
Dated : 27th August 2010

**DIRECTORS' REPORT TO THE
SHAREHOLDERS**

**TWENTY SECOND ANNUAL REPORT
BOARD OF DIRECTORS :**

U.K. Dhupelia
M.B. Dalal
D.B. Deshmukh

AUDITORS :

Jagtiani & Naik

BANKERS :

Oriental Bank of Commerce
Mumbai

REGISTERED OFFICE :

221, Unique Industrial Estate
Off Veer Savarkar Marg
Prabhadevi
Mumbai 400 025

Your Directors present the Twenty Second Annual Report along with the Audited Statements of Accounts for the year ended 31st March, 2010

OPERATIONS:

The year under review the Company has made a profit of Rs. 383/- After adjusting the carry forward loss there is still a deficit of Rs. 17,72,813/-

STATUTORY REQUIREMENTS:

There are no employees drawing remuneration, which attracts the provision of Section 217 (2A) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

DIRECTORS :

Mr. U.K. Dhupelia retires by rotation, and being eligible, offers himself for re-appointment.

FIXED DEPOSITS:

The Company has not invited any Fixed Deposits during the year under consideration.

AUDITORS:

The Auditors, M/s. Jagtiani & Naik, retire at the end of the Annual General Meeting and they have given their consent for re-appointment.

AUDITORS REPORT:

In respect of the remarks of the Auditors in Clause 3 of Auditors Report – The Company with the help of financial support from holding Company is making every effort to rework its activities. Your directors are confident of commencing new business activities and hence the accounts are prepared on going concern basis.

For and On behalf of the Board

Registered Office

221 Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi, Mumbai 400 025

UTSAV DHUPELIA
M.B. DALAL
D.B. DESHMUKH
DIRECTORS

Date : 27th August, 2010

AUDITORS' REPORT TO THE MEMBERS OF MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED

1. We have audited the attached Balance Sheet of **MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED** as at 31st March, 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. (Collectively referred to as "Financial Statements"). 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 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 as to 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. **We draw attention to Note: 1(d) of Notes to Accounts in the financial statements. The Company has not carried its any business activities over a period of time and the Company's current liabilities exceeded its current assets by Rs. 2,24,559/- and its total liabilities exceeded its total assets by Rs. 17,72,813/-. These factors, along with other matters as set forth in Note 1(d) of Notes to Accounts, raised substantial doubt that the Company will be able to continue as a going concern. The Company's management has prepared these financial statements on a going concern basis based on the financial and other support assured by the holding Company.**
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. 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.
 - 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, and taken on record by the Board of Directors, we report that none of the Director is disqualified as on 31st

March, 2010, from being appointed as director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.

- vi) **Subject to the matter referred to in Paragraph 3 above**, 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, 2010; and
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For JAGTIANI & NAIK
Chartered Accountants
ICAI Reg. No. 103854W

J.G. NAIK
PARTNER
Membership No. 30614
MUMBAI

DATED: 27th August, 2010

Annexure to the Auditors' Report

Re: MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED
(Referred to in paragraph 3 of our Report of even date)

1. a) The Company has maintained accounting records showing full particulars including quantitative details and situation of fixed assets.
- b) Physical verification has been conducted by the management of fixed assets at reasonable intervals during the year and no discrepancies were noticed on such verification.
- c) During the year there has not been and disposal of fixed assets.
2. Since the Company has not carried on any activity involving inventory, the clauses relating to its physical verification, procedures, maintenance of records and discrepancies does not arise.
3. (i) The Company has not granted any loans secured or unsecured to companies, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (ii) The Company has taken an unsecured interest free loan from one party (Holding Company) covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year as well as year end balance was Rs. 10,51,257/-
- (iii) The terms and conditions of loan taken by the Company are prima facie not prejudicial to the interest of the Company. The loan taken is interest free in the nature.
- (iv) There is no stipulation as to repayment of the principal amounts in respect of above interest free loan taken by the Company.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system

MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED

- commensurate with the size of the Company and nature of its business for purchases fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory, sale of goods. During the course of our audit, we have neither been informed nor have we observed any continuing failure to correct major weakness in the internal controls.
5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangement referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - b) In our opinion and according to the information and explanations given to us, transaction made in pursuance of such contracts or arrangements in respect of one party during the year have been made at prices which are reasonable having regards to prevailing Market prices at the relevant time.
 6. The Company has not accepted deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
 7. The Company is not listed and neither does have paid up capital and reserves exceeding Rs. 50 lakhs nor average annual turnover of 5 crores, consecutively for past three financial years, hence comments on Internal Audit System are not made.
 8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services rendered by the Company.
 9. a) (i) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues and other material statutory dues applicable to it.
Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
 - (ii) According to information and explanations given to us, the Company was not liable for contribution towards Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty during the year.
 - (iii) According to records of the Company there are no undisputed arrears of Statutory dues, which were outstanding as on 31st March, 2010 for a period of more than six months from the date they become payable.
 - b) According to the information and explanations given to us, there are no dues in respect of Sales Tax, Value Added Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, and Excise Duty that have not been deposited with the appropriate authorities on account of any dispute.
 10. The Company has accumulated losses at the end of the financial year aggregating Rs. 17,72,813/- which is in excess of 50% of its net worth. The Company has not incurred any cash losses during the current financial year however it had incurred cash losses of Rs. 593/- in the immediately preceding financial year.
 11. The Company has neither taken any loans from a financial institution or a bank nor issued any debentures.
 12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion and according to information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
 14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities debentures and other investments.
 15. 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.
 16. The Company has not obtained any term loans.
 17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company and having regard to the explanation that funding from the holding Company is not on short term basis, the Company did not have any short term borrowings.
 18. 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 during the year.
 19. The Company has not issued any debentures.
 20. The Company has not raised any money by public issues during the year.
 21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For JAGTIANI & NAIK
Chartered Accountants
ICAI Reg. No. 103854W

J.G. NAIK
PARTNER
Membership No. 30614

MUMBAI

DATED: 27th August, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE ANNEXED	As at 31st March 2010 RUPEES	As at 31st March 2009 RUPEES
I. SOURCES OF FUNDS :			
1) Shareholders' Funds :			
Share Capital	A	5,00,000	5,00,000
2) Loan Funds :			
Unsecured Loans (Due to Holding Company)		10,51,257	10,31,221
TOTAL		15,51,257	15,31,221
II. APPLICATION OF FUNDS :			
1) Fixed Assets :	B		
a) Gross Block		30,000	30,000
b) Less : Depreciation		26,997	26,512
c) Net Block		3,003	3,488
2) Current assets, Loans and advances	C		
a) Sundry Debtors	C-1	-	-
b) Cash and Bank Balances	C-2	13,772	13,838
c) Other Current assets	C-3	1,500	1,500
		15,272	15,338
Less : Current Liabilities and Provisions :	D		
a) Liabilities	D-1	2,39,831	2,60,801
Net Current Assets		(2,24,559)	(2,45,463)
3) Miscellaneous Expenditure :			
(to the extent not written off or adjusted)			
Profit and Loss Account		-	-
Deficit as per Profit and Loss Account annexed		17,72,813	17,73,196
TOTAL		15,51,257	15,31,221

This is the Balance Sheet referred to in our Report of reven date.
For Notes forming part of Accounts refer Schedule 'F' Annexed

As per our Report Attached

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 103854W

J. G. NAIK
PROPRIETOR
Membership No. 30614

Place : Mumbai
Dated : 27th August 2010

U.K. DHUPELIA
M.B. DALAL
D.B. DESHMUKH
DIRECTORS

Place : Mumbai
Dated : 27th August 2010

MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE ANNEXED	2009-2010 RUPEES	2008-2009 RUPEES
INCOME :			
Indenting Commission		-	-
Difference in Exchange		<u>15,970</u>	<u>22,059</u>
TOTAL		<u>15,970</u>	<u>22,059</u>
EXPENDITURE :			
Administrative and Other Expenses	E	<u>15,102</u>	<u>22,652</u>
Depreciation	B	<u>485</u>	<u>564</u>
TOTAL EXPENDITURE		<u>15,587</u>	<u>23,216</u>
Profit/(Loss) for the year		<u>383</u>	<u>(1,157)</u>
Less : Provision for Taxation		<u>-</u>	<u>-</u>
		<u>383</u>	<u>(1,157)</u>
Less : Deficit as per last year		<u>(17,73,196)</u>	<u>(17,72,039)</u>
Deficit Carried to Balance Sheet		<u>(17,72,813)</u>	<u>(17,73,196)</u>
BASIC AND DILUTED EARNINGS PER SHARE		<u>0.04</u>	<u>(0.12)</u>

This is the Profit and Loss Account referred to in our Report of even date.
For Notes forming part of Accounts refer Schedule 'F' Annexed

As per our Report Attached

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 103854W

J. G. NAIK
PROPRIETOR
Membership No. 30614

Place : Mumbai
Dated : 27th August 2010

U.K. DHUPELIA
M.B. DALAL
D.B. DESHMUKH
DIRECTORS

Place : Mumbai
Dated : 27th August 2010

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

	AS AT 31ST MARCH 2010 RUPEES	AS AT 31ST MARCH 2009 RUPEES
A. SHARE CAPITAL :		
Authorised :		
10,000 Equity shares of Rs. 10/- each	1,00,000	1,00,000
4,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each	4,00,000	4,00,000
	<u>5,00,000</u>	<u>5,00,000</u>
Issued, subscribed and paid-up :		
10,000 Equity shares of Rs. 10/- each full paid-up	1,00,000	1,00,000
4,000 14% Cumulative Redeemable Preference Shares of Rs. 100/- each	4,00,000	4,00,000
	<u>5,00,000</u>	<u>5,00,000</u>
(All the above shares are held by the Holding Company Muller & Phipps (India) Limited and its nominees)		
B. FIXED ASSETS :		
Gross Block		
Office Equipment		
Cost from last Balance Sheet	30,000	30,000
Less : Depreciation		
a) Upto last year	26,512	25,948
b) For the year	485	564
Total Depreciation	<u>26,997</u>	<u>26,512</u>
Net Block	<u>3,003</u>	<u>3,488</u>
C. CURRENT ASSETS LOANS AND ADVANCES :		
C-1 Sundry Debtors :		
(Unsecured, Considered Doubtful)		
Due for period exceeding six months	2,32,118	2,32,118
Other debts	-	-
	<u>2,32,118</u>	<u>2,32,118</u>
Less : Provision for Doubtful Debts	<u>2,32,118</u>	<u>2,32,118</u>
	-	-
C-2 Cash and Bank Balances :		
Cash Balance on hand	4,395	4,395
Balance with Scheduled Bank in Current Account	9,377	9,443
	<u>13,772</u>	<u>13,838</u>
C-3 Other Current Assets :		
Deposit with Public Bodies and Others	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED

	AS AT 31ST MARCH 2010 RUPEES	AS AT 31ST MARCH 2009 RUPEES
D. CURRENT LIABILITIES AND PROVISIONS :		
D-1 Liabilities :		
Sundry Creditors	2,39,451	2,60,421
Other Liabilities	380	380
	<u>2,39,831</u>	<u>2,60,801</u>

SCHEDULE TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 RUPEES	2008-2009 RUPEES
E. ADMINISTRATIVE AND OTHER EXPENSES :		
Auditors' Remuneration :		
Audit Fees	10,000	13,000
Service Tax	1,030	1,524
Bank Charges	66	378
Legal and Professional	3,500	5,000
Misceallaneous Expenses	506	2,750
	<u>15,102</u>	<u>22,652</u>

SCHEDULE TO THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

'F' NOTES :

1. SIGNIFICANT ACCOUNTING POLICIES

a) Applicability of Accounting Standards :

The Company is a Small and Medium Company as defined in the Companies (Accounting Standards) Rules, 2006 in respect of Accounting Standards Notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

b) Basis of Accounting :

The financial statements have been prepared under historical cost convention in conformity in all material aspects with the generally accepted accounting principles in India.

c) Revenue Recognition :

The accounts are prepared on accrual basis in accordance with the requirements of the Companies Act, 1956.

d) Going Concern :

The Company has not carried its any business activities over a period of time also the accumulated losses of the Company as at 31st March, 2010 of Rs. 17,72,813/- have resulted in complete erosion of its net worth. The financial statements have been prepared on a going concern basis notwithstanding the accumulated losses as the holding company Muller & Phipps (India) Limited has undertaken to provide financial and other support as necessary to enable the Company to continue its operations and to meet its liabilities as and when they fall due. Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of carrying amounts of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

e) Fixed Assets and Depreciation :

- i) Fixed assets are stated at acquisition cost less accumulated depreciation
- ii) Depreciation is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956

f) Employees Benefits :

The Company had no employees during the year hence the Measurement and Disclosure requirements as per AS-15 are not applicable to the Company.

g) Taxation :

- i) Provision for tax is made on the basis of the estimated taxable income as per the provisions of the Income Tax Act, 1961 and the relevant Finance Act, after taking into consideration judicial pronouncements and opinions of the Company's tax advisors.
- ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

h) Foreign Currency Translation :

Foreign currency assets and liabilities, if any, are translated at year end exchange rates

i) Impairment of Assets :

Where carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value is use determined by the present value of estimate future cash flow.

j) Provisions and Contingencies :

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent Assets are neither recognized nor disclosed in the financial statements.

2. Contingent liability :

Arrears of Dividend in respect of 14% Cumulative Redeemable Preference shares from the date of allotment 27th November, 2002 Rs. 3,55,178/- (Rs. 3,55,178/-)

3. Provisions for taxation has not been made in view of benefits available to the Company in respect of unabsorbed losses as well as Depreciation.
4. The Company has not received any intimation from suppliers / creditors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure if any relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act has not been made.

5. Earning in Foreign Exchange :

Difference in Exchange Rs.15,970 /- (Rs. 22,059/-)

6. Expenditure in Foreign Currency :

Difference in Exchange Rs. NIL (Rs. NIL)

7. The Company has only one revenue segment, hence no separate segmentwise information on revenue, results and capital employed is given as per AS-17, issued by ICAI on "Segment Reporting".

8. Related Party Transactions : (AS-18)

The Company has identified the following related parties and details are given below :

Sr.No.	Name of Transactions	Holding CompanyMuller & Phipps (I) Ltd.
a)	Transactions during the year	
	i) Expenses paid on behalf of the Company	20,036
		(13,986)
b)	Outstanding at the end of the year	
	1) Share capital	5,00,000
		(5,00,000)
	2) Creditors and Other Payable	10,51,257
		(10,31,221)

9. Earnings per share : (AS-20)

	2009-10	2008-09
a) Calculation of weighted average number of equity shares of Rs. 10/- each		
Number of shares at the beginning of the year	10,000	10,000
Shares issued during the year	-	-
Number of shares outstanding at the end of the year	10,000	10,000
Weighted average number of equity shares outstanding during the year	10,000	10,000
b) Net profit (loss) after tax available for equity shareholders rupees	383	(1,157)
c) Basic and diluted earning per share of Rs. 10/- (Rupees ten) each.	0.04	(0.12)

10. Deferred Tax :

As a matter of prudence, the Company has not created a deferred tax asset in accordance with Accounting Standard 22 issued by ICAI on "Accounting for Taxes on Income" on the provision for Doubtful debts, carried forward tax losses and unabsorbed depreciation due to uncertainty of its utilisation.

11. Previous year's figures have been regrouped wherever necessary to conform to current year's classification and are in brackets.

These are the Schedule referred in our report of even date.

Signature to Schedule
"A" to "F" Annexed

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 103854W

J. G. NAIK
PROPRIETOR
Membership No. 30614

Place : Mumbai
Dated : 27th August 2010

U.K. DHUPELIA
M.B. DALAL
D.B. DESHMUKH
DIRECTORS

Place : Mumbai
Dated : 27th August 2010

MULLER & PHIPPS (INDUSTRIAL SERVICES) LIMITED

11. Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	47489	State Code	11
Balance Sheet Date		31st March, 2010	

II. Capital Raised during the year (Amounts in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	1551	Total Assets	1551
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Sources of Funds

Paid Up Capital	500	Reserves & Surplus	Nil
Secured Loans	Nil	Unsecured Loans	1051

Application of Funds

Net Fixed Assets	3	Investments	Nil
Net Current Assets	(225)	Misc. Expenditure	NIL
Accumulated Losses	1773		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	16	Total Expenditure	15
Profit/Loss Before Tax	1	Profit/Loss After Tax	1
Earnings Per Share in Rs.	0.04	Dividend rate %	NIL

V. Generic Name of the Service of Company (as per monetary terms)

Item Code No. (ITC Code)	Not Applicable
Product Description	Indenting Commission Agent

These are the Schedule referred in our report of even date.

Signature to Schedule A to F Annexed

For J. G. NAIK & CO.
Chartered Accountants
ICAI Reg. No. 103854W

U.K. DHUPELIA
M.B. DALAL
D.B. DESHMUKH
DIRECTORS

J. G. NAIK
PROPRIETOR
Membership No. 30614

Place : Mumbai
Dated : 27th August 2010

Place : Mumbai
Dated : 27th August 2010

Please quote Folio no. MP

MULLER & PHIPPS (INDIA) LIMITED

Registered Office

221 Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025.

PROXY

I/We

of being

Member(s) of MULLER & PHIPPS (INDIA) LIMITED hereby appoint

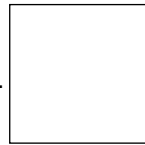
of or failing him

..... Or

as my / our Proxy to attend and vote from me / us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday, September 29, 2010 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand(s) this day of

Signed by the Said



NOTE : The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The Proxy need not be a member of the Company.

Please quote Folio no. MP

MULLER & PHIPPS (INDIA) LIMITED

Registered Office

221 Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025.

ATTENDANCE SLIP

Please complete this attendance Slip and hand it over at the entrance of the Hall.

I hereby record my presence at the ANNUAL GENERAL MEETING being held on Wednesday, September 29, 2010 at 11.00 a.m. at "South Lounge", Ground Floor, MVIRDC World Trade Centre, Centre 1, Cuffe Parade, Mumbai 400 005.

Signature of the Shareholder or Proxy :

Name of the Shareholder :

Name of Proxy :

BOOK-POST

If undelivered please return to :

MULLER & PHIPPS (INDIA) LIMITED

221 Unique Industrial Estate,

Off Veer Savarkar Marg,

Prabhadevi, Mumbai 400 025.