



**MULLER & PHIPPS (INDIA) LIMITED**

**NINETY FIFTH ANNUAL REPORT  
2011-2012**

**MULLER & PHIPPS (INDIA) LIMITED**  
NINETY FIFTH ANNUAL REPORT 2011-2012

**DIRECTORS :**

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

**REGISTERED OFFICE :**

16, 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

**REGIONAL OFFICES/DEPOTS :**

Mumbai, Ahmedabad, Indore, Raipur  
Delhi, Ghaziabad, Lucknow, Jaipur, Chandigarh  
Calcutta, Cuttack, Patna,  
Chennai, Kochi, Hyderabad



NOTICE

Notice is hereby given that the NINETY FIFTH ANNUAL GENERAL MEETING OF MULLER & PHIPPS (INDIA) LIMITED will be held at ORCHID, 1st Floor, MVIRDC World Trade Centre, Centre 1, Cuffe Parade, Mumbai 400 005 on Thursday 20th September, 2012 at 10.00 a.m. to transact the following business:

- 1. To receive and adopt the Directors' Report and the audited Balance Sheet and Statement of Profit & Loss Account for the year ended 31st March, 2012 and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr Utsav Dhupelia 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
16, Unique Industrial Estate
Off Veer Savarkar Marg
Prabhadevi
Mumbai 400 025

By Order of the Board

U.K. DHUPELIA
DIRECTOR

Place: Mumbai
Date: 24th August, 2012.

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 him self 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 13th September, 2012 to 20th September, 2012 (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)

Table with 2 columns: Name, Mr. Utsav Dhupelia. Date of Birth & Age, 24.04.1947 (64 years). Appointment, 30.10.2009. Qualification, B.Com.Hons and Chartered Accountant (Finalist) from UK. Expertise/Experience, He has over three decades experience in finance and international business. Directorship in Other Public Companies, Foods and Inns Limited, Finns Frozen Foods (I) Ltd, Muller & Phipps (Industrial Services) Ltd. Shareholding, 50 Shares.

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By Order of the Board

U.K. DHUPELIA
DIRECTOR

Place: Mumbai
Date: 24th August,2012.

**DIRECTORS' REPORT TO MEMBERS**

The Directors have pleasure in presenting this Ninety Fifth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2012.

	2011-2012	2010-2011
Gross Sales	<b>509.29</b>	1233.70
Profit / (Loss) after Interest & Finance charges	<b>(95.47)</b>	(183.70)
Provision for Depreciation	<b>4.26</b>	4.25
Profit / (Loss) before Exceptional items and Tax	<b>(99.73)</b>	(187.95)
Compensation received for surrender of Tenancy Rights	-	200.00
Provision for Taxation	-	-
Prior period Tax adjustments – debit / (credit)	<b>(0.25)</b>	(0.36)
Profit / (Loss) for the year	<b>(99.48)</b>	12.41
Add: Profit / (Loss) balance brought forward from previous year	<b>(591.46)</b>	(603.87)
Balance available for appropriation	<b>(690.94)</b>	(591.46)

**OPERATIONS:** During the year sales were ₹ 509 lacs against ₹1234 lacs in the previous year. 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 advice during the current year with advertisement and through vigorous distribution efforts we plan to maximize the sales. Renewed efforts are being made to revamp our inhouse products portfolio and sales are improving. The business operation in the first four months of the current year has been seen substantial progress towards this objective. It is hoped that with these additional business and cost reduction, we will be in a position to break-even in the operation.

**SUBSIDIARY COMPANIES:**

At the end of the financial year under review your Company had the following subsidiaries:

- 1 Muller & Phipps (Industrial Services) Limited
- 2 Muller & Phipps (Agencies) Limited

The Ministry of Corporate Affairs, Government of India has issued a Circular No.2 /2011 dated 8<sup>th</sup> February 2011 granting general exemption to Companies under section 212 (8) from attaching the documents referred to in section 212(1) pertaining to its subsidiaries, subject to approval by Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of the Company have accordingly accorded approval to the Company dispensing with the requirement of attaching to its Annual Report the annual audited accounts of the Company's subsidiaries.

Accordingly, the Annual Report of the Company does not contain the individual statements of these subsidiaries, but contains the audited consolidated financial statements of the Company and its subsidiaries. The Annual Accounts of these subsidiary companies and the related detailed information will be made available to shareholders seeking such information at the point of time. The annual accounts of the Subsidiary Companies will also be kept for inspection by any shareholder at its registered office and that of the concerned subsidiary companies. The statement pursuant to the approval under section 212 (8) of the Companies Act, 1956 is annexed together with the Annual Accounts of the Company.

**FIXED DEPOSITS:**

There are no fixed deposits outstanding as on March 31, 2012



**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 March 31, 2012 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 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. Utsav Dhupelia is due to retire at the ensuing Annual General Meeting and being eligible offers himself 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 31.3.2012.

**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) In respect of the remark of the Auditors in Clause 5 of Auditors Report- Regarding balance payment of ₹ 1,28,88,328/ – due from foreign group entity, the Directors are of the opinion that the amount is fully recoverable and will be received in due course, hence no provision has been made in the accounts.
- ii) As regards Clause 1 of Annexure referred to in Clause 4 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.
- iii) As regards Clause 7 of Annexure referred to in Clause 4 of the Auditors Report, the Company is in process of commencing the 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: 24<sup>th</sup> August, 2012.

**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 March 31, 2012.

**1. CONSUMPTION OF ENERGY :**

The actual energy consumption for the previous year ended March 31, 2011 were 1882 (KWH) units and for the current year ending March 31, 2012 were Nil (KWH) units. The consumption being insignificant billing was based on 40% of the contract demand, the value of which was ₹ 45,893/ – and Nil respectively.

The energy consumption being insignificant the question of any alternate source of energy did not arise, now the operations have been terminated.

**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, now the operations have been terminated.

**3. FOREIGN EXCHANGE EARNINGS & OUTGOINGS :**

The details relating to the foreign exchange earnings are available in Notes No.31 of the Notes forming part of the Accounts and outgoings are 'Nil' for the year ended March 31, 2012.



## 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, 2012 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.  
the Board of Directors duly met five (5) times on 13.05.2011, 12.08.2011, 02.09.2011, 14.11.2011 and 14.02.12 in the financial year *2011-2012* 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.
4. the company closed its Register of Members, and/or Debenture holders on *to 21.09.11 till 28.09.11* and necessary compliance of section 154 of the Act has been made.
5. the annual general meeting for the financial year ended on 31<sup>st</sup> March 2011 was held on *28.09.2011* 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 Intime Spectrum Registry 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 s 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 not* 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.

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 31.3.2012* 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 ₹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 ₹ \_\_\_\_\_ 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: 24.08.2012

Sd/-

Sanjay 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,2012, till date. (Form/SRN No/Date/Filing Purpose)

1	FORM 66	P87020244	19.04.2012
2	FORM 23 AC & 23 ACA	P87216339	03.05.2012
3	FORM 20 B	P87020251	19.04.2012
4	Form 18	B18798769	24.08. 2011

## 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 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss 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. 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. 39 of the Notes to the financial Statements.
4. 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
5. *No confirmation has been received from a foreign group entity for the net amount of ₹ 1,28,88,328 due from it and outstanding for more than two year which is shown as good and fully recoverable in the financial statements In the absence of the confirmation, we are unable to express an opinion on the recoverability of this amount.*
6. Further to our comments in paragraph 3 above and also those contained in the Annexure referred to in paragraph 4 above and subject to the matter referred to in paragraph 5 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 Statements of Profit and Loss dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Statements of Profit and Loss 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 31<sup>st</sup> March, 2012, from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 31<sup>st</sup> March, 2012;
    - ii) in the case of the Statements of Profit and Loss, of the Loss 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

S.B. Prabhu  
Partner

Membership No.35296

Mumbai : 24th August, 2012



## 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 had 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 ₹ 1,70,00,000. and the year end balance of such loan taken was ₹1,70,00,000.
  - 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 has been 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 ₹ 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 had no internal audit system in operation during the year. In our opinion, the Company needs to have 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 31<sup>st</sup> March, 2012 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 31<sup>st</sup> March, 2012 except as stated below:

Nature of dues pending	Amount ₹	Forum where dispute is
Income Tax Demand (A.Y 2001-2002)	1,21,74,633	Commissioner of Income-tax (Appeals).
Income Tax Penalty Demand (A.Y 2001- 2002)	2,10,00,000	Commissioner of Income-tax (Appeals)
(A.Y2005 - 2006)	15,66,296	Commissioner of Income-tax (Appeals).
Sales Tax Demand (F.Y. 2004-2005)	285,000	Sales Tax Authorities - Lucknow.
(F.Y. 2002-2003)	229,000	Sales Tax Authorities - Lucknow.

10. The accumulated losses of the Company as at 31<sup>st</sup> March, 2012 are more than fifty percent of its net worth. It has incurred cash losses during the financial year ended on that date although it has not incurred cash losses 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

S.B. Prabhu  
Partner

Mumbai : 24th August, 2012

Membership No.35296

**BALANCE SHEET AS AT 31ST MARCH, 2012**

	Note No.	31-03-2012 ₹	31-03-2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	62,50,000	62,50,000
Reserves and Surplus	3	(4,65,94,296)	(3,66,46,358)
		<u>(4,03,44,296)</u>	<u>(3,03,96,358)</u>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	3,04,178	4,05,229
Other Long-term Liabilities	5	12,65,000	27,94,249
Long-term Provisions	6	8,38,689	10,60,255
		<u>24,07,867</u>	<u>42,59,733</u>
<b>Current Liabilities</b>			
Short-term Borrowings	7	1,74,00,000	1,75,48,867
Trade Payables	8	6,51,61,704	6,98,17,237
Other Current Liabilities	9	1,35,22,693	1,69,25,361
Short-term Provisions	10	27,83,716	25,81,405
		<u>9,88,68,113</u>	<u>10,68,72,870</u>
<b>TOTAL</b>		<u><u>6,09,31,684</u></u>	<u><u>8,07,36,245</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :	11		
Tangible Assets		14,94,731	17,99,897
Intangible Assets		-	-
		<u>14,94,731</u>	<u>17,99,897</u>
Non-Current Investments	12	1,00,000	1,00,000
Long-term Loans and Advances	13	1,00,05,956	1,17,31,588
Other Non-Current Assets	14	4,18,49,765	5,26,55,248
		<u>5,34,50,452</u>	<u>6,62,86,733</u>
<b>Current Assets</b>			
Inventories	15	7,90,592	15,29,082
Trade Receivables	16	47,67,726	56,81,000
Cash and Bank Balances	17	3,07,642	53,61,938
Short-term Loans and Advances	18	15,86,572	18,77,492
Other Current Assets	19	28,700	-
		<u>74,81,232</u>	<u>1,44,49,512</u>
<b>TOTAL</b>		<u><u>6,09,31,684</u></u>	<u><u>8,07,36,245</u></u>
Notes to the Financial Statements and Significant Accounting Policies	1 to 40		
The accompanying notes are an integral part of the financial statements			
As per our Report attached			
<b>For Ford, Rhodes, Parks &amp; Co.</b> Chartered Accountants Firm's Registration No.102860W		<b>U.K. DHUPELIA</b> <b>MILAN DALAL</b> Directors	
<b>S.B. PRABHU</b> Partner Membership No. 35296 Mumbai Dated: 24th August, 2012		Mumbai Dated: 24th August, 2012	

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

	Note No.	31-03-2012 ₹	31-03-2011 ₹
<b>INCOME</b>			
Revenue from Operations	20	5,09,29,903	12,33,70,002
Other Income	21	18,55,485	1,27,93,338
<b>TOTAL REVENUE</b>		<b>5,27,85,388</b>	<b>13,61,63,340</b>
<b>EXPENDITURE</b>			
Purchases (net of returns) of Stock- in-trade	22	2,32,32,252	7,58,03,004
Changes in Inventories of Finished Goods	23	7,38,490	2,05,14,562
Employee Benefits Expense	24	1,57,93,500	2,09,91,126
Finance Costs	25	32,44,101	46,41,342
Depreciation and Amortisation Expense	26	4,26,234	4,25,484
Other Expenses	27	1,93,24,204	3,25,83,017
<b>TOTAL EXPENSES</b>		<b>6,27,58,781</b>	<b>15,49,58,535</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(99,73,393)</b>	<b>(1,87,95,195)</b>
Compensation received for surrender of Tenancy Rights		-	2,00,00,000
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(99,73,393)</b>	<b>12,04,805</b>
Current Tax		-	-
Deferred Tax Adjustment - Debit / (Credit)		-	-
Prior Period Tax Adjustment - Debit / (Credit)		(25,455)	(35,776)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(99,47,938)</b>	<b>12,40,581</b>
<b>Earning per Share - Basic and Diluted ( see note no. 38 )</b>		<b>(15.92)</b>	<b>1.98</b>
Notes to the Financial Statements and Significant Accounting Policies	1 to 40		
The accompanying notes are an integral part of the financial statements			
As per our Report attached			
<b>For Ford, Rhodes, Parks &amp; Co.</b> Chartered Accountants Firm's Registration No.102860W		<b>U.K. DHUPELIA</b> <b>MILAN DALAL</b> Directors	
<b>S.B. PRABHU</b> Partner Membership No. 35296 Mumbai Dated: 24th August, 2012		Mumbai Dated: 24th August, 2012	



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

	31-03-2012		31-03-2011	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) Before Tax and Prior Period Items		(99,73,393)		(1,87,95,195)
Adjustments for				
Depreciation	4,26,234		4,25,484	
Profit / (Loss) on Sale of Fixed Assets	13,116		(55,717)	
Interest and Finance Charges Expenses	32,44,101	36,83,451	46,41,342	50,11,109
Operating Profit/(Loss) before Working Capital Changes		(62,89,942)		(1,37,84,086)
Adjustment for				
(Increase)/Decrease in Trade and Other Receivables		1,40,24,574		1,42,88,008
(Increase)/Decrease in Inventories		7,38,490		2,05,14,562
Increase/(Decrease) in Sundry Creditors and Other Liabilities		(1,15,61,442)		(3,15,80,494)
<b>Cash Used in Operations</b>		(30,88,320)		(1,05,62,010)
Taxes Paid		(2,92,511)		(3,99,949)
<b>Cash Flow before Prior Period items</b>		(33,80,831)		(1,09,61,959)
Compensation received for surrender of Tenancy Rights		-		2,00,00,000
<b>Net Cash Used in Operating Activities</b>		(33,80,831)		90,38,041
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(1,56,183)		(7,59,357)
Sale of Fixed Assets		22,000		5,30,026
Investment / ( encashment ) - Margin Money Deposits		40,89,135		(42,46,571)
<b>Net Cash from Investing Activities</b>		39,54,952		(44,75,902)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Cash Credit (net)		(1,71,48,867)		4,88,330
Intercompany and Other Loans (net)		1,68,98,949		(52,78,553)
Interest Paid		(12,89,364)		(60,59,982)
<b>Net Cash used in Financing Activities</b>		(15,39,282)		(1,08,50,205)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(9,65,161)		(62,88,066)
Cash and Cash Equivalents as at beginning of the year		12,72,803		75,60,869
Cash and Cash Equivalents as at close of the year		3,07,642		12,72,803

As per our Report attached

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

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

**S.B. PRABHU**  
Partner  
Membership No. 35296

Mumbai  
Dated: 24th August, 2012

Mumbai  
Dated: 24th August, 2012

## Significant Accounting Policies and Notes to the Financial Statements for the year ended 31st March, 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 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.

#### 1.2 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'.

#### 1.3 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.

#### 1.4 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.

#### 1.5 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.

#### 1.6 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.

#### 1.7 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.

#### 1.8 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.





**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>2 SHARE CAPITAL</b>		
<b>Authorised</b>		
20,00,000 Equity Shares of ₹ 10 each	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>Issued, Subscribed and Fully Paid-up</b>		
6,25,000 Equity Shares of ₹ 10 each	<u>62,50,000</u> <u>62,50,000</u>	<u>62,50,000</u> <u>62,50,000</u>
<b>2.1 Rights and Restrictions attached to Equity Shares</b>		
The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.		
<b>2.2 Shares held by Holding Company</b>		
Out of the above equity shares, 3,22,680 (previous year 3,22,680) shares are held by Holding Company - M/s. Development Holding Asia Ltd.		
<b>2.3 Details of Shareholders holding more than 5% of the total Equity Shares</b>		

NAME OF THE SHAREHOLDER	31-03-2012		31-03-2011	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Development Holding Asia Ltd.	3,22,680	51.63%	3,22,680	51.63%
Swar Investments and Trading Co. Pvt. Ltd.	56,350	9.02%	56,350	9.02%
Satyajyothi Holding Pvt. Ltd.	49,525	7.92%	49,525	7.92%

	31-03-2012 ₹	31-03-2011 ₹
<b>3 RESERVES AND SURPLUS</b>		
<b>Share Premium</b>	<u>2,25,00,000</u>	<u>2,25,00,000</u>
<b>Surplus / (Deficit)</b>		
As per last Balance Sheet	<u>(5,91,46,358)</u>	<u>(6,03,86,939)</u>
Profit / (Loss) for the year	<u>(99,47,938)</u>	<u>12,40,581</u>
	<u>(6,90,94,296)</u>	<u>(5,91,46,358)</u>
	<u>(4,65,94,296)</u>	<u>(3,66,46,358)</u>
<b>4 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan from Bank	<u>3,04,178</u>	<u>4,05,229</u>
	<u>3,04,178</u>	<u>4,05,229</u>
<b>4.1</b> The vehicle loan is secured against the hypothecation of specific vehicle.		
<b>4.2</b> The rate of interest on the loan is 10.52%. The loan is repayable in equated monthly installments. The yearly amount repayable on the above loan is as follows:		
	₹	
Year 2013-14	1,12,209	
Year 2014-15	1,24,600	
Year 2015-16	67,369	
	<u>3,04,178</u>	

**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security Deposits from C & F Agents	<u>12,65,000</u>	27,94,249
	<u>12,65,000</u>	<u>27,94,249</u>
<b>6 LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Leave Encashment	<u>8,38,689</u>	10,60,255
	<u>8,38,689</u>	<u>10,60,255</u>
<b>7 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit with Bank	-	1,71,48,867
<b>Unsecured</b>		
Loans from Related Parties	<u>1,74,00,000</u>	4,00,000
	<u>1,74,00,000</u>	<u>1,75,48,867</u>
7.1 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.		
<b>8 TRADE PAYABLES</b>		
Trade Payables	<u>6,51,61,704</u>	6,98,17,237
	<u>6,51,61,704</u>	<u>6,98,17,237</u>
<b>9 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debt	1,01,051	91,003
Interest Accrued and not due on Borrowings	2,750	3,480
Interest Accrued and due on Borrowings	21,69,059	94,797
Interest Accrued and due on Agents' Security Deposits	2,51,348	3,70,143
Statutory Liabilities	35,88,676	58,30,193
Employee related Liabilities	22,29,801	37,10,444
Other Expense Creditors	37,39,831	50,28,283
Others	<u>14,40,177</u>	17,97,018
	<u>1,35,22,693</u>	<u>1,69,25,361</u>
<b>10 SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	22,98,457	22,05,821
Leave Encashment	<u>4,85,259</u>	3,75,584
	<u>27,83,716</u>	<u>25,81,405</u>



**Notes to the Financial Statements for the year ended 31st March, 2012**

**11 FIXED ASSETS**

Particulars	Cost as at 01-04-2011	Additions during the year	Deductions during the year	Cost as at 31-03-2012	Total Depreciation as at 31-03-2012	Impairment Provision as at 31-03-2012	Net Value as at 31-03-2012	Net Value as at 31-03-2011
	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS</b>								
Plant and Machinery	3,89,862	-	-	3,89,862	2,74,164	-	1,15,698	1,34,393
Office Equipment	26,30,699	1,17,683	78,390	26,69,992	22,59,204	-	4,10,788	4,15,887
Furniture and Fixtures	29,08,292	-	-	29,08,292	27,21,424	-	1,86,868	1,95,493
Computer Equipment	31,60,969	38,500	1,29,325	30,70,144	29,35,920	-	1,34,224	1,80,891
Motor Vehicles	13,89,917	-	-	13,89,917	7,42,764	-	6,47,153	8,73,233
	1,04,79,739	1,56,183	2,07,715	1,04,28,207	89,33,476	-	14,94,731	17,99,897
<b>INTANGIBLE ASSETS</b>								
Technical Know-how	3,88,25,605	-	-	3,88,25,605	1,00,29,947	2,87,95,658	-	-
<b>TOTAL FIXED ASSETS</b>	<b>4,93,05,344</b>	<b>1,56,183</b>	<b>2,07,715</b>	<b>4,92,53,812</b>	<b>1,89,63,423</b>	<b>2,87,95,658</b>	<b>14,94,731</b>	<b>17,99,897</b>
PREVIOUS YEAR	5,08,56,007	7,59,357	23,10,020	4,93,05,344	1,87,09,789	2,87,95,658	17,99,897	

	31-03-2012 ₹	31-03-2011 ₹
<b>12 NON-CURRENT INVESTMENTS</b>		
<b>Unquoted, Non-trade - at Cost</b>		
Shares in Subsidiary Companies -		
50,000 Equity Shares of ₹10 each fully paid up of Muller & Phipps (Agencies) Ltd.	5,00,000	5,00,000
10,000 Equity Shares of ₹10 each fully paid up of Muller & Phipps (Industrial Services) Ltd.	1,00,000	1,00,000
4,000 14% Cumulative Redeemable Preference Shares of ₹100 each fully paid up of Muller & Phipps (Industrial Services) Ltd.	4,00,000	4,00,000
	<b>10,00,000</b>	10,00,000
Less: Provision for diminution in value of shares	9,00,000	9,00,000
	<b>1,00,000</b>	1,00,000
<b>13 LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Security Deposits	30,01,781	29,29,073
Loans and Advances to related parties - Considered good	-	5,58,972
- Considered doubtful	10,94,847	10,55,357
Loans and Advances others - Considered good	6,44,301	22,01,634
- Considered doubtful	4,64,723	3,43,524
Advance Tax and Tax Refunds Due	63,59,874	60,41,908
	<b>1,15,65,526</b>	1,31,30,468
Less: Provision for Doubtful Advances	15,59,570	13,98,880
	<b>1,00,05,956</b>	1,17,31,588

Notes to the Financial Statements for the year ended 31st March, 2012

	31-03-2012 ₹	31-03-2011 ₹
<b>14 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, Considered Good</b>		
Receivable from related party - Getz Bros Co. Ltd.	4,16,42,329	5,24,97,811
Margin Money with Bank	2,07,436	1,57,437
	<u>4,18,49,765</u>	<u>5,26,55,248</u>
<b>15 INVENTORIES</b>		
Cosmetics / Toiletries	5,79,420	6,22,059
Medicated Preparations	2,11,172	3,00,571
Others	-	6,06,452
	<u>7,90,592</u>	<u>15,29,082</u>
<b>16 TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Debts overdue for more than six months - Considered good	-	57,800
- Considered doubtful	30,82,590	25,90,733
	<u>30,82,590</u>	<u>26,48,533</u>
Other Debts - Considered good	47,67,726	56,23,200
- Considered doubtful	-	2,10,989
	<u>78,50,316</u>	<u>84,82,722</u>
Less: Provision for Doubtful Debts	30,82,590	28,01,722
	<u>47,67,726</u>	<u>56,81,000</u>
<b>17 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
On Current Account	2,50,282	11,67,123
On Savings Account	17,376	57,221
	<u>2,67,658</u>	<u>12,24,344</u>
Cash on hand	39,984	48,459
	<u>3,07,642</u>	<u>12,72,803</u>
<b>Other Bank Balances</b>		
On Margin Money Deposits (with original maturity period not exceeding 12 months)	-	40,89,135
	<u>3,07,642</u>	<u>53,61,938</u>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances recoverable in cash or kind or value to be received	13,15,557	15,01,946
Loans to Employees	1,30,321	1,17,212
Prepaid Expenses	1,40,694	2,58,334
	<u>15,86,572</u>	<u>18,77,492</u>
<b>19 OTHER CURRENT ASSETS</b>		
Accrued Interest	28,700	-
	<u>28,700</u>	<u>-</u>



**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>20 REVENUE FROM OPERATIONS</b>		
<b>Sale of Traded Goods</b>		
Cosmetics / Toiletries	89,00,524	7,46,80,647
Medicated Preparations	3,87,73,389	3,67,95,527
Others	5,92,457	1,05,34,469
	<u>4,82,66,370</u>	<u>12,20,10,643</u>
<b>Other Operating Revenue</b>		
Commission Income	26,63,533	13,59,359
	<u>5,09,29,903</u>	<u>12,33,70,002</u>
<b>21 OTHER INCOME</b>		
Interest from Bank Deposits	67,869	2,49,594
Interest Others	904	96,507
Warehousing Charges	-	3,00,000
Credit Balances written back	9,17,930	71,70,408
Provision for expenses written back	7,57,550	-
Provision for Doubtful Advances reversed	-	12,67,615
Provision for Doubtful Debts reversed	-	4,60,717
Advance written off in earlier year recovered	-	31,46,586
Insurance claim received	1,00,884	-
Profit on Sale of Fixed Assets (net)	334	55,717
Miscellaneous Income	10,014	46,194
	<u>18,55,485</u>	<u>1,27,93,338</u>
<b>22 PURCHASES (NET OF RETURNS) OF STOCK-IN-TRADE</b>		
Cosmetics / Toiletries	65,39,352	5,55,24,292
Medicated Preparations	1,72,69,578	1,54,26,281
Others	(5,76,678)	48,52,431
	<u>2,32,32,252</u>	<u>7,58,03,004</u>
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>Opening Stock of Finished Goods</b>		
Cosmetics / Toiletries	6,22,059	1,05,99,079
Medicated Preparations	3,00,571	4,96,364
Others	6,06,452	1,09,48,201
	<u>15,29,082</u>	<u>2,20,43,644</u>
<b>Less : Closing Stock of Finished Goods</b>		
Cosmetics / Toiletries	5,79,420	6,22,059
Medicated Preparations	2,11,172	3,00,571
Others	-	6,06,452
	<u>7,90,592</u>	<u>15,29,082</u>
<b>Decrease / (Increase) in inventory of Finished Goods</b>	<u>7,38,490</u>	<u>2,05,14,562</u>

**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Allowances and Bonus	1,28,67,794	1,68,98,805
Contribution to Provident and Other Funds	11,97,722	16,24,806
Gratuity	1,92,636	3,71,152
Provision for Leave Encashment	1,73,353	2,73,865
Staff Welfare Expenses	13,61,995	18,22,498
	<u>1,57,93,500</u>	<u>2,09,91,126</u>
<b>25 FINANCE COSTS</b>		
Interest on Cash Credit	4,44,601	24,51,440
Interest on Intercorporate Loans	23,22,066	6,93,103
Interest Others	2,55,625	3,23,132
Discounting and Other Finance Charges	2,21,809	11,73,667
	<u>32,44,101</u>	<u>46,41,342</u>
<b>26 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation on Tangible Assets	4,26,234	4,25,484
Depreciation on Intangible Assets	-	-
	<u>4,26,234</u>	<u>4,25,484</u>
<b>27 OTHER EXPENSES</b>		
Rent	25,58,213	48,36,216
Repairs and Maintenance	2,53,226	4,02,600
Insurance	55,192	94,831
Rates and Taxes	8,05,414	9,76,909
Electricity	2,62,158	7,71,840
Travel and Conveyance	43,48,149	76,03,072
Postage, Telegram and Telephones	5,09,106	7,99,013
Guarantee Commission	1,31,674	7,90,000
Brokerage	88,000	-
Directors Fees	50,000	63,000
Auditors Remuneration	1,58,600	1,55,953
Freight, Packing and Forwarding	22,60,315	47,53,885
Advertising and Sale Promotion	10,39,458	13,11,898
C & F Agents Service Charges	7,42,017	19,74,323
Discount	9,68,595	2,09,394
Advances Written off	1,81,422	9,59,321
Bad Debts Written off	1,18,422	15,67,087
Provision for Doubtful Debts.	4,41,557	4,100
Miscellaneous Expenses	43,52,686	53,09,575
	<u>1,93,24,204</u>	<u>3,25,83,017</u>
<b>28 Contingent liabilities not provided for</b>		
a) Disputed Sales Tax demands	21,47,000	21,47,000
b) Disputed Income tax demands (including penalty)	3,73,05,207	1,47,38,911
c) Guarantees given by bank on behalf of the company	2,00,000	1,50,000

**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>29</b> Advance recoverable in cash or in kind or for value to be received includes due from subsidiary companies	<b>10,94,847</b>	10,55,357
<b>30 Auditors' Remuneration</b>		
Audit Fees	<b>93,755</b>	93,755
For Tax Audit	<b>27,575</b>	27,575
For Others services, certification etc.	<b>33,090</b>	33,090
Out of Pocket Expenses	<b>4,180</b>	1,533
	<b>1,58,600</b>	1,55,953
<b>31 Earnings in foreign exchange</b>		
FOB value of Exports	-	34,05,736

**32** 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.

**33** Deferred Tax Asset on carried forward losses and unabsorbed depreciation and other timing difference as at 31st March, 2012 has not been recognized as there is no virtual/reasonable certainty that the same can be realised in the future.

**34 Names of related parties and description of relationship****a Where control exists:****Holding Company :**

Development Holding Asia Ltd.

**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****Fellow Subsidiary:**

Getz Bros. Company Limited

**Associates:**

Foods and Inns Ltd.

Western Press Pvt Ltd.

The Bombay Swadeshi Stores Ltd.

**Key Managerial Personnel and their Relatives:**

Mr. U K Dhupelia - Director

Mrs. Pallavi Dhupelia - wife of Director

Mr. Milan Dalal - Director

**35 Related Party Disclosure**

The transactions with Related Parties during the year were as follows :

Particulars	Fellow Subsidiary		Subsidiaries				Associates				Key Management Personnel and their Relatives							
	Getz Bros. Co. Ltd.		Muller & Phipps Agencies Ltd.		Muller & Phipps (Industrial Services) Ltd.		Foods and Inns Ltd.		Western Press Pvt. Ltd.		The Bombay Swadeshi Stores Ltd.		Mr. U K Dhupelia		Mr. Milan Datal		Mrs. Pallavi Dhupelia	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	
Nature of Transactions	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
Purchase of Goods	-	-	-	-	-	33,39,948	-	-	-	-	-	-	-	-	-	-	-	
Directors Fees	-	-	-	-	-	-	-	-	-	-	-	25,000	31,500	25,000	31,500	-	-	
Guarantee Commission	-	-	-	-	-	-	-	-	-	-	-	65,837	3,95,000	-	-	65,837	3,95,000	
Printing and Stationery	-	-	-	-	-	-	-	89,060	96,270	-	-	-	-	-	-	-	-	
Travel Expenses	-	-	-	-	-	-	-	-	-	-	1,27,067	2,39,717	-	-	-	-	-	
Reimbursement of Expenses paid	-	-	-	-	-	5,53,389	1,75,697	-	-	-	-	-	-	-	-	-	-	
Interest Expenses	-	-	32,000	32,000	-	23,22,066	6,83,103	-	-	-	-	-	-	-	-	-	-	
Doubtful Advances provided	-	-	-	-	39,490	4,100	-	-	-	-	-	-	-	-	-	-	-	
Intercompany Loans received	-	-	-	-	-	1,70,00,000	40,25,000	-	-	-	-	-	-	-	-	-	-	
Intercompany Loans re-paid	-	-	-	-	-	-	97,25,000	-	-	-	-	-	-	-	-	-	-	
<b>Outstanding at year-end</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Intercompany Loans taken	-	-	-	-	-	1,70,00,000	-	-	-	-	-	-	-	-	-	-	-	
Loans & Advances given	-	-	10,94,847	10,55,357	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Receivables	4,16,42,329	5,24,97,811	-	-	-	5,383	5,66,972	-	-	-	-	-	-	-	-	-	-	
Payables	2,87,54,001	2,87,54,001	-	-	-	2,64,79,943	2,65,35,093	1,84,482	1,84,482	16,072	7,39,103	6,79,850	-	-	-	5,89,103	5,29,850	
Loan Payable	-	-	4,00,000	4,00,000	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Payable	-	-	79,197	94,797	-	20,89,862	-	-	-	-	-	-	-	-	-	-	-	
Doubtful Advances Provision	-	-	-	-	10,94,847	10,55,357	-	-	-	-	-	-	-	-	-	-	-	





**36 SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH, 2012**

I)	Primary Segment-Business	Cosmetic/Toiletry		Medicated preparation		Others		Total	
		31-03-2012 ₹	31-03-2011 ₹	31-03-2012 ₹	31-03-2011 ₹	31-03-2012 ₹	31-03-2011 ₹	31-03-2012 ₹	31-03-2011 ₹
a)	Sales To External Customers	89,00,524	7,46,80,647	3,87,73,389	3,67,95,527	5,92,457	1,05,34,469	4,82,66,370	12,20,10,643
	Total Segment Revenue	89,00,524	7,46,80,647	3,87,73,389	3,67,95,527	5,92,457	1,05,34,469	4,82,66,370	12,20,10,643
b)	Segment Result (PBIT)	(17,55,835)	(1,40,99,537)	42,97,819	1,63,63,968	(13,11,787)	(91,21,248)	12,30,197	(68,56,817)
	Less : Interest & Finance Charges	-	-	-	-	-	-	32,44,101	46,41,342
	Less : Unallocable expenditure net of Unallocable income	-	-	-	-	-	-	(79,59,489)	(72,97,036)
	Profit / (Loss) Before Tax and exceptional items	-	-	-	-	-	-	(99,73,393)	(1,87,95,195)
	Compensation received for surrender of tenancy rights	-	-	-	-	-	-	-	2,00,00,000
	Profit / (Loss) Before Tax	-	-	-	-	-	-	(99,73,393)	12,04,805
	Prior Period Tax Adjustment	-	-	-	-	-	-	25,455	35,776
	Provision for Deferred Tax	-	-	-	-	-	-	-	-
	Profit / (Loss) After Tax	-	-	-	-	-	-	(99,47,938)	12,40,581
c)	Carrying amount of segment	15,73,111	51,10,327	33,38,800	9,65,248	7,81,907	22,53,718	56,93,818	83,29,293
	Assets	-	-	-	-	-	-	5,52,37,863	7,24,06,950
	Unallocated Assets	-	-	-	-	-	-	6,09,31,681	8,07,36,243
	Total Assets	-	-	-	-	-	-	-	-
d)	Carrying amount of segment	17,67,304	46,65,750	64,99,031	65,55,847	5,69,50,414	5,81,23,449	6,52,16,749	6,93,45,046
	Liabilities	-	-	-	-	-	-	3,60,59,231	4,17,87,557
	Unallocated Liabilities	-	-	-	-	-	-	10,12,75,980	11,11,32,603
	Total Liabilities	-	-	-	-	-	-	-	-
e)	Cost incurred to acquire segment	-	-	-	-	-	-	-	-
	Fixed assets during year	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	1,56,183	7,59,357
f)	Depreciation/ Amortization	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	4,26,234	4,25,484

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

II)	Secondary segment-Geographical	31-03-2012 ₹	31-03-2011 ₹
	The Company operating facilities are located in India	4,82,66,370	11,85,99,683
	Domestic Revenues	-	34,10,960
	Exports Revenue	4,82,66,370	12,20,10,643
	Total		

**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>37 Disclosure as per Accounting Standard 15 ( Revised )</b>		
As per Accounting Standard 15 "Employee Benefits", the disclosure of employees benefits as Defined in the Accounting Standard are given below.		
<b>Defined Contribution Plans :</b>		
Contribution to Defined Contribution Plans, recognized as expenses for the year are as under:		
Employer's Contribution to Provident Fund	9,11,744	8,68,652
Employer's Contribution to Superannuation Fund	57,000	4,95,670
<b>Defined Benefit Plan :</b>		
<b>Gratuity Scheme</b>		
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.		
	31-03-2012 ₹	31-03-2011 ₹
<b>Leave Encashment Scheme</b>		
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 are given below		
<b>I Actuarial Assumptions</b>		
Discount Rate	8.50%	8.05%
Rate of Return	9%	9%
Salary Escalation	6%	6%
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.		
<b>II Change in Present Value Of Obligation</b>		
Value of Obligation at the beginning of year	41,03,199	44,12,733
Interest Cost	2,68,798	3,02,375
Current Service Cost	2,56,577	3,32,546
Benefits Paid	(2,71,892)	(8,15,769)
Actuarial Gain / (Loss) on Obligation	(2,02,682)	(1,28,686)
Value of Obligation at the end of year	41,54,000	41,03,199
<b>III Changes in Fair Value Of Plan Assets</b>		
Fair Value of plan Assets at the beginning of year	18,97,378	19,78,064
Expected Return On Plan Assets	1,05,904	1,18,825
Contribution	70,299	5,67,707
Benefits Paid	(2,71,892)	(8,15,769)
Actuarial Gain / (Loss) on Plan Assets	53,854	48,551
Fair Value of plan Assets at the end of year	18,55,543	18,97,378

**Notes to the Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>IV Amounts to be Recognized in the Balance Sheet and Statement of Profit and Loss</b>		
Present Value of obligation at end of the year	<b>41,54,000</b>	41,03,199
Fair Value of plan Assets at end of the year	<b>(18,55,543)</b>	(18,97,378)
Funded Status	<b>22,98,457</b>	(22,05,821)
Unrecognized Actuarial Gain / (Loss)	-	-
Net Asset (Liability ) recognized in the Balance Sheet	<b>(22,98,457)</b>	(22,05,821)
<b>V Expenses Recognized in the statement of Profit and Loss</b>		
Current Service cost	<b>2,56,577</b>	3,32,546
Interest Cost	<b>2,68,798</b>	3,02,375
Expected Return On Plan Assets	<b>(1,05,904)</b>	(1,18,825)
Net Actuarial Gain / (Loss) recognized for the year	<b>(2,56,536)</b>	(1,77,237)
Expenses recognized in the statement of Profit and Loss	<b>1,62,935</b>	3,38,859
<b>VI Movement in the Liability Recognized in Balance Sheet</b>		
Opening Net Liability	<b>22,05,821</b>	24,34,669
Expenses as Above	<b>1,62,935</b>	3,38,859
Contribution Paid	<b>(70,299)</b>	(5,67,707)
Closing Net Liability	<b>22,98,457</b>	22,05,821
<b>38 Earnings Per Share (EPS)</b>		
A Profit/(Loss) Attributable to Equity Shareholders	<b>(99,47,938)</b>	12,40,581
B Number of Equity Shares Outstanding during the year	<b>6,25,000</b>	6,25,000
C Nominal Value of Equity Shares	<b>10</b>	10
Basic Earning/Diluted Per Share (₹) (A/B)	<b>(15.92)</b>	1.98
<b>39</b> The Financial Statements have been prepared on going concern basis although the net worth of the Company has been completely eroded, in view of the representation given by the management that the Company will be able to carry on business profitably in the future.		
<b>40</b> The Financial Statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Scheduled VI to the Companies Act, 1956. Consequent to the notification of Revised Scheduled VI under the Companies Act, 1956, the Financial Statements for the year ended 31st March, 2012 are prepared as per Revised Scheduled VI. Previous years figures have been reclassified / regrouped to confirm to this year's classification.		
As per our Report attached		
<b>For Ford, Rhodes, Parks &amp; Co.</b> Chartered Accountants Firm's Registration No.102860W		<b>U.K. DHUPELIA</b> <b>MILAN DALAL</b> Directors
<b>S.B. PRABHU</b> Partner Membership No. 35296 Mumbai Dated: 24th August, 2012		Mumbai Dated: 24th August, 2012

**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 audited the attached Consolidated Balance Sheet of Muller & Phipps (India) Limited and its subsidiaries (hereinafter referred to as the 'Group') as at 31<sup>st</sup> March, 2012 and the Consolidated Statement of Profit and Loss for the year ended on that date annexed thereto and the consolidated Cash Flow Statement for the year ended on that date. 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.
2. 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 5,34,229 as at 31<sup>st</sup> March, 2012 and total revenues of ₹ 32,160 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's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under sub-section (3C) of section 211 of the Companies Act, 1956.
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.38 of the Notes to financial statements.
6. *No confirmation has been received from a foreign group entity for the net amount of ₹ 1,28,88,328 due from it and outstanding for more than two year which is shown as good and fully recoverable in the financial statements In the absence of the confirmation, we are unable to express an opinion on the recoverability of this amount.*
7. 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, and further to the matter referred to in paragraph 5 above and *subject to our comments in paragraph 6 above*, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2012;
  - ii) in case of the consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date;

and

  - iii) in case of the consolidated Cash Flow Statement, of the cash flows of the Group 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 : 24th August, 2012



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	31-03-2012 ₹	31-03-2011 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	62,50,000	62,50,000
Reserves and Surplus	3	(4,64,92,583)	(3,65,20,531)
		(4,02,42,583)	(3,02,70,531)
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	3,04,178	4,05,229
Other Long-term Liabilities	5	12,65,000	27,94,249
Long-term Provisions	6	8,38,689	10,60,255
		24,07,867	42,59,733
<b>Current Liabilities</b>			
Short-term Borrowings	7	1,70,00,000	1,71,48,867
Trade Payables	8	6,51,61,704	6,98,17,237
Other Current Liabilities	9	1,37,75,909	1,71,61,389
Short-term Provisions	10	27,83,716	25,81,405
		9,87,21,329	10,67,08,898
	<b>TOTAL</b>	<b>6,08,86,613</b>	<b>8,06,98,100</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :	11		
Tangible Assets		14,96,956	18,02,482
Intangible Assets		-	-
		14,96,956	18,02,482
Long-term Loans and Advances	12	1,00,18,855	1,17,44,487
Other Non-Current Assets	13	4,18,49,765	5,26,55,247
		5,33,65,576	6,62,02,216
<b>Current Assets</b>			
Inventories	14	7,90,592	15,29,082
Trade Receivables	15	47,67,726	56,81,000
Cash and Bank Balances	16	3,45,952	54,06,814
Short-term Loans and Advances	17	15,88,067	18,78,988
Other Current Assets	18	28,700	-
		75,21,037	1,44,95,884
	<b>TOTAL</b>	<b>6,08,86,613</b>	<b>8,06,98,100</b>

Notes to the Financial Statements and Significant Accounting Policies 1 to 39  
The accompanying notes are an integral part of the financial statements

As per our Report attached

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

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

**S.B. PRABHU**  
Partner  
Membership No. 35296

Mumbai  
Dated: 24th August, 2012

Mumbai  
Dated: 24th August, 2012

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

	Note No.	31-03-2012 ₹	31-03-2011 ₹
<b>INCOME</b>			
Revenue from Operations	19	5,09,29,903	12,33,70,002
Other Income	20	18,55,645	1,27,94,050
<b>TOTAL REVENUE</b>		<b>5,27,85,548</b>	<b>13,61,64,052</b>
<b>EXPENDITURE</b>			
Purchases (net of returns) of Stock- in-trade	21	2,32,32,252	7,58,03,004
Changes in Inventories of Finished Goods	22	7,38,490	2,05,14,562
Employee Benefits Expense	23	1,57,93,500	2,09,91,129
Finance Costs	24	32,12,101	46,09,342
Depreciation and Amortisation Expense	25	4,26,594	4,25,902
Other Expenses	26	1,93,80,118	3,26,40,366
<b>TOTAL EXPENSES</b>		<b>6,27,83,055</b>	<b>15,49,84,305</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(99,97,507)</b>	<b>(1,88,20,253)</b>
Compensation received for surrender of Tenancy Rights		-	2,00,00,000
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(99,97,507)</b>	<b>11,79,747</b>
Current Tax		-	-
Deferred Tax Adjustment - Debit / (Credit)		-	-
Prior Period Tax Adjustment - Debit / (Credit)		(25,455)	(35,776)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(99,72,052)</b>	<b>12,15,523</b>
<b>Earning per Share - Basic and Diluted ( see note no. 37 )</b>		<b>(15.96)</b>	<b>1.94</b>

Notes to the Financial Statements and Significant Accounting Policies

**1 to 39**

The accompanying notes are an integral part of the financial statements

As per our Report Attached

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

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

Directors

**S.B. PRABHU**  
Partner  
Membership No. 35296

Mumbai  
Dated : 24th August, 2012

Mumbai  
Dated : 24th August, 2012



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	31-03-2012 ₹	31-03-2011 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax and Prior Period Items	(99,97,507)	(1,88,20,253)
Adjustments for		
Depreciation	4,26,594	4,25,902
Profit / (Loss) on Sale of Fixed Assets	13,116	(55,717)
Interest and Finance Charges Expenses	32,12,101	46,08,630
Operating Profit/(Loss) before Working Capital Changes	36,51,811	49,78,815
Adjustment for		
(Increase)/Decrease in Trade and Other Receivables	(63,45,696)	(1,38,41,438)
(Increase)/Decrease in Inventories	1,40,24,576	1,42,88,014
Increase/(Decrease) in Sundry Creditors and Other Liabilities	7,38,490	2,05,14,562
Cash Used in Operations	(1,15,59,856)	(3,15,44,034)
Taxes Paid	(31,42,486)	(1,05,82,896)
<b>Cash Flow before Prior Period items</b>	(2,92,511)	(3,90,321)
Compensation received for surrender of Tenancy Rights	(34,34,997)	(1,09,73,217)
<b>Net Cash Used in Operating Activities</b>	-	2,00,00,000
	(34,34,997)	90,26,783
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,56,183)	(7,59,357)
Sale of Fixed Assets	22,000	5,30,026
Investment / ( encashment ) - Margin Money Deposits	40,89,135	(42,46,571)
<b>Net Cash from Investing Activities</b>	39,54,952	(44,75,902)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash Credit (net)	(1,71,48,867)	4,88,330
Intercompany and Other Loans (net)	1,68,98,949	(52,78,553)
Interest Paid	(12,41,764)	(60,35,470)
<b>Net Cash used in Financing Activities</b>	(14,91,682)	(1,08,25,693)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(9,71,727)	(62,74,812)
Cash and Cash Equivalents as at beginning of the year	13,17,679	75,92,491
Cash and Cash Equivalents as at close of the year	3,45,952	13,17,679
As per our Report Attached		
<b>For Ford, Rhodes, Parks &amp; Co.</b> Chartered Accountants Firm's Registration No. 102860W	<b>U.K. DHUPELIA</b> <b>MILAN DALAL</b>  Directors	
<b>S.B. PRABHU</b> Partner Membership No. 35296		
Mumbai Dated : 24th August, 2012	Mumbai Dated : 24th August, 2012	

## Consolidated Significant Accounting Policies and Notes to the Financial Statements for the year ended 31st March, 2012

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Principles of Consolidation

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

#### 1.2 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.

#### 1.3 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'.

#### 1.4 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.

#### 1.5 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.

#### 1.6 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 a reduced by funded amount.

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

#### 1.7 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.

#### 1.8 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.





## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	31-03-2012 ₹	31-03-2011 ₹
<b>2 SHARE CAPITAL</b>		
<b>Authorised</b>		
20,00,000 Equity Shares of ₹ 10 each	<u>2,00,00,000</u>	<u>2,00,00,000</u>
<b>Issued, Subscribed and Fully Paid-up</b>		
6,25,000 Equity Shares of ₹ 10 each	<u>62,50,000</u>	62,50,000
	<u>62,50,000</u>	<u>62,50,000</u>

### 2.1 Rights and Restrictions attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

### 2.2 Shares held by Holding Company

Out of the above equity shares, 3,22,680 (previous year 3,22,680) shares are held by Holding Company - M/s. Development Holding Asia Ltd.

### 2.3 Details of Shareholders holding more than 5% of the total Equity Shares

NAME OF THE SHAREHOLDER	31-03-2012		31-03-2011	
	No. of Shares	% of Holdings	No. of Shares	% of Holdings
Development Holding Asia Ltd.	3,22,680	51.63%	3,22,680	51.63%
Swar Investments and Trading Co. Pvt. Ltd.	56,350	9.02%	56,350	9.02%
Satyajyothi Holding Pvt. Ltd.	49,525	7.92%	49,525	7.92%

	31-03-2012 ₹	31-03-2011 ₹
<b>3 RESERVES AND SURPLUS</b>		
<b>Share Premium</b>	<u>2,25,00,000</u>	2,25,00,000
<b>Surplus / (Deficit)</b>		
As per last Balance Sheet	<u>(5,90,20,531)</u>	(6,02,36,054)
Profit / (Loss) for the year	<u>(99,72,052)</u>	12,15,523
	<u>(6,89,92,583)</u>	<u>(5,90,20,531)</u>
	<u>(4,64,92,583)</u>	<u>(3,65,20,531)</u>
<b>4 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan from Bank	<u>3,04,178</u>	4,05,229
	<u>3,04,178</u>	<u>4,05,229</u>

4.1 The vehicle loan is secured against the hypothecation of specific vehicle.

4.2 The rate of interest on the loan is 10.52%. The loan is repayable in equated monthly installments. The yearly amount repayable on the above loan is as follows:

	₹
Year 2013-14	1,12,209
Year 2014-15	1,24,600
Year 2015-16	67,369
	<u>3,04,178</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security Deposits from C & F Agents	<b>12,65,000</b>	27,94,249
	<b>12,65,000</b>	27,94,249
<b>6 LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Leave Encashment	<b>8,38,689</b>	10,60,255
	<b>8,38,689</b>	10,60,255
<b>7 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit with Bank	-	1,71,48,867
<b>Unsecured</b>		
Loans from Related Parties	<b>1,70,00,000</b>	-
	<b>1,70,00,000</b>	1,71,48,867
7.1 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.		
<b>8 TRADE PAYABLES</b>		
Trade Payables	<b>6,51,61,704</b>	6,98,17,237
	<b>6,51,61,704</b>	6,98,17,237
<b>9 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debt	<b>1,01,051</b>	91,003
Interest Accrued and not due on Borrowings	<b>2,750</b>	3,480
Interest Accrued and due on Borrowings	<b>20,89,862</b>	-
Interest Accrued and due on Agents' Security Deposits	<b>2,51,348</b>	3,70,143
Statutory Liabilities	<b>35,88,676</b>	58,30,193
Employee related Liabilities	<b>22,29,801</b>	37,10,444
Other Expense Creditors	<b>40,72,244</b>	53,59,108
Others	<b>14,40,177</b>	17,97,018
	<b>1,37,75,909</b>	1,71,61,389
<b>10 SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	<b>22,98,457</b>	22,05,821
Leave Encashment	<b>4,85,259</b>	3,75,584
	<b>27,83,716</b>	25,81,405



Consolidated Notes to Financial Statements for the year ended 31st March, 2012

11 FIXED ASSETS

Particulars	Cost as at 01-04-2011	Additions during the year	Deductions during the year	Cost as at 31-03-2012	Total Depreciation as at 31-03-2012	Impairment Provision as at 31-03-2012	Net Value as at 31-03-2012	Net Value as at 31-03-2011
	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS</b>								
Plant and Machinery	3,89,862	-	-	3,89,862	2,74,164	-	1,15,698	1,34,393
Office Equipment	26,60,699	1,17,683	78,390	26,99,992	22,86,979	-	4,13,013	4,18,472
Furniture and Fixtures	29,08,292	-	-	29,08,292	27,21,424	-	1,86,868	1,95,493
Computer Equipment	31,60,969	38,500	1,29,325	30,70,144	29,35,920	-	1,34,224	1,80,891
Motor Vehicles	13,89,917	-	-	13,89,917	7,42,764	-	6,47,153	8,73,233
	1,05,09,739	1,56,183	2,07,715	1,04,58,207	89,61,251	-	14,96,956	18,02,482
<b>INTANGIBLE ASSETS</b>								
Technical Know-how	3,88,25,605	-	-	3,88,25,605	1,00,29,947	2,87,95,658	-	-
<b>TOTAL FIXED ASSETS</b>	<b>4,93,35,344</b>	<b>1,56,183</b>	<b>2,07,715</b>	<b>4,92,83,812</b>	<b>1,89,91,198</b>	<b>2,87,95,658</b>	<b>14,96,956</b>	<b>18,02,482</b>
PREVIOUS YEAR	5,08,86,007	7,59,357	23,10,020	4,93,35,344	1,87,37,204	2,87,95,658	18,02,482	

	31-03-2012	31-03-2011
	₹	₹
<b>12 LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Security Deposits	30,01,781	29,29,073
Loans and Advances to related parties - Considered good	-	5,58,972
- Considered doubtful	-	-
Loans and Advances others	6,44,301	22,01,634
- Considered good	4,64,625	3,43,426
- Considered doubtful	-	-
Advance Tax and Tax Refunds Due	63,72,871	60,54,905
	<b>1,04,83,578</b>	<b>1,20,88,010</b>
Less: Provision for Doubtful Advances	4,64,723	3,43,523
	<b>1,00,18,855</b>	<b>1,17,44,487</b>
<b>13 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, Considered Good</b>		
Receivable from related party - Getz Bros Co. Ltd.	4,16,42,329	5,24,97,811
Margin Money with Bank	2,07,436	1,57,436
	<b>4,18,49,765</b>	<b>5,26,55,247</b>
<b>14 INVENTORIES</b>		
Cosmetics / Toiletries	5,79,420	6,22,059
Medicated Preparations	2,11,172	3,00,571
Others	-	6,06,452
	<b>7,90,592</b>	<b>15,29,082</b>
<b>15 TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Debts overdue for more than six months - Considered good	-	57,800
- Considered doubtful	30,82,590	25,90,733
	<b>30,82,590</b>	<b>26,48,533</b>
Other Debts	47,67,726	56,23,200
- Considered good	-	2,10,989
- Considered doubtful	-	-
	<b>78,50,316</b>	<b>84,82,722</b>
Less: Provision for Doubtful Debts	30,82,590	28,01,722
	<b>47,67,726</b>	<b>56,81,000</b>

**Consolidated Notes to Financial Statements for the year ended 31st March, 2012**

		31-03-2012 ₹	31-03-2011 ₹
<b>16</b>	<b>CASH AND BANK BALANCES</b>		
	<b>Cash and Cash Equivalents</b>		
	Balances with Banks		
	On Current Account	2,84,197	12,07,604
	On Savings Account	17,376	57,221
		<u>3,01,573</u>	<u>12,64,825</u>
	Cash on hand	44,379	52,854
		<u>3,45,952</u>	<u>13,17,679</u>
	<b>Other Bank Balances</b>		
	On Margin Money Deposits (with original maturity period not exceeding 12 months)	-	40,89,135
		<u>3,45,952</u>	<u>54,06,814</u>
<b>17</b>	<b>SHORT TERM LOANS AND ADVANCES</b>		
	<b>Unsecured, Considered Good</b>		
	Advances recoverable in cash or kind or value to be received	13,17,052	15,03,442
	Loans to Employees	1,30,321	1,17,212
	Prepaid Expenses	1,40,694	2,58,334
		<u>15,88,067</u>	<u>18,78,988</u>
<b>18</b>	<b>OTHER CURRENT ASSETS</b>		
	Accrued Interest	28,700	-
		<u>28,700</u>	<u>-</u>
<b>19</b>	<b>REVENUE FROM OPERATIONS</b>		
	<b>Sale of Traded Goods</b>		
	Cosmetics / Toiletries	89,00,524	7,46,80,647
	Medicated Preparations	3,87,73,389	3,67,95,527
	Others	5,92,457	1,05,34,469
		<u>4,82,66,370</u>	<u>12,20,10,643</u>
	<b>Other Operating Revenue</b>		
	Commission Income	26,63,533	13,59,359
		<u>5,09,29,903</u>	<u>12,33,70,002</u>
<b>20</b>	<b>OTHER INCOME</b>		
	Interest from Bank Deposits	67,869	2,49,594
	Interest Others	904	96,507
	Warehousing Charges	-	3,00,000
	Credit Balances written back	9,17,930	71,70,408
	Provision for expenses written back	7,57,550	-
	Provision for Doubtful Advances reversed	-	12,67,615
	Provision for Doubtful Debts reversed	-	4,60,717
	Advance written off in earlier year recovered	-	31,46,586
	Insurance claim received	1,00,884	-
	Profit on Sale of Fixed Assets (net)	334	55,717
	Interest on Income Tax Refund	160	712
	Miscellaneous Income	10,014	46,194
		<u>18,55,645</u>	<u>1,27,94,050</u>



## Consolidated Notes to Financial Statements for the year ended 31st March, 2012

	31-03-2012 ₹	31-03-2011 ₹
<b>21 PURCHASES (NET OF RETURNS) OF STOCK-IN-TRADE</b>		
Cosmetics / Toiletries	65,39,352	5,55,24,292
Medicated Preparations	1,72,69,578	1,54,26,281
Others	(5,76,678)	48,52,431
	<b>2,32,32,252</b>	<b>7,58,03,004</b>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>Opening Stock of Finished Goods</b>		
Cosmetics / Toiletries	6,22,059	1,05,99,079
Medicated Preparations	3,00,571	4,96,364
Others	6,06,452	1,09,48,201
	<b>15,29,082</b>	<b>2,20,43,644</b>
<b>Less : Closing Stock of Finished Goods</b>		
Cosmetics / Toiletries	5,79,420	6,22,059
Medicated Preparations	2,11,172	3,00,571
Others	-	6,06,452
	<b>7,90,592</b>	<b>15,29,082</b>
<b>Decrease / (Increase) in inventory of Finished Goods</b>	<b>7,38,490</b>	<b>2,05,14,562</b>
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Allowances and Bonus	1,28,67,794	1,68,98,806
Contribution to Provident and Other Funds	11,97,722	16,24,807
Gratuity	1,92,636	3,71,152
Provision for Leave Encashment	1,73,353	2,73,865
Staff Welfare Expenses	13,61,995	18,22,499
	<b>1,57,93,500</b>	<b>2,09,91,129</b>
<b>24 FINANCE COSTS</b>		
Interest on Cash Credit	4,44,601	24,51,440
Interest on Intercompany Loans	22,90,066	6,61,103
Interest Others	2,55,625	3,23,132
Discounting and Other Finance Charges	2,21,809	11,73,667
	<b>32,12,101</b>	<b>46,09,342</b>
<b>25 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation on Tangible Assets	4,26,594	4,25,902
Depreciation on Intangible Assets	-	-
	<b>4,26,594</b>	<b>4,25,902</b>

**Consolidated Notes to Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>26 OTHER EXPENSES</b>		
Rent	25,58,213	48,36,216
Repairs and Maintenance	2,53,226	4,02,600
Insurance	55,192	94,831
Rates and Taxes	8,05,414	9,76,909
Electricity	2,62,158	7,71,840
Travel and Conveyance	43,48,149	76,03,072
Postage, Telegram and Telephones	5,09,106	7,99,013
Guarantee Commission	1,31,674	7,90,000
Brokerage	88,000	-
Directors Fees	50,000	63,000
Auditors Remuneration	1,80,660	1,78,013
Freight, Packing and Forwarding	22,60,315	47,53,886
Advertising and Sale Promotion	10,39,458	13,11,900
C & F Agents Service Charges	7,42,017	19,74,323
Discount	9,68,595	2,09,394
Exchange Fluctuation Loss ( Net )	32,648	12,900
Advances Written off	1,81,422	9,59,321
Bad Debts Written off	1,18,422	15,67,087
Provision for Doubtful Debts.	4,02,067	-
Miscellaneous Expenses	43,93,382	53,36,061
	<u>1,93,80,118</u>	<u>3,26,40,366</u>
<b>27 Contingent liabilities not provided for</b>		
A Disputed Sales Tax demands	21,47,000	21,47,000
B Disputed Income tax demands (including penalty)	3,73,05,207	1,47,38,911
C Guarantees given by bank on behalf of the company	2,00,000	1,50,000
D Arrears of Dividend in respect of 14% Cumulative Redeemed Preference Shares of Muller & Phipps (Industrial Services) Limited.	4,67,178	4,11,178
<b>28 Auditors' Remuneration</b>		
Audit Fees	1,15,815	1,15,815
For Tax Audit	27,575	27,575
For Others services, certification etc.	33,090	33,090
Out of Pocket Expenses	4,180	1,533
	<u>1,80,660</u>	<u>1,78,013</u>
<b>29 Earnings in foreign exchange</b>		
FOB value of Exports	-	34,05,736
<b>30 Expenditure in foreign currency</b>		
Difference in exchange	32,648	12,900



## Consolidated Notes to Financial Statements for the year ended 31st March, 2012

- 31** 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 been not made.
- 32** Deferred Tax Asset on carried forward losses and unabsorbed depreciation and other timing difference as at 31st March, 2012 has not been recognized as there is no virtual/reasonable certainty that the same can be realised in the future.
- 33** **Names of related parties and description of relationship**

**a** **Where control exists:**

**Holding Company :**

Development Holding Asia Ltd.

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

**Fellow Subsidiary:**

Getz Bros. Company Limited

**Associates:**

Foods and Inns Ltd.

Western Press Pvt Ltd.

The Bombay Swadeshi Stores Ltd.

**Key Managerial Personnel and their Relatives:**

Mr. U K Dhupelia - Director

Mrs. Pallavi Dhupelia - wife of Director

Mr. Milan Dalal - Director

**34. Related Party Disclosure**

The transactions with Related Parties during the year were as follows :

Particulars	Fellow Subsidiary		Associates				Key Management Personnel and their Relatives							
	Getz Bros. Co. Ltd.		Foods and Inns Ltd.		Western Press Pvt. Ltd.		The Bombay Swadeshi Stores Ltd.		Mr. U K Dhupelia		Mr. Milan Dalal		Mrs. Pallavi Dhupelia	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011	31-03-2012	31-03-2011
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Nature of Transactions</b>														
Purchase of Goods	-	-	-	33,39,948	-	-	-	-	-	-	-	-	-	-
Directors Fees	-	-	-	-	-	-	-	-	25,000	31,500	25,000	31,500	-	-
Guarantee Commission	-	-	-	-	-	-	-	-	65,837	3,95,000	-	-	65,837	3,95,000
Printing and Stationery	-	-	-	-	89,060	96,270	-	-	-	-	-	-	-	-
Travel Expenses	-	-	-	-	-	-	1,27,067	2,39,717	-	-	-	-	-	-
Reimbursement of Expenses paid	-	-	5,53,589	1,75,697	-	-	-	-	-	-	-	-	-	-
Interest Expenses	-	-	23,22,066	6,93,103	-	-	-	-	-	-	-	-	-	-
Doubtful Advances provided	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercorporate Loans received	-	-	1,70,00,000	40,25,000	-	-	-	-	-	-	-	-	-	-
Intercorporate Loans re-paid	-	-	-	97,25,000	-	-	-	-	-	-	-	-	-	-
<b>Outstanding at year-end</b>														
Intercorporate Loans taken	-	-	1,70,00,000	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	4,16,42,329	5,24,97,811	5,383	5,58,972	-	-	-	-	-	-	-	-	-	-
Payables	2,87,54,001	2,87,54,001	2,64,79,943	2,65,35,093	2,73,542	1,84,482	-	16,072	7,39,103	6,79,850	-	-	5,89,103	5,29,850
Loan Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	-	20,89,862	-	-	-	-	-	-	-	-	-	-	-
Doubtful Advances Provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Consolidated Notes to Financial Statements for the year ended 31st March, 2012**

**35. Segment Disclosures for the year ended 31st March, 2012**

35.1	Primary Segment-Business	Cosmetic / Toiletry		Medicated preparation		Others		Total	
		31-03-2012 ₹	31-03-2011 ₹	31-03-2012 ₹	31-03-2011 ₹	31-03-2012 ₹	31-03-2011 ₹	31-03-2012 ₹	31-03-2011 ₹
a)	Sales To External Customers	89,00,524	7,46,80,647	3,87,73,389	3,67,95,527	5,92,457	1,05,34,469	4,82,66,370	12,20,10,643
	Total Segment Revenue	89,00,524	7,46,80,647	3,87,73,389	3,67,95,527	5,92,457	1,05,34,469	4,82,66,370	12,20,10,643
b)	Segment Result ( PBIT )	(17,55,835)	(1,40,99,537)	42,97,819	1,63,63,968	(13,11,787)	(91,21,248)	12,30,197	(68,56,817)
	Less : Interest & Finance Charges	-	-	-	-	-	-	32,44,101	46,41,342
	Less : Unallocable expenditure net of Unallocable income	-	-	-	-	-	-	(79,59,489)	(72,97,036)
	Profit / ( Loss ) Before Tax and exceptional items	-	-	-	-	-	-	(99,73,393)	(1,87,95,195)
	Compensation received for surrender of tenancy rights	-	-	-	-	-	-	-	2,00,00,000
	Profit/( Loss ) Before Tax	-	-	-	-	-	-	(99,73,393)	12,04,805
	Prior Period Tax Adjustment	-	-	-	-	-	-	25,455	35,776
	Provision for Deferred Tax	-	-	-	-	-	-	-	-
	Profit / ( Loss ) After Tax	-	-	-	-	-	-	(99,47,938)	12,40,581
c)	Carrying amount of segment								
	Assets	15,73,111	51,10,327	33,38,800	9,65,248	7,81,907	22,53,718	56,93,818	83,29,293
	Unallocated Assets	-	-	-	-	-	-	5,52,37,863	7,24,06,950
	Total Assets	-	-	-	-	-	-	6,09,31,681	8,07,36,243
d)	Carrying amount of segment								
	Liabilities	17,67,304	46,65,750	64,99,031	65,55,847	5,69,50,414	5,81,23,449	6,52,16,749	6,93,45,046
	Unallocated Liabilities	-	-	-	-	-	-	3,60,59,231	4,17,87,557
	Total Liabilities	-	-	-	-	-	-	10,12,75,980	11,11,32,603
e)	Cost incurred to acquire segment								
	Fixed assets during year	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	1,56,183	7,59,357
f)	Depreciation/ Amortization	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	4,26,234	4,25,484

- I The Common expenses has been allocated to segment on the basis of turnover of the segment to arrive at segment result.
- II The above figures does not include figures of the subsidiary companies as segmental results are not available for this companies. However the figures are not material.

**35.2 Secondary segment-Geographical**

	31-03-2012 ₹	31-03-2011 ₹
The Company operating facilities are located in India		
Domestic Revenues	4,82,66,370	11,85,99,683
Exports Revenue	-	34,10,960
Total	4,82,66,370	12,20,10,643

**36 Disclosure as per Accounting Standard 15 ( Revised )**

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

Defined Contribution Plans :	31-03-2012 ₹	31-03-2011 ₹
Contribution to Defined Contribution Plans, recognized as expenses for the year are as under:		
Employer's Contribution to Provident Fund	9,11,744	8,68,652
Employer's Contribution to Superannuation Fund	57,000	4,95,670



**Consolidated Notes to Financial Statements for the year ended 31st March, 2012****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.

	31-03-2012 ₹	31-03-2011 ₹
<b>Leave Encashment Scheme</b>		
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		
<b>I Actuarial Assumptions</b>		
Discount Rate	8.50%	8.05%
Rate of Return	9%	9%
Salary Escalation	6%	6%
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.		
<b>II Change in Present Value Of Obligation</b>		
Value of Obligation at the beginning of year	41,03,199	44,12,733
Interest Cost	2,68,798	3,02,375
Current Service Cost	2,56,577	3,32,546
Benefits Paid	(2,71,892)	(8,15,769)
Actuarial Gain / (Loss) on Obligation	(2,02,682)	(1,28,686)
Value of Obligation at the end of year	41,54,000	41,03,199
<b>III Changes in Fair Value Of Plan Assets</b>		
Fair Value of plan Assets at the beginning of year	18,97,378	19,78,064
Expected Return On Plan Assets	1,05,904	1,18,825
Contribution	70,299	5,67,707
Benefits Paid	(2,71,892)	(8,15,769)
Actuarial Gain / (Loss) on Plan Assets	53,854	48,551
Fair Value of plan Assets at the end of year	18,55,543	18,97,378
<b>IV Amounts to be Recognized in the Balance Sheet and Statement of Profit and Loss</b>		
Present Value of obligation at end of the year	41,54,000	41,03,199
Fair Value of plan Assets at end of the year	(18,55,543)	(18,97,378)
Funded Status	22,98,457	(22,05,821)
Unrecognized Actuarial Gain / (Loss)	-	-
Net Asset (Liability ) recognized in the Balance Sheet	(22,98,457)	(22,05,821)
<b>V Expenses Recognized in the statement of Profit and Loss</b>		
Current Service cost	2,56,577	3,32,546
Interest Cost	2,68,798	3,02,375
Expected Return On Plan Assets	(1,05,904)	(1,18,825)
Net Actuarial Gain / (Loss) recognized for the year	(2,56,536)	(1,77,237)
Expenses recognized in the statement of Profit and Loss	1,62,935	3,38,859

**Consolidated Notes to Financial Statements for the year ended 31st March, 2012**

	31-03-2012 ₹	31-03-2011 ₹
<b>VI Movement in the Liability Recognized in Balance Sheet</b>		
Opening Net Liability	22,05,821	24,34,669
Expenses as Above	1,62,935	3,38,859
Contribution Paid	(70,299)	(5,67,707)
Closing Net Liability	22,98,457	22,05,821

**37 Earnings Per Share (EPS)**

	31-03-2012 ₹	31-03-2011 ₹
A. Profit/(Loss) Attributable to Equity Shareholders	(99,72,052)	12,15,523
Less : Dividend Payable for the year to Preference Shareholder	-	-
<b>Profit / (Loss) Attributable to Equity Share holder</b>		
B. Number of Equity Shares Outstanding during the year	6,25,000	6,25,000
C. Nominal Value of Equity Shares	10	10
Basic Earning/Diluted Per Share (₹) (A/B)	(15.96)	1.94

**38** The Consolidated Financial Statements have been prepared on going concern basis although the net worth of the group has been completely eroded, in view of the representation given by the management that the group will be able to carry on business profitably in the future.

**39** The Consolidated Financial Statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Scheduled VI to the Companies Act, 1956. Consequent to the notification of Revised Scheduled VI under the Companies Act, 1956, the Consolidated Financial Statements for the year ended 31st March, 2012 are prepared as per Revised Scheduled VI. Previous years figures have been reclassified / regrouped to confirm to this year's classification.

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: 24th August, 2012

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

Mumbai  
Dated: 24th August, 2012



Please quote Folio no. MP .....

## MULLER & PHIPPS (INDIA) LIMITED

**Registered Office**

16 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 Thursday 20th September, 2012 at 10.00 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**

16 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 Thursday 20th September, 2012 at 10.00 a.m. at ORCHID, 1<sup>st</sup> 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 :

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16 Unique Industrial Estate,  
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