



**MULLER & PHIPPS (INDIA) LIMITED**

**NINETY SIXTH ANNUAL REPORT  
2012-2013**



**MULLER & PHIPPS (INDIA) LIMITED**  
NINETY SIXTH ANNUAL REPORT 2012-2013

**DIRECTORS :**

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

**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, Indore, Raipur  
Delhi, Ghaziabad,  
Chandigarh, Calcutta, Cuttack, Patna,  
Kochi, Hyderabad.



NOTICE

Notice is hereby given that the NINETY SIXTH 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 Monday 30th September, 2013 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, 2013 and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr Milan B. Dalal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Ford, Rhodes, Parks & Co. as Auditors to hold office from the conclusion of this Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

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

By Order of the Board

U.K. DHUPELIA
DIRECTOR

Place: Mumbai
Date: 13th August, 2013.

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 23th September, 2013 to 30th September, 2013 (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. Milan B. Dalal; Date of Birth & Age, 09.02.1962 (51 years); Appointment, 31.07.2006; Qualification, B.Com.; Expertise/Experience, Finance & General Management; Directorship in Other Public Companies, Foods and Inns Limited, Muller & Phipps (Industrial Services) Limited, Bombay Swadeshi Stores Limited, Bombay Stores Retail Company Limited, CFL Securities Limited, Cifco Limited, The Amalgamated Electricity Company Limited; Shareholding, 2350 Shares,

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: 13th August,2013.

## DIRECTORS' REPORT TO MEMBERS

The Directors have pleasure in presenting this Ninety Sixth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2013.

(₹ in Lacs)

	2012-2013	2011-2012
Gross Sales	429.14	509.29
Profit / (Loss) after Interest & Finance charges	(112.88)	(95.47)
Provision for Depreciation	3.28	4.26
Profit / (Loss) before Exceptional items and Tax	(116.16)	(99.73)
Compensation received for surrender of Tenancy Rights	7.20	-
Provision for Taxation	-	-
Prior period Tax adjustments – debit / (credit)	(1.61)	(0.25)
Profit / (Loss) for the year	(107.35)	(99.48)
Add: Profit / (Loss) balance brought forward from previous year	(690.94)	(591.46)
Balance available for appropriation	(798.29)	(690.94)

**OPERATIONS:** During the year sales were ₹ 429 lacs against ₹ 509 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. 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, 2013.

### 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, 2013 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. Milan B Dalal 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 31.3.2013.

**AUDITORS:**

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

**AUDITORS REPORT:**

- i) As regards Clause 1 of Annexure referred to in Clause 1 of the Auditors Report, the Company is in the process of updating the fixed assets records and the physical verification of assets is being conducted in a phased manner.
- ii) As regards Clause 3 d) of the Annexure referred to in Clause 1 of the Auditors Report, the Company has been irregular in the payment of interest as per the decision taken by the management from time to time
- iii) As regards Clause 7 of Annexure referred to in Clause 1 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: 13<sup>th</sup> August, 2013.

**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, 2013.

**1. CONSUMPTION OF ENERGY :**

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, 2013.



## 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, 2013. 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 15/05/2012, 10/08/2012, 24/08/2012, 09/11/2012, 07/02/2013 in the financial year 2012-2013 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 13.09.12 till 20.09.12* 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 2012 was held on *20.09.2012* 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 31.3.2013 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 uptodate.*

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

For Sanjay Soman & Associates  
Sd/-  
Sanjay Soman. (C. P. No. : 817)

Place: Mumbai

Date: 13.08.2013

**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/s 303
- 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, 2013, & till date. (Form/SRN No/Date/Filing )

1	FORM 66	P90162686	13.10.2012
2	FORM 23 AC & 23 ACA	Q05901400	15.01.2013
3	FORM 20 B	Q03741733	01.12.2012
4	Form 32	B75794750	27.05.2013

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Muller & Phipps (India) Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

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 the Note 39 of the Financial Statements.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on 31<sup>st</sup> March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**Shrikant Prabhu**  
Partner

Place : Mumbai  
Date : 13<sup>th</sup> August, 2013

Membership No. 35296



**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF  
MULLER & PHIPPS (INDIA) LIMITED  
Year ended 31<sup>st</sup> March, 2013**

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 account.
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 but has been irregular 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 31st March, 2013 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us by management and the records of the Company examined by us, there were no disputed dues in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise duty and Cess which have not been deposited as on 31st March, 2013 except as stated below:

Nature of dues pending	Amount ₹	Forum where dispute is
Income Tax (A.Y 2001-2002)	10,57,725	Commissioner of Income-tax (Appeals).
Income Tax Penalty (A.Y 2001- 2002)	2,10,00,000	Commissioner of Income-tax (Appeals).
Sales Tax (F.Y. 2004-2005)	2,85,000	Sales Tax Authorities - Lucknow.
(F.Y. 2002-2003)	2,29,000	Sales Tax Authorities - Lucknow.

10. The accumulated losses of the Company as at 31st March, 2013 are more than fifty percent of its net worth. It has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. Based on our audit procedures and the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution or bank. The Company has not issued any debentures.
12. As per the books and records of the Company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order is not applicable as the Company is not a chit fund company or nidhi / mutual benefit fund / society.
14. The Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information given to us and as per the records examined by us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. The Company as not availed / utilized any term loan utilized.
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

**Shrikant Prabhu**  
Partner  
Membership No.35296

Mumbai : 13th August, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.	31-03-2013 ₹	31-03-2012 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	62,50,000	62,50,000
Reserves and Surplus	3	(5,73,29,248)	(4,65,94,296)
		<u>(5,10,79,248)</u>	<u>(4,03,44,296)</u>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	1,91,969	3,04,178
Other Long-term Liabilities	5	2,98,69,001	3,00,19,001
Long-term Provisions	6	29,07,005	27,42,460
		<u>3,29,67,975</u>	<u>3,30,65,639</u>
<b>Current Liabilities</b>			
Short-term Borrowings	7	1,74,00,000	1,74,00,000
Trade Payables	8	3,01,94,328	3,64,07,703
Other Current Liabilities	9	1,53,44,116	1,35,22,693
Short-term Provisions	10	8,78,061	8,79,945
		<u>6,38,16,505</u>	<u>6,82,10,341</u>
<b>TOTAL</b>		<u><u>4,57,05,232</u></u>	<u><u>6,09,31,684</u></u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :	11		
Tangible Assets		11,82,688	14,94,731
Intangible Assets		-	-
		<u>11,82,688</u>	<u>14,94,731</u>
Non-Current Investments	12	1,00,000	1,00,000
Long-term Loans and Advances	13	1,01,47,833	1,00,05,956
Other Non-Current Assets	14	2,89,77,260	4,18,49,765
		<u>4,04,07,781</u>	<u>5,34,50,452</u>
<b>Current Assets</b>			
Inventories	15	8,43,460	7,90,592
Trade Receivables	16	38,78,826	47,67,726
Cash and Bank Balances	17	3,36,321	3,07,642
Short-term Loans and Advances	18	2,38,844	15,86,572
Other Current Assets	19	-	28,700
		<u>52,97,451</u>	<u>74,81,232</u>
<b>TOTAL</b>		<u><u>4,57,05,232</u></u>	<u><u>6,09,31,684</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  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No.102860W

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

**SHRIKANT PRABHU**  
Partner  
Membership No. 35296  
Mumbai  
Dated: 13th August, 2013

Mumbai  
Dated: 13th August, 2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	31-03-2013 ₹	31-03-2012 ₹
<b>INCOME</b>			
Revenue from Operations	20	4,29,13,750	5,09,29,903
Other Income	21	4,65,033	18,55,485
<b>TOTAL REVENUE</b>		<b>4,33,78,783</b>	<b>5,27,85,388</b>
<b>EXPENDITURE</b>			
Purchases (net of returns) of Stock- in-trade	22	2,24,69,496	2,32,32,252
Changes in Inventories of Finished Goods	23	(52,868)	7,38,490
Employee Benefits Expense	24	1,19,94,014	1,57,93,500
Finance Costs	25	54,76,846	32,44,101
Depreciation and Amortisation Expense	26	3,28,296	4,26,234
Other Expenses	27	1,47,79,138	1,93,24,204
<b>TOTAL EXPENSES</b>		<b>5,49,94,922</b>	<b>6,27,58,781</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(1,16,16,139)</b>	<b>(99,73,393)</b>
Compensation received for surrender of Tenancy Rights		7,20,000	-
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(1,08,96,139)</b>	<b>(99,73,393)</b>
Current Tax		-	-
Deferred Tax Adjustment - Debit / (Credit)		-	-
Prior Period Tax Adjustment - Debit / (Credit)		(1,61,187)	(25,455)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(1,07,34,952)</b>	<b>(99,47,938)</b>
<b>Earning per Share - Basic and Diluted ( see note no. 38 )</b>		<b>(17.18)</b>	<b>(15.92)</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>SHRIKANT PRABHU</b> Partner Membership No. 35296			
Mumbai Dated: 13th August, 2013		Mumbai Dated: 13th August, 2013	

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	31-03-2013		31-03-2012	
	₹	₹	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) Before Tax and Prior Period Items		(1,16,16,139)		(99,73,393)
Adjustments for				
Depreciation	3,28,296		4,26,234	
Profit / (Loss) on Sale of Fixed Assets	-		13,116	
Interest and Finance Charges Expenses	54,76,846	58,05,142	32,44,101	36,83,451
Operating Profit/(Loss) before Working Capital Changes		(58,10,997)		(62,89,942)
Adjustment for				
(Increase)/Decrease in Trade and Other Receivables		1,51,58,297		1,40,24,574
(Increase)/Decrease in Inventories		(52,868)		7,38,490
Increase/(Decrease) in Sundry Creditors and Other Liabilities		(67,48,821)		(1,15,61,442)
Cash Used in Operations		25,45,611		(30,88,320)
Taxes Paid		(1,155)		(2,92,511)
<b>Cash Flow before Prior Period items</b>		25,44,456		(33,80,831)
Compensation received for surrender of Tenancy Rights		7,20,000		-
<b>Net Cash Used in Operating Activities</b>		32,64,456		(33,80,831)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets		(16,250)		(1,56,183)
Sale of Fixed Assets		-		22,000
Investment / ( encashment ) - Margin Money Deposits		-		40,89,135
<b>Net Cash from Investing Activities</b>		(16,250)		39,54,952
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Cash Credit (net)		-		(1,71,48,867)
Intercompany and Other Loans (net)		(1,12,209)		1,68,98,949
Interest Paid		(31,07,318)		(12,89,364)
<b>Net Cash used in Financing Activities</b>		(32,19,527)		(15,39,282)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		28,679		(9,65,161)
Cash and Cash Equivalents as at beginning of the year		3,07,642		12,72,803
Cash and Cash Equivalents as at close of the year		3,36,321		3,07,642

As per our Report attached

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

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

**SHRIKANT PRABHU**  
Partner  
Membership No. 35296

Mumbai  
Dated: 13th August, 2013

Mumbai  
Dated: 13th August, 2013



## Significant Accounting Policies and Notes to the Financial Statements for the year ended 31st March, 2013

### 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 incometax rates is recognised in the period that includes the enactment date.



**Notes to the Financial Statements for the year ended 31st March, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<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>		
<p>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.</p> <p>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.</p>		
<b>2.2 Shares held by Holding Company</b>		
<p>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.</p>		
<b>2.3 Details of Shareholders holding more than 5% of the total Equity Shares</b>		

	31-03-2013		31-03-2012	
NAME OF THE SHAREHOLDER	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%

	31-03-2013 ₹	31-03-2012 ₹
<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>(6,90,94,296)</u>	(5,91,46,358)
Profit / (Loss) for the year	<u>(1,07,34,952)</u>	(99,47,938)
	<u>(7,98,29,248)</u>	(6,90,94,296)
	<u>(5,73,29,248)</u>	(4,65,94,296)
<b>4 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan from Bank	<u>1,91,969</u>	3,04,178
	<u>1,91,969</u>	3,04,178
<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 2014-15	1,24,600	
Year 2015-16	67,369	
	<u>1,91,969</u>	

**Notes to the Financial Statements for the year ended 31st March, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security Deposits from C & F Agents	11,15,000	12,65,000
Trade Payables	<u>2,87,54,001</u>	<u>2,87,54,001</u>
	<u>2,98,69,001</u>	<u>3,00,19,001</u>
<b>6 LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	21,44,200	19,03,771
Leave Encashment	<u>7,62,805</u>	<u>8,38,689</u>
	<u>29,07,005</u>	<u>27,42,460</u>
<b>7 SHORT-TERM BORROWINGS</b>		
<b>Unsecured</b>		
Loans from Related Parties	<u>1,74,00,000</u>	<u>1,74,00,000</u>
	<u>1,74,00,000</u>	<u>1,74,00,000</u>
<b>8 TRADE PAYABLES</b>		
Trade Payables	<u>3,01,94,328</u>	<u>3,64,07,703</u>
	<u>3,01,94,328</u>	<u>3,64,07,703</u>
<b>9 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debt	1,12,209	1,01,051
Interest Accrued and not due on Borrowings	2,065	2,750
Interest Accrued and due on Borrowings	44,56,966	21,69,059
Interest Accrued and due on Agents' Security Deposits	3,33,654	2,51,348
Statutory Liabilities	31,87,170	35,88,676
Employee related Liabilities	21,39,048	22,29,801
Expense Creditors	36,83,883	37,39,831
Others	<u>14,29,121</u>	<u>14,40,177</u>
	<u>1,53,44,116</u>	<u>1,35,22,693</u>
<b>10 SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	5,53,544	3,94,686
Leave Encashment	<u>3,24,517</u>	<u>4,85,259</u>
	<u>8,78,061</u>	<u>8,79,945</u>



**Notes to the Financial Statements for the year ended 31st March, 2013**

**11 FIXED ASSETS**

Particulars	Cost as at 01-04-2012	Additions during the year	Deductions during the year	Cost as at 31-03-2013	Total Depreciation as at 31-03-2013	Impairment Provision as at 31-03-2013	Net Value as at 31-03-2013	Net Value as at 31-03-2012
	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS</b>								
Plant and Machinery	3,89,862	-	-	3,89,862	2,90,258	-	99,604	1,15,698
Office Equipment	20,48,693	16,250	-	20,64,943	17,09,745	-	3,55,198	4,10,788
Furniture and Fixtures	35,29,591	-	-	35,29,591	33,62,902	-	1,66,689	1,86,868
Computer Equipment	30,70,144	-	-	30,70,144	29,88,553	-	81,591	1,34,224
Motor Vehicles	13,89,918	-	-	13,89,918	9,10,312	-	4,79,606	6,47,153
	1,04,28,208	16,250	-	1,04,44,458	92,61,770	-	11,82,688	14,94,731
<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>4,92,53,813</b>	<b>16,250</b>	<b>-</b>	<b>4,92,70,063</b>	<b>1,92,91,717</b>	<b>2,87,95,658</b>	<b>11,82,688</b>	<b>14,94,731</b>
PREVIOUS YEAR	4,93,05,344	1,56,183	2,07,715	4,92,53,812	1,89,63,423	2,87,95,658	14,94,731	

	31-03-2013 ₹	31-03-2012 ₹
<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
	<u>10,00,000</u>	<u>10,00,000</u>
Less: Provision for diminution in value of shares	<u>9,00,000</u>	<u>9,00,000</u>
	<u>1,00,000</u>	<u>1,00,000</u>
<b>13 LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Security Deposits	28,90,641	30,01,781
Loans and Advances to related parties - Considered good	-	-
- Considered doubtful	11,01,746	10,94,847
Loans and Advances others - Considered good	7,34,976	6,44,301
- Considered doubtful	4,64,723	4,64,723
Advance Tax and Tax Refunds Due	65,22,216	63,59,874
	<u>1,17,14,302</u>	<u>1,15,65,526</u>
Less: Provision for Doubtful Advances	<u>15,66,469</u>	<u>15,59,570</u>
	<u>1,01,47,833</u>	<u>1,00,05,956</u>

**Notes to the Financial Statements for the year ended 31st March, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<b>14 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, Considered Good</b>		
Receivable from related party - Getz Bros Co. Ltd.	2,87,54,011	4,16,42,329
Margin Money with Bank	<u>2,23,249</u>	<u>2,07,436</u>
	<u>2,89,77,260</u>	<u>4,18,49,765</u>
<b>15 INVENTORIES</b>		
Cosmetics / Toiletries	1,32,822	5,79,420
Medicated Preparations	<u>7,10,638</u>	<u>2,11,172</u>
	<u>8,43,460</u>	<u>7,90,592</u>
<b>16 TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Debts overdue for more than six months - Considered good	1,95,141	-
- Considered doubtful	<u>31,82,590</u>	<u>30,82,590</u>
	<u>33,77,731</u>	<u>30,82,590</u>
Other Debts- Considered good	<u>36,83,685</u>	<u>47,67,726</u>
	<u>70,61,416</u>	<u>78,50,316</u>
Less: Provision for Doubtful Debts	<u>31,82,590</u>	<u>30,82,590</u>
	<u>38,78,826</u>	<u>47,67,726</u>
<b>17 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
On Current Account	2,62,060	2,50,282
On Savings Account	<u>41,328</u>	<u>17,376</u>
	<u>3,03,388</u>	<u>2,67,658</u>
Cash on hand	<u>32,933</u>	<u>39,984</u>
	<u>3,36,321</u>	<u>3,07,642</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	82,803	13,15,557
Loans to Employees	74,121	1,30,321
Prepaid Expenses	<u>81,920</u>	<u>1,40,694</u>
	<u>2,38,844</u>	<u>15,86,572</u>
<b>19 OTHER CURRENT ASSETS</b>		
Accrued Interest	-	28,700
	-	<u>28,700</u>



## Notes to the Financial Statements for the year ended 31st March, 2013

	31-03-2013	31-03-2012
	₹	₹
<b>20 REVENUE FROM OPERATIONS</b>		
<b>Sale of Traded Goods</b>		
Cosmetics / Toiletries	81,60,606	89,00,524
Medicated Preparations	3,31,71,991	3,87,73,389
Others	15,81,153	5,92,457
	<u>4,29,13,750</u>	<u>4,82,66,370</u>
<b>Other Operating Revenue</b>		
Commission Income	-	26,63,533
	<u>4,29,13,750</u>	<u>5,09,29,903</u>
<b>21 OTHER INCOME</b>		
Interest from Bank Deposits	18,829	67,869
Interest Others	-	904
Credit Balances written back	-	9,17,930
Provision for expenses written back	159,744	7,57,550
Insurance claim received	-	1,00,884
Profit on Sale of Fixed Assets (net)	-	334
Miscellaneous Income	286,460	10,014
	<u>4,65,033</u>	<u>18,55,485</u>
<b>22 PURCHASES (NET OF RETURNS) OF STOCK-IN-TRADE</b>		
Cosmetics / Toiletries	53,43,923	65,39,352
Medicated Preparations	1,56,04,851	1,72,69,578
Others	15,20,722	(5,76,678)
	<u>2,24,69,496</u>	<u>2,32,32,252</u>
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>Opening 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>Less : Closing Stock of Finished Goods</b>		
Cosmetics / Toiletries	1,32,822	5,79,420
Medicated Preparations	7,10,638	2,11,172
Others	-	-
	<u>8,43,460</u>	<u>7,90,592</u>
<b>Decrease / (Increase) in inventory of Finished Goods</b>	<u>(52,868)</u>	<u>7,38,490</u>
<b>24 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Allowances and Bonus	96,85,679	1,28,67,794
Contribution to Provident and Other Funds	8,71,298	11,97,722
Gratuity	3,99,287	1,92,636
Provision for Leave Encashment	48,439	1,73,353
Staff Welfare Expenses	9,89,311	13,61,995
	<u>1,19,94,014</u>	<u>1,57,93,500</u>

**Notes to the Financial Statements for the year ended 31st March, 2013**

	31-03-2013	31-03-2012
	₹	₹
<b>25 FINANCE COSTS</b>		
Interest on Cash Credit	-	4,44,601
Interest on Intercorporate Loans	<b>27,40,003</b>	23,22,066
Interest Others	<b>24,32,645</b>	2,55,625
Other Finance Charges	<b>3,04,198</b>	2,21,809
	<b>54,76,846</b>	32,44,101
<b>26 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation on Tangible Assets	<b>3,28,296</b>	4,26,234
	<b>3,28,296</b>	4,26,234
<b>27 OTHER EXPENSES</b>		
Rent	<b>24,64,094</b>	25,58,213
Repairs and Maintenance	<b>1,10,375</b>	2,53,226
Insurance	<b>50,390</b>	55,192
Rates and Taxes	<b>4,11,689</b>	8,05,414
Electricity	<b>2,53,963</b>	2,62,158
Travel and Conveyance	<b>29,60,521</b>	43,48,149
Postage, Telegram and Telephones	<b>4,12,934</b>	5,09,106
Guarantee Commission	-	1,31,674
Brokerage	-	88,000
Directors Fees	<b>50,000</b>	50,000
Foreign Exchange Flutation Loss	<b>21,850</b>	-
Auditors Remuneration	<b>1,94,428</b>	1,58,600
Freight, Packing and Forwarding	<b>17,47,151</b>	22,60,315
Advertising and Sale Promotion	<b>20,37,677</b>	10,39,458
C & F Agents Service Charges	<b>3,48,885</b>	7,42,017
Discount	<b>3,21,875</b>	9,68,595
Advances Written off	-	1,81,422
Bad Debts Written off	<b>8,120</b>	1,18,422
Provision for Doubtful Debts	<b>1,06,900</b>	4,41,557
Miscellaneous Expenses	<b>32,78,286</b>	43,52,686
	<b>1,47,79,138</b>	1,93,24,204
<b>28 Contingent liabilities not provided for</b>		
a) Disputed Sales Tax demands	<b>21,47,000</b>	21,47,000
b) Disputed Income tax demands (including penalty)	<b>2,54,70,256</b>	3,73,05,207
c) Guarantees given by bank on behalf of the company	<b>2,00,000</b>	2,00,000

**Notes to the Financial Statements for the year ended 31st March, 2013**

	31-03-2013	31-03-2012
	₹	₹
<b>29</b> Advance recoverable in cash or in kind or for value to be received includes due from subsidiary companies	<b>11,01,747</b>	<b>10,94,847</b>
<b>30 Auditors' Remuneration</b>		
Audit Fees	95,506	93,755
For Tax Audit	28,090	27,575
For Others services, certification etc.	67,416	33,090
Out of Pocket Expenses	3,416	4,180
	<b>1,94,428</b>	<b>1,58,600</b>
<b>31 Earnings in foreign exchange</b>		
FOB value of Exports	<b>15,83,845</b>	-

**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, 2013 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	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013
Nature of Transactions	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Purchase of Goods	-	-	-	1,341,655	-	-	-	-	-	-	-	-	-
Directors Fees	-	-	-	-	-	-	-	-	25,000	25,000	25,000	-	-
Guarantee Commission	-	-	-	-	-	-	-	-	65,837	-	-	-	65,837
Printing and Stationery	-	-	-	-	-	64,370	89,060	-	-	-	-	-	-
Travel Expenses	-	-	-	-	-	-	-	1,29,878	1,27,067	-	-	-	-
Reimbursement of Expenses paid	-	-	-	-	5,53,589	-	-	-	-	-	-	-	-
Interest Expenses	-	32,000	32,000	-	49,90,003	23,22,066	-	-	-	-	-	-	-
Doubtful Advances provided	-	-	6,900	39,490	-	-	-	-	-	-	-	-	-
Intercompany Loans received	-	-	-	-	1,70,00,000	-	-	-	-	-	-	-	-
Intercompany Loans re-paid	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding at year-end</b>													
Intercompany Loans taken	-	-	-	-	1,70,00,000	-	-	-	-	-	-	-	-
Loans and Advances given	-	-	11,01,747	10,94,847	-	-	-	-	-	-	-	-	-
Other Receivables	2,87,54,011	4,16,42,329	-	-	-	-	-	-	-	-	-	-	-
Payables	4,71,60,790	2,87,54,001	-	-	28,28,853	2,64,79,943	3,37,912	2,73,542	-	7,39,103	-	5,88,103	5,89,103
Loan Payable	-	4,00,000	4,00,000	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	1,01,097	79,197	-	43,55,869	20,89,862	-	-	-	-	-	-	-
Doubtful Advances Provision	-	-	11,01,747	10,94,847	-	-	-	-	-	-	-	-	-



36 SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH, 2013

I) Primary Segment-Business	Cosmetic/Toiletry		Medicated preparation		Others		Total	
	31-03-2013 ₹	31-03-2012 ₹	31-03-2013 ₹	31-03-2012 ₹	31-03-2013 ₹	31-03-2012 ₹	31-03-2013 ₹	31-03-2012 ₹
a) Sales To External Customers	81,60,606	89,00,524	3,31,71,991	3,87,73,389	15,81,153	5,92,457	4,29,13,750	4,82,66,370
Total Segment Revenue	81,60,606	89,00,524	3,31,71,991	3,87,73,389	15,81,153	5,92,457	4,29,13,750	4,82,66,370
b) Segment Result (PBIT)	(14,80,157)	(17,55,835)	54,27,679	42,97,819	(37,14,834)	(13,11,787)	2,32,688	12,30,197
Less : Interest & Finance Charges	-	-	-	-	-	-	54,76,846	32,44,101
Less : Unallocable expenditure net of Unallocable income	-	-	-	-	-	-	(63,71,981)	(79,59,489)
Profit / (Loss) Before Tax and exceptional items	-	-	-	-	-	-	(1,16,16,139)	(99,73,393)
Compensation received for surrender of tenancy rights	-	-	-	-	-	-	7,20,000	-
Profit / (Loss) Before Tax	-	-	-	-	-	-	(1,08,96,139)	(99,73,393)
Prior Period Tax Adjustment	-	-	-	-	-	-	1,61,187	25,455
Provision for Deferred Tax	-	-	-	-	-	-	-	-
Profit / (Loss) After Tax	-	-	-	-	-	-	(1,07,34,952)	(99,47,938)
c) Carrying amount of segment								
Assets	8,69,799	15,73,111	31,29,862	33,38,800	7,22,625	7,81,907	47,22,286	56,93,818
Unallocated Assets	-	-	-	-	-	-	4,09,82,946	5,52,37,863
Total Assets	-	-	-	-	-	-	4,57,05,232	6,09,31,681
d) Carrying amount of segment								
Liabilities	17,03,471	17,67,304	58,32,377	64,99,031	5,13,28,824	5,69,50,414	5,88,64,672	6,52,16,749
Unallocated Liabilities	-	-	-	-	-	-	3,79,19,808	3,60,59,231
Total Liabilities	-	-	-	-	-	-	9,67,84,480	10,12,75,980
e) Cost incurred to acquire segment								
Fixed assets during year	-	-	-	-	-	-	-	-
Unallocated Assets	-	-	-	-	-	-	16,250	1,56,183
f) Depreciation/ Amortization								
Unallocated Assets	-	-	-	-	-	-	3,28,296	4,26,234

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	31-03-2013 ₹	31-03-2012 ₹
The Company operating facilities are located in India		
Domestic Revenues	4,13,32,597	4,82,66,370
Exports Revenue	15,81,153	-
Total	4,29,13,750	4,82,66,370

**Notes to the Financial Statements for the year ended 31st March, 2013**

**37 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 :**

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

	31-03-2013 ₹	31-03-2012 ₹
Employer's Contribution to Provident Fund	7,00,210	9,11,744
Employer's Contribution to Superannuation Fund	5,000	57,000

**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.

	31-03-2013 ₹	31-03-2012 ₹
<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	7.95%	8.50%
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	41,54,000	41,03,199
Interest Cost	2,75,217	2,68,798
Current Service Cost	2,08,959	2,56,577
Benefits Paid	(6,88,846)	(2,71,892)
Actuarial Gain / (Loss) on Obligation	(29,048)	(2,02,682)
Value of Obligation at the end of year	39,20,282	41,54,000
<b>III Changes in Fair Value Of Plan Assets</b>		
Fair Value of plan Assets at the beginning of year	18,55,543	18,97,378
Expected Return On Plan Assets	2,90,739	1,05,904
Contribution	-	70,299
Benefits Paid	(6,88,846)	(2,71,892)
Actuarial Gain / (Loss) on Plan Assets	(1,74,033)	53,854
Fair Value of plan Assets at the end of year	12,83,403	18,55,543

**Notes to the Financial Statements for the year ended 31st March, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<b>IV Amounts to be Recognized in the Balance Sheet</b>		
Present Value of obligation at end of the year	39,20,282	41,54,000
Fair Value of plan Assets at end of the year	(12,83,403)	(18,55,543)
Funded Status	26,36,879	22,98,457
Unrecognized Actuarial Gain / (Loss)	-	-
Payable to retired employee's	60,865	-
Net Asset (Liability ) recognized in the Balance Sheet	(26,97,744)	(22,98,457)
<b>V Expenses Recognized in the Statement of Profit and Loss</b>		
Current Service cost	2,08,959	2,56,577
Interest Cost	2,75,217	2,68,798
Expected Return On Plan Assets	(2,90,739)	(1,05,904)
Net Actuarial Gain / (Loss) recognized for the year	1,44,985	(2,56,536)
Payable to retired employee's	60,865	-
Expenses recognized in the statement of Profit and Loss Account	3,99,287	1,62,935
<b>VI Movement in the Liability Recognized in Balance Sheet</b>		
Opening Net Liability	22,98,457	22,05,821
Expenses as Above	3,38,422	1,62,935
Contribution Paid	-	(70,299)
Closing Net Liability	26,36,879	22,98,457
<b>38 Earnings Per Share (EPS)</b>		
A Profit/(Loss) Attributable to Equity Shareholders	(1,07,34,952)	(99,47,938)
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)	(17.18)	(15.92)
<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 future business plans which will allow the Company to carry out its business profitably.	
<b>40</b>	Previous year's figures have been regrouped wherever necessary to conform to current 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>SHRIKANT PRABHU</b> Partner Membership No. 35296 Mumbai Dated: 13th August, 2013	Mumbai Dated: 13th August, 2013	

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors of Muller & Phipps (India) Limited**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Muller & Phipps (India) Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Other Matters**

We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 5,58,728 as at 31<sup>st</sup> March, 2013 and total revenues of ₹ 32,000 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Matter of Emphasis**

The consolidated 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 37 of the Notes to Financial Statements.

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

**Shrikant Prabhu**  
Partner  
Membership No. 35296

Mumbai : 13th August, 2013



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	31-03-2013 ₹	31-03-2012 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	62,50,000	62,50,000
Reserves and Surplus	3	(5,72,47,582)	(4,64,92,583)
		(5,09,97,582)	(4,02,42,583)
<b>Non-Current Liabilities</b>			
Long-term Borrowings	4	1,91,969	3,04,178
Other Long-term Liabilities	5	2,98,69,001	3,00,19,001
Long-term Provisions	6	29,07,005	27,42,460
		3,29,67,975	3,30,65,639
<b>Current Liabilities</b>			
Short-term Borrowings	7	1,70,00,000	1,70,00,000
Trade Payables	8	3,01,94,328	3,64,07,703
Other Current Liabilities	9	1,56,19,978	1,37,75,909
Short-term Provisions	10	8,78,061	8,79,945
		6,36,92,367	6,80,63,557
	<b>TOTAL</b>	<b>4,56,62,760</b>	<b>6,08,86,613</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets :	11		
Tangible Assets		11,84,603	14,96,956
Intangible Assets		-	-
		11,84,603	14,96,956
Long-term Loans and Advances	12	1,01,63,932	1,00,18,855
Other Non-Current Assets	13	2,89,77,260	4,18,49,765
		4,03,25,795	5,33,65,576
<b>Current Assets</b>			
Inventories	14	8,43,460	7,90,592
Trade Receivables	15	38,78,826	47,67,726
Cash and Bank Balances	16	3,74,340	3,45,952
Short-term Loans and Advances	17	2,40,339	15,88,067
Other Current Assets	18	-	28,700
		53,36,965	75,21,037
	<b>TOTAL</b>	<b>4,56,62,760</b>	<b>6,08,86,613</b>

Notes to the Financial Statements and Significant Accounting Policies

1 to 38

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

**Shrikant Prabhu**  
Partner  
Membership No. 35296  
Mumbai  
Dated: 13th August, 2013

Mumbai  
Dated: 13th August, 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	31-03-2013 ₹	31-03-2012 ₹
<b>INCOME</b>			
Revenue from Operations	19	4,29,13,750	5,09,29,903
Other Income	20	4,65,033	18,55,645
<b>TOTAL REVENUE</b>		<b>4,33,78,783</b>	<b>5,27,85,548</b>
<b>EXPENDITURE</b>			
Purchases (net of returns) of Stock- in-trade	21	2,24,69,496	2,32,32,252
Changes in Inventories of Finished Goods	22	(52,868)	7,38,490
Employee Benefits Expense	23	1,19,94,014	1,57,93,500
Finance Costs	24	54,44,846	32,12,101
Depreciation and Amortisation Expense	25	3,28,606	4,26,594
Other Expenses	26	1,48,30,875	1,93,80,118
<b>TOTAL EXPENSES</b>		<b>5,50,14,969</b>	<b>6,27,83,055</b>
<b>PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>(1,16,36,186)</b>	<b>(99,97,507)</b>
Compensation received for surrender of Tenancy Rights		7,20,000	-
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(1,09,16,186)</b>	<b>(99,97,507)</b>
Current Tax		-	-
Deferred Tax Adjustment - Debit / (Credit)		-	-
Prior Period Tax Adjustment - Debit / (Credit)		(1,61,187)	(25,455)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(1,07,54,999)</b>	<b>(99,72,052)</b>
<b>Earning per Share - Basic and Diluted ( see note no. 36 )</b>		<b>(17.21)</b>	<b>(15.96)</b>
Notes to the Financial Statements and Significant Accounting Policies	<b>1 to 38</b>		
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>Shrikant Prabhu</b> Partner Membership No. 35296 Mumbai Dated: 13th August, 2013		Mumbai Dated: 13th August, 2013	



## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	31-03-2013 ₹	31-03-2012 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax and Prior Period Items	(1,16,36,186)	(99,97,507)
Adjustments for		
Depreciation	3,28,606	4,26,594
Profit / (Loss) on Sale of Fixed Assets	-	13,116
Interest and Finance Charges Expenses	54,44,846	32,12,101
Operating Profit/(Loss) before Working Capital Changes	(58,62,734)	(63,45,696)
Adjustment for		
(Increase)/Decrease in Trade and Other Receivables	1,51,58,298	1,40,24,576
(Increase)/Decrease in Inventories	(52,868)	7,38,490
Increase/(Decrease) in Sundry Creditors and Other Liabilities	(67,04,276)	(1,15,59,856)
Cash Used in Operations	25,38,420	(31,42,486)
Taxes Paid	(4,355)	(2,92,511)
<b>Cash Flow before Prior Period items</b>	<b>25,34,065</b>	<b>(34,34,997)</b>
Compensation received for surrender of Tenancy Rights	7,20,000	-
<b>Net Cash Used in Operating Activities</b>	<b>32,54,065</b>	<b>(34,34,997)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(16,250)	(1,56,183)
Sale of Fixed Assets	-	22,000
Investment / ( encashment ) - Margin Money Deposits	-	40,89,135
<b>Net Cash from Investing Activities</b>	<b>(16,250)</b>	<b>39,54,952</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash Credit (net)	-	(1,71,48,867)
Intercompany and Other Loans (net)	(1,12,209)	1,68,98,949
Interest Paid	(30,97,218)	(12,41,764)
<b>Net Cash used in Financing Activities</b>	<b>(32,09,427)</b>	<b>(14,91,682)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	28,388	(9,71,727)
Cash and Cash Equivalents as at beginning of the year	3,45,952	13,17,679
Cash and Cash Equivalents as at close of the year	3,74,340	3,45,952

As per our Report attached  
**For Ford, Rhodes, Parks & Co.**  
Chartered Accountants  
Firm's Registration No.102860W

**Shrikant Prabhu**  
Partner  
Membership No. 35296  
Mumbai  
Dated: 13th August, 2013

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

Mumbai  
Dated: 13th August, 2013



**Consolidated Significant Accounting Policies and Notes to the Financial Statements for the year ended 31st March, 2013**

**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, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<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	31-03-2013		31-03-2012	
	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%

	31-03-2013 ₹	31-03-2012 ₹
<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>(6,89,92,583)</u>	(5,90,20,531)
Profit / (Loss) for the year	<u>(1,07,54,999)</u>	(99,72,052)
	<u>(7,97,47,582)</u>	<u>(6,89,92,583)</u>
	<u>(5,72,47,582)</u>	<u>(4,64,92,583)</u>
<b>4 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Vehicle Loan from Bank	<u>1,91,969</u>	3,04,178
	<u>1,91,969</u>	<u>3,04,178</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 2014-15	1,24,600
Year 2015-16	67,369
	<u>1,91,969</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security Deposits from C & F Agents	<b>11,15,000</b>	12,65,000
Trade Payables	<b>2,87,54,001</b>	2,87,54,001
	<b>2,98,69,001</b>	3,00,19,001
<b>6 LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	<b>21,44,200</b>	19,03,771
Leave Encashment	<b>7,62,805</b>	8,38,689
	<b>29,07,005</b>	27,42,460
<b>7 SHORT-TERM BORROWINGS</b>		
<b>Unsecured</b>		
Loans from Related Parties	<b>1,70,00,000</b>	1,70,00,000
	<b>1,70,00,000</b>	1,70,00,000
<b>8 TRADE PAYABLES</b>		
Trade Payables	<b>3,01,94,328</b>	3,64,07,703
	<b>3,01,94,328</b>	3,64,07,703
<b>9 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-term Debt	<b>1,12,209</b>	1,01,051
Interest Accrued and not due on Borrowings	<b>2,065</b>	2,750
Interest Accrued and due on Borrowings	<b>43,55,869</b>	20,89,862
Interest Accrued and due on Agents' Security Deposits	<b>3,33,654</b>	2,51,348
Statutory Liabilities	<b>31,87,170</b>	35,88,676
Employee related Liabilities	<b>21,39,048</b>	22,29,801
Expense Creditors	<b>40,60,842</b>	40,72,244
Others	<b>14,29,121</b>	14,40,177
	<b>1,56,19,978</b>	1,37,75,909
<b>10 SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits</b>		
Gratuity	<b>5,53,544</b>	3,94,686
Leave Encashment	<b>3,24,517</b>	4,85,259
	<b>8,78,061</b>	8,79,945



Consolidated Notes to Financial Statements for the year ended 31st March, 2013

11 FIXED ASSETS

Particulars	Cost as at 01-04-2012	Additions during the year	Deductions during the year	Cost as at 31-03-2013	Total Depreciation as at 31-03-2013	Impairment Provision as at 31-03-2013	Net Value as at 31-03-2013	Net Value as at 31-03-2012
	₹	₹	₹	₹	₹	₹	₹	₹
<b>TANGIBLE ASSETS</b>								
Plant and Machinery	3,89,862	-	-	3,89,862	2,90,258	-	99,604	1,15,698
Office Equipment	20,78,693	16,250	-	20,94,943	17,37,830	-	3,57,113	4,13,013
Furniture and Fixtures	35,29,591	-	-	35,29,591	33,62,902	-	1,66,689	1,86,868
Computer Equipment	30,70,144	-	-	30,70,144	29,88,553	-	81,591	1,34,224
Motor Vehicles	13,89,918	-	-	13,89,918	9,10,312	-	4,79,606	6,47,153
	1,04,58,208	16,250	-	1,04,74,458	92,89,855	-	11,84,603	14,96,956
<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>4,92,83,813</b>	<b>16,250</b>	<b>-</b>	<b>4,93,00,063</b>	<b>1,93,19,802</b>	<b>2,87,95,658</b>	<b>11,84,603</b>	<b>14,96,956</b>
PREVIOUS YEAR	4,93,35,344	1,56,183	2,07,715	4,92,83,812	1,89,91,198	2,87,95,658	14,96,956	

	31-03-2013 ₹	31-03-2012 ₹
<b>12 LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Security Deposits	28,90,641	30,01,781
Loans and Advances others - Considered good	7,34,976	6,44,301
- Considered doubtful	4,64,625	4,64,625
Advance Tax and Tax Refunds Due	65,38,413	63,72,871
	1,06,28,655	1,04,83,578
Less: Provision for Doubtful Advances	4,64,723	4,64,723
	1,01,63,932	1,00,18,855
<b>13 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, Considered Good</b>		
Receivable from related party - Getz Bros Co. Ltd.	2,87,54,011	4,16,42,329
Margin Money with Bank	2,23,249	2,07,436
	2,89,77,260	4,18,49,765
<b>14 INVENTORIES</b>		
Cosmetics / Toiletries	1,32,822	5,79,420
Medicated Preparations	7,10,638	2,11,172
	8,43,460	7,90,592

## Consolidated Notes to Financial Statements for the year ended 31st March, 2013

	31-03-2013 ₹	31-03-2012 ₹
<b>15 TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good unless otherwise specified</b>		
Debts overdue for more than six months - Considered good	1,95,141	-
- Considered doubtful	<b>31,82,590</b>	30,82,590
	<b>33,77,731</b>	30,82,590
Other Debts- Considered good	<b>36,83,685</b>	47,67,726
	<b>70,61,416</b>	78,50,316
Less: Provision for Doubtful Debts	<b>31,82,590</b>	30,82,590
	<b>38,78,826</b>	47,67,726
<b>16 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Balances with Banks		
On Current Account	2,95,684	2,84,197
On Savings Account	41,328	17,376
	<b>3,37,012</b>	3,01,573
Cash on hand	37,328	44,379
	<b>3,74,340</b>	3,45,952
<b>17 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Advances recoverable in cash or kind or value to be received	84,298	13,17,052
Loans to Employees	74,121	1,30,321
Prepaid Expenses	81,920	1,40,694
	<b>2,40,339</b>	15,88,067
<b>18 OTHER CURRENT ASSETS</b>		
Accrued Interest	-	28,700
	-	28,700
<b>19 REVENUE FROM OPERATIONS</b>		
<b>Sale of Traded Goods</b>		
Cosmetics / Toiletries	81,60,606	89,00,524
Medicated Preparations	3,31,71,991	3,87,73,389
Others	15,81,153	5,92,457
	<b>4,29,13,750</b>	4,82,66,370
<b>Other Operating Revenue</b>		
Commission Income	-	26,63,533
	<b>4,29,13,750</b>	5,09,29,903



## Consolidated Notes to Financial Statements for the year ended 31st March, 2013

	31-03-2013 ₹	31-03-2012 ₹
<b>20 OTHER INCOME</b>		
Interest from Bank Deposits	18,829	67,869
Interest Others	-	904
Credit Balances written back	-	9,17,930
Provision for expenses written back	159,744	7,57,550
Insurance claim received	-	1,00,884
Profit on Sale of Fixed Assets (net)	-	334
Interest on Income Tax Refund	-	160
Miscellaneous Income	286,460	10,014
	<u>4,65,033</u>	<u>18,55,645</u>
<b>21 PURCHASES (NET OF RETURNS) OF STOCK-IN-TRADE</b>		
Cosmetics / Toiletries	53,43,923	65,39,352
Medicated Preparations	1,56,04,851	1,72,69,578
Others	15,20,722	(5,76,678)
	<u>2,24,69,496</u>	<u>2,32,32,252</u>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS</b>		
<b>Opening 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>Less : Closing Stock of Finished Goods</b>		
Cosmetics / Toiletries	1,32,822	5,79,420
Medicated Preparations	7,10,638	2,11,172
Others	-	-
	<u>8,43,460</u>	<u>7,90,592</u>
<b>Decrease / (Increase) in inventory of Finished Goods</b>	<u>(52,868)</u>	<u>7,38,490</u>
<b>23 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Allowances and Bonus	96,85,679	1,28,67,794
Contribution to Provident and Other Funds	8,71,298	11,97,722
Gratuity	3,99,287	1,92,636
Provision for Leave Encashment	48,439	1,73,353
Staff Welfare Expenses	9,89,311	13,61,995
	<u>1,19,94,014</u>	<u>1,57,93,500</u>

**Consolidated Notes to Financial Statements for the year ended 31st March, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<b>24 FINANCE COSTS</b>		
Interest on Cash Credit	-	4,44,601
Interest on Intercorporate Loans	<b>27,08,003</b>	22,90,066
Interest Others	<b>24,32,645</b>	2,55,625
Other Finance Charges	<b>3,04,198</b>	2,21,809
	<b>54,44,846</b>	32,12,101
<b>25 DEPRECIATION AND AMORTISATION EXPENSES</b>		
Depreciation on Tangible Assets	<b>3,28,606</b>	4,26,594
	<b>3,28,606</b>	4,26,594
<b>26 OTHER EXPENSES</b>		
Rent	<b>24,64,094</b>	25,58,213
Repairs and Maintenance	<b>1,10,375</b>	2,53,226
Insurance	<b>50,390</b>	55,192
Rates and Taxes	<b>4,11,689</b>	8,05,414
Electricity	<b>2,53,963</b>	2,62,158
Travel and Conveyance	<b>29,60,521</b>	43,48,149
Postage, Telegram and Telephones	<b>4,12,934</b>	5,09,106
Guarantee Commission	-	1,31,674
Brokerage	-	88,000
Directors Fees	<b>50,000</b>	50,000
Foreign Exchange Fluctuation Loss	<b>23,576</b>	32,648
Auditors Remuneration	<b>2,28,548</b>	1,80,660
Freight, Packing and Forwarding	<b>17,47,151</b>	22,60,315
Advertising and Sale Promotion	<b>20,37,677</b>	10,39,458
C & F Agents Service Charges	<b>3,48,885</b>	7,42,017
Discount	<b>3,21,875</b>	9,68,595
Advances Written off	-	1,81,422
Bad Debts Written off	<b>8,120</b>	1,18,422
Provision for Doubtful Debts	<b>1,00,000</b>	4,02,067
Miscellaneous Expenses	<b>33,01,077</b>	43,93,382
	<b>1,48,30,875</b>	1,93,80,118



## Consolidated Notes to Financial Statements for the year ended 31st March, 2013

	31-03-2013 ₹	31-03-2012 ₹
<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)	2,54,70,256	3,73,05,207
c) Guarantees given by bank on behalf of the company	2,00,000	2,00,000
d) Arrears of Dividend in respect of 14% Cumulative Redeemed Preference Shares of Muller & Phipps (Industrial Services) Limited.	5,23,178	4,67,178
<b>28 Auditors' Remuneration</b>		
Audit Fees	1,29,626	1,15,815
For Tax Audit	28,090	27,575
For Others services, certification etc.	67,416	33,090
Out of Pocket Expenses	3,416	4,180
	<b>2,28,548</b>	<b>1,80,660</b>
<b>29 Earnings in foreign exchange</b>		
FOB value of Exports	15,83,845	-

**30** 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.

**31** Deferred Tax Asset on carried forward losses and unabsorbed depreciation and other timing difference as at 31st March, 2013 has not been recognized as there is no virtual/reasonable certainty that the same can be realised in the future.

**32 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



**Consolidated Notes to Financial Statements for the year ended 31st March, 2013**

**33 Related Party Disclosure**

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

Particulars	Fellow Subsidiary		Associates				Key Management Personnel and their Relatives							
	Geiz Bros. Co. Ltd.		Foods and Inns Ltd.		Western Press Pvt. Ltd.		The Bombay Swadesthi Stores Ltd.		Mr. U.K Dhupelia		Mr. Milan Dalal		Mrs. Pallavi Dhupelia	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>Nature of Transactions</b>														
Purchase of Goods	-	-	15,41,655	-	-	-	-	-	-	-	-	-	-	-
Directors Fees	-	-	-	-	-	-	-	-	25,000	25,000	25,000	-	-	-
Guarantee Commission	-	-	-	-	-	-	-	-	-	65,837	-	-	-	65,837
Printing and Stationery	-	-	-	-	89,060	-	-	-	-	-	-	-	-	-
Travel Expenses	-	-	-	-	-	1,29,878	1,27,067	-	-	-	-	-	-	-
Reimbursement of Expenses paid	-	-	-	5,53,589	-	-	-	-	-	-	-	-	-	-
Interest Expenses	-	-	49,90,003	23,22,066	-	-	-	-	-	-	-	-	-	-
Doubtful Advances provided	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate Loans received	-	-	-	1,70,00,000	-	-	-	-	-	-	-	-	-	-
Inter corporate Loans re-paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding at year-end</b>														
Inter corporate Loans taken	-	-	1,70,00,000	1,70,00,000	-	-	-	-	-	-	-	-	-	-
Other Receivables	2,87,54,011	4,16,42,329	-	5,383	-	-	-	-	-	-	-	-	-	-
Payables	4,71,60,790	2,87,54,001	28,28,853	2,64,79,943	3,37,912	2,73,542	-	7,39,103	7,39,103	-	-	-	5,89,103	5,89,103
Loan Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payable	-	-	43,55,869	20,89,862	-	-	-	-	-	-	-	-	-	-
Doubtful Advances Provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-



**Consolidated Notes to Financial Statements for the year ended 31st March, 2013**

**34 SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH, 2013**

34.1	Primary Segment-Business	Cosmetic/Toiletry		Medicated preparation		Others		Total	
		31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012	31-03-2013	31-03-2012
		₹	₹	₹	₹	₹	₹	₹	₹
a)	Sales To External Customers	81,60,606	89,00,524	3,31,71,991	3,87,73,389	15,81,153	5,92,457	4,29,13,750	4,82,66,370
	Total Segment Revenue	81,60,606	89,00,524	3,31,71,991	3,87,73,389	15,81,153	5,92,457	4,29,13,750	4,82,66,370
b)	Segment Result (PBIT)	(14,80,157)	(17,55,835)	54,27,679	42,97,819	(37,14,834)	(13,11,787)	2,32,688	12,30,197
	Less : Interest & Finance Charges	-	-	-	-	-	-	54,76,846	32,44,101
	Less : Unallocable expenditure net of Unallocable income	-	-	-	-	-	-	(63,71,981)	(79,59,489)
	Profit / (Loss) Before Tax and exceptional items	-	-	-	-	-	-	(1,16,16,139)	(99,73,393)
	Compensation received for surrender of tenancy rights	-	-	-	-	-	-	7,20,000	-
	Profit / (Loss) Before Tax	-	-	-	-	-	-	(1,08,96,139)	(99,73,393)
	Prior Period Tax Adjustment	-	-	-	-	-	-	1,61,187	25,455
	Provision for Deferred Tax	-	-	-	-	-	-	-	-
	Profit / (Loss) After Tax	-	-	-	-	-	-	(1,07,34,952)	(99,47,938)
c)	Carrying amount of segment								
	Assets	8,69,799	15,73,111	31,29,862	33,38,800	7,22,625	7,81,907	47,22,286	56,93,818
	Unallocated Assets	-	-	-	-	-	-	4,09,82,946	5,52,37,863
	Total Assets	-	-	-	-	-	-	4,57,05,232	6,09,31,681
d)	Carrying amount of segment								
	Liabilities	17,03,471	17,67,304	58,32,377	64,99,031	5,13,28,824	5,69,50,414	5,88,64,672	6,52,16,749
	Unallocated Liabilities	-	-	-	-	-	-	3,79,19,808	3,60,59,231
	Total Liabilities	-	-	-	-	-	-	9,67,84,480	10,12,75,980
e)	Cost incurred to acquire segment								
	Fixed assets during year	-	-	-	-	-	-	-	-
	Unallocated Assets	-	-	-	-	-	-	16,250	1,56,183
f)	Depreciation/ Amortization								
	Unallocated Assets	-	-	-	-	-	-	3,28,296	4,26,234

- 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.

	31-03-2013 ₹	31-03-2012 ₹
<b>34.2 Secondary segment-Geographical</b>		
The Company operating facilities are located in India		
Domestic Revenues	4,13,32,597	4,82,66,370
Exports Revenue	15,81,153	-
Total	4,29,13,750	4,82,66,370

**Consolidated Notes to Financial Statements for the year ended 31st March, 2013**

**35 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.

	31-03-2013 ₹	31-03-2012 ₹
<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	7,00,210	9,11,744
Employer's Contribution to Superannuation Fund	5,000	57,000

**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.

	31-03-2013 ₹	31-03-2012 ₹
<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	7.95%	8.50%
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	41,54,000	41,03,199
Interest Cost	2,75,217	2,68,798
Current Service Cost	2,08,959	2,56,577
Benefits Paid	(6,88,846)	(2,71,892)
Actuarial Gain / (Loss) on Obligation	(29,048)	(2,02,682)
Value of Obligation at the end of year	39,20,282	41,54,000
<b>III Changes in Fair Value Of Plan Assets</b>		
Fair Value of plan Assets at the beginning of year	18,55,543	18,97,378
Expected Return On Plan Assets	2,90,739	1,05,904
Contribution	-	70,299
Benefits Paid	(6,88,846)	(2,71,892)
Actuarial Gain / (Loss) on Plan Assets	(1,74,033)	53,854
Fair Value of plan Assets at the end of year	12,83,403	18,55,543

**Consolidated Notes to Financial Statements for the year ended 31st March, 2013**

	31-03-2013 ₹	31-03-2012 ₹
<b>IV Amounts to be Recognized in the Balance Sheet</b>		
Present Value of obligation at end of the year	39,20,282	41,54,000
Fair Value of plan Assets at end of the year	(12,83,403)	(18,55,543)
Funded Status	26,36,879	22,98,457
Unrecognized Actuarial Gain / (Loss)	-	-
Payable to retired employee's	60,865	-
Net Asset (Liability ) recognized in the Balance Sheet	(26,97,744)	(22,98,457)
<b>V Expenses Recognized in the statement of Profit and Loss</b>		
Current Service cost	2,08,959	2,56,577
Interest Cost	2,75,217	2,68,798
Expected Return On Plan Assets	(2,90,739)	(1,05,904)
Net Actuarial Gain / (Loss) recognized for the year	1,44,985	(2,56,536)
Payable to retired employee's	60,865	-
Expenses recognized in the statement of Profit and Loss	3,99,287	1,62,935
<b>VI Movement in the Liability Recognized in Balance Sheet</b>		
Opening Net Liability	22,98,457	22,05,821
Expenses as Above	3,38,422	1,62,935
Contribution Paid	-	(70,299)
Closing Net Liability	26,36,879	22,98,457

**36 Earnings Per Share (EPS)**

A Profit/(Loss) Attributable to Equity Shareholders	(1,07,54,999)	(99,72,052)
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)	(17.21)	(15.96)

**37** 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 future business plans which will allow the Company to carry out its business profitably.

**38** Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our Report attached

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

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

**Shrikant Prabhu**  
Partner  
Membership No. 35296  
Mumbai  
Dated: 13th August, 2013

Mumbai  
Dated: 13th August, 2013

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 Monday 30th September, 2013 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 Monday 30th September, 2013 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 :





## BOOK-POST

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