

**PHIL CORPORATION LIMITED**

**ANNUAL REPORT**

2008 - 2009



## PHIL CORPORATION LIMITED

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

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

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

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

**Delisting of Equity Shares on NSE :**

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

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

**Revocation of Suspension of trading of Equity Shares on BSE :**

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

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

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

**Shareholding Pattern as on 31st March, 2009**

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

**Distribution of Shareholding as on 31st March, 2009**

Sr. No.	Share Range		Shares	% To Capital	No. of Holders	% to Total Holders	
	From	To					
1	1	500	2428914	20.85	13645	87.92	
2	501	1000	888218	7.61	1073	6.91	
3	1001	2000	688570	5.91	424	2.73	
4	2001	3000	382102	3.28	146	0.94	
5	3001	4000	219840	1.89	61	0.39	
6	4001	5000	298362	2.56	62	0.40	
7	5001	10000	515424	4.42	71	0.46	
8	10001	50000	512854	4.40	27	0.17	
9	50001	999999999	5717716	49.08	12	0.08	
			<b>TOTAL</b>	<b>11650000</b>	<b>100.00</b>	<b>15521</b>	<b>100.00</b>

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

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

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

**Registrars & Share Transfer Agents:**

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

**ANNEXURE TO THE REPORT OF THE DIRECTORS'**

**CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To  
**The Shareholders of Phil Corporation Limited**

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

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing

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

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

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

**For V. C. Shah & Co.**  
*Chartered Accountant*

**V. C. Shah**  
*Partner*

*Membership No. 10360*

*Place : Mumbai*  
*Dated : June 23, 2009*

**DECLARATION**

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

**For PHIL CORPORATION LIMITED**

*Place : Mumbai*  
*Dated : June 23, 2009*

**K.D. BHAT**  
*Managing Director*

**ANNEXURE –II – TO DIRECTORS' REPORT**

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

**A. Conservation of Energy :**

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

**B. Technology Absorption :**

Research and Development :

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

3. Future plan of action:

- Continuous development of products and processes.

4. Expenditure on R & D	Rs.
Capital	--
Recurring	--
<b>TOTAL</b>	<b>---</b>
Total R & D Expenditure as percentage of turnover	Nil

5. Imported Technology :

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

**C. Foreign Exchange Earnings and Outgo :**

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

**REPORT OF THE AUDITORS**

TO  
THE SHAREHOLDERS OF  
PHIL CORPORATION LIMITED

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

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We have conducted our audit in accordance with auditing standards generally accepted in India.

Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purpose of our audit have been received from branches not visited by us.

- (c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow statement comply with Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

- (e) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009, from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.

- (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and

- (iii) in the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

**For V.C. Shah & Co.**  
*Chartered Accountants*

**V.C. Shah**  
*Partner*

*Place : Mumbai*  
*Dated : June 23, 2009*

*Membership No. 10360*

**ANNEXURE TO THE AUDITOR'S REPORT**

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

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A substantial portion of the fixed assets has been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) Fixed assets disposed off during the year were substantial. According to the information and explanations given to us, we are of the opinion that the status of the Company as a going concern has been affected on account of closure of major business division.
- (ii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and these have been properly dealt with in the books of account.
- (iii) The Company has not granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Sub-Clause (b), (c) and (d) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not

observed any continuing failure to correct major weakness in internal controls.

- (v) (a) Based upon the audit procedures performed and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, such transactions exceeding the value of Rs. 5 lacs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us during the year the Company has not accepted any deposits from the public. The Company has complied with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the unclaimed deposits accepted. In respect of the orders passed by the Company Law Board in previous year the Company has complied with the orders.
- (vii) In our opinion, the Company has internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(i)(d) of the Companies Act, 1956 for any of the products of the Company.
- (ix) (a) According to the records of the Company, in respect of Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax Custom Duty, Excise Duty, Cess have been generally, regularly deposited during the period with the appropriate authorities. As per the explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at 31st March, 2009 for a period of more than six months from the date on which they became payable. In respect of Sales Tax, Gratuity payments the extent of arrears of outstanding dues, as at the last day of the financial year for a period of more than six months from the date they became payable are given below:

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

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

Name of the statute (nature of dues)	Period to which the amount relates	A Forum where dispute is pending	Amount (Rs.)
Duty Drawback Rules	1989-1990	High Court, Mumbai	7,04,000
Demand of Excise Duty against show cause notice	1990-1992	Excise Department	15,72,000
Excise Duty demand in respect of Chemicals	1985-1988	Excise Department Mumbai	3,51,000
Excise Duty on Nuts processing food products- Supreme Court Review Petition pending	1997-1999	Supreme Court	89,85,000
State Sales Tax / CST	1999-2000	Sales Tax Appellate/ Tribunal	1,92,99,346
Income Tax	1993	Income Tax Dept, Panaji	10,99,000
Foreign Trade (Development & Regulation) Act 1992	1999-2000	DGFT/Jt.DGFT	1,92,73,000
Service Tax	2003-2004	Central Excise Service Tax Appellate Tribunal, Mumbai	1,32,000
Excise Duty on Films.	2003-2005	Central Excise Tribunal.	1,70,46,000

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

For V. C. Shah & Co.  
Chartered Accountants

Place : Mumbai  
Dated : June 23, 2009

V. C. Shah  
Partner  
Membership No. 10360

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	2009 Rs.	2008 Rs.
<b>SOURCE OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
Capital	1	12,65,00,000	12,65,00,000
Reserves & Surplus	2	14,11,16,347	14,11,16,347
		<u>26,76,16,347</u>	<u>26,76,16,347</u>
<b>2. Loan Funds</b>			
Secured Loans		13,20,555	13,57,895
Unsecured Loans	3	13,20,555	13,57,895
		<u>26,89,36,902</u>	<u>26,89,74,242</u>
<b>TOTAL</b>			
	4		
<b>APPLICATION OF FUNDS</b>			
<b>3. Fixed Assets</b>			
Gross Block		17,46,73,128	19,91,28,580
Less: Depreciation		8,10,81,982	8,70,93,607
Impairment Loss		5,18,82,172	5,82,96,803
Net Block		<u>4,17,08,974</u>	<u>5,37,38,170</u>
<b>4. Investments</b>	5	9,07,10,000	10,41,08,000
<b>5. Current Assets, Loans and Advances</b>			
Inventories	6	43,10,415	14,81,000
Sunday Debtors	7	17,00,25,584	17,13,88,189
Cash and Bank Balances	8	32,33,533	35,83,418
Loans and Advances	9	66,30,317	59,09,060
		<u>18,41,99,848</u>	<u>18,23,61,667</u>
<b>6. Less: Current Liabilities &amp; Provisions</b>	10		
Current Liabilities		4,74,74,706	12,04,76,844
Provisions		54,84,234	67,78,656
		<u>5,29,58,940</u>	<u>12,72,55,500</u>
<b>7. Net Current Assets</b>		13,12,40,908	5,51,06,167
<b>8. Miscellaneous Expenditure</b>	11	52,77,020	5,80,21,905
		<u>26,89,36,902</u>	<u>26,89,74,242</u>
<b>TOTAL</b>			
<b>Statement of Significant Accounting Policies</b>	19		
<b>Notes to Accounts</b>	20		

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

As per our report attached

For and on behalf of the Board of Directors

For V.C.SHAH & CO.  
Chartered Accountants

A. Y. FAZALBHOY - Chairman

V.C.SHAH  
Partner

K.D.BHAT  
Managing Director

KAVAS D. PATEL - Vice Chairman

Mumbai  
Dated: June 23, 2009

A. V. GAIKWAD  
Executive Director &  
Company Secretary

JOHN B. BOWMAN - Director



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

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

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

As per our report attached

For and on behalf of the Board of Directors

For V.C.SHAH & CO.  
Chartered Accountants

A. Y. FAZALBHOY - Chairman

V.C.SHAH  
PartnerK.D.BHAT  
Managing Director

KAVAS D. PATEL - Vice Chairman

Mumbai  
Dated: June 23, 2009A. V. GAIKWAD  
Executive Director &  
Company Secretary

JOHN B. BOWMAN - Director

PHIL CORPORATION LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 1

SHARES CAPITAL

Authorised

	2009 Rs.	2008 Rs.
1,50,00,000 (Previous year 1,50,00,000) Equity Shares of Rs.10 each.	15,00,00,000	15,00,00,000
10,00,000 (Previous year 10,00,000) Preference Shares of Rs.100 each.	10,00,00,000	10,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>

Issued and Subscribed

1,16,50,000 (Previous year 1,16,50,000) Equity Shares of Rs.10 each fully paid	11,65,00,000	11,65,00,000
1,00,000 (Previous year 1,00,000) Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each fully paid. Redeemable on 9th June, 2003 at par (Refer Note No.3)	1,00,00,000	1,00,00,000
	<u>12,65,00,000</u>	<u>12,65,00,000</u>

SCHEDULE 2

RESERVES AND SURPLUS

Capital Reserve

Capital Redemption Reserve

Securities Premium

35,06,438	35,06,438
4,20,00,000	4,20,00,000
9,56,09,909	9,56,09,909
<u>14,11,16,347</u>	<u>14,11,16,347</u>

SCHEDULE 3

UNSECURED LOANS

Fixed Deposits ( Unclaimed including interest)

13,20,555	13,57,895
<u>13,20,555</u>	<u>13,57,895</u>

SCHEDULE 4

FIXED ASSETS AS OF 31ST MARCH, 2009

Rs.

	GROSS BLOCK-COST			DEPRECIATION			NET BLOCK	
	AS ON 1ST APRIL 2008	ADDITIONS	DEDUCTION	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008
LEASEHOLD LAND	17,69,821	-	-	17,69,821	-	-	17,69,821	17,69,821
FREEHOLD LAND	2,20,050	-	-	2,20,050	-	-	2,20,050	2,20,050
BUILDINGS	9,85,65,418	-	2,59,10,412	7,26,55,006	1,61,36,697	2,31,45,111	5,65,18,309	7,54,20,307
PLANT & MACHINERY	8,64,42,721	1,63,060	-	8,66,05,781	5,75,61,981	5,69,66,353	2,90,43,801	2,94,76,368
COMPUTERS	18,05,224	1,55,900	-	19,61,124	11,17,413	9,03,223	8,43,710	9,02,000
VEHICLES	2,45,846	11,38,000	-	13,81,846	1,14,182	19,772	12,67,664	2,26,074
FURNITURE & FIXTURES	1,00,79,500	-	-	1,00,79,500	81,51,710	60,59,147	39,27,791	40,20,353
SUB TOTAL	19,91,28,580	14,54,960	2,59,10,412	17,46,73,128	8,10,81,982	8,70,93,607	9,35,91,146	11,20,34,974
IMPAIRMENT LOSS	-	-	-	-	-	-	5,18,82,172	5,82,96,803
TOTAL	19,91,28,580	14,54,960	2,59,10,412	17,46,73,128	8,10,81,982	8,70,93,607	4,17,08,974	5,37,38,171
PREVIOUS YEAR	54,25,88,216	10,77,870	34,46,37,506	19,91,28,580	8,70,93,607	27,53,92,008	5,37,38,170	9,71,66,269

## SCHEDULES TO THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

## SCHEDULE 5

2009  
Rs.2008  
Rs.

## INVESTMENTS

## Long Term

## Quoted - Fully Paid

1000 Units of Rs. 10 each of Unit Trust of India UGS Scheme 10000

10,000

10,000

## Unquoted - Fully Paid

## Trade Investments

## a) In Subsidiary Company

GoKhatak Enterprises Limited

38,70,000 (Previous year 38,70,000) Equity Shares of Rs. 10 each 7,07,00,000

7,07,00,000

2,00,000 (Previous Year 2,00,000) 12% Redeemable Preference  
Shares of Rs.100 each 2,00,00,000

2,00,00,000

9,07,00,000

9,07,00,000

## b) Others

New Vision Imaging Pvt. Ltd. (Formerly Phil Systems Ltd.)

Nil (Previous year 13,39,800) Equity Shares of Rs. 10 each

1,33,98,000

9,07,10,000

10,41,08,000

Market value of Quoted Investments Rs. 24,000 (Previous year Rs. 29,000)

## SCHEDULE 6

## INVENTORIES

Raw Materials &amp; Components - at cost

10,24,090

10,02,000

Stores, packing materials etc. - at cost

7,12,851

4,72,000

Goods in Process - at cost

-

-

Finished Goods - at lower of cost or realisable value

25,73,474

7,000

43,10,415

14,81,000

## SCHEDULE 7

## SUNDRY DEBTORS

## Unsecured

Outstanding over six months - Considered good

16,91,86,196

17,04,55,729

Other Debts - Considered good

8,39,388

9,32,460

17,00,25,584

17,13,88,189

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

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

**Board of Directors**

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

**Audit & Shareholders' Grievance Committee**

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

**Remuneration Committee**

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

**Secretary & Compliance Officer**

A. V. Gaikwad

**Registered Office**

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

**Auditors**

V. C. Shah & Company

**Solicitors**

Gagrats, Vigil Juris

**Factories**

Tivim, Valpoi- Goa

**Executive Office**

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

**Registrars & Share Transfer Agents**

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

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**PHIL CORPORATION LIMITED**

**SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

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

**SCHEDULE 9**

**LOANS AND ADVANCES**

**(Unsecured, Considered good)**

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

**SCHEDULE 10**

**CURRENT LIABILITIES AND PROVISIONS**

**A. Current Liabilities**

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

**B. Provisions**

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

**SCHEDULE 11**

**MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

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

## SCHEDULES TO THE BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

SCHEDULE 12	2009 Rs.	2008 Rs.
<b>SALES AND SERVICE</b>		
Sales	57,36,882	40,62,184
Service	8,000	49,222
	<u>57,44,882</u>	<u>41,11,406</u>
<b>SCHEDULE 13</b>		
<b>OTHER INCOME</b>		
Interest on Deposits	49,891	3,162
Sale of Scrap	3,59,965	82,20,759
Miscellaneous Income	98,626	-
Profit on sale of Fixed Assets	2,78,83,924	74,14,188
	<u>2,83,92,407</u>	<u>1,56,38,109</u>
<b>SCHEDULE 14</b>		
<b>COST OF GOODS SOLD</b>		
<b>Raw Materials Consumed</b>		
<b>Opening Stock</b>		
Raw Materials and Components	10,02,000	15,79,000
Stores, packing materials etc.	4,72,000	8,82,000
Goods in Process	-	-
	<u>14,74,000</u>	<u>24,61,000</u>
Purchase of Raw Materials and Components	42,68,283	19,92,170
	<u>57,42,283</u>	<u>44,53,170</u>
Less:		
<b>Closing Stock</b>		
Raw Materials and Components	10,24,090	10,02,000
Stores, packing materials etc.	7,12,851	4,72,000
Goods in Process	-	-
	<u>17,36,941</u>	<u>14,74,000</u>
	<u>40,05,342</u>	<u>29,79,170</u>
Add: Purchase of Resalable goods	25,21,362	65,26,704
<b>Stock Adjustments</b>		
<b>Finished Goods</b>		
Opening Stock	7,000	14,000
Less: Closing Stock (including resalable goods)	25,73,474	7,000
	<u>(25,66,474)</u>	<u>7,000</u>
	<u>39,60,230</u>	<u>29,86,170</u>
<b>SCHEDULE 15</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Wages and Bonus	44,44,460	54,59,744
Staff Welfare Expenses	2,79,338	1,66,547
Contribution to Provident and Other Funds [Refer Note No.7]	28,59,897	7,76,434
	<u>75,83,695</u>	<u>64,02,725</u>

SCHEDULES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

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

**SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT****SCHEDULE-19****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES :****(i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS :**

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

**(ii) FIXED ASSETS, DEPRECIATION & IMPAIRMENT LOSS :**

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

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

**(iii) INVESTMENT :**

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

**(iv) INVENTORIES :**

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

**(v) SUNDRY DEBTORS :**

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

**(vi) RECOGNITION OF INCOME AND EXPENDITURE :**

All income and expenditure are accounted on accrual basis.

**(vii) SALES :**

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

**(viii) RETIREMENT BENEFITS :**

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

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

**(ix) FOREIGN CURRENCY TRANSACTIONS :**

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

**(x) DEFERRED REVENUE EXPENDITURE :**

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

**(xi) TAXES ON INCOME :**

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

**(xii) SEGMENT REPORTING :**

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



## SCHEDULES TO BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

## SCHEDULE NO. 20

2009

2008

Rs.

Rs.

## NOTES TO THE ACCOUNTS

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

## SCHEDULES TO BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

2009	2008
Rs.	Rs.

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

7. During the previous year the Company had funded the actual liability for gratuity in respect of continuing employees amounting to Rs. 28,39,032. Further liability in respect of the gratuity based on the actuarial valuation informed by LIC has been provided in the Books of Accounts. Gratuity liability in respect of ex-employees and employees transferred to associate Companies is being paid directly by the Company for which the necessary provision has been made in the Books of Accounts.
8. The Company has unabsorbed depreciation and carried forward losses etc. available for set off under Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income Net Deferred Tax Asset in respect of related credit for the year has not been recognised in the accounts on prudent basis.

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

9. Payments made or provided for the Whole Time Directors

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

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

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

## Notes:

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

**SCHEDULES TO BALANCE SHEET AND PROFIT & LOSS ACCOUNT**

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

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

**12. Consumption of Raw materials and Components:**

**Indigenous**

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

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

**13. Expenditure in Foreign Currency**

- (a) For Travel  
(b) Royalty

**14. Earning in Foreign Currency**

Exports of Goods on F.O.B. basis	9,68,701	3,37,000
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15. The names of Micro, Small and Medium Enterprises to whom the Company owes sums exceeding Rs. 1 lac and which are outstanding for more than 30 days as at 31st March, 2009 are nil; as the vendors of the Company have not filed intimation about their recognition as "Supplier" under the provisions of the Micro, Small & Medium Enterprises Development Act, 2006.

## SCHEDULES TO BALANCE SHEET AND PROFIT &amp; LOSS ACCOUNT

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

PHIL CORPORATION LIMITED

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

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

For and on behalf of the Board of Directors

K.D. BHAT  
Managing Director

A. Y. FAZALBHOY - Chairman

A. V. GAIKWAD  
Executive Director &  
Company Secretary

KAVAS D. PATEL - Vice Chairman

JOHN B. BOWMAN - Director

Mumbai  
Dated: June 23, 2009

**AUDITORS' CERTIFICATE**

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

For V. C. SHAH & CO.  
Chartered Accountants

Mumbai  
Dated: June 23, 2009

V.C. SHAH  
Partner  
Membership No. 10360

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

PARTICULARS	Name of Subsidiary Company	
	GOKHATAK ENTERPRISES LTD.	

The Financial year of the Subsidiary Company ended on **31st March, 2009**

Number of Shares in the Subsidiary Company held by Phil Corporation Limited at the above date:

Equity Share	[ Nos. ]	<b>38,70,000</b> (38,70,000)
Extent of Holding	[ % ]	<b>100%</b> (100%)
Preference Shares	[ Nos. ]	<b>2,00,000</b> (2,00,000)
Extent of Holding	[ % ]	<b>100%</b> (100%)

The net aggregate of Profit/ (Loss) of the Subsidiary Company for its Financial Period so far as they concern the Members of Phil Corporation Limited:

(a) Dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	-	(-)
(b) Not dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	<b>Loss : 31,32,620</b>	(Loss: 6,93,303)

The net aggregate of Profit/ (Loss) of the Subsidiary Company for its previous financial years so far as they concern the members of Phil Corporation Limited:

(a) Dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	-	(-)
(b) Not dealt within the account of Phil Corporation Ltd. for the year ended 31st March, 2009	<b>Loss : 24,28,73,065</b>	(Loss: 24,21,79,765)

Figures in bracket are for previous year.

For and on behalf of the Board of Directors

K.D. BHAT  
Managing Director

A. Y. FAZALBHOY - Chairman

KAVAS D. PATEL - Vice Chairman

A. V. GAIKWAD  
Executive Director &  
Company Secretary

JOHN B. BOWMAN - Director

Mumbai  
Dated: June 23, 2009

## DIRECTOR'S REPORT / MANAGEMENT DISCUSSION AND ANALYSIS

### TO THE MEMBERS OF PHIL CORPORATION LIMITED

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

### 2. Financial Results at a glance :

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

### 3. Dividend :

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

### 4. Management Discussion and Analysis :

#### i) Financial Results

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

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

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

#### ii) Operations & Restructuring

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

#### iii) Risks and Concerns

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

#### iv) Internal Control and Systems

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

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

I Registration Details  
Registration No.  State Code :

Balance Sheet Date    Date Month Year

II Capital raised during the Year (Amount Rs.)

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

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

Total Liabilities	<input type="text" value="268936902"/>	Total Assets	<input type="text" value="268936902"/>
Source of Funds			
Paid-Up Capital	<input type="text" value="126500000"/>	Reserves & Surplus	<input type="text" value="141116347"/>
Secured Loans	<input type="text" value=""/>	Unsecured Loans	<input type="text" value="1320555"/>
Application of Funds			
Net Fixed Assets	<input type="text" value="41708974"/>	Investments	<input type="text" value="90710000"/>
Net Current Assets	<input type="text" value="131240908"/>	Misc. Expenditure	<input type="text" value="5277020"/>
Accumulated Losses	<input type="text" value="5277020"/>		

IV Performance of Company (Amount Rs.)

Turnover	<input type="text" value="34137289"/>	Total Expenditure	<input type="text" value="39441886"/>
+ - Profit/Loss Before Tax	<input type="text" value="-5304597"/>	+ - Profit/Loss after Tax	<input type="text" value="-5526035"/>

(Please tick appropriate box + for Profit - for Loss)

Earnings per Share	<input type="text" value="0.47"/>	Dividend Rate %	<input type="text" value="NIL"/>
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V Generic Names of two Principal Products/Services of Company (As per Monetary Terms)

Item Code No. (ITC Code) :

Product Description :

Item Code No. (ITC Code) :

Product Description :



## DIRECTORS' REPORT

## TO THE MEMBERS OF GOKHATAK ENTERPRISES LIMITED

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

## Financial Results:

	(Rs.)	(Rs.)
	2008-2009	2007-2008
Sales & Services	-	3,99,494
Gross operating Profit/(Loss)	(30,87,809)	(3,08,515)
Less: Interest	-	-
Depreciation	44,811	3,74,787
Profit/(Loss) before Tax	(31,32,620)	(6,93,303)
Provision for fringe benefit tax	-	-
Profit/(Loss) after Tax	(31,32,620)	(6,93,303)
Prior period expenses	-	-
Balance brought forward	(24,28,73,067)	(24,21,79,764)
Profit/(Loss) available for appropriation	(24,60,05,687)	(24,28,73,067)
Balance carried to Balance Sheet	(24,60,05,687)	(24,28,73,067)

## Dividend:

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

## Operations and future prospects:

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

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

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

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

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

## Directors:

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

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

## Audit Committee:

The Audit Committee which has been constituted as required under the provisions of Section 292A of the Companies Act, 1956 has met four times during the year under Report.

## Directors' Responsibility Statement:

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

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

## Auditors:

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

## Particulars of employees:

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

## Appreciation:

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

For and on behalf of the Board of Directors  
K D Bhat  
Chairman

Place : Mumbai

Dated : June 22, 2009

## REPORT OF THE AUDITORS

## TO,

## THE MEMBERS OF GOKHATAK ENTERPRISES LIMITED

- We have audited the attached Balance Sheet of GOKHATAK ENTERPRISES LIMITED, as at 31st March, 2009, the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, We enclose in the Annexure a statement, on the matters specified in paragraphs 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to above, we report that:
  - We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books (and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
  - In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of section 211 of the Companies Act, 1956.
  - On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of section 274 of the Companies Act, 1956;
  - In our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2009
    - In the case of profit and loss account, of the loss for the year ended on that date.

For V.C. Shah & Co.  
Chartered Accountants

V.C. Shah  
Partner  
Membership No. 10360

Place: Mumbai  
Dated : June 22, 2009

## ANNEXURE TO THE AUDITORS' REPORT

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

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

Name of statute	Nature of dues	Amount (Rs.)	Period to which the amount relates
Maharashtra Sales Tax	Sales Tax	1,20,501	April 2005 to March 2006
Maharashtra Vat	VAT	44,615	April 2006 to March 2007
Maharashtra Vat	VAT	12,853	April 2007 to March 2008

# GOKHATAK ENTERPRISES LIMITED

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

Sr.No.	Nature of Statute	Period to which Amount relates	Forum where dispute is pending	Amount Rs.
1.	Sales Tax	1996-1997	High Court of Andhra Pradesh - Hyderabad	2,52,293
2.	Sales Tax	2001-2002	High Court of Jabalpur	2,63,641
3.	Sales Tax	2002-03 & 03-04	Jt. Comm. Gazlbad	6,12,604
4.	Sales Tax	2002-2003	Dy. Comm. Bhaerapur	66,591
5.	Service Tax	2003-2004	Customs, Excise, Service Tax Appellate Tribunal - Mumbai.	19,11,046
6.	Sales Tax	2004-2005	Asst. Comm. Sales Tax Balasore Range.	8,667
7.	Sales Tax	2002-03, 03-04 & 2004-05	High Court of Kerala - Kerala	13,21,060

10. In our opinion, the accumulated Losses of the Company are more than fifty percent of its net worth. The accumulated losses at the end of the financial year is Rs. 24,60,05,687 and Net worth is Rs. 9,07,00,000. The Company has also incurred Cash loss of Rs. 30,84,006 during the current financial year and cash profit of Rs. 4,67,070 in the preceding financial year.

11. According to the records of the Company, there has been no default in repayment of dues to a financial institution or bank.

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

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

Mumbai  
Dated: June 22, 2009

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	2009 Rs.	2008 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	5,87,00,000	5,87,00,000
Reserves & Surplus	2	3,20,00,000	3,20,00,000
Total Funds Employed		9,07,00,000	9,07,00,000
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
(a) Gross Block	3	10,26,39,510	10,71,17,695
(b) Less: Depreciation		4,46,31,225	4,66,92,982
(c) Less: Provision for Impairment Loss		5,58,05,462	5,81,77,079
(d) Net Block		22,02,823	22,47,634
<b>Current Assets, Loans and Advances</b>			
Inventories	4	8,01,545	8,01,545
Sundry Debtors	5	4,12,016	4,34,997
Cash and Bank Balances	6	5,52,901	25,70,047
Loans and Advances	7	71,61,279	98,63,899
		89,27,741	1,36,70,488
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	8	17,02,71,839	17,19,26,777
Provisions	9	2,76,611	2,76,611
		17,05,48,450	17,22,03,388
<b>Net Current Assets</b>		(16,16,20,709)	(15,85,32,900)
<b>Deferred Tax Asset/(Liability)</b>	15	41,12,199	41,12,100
<b>Profit and Loss Account</b>		24,60,05,687	24,28,73,067
<b>Total Assets</b>		9,07,00,000	9,07,00,000

Statement of Significant Accounting Policies 16

Notes to Accounts. 17

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

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

	Schedule	2009 Rs.	2008 Rs.
<b>INCOME</b>			
Sales and Services	10	-	3,99,484
Other Income	11	1,65,598	90,04,339
		1,65,598	94,03,833
<b>EXPENDITURE</b>			
Cost of Goods sold	12	-	7,21,019
Personnel	13	12,63,271	1,80,102
Other Expenses	14	19,90,136	88,11,227
		32,53,407	97,12,348
Operating Profit/(loss)		(30,87,809)	(3,08,519)
Interest		-	-
Depreciation	15	44,811	3,84,787
Impairment Loss		-	-
		44,811	3,84,787
Profit/(loss) before Taxation		(31,32,620)	(6,03,303)
Provision for fringe Benefit tax		-	-
Profit/(loss) after tax		(31,32,620)	(603,303)
Prior period expenses		-	-
		(31,32,620)	(603,303)
Balance brought forward		(24,28,73,067)	(24,21,79,784)
Profit / (loss) available for appropriation		(24,60,05,687)	(24,28,73,067)
<b>Appropriations:</b>			
Balance carried over to Balance Sheet		(24,60,05,687)	(24,28,73,067)
		(24,60,05,687)	(24,28,73,067)

Statement of Significant Accounting Policies 16

Notes to Accounts. 17

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

For and on behalf of the Board of Directors

B.S. SRIDHARA  
Company Secretary

K.D.BHAT - Chairman  
A. V. GAIKWAD - Director

As per our report attached

For V. C. SHAH & CO.  
Chartered Accountants

V.C. SHAH  
Partner

Mumbai  
Dated: June 22, 2009

## SCHEDULES TO THE BALANCE SHEET &amp; PROFIT AND LOSS ACCOUNT

	2009 Rs.	2008 Rs.		2009 Rs.	2008 Rs.
<b>SCHEDULE 1</b>			<b>SCHEDULE 2</b>		
<b>SHARE CAPITAL</b>			<b>RESERVES &amp; SURPLUS :</b>		
<b>Authorised:</b>			Share Premium Account		
50,00,000 (Previous Year 50,00,000)	5,00,00,000	5,00,00,000		3,20,00,000	3,20,00,000
Equity Shares of Rs. 10/- each				<u>3,20,00,000</u>	<u>3,20,00,000</u>
2,00,000 (Previous Year 2,00,000)	2,00,00,000	2,00,00,000			
12% Redeemable Cumulative Preference Shares of Rs. 100/- each	7,00,00,000	7,00,00,000			
<b>Issued, Subscribed and Paid up :</b>					
38,70,000 (Previous year 38,70,000)	3,87,00,000	3,87,00,000			
Equity Shares of Rs.10/- each fully paid					
2,00,000 (Previous year 2,00,000)					
12% Redeemable of Rs.100/- each	2,00,00,000	2,00,00,000			
(Redeemable on Sept 10, 2007 at par)					
	<u>5,87,00,000</u>	<u>5,87,00,000</u>			

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

## SCHEDULE 3

## FIXED ASSETS

	COST			DEPRECIATION			NET BLOCK	
	AS ON 1ST APRIL 2008	ADDITIONS	DEDUCTIONS	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008
	Buildings	27,49,160	-	-	27,49,160	5,46,337	5,01,525	22,02,823
Plant & Machinery	9,07,57,065	-	41,92,627	8,65,64,438	3,83,66,257	4,02,91,174	4,81,98,181	5,04,65,892
Furniture & Fixtures	1,36,11,470	-	2,85,558	1,33,25,912	57,18,631	59,00,283	76,07,281	77,11,187
<b>TOTAL</b>	10,71,17,695	-	44,78,185	10,26,39,510	4,46,31,225	4,66,92,982	5,80,08,285	6,04,24,714
<b>IMPAIRMENT LOSS</b>	-	-	-	-	-	-	5,58,05,462	5,81,77,079
<b>TOTAL</b>	10,71,17,695	-	44,78,185	10,26,39,510	4,46,31,225	4,66,92,982	22,02,823	22,47,634
PREVIOUS YEAR	14,83,40,961	-	4,12,23,266	10,71,17,695	4,66,92,982	7,17,36,088	22,47,634	7,66,04,872

## SCHEDULE 4

## INVENTORIES

(As valued and certified by the management)

(At lower of cost or net realisable value)

	2009 Rs.	2008 Rs.
Photographic Paper, Chemicals & Resaleable Goods	6,32,023	6,32,023
Stores & Spares	1,69,522	1,66,522
	<u>8,01,545</u>	<u>8,01,545</u>

## SCHEDULE 5

## SUNDY DEBTORS

Unsecured

Outstanding over six months -  
Outstanding for the period exceeding  
six months-Considered Doubtful

	2009 Rs.	2008 Rs.
Outstanding over six months -	4,12,016	4,12,497
Outstanding for the period exceeding six months-Considered Doubtful	16,06,013	16,06,013
Less : Provision for Doubtful Debts	<u>16,06,013</u>	<u>16,06,013</u>
Other Debts - Considered good		22,500
	<u>4,12,016</u>	<u>4,34,997</u>

## SCHEDULE 6

## CASH AND BANK BALANCE

Cash in hand

With Scheduled Banks on

(i) Current Accounts

(ii) Deposit Accounts

	2009 Rs.	2008 Rs.
Cash in hand	1,090	5,704
With Scheduled Banks on		
(i) Current Accounts	3,06,608	19,54,514
(ii) Deposit Accounts	2,45,203	6,09,828
	<u>5,52,901</u>	<u>25,70,047</u>

## SCHEDULE 7

## LOANS AND ADVANCES

(Unsecured, Considered good)

Advances recoverable in cash or in kind or

for value to be received

Tax Payments

	2009 Rs.	2008 Rs.
Advances recoverable in cash or in kind or for value to be received	70,18,883	97,21,503
Tax Payments	1,42,396	1,42,396
	<u>71,61,279</u>	<u>98,63,899</u>

## SCHEDULE 8

## CURRENT LIABILITIES

Sundry Creditors

- Micro, Small and Medium Enterprises

- Others

Other Liabilities

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

# GOKHATAK ENTERPRISES LIMITED

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

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

	2009 Rs.	2008 Rs.
<b>SCHEDULE 11</b>		
<b>OTHER INCOME</b>		
Miscellaneous Income	16,602	59,927
Prior period adjustment in respect of Directors fees & leave encashment	-	3,56,490
Profit on sale of asset	1,30,500	84,00,109
Bad debts recovered	-	25,011
Interest	18,496	1,62,802
(Tax deducted at source Rs. Nil Previous year 0.09 lac)	-	-
	<u>1,65,598</u>	<u>90,04,339</u>

	2009 Rs.	2008 Rs.
<b>SCHEDULE 12</b>		
<b>COST OF GOODS SOLD</b>		
Paper, Chemical/Consumables	-	-
Opening Stock	-	529,881
Purchases	-	91,921
Less: Closing Stock	-	-
	<u>-</u>	<u>6,21,602</u>
Resalable goods	-	-
Opening Stock	6,32,023	7,31,240
Purchases	-	-
Less: Closing Stock	6,32,023	6,32,023
	<u>-</u>	<u>99,218</u>
	<u>-</u>	<u>7,21,019</u>

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

	2009 Rs.	2008 Rs.
<b>SCHEDULE 14</b>		
<b>OTHER EXPENSES</b>		
Power & Lighting	3,51,741	6,63,203
Rent-Premises	9,29,479	7,00,659
Rates & Taxes	2,85,091	213,851
Insurance	15,183	4,673
Postage, Telephone and Telegrams	11,445	2,052
Repairs & maintenance - Machinery	10,500	-
Building	-	15,849
Others	60,312	50,055
	<u>76,812</u>	<u>65,904</u>
Travelling and Conveyance	13,064	1,873
Legal and Professional Fees	1,31,617	1,05,750
Miscellaneous Expenses	58,969	39,404
Transportation	1,987	61,616
Auditors Remuneration - Audit fee	1,26,845	97,134
Bad Debts written off	2,903	1,36,187
Assets Scrapped	-	62,11,742
Loss on sale of Asset	-	5,07,167
	<u>19,90,136</u>	<u>88,11,227</u>

	2009 Rs.	2008 Rs.
<b>SCHEDULE 15</b>		
<b>DEFERRED TAX</b>		
<b>DEFERRED TAX ASSET UPTO</b>		
Last year	41,12,199	41,12,199
Current year	<u>-</u>	<u>-</u>
	<u>41,12,199</u>	<u>41,12,199</u>
<b>DEFERRED TAX LIABILITY UPTO</b>		
Last year	-	-
Current year	<u>-</u>	<u>-</u>
	<u>41,12,199</u>	<u>41,12,199</u>

## SCHEDULE 16 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### (i) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

### (ii) FIXED ASSETS AND DEPRECIATION:

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

### (iii) INVENTORIES:

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

### (iv) RECOGNITION OF INCOME AND EXPENDITURE:

All income and expenditure are accounted on accrual basis.

### (v) RETIREMENT BENEFITS:

- Company's contribution to Provident Fund and payment to Life Insurance Corporation towards Gratuity and Super Annuation Contribution are charged to Profit and Loss Account for the year.
- Provision is made for the liability of the unutilised leave of the employees and the same is included in Salaries & Wages.

### (vi) TAXES ON INCOME:

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

## SCHEDULE 17

## NOTES TO ACCOUNTS

## 1. Contingent Liabilities not provided for:

- (i) Claims for Sales Tax not accepted by the Company for which Company has obtained Stay from High Court, Jabalpur Rs. 2,63,641 (Previous Year Rs. 2,63,641) High Court of Andhra Pradesh, Hyderabad. Rs. 2,52,293. (Previous Year Rs. 2,52,293). Appeal filed with Kerala High Court demand by Kasargode Sales Tax Office for Rs. 13,21,080 (Previous Year Rs. 12,83,849). Appeal filed with Joint Commissioner Appeals, Gaziabad for Rs. 6,12,604. (Previous Year Rs. 2,60,928) Deputy Commissioner Appeals, Jaipur Rs. 66,591 (Previous Year Rs. 66,591) and Appeals filed with Assistant, Commissioner Sales Tax, Balasore Range Rs. 8,887 (Previous year Rs. 8,887)
- (ii) Claims for Service Tax on material consumed in photofinishing not accepted by the Company for which Company has filed appeal with Custom, Excise, Service Tax Appellate Tribunal (CESTAT) WZB, Mumbai. Rs. 19,11,046 (Previous Year Rs. 19,11,046)
- (iii) Arrears of Preference Shares dividend Rs. 1,20,00,000 (Previous year Rs. 1,20,00,000)
- (iv) The Income Tax Assessments of the Company have been completed upto Assessment Year 2005-06.

## 2. Deferred Taxation :

	Accumulate as at 31.03.08	Charges/ Credit during the year	(Rs.) Balance as at 31.03.09
Deferred Tax Liability on account of:			
On fiscal allowance on fixed assets	4,14,48,854	—	4,14,48,854
Deferred Tax Asset on account of:			
(i) On other timing differences	6,99,000	—	6,99,000
(ii) On fiscal incentives of unabsorbed depreciation	3,62,99,236	—	3,62,99,236
(iii) On fiscal incentives of Carried forward losses	85,82,817	—	85,82,817
	4,55,61,236	—	4,55,61,236
Deferred Tax Asset/(Liability)	41,12,199	—	41,12,199

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

The Deferred Tax Assets and Liability recognised on 31st March, 2003 are not revised on Prudent basis.

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

	2009 Directors	2008 Directors	2009 Manager	(Rs.) 2008 Manager
I. Salaries	Nil	Nil	3,75,266	2,03,697
II. Contribution to Provident/ Superannuation fund	Nil	Nil	48,278	20,124
III. Other Allowances	Nil	Nil	68,000	53,250
	Nil	Nil	4,91,542	2,77,071

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

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

## 5. Particulars in respect of goods traded in:

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

# GOKHATAK ENTERPRISES LIMITED

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

## 7. Related Party Disclosures

### a) List of Related Parties

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

### b) Transactions with related Parties

	2009	2008
	Rs.	Rs.

i) Purchases of goods		
Holding Company	-	-
Associated Company	-	-

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

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

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

## GOKHATAK ENTERPRISES LIMITED

Information Required as per part IV of Schedule VI to the Companies Act, 1999  
(Balance Sheet Abstract and Company's Business Profile)

I. Registration Details  
 Registration No. **274719333** State Code **24**  
 Balance Sheet Date **31/03/2009**

II. Capital Raised During the Year (Amount: Rs.)  
 Public Issue **0000000000** Rights Issue **0000000000**  
 Bonus Issue **0000000000** Private Placement **0000000000**

III. Position of Mobilization and Deployment of Funds (Amount: Rs.)  
 Sources of Funds: Total Liabilities **170413502** Total Assets **170413502**  
 Equity Capital **169118502** Reserves & Surplus **13225000**  
 Borrowed Loans **0000000000** Unsecured Loans **0000000000**

Application of Funds:  
 Net Fixed Assets **170413502** Investments **0000000000**  
 Net Current Assets \* **0000000000** Misc. Expenditure **0000000000**  
 Accumulated Losses **0000000000**

\* Including net deferred tax Asset

IV. Performance of Company (Amount: Rs.)  
 Turn Over **0000000000** Total Expenditure **0000000000**  
 Profit/loss Before Tax **0000000000** Profit/Loss After Tax **0000000000**  
 (Note: For Companies Not in Public Interest)

Working Set Ratio (Rs.) **0000000000** Dividend Rate % **0000000000**

V. Details of Names of Principal Products/Services of Company (As per Monetary Terms)  
 Item Code No. **274719333**  
 ITC Code  
 Product Description **PHOTO FINISHING**  
 Item Code No. **274719333**  
 ITC Code  
 Product Description **PHOTOGRAPHIC FINISHES**  
 Item Code No. **274719333**  
 ITC Code  
 Product Description **PHOTOGRAPHIC FINISHES AND ACCESSORIES**

CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE 1		2009	2008	SCHEDULE 5		2009	2008
SHARES CAPITAL		Rs.	Rs.	INVESTMENTS		Rs.	Rs.
<b>Authorised</b>				<b>Long Term</b>			
1,50,00,000 (Previous year 1,50,00,000 Equity Shares of Rs.10 each)		20,00,00,000	20,00,00,000	<b>Quoted - Fully Paid</b>			
10,00,000 (Previous year 10,00,000) Preference Shares of Rs. 100 each		12,00,00,000	12,00,00,000	1000 Units of Rs. 10 each of Unit Trust of India UGS Scheme 10000		10,000	10,000
		<u>32,00,00,000</u>	<u>32,00,00,000</u>	<b>Unquoted - Fully Paid</b>			
<b>Issued and Subscribed</b>				<b>Trade Investments</b>			
1,16,50,000 (Previous year 1,16,50,000) Equity Shares of Rs.10 each fully paid		11,65,00,000	11,65,00,000	<b>a) In Subsidiary Company</b>			
1,00,000 (Previous year 1,00,000) Cumulative Redeemable Non-Convertible Preference Shares of Rs.100 each fully paid. Redeemable on 9th June, 2003 at par (Refer Note No.4)		1,00,00,000	1,00,00,000	GoKatak Enterprises Limited 38,70,000 (Previous year 38,70,000) Equity Shares of Rs. 10 each			
		<u>12,65,00,000</u>	<u>12,65,00,000</u>	2,00,000 (Previous Year 2,00,000) 12% Redeemable Preference Shares of Rs.100 each			
				<b>b) Others</b>			
				New Vision Imaging Pvt. Ltd. (Formerly Phil Systems Ltd.) 13,39,800 (Previous year 13,39,800 ) Equity Shares of Rs. 10 each			1,33,98,000
						<u>10,000</u>	<u>1,34,08,000</u>
				Market value of Quoted Investments Rs.24,000 (Previous year Rs. 26,000)			
<b>SCHEDULE 2</b>				<b>SCHEDULE 6</b>			
<b>RESERVES AND SURPLUS</b>				<b>INVENTORIES</b>			
Capital Reserve		35,06,438	35,06,438	Raw Materials & Components - at cost		10,24,090	10,02,000
Capital Redemption Reserve		4,20,00,000	4,20,00,000	Stores, packing materials etc. - at cost		7,12,851	4,72,000
Securities Premium		9,56,09,909	9,56,09,909	Goods in Process - at cost			
		<u>14,11,16,347</u>	<u>14,11,16,347</u>	Finished Goods - at lower of cost or realisable value		33,75,019	8,08,546
Less : Capital Reserve on Consolidation		38,72,583	38,72,583			<u>51,11,960</u>	<u>22,82,546</u>
		<u>13,72,43,764</u>	<u>13,72,43,764</u>	<b>SCHEDULE 7</b>			
<b>SCHEDULE 3</b>				<b>SUNDRY DEBTORS</b>			
<b>UNSECURED LOANS</b>				Unsecured			
Fixed Deposits (Due within a year Rs. Nil)		13,20,555	13,57,895	Outstanding over six months - Considered good		4,79,710	4,54,724
Previous year Rs. 24,94,000 (Includes interest Rs. 1,09,895 Previous year Rs. Nil)		<u>13,20,555</u>	<u>13,57,895</u>	Outstanding over six months - Considered doubtful		16,06,013	16,06,013
				Less : Provision for Doubtful Debts		16,06,013	16,06,013
				Other Debts - Considered good		8,39,388	9,54,960
				(Includes dues from a Subsidiary Company Rs. 16,91,18,502 Previous Year Rs. 17,04,13,501)		<u>13,19,098</u>	<u>14,09,684</u>

SCHEDULE 4		CONSOLIDATED FIXED ASSETS						Rs.
	AS ON 1ST APRIL, 2006	GROSS BLOCK - COST		DEPRECIATION			NET BLOCK	
		ADDITIONS	DEDUCTION	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008	AS ON 31ST MARCH, 2009	AS ON 31ST MARCH, 2008
LEASEHOLD LAND	17,69,821	-	-	17,69,821	-	-	17,69,821	17,69,821
FREEHOLD LAND	2,20,050	-	-	2,20,050	-	-	2,20,050	2,20,050
BUILDINGS	10,13,14,578	-	2,59,10,412	7,54,04,166	1,66,83,033	2,36,48,836	5,87,21,133	7,76,87,942
PLANT & MACHINERY	17,71,99,786	1,63,060	41,92,827	17,31,70,219	9,59,28,238	9,72,57,527	7,72,41,982	7,99,42,259
COMPUTERS	18,06,224	1,55,900	-	19,61,124	1,17,413	9,03,223	8,43,710	9,02,000
VEHICLES	2,45,846	11,38,000	-	13,81,846	1,14,182	19,772	12,87,864	2,26,074
FURNITURE & FIXTURES	2,36,90,971	-	2,85,558	2,34,05,412	1,18,70,341	1,19,59,430	1,15,35,072	1,17,31,540
<b>SUB TOTAL</b>	30,67,46,276	14,54,960	3,03,88,597	27,73,12,638	12,57,13,207	13,37,86,590	15,15,99,432	17,24,59,687
IMPAIRMENT LOSS	-	-	-	-	-	-	10,76,87,634	11,64,73,882
<b>TOTAL</b>	30,67,46,276	14,54,960	3,03,88,597	27,73,12,638	12,57,13,207	13,37,86,590	4,39,11,798	5,59,85,805
PREVIOUS YEAR	69,09,29,177	10,77,870	38,57,60,771	30,62,46,276	13,37,86,590	34,81,28,096	11,64,73,882	10,87,85,725

CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE 8	2009 Rs.	2008 Rs.	SCHEDULE 12	2009 Rs.	2008 Rs.
<b>CASH AND BANK BALANCES</b>			<b>SALES AND SERVICE</b>		
Cash and Cheques on Hand	23,740	30,417	Sales	57,36,862	44,61,678
With Scheduled Banks on			Service	8,000	49,222
(i) Current Accounts	35,17,491	55,13,219		<u>57,44,862</u>	<u>45,10,900</u>
(ii) Deposit Accounts	2,45,203	6,09,828	<b>SCHEDULE 13</b>		
	<u>37,86,434</u>	<u>61,53,464</u>	<b>OTHER INCOME</b>		
<b>SCHEDULE 9</b>			Interest on Deposits		
<b>LOANS AND ADVANCES</b>			(Tax deducted at source Rs. Nil, Previous year Rs. 0.63 lac)	68,388	1,65,964
(Unsecured, Considered good)			Interest on Income Tax refund	-	-
Advances recoverable in cash or in kind or for value to be received	1,11,19,806	1,31,01,169	Prior Period Adjustment	-	3,56,490
Balance with Excise, Customs etc.	21,69,484	21,69,484	Sale of Scrap	3,59,965	82,20,759
Payments towards Income Tax	5,02,306	5,02,306	Miscellaneous Income	1,15,228	59,927
	<u>1,37,91,596</u>	<u>1,57,72,959</u>	(Tax deducted at source Rs. Nil, Previous year Rs. Nil)		
<b>SCHEDULE 10</b>			Recovery of Bad Debts	-	25,011
<b>CURRENT LIABILITIES AND PROVISIONS</b>			Profit on Variation in Foreign Exchange	-	-
<b>A. Current Liabilities</b>			Profit on sale of Fixed Assets	2,80,14,424	1,58,14,297
1. Sundry Creditors				<u>2,85,58,005</u>	<u>2,46,42,448</u>
i) Total outstanding dues to Micro, Small and Medium Enterprises	5,75,558	12,08,751	<b>SCHEDULE 14</b>		
ii) Others	1,73,71,689	3,33,40,521	<b>COST OF GOODS SOLD</b>		
2. Advances from customers	17,34,021	17,65,501	<b>Raw Materials Consumed</b>		
3. Investor Education and Protection Fund (shall be transferred to "Investor Education & Protection Fund" if and when due)	-	2,22,163	Opening Stock	10,02,000	21,08,881
Unpaid Dividend	-	-	Raw Materials and Components	4,72,000	8,82,000
4. Other Liabilities	2,89,46,796	8,54,53,183	Stores, packing materials etc.	-	-
	<u>4,86,28,044</u>	<u>12,19,90,119</u>	Goods in Process	-	-
<b>B. Provisions</b>				<u>14,74,000</u>	<u>29,90,881</u>
For ESIC and Staff Benefits	57,60,845	70,55,267	Purchase of Raw Materials and Components	42,68,283	20,84,091
	<u>5,43,88,888</u>	<u>12,90,45,386</u>		<u>57,42,283</u>	<u>5,074,972</u>
<b>SCHEDULE 11</b>			Less :		
<b>MISCELLANEOUS EXPENDITURE</b>			<b>Closing Stock</b>		
( To the extent not written off or adjusted)			Raw Materials and Components	10,24,090	10,02,000
Profit & Loss Account as per contra	24,74,10,124	29,50,22,389	Stores, packing materials etc.	7,12,851	4,72,000
	<u>24,74,10,124</u>	<u>29,50,22,389</u>	Goods in Process	-	-
				<u>17,36,941</u>	<u>14,74,000</u>
			Purchase of Resaleable Goods	40,05,342	36,00,972
				<u>40,05,342</u>	<u>36,00,972</u>
			<b>Stock Adjustments</b>		
			<b>Finished Goods</b>		
			Opening Stock	8,08,545	7,45,240
			Less: Closing Stock	33,75,019	6,39,023
				<u>-25,66,474</u>	<u>1,06,217</u>
				<u>14,38,868</u>	<u>37,07,189</u>
			<b>SCHEDULE 15</b>		
			<b>PERSONNEL EXPENSES</b>		
			Salaries, Wages and Bonus	56,97,505	55,98,673
			Staff Welfare Expenses	2,79,338	1,74,646
			Contribution to Provident and Other Funds [Refer Note No.9]	28,70,124	8,09,508
			Staff cost on restructuring	-	-
				<u>88,46,967</u>	<u>65,82,827</u>



**5. Corporate Governance :**

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

**6. Conservation of Energy :**

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

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

**7. Fixed Deposits :**

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

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

**8. Directors :**

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

**9. Directors' Responsibility Statements :**

The Board of Directors of the Company confirm :

- i. that in the preparation of the annual accounts the applicable accounting standards have been followed and there has been no material departure.
- ii. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of

the state of affairs of the Company as at March 31, 2009 and of the profit/loss of the Company for the year ended on that date.

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

**10. Qualifications in the Auditor's Report :**

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

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

**11. Merger of GEL with the Company :**

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

## CONSOLIDATED FINANCIAL STATEMENTS OF PHIL CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE 16	2009 Rs.	2008 Rs.
<b>OTHER EXPENSES</b>		
Stores Consumed	3,31,616	34,618
Rent	9,37,079	12,36,858
Rates & Taxes	6,36,773	9,06,413
Insurance	66,338	20,026
Power & Lighting	10,32,368	9,99,094
Travelling and Conveyance	20,14,116	9,94,287
Repairs, & Maintenance		
- Machinery	1,13,657	13,731
- Building	99,818	33,032
- Others	5,63,303	4,54,806
	7,76,778	5,01,569
Packing, Freight & Forwarding	4,52,911	2,92,203
Loss on sales of investments	1,20,58,200	-
Loss on Foreign exchange	-	-
Loss on Sale of Assets	-	5,07,167
Assets Scraped	-	3,24,53,614
Advertising and Sales Promotion	2,75,865	7,08,684
Commission on Sales	-	48,901
Postage & Telephones	6,62,419	5,19,738
Printing & Stationery	3,30,710	3,55,431
Legal & Professional Charges	28,93,092	22,39,578
Security & Housekeeping Charges	9,95,034	7,25,856
Statutory Fees	1,98,828	2,57,079
Vehicle Expenses	13,80,075	12,54,241
Registrar & Transfer Expenses	-	-
Miscellaneous Expenses	5,55,772	14,26,645
Sales Tax Paid	18,72,546	6,97,724
Auditors' Remuneration		
Audit Fees	3,26,845	2,47,134
Other Services	36,000	40,000
Travelling and Out of Pocket Expenses including Service Tax	24,310	35,000
	3,87,155	3,22,134
Directors' Fees	84,000	60,000
Bad Debts written off	2,903	1,36,187
	<u>2,79,44,576</u>	<u>4,66,98,047</u>
<b>SCHEDULE 17</b>		
<b>INTEREST</b>		
Interest on :		
Term Loans	-	-
Fixed Deposits	-	1,23,843
Others	22,465	1,925
	<u>22,465</u>	<u>1,25,768</u>

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

## SCHEDULE 19

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

## PHIL CORPORATION LIMITED

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

### SCHEDULE 20

#### NOTES TO THE ACCOUNTS:

	2009 Rs.	2008 Rs.
1. Contingent Liabilities not provided for:		
(i) Claims for Sales tax/Excise/Service tax not accepted by the Companies for which appeals are pending.	91975954	94764469
(ii) Claims against the Company not acknowledged as debts.	2,50,42,516	2,50,42,516
(iii) Export obligations not fulfilled against advance/ EPCG licences.	1,92,73,000	1,92,73,000
(iv) Duty drawback claim granted and later revoked.	7,04,000	7,04,000
(v) Counter Guarantee given to bankers against guarantee given by them for Sales Tax and Deposit for Electricity.	15,97,000	15,97,000
(vi) The Income Tax Assessments of the parent Company have been completed upto Assessment year 2005-06 and the demand raised by the Department is Rs. 10,99,593 (previous year Rs. 10,99,593/-) which is contested in appeal. The Company does not expect any liability over the provision made.	10,99,593	10,99,593
(vii) Penalty imposed by Commissioner - Customs & Central Excise, Goa, in respect of CVD on bulk (semi-packed/semi-finished) films which were imported by Phil Marketing Services Pvt. Ltd. and given to the parent Company for further packing and in respect of which Excise Duty has been paid by the parent Company. Customs, Excise & Service Tax Tribunal, Western Region have granted stay against the recovery of the penalty.	1,70,46,000	1,70,46,000
2. Dividend on Non-Convertible Cumulative Redeemable Preference Shares up to the due date of redemption not provided for, there being no profits.	41,25,000	41,25,000
3. 1,00,000/- 13.75% Redeemable Cumulative Preference Shares of Rs. 100/- each of parent Company are held equally by General Insurance Corporation of India and New India Assurance Co. Ltd. These were due for redemption in June 2003. Proposal		

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

4. The parent Company had submitted in June 2005 application for reference under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA) and the parent Company was declared as a "Sick Industrial Company" within the meaning of Section 3(1) of SICA. The DRS was circulated by BIFR in May 2008 and the final hearing of DRS was held on 23rd July, 2008. As per BIFR Order dated 1st August, 2008 the parent Company has been discharged from the purview of SICA.
5. In the current financial year the impairment loss amounting to Rs. 87,86,248 in respect of fixed assets sold / discarded has been adjusted and the balance provision for impairment loss of Rs. 10,76,87,634 on existing fixed assets is continued. Further the management has reviewed the realisable value of assets in use and are of the opinion that no further provision for impairment of fixed assets is considered necessary.
6. The parent Company has investments in GoKhatak Enterprises Ltd. a 100 % subsidiary of the Company. The said subsidiary Company's main activity was in respect of photographic services and products of Konica Minolta Photo Imaging Inc (KMPI). KMPi has withdrawn from photographic business. Consequent thereto, there has been an impact on the business of the said subsidiary. There is also impact of technological change, being the advent of digital technology and the impairment in the value of assets being investment and receivables. The investment made in GEL is Rs. 9,07,00,000 and outstanding amount of receivables which have become doubtful of recovery is Rs. 16,91,18,502 (Previous Year 17,04,13,502). Anticipated loss due to loss of investment, receivables and impairment in the value of fixed assets of the subsidiary has not been provided for in the accounts for the year ended 31st March, 2009 as the proposal of merger of GEL with the parent Company is being submitted to the High Court of Mumbai as per Board Resolution dated 19th January, 2009. Intimation to the Stock Exchanges was given as per the requirements of listing agreement and application for NOC from the Stock Exchanges is being submitted by the parent Company.
7. During the previous year the parent Company had funded the actual liability for gratuity in respect of continuing employees amounting to Rs. 28,39,032. Further liability in respect of the gratuity based on the actuarial valuation informed by LIC has been provided in the Books of Accounts. Gratuity liability in respect of ex-employees and employees transferred to Associate Companies is being paid directly by the parent Company for which the necessary provision has been made in the Books of Accounts.
8. The parent Company has unabsorbed depreciation and carried forward losses etc available for set off under Income Tax Act, 1961. However, in view of present uncertainty regarding generation of sufficient future taxable income. Net Deferred Tax Asset in respect of related credit for the year has not been recognised in the accounts on prudent basis.
- The parent Company is advised that in view of the proposed merger of GEL with the Company with effect from 1-4-2008 there would be no liability to Income Tax and hence no provision for Income Tax is made. In case of Deferred Tax of Subsidiary Company, Net Deferred Tax Assets is as under:
- |                                     | 2009<br>Rs. | 2008<br>Rs. |
|-------------------------------------|-------------|-------------|
| Deferred Tax Assets up to last year | 4,55,64,236 | 4,55,64,236 |
| Deferred Tax Liability              | 4,14,48,854 | 4,14,48,854 |
| Deferred Tax Assets                 | 41,12,199   | 41,12,199   |
9. On account of uncertainty of restructuring of business no segment reporting can be done.
10. The Accounts of parent Company's extra-ordinary item of excess provision written back in the current year is in respect of Sales Tax on completion of reassessment proceedings at Goa.
11. Previous year's figures have been regrouped where necessary. The previous accounting year was nine months. Hence the figures for the current accounting year are not strictly comparable with the previous year's figures.

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

	2009 Rs.	2008 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) Before Tax & Extra - ordinary items	(84,37,217)	(3,03,00,824)
Adjustments for:		
Depreciation	19,61,890	22,36,862
Interest Paid	22,465	1,25,768
Loss on Sale of Investments	1,20,58,200	—
Profit on sale of fixed assets	(2,80,14,424)	(1,58,14,297)
Excess Provision written back	5,62,70,920	—
Sundry Debit / Credit A/c write off	(2,21,445)	—
Debit balance written off	—	9,81,033
Bad debts written off	—	1,36,187
Loss on sale of fixed assets	—	3,29,64,571
<b>Operating Profit/Loss before Changes in Operating Assets</b>	—	(96,70,500)
(Increase)/Decrease in Operating Assets		
Inventories	(28,29,415)	16,23,454
Loans & Advances	19,81,363	(12,33,959)
Trade Receivables	90,596	3,70,316
Trade Payables	(7,46,56,498)	(2,51,86,614)
<b>Cash Generated From Operations</b>	(3,33,36,348)	(1,34,67,179)
<b>Net cash from operating Activities</b>	—	—
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(14,54,960)	(10,77,870)
Sale of fixed assets	3,94,51,000	3,68,56,510
Sale of Investment	13,39,800	—
<b>Net cash from Investing Activities</b>	3,93,35,840	3,57,78,640
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(22,465)	(1,25,768)
Repayment of unsecured Loans	(37,340)	(11,36,105)
<b>Net cash from Financing Activities</b>	(59,805)	(12,61,873)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u>(24,97,630)</u>	<u>(92,51,036)</u>
Cash & Cash Equivalents as on 31-03-08	61,53,464	57,34,000
Cash & Cash Equivalents as on 31-03-09	37,86,434	61,53,464

For and on behalf of the Board of Directors

K. D. BHAT Managing Director	A. Y. FAZALBHOY Chairman
A. V. GAIKWAD Executive Director & Company Secretary	KAVAS D. PATEL Vice Chairman
	JOHN B. BOWMAN Director

Mumbai  
Dated : June 23, 2009

**AUDITOR'S CERTIFICATE**

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

For V. C. SHAH & CO.  
Chartered Accountants

Mumbai  
Dated : June 23, 2009

V. C. SHAH  
Partner  
Membership No. 10360

## 10 YEARS'S HIGHLIGHTS

Rs. in Lacs

	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	**2007-08	***2008-09
<b>SALES &amp; EARNINGS</b>										
Sales and other income	30249	27850	20062	7888	4560	4285	2879	644	197	341
Gross Operating Profit/ (Loss) (EBIDTA)	1399	1575	(92)	(1506)	(458)	(422)	(1347)	(1319)	(276)	(33)
Profit/(Loss) before taxes	331	283	(1361)	(2711)	(1656)	(1705)	(2655)	261.82	(296)	(53)
Profit/(Loss) after taxes	302	261	*(860)	(2711)	-(656)	(1705)	(2655)	261.82	(298)	(55)
Retained Earnings	25	68	0	0	0	0	0	0	0	0
<b>ASSETS</b>										
Gross Fixed Assets	5943	6130	6205	6021	6018	5961	5951	5426	1991	1746
Net Fixed Assets	4585	4496	4307	3921	3671	3386	3146	972	537	417
Total Assets	14568	15079	13924	10367	9336	8461	7271	3913	3402	3157
<b>LIABILITIES</b>										
Equity Share Capital	1165	1165	1165	1165	1165	1165	1165	1165	1165	1165
Non-Convertible Redeemable Preference Shares	820	800	600	600	600	600	600	100	100	100
Reserves	4469	4437	3006	324	1911	1911	1911	1411	1411	1411
Misc. Expenditure to the extend not W/off	161	81	0	0	0	0	0	0	0	0
Accumulated Loss	0	0	0	0	(3244)	(4948)	(7613)	(299)	(560)	(52)
Networth	6293	6122	4771	2089	432	(1272)	(3937)	2377	2116	2623
Borrowings	5742	6196	6113	6136	6970	7804	8850	25	14	0
<b>RATIOS</b>										
Earning per Equity Share (Rupees)	2.59	2.24	0	0	0	0	0	2.25	2.56	(0.47)
Book Value per Equity Share (Rupees)	48.77	48.09	35.8	12.78	(1.44)	(16.07)	(38.94)	19.62	14.10	22.51
Dividend per Equity Share (Rupees)	0.9	0.6	0	0	0	0	0	0	0	0
Networth per Equity Share (Rupees)	40.29	47.4	35.8	12.78	(1.44)	(16.07)	(38.94)	19.62	14.10	22.51
<b>NUMBER OF EMPLOYEES</b>										
Number of Employees	793	705	686	468	378	352	239	24	22	25

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

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

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

## PHIL CORPORATION LIMITED

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

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

### ATTENDANCE SLIP

Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.  
I/we hereby record my/our presence at the **26th Annual General Meeting of the Company at Mapusa Residency (Tourist Hostel), Near Kadamba Bus Stand, Mapusa, Goa-403 507 on Friday, the 25th September, 2009 at 4.00 p.m.**

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

\* Applicable in case of Beneficial Owners of Dematerialised Shares.

Tear Here

## PHIL CORPORATION LIMITED

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

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

### PROXY FORM

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.



\* Applicable in case of Beneficial Owners of Dematerialised Shares.

Signature

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

**12. Delisting of shares on NSE :**

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

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

**13. Auditors**

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

**14. Particulars of the employees :**

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

**15. Appreciation :**

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

For and on behalf of Board of Directors

Place : Mumbai  
Dated : June 23, 2009

A. Y. FAZALBHOY  
Chairman

Sl. No.	Name of the Director	Designation	Age	Qualification
1	Mr. A. Y. Fazalbhoy	Chairman	68	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.
2	Mr. S. D. Chitambar	Director	65	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.
3	Mr. V. C. Shah	Director	62	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.
4	Mr. S. D. Chitambar	Director	65	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.
5	Mr. V. C. Shah	Director	62	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.
6	Mr. S. D. Chitambar	Director	65	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.
7	Mr. V. C. Shah	Director	62	B.A., B.L., F.C.S., F.I.C., F.I.A., F.I.P.S., F.I.S.I., F.I.S.T., F.I.S.T.A., F.I.S.T.B., F.I.S.T.C., F.I.S.T.D., F.I.S.T.E., F.I.S.T.F., F.I.S.T.G., F.I.S.T.H., F.I.S.T.I., F.I.S.T.J., F.I.S.T.K., F.I.S.T.L., F.I.S.T.M., F.I.S.T.N., F.I.S.T.O., F.I.S.T.P., F.I.S.T.Q., F.I.S.T.R., F.I.S.T.S., F.I.S.T.T., F.I.S.T.U., F.I.S.T.V., F.I.S.T.W., F.I.S.T.X., F.I.S.T.Y., F.I.S.T.Z.

**ANNEXURE – I REPORT ON CORPORATE GOVERNANCE**

**Company's Philosophy on Corporate Governance :**

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

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

**Board of Directors' – Composition :**

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

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

66.66% Non-Executive

50% Independent

**NOTES:**

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

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

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



**Shareholding of Non-Executive Directors :**

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

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

**Code of conduct :**

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

**Audit & Shareholders' Grievance Committee**

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

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

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

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

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

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

**Remuneration Committee :**

The Remuneration Committee consists of the following Members :

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

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

**Remuneration Policy :**

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

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

**Managing Director/Executive Director :**

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

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

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

**Managing Director**

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

**Executive Director**

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

**Remuneration paid to the Directors :**

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

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

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

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

**Executive Committee of Directors :**

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

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

**Terms of Reference :**

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

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

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

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

#### Share Transfer Committee & Share Transfer System :

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

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

#### Means of Communication :

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

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

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

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

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

#### Disclosures :

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

#### GENERAL SHAREHOLDER INFORMATION :

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

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

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

#### Financial Calendar :

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