



Mather+Platt

Annual Report 2008

MATHER AND PLATT FIRE SYSTEMS LIMITED

MATHER AND PLATT FIRE SYSTEMS LIMITED

Board of Directors

Chairman Mr. Peter Wurzbacher
Mr. Otto Northe
Mr. Prakash Nene
Mr. Kiran Malhotra
Mr. Bomi Daruwala
Mr. Ravindra Pal Bhatia

Company Secretary

Miss Manisha Chavan

Auditors

M/s. B S R and Co.,
Chartered Accountants

Banker

HSBC

**Registered &
Corporate Office**

Mumbai-Pune Road,
Chinchwad, Pune: 411019 (India)

Share Transfer Agent

Sharepro Services (I) Pvt. Ltd.
Satam Industrial Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099.

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the members of Mather and Platt Fire Systems Limited will be held on Saturday, April 25, 2009 at 11.15 a.m. at Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at December 31, 2008 and the Profit and Loss Account for the financial year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prakash Nene, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Ravindra Pal Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By the Order of the Board of Directors
For Mather And Platt Fire Systems Limited

Place: Pune

Date: 24 February 2009

Manisha Chavan

Company Secretary

NOTES:

1. The Register of Members/Beneficial Owners and the Share Transfer Registers of the Company will remain closed from Tuesday, April 21, 2009 to Saturday April 25, 2009 (both days inclusive).
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIS/HER SELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING.**
3. Information on directors retiring by rotation and seeking re-appointment is given in Annexure I hereto.
4. Members are requested to notify change of address, if any, (a) to their respective Depository Participant in case of shares held in electronic form and (b) to the Registrar & Transfer Agent, M/s. Sharepro Services (I) Pvt. Ltd., at Satam Industrial Estate, 3rd floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099, in case of shares held in physical form.
5. Members desirous of obtaining any information pertaining to the Accounts may forward such queries in writing to the Finance & Accounts Department at the Registered Office at least 7 days prior to the meeting in order to enable the Company to keep the information ready to the extent possible.
6. Members or their Authorised Representatives/ Proxies are requested to bring their copies of Annual Report at the meeting.
7. Members having multiple accounts in identical names or joint accounts in the same order are requested to intimate to the Company's Registrar & Transfer Agent, the ledger folios of such accounts, for consolidation of all such shareholdings into one account.
8. Members intending to dematerialise their shareholdings may approach any Depository Participant for opening a Beneficiary Demat Account. For any additional information/ clarification, members may contact National Securities Depositories Ltd. or Central Depository Services (India) Ltd.

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ANNEXURE I TO THE NOTICE

BRIEF RESUME AND DETAILS OF THE DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT

Name	Mr. Prakash M. Nene	Mr. Ravindra Pal Bhatia
Date of Birth	30.07.1954	05.04.1952
Age (Years)	54	56
Qualifications and experience	B. E. (Hons) and Master in Business Administration. Has 32 years experience in the field of Corporate Strategy, Corporate Finance, Restructuring, M & A and Corporate Affairs at various levels in different organization in India and abroad.	Mechanical Engineer with 35 years experience in public and private sector companies. Before joining the company, he has worked as the Managing Director of a reputed Company.
Directorships held in other companies (excluding foreign companies)	Bharti AXA Life Insurance Co. Ltd., First American Securities Pvt. Ltd., Bharti AXA Gen. Insurance Co. Ltd., GIBA Holdings Pvt. Ltd., Bharti AXA Investment Managers Pvt. Ltd., Bharti Teleports Ltd., Bharti AXA Advisors Ltd., Jataayu Software Ltd., Bharti Teletech Ltd., Bharti Telesoft Ltd., Bharti Learning Systems Ltd., Tamarind Projects Pvt. Ltd., Bharti Realty Pvt. Ltd. and Mather And Platt Pumps Ltd.,	Mather And Platt Pumps Ltd.
Memberships / Chairmanships of Committees in the Company*	Chairman of Audit Committee and Member of Shareholders & Investors Grievance Committee	Chairman of Shareholders & Investors Grievance Committee
Memberships / Chairmanships of Committees in other companies (excluding foreign companies)*	Chairman of the Audit Committee and Member of Remuneration Committee – Mather And Platt Pumps Ltd., Member of Audit Committee, Member of Remuneration Committee and Investment Committee. Bharti AXA Life Insurance Co. Ltd.; Chairman of Audit and Risk Management Committee, Member of Remuneration & Nomination Committee and Investment Committee – Bharti AXA General Insurance Co. Ltd., Chairman of Audit & Compliance Committee – Bharti AXA Investment Managers Pvt. Ltd., Chairman of Audit & Remuneration Committee – Bharti Telesoft Limited. Chairman of Audit cum Remuneration Committee and Member of HR & Compensation Committee – Bharti Teletech Limited.	Member of Shareholders & Investors Grievance Committee – Mather and Platt Pumps Ltd.
Shareholding in the Company	NIL	NIL

+As per the disclosures dated December 31, 2008.

DIRECTORS' REPORT

Dear members,

Your directors are pleased to present the 16th Annual Report of the Company together with the Audited Financial Statements for the financial year ended December 31, 2008.

Summarised Financial Results

	(Million INR)	
	Year ended	
	Dec. 31, 2008	Dec. 31, 2007
Sales & Services (Net)	4.5	3.3
Other Income	6.7	5.1
Profit / (Loss) before Interest, Depreciation and Tax	4.2	2.1
Less: Interest	0.3	1.6
Depreciation	-	-
Profit before Tax	3.9	0.5
Provision for Income Tax:		
Current Tax	0.4	-
Fringe Benefit Tax	0.0	-
Profit after Tax	3.5	0.5
Balance Profit / (Loss) brought forward from previous year	(77.9)	(104.7)
Balance in Profit & Loss Account	(74.4)	(104.2)
Reduction in liabilities / amount received from parent company for implementation of scheme of arrangement with unsecured creditors	N.A.	26.3
Net Accumulated Loss carried to Balance Sheet	(74.4)	(77.9)

Review of Operations

As in the previous year, the activities of the Company have been restricted merely to completing the existing projects and recovery of dues. The Company is implementing the Scheme of Arrangement as approved by the Hon'ble High Court, Bombay vide its order dated April 30, 2007.

Dividend

In view of the accumulated losses your directors do not recommend any dividend.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Prakash Nene and Mr. Ravindra Pal Bhatia, Directors, retire by rotation at the 16th Annual General Meeting and being eligible have offered themselves for re-appointment.

Particulars of Employees

During the year under review the Company did not have

any employee falling within the purview of Section 217(2AA) of the Companies Act, 1956.

Directors' Responsibility Statement

In pursuance of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended December 31, 2008 and of the profit of the Company for that financial year;
- (c) 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;
- (d) the Directors have prepared the Annual Accounts on a going concern basis.

Conservation of Energy, Research and Development, Technology Absorption etc.

Since the activities of the Company have been restricted merely to completing the existing projects and recovery of dues, there is nothing significant to be mentioned under this head.

There is no foreign exchange earning or outgo during the financial year under review.

Corporate Governance

The report on Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed hereto as Annexure A.

Management Discussion and Analysis Report

The report on Management Discussion and Analysis pursuant to Clause 49 of the Listing Agreement is annexed hereto as Annexure B.

Auditors

M/s. B S R and Co, Chartered Accountants, auditors of the Company will retire at the conclusion of the ensuing annual general meeting. The Company has received a certificate from the auditors to the effect that their re-appointment if made, by the Company at the ensuing annual general meeting would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The Board of Directors recommends their re-appointment. Information and explanation with regard to remarks in the audit report is given hereunder.

Para 7 of the Annexure to the Audit Report:

The Company has internal audit system as part of internal control. Internal audit is carried out by an independent firm

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of chartered accountants in practice. As a part of its endeavor towards the continuous improvement in existing systems and procedures, management is taking steps to further strengthen the internal audit system by increasing the scope and frequency of internal audit and making it more risk based.

Para 10 of the Annexure to the Audit Report:

The accumulated losses of the Company exceed its net worth. However the management is taking effective steps to ensure execution of existing contracts in hand, reduce costs and recover dues. The Company has entered into a Scheme of Arrangement with its unsecured creditors under Sections 391 to 394 of the Companies Act, 1956. The scheme was approved by the Hon'ble High Court, Bombay vide its order dated April 30, 2007 and the Company is implementing the same.

Listing

The equity shares of the Company are listed at Bombay

Stock Exchange Limited and Pune Stock Exchange Limited. Listing fees for the year 2008-09 have been paid to both the stock exchanges.

Acknowledgement

Your Directors convey their sincere gratitude to the customers, shareholders, creditors, government and statutory authorities, banks and employees for the continued support to the Company.

For and on behalf of the Board of Directors

Place: Pune
Date : 24 February 2009

Peter Wurzbacher
Chairman

**ANNEXURE A TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT**
1. Company Philosophy on Corporate Governance:

Corporate Governance relates to systems and processes that directs corporate resources and management strategies towards maximizing value for stakeholders while ensuring accountability, probity and openness in the conduct of business within the acceptable legal and ethical framework. A good governance process should thus provide sufficient transparency over corporate policies, strategies and decision making process while strengthening internal control system and building relationship with all the stakeholders, including employees and shareholders. The adherence to good governance practices in true spirit, not just in letter, will help align interest of stakeholders and enhance investor confidence.

2. Board of Directors:

The Board of Directors of your Company consists of six directors. The composition of the Board of Directors and the number of other Directorships and Committee Memberships / Chairmanships of the Directors are given below:

Name of the Director	Category	Number of other Directorships +	Number of other Committee Memberships / +Chairmanships ++
Mr. Peter Wurzbacher, Chairman	PD	1	0/0
Mr. Jerome Perrod *	PD	1	0/0
Mr. Otto Northe	PD	1	0/0
Mr. Ravindra Pal Bhatia	OD	1	1/0
Mr. Shailendra Jha**	OD	0	0/0
Mr. Prakash Nene	ID	9	1/4
Mr. Kiran Malhotra	ID	1	1/1
Mr. Bomi Daruwala	ID	1	2/0

PD – Non-Executive Promoter Director, ID – Non-Executive Independent Director, OD – Other Non-Executive Director

* - Resigned w.e.f. April 25, 2008 **Resigned w.e.f. July 30, 2008

+ As on December 31, 2008/date of resignation, excluding directorships / committee positions held in private companies, foreign companies / bodies corporate.

++ As on December 31, 2008/date of resignation,, committee includes Audit Committee and Shareholders'/ Investors' Grievance Committee of public limited companies only, excluding committee positions held in private companies, foreign companies / bodies corporate.

None of the Directors is relative of any other Director.

During the financial year ended on December 31, 2008, four Board Meetings were held on February 12, 2008, April 26, 2008, July 31, 2008, and October 25, 2008. The attendance of the Directors at the Board Meetings and at the last Annual General Meeting are as follows:

Name of Director	Attendance at Last Annual General Meeting held on 26.04.2008	Number of Board Meetings attended during 01.01.2008 to 31.12.2008
Mr. Peter Wurzbacher	Yes	3
Mr. Jerome Perrod*	Not Applicable	1
Mr. Otto Northe	Yes	2
Mr. Prakash Nene	No	2
Mr. Kiran Malhotra	No	3
Mr. Bomi Daruwala	Yes	3
Mr. Ravindra Pal Bhatia	Yes	4
Mr. Shailendra Jha**	Yes	2

* - Resigned w.e.f. April 25, 2008 **Resigned w.e.f. July 30, 2008

3. Audit Committee:

Audit Committee consisted of Mr. Prakash Nene, as Chairman and Mr. Otto Northe, Mr. Kiran Malhotra and Mr. Bomi Daruwala as members. Mr. Bomi Daruwala is appointed as Alternate Chairman of the Committee w.e.f. February 12, 2008. During the financial year ended December 31, 2008, the Audit Committee met four times on February 12, 2008, April 26, 2008, July 31, 2008, and October 25, 2008. The particulars of attendance at the Audit Committee meetings are as under:

Name of the Director	No. of meetings attended
Mr. Prakash Nene	2
Mr. Kiran Malhotra	3
Mr. Bomi Daruwala	3
Mr. Otto Northe	2

The terms of reference of the Audit Committee cover the areas mentioned in the Listing Agreement, the Companies Act, 1956 and also other terms as may be referred to it by the Board of Directors. The role of the Committee includes, inter alia, reviewing financial statements, internal control systems, reports of the auditors, etc.

The Company Secretary of the Company acts as Secretary of the Committee. The representatives of the Internal Auditors and Statutory Auditors attended the meetings of the Committee.

4. Directors' Remuneration:

The Company has not paid any sitting fees or other remuneration in any form whatsoever to any of its Directors. None of the Directors have been granted or entitled to any stock option.

5. Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee presently comprises of the following members of the Board:

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- (a) Mr. Ravindra Pal Bhatia, Chairman
 (b) Mr. Prakash Nene, Member
 (c) Mr. Otto Northe, Member (appointed w.e.f. July 31, 2008)
 (d) Mr. Shailendra Jha, Member (resigned w.e.f. July 30, 2008)

Mr. Shailendra Jha ceased to be the member of the Committee w.e.f. July 30, 2008 on account of his resignation from the Directorship of the Company. Mr. Otto Northe was inducted as the member of the Committee w.e.f. July 31, 2008. During the financial year ended December 31, 2008 the Committee met four times on February 12, 2008, April 26, 2008, July 31, 2008, and October 18, 2008 to consider inter-alia the matters relating to transfer / transmission / splitting of shares and issue of new share certificates etc. and shareholders' / investors' grievances. Ms. Manisha Chavan is holding the office of Company Secretary and the Compliance Officer.

Name of the Director	No. of meetings attended
Mr. Ravindra Pal Bhatia	4
Mr. Prakash Nene	2
Mr. Shailendra Jha	2
Mr. Otto Northe	1

During the financial year ended December 31, 2008, 16 investor complaints were received and resolved. There were no pending investor complaints as on December 31, 2008.

6. General Body Meetings:

Details of last three Annual General Meetings held

Meeting	Venue of the meeting	Date and Time
15 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Saturday, April 26, 2008 at 11.00 a.m.
14 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, June 13, 2007 at 12.00 noon
13 th Annual General Meeting	Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411 034	Friday, June 30, 2006 at 12.00 noon

Special Resolutions passed in last three Annual General Meetings

Meeting	Subject matter of Special Resolution
15 th Annual General Meeting	No Special Resolution was passed
14 th Annual General Meeting	No Special Resolution was passed
13 th Annual General Meeting	No Special Resolution was passed

No Special Resolution was put through postal ballot last year nor is any resolution now proposed through postal ballot.

Ordinary Resolution passed at the Extra Ordinary General Meeting held on October 6, 2008.

Appointment of M/s. B S R and Co, Chartered Accountants as Statutory Auditors of the Company in the vacancy caused by the resignation of M/s. Lodha & Company, Chartered Accountants.

7. Disclosures:

- a) During the financial year ended on December 31, 2008, there was no materially significant related party transactions that may have a potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in the Notes to Accounts annexed to and forming part of Annual Financial Statements.
- b) There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years ended on December 31, 2008 and hence the question of penalties or strictures being imposed on the Company by the Stock Exchanges or Securities & Exchange Board of India or any Statutory Authority, does not arise.
- c) The Company has complied with the Clause 49 of the Listing Agreement with Stock Exchanges on Corporate Governance.
- d) None of the Directors of the Company is holding any share in the Company.
- e) Information and explanation on the remarks in the audit report is given in the Directors Report under the head Auditors.

8. Means of Communication:

The quarterly, half-yearly and annual financial results are regularly submitted by the Company to the Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd. and are also published in the newspapers, viz., Financial Express and Punya Nagri, in accordance with the provisions of the Listing Agreement. The said financial results and official news release are displayed by the Bombay Stock Exchange Limited on its website viz. www.bseindia.com

9. General Shareholders' Information:

a) Annual General Meeting

Date and time : Saturday, April 25, 2009 at 11.15 a.m.
 Venue : Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune-411 034.

b) Financial Calendar (tentative)

January 01 to December 31, 2009

First Quarter
 Results : Fourth week of April, 2009

Second Quarter/
 Half year
 Results : Fourth week of July, 2009

Third Quarter
 Results : Fourth week of October, 2009

Last Quarter /
Annual Results : Fourth week of February, 2010

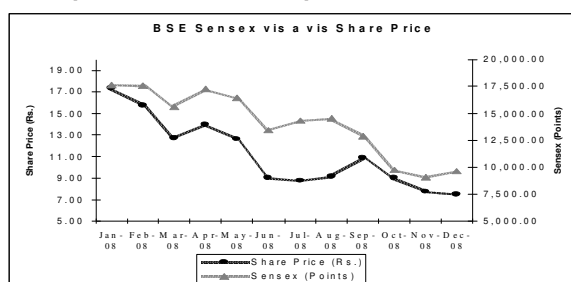
- c) **Dates of Book Closure** Tuesday, April 21, 2009 to Saturday, April 25, 2009 (both days inclusive)
- d) **Equity Shares listed on** Bombay Stock Exchange Ltd. (Code: 532470)
Pune Stock Exchange Ltd. (Code: MATPF-660286)
The Listing fees for the year 2008-09 have been paid to both the stock exchanges.
- e) **ISIN No.** INE095E01014

- f) **Market Price Data for the year ended on December 31, 2008:**

Bombay Stock Exchange Limited

Month	Open (INR)	High (INR)	Low (INR)	Close (INR)	No. of Shares	No. of Trades	Net Turnover (INR)
January 08	25.45	26.75	16.05	17.35	33200	249	761,833.00
February 08	16.50	17.40	15.25	15.75	15560	75	248,351.00
March 08	16.00	16.40	9.30	12.70	25717	92	311,908.00
April 08	13.90	16.14	12.91	13.96	23996	126	330,441.00
May 08	14.60	15.27	11.43	12.63	12486	91	175,163.00
June 08	12.40	12.60	9.00	9.00	19776	188	207,243.00
July 08	8.56	9.65	8.00	8.78	14406	126	124,619.00
August 08	8.40	9.45	8.00	9.11	17892	130	160,609.00
September 08	9.00	11.90	8.66	10.85	21226	120	224,197.00
October 08	10.50	11.55	9.02	9.02	15468	76	160,164.00
November 08	9.45	9.90	7.23	7.71	9462	86	86,351.00
December 08	7.37	8.51	6.73	7.46	6197	51	47,468.00

- g) **Stock performance in comparison to BSE Sensex.**



- h) **Registrar and Share Transfer Agent:**
M/s. Sharepro Services (India) Pvt. Ltd.
Unit: Mather And Platt Fire Systems Ltd.
Satam Industrial Estate, 3rd floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai 400 099.
Tel.: +91 22 6772 0345/ 2821 5168, Fax.: +91 22 2837 5646

- i) **Share Transfer System**
Application for transfer of shares held in physical form is received at the office of the Registrar and Share

Transfer Agent of the Company. Applications which are in order are processed and share certificates are dispatched within the time prescribed under the Listing Agreement/SEBI Guidelines.

Shares held in dematerialised form are electronically traded in the Depositories and the Registrar and Share Transfer Agent of the Company periodically receives from the Depositories the beneficiary holdings so as to enable them to update their records and to send all corporate communications to the shareholders.

- j) **Shareholding Pattern as on December 31, 2008**

Sr. No.	Category of Shareholder	No. of Shareholder	No. of Shares	% of Total No. of Shares
(A)	Shareholding of Promoter and Promoter Group			
(A1)	Indian	0	0	0.00
(A2)	Foreign: Bodies Corporate	1	1887697	55.48
(A)	Total Shareholding of Promoter and Promoter Group (A)=(A1)+(A2)	1	1887697	55.48
(B)	Public shareholding			
(B1)	Institutions			
(a)	Mutual Funds/ UTI	2	218	0.01
(b)	Financial Institutions/ Banks	21	980	0.03
(c)	Central Government/ State Government(s)	0	0	0.00
(d)	Venture Capital Funds	0	0	0.00
(e)	Insurance Companies	2	29663	0.87
(f)	Foreign Institutional Investors	1	67	0.00
(g)	Foreign Venture Capital Investors	0	0	0.00
(h)	Any Other (specify)	0	0	0.00
	Sub-Total (B1)	26	30928	0.91
(B2)	Non-institutions			
(a)	Bodies Corporate	206	116636	3.42
(b)	Individuals:			
	Individual shareholders holding nominal share capital up to Rs. 1 lakh	26965	1140928	33.53
	Individual shareholders holding nominal share capital in excess of INR 1 lakh.	9	226458	6.66
	Sub-Total (B2)	27180	1484022	43.61
(B)	Total Public Shareholding (B)=(B1)+(B2)	27206	1514950	44.52
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	27207	3402647	100.00

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k) Distribution of Shareholding as on December 31, 2008:

Share held	No. of Shareholders	% to Total No. of Shareholders	No. of Shares	% to Total No. of Shares
Less than-500	26988	99.20	886635	26.06
501 to 1000	119	0.44	96194	2.83
1001to 2000	50	0.18	73875	2.17
2001to 3000	19	0.07	48252	1.42
3001to 4000	2	0.00	6985	0.21
4001to 5000	3	0.01	14403	0.42
5001to 10000	11	0.04	75339	2.21
10001 & above	15	0.06	2200964	64.68
Total	27207	100.00	3402647	100.00

l) Dematerialisation of shares and liquidity

Approximately 82.27% of the total number of Equity Shares in the Company were held in dematerialised as on December 31, 2008.

m) Your Company has not issued any GDRs/ ADRs/ Warrants or any convertible instruments.

n) Address of the Registered Office:

Mumbai-Pune Road, Chinchwad, Pune 411 019.

Address for Correspondence: Any correspondence by the Shareholders / Investors may be addressed to the Company's Registrar and Share Transfer Agent at the address given in (h) above.

The Shareholders / Investors may also address their correspondence to the Secretarial Department of the Company at the Registered Office or e-mail at comp_secr@pun.matherplatt.co.in

Certificate of Compliance with the Corporate Governance Requirements under Clause 49 of Listing Agreement

To the Members of Mather and Platt Fire Systems Limited

We have examined the compliance of conditions of Corporate Governance by Mather and Platt Fire Systems Limited ("the Company") for the year ended on 31 December 2008 as stipulated in clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange Limited and Pune Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedures and implementation thereof, adopted by the Company during the year for ensuring 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 knowledge and according to the information and explanations given to us, we certify that the Company is in compliance with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For B S R and Co.
Chartered Accountants

Vijay Mathur
Partner

Place: Pune
Date : 24 February 2009 Membership Number: 046476

Declaration:

All the directors and senior management of the Company have affirmed the compliance with the Code of Conduct for the year ended December 31, 2008.

Place : Pune

Ravindra Pal Bhatia

Date : 17 February 2009

Director

ANNEXURE B TO THE DIRECTORS' REPORT

Management Discussion and Analysis

Industry Structure and Development

The global economic scenario is quite worrisome. There has been a rapid and marked downturn in the global economic outlook. The continued bad news from large international financial institutions on a regular basis renews the economic concerns. India has rapidly integrated into the global system and has linkages with the rest of the world not just through trade channels, but also through two-way movements of capital and finance. As an integral part of a globalizing world, India cannot be expected to remain isolated from global crisis and has to share the uncertainty on the way forward.

The overall industrial production scenario in the country is very challenging. The cumulative growth in index of industrial production for the period April – December 2008-09 stood around 3.2% over the corresponding period of 2007-08. The cumulative growth during April-December 2008-09 over the corresponding period of previous year for the manufacturing sector stood around 3.3%.

Fire Protection Systems - Industry Scenario

The growth in government spending over infrastructure and power projects is expected to reflect in demand growth for fire protection systems. Fire Protection Systems are need of every industry and project hence the industry should remain busy even in the weak economic and industrial scenario, but the margins would be under pressure.

Opportunities and threats

The opportunities for fire fighting and protection systems are growing. The thrust areas include power plants, petrochemicals and refineries and other process industries. Over the decades the Company has developed the know-how required for highly efficient and reliable fire protection systems. The Company is facing the competition from few major players from international as well as domestic market.

Financial Performance

During the year under review, the Company has recorded a gross turnover of INR 4.5 Million (previous year INR 3.3 Million). The Profit before Interest, Depreciation and Tax for

the year under review amounted to INR 4.2 Million (previous year INR 2.1 Million) and the Net Profit after Tax amounted to INR 3.5 Million (previous year INR 0.5 Million).

Outlook

The Company is implementing the Scheme of Arrangement with its unsecured creditors as approved by the Hon'ble High Court, Bombay vide its Order dated April 30, 2007. The Company is in the process of consolidating its financial position and sorting out the liquidity crisis. The outlook for the year ahead is very challenging in the background of economic and industrial slowdown.

Risks and concerns

The downturn in business activities of the Company in last few years have resulted in the severe liquidity crisis and poor financial position. The Company has accumulated loss of around INR 77.4 Million.

Slowdown in Indian economy, global economic crisis, poor financial position, infrastructure constraints like inadequacy of roads, power, etc. are the major concerns of the Company.

Internal Control System & its adequacy

The Company has in place adequate system of internal control procedures covering all financial and operating functions. Internal control and its effectiveness is reviewed through the process of internal audit. The Audit Committee of the Directors also monitors the adequacy of the internal control systems through regular review of findings of internal audit and implementation of the recommendations thereof.

Human Resources

There is nothing significant to be mentioned under this head as there are no employees under direct employment of the Company.

Cautionary Statement

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be a forward looking statement within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

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CERTIFICATE PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

The Board of Directors
Mather And Platt Fire Systems Limited
Mumbai-Pune Road,
Chinchwad, Pune – 411019.

Dear Sirs,

In pursuance of Clause 49 of the Listing Agreement with the stock exchanges it is hereby certified that:

(a) We have reviewed financial statements and the cash flow statement for the year ended December 31, 2008 and that to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended December 31, 2008, which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the audit committee that:

- (i) there is no significant change in internal control over financial reporting during the year ended December 31, 2008;
- (ii) there is no significant change in accounting policies during the year December 31, 2008; and
- (iii) there is no instance of significant fraud of which we have become aware having a significant role in the Company's internal control system over financial reporting.

Thanking you.

Yours truly,

For **Mather And Platt Fire Systems Limited**

Ravindra Pal Bhatia
Director

Shailendra Jha
Chief Financial Officer

Date: 24 February 2009

Place: Pune

Auditors' Report

To the Members of
Mather and Platt Fire Systems Limited

We have audited the attached Balance sheet of Mather and Platt Fire Systems Limited ('the Company') as at 31 December 2008 and also the Profit and loss account and the Cash flow statement 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.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred in paragraph 1 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (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, Profit and loss account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
- (e) on the basis of written representations received from such directors as at 31 December 2008, and taken on record by the Board of Directors, we report that none of the remaining Directors are disqualified as at 31 December 2008 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Act; and
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance sheet, of the state of affairs of the Company as at 31 December 2008;
 - (ii) in the case of the Profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For B S R and Co.
Chartered Accountants

Pune
24 February 2009

Vijay Mathur
Partner
Membership No.: 046476

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Annexure to the Auditors' Report

[Referred to in paragraph 1 of the Auditors' Report to the Members of Mather and Platt Fire Systems Limited ('the Company') on the financial statements for the year ended 31 December 2008]

We report as follows:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) No fixed assets have been disposed off during the year.
2. (a) The inventory which comprises of stocks lying with third parties has been physically verified by the management and written confirmations have been obtained. There is no inventory in the possession of the Company.
(b) In our opinion and according to the information and explanations given to us, the procedures for the 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) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt with in the books of accounts.
3. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Act. Accordingly, paragraph 5(b) of the Order is not applicable.
6. The Company has not accepted any deposits from the public.
7. *The Company has an internal audit system. However the same needs to be strengthened further in order to commensurate with the size and nature of its business.*
8. In our opinion and according to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Act, for any of the products manufactured by the Company.
9. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Sales Tax, Provident Fund, Employees' State Insurance, Investor Education and Protection Fund and other material statutory dues have been regularly deposited by the Company with the appropriate authorities. There was no due on account of Cess under Section 441A of the Act, since the date from which the aforesaid section shall come into force has not yet been notified by the Central Government.
According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Excise Duty, Service Tax, Sales Tax, Investor Education and Protection Fund and other material statutory dues were in arrears as at 31 December 2008 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no due of Income Tax, Sales Tax, Service Tax and Excise Duty which have not been deposited with the appropriate authorities

on account of disputes other than those mentioned below.

Name of the statute	Nature of the dues	Amount (Rs' 000)	Period to which the amount relates	Forum where the dispute is pending
Works Contract Tax under Kerala General Sales tax Act, 1963	Differential rate of tax	2,768	1987-1988 to 1993-1994	Commercial Tax Officer, Ernakulam
Works Contract Tax under Kerala General Sales tax Act	Differential rate of tax	34	1997-1998	Commercial Tax Officer, Ernakulam
Works Contract Tax under Kerala General Sales tax Act	Differential rate of tax	74	1998-1999	Commercial Tax Officer, Ernakulam
Central Sales Tax, 1956	Non submission of E-1 Form	500	1998-1999 to 2002-2003	Commercial Tax Officer, Kolkata
West Bengal Sales Tax Act, 1994	Non submission of E-1 Form	125	1998-1999 to 2002-2003	Commercial Tax Officer, Kolkata
Works Contract Tax under U P Trade Tax Act, 1948	Chargeable of State sales tax	6,581	1987-1988 to 1997-1998	Deputy Commissioner UP Trade Tax Tribunal, Lucknow
The Employee's State Insurance Act, 1948	Branch considered as Commercial establishment	120	-	E. S. I. Corporation, Kolkata

10. *The accumulated losses of the Company have exceeded 50% of its net worth at the end of the financial year. The Company has incurred cash losses in the current financial year and in the immediately preceding financial year.*
11. The Company did not have any outstanding dues to any financial institution, banks or debenture-holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi / mutual benefit fund / society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Act.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R and Co.
Chartered Accountants

Vijay Mathur
Partner

Pune
24 February 2009

Membership No.: 046476

ANNUAL REPORT 2008

Balance Sheet

as at 31 December 2008

(Currency - Indian Rupees)

	Schedule	2008	2007
SOURCES OF FUNDS			
Shareholders' funds :			
Share capital	3	34,026,470	34,026,470
		<u>34,026,470</u>	<u>34,026,470</u>
APPLICATION OF FUNDS			
Fixed assets :			
Gross block	4	428,711	428,711
Less: Accumulated depreciation		(427,811)	(427,811)
Net block		<u>900</u>	<u>900</u>
Investments	5	21,100	21,100
Current assets, loans and advances :			
Inventories	6	360,724	2,004,499
Sundry debtors	7	6,223,587	5,094,383
Cash and bank balances	8	4,112,353	5,771,746
Loans and advances	9	1,256,120	1,020,410
		<u>11,952,784</u>	<u>13,891,038</u>
Less: Current liabilities and provisions :			
Current liabilities	10	46,676,970	52,465,759
Provisions	11	5,674,168	5,300,000
		<u>52,351,138</u>	<u>57,765,759</u>
Net current liabilities		<u>(40,398,354)</u>	<u>(43,874,721)</u>
Profit and loss account		<u>74,402,824</u>	<u>77,879,191</u>
		<u>34,026,470</u>	<u>34,026,470</u>
Significant accounting policies	2		
Notes to financial statements	16 - 27		

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

As per our report of even date attached

For and on behalf of Mather and Platt Fire Systems Limited

For B S R and Co.

Chartered Accountants

Vijay Mathur

Partner

Membership No. 046476

Place : Pune

Date : 24 February 2009

Manisha Chavan

Company Secretary

Ravindra Pal Bhatia

Director

Otto Northe

Director

Place : Pune

Date : 24 February 2009

Profit and Loss Account

for the year ended 31 December 2008

(Currency - Indian Rupees)

	Schedule	2008	2007
Income			
Sales		4,483,704	3,127,900
Less : Excise duty		-	-
Net sales		4,483,704	3,127,900
Service charges		42,232	149,572
Sales and services (net)		4,525,936	3,277,472
Other income	12	6,695,598	5,098,298
		<u>11,221,534</u>	<u>8,375,770</u>
Expenditure			
Materials consumed	13	2,480,513	979,862
Operating expenses	14	4,546,005	5,286,710
Interest and finance charges	15	342,481	1,546,448
		<u>7,368,999</u>	<u>7,813,020</u>
Profit before tax		3,852,535	562,750
Provision for tax			
Current tax		374,168	-
Fringe benefit tax		2,000	15,785
		<u>3,476,367</u>	546,965
Profit after tax		3,476,367	546,965
Balance in profit and loss account brought forward		(77,879,191)	(104,686,664)
Reduction in liabilities / amount received from parent company for implementation of scheme of arrangement with unsecured creditors	18	-	26,260,508
		<u>(74,402,824)</u>	<u>(77,879,191)</u>
Balance in profit and loss account carried forward		(74,402,824)	(77,879,191)
Basic and diluted earnings per share of face value of Rs. 10 each	16	1.02	0.16
Significant accounting policies	2		
Notes to the financial statements	16 - 27		

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

As per our report of even date attached

For and on behalf of Mather and Platt Fire Systems Limited
For B S R and Co.

Chartered Accountants

Vijay Mathur

Partner

Membership No. 046476

Manisha Chavan
 Company Secretary

Ravindra Pal Bhatia
 Director

Otto Northe
 Director

Place : Pune

Date : 24 February 2009

Place : Pune

Date : 24 February 2009

ANNUAL REPORT 2008

Cash Flow Statement

for the year ended 31 December 2008

(Currency - Indian Rupees)

	2008	2007
A. Cash flow from operating activities		
Profit before tax	3,852,535	562,750
Adjustments for :		
Interest income	(135,525)	(209,725)
Interest expenses	342,481	1,546,448
Provisions, write-offs and write-backs	(5,033,788)	(4,388,573)
(Profit)/Loss on sale of assets	-	800
Operating loss before working capital changes	(974,297)	(2,488,300)
Adjustments for :		
Decrease / (increase) in inventories	1,643,775	(485,936)
(Increase) / decrease in trade and other receivables	(1,321,626)	8,043,917
(Decrease) in trade payables	(734,589)	(10,094,597)
Cash used in operations	(1,386,737)	(5,024,916)
Income tax paid	(2,000)	(15,785)
Net cash used in operating activities	(1,388,737)	(5,040,701)
B. Cash flow from investing activities		
Fixed deposit placed	(2,000,000)	-
Interest received	95,660	185,342
Deposit matured	-	900,000
Net cash (used in) / received from investing activities	(1,904,340)	1,085,342
C. Cash flow from financing activities		
Receipt from holding company	-	9,000,000
Interest paid	(366,317)	(1,546,448)
Net cash (used in) / received from financing activities	(366,317)	7,453,552
Net changes in cash and cash equivalents (A+B+C)	(3,659,394)	3,498,193
Cash and cash equivalents opening balance (Refer Note below)	4,466,747	968,554
Cash and cash equivalents closing balance (Refer Note below)	807,353	4,466,747

Notes:

Cash and cash equivalent do not include balance in fixed deposits pledged with bank, Term Deposits and current account balance to the extent held by the bank as per Court Order. (Refer Schedule 8)

The schedules referred to above form an integral part of the Cash flow statement

As per our report of even date attached

For and on behalf of Mather and Platt Fire Systems Limited

For B S R and Co.

Chartered Accountants

Vijay Mathur

Partner

Membership No. 046476

Manisha Chavan
Company Secretary

Ravindra Pal Bhatia
Director

Otto Northe
Director

Place : Pune

Date : 24 February 2009

Place : Pune

Date : 24 February 2009

Schedules to the financial statements

for the year ended 31 December 2008

(Currency - Indian Rupees)

1.1 Background

Mather and Platt Fire Systems Limited ('the Company') was formed as a result of a demerger of Mather and Platt (India) Limited approved by the Hon'ble High Court, Bombay vide order dated 18 April, 2001. Consequently the business of fire systems was transferred to the Company.

The Company is a subsidiary of WILO SE ('the Holding company' formerly known as WILO AG), a company headquartered in Dortmund, Germany.

The Company is primarily engaged in the business of design, development, installation and servicing of Fire Securities systems. The Company has its corporate office at Chinchwad, Pune.

1.2 Going concern

The accumulated losses of the Company have exceeded its net worth as at 31 December 2008. However, Management believes that the Company will be able to continue operations on a going concern basis and meet all its liabilities as they fall due for payment in the foreseeable future on the basis of the financial, operational and technical support from the Holding company, WILO SE, Germany. The holding company has agreed to provide necessary financial support to meet the liabilities of the Company till 31 December 2009. In this regard, the Company has received a letter dated 25 October 2008 from the Parent Company confirming that they will provide the necessary financial support for a period of at least 15 months from the date of the letter (i.e. till 24 January 2010).

Accordingly, these financial statements do not include any adjustments relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any difference between the actual results and estimates are recognised in the period in which the results are known/ materialize. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.3 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and other incidental expenses related to the acquisition, construction and installation of the fixed assets.

Depreciation on fixed assets is provided on the Straight Line Method ("SLM") pro-rata to the period of use. Depreciation is provided based on the useful life of the assets as estimated by the management, or at the rates prescribed under schedule XIV of the Act, whichever is higher.

Category / Group of Asset	Rates (%)
Plant and Machinery	
Computers	33.33
Production machinery	10.34
Patterns	11.31
Furniture and Fittings	
Furniture and fixtures	6.33
Hard furnishing	6.33

Assets individually costing Rs 5,000 or less are depreciated fully in the year of purchase.

Advances paid towards acquisition of fixed assets and the cost of assets not ready to be put to use at the year end are disclosed under capital work in progress.

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Schedules to the financial statements (continued)

for the year ended 31 December 2008

(Currency - Indian Rupees)

2.4 Impairment of assets

In accordance with Accounting Standard 28 – Impairment of Assets (AS 28), the carrying amounts of the Company's assets are reviewed at each Balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets' recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If at the Balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

2.5 Investments

Long-term investments are stated at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other costs necessary to make the sale. Cost is determined on the basis of weighted average method and includes expenditure in acquiring the inventories and bringing them to the present location and condition. In the case of semi finished goods inventories, cost includes cost of direct materials and labour and an appropriate share of overheads. The comparison of cost and net realisable value is made on an item-by-item basis.

Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of finished products will exceed their net realisable value.

2.7 Revenue Recognition

a) *Product sales*

Revenue from sale of goods and services are recognised when all significant risks and rewards of ownership of goods are passed onto the customers. Sales are recorded net of sales tax / value added tax, discounts and rebates.

b) *Interest income*

Interest income is recognised on a time proportionate basis taking into account the amount invested and the rate applicable.

c) *Other*

Other items of income are accounted as and when the right to receive arises.

2.8 Operating leases

Lease payments under operating leases are recognised as an expense in the Profit and loss account on a straight-line basis over the period of the lease.

2.9 Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currency at the Balance sheet date are translated at the year end exchange rate and the resultant exchange differences are recognized in the Profit and loss account.

2.10 Taxation

Income-tax comprises current tax and fringe benefit tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance sheet date. Deferred tax assets are

Schedules to the financial statements (continued)

for the year ended 31 December 2008

(Currency - Indian Rupees)

recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation and carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed at each Balance sheet date and written down or written-up to reflect the amount that is reasonable/ virtually certain (as the case may be) to be realised.

In accordance with the guidance note issued by Institute of Chartered Accountants of India, the Company recognizes Minimum Alternate Tax credit as an asset only to the extent the probability exists that the Company will be liable to pay normal income tax during the specified period as per provisions of the Income Tax Act, 1961.

2.11 Earnings per share ('EPS')

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent dilutive equity shares outstanding during the year, except where the results would be anti-dilutive.

2.12 Provisions and Contingencies

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

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

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Schedules to the financial statements (continued)

as at 31 December 2008

(Currency - Indian Rupees)

	2008	2007
3 Share capital		
Authorised		
5,000,000 equity shares of Rs.10 each	50,000,000	50,000,000
Issued, subscribed and paid up		
3,402,647 equity shares of Rs.10 each	34,026,470	34,026,470
	34,026,470	34,026,470

a) All the aforesaid shares were allotted for consideration other than cash pursuant to the Scheme of Arrangement between the Company and Mather and Platt (India) Limited, sanctioned by Hon'ble High Court of Bombay vide its Order dated 18 April 2001

b) Of the above, 1,887,697 (2007 : 1,887,697 shares) shares are held by the holding company

4 Fixed assets

	Plant and machinery	Furniture, fixtures & Office equipment	Total 2008	Total 2007
Gross block as at 1 January 2008	292,197	136,514	428,711	1,983,566
Deletions during the year	-	-	-	1,554,855
Gross block as at 31 December 2008	292,197	136,514	428,711	428,711
Accumulated depreciation as at 1 January 2008	291,297	136,514	427,811	1,981,866
Depreciation for the year	-	-	-	-
Depreciation on deletions	-	-	-	1,554,055
Accumulated depreciation as at 31 December 2008	291,297	136,514	427,811	427,811
Net block as at 31 December 2008	900	-	900	900
Previous year as at 31 December 2007	900	-	900	

Schedules to the financial statements (continued)
as at 31 December 2008
(Currency - Indian Rupees)

	2008	2007
5 Investments		
<i>(Non Trade, Long term)</i>		
Quoted		
Equity shares (fully paid-up) *		
266 (2007 : 266 shares) of Rs.10 each United Spirits Limited	16,100	16,100
Unquoted		
Government securities		
6 year National Savings Certificates (lodged with Karnataka Sales tax department as security deposit)	5,000	5,000
	<u>21,100</u>	<u>21,100</u>
Aggregate market value of quoted investments	235,796	527,223
* Held in the name of erstwhile Mather and Platt Fire Systems Private Limited. Application made to endorse the share certificate in the present name of the Company.		
6 Inventories		
Work-in-progress	360,724	2,004,499
	<u>360,724</u>	<u>2,004,499</u>
7 Sundry debtors		
<i>(Unsecured)</i>		
Outstanding for a period more than six months :		
Considered good	6,223,587	5,094,383
Considered doubtful	79,878,338	79,887,462
Less: Provision for doubtful debts	(79,878,338)	(79,887,462)
	<u>6,223,587</u>	<u>5,094,383</u>
8 Cash and bank balances		
Cash on hand	5,621	6,422
Balances with scheduled banks :		
- in current accounts *	1,206,732	4,865,324
- in fixed deposit accounts **	2,900,000	900,000
* includes Rs 405,000 (2007 Rs. 405,000) restricted as per court order.		
** includes deposits Rs.900,000 (2007 Rs.900,000) pledged against performance bank guarantee.		
	<u>4,112,353</u>	<u>5,771,746</u>

ANNUAL REPORT 2008

Schedules to the financial statements (continued)

as at 31 December 2008

(Currency - Indian Rupees)

	2008	2007
9 Loans and advances		
<i>(Unsecured, considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	371,675	152,367
Advance taxes and tax deducted at source (net of provisions)	884,445	868,043
	<u>1,256,120</u>	<u>1,020,410</u>
10 Current liabilities		
Sundry creditors (Refer Schedule 18 and 24)	16,905,547	16,098,356
Advances from customers	4,021,099	4,210,181
Advances received from Mather and Platt Pumps Limited	25,750,324	32,157,222
	<u>46,676,970</u>	<u>52,465,759</u>
11 Provisions		
Provision for income tax (net of advance tax)	5,674,168	5,300,000
	<u>5,674,168</u>	<u>5,300,000</u>

Schedules to the financial statements (continued)
for the year ended 31 December 2008
(Currency - Indian Rupees)

	2008	2007
12 Other income		
Interest :		
- Income tax refund	-	130,505
- Others (Tax deducted at source Rs.16,402 ; 2007 : Rs. 26,614)	135,525	79,220
Bad debts recovered	1,526,285	500,000
Write-back of provision for doubtful debts	3,423	950,142
Liabilities no longer payable written back	4,595,483	-
Provisions no longer payable written back	434,882	3,438,431
	<u>6,695,598</u>	<u>5,098,298</u>
13 Materials consumed		
Raw materials and components consumed	836,738	1,465,798
Decrease / (increase) in work-in-process		
Opening Stock :		
Work-in-progress	2,004,499	1,518,563
Closing stock :		
Work-in-progress	360,724	2,004,499
	<u>1,643,775</u>	<u>(485,936)</u>
	<u>2,480,513</u>	<u>979,862</u>
14 Operating expenses		
Rates and taxes	186,880	9,323
Site expenses	2,890,294	2,312,123
Travelling and conveyance	111,611	133,941
Insurance	7,871	104,716
Legal and professional charges	26,767	1,447,221
Auditors' remuneration (Refer Schedule 19)	316,180	184,639
Annual general meeting and share registration expenses	630,078	432,261
Deposits / advances written off	-	274,296
Miscellaneous expenses	376,324	388,190
	<u>4,546,005</u>	<u>5,286,710</u>
15 Interest and finance charges		
Interest charges	-	737,865
Finance charges	342,481	808,583
	<u>342,481</u>	<u>1,546,448</u>

ANNUAL REPORT 2008

Schedules to the financial statements (continued)

for the year ended 31 December 2008

(Currency - Indian Rupees)

Notes to accounts

	2008	2007
16 Earnings per share		
Net profit for the year attributable to equity shareholders (A)	3,476,367	546,965
Weighted average number of equity shares of Rs 10 each outstanding during the year (B)	3,402,647	3,402,647
Basic and diluted earnings per equity share of Rs 10 each (in Rupees) (A/B)	<u>1.02</u>	<u>0.16</u>
17 Contingent liabilities		
a) Claims against the company not acknowledged as debts	415,739	979,521
b) Sales tax and Works Contract tax*	10,082,000	13,257,512
c) E.S.I.*	120,000	120,000
d) Performance guarantees & other obligations in respect of various projects. (Secured against bank guarantee provided by Mather and Platt Pumps Limited)	<u>19,906,296</u>	<u>24,413,110</u>
	<u>30,524,035</u>	<u>38,770,143</u>
	<u><u>30,524,035</u></u>	<u><u>38,770,143</u></u>
<p>* Excluding interest, leviable if any on conclusion of the matter.</p>		
18 Creditors scheme of arrangement		
<p>The Company's Scheme of Arrangement with its Unsecured Creditors has been approved by the Hon'ble High Court of Judicature at Bombay vide Order dated 30th April, 2007. Unsecured Creditors have exercised the options for settlement of their claims and the Company has disbursed 1st installment due as per the scheme. Next installment will be disbursed as per the options selected. Reduction of principal value of liabilities arising out of the compromise/arrangement under the scheme credited to Capital Reserve, has been set off against the loss in the previous year, in accordance with accounting treatment prescribed under clause 5 of the Scheme of Arrangement as approved by the Hon'ble High Court of Judicature at Bombay vide Order dated 30th April, 2007.</p>		
19 Auditors' remuneration (*)		
Audit services (including tax audit)	190,000	100,000
Taxation services	80,000	20,000
Other services	25,000	50,000
Out of pocket expenses	<u>21,180</u>	<u>14,639</u>
	<u>316,180</u>	<u>184,639</u>
	<u><u>316,180</u></u>	<u><u>184,639</u></u>
<p>(*) Out of the above, Rs.76,180 (2007: Rs. 184,639) represents remuneration paid/payable to the erstwhile auditors of the Company.</p>		
20 Value of imports on CIF basis		
Components and spare parts	-	22,233
	<u>-</u>	<u>22,233</u>
	<u><u>-</u></u>	<u><u>22,233</u></u>

Schedules to the financial statements (continued)

for the year ended 31 December 2008

(Currency - Indian Rupees)

21 Quantitative Information

a) Details of Capacity and Production

Particulars	Units	Installed Capacity		Production	
		2008	2007	2008	2007
Complete fire protection installations including components and accessories.	Nos.	1,000	1,000	2	3

Note:

- 1) Installed capacity is certified by the Management and accepted by the auditors, without verification being a technical matter.

b) Quantitative information - Sales

Particulars	Unit	2008		2007	
		Quantity	Value	Quantity	Value
Complete fire protection installations including components and accessories.	Nos.	2	4,007,291	3	2,406,778
Spares accessories, components, etc.		-	476,413	-	721,122
Total		2	4,483,704	3	3,127,900

Note:

- 1) For paragraph 3(ii) of Part II of Schedule VI to the Companies Act, 1956, the classes of goods dealt with by the Company are grouped under suitable product heads.

c) Consumption of raw material, intermediates, components etc.

Particulars	Unit	2008		2007	
		Quantity	Value	Quantity	Value
Wrought steel and Galvanized tubes	Meters	-	-	1,591	226,095
Spares, accessories, components, etc.		-	836,738	-	1,239,703
		-	836,738	1,591	1,465,798

Note:

- (a) Some of the spares and components are sold as parts by the Company. The above also includes the cost of spares and components sold, this being an activity ancillary to the main .

d) Imported and indigenous raw materials, intermediates components and spares consumed during the year:

Particulars	2008		2007	
	Value	% of Total consumption	Value	% of Total consumption
Imported	-	-	22,233	1.52%
Indigenous	836,738	100%	1,443,565	98.48%
	836,738	100%	1,465,798	100%

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Schedules to the financial statements (continued)

as at 31 December 2008

(Currency - Indian Rupees)

22 Disclosure of related parties / related party transactions:

a) List of related parties where control exists

Sr. No.	Name of the Related Party	Relationship
1	WILO SE , Germany *	Holding Company

* The Company holds more than one-half in nominal value of the equity share capital

b) Names of the related parties with whom transactions were carried out during the year and description of relationship:

Sr. No.	Associate Company
1	Mather and Platt Pumps Limited

c) Disclosure of related party transactions:

Sr. No.	Nature of transaction / relationship / major parties	2008		2007	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	Purchase of goods & services Associates & Joint Ventures, including: Mather and Platt Pumps Limited	505,422	505,422	585,667	585,667
2	Expenses Interest Expenses Associates & Joint Ventures, including: Mather and Platt Pumps Limited	-	-	737,859	737,859

d) Amount due to / from and guarantees/collaterals from related parties

Sr. No.	Nature of transaction / relationship / major parties	2008		2007	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	Advances / Loans received from : Holding Company Associates & Joint Ventures, including: Mather and Platt Pumps Limited	25,750,325	25,750,325	41,312,420	32,312,420
2	Accounts Payables Associates & Joint Ventures, including: Mather and Platt Pumps Limited	2,109,649	2,109,649	2,090,168	2,090,168
3	Guarantees / Collaterals Associates & Joint Ventures, including: Mather and Platt Pumps Limited	19,906,296	19,906,296	24,413,110	24,413,110

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction.

Schedules to the financial statements (continued)

as at 31 December 2008

(Currency - Indian Rupees)

e) Notes to related party transactions:

- a) No provisions pertaining to above referred related parties have been written back during the year.
- b) Orders, invoicing and other matters relating to the operations of the company, are being presently done / dealt with in the name of Mather and Platt (India) Ltd. wherefrom the company demerged, pending completion of various formalities in this regard

23 Segmental information

The Company is primarily engaged in the business of design, development, installation of fire securities systems. As such, there is no separate reportable segment as per the Accounting Standard – 17 “Segment Reporting”. All the activities of the Company are carried out in India.

24 Compliance with Micro, Small and Medium Enterprises Development Act, 2006 (‘the MSMED Act’)

Pursuant to the creditors scheme of arrangement (Refer Schedule 18) the Company has not circulated letters to its suppliers requesting them to confirm whether they are covered under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said MSMED Act have not been given.

25 Previous Year Auditor

The previous year’s financial statements were audited by a firm other than M/s. B S R and Co, Chartered Accountants.

26 Deferred taxation

As at the year end, the Company has assessed the realisability of the deferred tax assets on carry forward loss for the year and has determined that there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized and therefore it has not created any deferred tax asset.

27 Prior period comparatives

Previous years’ comparative figures have been regrouped/reclassified wherever necessary to conform to current year’s presentation.

For and on behalf of Mather and Platt Fire Systems Limited

Place : Pune
Date : 24 February 2009

Manisha Chavan <i>Company Secretary</i>	Ravindra Pal Bhatia <i>Director</i>	Otto Northe <i>Director</i>
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ANNUAL REPORT 2008

Additional information as required under Part IV of Schedule VI to the Companies Act,1956.

Balance Sheet Abstract and Company's General Business Profile:

1 Registration Details:

Registration No:	14500
State Code	25
Balance Sheet Date	31 st December,2008

2 Capital raised during the year

	Rs. "000"
Public Issue	-
Rights Issue	-
Bonus Issue	-

3 Position of mobilisation and deployment of funds:

Total Liabilities	86,378
Total Assets	86,378

Sources of Funds:

Paid up Capital	34,026
Reserves & Surplus	-
Secured Loans	-
Unsecured Loans	-

34,026

Application of Funds:

Net Fixed Assets	1
Investments	21
Net Current Assets	(40,399)
Profit & Loss Account - (Loss)	74,403

34,026

4 Performance of Company:

Turnover	11,222
Total Expenditure	7,369
Profit before taxation	3,853
Profit/(Loss) after tax	3,476
Earnings per Share(Rs.)	1.02
Dividend Rate	-

5 Generic Names of Principal products, services of the Company:

Item Code No.	-
Product Description	Fire Protection Products and Systems

For and on behalf of Mather and Platt Fire Systems Limited

Place : Pune
Date : 24 February 2009

Manisha Chavan
Company Secretary

Ravindra Pal Bhatia
Director

Otto Northe
Director

MATHER AND PLATT FIRE SYSTEMS LIMITED

REGISTERED OFFICE

MUMBAI-PUNE ROAD, CHINCHWAD, PUNE-411 019

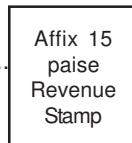
PROXY FORM

DP ID : _____ **FOLIO NO. :** _____
CLIENT ID : _____ **NO. OF SHARES :** _____

I/We
of in the district of being a member/
members of the above named Company hereby appoint of
..... in the district of or
failing him of in the district of
..... as my/our proxy to vote for me/us on my/our behalf at the
16th ANNUAL GENERAL MEETING of the Company to be held on Saturday, April 25, 2009 at 11.15 a.m. at Hotel
Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411034

Signed this day of, 2009

Signature



Note :

This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

----- CUT HERE -----

MATHER AND PLATT FIRE SYSTEMS LIMITED

REGISTERED OFFICE

MUMBAI-PUNE ROAD, CHINCHWAD, PUNE-411 019

ATTENDANCE SLIP

16th Annual General Meeting

DP ID : _____ **FOLIO NO. :** _____
CLIENT ID : _____ **NO. OF SHARES :** _____

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 16th ANNUAL GENERAL MEETING of the Company held on Saturday, April 25, 2009 at 11.15 a.m. at Hotel Kalasagar, Plot No. P-4, Mumbai-Pune Road, Kasarwadi, Pune – 411034

.....
Member's/Proxy's name in BLOCK Letters

.....
Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand it over at the entrance of the hall.

BOOK POST

If undelivered, please return to :

Mather + Platt

MATHER AND PLATT FIRE SYSTEMS LIMITED

REGISTERED OFFICE :

Mumbai-Pune Road, Chinchwad, Pune-411 019, India

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