

# **HINDUSTAN APPLIANCES LIMITED**

=====

## **ANNUAL REPORT 2006-2007**

=====

### **DIRECTORS:-**

-----

MR. MEHUL J. SHAH

MR. SANJAY A. DESAI

MR. HITESH R. KARIA/A

MR. KANTILAL S. MAROO

MR. VIRAL R. KADAKIA (RESIGNED W.E.F.06.03.2007)

MR. RAVINDRA K. MYTRA (APPOINTED W.E.F.06.03.2007)

### **REGISTERED OFFICE:-**

-----

5, SUNBEAM CHAMBERS,  
OPP. LIBERTY CINEMA,  
2<sup>nd</sup> floor, NEW MARINE LINES ,  
MUMBAI 400 020

### **AUDITORS**

-----

M/s. N. B. Purohit & Co  
Chartered Accountants

### **BANKERS**

-----



Bank of India  
Dena Bank

The above statements have been noted by the Audit Committee at its meeting held on 1/9/2007

**AUDITORS :**

M/S. N.B.Purohit & Co., Chartered Accountants present Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. You are requested to consider their re-appointment.

**FOR AND ON BEHALF OF THE BOARD**

  
**DIRECTORS** 

**PLACE: MUMBAI,**

**DATED: 1<sup>st</sup> September, 2007**

## **HINDUSTAN APPLIANCES LIMITED**

### **NOTICE:**

NOTICE is hereby given that the 22nd Annual General Meeting of the members of HINDUSTAN APPLIANCES LIMITED will be held at the Registered Office of the Company at 5, Sunbeam Chambers, 2nd Floor, Opp. Liberty Cinema, New Marine Lines, Mumbai-400 020 on Saturday, the 29th September, 2007 at 11.00 A.M. to transact the following business:

### **ORDINARY BUSINESS:**

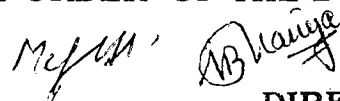
1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravi Kanji Mytra who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s.N.B. Purohit & Co. Chartered, Accountants as Auditors and to fix their remuneration.

### **SPECIAL BUSINESS:**

4. To Consider and if thought fit, to pass with or without modifications the following resolution as Ordinary Resolution.

"Resolved that Mr. Ravindra Kanji Mytra who was appointed as an additional Director of the company pursuant to section 260 of the Companies Act, 1956 and who holds the office until the date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing together with requisite deposit under section 257 of the companies Act 1956, from a member expressing his intention to propose him as candidate for the office of Director, be and is hereby appointed as director of the company liable to retire by rotation"

**BY ORDER OF THE BOARD.**



**DIRECTOR**

**Place : Mumbai**

**Dated : 1st September, 2007**

**Registered Office:**

5, Sunbeam Chambers,  
2nd Floor, Opp. Liberty Cinema,  
New Marine Lines, Mumbai-400 020

**NOTES :**

-----

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered office of the Company not less than 48 hours before commencing of this meeting.
3. An Explanatory Statement as required under section 173 (2) of the companies Act ,1956 relating to Special Business to be transacted at the meeting is annexed hereto.
4. The register of members and transfer books of the Company will remain closed from 23rd September,2007 to 29th September 2007.

Explanatory Statement as required under section 173 (2) of the Companies Act, 1956.

-----

**In Respect of Item No. 4.**

-----

Mr.Ravindra Kanji Mytra who was appointed as additional Director of the company pursuant to section 260 of the Companies Act, 1956 and who holds the office until the date of the ensuing annual general meeting and in respect of whom the Company has received a notice in writing together with requisite deposit under section 257 of the companies Act 1956, from a member expressing his intention to propose him as candidate for the office of Director, is to be appointed as director of the company liable to retire by rotation.

The Board of Directors recommend the members to adopt the proposed Resolution.

None of the Directors of the company is in any way concerned or interested in the resolution except Mr. Ravindra Kanji Mytra.

**FOR AND ON BEHALF OF THE BOARD.**

**DIRECTOR**

**Place : Mumbai**

**Dated : 1<sup>st</sup> September, 2007**

**HINDUSTAN APPLIANCES LIMITED**

=====

**REGD.OFFICE; 5, SUNBEAM CHAMBERS, NEW MARINE LINES,2ND FLOOR  
OPP. LIBERTY CINEMA, MUMBAI-400 020.**

=====

**DIRECTORS' REPORT**

=====

TO,  
The Members

The Directors have pleasure in presenting their 21st Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2007.

<b>Particulars</b>	(Rs.in Lacs)	(Rs.in Lacs)
	Year ended 31.3.2007	Year ended 31.3.2006
Sales and Services	51.35	78.27
Other Income	2.01	3.72
Total	53.36	81.99
Gross Profit Before Depreciation and Taxation	3.21	71.54
Deduct:-		
Depreciation	61.08	83.80
Provision for taxation	8.00	2.00
Provision for Fringe Benefit Tax	0.04	0.03
Deferred tax liabilities	(19.53)	(4.81)
Income tax of earlier year	0.00	0.09
Net (Loss) profit for the year	(46.37)	(9.39)
Balance brought forward	124.13	132.24
Balance carried forward	77.77	124.13

**DIVIDEND:**

In view of the loss for the year your directors do not recommend any dividend for the year under report.

**OPERATION:**

The Company has earned a gross total Income of Rs 53.36 lacs for the year under review against the gross total income of Rs. 81.99 lacs during the previous year.

## **BUSINESS TRANSFER AGREEMENT:**

The Company has entered into Business Transfer Agreement effective 1<sup>st</sup> February , 2007 with Anchor Electricals Private Limited for transfer of the Daman Unit of company engaged in Labour Job Activities of electricals goods, as a going concern for a lump sum consideration of Rs. 6.25 Crores by way of Slump Sale, as approved by the shareholders by passing resolution through postal ballot. In accordance with the said agreement all assets and liabilities including all contracts and licences of the above unit were transferred by the company to Anchor Electricals Pvt. Ltd.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

Management discussion and analysis report for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given in the report as a separate statement.

## **CORPORATE GOVERNANCE**

Necessary measures have adopted to comply with the requirements of the listing agreement with stock exchanges wherein the company's shares are listed. A separate Section on corporate governance report forms part of this annual report.

A certificate from the auditors of the company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to this report.

## **SUBSIDIARIES**

Pursuant to the Provision of section 212 of the Companies Act ,1956 statement & other documents relating to the subsidiaries of the company are annexed to this report.

## **RE-APPOINTMENT / APPOINTMENT OF DIRECTORS.**

Shri Mehul J. Shah and Mr Kantilal S. Maroo retire by rotation and being eligible offer themselves for re-appointment. Mr. Ravindra Kanji Mytra who was appointed as additional Director of the Company during the year pursuant to section 260 of the Companies Act, 1956 . He holds the office of the director until the date of ensuing general meeting. Notice has been received from the members of the company proposing his candidature, for the office of director at the ensuing Annual General Meeting. The information or details pertaining to these director to be provided in terms of clause 49 of the listing agreement with the stock exchange are furnished in the statement on corporate governance published in this annual reports. Mr. Viral R. Kadakia , resigned as director of the company during year under report.

### **PARTICULARS OF EMPLOYEES :**

The company did not employ anybody drawing remuneration of Rs. 24,00,000/- or more per annum or Rs.2,00,000/-or more per month and hence the question of providing information under section 217(2A) of the companies Act, 1956 does not arise.

### **PUBLIC DEPOSIT :**

The Company has not accepted any deposit from public. Therefore provision of section 58(A) of Companies Act,1956 are not applicable to the Company. There are no unclaim or unpaid deposits for which information to be given in this report.

### **DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION ENERGY,TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUTGO. :**

Particulars regarding conservation of energy, technology absorption as required pursuant to section 217 (1) (e) of the Companies Act, 1956, as amended are not given since the said section is not applicable to the Company.

Foreign exchange earnings. : Rs. Nil  
Foreign exchange outgo. : Rs. Nil

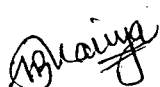
### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the provision of Sub-Section (2AA) of section 217 of the companies Act, 1956 your directors confirm:

1. that in the preparation of the annual accounts for year ended 31st March, 2007,the applicable accounting standards have been followed with no material departures there from;
2. that 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 31st March, 2007 and of the loss of the Company for that year;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
4. that the Directors have prepared the annual accounts for the year ended 31.3.2007 on a going concern basis.

**ANNEXURE TO DIRECTORS' REPORTS****STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,  
1956 RELATING TO SUBSIDIARY COMPANIES.**

S. No.	Particulars	Name Of The Company	
1	NAME OF THE SUBSIDIARY	JOGINDRA EXPORTS LIMITED	KSHANIKA TRADING LIMITED
2	HOLDING COMPANY'S INTEREST	5000 EQUITY SHARES OF 100 EACH FULLY PAID UP	5000 EQUITY SHARES OF 100 EACH FULLY PAID UP
3	EXTENT F HOLDING	100%	100%
4	SUBSIDIARY FINANCIAL YEAR	31ST MARCH, 2007	31ST MARCH, 2007
5	NET AGGREGATE AMOUNT OF SUBSIDIARIES' PROFIT/(LOSS) NOT DEALT WITHIN THE HOLDING COMPANY'S ACCOUNTS:		
(i)	i) FOR THE CURRENT FINANCIAL YEAR OF THE SUBSIDIARIES	Rs. Nil	(Rs. 4,595.00)
(ii)	ii) FOR THE PREVIOUS FINANCIAL YEARS OF THE SUBSIDIARIES SINCE THEY BECOME THE HOLDING COMPANY'S SUBSIDIARIES.	Rs. Nil	(Rs. 1,155.00)
6	NET AGGREGATE AMOUNT OF SUBSIDIARIES' PROFIT/(LOSS) DEALT WITHIN THE HOLDING COMPANY'S ACCOUNTS		
(i)	i) FOR THE CURRENT FINANCIAL YEAR OF THE SUBSIDIARIES.	Nil	Nil
(ii)	FOR THE PREVIOUS FINANCIAL YEARS OF THE SUBSIDIARIES SINCE THEY BECOME THE HOLDING COMPANY'S SUBSIDIARIES.	Nil	Nil

**FOR AND ON BEHALF OF THE BOARD****DIRECTORS****PLACE: MUMBAI****DATED: 1<sup>st</sup> September, 2007**



## HINDUSTAN APPLIANCES LIMITED

### CORPORATE GOVERNANCE

#### **1 PHILOSOPHY:**

Your Company believes that the Corporate Governance is a powerful medium to serve the long-term interest of all stockholders. Corporate Governance strengthens investors' trust and ensures a long term partnerships, which helps your Company in fulfilling its quest for achieving significant growth and profits. A sound governance process consists of a combination of business practices, which results in enhanced shareholder value and enable the Company to fulfill its commitment to customers, employees, lenders and the society in general. Your Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability and independent monitoring.

Your Company is committed to bench marking itself with the best in all areas including Corporate Governance. Your Company has bench marked its practices with the prevailing guidelines by upholding the core values across all aspects of its operation.

Your Company believes that Corporate Governance is not merely compliance -- it is an ongoing measure of superior delivery of Company's objects with a view to translate opportunities into reality.

#### **2 BOARD OF DIRECTORS**

The Board consists of five members. The composition of Board of Directors, the number of other directorships or board committees of which he is a member/ chairman are as under:

DIRECTORS	CATAGORY	No. of Outside Directorship Held		No. Of Out side Committee Positions Held	
		Public	Private	Member	Chairman/ Chairperson
Mr.Sanjay A. Desai	Chairman & Direcror	1	3	-	-
Mr.Mehul J. Shah	Non Executive Director	1	17	-	-
Mr.Kantilal S. Maroo	Non Executive Director	2	1	-	-
Mr.Hitesh R. Kariya	Non Executive Director	-	1	-	-
Mr.Viral R. Kadakia*	Non Executive Director	-	-	-	-
Mr. Ravindra Myatra**	Non Executive Director	-	1	-	-

\*Upto 06/03/2007

\*\* Appointed w.e.f. 6/3/2007

Brief resume of the directors being Re-appointed/appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and name of Companies in which they hold directorship and the membership of the committees of the board are furnished here under.

1) Mr.Mehul J Shah is Commerce Gratuante, aged about 37 years has vide experience of about 10 years in the field of manufacturing of Electricals and Electronics Industries. He is a director on the boards of many Companies mentioned herein below:

S. No.	Name of the Company .
1.	Highway Finance & Holding Bby Ltd.
2.	Parijat Properties Pvt Ltd.
3.	Anchor Cosmetics Pvt Ltd.
4.	Apple PharmaCeuticals Pvt Ltd.
5.	Apple Cosmetics Pvt Ltd.
6.	Avanti Health Care Pvt Ltd.
7.	Kyori Metals Pvt Ltd.
8.	Anchor Ayurvedic Pvt Ltd.
9.	Metro Electricals Pvt Ltd.
10.	Triple Securities Pvt.Ltd.
11.	Ave Anchor Pvt Ltd.
12.	Anchor Soap Pvt Ltd.
13.	Roma Cosmetics Pvt Ltd.
14.	Anchor Enterprises Pvt Ltd.
15.	Eskay Construction Pvt Ltd.
16.	Pratap Bright steels Pvt Ltd.
17.	Goodvalue Holdings Pvt. Ltd.

He is a member of shareholders committee and compliance officer of the Company. He holds 65,82,000 (65.65%) Equity Shares of the Company.

2) Mr.Hitesh Karia is B. E. aged about 40 years. He has vast experience about 15 years in the field of Marketing of Electricals and Electronics goods.

He does not hold any Equity Shares of the Company. He is director of Dupont Trading & Trading Pvt. Ltd.

3) Mr. Ravindra K. Myatra has studied upto Inter Science, aged about 45 years. He has vast experience of about 25 years in the field of Mmanufacturing of Electricals and Electronics goods.He was co opted as additional director of the Company with effect from 6<sup>th</sup> March,2007 and holds the office until the date of the ensuing annual general meeting in terms of Section 260 of the Companies Act,1956. He does not hold any Equity Share of the Company. He is a director on the board of Jalaja Stock Trade Pvt. Ltd.

8 Meetings of the Board of directors were held during the financial year ended on 31st March,2007

Dates of Board Meeting :
30th April,2006
30th July,2006
2nd September,2006
31st October,2006
31st January,2007
6th February,2007
12 <sup>th</sup> March,2007
26 <sup>th</sup> March,2007

Attendance of the directors at the Board Meetings, last Annual General Meeting:

Name of the Director	Attendance Particulars	
	No of Board Meetings attended	AGM
Mr.Sanjay A. Desai	8	Present
Mr.Mehul J. Shah	8	Present
Mr.Kantilal S. Maroo	8	Present
Mr.Hitesh R. Karia	8	Present
Mr.Viral R. Kadakia	8	Present

### **3 AUDIT COMMITTEE:**

Broad terms of reference is in accordance with the provisions of Section 292 A of the Companies Act,1956 and Clause 49 of the Listing Agreement interalia is as under:

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statement is correct,sufficient and credible.
- (b) To recommend the appointment/removal of external auditors, fixing audit fees.
- (c) To review with the management the annual financial statements before submission to the Board, focüssing primarily on :
  - \* Any changes in accounting policies and practices.
  - \* Major accounting entries based on exercise of judgement by management .
  - \* Qualifications in draft Audit Report
  - \* The going concern assumption
  - \* Compliance with the accounting standards.
  - \* Compliance with Stock Exchanges and legal requirements concerning financial statements.
  - \* Any related party transactions.

- (d) To review with management the efficacy of internal control systems  
Composition, Name of Members and Chairman

Name	Disignation	Number of Meetings	
		Held	Attended
Mr.Kantilal S. Maroo	Chairman	5	5
Mr.Hitesh R. Kariya	Non Executive Director	5	5
Mr.Viral R. Kadakia (Upto 6/3/07)	Non. Executive Director	5	5
Mr.RavindraK. Myatra (W.E.F. 6/3/07)	Non Executive Director	5	-

#### **4 REMUNERATION COMMITTEE :**

Broad Term of reference

To approve the appointment of Managing/Whole time Director and the remuneration thereof.

Name

Mr Sanjay A.Desai..... Chairman

Mr.Kantilal S.Maroo.....Non executive Director

Number of Meetings held Nil

#### **5 SHAREHOLDERS COMMITTEE :**

Name	Disignation	Number of Meetings	
		Held	Attended
Mr.Sanjay A. Desai	Chairman	1	1
Mr.Kantilal S. Maroo	Non Executive Director	1	1
Mr. Mehul J. Shah	Director	1	1

Mr.Mehul J.Shah director has been appointed as compliance officer.

Particulars	Numbers of Complaint
Number of complaint received	Nil
Number of complaint not solved	Nil
Number of pending share transfer	Nil

**6 GENERAL BODY MEETINGS:** The detail regarding location and time where the last three AGMS were held are as under:

Financial Year	General Meeting	Location	Date	Time
31/3/2006	AGM	5,Sunbeam Chambers, 2nd Floor, opp.Liberty Cinema, New Marine lines, Mumbai 400 020.	30/9/2006	11.00(A.M.)
31/3/2005	AGM	5,Sunbeam Chambers, 2nd Floor, opp.Liberty Cinema, New Marine lines, Mumbai 400 020.	30/9/2005	11.00(A.M.)
31/3/2004	AGM	5,Sunbeam Chambers, 2nd Floor, opp.Liberty Cinema, New Marine lines, Mumbai 400 020.	30/9/2004	11.00(A.M.)

There were no Special Resolution passed in the last three AGMs held.

### **Postal Ballot**

No special Resolution was passed through postal ballot in the last year and no Special resolution is proposed to be conducted through postal ballot.

Ordinary resolution Pursuant to Section 293(1)(a) of the Companies Act,1956 for disposal of undertaking of the Company engaged in the business of Wire Drawing of electrical products on job basis in the Union Territory of Daman was passed on 28<sup>th</sup> April,2007 through Postal Ballot. Ms Dhanraj Kothari, D. Kothari & Associates, Company Secretaries,conducted the Postal Ballot exercise.The voting pattern for Postal Ballot was as under:

Total Postal Ballot forms received	Invalid postal ballot	Postal Ballot Forms with assent	Postal Ballot Forms with dissent	No. of Shares and %
64	Nil	64	Nil	6702800 (67.10)%

### **7 DISCLOSURES :**

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature ,with its promoters or the management ,their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company
- Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the requirements of the listing agreement with the stock exchange as well as regulations and guidelines of SEBI. No penalties and strictures have been imposed by SEBI,Stock Exchange or Statutory authorities on matters relating to capital markets during the last three years.

## **8 MEANS OF COMMUNICATION :**

* Half yearly report sent to each household of shareholders	No
<ul style="list-style-type: none"><li>Quarterly Results</li><li>Which newspapers normally published</li></ul>	Yes Free Press Journal Nav Shakti
* Any web site, where displayed	No
* Whether it also displays official news releases and the presentations made to institutional investors or to the analysts.	No
* Whether MD & A is a part of the Annual Report	No

## **9 GENERAL SHAREHOLDER INFORMATION**

### **1 Annual General Meeting**

Day and Date	Venue:	TIME
Saturday 29/9/2007	5, Sunbeam Chambers, 2nd Floor, Opp. Liberty Cinema, New Marine lines Mumbai 400 020.	11.00 A.M.

### **2. Financial Calender**

Financial reporting for the Quarter ending

Reporting date as on	Due date as on
30/06/2007	By 31/07/2007
30/09/2007	By 31/10/2007
31/12/2007	By 31/01/2007
31/03/2008	By 29/04/2008

### **3. Book Closure Date 23/9/2007 to 29/9/2007**

### **4. Address for Correspondence:**

Registered Office : 5, Sunbeam Chambers,  
2nd Floor, Opp.Liberty Cinema  
New Marine lines  
Mumbai 400 020

### **5. Listing on Stock Exchange:**

The Bombay Stock Exchange  
Ltd,Mumbai, Phiroze  
JeeJeebhoy Towers,  
Dalal street,Mumbai 400023.  
and Pune Stock Exchange, Pune.

### **6. Stock Code : 53 19 18**

**7. Market Data High/Low** during each month in last financial year. The Equity Shares of the Company is infrequently traded on the Stock Exchange, Mumbai and hence the data is not available.

**8 Registrar and transfer agents :** The Company has in house share department.

**9 Share Transfer System :** The Shares of the Company are registered and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects.

10 Distribution of Share holding;

**DISTRIBUTION TABLE OF HOLDING AS ON 31/03/2007**

Share holding	SHARE HOLDIERS	SHARE HOLDIERS	SHARE AMOUNT	SHARE AMOUNT
Nominal value	NUMBERS	% OF TOTAL	In Rs.	% of Total
Up to - 5,000	894	52.77%	3692000	3.68%
5,001- 10,000	549	32.41%	3918000	3.91%
10,001- 20,000	28	1.65%	499000	0.50%
20,001- 30,000	37	2.18%	953000	0.95%
30,001- 40,000	135	7.97%	5194000	5.18%
40,001- 50,000	13	0.77%	602000	0.60%
50,000- 1,00,000	8	0.41%	617000	0.62%
1,00,000 and above	30	1.77%	84785000	84.57%
Total	1694	100%	100260000	100%

**11 Compliacance with other mandatory requirements:**

**11.1 Management Discussion and analysis:**

A Management Discussion and analysis report forms part of the Annual Report.

**11.2 The Company has complied the provisions related to subsidiary companies.**

**11.3 Disclosures**

**11.3.1 Related Party Transaction :**

The details of all transactions with related parties are placed before the audit committee.

**11.3.2 Disclosure of Accounting Treatment :**

In the prepartion of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

**11.3.3 Code of Conduct:**

The board has formulated a code of conduct for the board members and senior management of the Company. All the board members and senior management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Chairman is given elsewhere in the Annoal Report.

#### **11.3.4 CEO/CFO Certification :**

A certificate from Chairman and Finance Head on the financial statements of the Company was placed before the board.

#### **11.3.5 Review of Directors Responsibility Statement:**

The Board in its report have confirmed that the annual accounts for the year ended 31st March, 2007 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

#### **12 Compliance with Non Mandatory requirements:**

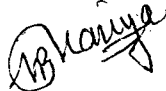
The board will consider Compliance with Non Mandatory requirements relating to tenure of independent directors, Training of the Board members, Whistle Blower policy at appropriate time.

The audit report of the company for the year ended 31/3/2007 is unqualified.

Declaration on compliance of code of conduct:

It is hereby confirmed that all the Directors and senior management personnel have complied with the code of Conduct framed by the Company and confirmation to that effect has been obtained from the Directors and senior management.

#### **FOR AND ON BEHALF OF THE BOARD**



**CHAIRMAN.**

**PLACE: MUMBAI**

**DATED: 1<sup>st</sup> September, 2007**



## **Management Discussion and Analysis Report:**

### **I) Industry Structure and Developments :**

There is fierce competition in the business of Leasing and Finance activity and Service activity which is normal for any business.

### **II) Opportunities and Threats :**

The Company sees good opportunity in the areas in which it operates. The Company perceives normal business threats of competition from new entrants.

### **III) Segment-wise or Product-wise Performance :**

The performance of the company the two segments namely Leasing and Finance activity and Service activity is stable

### **IV) Outlook :**

The out look of the Company is positive.

### **V) Risks and Concerns:**

The Company perceives normal business risks and concerns.

### **VI) Internal Control systems and their adequacy:**

The Company has adequate internal control systems.

### **VII) Discussion on financial performance:**

The Company has earned gross total income of Rs. 53.34 lacs for the year under report as against Rs 81.99 in the previous year.

### **VIII) Material developments in human resources/ Industrial Relations front, and number of people employed:**

There are no material developments in human resources front.

No. of employees : Nil

**FOR AND ON BEHALF OF THE BOARD**

  
**CHAIRMAN.**

**PLACE: MUMBAI**

**DATED: 1<sup>st</sup> September, 2007**



# N. B. Purohit & Co.

Chartered Accountants

## AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S).

To the Members of **Hindustan Appliances Limited.**

We have Examined the relevant records relating to compliance of conditions of corporate Governance by **Hindustan Appliances Limited** for the year ended **31st March, 2007**, as stipulated in clause 49 of the listing agreement of the said company with the stock Exchanges.

The Compliance of Conditions of corporate governance is responsibilities of 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 statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, We certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned listing agreement.

We state that as per record maintained by the investors grievances committee, no investor grievances was received during the year ended **31st March, 2007**.

We further 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 N.B. PUROHIT & CO.**  
**CHARTERED ACCOUNTANTS.**

**(N.B. PUROHIT)**

**PROPRIETOR**

**PLACE: MUMBAI**

**DATED: 1st September, 2007**

**M. Ship No, 31999**





# N. B. Purohit & Co.

Chartered Accountants

## **AUDITORS' REPORT** **TO THE MEMBERS OF HINDUSTAN APPLIANCES LIMITED.**

We have audited the attached Balance Sheet of **HINDUSTAN APPLIANCES LIMITED** as at **31st March, 2007**, the Profit & Loss Account and 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 statement bases on our Audit.

- 1) We conduct our audit in accordance with Auditing Standards generally accepted in India. Those standard require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test check 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.
- 2) As required by the Companies (Auditor's Report) Order, 2003, [as amended by Companies(Auditor's Report)(Amendment) Order , 2004], issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, and according to the information and explanation given to us, we give in the Annexure, hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
- 3) Further to our comments in the Annexure referred to in paragraph 2 above and subject to the notes to the Balance sheet, 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 such books.



- c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
  - d) In our Opinion, The Profit & Loss accounts and Balance Sheet comply with the accounting Standards referred to in sub section 3(c) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representations received from the Directors, and taken on record by Board of Directors, We report that none of the Directors are disqualified as on 31st March, 2007 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 4) In our opinion and to the best of information and according to explanations given to us, the said accounts read with significant accounting policies and other 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 Balance Sheet of the state of affairs of the Company as at 31st March, 2007.
  - ii. In the case of the Profit & 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 flows of the Company for the year ended on that date.

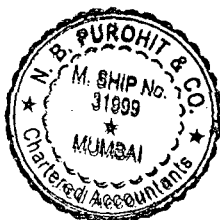
**For N. B. PUROHIT & CO**  
**CHARTERED ACCOUNTANTS**



**(N.B. PUROHIT)**  
**PROPRIETOR**

**PLACE : MUMBAI**  
**DATED : September 1, 2007**

**M, Ship No. 31999**





# N. B. Purohit & Co.

Chartered Accountants

## ANNEXURE TO AUDITORS' REPORT

### REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE

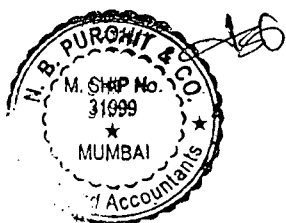
#### 1. In respect of its fixed assets:-

- a) The Company has maintained proper records showing full particulars including quantitative detail and situation of fixed assets on basis of available information.
- b) As explained to us, the fixed assets have been physical verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. There were no material discrepancies noticed on such verifications.
- c) The Company has disposed of substantial part of fixed assets during the year. The Company has entered into Business Transfer Agreement effective 1<sup>st</sup> February, 2007 with Anchor Electricals Private Limited for transfer of the Daman Unit of company, engaged in Labour Job Activities of electricals goods, as a going concern by way of Slump Sale. In accordance with the said agreement all assets and liabilities including all contracts and licences of the above unit were transferred by the company to Anchor Electricals Pvt. Ltd. However, the going concern status of the company is not affected.

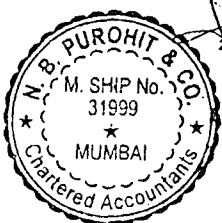
#### 2. In respect of its inventories:

The Company was not having any inventories during year as it has not carried out any manufacturing or trading activities.

3. (a) According to the information and explanations given to us, the company has not taken any secured or unsecured loan, from company listed in the registered maintained under section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, the company has not granted any loan secured or unsecured, to companies, firms or other parties listed in the registered maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4 (iii) of the Companies (Auditor's Report) order, 2003 [as amended by Order, 2004], are not applicable to the Company.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and also for the sale of goods and Services. During the course of audit, we have not observed any major weaknesses in internal control system.
5. In respect of transaction covered under section 301 of the Companies Act, 1956.:
  - a) In our opinion and according to the information and explanations given to us, the transaction made in pursuance of contracts or arrangement that needed to be entered in to 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 there are no transactions in pursuance of contract or arrangement entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs. 5 Lacs (Rupees Five Lacs Only) or more in respect of any party.
6. The Company has not accepted any deposit from the public.
7. In our opinion, the internal audit is system commensurate with its size and nature of its business.
8. The central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:
  - a) According to the records of the Company, undisputed statutory dues including Provident fund, Investor education and protection fund, Employee's state insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the Information and Explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st march, 2007 for a period of more than six months from the date of becoming payable.

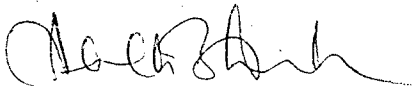


- b) According to the records of the company and information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty/ cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses and has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
  11. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to the financial institutions, Banks or Debenture Holders.
  12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
  13. In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund / society. therefore, clause 4 (xiii) of the companies (Auditor's Reports) order 2003 [as amended by Order, 2004] is not applicable to the company.
  14. The company has maintained proper records of transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All shares, debentures and other investments have been held by the company in its own name.
  15. According to the Information and Explanations given to us, and the representations made by the management, company has not given any guarantee for loans taken by others from any banks or financial institution, during the year.
  16. The Company has not obtained any term loan during the year. There was no terms loan outstanding at the beginning of 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 Company has not utilised any amount from short term sources towards repayment of long-term borrowing and acquisition of fixed assets.
18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debenture and hence the question of creating security or charge in respect of debenture does not arise.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief, and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year.

**For N. B. PUROHIT & CO**  
**CHARTERED ACCOUNTANTS**



**(N.B. PUROHIT)**  
**PROPRIETOR**  
**PLACE : MUMBAI**  
**DATED : September 1, 2007**

M. Ship No. 31999





**HINDUSTAN APPLIANCES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2007**

PARTICULARS	SCH. NO.	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>I. SOURCES OF FUND</b>	<b>RUPEES</b>	<b>RUPEES</b>	<b>RUPEES</b>
<b>1) Shareholders Fund:</b>			
a) Capital	1	99,888,000.00	99,888,000.00
b) Reserves & Surplus	2	7,776,844.52	12,413,393.16
		107,664,844.52	112,301,393.16
<b>2) Unsecured Loan</b>	3	0.00	708,551.00
<b>3) Deffered Tax Liabilities</b>	4	0.00	1,953,141.01
Total Rs.		107,664,844.52	114,963,085.17
<b>II. APPLICATION OF FUNDS:</b>			
<b>1) Fixed Assets:</b>	5		
a) Gross Block		47,000.00	101,425,801.69
b) Less: Depreciation		46,685.80	35,082,486.64
c) Net Block		314.20	66,343,315.05
<b>2) INVESTMENTS</b>	6	8,948,000.00	8,948,000.00
<b>3) Current Assets, Loans &amp; Advances:</b>			
a) Sundry Debtors	7	62,500,000.00	2,606,348.00
b) Cash & Bank Balances	8	33,630.35	590,998.15
c) Loans & Advances	9	43,187,453.97	39,448,971.97
		105,721,084.32	42,646,318.12
<b>Less: Current Liabilities &amp; Provisions</b>			
a) Liabilities	10	4,153,560.00	2,915,603.00
b) Provisions	11	2,850,994.00	58,945.00
		7,004,554.00	2,974,548.00
Net Current Assets		98,716,530.32	39,671,770.12
Total Rs.		107,664,844.52	114,963,085.17

Notes to the Accounts Per Schedule- 16

Per our report of even date attached.

For N. B. PUROHIT & CO.

CHARTERED ACCOUNTANTS

*(Signature)*

(NILKANTH B. PUROHIT)

PROPRIETOR

PLACE: MUMBAI

DATE: 1st September, 2007

M. Ship No. 31999

For Hindustan Appliances Ltd

*(Signature)*

Directors



**HINDUSTAN APPLIANCES LIMITED,**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH , 2007**

PARTICULARS	SCH. NO.	Year Ended 31.03.2007	Year Ended 31.03.2006
<b><u>INCOME:</u></b>		<b>RUPEES</b>	<b>RUPEES</b>
Sales & Service	12	5,135,092.00	7,827,258.00
Other Income	13	200,724.00	372,193.00
		5,335,816.00	8,199,451.00
<b><u>EXPENDITURE:</u></b>			
Employees remunerations	14	194,059.00	309,935.00
Other Expenses	15	434,489.28	580,830.00
Loss on sale of Undertaking		4,384,671.28	
Depreciation	4	6,108,286.09	8,407,122.00
		11,121,505.65	9,297,887.00
Net Profit Before Taxation		(5,785,689.65)	(1,098,436.00)
Less :Provision for Taxation		800,000.00	200,000.00
Less : Provision for Fringe Benefit Tax		4,000.00	3,124.00
Less: Current Year Differed Tax		(1,953,141.01)	(481,430.00)
Less : Income tax of Earlier Year		0.00	(9,365.00)
Net profit after taxation		(4,636,548.64)	(810,765.00)
Carried to the Balance Sheet.			
Earing Per Share ( Rupees) (Refer note no. 8 of Schedule- 16)			
Basic Earing Per Share		(0.46)	(0.08)
Diluted Earning Par Share		(0.46)	(0.08)

**Notes to the Accounts Per Schedule- 16**

Per our report of even date attached.

For N. B. PUROHIT & CO.

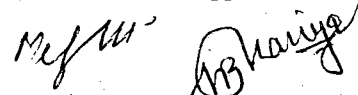
CHARTERED ACCOUNTANTS



(NILKANTH B. PUROHIT)

PROPRIETOR

For Hindustan Appliances Ltd



Directors

PLACE:MUMBAI

DATE: 1st September, 2007

M. Ship No, 31999



HINDUSTAN APPLIANCES LIMITED	AS AT 31.03.2007	AS AT 31.03.2006
	RUPEES	RUPEES
<b>SCHEDULE -1- CAPITAL:</b>		
<b>AUTHORISED CAPITAL</b>		
1,03,00,000 Equity Shares of Rs.10/- each. (Previous Year 1,03,00,000 Equity Shares of Rs.10/- each.)	103,000,000.00	103,000,000.00
	103,000,000.00	103,000,000.00
	=====	=====
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,00,26,000 Equity Shares of Rs.10/- each fully Paid Up. (Previous Year 1,00,26,000 Equity Shares of Rs.10/- each fully paid up)	100,260,000.00	100,260,000.00
Less: Calls in Arrears 49600 Equity Shares of Rs.10/- Each & call of Rs.7.50 each in arrears (Previous Year: 49,600 Equity Shares of Rs.10/- Each & call of Rs.7.50 each in arrears )	372,000.00	372,000.00
	99,888,000.00	99,888,000.00
	=====	=====
<b>SCHEDULE -2- RESERVE &amp; SURPLUS:</b>		
<b>Profit &amp; Loss Account</b>		
Profit & Loss Account	12,413,393.16	13,224,158.16
Add: Profit (Loss) During The Year	(4,636,548.64)	(810,765.00)
	7,776,844.52	12,413,393.16
	=====	=====
<b>SCHEDULE-3 UNSECURED LOANS:</b>		
From Companies	0.00	708,551.00
	0.00	708,551.00
	=====	=====
<b>SCHEDULE-4 DEFERRED TAX LIABILITIES A/C:</b>		
Arising on account of timing difference in :-		
-Depreciation	0.00	1,953,141.01
	0.00	1,953,141.01
	=====	=====



**HINDUSTAN APPLIANCES LIMITED.**

**SCHEDULE 5: FIXED ASSETS**

GROSS BLOCK						DEPRECIATION			NET BLOCK		
SR. NO.	PARTICULARS	RATE %	AS ON 1/4/2006 Rs.	ADDITION (DEDUCTION) Rs.	AS ON 31/3/2007 Rs.	AS ON 1/4/2006 Rs.	DEPRECIATION ON DEDUCTION	FOR CURRENT YEAR Rs.	AS ON 31/3/2007 Rs.	AS ON 31/3/2007 Rs.	AS ON 31/3/2006 Rs.
1	LAND	0.00%	6,500,000.00	(6,500,000.00)	0.00	0.00	0.00	0.00	0.00	0.00	6,500,000.00
2	SHED BUILDING	10.00%	30,500,000.00	(30,500,000.00)	0.00	4,877,493.00	7,012,701.92	2,135,208.92	0.00	0.00	25,622,507.00
3	COMPUTER SYSTEM	40.00%	107,000.00	(60,000.00)	47,000.00	80,060.80	42,391.33	9,016.33	46,685.80	314.20	26,939.20
4	PLANT & MACHINERY	13.91%	64,265,582.68	(64,265,582.68)	0.00	30,098,721.59	34,059,230.24	3,960,508.65	0.00	0.00	34,166,861.09
5	FURNITURE & FIXTURES	18.10%	8,575.00	(8,575.00)	0.00	6,671.35	6,958.48	287.13	0.00	0.00	1,903.65
6	VEHICLE OTHER THAN 1	25.89%	15,000.00	(15,000.00)	0.00	5,799.00	7,738.79	1,939.79	0.00	0.00	9,311.00
7	ELECTRIC FITTING A/C	10.00%	29,754.00	(29,754.00)	0.00	13,850.90	15,176.16	1,325.26	0.00	0.00	15,903.10
	<b>TOTAL</b>		101,425,911.68	(101,378,911.68)	47,000.00	35,082,596.64	41,144,196.92	6,108,286.09	46,685.80	314.20	66,343,425.04
	<b>PREVIOUS YEAR</b>		104,330,111.68	(2,904,200.00)	101,425,911.68	28,129,851.64	1,454,377.00	8,407,122.00	35,082,486.64	66,343,425.04	76,200,260.04



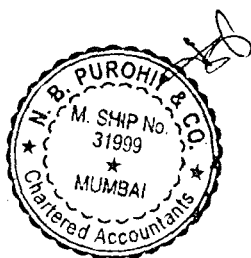
<b>HINDUSTAN APPLIANCES LIMITED</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>SCHEDULE -6 INVESTMENT(AT COST)</b>		
<b>(1) QUOTED, NON TRADE, LONG TERM</b>		
8,000 Equity Shares of Rs.100/- Each of Shah Construction Ltd.(Market Value Rs.20,80,000/- Previous Year Rs.20,80,000/-)	800,000.00	800,000.00
73,000 Equity Shares of Rs.10/- Each of Classic Electricals Limited. (Market Value Rs.11,82,600/- Previous Year Rs.11,82,600/-)	219,000.00	219,000.00
686,000 Equity Shares of Rs.10/- Each of Bharat Parental Limited. (Market Value Rs.37,38,700/- Previous Year Rs.37,38,700/-)	6,172,000.00	6,172,000.00
49,000 Equity Shares of Rs.10/- Each of Shikhar Leasing & Trading Ltd. (Market Value Rs.1,47,000/- Previous Year Rs.147,000/-)	147,000.00	147,000.00
<b>(2) UNQUOTED, NON TRADE, LONG TERM</b>		
6,10,000 Equity Shares of Rs.10/- Each of KALPANA LAMPS & COM. LIMITED.	610,000.00	610,000.00
<b>(3) INVESTMENT IN SUBSIDIARY COMPANIES</b>		
<b>UNQUOTED, NON TRADE, LONG TERM</b>		
5000 Equity Shares of Rs.100/- Each of Jogindra Exports Pvt. Ltd.	500,000.00	500,000.00
5000 Equity Shares of Rs.100/- Each of Kshanika Trading Pvt. Ltd.	500,000.00	500,000.00
	8,948,000.00	8,948,000.00
<b>SCHEDULE -7- SUNDRY DEBTORS:</b>		
<b>(Unsecured, considered good)</b>		
1) Outstanding for more than six months.	0.00	764,000.00
2) Other Debts	62,500,000.00	1,842,348.00
	62,500,000.00	2,606,348.00



HINDUSTAN APPLIANCES LIMITED	AS AT 31.03.2007	AS AT 31.03.2006
	RUPEES	RUPEES
<b>SCHEDULE -6 INVESTMENT(AT COST)</b>		
<b>(1) QUOTED, NON TRADE, LONG TERM</b>		
8,000 Equity Shares of Rs.100/- Each of Shah Construction Ltd.(Market Value Rs.20,80,000/- Previous Year Rs.20,80,000/-)	800,000.00	800,000.00
73,000 Equity Shares of Rs.10/- Each of Classic Electricals Limited. (Market Value Rs.11,82,600/- Previous Year Rs.11,82,600/-)	219,000.00	219,000.00
686,000 Equity Shares of Rs.10/- Each of Bharat Parental Limited. (Market Value Rs.37,38,700/- Previous Year Rs.37,38,700/-)	6,172,000.00	6,172,000.00
49,000 Equity Shares of Rs.10/- Each of Shikhar Leasing & Trading Ltd. (Market Value Rs.1,47,000/- Previous Year Rs.147,000/-)	147,000.00	147,000.00
<b>(2) UNQUOTED, NON TRADE, LONG TERM</b>		
6,10,000 Equity Shares of Rs.10/- Each of KALPANA LAMPS & COM. LIMITED.	610,000.00	610,000.00
<b>(3) INVESTMENT IN SUBSIDIARY COMPANIES</b>		
<b>UNQUOTED, NON TRADE, LONG TERM</b>		
5000 Equity Shares of Rs.100/- Each of Jogindra Exports Pvt. Ltd.	500,000.00	500,000.00
5000 Equity Shares of Rs.100/- Each of Kshanika Trading Pvt. Ltd.	500,000.00	500,000.00
	8,948,000.00	8,948,000.00
<b>SCHEDULE -7- SUNDRY DEBTORS:</b>		
<b>(Unsecured, considered good)</b>		
1) Outstanding for more than six months.	0.00	764,000.00
2) Other Debts	62,500,000.00	1,842,348.00
	62,500,000.00	2,606,348.00



<b>HINDUSTAN APPLIANCES LIMITED</b>	<b>AS AT 31.03.2007</b>	<b>AS AT 31.03.2006</b>
	<b>RUPEES</b>	<b>RUPEES</b>
<b>SCHEDULE -8- CASH &amp; BANK BALANCE:</b>		
Cash on hand	6,240.25	127,094.25
Balances With Schedule Banks in		
-Current Accounts	17,390.10	442,153.90
-Fixed Deposit A/c.	10,000.00	21,750.00
(Pledged with Sales Tax Department)		
	33,630.35	590,998.15
	=====	=====
<b>SCHEDULE -9- LOANS AND ADVANCES:</b>		
<b>( Unsecured,Considered good)</b>		
Loans to Subsidiaries	42,381,000.00	39,026,000.00
Advances recoverable in cash or in kind or for value to be received.	806,453.97	422,971.97
	43,187,453.97	39,448,971.97
	=====	=====
<b>SCHEDULE -10- CURRENT LIABILITIES:</b>		
Sundry Creditors	43,560.00	415,603.00
Other Liabilities	4,110,000.00	2,500,000.00
	4,153,560.00	2,915,603.00
	=====	=====
<b>SCHEDULE -11- PROVISIONS:</b>		
Bonus Payable	0.00	15,449.00
Wages Payable	0.00	21,088.00
Audit Fees Payable	12,500.00	15,323.00
T.D.S. Payable	0.00	7,085.00
Stamp Duty Payable	2,823,540.00	0.00
Electricity Charges Payable	14,954.00	0.00
	2,850,994.00	58,945.00
	=====	=====
<b>SCHEDULE -12- SALES AND SERVICES</b>		
Labour Charges Received ( T.D.S.	5,135,092.00	7,827,258.00
Rs.1,15,539/- Previous Year Rs.2,04,678/-)		
	5,135,092.00	7,827,258.00
	=====	=====



HINDUSTAN APPLIANCES LIMITED	Year Ended 31.03.2007	Year Ended 31.03.2006
	RUPEES	RUPEES

**SCHEDULE -13- OTHER INCOME:**

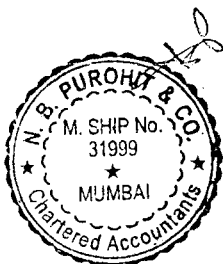
Interest received (T.D.S.Rs. Nil Previous Year Rs.: 5,514/-)	0.00	24,574.00
Interest Received on I.T. Refund	20,724.00	13,875.00
Shed Building Rent Received	180,000.00	312,000.00
Profit On sale on Fixed Assets	0.00	21,744.00
	200,724.00	372,193.00

**SCHEDULE -14- EMPLOYEES' REMUNERATIONS**

Salary & Wages	178,035.00	276,403.00
Bonus	9,467.00	15,449.00
Leave Pay	6,557.00	18,083.00
	194,059.00	309,935.00

**SCHEDULE -15- OTHER EXPENSES:**

Audit Fees	12,500.00	12,500.00
Bank Charges	770.68	1,494.00
Canteen Exp.	26,321.00	23,013.00
Electric power	121,907.00	86,402.00
Freight Charges	0.00	20,000.00
Interest Exp.	0.00	36,071.00
Legal & professional Charges	110,390.00	59,500.00
Listing fee	60,000.00	30,000.00
Loss on sale on fixed Assets	0.00	190,885.00
Miscellaneous expenses	24,130.00	3,176.00
Postage & Telephone Expenses	18,902.60	15,781.00
preliminary exp. w/off	0.00	80,203.00
Printing & Stationery expenses	1,000.00	1,950.00
Rates & taxes	49,530.00	8,436.00
Traveling & Conveyance	3,753.00	9,896.00
Vehicle Exp.	5,285.00	1,523.00
	434,489.28	580,830.00





## **HINDUSTAN APPLIANCES LIMITED**

### **SCHEDULE- 17**

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS**

##### **1. SIGNIFICANT ACCOUNTING POLICIES :**

###### **A.GENERAL :**

The accounts are prepared on the historical cost basis and on the accounting principles of a going concern.

Accounting Policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

All income and expenditure items having a material bearing on the financial statements are generally recognised on accrual basis, material known liabilities are provided for on the basis of available information/estimation, however certain claims and income which are not ascertainable/acknowledged by customers are not taken into accounts.

###### **B. USE OF ESTIMATES:**

The preparation of Financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialised.

**C. FIXED ASSETS & DEPRECIATION:** Fixed Assets are stated at cost of acquisition or construction, less accumulated depreciation, if any, The depreciation has been provided on the written down value basis at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956.

**D. IMPAIRMENT OF ASSETS:** An Assets is treated as impaired when carrying cost of assets exceeds its recoverable value. An Impairment loss is charged to the Profit & Loss A/c in the year in which an asset is identified as impaired.

**E. INVESTMENTS:** All Investments are long term & stated at cost.

**F. DEBTORS:** Debtors are stated at book value after making provision for doubtful debts.



**G. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an out flow of resources. Contingent liabilities are not recognised but disclosed at their estimated value in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**H. INVENTORY VALUATION** :- Inventories are valued at lower of cost or net realisable value. (net of Excise Cenvat Credit wherever availed)

**I. SALES** : Sales includes sales tax and excise duties.

**J. SEGMENT REPORTING POLICIES** : Disclosures pursuant to the requirements of accounting standards:

Disclosures as per AS 17 " Segment reporting" issued by institute of chartered Accountants of India

Segment information:

a) Composition of business segments:

The business segments have been identified taking in to consideration:

1. The Nature of the Product.
2. The Differential risks and returns of the segments.
3. The organisation structure.
4. The Internal Financial Reporting systems.

Business Segments:

- Leasing and Finance Activity
- Service Activity

(b) Inter segment transfer pricing: Inter segment prices are normally negotiated amongst the segment with reference to the cost, market prices and business risks, within an overall optimisation objective.

(c) Basis for allocating revenues and expenses to the segments.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relates to the enterprise as a whole and are not allocable to segment on the reasonable basis, have been included under "Unallocable Expenses" and or "Unallocable Income".

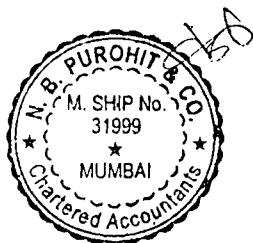


		(RS.IN LACS)	(RS.IN LACS)
S NO.	PARTICULARS	For The Year Ended On 31.3.2007	For The Year Ended On 31.3.2006
1.	Segment Revenue (Sales and Income from Operations)		
	-Leasing and Finance Activity	2.01	3.72
	-Service Activity	51.35	78.27
	Total Segment Revenue	53.36	81.99
2	Segment Results Profit/(Loss) before Interest & Tax		
	-Leasing and Finance Activity	1.56	3.50
	-Service Activity	(56.30)	(13.32)
	Total Segment Results	(57.86)	(9.82)
	Less: Interest Expenses	0.00	0.36
	Less: Unallocable Expenses net of Unallocable Income	0.00	0.80
	Total Profit before Tax	(57.86)	(10.98)
3	Capital Employed (Segment Assets less Segment Liabilities)		
	-Leasing and Finance Activity	51.33	76.41
	-Service Activity	596.76	663.43
	Add: Unallocable Assets less Liabilities	423.81	390.26
	Total Capital Employed in the Company	1071.90	1130.10

2. Previous year's figures have been regrouped, recast and reclassified wherever necessary to make them comparable with the figures of current years.

### 3. AUDITOR'S REMUNERATION

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
a) Audit fees	10,000.00	10,000.00
b) Tax Audit Fees	2,500.00	2,500.00
TOTAL RS.	12,500.00	12,500.00



4 Additional information pursuant to provision of paragraphs 3, 4, 4C & 4D of part II of Schedule VI of the companies Act, 1956.

(i) Quantitative information in respect of opening stock, purchases, sales and closing stock for each class of goods dealt with by companies

**N.A.**

**NOTE:**

(ii) The company is not required to obtain industrial license therefore the information required under installed capacity & license capacity are not given.

5. The Company has entered into Business Transfer Agreement effective 1<sup>st</sup> February, 2007 with Anchor Electricals Private Limited for transfer of Our company's Labour job of electricals goods Business as a going concern for a lumpsum consideration of Rs. 6.25 Crores by way of Slump Sale as approved by the share holders by passing resolution through postal ballot. In accordance with the said agreement all assets and liabilities including all contracts and licences were transferred by the company to Anchor Electricals Pvt. Ltd.

6. "The Micro , Small and Medium Enterprises Development Act, 2006" has come in to force from October 2, 2006 which has repealed the provisions of Interest on delayed payment to small scale and ancillary Industrial undertaking Act ,1993

The Company is in communication with its suppliers to ascertain the applicability of this Act. As on the date of this Balance sheet, the company has not received any communications from any of its suppliers regarding the applicability of this Act to them. This has been relied upon by the Auditors.

7. Expenditure incurred on employees who were in receipts of remuneration in the aggregate at the rate not less than Rs.24,00,000/- per year or Rs. 2,00,000/- per month for any period Rs. Nil.

8. (a) Deferred tax Assets of Rs. 4.81 Lacs arising on account of Timing differences for the current year has been adjusted in the current Year's profit & loss Account .

(b) Calculation of deferred tax liabilities (Net) as on 31st March, 2007 is as given bellow.

<b>PARTICULARS</b>	<b>Rs. In Lacs</b>	<b>Rs. In Lacs</b>
<b>A) Deferred tax Liabilities</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
Arising on account of timing difference in Depreciation Up to 31.3.2006	19.53	24.34
Add: For the Year 31.3.2007	(19.53)	(4.81)
Deferred Tax Liabilities (Net)	Nil	19.53



## 9. EARNING PER SHARE (EPS)

PARTICULARS	31.03.2007	31.03.2006
As per Profit And Loss account	(46,36,548)	(8,10,765)
No. of Equity Shares	1,00,26,000	1,00,26,000
Earning per Share (Rs.)	(0.46)	(0.08)
Diluted Earning per Share (Rs.)	(0.46)	(0.08)

10. C.I.F. Value of Imports for Capital Goods :Rs. Nil (Previous year Rs.Nil )

11. C.I.F. Value of Imports for Purchases : Rs.Nil Lacs (Previous year Rs.Nil)

12. Expenditure in Foreign Currency : NIL (Previous year Rs. Nil)

13. Earning in Foreign Currency : NIL (Previous year Rs. Nil)

14. Remittance in Foreign Currency : NIL (Previous year:Rs. Nil)

15. Related party disclosure in accordance with the Accounting Standard 18- issued by the Institute of chartered Accountants of India.

### a) Relationship

SUBSIDIARY COMPANIES:	
Jogindra Exports Limited	Subsidiary
Kashnika Trading Limited	Subsidiary

### 2) Associate Parties:

Nil

### 3. Key Managerial Personnel :

Shri Kantilal Samji Maroo	Director
Shri Mehul Jadavji Shah	Director
Shri Sanjay A. Desai	Director
Shri Hitesh R. Karia	Director
Shri Ravindra Kanji Mytra	Director

### 4) RELATIVES:

Relative of key managerial personnel and their enterprises where transaction have been taken place.



Nil

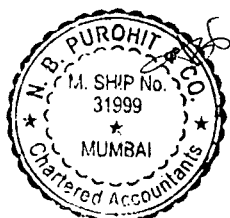
Note : related party relationship is as identified by the company and relied upon by the auditor.

The following transactions were carried out with the related parties in the ordinary course of business.

Name of the related parties with whom the transaction have been made	Description of relationship with the party	Nature of transaction	Amount paid For 2006-2007	Amount paid For 2005-2006	Amount out standing as on 31.03.2007	Amount out standing as on 31.03.2006
Jogindra Exports Ltd.	Subsidiary	Loan	33,50,000/-	1,12,00,000/-	2,70,70,000/-	2,37,20,000/-
Kshnika Trading Ltd.	Subsidiary	Loan	5,000/-	Nil	1,53,11,000/-	1,53,06,000/-

**15.BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILES AS PER PART IV, SCHEDULE VI OF THE COMPANIES ACTS, 1956**

i.	Registration Details:				
	Registration No.	:	11-34857	Status Code	: 11
	Balance Sheet Date	:	31 - 03 - 2007 (Date. Month. Year)		
ii.	Capital Raised during the year (Amount in Rs. Thousands)				
	Public Issue	:	Nil	Right Issue	: Nil
	Bonus Issue	:	Nil	Private Placement	: Nil
iii.	Position of Mobilisation and Development of Funds (Amount in Rs. Thousands)				
	Total Liabilities	:	107,189.84	Total Assets	: 107,189.84
	Sources of Funds				
	Paid up Capital	:	99,888.00	Reserves & Surplus	: 7,776.84
	Deferred Tax Liabilities	:	Nil	Unsecured Loans	: Nil
	Application of Funds				
	Net Fixed Assets	:	0.31	Investments	: 8,948.00
		:			:
	Net Current Assets	:	98,716.53		:



		:				
		:				
Iv	Performance of the Company (Amount in Rs. Thousands)					
	Turnover	:	5,335.82	Total Expenditure	:	11,121.51
	Profit Before Tax	:	(5,785.69)	Profit (Loss) After Tax	:	(4,636.55)
	Earning per Share in Rs.	:	(0.46)	Dividend @ %	:	NIL
v.	Generic Names of Three Principal Products/Services of the Company. (As per Monetary Terms)					
	Item Code No. (ITC Code)	:	N.A.			
	Product Description	:	LABOUR JOB			

Per our Report of even date attached.

For N.B.PUROHIT & CO  
CHARTERED ACCOUNTANTS

For HINDUSTAN APPLIANCES LIMITED.





(N.B.PUROHIT)  
PROPRIETOR  
PLACE : MUMBAI  
DATED: 1st September, 2007.

DIRECTORS

M. Ship No. 31999



**HINDUSTAN APPLIANCES LIMITED,  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007**

(RS. IN '000 )

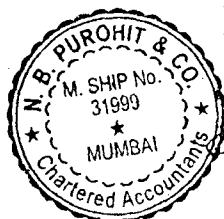
PARTICULARS	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax & Extra ordinary Items	(5,785.69)	(1,098.44)
Adjustment for:		
a) Depreciation Charges	6,108.29	8,407.12
b) Miscellaneous Expenses	0.00	80.20
c) Interest Income	(20.72)	(24.57)
d) Loss (profit) on sale of Assets	0.00	190.89
e) profit on sale of assets	0.00	(21.74)
f) rent Income	(180.00)	(312.00)
	5,907.56	8,319.91
<b>Operating Profit Before working capital changes</b>	121.87	7,221.47
Adjustment for:		
a) Trade & Other receivables	(59,893.65)	14,910.63
b) Trade Payables & Other Liabilities	4,030.01	(12,482.04)
c) Loans & Advances	(2,922.94)	(10,192.17)
	(58,786.59)	(7,763.58)
<b>Cash flow before extra-ordinary items</b>	(58,664.72)	(542.11)
Less: Income Tax Paid	(1,615.54)	379.70
Less: Income Tax of Earlier Year	0.00	0.00
Less: FREINGE BENEFIT TAX PAID	(4.00)	(3.12)
<b>Net Cash from operating Activities (A)</b>	(60,284.25)	(924.93)
<b>B) Cash flow from Investing Activities</b>		
a) Purchase of Assets	0.00	0.00
b) Sale proceeds from sale of fixed assets	0.00	1,280.68
c) Cost of assets transfer through Slump sale	60,234.71	0.00
	60,234.71	1,280.68
<b>Net Cash used in investing activities (B)</b>	60,234.71	1,280.68
<b>C) Cash Flow from Financing Activities</b>		
a) Rent income	180.00	312.00
b) Interest Income	20.72	24.57
c) Unsecured Loans Received/Paid	(708.55)	(330.51)
	(507.83)	6.06
<b>Net Cash from financing Activities (C)</b>	(507.83)	6.06
<b>Net increase in cash and cash equivalent (A+B+C)</b>	(557.37)	361.81
<b>Cash and cash equivalent at the beginning</b>	<b>591.00</b>	<b>229.19</b>
<b>Cash and cash equivalent at the end</b>	<b>33.63</b>	<b>591.00</b>

FOR HINDUSTAN APPLIANCES LIMITED.

DIRECTOR.

DATED: 1ST SEPTEMBER, 2007,

PLACE : MUMBAI







**N. B. Purohit & Co.**

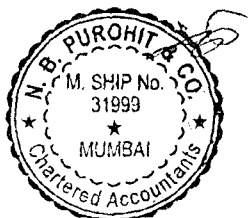
Chartered Accountants

To,  
The Board Of Directors,  
Hindustan Appliances Limited,  
5, Sunbeam Chambers,  
New Marine Lines, Mumbai 400 020.

Dear Sirs,

We have audited the attached **Consolidated Balance Sheet** as at 31st March, 2007 , **consolidated profit & Loss** accounts for the year ended on that date ("Consolidated Financial Statements") and **consolidated cash flow statement** for the year then ended of **Hindustan Appliances Limited** and its subsidiary Companies.

1. These financial Statements are the responsibility of the **Hindustan Appliances Limited's** management. our Responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of any of the subsidiaries whose financial statements reflect total assets of **Rs.423.81** Lacs as at **31.03.2007** and the total Loss of **Rs.0.05** Lacs for the year then ended. These financial statements have been audited by other auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the reports of the other auditors.



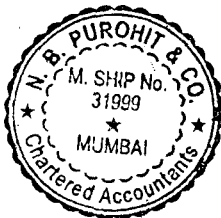
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirement of accounting standard (AS) 21, consolidated Financial statements, issued by the institute of Chartered Accountants of India and on the basis of separate audited financial statements of Hindustan Appliances Limited and its subsidiaries included in the consolidated financial statement after incorporating changes to the extent they were material and identifiable from the audited accounts of each of its Subsidiaries.
5. Subject to foregoing, In our opinion and to the best of information and according to the explanations given to us, the consolidated Financial Statements read together with the notes thereon, give a true and fair view:
  - a. In the case of consolidated Balance Sheet, of the state of affairs of Hindustan appliances Limited and its subsidiary Companies as at 31st.March, 2007,
  - b. In the case of the consolidated Profit & Loss Account of the Loss of Hindustan appliances Limited and its subsidiary Companies for the year ended on that date
  - c. In the case of the consolidated cash flows of Hindustan appliances Limited and its subsidiary Companies for the year ended on that date.

**FOR N.B. PUROHIT & CO.  
CHARTERED ACCOUNTANTS.**

*(Signature)*

**(N.B.PUROHIT)  
PROPRIETOR  
PLACE: MUMBAI  
DATED: 1st September, 2007**

**M, Ship No, 31999**



**HINDUSTAN APPLIANCES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2007**

PARTICULARS	SCH. NO.	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>I. SOURCES OF FUND</b>		<b>RUPEES</b>	<b>RUPEES</b>
<b>1) Shareholders Fund:</b>			
a) Capital	1	99,888,000.00	99,888,000.00
b) Reserves & Surplus	2	7,745,014.53	12,386,158.16
		107,633,014.53	112,274,158.16
<b>2) Unsecured Loan</b>	3	636,027.00	1,344,578.00
<b>3) Deferred Tax Liabilities</b>	4	0.00	1,953,141.01
Total Rs.		108,269,041.53	115,571,877.17
<b>II. APPLICATION OF FUNDS:</b>			
<b>1) Fixed Assets:</b>	5		
a) Gross Block		15,823,533.01	117,202,334.69
b) Less: Depreciation		46,685.80	35,082,486.64
c) Net Block		15,776,847.21	82,119,848.05
<b>2) INVESTMENTS</b>	6	7,948,000.00	7,948,000.00
<b>3) Current Assets, Loans &amp; Advances:</b>			
a) Project Accounts	7	33,433,014.29	25,134,879.77
b) Sundry Debtors	8	62,500,000.00	2,606,348.00
c) Cash & Bank Balances	9	85,102.58	669,193.38
d) Loans & Advances	10	806,453.97	422,971.97
		96,824,570.84	28,833,393.12
<b>Less: Current Liabilities &amp; Provisions</b>			
a) Liabilities	11	9,365,652.52	3,266,808.00
b) Provisions	12	2,922,904.00	70,736.00
		12,288,556.52	3,337,544.00
Net Current Assets		84,536,014.32	25,495,849.12
<b>4) MISCELLENIOUS EXPENDITURE:</b>	13	8,180.00	8,180.00
Total Rs.		108,269,041.53	115,571,877.17

Notes to the Accounts Per Schedule- 18

Per our report of even date attached.

For N. B. PUROHIT & CO.  
 CHARTERED ACCOUNTANTS

*(Signature)*

(NILKANTH B. PUROHIT)

PROPRIETOR

PLACE: MUMBAI

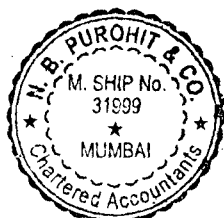
DATE: 1st September, 2007

M; Ship No; 31999

For Hindustan Appliances Ltd

*(Signature)* *(Signature)*

Directors



**HINDUSTAN APPLIANCES LIMITED,**

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH , 2007**

PARTICULARS	SCH. NO.	Year Ended 31.03.2007	Year Ended 31.03.2006
<b>INCOME:</b>		<b>RUPEES</b>	<b>RUPEES</b>
Sales & Service	14	5,135,092.00	7,827,258.00
Other Income	15	200,724.00	372,193.00
		5,335,816.00	8,199,451.00
<b>EXPENDITURE:</b>			
Employees remunerations	16	194,059.00	309,935.00
Other Expenses	17	439,084.28	581,985.00
Loss on sale of Undertaking		4,384,671.28	
Depreciation	4	6,108,286.09	8,407,122.00
		11,126,100.65	9,299,042.00
Net Profit Before Taxation		(5,790,284.65)	(1,099,591.00)
Less : Provision for Taxation		800,000.00	200,000.00
Less : Provision for Fringe Benefit Tax		4,000.00	3,124.00
Less: Current Year Differed Tax		(1,953,141.01)	(481,430.00)
Less : Income tax of Earlier Year		0.00	(9,365.00)
Net profit after taxation		(4,641,143.64)	(811,920.00)
Carried to the Balance Sheet.		=====	=====
Earing Per Share ( Rupees) (Refer note no. 8 of Schedule- 18)			
Basic Earing Per Share		(0.46)	(0.08)
Diluted Earning Par Share		(0.46)	(0.08)

**Notes to the Accounts Per Schedule- 18**

Per our report of even date attached.

For N. B. PUROHIT & CO.

CHARTERED ACCOUNTANTS

*(Signature)*  
(NILKANTH B. PUROHIT)

PROPRIETOR

For Hindustan Appliances

*(Signature)*

*(Signature)*

Directors

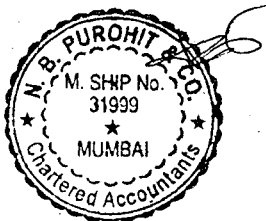
PLACE:MUMBAI

DATE: 1st September, 2007

M. Ship No. 31999



HINDUSTAN APPLIANCES LIMITED	AS AT 31.03.2007	AS AT 31.03.2006
	RUPEES	RUPEES
<b>SCHEDULE -1- CAPITAL:</b>		
<b>AUTHORISED CAPITAL</b>		
1,03,00,000 Equity Shares of Rs.10/- each. (Previous Year 1,03,00,000 Equity Shares of Rs.10/- each.)	103,000,000.00	103,000,000.00
	103,000,000.00	103,000,000.00
	=====	=====
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
1,01,26,000 Equity Shares of Rs.10/- each fully Paid Up. (Previous Year 1,01,26,000 Equity Shares of Rs.10/- each fully paid up)	100,260,000.00	100,260,000.00
Less: Calls in Arrears 49600 Equity Shares of Rs.10/- Each & call of Rs.7.50 each in arrears (Previous Year: 49,600 Equity Shares of Rs.10/- Each & call of Rs.7.50 each in arrears )	372,000.00	372,000.00
	99,888,000.00	99,888,000.00
	=====	=====
<b>SCHEDULE -2- RESERVE &amp; SURPLUS:</b>		
<b>Profit &amp; Loss Account</b>		
Profit & Loss Account	12,386,158.16	13,198,078.16
Add: Profit (Loss) During The Year	(4,641,143.63)	(811,920.00)
	7,745,014.53	12,386,158.16
	=====	=====
<b>SCHEDULE-3 UNSECURED LOANS:</b>		
From Companies	636,027.00	1,344,578.00
	636,027.00	1,344,578.00
	=====	=====
<b>SCHEDULE-4 DEFERRED TAX LIABILITIES A/C:</b>		
Arising on account of timing difference in :-		
-Depreciation	0.00	1,953,141.01
	0.00	1,953,141.01
	=====	=====



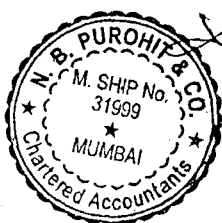
## HINDUSTAN APPLIANCES LIMITED.

## SCHEDULE 5: FIXED ASSETS (consolidated)

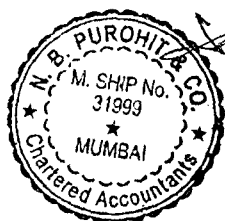
GROSS BLOCK						DEPRECIATION			NET BLOCK		
SR. NO.	PARTICULARS	RATE %	AS ON 1/4/2006 Rs.	ADDITION (DEDUCTION) Rs.	AS ON 31/3/2007 Rs.	AS ON 1/4/2006 Rs.	DEPRECIATION ON DEDUCTION	FOR CURRENT YEAR	AS ON 31/3/2007 Rs.	AS ON 31/3/2007 Rs.	AS ON 31/3/2006 Rs.
1	LAND	0.00%	6,500,000.00	(6,500,000.00)	0.00	0.00	0.00	0.00	0.00	0.00	6,500,000.00
2	FLAT AT SAIDALE	0.00%	15,776,533.00	0.00	15,776,533.00	0.00	0.00	0.00	0.00	15,776,533.00	15,776,533.00
3	SHED BUILDING	10.00%	30,500,000.00	(30,500,000.00)	0.00	4,877,493.00	7,012,701.92	2,135,208.92	0.00	0.00	25,622,507.00
4	COMPUTER SYSTEM	40.00%	107,000.00	(60,000.00)	47,000.00	80,060.80	42,391.33	9,016.33	46,685.80	314.20	26,939.20
5	PLANT & MACHINERY	13.91%	64,265,582.68	(64,265,582.68)	0.00	30,098,721.59	34,059,230.24	3,960,508.65	0.00	0.00	34,166,861.09
6	FURNITURE & FIXTURES	18.10%	8,575.00	(8,575.00)	0.00	6,671.35	6,958.48	287.13	0.00	0.00	1,903.65
7	VEHICLE OTHER THAN 1	25.89%	15,000.00	(15,000.00)	0.00	5,799.00	7,738.79	1,939.79	0.00	0.00	9,201.00
8	ELECTRIC FITTING A/C	10.00%	29,754.00	(29,754.00)	0.00	13,850.90	15,176.16	1,325.26	0.00	0.00	15,903.10
TOTAL			117,202,444.68	(101,378,911.68)	15,823,533.00	35,082,596.64	41,144,196.92	6,108,286.08	46,685.80	15,776,847.20	82,119,848.04
PREVIOUS YEAR			120,106,644.68	(2,904,200.00)	117,202,444.68	28,129,851.64	1,454,377.00	8,407,122.00	35,082,486.64	82,119,958.04	91,976,793.04



HINDUSTAN APPLIANCES LIMITED	AS AT 31.03.2007	AS AT 31.03.2006
	RUPEES	RUPEES
<b>SCHEDULE -6 INVESTMENT(AT COST)</b>		
<b>(1) QUOTED, NON TRADE, LONG TERM</b>		
8,000 Equity Shares of Rs.100/- Each of Shah Construction Ltd.(Market Value Rs.20,80,000/- Previous Year Rs.20,80,000/-)	800,000.00	800,000.00
73,000 Equity Shares of Rs.10/- Each of Classic Electricals Limited. (Market Value Rs.11,82,600/- Previous Year Rs. 11,82,600/-)	219,000.00	219,000.00
686,000 Equity Shares of Rs.10/- Each of Bharat Parental Limited. (Market Value Rs.37,38,700/- Previous Year Rs. 37,38,700/-)	6,172,000.00	6,172,000.00
49,000 Equity Shares of Rs.10/- Each of Shikhar Leasing & Trading Ltd. (Market Value Rs.1,47,000/- Previous Year Rs. 147,000/-)	147,000.00	147,000.00
<b>(2) UNQUOTED, NON TRADE, LONG TERM</b>		
6,10,000 Equity Shares of Rs.10/- Each of KALPANA LAMPS & COM. LIMITED.	610,000.00	610,000.00
	7,948,000.00	7,948,000.00
	=====	=====
<b><u>SCHEDULE- 7 : PROJECT ACCOUNT.</u></b>		
OPENING BALANCE.	25,134,879.77	13,487,833.00
<b>ADD. : EXPENSES FOR THE PROJECT</b>	8,298,134.52	11,647,046.77
	33,433,014.29	25,134,879.77
	=====	=====
<b>SCHEDULE -8- SUNDRY DEBTORS:</b>		
<b>(Unsecured, considered good)</b>		
1) Outstanding for more than six months.	0.00	764,000.00
2) Other Debts	62,500,000.00	1,842,348.00
	62,500,000.00	2,606,348.00
	=====	=====



HINDUSTAN APPLIANCES LIMITED	AS AT 31.03.2007	AS AT 31.03.2006
	RUPEES	RUPEES
<b>SCHEDULE -9- CASH &amp; BANK BALANCE:</b>		
Cash on hand	14,274.25	135,128.25
Balances With Schedule Banks in		
-Current Accounts	60,828.33	512,315.13
-Fixed Deposit A/c. (Pledged with Sales Tax Department)	10,000.00	21,750.00
	85,102.58	669,193.38
	=====	=====
<b>SCHEDULE -10- LOANS AND ADVANCES:</b>		
<b>( Unsecured, Considered good)</b>		
Advances recoverable in cash or in kind or for value to be received.	806,453.97	422,971.97
	806,453.97	422,971.97
	=====	=====
<b>SCHEDULE -11- CURRENT LIABILITIES:</b>		
Sundry Creditors	5,255,652.52	766,808.00
Other Liabilities	4,110,000.00	2,500,000.00
	9,365,652.52	3,266,808.00
	=====	=====
<b>SCHEDULE -12- PROVISIONS:</b>		
Bonus Payable	0.00	15,449.00
Wages Payable	0.00	21,088.00
Audit Fees Payable	13,500.00	16,323.00
T.D.S. Payable	70,910.00	17,876.00
Stamp Duty Payable	2,823,540.00	0.00
Electricity Charges Payable	14,954.00	0.00
	2,922,904.00	70,736.00
	=====	=====
<b>SCHEDULE-13 MISCELLANEOUS EXPENDITURE:</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	8,180.00	8,180.00
Less: Written off during the year	0.00	0.00
	8,180.00	8,180.00
	=====	=====
<b>SCHEDULE -14- SALES AND SERVICES:</b>		
Labour Charges Received { T.D.S. Rs.1,15,539/- Previous Year Rs.2,04,678/-}	5,135,092.00	7,827,258.00
	5,135,092.00	7,827,258.00
	=====	=====





HINDUSTAN APPLIANCES LIMITED	Year Ended 31.03.2007	Year Ended 31.03.2006
	RUPEES	RUPEES

**SCHEDULE -15- OTHER INCOME:**

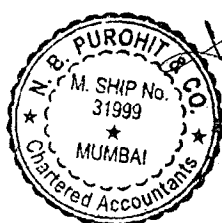
Interest received (T.D.S.Rs. Nil Previous Year Rs.: 5,514/-)	0.00	24,574.00
Interest Received on I.T. Refund	20,724.00	13,875.00
Shed Building Rent Received	180,000.00	312,000.00
Profit On sale on Fixed Assets	0.00	21,744.00
	200,724.00	372,193.00

**SCHEDULE -16- EMPLOYEES' REMUNERATIONS :**

Salary & Wages	178,035.00	276,403.00
Bonus	9,467.00	15,449.00
Leave Pay	6,557.00	18,083.00
	194,059.00	309,935.00

**SCHEDULE -17- OTHER EXPENSES:**

Audit Fees	13,000.00	13,000.00
Bank Charges	1,315.68	1,549.00
Canteen Exp.	26,321.00	23,013.00
Electric power	121,907.00	86,402.00
Freight Charges	0.00	20,000.00
Interest Exp.	0.00	36,071.00
Legal & professional Charges	110,390.00	59,500.00
Listing fee	60,000.00	30,000.00
Loss on sale on fixed Assets	0.00	190,885.00
Miscellaneous expenses	24,130.00	3,176.00
Postage & Telephone Expenses	18,902.60	15,781.00
preliminary exp. w/off	0.00	80,203.00
Printing & Stationery expenses	1,000.00	1,950.00
Rates & taxes	53,080.00	9,036.00
Traveling & Conveyance	3,753.00	9,896.00
Vehicle Exp.	5,285.00	1,523.00
	439,084.28	581,985.00



## HINDUSTAN APPLIANCES LIMITED

### SCHEDULE- 18

#### NOTES ON THE CONSOLIDATED ACCOUNTS:

##### 1. CONSOLIDATION:

a) The Consolidated Financial Statements comprise the financial statement of Hindustan Appliances Limited (hereinafter referred to as the holding company) and its subsidiary companies. The list of the subsidiary companies considered for consolidation together with the proportion of share holding by the group is as follows.:

Name of subsidiary	Country of Incorporation	% of Group Holding
Jogindra Exports Limited	India	100%
Kshnika Trading Limited	India	100%

b) The Financial Statements of each of the subsidiaries drawn up to the same reporting date viz. year ended on 31st March, 2007 have been used for the purpose of consolidation.

c) The Consolidated Financial Statements have been prepared in the same format as adopted by the holding company to the extent possible, required by accounting standard (AS) 21, Consolidated Financial Statements, issued by the institute of Chartered Accountants of India.

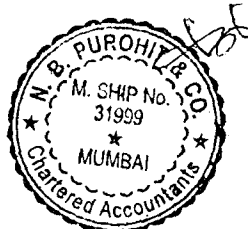
d) Changes have been made in the accounting policies followed by each of the subsidiaries to the extent they were material and identifiable from their respective audited accounts to make them uniform with the accounting policies followed by the holding company.

**2. SIGNIFICANT ACCOUNTING POLICIES:** The Significant accounting policies followed by the group in the consolidated financial statements are stated hereunder. In the case a uniform policy is not followed by each company in group, the same, as disclosed in the audited accounts of the said company, has been reproduced.

(i) The Consolidated Financial Statements have been prepared on the historical cost basis and on the accounting principles of a going concern.

(ii) Accounting Policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

(iii) All income and expenditure items having a material bearing on the financial statements are generally recognised on accrual basis, material known liabilities are provided for on the basis of available information/ estimation, however certain claims and income which are not ascertainable/ acknowledged by customers are not taken into accounts.



## **B. VALUATION OF INVENTORIES**

Stock of raw materials, stores and spares, packing material and semi finished goods are valued at cost. Stock of finished goods are valued at lower of cost or net realisable value.

**C. FIXED ASSETS & DEPRECIATION** :Fixed Assets are stated at cost less accumulated depreciation if any. The depreciation is provided on the written down value basis at the rates and in the manner prescribed in the schedule XIV of the Companies Act, 1956.

**D.INVESTMENTS**: Long term Investments are carried at cost.

**E. SALES**: Sales includes sales tax and Excise duty.

**F. SEGMENT REPORTING POLICIES** : Disclosures pursuant to the requirements of accounting standards:

A) Disclosures as per AS 17 " Segment reporting" issued by institute of chartered Accountants of India.

3. Segment information: (a) Composition of business segments: The business segments have been identified taking in to consideration:

1. The Nature of the Product.
2. The Differential risks and returns of the segments.
3. The organisation structure.
4. The Internal Financial Reporting systems.

Business Segments:

- Leasing and Finance Activity
- Service Activity

(b) Inter segment transfer pricing:

Inter segment prices are normally negotiated amongst the segment with reference to the cost, market prices and business risks, within an overall optimisation objective.

c) Basis for allocating revenues and expenses to the segments.

Revenue and expenses have been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relates to the enterprise as a whole and are not allocable to segment on the reasonable basis, have been included under "Unallocable Expenses" and or "Unallocable Income".



		(RS.IN LACS)	(RS.IN LACS)
S NO.	PARTICULARS	For The Year Ended On 31.3.2007	For The Year Ended On 31.3.2006
1.	Segment Revenue (Sales and Income from Operations)		
	-Leasing and Finance Activity	2.01	3.72
	-Service Activity	51.35	78.27
	Total Segment Revenue	53.36	81.99
2	Segment Results Profit/(Loss) before Interest & Tax		
	-Leasing and Finance Activity	1.56	3.50
	-Service Activity	(56.30)	(13.32)
	Total Segment Results	(57.86)	(9.82)
	Less: Interest Expenses	0.00	0.36
	Less: Unallocable Expenses net of Unallocable Income	0.05	0.80
	Total Profit before Tax	(57.91)	(10.98)
3	Capital Employed (Segment Assets less Segment Liabilities)		
	-Leasing and Finance Activity	51.33	76.41
	-Service Activity	596.76	663.43
	Add: Unallocable Assets less Liabilities	423.81	390.26
	Total Capital Employed in the Company	1071.90	1130.10

4. Previous year's figures have been regrouped, recast and reclassified wherever necessary to make them comparable with the figures of current years.

#### 5. AUDITOR'S REMUNERATION

Particulars	CURRENT YEAR	PREVIOUS YEAR
a) Audit fees	11,000.00	11,000.00
b) Tax Audit Fees	2,500.00	2,500.00
TOTAL RS.	13,500.00	13,500.00



6. Additional information pursuant to provision of paragraphs 3, 4, 4C & 4D of part II of Schedule VI of the companies Act, 1956.

i) Quantitative information in respect of opening stock, purchases, sales and closing stock for each class of goods dealt with by companies.

N.A.

NOTE: (ii) The company is not required to obtain industrial license therefore the information required under installed capacity & license capacity are not given.

**7. CONTINGENT LIABILITIES:-** Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) Rs.Nil (Previous Year Rs. Nil)

8. Expenditure incurred on employees who were in receipts of remuneration in the aggregate at the rate not less than Rs.24,00,000/- per year or Rs. 2,00,000/- per month for any period Rs. Nil.

9. (a) Deferred tax Liabilities of Rs. 24.39 Lacs arising on account of Timing differences for the current year has been adjusted in the current Year's profit & loss Account .

(b) Calculation of deferred tax liabilities (Net) as on 31st March, 2007 is as given bellow.

PARTICULARS	Rs. In Lacs	Rs. In Lacs
A) Deferred tax Liabilities	31.03.2007	31.03.2006
Arising on account of timing difference in Depreciation Up to 31.3.2005	19.53	24.34
Add: For the Year 31.3.2007	(19.53)	(4.81)
Deferred Tax Liabilities (Net)	0.00	19.53

#### 10. EARNING PER SHARE (EPS)

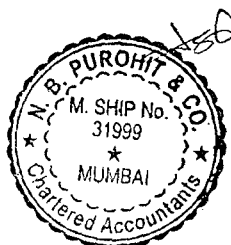
Particulars	31.03.2007	31.03.2006
As per Profit And Loss account	(46,41,144)	(8,11,920)
No. of Equity Shares	1,00,36,000	1,00,36,000
Earning per Share (Rs.)	(0.46)	(0.08)
Diluted Earning per Share (Rs.)	(0.46)	(0.08)

11. C.I.F. Value of Imports for Capital Goods :Rs. Nil (Previous year Rs.Nil )

12. C.I.F. Value of Imports for Purchases : Rs.Nil (Previous year Rs.Nil)

13. Expenditure in Foreign Currency : NIL (Previous year Rs. Nil)

14. Earning in Foreign Currency : NIL (Previous year Rs. Nil)



15. Remittance in Foreign Currency : NIL (Previous year:Rs. Nil)

16. Related party disclosure in accordance with the Accounting Standard 18-issued by the Institute of chartered Accountants of India.

a) Relationships:

1) Associate Parties:

Nil

2) Key Managerial Personnel :

Shri Kantilal Samji Maroo	Director
Shri Mehul Jadavji Shah	Director
Shri Sanjay A. Desai	Director
Shri Hitesh R. Karia	Director
Shri Ravindra Kanji Mytra	Director

3) RELATIVES: Relative of key managerial personnel and their enterprises where transaction have been taken place.

Nil

Note : related party relationship is as identified by the company and relied upon by the auditor.

The following transactions were carried out with the related parties in the ordinary course of business.

Name of the related parties with whom the transaction have been made	Description of relationship with the party	Nature of transaction	Amount paid For 2006-2007	Amount paid For 2005-2006	Amount out standing as on 31.03.2007	Amount out standing as on 31.03.2006
Jogindra Exports Ltd.	Subsidiary	Loan	33,50,000/-	1,12,00,000/-	2,70,70,000/-	2,37,20,000/-
Kshnika Trading Ltd.	Subsidiary	Loan	5,000/-	Nil	1,53,11,000/-	1,53,06,000/-

Per our Report of even date attached.

For N.B.PUROHIT & CO  
CHARTERED ACCOUNTANTS

(N.B.PUROHIT)  
PROPRIETOR

PLACE : MUMBAI

DATED : 1st September,2007.

M. Ship No, 31999

For HINDUSTAN APPLIANCES LIMITED.

DIRECTORS

PLACE : MUMBAI

DATED : 1st September,2007.



**HINDUSTAN APPLIANCES LIMITED,  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (RS. IN '000 )**

PARTICULARS	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
<b>A. CASH FLOW ARISING FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit Before Tax &amp; Extra ordinary Items</b>	(5,790.28)	(1,099.59)
Adjustment for:		
a) Depreciation Charges	6,108.29	8,407.12
b) Miscellaneous Expenses	0.00	80.20
c) Interest Income	(20.72)	(24.57)
d) Loss (profit) on sale of Assets	0.00	190.89
e) profit on sale of assets	0.00	(21.74)
f) rent Income	(180.00)	(312.00)
	5,907.56	8,319.91
<b>Operating Profit Before working capital changes</b>	117.28	7,220.31
Adjustment for:		
a) Trade & Other receivables	(59,893.65)	14,910.63
b) Project A/c.	(8,298.13)	(11,647.05)
c) Trade Payables & Other Liabilities	8,951.01	(12,120.04)
d) Loans & Advances	432.06	1,007.82
	(58,808.72)	(7,848.64)
<b>Cash flow before extra-ordinary items</b>	(58,691.44)	(628.33)
Less: Income Tax Paid	1,615.54	379.70
Less: FREINGE BENEFIT TAX PAID	4.00	3.12
<b>Net Cash from operating Activities (A)</b>	(60,310.98)	(1,011.15)
<b>B) Cash flow from Investing Activities</b>		
a) Sale proceeds from sale of fixed assets	0.00	1,280.68
b) Cost of assets transfer through Slump s	60,234.71	0.00
	60,234.71	1,280.68
<b>Net Cash used in investing activities (B)</b>	60,234.71	1,280.68
<b>C) Cash Flow from Financing Activities</b>		
a) Rent income	180.00	312.00
b) Interest Income	20.72	24.57
c) Unsecured Loans Received/Paid	(708.55)	(297.94)
	(507.83)	38.63
<b>Net Cash from financing Activities (C)</b>	(507.83)	38.63
<b>Net increase in cash and cash equivalent (A+B+C)</b>	(584.10)	308.16
<b>Cash and cash equivalent at the begining</b>	<b>669.19</b>	<b>361.03</b>
<b>Cash and cash equivalent at the end</b>	<b>85.10</b>	<b>669.19</b>

FOR HINDUSTAN APPLIANCES LIMITED.

DIRECTOR.

DATED: 1ST SEPTEMBER, 2007.

PLACE : MUMBAI

