



Precision, Pace, Passion

Annual Report
Arihant Domestic Appliances Limited
FY 2008 - 09

Factory at –
GAT No. 1261, Sanaswadi,
Tal: Shirur, Dist: Pune –
412208
Tel: 02137-669001/2
Fax: 02137-669014

Corporate Information

Board of Directors

Chandu Chavan (Chairman)
Ravinda Katre (MD)
Sanjay Waghulade(WTD)
Sanjay Bhade
Parag Mulye
Shivaji Katke
Gaurav Pradhan
Mukund Krishnaswami

GM (Finance)

Kishor Deshpande

Company Secretary

Mahesh Bagla

Auditors

B. K. Khare & Co.,
Chartered Accountants
Pune

Bankers

United Bank of India
Saraswat Co Op Bank Ltd
Deutsche Bank, AG
Corporation Bank
Central Bank of India
UCO Bank
State bank Of Mysore
Axis Bank Ltd

Registered office & Plant I

Gat No 1261, Sanaswadi
Pune Nagar Road
Tal Shirur
Dist Pune 412208

Plant II

Village: Pimple Jagtap,
Tal: Shirur,
Dist: Pune – 412208

Corporate Office

Office No 406, 407
San Mahu Complex
Opp Poona Residency,
Bund Gardeb Road,
Pune - 411001



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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 18th Annual General Meeting of **Arihant Domestic Appliance Limited** will be held on Wednesday the 30th Day of September, 2009 at 04.30 p.m. at the Registered Office (Gat No. 1261, Sanaswadi, Nagar Road, Shirur, Pune) of the Company, to transact the following business;

➤ **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at, and the Profit and Loss Account for the Financial Year ended 31st March 2009 together with the Directors' report and Auditors' report thereon.
2. To appoint a Director in place of Mr. Chandu L. Chavan who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.
3. To appoint a Director in place of Mr. Sanjay H. Waghulade who retires by rotation and being eligible offers himself for re-appointment as a Director of the Company.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board to fix their remuneration.

➤ **SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modification(s) the following resolution as an ***Special Resolution***;

"RESOLVED THAT pursuant to provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 consent of members be and is hereby accorded to already furnished corporate guarantee for an amount not exceeding Rs. 34.00 Crores (Rupees Thirty Four Crores only) in connection with loans made by The Saraswat Co-operative Bank Limited and IDBI Bank Limited to Sankalp Forgings Private Limited on such terms & conditions as contained in their respective sanction letters.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby jointly or severally authorised to file necessary forms, returns & documents in this regard with Registrar of Companies, Pune and also to do all such acts, deeds & things in connection with the forgoing resolution."



BY ORDER OF THE BOARD OF DIRECTORS

CHANDU CHAVAN
CHAIRMAN

Place: PUNE

Date: 03.09.2009

NOTE:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective must be lodged with the Company at its Registered Office at least 48 hours before the time appointed for the meeting.
3. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to send their queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed herewith.



EXPLANATORY STATEMENT
(Pursuant to section 173(2) of the Companies Act, 1956)

Item No. 5

The Board of Directors of your Company has furnished a corporate guarantee amounting to Rs. 34 Crores as The Saraswat Co-operative Bank Limited and IDBI Bank Limited agreed to advance various Credit Facilities to Sankalp Forgings Private Limited which is one of our subsidiary company. One of the conditions for disbursement of loan was issuance of corporate guarantee by your company in favour of the bank(s).

The aforesaid guarantee was given without obtaining prior consent of members as Sankalp was in need of funds for its business and getting approval of members by calling general meeting would have delayed disbursement of money hence guarantee was given merely by passing a board resolution.

Now your directors therefore, seek your consent so as to ratify or confirm this act of board.

No Director is deemed to be concerned or interested in the resolution.



MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

As the world witnesses one of the most challenging periods in nearly eight decades, India was relatively insulated on account of its regulated financial system and large consumption-driven economy. However, global turbulence did interrupt India's growth; GDP growth declined from 9% in 2007-08 to 6.7% in 2008-09. Even at this lower growth rate, India retained its position as the world's second fastest growing economy.

The global and Indian economy was marked by contrasting halves in 2008-09. The first half was marked by input cost volatility: rising steel and crude oil prices, greater inflation and a depreciating rupee. So even as demand increased, cost-push inflation and currency fluctuations impacted our margins.

The second half of the year was in complete contrast. Global financial institutions collapsed and liquidity became scarce. As it turned out, the automotive sector was among the worst affected, as most sectoral players encountered sluggish demand, declining realizations and increasing inventory. Besides currency write-offs, following a depreciating Indian currency vis-à-vis the US dollar, dampened profitability.

The global environment impacted ADAL, especially Tube business with a lower demand from the automotive segment plus increased finance cost. These tough business conditions warranted bold steps to "stay on course" towards profitable growth, which includes; Plan to shift focus to other sectors such as energy, boiler, power, infrastructure etc., cost reductions, Innovations and tapping export market.

I shall take this opportunity to express my gratitude to all shareholders for their continued confidence in the Company.

Sincerely yours

C. L. Chavan

Place: Pune

Date: 03.09.2009

**REPORT OF THE DIRECTORS**

To,
The Members of,
Arihant Domestic Appliances Limited,
Pune

Your directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2009. The Financial highlights of the year under review are as follows;

FINANCIAL RESULTS:

During the year 2008-09 your Company has achieved around 20% rise in sales as compared to previous year. Total sale of Financial Years 2008-09 was Rs. 40,018.29 Lacs as compared to sale of Rs. 31,892.85 Lacs in financial year 2007-08 for better understanding of the financial results of the Company separate summary report is also included in this annual report.

	(Rs. In Lacs)	
Particulars	2008-09	2007-08
Turnover / Income (Gross)	40,018.29	31,892.85
Turnover / Income (Net)	34,775.34	27,424.48
Other Income	305.94	168.21
Total Expenditures	33,289.33	26,082.15
Profit Before Contingency Provision and Tax	1791.94	675.55
Interest and Finance Cost	3020.81	1273.81
Depreciation	892.48	578.89
Profit Before Tax	1613.49	675.55
Tax - Current	186.95	66.65
- Deferred	404.22	252.8
- FBT	16.90	10.4
- Income Tax Excess Provision in Previous Year	-	(38.96)
- Wealth Tax	1.19	(1)
- MAT (Credit)	(165.01)	21.24
Profit After Tax	1169.23	364.41
Balance Brought forward from last year	2156.89	2,222.15
Profit Available for Appropriation	3326.12	2,586.57
Appropriations		
Dividend on Preference Shares	-	4.00
Corporate Dividend Tax	-	0.68
Transfer to Capital Redemption Reserve	-	400.00
General Reserve	116.92	25.00
Surplus Carried over to Balance sheet	3209.19	2156.89



EPS	23.38	7.29
Face value of Share Rs 10/- each)		

SUBSIDIARY:

During the period under review, following is the list of Subsidiary Companies, within the meaning of Section 4(1)(b)(ii) of the Companies Act, 1956;

- Arihant Auto Components Private Limited
- Arihant Steel and Metal Wires Private Limited
- Arihant Steel Products and Services Private Limited
- Saicon Steels Private Limited, Mumbai
- Seven Star Electrodes Private Limited, Pune

WITHDRAWAL OF MERGER SCHEME

During the period under review, Company withdrew the scheme of Merger between Seven Star Electrodes Private Limited and the Company. The scheme was filed with Honorable Bombay High Court in August 2008 but due to certain unavoidable circumstances, it was thought fit by the Board to withdraw the same.

ACQUISITION

- Sankalp Forgings Private Limited :-

During the period under review, your Company increased its equity stake in Sankalp Forgings Private Limited from 26% (last year) to 51% (this year) thereby making it subsidiary company of Arihant within the eyes of law.

During financial period 2008-09 Company achieved a turnover of Rs. 36.60 Crores and Profit before Tax (PBT) of Rs. 3.85 Crores as against turnover of Rs. 17.49 Crores and PBT of Rs. 41.36 Lacs during immediately preceding financial year. Sankalp possess enough potential to grow at a very high speed in near future.

DIVIDEND:

The Board, for the year ended 31st March, 2009 has not recommended any dividend.

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign exchange earning of Rs. 34.66 Lacs (FOB Value of exports) and outgo of Rs. 26.29 Lacs.



PARTICULARS OF EMPLOYEES

There are no employees falling within the purview of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DEPOSITS

During the period under review Company has not accepted any deposits from persons other than Shareholders, Directors and their relatives.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Company's Articles of Association, Mr. Chandu L. Chavan and Mr. Sanjay H. Waghulade retire by rotation and are eligible for re-appointment.

During the period under review, Mr. Gaurav Pradhan, Nominee Director of Deutsche Bank AG, Mumbai stepped down from the Board with effect from 07.07.2009. The Board places on record its appreciation of the contribution made and value derived in the deliberations of the Board during his tenure as a Director.

Furthermore, following directors were appointed as Whole-Time Director(s) w.e.f. 10.07.2008 by passing ordinary resolution in general meeting of the Company;

- Chandu L. Chavan
- Sanjay H. Waghulade
- Parag M. Mulye
- Sanjay Bhade
- Shivaji Katke

STATUTORY AUDITORS

During the review period, Messrs AMB & Co, Chartered Accountants, Pune (existing auditor) who holds office until conclusion of ensuing Annual General Meeting (AGM) resigned from the post of auditor with effect from 13.01.2009 thereby causing casual vacancy within the meaning of Company Law. Messrs B. K. Khare & Co., Chartered Accountant, Pune was thereafter appointed as Statutory Auditor of the Company w.e.f 20.01.2009 until conclusion of ensuing AGM.

The Company has received a letter from M/s. B. K. Khare & Co., to the effect that their appointment, if made, by the Company for the year 2009-10 will be within the limit prescribed under section 224(1B) of the Companies Act, 1956. The Board of Directors recommends their re-appointment.



ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A' to the Directors' Report.

CAUTIONARY STATEMENT

The information and opinion expressed in the Report may contain certain forward-looking statements, which the management believes are true to the best of its knowledge at the time of its preparation. Actual results may differ materially from those either expressed or implied in the Report. Important factors that could make a difference to the company's operations include, among others, economic condition in the domestic and the overseas market in which the company operates, changes in the government regulations, tax laws and other statute and incidental factors.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

The Directors place on record their appreciations for the wholehearted and sincere co-operation received by the Company during the year from the clients, banks, financial institutions, employees and various Government Authorities during the year under review.



The Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the company at all levels towards the growth of the company.

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS,**

**CHANDU CHAVAN
CHAIRMAN**

Place: PUNE
Date: 03.09.2009



**ANNEXURE TO THE REPORT OF DIRECTORS IN TERMS OF COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES
1988.**

FORM - A

Form for disclosure of particulars with respect to conservation of energy.

Particulars **31st March 2009** **31st March 2008**

(A) Power and Fuel Consumption

1. Electricity		
(a) Purchased		
Units (KW)	5317390	6909280
Total Amount (Rs.Lacs)	22864777	23491552
Rate/Unit (Rs.)	4.3	3.4
(b) Own Generation	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil	NIL	NIL
4. Other/Internal Generation	NIL	NIL

(B) Consumption per Unit of Production-

(In view of the heterogeneous product mix the consumption per unit of product has not been indicated for the various products/units. However the efforts are being made to arrive at such figures in years to come.)

FORM - B

Form for disclosure of particulars with respect to Technology Absorption.

There is nothing much to comment under this head.

For and on behalf of the Board

C. L. Chavan
Chairman

Place: Pune
Date: 03.09.2009

Head Office : Mumbai

- Tel : (022) 2200 0607 / 7318 / 6360
- (022) 6631 5835 / 36
- Fax : (022) 2200 3476
- E-mail : info@bkkhareco.com
- 706 / 708, Sharda Chambers,
New Marine Lines, Mumbai 400 020

B. K. KHARE & Co.
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT
TO THE MEMBERS OF
ARIHANT DOMESTIC APPLIANCES LIMITED**

We have audited the attached Balance Sheet of **Arihant Domestic Appliances Limited** as at 31st March 2009 and 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 the 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, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give 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 to in paragraph (3) above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2009, and taken on record by the Board of Directors,

Branch Office : Pune

- Tel : (020) 2543 3704 • Fax : (020) 2542 0212
- E-mail : pune@bkkhareco.com
- 11, Venu-Madhav, 104/7, Off Lane No. 14,
Prabhat Road, Erandwane, Pune - 411 004.

Branch Office : Bangalore

- Tel: (080) 4110 5357 •
- E-mail: bkkhareb@vsnl.net •
- 505, 8B Main, Koramangala, IVth Block
Near Telephone Exchange, Bangalore - 560 034.

we report that, none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
B. K. Khare and Co.
Chartered Accountants



U.B. Joshi
Partner

M. No. 44097

Place: Pune

Dated: September 3, 2009



Annexure to the Auditors' Report

Referred to in paragraph 1 of our Report of even date:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets other than Tools, Dies and Mendral. As explained the Company is in the process of updating the records of various Tools, Dies and Mendral based on physical verification.
(b) Major assets have been physically verified by the management during the year based on the regular program of verification which in our opinion is reasonable having regards to the size of the company and the nature of its assets. As explained the reconciliation of physical inventory of plant and machinery with book records is nearing completion.
(c) In our opinion and according to the information and explanations given to us, a substantial part of Fixed Assets has not been disposed off by the Company during the year.
- ii. (a) The inventory, except stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year end, written confirmations have been obtained. In our opinion, the frequency of such verification needs to be strengthened.
(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. However, considering the size of the Company the procedure for physical verification of inventories needs to be appropriately documented.
(c) *The Company is in the process of implementation of ERP Solution – SAP R/3. As explained due to inadequate training/implementation process, the reports as required are not adequately configured and therefore not made available to us. In view of this we are not in a position to comment on the discrepancies that would have been noticed between physical stock and book records.*
- iii. According to the information and explanation provided to us, no loans secured or unsecured have been granted to or taken from companies, firms or other parties in the register maintained under Section 301 of the Act.



- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weakness in internal control system.
- v. In respect of transaction entered in the register maintained in pursuance of section 301 of Companies Act, 1956;
- a. Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements have been entered in the register required to be maintained under section 301.
 - b. According to the information and explanations given to us and excluding certain transaction of purchase of goods and material of special nature for which alternate quotations are not available, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Hence, the provisions of Section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and rules framed there under are not applicable.
- vii. *Company has an Internal Audit System. In our opinion the scope, coverage and the frequency of Internal Audit needs to be strengthened in order to be commensurate with the size and nature of the Company's business.*
- viii. According to the information and explanations 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/services rendered by the Company.
- ix. (a) According to the records of the Company and information and explanations given to us, there have been delays on several occasions in respect of payment of Income Tax



deducted at source, Profession Tax and Excise Duty. In other cases, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales-Tax, Customs Duty, cess and other statutory dues with the appropriate authorities.

According to the information and explanations given to us, following are the undisputed amounts payable in respect of Income Tax, Service Tax, Wealth Tax and Bombay Labour Welfare Act which were in arrears as on 31st March 2009 for a period of more than six months from the date they become payable.

Name of Statute	Nature of Dues	Amount (Rs. In Lacs)
Income Tax	Tax Deducted at Source & Tax Collected at Source	4.59
	Fringe Benefit Tax AY 2008 -09	11.81
	Fringe Benefit Tax AY 2009-10	18.94
	Dividend Tax Payable.	10.14
Wealth Tax	Wealth Tax - AY 2006-07	0.23
	Wealth Tax - AY 2007-08	0.65
	Wealth Tax - AY 2008-09	1.00
	Wealth Tax - AY 2009-10	0.43
Service Tax	GTA on Outward Transport	1.84
	GTA on Inward Transport	19.77
	On Import of Service	0.86
Bombay Labour Welfare Act	Employee & Employer Contribution	0.05

(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, Customs Duty and Excise Duty and cess, which have not been deposited on account of disputes.

- x. The Company does not have accumulated losses at the end of the financial year and the company has not incurred any cash losses in the current and the immediately preceding financial year.



- xi. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the payment of dues to its bankers or to any financial institutions.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or nidhi/mutual benefit fund/society.
- xiv. (a) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. According to the information and explanations given to us, the Company has given following guarantees for loans taken by subsidiary companies and employees from banks and financial institutions. Considering the status of subsidiary companies and guarantee of employee we are of the opinion that the terms and conditions of the guarantees for loans given are not prejudicial to the interest of the company.

Sr.No	Given in Year	Guarantee given in favour of	Guarantee given on behalf of	Purpose/ Nature of transaction	Amount (Rs. In Lacs)
1	2006-07	Saraswat Co.op Bank Ltd	Mr. Sudhir Bapat	Purchase of Vehicle	20.00
2	2006-07	Saraswat Co.op Bank Ltd	Arihant Steel & Metal Wires Pvt. Ltd	Term Loan & Deferred Payment Guarantee	1,490.00
3	2007-08	SIDBI	M/s. Saicon Steel Pvt. Ltd	Term Loan Facility	400.00
4	2007-08	M/s. Electronica Finance Ltd	Arihant Steel & Metal Wires Pvt. Ltd	Purchase of Machinery	105.00
5	2007-08	M/s. Electronica Finance Ltd	M/s. Sankalp Forgings Pvt. Ltd.	Term Loan Facility	70.00



6	2007-08	M/s. Electronica Finance Ltd	M/s. Sankalp Forgings Pvt. Ltd.	Hire Purchase Finance	100.00
7	2007-08	M/s. Electronica Finance Ltd	M/s. Sankalp Forgings Pvt. Ltd.	Clean Loan Finance	15.00
8	2008-09	Canbank Factors Limited, J.M. Road Branch	M/s. Sankalp Forgings Pvt. Ltd.	Sale Bill Discounting	75.00
9	2008-09	New India Co.op Bank Ltd, Mumbai	Electromech Material Handling System (I) Pvt. Ltd	Facility availed for Bill Financing	43.00
10	2008-09	Saraswat Co.op Bank Ltd	M/s. Sankalp Forgings Pvt. Ltd.	Term Loan Facility & Working Capital Loan	1,950.00
11	2008-09	IDBI	M/s. Sankalp Forgings Pvt. Ltd.	Term Loan Facility & Working Capital Loan	1,450.00
12	2008-09	Canara Bank, J.B. Nagar Branch, Mumbai	M/s. Saicon Steel Pvt. Ltd	Cash Credit	800.00

xvi. To the best of our knowledge and belief and according to explanation given to us, term loan availed by the company were, prima facie applied by the company during the year for the purpose for which loans were obtained.

xvii. According to the Cash flow statement and records examined by us and according to the information and explanations given to us on overall basis, funds raised on short term basis have not been used during the year for long term purposes.

xviii. The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year and the question where the price at which the shares have been issued is prejudicial to the interest of the company does not arise.



- xix. According to the information and explanations given to us, the company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Place : Pune

Dated : 3rd September 2009



For B.K. Khare & Co.

Chartered Accountants

U. B. Joshi

Partner

Membership No.: 044097



BALANCE SHEET AS AT 31st MARCH, 2009.

Rs in Lacs

PARTICULARS	Schedule	31st Mar 2009	31st Mar 2008
SOURCES OF FUNDS :			
SHARE HOLDERS' FUNDS			
Share Capital	1	500.01	500.01
Reserve & Surplus	2	3,865.76	2,696.53
		4,365.77	3,196.54
LOAN FUNDS			
Secured Loans	3	22,768.82	13,651.70
Unsecured Loans	4	3,256.77	2,184.81
		26,025.58	15,836.51
DEFERRED TAX LIABILITY		1,515.24	1,111.02
TOTAL FUNDS EMPLOYED		31,906.59	20,144.07
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block		17,014.19	11,246.40
Less : Depreciation		2,852.72	1,969.92
Net Block		14,161.47	9,276.48
Capital Work in Progress		8,954.93	2,715.26
Total Fixed Assets	5	23,116.40	11,991.74
INVESTMENTS	6	2,454.25	1,557.80
Current Assets, Loans and Advances	7, 8		
Inventories		6,927.72	6,826.10
Sundry Debtors #		126.89	3,207.96
Cash and Bank Balances		6,547.89	5,510.77
Loans & Advances		4,613.73	2,337.78
		18,216.23	17,882.61
Less : Current Liabilities & Provisions	9		
Current Liabilities		11,834.81	11,288.08
Provisions		45.47	-
		11,880.28	11,288.08
Net Current Assets		6,335.95	6,594.53
TOTAL FUNDS APPLIED		31,906.59	20,144.07

Notes to Accounts
Refer Note No 4 of Sch 15

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As per our Report of even date
For B K Khare & Company
Chartered Accountants

U. B. Joshi
Partner
Membership No. 44097

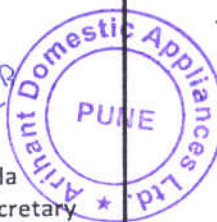


For Arihant Domestic Appliances Limited

Chandu Chavan
Chairman
Date : - 03/09/2009
Place :- Pune

Ravindra Katre
Managing Director

Mahesh Bagla
Company Secretary





PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009.

Rs in Lacs

PARTICULARS	Schedule	31st Mar 2009	31st Mar 2008
INCOME			
Gross Sales		40,018.29	31,892.85
Less - Excise duty on Sales		5,242.96	4,468.37
Net Sales		34,775.34	27,424.48
Other Income	10	305.94	168.21
TOTAL		35,081.28	27,592.69
EXPENDITURE			
Material Consumption	11	24,335.32	22,003.67
Personnel Expenses	12	1,101.77	523.72
Other Expenses	13	3,938.95	2,537.05
Interest & Finance cost	14	3,020.81	1,273.81
Depreciation	5	892.48	578.89
TOTAL		33,289.33	26,917.14
Profit Before Contingency Provision & Tax		1,791.94	675.55
Less: Prior Period Items		178.46	
Profit / (Loss) before tax		1,613.49	675.55
Less - Provision for tax			
Current Tax		186.95	66.65
Wealth Tax		1.19	(1.00)
Deferred Tax		404.22	252.80
Income Tax Provisions Written off		-	(38.96)
MAT Credit		(165.01)	21.24
Fringe Benefit Tax		16.90	10.40
Profit / (Loss) after Tax for the period		1,169.23	364.42
Balance of Profit & Loss Account brought forward		2,156.89	2,222.15
Amount available for appropriation		3,326.12	2,586.57
Appropriations			
Dividend on Preference Shares			4.00
Corporate Dividend Tax		-	0.68
Capital Redemption Reserve		-	400.00
General Reserve		116.92	25.00
Balance of Profit & Loss Account carried to Balance Sheet		3,209.19	2,156.89
Earning per Share (Note No 19 of Sch 15) (Face value of Rs. 10 Per Share)			
Basic		23.38	7.29
Diluted		19.45	5.04

Notes on accounts

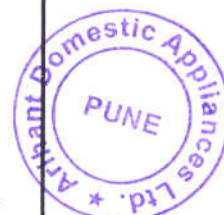
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As per our Report of even date
For B K Khare & Company
Chartered Accountants

U. B. Joshi
Partner
Membership No. 44097

For Arihant Domestic Appliances Limited

Chandu Chavan Ravindra Katre Mahesh Bagla
Chairman Managing Director Company Secretary
Date : - 03/09/2009
Place :- Pune





CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Rs. In Lacs

PARTICULARS	31.03.09	31.03.08
Cash flow from operating activities		
Net Profit Before tax but after prior period items	1,613.49	675.55
Adjustments for		
Adjustments for Depreciation	882.81	578.89
Interest Expenditure	3,020.81	1,272.11
Interest Income	(127.22)	(3.24)
Provision for leave encashment	45.47	
Loss on sale of fixed Asset	11.00	
Sundry balances Wrie off	17.37	
Provision for Doubtful Debts	38.43	
Forex (Gain) / Loss	102.18	
Deffered Revenue exps	3,990.85	18.42
Operating profit before working cap. changes	5,604.34	2,541.73
Adjustments for changes in working capital		
(Increase)/Decrease In Trade Debtors	3,063.70	782.97
(Increase)/Decrease In Inventories	(101.62)	(2,289.49)
(Increase)/Decrease In Loans and advances	(2,239.03)	(1,148.72)
Increase/(Decrease) In current Liabs. and Provisions	468.27	3,645.09
Cash generated from Operations	6,795.66	3,531.58
Income Tax Paid	36.92	
Net Cash from operation activities (A)	6,758.74	3,531.58
B. Cash flow from Investing activities		
Purchase of Fixed Assets		
Addition made during the period	(12,152.70)	(5,014.35)
Sale Of Fixed Assets	32.06	
Purchase of Investments	(896.45)	(1,488.22)
Interest Received (Revenue)	127.22	3.24
Net cash used in investing activities (B)	(12,889.87)	(6,499.33)
C. Cash flow from Financing act ivies		
Issue of Equity/preference Share Capital	-	0.01
Receipt\ (payment) of Share Application Money		(654.19)
Net Proceeds from Long Term Borrowings	9,825.70	4,946.19
Net Proceeds from Short Term Borrowings	363.38	4,966.96
Interest Paid	(3,020.81)	(1,272.11)
Net cash used in financing activities (C)	7,168.26	7,986.86
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	1,037.12	5,019.11
Cash & Cash Equivalents as at 01.04.2008	(Op. Balance) 5,510.77	491.66
Cash & Cash Equivalents as at 31.03.2009	(Cl. Balance) 6,547.89	5,510.77
Cash and Cash equivalents Comprise		
Cash on hand	7.48	6.53
Bank balances	6,540.41	5,504.24
	6,547.89	5,510.77

This is the cash flow statement has been prepared under the indirect method setout in AS 3 issued by the Institute of Chartered Accountants of India
Figures in brackets indicate cash outgo

For B K Khare & Company
Chartered Accountants

U. B. Joshi
Partner
Membership No. 44097



For Arihant Domestic Appliances Limited

Chandu Chavan
Chairman
Date : - 03/09/2009
Place :- Pune

Ravindra Katre
Managing Director

Mahesh Bagla
Company Secretary



ARIHANT DOMESTIC APPLIANCES LIMITED

Schedules annexed to and forming part of financial statements as at 31st March, 2009.

Schedule - 1
Share Capital

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
Authorised Capital		
70,00,000 (PY 70,00,000) Equity shares of Rs 10/- each.	700.00	700.00
40,00,000 (P.Y. 40,00,000) 12% Preference Shares of Rs. 10/- each	400.00	400.00
	1,100.00	1,100.00
Issued, Subscribed and Paid-up		
50,00,100 Equity shares (P.Y. 50,00,100) of Rs. 10 each fully paid up	500.01	500.01
	500.01	500.01

Schedule - 2
Reserve & Surplus

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
General reserve - Opening Balance	74.00	49.00
Add: Transferred from the Profit & Loss Account	116.92	25.00
	190.92	74.00
Revaluation Reserve	65.64	65.64
Capital Redemption Reserve	400.00	400.00
Balance in Profit & Loss Account	3,209.19	2,156.89
Total	3,865.76	2,696.53

Schedule - 3
Secured Loans

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
Term Loan from Banks	13,508.25	6,473.16
Term Loans from Financial Institutions	2,882.98	1,164.33
(amount repayable within one year Rs. 12 Crores PY Rs.5.06 Crores)		
Working Capital Loan from Banks	1,509.55	1,202.41
Overdraft Against Fixed Deposits	4,868.03	4,811.80
Total	22,768.82	13,651.70

Refer Note B(1) Schedule 15

Schedule - 4
Unsecured Loans

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
Interest free sales tax loan	3,131.05	2,184.76
Loan from Financial Institution	125.67	-
Other long term loan (Warrant Issued to Deutsche Bank)	0.05	0.05
Total	3,256.77	2,184.81

Refer Note B(1) Schedule 15



ARIHANT DOMESTIC APPLIANCES LIMITED

Schedule '5' : Fixed Assets

2008-09

Descriptions		Gross Block			Depreciation			Net Block		
		As on 01.04.2008	Additions	Deductions and Adjustments	As on 31.3.2009	As on 01.4.2009	For the Year	Deductions and Adjustments	As on 31.3.2009	As on 31.3.2008
Free Hold Land Account		659.81	224.68	-	884.50	-	-	-	884.50	659.81
Leasehold Land Account		0.11	-	-	0.11	0.00	0.00	-	0.11	0.11
Building		1,077.17	147.62	-	1,224.80	125.53	25.39	-	1,073.87	951.64
Plant & Machinery		3,614.09	2,903.34	-	6,517.43	665.60	490.38	-	1,155.98	2,948.49
Tools & Dies		5,780.88	2,487.09	-	8,267.97	1,159.66	346.50	-	1,506.16	4,621.22
Furniture & Fixtures		31.44	1.74	-	33.18	1.21	20.52	-	21.73	30.23
Vehicles		82.92	35.35	32.06	86.20	17.93	9.68	(9.69)	17.92	64.99
Total		11,246.41	5,799.84	32.06	17,014.19	1,969.93	892.48	(9.69)	14,161.47	9,276.48
Previous Year		8,765.59	2,505.89	25.07	11,246.41	1,391.04	578.89	-	9,276.48	7,374.55
Capital Work in Progress										
Building									3,817.89	-
Plant & Machinery									4,451.10	851.80
SAP Implementation									191.91	153.08
Patents									63.65	-
Expenditure Pending allocation									430.39	1,710.38
Total CWIP									8,954.93	2,715.26
Total Fixed Assets									23,116.40	11,991.75

Until Last year, assets costing below Rs. 5000/- were not depreciated at 100% as provided in schedule XIV of the Companies Act 1956. During the current year, all such assets have been fully depreciated. If such change had not taken place, the profit for the year would have been higher by Rs. 26.63 Lacs.



ARIHANT DOMESTIC APPLIANCES LIMITED

Schedules annexed to and forming part of financial statements as at 31st March, 2009.

Schedule - 6

Investments

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
Long Term Investments		
(Non Trade, unquoted, valued at cost)		
Saraswat Co- Op Bank Limited 250 fully paid up shares of Rs 100 each in The Saraswat Co-operative Bank Ltd (Previous year 250 shares)	0.25	0.25
Mutual Funds 40,000 Units of Rs 10 each in UTI India Life Style Fund (Previous year 40,000 Units)	4.00	4.00
In Subsidiary Companies		
(Non trade, Unquoted, Fully paid)		
1. 7,99,999 (7,99,999) Equity shares of Rs.10/- each in Arihant Steel & Metal Wires Private Ltd.	80.00	80.00
2. 9,999 (9,999) Equity shares of Rs.10/- each in Arihant Steel & Steel Products Private Ltd.	1.00	1.00
3. 1,89,999 (1,89,999) Equity shares of Rs.10/- each in Arihant Autocomponents Private Ltd.	190.00	190.00
4. 22,69,499 (22,69,499) Equity shares of Rs.10/- each in Saicon Steels Private Ltd.	0.51	0.51
5. 3,99,999 (3,99,999) Equity shares of Rs.10/- each in Sevenstar Electrodes Private Ltd.	1,200.00	1,200.00
6. 2,23,907 (75,584) Equity shares of Rs.10/- each in Sankalp Forging Private Ltd. (Refer Note A(14) of Sch 15)	978.49	82.04
Total	2,454.25	1,557.80

The following are the movements in investments during the year:

Shares in Company	Acquired	Rs. Lacs
	Shares	
Sankalp Forging Private Ltd	148,323	896.45



ARIHANT DOMESTIC APPLIANCES LIMITED

Schedules annexed to and forming part of financial statements as at 31st March, 2009.

Schedule - 7

Current Assets

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
<u>Inventories</u> [Refer Note A(6) and A(13) of Sch. 15] (Valued at Cost or net realisable value whichever is lower)		
Raw Material & Components	2,497.43	2,870.71
Work-in-progress	542.19	259.44
Stores & Spares	57.97	123.43
Finished Goods	3,759.19	3,572.52
Scrap	70.95	-
Total	6,927.72	6,826.10
<u>Sundry Debtors (Unsecured)</u> [Refer Note B(4) of Sch. 15]		
Outstanding over six months		
Considered Good	0	186.32
Considered Doubtful	38.43	-
	38.43	186.32
Other Debts Considered Good	165.32	3,021.64
Less - Provision for doubtful debts	38.43	-
	126.89	3,207.96
<u>Cash & Bank Balances</u>		
Cash on hand	7.48	6.53
Balances with Scheduled Banks :		
In Current account	152.72	141.42
In Margin money Deposit account	1,387.69	362.82
In Fixed Deposit account	5,000.00	5,000.00
	6,547.89	5,510.77

Schedule - 8

Loans and Advances

(Unsecured, considered good)

PARTICULARS	31st Mar 2009	31st Mar 2008
	Rs in Lacs	Rs in Lacs
Advances recoverable in cash or kind or for value to be received.		
From Others	1,609.67	1,088.47
Balance with Excise/Custom/Sales tax authorities	1,329.07	649.49
Deposits	192.94	420.18
Advances to Suppliers	1,154.34	-
Mat Credit Entitlement	289.31	124.30
Advance Income Tax	38.39	55.34
	4,613.72	2,337.78



ARIHANT DOMESTIC APPLIANCES LIMITED

Schedules annexed to and forming part of financial statements as at 31st March, 2009.

Schedule - 9

Rs in Lacs

Current Liabilities & Provisions

PARTICULARS	31st Mar 2009	31st Mar 2008
Current Liabilities		
Sundry Creditors (Refer Note B(5) of Sch 15)		
a) Total outstanding dues of Micro and Small Entreprises	-	
b) Total outstanding dues of Creditors other than Micro and Small Entreprises	10,722.29	9,793.86
Subsidiary Companies	71.68	-
Other Liabilities	1,040.85	1,494.22
	11,834.81	11,288.08
Provisions		
Leave Encashment	45.47	-
	11,880.28	11,288.08

Schedule - 10
Other Income

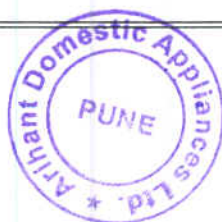
PARTICULARS	31st Mar 2009	31st Mar 2008
Interest on deposits	127.22	3.24
[Tax Deducted at Source Rs.25.58 lacs (P Y Rs. 0.31 Lacs)]		
Dividend on Mutual Funds/ Shares	0.05	0.05
Exchange Rate Fluctuation-(Net)		64.20
Sales Tax Subsidy (Refer Note A(9) of Sch 16)	44.70	
Miscellaneous Income	133.97	100.72
	305.94	168.21

Schedule - 11
Material Consumption

PARTICULARS	31st Mar 2009	31st Mar 2008
Raw Material and Components Consumed	24,823.92	23,019.68
(Increase)/ Decrease in Stocks		
Opening Stock - Work in Progress	259.44	776.96
Finished Goods	3,572.51	2,038.98
	3,831.95	2,815.94
Closing Stock - Work in Progress	542.19	259.44
Finished Goods	3,707.42	3,572.51
Scrap	70.95	
	4,320.55	3,831.95
(Increase)/ Decrease in Stocks	(488.60)	(1,016.01)
	24,335.32	22,003.67

Schedule - 12
Personnel Expenses

PARTICULARS	31st Mar 2009	31st Mar 2008
Salaries, Wages, Bonus etc	904.47	434.52
Contribution to Provident & other funds	116.70	33.81
Staff Welfare expenses	80.60	55.39
	1,101.77	523.72



ARIHANT DOMESTIC APPLIANCES LIMITED

Schedules annexed to and forming part of financial statements as at 31st March, 2009.

Schedule - 13

Rs in Lacs

Other Expenses

PARTICULARS	31st Mar 2009	31st Mar 2008
<u>Manufacturing Expenses</u>		
Power, Fuel	419.37	425.69
Stores, Spares & Oil consumed	6.77	-
Other Manufacturing Expenses	1,759.26	636.38
<u>Repairs & Maintenance</u>		
- Plant & Machinery	80.53	75.45
- Buildings	8.46	-
- Others	42.75	15.77
Total Manufacturing Expenses	2,317.15	1,153.29
<u>Administrative & Selling expenses</u>		
Rent Rates & Taxes	149.35	60.02
Insurance	191.13	54.65
Freight & Packing	581.00	747.44
Printing & Stationery	35.23	19.99
Telephone Expenses	37.95	23.54
Travelling & Conveyance	173.35	144.83
Provision for Doubtful debts	38.43	-
Bad Debts Written Off	17.37	-
Loss on Sale of Assets	11.00	1.41
Other Administrative & Selling Expenses	279.81	328.87
<u>Auditors Remuneration</u>		
- For Audit Services	5.00	1.50
- For Taxation Services	-	1.25
- For Other Services	-	0.25
Foreign Exchange Fluctuation	102.18	-
Total Administrative & Selling expenses	1,621.80	1,383.76
Total Other Expenses	3,938.95	2,537.05

Schedule - 14

PARTICULARS	31st Mar 2009	31st Mar 2008
<u>Interest & Finance Cost</u>		
On Fixed period loans	325.57	78.99
On Others	2,684.73	1,193.12
Cash Discounts	10.51	1.70
	3,020.81	1,273.81



**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

Schedule No 15:

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Accounting Convention

The financial statements have been prepared under the historical cost convention, having due regard to fundamental accounting assumptions of going concern, consistency and accrual, in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

2. Use of Estimates

The preparation of Financial Statements requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, employee benefits, provision for income taxes, the useful lives of depreciable fixed assets and provision for impairment. Actual results may differ from those estimates. Any revisions to accounting estimates are recognised prospectively in current and future periods.

3. Fixed Assets and Depreciation

- i. Freehold Land is stated at cost.
- ii. Fixed assets are stated at cost of acquisition or construction less accumulated depreciation and impairment losses. Attributable finance costs and expenses of bringing the respective assets to working condition for their intended use are capitalized.
- iii. Depreciation on fixed assets except items mentioned below at (iv) is provided on the straight line method pro-rata to the period of use. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 have been adopted by the Company, which in view of the management reflects the useful life of related fixed asset.
- iv. In case of the Auto Division accelerated rates of depreciation have been adopted by the Company as the management is of the view that the same reflects the useful life of related fixed assets.

Asset	Rates as per Schedule XIV	Depreciation Rate Used
Plant & Machinery	10.34%	14.28%
Electrification	4.75%	14.28%

- v. Capital work-in-progress includes the cost of fixed assets that are not ready for intended use at the Balance Sheet date.
- vi. The management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

Company recognises an impairment loss as the excess of the carrying amount of asset over the recoverable amount.

4. Investments

- i. Investments that are readily realizable and intended to be held for not more than one year from the date on which such investment is made are classified as current investments.
- ii. Long- term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment.
- iii. Current investments are carried at lower of cost and fair value, which is determined for each individual investment. Cost includes related expenses such as commission/brokerage etc.

5. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets upto the date the asset is put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to profit and loss account in the year in which they are incurred.

6. Inventories

- i. Inventories are stated at cost or realizable value, whichever is lower.
- ii. Raw Materials are valued on Weighted Average basis.
- iii. In case of WIP & FG, cost includes material cost, labour, and where appropriate manufacturing overheads.

7. Foreign Currency Transactions

- i. Transactions denominated in foreign currency are accounted for at rates that approximate the exchange rate prevailing on the date of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year.
- ii. Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end, are translated at the year-end closing exchange rate and the resultant exchange differences are recognised in the Profit and loss account.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

8. Revenue Recognition

- i. Revenue from sales are recognized on dispatch of goods to the customers and are recorded net of trade discounts, rebates, price adjustments, rejections and shortage in transit, taxes and duties.
- ii. Revenue from services is recognized as and when services are rendered and related costs are incurred, in accordance with the terms of specific contracts.
- iii. Dividends are recorded when the right to receive payment is established.
- iv. Interest Income is recognized on a time proportion basis.

9. Sales Tax Subsidy

The Government of Maharashtra, Department of Industries, Mumbai, approved the expansion project to manufacture ERW, CEW, Steel Tubes, Seamless Steel Tubes, HR/CR Steel Coils, Autocomponents and Assemblies & other engineering products as a Mega Project. Amongst other benefits, Company is eligible for Industrial Promotion Subsidy to the extent of VAT paid to the State Government within a period of 7 years or 75% of eligible expenditure whichever is lower. The Company has completed the eligibility criterias by November 2008 and commenced commercial production in December 2008. Accordingly, the VAT collected and paid during December 2008 to March 2009, Rs.44.70 Lacs is considered as Industrial Promotion Subsidy and grouped under Operating Income.

10. Retirement Benefits

- i. Retirement Benefits in respect of gratuity at retirement/cessation are provided for based on valuations, as at the Balance Sheet date, made by an independent actuary.
- ii. Company's Liability towards Leave Encashment is provided for on Actual Basis.
- iii. Company's contribution paid/payable during the year to Provident Fund and Labour Welfare fund are recognized in the Profit and loss Account.

11. Income Taxes

- i. Income tax expense comprises of current tax, fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax (reflecting the tax effect of timing differences between accounting income and taxable income for the year).
- ii. In accordance with Accounting Standard 22 – 'Accounting for taxes on Income', issued by the Institute of Chartered Accountants of India, the deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that they will be realised in future; however, where there is unabsorbed depreciation and carry forward loss under taxation laws, deferred tax assets are recognised only to the extent that there

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

is virtual certainty that sufficient future taxable income will be available to realize such assets.

- iii. Deferred tax assets are reviewed at each Balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.
- iv. The Company offsets deferred tax assets and deferred tax liabilities if it has legally enforceable right and these relate to taxes on income levied by the same governing tax laws.

12. Provisions and Contingencies

- i. A provision is recognised when the Company has present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date.
- ii. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

13. Basis of Valuation of Inventory:

The Company is in the process of implementation of SAP- R/3 ERP System which entails adoption of universally tested business practices which are pre- defined and formatted in the system. Consequent to this the Company has changed the basis of valuation of inventory from FIFO basis to Weighted Average basis which has resulted in the valuation of stock being higher by Rs.701.08 Lacs. As a result, profit for the year and Reserves and Surplus are higher by the same amount.

14. Acquisitions/ Divestments

- i. During the year, the Company has acquired additional 25% share in Sankalp Forgings Pvt. Ltd. by which Company's holding is extended to 51% and Sankalp Forgings Pvt Ltd became Subsidiary of the Company w.e.f. 1st December 2008.
- ii. During the year, Company has acquired the auto component manufacturing facility situated at Nanekarwadi, Chakan from Sevenstar Electrodes Pvt. Ltd. in accordance with the agreement dated 6th October 2008 w.e.f. 1st April 2008.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

B. Notes to Accounts

1. Borrowings and Securities

Name of the Lender	Type of Loan	Repayment Schedule	Assets Hypothecated
Axis Bank Ltd.	Long Term Loan (LTL)	In 60 monthly installments after a moratorium of 12 months from the date of first disbursement.	1. Primary: Pari Passu first charge on Company's entire fixed assets, both present and future. 2. Guarantee: Personal Guarantee of promoter director Mr. C.L. Chavan till completion of security creation to the Bank's Satisfaction.
IDBI Trusteeship Services Limited (Deutsche Bank)	Long Term Loan (LTL)	The holder shall have a right to convert the facility into equity shares at the end of 2 years and 3 months ending on 5 th March 2010.	1. Third charge on all fixed assets of the Company. 2. Promoter Guarantee 3. 30% promoter's shares held in ADAL have been pledged & Non Disposal Undertaking have been provided for another 30% shares held by promoters in ADAL.
IL & FS Financial Services Limited	Long Term Loan (LTL)	After a moratorium of 6 months in 10 equal quarterly installments till May 2011.	1. Pledge of 35% equity shares held by promoters of ADAL. 2. Personal guarantee of promoter director Mr. Chavan.
GE Capital Services India	Long Term Loan (LTL)	20 equal quarterly installments commencing 3 months after draw down.	1. Exclusive charge on specific assets being funded out of loan amount.
State Bank of Mysore	Long Term Loan (LTL)	Repayable in 20 equal quarterly installments.	First pari passu charge on the Company's present and future movable and immovable fixed assets.
UCO Bank	Long Term Loan (LTL)	Repayable in 20 equal quarterly installments after moratorium period of 2 yrs from the date of first disbursement	First pari passu charge on the Company's present and future movable and immovable fixed assets.

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

United Bank of India	Long Term Loan (LTL)	To be repaid in 20 quarterly installments till 1 st June 2014.	First charge on fixed assets, present and future of the Company, ranking pari passu with existing lenders.
IDBI Bank	Long Term Loan (LTL)	To be repaid in 20 quarterly installments	First charge on fixed assets, present and future of the Company, ranking pari passu with existing lenders.
Corporation Bank	Foreign Currency Term Loan	To be repaid in 60 months including initial moratorium period of 6 months, in 54 monthly installments till March'09	EMG/ first charge on factory land and Hyp/first on P&M and other moveable assets on pari passu basis with other financing banks.
IDBI Bank	Working Capital Loan (WCL)	Repayable on demand	Primary: First charge on all the current assets of the Company. Collateral: Second charge on pari passu basis on all fixed assets of the Company. Guarantee: Corporate guarantee of Arihant Auto Component Pvt. Ltd., Arihant Steel & Metal Wire Pvt.. Ltd., Sankalp Forging Pvt. Ltd., Saicon Steel Ltd.

2. Contingent Liabilities not provided for

Particulars	31 st March 2009 (In lacs)
(a) In respect of guarantees given to banks on behalf of:	
(i) Subsidiary Companies	6,498.00
(ii) Other guarantees	20.00
(b) In respect of:	
(i) Claims against the Company not acknowledged as debts	0.92
	7,320.74

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

3. Capital Commitments

Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for Rs.1, 419.55 Lacs. (Previous Year Rs. 84.34 Lacs)

4. Debtors

During the year commercial banks have sanctioned insurance backed factoring with recourse in respect of company's debtors. Accordingly, on the date of balance sheet, total debtors assigned to the bankers are at Rs. 11,768.99 Lacs (Previous Year Rs. 7,796.92 Lacs). With the result, the debtors at the end of the year stand reduced by the said amount.

5. Suppliers covered under **Micro, Small & Medium Enterprises Development Act, 2006**, have not furnished required information regarding filing of necessary memorandum with appointed authority. In view of this, information required under Section 22 of the said Act is not given.

6. Managerial Remuneration:

(Rs. In Lacs)

Particulars	31 st March 2009	31 st March 2008
Salary and allowances	44.80	28.20

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

7. Capacities and Production:

Particulars	31 st March 2009	31 st March 2008	31 st March 2009	31 st March 2008
Unit	M.T.	M.T.		
	Installed Capacity (*):		Production	
Tubes	1,51,920	1,36,800	23,081	44714
Others	Not Quantifiable	Not Quantifiable	30,002	24177

(*) Installed Capacities are certified by the Managing Director and relied upon by the Auditor.

Considering the nature of the company's Autocomponents Division relating to production of various Autocomponents, it is not practical to provide quantitative data of installed capacity, production, stock of manufactured goods and consumption of Raw Material & Components. This being a technical matter, management's assessment has been relied upon by the Auditors. ERW Hollow Tubes are Raw Material for production of CEW Tubes.

8. Turnover, Opening and Closing Stock:

(Rs. In Lacs)

		31 st March, 2009		31 st March, 2008	
<u>Tubes</u>	Unit	Qty	Value	Qty	Value
Turnover	M.T	23,690	15,238.55	44,620	20,071.71
Opening Stock	M.T	9,968	3,572.51	9,874	2,870.71
Closing Stock	M.T	9,357	3,567.12	9,968	3,572.51

		31 st March, 2009		31 st March, 2008	
<u>Others</u>	Unit	Qty	Value	Qty	Value
Turnover	M.T	30,002	10,666.40	24,177	7,352.77
Opening Stock	M.T	-	-	-	-
Closing Stock	M.T	-	-	-	-

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

9. Raw Materials and Components Consumed:

(Rs. In Lacs)

Steel	31 st March 2009	31 st March 2008
M.T	62,262.03	85,394.67
Value (*)	19,703.63	23,019.67

(*) Includes cost of goods traded Rs.1255.38 Lakhs (Previous Year - Nil)

10. Value of Raw Material and Components Consumed:

	31 st March, 2009		31 st March, 2008	
	Rs. In Lacs	%	Rs. In Lacs	%
Indigenous	24,169.12	99.32%	21,966.12	99.83%
Imported (#)	166.20	0.68%	37.55	0.17%
Total	24,335.32	100%	22,003.67	100.00%

(#) Includes Imported Raw Material traded Rs. 166.20 Lacs (Previous Year – Rs.37.55 Lacs)

11. Value of Imports (CIF):

(Rs. In Lacs)

Sr. No	Particulars	31 st March 2009	31 st March 2008
(i)	Stores and Spares	NIL	Nil
(ii)	Capital Goods	919.66	182.52
(iii)	Raw Material (#)	166.20	37.54
	Total	1,085.86	220.06

(#) Includes Imported Raw Material traded Rs. 166.20 Lacs (Previous Year – Rs.37.55 Lacs)

12. Earnings in Foreign Exchange:

(Rs. in Lacs)

	31 st March 2009	31 st March 2008
Exports (F.O.B Value)	34.66	129.77

13. Expenditure in Foreign Currency:

(Rs. in Lacs)

Sr. No	Particulars	31 st March 2009	31 st March 2008
(i)	Foreign Travel	18.79	13.43
(ii)	Technical Consultancy	7.50	-
	Total	26.29	13.43

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

14. Employee Benefits:

• **Defined Benefit Plan:**

Reconciliation of opening and closing balance of obligation	March 2009
	(Rs. In Lacs)
Liability at the beginning of the Period	NIL
Interest Cost	NIL
Current Service Cost	69.82
Benefit Paid	(0.94)
Actuarial (Gain)/Loss on obligation	0.94
Liability at the end of the period	69.82

Reconciliation of opening and closing balance of Fair Value of Plan Assets	March 2009
-	
Fair Value of Plan Assets at the beginning of the Period	21.00
Expected Return on Plan Assets	1.68
Contributions	45.55
Benefit Paid	(0.94)
Actuarial gain/(loss) on Plan Assets	29.01
Fair Value of Plan Assets at the end of the Period	96.29
Total Actuarial Gain/(Loss) To Be Recognised	28.07

Expenses Recognised in Profit and Loss Account	March 2009
Current Service Cost	69.82
Interest Cost	-

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

Expected Return on Plan Assets	(1.68)
Net Actuarial (Gain)/Loss To Be Recognised	(28.07)
Expense Recognised in P&L	40.07

Amount Recognised in the Balance Sheet:	March 2009
Opening net liability	(21.00)
Expense as above	40.07
Employers Contribution paid	(45.55)
Closing net Liability	(26.48)

Actual Return on Plan Assets	March 2009
Expected Return on Plan Assets	1.68
Actuarial gain/(loss) on Plan Assets	29.01
Actual Return on Plan Assets	30.69

Principal Actuarial Assumptions	March 2009
-	
Discount Rate Current Period	7.50%
Rate of Return on Plan Assets Current Period	7.50%
Salary Escalation Current Period	5.50%

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

Previous years' figures are not available, therefore not given.

• **Defined Contribution Plans**

Amount recognised as an expense and included in the Schedule 12 "Contribution to provident and other funds" of personnel expenses Rs. 71.70 Lacs.

15. Components of Deferred Tax Assets/ Liability:

(Rs. In Lacs)

Particulars	31 st March 2009	31 st March 2008
Deferred Tax Liability		
On Fiscal allowances of Fixed Assets	1701.90	1386.47
Less: Deferred Tax Assets		
On Unabsorbed Depreciation	167.48	275.45
On Other Timing Differences	20.92	1.74
	188.40	277.19
Asset/(Liability)	(1513.50)	(1109.28)
Net Asset/(Liability)	(404.22)	

16. Segment Reporting:

(Rs. In Lacs)

Particulars	MV Parts	Tubes	Others	TOTAL
Segment Revenue (Net of Excise Duty)	8,870	15,239	10,666	34,775
Segment Result	2,396	2,339	77	4,813
Interest	-	-	-	3,021
Profit Before Taxes	-	-	-	1,792
Less: Prior Period Items	-	-	-	178
Provision for Current Tax	-	-	-	188
Provision for Deferred Tax	-	-	-	404
Provision for Fringe Benefit Tax	-	-	-	17
Mat Credit	-	-	-	(165)
Profit After Tax				1,169
Segment Assets	2,327	35,962	2,992	41,281
Unallocated Corporate Assets				2,454
TOTAL ASSETS				43,735
Segment Liabilities	1,898	9,878	104	11,880

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

Capital Expenditure	1,485	10,490	33	12,007
Depreciation	88	803	1	892
TOTAL LIABILITIES				27,541

17. Related parties during the year ending on 31.03.2009 are as follows:

a. Parties where control exists

Subsidiaries	Arihant Steel & Metal Wires Pvt. Ltd Arihant Steel Products & Services Pvt. Ltd Arihant Auto Components Pvt. Ltd Sankalp Forgings Pvt Ltd Saicon Steels Pvt Ltd Sevenstar Electrodes Pvt. Ltd.
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b. Key management personnel and their relatives:

Executive Chairman	Mr. Chandu L Chavan
Managing Director	Mr. Ravindra W. Katre
Director	Mr. Sanjay Waghulade
Director	Mr. Sanjay Bhade
Director	Mr. Parag Mulye
Director	Mr. Shivaji Katke

c. Enterprise over which the relative of key management personnel exercise control/
significant influence:

Name of the Enterprise	Legal status of such entity
Yashoday Engineers Private Limited	Private Limited
Keytool Engineering Solutions Private Limited	Private Limited
Opal Luxury Time Products Private Limited	Private Limited
GeneOmbio Technologies Private Limited	Private Limited
Sourcegenie Consulting Private Limited	Private Limited
Phoenix Erectors Private Limited	Private Limited
Hotel Gourish Private Limited	Private Limited
Gargi Bio Tek Private Limited	Private Limited
Membrane Filters (India) Private Limited	Private Limited
Aim Filtertech Private Limited	Private Limited
M/s. Saptashruni Engineering Works	Partnership Firm
M/s. Hollyhock Tours & Travels	Partnership Firm

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

(Rs. in Lacs)

Summary of Related Party Transactions				
Nature of Transactions	Subsidiaries	Other Related Concerns	Key Management Personnel	Total
Sales				
-Goods	5,997.12	1,109.02	-	7,106.13
-Scrap	264.42	-	-	264.42
Purchases				
-Raw material	4,324.89	0.85	-	4,325.74
-Capital goods	570.89	19.88	-	590.77
-Services	44.14	31.64	-	75.77
Interest Income	119.71	-	-	119.71
Outstanding			-	
-Receivables	3,281.65	391.53	-	3,673.18
-Payables	2,285.66	113.54	-	2,399.19
Reimbursement of Expense	7.45	6.10	-	13.54
Advance for expenses payable	-	94.47	-	94.47
Advance for Capital Purchase	-	1,201.88	-	1,201.88
Managerial remuneration	-	-	44.80	44.80
Investment in subsidiaries	896.45	-	-	896.45

18. Amount of borrowing cost capitalized during the period is Rs. 970 Lacs (Previous Year Rs 702 Lacs)

19. Earnings Per Share:

Particulars	31 st March 2009	31 st March 2008
Profit/ (Loss) as per the P&L Account (Rs. In Lacs)	1,169.23	364.32
Weighted average number of equity shares outstanding during the year (For Basic EPS)	5,00,01,000	5,00,01,000
Basic Earnings per Share (Rs.)	23.38	7.29
Weighted average number of equity shares outstanding during the year (For Diluted EPS)	60,10,224	72,37,039
Diluted Earnings per Share (Rs.)	19.45	5.04

Note: Number of shares considered for arriving at the diluted EPS is based on the conversion factor considered in the agreement with Deutsche Bank for issue of warrants dated

**SCHEDULES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2009**

20. Prior period items:

(Rs. In Lacs)

Particulars	31 st March 2009	31 st March 2008
Material Consumption	114.44	-
Staff Welfare Expenses	4.30	-
Transportation Charges	35.40	-
Interest on LC	13.57	-
Other Charges	10.75	-
Total	178.46	-

- 21.** Last years' figures are not strictly comparable since the Company has set- up and started a new segment in Auto Sector.

22. Prior year comparatives:

Previous year's figures have been regrouped/ reclassified to conform to current year's presentation. The previous year's financial statements were audited by a firm other than B. K. Khare & Co., Chartered Accountants.



For Arihant Domestic Appliances Limited,


Chandú Chavan
Chairman


Ravindra Katre
Managing Director


Mahesh Bagla
Company Secretary

**BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE
AS REQUIRED IN PART IV OF THE COMPANIES ACT 1956**

I Registration Details

State Code

Registration Number

Balance Sheet Date

						1	1
1	1	-	6	3	0	4	5
3	1	0	3	2	0	0	9
Date		Month		Year			

II Capital Raised during the year

Rs in Lacs

Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Right Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

Other

						N	I	L
--	--	--	--	--	--	---	---	---

III Position of Mobilisation and Deployment of Funds

Rs in Lacs

Total Liabilities

				3	1	9	0	7
--	--	--	--	---	---	---	---	---

Total Assets

				3	1	9	0	7
--	--	--	--	---	---	---	---	---

Sources of Funds

Paid - up Capital

						5	0	0
--	--	--	--	--	--	---	---	---

Reserves & Surplus

						3	8	6	6
--	--	--	--	--	--	---	---	---	---

Secured Loans

				2	2	7	6	9
--	--	--	--	---	---	---	---	---

Unsecured Loans

						3	2	5	7
--	--	--	--	--	--	---	---	---	---

Deferred Tax Liability (Net)

						1	5	1	5
--	--	--	--	--	--	---	---	---	---

Application of Funds

Net Fixed Assets

				1	4	1	6	1
--	--	--	--	---	---	---	---	---

Investments

						2	4	5	4
--	--	--	--	--	--	---	---	---	---

Net Current Assets

						6	3	3	6
--	--	--	--	--	--	---	---	---	---

Miscellaneous Expenditure

				N	I	L			
--	--	--	--	---	---	---	--	--	--

Accumulated Losses

				N	I	L			
--	--	--	--	---	---	---	--	--	--

IV Performance of Company

Rs in Lacs

Turnover

				3	5	0	8	1
--	--	--	--	---	---	---	---	---

Total Expenditure

				3	3	2	8	9
--	--	--	--	---	---	---	---	---

Profit Before Tax

						1	6	1	3
--	--	--	--	--	--	---	---	---	---

Profit After Tax

						1	1	6	9
--	--	--	--	--	--	---	---	---	---

Earning Per share In Rs

								2	3
--	--	--	--	--	--	--	--	---	---

Dividend Rate %

						-			
--	--	--	--	--	--	---	--	--	--

V Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)

i Item Code No (ITC Code)

Product Description

		7	3	0	6	9	0	1	9
--	--	---	---	---	---	---	---	---	---

ii Item Code No (ITC Code)

Product Description

		7	2	0	8	3	8	4	0
--	--	---	---	---	---	---	---	---	---

iii Item Code No (ITC Code)

Product Description

		C	O	I	L	S			
--	--	---	---	---	---	---	--	--	--

iii Item Code No (ITC Code)

Product Description

		7	2	0	8	3	8	5	0
--	--	---	---	---	---	---	---	---	---

		S	T	R	I	P	S		
--	--	---	---	---	---	---	---	--	--

		8	7	1	4	9	1	0	0
--	--	---	---	---	---	---	---	---	---

		A	U	T	O	C	O	M	P	O	S
--	--	---	---	---	---	---	---	---	---	---	---

As per our report of even date

For B K Khare & Co.,

Chartered Accountants,

For Arihant Domestic Appliances Ltd.,

U. B. Joshi

(Partner)

M. No. 44 09 7

Director

Place : . Pune

Date : 3- 9- 2009

Director

Company Secretary