



Precision, Pace, Passion

Annual Report

Arihant Domestic Appliances Limited

FY 2007 - 08

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

GM (Finance)

Kishor Deshpande

Company Secretary

Mahesh Bagla

Auditors

AMB & CO
Chartered Accountants
Pune

Bankers

United Bank of India
Saraswat Co Op Bank Ltd
State Bank of India
Corporation Bank
UCO Bank
HSBC Bank
State Bank of Mysore
IDBI Bank Ltd
CITI Bank NA
Deutsche Bank, AG
Barclays Bank, PLC
ING Vysya Bank

Registered office & Plant I

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

Plant II

Village: Pimple Jagtap,
Tal Shirur, Pune – 412208

Corporate Office

Office No D 234/235
Clover Centre
Camp
Near West End Cinema,
Pune - 411001



Board of Directors

<i>Chandu L. Chavan</i>	<i>Chairman</i>
<i>Ravinda W. Katre</i>	<i>Managing Director</i>
<i>Sanjay H. Waghulade</i>	<i>Director</i>
<i>Sanjay T. Bhade</i>	<i>Director</i>
<i>Parag M. Mulye</i>	<i>Director</i>
<i>Shivaji R. Katke</i>	<i>Director</i>
<i>Gaurav Pradhan</i>	<i>Nominee Director</i>

Auditors

AMB & Co
Chartered Accountants
Office No 308
Pantagaon off Pune Satara Road
Opp Hotel Panchmi
Pune 411 037

Corporate Office

Office No D 234/235
Clover Centre
Camp
Near West End Cinema
Pune 411 001

Bankers

United Bank of India
Saraswat Co Op Bank Ltd
State Bank of India
Corporation Bank
UCO Bank
HSBC Bank
State Bank of Mysore
IDBI Bank Ltd
CITI Bank NA
Deutsche Bank, AG
Barclays Bank, PLC
Ing Vysya Bank

**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



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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 17th Annual General Meeting of **Arihant Domestic Appliance Private Limited** will be held on Saturday the 29th Day of November, 2008 at 03.30 p.m. at the Registered Office (Gat No. 1261, Sanaswadi, Nagar Road, Shirur, Pune 412208) 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 2008 together with the Directors' report and Auditors' report thereon.
2. To appoint a Director in place of Mr Ravindra W. Katre 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. Shivaji R. Katke 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 Ordinary Resolution;

"RESOLVED THAT Mr. Mukund Krishnaswami who was appointed as an additional director of the Company by the Board of Directors, pursuant to Section 260 of the Companies Act, 1956 and who holds office upto the date of this General Meeting and eligible for appointment to the office of Director, be and is hereby appointed as a director of the Company, not liable to retire by rotation."

6. To consider and if thought fit to pass with or without modifications the following resolution as a *Special Resolution*.

"RESOLVED THAT pursuant to Section 44 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of members in Annual General Meeting of the Company, the Company be converted into a Public Limited Company.



FURTHER RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 draft copy of articles of association of the company submitted for consideration and approval of this meeting, and initialed by the Chairman for the purpose of identification, be and are hereby approved and adopted as the articles of association of the Company in substitution for and to the exclusion of the present articles of association of the Company."

7. To consider and if thought fit to pass with or without modifications the following resolution as a *Special Resolution*.

"RESOLVED THAT subject to the approval of members in Annual General Meeting of the Company and pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from "***ARIHANT DOMESTIC APPLIANCES PRIVATE LIMITED***" to "***ARIHANT DOMESTIC APPLIANCES LIMITED***"

FURTHER RESOLVED THAT pursuant to the applicable provisions, if any, of the Companies Act, 1956, the name of the Company in an Articles of Association of Company be altered by substituting the following:

The name of the Company is "***ARIHANT DOMESTIC APPLIANCES LIMITED***"

FURTHER RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, Clause I of the Memorandum of Association of the Company be altered by substituting the same with the following:

"Clause I. The name of the Company is "***ARIHANT DOMESTIC APPLIANCES LIMITED***".

BY ORDER OF THE BOARD OF DIRECTORS

CHANDU CHAVAN
CHAIRMAN





Place: PUNE

Date: 22.11.2008

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.



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

Item No. 5

The Board of Directors appointed Mr. Mukund Krishnaswami as an additional director of the Company with effect from 07.06.2008 by way of passing necessary board resolution. Pursuant to section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting.

The appointment of Mr. Mukund as Nominee Director representing interest of Kavos Capital Limited has been proposed as by virtue of signing Shareholders agreement dated 21.02.2008 Company concurred to appoint Mr. Mukund as Nominee Director on Board hence, your Directors recommends his appointment as Nominee Director. Period of office as Nominee Director of Mr. Mukund shall not be liable to retire by rotation.

No Director other than Mr. C. L. Chavan is concerned or interested in the resolution.

**REPORT OF THE DIRECTORS**

To,
The Members Of,
Arihant Domestic Appliances Private Limited,
Pune

Your directors have pleasure in presenting the 17th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2008. The Financial highlights of the year under review are as follows

FINANCIAL RESULTS:

During the year 2007-08 your Company has achieved over 42% rise in sales as compared to previous year. Total sale of Financial Years 2007-08 was Rs. 31,892.85 lacs as compared to sale of Rs. 22,474.77 Lacs in financial year 2006-07 for better understanding of the financial results of the Company separate summary report is also included in this annual report.

	(Rs. In Lacs)	
Particulars	2007-08	2006-07
Turnover / Income (Gross)	31,892.85	22,474.77
Turnover / Income (Net)	27,424.48	19,210.75
Other Income	168.21	52.86
Total Expenditures	26,082.15	17,128.84
Profit Before Depreciation Interest and Tax	2,526.55	2,767.47
Finance Charges	1,272.11	837.87
Depreciation	578.89	426.65
Profit Before Tax	675.55	1,502.95
Tax - Current	66.65	170.00
- Deferred	252.8	266.60
- FBT	10.4	8.00
- Income Tax Excess Provision in Previous Year	(38.96)	—
- Wealth Tax	(1)	0.30
- MAT (Credit)	21.24	(145.54)
Profit After Tax	364.41	1,203.58
Balance Brought forward from last year	2,222.15	1,099.73
Profit Available for Appropriation	2,586.57	2,303.31
Appropriations		
Dividend on Preference Shares	4.00	48.00
Corporate Dividend Tax	0.68	8.16
Transfer to Capital Redemption Reserve	400.00	—



General Reserve	25.00	25.00
Surplus Carried over to Balance sheet	2156.89	2,222.15
EPS	7.29	24.07
Face value of Share Rs 10/- each)		

MEGA PROJECT

“Mega Project” which got final nod from Maharashtra Government vide their letter dated October 30, 2007 followed by signing of Memorandum of Understanding (MoU) by Mr. V. K. Jairath, IAS, Principal Secretary (Industries) Government of Maharashtra and Mr. Chandu L. Chavan, Chairman of the Company in the presence of Honorable Chief Minister Shri. Vilasrao Deshmukh (GoM), Mr. Ashok Chavan, Honorable minister of industries (GoM), Mr. Rana Jagjitsinh Patil, Honorable minister of state for Industries, Mr. Jonny Joseph, Chief Secretary (GoM) on 15.03.2008 at Mumbai Mantralay.

This Mega Project will allow an expansion in ERW, CEW precision welded tube manufacturing from 1,80,000 to 3,00,000 tones per annum and will be established at Pimple Jagtap, Tal: Shirur, Dist: Pune. The initial project investment cost would be Rs. 117 Crores which should provide direct and indirect employment to more than 500 peoples out of which around 350 would be women employees belonging to local rural areas.

This project will cater demands of expanding automobile sector and energy sector.

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:-

The Company is carrying the business of manufacturing, buying, selling, hiring, importing, exporting or dealing etc in every type of auto components, auto parts, replacements parts or spare parts and others. Company started actual operations in the year 2006 and achieved turnover of Rs. 12.61 Crores at the end of Financial Year 2007-08 as against its previous year's turnover of Rs. 1.25 Crores.

➤ Arihant Steel and Metal Wires Private Limited:-

The Company established in December 2005 and since then engaged into the business of all kinds of wires and cables like metal wire, non-metal wire, steel wire, copper wire and all other wire products required for household and industrial applications and scraps obtained in the manufacturing or processing



of these products in India or abroad. However highlights of this Companies performance during the year 2007-08, second year of operation are;

- Total Turnover of Rs. 524.07 Lacs
- Other Income of Rs. 4.18 Lacs
- Profit Before Tax of Rs. 17.65 Lacs
- Profit After Tax of Rs. 4.81 Lacs

➤ Arihant Steel Products and Services Private Limited:-

The Company has not started its operations till date.

➤ Saicon Steels Private Limited, Mumbai :-

In line with the expansion plans, Company acquired 51% equity stake in Saicon Steels Private Limited, Mumbai at economical cost.

The equity stake was acquired by way of procuring entire equity shares of Saicon from its existing shareholders and later on transferring 49% equity shares so as to held balance 51% stake in Saicon.

On completion of the acquisition, the Board of Saicon Steels was reconstituted. Initially Mr. R. W. Katre has been appointed as Director on Saicon. However with the passage of time Mr. Katre was replaced by Mr. Kishor S. Deshpande.

ACQUISITION AND OTHER MATTERS

➤ Seven star Electrodes Private Limited :-

In order to simplify and consolidate the group holding structure, your Company decided to merge its wholly owned subsidiary Seven Star Electrodes Private Limited (Seven Star) into your Company. This would help to rationalize operations for both the Companies. Besides, the restructuring would benefit the Companies and its shareholders on account of enhanced financial strength and capability. The amalgamation would integrate operations of both Companies and would provide efficient management control and systems. In addition, the proposed scheme would enhance your Companies financial strength and result in higher shareholder value creation and distribution. The proposed scheme was approved by Directors at its Board Meeting held on July 21, 2008. The appointed date for merger is April 1, 2007.



➤ Sankalp Forgings Private Limited :-

In view of the diversification plans, the Company acquired 26% equity stake in Sankalp forgings Private Limited (Sankalp). Investment was completed through preferential allotment of 26.00% equity shares to the Company.

To precise about its operations, Sankalp is primarily engaged into carrying the business of manufacturers, suppliers or dealers in wide range of forging, casting, precision engineering components, automobile components, connecting rods etc and started its operations in the year 2006. During financial period 2007-08 Company achieved a turnover of Rs. 17.49 Crore and Profit before Tax (PBT) of Rs. 41.36 Lacs as against turnover of Rs. 2.63 crore and PBT of Rs. 5.93 Lacs during immediately preceding financial year. Sankalp possess enough potential to grow at a very high speed in near future.

INCREASE IN AUTHORISED SHARE CAPITAL:

Pursuant to the shareholders' approval obtained at an Extra-ordinary General Meeting held on November 15, 2007 Authorised Share Capital of the Company was increased from Rs. 9 Crore to Rs. 11 Crore comprising of additional 20,00,000 Equity shares of Rs. 10 (Rupees Ten) each.

DIVIDEND:

The Board, for the year ended 31st March, 2008 has not recommended any dividend.

FOREIGN EXCHANGE EARNINGS AND OUT GO

Foreign exchange earning of Rs. 129.77 Lacs (FOB Value of exports) and outgo of Rs. 233.50 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. Mr Ravindra W. Katre and Mr. Shivaji R. Katke retire by rotation and are eligible for re-appointment.

During the period under review, Deutsche Bank AG, Mumbai has nominated two directors on board whereas one of them i.e. Mr. Pramod Ahuja, stepped down from the Board with effect from 31st March, 2008. 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. However Mr. Gaurav Pradhan continues to be a Nominee Director in the Company.

Mr. Mukund Krishnaswami was appointed as additional director in the Company and furthermore his appointment as Nominee Director on the board has been recommended at ensuing Annual General Meeting.

The Board, at its meeting held on 05th November, 2007 re-appointed Mr. Ravindra W. Katre as Managing Director of the Company for a period of 5 years commencing from 05.11.2007 to 04.11.2012

STATUTORY AUDITORS

Messrs AMB & Co, Chartered Accountants, Pune, the auditors of the Company holds office until conclusion of ensuing Annual General Meeting. The Company has received a letter from them to the effect that their appointment, if made, by the Company for the year 2008-09 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, 2008, 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, 2008 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,**



Place: PUNE
Date: 27.09.2008

**CHANDU CHAVAN
CHAIRMAN**



**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 2008** **31st March 2007**

(A) Power and Fuel Consumption

1. Electricity		
(a) Purchased		
Units (KW)	6909280	7244313
Total Amount (Rs.Lacs)	23491552	24641838
Rate/Unit (Rs.)	3.4	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



Place: Pune
Dated: 27.09.2008

C. L. Chavan
Chairman

AUDITORS' REPORT

TO,
THE SHARE HOLDERS OF,
ARIHANT DOMESTIC APPLIANCES PVT. LTD.

- 1) We have audited the attached Balance Sheet of **ARIHANT DOMESTIC APPLIANCES PRIVATE LIMITED, PUNE, AS AT 31ST MARCH 2008** & also **Profit and 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 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 & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4) Further to our comments in the Annexure above, we report that:
 - i) 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.
 - ii) In our opinion proper books of accounts as required by law have been maintained by the company so far as it appears from our examination of the books.
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account dealt with by this report are in compliance with the Accounting Standards (AS) referred to in sec.211 (3C) of the Companies act, 1956.
 - v) According to information given to us, none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of Section 274(1) (g) of The Companies Act, 1956.

AMB & Co.
Chartered Accountants

- vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with Schedules, Accounting Policies and other notes thereon give the information required by The Companies Act, 1956 in the manner so required and gives a true and fair view:
- a) In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 2008 and,
 - b) In case of the Profit And Loss account, of the profit of the company for the year ended 31st March 2008.
 - c) In case of the Cash Flow Statement, of cash flow of the company for the year ended on 31st March 2008.

FOR AMB & CO.
Chartered Accountants


Milind C. Mutha
(Partner)



Place: Pune
Date: 27/09/2008

**ANNEXURE TO AUDITORS REPORT
(REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS REPORT OF EVEN
DATE TO THE MEMBERS)**

1.
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) Physical verification is performed by the management in accordance with a rotational plan, which is intended to cover all the fixed assets of the company over a period of two years. We are informed that no material discrepancies were noted, during the course of such verification. In our opinion, the frequency of such verification is reasonable.
 - c) According to the information and explanation given to us, the company has not disposed off substantial part of fixed assets and the going concern status of the company is not affected.
2.
 - a) The Inventory (excluding stock with the third parties) has been physically verified by the management during the year. In respect of the inventories lying with the third parties, these have been substantially confirmed by them. In our opinion the frequency of verification is reasonable.
 - b) In our opinion the procedure of physical verification of inventory (expect goods lying for job work and goods in transit) followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3.
 - a) The Company has not taken unsecured loans from the parties covered in the register maintained under sec. 301 of the Companies Act, 1956.
 - b) The company has granted loans, secured or unsecured, to Companies, firms, or other parties listed in register maintained u/s 301 of the Companies Act, 1956.
 - c) In our opinion the rate of interest and other terms and conditions on which loans have been provided by the company are not prima facie prejudicial to the interest of the company.
4. The Company has an Internal Audit System, the scope and coverage which in our opinion, is required to be enlarged to be commensurate with the size and nature of it's business .

AMB & Co.
Chartered Accountants

5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered by the Company.
6. Based on the our scrutiny of the company's records and according to the information and explanations provided by management, in our opinion the company has not accepted any public deposits so far up to 31st March 2008.
7. In our opinion the company has an internal audit system commensurate with the size of the company and the nature of its business.
8. The Company has not been directed by Central Government to maintain cost records under section 209(1)(d) of the Companies Act 1956 in respect of Steel Tubes manufactured by the company.
9. According to the records of the Company examined by us:
 - a) According to the information and explanations given to us, there are no undisputed amounts, payable in respect of Income Tax, Wealth Tax, sales tax, excise duty, cess and custom duty, which have remained outstanding as at 31st March 2008 for a period of more than six months from the date they became payable. The company is generally regular in payment of TDS as per Income Tax Act 1961, and Provident Fund.
10. The company does not have any accumulated losses and has not incurred any cash losses during the current financial year and the immediately preceding financial period.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks.
12. According to the records of the company, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is neither a Chit Fund nor a nidhi/mutual benefit society. Hence in our opinion, the requirements of para 4 (xiii) of the order do not apply to the company.
14. As per the records of the company and explanations given to us by the management, Company is not dealing or trading in shares, securities, and debentures and other investments.

AMB & Co.
Chartered Accountants

15. In our opinion and according to information and explanation given to us , the terms and conditions of guarantees given by the company for others from banks, are not *prima facie* prejudicial to the interests of the Company.
16. On the basis of the records examined by us, and relying on the information complied by the Company for correlating the funds raised to the end use of the Term Loan, we have state that, the company has, *prima facie* applied the Term Loans for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment by company.
18. According to the records of the company and the information and explanation provided by the management, the company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act.
19. According to the records of the company, the company has not issued any debentures.
20. The company has not raised any money by public issues during the period covered by our audit report.
21. Based upon the audit procedures performed and information and explanation give by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

FOR AMB & CO.
Chartered Accountants

Milind C. Mutha

Milind C. Mutha
(Partner)
Place: Pune
Date: 27/09/2008



ARIHANT DOMESTIC APPLIANCES PVT. LTD.

BALANCE SHEET AS AT 31ST MARCH, 2008

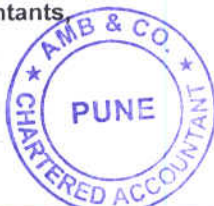
				(Rs. In Lacs)	
PARTICULARS	SCH.		31.3.2008		31.3.2007
SOURCES OF FUNDS					
<u>Share holders Funds</u>					
Share Capital	1		500.01		1,154.19
Reserves & Surplus	2		2,696.52		2,336.80
			3,196.53		3,490.98
<u>Loan Funds</u>					
Secured Loans	3		8,651.70		4,476.47
Unsecured Loans	4		2,184.81		1,440.89
			10,836.51		5,917.35
Deferred Tax Liability			1,111.02		858.22
Total Funds Employed			15,144.07		10,266.56
APPLICATION OF FUNDS					
<u>Fixed Assets</u>	5				
Gross Block		13,961.67		8,947.32	
Less: Depreciation		1,969.93	11,991.74	1,391.04	7,556.28
<u>Investments</u>	6		1,557.80		69.58
<u>Current Assets, Loans and Advances</u>					
a) Inventories	7		6,826.10		4,536.61
b) Sundry Debtors	8		3,207.96		3,990.93
c) Cash & Bank balance	9		516.77		491.66
d) Loans & Advances	10		2,281.14		1,194.39
			12,831.96		10,213.59
Less:					
<u>Current Liabilities and Provisions</u>					
a) Current Liabilities	11		10,999.45		6,966.20
b) Provisions	12		237.99		606.69
			11,237.44		7,572.89
Net Current Assets			1,594.52		2,640.70
Total Funds Applied			15,144.07		10,266.56

Note. Schedule No. 1 to 12 are an integral part of the balance sheet

This is the Balance Sheet referred to in our Report of Even date

For AMB & Co.,
Chartered Accountants

M. Mutha
Milind C Mutha
(Partner)
M.No.107938



For Arihant Domestic Appliances Pvt. Ltd.,

Chandu L Chavan
Chandu L Chavan
Director
Date 27.09.2008
Place : Pune

Ravindra W Katre
Ravindra W Katre
Director

Ge. Mahesh B
Mahesh Bagla
Company Secretary

ARIHANT DOMESTIC APPLIANCES PVT. LTD.
PROFIT & LOSS ACCOUNT
FOR YEAR ENDED 31ST MARCH, 2008

(RS. in Lacs)

PARTICULARS	SCH		31.3.2008		31.3.2007
Income					
Gross Sales	13	31,892.85		22,474.77	
Less : Taxes(Excise, Vat & T.C.S.)		4,468.37		3,264.02	
Net Sales			27,424.48		19,210.75
Other Income	14		168.21		52.86
Increase in Stock	15		1,016.01		632.70
TOTAL			28,608.70		19,896.31
Expenditure					
Cost of Materials Consumed	16		23,019.67		14,932.87
Direct Expenses	17		1,173.10		1,017.47
Personnel Expenses	18		515.11		288.81
Administrative Expenses	19		1,374.27		889.69
Finance Charges	20		1,272.11		837.87
Depreciation	5		578.89		426.65
TOTAL			27,933.15		18,393.36
Profit Before Tax			675.55		1,502.95
Less:					
Provision for Taxation					
-Current			66.65		170.00
-Deferred Tax			252.80		266.60
-Fringe Benefit Tax			10.40		8.00
-Income Tax Excess Provision in Previous years			(38.96)		-
-Wealth Tax			(1.00)		0.30
-MAT Credit			21.24		(145.54)
Profit After Tax			364.41		1,203.58
Balance Brought forward			2,222.15		1,099.73
Amount available for Appropriation			2,586.57		2,303.31
Less :-					
-Dividend on Preference Shares			4.00		48.00
-Corporate Dividend Tax			0.68		8.16
-Transfer to Capital Redemption Reserve			400.00		-
-Transfer to General Reserve			25.00		25.00
Balance Carried to Balance Sheet			2,156.89		2,222.15
Notes:	21				
Earning Per Share (Basic/Diluted)			7.29		24.07
Number of Shares of Rs. 10 each			5,001,000		5,000,000

This is the Profit and Loss Account referred to in our Report of Even date.

Note. Schedule No 13 to 21 & 5 are an integral part of the profit & loss account

For AMB & Co.,
Chartered Accountants

Milind C Mutha
(Partner)
M.no. 107938



For Arihant Domestic Appliances Pvt. Ltd.,

Chandu L Chavan
Director
Date 27.09.2008
Place : Pune

Ravindra W Katre
Director

Mahesh Bagla
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

Particulars	31.03.08		31.03.07	
Cash flow from operating activities				
Net Profit Before tax but after prior period items		675.55		1,502.95
Adjustments for				
* Adjustments for Depreciation	578.89		426.65	
* Interest Expenditure	1,272.11		837.87	
* Interest Income	(3.24)		(9.51)	
Provision for other exps			109.87	
Deferred Revenue Expenditure	18.42		57.83	
Preliminary Expenses W/off	-	1,866.18	6.83	1,429.54
Operating profit before working cap. changes		2,541.73		2,932.48
Adjustments for changes in working capital				
(Increase)/Decrease In Trade Debtors	782.97		(2,028.48)	
(Increase)/Decrease In Inventories	(2,289.49)		(1,312.83)	
(Increase)/Decrease In Loans and advances	(1,148.72)		(554.67)	
Increase/(Decrease) In Trade and Other Payables	4,033.25		4,172.41	
* Increase/(Decrease) In Provisions	(388.16)	989.85	30.28	306.71
Cash generated from Operations		3,531.58		3,239.19
Net Cash from operation activities (A)		3,531.58		3,239.19
B. Cash flow from Investing activities				
Purchase of Fixed Assets				
* Addition made during the period	(5,014.35)		(3,687.24)	
* Increase / Purchase of Investments	(1,488.22)		(68.80)	
* Interest Received (Revenue)	3.24		9.51	
Net cash used in investing activities (B)		(6,499.33)		(3,746.53)
C. Cash flow from Financing activities				
Issue of Equity/preference Share Capital	0.01		-	
Redemption in Preference Shares	(400.00)			
Receipt(payment) of Share Application Money	(254.19)		(248.02)	
Proceeds from Long Term Borrowings	4,202.27		576.45	
Proceeds from Short Term Borrowings	(27.04)		681.53	
Proceeds from Unsecured Borrowings	743.92		753.59	
Interest Paid	(1,272.11)		(837.87)	
Net cash used in financing activities (C)		2,992.87		925.68
Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)		25.12		418.34
Cash & Cash Equivalents as at 31.03.2007	(Op. Balance)	491.66		63.70
Cash & Cash Equivalents as at 31.03.2008	(Cl. Balance)	516.77		491.66
Cash and Cash equivalents Comprise				
Cash on hand	6.53		0.31	
Bank balances	510.24	516.77	491.35	491.66

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 AMB & Co
Chartered AccountantsMihind C Mutha
PartnerPlace : Pune
Date 27.09.2008

For Arihant Domestic Appliances Pvt. Ltd.,

Chandul Chavan
Director

Ravindra W Katre
Director

Mahesh Bagla
Company Secretary

ARIHANT DOMESTIC APPLIANCES PVT. LTD.
SCHEDULES FORMING PART OF THE BALANCE SHEET
(RS in Lacs)
Schedule No. 1 SHARE CAPITAL

PARTICULARS		31.3.2008			31.03.07
Authorised Share Capital					
70,00,000 Equity Shares of Rs. 10 each (Previous Year 5000000)		700.00			500.00
40,00,000 12% Preference Shares of Rs. 10 each (Previous Year 4000000)		400.00			400.00
		1,100.00			900.00
Issued And Subscribed Capital and Paid up Capital					
50,00,100 Equity Shares of Rs. 10 each (Previous Year 50,00,000)		500.01			500.00
12% Preference Shares of Rs. 10 each (Previous Year 40,00,000 Shares of 10 each)		-			400.00
Shares Application Money		-			254.19
TOTAL		500.01			1,154.19

Schedule No. 2 RESERVES & SURPLUS

PARTICULARS		31.3.2008			31.03.07
Revaluation Reserve		65.64			65.64
Capital Redemption Resereve		400.00			-
General Reserves		74.00			49.00
Profit &(Loss) Account Balance		2,156.89			2,222.16
TOTAL		2,696.52			2,336.80

Schedule No. 3 - SECURED LOANS

PARTICULARS		31.3.2008			31.03.07
Secured Loans From Banks					
Term Loans	7,637.49			3,435.22	
Bank Overdraft	1,014.21	8,651.70		1,041.25	4,476.47
TOTAL		8,651.70			4,476.47

Note :- Term Loans are Secured by Charge on Fixed Assets & Bank overdraft is Secured by Charge on Current Assets of the Company

Schedule No. 4 - UNSECURED LOANS

PARTICULARS		31.3.2008			31.03.07
From Others					
Sales Tax Deferment Loan (Long Term Liability)		2,184.76			1,440.89
Fully Convertible Warrants					
500 Warrants Face Value Rs 10 Lacs each Paid up Rs 10 Each (Previous Year NIL)		0.05			-
(Repayable with in one year Nil)					
TOTAL		2,184.81			1,440.89

Schedule No.5		Fixed Assets		ARIHANT DOMESTIC APPLIANCES PVT. LTD.					F.Y. 2007-08		(Amount In Rs)		
Sr.	Description	GROSS BLOCK			Revaluation	Cost as on 31-Mar-08	DEPRECIATION BLOCK		NET BLOCK				
		Cost as on 1-Apr-07	Additions	Deductions / Transfers			As at 1/4/2007	Current Year	As at 31/03/2008	As at 31/03/2008	As at 31/03/2007		
1	Freehold Land	15,823,502	51,512,390	2,312,640		65,023,252	-		-	65,023,252	15,823,502		
2	Land Dev. Expenses	398,801	559,268			958,069	-		-	958,069	398,801		
3	Leasehold Lands		10,800			10,800	-	123	123	10,677	-		
4	Vehicle	8,396,284	89,837	194,426	-	8,291,695	975,640	817,077	1,792,718	6,498,977	7,420,644		
5	Building	5,500,000				5,500,000	337,210	89,650	426,860	5,073,140	5,162,790		
6	Factory Shed	96,260,386	5,957,044			102,217,430	7,449,352	4,676,997	12,126,349	90,091,081	88,811,034		
7	Electrification	38,041,750	1,050,795			39,092,545	6,880,895	1,828,857	8,709,752	30,382,793	31,160,854		
8	Plant & Machinery	274,105,113	28,338,993	-		302,444,106	32,681,283	21,228,016	53,909,299	248,534,806	241,423,829		
9	Plant & Machinery WIP	18,173,000	67,007,346			85,180,346	-		-	85,180,346	18,173,000		
10	Software WIP	-	15,307,577			15,307,577	-		-	15,307,577	-		
11	Tools & Dies	421,756,625	156,331,015			578,087,640	88,535,796	27,429,964	115,965,760	462,121,880	333,220,828		
12	Furniture & Fixtures	527,770	2,615,912			3,143,683	42,394	78,481	120,876	3,022,807	485,376		
13	Office Equipments	15,748,647	4,123,394			19,872,040	2,201,152	1,739,945	3,941,097	15,930,943	13,547,495		
14	Work in Progress - Pimpale Jagtap Project	-	171,038,003			171,038,003		-	-	171,038,003	-		
Total		894,731,877	503,942,375	2,507,066	-	1,396,167,187	139,103,724	57,889,110	196,992,834	1,199,174,353	755,628,154		
		526,008,462	439,298,561	70,575,145	-	894,731,877	96,438,906	42,664,818	139,103,724	785,628,154	429,569,556		

ARIHANT DOMESTIC APPLIANCES PVT. LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET

(RS in Lacs)

SCHEDULE NO. 6 INVESTMENTS

PARTICULARS		31.3.2008			31.03.07
Non Trade at Cost (Long Term Investments Un quoted)					
Shares of The Saraswat Co-Op Bank Ltd. (250 Shares of Rs 100/- fully paid up)		0.25			0.25
Investment in Subsidiaries (Long Term Investments unquoted)		1,471.51			
1. Arihant Steel & Metal Wire Private Ltd	80.00				
7,99,999 Equity Shares of Rs 10 Each (Previous Year NIL)	1.00				
2. Arihant Steel & Steel Product services Pvt Ltd					
9,999 Equity Shares of Rs 10 Each (Previous Year NIL)	190.00				
3. Arihant Autocomponents Private Ltd					
1,89,999 Equity Shares of Rs 10 Each (Previous Year NIL)	0.51				
4. Saicon Steels Pvt Ltd					
22,69,499 Equity Shares of Rs 10 Each (Previous Year NIL)	1,200.00				
5. Sevenstar Electrodes Private Ltd					
3,99,999 Equity Shares of Rs 10 Each (Previous Year NIL)					
Investment in Other Companies		82.04			69.33
Saicon Steel Pvt Ltd	-			1.00	
	82.04			68.33	
Sankalp Forging Pvt Ltd					
75,584 Equity Shares of Rs 10 Each (Previous Year NIL)					
Investment in Mutual Funds		4.00			-
TOTAL		1,557.80			69.58

SCHEDULE NO. 7 INVENTORIES

PARTICULARS		31.3.2008			31.03.07
(At lower of cost and net realisable value)					
Raw Material	2,870.71			1,647.16	
Work In Progress	259.44			776.96	
Finished Stock	3,572.51			2,038.98	
Spares and Consumables Stock	123.43			73.51	
		6,826.10			4,536.61
TOTAL		6,826.10			4,536.61

SCHEDULE NO. 8 SUNDRY DEBTORS

PARTICULARS		31.3.2008			31.03.07
Sundry Debtors					
Others after discounting (Unsecured considered good unless Stated otherwise)	3,021.64			3,832.77	
Considered Good	-			-	
Bad & Doubtfull					
Outstanding for a period exceeding six months					
Considered Good	186.32			158.16	
Bad & Doubtfull	-	3,207.96		-	3,990.93
TOTAL		3,207.96			3,990.93

ARIHANT DOMESTIC APPLIANCES PVT. LTD.
SCHEDULES FORMING PART OF THE BALANCE SHEET
(RS in Lacs)
SCHEDULE NO. 9 CASH AND BANK BALANCES.

PARTICULARS		31.3.2008			31.03.07
Cash and Bank Balances.					
Cash on Hand		6.53			0.31
Bank Balances					
With Scheduled Banks					
on Current Accounts		106.92			280.40
on Deposit Accounts (Margin Money)		403.32			210.95
TOTAL		516.77			491.66

SCHEDULE NO. 10 LOANS & ADVANCES

PARTICULARS		31.3.2008			31.03.07
Loans and Advances					
(Unsecured considered good unless otherwise Stated)					
Salary Advance to Staff		10.04			20.06
Deposits		352.18			91.42
Advance to Suppliers		78.83			20.00
Advance against purchase of property at chakan		68.00			68.00
Fringe Benefit Tax receivable		4.69			4.69
Deposit With Govt Authorities		339.39			162.61
Prepaid Expences		57.13			46.63
Vat refund Receivable		310.10			202.20
MAT Credit		124.30			145.54
Advances to Others		867.39			381.49
Accrued Interest		39.46			4.00
Deferred Revenue Expenditure		27.86			46.27
Other Current Asset		1.77			1.48
TOTAL		2,281.14			1,194.39

SCHEDULE NO.11 CURRENT LIABILITIES

PARTICULARS		31.3.2008			31.03.07
Current Liabilities					
Sundry Creditors				87.87	
For Capital Goods	431.61			6,582.82	6,670.69
Trade Creditors (Including bill factored)	9,158.44	9,590.05			273.92
For others		203.81			
For Shares Purchase Consideration of Sevenstar		1,200.00			
Electrodes Pvt Ltd		5.59			21.59
Other Liabilities					-
TOTAL		10,999.45			6,966.20

SCHEDULE NO. 12 PROVISIONS

PARTICULARS		31.3.2008			31.03.07
Provision for Taxation, Duties & Taxes		95.56			381.32
Provision for Employee Welfare		18.76			29.54
Provision for Expenses		119.67			147.83
Dividend Payable		4.00			48.00
TOTAL		237.99			606.69

ARIHANT DOMESTIC APPLIANCES PVT. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE NO. 13

SALES

(RS in Lacs)

PARTICULARS		31.03.2008		31.03.2007
Sale of Steel Tube, sheet & Strips		30,660.93		21,357.64
Scrap Sale		1,231.91		1,117.13
TOTAL		31,892.85		22,474.77

SCHEDULE NO. 14

OTHER INCOME

PARTICULARS		31.03.2008		31.03.2007
Labour Charges		20.73		20.90
Packing Charges		-		0.30
Discount Received		-		1.58
Interest Income		3.24		9.51
Weight Charges		-		0.18
Dividend		0.05		0.05
Foreign Currency Rate difference		64.20		20.18
Other Income		2.12		0.16
Capital Gain on Sale of Land		77.87		-
TOTAL		168.21		52.86

SCHEDULE NO. 15

INCREASE / (DECREASE) IN STOCK

PARTICULARS		31.03.2008		31.03.2007
Stock at Close				
Finished Goods	3,572.51		2,038.98	
Work In Progress	259.44		776.96	
Sub Total	3,831.95		2,815.94	
Stock at Commencement				
Finished Goods	2,038.98		1,856.50	
Work In Progress	776.96		326.74	
Sub Total	2,815.94	1,016.01	2,183.24	632.70
TOTAL		1,016.01		632.70

SCHEDULE NO. 16

COST OF MATERIALS CONSUMED

PARTICULARS		31.3.2008		31.03.2007
Raw Material				
Stock at Commencement	1,720.67		1,040.53	
Add : Purchases	24,293.15		15,613.01	
Less: Stock at Close	2,994.14	23,019.67	1,720.67	14,932.87
TOTAL		23,019.67		14,932.87

ARIHANT DOMESTIC APPLIANCES PVT. LTD.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE NO.17

DIRECT EXPENSES

PARTICULARS		31.3.2008		31.03.2007
Transport Charges for Raw Material		543.12		232.27
Works Salary / Wages		105.49		385.80
Power and Fuel		425.69		301.05
Other Manufacturing Expenses		98.80		98.35
TOTAL		1,173.10		1,017.47

SCHEDULE NO.18

PERSONNEL COSTS

PARTICULARS		31.3.2008		31.03.2007
Salaries Wages and Bonus & Staff Welfare		515.11		288.81
TOTAL		515.11		288.81

SCHEDULE NO.19

SELLING & ADMINISTRATIVE EXPENSES

PARTICULARS		31.3.2008		31.03.2007
Selling and Administrative Exps		1,374.27		889.69
TOTAL		1,374.27		889.69

SCHEDULE NO. 20 -

FINANCE CHARGES :

PARTICULARS		31.3.2008		31.03.2007
Interest and Financing Charges				
Interest paid to banks & Fin Institutions		1,146.94		787.36
Bank Charges		125.17		50.51
TOTAL		1,272.11		837.87



SCHEDULE: - 21

Background of the Company:

Arihant Domestic Appliances Private Limited was incorporated on 22.08.1991. The Company commenced manufacture of ERW steel tubes and CEW steel tubes with effect from October 2002, after take over of this company by the new management team comprising of Chandu L Chavan, Ravindra Katre, Sanjay Waghulade, Sanjay Bhade, Parag Mulay and Shivaji Katke. Previously the company used to manufacture domestic appliances.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

1.1 Basis for Accounting:

The Financial Statements are prepared under the historical cost convention on an accrual basis in accordance with generally accepted accounting principles [GAAP] and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act 1956.

1.2 Use of Estimates:

Estimates and assumptions used in the preparation of the Financial Statements are based management's evaluation of the relevant facts and circumstances as of the date of the financial statements which may differ from the actual results at a subsequent date.

1.3 Fixed Assets and Depreciation:

- (i) All Fixed Assets are stated at cost of acquisition less accumulated depreciation. Any other attributable costs for bringing the assets to its working condition for its intended use are capitalised. All the cost relating employees working on the project and other cost related to such employees is capitalised during the year.
- (ii) Depreciation for the year has been provided on Straight Line Method at the rates and in the manner provided in Schedule XIV to the Companies Act 1956.
- (iii) Depreciation provided on the additions made during the year is provided for on monthly pro-rata basis.

1.4 Investments:

Investments are stated at their cost, including related expenses (such as commission, brokerage, etc.)



1.5 Inventories:

- (iv) Raw Materials are valued at lower of cost and net realizable value and include all the expenses incurred for bringing them to the present location, after providing for cost of obsolescence and other anticipated losses whenever considered necessary.
- (v) Work in Progress and finished goods are valued at cost of raw material and cost of conversion thereof for bringing the inventories upto their present condition and location or net realisable value whichever is lower.

1.6 Borrowing Cost:

During the year the Company has purchased/capitalized Fixed Assets worth Rs. 50.39/- Crores. Interest on borrowed funds amounting to Rs. 7.02 Crores till the date of put to use for the commercial purpose has been capitalized during the year.

1.7 Revenue Recognition:

Revenues from sales are recognized on despatch of goods to the customers and are recorded net of trade discounts, rebates, price adjustments, rejections and shortages in transit, taxes and duties.

Interest Income is booked on a time proportion basis for delayed payments from customers, as per rate of interest agreed with customers.

1.8 Purchases:

Purchases are recorded net of discounts, rebates for price adjustments, rejections and shortage in transit, taxes and duties.

1.9 Expenditure:

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities.

1.10 Retirement Benefits:

- i) Contribution to defined contribution scheme such as provident fund are charged to the Profit and Loss Account as incurred. During the year the Company has voluntarily contributed toward Provident Fund of the employees having salary more than prescribed limit with retrospective effect. The total amount is charged to Profit and Loss Account.
 - ii) Provision is made for unutilized Leave on Retirement on 'actuarial' valuation.
 - iii) Gratuity : During the year the company has made provision of Rs. 4,10,703 as per actuarial valuation has been paid to an irrevocable Gratuity Fund.
-



1.11 Foreign Currency Transaction:

a) Initial Recognition:

Foreign Currency transactions are recorded in reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of transactions.

b) Exchange Difference

Exchange difference arising on the yearly settlement/ conversion of monetary items is recognized as income or expense at the end of the year and is charged to revenue. During the year the company has incurred foreign currency gain Rs. 64.20 Lacs.

1.12 Changes in Accounting Policies:

There are no changes in accounting policies for the current financial year.

1.13 Security for Secured Loans:

Working capital borrowing from banks is secured by a first charge by way of hypothecation and / or pledge of the company's stock of Raw Material, Work in Progress, Finished goods and book debts, both present and future.

Terms Loan borrowing from bankers are secured by a first charge by way of hypothecation and / or pledge of the company's immovable properties situated at Sanaswadi, Pune and Pimple Jagtap and further a first charge of hypothecation on the company's owned plant and machineries.

1.14 Taxation:

Provision of Income Tax has been made at the current tax rates based on the assessable income or on the basis of section 115JB of the Income Tax Act 1961 (Minimum Alternate Tax) whichever is higher. Provision for Fringe Benefit Tax has been made on the basis 115WB of the Income Tax Act 1961.

1.15 Deferred Taxation:

Deferred Tax resulting from timing difference between the book and the tax profit is accounted for, at the current rate of tax, to the extent that the timing difference are expected to crystallize, in accordance with Accounting Standard-22 of the Institute of Chartered Accountants of India.



1.16 Provision Contingent Liabilities and Assets:

Provision is involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is not probable that there will be outflow of resources. Contingent Liabilities are not recognized and disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Notes:

2. Contingent Liabilities not provided for:

- a) Outstanding Commitments under Letter of Credits – 0.63 Crores, (Last year L/C - Rs. 0.54 Crores) Bank Guarantee by the company aggregate to Rs. 9.21 Crores (Last year B/G – 2.13 Crores)
- b) Estimated value of contracts on capital account, excluding capital advances, the remaining to be executed and not provided for, amount Rs. 84.34 lacs (Last year Rs. 43.10 lacs)
- c) The Company has given Corporate Guarantee for the Loan availed by Arihant Autocomponents Pvt. Ltd., Arihant Steel & Metal Wire Pvt. Ltd, Saicon Steels Pvt. Ltd. And Sankalp Forgings Pvt. Ltd. to the tune of 41.90 Crores. Out of the above total loan disbursed till 31.03.2008 was Rs. 30.87 Crores.

3. Deferred Tax Assets / Liability:

During the Current year, the company has accounted for deferred tax Liability of Rs. **2,52,80,447** for the year in the profit and loss account in accordance with Accounting Standard 22-“ Accounting for Taxes on Income “ issued by the Council of institute of Chartered Accountants of India.

(Amount In Rs)

Sr. No	Particulars	As at March 31,2008	As at March 31,2007
1	Deferred tax Liability		
1.1	Net Block as per Companies Act	1199174352	721232850
1.2	Net Block as per I-Tax Act	791268426	462405257
	Difference	407905926	258827593
(A)	Deferred Tax Liability	138647224	87121368
2	Deferred Tax Assets		
2.1	Unabsorbed dep. Loss	80526897	NIL
2.2	Disallowed expenses u/s40(a)(3) I. Tax	511141	3860426
		81038038	3860426
B)	Deferred Tax Assets	27544829	1299419
	Net Deferred Tax Liability	111102395	85821948
	Less :- Opening Balance	85821948	59162170
	Provision for the year	25280447	26659768



4. Auditors Remuneration

(Amount in Rs)

Particulars	As at March 31,2008	As at March 31,2007
Statutory Audit Fees	150,000	1,00,000
Tax Audit Fees	75,000	50,000
Other Services	25,000	25,000
VAT Audit Fee	50,000	50,000
Total Rs	3,00,000	2,25,000

5. CIF Value of Imports

(Amount in Rs)

Particulars	As at March 31,2008	As at March 31,2007
Raw Material & Components	37,54,644	50,18,983
Capital Goods	1,82,51,885	22,92,140

6. Expenditure In Foreign Currency (Cash Basis)

(Amount in Rs)

Particulars	As at March 31,2008	As at March 31,2007
Traveling Expenses	13,43,770	6,91,430
Books & Periodicals	NIL	5,480

7. Earning in Foreign Currency (Cash Basis)

(Amount in Rs)

Particulars	As at March 31,2008	As at March 31,2007
F.O.B value Export	1,29,77,291	1,63,20,678

8. Value of Imported and Indigenous
Raw Material & Consumables Consumed:

(Amount Rs in Lakhs)

Particulars	As at March 31,2008	As at March 31,2007
Imported	37.55	25.86
Indigenous	22,982.20	15587.15



9. List of Related party :

The list related party names are given below

- a) Arihant Steel & Metal Wire Pvt. Ltd. Subsidiary Company
- b) Arihant Autocomponents Pvt Ltd. Subsidiary Company
- c) Arihant Steel Products & Services Pvt. Ltd. Subsidiary Company
- d) Saicon Steels Pvt Ltd. Subsidiary Company
- e) Sevenstar Electrodes Pvt Ltd. Subsidiary Company

Key Management Personnel:

- | | |
|----------------------------|-------------------|
| 1) Mr. Chandu L Chavan | Chairman |
| 2) Mr. Ravindra W. Katre | Managing Director |
| 3) Mr. Sanjay H. Waghulade | Director |
| 4) Mr. Sanjay T. Bhade | Director |
| 5) Mr. Parag M. Mulay | Director |
| 6) Mr. Shivaji R. Katke | Director |

10. Managerial Remuneration

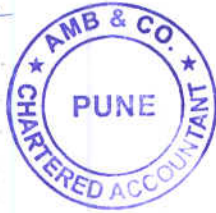
(Amount in Rs)

Particulars	31.3.2008	31.3.2007
Salaries & Allowances & Perquisites	28.20 Lacs	19.40 Lacs

11. The names of the Small Scale Industrial Undertaking to whom provisions of Micro Small Medium Enterprises Act 2006 is applicable and where a company owes a sum, which is outstanding for more than 30 days, are not known since the requisite information is not available with the company.
12. The company has ongoing programme of periodic reconciliation of sundry debtors, sundry creditors and loans and advances given/ taken and provisions wherever necessary have been made. Current Assets, Loans and Advances and Current Liabilities are subject to reconciliation, confirmation and consequential adjustments if any.
13. Previous years figures have been recasted\ regrouped where considered necessary to make them comparable with the current year's figures.

For AMB & CO.
Chartered Accountants

Milind C Mutha
(Partner)
M. No. 107938
Place: Pune
Date: 27th September ,2008



For Arihant Domestic Appliances Pvt. Ltd.

Director

Director

**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	-	0	6	3	0	4	5
	3	1	0	3	2	0	0	8
Date		Month		Year				

II Capital Raised during the year

Public Issue

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

Bonus Issue

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

Other

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

Rs in Lacs

Right Issue

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

Private Placement

					0	0	.	0	1
--	--	--	--	--	---	---	---	---	---

III Position of Mobilisation and Deployment of Funds

Total Liabilities

	2	6	3	8	1	.	5	0
--	---	---	---	---	---	---	---	---

Sources of Funds

Paid - up Capital

			5	0	0	.	0	1
--	--	--	---	---	---	---	---	---

Secured Loans

		8	6	5	1	.	7	0
--	--	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

	1	1	9	9	1	.	7	4
--	---	---	---	---	---	---	---	---

Net Current Assets

		1	5	9	4	.	5	2
--	--	---	---	---	---	---	---	---

Accumulated Losses

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

Total Assets

	2	6	3	8	1	.	5	0
--	---	---	---	---	---	---	---	---

Reserves & Surplus

		2	6	9	6	.	5	2
--	--	---	---	---	---	---	---	---

Unsecured Loans

		2	1	8	4	.	8	1
--	--	---	---	---	---	---	---	---

Investments

		1	5	5	7	.	8	0
--	--	---	---	---	---	---	---	---

Miscellaneous Expenditure

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

IV Performance of Company

Turnover

	3	1	8	9	2	.	8	5
--	---	---	---	---	---	---	---	---

Profit Before Tax

			6	7	5	.	5	5
--	--	--	---	---	---	---	---	---

Earning Per share In Rs

					7	.	2	9
--	--	--	--	--	---	---	---	---

Total Expenditure

	2	7	9	3	3	.	1	5
--	---	---	---	---	---	---	---	---

Profit After Tax

			3	6	4	.	4	1
--	--	--	---	---	---	---	---	---

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

ii Item Code No (ITC Code)

Product Description

iii Item Code No (ITC Code)

Product Description

iii Item Code No (ITC Code)

Product Description

As per our report of even date

For AMB & Co.,

Chartered Accountants,

			7	3	6	0	.	9	0
E	R	W	M	S	T	U	B	E	S
			7	2	0	9	.	9	0
			C	O	I	L	S		
			7	2	0	9	.	9	0
			S	T	R	I	P	S	
			7	8	1	4	.	9	1
A	U	T	O	C	O	M	P	O	S

For Arihant Domestic Appliances Private Limited

[Signature]

Director

[Signature]

Director

[Signature]

Company Secretary

Milind C.Mutha

(Partner)

M. No. 107938

Place : Pune

Date : 27th Sept. 2008