

HINDUSTAN APPLIANCES LIMITED
=====

ANNUAL REPORT 2001-2002
=====

DIRECTORS:--
=====

MR. MEHUL J. SHAH

MR. SANJAY A. DESAI

MR. KANTILAL S. MAROO

REGISTERED OFFICE

5, SUNBEAM CHAMBERS,

OPP. LIBERTY CINEMA.

NEW MARINE LINES ,

MUMBAI 400 020

AUDITORS

M/s. N. B. Purohit & Co

Chartered Accountants

4, Jahangir Mansion Office

Complex, Cinema Road,

MUMBAI 400 002

BANKERS

Syndicate Bank

Tamilnadu Mercantile Bank Ltd.

Bank of India

Dena Bank

HINDUSTAN APPLIANCES LIMITED

NOTICE:

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of HINDUSTAN APPLIANCES LIMITED will be held at the Registered Office of the Company at 5, Sunbeam Chambers, 2nd Floor, Opp. Liberty Cinema, New Marine Lines, Mumbai-400 020 on Monday, the 30th September, 2002 at 11.00 A.M. P.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mehul J. Shah who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. N. B. Purohit & Co. Chartered Accountants as Auditors and to fix their remuneration.

BY ORDER OF THE BOARD.

Sd/-

DIRECTOR

REGISTERED OFFICE

5, Sunbeam Chambers,
New Marine Lines,
Opp. Liberty Cinema,
MUMBAI-400020.
PLACE : MUMBAI.

Dated : 2nd September, 2002

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered office of the Company not less than 48 hours before commencing of this meeting.
3. The register of members and transfer books of the Company will remain closed from 23rd September, 2002 to 29th September 2002.

HINDUSTAN APPLIANCES LIMITED

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

DIRECTORS' REPORT

TO
The Members,

The Directors have pleasure in presenting their Seventeenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2002.

	(Rs.in Lacs) Year ended 31-3-2002 =====	(Rs.in Lacs) Year ended 31-3-2001 =====
Gross Profit Before Depreciation and Taxation	136.87	97.85
Deduct:-		
Depreciation	107.58	62.03
Provision for taxation	2.25	3.25
Prior Year Adjustment	0.00	0.06
Income Tax of Earliar Year	0.00	0.07
Deferred tax Liabilities	10.12	14.99
Net profit	16.92	17.45
Balance brought forward.	125.41	107.96
Balance carried forward	142.33	125.41

DIVIDEND:

In order to conserve the financial resources for meeting the long term needs of the Company, your directors do not recommend any dividend for the year under report.

OPERATION:

The Company has earned a gross total Income of Rs 318.32 lacs for the year under review against the gross total income of Rs.279.76 lacs during the previous year.

DIRECTORATE:

Mr. Mehul J. Shah, retires by rotation and being eligible offers himself for re-appointment .

PARTICULARS OF EMPLOYEES :

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

PUBLIC DEPOSIT :

The Company has not accepted any deposit from public. Therefore provision of section 58(A) of Companies Act,1956 are not applicable to the Company There are no unclaim or unpaid

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

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

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

i) That in the preparation of the annual accounts for year ended 31st March, 2002, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2002 and of the profit of the Company for that period;

iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;

iv) That the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

In terms of clause 49 of the listing agreement the Company is required to implement the provision of the Corporate Governance within the financial year 2002-2003 but not later than 31st March, 2003.

AUDITORS :

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

FOR AND ON BEHALF OF THE BOARD

**SD/-
DIRECTORS**

PLACE: MUMBAI, DATED: 2nd September, 2002

AUDITOR'S REPORT

TO THE MEMBERS OF HINDUSTAN APPLIANCES LIMITED

We have audited the attached Balance Sheet of **HINDUSTAN APPLIANCES LIMITED** as at 31st March, 2002 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books.
 - (c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account.
 - (d) In our opinion, the Profit & loss account and Balance sheet comply with the accounting standard referred to in the sub section 3C of Section 211 of the Companies Act, 1956.

ON PAGE 2...

-2-

- (e) On the basis of our review of the confirmations received from the companies in which the Director of the Company are directors and the information & explanations given to us, none of the Directors of the Company are as at 31st March, 2002 disqualified from being appointed as directors of the Company under clause (g) of sub section (1) of section 274 of the Companies Act 1956.
- (f) In our opinion and to the best of information and according to the explanations given to us, the accounts together with the schedule annexed thereto read with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
- (i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2002.
- and
- (ii) In the case of the Profit & Loss Account of the Profit of the Company for the year ended on that date.

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

Sd/-
(N.B. PUROHIT)
PROPRIETOR

PLACE: MUMBAI

DATED: 27th September, 2002

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ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH (1) OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF HINDUSTAN APPLIANCES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002.

1. The Company has maintained proper records showing full particulars including quantitative detail and situation of fixed assets. As explained to us, the physical verification of the fixed assets at 31st March, 2002 was conducted by the management and there were no discrepancies found on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stock of *finished* goods and raw materials have been physically verified by the Management during the accounting year. In our opinion the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of business.
5. There was no discrepancy noticed on physical verification of stocks as compared to books of account.
6. We are of the opinion that the valuation of Stock is fair and Proper and in accordance with Normally acceptable accounting Principles.
7. In our opinion and according to the information and explanations given to us, the company has not taken any secured or unsecured loans, from companies listed in the registers maintained under section 301 of the companies Act, 1956. We are informed that there are no Companies under same management within the meaning of section 370(I-B) of the companies Act, 1956.

ON PAGE 2...

-2-

In respect of loans granted to Companies, firms or other parties listed in the register maintained under section 301 of the, Companies Act, 1956 the rate of interest and the term and conditions are not prima facie prejudicial to the interest of the Company. We are informed that there are no Companies under same management within the meaning of section 370(I-B) of the companies Act, 1956.

9. The Company has given the Loan and Advances in the nature of loans. We have been explained that there is no definite stipulations regarding the recovery of principle amount. The parties are paying the principle amount from time to time and are also generally regular in payment of interest where stipulated. However, the company has also granted interest free loans to its wholly owned Subsidiaries and certain parties.
10. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchases of goods, equipment and other assets and with regard to the sales of goods.
11. In our opinion and according to the information and explanations given to us the transaction of purchase of goods and materials and sales of goods and raw materials made in pursuance of contracts or arrangements falling under section 301 of the Companies Act 1956, during the period aggregating to Rs. 50,000/- or more, in respect of each party, have been made at prices which are reasonable having regard to specialised nature of items purchased, prevailing market for such goods, material or prices at which transaction for similar goods and materials have been made with other parties.
12. As explained to us the Company has a regular procedure for determination of damaged goods and material.
13. The Company has not accepted any deposit from public, therefore relevant provision of section 58A of the Companies Act 1956, and rules there under are not applicable to the Company.

ON PAGE 3....

-3-

4. The Company's activity does not generate any scrap or by-product.
15. The Company has an internal audit system commensurate with its size and nature of business.
16. We are informed that maintenance of cost records has not been prescribed by the central Government under section 209 (1) (d) of the Companies Act, 1956 for any of the products.
17. According to the information and explanation given to us Provident Fund collected from Employees has generally been regularly deposited with concerned authority.
18. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth tax, Sales tax, Custom duty, Excise duty outstanding for a period of more than 6 months as at 31st March, 2002 from the date they become payable.
19. According to the information and explanation given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
20. The Company is not a sick industrial Company within the meaning of clause (0) of Sub-Section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. With regard to service activities of the Company, in our opinion, there is a reasonable system of authorisation at proper levels and an adequate system of internal control, commensurate with size of the company and the nature of its business, on issue of stores and allocation of stores and labour to jobs.

FOR N.B. PUROHIT & COMPANY
CHARTERED ACCOUNTANTS.

Sd/-

(N.B. PUROHIT)
PROPRIETOR

PLACE: MUMBAI

DATED: 2nd September, 2002

HINDUSTAN APPLIANCES LIMITED**BALANCE SHEET AS AT 31ST.MARCH,2002**

PARTICULARS	SCH. NO.	Year Ended 31.03.2002	Year Ended 31.03.2001
I. SOURCES OF FUND		RS/RS	RS/RS
1) Shareholders Fund:			
a) Capital	1	99,888,000.00	99,888,000.00
b) Reserves & Surplus	2	14,232,915.67	14,039,404.55
		114,120,915.67	113,927,404.55
2) Unsecured Loan	3	214,874.00	0.00
Total Rs.		114,335,789.67	113,927,404.55
II. APPLICATION OF FUNDS:			
1) Fixed Assets:	4		
a) Gross Block		87,061,021.48	79,801,770.44
b) Less: Depreciation		17,171,863.58	6,414,361.77
c) Net Block		69,889,157.90	73,387,408.67
2) INVESTMENTS	5	1,430,400.00	1,430,400.00
3) Current Assets, Loans & Advances:			
a) Inventories	6	0.00	1,374,341.00
b) Sundry Debtors	7	20,009,006.56	15,535,455.71
c) Cash & Bank Balances	8	807,026.22	828,387.01
d) Loans & Advances	9	26,519,026.45	33,213,772.00
		47,335,059.23	50,951,955.72
Less: Current Liabilities & Provisions			
a) Liabilities	10	1,399,260.08	11,240,188.81
b) Provisions	11	872,964.00	1,194,802.03
		2,272,224.08	12,434,990.84
Net Current Assets		45,062,835.15	38,516,964.88
4) Deferred Tax Liabilities A/c:		(2,511,127.38)	0.00
5) Miscellaneous expenditure	12	464,524.00	592,631.00
Total Rs.		114,335,789.67	113,927,404.55

Notes to the accounts
Per our Report of even date attached.
For N. B. Purohit & CO
CHARTERED ACCOUNTANTS

sd/r

(N.B. PUROHIT)
PROPRIETOR

PLACE: MUMBAI

DATED: 2nd September, 2002.

For Hindustan Appliances Limit

sd/r

Director