



Precision, Pace, Passion

## Annual Report

Arihant Domestic Appliances Limited

Report  junction.com

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 18<sup>th</sup> Annual General Meeting of **Arihant Domestic Appliance Limited** will be held on Wednesday the 30<sup>th</sup> 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 31<sup>st</sup> 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 18<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> 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.

	<b>(Rs. In Lacs)</b>	
<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
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
<b>Appropriations</b>		
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





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

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**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.