

THE HANDICRAFTS AND HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule No.		31.3.2011 ₹	31.3.2010 ₹
I. SOURCES OF FUNDS				
1 Shareholders Funds:				
(a) Capital	1	138,200,000	138,200,000	
(b) Reserves & Surplus	2	-	-	138,200,000
			138,200,000	
2 Deferred Govt. Grant-in-aid				
			1,196,529	1,451,086
3 Loan Funds				
(a) Secured Loans	3		23,343,505,658	4,604,487,089
			<u>23,482,902,187</u>	<u>4,744,138,175</u>
II. APPLICATION OF FUNDS				
1 Fixed Assets				
(a) Gross Block	4	159,309,558	153,388,530	
(b) Less: Depreciation		62,864,221	58,646,280	
(c) Net Block			96,445,337	94,742,250
2 Investments				
	5		6,250	6,250
3 Current Assets, Loans & Advances				
(a) Inventories	6	353,467,409	239,787,093	
(b) Sundry Debtors	7	198,759,981	164,948,589	
(c) Cash & Bank Balances	8	24,323,339,223	4,794,335,082	
(d) Other Current Assets	9	1,538,517,161	63,040,443	
(e) Loans & Advances	10	93,932,491	74,846,221	
		26,508,016,265	5,336,957,428	
Less:				
Current Liabilities & Provisions				
(a) Current Liabilities	11	3,104,264,718	676,912,012	
(b) Provisions	12	17,673,522	20,273,559	
		3,121,938,240	697,185,571	
Net Current Assets			23,386,078,025	4,639,771,857
4 Profit & Loss A/c				
			372,575	9,617,818
			<u>23,482,902,187</u>	<u>4,744,138,175</u>
Significant Accounting Policies				
Notes to the Accounts				
	20			
	21			

As per our report of even date

for V.C. Gautam & Co.
Chartered Accountants
Firm Regd. No: 000365N

(M. Harish Kumar)
Finance Manager

(Ujjal Datta)
Chief Finance Manager

(Azra Banu)
Director (Finance)

(Vishnu Gautam)
Partner
Membership No: 16257
Place : New Delhi
Dated :

(Nirmal Sinha)
Chairman & Managing Director

**THE HANDICRAFTS AND HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule No.	31.3.2011 ₹	31.3.2010 ₹
INCOME			
Sales		50,066,260,912	15,510,604,871
Other Trade Receipts	13	17,204,649	15,257,180
TOTAL INCOME		50,083,465,561	15,525,862,051
Less: Cost of Goods Sold	14	49,970,328,570	15,431,010,550
TRADING SURPLUS		113,136,991	94,851,501
Other Receipts	15	57,241,083	55,043,440
TOTAL		170,378,074	149,894,941
EXPENDITURE			
Employees Remuneration	16	64,640,522	65,963,054
Administration & Selling Expenses	17	93,240,433	74,785,943
Interest	18	682,288	10,084,681
Depreciation		5,089,984	4,093,593
Less: Transferred from Govt. Grant-in-Aid		67,721	69,015
		5,022,263	4,024,578
		163,585,506	154,858,256
PROFIT/(LOSS) FOR THE YEAR		6,792,568	(4,963,315)
Less:			
i) Prior Period Items	19	(3,778,365)	(1,385,581)
ii) Extra Ordinary Items (Refer Note No. 14 d)		-	7,971,492
Profit/(Loss) Before Tax		10,570,933	(11,549,226)
Less: Provision for Taxation			
- Income Tax - Current Year		1,325,690	-
- Fringe Benefit Tax - Earlier years		-	75,834
- Deferred Tax (Refer Note No. 17)		-	-
		1,325,690	75,834
Profit/(Loss) After Tax		9,245,243	(11,625,060)
Less: Loss brought forward		(9,617,818)	-
PROFIT AVAILABLE FOR APPROPRIATION		(372,575)	(11,625,060)
APPROPRIATIONS			
Transfer from General Reserve		-	(2,007,242)
Deficit carried to Balance Sheet		(372,575)	(9,617,818)
		(372,575)	(11,625,060)
Earnings per Share - Basic & Diluted		6.69	(8.41)
Significant Accounting Policies	20		
Notes to the Accounts	21		

As per our report of even date
for **V.C. Gautam & Co.**
Chartered Accountants
Firm Regd. No: 000365N

(M. Harish Kumar)
Finance Manager

(Ujjal Datta)
Chief Finance Manager

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Director (Finance)

(Vishnu Gautam)
Partner
Membership No: 16257
Place : New Delhi
Dated :

(Nirmal Sinha)
Chairman & Managing Director

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

	31.3.2011 ₹	31.3.2010 ₹
SCHEDULE - 1		
SHARE CAPITAL		
Authorised:		
2000000 Equity Shares of ₹ 100/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & paid up:		
1382000 Equity Shares of ₹100/- each	138,200,000	138,200,000
Of the above:		
15207 Equity Shares of ₹ 100/- each were allotted for consideration other than cash	<u>138,200,000</u>	<u>138,200,000</u>

SCHEDULE - 2
RESERVES & SURPLUS

General Reserve

As per last Balance Sheet	-	2,007,242
Less : Transferred to Profit & Loss Account	<u>-</u>	<u>(2,007,242)</u>
	<u>-</u>	<u>-</u>

SCHEDULE - 3
SECURED LOANS

Short term loans

From Banks

(a) Cash Credit (Secured by hypothecation of stocks, book debts and other moveable assets)	8,556,983	21,335,177
(b) Buyer's Credit (in Foreign Currency) (Secured by way lien on Bank Fixed Deposits and Customer's assigned Bank Deposits)	20,608,218,438	4,583,151,912
(c) Loan Against Bank Fixed Deposits (Secured against Bank Fixed Deposits)	2,726,730,237	-
	<u>23,343,505,658</u>	<u>4,604,487,089</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2011

	31.3.2011 ₹	31.3.2010 ₹
SCHEDULE - 5		
INVESTMENTS		
Long Term		
Investment in Shares:		
(At cost fully paid-up : unquoted)		
- All India Handloom Fabrics Marketing Co-op Soc Ltd. 6 'C' Class shares of ₹ 1000/- each	6,000	6,000
- Ivory Tower Premises Co-op Soc Ltd. 5 shares of ` 50/- each	250	250
	<u>6,250</u>	<u>6,250</u>
 SCHEDULE - 6		
INVENTORIES		
(As taken, valued & certified by the Management)		
(i) Stock-in-hand		
Finished (Trading) Goods	350,658,805	238,421,391
Raw Material	294,487	386,682
(ii) Stock-in-transit	2,085,758	625,591
(iii) Others		
Spare Parts	263,156	277,696
Packing Material	165,203	75,733
	<u>353,467,409</u>	<u>239,787,093</u>
 SCHEDULE - 7		
SUNDRY DEBTORS (UNSECURED, UNLESS OTHERWISE STATED)		
Outstanding for a period exceeding six months		
- Considered good (includes Secured Debtors ₹ 2,615,894 against movable/immovable property (Previous Year ₹ 4,167,513)	5,444,869	15,968,126
- Considered doubtful	46,555,603	45,591,611
Other debts		
- Considered good (includes Secured Debtors ₹ 125,517,192 against movable/immovable property/Assigned FDR (Previous Year ₹ 119,652,026)	193,315,112	148,980,463
	<u>245,315,584</u>	<u>210,540,200</u>
Less: Provisions for Doubtful debts	46,555,603	45,591,611
	<u>198,759,981</u>	<u>164,948,589</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2011

	31.3.2011	31.3.2010
	₹	₹
SCHEDULE - 8		
CASH & BANK BALANCES		
Cash Balances		
Cash & Cheques in hand	4,375,867	100,323
Bank Balances		
A. Balances with Scheduled Banks		
In India		
(i) In Current Accounts	598,805,081	65,567,754
(ii) In Fixed Deposits #	23,718,494,679	4,725,078,118
B. Balances with Non-scheduled Banks		
Outside India		
In Current Accounts \$	1,663,596	1,825,343
Remittances in Transit	-	1,763,544
	<u>24,323,339,223</u>	<u>4,794,335,082</u>
# include Fixed Deposits under banker's lien as margin money / security against Buyer's Credit (in Foreign Currency) and loan against Fixed Deposits.	23,713,268,525	4,691,337,222
\$ Balances with Non-scheduled Banks		
Commercial Bank of Kuwait, Kuwait	1,663,596	1,825,343
Maximum Balance at anytime during the year	1,825,343	12,071,603
SCHEDULE - 9		
OTHER CURRENT ASSETS		
Interest Accrued on Bank Fixed Deposits	500,120,790	41,124,491
Difference in Exchange recoverable on Forward Cover	1,038,396,371	21,915,952
	<u>1,538,517,161</u>	<u>63,040,443</u>
SCHEDULE - 10		
LOANS & ADVANCES		
(Considered good unless otherwise stated)		
LOANS TO STAFF		
(a) Secured	15,771,148	16,636,600
(By mortgage/hypothecation of immovable/movable property)		
(b) Unsecured	1,903,065	2,008,077
ADVANCES (Unsecured)		
(Recoverable in cash or kind or for value to be received)		
(a) Grant receivable from Govt.	4,624,329	2,565,123
(b) Advance to staff	967,553	1,076,235
(c) Income & Fringe Benefit Tax Paid (Net of Provisions)	9,568,661	20,324,358

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2011

	31.3.2011	31.3.2010
	₹	₹
(d) Sales Tax Recoverable		
- Considered good	14,798	14,798
- Considered doubtful	300,288	300,288
(e) Duty Drawback / DEPB Receivable		
- Considered good	5,899,596	2,442,311
- Considered doubtful	3,126,723	2,961,439
(f) Other Advances		
- Considered good	32,464,134	22,247,965
- Considered doubtful	5,138,864	5,138,864
(g) Sundry Deposits		
- Considered good	20,863,105	5,676,068
- Considered doubtful	112,705	112,705
(h) Insurance claim Receivable		
- Considered good	1,856,102	1,854,686
- Considered doubtful	183,326	183,326
	<u>102,794,397</u>	<u>83,542,843</u>
Less: Provision for doubtful loans, advances & deposits	8,861,906	8,696,622
	<u>93,932,491</u>	<u>74,846,221</u>
Due from Directors & Officers of the Company		
Directors	5,613	8,473
Officers	-	-
Ex-CMD (doubtful)	-	-
Maximum amount outstanding during the year	-	-
Directors	248,238	17,524
Officers	-	-
Ex-CMD (doubtful)	-	70,988
SCHEDULE - 11		
CURRENT LIABILITIES		
(a) Sundry Creditors		
- Dues to Micro, Small & Medium Enterprises	-	7,819
- Other Creditors	1,298,240,161	581,555,860
(b) Difference in Exchange payable on Forward Cover	1,459,231,321	47,931,685
(c) Other Liabilities	184,991,698	23,599,295
(d) Unspent Balances of Govt Grants	1,601,472	3,848,592
(e) Advance Payments Received	132,163,079	13,412,366
(f) Interest Accrued but not due on Buyer's Credit	28,036,987	6,556,395
	<u>3,104,264,718</u>	<u>676,912,012</u>
SCHEDULE - 12		
PROVISIONS		
a) Gratuity	4,948,876	8,442,835
b) Leave Encashment	8,224,646	9,330,724
c) Post Retirement Medical	4,500,000	2,500,000
	<u>17,673,522</u>	<u>20,273,559</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2011

	31.3.2011	31.3.2010
	₹	₹
SCHEDULE - 13		
OTHER TRADE RECEIPTS		
Duty Drawback	16,400,345	12,083,864
Duty Entitlement Pass Book	322,831	149,411
Miscellaneous Trade Receipts	481,473	3,023,905
	<u>17,204,649</u>	<u>15,257,180</u>
SCHEDULE - 14		
COST OF GOODS SOLD		
Opening Stock		
- in hand	238,808,073	29,224,659
- in transit	<u>625,591</u>	<u>1,963,114</u>
	239,433,664	31,187,773
Add :		
Purchases	49,206,724,706	15,488,482,037
Fabrication & Processing charges	37,614,132	32,988,812
Power & Fuel	1,024,617	937,211
Custom Duty	825,885,872	277,690,688
Freight & other charges	11,094,299	10,300,482
Marked to Market Loss / (Gain)	1,590,330	(10,797,670)
Trading Surplus/(Deficit) in Commodities		
trading Credited/Debited to Associates	-	11,178,155
Net Exchange Variations	<u>-</u>	<u>(171,523,274)</u>
	50,323,367,620	15,670,444,214
Less:		
Closing Stock		
- in hand	350,953,292	238,808,073
- in transit	<u>2,085,758</u>	<u>625,591</u>
	353,039,050	239,433,664
	<u>49,970,328,570</u>	<u>15,431,010,550</u>
SCHEDULE - 15		
OTHER RECEIPTS		
Service Charges	296,840	800,055
Grants from Govt.	15,732,677	7,409,065
Provision no longer required written back	-	119,266
Credit Balances written back	2,948,557	5,869,841
Exchange Variations		
Credit	188,304,151	206,479,964
Less : Debit	<u>186,264,161</u>	<u>217,167,206</u>
Net Exchange Variations	2,039,990	(10,687,242)
Interest (Gross) on:		
- Fixed Deposits	726,799,382	120,872,944
Less: Interest Paid to Associates	<u>726,007,855</u>	<u>96,945,152</u>
- Net Interest	791,527	23,927,792
- Staff Advances & Others	2,117,151	2,903,169
[Tax Deducted at source ₹1,001,836] (Previous Year ₹ 126,079)]		
Profit on sale of Assets	1,241	2,404
Township receipts	25,766	34,082
Miscellaneous Receipts	5,706,174	73,312
Rent on Office Building	26,907,782	24,591,696
Loss sharing with NMS	<u>673,378</u>	<u>-</u>
	<u>57,241,083</u>	<u>55,043,440</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2011

	31.3.2011 ₹	31.3.2010 ₹
SCHEDULE - 16		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries & Allowances	50,026,991	44,086,688
Contribution to Provident Fund	4,402,733	3,843,921
Ex-Gratia on Voluntary Retirement	-	10,080,206
Staff Welfare	8,631,515	7,265,765
Bonus	14,503	33,915
Gratuity	1,560,630	652,559
Benevolent Fund	4,150	-
	<u>64,640,522</u>	<u>65,963,054</u>
SCHEDULE - 17		
ADMINISTRATION & SELLING EXPENSES		
Rent	11,766,352	3,742,679
Rates & Taxes	1,548,015	3,360,485
Electricity & Water Charges	4,814,746	4,044,123
Travelling & Conveyance	10,784,697	6,068,572
Postage, Telegrams, Telephones etc.	5,296,984	4,304,337
Printing & Stationery	2,151,810	1,551,521
Repairs, Renewal & Maintenance		
- Building	755,649	1,390,470
- Machinery	80,326	224,589
- Others	<u>4,374,605</u>	<u>1,489,924</u>
	5,210,580	3,104,983
Service Vehicle Maintenance	2,033,004	2,108,420
Auditors Remuneration	627,693	562,045
Magazine & Periodicals	209,882	197,924
Insurance	1,259,452	930,045
Miscellaneous Expenses	6,855,477	4,835,017
Filing Fee	22,719	5,540
Loss on Assets sold/discarded	66,830	288
Township Expenditure	640,787	455,717
Expenses on Corp. Social Responsibility	500,000	-
Advertisement & Publicity	3,826,263	4,111,631
Sample & Product Development	4,470,548	4,090,448
Business Promotion	11,875	-
Entertainment	1,471,497	1,108,732
Exhibition & Fashion Shows	13,716,299	5,343,542
Commission to Selling Agents	8,815,314	14,195,496
Claims	169,387	76,646
Legal & Professional Charges	3,230,292	3,292,912
Excess provision of Export Incentive		
Receivable written off	13,894	7,221
Sales Tax paid for earlier years	-	138,306
Debit Balance adjusted	674	3,325
Profit / (Loss) sharing with National Museum Shop	-	136,213
Trading Loss/Gain to Associates in MCX/NCDEX	-	(1,604,936)
Bank Charges	2,596,086	6,525,078
Provision for Doubtful Debts, Loans & Advances	1,129,276	2,089,633
	<u>93,240,433</u>	<u>74,785,943</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2011

	31.3.2011	31.3.2010
	₹	₹
SCHEDULE - 18		
INTEREST		
-Banks		
Int. on Adv. Against FDR/Buyers Credit/LC	215,736,178.40	16,480,145
Less: Recovered from Associates	<u>215,438,636.40</u>	<u>16,387,841</u>
	297,542	92,304
-Others		
Interest on Suppliers Credit (Forex)	15,541,430	21,701,234
Less: Recovered from Associates	<u>15,156,944</u>	<u>11,708,857</u>
	384,746	9,992,377
	<u>682,288</u>	<u>10,084,681</u>
 SCHEDULE - 19		
PRIOR PERIOD ITEMS		
A. INCOME		
Sales	8,918	-
Other Income	5,165	(16,541)
Other Receipts	44,870	4,000
	<u>58,953</u>	<u>(12,541)</u>
 B. EXPENDITURE		
Purchases	(1,545,314)	(333,865)
Custom duty, Freight & other charges	(19,111)	35,251
Fabrication charges	(1,792,988)	-
Employees Remuneration & Benefits	570	391
Administration & Selling Expenses	(362,569)	(1,140,226)
Interest	-	40,327
	<u>(3,719,412)</u>	<u>(1,398,122)</u>
Net Prior Period Items	<u>(3,778,365)</u>	<u>(1,385,581)</u>