

THE HANDICRAFTS AND HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.		31.3.2009 (Rs.)	31.3.2008 (Rs.)
I. SOURCES OF FUNDS				
1 Shareholders Funds:				
(a) Capital	1	138,200,000	138,200,000	
(b) Reserves & Surplus	2	<u>2,007,242</u>	<u>6,734,945</u>	
			140,207,242	144,934,945
2 Deferred Govt. Grant-in-aid				
			1,454,035	1,461,087
3 Loan Funds				
(a) Secured Loans	3		<u>929,145,631</u>	<u>3,855,711,692</u>
			<u>1,070,806,908</u>	<u>4,002,107,724</u>
II. APPLICATION OF FUNDS				
1 Fixed Assets				
(a) Gross Block	4	151,914,316	147,724,892	
(b) Less: Depreciation		<u>54,939,266</u>	<u>49,172,535</u>	
(c) Net Block			96,975,050	98,552,357
2 Investments				
	5		6,250	6,250
3 Current Assets, Loans & Advances				
(a) Inventories	6	31,689,192	368,659,386	
(b) Sundry Debtors	7	287,177,989	347,519,932	
(c) Cash & Bank Balances	8	2,884,300,641	4,976,448,525	
(d) Other Current Assets	9	596,838,591	137,911,147	
(e) Loans & Advances	10	<u>101,074,338</u>	<u>111,064,878</u>	
		3,901,080,751	5,941,603,868	
Less:				
Current Liabilities & Provisions				
(a) Current Liabilities	11	2,926,077,350	2,018,707,373	
(b) Provisions	12	<u>11,247,605</u>	<u>19,347,378</u>	
		2,937,324,955	2,038,054,751	
Net Current Assets			963,755,796	3,903,549,117
5 Miscellaneous Expenditure				
(to the extent not written off or adjusted)				
Deferred Revenue Expenditure (VRS)			10,069,812	
			<u>1,070,806,908</u>	<u>4,002,107,724</u>
Significant Accounting Policies	20			
Notes to the Accounts	21			

As per our report of even date
for **Kumar Chopra & Associates**
Chartered Accountants

(M. Harish Kumar)
Finance Manager

(Nirmal Sinha)
Director (Finance)

(Sunil Jain)
Partner

(K. K. Sinha)
Chairman & Managing Director

Place : New Delhi
Dated :

**THE HANDICRAFTS AND HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	Schedule No.	31.3.2009 (Rs.)	31.3.2008 (Rs.)
INCOME			
Sales		15,921,761,003	7,033,975,239
Other Trade Receipts	13	9,591,165	14,444,135
TOTAL INCOME		15,931,352,168	7,048,419,374
Less: Cost of Goods Sold	14	15,853,900,632	6,979,371,856
TRADING SURPLUS			
Other Receipts	15	137,658,521	39,705,502
TOTAL		215,110,057	108,753,020
EXPENDITURE			
Employees Remuneration	16	59,137,564	66,870,786
Administration & Selling Expenses	17	90,725,015	76,222,221
Interest	18	64,604,239	5,894,302
Depreciation		6,140,613	3,770,994
Less: Transferred from Govt. Grant-in-Aid		64,875	64,678
		6,075,738	3,706,316
		220,542,556	152,693,625
PROFIT/(LOSS) FOR THE YEAR			
		(5,432,499)	(43,940,605)
Less: Adjustment of earlier years - Prior Period Items	19	(1,137,802)	661,155
Profit/(Loss) Before Tax		(4,294,697)	(44,601,760)
Less: Provision for Taxation			
- Fringe Benefit Tax		600,000	1,000,000
- Income Tax - Earlier years		(166,994)	(13,867)
- Deferred Tax (Refer Note No. 18)		-	25,344,675
		433,006	26,330,808
Profit/(Loss) After Tax		(4,727,703)	(70,932,568)
Add: Profit brought forward		0	24,653,850
PROFIT AVAILABLE FOR APPROPRIATION		(4,727,703)	(46,278,718)
APPROPRIATIONS			
Transfer from General Reserve		(4,727,703)	(46,278,718)
		(4,727,703)	(46,278,718)
Earnings per Share - Basic & Diluted		(3.42)	(51.33)
Significant Accounting Policies	20		
Notes to the Accounts	21		

As per our report of even date
for Kumar Chopra & Associates
Chartered Accountants

(M. Harish Kumar)
Finance Manager

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(K. K. Sinha)
Chairman & Managing Director

Place : New Delhi
Dated :

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2009

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
SCHEDULE - 1		
CAPITAL		
Authorised:		
2000000 Equity Shares of Rs.100/- each	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & paid up:		
1382000 Equity Shares of Rs.100/- each	138,200,000	138,200,000
Of the above:		
15207 Equity Shares of Rs.100/- each were allotted for consideration other than cash	<u>138,200,000</u>	<u>138,200,000</u>
 SCHEDULE - 2		
RESERVES & SURPLUS		
(a) General Reserve		
As per last Balance Sheet	6,734,945	53,013,663
Less : Transferred to Profit & Loss Account	<u>(4,727,703)</u>	<u>(46,278,718)</u>
	2,007,242	6,734,945
	<u>2,007,242</u>	<u>6,734,945</u>
 SCHEDULE - 3		
SECURED LOANS		
Short term loans		
From Banks		
(a) Cash Credit (Secured by hypothecation of stocks, book debts and other moveable assets)	-	-
(b) Buyer's Credit (in Foreign Currency) (Rs. 466,775,405 (Prev. year Rs.3,315,993,476) secured by way lien on Bank Fixed Deposits and Rs. Nil (previous year 251,474,908) secured by way of Customer's assigned Bank Deposit)	466,775,405	3,567,468,384
(c) Loan Against Bank Fixed Deposits (Secured against Bank Fixed Deposits)	462,370,226	288,243,308
	<u>929,145,631</u>	<u>3,855,711,692</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2009

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
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 Rs. 1000/- each	6,000	6,000
- Ivory Tower Premises Co-op Soc Ltd.		
5 shares of Rs. 50/- each	250	250
	6,250	6,250
SCHEDULE - 6		
INVENTORIES		
(As taken, valued & certified by the Management)		
(i) Stock-in-hand		
Finished (Trading) Goods		
	28,697,038	363,937,233
Raw Material		
	527,621	577,010
(ii) Stock-in-transit		
	1,963,114	3,548,504
(iii) Others		
Spare Parts		
	304,506	316,929
Packing Material		
	196,913	279,710
	31,689,192	368,659,386
SCHEDULE - 7		
SUNDRY DEBTORS (UNSECURED, UNLESS OTHERWISE STATED)		
Outstanding for a period exceeding six months		
- Considered good		
	46,263,805	1,401,575
(includes Secured Debtors Rs.16,934,128 against movable/immovable property (Previous Year Nil)		
- Considered doubtful		
	44,359,073	43,110,571
Other debts		
- Considered good		
	240,914,184	346,118,357
(includes Secured Debtors Rs.122,244,851 against movable/immovable property (Previous Year Nil)		
	331,537,062	390,630,503
Less: Provisions for Doubtful debts		
	44,359,073	43,110,571
	287,177,989	347,519,932

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2009

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
SCHEDULE - 8		
CASH & BANK BALANCES		
Cash Balances		
(a) Cash & Cheques in hand	81,012	89,677
(b) Imprest Balances	84	405
Bank Balances		
A. Balances with Scheduled Banks		
In India		
(i) In Current Accounts	91,378,685	29,515,381
(ii) In Fixed Deposits #	2,790,860,780	4,944,167,495
(b) Outside India		
(i) In Current Accounts	-	479,255
B. Balances with Non-scheduled Banks		
Outside India		
In Current Accounts \$	1,980,080	2,196,312
	<u>2,884,300,641</u>	<u>4,976,448,525</u>
# include Fixed Deposits under banker's lien as margin money / security against Buyer's Credit (in Foreign Currency) and loan against Fixed Deposits.	1,156,035,510	4,902,166,420
\$ Balances with Non-scheduled Banks		
Commercial Bank of Kuwait, Kuwait	1,980,080	2,196,312
Maximum Balance at anytime during the year	2,713,660	22,791,212
SCHEDULE - 9		
OTHER CURRENT ASSETS		
Interest Accrued on Bank Fixed Deposits	192,008,520	101,549,002
Difference in Exchange accrued on Forward Cover	390,517,180	14,202,484
Others	14,312,891	22,159,661
	<u>596,838,591</u>	<u>137,911,147</u>
SCHEDULE - 10		
LOANS & ADVANCES		
(Considered good unless otherwise stated)		
LOANS TO STAFF		
(a) Secured	18,925,173	22,045,347
(By mortgage/hypothecation of immovable/movable property)		
(b) Unsecured	3,992,046	5,193,707
ADVANCES (Unsecured)		
(Recoverable in cash or kind or for value to be received)		
(a) Grant receivable from Govt.	2,866,552	2,010,241
(b) Advance to staff	892,504	1,255,756
(c) Income & Fringe Benefit Tax Paid (Net of Provisions)	34,241,691	28,421,446

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.3.2009

	31.3.2009	31.3.2008
	(Rs.)	(Rs.)
(d) Sales Tax Recoverable		
- Considered good	89,417	89,417
- Considered doubtful	300,288	300,288
(e) Duty Drawback / DEPB Receivable		
- Considered good	1,749,160	1,657,575
- Considered doubtful	2,970,915	2,635,720
(f) Other Advances		
- Considered good	11,051,371	36,906,192
- Considered doubtful	4,391,558	4,368,391
(g) Sundry Deposits		
- Considered good	25,366,996	11,587,185
- Considered doubtful	112,705	112,705
(h) Insurance claim Receivable		
- Considered good	1,899,428	1,898,012
- Considered doubtful	183,326	183,326
	<u>109,033,130</u>	<u>118,665,308</u>
Less: Provision for doubtful loans, advances & deposits	7,958,792	7,600,430
	<u>101,074,338</u>	<u>111,064,878</u>
Due from Directors & Officers of the Company		
Directors	3,426	124,945
Officers	-	-
Ex-CMD (doubtful)	70,988	70,988
Maximum amount outstanding during the year	-	-
Directors	277,556	508,634
Officers	-	-
Ex-CMD (doubtful)	70,988	70,988
SCHEDULE - 11		
CURRENT LIABILITIES		
(a) Sundry Creditors		
- Dues to Micro, Small & Medium Enterprises	411,629	-
- Other Creditors	2,849,630,574	1,921,865,071
(b) Other Liabilities	23,845,644	24,975,423
(c) Unspent Balances of Govt Grants	3,638,122	1,894,998
(d) Advance Payments Received	36,218,775	26,204,272
(e) Overdraft from Bank	766,106	
(f) Interest Accrued but not due on buyer's credit	11,566,500	43,767,609
	<u>2,926,077,350</u>	<u>2,018,707,373</u>
Sundry Creditors includes		
- Due to Directors	-	3,600
SCHEDULE - 12		
PROVISIONS		
a) Gratuity	1,060,509	2,193,351
b) Leave Encashment	9,187,096	17,154,027
c) Post Retirement Medical	1,000,000	-
	<u>11,247,605</u>	<u>19,347,378</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2009

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
SCHEDULE - 13		
OTHER TRADE RECEIPTS		
Duty Drawback	8,065,636	14,269,184
Duty Entitlement Pass Book	89,566	114,690
Miscellaneous Trade Receipts	1,435,963	60,261
	<u>9,591,165</u>	<u>14,444,135</u>
SCHEDULE - 14		
COST OF GOODS SOLD		
Opening Stock		
- in hand	364,514,243	18,901,518
- in transit	<u>3,548,504</u>	<u>463,775</u>
	368,062,747	19,365,293
Add :		
Purchases	15,338,589,704	7,161,557,345
Fabrication & Processing charges	23,064,092	37,440,025
Power & Fuel	814,189	872,862
Custom Duty	286,554,037	114,059,271
Freight & other charges	3,629,774	11,457,851
Marked to Market Loss / (Gain)	(9,207,532)	22,571,263
Trading Surplus/(Deficit) in Commodities		
trading Credited/Debited to Associates	(126,418,606)	(20,581,423)
Net Exchange Variations	<u>-</u>	<u>692,116</u>
	15,885,088,405	7,347,434,603
Less:		
Closing Stock		
- in hand	29,224,659	364,514,243
- in transit	<u>1,963,114</u>	<u>3,548,504</u>
	31,187,773	368,062,747
	<u>15,853,900,632</u>	<u>6,979,371,856</u>
SCHEDULE - 15		
OTHER RECEIPTS		
Participation fee from Associates	-	20,000
Service Charges	86,805	1,492,160
Grants from Govt.	15,311,595	9,805,992
Provision no longer required written back	3,332,121	-
Credit Balances written back	4,599,203	2,227,471
Exchange Variations		
Credit	200,383,486	69,092,778
Less : Debit	<u>196,853,595</u>	<u>70,224,671</u>
Net Exchange Variations	3,529,891	(1,131,893)
Licence Fee	-	-
Interest (Gross) on:		
- Fixed Deposits	570,457,986	114,150,750
Less: Interest Paid to Associates	<u>479,157,665</u>	<u>103,588,685</u>
- Net Interest	91,300,321	10,562,065
- Staff Advances & Others	957,513	1,179,983
[Tax Deducted at source Rs. 60,975]		
(Previous Year Rs. 6,430,583)]		
Profit on sale of Assets	68,165	-
Township receipts	49,852	47,216
Miscellaneous Receipts	265,800	516,288
Rent on Office Building	18,157,255	14,986,220
	<u>137,658,521</u>	<u>39,705,502</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2009

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
SCHEDULE - 16		
EMPLOYEES REMUNERATION & BENEFITS		
Salaries & Allowances	43,508,483	49,812,400
Contribution to Provident Fund	4,116,204	4,770,797
Ex-Gratia on Voluntary Retirement	1,404,311	-
Staff Welfare	8,227,529	7,151,803
Bonus	91,058	95,634
Gratuity	1,789,979	5,040,152
	<u>59,137,564</u>	<u>66,870,786</u>
SCHEDULE - 17		
ADMINISTRATION & SELLING EXPENSES		
Rent	5,173,259	3,616,843
Rates & Taxes	4,308,995	1,941,259
Electricity & Water Charges	5,127,039	5,043,967
Travelling & Conveyance	6,806,168	6,979,581
Postage, Telegrams, Telephones etc.	3,973,005	4,309,208
Printing & Stationery	1,312,407	1,615,787
Repairs, Renewal & Maintenance		
- Building	705,991	790,063
- Machinery	61,108	23,444
- Others	<u>1,046,636</u>	<u>1,766,599</u>
	1,813,735	2,580,106
Service Vehicle Maintenance	1,957,423	1,609,199
Auditors Remuneration	467,912	389,241
Magazine & Periodicals	210,218	262,631
Insurance	1,152,976	1,200,744
Miscellaneous Expenses	5,316,054	5,878,502
Filing Fee	16,940	14,660
Township Expenditure	486,527	1,098,141
Advertisement & Publicity	3,095,228	2,513,968
Sample & Product Development	3,022,627	4,134,079
Business Promotion	-	-
Entertainment	1,114,310	1,386,520
Exhibition & Fashion Shows	10,451,641	10,465,643
Commission to Selling Agents	6,486,788	7,191,510
Claims	303,316	83,148
Legal & Professional Charges	2,303,105	3,371,153
Bad Debts & Advances written off	-	-
Excess provision of Export Incentive Receivable written off	209,424	43,821
Sales Tax paid for earlier years	3,824	5,050
Debit Balance adjusted	605	910
Profit / (Loss) sharing with NMS	164,566	126,537
Trading Loss/Gain to Associates	19,073,089	3,072,818
Bank Charges	4,766,854	3,645,590
Provision for Doubtful Debts, Loans & Advances	1,606,980	3,641,605
	<u>90,725,015</u>	<u>76,222,221</u>

THE HANDICRAFTS & HANDLOOMS EXPORTS CORPORATION OF INDIA LTD.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.3.2009

	31.3.2009 (Rs.)	31.3.2008 (Rs.)
SCHEDULE - 18		
INTEREST		
-Banks [Net of Rs. 116,060,812 recovered from Customers (Previous Year Rs. 75,263,513)]	43,361,911	2,610,184
-Others [Net of Rs. 102,227,774 recovered from Customers (Previous Year Rs. 14,844,388)]	21,242,328	3,284,118
	<u>64,604,239</u>	<u>5,894,302</u>
 SCHEDULE - 19		
PRIOR PERIOD ITEMS		
A. INCOME		
Sales	3,900	(10,133)
Other Income	404,007	1,768
Other Receipts	94,030	(23,211)
	<u>501,937</u>	<u>(31,576)</u>
 B. EXPENDITURE		
Purchases	(455,991)	(103,653)
Custom duty, Freight & other charges	(344,127)	42,148
Employees Remuneration & Benefits	79,556	(27,445)
Administration & Selling Expenses	115,807	721,979
Interest	-	-
Depreciation	(31,110)	(3,450)
	<u>(635,865)</u>	<u>629,579</u>
Net Prior Period Items	<u>(1,137,802)</u>	<u>661,155</u>