

# **HIND COMMERCE LIMITED**

**23<sup>rd</sup> ANNUAL REPORT  
2007-2008**

# HIND COMMERCE LIMITED

**DIRECTORS** : Shri Ujwal R. Lahoti  
Shri Umesh R. Lahoti  
Shri Prakash R. Bang  
Shri Purshottam Sarda

**AUDITORS** : K. K. Khadaria & Co.  
Chartered Accountants  
Mumbai

**BANKERS** : Punjab National Bank  
Oriental Bank of Commerce

**REGISTERED OFFICE** : 307, Arun Chambers,  
Tardeo Road,  
Mumbai - 400 034.

**REGISTRAR &  
TRANSFER AGENTS** : Sharepro Services (India) Pvt. Ltd.  
Satam Estate, 3rd Floor,  
Above Bank of Baroda, Cardinal Gracious  
Road, Chakala, Andheri (East),  
Mumbai - 400 099.

# HIND COMMERCE LIMITED

## NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of HIND COMMERCE LIMITED will be held on 21st July, 2008 at the Registered Office of the Company at 307 Arun Chambers, Tardeo Road, Mumbai- 400034, Maharashtra at 11.30 A. M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Directors' Report & Auditors' Report thereon.
2. To appoint a Director in place of Mr. Umesh R. Lahoti, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Prakash R. Bang, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. K K KHADARIA & CO., Chartered Accountants as an Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

PLACE: MUMBAI  
DATE: 20th June, 2008

BY ORDER OF THE BOARD OF DIRECTORS

CHAIRMAN

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Members/Proxy Holders are requested to bring their copy of Annual Report and Attendance slip sent herewith duly filled in to the Annual General Meeting.
3. Members intending to seek explanation / clarification about the Accounts at the meeting are requested to inform the Company at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairperson permits such information to be furnished.

# HIND COMMERCE LIMITED

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in placing before you the 23rd Annual Report of the Company, alongwith the Audited Statement of Accounts for the year ended 31st March, 2008.

### FINANCIAL HIGHLIGHTS: (Rs. In Thousand)

Particulars	For the year ended 31.03.2008	For the year ended 31.03.2007
Income from Trading	50155.35	50220.49
Profit before Tax	7065.94	7767.97
Provision for Tax		
Current Tax	355.36	515.47
Deferred Tax	(0.26)	(0.49)
Fringe Benefit Tax	2.14	1.13
MAT Credit	(142.13)	NIL
Profit After Tax	6850.83	7251.86
Balance B/F from earlier year	30388.09	23136.22
Balance carried to	37238.92	30388.08
Balance Sheet		

### DIVIDEND:

Your Directors recommend NIL Dividend for the year under review.

### AUDITORS:

M/s. K K KHADARIA & CO., Chartered Accountants retire at the ensuing Annual General Meeting and according to a Certificate received from them U/S 224(1-B) of the Companies Act, 1956 are eligible for re-appointment. The members are recommended to re-appoint them as the Auditors of the Company.

### DIRECTORS:

There has been no change in the composition of the Board of Directors of the Company during the financial year.

### EMPLOYEES:

No Employee draws remuneration in excess of limit prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### ENERGY CONSERVATION MEASURES, TECHNOLOGY ABSORPTION AND R & D EFFORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company is not a manufacturing Company and hence the particulars required to be furnished U/s. 217 (1) (e) of the Companies Act, 1956 regarding energy conservation measures, technology absorption and R & D efforts does not apply to the Company. During the period under review the Company has earned Foreign Exchange of Rs. Nil and incurred the Foreign Exchange outgo of Nil.

### DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors' Report:

- that in the preparation of Annual Accounts, the applicable accounting standards had been followed;
- that the Directors had 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 and of the Profit of the Company for that period;
- that the Directors had 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;
- that the Directors had prepared the annual accounts on a going concern basis

### LISTING:

At present the Company's Equity Shares are listed at Pune Stock Exchange, Pune and the Company has paid the Listing fees to the above exchange for the year 2007-2008 and 2008-2009.

### CORPORATE GOVERNANCE:

The Company has implemented various processes of Corporate Governance, through meetings of the Directors by the Audit and Share Transfer & Investor Grievance Committees of the Board.

The Securities and Exchange Board of India, vide an amendment to the listing agreement, has directed listed Companies to follow a uniform code of Corporate Governance which also includes disclosures in the Annual Report pursuant to Clause 49 of the listing agreement.

Accordingly, a report on the Corporate Governance, auditor's certificate on compliance of Corporate Governance, and "Management Discussion and Analysis" giving details of the Company's business and operating results are annexed as a part of the Annual Report for the information of the Shareholders. The Company has obtained certificate from the Managing Director of the Company.

### ACKNOWLEDGEMENT:

The Directors wish to put on record their appreciation of the wholehearted and sincere co-operation received by the Company from the bankers, buyers and Suppliers. The Directors also wish to put on record their appreciation of the excellent contribution made by all the employees for the growth of the Company.

FOR & ON BEHALF OF BOARD OF DIRECTORS

Place : Mumbai  
Date : 20th June, 2008

UMESH LAHOTI  
DIRECTOR

# HIND COMMERCE LIMITED

## CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the Financial year April 1, 2007 to March 31, 2008 as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

### 1. PHILOSOPHY OF CORPORATE GOVERNANCE

A good corporate governance process aims to achieve balance between shareholders' interest and corporate goals by providing long term vision of its business and establishing systems that help the Board in understanding the monitoring risk at every stage of the corporate evolution process to enhance the trust and confidence of the stakeholder without compromising with laws and regulations.

The Company's philosophy on the Code of Governance is that the Company should follow contemporary corporate practices as followed by other companies similarly placed and the guiding principle of the Code of Governance of the Company is HARMONY i.e. -

- (a) Balancing need for transparency with the need to protect the interests of the Company
- (b) Balancing the need for empowerment at all levels with the need for accountability and
- (c) Interaction with all stakeholders including shareholders, employees, lenders and regulatory authorities.

## 2. BOARD OF DIRECTORS

### 2.1. COMPOSITION:

During the financial The Board of Hind Commerce Limited consists of Four Directors with a fair representation of executive, non-executive and independent directors. The Chairman is being Executive, as per Listing Agreement, the Company should have minimum Two Independent Directors. The Company has two independent Directors. There is no institutional nominee on the Board. Details of Directors retiring by rotation and their brief are provided in the notice to Annual General Meeting

Category	Name of Director
Promoter/ Chairman	Mr. Umesh R. Lahoti
Promoter/ Non Executive Director	Mr. Ujwal R. Lahoti
Non Executive and Independent Director	Mr. Purshottam Sarda Mr. Prakash R. Bang

The Board of Directors of Hind Commerce Limited comprises the Chairman & Executive Director - who is Promoter Director, Non-Executive Director, two Non-executive and independent Directors. Details are given in Table 1.

## 2.2. NUMBER OF BOARD MEETINGS

During the year, Four Board meetings were held. These were on 27th April, 2007, 15th June, 2007, 30th July, 2007, 28th August, 2007, 30th October, 2007, & 29th January, 2008. The maximum gap between any two Board meetings was 90 days.

## 2.3. DIRECTOR'S ATTENDANCE RECORD AND DIRECTORSHIPS

See Annexure - I for details.

None of the Director is a member of more than 10 Board-level committees of public companies in which they are Directors, nor is Chairman of more than five such Committees.

## 2.4. INFORMATION SUPPLIED TO THE BOARD

Among others, information supplied to the board includes:

- \* Quarterly results for the company and its operating divisions,
- \* Minutes of meetings of Audit Committee and other Committees,
- \* Materially important show cause, demand, prosecution and penalty notices,
- \* Fatal or serious accidents or dangerous occurrences,
- \* Any materially relevant default in financial obligations to and by the company or substantial
- \* Non-payment for goods sold by the company,
- \* Any issue which involves possible public or product liability claims of a substantial nature,
- \* Details of any joint venture or collaboration agreement,
- \* Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business,
- \* Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement; and
- \* Non-compliance of any regulatory, statutory nature or listing requirements and shareholder service such as non-payment of dividend and delay in share transfer.

The Board of Hind Commerce Limited is presented with detailed notes along with the agenda papers well in advance of the meeting.

# HIND COMMERCE LIMITED

## Details about Meetings of Board of Directors of Hind Commerce Limited – Annexure I

Name of Director	Category	No. of meetings held	No. of meetings attended	Whether attended last AGM	No. of of directorships public limited companies	Materially significant pecuniary or business relationship with the company
Mr. Umesh R. Lahoti	Executive & Non Independent	6	6	Yes	6	None
Mr. Ujwal R. Lahoti	Non- Executive, Non Independent	6	6	Yes	5	None
Mr. Purshottam Sarda		6	-	No	NIL	None
Mr. Prakash Bang	Non Executive, Independent	6	6	No	3	None

### 2.5. DIRECTORS WITH MATERIALLY PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

There have been no materially relevant pecuniary transactions or relationship between Hind Commerce Limited and its non-executive and/or independent Directors during the year 2007-2008.

### 2.6. REMUNERATION OF DIRECTORS

The Company has not paid any remuneration to its Directors during the financial year.

### 2.7 CODE OF CONDUCT

Pursuant to the requirements of the Clause 49 of the Listing Agreement, the Board has adopted code of Business Conduct and Ethics for the Executive Directors, Officers and Employees of the Company as well as the separate Code of Business Conduct and Ethics for Non-Executive Directors of the Company.

All the Board Members and Senior Management personnel have affirmed compliance with the Code for the financial year 2007-08 and a declaration to this effect signed by the Chairperson of the Company is provided at the end of this report.

### 3. AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensuring accurate timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by the

#### 3.1 Brief Description of the terms of reference

The audit committee of Lahoti Overseas Limited performs the following functions:

- \* Overview of the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- \* Overview of the company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;

- \* Reviewing with management the annual financial statement before submission to the Board.
- \* Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- \* Reviewing the adequacy of internal audit function;
- \* Discussing with internal auditors any significant finding and follow up on such issues;
- \* Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board;
- \* Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern;
- \* Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards;
- \* Reviewing the company's financial and risk management policies;

#### 3.2. Composition, Name of and Chairperson

The Audit Committee of Hind Commerce Limited consists of qualified and non-executive Directors. It consists of

- Mr. Prakash R. Bang (Chairman of the Committee & Independent Director)
- Mr. Purshottam Sarda (Independent Director) and
- Mr. Ujwal R. Lahoti (Non-Executive Director)

#### 3.3 Meetings and Attendance during the year 2007-08

Audit Committee met 4 (Four) times during the year 2007-08 and the attendance record is as per the table given below:

Name of Director	Number of meetings	Meeting attended
Mr. Purshottam Sarda	4	Nil
Mr. Ujwal Lahoti	4	4
Mr. Prakash Bang	4	4

### 4. SHAREHOLDERS'/INVESTOR'S GRIEVANCES COMMITTEE

The Committee specifically looks into the transfer of shares and related matters and redressing complaints of share

# HIND COMMERCE LIMITED

holders and investors such as transfer of shares, non- receipt of balance sheet, non-receipt of declared dividends and Dematerialization of shares.

## 4.1. Composition of Committee

The committee comprises of the following members:

- Mr. Prakash R. Bang (Independent Director),
- Mr. Umesh R. Lahoti (Executive Director) &
- Mr. Ujwal R. Lahoti (Non Executive Director).

## 4.2. Meetings of the Committee for 2007-2008

Name of Director	Number of meetings	Meeting attended
Mr. Prakash R. Bang	2	Nil
Mr. Umesh R. Lahoti	2	2
Mr. Ujwal R. Lahoti	2	2

## 4.3. Complaints during the F.Y. 2007-08

Table below gives the details about the nature of complaints during the year 2006-2007:

Nature of Complaints	No. of Complaints	No. redressed
Non-receipt of dividend	Nil	Nil
Non-receipt of credit for share sent for Demat	Nil	Nil
Non-receipt of Annual Report	Nil	Nil

There are no unsolved complaints pending.

## 5. DISCLOSURES:

### 5.1. DISCLOSURE BY MANAGEMENT TO THE BOARD

All disclosure relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board, and the interested Directors do not participate in the discussion nor do they vote on such matters.

### 5.2. DETAILS OF NON-COMPLIANCE

There have been no instances of non-compliance on any matter relating to the capital market during the last three years.

### 5.3 HIND COMMERCE LTD. INSIDER TRADING POLICY

The Company has implemented an Insider Trading Policy to comply with the relevant Insider Trading Regulation. In accordance with the policy, the Company announces quiet period for designated employees from time to time.

The Company has a policy of observing a 'quiet period' from the last day of the end of the quarter till two trading days after the financial results are published. The Company may also announce 'quiet period' during and after the occurrence of certain events mentioned in the Insider Trading Policy.

The Company is strictly monitoring its Insider Trading Policy.

## 6. GENERAL BODY MEETINGS

6.1 Date, time and venue for the last three annual general meetings

Financial Yr.	Date	Time	Venue
2004-2005	30/09/2005	3.00 P.M.	Registered office of the Company
2005-2006	26/07/2006	11.30 A.M.	Registered office of the Company
2006-2007	28/09/2007	11.30 A.M.	Registered office of the Company

## 6.2 Details of the Special Resolutions passed in the previous three AGMs

There was no special resolution at the last Annual General Meeting required to be put through postal ballot.

## 7. ADDITIONAL SHAREHOLDER INFORMATION

### 7.1. ANNUAL GENERAL MEETING

Date : Monday, 21st July, 2008 at 11.30 a.m.

Venue: Registered office of the Company at 307, Arun Chambers, Tardeo Road, Mumbai - 400 034, Maharashtra.

7.2. Postal Ballot: There is no Resolution requiring Compliance of postal ballot procedure.

### 7.3. FINANCIAL CALENDAR

1st April to 31st March

For the year ended 31st March, 2008, quarterly results were announced on

- \* 30th July, 2007 -- First Quarter
- \* 30th October, 2007 -- Second Quarter
- \* 29th January, 2008 -- Third Quarter
- \* 29th April, 2008 -- Fourth Quarter

### 7.4. BOOK CLOSURE

The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 16th July, 2008 to Monday, 21st July, 2008 (both days inclusive) for the purpose of Annual General Meeting.

### 7.5. LISTING

At present the Company's Equity Shares are listed at Pune Stock Exchange, Pune and the Company has paid the Listing fees to the above exchange for the year 2007-2008 and 2008-2009.

### 7.6. STOCK CODES

\* NIL

### 7.7. STOCK DATA

During the Financial year there were no trading took place in the equity shares of the Company at Pune Stock Exchange Ltd., Pune

### 7.8. SHARE TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

Hind Commerce Limited has in-house share transfer facility to handle share transfer related work.

### 7.9. SHAREHOLDING PATTERN

Table below gives the pattern of shareholding by ownership and share class respectively:

- Pattern of shareholding by ownership as on 31st March, 2008.

# HIND COMMERCE LIMITED

Category	No. of shares held	Shareholding %
Promoters	930200	31.01
Bodies Corporate (Group Cos.)	---	---
Other Bodies Corporate	1306000	43.53
NRI's	---	---
Banks/Financial Institutions	---	---
Indian Public	763800	25.46
<b>TOTAL</b>	<b>3000000</b>	<b>100.00</b>

## b. Pattern of shareholding by share class as on 31st March, 2008

Sr.	Category (1)	Share Holders		Share Amount	
		Number (2)	to Total (3)	(In Rs.) (4)	% to Total (5)
1	Upto - 5000	470	85.30	545000.00	1.82
2	5001 - 10000	---	---	---	---
3	10001 - 20000	---	---	---	---
4	20001 - 30000	3	0.54	90000.00	0.30
5	30001 - 40000	3	0.54	99000.00	0.33
6	40001 - 50000	---	---	---	---
7	50001 - 100000	---	0.91	355000.00	1.18
8	Above 100000	70	12.71	28911000.00	96.37
	<b>Total</b>	<b>551</b>	<b>100.00</b>	<b>30000000.00</b>	<b>100.00</b>

## 7.10. DEMATERIALISATION

The Company's equity shares are in physical form and Company has not opted for dematerialization of its equity shares.

## 7.11. DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

No capital has been raised from public in the last three years.

## 7.12. INVESTOR CORRESPONDENCE ADDRESS

Secretarial Department,  
Hind Commerce Limited

307, Arun Chambers, Tardeo Road,  
Mumbai - 400 034

Fax No. 022-23511930, Phone: 022-23516389/90

E-mail: lol@vsnl.com

Contact person: Mr. Aweline Mendes.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Economy Review:

The India was among the world's fastest growing economies, with a growth of GDP at the rate of 8.7 per cent in the fiscal year 2007-2008, as compared to 9.6% in the fiscal year 2006-2007. It's not only 10th largest, but also the 2nd fastest growing economy of the world. This change in economies brought tremendous change in the consumer consumption and investment pattern of the Indian middle class, in tandem with their growing disposable incomes.

The growth in agriculture and allied activity was 2.6% for the fiscal year 2007-2008 as compared to 3.8% in the last year. Along with decline in growth rate in agriculture and allied sector as compared to last fiscal year, growth in other sectors such as industrial production, manufacturer sector, service sector, has also lowered.

Service sector has emerged as leading contributor to GDP and it shown double digit growth of 10.6% in the fiscal year 2007-2008 as compared to 11.2% in the last fiscal year.

India is one of the fastest growing economies in the world. After adjustments for purchasing power parity, India's economy is the fourth largest in the world in terms of Gross Domestic Product ("GDP"). In recent years, India has become a preferred destination for Foreign Direct Investment ("FDI"), owing to its well developed private corporate sector, large consumer market potential, large pool of well educated and English speaking work force, and well established legal systems.

### Industry Overview:

Over the past decade, the consumer credit market in India, has rapid expansion and is still an under-penetrated market. Consumer credit has become cheaper, and acceptable to consumers. The Factors that have brought change in the market are:

- \* Increasing desire by customers to acquire assets such as cars, goods and houses on credit;
- \* Growing number of households in the Company's target segment;
- \* Improved terms of credit as the interest rates in India have begun to fall into line with global interest rates and sophisticated products have reduced interest rates further;
- \* Legislation changes that offer greater protection to lenders against fraud and potential default increasing the incentive to lend;
- \* Growth in the assignment and securitization arrangements for consumer loans has enabled non-deposit based entities to access wholesale funding and compete in the market based on ability to originate, underwrite and service consumer loans.

Our Capital Market and Securities business is the crown jewels of the Company. Our whole team is focused on building our market leadership and expanding our horizons.

### Outlook:

The has been considerable broadening and deepening of the Indian financial markets due to various financial market reforms undertaken by the regulators, the introduction of innovative financial instruments in recent years and the entry of sophisticated domestic and international players. Strong economic growth, favourable demographics, increased geographic penetration, growth of small and medium enterprises and the increasing needs for capital among Indian corporations are expected to continue to drive India's financial services industry.

### Marketing Strategy:

The Company relies on the internal as well as its relationship managers and marketing associates to ensure the growth of its business and development of new business lines by various sales tactics.

### Strong Financial Position:

For healthy equity capital base as well as access to large credit lines, bank facilities and commercial paper market, Hind Commerce Ltd's strong financial position allows it to acquire customers and provide financing on attractive terms.



# HIND COMMERCE LIMITED

## Dynamic Management Team:

The Company's management team has a continued and strong focus on identifying quality growth areas that are capable of providing high returns. Under the leadership of strong management team, the Company has diversified into various profitable business segments.

## Risk Management:

The Company has in place, suitable mechanism to effectively reduce such risks. All these risks are continuously analyzed and reviewed at various levels of management thought and effective information system. The Company recognizes the importance of risk management on account of increasing competition and market volatility in the financial services business.

## Internal Control System:

The Company has sufficient Internal Control System. The Audit Committee of the Board reviews the Internal Audit reports and the adequacy and effectiveness of internal controls.

## Human Resources:

The company considers its Human Resources as one of its key valuable assets. The Company continues to lay emphasis on developing and facilitating optimum human performance. Performance management was the key word for the Company this year. Recruitment process has been strengthened to ensure higher competence levels.

## Competition Risk:

The Financial sector industry is becoming increasingly competitive and the company's growth will depend on its ability to compete effectively. Even Company's strong brand image, wide distribution network, diversified product offering and depth of management place it in a strong position to effectively mitigate this risk.

## Opportunities:

- \* Low retail penetration of financial services/products in India
- \* Cross selling of services
- \* Rising per-capita GDP
- \* Young population and attractive demographic profile

## Threats:

- \* Competition from local and multinational players
- \* Execution risk
- \* Regulatory changes
- \* Attraction and retention of Human Capital

## Cautionary Statement:

Statements in this Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations maybe a 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Hind Commerce Ltd is not under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

## ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(I)(D) (ii) OF THE LISTING AGREEMENT

As per the requirements of Clause 49(I)(D)(ii) of the Listing Agreement, I, Umesh R. Lahoti, Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year 2007-08.

Umesh R. Lahoti  
Executive Director

Date: 20th June, 2008

## CERTIFICATION BY THE EXECUTIVE DIRECTOR ON FINANCIAL STATEMENTS OF THE COMPANY.

I, Umesh R. Lahoti, Executive Director of Hind Commerce Limited, certify that:

- (a) I have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best our knowledge the belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Umesh R. Lahoti  
Executive Director

Place : Mumbai  
Date : 20th June, 2008

# HIND COMMERCE LIMITED

## AUDITORS' REPORT

### TO THE MEMBERS OF HIND COMMERCE LIMITED

We have audited the attached Balance Sheet of HIND COMMERCE LIMITED as at 31st March, 2008, the related Profit and Loss Account of the Company for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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.

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 a 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order 2004 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
2. Further to our comments on 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 purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet, Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

- f) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with Accounting Policies and notes given in Schedule "N" give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India;
- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2008, and
- ii) in the case of Profit & Loss Account, of the profit for the year ended on that date, and
- iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

PLACE: MUMBAI AJAYDAGA

DATED: 20TH JUNE, 2008

PARTNER

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph '1' of our report of even date)

- (1) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the Management during the year. In our opinion, the frequency of verification of fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies have been noticed in respect of the assets physically verified during the year.
  - (c) No substantial part of fixed assets has been disposed off during the year, which has bearing on the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management;
  - (b) In our opinion, the procedures of verification of inventory by the management are reasonable and adequate in relation to the size of the Company & nature of its business.
  - (c) On the basis of our examination of the inventory records of the Company we are of the opinion that, the Company is maintaining proper records of its inventory and no material discrepancies were noticed on physical verification of such stocks as compared to book records.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301

# IND COMMERCE LIMITED

of the Companies Act, 1956. Accordingly, clauses (iii)(a) to (iii)(d) are not applicable.

- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(e) to (iii)(g) are not applicable.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory and fixed assets and for sale of goods. The Company does not provide any services. During the course of our audit, we have not observed any major weaknesses in internal control system.
  5. (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 & exceeding the value of Rs. 5,00,000/- or more in respect of any party.
  6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits to which the provision of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply.
  7. The Company does not have a formal system of internal audit, but there are adequate checks & controls at all level.
  8. (a) In our opinion and according to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues applicable to it.  
(b) In our opinion and according to the information & explanations given to us, there are no disputed statutory dues.
  9. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
  10. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  11. The Company is not a chit fund or a nidhi/mutual benefit fund/society.
  12. The Company has maintained proper records of transactions and contracts in respect of dealing in shares, securities, debentures and other investments and timely entries have been made therein. All the shares, securities, debentures and other investments have been held by the Company in its own name or pending transfer thereof.
  13. In our opinion, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
  14. The Company has not raised any term loan during the year and hence clause 4(xvi) of the Order is not applicable.
  15. According to the information and explanation given to us and on an overall examination of the balance sheet & cash flow statement of the Company, we report that during the year the Company has not raised any short term funds.
  16. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
  17. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our audit report.
  18. The Company has not raised any money by way of public issue during the year.
  19. According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.
  20. Other provisions of the said Order are either NIL or NOT APPLICABLE.

For **KK KHADARIA & CO**  
**CHARTERED ACCOUNTANTS**

PLACE: MUMBAI  
DATED: 20TH JUNE, 2008

**AJAY DAGA**  
**PARTNER**

# HIND COMMERCE LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2008.

	Schedules	Rs.	CURRENT YEAR	PREVIOUS YEAR
			Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
a. Share Capital	A		30000000	30000000
b. Reserves & Surplus	B		37239923	30389088
2. Deferred Tax Liability			2841	3101
	<b>Total</b>		<u>67242764</u>	<u>60392189</u>
<b>II. APPLICATION OF FUNDS</b>				
1. Fixed Assets	C			
Gross Block		31000		31000
Less : Depreciation		<u>19468</u>		<u>17995</u>
Net Block			11532	13005
2. Investments	D		65047712	56752798
3. Current Assets,				
Loans and Advances				
a. Sundry Debtors	E	10605656		220189
b. Cash & Bank Balances	F	525652		597824
c. Other Current Assets	G	NIL		1099400
d. Loans & Advances	H	<u>1817914</u>		<u>1912417</u>
		12949223		3829829
Less: Current Liabilities & Provisions				
a. Current Liabilities	I	10651966		203433
b. Provisions	J	<u>113737</u>		<u>11</u>
Net Current Assets			2183521	3626385
	<b>Total</b>		<u>67242764</u>	<u>60392189</u>
NOTES TO ACCOUNT	N			
			The Schedules referred to above & Notes to Account form an integral part of the Balance Sheet.	

As per our Report of even date attached  
**For K K KHADARIA & CO**  
**CHARTERED ACCOUNTANTS**

**AJAY DAGA**  
**PARTNER**

**DIRECTORS**

PLACE : MUMBAI  
 DATED : 20th June, 08

# IND COMMERCE LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedules	FOR THE YR. ENDED	FOR THE YR. ENDED
		31.03.2008 AMT (Rs.)	31.03.2007 AMT (Rs.)
<b>INCOME</b>			
Sales		50155354	50220496
Other Income	K	3903803	4022267
Profit on Sale of Investments		4093563	4451183
		<u>58152720</u>	<u>58693946</u>
<b>EXPENDITURE</b>			
Purchases		50119712	50179027
Employees' Remuneration & Other Benefits	L	487435	295145
Administrative & Other Exp.	M	478156	450325
Depreciation		1473	1473
		<u>51086775</u>	<u>50925970</u>
Profit before Tax		7065945	7767976
Less : Provision for Tax			
- Current Tax		355360	515476
- Deferred Tax		(260)	(497)
- Fringe Benefit Tax		2136	1133
- MAT Credit		(142125)	NIL
Profit after Tax \		6850835	7251864
Balance brought forward from previous year		30388088	23136224
Balance carried to Balance Sheet		<u>37238923</u>	<u>30388088</u>
Basic & Diluted Earning per Share (Rs.)		2.28	2.42
Nominal Value per Share (Rs.)		10.00	10.00

NOTES TO ACCOUNT

N

The Schedules referred to above & Notes to Account form an integral part of the Balance Sheet.

As per our Report of even date attached  
For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

AJAY DAGA  
PARTNER

DIRECTORS

PLACE : MUMBAI

DATED : 20th June, 08

# HIND COMMERCE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	FOR THE YR. ENDED 31.03.2008 AMT (Rs.)	FOR THE YR. ENDED 31.03.2007 AMT (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
a) NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	7,065,945	7,767,976
ADJUSTMENTS FOR:		
DEPRECIATION	1,473	1,473
PROFIT ON SALE OF INVESTMENTS	(4093563)	(4,451,183)
INTEREST RECEIVED	(30911)	NIL
DIVIDEND	(3872892)	(4,017,477)
b) OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(929,948)	(699,211)
ADJUSTMENTS FOR:		
INVENTORIES	NIL	(28,129,886)
DEBTORS	(10,385,467)	14,117,013
OTHER CURRENT ASSETS	1,099,400	3,000,371
LOANS & ADVANCES	(7,142)	(347,625)
TRADE PAYABLES	10,448,533	170,731
CASH GENERATED FROM OPERATIONS	225,375	44,371,165
INCOME TAX PAID	NIL	617,805
NET CASH FROM OPERATING ACTIVITIES	225,375	43,753,360
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
PURCHASE & SALE OF INVESTMENTS	(4,201,350)	(47,622,990)
NET CASH USED IN INVESTING ACTIVITIES	(4,201,350)	(47,622,990)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
DIVIDEND	3872892	4,017,477
INTEREST RECEIVED	30911	NIL
NET CASH FROM FINANCING ACTIVITIES	3,903,803	4,017,477
NET INCREASE IN CASH AND CASH EQUIVALENTS	(72,172)	147,847
CASH AND CASH EQUIVALENTS (AT THE BEGINNING OF THE YEAR)	597,824	449,977
CASH AND CASH EQUIVALENTS (AT THE END OF THE YEAR)	525,652	597,824

As per our Report of even date attached

**For K K KHADARIA & CO**  
**CHARTERED ACCOUNTANTS**

**AJAY DAGA**  
**PARTNER**

**DIRECTORS**

PLACE : MUMBAI  
DATED : 20th June, 08

# IND COMMERCE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNT.

Schedules	FOR THE YR. ENDED	FOR THE YR. ENDED
	31.03.2008	31.03.2007
	AMT (Rs.)	AMT (Rs.)
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
11000000 (11000000) Equity Shares of Rs 10/- each	110000000	110000000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
3000000(3000000) Equity Shares of Rs 10/- each fully paid up	30000000	30000000
	<u>30000000</u>	<u>30000000</u>
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Securities Premium Account	1000	1000
Profit & Loss Account	37238923	30388088
	<u>37239923</u>	<u>30389088</u>

### SCHEDULE C : FIXED ASSETS

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1.4.07	Additions / (Deletions) During the year	As at 31.03.08	As at 1.4.07	Additions / (Deletions) During the year	As at 31.03.08	As at 31.03.08	As at 31.03.07
Electronic Type Writer	31000	NIL	31000	17995	1473	19468	11532	13005
<b>TOTAL</b>	31000	NIL	31000	17995	1473	19468	11532	13005
Previous Year	31000	NIL	31000	16522	1473	17995	13005	

### SCHEDULE D

#### INVESTMENTS (LONG TERM)(NON TRADE)

##### Quoted

Equity Shares/Debentures		
12500(12500) Eq. Sh. of Rs. 10/- each of Comfort Intech Ltd.	65625	65625
707500(707500) Eq. Sh. of Rs. 2/- each of Lahoti Overseas Ltd.	3113000	3113000
800(250) Eq. Sh. of Rs. 2/- each of ABB Ltd.	815888	928400
2155(NIL) Eq. Sh. of Rs. 10/- each of ABG Shipyard Ltd.	2001672	NIL
1500(NIL) Eq. Sh. of Rs. 10/- each of Ankur Drugs & Pharma Ltd.	516300	NIL
1150(NIL) Eq. Sh. of Rs. 10/- each of Bharti Airtel Ltd.	971727	NIL
960(NIL) Eq. Sh. of Rs. 2/- each of DLF Ltd.	988757	NIL
1500(NIL) Eq. Sh. of Rs. 1/- each of Godrej Ind Ltd.	666825	NIL
2000(NIL) Eq. Sh. of Rs. 10/- each of Guj Alkali & Chem Ltd.	346517	NIL
NIL(4000) Eq. Sh. of Rs. 2/- each of Gujarat Ambuja Cement Ltd.	NIL	505880
335(NIL) Eq. Sh. of Re. 1/- each of HDFC Ltd.	981436	NIL
5800(5800) Eq. Sh. of Re. 1/- each of ITC Ltd.	997542	997542
1100(1100) Eq. Sh. of Rs. 10/- each of ICICI Bank Ltd.	996738	996738
1000(NIL) Eq. Sh. of Rs. 10/- each of Indus Fila Ltd.	239500	NIL
3250(NIL) Eq. Sh. of Rs. 2/- each of Jai Prakash Associates Ltd.	989885	NIL
120(120) Eq. Sh. of Rs. 10/- each of Century Enka Ltd.	20724	20724
1200(1200) Eq. Sh. of Rs. 2/- each of Emami Ltd.	84000	84000
100(100) Eq. Sh. of Rs. 10/- each of FCS Ltd.	5000	5000
106(106) Eq. Sh. of Rs. 10/- each of Jet Airways Ltd.	104161	104161
400(400) Eq. Sh. of Rs. 5/- each of Nirma Ltd.	22000	22000
1(1) Eq. Sh. of Rs. 10/- each of Provogue India Ltd.	150	150
132(132) Eq. Sh. of Rs. 10/- each of Punjab National Bank Ltd.	51480	51480
121(2121) Eq. Sh. of Rs. 10/- each of Sasken Comm Tech Ltd.	60656	1034040
100(100) Eq. Sh. of Rs. 10/- each of SBI Ltd.	10000	10000
1600(1600) Eq. Sh. of Rs. 10/- each of Union Bank of India Ltd.	25600	25600

# HIND COMMERCE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNT.

Schedule	FOR THE YR. ENDED	FOR THE YR. ENDED
	31.03.2008	31.03.2007
	AMT (Rs.)	AMT (Rs.)
750(NIL) Eq. Sh. of Rs. 10/- each of KPR Mill Ltd.	168750	NIL
750(NIL) Eq. Sh. of Rs. 10/- each of Kotak Mahindra Bank Ltd.	945375	NIL
645(NIL) Eq. Sh. of Rs. 10/- each of Larsen Toubro Ltd.	2437319	NIL
1185(NIL) Eq. Sh. of Rs. 10/- each of Mahindra & Mahindra Ltd.	992118	
555(NIL) Eq. Sh. of Rs. 10/- each of Maruti Suzuki Ltd.	497230	NIL
NIL(23200) Eq. Sh. of Re. 1/- each of Mercatorlines Ltd.	NIL	998242
74(NIL) Eq. Sh. of Rs. 10/- each of Mundra Port Ltd	32560	NIL
NIL(2900) Eq. Sh. of Re. 1/- each of Panacea Biotech Ltd.	NIL	985884
3000(NIL) Eq. Sh. of Rs. 10/- each of Pioneer Dist Ltd	354590	NIL
2500(NIL) Eq. Sh. of Rs. 10/- each of Power Grid Corp Ltd	390682	NIL
5000(NIL) Eq. Sh. of Rs. 10/- each of Radha Madhav Ltd	597915	NIL
5915(NIL) Eq. Sh. of Rs. 10/- each of Rain Commodities Ltd	1033232	NIL
2000(3150) Eq. Sh. of Rs. 5/- each of Reliance Comm Ltd.	898724	1457440
620(NIL) Eq. Sh. of Rs. 10/- each of Reliance Ind Ltd.	1481151	NIL
6500(NIL) Eq. Sh. of Rs. 5/- each of Sathvana Ispat Ltd.	499501	NIL
590(NIL) Eq. Sh. of Rs. 5/- each of SBI Ltd.	1179110	NIL
1000(NIL) Eq. Sh. of Rs. 5/- each of Sterlite Ind Ltd.	1010441	NIL
750(750) Eq. Sh. of Rs. 10/- each of Tech Mahindra Ltd.	998273	998273
49(NIL) Eq. Sh. of Rs. 5/- each of Vishal Retail Ltd.	13230	NIL
NIL(11500) Eq. Sh. of Rs. 5/- each of Welspun Guj Ltd.	NIL	977440
NIL(3500) Eq. Sh. of Rs. 10/- each of Yes Bank Ltd.	NIL	491155
300(300) Eq. Sh. of Rs. 10/- each of SB&T Int Ltd. (Bonus)	NIL	NIL
	(I).....27605383.00	13872774
<b>Unquoted</b>		
24000(24000) Eq. Sh. Of Rs. 100/- each of Kirti Stock Brokers Pvt Ltd.	2400000	2400000
37500(37500) Eq. Sh of Rs: 10/- each of Rugbystar Properties (P) Ltd.	1500000	1500000
32300(32300) Eq. Sh of Rs. 10/- each of Ashvinayak Textile Trading (P) Ltd.	323000	323000
22500(22500) Eq. Sh of Rs. 10/- each of Balchandaram Clothing (P) Ltd.	225000	225000
NIL(32300) Eq. Sh of Rs. 10/- each of Dreamland Textile Suppliers (P) Ltd.	NIL	323000
34800(34800) Eq. Sh of Rs. 10/- each of Jamvant Textiles (P) Ltd.	348000	348000
32300(32300) Eq. Sh of Rs. 10/- each of Janaksuta Textile & Yarn (P) Ltd.	323000	323000
22500(22500) Eq. Sh of Rs. 10/- each of Mansadevi Text & Yarn Supp (P) Ltd.	225000	225000
32300(32300) Eq. Sh of Rs. 10/- each of Mast Mast Textile Trading (P) Ltd.	323000	323000
22500(22500) Eq. Sh of Rs. 10/- each of Pawansoot Textiles (P) Ltd.	225000	225000
NIL(22500) Eq. Sh of Rs. 10/- each of Sparkle Fabrics (P) Ltd.	NIL	225000
32300(32300) Eq. Sh of Rs. 10/- each of Shakambri Fabrics (P) Ltd.	323000	323000
22500(22500) Eq. Sh of Rs. 10/- each of Step by Step Exports (P) Ltd.	225000	225000
25000(25000) Eq. Sh. of Rs. 10/- each of Sanghi Spinners India Ltd.	750000	750000
2(NIL) Debentures of Rs. 1000000/- each of DSP Memory Feature Eq Linked	2000000	NIL
70(70) Debentures of Rs. 30/- each of Rajashree Poly	2100	2100
	(II)..... 9192100	7740100
<b>CURRENT (Non Trade)</b>		
<b>Quoted</b>		
<b>Equity Shares</b>		
NIL(114) Eq. Sh. of Rs. 5/- each of Infosys Technologies Ltd.	NIL	247807
NIL(1405) Eq. Sh. of Re. 1/- each of ITC Ltd.	NIL	217578
NIL(487) Eq. Sh. of Rs. 5/- each of Reliance Communication Ltd.	NIL	211640
NIL(77) Eq. Sh. of Rs. 2/- each of Larsen & Toubro Ltd.	NIL	117370
NIL(117) Eq. Sh. of Rs. 10/- each of HDFC Bank Ltd.	NIL	121839
NIL(298) Eq. Sh. of Rs. 5/- each of Ranbaxy Laboratories Ltd.	NIL	113320
NIL(215) Eq. Sh. of Rs. 5/- each of Biocon Ltd.	NIL	93875
NIL(75) Eq. Sh. of Rs. 10/- each of Reliance Industries Ltd.	NIL	102275
NIL(96) Eq. Sh. of Rs. 10/- each of Ultra Tech Cement Ltd.	NIL	79859
NIL(83) Eq. Sh. of Rs. 10/- each of Tata Motors Ltd.	NIL	71797
NIL(189) Eq. Sh. of Rs. 2/- each of Bharat Forge Ltd.	NIL	63311
	(III).....NIL	1440673



# IND COMMERCE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNT.

Schedule	FOR THE YR. ENDED	FOR THE YR. ENDED
	31.03.2008	31.03.2007
	AMT (Rs.)	AMT (Rs.)
<b>Unquoted</b>		
<b>Units of Mutual Funds</b>		
NIL ( 26212.32) units of ABN AMRO Opportunities Fund	NIL	500000
14595.496 ( NIL) units of Birla Midcap Fund Growth	1400000	NIL
5172.648 ( NIL) units of Birla Sunlife Equity Fund Growth	1448651	NIL
NIL ( 210486.242) units of DSP Merrill Lynch Liquidity Fund Reg Div	NIL	2611560
248833.64 ( 244034.862) units of DSP Merrill Lynch India Tiger Fund Div	5172699	5000000
9353.746 ( NIL) units of DSP Merrill Lynch India Tiger Fund Growth	516757	NIL
2724.656( NIL) units of DSP Merrill Lynch Liquid Plus Fund Weekly Div	2726798	NIL
114.462( 664.231) units of DSP Merrill Lynch Liquid Plus Fund Weekly Div City	114602	664977
849.659( NIL) units of DSP Merrill Lynch Liquid Plus Fund Weekly Div	850000	NIL
864.992( NIL) units of DSP Merrill Lynch Liquid Plus Fund Weekly Div	866326	NIL
103457.917( NIL) units of Fidelity Equity Fund Dividend Option	2000000	NIL
78144.461( NIL) units of Fidelity India Special Situations Fund Growth	1331347	NIL
34902.935 ( NIL) units of HDFC Growth Fund	2000000	NIL
9682.792 ( NIL) units of HDFC Equity Fund Dividend, Option, Payout	500000	NIL
NIL ( 396636.113) units of HDFC Cash Management Fund	NIL	4218602
NIL ( 201587.474) units of HSBC India Advantage Fund	NIL	2377765
NIL ( 169281) units of Prudential ICICI Liquid Inst Plus G	NIL	3148831
96746.73 ( NIL) units of J M Emerging Leaders Fund Growth Pan	1500000	NIL
NIL ( 191858.1898) units of Optimix Asset Allocator Multi MFOF	NIL	2200000
NIL( 28026.906) units of Prudential ICICI Emerging Star Fund	NIL	750000
41560.829 ( 28027.403) units of Prudential ICICI Infrastructure Fund Div	668846	446383
NIL ( 53136.693) units of Reliance Banking Fund Div Plan	NIL	1030825
35741.372 ( 29451.967) units of Reliance Growth Fund Div Plan	1997976	1690582
16655.563 ( 16655.563) units of SBI Magnum Contra Fund Div Plan	500000	500000
50000 ( NIL) units of SBI Infrastructure Fund I Dividend	500000	NIL
86355.6 ( 86355.6) units of Sundaram BNP Paribas Equity Multiplier Fund	863556	863556
71333.133 ( 71333.133) units of Sundaram BNP Select Focus Fund	920091	920091
920091NIL ( 30617.994) units of Sundaram Select Midcap Fund	NIL	750000
111675.385 ( 166205.47) units of Tata Infrastructure Fund Dividend	2372581	3526081
NIL ( 46812.272) units of Tata Pure Equity Fund GrowthNIL	2500000	
	(IV).....28250228	33699251
<b>TOTAL (I+II+III+IV)</b>	<b>65047712</b>	<b>56752798</b>
<b>AGGREGATE BOOK VALUE OF QUOTED INVESTMENTS ( I+III )</b>	<b>27605383</b>	<b>15313447</b>
<b>AGGREGATE BOOK VALUE OF UNQUOTED INVESTMENTS ( II+IV )</b>	<b>37442328</b>	<b>41439351</b>
<b>AGGREGATE MARKET VALUE OF QUOTED INVESTMENTS</b>	<b>24261030</b>	<b>18023169</b>
<b>SCHEDULE E</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, considered good)		
Due for more than six months	169020	NIL
Other Debts	10436636	220189
	10605656	220189
<b>SCHEDULE F</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	4876	20540
Balance with Scheduled Banks in Current A/cs	520776	577284
	525652	597824

# HIND COMMERCE LIMITED

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNT.

Schedule	FOR THE YR. ENDED 31.03.2008 AMT (Rs.)	FOR THE YR. ENDED 31.03.2007 AMT (Rs.)
<b>SCHEDULE G</b>		
<b>OTHER CURRENT ASSETS</b>		
Dividend Receivable	NIL	1099400
	<u>NIL</u>	<u>1099400</u>
<b>SCHEDULE H</b>		
<b>LOANS &amp; ADVANCES</b> (Unsecured, considered good)		
Loans	1312348	1317437
Advance receivable in cash, kind or value to be received	12231	NIL
MAT Credit Entitlement	142,125	NIL
Deposits	351210	351210
Advance Tax, etc. (net of provision)	NIL	243770
	<u>1817914</u>	<u>1912417</u>
<b>SCHEDULE I</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	10651966	203433
	<u>10651966</u>	<u>203433</u>
<b>SCHEDULE J</b>		
<b>PROVISIONS</b>		
- for Fringe Benefit Tax	2147	11
- for Income Tax	111590	NIL
	<u>113737</u>	<u>11</u>
<b>SCHEDULE K</b>		
<b>OTHER INCOME</b>		
Interest	30911	4790
Dividend	3872892	4017477
	<u>3903803</u>	<u>4022267</u>
<b>SCHEDULE L</b>		
<b>EMPLOYEES' REMUNERATION &amp; OTHER BENEFITS</b>		
Salary	351922	233121
Bonus	62700	25546
H.R. Allowance	39551	25975
Leave Salary	33262	10503
	<u>487435</u>	<u>295145</u>
<b>SCHEDULE M</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Share Transaction Charges	205379	75302
Portfolio Management Charges	65015	159916
Securities Transaction Tax	119341	96447
Conveyance	34565	16832
Listing Fees	11200	11200
Printing & Stationery	NIL	12800
Auditors' Remuneration :		
For Audit	16854	16854
For Tax Audit	5618	5618
Legal & Professional Charges	NIL	18545
Miscellaneous Exp	NIL	12012
Professional Tax	2500	2500
Bank Charges	696	3161
Advertisement Expenses	11488	14138
Filing Fees	5500	5000
	<u>478156</u>	<u>450325</u>

# IND COMMERCE LIMITED

## SCHEDULE 'N': NOTES TO ACCOUNT

### 1) Summary of Significant Accounting Policies :-

- Accounts have been prepared on historical cost and accrual basis.
- Fixed Assets are stated at cost less depreciation. The Company capitalises all cost relating to acquisition and installation of Fixed Assets.
- Depreciation has been provided on pro-rata basis on straightline method at the rates & on the basis specified in Schedule XIV to the Companies Act, 1956.
- Long term investments are stated at cost after deducting provisions made for permanent diminution in the value, if any. Current investments are stated at lower of cost & fair market value.
- Loans & Advances are stated after making adequate provisions for doubtful advances.
- Stock in trade is valued at Cost or Net Realisable Value whichever is lower.
- Leave encashment benefit accrued as per Company's Rules are charged to the Profit & Loss Account.
- Income-tax expense comprises current tax and deferred tax charge or credit. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognised, only if there is a virtual certainty of its realisation, supported by convincing evidence. Deferred tax asset on account of other timing differences are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of deferred tax asset is reviewed to reassure realisation.

### 2) Contingent Liability:

Uncalled liability on partly paid Debentures Rs. 18900/- (P.Y. Rs. 18900/-).

- Company had advanced loan of Rs. 969812/- to a party which has delayed the repayment of principal and interest. The Company is taking appropriate steps for recovery of the same. In the opinion of the Board of Directors, the amount is recoverable and good. However, during the year no interest has been charged on the said loan as it is considered doubtful.
- Deposit include Rs. 3.5 Lacs (Previous Year Rs. 3.5 Lacs) being interest free security deposit, for Office Premises, to a company in which some of the Directors are interested.
- Sundry Debit/Credit balances are taken at book figures & are subject to confirmation.

- The Company is engaged solely in trading activity segment and all activities of the Company revolve around this business. As such there are no other reportable segment as defined by Accounting Standard 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

### 7) Related Party Disclosures :

List of Related Parties with whom transaction have taken place & Relationship.

Name of the Related Parties	Relationship
Lahoti Overseas Ltd.	Enterprises over which Key Management Personnel are able to exercise significant influence
P. S. Ware Information (P) Ltd.	Enterprises over which Key Management Personnel are able to exercise significant influence
Kirti Stock Brokers (P) Ltd.	Enterprises over which Key Management Personnel are able to exercise significant influence
Manjushree Lahoti	Relatives of Key Management Personnel
Jayshree Lahoti	Relatives of Key Management Personnel

Transaction with Related Parties during the year :-

	Amt(Rs.)
Relatives of Key Management Personnel other transactions	2000 (NIL)
Investment Sold	548000 (NIL)

# HIND COMMERCE LIMITED

Balance as on 31.03.2008 is as under :

a) Enterprises over which Key Management Personnel are able to exercise significant Influence	
Deposit Given	350000 (350000)
Equity Contribution	5513000 (5513000)
b) Relatives of Key Management Personnel	
Sundry Creditors ( for others)	2000 (NIL)

8) Break up of Net Deferred Tax Asset/(Liability) into major components of the respective balances are as follows :

	As At 31.3.2008 Amt(Rs.)	As At 31.3.2007 Amt(Rs.)
Deferred Tax Asset	NIL	NIL
Deferred Tax Liability on account of :		
Difference between Book & Tax Depreciation	2841	3101
	<u>2841</u>	<u>3101</u>
Net Deferred Tax Asset/(Liability)	<u>(2,841)</u>	<u>(3101)</u>
9) Earnings Per Share (EPS)	2007-2008	2006-2007
a) Weighted Average Number of Equity Shares outstanding during the year	3000000	3000000
b) Net Profit after tax available for Equity Shareholders (Rs.)	6850835	7251864
c) Basic and Diluted Earnings Per Share (Rs.)	2.28	2.42
d) Nominal Value Per Shares (Rs.)	10.00	10.00

The Company does not have any outstanding dilutive potential equity shares.

10) Quantitative Information in respect of items traded:-

PARTICULARS	FABRICS (Meters.)	AMOUNT (RS.)
Opening Stock	NIL (NIL)	NIL (NIL)
Purchases	828865 (829513)	50119712 (50179027)
Sales	828865 (829513)	50155354 (50220496)
Closing Stock	NIL (NIL)	NIL (NIL)

Note : Figure in brackets pertain to Previous Year.

11) Previous Year's figure have been regrouped, rearranged, wherever necessary, so as to make them comparable with current year's figure.

12) Other information required under Part I & Part II of Schedule VI to the

Companies Act, 1956 is either NIL or NOT APPLICABLE.

Signatures to Schedules "A" to "N"

For K K KHADARIA & CO  
CHARTERED ACCOUNTANTS

AJAY DAGA  
PARTNER

DIRECTOR

PLACE : MUMBAI

DATED : 20th June, 08

# IND COMMERCE LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31ST MARCH, 2008

### 1. Registration Details

Registration No.	:	85440
State Code	:	11
Balance Sheet Date	:	31st March, 2008

### 2. Capital Raised During the Year: (Amt. Rs. in '000)

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Pvt. Placement (Promoters)	:	NIL

### 3. Position of mobilisation and deployment of Funds (Amt. Rs. in '000)

Total Liabilities	:	78008
Total Assets	:	78008

#### Sources Of Funds (Amt. Rs. in '000)

Paid Up Capital	:	30000
Reserves & Surplus	:	37240
Deferred Tax Liability	:	3
Secured Loans	:	NIL
Unsecured Loans	:	NIL

#### Application Of Funds (Amt. Rs. in '000)

Net Fixed Assets	:	12
Investments	:	65048
Net Deferred Tax Asset	:	NIL
Net Current Assets	:	2184
Miscellaneous Expenditure	:	NIL
Accumulated Losses	:	NIL

### 4. Performance Of Company (Amt. Rs. in '000)

Turnover (Gross Receipts)	:	58153
Total Expenditure	:	51087
Profit/(Loss) before tax	:	7066
Profit/(Loss) after tax	:	6851
Earnings Per Share (in Rs.)	:	2.28
Dividend, if any	:	
-on Preference Shares	:	NIL
-on Equity Shares	:	NIL

### 5. Generic Names of Principal Products, Services of the Company:

Item Code No.	:	
(ITC Code)	:	Not Applicable
Product Description	:	

# HIND COMMERCE LIMITED

## PROXY

### HIND COMMERCE LIMITED

Registered Office : 307 Arun Chambers, Tardeo Road, Mumbai - 400 034.

Please Fill In Here

Member's Folio No.

(as stated on address slip)

I/We.....

.....of.....

being a MEMBER/MEMBER'S HIND COMMERCE LIMITED hereby appoint

.....of.....

OR

.....of.....

as my/our proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held at the 307, ARUN CHAMBERS, TARDEO ROAD, MUMBAI - 400 034. on Monday 21st July, 2008 at 11.30 A.M.

as witness my/our hand this .....day of .....2008

Signature of the said Members.....

Affix a  
1 Rupee  
Revenue  
Stamp

N.B.: The PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

## ATTENDANCE SLIP

### HIND COMMERCE LIMITED

Registered Office : 307 Arun Chambers, Tardeo Road, Mumbai - 400.034.

RECORD OF ATTENDANCE AT THE TWENTY THIRD ANNUAL GENERAL MEETING HELD ON MONDAY 21ST JULY, 2008 AT 11.30 A.M. AT

307 Arun Chambers, Tardeo Road, Mumbai - 400 034.

PLEASE COMPLETE THIS ATTENDANCE SLIP

AND HAND OVER AT THE ENTERANCE OF THE MEETING HALL

NAME OF THE SHAREHOLDER OR PROXY OR REPRESENTATIVE  
ATTENDING THE MEETING

Mr./Mrs./

Miss.....

(in Capitals)

Member's Folio No.....Signature.....

(Incase the shares are held in Demat mode);

DPID.....

Client ID.....

TO BE USED ONLY WHEN THE FIRST - NAMED SHARE HOLDER ATTENDS.

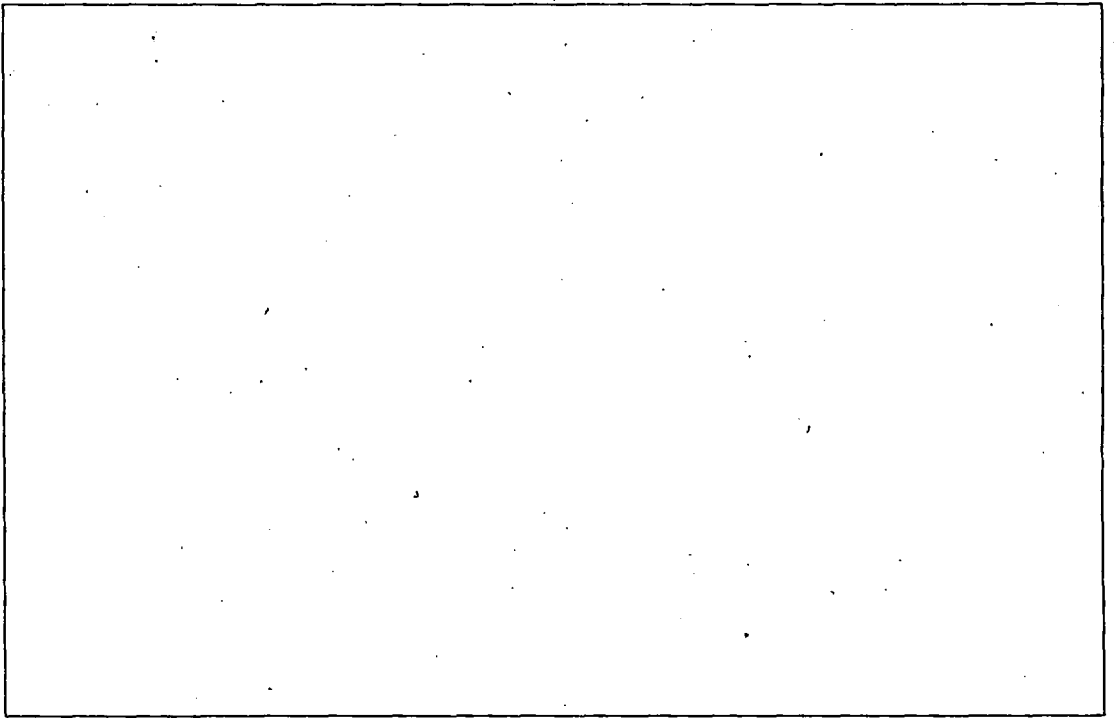
PLEASE GIVE NAME OF THE FIRST - NAMED SHARE HOLDER

Mr./Mrs./Miss.....

Member's Folio No.....No. of shares held.....

ED 21ST JULY, 2008

**BOOK - POST**



If undelivered please return to :

**HIND COMMERCE LIMITED**

37, Arun Chambers, Tardeo Road,  
Mumbai - 400 034.