

21st
Annual Report
2011-2012

HINAFIL INDIA LIMITED

HINAFIL INDIA LIMITED

BOARD OF DIRECTORS

Shri Suchat Saran Mathur -Chairman
Shri Badrul Haq Shaikh -Managing *Director*
Shri Mohd.Rafique Mohd. -Director
Ismail Shaikh
Ms.Kaneez Fatima Shaikh -Director

REGISTERED OFFICE

Plot No.786/2 40 Shed Area,
GIDC Vapi 396195 Gujarat

CORPORATE OFFICE

605 Rameman House, 6th Floort,
18/A Nadirshah Sukhia Street
Behind Prospect Chambers Fort
Mumbai 400001

AUDITORS

M/s Ramesh Gautam & Co.
Chartered Accountants
Mumbai

LISTING

Vadodra Stock Exchange Limited
SayajigunjVadodra 390005
Ahmedabad Stock Exchange Limited
Panjrapole Ahmedabad 380015
Bombay Stock Exchange Limited
Dalal Street Mumbai 400001

BANKERS

- 1.Canara Bank Worli Mumbai
- 2.Bank of India Nagpada Mumbai
- 3.Surat Peo.Co.Op.Bank Ltd.Vapi

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited
C 13 Pannalal Silk Mills Compound , L B S Marg
Bhandup West Mumbai 400078

ANNUAL GENERAL MEETING

Date : 29th September 2012
Place: Phase 4 Shed No. C 1B/6
127 GIDC Estate Vapi 3961965

HINAFIL INDIA LIMITED

NOTICE

Notice is hereby given that Twenty First Annual General meeting of Hinafil India Limited Shall be held at Phase 4, Shed Area, C 1B/6 127 GIDC Vapi 396195 Dist.Valsad Gujarat on Saturday 29th September 2012 at 11.00 A.M. to transact following business :

ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March 2012 and profit and loss Account for the year ended on that date and report of Directors and Auditors..
2. To appoint director in place of Ms.Kaneez Fatima Shaikh who retires by rotation and being eligible offers herself for reappointment.
3. To appoint M/s Ramesh Gautam & Co. Chartered Accountants , the retiring Auditors who shall hold the office from conclusion of this Annual General meeting until conclusion of Next Annual General Meeting and to fix their remuneration.

For and on behalf of Board of Directors

Place : Mumbai

Date : 24.08.2012

Sd/-

Badrul Haq Shaikh
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. INSTRUMENT OF PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING .
2. Members desirous of asking any question at the Annual General Meeting are requested to send their questions so as to reach the company at least 7 days before the Annual General Meeting so that the same can be suitably replied
3. The share transfer books and register of members of the company will remain closed form 17th September 2012 to 29th September 2012 both days inclusive.
4. The members are requested to inform the complaint immediately about change In their address.
5. Members are requested to bring copies of Annual Report at Annual General Meeting

For and on behalf of Board of Directors

Place : Mumbai

Date : 24.08.2012

Sd/-

Badrul Haq Shaikh
Managing Director

HINAFIL INDIA LIMITED

DIRECTORS' REPORT

Dear Members

Your directors have pleasure in presenting their Annual Report to gather with Audited Balance Sheet and Profit and Loss Account for the year ended on 31st March 2012.

1. <u>FNANCIAL RESULTS :</u>	Rs. in '000	
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Revenue from Operations	14,868.65	14,913.77
Total Expenditure	15,047.94	27,296.42
Profit Before Taxation	-179.29	-12382.65
Provision for Tax		
Fringe benefit Tax	0.00	4,010.93
Short/excess Provision for earlier Years	0.00	0.00
Net Profit after Taxation	-16393.58	-16393.58

2. DIVIDEND :

Since the company has incurred losses during financial year under review, your directors express their inability to recommend any dividend during the year.

3. OPERATIONS :

During the year under review the company's turnover has increased form Rs.8553374/- to Rs. 14868515/-

4. PARTICULARS OF EMPLOYEES :

Employees whose particulars are required to be disclosed under section 217(2A) of The Companies Act 1956.

There were no employees in the company drawing salary more than Rs.2,00,000/- p.m. during the financial year ended 31st March 2010.

5. DIRECTORS :

Ms Kaneez Fatima Shaikh retires by rotation and being eligible offered herself for reappointment.

6. AUDITORS :

M/s Ramesh Gautam and Company, Chartered Accountants and Statutory Auditors of company retire at this Annual General Meeting and are eligible for reappointment. The directors recommend reappointing M/s Ramesh Gautam & Co. Chartered Accountant as auditors and to fix their remuneration. A certificate has been received form Auditors to the effect that their appointment if made would be within the prescribed limits u/s 224(1B) of The Companies Act 1956.

7. DIRECTORS SUBMISSIONS ON AUDITORS QUALIFICATION :

Auditors observations mentioned in the Auditors rep[ort are self explanatory. Company is taking necessary steps to resolve these observations at the earliest.

8. CONVERSION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO [Section 217(1)(e)] :

A. Conservation of Energy

Adequate measures have been taken to avoid wastage of energy. The necessary measures have been planned to cut down the consumption of energy per Kg. of processing of material. The requirement for disclosure with respect to conservation of energy is not applicable to the company.

HINAFIL INDIA LIMITED

- B. Technology Absorption :
The company does not have any Separate research and Development Department.
- C. Foreign Exchange Earning and Outgo :
Foreign Exchange Earned : Nil
Foreign Exchange Used : Nil

9. **FIXED DEPOSIT :**

The company has not accepted Fixed deposit within the meaning of section 58-A of The Companies Act 1956.

10. **LISTING ON STOCK EXCHANGES :**

The equity Shares are listed on following stock Exchanges in India

1. Vadodra Stock Exchange Limited Fortune Towers Sayaji Gunj Vadodra 390005
2. The Ahmedabad Stock Exchange Ltd, Kamdhanu Cmplx, Panjrapole Ahmedabad 15
3. Bomaby Stock Exchange Limited, P J Towers, Dalal Street, Mumbai 400021

11. **DIRECTORS RESPONSIBILITY STATEMENT U/S 217(2AA) OF THE COMPANIES ACT 1956 :**

The Directors confirm that in preparation of Annual Accounts for the year ended 31st March 2012 :-

1. the applicable accounting standards had been followed along with proper explanation relating to material departures if any
2. 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 financial year and of the loss of the company for the year ended 31st March 2012.
3. The directors has 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, and
4. The directors had prepared the accounts on going concern basis.

12. **ACKNOWLEDGEMENT :**

Your directors would like to express their sincere appreciation for the assistance and co operation received from our bankers, auditors and consultants during the period under review. The Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees for their continued support and confidence.

Place : Mumbai

Date : 24.08.2012

For & On Behalf of the Board

Sd/-

Sd\-

Badrul Haq Shaikh

Kaneez Shaikh

Director

Director

HINAFIL INDIA LIMITED

CORPORATE GOVERNANCE REPORT

Pursuant Clause 49 of the listing Agreement following is the report on corporate governance for the financial year 2011-12

Company Philosophy on Code of Governance

The Company believes that Corporate Governance envisages attainment of high level of transparency, accountability, fair and equal treatment of all shareholders, compliances with regulations, and sustainable value creation for all shareholder, ethical practice and integrity thereby assisting the top management the Company in efficient conduct of business.

Company believes that its systems and actions must be integrated for enhancement of corporate performance resulting maximization of shareholders value in long run, protection of the interest shareholders and employees and maintenance of cordial relationship with its customers and bankers. The company places due emphasis on regulatory compliances.

1. Board of Directors

A. Composition of Board of Directors

The present Board of Directors of the company comprises of 4 directors of which 1 is executive Director, and 2 are independent directors. The Chairman of the Board is independent Director. The Board believes that the current size is appropriate based on the company's present circumstances. The Board periodically evaluates the need for increasing or decreasing its size.

B. No. of Board meetings

The Board of Directors met 6 times during the year under review, The meeting of Board of Directors were held on various dates as follows.

1) 30th April 2011, 2) 31st July 2011, 3) 23rd August 2011 4) 31st October 2011, 5) 31st January 2012, 6) 31st March 2012

Detailed Agenda notes and information required to be given in terms of business on agenda were circulated in advance to all directors of The Company. The Directors including Non Executive Directors actively participated in the Board Meetings.

Name of the Director	Designation	Category	No. of Board Meetings held during the year	No. of Board Meetings attended during the year	Attendance at last AGM held on 30 th September, 2011
Mr. Suchet Saran Mathur	Director	Independent Non Exe	6	6	Present
Mr. Badrulhaq Hasanali Shaikh	Managing Director	Non Independent Executive	6	6	Present
Mr. Mohd. Rafique Mohd. Ismail Shaikh	Director	Independent Non Executive	6	6	Present
Ms. Kaneez Fatima Shaikh	Director	Non Independent Non-Executive	6	6	Present

C. Secretarial Standards relating to the Meetings:

The institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to the Meetings of the Board and Committees thereof and Annual General Meetings.

At this stage, these are only recommendatory and are likely to become mandatory in due course. It is the intention company to generally comply with this Standards.

At the end of the year, none of the Directors is a member of more than ten Board-level Committees or a Chairman of more than five such Committees, as required under Clause 49 of the Listing Agreement.

HINAFIL INDIA LIMITED

D. Information required under clause 49IV(G) of the listing agreement on Directors seeking appointment / re-appointment:

Ms. Kaneez Fatima Shaikh

Ms. Kaneez Fatima Shaikh is Non Executive Director of the Company having a graduate degree expertise in specific functional areas. He has wide experience in general administration.

REMUNERATION OF DIRECTORS

Details of Remuneration –

The Board, within the overall limits approved by the members, considered the matters with regards to review and approval of remuneration payable to the Executive and Non – Executive Directors of the Company. Details of remuneration to the directors of the Company for the year ended March 31, 2011 are as follows:

Name of Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)
Shri Badrul Haq Shaikh	-	1,20,000
Shri Mohd. Rafique Mohd. Ismail Shaikh	-	-
Smt. Kaneez Fatima Shaikh	-	-
Shri Suchet Saran Mathur	-	-

2. Audit Committee:

Terms of Reference & Composition, Name of Member and Chairman:

The Audit committee of the Company comprises of Mr. Suchet Saran Mathur, Mrs. Kaneez Fatima Shaikh and Mr. Mohammed Rafiq Mohd. Ismail Shaikh, all being independent/Non Executive Directors. All member of the Audit Committee have knowledge on financial matters. The terms of reference stipulated by the Board to the Audit Committee are as under:

- Oversight of the Company's financial reporting process and disclosure of its information.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- Reviewing with management the half yearly and annual financial statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualification in draft audit report, (iv) significant adjustment arising out of audit, (v) the going concern assumption, (vi) compliance of accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters of the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

To look into the reason for substantial defaults in the payment to the depositors, shareholders, (in case of nonpayment of declared dividends) and creditors.

HINAFIL INDIA LIMITED

The Audit Committee reviews all the information that are required to be mandatorily reviewed by it under the corporate governance.

The Audit Committee met 5 times during the year under review. The meetings were held on various dates as follows:

1) 30th April 2011, 2) 31st July 2011, 3) 23rd August 2011 4) 31st October 2011, 4) 31st January 2012

Name of the Director	No. of Meeting Held	No. of Meeting attended
Mr. Suchet Saran Mathur	5	5
Mr. Mohammed Rafique Mohd. Ismail Shaikh	5	5
Mrs. Kaneez Fatima Shaikh	5	5

3. Shareholders' / Investors' Grievance Committee:

The Board of Directors had constituted, Shareholders'/Investors' Grievance Committee which functions with the objective of looking into redressal of Shareholders'/Investors' grievances relating to non receipt of balance sheet, transfer of shares, demat request, change of address etc. The Committee consists of:

Chairman	Mr. Suchet Saran Mathur
Members	Ms. Kaneez Fatima Shaikh Mr. Mohammed Rafique Mohd. Ismail Shaikh

Five meetings were held on 1) 30th April 2011, 2) 31st July 2011, 3) 23rd August 2011 4) 31st October 2011, 4) 31st January 2012

4. Management Analysis and Review Report:

Management is trying hard to get recovered from the Loss occurred due to fire Five years back Due to fire and inadequate financial liquidity, turnover of Company has decreased and Company has started incurred loss again. Your Directors are hopeful of better result during F. Y. 2012-13.

5. General Body Meetings :

The details of Annual General Meeting held in last 3 years are as under:

Financial Year	Date	Location	Time
2008 - 2009	30 th September, 2009	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.
2009 - 2010	30 th September, 2010	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.
2010 - 2011	30 th September, 2011	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.

There were no special resolutions passed by the Company through postal ballot at any of the above meeting. At the ensuing Annual General Meeting, there are no resolutions proposed to be passed through postal ballot.

6. Means of Communication :

- Quarterly results are taken on record by the Board of Directors and submitted to the Stock Exchanges in term of the requirements of Clause 41 of the Listing Agreement.

HINAFIL INDIA LIMITED

- The Company presently does not have any website, As and when the website is set up, the Company will display the quarterly results as well as any official news releases thereon.

7. Declaration :

I, Badrul Haq Shaikh, Managing Director of in Hina Fil India Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchange for the year ended 31st March 2012.

8. MD / CEO Certification:

The Managing Director / CEO have certified to the Board, inter-alia the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Clause 49(v) of the Listing Agreement, for the year ended 31st March 2011.

9. General Shareholder Information :

- A. Annual General Meeting :**
- | | | |
|-------|---|--|
| Day | : | Saturday |
| Date | : | 29 th September, 2012 |
| Time | : | 11 A.M. |
| Venue | : | Phase 4, shed No. C1B / 6127, GIDC Estate,
VAPI – 396195, Dist – Valsad, Gujarat. |
- B. Dates of Book Closure :** 17th September, 2012 to
29th September 2012
(Both days inclusive)
- C. Dividend Payment Date :** Not Applicable
- D. Listing on Stock Exchanges :** The Company's Equity Shares are listed on
(1) Vadodara Stock Exchange Ltd.,
Fortune Tower, Sayajigunj,
Vadodara – 390 005.
(2) The Ahmedabad Stock Exchange Ltd.,
Kamdhenu Complex, Sahajanand,
College, Panjarapole,
Ahmedabad – 390 015.
(3) Bombay Stock Exchange Ltd.,
Sir P. J. Tower, Dalal Street
Mumbai – 400 001.
- E. Stock Code :** 526779 on Bombay Stock Exchange Ltd., Mumbai.
- F. ISIN No. for NSDL & CDSL :** INE120F01017
- G. Market Price Data :** High and Low during each month in the last financial year (given Below).

Company has been suspended from trading due to penal reason Company are taking its best endeavor to get the suspension revoked. No trading jhas taken place and details are not applicable

- H. Registrars & Transfer Agent :** Link Intime India Private Limited,

HINAFIL INDIA LIMITED

C/13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai 400 078.

- I. **Share Transfer** : All transfers received are processed by the Share Transfer Agents and Share Transfer Register is sent to the Company for approval. The Share Transfer cum investors / Shareholders' Grievance Committee comprising Directors considers and approves the same. Thereafter, the Share Transfer Agents carry out necessary endorsements on the share certificates and dispatch the same to the transferees.

J. **Shareholding Pattern:**

The Distribution of the shareholding pattern as on 31st March 2012 was as under:

Category	No. of Shareholders	% of total Shareholders	No. of Shares held	% of Shareholding
Upto 5000	7792	83.7140	14503883	25.8750
5001 - 10000	827	8.8850	7131280	12.7220
10001 - 20000	346	3.7170	5252788	9.3710
20001 - 30000	134	1.4400	3373892	6.0190
30001 - 40000	45	0.4830	1573131	2.8060
40001 - 50000	50	0.5370	2324541	4.1470
50001 - 100000	65	0.6980	4650390	8.2960
100001 and above	49	0.5260	17245095	30.7640
Total	9308	100.0000	56055000	100.0000

k. **Share price movements:**

There was no trading of the scripts at the Stock Exchange(s) during the year. The data regarding the price movements are not available, and the management is unable to provide the statement showing the monthly high and low price of the script of the Company as required in the Listing Agreement.

l. **Shareholding Pattern as on March 31, 2012**

Category	No. of Shareholders	No. of Shares	% holding
Resident Individual	9113	50428139	79.66
Bodies Corporate	141	2302380	4.11
Directors & their Relatives	12	942000	1.67
Non Residents	16	1,687,180	3.00
Others	26	695301	1.24
TOTAL	9308	56,055,000	100.00

Dematerialisation of Shares: 46,39,21,100 Equity Shares equivalent to 82.765% of the total paid-up Equity Capital have been in dematerialized form as on 31st March, 2011.

Compliance Officer : Mr. Badrul Haq Shaikh
E-Mail ID : hinafil@gmail.com
Tel. No. : 022 22820425
Fax No. : 022 22820424

Address for Correspondence : Rehman House, 6th Floor, R. No. 602,
18/A, Nadirshah Sukhia Street,
Behind Prospect Chambers,

Fort Mumbai – 400 001.

HINAFIL INDIA LIMITED

DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges, I Shri Badrul Haq Shaikh Managing Director of the Company, hereby declare that the Board Members and senior Management Personnel have affirmed compliance with the said Code of Conduct, as mentioned in this report, for the year ended 31.03.2012.

Place : Vapi

Date : 24.08.2012

Sd/-
Managing Director

CEO & CFO CERTIFICATION

The Board of Directors

Hinafil India Limited

Vapi

Re-financial Statements for the year ended 31.03.2012 Certification

I/We, Badrul Haq Shaikh Managing Director and CFO, on the basis of the review of the financial statements and the cash flow statements for the

Financial year ending 31.03.2012 and to the best of our knowledge and belief, thereby certify that:-

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. 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.
3. There are to the best of our knowledge and belief, no transaction entered into by the company during the year ended 31.03.2012 which are fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
 - (a) There have been no significant changes in the internal control over financial reporting during this year.
 - (b) There have been no significant changes in accounting policies during this year and that the same have been disclosed in the notes to the financial statements.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place : Vapi

Date : 24.08.2012

Sd/-
Managing Director

HINAFIL INDIA LIMITED

COMPANY SECRETARY'S CERTIFICATE

The Members,
Hinafil India Limited.

We have examined the compliance of conditions of Corporate Governance by Hinafil India Limited, for the year ended on 31st March, 2012, as stipulated in clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The compliance of the conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and the best of our information and according to the explanation given to us, we certify that the Company has tried to comply with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements. Except that company has not appointed a Company secretary and the managing Director is the compliance officer of company.

The Company is not maintaining any Investor, Grievances Register, so we are not in the position to comment on pending investor grievances.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

For K Dalal & Co.
Company Secretaries

Sd\-

Place : Surat
Date : 24.08.2012

Kunjal Dalal
Proprietor

HINAFIL INDIA LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Overall Review

The Growth rate has been on the upward trend as compared to the previous year with favorable market conditions which reflect the positive market.

2. Financial Review

During the year the company has carried out trading and manufacturing activities and generating sales and other income was Rs.14868657/-

3. Risk and Concern

Bullish trend in market will effect volume and however profitability shall be controlled by stiff competition and high cost.

4. Internal Control System and their adequacy

The internal control system is looked after by Directors themselves, who also looked after the day to day affairs to ensure compliance of guide lines and policies, adhere to the management instructions and policies to ensure improvements in the system. The Internal Audit reports are regularly reviewed by the management.

5. Environmental Issues

As the company takes adequate care that the matter relating to produce any harmful gases and the liquid effluents are properly processed and no environmental issues are created.

6. Financial Performance with Respect to Operation Performance

The Company has all the plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind borrowing where ever possible.

7. Cautionary Statement

Statement in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward – looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

By order of Board of Directors of Hinafil India Limited

Place: Vapi

Date: 24.09.2012

Sd/-

Managing Director

HINAFIL INDIA LIMITED

AUDITOR'S REPORT

To,

The Members,

We have audited the attached Balance Sheet of **HINAFIL INDIA LIMITED** as at 31st MARCH, 2012, the Profit and Loss Account for the year ended on that date annexed thereto and the Cash flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statement based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standard 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 Statement. 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.

This report is made solely to the Company's members, as a body, in accordance with the provisions of the Companies Act, 1956. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report or for the opinions we have formed.

We report that :

1. **(a) sale Tax liability of the company has not been accounted for in the books of account. Effect of the same on financial statement could not be ascertained, as the required information could not be made available to us.**
(c) No provisions has been made in accounts in respect of Gratuity as per AS-15. (Refer Note 9 & 19 of Annexure I).
(d) The Company has defaulted in repayment of Term Loan & Working Capital loan taken from Canara Bank, The Bank has initiated recovery action and sold all fixed assets of the company viz. factory / non factory building, plant & machineries, electrical installation etc. and party recovered defaulted loan. Still bank has to recover Rs. 273.82 lac.

Subject to foregoing, we further report that :

2. 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;
3. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
4. The Balance Sheet, Profit and Loss Account and Cash Flow statement, dealt with by this report are in agreement with the books of accounts;
5. In our opinion Balance Sheet, Profit & Loss Account and Cash Flow Statement comply with Accounting Standards referred to in Sub-sec. (3c) of Sec. 211 of the Companies Act, 1956;
6. On the basis of written representations received by the Company from the Director as regards their eligibility to assume and occupy office as directors as on 31st March, 2011, we report that non of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director under Section 274(1) (g) of the Companies Act, 1956.
7. Subject to foregoing, in our opinion and to the best of our information and according to the explanations given to us the said accounts, subject to the Notes given in Schedule 'O', Significant Accounting Policies and Notes on account, give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the 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, 2012;

HINAFIL INDIA LIMITED

- ii. In the case of Profit & Loss account, of the loss of the Company for the year ended on that date and;
- iii. In the case of Cash Flow statement, of the cash flow for the year ended on that date.

For RAMESH GAUTAM & CO.

Chartered Accountants

Sd/-

(RAMESH KUMAR JAIN)

(Proprietor)

M.No. 108887

Place : Mumbai

Date : 24.08.2012

ANNEXTURE TO THE REPORT OF THE AUDITOR'S TO THE MEMBERS OF THE M/s. HINAFIL INDIA LTD. ON THE ACCOUNTS FOR THE YEAR ENDED 31/03/2012.
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1. a. The Company has maintained proper records showing full particulars, including quantitative details & situation of fixed assets.
b. The Company has physically verified certain assets during the year at reasonable intervals and no material discrepancies were noticed on such verification.
c. According to the information and explanation given to us and after taking note of the fact that Canara Bank has auctioned major fixed assets of the company to recover Term Loan and Caah Credit Loans. Due to this we are of opinion that the company's going concern assumption is affected substantially.
2. a. The Management has certified that the physical verification of inventory held by the company was conducted at reasonable intervals during the year and / or at the year-end.
b. In our opinion and according to the information and explanations given to us, the procedure of physical verification of Stocks followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
c. According to information and explanations given to us, the company has maintained proper records of inventory. The discrepancies noticed on such verification as compared to the book records were not material having regard to the size and nature of the operations of the Company and have been properly adjusted in the books of account.
3. a. The Company has granted interest free unsecured loan to the parties covered in the register maintained under section 301 of the Companies Act, 1956. There are two parties, to whom the company has granted such loans; maximum amount involved of such loan granted is Rs. 42.47 Lacs & the year-end outstanding balance of such loan granted is Rs. 28.51 Lacs.
b. We have been informed that the Company has not charged interest on such loans and in our opinion terms and conditions are prima facie prejudicial to the interest of the Company.
c. We have been informed that there are no stipulations as to repayment of loans.
d. Since there are no stipulations as to repayment of such loan, we are unable to comment on overdue amount.
e. The company has taken interest free unsecured loan form the parties covered in the register maintained under section 301 of The Companies Act 1956. There is one party form whole the company has taken such loans, Maximum amount involved of such loan aggregated to Rs.2.60 Lac and the year end outstanding balance of such loans taken aggregated to Rs.2.60 lac.
f. We have been informed that no interest is paid on said loan and the other terms and conditions of such loans are prima facie not prejudicial to the interest of the company.
g. The company is regular in repayment of loans whenever asked for , however there are no stipulations as to time of repayment of principal and interest amount.

HINAFIL INDIA LIMITED

4. According to the information and explanations given to us, the company has no formal system of internal control for the purchase of inventory and fixed assets and sale of goods and services, commensurate with the size of the company. Although, the same is personally looked after by the Managing Director of the Company. However, the existing system needs to be strengthened and formalized.
5. a. According to the information and explanations given to us, we are of the opinion that 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 is no transactions made in pursuance of contracts or arrangements entered into the register in pursuance of section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of any party during the year.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed hereunder.
7. According to the explanation and information given to us the company has an internal audit system by its own staff and not by an independent chartered accountant firm. In our opinion the same is required to be properly strengthened and designed to cover all-important areas so as to commensurate with the size and nature of its business.
8. The Central Government has not prescribed for maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956 (1 of 1956).
9. a. On the basis of information and explanations we report that the Company is not regular in payment of statutory dues with appropriate authorities and subject to our comments in para 1. a), & b) of our report, followings are the statutory dues as per books of accounts, which are outstanding for a period of more than six months from the day they became payable, we are however not able to quantify statutory dues which are outstanding but not provided for in the books of accounts.

	Amt. Rs.
Sales Tax	3,28,618/-
Income Tax for FY 0708	10,46,760/-

- b. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, there are no dues outstanding of Sales tax, Income Tax, Custom duty, Wealth tax, Excise duty, Cess & Service tax on account of any dispute except what is stated herein below :

Assessment Year	Type of demand	Amount in dispute	Authority before dispute pending
AY 2005-06	Penalty U/s 271(1)(c) of the IT Act	24,20,374/-	ITAT, Ahmedabad Bench
AY 2006-07	Income Tax demand raised U/s 143(3) of the IT Act	27,74,160/-	ITAT, Ahmedabad Bench
AY 2007-08	Income Tax demand raised U/s 143(3) of the IT Act	16,06,320/-	CIT (A)

10. The Company has accumulated losses of Rs. 54431314/- as at 31st March 2012, which is exceeding fifty percent of its net worth. The Company has incurred financial cash losses during the year at Rs. 112911/- (Last Year Rs. 11805823/-).
11. As per books and records maintained by the Company and according to the information and explanations given to us, the company has defaulted in repayment of terms loan and working capital loan along with interest, the bank recovered partly by disposing off entire properties including Stock of the company. The company is still o pay Rs.20166907/-

HINAFIL INDIA LIMITED

towards Term Loan and Rs.7214963\ - towards working capital loan as at 31/03/2012. Also company has not taken any loans against debentures.

12. According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
13. In our opinion, and considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / society are not applicable.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by other from banks and financial institutions.
16. This clause is not applicable, as no term loans have been raised during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 during the year, hence this clause of the order is not applicable to the company.
19. The Company has not issued any debenture and as such clause 4(xix) of the Order is not applicable to the Company.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books of accounts and records carried out in accordance with the generally accepted auditing practice and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year nor have we been informed of such case by the management that clauses the financial statements to be materially misstated.

For RAMESH GAUTAM & CO.

Chartered Accountants

Sd\ -

(RAMESH KUMAR JAIN)

(Proprietor)

M.No. 108887

Place : Mumbai

Date : 24.08.2012

HINAFIL INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	Note No.	AS AT 31/03/2012	AS AT 31/03/2011
EQUITY & LIABILITIES			
1.SHAREHOLDERS FUNDS			
SHARE CAPITAL	1	56,055,000	56,055,000
RESEVES AND SURPLUS	2	-52431314	-52237363
2.NON CURRENT LIABILITIES			
a)Long term Borrowing	3	20426907	20166907
3.CURRENT LIABILITIES			
a)Short Term Borrowings	4	7528397	7617882
b)Trades Payable	5	1655348	1655348
c)Other Current Liabilities	6	3059353	10902877
TOTAL		36293691	44160551
ASSETS			
1.NON CURRENT ASSETS			
a)Fixed Assets – Tangible Assets	7	1717106	668028
b)Non Current Investments	8	14795	14795
c)Long Term Loans and Advances	9	7782798	5975524
2.CURRENT ASSETS			
a)Inventories	10	2550530	1482706
b)Trade receivables	11	12041951	20792983
c)Cash & Cash Equivalents	12	5190283	4616951
d)Short term loans and Advances	13	6896228	10672565
TOTAL		36293691	44160551
The Notes Form part of these Financial Statements			
FOR RAMESH GAUTAM & CO.		FOR AND ON BEHALF OF	
CHARTERED ACCOUNTANTS		HINAFIL INDIA LTD.	
Sd\-	Sd\-	Sd\-	
(RAMESH KUMAR JANI)	B.H. SHAIKH	KANEEZ SHAIKH	
PROPRIETOR	MNG. DIRECTOR	DIRECTOR	
PLACE : MUMBAI	PLACE : MUMBAI		
DATED : 24/08/2012	DATE : 24/08/2012		

HINAFIL INDIA LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012			
PARTICULARS	Note No.	AS AT 31/03/2012	AS AT 31/03/2011
INCOME			
Revenue from operations	14	14865515	8553374
Other Income	15	142	6360394
		14868657	14913768
EXPENSES			
Purchase of Stock in Trade	16	13745363	7304239
Changes in inventories	17	-1067824	72024
Employees benefits expenses	18	457807	608738
Finance Cost	19	57863	16873845
Depreciation & amortization expenses	20	66376	576828
Other expenses	21	1788359	1860745
		15047944	27296419
Profit before tax		-179287	-12382951
Tax Expense			
a)Current tax		0	0
b)Deferred Tax reversal		0	4010936
c)Short provision for tax –earlier years		14664	0
Poofit/Loss after Tax		-193951	-16393587
Earning/(Loss) per share :			
Basic & Diluted		-0.003	-0.292
The Notes Form part of these Financial Statements			
FOR RAMESH GAUTAM & CO. CHARTERED ACCOUNTANTS Sd\<- (RAMESH KUMAR JANI) PROPRIETOR PLACE : MUMBAI DATED : 24/08/2012		FOR AND ON BEHALF OF HINAFIL INDIA LTD. Sd\<- B.H. SHAIKH MNG. DIRECTOR PLACE : MUMBAI DATED : 24/08/2012	
Sd\<- KANEEZ SHAIKH DIRECTOR			

HINAFIL INDIA LIMITED

Notes to Financial Statements

Sr. No.		As At 31/03/2012	As At 31/03/2011								
1)	SHARE CAPITAL										
	a)Authorized Share Capital										
	25000000 (PY 250000000) Equity Shares of Re.1/- each	250000000	250000000								
	b)Issued, Subscribed and paid up Share capital										
	56055000 (PY 56055000) Equity Shares of re.1\ - each	56055000	56055000								
	Total	56055000	56055000								
	Equity share holder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion of their shareholdings.										
	c)reconciliation of number of shares outstanding as at 31.03.2012 and 31.03.2011										
	No. of share at beginning of the year	56055000	56055000								
	Add.: Shares issued	0	0								
	No. of shares at the end of the year	56055000	56055000								
	d)Shareholders holding more than 5% shares										
	No shareholder of the company is holding shares of 5% or more during the year and during the year immediate preceding previous year										
2)	RESERVES AND SURPLUS										
	Share Premium Account	2000000	2000000								
	(a)	2000000	2000000								
	Surplus/deficit in the statement of profit and loss										
	As per last balance Sheet	-54237363	-37843776								
	Add/Less : Profit(loss) for the year	-193951	-16393587								
	(b)	-54431314	-54237363								
	Total (a+b)	-52431314	-52237363								
3)	LONG TERM BORROWINGS										
	SECURED LOANS										
	Term Loan form Canara Bank	20166907	20166907								
	UNSCURED LOANS										
	From Director	260000	0								
	Total	20426907	20166907								
	Notes : Since the company has defaulted repayment of term Loan and cash credit, the bank recovered by disposing off all the fixed assets of the company. Still Bank has to recover Rs.273.82 Lac consisting of Term Loan and Cash Credit										
4)	SHORT TERM BORROINGS										
	SECURED LOANS										
	Cash Credit form Canara Bank	7214963	7214963								
	HDFC Bank Car Loan	313434	402819								
	Total	7528397	7617782								
	Notes : Since the company has defaulted repayment of term Loan and cash credit, the bank recovered by disposing off all the fixed assets of the company. Still Bank has to recover Rs.273.82 Lac consisting of Term Loan and Cash Credit										
5)	TRADE PAYABLE										
	Sundry Creditors	1655348	1655348								
	Total	1655348	1655348								
6)	OTHER CURRENT LIABILITIES										
	Other creditors	1106234	552003								
	Payables – Statutory dues	396157	450874								
	Advance from buyer	1556962	9900000								
	Total	3059353	10902877								
7)	FIXED ASSETS										
	Particulars	Gross Block				depreciation				Net Block	
		Balance 01.04.11	Additions	Deletion	Balance 31.03.12	Up to 01.04.11	During Year	Deletion	Upto 31.03.12	As at 31.03.11	As at 31.03.12
	Plant & Mach.	0	1127159	0	1127159	0	1027	0	1027	0	1126132
	Off. Equipments	107483	28500	0	135983	67698	2984	0	70682	39785	65301
	Electrical Fitting	0	47270	0	47270	0	43	0	43	0	47227
	Vehicles	2128523	0	0	2128523	1519680	57840	0	1577520	608843	551003
	Computers etc.	23499	12525	0	36074	4099	4482	0	8581	19400	27443
	Total	2259505	1215454	0	3474959	1591477	66376	0	1657853	668028	1817106
	Previous year	49289040	190459	272194	2259505	28151898	576828	27837249	1591477	20437.42	668020

HINAFIL INDIA LIMITED

Notes to Financial Statements

Sr. No.	As At 31/03/2012	As At 31/03/2011
8) NON CURRENT INVESTMENT		
Investment in Equity Instrument (unquoted)		
Shares of Bombay mercantile Co.Op.Bank (Unquoted)	14795	14795
Total	14795	14795
9) LONG TERM LAONS AND ADVANCES		
Unsecured and considered good		
Security Deposits	4701693	1726693
Loan to related parties	2850800	3996550
Balance with revenue authorities	230305	252281
Total	7782798	5975524
10) INVENTORIES		
(As per taken, valued and certified by the management)		
Trading goods	1608575	540751
Finished Goods	888072	888072
Wastage	53883	53883
Total	2550530	1482706
11) TRADE RECEIVABLES		
Unsecured considered good		
Outstanding for a period exceeding six months	9393845	18657997
Others	2648106	2071968
Total	12041951	20729983
12) CASH AND CASH EQUIVALENTS		
Cash on hand	1043965	471134
Bank Balance with schedule bank		
Bank of India	74706	76970
Canara bank No lien Account	4005000	4005000
Canara Bank Current Account	52412	52412
In Fixed deposit Account	10000	10000
Bank Balance with Non Schedule Banks	4200	1434
Total	5190283	4616951
13) SHORT TER LAONS AND ADVANCES		
Advance to suppliers		
(Unsecured and Considered good)		
Advance recoverable in cash or kind for the value to be received	6896228	10672565
Total	6896228	10672565
14) REVENUE FORM OPERATIONS		
Sale of trading goods	14868515	8553374
Total	14868515	8553374
15) OTHER INCOME		
Interest received	142	28778
Profit on Sale of Fixed Assets	0	6331616
Total	142	6360394
16) PURCHASE OF STOCK IN TRADE		
	13745363	7304239
Total	13745363	7304239
17) CHANGES IN INVENTORIES		
Opening Stock	0	0
Trading Goods	540751	612775
Finished Goods	888072	888072
Wastages	53883	53883
(a)	1482706	1554730
Less :		
Closing Stock		
Trading Goods	1608575	540751
Finished Goods	888072	888072
Wastages	53883	53883
(b)	2550530	1482706
Total (b-a)	-1067824	72024
18) EMPLOYEE BENEFIT EXPENSES		
Salaries, bonus and emoluments to staff and directors	417950	581165

HINAFIL INDIA LIMITED

Notes to Financial Statements

Sr. No.	As At 31/03/2012	As At 31/03/2011
Staff welfare	39857	27573
Total	457807	608783
19) FINANCE COST		
Interest Paid to Bank Term Loan	0	13635946
Interest Paid to Bank Cash Credit	0	2219159
Interest Paid Vehicle Loan	39855	54499
Bank Charges	18008	964241
Total	57863	16873845
20) DEPRECTAION AND AMORTISATION EXPENSES		
Depreciation	66376	576828
Total	66376	576828
21) OTHER EXPENSES		
Consumption of Stores and Spares	66038	51048
Consumption of Power and Fuel	14224	0
Wages and labour Charges	109975	130195
Consumption of Chemicals	171571	74877
Packing materials consumed	33425	572562
Annual Listing and custodial fees	68778	40080
Accounting Charges	30000	0
Audit fees		
Audit matters	14045	13788
Taxation matters	5618	5515
Books and Periodicals	1100	0
Connectivity Charges	26181	77457
Conveyance expenses	18643	13797
Electricity Charges	2182	6011
General Expenses	10152	11214
Insurance Charges	2758	15271
Legal and Professional Charges	294000	201207
Motor Car Expense	98145	95186
Office maintenance	58800	58560
Postage Charges	6734	3753
Printing and Stationery	19585	7998
Repairs and maintenance	108070	88563
Rent rates and taxes	10000	150000
Sales Promotion	123423	0
Transportation, clearing and cartage	41493	49789
Travelling Expenses	31149	25996
Telephone Charges	55553	89423
Sales tax paid	101714	53070
Share Transfer Charges	75083	0
Rebate, Discounts and write offs (Net)	116478	10186
Security Charges	58000	15200
Web designing Charges	15442	0
Total	1788359	1860745
22) SALES		
Class of Trading Goods		
Yarn/Waste	14468515	8553374
Total	14868515	8553374
23) PURCHASE OF STOCK IN TRADE		
A. Class of goods traded a		
Yarn/Waste	13745363	7304239
Total	13745363	7304239
B. Imported and indigenous purchase		
	2011-12	2010-11
	Amount Rs.	%
Imported	0	0
Indigenous	13745363	100%
Total	13745363	100%

HINAFIL INDIA LIMITED

Notes to Financial Statements

Sr. No.	As At 31/03/2012	As At 31/03/2011
24) DETAILS OF INVENTORIES		
Class of Goods		
Finished Goods		
Nylon Monofilament Yarn	888072	888072
wastage	53883	53883
Trading Goods		
Yarn/Waste	1608575	540751
Total	2550530	1482706
25) a)CIF Value of imports		
b)Expenditure in foreign currency		
c)Earning in foreign Currency		
26) REMUNERATION PAID TO DIRECTORS	120000	120000
Total	120000	120000
27) EARNING/LOSS PER SHARE		
Profit/Loss after tax	-193951	26393587
Weighted average number of equity shares outstanding during the year	56055000	56055000
Basic and Diluted earnings per share	-0.0035	-0.2925
28) The financial statement for the year ended 31/03/2011 had been prepared as per applicable pre revised Schedule VI to the Companies Act 1956, consequent to the notification under the Companies Act 1956, the financial statement for the year 31/03/2012 are prepared under revised Schedule VI. Accordingly the previous years figures have also been reclassified to confirm this years classification.		
29) Significant accounting policies followed by the company are as stated in the statement annexed as Annexure I.		
As per our report of even date	The above notes to financial statements are hereby authenticated by us	
FOR RAMESH GAUTAM & CO.	FOR AND ON BEHALF OF	
CHARTERED ACCOUNTANTS	HINAFIL INDIA LTD.	
Sd\-	Sd\-	Sd\-
(RAMESH KUMAR JANI)	B.H. SHAIKH	KANEEZ SHAIKH
PROPRIETOR	MNG. DIRECTOR	DIRECTOR
PLACE : MUMBAI	PLACE : MUMBAI	
DATED : 24/08/2012	DATED : 24/08/2012	

ANNEXURE I

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

Annexure to and forming part of financial statements for the year ended 31/03/2012

1. Basis of accounting :
Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles and Accounting Standard issued by the Institute of Chartered Accountants of India.
2. The Company generally follows mercantile System of Accounting recognizing significant items of income & expenditure on accrual basis.
3. Going Concern Basis :
The Canara Bank has auctioned immovable properties and Stock of the company and recovered part of defaulted term loan and working capital loan due to that the company's going concern assumption is affected substantially.
4. Fixed assets :
 - i. Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any.
 - ii. Depreciation on fixed assets have been provided on Straight Line Method and at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956.
 - iii. Depreciation on assets added/deducted during the year has been provided on pro rata from/to the month of addition/deduction.
5. inventories
Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprise of all cost of purchases, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares and packing materials and trading products are determined on FIFO basis. Cost of

HINAFIL INDIA LIMITED

finished products in determined on absorption costing method.

6. Investments are stated at cost.
7. Sales have been shown gross of sales tax but net of excise duty and recognized at the time of dispatch of goods to the customers.
8. Excise duty is accounted at the stage of removal of goods from bonded warehouse.
9. Gratuity and other retirement benefits will be accounted & paid on cash basis.
10. Borrowing Costs :
Borrowing costs, if attributable to qualifying assets (i.e., assets that necessarily take substantial period of time to get ready for its intended use or sale) are capitalized, otherwise charged to Profit & Loss account.
11. Taxes on Income :
Current tax is determined on the basis of estimated taxable income of the current year in accordance with provisions of the Income Tax Act, 1961.
The Company has substantial unabsorbed depreciation and business losses in Books as well as under Income Tax Act 1961. However, as the availability of sufficient future taxable income against which such losses can be set off cannot be stated to be virtually certain, the deferred tax asset has not been recognized. Deferred tax of earlier years has also been reserved. Current tax provision made as per applicable tax rates under IT Act, 1961.
12. Provisions, Contingent Liabilities and Contingent Assets
Provisions involving substantial degree of estimations in measurements are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.
13. Impairment of Assets
An asset is treated as impaired when the carrying cost for assets exceeds its recoverable value, an impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimates of recoverable amount.
14. In the opinion of the Management and to the best of their knowledge and behalf, the Current Assets, Loans & Advances have a value on realization in the ordinary course of business, at least equal to the amount at which the same are stated in the Balance Sheet.
15. Balances of Debtors, Creditors, Loans & Advances, Deposits, and other loans are as per books and are subject to confirmation from respective parties.
16. Expenses not supported by documents are generally under the control of Management / Directors, the same are relied upon the explanations and information given and authenticated by the management.
17. Inventories are taken, as taken, valued and certified by the Management.
18. Total outstanding dues of small – scale industrial undertaking (and their names wherever required) could not be separately stated in absence of information with the Company. Such amount, if any, is included in the sundry creditors.
19. The Company has not done actuarial valuation of Gratuity Liability hence no provisions has been made for the Gratuity in the books of account.
20. As the Company's business activities falls within single segment viz. Nylon / Polyester Monofilament yarn, the disclosure requirement of Accounting Standard – 17 "Segment Reporting" issued by institute of Chartered Accountants of India is not applicable.
21. Earning per share calculated and shown on the face of Profit & Loss Account and in part IV of Schedule VI of the Companies Act, 1956 is calculated as per Accounting Standard 20 issued by The Institute of Chartered Accountants of India.
22. Related Party disclosure :
As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed.

Name of Related Party	Relationship	Nature of Transactions	Volume of transactions during the year (Rs.)	Amount outstanding as at 31/03/10 in Rs. Payable (P) Receivable (R)
Shri. Badrul Haq Shaikh	Managing Director	Loan Taken	260000/-	260000 (P)
Shri. Badrul Haq Shaikh	Managing Director	Director Remuneration	1,20,000/-	Nil
Shri. P. C. Kansal	Director Chairman	Loans given	250000/-	2850800/- [®]

23. Figures of previous year have been regrouped, reclassified wherever necessary.

HINAFIL INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

	Amount in Rs 31/03/2012	Amount in Rs 31/03/2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	(179,287)	(12,382,651)
Adjustment for :Depreciation	66,376	576,828
Profit on Sale of Fixed Assets	0	(6,331,616)
Other Income	(42)	(28,778)
Finance Charges	57,863	1,68,73,845
OPERATING PROFIT BEFORE WORKING CAP. CHANGES	(2,256,613)	(12,92,372)
Adjustment for : Trade & Other Receivables	10,657,095	4,208,606
Inventories	1,067,824	645,581
Trade & Other Payable	(7,843,524)	(2,835,848)
Cash Generated from Operations	1,690,557	725,967
Finance Charges	(57,863)	(16,873,845)
Direct Taxes Paid	(14,664)	0
NET CASH FROM OPERATING ACTIVITIES (A)	(1,618,030)	(16,147,878)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(1,215,554)	(190,459)
Sale of fixed assets	0	25,714,361
Investment during the year	0	0
Interest Income	142	28,778
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,215,312)	25,552,680
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / Decrease in Borrowings	170,615	(9,252,159)
Issue of Equity Shares with premium	---	---
NET CASH USED IN FINANCING ACTIVITIES (C)	170,615	(9,252,159)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	573,332	152,644
Opening Cash & Cash equivalent	4,616,951	4,464,307
Closing Cash & Cash equivalent	<u>5,190,283</u>	<u>4,616,951</u>

Notes : Figures in Brackets represent outflow

AS PER OUR REPORT OF EVEN DATE

**FOR RAMESH GAUTAM & CO.
CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF
HINAFIL INDIA LTD.**

**(RAMESH KUMAR JANI)
PROPRIETOR**

**B.H. SHAIKH KANEEZ SHAIKH
MNG. DIRECTOR DIRECTOR**

**PLACE : MUMBAI
DATED : 24/08/2012**

**PLACE : MUMBAI
DATED : 24/08/2012**

HINAFIL INDIA LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	REGISTRATION DETAILS	
	Registration No.	15974
	State Code No.	04
	Balance Sheet Date	31.03.2012
II.	CAPITAL RAISED DURING THE YEAR	
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS	Amt. in Rs.
	Total Liabilities	36293691
	Total Assets	36293691
	SOURCES OF FUNDS	
	Paid up capital	56055000
	Reserves & Surplus	2000000
	Secured Loans	27695304
	Unsecured Loans	260000
	Deferred tax liability	Nil
	APPLICATION OF FUNDS	
	Net Fixed Assets	1817106
	Investments	14795
	Deferred Tax Assets (Net)	Nil
	Net Current Assets	29747089
	Misc. Expenditure	Nil
	Accumulated Losses	54431314
IV.	PERFORMANCE OF THE COMPANY	
	Income earned	14868657
	Total Expenditure	15047994
	Loss before tax	179287
	Loss after tax	193951
	Loss per share (Basic & Diluted)	0.003
	Dividend Rate %	Nil
V.	GENERAL NAME OF PRINCIPLE PRODUCT OF THE COMPANY (As per monetary Terms)	540410.00
	Item Code No.	Nylon/Polyester
	Product Description	Monofilament yarn

AS PER OUR REPORT OF EVEN DATE

SIGNATURE TO SCHEDULE A TO N

**FOR RAMESH GAUTAM & CO.
CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF
HINAFIL INDIA LTD.**

**(RAMESH KUMAR JANI)
PROPRIETOR**

**B.H. SHAIKH
MNG. DIRECTOR**

**KANEEZ SHAIKH
DIRECTOR**

**PLACE : MUMBAI
DATED : 24/08/2012**

**PLACE : MUMBAI
DATED : 24/08/2012**

HINAFIL INDIA LIMITED

HINAFIL INDIA LIMITED

REGD., OFFICE : PLOT NO. 786/2, 40, SHED AREA, GIDC, VAPI – 396195.

PROXY FORM

I/We _____ of _____ of _____ being a member(s) of HINAFIL INDIA LIMITED, hereby appoint at the Annual General Meeting of the Company to be held on Saturday, 29th September, 2012 at 11.00 a. m. at Phase 4, Shed No. C1B/6127, GIDC Estate, Vapi – 396 195, Dist. – Valsad, Gujarat and at any adjournment thereof.

Affix
Revenue
Stamp
Rs. 1/-

Signed this _____ day of _____ 2012.

Regd., Folio No. : _____

Signature of Shareholder

No. of Shares Held : _____ Signature : _____

Notes :

- 1) Proxies, in order or to be effective, must be received at the registered office at the Company net less than 48 hours before the time of the meeting.
- 2) A proxy need not be member.
- 3) Revenue Stamp of Rs. 1/- is to be affixed on this form.
- 4) The form should be signed across the stamp as per specimen signature registered with the Company.

Tear Here

HINAFIL INDIA LIMITED

REGD., OFFICE : PLOT NO. 786/2, 40, SHED AREA, GIDC, VAPI – 396195.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the Company held on Saturday, 29th September, 2012 at 11.00 a. m. at Phase 4, Shed No. C1B/6127, GIDC Estate, Vapi – 396 195. Dist., - Valsad, Gujarat, and at any adjournment thereof.

First Name

Second Name

Surname

First Holder / Joint Holder / Proxy
(Strike out whichever is not applicable)

Full name of First Holder
(if Joint Holder / Proxy attending)

First Name

Second Name

Surname

Notes :

- 1) A member / proxy holders are requested to bring the copies of Annual Report with them at the Meeting.
- 2) Please carry with you this attendance slip and hand over the same duly signed at the space provided at the entrance of the meeting hall.