

**18<sup>TH</sup>**  
**Annual Report**  
**2008-2009**

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**HINAFIL INDIA LIMITED**

# HINAFIL INDIA LIMITED

## **BOARD OF DIRECTORS**

Shri Premchand Kansal	-Chairman
Shri Badrul Haq Shaikh	-Managing <i>Director</i>
Shri Gopal Sheena Shetty	- <i>Director</i>
Shri Mohd.Rafique Mohd. Ismail Shaikh	-Director
Shri Kaneez Fatima Shaikh	-Director
Shri Suchat Saran Mathur	-Director

## **AUDITORS**

M/s Ramesh Gautam & Co.  
Chartered Accountants  
Mumbai

## **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 Compounr , L B S Marg  
Bhandup West Mumbai 400078

## **CONTENTS**

Notice	02 - 03
Director Report	04 - 05
Report on Corporate Governance	06 - 12
Audit Report	13 - 16
Balance Sheet	17 - 17
Profit & Loss	18 - 18
Schedule to B/s. & P/l.	19 - 23
Cash Flow Statement	24 – 24
Notes to Accounts	25 - 28

## **REGISTERED OFFICE**

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

## **CORPORATE OFFICE**

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

## **LISTING**

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

## **ANNUAL GENERAL MEETING**

30<sup>th</sup> September 2009  
11.00 A.M.  
Wednesday

# HINAFIL INDIA LIMITED

## NOTICE

Notice is hereby given that 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 Wednesday 30<sup>th</sup> September 2009 at 11.00 A.M. to transact following business :

### **ORDINARY BUSINESS**

1. To receive, consider and adopt audited Balance Sheet as at 31<sup>st</sup> March 2009 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 Shri. Suchet Saram Mathur who retires by rotation and being eligible offers himself 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.

### **SPECIAL BUSINESS**

4. To consider and if thought fit to pass with or without modification(s) the following resolution as ordinary resolution :

RESOLVED THAT prrsuant to Section 198, 269 and 209 Schedule XIII and other applicable provisions if any of The Companies Act 1956 the Company herebt accords its approval to the reappointment of and remuneration of Mr.Badrul Haq Shaikh as Managing Director of the company for a period of five years with effect from 24<sup>th</sup> December 2008 on the same terms and conditions set out in the Explanatory Statement to the Notice convening this Annual General Meeting.

For and on behalf of Board of Directors

Place : Mumbai

Date : 22.08.2009

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 24<sup>th</sup> September 2009 to 30<sup>th</sup> September 2009 both days inclusive.
4. The members are requested to inform the company 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 : 22.08.2009

Sd\-

**Badrul Haq Shaikh**

Managing Director

# HINAFIL INDIA LIMITED

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## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956 :

Item No. 4

The Board of Directors of The Company at its meeting held on 24<sup>th</sup> December 2008 re-appointed Mr. Badrul Haq Shaikh as Managing Director of the company for a period of five years with effect from 24<sup>th</sup> December 2008 subject to approval of members of the company.

The Board is of opinion that it is in interest of the company that Mr. Badrul Haq Shaikh be reappointed as the Managing Director of The Company. Hence the Board recommends to the members his reappointment as a Managing Director of The Company.

The terms and conditions of reappointment are :

- i. Salary payable will be Rs.20,000/- per month
- ii. Commission on net profit – at such rate as may be decided by the Board of Directors from time to time subject to minimum of 1%
- iii. Perquisites
  - a) In addition to Salary and Commission the managing Director shall also be entitled to the perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with utilities there of such as gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc. in accordance with the rules of the company or as may be agreed to by The Board of Directors and Mr. Badrul Haq Shaikh, such perquisites to Rs.3,00,000.00 per annum.
  - b) For the purpose of calculation of above ceiling perquisites shall be evaluated as per Income Tax Rules where ever applicable in absence of actual evaluated at actual cost Provision for the use of company's car for official duties and telephone at residence (including payment of local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculation said ceilings.
  - c) Company's contribution to provident fund and superannuation or annuity fund, to the extent these are either singly or together not taxable under Income Tax Act gratuity payable as per rules of the company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration of perquisites aforesaid.

In accordance with the provision of section 269 and 309 of the Act the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.

This may be treated as an abstract of the terms or reappointment of Mr. Badrul Haq Shaikh pursuant to the provisions of section 302 of The Act.

Mr. Badrul Shaikh Managing Director is concerned or interested in this resolution accompanying notice as it is for his own reappointment. For and on behalf of Board of Directors

Place : Mumbai

Date : 22.08.2009

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 Before the year ended on 31<sup>st</sup> March 2009.

1. **FINANCIAL RESULTS** :

	Rs. in '000	
	Year ended 31.03.2009	Year vended 31.03.2008
Sales/Income	11,193	9,033
Total Expenditure	13,090	14,486
Profit Before Taxation	-1,897	-5,453
Provision for Tax		
Fringe benefit Tax	18	20
Short/excess Provision for earlier Years	0	3
Net Profit after Taxation	-1915	-5476

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.9,033,774/- to Rs.11,193,371/

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 31<sup>st</sup> March 2009.

5. **DIRECTORS** :

Mr. Suchet Saran Mathur retires by rotation and being eligible offered himself for reappointment.

The Board subject to approval of members has appointed Mr.Badrul Haq Shaikh as Managing Director for a fresh term of five years with effect form 24<sup>th</sup> December 20089. Necessary resolution for Mr.Badrul Haq Shaikh appointment has been included in the notice of the forthcoming Annual General Meeting of the company.

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. **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

# HINAFIL INDIA LIMITED

of energy is not applicable to the company.

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 : 9.82 lacs

8. **FIXED DEPOSIT :**

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

09. **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 Cpmplex, Panjrapole Ahmedabad 15
3. Bomaby Stock Exchange Limited, P J Towers, Dalal Street, Mumbai 400001

The Company has paid the Annual Listing Fees to all the above three stock exchanges for the Financial year 2009 - 2010

10. **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 31<sup>st</sup> March 2009 :-

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 31<sup>st</sup> March 2009.
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.

11. **AUDITOR'S QUALIFICATION :**

In regard to Auditors observation mentioned in the Auditors report are self explanatory. Company is taking steps to resolve these observations at the earliest.

12. **ACKNOWLEDGEENT :**

Your directors would like to express their sincere appreciation for the assistance and co operation received form 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 : Vapi

Date : 22.08.2009

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 2008-09.

### 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.

The 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 6 directors of which 1 is executive Director, 1 is Non executive and 4 re 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 4 times during the year under review, The meeting of Board of Directors were held on various dates as follows:

1) 30<sup>th</sup> April 2008, 2) 30<sup>st</sup> July 2008, 3) 20<sup>th</sup> August 2008, 4) 31<sup>st</sup> October 2008 5) 30<sup>th</sup> January 2009

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 29 <sup>th</sup> September, 2008
Mr. Badrulhaq Hasanali Shaikh	Managing Director	Executive Director	5	5	Present
Mr. Premchand Nandumal Kansal	Chairman	Independent Director	5	5	Present
Mr. Gopal Shetty	Director	Independent Director	5	5	Present
Mr. Mohd. Rafique Mohd. Ismail Shaikh	Director	Independent Director	5	5	Present
Ms. Kaneez Fatima Shaikh	Director	Non-Executive Director	5	5	Present

# HINAFIL INDIA LIMITED

Mr. Suchet Saran Mathur	Director	Independent Director	5	5	Present
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## **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 these 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.

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

### **Mr. Suchet Saran Mathur**

Mr. Suchet Saran Mathur 61 years, independent Director of the Company having a Engineer Degree.

### **Mr. Badrul Haq Shaikh**

Mr. Badrul Haq Shaikh aged 59 years, expertise in specific functional areas. He was wide experience in control of production and 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, 2009 are as follows:

<b>Name of Director</b>	<b>Sitting Fees (Rs.)</b>	<b>Salary &amp; Perquisites (Rs.)</b>
Shri Premchand Kansal	-	-
Shri Badrul Haq Shaikh	-	1,20,000
Shri Gopal Shetty	-	-
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:



# HINAFIL INDIA LIMITED

The Audit committee of the Company comprises of Mr. Suchet Saran Mathur, Mr. Gopal Shetty and Mr. Mohammed Rafiq Mohd. Ismail Shaikh, all being independent 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:

- a. Oversight of the Company's financial reporting process and disclosure of its information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- c. 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.
- d. Reviewing with the management, external and internal auditors, the adequacy and compliance of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. 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.
- h. 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.
- i. 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.

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

The Audit Committee met 4 times during the year under review. The meetings were held on various dates as follows:

- 1) 30<sup>th</sup> April, 2008, 2) 30<sup>th</sup> July, 2008, 3) 20<sup>th</sup> August, 2008, 4) 31<sup>st</sup> October, 2008, 5) 30<sup>th</sup> January, 2009

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

# HINAFIL INDIA LIMITED

Mr. Gopal Shetty

5

5

## COMPANY SECRETARY

Since the Company's paid-up capital is more than Rs. 5,00,00,000/- (Rupees Five Crores) as per the provisions of Section 383A of the Companies Act, 1956, Company is required to appoint full time Company Secretary in Employment. The Company has been on the look out to appoint Company Secretary and in regular contact with placement agencies. The Company has been conducting interviews of the candidates whose resumes are forwarded by placement bureaus and the institute. However no suitable candidates could be selected for the post. The company is hopeful to find a suitable candidate to appoint said position in near future. In the meantime the Company has appointed a qualified Practicing Company Secretary to take care of all statutory Compliance with respect to Company Law matters on a regular basis.

### 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** Mr. Gopal Shetty  
Mr. Mohammed Rafique Mohd. Ismail Shaikh

5 meetings were held on 30<sup>th</sup> April, 2008, 30<sup>th</sup> July, 2008, 20<sup>th</sup> August, 2008, 31<sup>st</sup> October, 2008 and 30<sup>th</sup> January 2009

### 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. 2009-10.

### 5. General Body Meetings :

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

Financial Year	Date	Location	Time
2005 – 2006	30 <sup>th</sup> September, 2006	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.
2006 – 2007	29 <sup>th</sup> September, 2007	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.

# HINAFIL INDIA LIMITED

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2007 – 2008      29<sup>th</sup> September, 2008      Plot No. 786/2, 40 Shed Area,      11. A. M.  
GIDC, VAPI – 396 195

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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.
- 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. General Shareholder Information :

- A. Annual General Meeting :**
- Day : Wednesday  
Date : 30<sup>th</sup> September, 2009  
Time : 11 A.M.  
Venue : Plot No. 786/2, 40 Shed Area, GIDC,  
VAPI – 396 195
- B. Dates of Book Closure :** Thursday, 24<sup>th</sup> September, 2009  
to Wednesday, 30<sup>th</sup> September, 2009  
(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) The Bombay Stock Exchange Ltd.,  
Sir P. J. Tower, Dalal Street  
Mumbai – 400 001.
- E. Stock Code :** 526779 on Bombay Stock Exchange, Mumbai.

# HINAFIL INDIA LIMITED

**F. ISIN No. for NSDL & CDSL :** INE120F01025

**G. Market Price Data :** High and Low during each month in the last financial year (given Below).

Month	High (Rs.)	Low (Rs.)	Volume (in Rs.)
April' 2008	0.72	0.57	371,787
May' 2008	0.67	0.54	357,104
June' 2008	0.56	0.44	273,886
July' 2008	0.63	0.46	257,308
August' 2008	0.70	0.48	308,679
September' 2008	0.67	0.39	393,494
October' 2008	0.39	0.29	102,828
November' 2008	0.33	0.22	83,051
December' 2008	0.30	0.23	61,101
January' 2009	0.29	0.22	53,178
February' 2009	0.25	0.20	51,251
March' 2009	0.22	0.20	47,808

**H. Registrars & Transfer Agent :** Link Intime India Private Limited,  
C/13, Pannalal Silk Mills Compund,  
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 31<sup>st</sup> March 2009 was as under:

Category	No. of Shareholders	% of total Shareholders	No. of Shares held	% of Shareholding
Upto - 5000	7750	83.70	14508795	25.88
5001 - 10000	820	8.85	7104367	12.66
10001 - 20000	363	3.92	5465059	9.75
20001 - 30000	129	1.39	3297253	5.87
30001 - 40000	42	0.45	1478152	2.64
40001 - 50000	50	0.54	2330550	4.15
50001 - 100000	62	0.67	4459666	8.00
100001 and above	52	0.46	17411158	31.05
<b>Total</b>	<b>9268</b>	<b>100.00</b>	<b>56055000</b>	<b>100.00</b>

# HINAFIL INDIA LIMITED

Shareholding Pattern as on March 31, 2009

Category	No. of Shareholders	No. of Shares	% holding
Resident Individual	9030	44,388,274	79.18
Bodies Corporate	170	3,571,871	6.38
Directors & their Relatives	15	5,442,000	9.71
Non Residents	16	1,794,430	3.20
Others	37	858,425	1.53
<b>TOTAL</b>	<b>9268</b>	<b>56,055,000</b>	<b>100.00</b>

Dematerialisation of Shares: 38,324,550 Equity Shares equivalent to 68.37% of the total paid-up Equity Capital have been in dematerialized form as on 31<sup>st</sup> March, 2009.

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, 6<sup>th</sup> Floor, R. No. 602,  
18/A, Nadirshah Sukhia Street,  
Behind Prospect Chambers,  
Fort Mumbai – 400 001.

# HINAFIL INDIA LIMITED

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## 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 31<sup>st</sup> March, 2009, 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.

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 SANJAY DOSHI & ASSOCIATES  
COMPANY SECRETARIES**

**Place : Mumbai  
Date : 22.08.2009**

**SANJAY DOSHI  
Proprietor**

# HINAFIL INDIA LIMITED

## AUDITOR'S REPORT

To,  
The Members,

We have audited the attached Balance Sheet of **HINAFIL INDIA LIMITED** as at 31<sup>st</sup> MARCH, 2009, 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) No provisions is made in accounts in respect of Employees State Insurance dues. Liability towards Provident Fund is not provided for. Effect of the same on financial statement could not be ascertained, as the required information could not be made available to us.***
- (b) Sales 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 I(i) & II(8) of Schedule 'N').***

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

## HINAFIL INDIA LIMITED

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regards their eligibility to assume and occupy office as directors as on 31<sup>st</sup> March, 2009, we report that non of the Directors is disqualified as on 31<sup>st</sup> March, 2009 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 on Account" "(Schedule 'N')", 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 31<sup>st</sup> March, 2009;
  - 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**

**Place : Mumbai  
Date : 20.08.2009**

**(RAMESH KUMAR JAIN)  
(Proprietor)  
M.No. 108887**



# HINAFIL INDIA LIMITED

## 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 31/03/2009.

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. During the year the Company has not disposed off a substantial part of fixed assets.  
d. In the year 2004-05, a major fire broke out at the Factory situated Vapi in which there has been substantial damage to the plant and owing to which the manufacturing operations of the company are not started full-fledged and for which the going concern assumption is also jeopardized. According to the information and explanations given to us and after taking note of the fact of the pendency of insurance claim and further plans of the Company to augment its capital for the expansion etc. the risk could be mitigated in near future [Refer Note No. 1 (c) of Schedule 'N' on Notes on Accounts].
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 three parties, to whom the company has granted such loans; maximum amount involved of such loan granted is Rs. 53.49 Lacs & the year-end outstanding balance of such loan granted is Rs. 53.49 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. According to information and explanations given to us the company has not taken loans, secured or unsecured to / form companies, firms or other parties covered in the register maintained under section 301 of the Act.  
f. Since the Company has not taken loans, secured or unsecured to / form companies, firms or other parties covered in the register maintained under section 301 of the Act and as such clauses (iii)(e), iii(f) and iii(g) of the Order are not applicable to the

# HINAFIL INDIA LIMITED

company.

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), & c) 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	3,35,188/-
Filing Fees payable to ROC, Gujarat, excluding interest	7,58,274/-
FBT for AY 2006-07	20,364/-

- 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
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## HINAFIL INDIA LIMITED

AY 2005-06	Penalty U/s 271(1)(c) of the IT Act	24,20,374/-	CIT (A)
AY 2006-07	Income Tax demand raised U/s 143(3) of the IT Act	40,87,341/-	CIT (A)
AY 2006-07	Penalty U/s 271A r.w. Sec. 274 of IT Act	25,000/-	CIT (A)

10. The Company has accumulated losses of Rs. 33806958/- as at 31<sup>st</sup> March 2009, which is exceeding fifty percent of its net worth. The Company has incurred financial cash losses during the year at Rs. Nil (Last Year Rs. 3330380/-).
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 entire amount repayable towards terms loan and working capital loan along with interest, the bank has treated company as NPA and stopped charging interest on such loans, and accordingly company has also not accounted for interest in the books of accounts. We are unable to provide exact amount of default as on 31/03/2009 in the absence of required details made available to us. Also the 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.

## **HINAFIL INDIA LIMITED**

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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 causes the financial statements to be materially misstated.

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

**Place : Mumbai  
Date : 20.08.2009**

**(RAMESH KUMAR JAIN)  
(Proprietor)  
M.No. 108887**

# HINAFIL INDIA LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31/03/2009	AS AT 31/03/2008
<b>SOURCES OF FUNDS :</b>			
SHARE CAPITAL	‘A’	56,055,000	56,055,000
RESEVES AND SURPLUS	‘B’	2,000,000	2,000,000
SECURED LOANS	‘C’	36,547,618	36,583,940
TOTAL		<u>94,602,618</u>	<u>94,602,618</u>
<b>APPLICATION OF FUNDS :</b>			
FIXED ASSETS	‘D’		
I) Gross Block		48,584,835	48,550,730
II) Depreciation		26,720,879	24,597,508
III) Net Block		<u>21,863,956</u>	<u>23,953,222</u>
INVESTMENTS	‘E’	14,795	14,795
DEFERRED TAX ASSETS (Net)		4,010,936	4,010,936
CURRENT ASSETS, LOANS & ADVANCES			
Inventories		2,864,126	3,070,196
Sundry Debtors	‘F’	30,684,644	31,979,312
Cash & Bank Balance	‘G’	1,546,772	1,345,248
Loans & Advances	‘H’	13,574,016	7,554,148
(a)		<u>48,669,558</u>	<u>43,948,904</u>
Less :			
CURRENT LIABILITIES & PROVISION	‘I’		
Sundry Creditors		13,745,391	9,197,050
Provision		18,194	19,886
(b)		<u>13,763,585</u>	<u>9,216,936</u>
Net Current Assets (a-b)		<u>34,905,973</u>	<u>34,731,968</u>
<b>PROFIT &amp; LOSS ACCOUNT</b>		<u>33,806,958</u>	<u>31,891,698</u>
TOTAL		<u>94,602,618</u>	<u>94,602,618</u>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>	‘N’		
AS PER OUR REPORT OF EVEN DATE			
<b>FOR RAMESH GAUTAM &amp; CO. CHARTERED ACCOUNTANTS</b>		<b>FOR AND ON BEHALF OF HINAFIL INDIA LTD.</b>	
<b>(RAMESH KUMAR JANI) PROPRIETOR</b>		<b>B.H. SHAIKH MNG. DIRECTOR</b>	<b>KANEEZ SHAIKH DIRECTOR</b>
<b>PLACE : MUMBAI DATED : 22/08/2009</b>		<b>PLACE : MUMBAI DATED : 22/08/2009</b>	

# HINAFIL INDIA LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCHEDULE	AS AT 31/03/2009	AS AT 31/03/2008
<b>INCOME :</b>			
Sales including other income	‘J’	11,539,063	8,923,062
Stock Differential	‘K’	(345,692)	110,712
Total (a)		<u>11,193,371</u>	<u>9,033,774</u>
<b>EXPENDITURE :</b>			
Purchases for resale		1,157,497	---
Less : Closing Stock		175,041	---
		982,456	---
Manufacturing Expences	‘L’	8,383,562	10,964,405
Administrative & Other Expences	‘M’	1,601,048	1,399,750
Depreciation		2,123,371	2,122,816
Total (b)		<u>13,090,437</u>	<u>14,486,971</u>
Net Profit/(Loss) for the year before tax		(1,897,066)	(5,453,196)
Provision for taxation			
Fring Benefit Tax		18,194	19,886
Short / Excess provision of earlier years		---	3,544
Net Profit / Loss after tax		(1,915,260)	(5,476,626)
Balance as per Last Balance Sheet		(31,891,698)	(26,415,071)
Balance carried to Balance Sheet		(33,806,958)	(31,891,698)
<b>EARNING / (loss) PER SHARE :</b>			
Basic & Diluted		(0.034)	(0.098)
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>		‘N’	
AS PER OUR REPORT OF EVEN DATE			
FOR RAMESH GAUTAM & CO. CHARTERED ACCOUNTANTS		FOR AND ON BEHALF OF HINAFIL INDIA LTD.	

# HINAFIL INDIA LIMITED

(RAMESH KUMAR JANI)  
PROPRIETOR

B.H. SHAIKH  
MNG. DIRECTOR

KANEEZ SHAIKH  
DIRECTOR

PLACE : MUMBAI  
DATED : 22/08/2009

PLACE : MUMBAI  
DATED : 22/08/2009

	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
<b>SCHEDULE 'A' :</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
250,000,000 (PY 171,000,000) Equity Shares of Rs. 1/- each	250,000,000	250,000,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
56,055,000 (PY 56,055,000) Equity Shares of Rs. 1/- each	56,055,000	56,055,000
TOTAL	<u>56,055,000</u>	<u>56,055,000</u>
<b>SCHEDULE 'B' :</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium Account	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>
<b>SCHEDULE 'C' :</b>		
<b>SECURED LOANS</b>		
Term Loan from Canara Bank	9,375,000	9,375,000
Unpaid Interest on Term Loan	3,603,750	3,603,750
Cash Credit from Canara Bank	4,451,636	4,451,636
Canara Bank – CC DPN A/c	19,000,000	19,000,000
Unpaid Interest on Cash Credit	117,232	117,232
TOTAL	<u>36,547,618</u>	<u>36,547,618</u>

Notes :

- The above credit facilities from Canara Bank are secured by Equitable Mortgage of Factory Land & Building, hypothecation of entire plant and machineries, stock and book debts. Further secured by collateral security of non factory building and personal guarantee of Directors.

# HINAFIL INDIA LIMITED

<b>SCHEDULE 'D': FIXED ASSETS</b>		<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>			<b>NET BLOCK</b>	
<b>PARTICULARS</b>	<b>Balance as on 01.04.08 Rs.</b>	<b>Additions</b>	<b>Balance as on 31.03.09 Rs.</b>	<b>Up to 01.04.08 Rs.</b>	<b>During The year Rs.</b>	<b>up to 31.03.09 Rs.</b>	<b>As at 31.03.08 Rs.</b>	<b>As at 31.03.09 Rs.</b>	
Land & Site Develop	1,000,884	---	1,000,884	---	---	---	1,000,884	1,000,884	
Factory Building	9,502,055	---	9,502,055	2,709,081	317,369	3,026,450	6,792,974	6,475,605	
Non Factory Building	2,270,420	---	2,270,420	446,731	37,008	483,739	1,823,689	1,786,681	
Plant & Machinery	30,976,474	32,625	31,009,099	18,849,124	1,471,930	20,321,054	12,127,350	10,688,045	
Office Equipment	107,483	---	107,483	55,503	5,105	60,608	51,980	46,875	
Furniture & fixture	42,610	1,480	44,090	32,046	2,705	34,751	10,564	9,339	
Electrical Fittings	3,177,592	---	3,177,592	1,309,677	150,936	1,460,613	1,867,915	1,716,979	
Vehicle	1,435,018	---	1,435,018	1,177,519	136,327	1,313,846	257,499	121,172	
Computer etc.	6,999	---	6,999	1,020	510	1,530	5,979	5,469	
Weighing Machine	31,195	---	31,195	16,807	1,482	18,289	14,388	12,906	
<b>Total</b>	<b>48,550,730</b>	<b>34,105</b>	<b>48,584,835</b>	<b>24,597,508</b>	<b>2,123,371</b>	<b>26,720,879</b>	<b>23,953,222</b>	<b>21,863,956</b>	
<b>Previous Year</b>	<b>48,550,730</b>	<b>---</b>	<b>48,550,730</b>	<b>22,474,693</b>	<b>2,122,816</b>	<b>24,597,508</b>	<b>26,076,037</b>	<b>23,953,222</b>	



# HINAFIL INDIA LIMITED

	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
<b>SCHEDULE 'E' :</b>		
<b>INVESTMENTS (Long Term, Non Trade, Fully Paid, At Cost)</b>		
Shares of Bombay Mercantile Co-op Bank (Unquoted)	14,795	14,795
TOTAL	<u>14,795</u>	<u>14,795</u>
<b>SCHEDULE 'F' :</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
Outstanding for more than six months	29,307,619	29,504,980
Others	1,377,025	2,474,332
TOTAL	<u>30,684,644</u>	<u>31,979,312</u>
<b>SCHEDULE 'G' :</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	1,477,503	1,280,218
Bank balance with Scheduled Bank		
In Current Account	56,638	54,606
In Fixed Deposit A/c	10,000	10,000
Bank balance with Non Scheduled Bank	2,631	424
TOTAL	<u>1,546,772</u>	<u>1,345,248</u>
<b>SCHEDULE 'H' :</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured considered good)		
Advances recoverable in cash or kind or for value to be received	11,955,251	6,010,383
Other Deposit	1,518,765	1,443,765
Advances against Machinery	100,000	100,000
TOTAL	<u>13,574,016</u>	<u>7,554,148</u>
<b>SCHEDULE 'I' :</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for goods	1,727,788	3,380,352
Sundry Creditors – Others	1,536,825	1,757,718
Advances Received	10,480,778	4,058,980
	<u>13,745,391</u>	<u>9,197,050</u>
<b>PROVISIONS</b>		
Provisions for taxation – FBT	18,194	19,886
TOTAL	<u>18,194</u>	<u>19,886</u>
	<u>13,763,585</u>	<u>9,216,936</u>

# HINAFIL INDIA LIMITED

	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
<b>SCHEDULE 'J' :</b>		
<b>SALES INCLUDING OTHER INCOME</b>		
Manufacturing Sales	10,199,468	8,830,202
Trading Sales	1,339,595	---
Job Charges income	---	92,860
TOTAL	<u>11,539,063</u>	<u>8,923,062</u>
<b>SCHEDULE 'K' :</b>		
<b>STOCK DIFFERENTIAL</b>		
Opening Stock		
Finished Goods	789,827	675,000
Wastage	21,325	25,440
(a)	<u>811,152</u>	<u>700,440</u>
Less :		
Closing Stock	465,460	789,827
Finished Goods	---	21,325
Wastage	465,460	811,152
(b)	<u>465,460</u>	<u>811,152</u>
TOTAL (b-a)	<u>(345,692)</u>	<u>110,712</u>
<b>SCHEDULE 'L' :</b>		
<b>MANUFACTURING EXPENCES</b>		
Raw Material Consumed :		
Opening Stock	1,862,901	2,667,040
Add : Purchases during the year	5,736,408	6,721,457
	<u>7,599,309</u>	<u>9,388,497</u>
Less : Closing Stock	1,822,614	1,862,901
	<u>5,776,695</u>	<u>7,525,596</u>
Packing Material Consumed :		
Opening Stock	396,143	326,840
Add : Purchases during the year	218,000	267,374
	<u>614,143</u>	<u>594,214</u>
Less : Closing Stock	401,011	396,143
	<u>213,132</u>	<u>198,071</u>
Consumption of Stores & Spares Parts	87,035	101,521
Consumption of Power & Fuel	2,005,149	2,772,913
Water & Drainage Charges	30,316	23,780
Wages & Labour Charges	140,497	233,046
Consumption of Chemicals	131,138	109,478
TOTAL	<u>8,383,562</u>	<u>10,964,405</u>

# HINAFIL INDIA LIMITED

	AS AT 31/03/2009 Rs.	AS AT 31/03/2008 Rs.
<b>SCHEDULE 'M' :</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENCES</b>		
Annual Listing Fees	25,750	23,600
Audit Fees	19,303	19,663
Bank Charges	38,694	48,070
Conveyance Expenses	31,718	49,606
Director Remuneration	120,000	120,000
General Expenses	16,147	31,149
Insurance Charges	6,865	16,654
Legal & Professional Charges	32,000	115,070
Motor Car Expenses	100,082	55,823
Office Maintenance	139,732	---
Postage Charges	4,880	7,839
Printing & Stationery	8,334	14,651
Repairs & Maintenance	116,937	115,356
Rents, Rates & Taxes	---	50,048
Salaries & Emoluments	379,595	422,811
Staff Welfare	19,823	17,328
Transportation, Clearing & Cartage	178,800	80,803
Travelling Expenses	11,663	7,669
Telephone Charges	69,640	87,677
Sales Tax Paid	28,906	1,500
Share Transfer Charges	56,940	54,071
Rebate, Discount & Write offs (Net)	103,261	5,136
Security Charges	51,185	18,478
Annual Custodial Charges	40,793	36,748
TOTAL	1,601,048	1,399,750

# HINAFIL INDIA LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2009

	Amount in Rs 31/03/2009	Amount in Rs 31/03/2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(1,897,066)	(5,453,196)
Adjustment for :Depreciation	2,123,371	2,122,816
Interest on Borrowings	---	---
<b>OPERATING PROFIT BEFORE WORKING CAP. CHANGES</b>	<b>226,305</b>	<b>(3,330,381)</b>
Adjustment for : Trade & Other Receivables	(4,725,200)	(428,500)
Inventories	206,070	624,124
Trade & Other Payable	4,548,341	2,964,334
Cash Generated from Operations	255,516	(170,423)
Interest Paid	---	---
Direct Taxes Paid	(19,887)	(25,814)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b><u>235,629</u></b>	<b><u>(196,237)</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(34,105)	---
Sale of fixed assets	---	---
Investment during the year	---	---
Advances against machineries	---	---
Interest Income	---	---
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b><u>(34,105)</u></b>	<b><u>---</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / Decrease in Borrowings	---	(36,322)
Issue of Equity Shares with premium	---	---
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b><u>---</u></b>	<b><u>(36,322)</u></b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>201,524</b>	<b>(232,559)</b>
Cash & Cash equivalent as at 1.4.2008 (Opening Balance)	1,345,248	1,577,807
Cash & Cash equivalent as at 31.3.2009 (Closing Balance)	<b><u>1,546,772</u></b>	<b><u>1,345,248</u></b>
Notes : Figures in Brackets represent outflow		
AS PER OUR REPORT OF EVEN DATE		
<b>FOR RAMESH GAUTAM &amp; CO.</b> <b>CHARTERED ACCOUNTANTS</b>  <b>(RAMESH KUMAR JANI)</b> <b>PROPRIETOR</b>  <b>PLACE : MUMBAI</b> <b>DATED : 22/08/2009</b>	<b>FOR AND ON BEHALF OF</b> <b>HINAFIL INDIA LTD.</b>  <b>B.H. SHAIKH</b> <b>KANEEZ SHAIKH</b> <b>MNG. DIRECTOR</b> <b>DIRECTOR</b>  <b>PLACE : MUMBAI</b> <b>DATED : 22/08/2009</b>	

# HINAFIL INDIA LIMITED

## **SCHEDULE 'N' :**

### **SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

#### **I. SIGNIFICANT ACCOUNTING POLICIES :**

- a) Basis of accounting :  
The financial statements have been prepared under the historical cost convention, in accordance with applicable mandatory Accounting Standards issued by ICAI and relevant provisions of companies Act, 1956.
- b) The Company generally follows mercantile System of Accounting recognising significant items of income & expenditure on accrual basis of accounting, except dividend on investment, if any.
- c) Going Concern Basis :  
In the year 2004-05, the company sustained major losses on account of fire at the Factory on 13<sup>th</sup> October, 2004 and majority of the plant were destroyed and stocks was gutted in the fire. The company is yet to receive insurance claim for the same. In the opinion of the Management the assets of the Company were fully insured and for which it is hopeful getting the claims as also it has further plans to enhance and strengthen the capital base to carry out its operations and therefore the accounts have been prepared on going concern basis.
- d) 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.
- e) 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 finished products in determined on absorption costing method.
- f) Investments are stated at cost.
- g) 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.
- h) Excise duty is accounted at the stage of removal of goods from bonded warehouse.
- i) Gratuity and other retirement benefits will be accounted & paid on cash basis.
- j) 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.
- k) 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. Current tax provision made as per applicable tax rates under IT Act, 1961.
- l) 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.

# HINAFIL INDIA LIMITED

m) 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.

**II. NOTES ON ACCOUNTS :**

1. In the opinion of the Management and to the best of their knowledge and behalf, the Current Assets, Loans & Advances have a value an realization in the ordinary course of business, at least equal to the amount at which the same are stated in the Balance Sheet.
2. Balances of Debtors, Creditors, Loans & Advances, Deposits, and other loans are as per books and are subject to confirmation from respective parties.
3. 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.
4. Inventories are taken, as taken, valued and certified by the Management.
5. Auditors Remuneration :

	2008 - 2009	2007 - 2008
Audit Fees	13,788/-	13,788/-
Tax Audit Fees	5,515/-	5,515/-
<b>TOTAL</b>	<b>19,303/-</b>	<b>19,303/-</b>

6. Managerial remuneration under sec. 309 (3) of the Companies Act, 1956; paid to Managing Director Rs. 1,20,000/- (previous year Rs. 1,20,000/-)
7. 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.
8. The Company has not done actuarial valuation of Gratuity Liability hence no provisions has been made for the Gratuity in the books of account.
9. Quantitative details pursuant to the provisions of Part II of Schedule VI to the Companies Act, 1956 as far as applicable :

**A. Particulars of Capacity and production (In MTS)**

- I. Licensed Capacity N.A.
- II. Installed Capacity / Production \*

	Installed Capacity		production	
	2008 - 2009	2007 - 2008	2008 - 2009	2007 - 2008
Unit – I	750 MT	750 MT	59.79	62.80
Unit – II	210 MT	210 MT	---	---

\*As certified by the management being technical matter.

**B. TURNOVER**

(Rs. in lacs)

Items	2008 – 2009		2007 – 2008	
	Qty. (MT)	Amount	Qty. (MT)	Amount
Nylon / Polyester Mono-filament Yarn	61.80	101.99	65.00	88.30
Trading – monofilament yarn	30.41	13.40	---	---
Labor Charges	---	---	---	0.93

# HINAFIL INDIA LIMITED

## C. STOCK

(Rs. in lacs)

Item	Opening Stock				Closing Stock			
	01.04.2008		01.04.2007		31.03.2009		31.03.2008	
	Qty. (MT)	Amt.	Qty. (MT)	Amt.	Qty. (MT)	Amt.	Qty. (MT)	Amt.
Finished Goods								
Monofila. Yarn	4.22	7.90	3.750	6.75	3.059	4.65	4.22	7.90
Raw Material	17.54	18.63	16.880	26.67	28.00	18.23	17.54	18.63
Trading Goods	---	---	---	---	5.337	1.75	---	---
Pack. Material	LS	3.96	LS	3.27	LS	4.01	LS	3.96
Fuel & Oil	---	---	---	---	---	---	---	---
Stores & Spares	---	---	---	---	---	---	---	---
Chemicals	---	---	---	---	---	---	---	---
Wastage	1.488	0.21	1.696	0.25	---	---	1.488	0.21

## D. RAW MATERIALS CONSUMED :

(Rs. in lacs)

Items	2008 – 2009		2007 – 2008	
	Qty.	Amount	Qty.	Amount
Nylon / Polyester Chips – Indigenous	62.88	57.77	63.65	75.26
Polyester Yarn / Waste for trading - imported	30.45	9.82	---	---

Note : Quantitative details given above are taken as taken and certified by the Management.

- E. Earnings in foreign currency - Rs. Nil (previous year Rs. Nil)  
 Expenditure in foreign currency -  
 Goods Imported - Rs. 9.82 Lac (PY Rs. Nil)
- F. Additional information required under Schedule VI of the Companies Act, 1956 is either Nil or not applicable.
10. 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.
11. 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.
12. 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 31/03/09 in Rs. Payable (P) Receivable (R)
Shri. Badrul Haq Shaikh	Managing Director	Office Deposit	7,51,000/-	7,51,000/- (R)
Shri. Badrul Haq Shaikh	Managing Director	Director Remuneration	1,20,000/-	Nil
Shri. P. C. Kansal	Director Chairman	Loans given	12,40,000/-	15,52,800/- (R)

## HINAFIL INDIA LIMITED

M/s. B. H. & Sons	Partnership firm where Directors are partner	Loans given	21,00,000/	27,95,750/- (R)
M/s. Hasanali & Co	Partnership firm where relative of directors are partner	Loan given	10,00,000/-	10,00,000/- (R)

13. Figures of previous year have been regrouped, reclassified wherever necessary.  
 14. Schedule A to N are annexed to and forming part of the statement of Audited Accounts.  
 15. Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I. REGISTRATION DETAILS</b>		
Registration No.		15974
State Code No.		04
Balance Sheet Date		31.03.2009
<b>II. CAPITAL RAISED DURING THE YEAR</b>		
Public Issue		Nil
Right Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>		Amt. in Rs.
Total Liabilities		94602618
Total Assets		94602618
<b>SOURCES OF FUNDS</b>		
Paid up capital		56055000
Reserves & Surplus		2000000
Secured Loans		36547618
Unsecured Loans		Nil
Deferred tax liability		Nil
<b>APPLICATION OF FUNDS</b>		
Net Fixed Assets		21863956
Investments		14795
Deferred Tax Assets (Net)		4010936
Net Current Assets		34905973
Misc. Expenditure		Nil
Accumulated Losses		33806958
<b>IV. PERFORMANCE OF THE COMPANY</b>		
Income earned		11193371
Total Expenditure		13090857
Loss before tax		1897486
Loss after tax		1915260



# HINAFIL INDIA LIMITED

Loss per share (Basic & Diluted)	0.034
Dividend Rate %	Nil
V. GENERAL NAME OF PRINCIPLE PRODUCT OF THE COMPANY (As per monetary Terms)	
Item Code No.	540410.00
Product Description	Nylon/Polyester Monofilament yarn
AS PER OUR REPORT OF EVEN DATE	SIGNATURE TO SCHEDULE A TO N
<b>FOR RAMESH GAUTAM &amp; CO. CHARTERED ACCOUNTANTS</b>	<b>FOR AND ON BEHALF OF HINAFIL INDIA LTD.</b>
<b>(RAMESH KUMAR JANI) PROPRIETOR</b>	<b>B.H. SHAIKH MNG. DIRECTOR</b>
	<b>KANEEZ SHAIKH DIRECTOR</b>
<b>PLACE : MUMBAI DATED : 20/08/2009</b>	<b>PLACE : MUMBAI DATED : 20/08/2009</b>

**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 Wednesday,  
30<sup>th</sup> September, 2009 at 11.00 a. m. at Plot No. 786/2, 40 Shed Area, GIDC, Vapi – 396 195,  
and at any adjournment thereof.

Affix Revenue Stamp Rs. 1/-
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Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.  
Regd., Folio No. : \_\_\_\_\_  
No. of Shares Held : \_\_\_\_\_ Signature : \_\_\_\_\_

Signature of Shareholder

Notes :

- 1) Proxies, in order or to be effective, must be received at the registered office of 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
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# HINAFIL INDIA LIMITED

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## 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 Wednesday, 30<sup>th</sup> September, 2009 at 11.00 a. m. at Plot No. 786/2, 40 Shed Area, GIDC, Vapi – 396 195.

\_\_\_\_\_  
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.