

**20<sup>TH</sup>**  
**Annual Report**  
**2010-2011**

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**HINAFIL INDIA LIMITED**

# HINAFIL INDIA LIMITED

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## **BOARD OF DIRECTORS**

Shri Suchat Saran Mathur -Chairman  
Shri Badrul Haq Shaikh -Managing Director  
Shri Gopal Sheena Shetty -Director  
(Up to 13.04.2011)  
Shri Mohd.Rafique Mohd.  
Ismail Shaikh -Director  
Shri Kaneez Fatima Shaikh -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 Compound , L B S Marg  
Bhandup West Mumbai 400078

## **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**

Date : 30<sup>TH</sup> September 2011  
Place: Phase 4 Shed No. C 1B/6  
127 GIDC Estate Vapi 3961965

# HINAFIL INDIA LIMITED

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## NOTICE

Notice is hereby given that Tewntieth 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 Friday 30<sup>th</sup> September 2011 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 2010 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 Mr Mohammed Rafique Mohd. Shaikh 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.

For and on behalf of Board of Directors

Place : Mumbai

Date : 23.08.2011

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 15<sup>th</sup> September 2011 to 30<sup>th</sup> September 2011 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 : 23.08.2011

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 Bfor the year ended on 31<sup>st</sup> March 2011.

1. <b><u>FNANCIAL RESULTS</u></b> :	Year ended 31.03.2011	Rs. in '000 Year ended 31.03.2010
Sales/Income	14,913.77	9,782.76
Total Expenditure	27,296.42	13,816.45
Profit Before Taxation	-12382.65	-4,033.68
Provision for Tax		
Fringe benefit Tax	4,010.93	0.00
Short/excess Provision for earlier Years	0.00	3.13
Net Profit after Taxation	-16393.58	-4036.81

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 increases form Rs.93,06,272/- to Rs. 1,49,13,768/-

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 2010.

5. **DIRECTORS** :

Mr Mohammed Rafique Mohd. Shaikh retire by rotation and being eligible offered himself 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 raeliest.

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

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- 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 31<sup>st</sup> March 2011 :-

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 2010.
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 : 23.08.2011

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 2010-11

### 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, 1 is Non executive and 3 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 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 2010, 2) 31<sup>st</sup> July 2010, 3) 25<sup>th</sup> August 2010 4) 31<sup>st</sup> October 2010, 4) 31<sup>st</sup> March 2011

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 <sup>th</sup> September, 2010
Mr. Suchet Saran Mathur	Director	Independent Director	5	5	Present
Mr. Badrulhaq Hasanali Shaikh	Managing Director	Executive Director	5	5	Present
Mr. Gopal Shetty	Director	Independent Director	4	4	Present
Mr. Mohd. Rafique Mohd. Ismail Shaikh	Director	Independent Director	5	5	Present
Ms. Kaneez Fatima Shaikh	Director	Non-Executive Director	5	5	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.

# HINAFIL INDIA LIMITED

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. Mohammed Rafiqe Mohd. Shaikh**

Mr. Mohammed Rafique Mohd. Shaikh aged 33 years, independent Director of the Company having a graduate degree expertise in specific functional areas. He has wide experience in technical aspects of manufacturing processes.

## **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:

<b>Name of Director</b>	<b>Sitting Fees (Rs.)</b>	<b>Salary &amp; Perquisites (Rs.)</b>
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 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.

# HINAFIL INDIA LIMITED

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

1) 30<sup>th</sup> April 2010, 2) 31<sup>st</sup> July 2010, 3) 25<sup>th</sup> August 2010 4) 31<sup>st</sup> October 2010, 4) 31<sup>st</sup> March 2011

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) 30<sup>th</sup> April 2010, 2) 31<sup>st</sup> July 2010, 3) 25<sup>th</sup> August 2010 4) 31<sup>st</sup> October 2010, 4) 31<sup>st</sup> March 2011

### **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. 2011-12.

### **5. General Body Meetings :**

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

Financial Year	Date	Location	Time
2007 - 2008	29 <sup>th</sup> September, 2008	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.
2008 - 2009	30 <sup>th</sup> September, 2009	Plot No. 786/2, 40 Shed Area, GIDC, VAPI – 396 195	11. A. M.
2009 - 2010	30 <sup>th</sup> September, 2010	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

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- 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 31<sup>st</sup> March 2011.

## 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 31<sup>st</sup> March 2011.

## 9. General Shareholder Information :

- A. Annual General Meeting :**
- |       |   |  |
|-------|---|--|
| Day   | : | Friday   |
| Date  | : | 30 <sup>th</sup> September, 2011   |
| Time  | : | 11 A.M.  |
| Venue | : | Phase 4, shed No. C1B / 6127, GIDC Estate,<br>VAPI – 396195, Dist – Valsad, Gujarat. |
- B. Dates of Book Closure :** 15<sup>th</sup> September, 2011 to  
30<sup>th</sup> September 2011  
(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 31<sup>st</sup> March 2011 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
<b>Total</b>	<b>9308</b>	<b>100.0000</b>	<b>56055000</b>	<b>100.0000</b>

**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, 2011**

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
<b>TOTAL</b>	<b>9308</b>	<b>56,055,000</b>	<b>100.00</b>

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 31<sup>st</sup> 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, 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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## 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 31.03.2011.

Place : Vapi  
Date : 23.08.2011

Sd/-  
Managing Director

## CEO & CFO CERTIFICATION

The Board of Directors  
Hinafil India Limited  
Vapi

### Re-financial Statements for the year ended 31.03.2011 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 31.03.2011 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 31.03.2011 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 international 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 noted 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 : 23.08.2011

Sd/-  
Managing Director

# 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, 2011, 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

Place : Surat  
Date : 23.08.2011

**Kunjal Dalal**  
Proprietor

# HINAFIL INDIA LIMITED

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## 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.14913768.00.

### **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: 23.08.2011

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 31<sup>st</sup> MARCH, 2011, 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 'O').***  
***(d) The Company has defaulted in repayment of Term Loan & Working Capital loan taken from Canara Bank, Tha 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 including arrears of interest till balance sheet date.***

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 31<sup>st</sup> March, 2011, we report that non of the Directors is disqualified as on 31<sup>st</sup> 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

# HINAFIL INDIA LIMITED

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, 2011;
- 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 : 23.08.2011**

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

## **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 31/03/2011.**

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 Major Fixed Asset Of The Company Viz. Land With Factory/Non Factory Building, Plant & Machineries, Electrical Installation Etc. Are Auctioned By Canara Bank And Partly Recovered Defaulted Term Loan And Cash Credit Loan Granted To The Company  
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.  
According to the information and explanations given to us and after taking note of the fact that the Canara Bank has auctioned major fixed assets of the company to recovery Term Loan and Cash Credit Loans. Due to this, we are of the 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 three parties, to whom the company has granted such loans; maximum amount involved of such loan granted is Rs. 58.98 Lacs & the year-end outstanding balance of such loan granted is Rs. 39.97 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,

## HINAFIL INDIA LIMITED

- 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 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/-

- 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. 54237363/- as at 31<sup>st</sup> March 2011, which is



## HINAFIL INDIA LIMITED

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exceeding fifty percent of its net worth. The Company has incurred financial cash losses during the year at Rs. 11805823/- (Last Year Rs. 1902670/-).

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 auctioned immovable properties and Stock of the company during the year and recovered part of defaulted amount. The Company is still to pay Rs. 20166907/- towards Term Loan and Rs. 7214963/- towards working capital loan as at 31/03/2011. 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.
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**

**Place : Mumbai  
Date : 23.08.2011**

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

# HINAFIL INDIA LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31/03/2011	AS AT 31/03/2010
<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’	27,784,689	37,036,848
TOTAL		<u>85,839,689</u>	<u>95,091,848</u>
<b>APPLICATION OF FUNDS :</b>			
FIXED ASSETS	‘D’		
I) Gross Block		2,259,505	49,289,040
II) Depreciation		1,591,477	28,851,898
III) Net Block		668,028	20,437,142
INVESTMENTS	‘E’	14,795	14,795
DEFERRED TAX ASSETS (Net)		-	4,010,936
CURRENT ASSETS, LOANS & ADVANCES			
Inventories		1,482,706	2,128,287
Sundry Debtors	‘F’	20,729,983	27,469,048
Cash & Bank Balance	‘G’	4,616,959	4,464,307
Loans & Advances	‘H’	16,648,089	14,117,630
(a)		<u>43,477,728</u>	<u>48,179,272</u>
Less :			
CURRENT LIABILITIES & PROVISION	‘I’		
Sundry Creditors		12,558,225	15,394,073
(b)		<u>12,558,225</u>	<u>15,394,074</u>
Net Current Assets (a-b)		30,919,503	32,785,199
<b>PROFIT &amp; LOSS ACCOUNT</b>		<u>54,237,636</u>	<u>37,843,776</u>
TOTAL		<u>85,839,689</u>	<u>95,091,848</u>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>		‘N’	
AS PER OUR REPORT OF EVEN DATE			
<b>FOR RAMESH GAUTAM &amp; CO.</b>		<b>FOR AND ON BEHALF OF</b>	
<b>CHARTERED ACCOUNTANTS</b>		<b>HINAFIL INDIA LTD.</b>	
<b>(RAMESH KUMAR JANI)</b>		<b>B.H. SHAIKH</b>	<b>KANEEZ SHAIKH</b>
<b>PROPRIETOR</b>		<b>MNG. DIRECTOR</b>	<b>DIRECTOR</b>
<b>PLACE : MUMBAI</b>		<b>PLACE : MUMBAI</b>	
<b>DATED : 23/08/2011</b>		<b>DATED : 23/08/2011</b>	

# HINAFIL INDIA LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

PARTICULARS	SCHEDULE	AS AT 31/03/2011	AS AT 31/03/2010
<b>INCOME :</b>			
Sales including other income	‘J’	14,913,768	9,306,272
Stock Differential	‘K’	-	476,495
Total (a)		<u>14,913,768</u>	<u>9,782,767</u>
<b>EXPENDITURE :</b>			
Manufacturing & Other Expences	‘L’	8,204,945	9,467,277
Administrative & Other Expences	‘M’	1,640,801	2,194,654
Interest & Finance Charges	‘N’	16,873,845	23,507
Depreciation		576,828	2,131,019
Total (b)		<u>27,296,419</u>	<u>13,816,456</u>
Net Profit/(Loss) for the year before tax		(12,382,651)	(4,033,689)
Provision for taxation			
Deferred Taxation – Reserved		4,010,936	-
Short / Excess provision of earlier years		-	3,129
Net Profit / Loss after tax		(16,393,587)	(4,036,818)
Balance as per Last Balance Sheet		(37,843,776)	(33,806,958)
Balance carried to Balance Sheet		(54,237,363)	(37,843,776)
<b>EARNING / (loss) PER SHARE :</b>			
Basic & Diluted		(0.292)	(0.07)
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>		<b>‘O’</b>	
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 : 23/08/2011</b>		<b>PLACE : MUMBAI DATED : 23/08/2011</b>	

# HINAFIL INDIA LIMITED

	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.
<b>SCHEDULE 'A' :</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
250,000,000 (PY 250,000,000) 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
<b>TOTAL</b>	<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	20,166,907	31,978,750
Cash Credit from Canara Bank	7,214,963	4,568,868
HDFC Bank Car Loan	402,819	489,230
<b>TOTAL</b>	<u>27,784,689</u>	<u>37,036,848</u>
Notes :		
1. 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.		
<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
<b>TOTAL</b>	<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	18,657,997	25,085,176
Others	2,071,986	2,383,872
<b>TOTAL</b>	<u>20,729,983</u>	<u>27,469,048</u>
<b>SCHEDULE 'G' :</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	471,134	4,371,179
Bank balance with Scheduled Bank		
Bank of india	76,970	58,718
Canara Bank-No lien A/c	4,005,000	---
Canara Bank Current A/c	52,412	---
In Fixed Deposit A/c	10,000	10,000
Bank balance with Non Scheduled Bank	1,434	24,410
<b>TOTAL</b>	<u>4,616,951</u>	<u>4,464,307</u>

# HINAFIL INDIA LIMITED

SCHEDULE 'D' : FIXED ASSETS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	Balance as on 01.04.10 Rs.	Additions Rs.	Deletions Rs.	Balance as on 31.03.11 Rs.	Up to 01.04.10 Rs.	During The year Rs.	Deletions Rs.	up to 31.03.11 Rs.	As at 31.03.10 Rs.	As at 31.03.11 Rs.				
Land & Site Develop	1,000,884	---	1,000,884	---	---	---	---	1,000,884	---	---	---	---		
Factory Building	9,502,055	---	9,502,055	3,343,818	193,851	3,537,669	---	6,158,237	---	---	---	---		
Non Factory Building	2,270,420	---	2,270,420	520,747	28,520	549,267	---	1,749,673	---	---	---	---		
Plant & Machinery	31,009,099	101,675	31,110,774	21,793,986	208,666	22,002,652	---	9,215,113	---	---	---	---		
Office Equipment	107,483	---	---	107,483	1,984	---	---	41,698	67,698	---	---	39,785		
Furniture & fixture	47,090	8,750	55,840	---	3,149	40,755	---	9,484	---	---	---	---		
Electrical Fittings	3,183,592	63,534	3,247,126	---	74,690	1,686,465	---	1,571,817	---	---	---	---		
Vehicle	2,218,523	---	---	2,128,523	63,912	---	---	672,755	1,519,680	---	---	608,843		
Computer etc.	6,999	16,500	---	23,499	1,435	---	---	4,335	4,099	---	---	19,400		
Weighing Machine	32,895	---	32,895	---	621	20,441	---	13,075	---	---	---	---		
<b>Total</b>	<b>49,289,040</b>	<b>190,459</b>	<b>47,219,994</b>	<b>2,259,505</b>	<b>28,851,898</b>	<b>576,828</b>	<b>27,837,249</b>	<b>1,591,477</b>	<b>20,437,142</b>	<b>668,028</b>	<b>---</b>	<b>---</b>		
<b>Previous Year</b>	<b>48,584,835</b>	<b>704,205</b>	<b>---</b>	<b>49,289,040</b>	<b>26,720,879</b>	<b>2,131,019</b>	<b>---</b>	<b>28,851,898</b>	<b>21,863,956</b>	<b>20,437,142</b>	<b>---</b>	<b>---</b>		

# HINAFIL INDIA LIMITED

	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.
<b>SCHEDULE 'H' :</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured considered good)		
Advances recoverable in cash or kind or for value to be received	14,821,396	12,498,865
Other Deposit	1,726,693	1,518,765
Advances against Machinery	100,000	100,000
TOTAL	<u>16,648,089</u>	<u>14,117,630</u>
<b>SCHEDULE 'I' :</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
CURRENT LIABILITIES		
Sundry Creditors for goods	1,655,348	1,655,348
Sundry Creditors – Others	1,002,877	1,273,913
Advances Received	9,900,000	12,464,812
	<u>12,558,225</u>	<u>15,394,073</u>
<b>SCHEDULE 'J' :</b>		
<b>SALES INCLUDING OTHER INCOME</b>		
Manufacturing Sales	---	9,004,414
Trading Sales	8,553,374	273,080
Profit on sale of fixed assets	6,331,616	---
Interest received	28,778	28,778
TOTAL	<u>14,913,768</u>	<u>9,306,272</u>
<b>SCHEDULE 'K' :</b>		
<b>STOCK DIFFERENTIAL</b>		
Opening Stock		
Finished Goods	888,072	465,460
Wastage	53,883	--
	(a) <u>941,955</u>	465,460
Less :		
Closing Stock		
Finished Goods	888,072	888,072
Wastage	53,883	53,883
	(b) <u>941,955</u>	941,955
TOTAL	(b-a) <u>--</u>	<u>476,495</u>
<b>SCHEDULE 'L' :</b>		
<b>MANUFACTURING &amp; OTHER EXPENCES</b>		
Raw Material & Trading goods :		
Opening Stock	612,775	1,997,655
Add : Purchases during the year	7,304,239	4,748,742
	<u>7,917,014</u>	6,746,397
Less : Closing Stock	540,751	612,775
	<u>7,376,263</u>	6,133,622
Packing Material Consumed :		
Opening Stock	560,639	401,011
Add : Purchases during the year	11,923	439,948
	<u>572,562</u>	840,959
Less : Closing Stock	---	560,959
	<u>572,562</u>	280,320
Consumption of Stores & Spares Parts	51,048	184,253
Consumption of Power & Fuel	---	2,388,896
Water & Drainage Charges	---	27,033
Wages & Labour Charges	130,195	357,126
Consumption of Chemicals	74,877	96,027
TOTAL	<u>8,204,945</u>	<u>9,467,277</u>

# HINAFIL INDIA LIMITED

	AS AT 31/03/2011 Rs.	AS AT 31/03/2010 Rs.
<b>SCHEDULE 'M' :</b>		
<b>ADMINISTRATIVE &amp; OTHER EXPENCES</b>		
Annual Listing Fees	40,080	103,441
Audit Fees	19,303	19,303
Conveyance Charges	77,457	---
Conveyance Expenses	13,797	6,363
Director Remuneration	120,000	120,000
Electricity Charges	6,011	---
General Expenses	11,214	12,499
Insurance Charges	15,271	2,758
Legal & Professional Charges	201,207	72,575
Motor Car Expenses	95,186	114,849
Office Maintenance	58,560	57,168
Postage Charges	3,753	6,964
Printing & Stationery	7,998	18,941
Repairs & Maintenance	88,563	427,419
Rents, Rates & Taxes	150,000	49,164
Salaries & Emoluments	461,165	477,730
Staff Welfare	27,573	38,069
Transportation, Clearing & Cartage	49,789	224,527
Travelling Expenses	25,996	79,267
Telephone Charges	89,423	99,078
Sales Tax Paid	53,070	200
Share Transfer Charges	---	52,969
Rebate, Discount & Write offs (Net)	10,186	88,716
Security Charges	15,200	96,800
PF & ESIC	---	25,854
<b>TOTAL</b>	<b><u>1,640,801</u></b>	<b><u>2,194,654</u></b>
 <b>SCHEDULE 'N' :</b>		
<b>INTEREST &amp; FINANCE CHARGES</b>		
Interest paid to Bank-Term Loan	13,635,946	---
Interest Paid to Bank-Cash Credit	2,219,159	---
Interest paid – vehicle Loan	54,499	---
Bank Charges	964,241	23,507
<b>TOTAL</b>	<b><u>16,873,845</u></b>	<b><u>23,507</u></b>
 <b>SCHEDULE 'O' :</b>		
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES ON ACCOUNTS</b>		
<b>I. SIGNIFICANT ACCOUNTING POLICIES :</b>		
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, expert dividend on investment, if any.		
c) Going Concern Basis :	In the year 2004-05, a major fire broke out at the Factory situated at 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. 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.	
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.	

# HINAFIL INDIA LIMITED

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. Deferred tax of earlier years has also been reserved. 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.

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 on 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 :

	2010 - 2011	2009 - 2010
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 * |      |



# HINAFIL INDIA LIMITED

	Installed Capacity		production	
	2009 - 2011	2009 - 2010	2010 - 2011	2009 - 2010
Unit – I	750 MT	750 MT	---	77.31
Unit – II	210 MT	210 MT	---	---

\*As certified by the management being technical matter.

## B. TURNOVER

Items	(Rs. in lacs)			
	2009 – 2010		2008 – 2009	
	Qty. (MT)	Amount	Qty. (MT)	Amount
Nylon / Polyester Mono-filament Yarn	---	---	69.921	90.04
Trading – Yarn / Waste	142.60	85.53	5.26	2.73
Labor Charges	---	---	---	---

## C. STOCK

Item	Opening Stock				Closing Stock			
	01.04.2010		01.04.2009		31.03.2011		31.03.2010	
	Qty. (MT)	Amt.	Qty. (MT)	Amt.	Qty. (MT)	Amt.	Qty. (MT)	Amt.
Finished Goods								
Monofila. Yarn	5.111	8.88	3.059	4.65	5.111	8.88	5.111	8.88
Raw Material	5.625	6.13	28.00	18.23	4.625	5.41	5.625	6.13
Trading Goods	-	-	5.337	1.75	---	---	---	---
Pack. Material	LS	5.61	LS	4.01	LS	3.51	LS	5.61
Fuel & Oil	---	---	---	---	---	---	---	---
Stores & Spares	---	---	---	---	---	---	---	---
Chemicals	LS	0.13	---	---	LS	0.13	LS	0.13
Wastage	5.339	0.54	-	-	5.339	0.54	5.339	0.54

  

Items	2010 – 2011		2009 – 2010	
	Qty.	Amount	Qty.	Amount
Nylon / Polyester Chips – Indigenous	142.65	73.76	79.65	59.59

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. Nil (previous year 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 31/03/10 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	4,00,000/-	26,00,800/- (R)
M/s. B. H. & Sons	Partnership firm where Directors are	Loans given Repayment of	17,95,750/-	Nil

# HINAFIL INDIA LIMITED

M/s. Hasanali & Co	partner Partnership firm where relative of directors are partner	loan given Loan given	1,04,250/-	13,95,750/- (R)
--------------------	--	--------------------------	------------	-----------------

13. Figures of previous year have been regrouped, reclassified wherever necessary.  
 14. Schedule A to O 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.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	Amount in Rs 31/03/2011	Amount in Rs 31/03/2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(12,382,651)	(4,033,689)
Adjustment for :Depreciation	576,828	2,131,019
Profit on Sale of Fixed Assets	(6,331,616)	---
Other Income	(28,778)	(28,778)
Interest on Borrowings	15,909,604	---
<b>OPERATING PROFIT BEFORE WORKING CAP. CHANGES</b>	<b>(2,256,613)</b>	<b>(1,931,448)</b>
Adjustment for : Trade & Other Receivables	4,208,606	2,671,982
Inventories	645,581	735,839
Trade & Other Payable	(2,835,848)	1,648,682
Cash Generated from Operations	(238,273)	3,125,055
Interest Paid	(15,909,604)	---
Direct Taxes Paid	---	(21,323)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b><u>(16,147,878)</u></b>	<b><u>3,103,732</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(190,459)	(704,205)
Sale of fixed assets	25,714,361	---
Investment during the year	---	---
Advances against machineries	---	---
Interest Income	28,778	28,778
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b><u>(25,552,680)</u></b>	<b><u>(675,427)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / Decrease in Borrowings	(9,252,159)	489,230
Issue of Equity Shares with premium	---	---
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b><u>(9,252,159)</u></b>	<b><u>489,230</u></b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>152,644</b>	<b>2,917,535</b>
Opening Cash & Cash equivalent	4,464,307	1,546,772
Closing Cash & Cash equivalent	<u>4,616,951</u>	<u>4,464,307</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 : 23/08/2011**

**PLACE : MUMBAI  
DATED : 23/08/2011**

# 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	31.03.2011
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	85839689
	Total Assets	85839689
	SOURCES OF FUNDS	
	Paid up capital	56055000
	Reserves & Surplus	2000000
	Secured Loans	27784689
	Unsecured Loans	Nil
	Deferred tax liability	Nil
	APPLICATION OF FUNDS	
	Net Fixed Assets	668028
	Investments	14795
	Deferred Tax Assets (Net)	Nil
	Net Current Assets	30913768
	Misc. Expenditure	Nil
	Accumulated Losses	54237363
IV.	PERFORMANCE OF THE COMPANY	
	Income earned	14913768
	Total Expenditure	27296419
	Loss before tax	12382651
	Loss after tax	16393587
	Loss per share (Basic & Diluted)	0.292
	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 : 23/08/2011**

**PLACE : MUMBAI  
DATED : 23/08/2011**

# 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 Thursday, 30<sup>th</sup> September, 2011 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 \_\_\_\_\_ 2011.

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 Thursday, 30<sup>th</sup> September, 2011 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.