

NYLOFILS INDIA LIMITED

12th Annual Report

2010-2011

Certified True Copy

For NYLOFILS INDIA LTD.


Managing Director

BOARD OF DIRECTORS

Mr V. Venkateswara Rao	-	Managing Director
Mr. K. Lakshamana Prasad	-	Whole Time Director
Mr. S. Lova Raju	-	Director
Mr. Singamsetti Kishore	-	Director

AUDITORS

M/s. Rao & Kumar
Chartered Accountants
10-50-19
Soudamani
Siripuram Junc, Vishakapatnam-03

BANKERS

Axis Bank
7-27-8, Vyagram Road
T. Nagar,
Rajahmundry-533101

REGISTERED OFFICE

3-750 National Highway, Hukkumpeta,
Rajahmundry Andhra Pradesh-533103
e-mail id- nylofils@hotmail.com

SHARE TRANSFER

System Support Services
Gala no 209, Shivai Industrial
Estate, 89, Andheri Kurla Road
Sakinaka Andheri East,
Mumbai 400072
Tel.:022-28525098 / 5473,
Email: Sysss72@yahoo.com,

NOTICE

Notice is hereby given that the Twelfth Annual General Meeting of the Members of M/s Nylofiles India Limited will be held on Friday the 30th September 2011, at 10.a.m at Registered office of the Company at 3-750 National Highway, Hukkumpeta, Rajahmundry Andhra Pradesh-533103 to transact the following business.


ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 and Profit & Loss Account for the year ended on that date along with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Lova Raju, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Rao & Kumar, Chartered Accountants, Visakapatnam, (Firm Registration No. 003089S), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, at such remuneration and reimbursement of actual out of pocket expenses plus service tax as applicable as may be incurred in the performance of their duties, as the Board of Directors may fix in this behalf”.

**For and on behalf of the Board
For Nylofiles India Limited**


**V. Venkateswara Rao
Managing Director**

Place: Rajahmundry
Date :01st September 2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Registrar of Members and Share transfer books will remain closed from 29th September, 2011 to 30th September, 2011 (Both Days Inclusive) for the purpose of Annual General Meeting.
3. Members desiring any further information as regards the accounts or operations of the Company are requested to write to the Company so as to reach at least one week prior to the date of meeting for consideration of the management to deal at the meeting.
4. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. Pursuant to the requirement of the Listing Agreement of the Stock Exchange on Corporate Governance, relating to appointment of the Directors / reappointment of the retiring Directors, a statement containing the required details of the concerned Directors forms part of the Report on Corporate Governance.
6. Members are requested to bring their copy of annual report with them at the time of attending the Annual General Meeting.

For and on behalf of the Board of Directors
For Nylofils India Limited


V. Venkateswara Rao
Managing Director

Place: Rajahmundry
Date: 01st September 2011

Additional Information

(As per Clause 49 of the Listing Agreement)

As required under the Listing Agreement, the particulars of Directors who seek appointment/re-appointment are given below:

1.	Name	:	S. Lova Raju
	Age	:	29 Years
	Qualification	:	(B.Sc / Computers)
	Expertise	:	Fish Nets Business
	Other Directorships	:	Nil
	Shareholding in the Company	:	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 12th Annual Report on the business and operations together with Audited Annual accounts of your Company for the Financial year ended 31st March 2011.

FINANCIAL RESULTS

(Amt in Rs.)

Particulars	2010-2011	2009-2010
Total Income	Nil	Nil
Increase/(Decrease) in stocks	Nil	Nil
Total Expenditure before Interest & Depreciation	15,6308	10,000
Interest	Nil	Nil
Depreciation	210	696
Profit/Loss (-)	-156,518	-10,696
Prior period Adjustments	0	205,134
Provision for tax	Nil	Nil
Profit/Loss (-) after Taxation	-156518	194438

OPERATIONS

Your Company discontinued manufacturing and trading in Fishnets and in the financial year 2006-2007 due to non availability of funds, Company is reconsidering to start the trading activity in fish nets in the financial year 2011-2012.

REVOCATION OF SUSPENSION OF COMPANY'S SCRIP

Trading in your Company scrip has been suspended by BSE due to non compliance's .During the year company will take steps to regularize the non compliance's and pursue matter with BSE for Revocation.

DIVIDEND

Your directors express their inability to recommend any dividend for the financial year 2010-2011 due to accumulated losses.

FIXED DEPOSITS

During the year the Company has neither invited nor accepted any Fixed Deposits from the public under the provisions of Section 58A of the Companies Act, 1956.

CODE OF CONDUCT

The Board has laid down a code of conduct for all Board Members, Senior Management and employee of the Company.

AUDITORS

M/s Rao & Kumar, Chartered Accountants, Auditor's of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from the Auditors that their appointment, if made, will be in conformity with Section 224 (1B) of the Companies Act, 1956. M/s. Rao & Kumar Chartered Accountants, being eligible, are recommended for re-appointment as Auditors of the Company till the conclusion of the next Annual General Meeting.

Directors

Pursuant to Section 256 of the Companies Act, 1956 read with the Article of Association of your Company, Mr. S. Lova Raju Director retire by rotation at the ensuing Annual General Meeting and ,being eligible, have offered himself for reappointment.

Brief profile of the above Director is provided in the report of Corporate Governance forming part of the Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' responsibility statement, the Board of Directors of your Company confirms that:

1. In the preparation of the annual accounts for the year ended 31st March 2011, the applicable accounting standards have been followed with proper explanations relating to material departures.
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31st March, 2011 and of the loss of the company for the year ;
3. The Directors have 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 have prepared the accounts for the financial year ended 31st March 2011 on a going concern basis.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. Conservation of Energy:

- (a) Energy Conservation measures taken: **Not Applicable.**
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: **NIL**
- (c) Impact of the measures (a) and (b) above for energy consumption and consequent impact on the cost of production of goods: **As energy conservation is very meager and energy cost forms a small part of total costs, the impact on costs is not material.**

**B. Technology Absorption:
Research and Development (R & D)**

- | | |
|---|-----|
| 1. Specific areas in which R & D carried out by the Company | NIL |
| 2. Benefits derived as a result of the R & D | N.A |
| 3. Future plan of Action | NIL |
| 4. Expenditure on R & D | NIL |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

There is no technical absorption during the financial year.

FOREIGN EXCHANGE EARNINGS & OUTGO

	2010-11	2009-10
a. Foreign Exchange earnings (FOB basis)	NIL	NIL
b. Foreign Exchange outgo		
1) CIF value of imports		
- Raw materials	NIL	NIL
- Capital Goods	NIL	NIL
2) Travelling Expenses	NIL	NIL

PARTICULARS OF EMPLOYEES

There are no employees in the Company, whose names are required to be disclosed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 .

CORPORATE GOVERNANCE

The report on Corporate Governance and Management Discussion & Analysis along with the certificate from the Statutory Auditors certifying the compliance of Corporate Governance enunciated in Clause 49 of the Listing Agreement entered with the Stock Exchanges is annexed to this Annual Report.

APPRECIATION

Your Directors take this opportunity to express their sincere appreciation and thanks to the employees the shareholders for their continued support.

For and on behalf of the Board of Directors
Nylofils India Limited


V. Venkateswara Rao
Managing Director


K. Lakshamana Prasad
Director

Place: Rajahmundry
Date : 01st September 2011

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance:





The Company's activities are carried out in accordance with good corporate practices.

We believe in the principles of fair play and transparency in our dealings. We endeavour to have a work culture which is performance driven and conducive to improve discipline, accountability, team spirit in all our personal and professional relationships.

1. Board of Directors:

During the financial year 5 Board meetings were held. The dates on which meetings were held are as under: 15th May 2010, 30th July 2010, 30th October 2010, 01st September 2010 and 31st January 2011 .

The constitution of the Board as on date and their attendance in the meetings of Board held in the financial year 2010-2011 and in the last AGM is as under:

S.No	Name of the Director	Category of Directorship	Attendance	
			Board Meetings	Last AGM
	Mr. V. Venkateswara Rao	Managing Director – Non Independent	5	Yes
	Mr. K. Lakshamana Prasad	Executive Non independent	5	Yes
	Mr. S. Lova Raju	Non-Executive Independent Director	5	Yes
	Mr. Singamsetti Kishore	Non-Executive Independent Director	5	Yes

Profile of the Directors Being Reappointed / Appointed at the Annual General Meeting:

Mr. S. Lova Raju has a wide experience in Trading, Manufacture / Wholesale Supply of fishing nets in Andhra Pradesh.

Audit Committee:

a) The broad terms of references to the Audit Committee are as under:

- Oversee the Company's financial report process.
- Review the annual financial statements before submission to the Board.
- Reviewing the quarterly financial statements before submission to the board for approval

- Review of internal control and internal audit & internal control systems.
- Review the Company's financial and risk management policies.
- Review the Company's Management discussion and analysis of financial condition and results of operations
- Statement of significant related party transactions (as defined by the audit committee), submitted by management
- Recommending the appointment and removal of external auditors and their terms of appointment.

The Chairman of the Audit Committee is always present at the Annual General Meeting to give clarifications, if any, required by the members thereat.

b) The Audit Committee composition is as follows:

S. No.	Name of the Member	Designation
1.	Mr. S. Lova Raju	Chairman
2.	Mr.Singamsetti Kishore	Member
3.	Mr.K.Lakshamana Prasad	Member

c) Meeting and Attendance during the year:

The Audit Committee met 5 times in the financial year 2010-2011 i.e. On 15th May 2010, 30th July 2010, 30th October 2010, 01st September 2010 and 31st January 2011. The members of the Committee attended all the Audit Committee meetings held during the financial year 2010-2011.

S.No.	Name	No. of Meetings attended
1.	Mr. S. Lova Raju	4
2.	Mr. Singamsetti Kishore	4
3.	Mr. K.Lakshamana Prasad	4

2. Remuneration Committee:

a. Brief description of terms of reference:

To formulate a remuneration policy, review and recommend remuneration payable to executive Directors of the Company.

b. The remuneration committee consists of following directors:

S. No.	Name of the Member	Designation
1.	Mr. S.Lova Raju	Chairman
2.	Mr.Singamsetti Kishore	Member

All the Members of the Committee are Non Executive and Independent Directors.

The Committee met on 31st January 2011 during the year under review. None of the non whole time directors paid any remuneration.

c. Attendance during the year:

S.No.	Name	No. of Meetings attended
1.	Mr. S. Lova Raju	1
2.	Mr.Singamsetti Kishore	1

No remuneration paid during the year.

3. Share Transfers and Shareholders' Grievance Committee:

This Committee at the Board level is to look into various issues relating to share holders like transfer of shares, redressing of shareholder complaints regarding non-receipt of balance sheet, etc. The shareholders Grievance Committee is empowered to perform all the functions of the Board in relation to handling of Shareholders Grievances. It primarily focuses on :

- Review of investor Complaints and their redressal,
- Queries received from investors;
- Review of work done by the sharetransfer Agent; and
- Review of corporate actions related to shareholders issue.

(a) The said Committee consists of following directors:

S. No.	Name of the Member	Designation
1.	Mr. S. Lova Raju	Chairman
2.	Mr.Singamsetti Kishore	Member
3	Mr. K. Lakshamana Prasad	Member

The Committee met on 31st Jaanuary 2011 for dealing with the above specified matters. All the complaints received by the Company during the financial year under review have been resolved to the satisfaction of the shareholders.

(b) Name & Designation of the Compliance Officer:

Mr. V. Venkateswara Rao Managing Director is compliance officer of the Company.

5. General Body Meetings:

The details of the previous three Annual General Meetings of the Company.

Year	Location	Date	Time
2007-2008	3-750 National Highway, Hukkumpeta, Rajahmundry Andhra pradesh-533103	29/09/2008	10.a.m
2008-2009	3-750 National Highway, Hukkumpeta, Rajahmundry Andhra pradesh-533103	29/09/2009	10 a.m
2009-2010	3-750 National Highway, Hukkumpeta, Rajahmundry Andhra pradesh-533103	29/09/2010	10 a.m

There were no special resolutions passed during the last 3 Annual General Meetings.

No special resolution was put through the Postal Ballot during the year under review and there is no proposal to pass any resolution through postal ballot.

6. Disclosures:

1. Related party Transactions

During the year following were the Related party Transactions which was approved by the Board.

1	Associated Entities	M/s Nylofiles Softech Ltd (Balanced Advance)	32,250/-
		M/s. V.V.Fish Nets (Balance of Trade Debtors)	3,09,447/-
2	Key Management Personnel	Mr.V. Venkateswara Rao (Managing Director)	
		Remuneration	Nil
		Balance of Loans & Advances	42,445/-

Code of Conduct:

The Company has adopted the Code of Conduct for its employees at all levels including senior Management and Directors. The Code has been circulated to all the employees and directors of the Company and is in the process of being posted it on the website. The Code serves as a guide to the employees of the Company to make good, informed decisions and act on them. As required under clause 49 of the Listing Agreement, the affirmation as regards compliance with the code from Directors and Senior Management personnel has been obtained for this financial year.

Declaration as required under Clause 49 of the Listing Agreement:

To the Shareholders of Nylofils India Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the directors and Senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 2011

Place: Rajahmundry

Date : 01st September 2011

V.Venkateswara Rao
Managing Director

7. General Shareholders Information:

1. Date, Time and Venue of the Annual General Meeting:

30th September, 2011, Friday at 10.00 a.m at the Registered office of the company.

2. Financial Calendar : (Tentative dates)

Financial reporting for the Qtr. ending 30.06.2011	- Last week of July 2011
Financial reporting for the Qtr. ending 30.09.2011	- Last week of October 2011
Financial reporting for the Qtr. ending 31.12.2011	- Last week of January 2012
Financial reporting for the Qtr. ending 31.03.2012	- Last week of June 2012

3. Dates of Book Closure: 29th September 2011 to 30th September 2011

4. Listing on Stock Exchanges:

The Equity shares of the Company are listed at the Hyderabad Stock Exchange Limited, the Bombay Stock Exchange Limited and Ahmedabad stock Exchange.

5. The Company's shares are not being traded in any of the above three exchanges as the company scrip is under suspension, so the information regarding the Market price could not be provided.

6. **Registrar and Share Transfer Agents:** System Support Services, Gala no 209, Shivai Industrial, Estate, 89, Andheri Kurla Road, Sakinaka Andheri East, Mumbai 400072 , Tel.:022-28525098 / 5473, Email: Sysss72@yahoo.com,

7. Share Transfer System:

The Company's Share transfers are taken care by the Registrars and Share Transfer Agents appointed by the Company. Transfers which are received in physical form are processed and

the share certificates are returned within a period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. During the period under review the Company has not received any shares for effecting transfers.

8. Shareholding Pattern as on 31st March 2011

S.No	Particulars	No of shares	% of holding
1)	Promoters	2059355	37.54
2)	Mutual funds	NIL	NIL
3)	Financial Institutions	250000	4.56
4)	Bodies Corporate	212400	3.87
5)	NRI	NIL	NIL
6)	Residential Individuals	2963745	54.03

9. Dematerialisation of shares and liquidity:

All the shares are in physical form.

10. Address for Correspondence:

- a) For any query in Demat Shares : System Support Services
Gala no 209, Shivai Industrial
Estate, 89, Andheri Kurla Road
Sakinaka Andheri East,
Mumbai 400072
Tel.:022-28525098 / 5473,
Email: Sysss72@yahoo.com,
- b) For any query in Physical Shares : The Registrar and Share Transfer Agents,
- c) For any other Queries : Registered office:
3-750 National Highway, Hukkumpeta,
Rajahmundry Andhra Pradesh-533103
Email Id -nylofils@hotmail.com

Investor Relations: All the queries received from the shareholders during the financial year 2010-2011 have been timely attended to. Generally, the reply is given within a week from the date of receipt of the same.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development

The Company is into trading of various types of Monofilament yarn, fish-nets, fish crates, fish net cord,ropes, fishing hooks which are used in the fishery industry, The Industry structure consists of both organized and unorganized sectors.

Opportunities & threats

As the fishery industry is one of the growing industry, there are lot of opportunities for the products that are used by the Fishery industries i.e fish-nets, fish crates, fish net cord,ropes, fishing hooks.

Segment wise or product – wise performance

During the year Company did not generate any revenue hence no comments are offered.

Outlook:

Your Company has sold all its fixed assets during the tear 2004-2005 to clear the liabilities. Currently the Company is engaged in trading of fish nets. Your company is also evaluating various opportunities once suitable business is identified, all out efforts will be made.

Risks and Concerns:

The competition from the Domestic unorganized sector could be considered as a risk for its domestic sales .

Internal control systems and their adequacy

Given the size of the Company reasonable internal control have been put in place.

Discussion on financial performance with respect to operational performance

Turnover of the Company is Nil and the Company has incurred a loss of Rs 50,108,986/- during the year.

Material developments in Human Resources / Industrial Relations

Company is having very few employees, after identification of new business activity, necessary number of employees will be recruited.

Auditors Certificate on Corporate Governance

To the Members of
Nylofils India Limited

We have examined the compliance of the conditions of Corporate Governance by Nylofils India Limited for the year ended 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said company with Stock Exchanges in India.

The Compliance of conditions of 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 Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2011 no investor grievances are pending against the company as on the date of this certificate as per the records maintained by the company and presented to the shareholders Grievance Committee.

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

For RAO & KUMAR
Chartered Accountants

Place: Rajahmundry

Date : 01st September 2011

V.V.RAMMOHAN
Partner
Membership No.18788

CERTIFICATE FOR CASH FLOW STATEMENT

We have examined the enclosed Cash Flow statement of M/ s Nylofils India Limited.for the year ended 31" March '2011. The statement has been prepared by the Company in accordance with the requirements of clause 32 of Listing Agreements with the Stock Exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company, covered by our Report of even date to the Members of the Company.

Place: Rajmundry
Date: 01st September 2011


For RAO & KUMAR
Chartered Accountants

V.V.RAMMOHAN
Partner
Membership No.18788

**CEO AND CFO CERTIFICATE AS PER CLAUSE 49 OF THE LISTING
AGREEMENT**

TO WHOMSOEVER IT MAY CONCERN

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March 2011 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 31st March 2011 which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. There are no:
 1. Significant changes in internal control over financial reporting during the year ended 31st March 2011;
 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.


.....
Chief Executive Officer

Place: Hyderabad
Date : 01st September 2011

.....
Chief Financial Officer

M/s. RAO & KUMAR
Chartered Accountants

☎: 2755327, 2517523
10-50-19, SOUDANMANI
SIRIPURAM JUNC.,
VISAKHAPATNAM-03

Date : 01/09/2011

**AUDITORS' REPORT ON THE ACCOUNTS OF
M/s. NYLOFILS INDIA .LTD**

We have examined the attached Balance Sheet of M/s. **NYLOFILS INDIA .LTD**, RAJAHMUNDRY, as at 31st March 2011, and the annexed Profit & Loss Account for the year ending on that date and report that these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial 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. :

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act 1956, we enclosed in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraphs above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the books.



M/s. RAO & KUMAR
Chartered Accountants

☎: 2755327, 2517523
10-50-19, Soudamani
Sripuram Junc.,
Visakhapatnam-03

- c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the Books of Account.
- d) In our opinion and based on information and explanations given to us, none of the Directors are disqualified as on 31st March 2011 from being appointed as Directors in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- e) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with, the accounting statements referred to in sub Section (3C) of section 211 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to explanations give to us, the said Balance Sheet and Profit and Loss Account read with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required, and;
- g) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon give a true and fair view:
- i) in the case of the Balance Sheet of the State of Affairs of the Company as at 31st March 2011; and
 - ii) in the case of Profit and Loss Account, the LOSS of the Company for the year ended on that date.

For **RAO & KUMAR,**
Chartered Accountants,
FRN 030895



N.V. RAM MOHAN
Partner.
M.No. 18788



M/s. RAO & KUMAR
Chartered Accountants

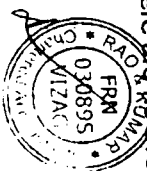
☎ : 2755327, 2517523
10-50-19, Soudamani
Sripuram Junc.,
Visakhapatnam-03

Date : 01/09/2011

ANNEXURE TO AUDITORS' REPORT

As required by the Companies' (Auditor's Report) Order, 2003 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate we report that:

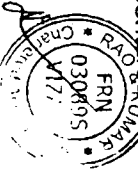
1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) *The fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed by the management upon such verification.
- c) *The Company has sold substantial part of its Factory Building and Machinery in the Financial Year 2003-04, with an intention to discontinue its Manufacturing Activity. It is stated by the Management that the Trading activity will be continued.*
2. a) The Company does not hold any inventories. Hence, the Clause (ii) of the order is not applicable.
3. a) The Company has not taken any loans from companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956. The company has not granted any loans to companies, firms or other parties covered in the Register, maintained under Section 301 of the Companies Act, 1956.
- b) The rate of interest and other terms and conditions of loans given by the company are prima facie not prejudicial to the interest of the company.
- c) The payment of principal amount and interest are also regular.
- d) There are ~~no~~ overdue amounts of more than one lakh.



M/s. RAO & KUMAR
Chartered Accountants

☎ : 2755327, 2517523
10-50-19, SODDAMANI
SRI PURAM JUNC.,
VISAKHAPATNAM-03

- 4 There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of goods. In our opinion, there is no continuing failure to correct major weaknesses in internal control.
- 5 The Company has not entered into any transactions that need to be entered in the register maintained under Sec301 of the Companies Act 1956
- 6 The company had not accepted any deposits from public within the meaning of Sec 58A and Sec 58AA of the Companies Act 1956
- 7 The company's not paid up capital nor does its turnover warrant any internal audit system.
- 8 The company is not required to maintain cost records as prescribed in Sec 209(1)(d) of the companies act, 1956
- 9 a) Undisputed Statutory Dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, and Cess have been regularly deposited with the appropriate authorities though there has been delay in a few cases.
b) The company does not have any undisputed Income Tax, Sales Tax, Customs Duty, Excise Duty and other Statutory dues payable outstanding as on 31.03.2011 for more than six months from the date they became payable.
- 10 The Company has accumulated losses to the tune of Rs. 5,01,08,983/- and has incurred cash losses in the current financial year and in the immediately preceding financial year. The company is a Sick Industrial Company within the meaning of Clause (o) of sub-section (1) of Section 3 of Sick Industrial Companies (Special Provisions) Act, 1985. The company has made an application with BIFR, Ministry of Finance, Government of India.
- 11 The company does not have any dues to banks and no debentures are issued.
- 12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.



M/s. RAO & KUMAR
Chartered Accountants

☎: 2755327, 2517523
10-50-19, Soudamani
Sripuram Junc.,
Visakhapatnam-03

- 13 The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund / Societies are not applicable to the Company.
- 14 The Company is not dealing or trading in shares, securities and debentures. However, in respect of investments made in shares, it has maintained proper records of the transactions and has made entries therein. The investments are held in its own name.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- 16 The Company has not taken any term loan during the year.
- 17 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- 18 The funds raised on short-term basis have not been used for long-term investment and vice-versa.
- 19 The company has not raised any capital by way of debentures.
- 20 The Company has not raised any money by way of public issues during the year.
- 21 On the basis of our examination 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.

For RAO & KUMAR,
Chartered Accountants
FRN 030895

(V.V. RAMMOHAN)
Partner.
M.No.18788



NYLOFILS INDIA LTD
3-243, NEAR EENADU, NH-5, HUKUMPET, RAJYAHMUNDRIY - 533103

BALANCE SHEET AS AT 31/03/2011

Particulars	Sch. No	Sub Amount	Current Year Amount	Sub Amount	Previous Year Amount
SOURCE OF FUNDS					
Share Capital Funds			5,05,78,822		5,05,78,822
Share Capital	1		5,03,73,688		5,03,73,688
Issued, Subscribed & Paidup Capital					
Loans					
Unsecured Loans	2		9,98,000		9,98,000
KANORIA PIETRO PRODUCTS					
Total			5,13,71,688		5,13,71,688
APPLICATION OF FUNDS					
Fixed Assets	3		3,063		3,270
Investments			3,500		3,500
Current Assets, Loans & Advances			50,19,525	48,63,340	
Current Assets					
Closing Stock	4		30,17,596	26,98,149	
Sundry Debtors			1,40,388	3,43,220	
Cash			50,111	10,541	
Bank A/c	5		1,69,129	1,69,129	
Deposits			16,42,301	16,42,301	
Loans & Advances	6		37,63,384	34,50,890	
Less: Current Liabilities & Provisions			25,214	25,214	
CENTRAL CARD	7		34,91,799	31,09,304	
Sundry Creditors			2,46,372	3,16,372	
Provisions	8		12,56,141		14,12,450
Net Working Capital			5,01,08,983		4,99,52,463
Profit & Loss Account	9		5,13,71,688		5,13,71,688
Total	10				

Notes to the Accounts
 The schedules referred to above, form an integral part of the Balance Sheet.

As per our report of even date
 For RAO & KUMAR

V.V.RAMMOHAN
 Partners
 Mem No.: 18788
 Firm Reg. No.: 003089S



For NYLOFILS INDIA LTD
 Managing Director

K.L. Sankar
 Director

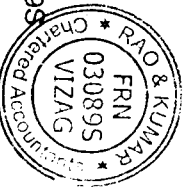
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED TO 31ST MARCH 2011

Particulars	Sch. No.	Sub Amount	Current Year Amount	Sub Amount	Previous Year Amount
INCOME					
Sales	12		NIL		0
Opening Stock	14		0		0
Closing Stock					0
Decrease in Consumption			0		0
Direct Incomes			0		0
Indirect Incomes (write-back)	13		NIL		0
Total			0		0
EXPENDITURE					
Opening Stock					
Purchases			0		0
Net Consumption					
Direct Expenses			1,56,308		10,000
Administrative Expenses	15				
Finance Charges			207		696
Depreciation					
Expenses			1,56,515		10,696
Total			1,56,515		-10,696
Net Profit			-1,56,515		-10,696
Profit before Tax			-1,56,515		-10,696
Prior Period Income			0		2,05,134
Profit After Tax			-1,56,515		1,94,438
Profit/Loss earlier Year Balance			-4,99,52,468		-5,01,46,906
Loss carried to Balance Sheet			-5,01,08,983		-4,99,52,468
Computation of Earnings per share					
1) Net profit available for Equity Share Holders			-1,56,515		1,94,438
2) Weighted Average number of Equity Shares			54,85,500		54,85,500
3) Nominal value of share (Rs.)			10		10
4) Basic and diluted earnings per share (Rs.)			(0.0285)		0.0354

As per our report of even date
For RAO & KUMAR

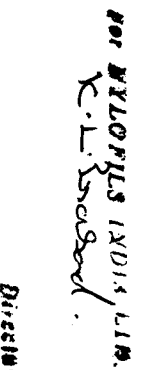


V.V. RAMMOHAN
Partners
Mem No.: 18788
Firm Reg. No.: 0030895



FOR NYLOFILS INDIA LTD.

Managing Director

FOR NYLOFILS INDIA LTD.

Director

Name : NYLOFILS INDIA LTD

As at 31.3.2011

As at 31.3.2010

Schedule : 1
SHARE CAPITAL

EQUITY SHARE CAPITAL

Authorised

6000000 EQUITY SHARE CAPITAL of Rs. 10.00
Each

6,00,00,000

6,00,00,000

(Previous Year-6000000 EQUITY SHARE
CAPITAL of Rs. 10 Each)

Issued, Subscribed, Called Up, Paid Up
5485500 EQUITY SHARE CAPITAL of Rs. 10
Each

5,48,55,000

5,48,55,000

(Previous Year-5485500 EQUITY SHARE
CAPITAL of Rs. 10 Each)

Less : Equity Share Allotment Due

44,81,312
5,03,73,688

44,81,312
5,03,73,688

Schedule : 2
UNSECURED LOANS

Other Loans and Advances

From Directors

From Others

NIL

9,98,000

9,98,000

NIL

9,98,000

9,98,000

Schedule : 4
SUNDRY DEBTORS

Debts considered good and unsecured
Debts outstanding for a period exceeding six
months

30,17,596

26,98,149

Other Debts

NIL

NIL

30,17,596

26,98,149

Schedule : 5
OTHER CURRENT ASSETS

Considered good and unsecured

1,69,129

1,69,129

1,69,129

1,69,129

Schedule : 6
LOANS AND ADVANCES

Considered good and unsecured
To Directors

15,99,855

15,99,855

42,446

42,446

16,42,301

16,42,301

Schedule : 8
CURRENT LIABILITIES

Other Liabilities(if any)

25,214

25,214

25,214

25,214



STATUTORY DUES

SUNDRY CREDITORS

**Dues to Micro and Small Enterprises
Due to Other Enterprises**

NIL
34,91,799

NIL
31,09,304

34,91,799

31,09,304

**Schedule : 9
PROVISIONS**

Provision for Provident fund schemes

63,428

1,33,428

Other Provisions

1,82,944

1,82,944

2,46,372

3,16,372

**Schedule : 10
PROFIT & LOSS**

PROFIT & LOSS (DEBIT BALANCE)

Other items

-5,01,08,983

-4,99,52,468

-5,01,08,983

-4,99,52,468



ame :- NYLOFILS INDIA LTD

As at 31.3.2011 As at 31.3.2010

Schedule : 12

SALES	As at 31.3.2011	As at 31.3.2010
Sales	NIL	NIL
Less: Returns	NIL	NIL
	<u>NIL</u>	<u>NIL</u>

Schedule : 13
OTHER INCOME

Other Income	NIL	NIL
Discount	NIL	NIL
Write back of creditors	NIL	NIL
	<u>NIL</u>	<u>NIL</u>

Schedule : 14
PENDING STOCK

Finished Goods/Traded Goods (OS)	NIL	NIL
Raw materials (OS)		
Stock-in-process (OS)		
	<u>NIL</u>	<u>NIL</u>

Schedule : 15
ADMINISTRATIVE, SELLING & OTHER EXPENSES

POSTAGE & TELEPHONE	967	
PRINTING & STATIONERY	100	
TRAVELLING & CONVEYANCE	6,264	
AUDITORS FEES	33,090	8,000
FEES & LICENSE	1,15,500	2,000
BANK CHARGES	387	
	<u>1,56,308</u>	<u>10,000</u>



NYLOFILS INDIA LTD

:- Statement of Fixed Assets for the Period Ended 31/03/2011

Schedule : 3
FIXED ASSETS

Particulars	Gross Block			Rate	Depreciation			Net Block	
	Opening Balance	Addition	Deletion		Opening Balance	Addition/Deletion	Total	As at 31.03.2011	As at 31.03.2010
VEHICLE	81,516			9.55	81,516	0	81,516	0	0
OFFICE EQUIPMENT	11,000			6.33	7,730	207	7,937	3,063	3,270
Grand Total	92,516				89,246	207	89,453	3,063	3,270
Previous year values	92,516				88,550	696	89,246	3,270	3,966
Capital work in progress									



II NOTES ON ACCOUNTS

Schedule No. - 11

1. QUANTITATIVE DETAILS (Pursuant to the provisions of paragraphs 3,4c & 4d of Part II, Schedule VI of the Companies Act, 1956.

	2010-11		2009-10	
	Quantity (MT.)	Rs. (In Lakhs)	Quantity (MT.)	Rs. (In Lakhs)
Sales				
Consumption of Raw Materials				
Inventories (Raw Material & Finished Goods)				
Opening Stock				
Closing Stock				

2. The company had gone for public issue to raise capital to the tune of Rs. 5,48,55,000/- and the issue was fully subscribed. However, allotment money to the tune of Rs. 44,81,312/- was still due on account as at the year end.
3. Related party transaction for the year is as follows:

1	Associated Entities	M/s Nylofils Softech Ltd (Balance of Advance)	32,250/-
		M/s V.V. Fish Nets (Balance of Trade Debtor)	3,09,447/-
2	Key Management Personnel	Mr. V.Venkateswara Rao (Managing Director)	
		Remuneration	NIL
		Balance of Loans & Advances	42,445/-

4. Balances of Sundry Debtors, Loans and Advances and Trade/Loan Creditors, are subject to confirmation and reconciliation.

5. Remuneration to Auditor:

For Audit 8,000/-

For Other Services NIL

TOTAL



II NOTES ON ACCOUNTS

... contd

6. Previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to the current year comparison.
7. Information relating to Creditors under the Provisions of MSME Act, 2006.

PARTICULARS		Current Year	Previous Year
i)	The amounts due thereon remaining unpaid to any supplier as at the end of the year		
	Principal	NIL	NIL
	Interest	NIL	NIL
ii)	Payments made beyond the appointed date and interest during the year.	NIL	NIL
iii)	The amount of interest due and payable for the period of delay in making payments but without adding the interest specified in the Act.	NIL	NIL
iv)	The amount of interest accrued and remaining unpaid at the end of the year.	NIL	NIL
v)	The amount of further interest remaining due and payable in the succeeding year until the date such interest is actually paid.	NIL	NIL

Disclosure of Sundry Creditors is based on the information available with the Company regarding the status of the suppliers as defined under the 'Micro, Small and Medium Enterprises Development Act. 2006'

For & on Behalf of the Board

For NYLOFILS INDIA LTD

[Signature]
 Managing Director
 CHAIRMAN

For NYLOFILS INDIA LTD.

[Signature]
 DIRECTOR

For Rao & Kumar

CHARTERED ACCOUNTANT

RAO & KUMAR
 CHARTERED ACCOUNTANTS

[Signature]
 15/05/2011

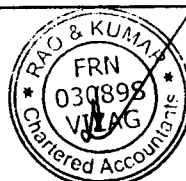


NYLOFILS INDIA LTD (2010 - 2011)

Schedule No. - 10

NOTES FORMING PARTS OF ACCOUNTS

1	Significant Accounting Policies
A)	ACCOUNTING CONVENTION Financial statements are prepared under the historical cost basis
B)	BASIS OF ACCOUNTING <ul style="list-style-type: none"> • Books of accounts are maintained on an accrual basis.
C)	REVENUE RECOGNITION <ul style="list-style-type: none"> • Sales are recorded at excluding value added tax (VAT) • Purchases figures are exclusive of VAT but inclusive of Central Sales Tax
D)	FIXED ASSETS Fixed Assets are recorded at historical costs of acquisition (which includes major modification/betterment/interest/financial charges and other expenditure incidental to such acquisition).
E)	DEPRECIATION Depreciation on Fixed Assets has been provided on Straight Line Method (SLM) and in the manner provided in schedule XIV of the Companies Act 1956
F)	IMPAIRMENT OF ASSETS The entire plant is considered as a cash generating unit. As the recoverable amount of the cash generating unit, being its value in use, is expected to be in excess of its carrying value there is no impairment loss in terms of Accounting Standard - 28 on Impairment of Assets.
G)	INVENTORIES Inventories are valued at cost or net realizable value whichever is lower. Costs in respect of inventories are ascertained on First in First out (FIFO) Method.
H)	INVESTMENTS <ul style="list-style-type: none"> • Investments are classified as Current or Long Term Investment on the basis of nature and intention to held the investment. • Long Term investments are valued at cost after appropriate adjustment, if necessary, for permanent diminution in their value. • Current Investments are stated at lower of cost or fair value.
I)	SEGMENTAL REPORTING <ul style="list-style-type: none"> • Since the company is dealing in a single product the disclosure requirements as per Accounting Standard - 17 on Segment Reporting is not applicable.



J)	BORROWING COST <ul style="list-style-type: none"> Borrowing cost on working capital is charged against the profit & loss account in which it is incurred. Borrowing costs that are attributable to the acquisition or construction or manufacture of qualifying assets are capitalized as a part of the cost of such assets till the date of acquisition or completion of such assets. In respect of suspended project for extended period, borrowing costs are not capitalized for such period.
K)	PRIOR PERIOD ITEMS Significant items of Income or Expenditure, which relates to the prior accounting periods, are accounted in the Profit and Loss Account under the head "prior year Adjustments" other than those occasioned by the events occurring during or after the close of the year and which are treated as relating to the current year.
L)	TAXES ON INCOME Accounting for Taxes on Income and ascertainment of deferred taxes is not possible as there is no possibility of profits in the near future.
M)	RETIREMENT BENEFITS As there are no employees with employment benefits payable the actuarial valuation or disclosures as required under the Accounting Standard - 15 on retirement benefits are not applicable.
M)	CONTINGENT LIABILITIES Contingent liabilities are disclosed by way of notes to accounts. Provision is made if it becomes probable that an out flow of future economic benefit will be required for an item previously dealt with as contingent liability.
2 Notes to Accounts	



NYLOFILS INDIA LIMITED, RAJAHMUNDRY
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

CASH FLOW STATEMENT

2010-11

A. Cash Flow from Operating activities

Net Profit before tax (156,515.00)

Adjustment for

Add: Depreciation 207

Add: Audit fee payable (other provision) -

Add: Interest charges -

207.00

Net Cash from operating activities

(156,308.00)

Add: Changes in Working Capital

Increase in Debtors 319,447.00

Increase in Creditors (382,494.53)

Net Change in working capital 63,047.53

63,047.53

A. Cash Flow from Operating activities

(93,260.47)

B. Cash Flow from Investing activities

Payments of Provident Fund

(70,000.25)

Net cash generated from Investing activities

(70,000.25)

C. Cash Flow from Financing activities

Net increase/(decrease) in cash & cash equivalents (A+B+C)

(163,260.72)

Add: Opening Balance of cash & cash Equivalents

353,761

Closing Balance of cash & cash Equivalents

190,499.00

For NYLOFILS INDIA LTD


 Managing Director

For NYLOFILS INDIA LTD.

K. L. Brahad.

Director



**NYLOFILLS INDIA LIMITED
12th ANNUAL GENERAL MEETING
3-750 National Highway, Hukkumpeta,
Rajahmundry Andhra pradesh-533103**

PROXY FORM

I/We _____ of _____ being
Member/ Members of Nylofills India Limited, hereby appoint Mr./ Ms. _____
of _____ or failing him/ her, Mr./ Ms. _____ of
_____ as my/our proxy to attend and vote for me/us on my/our behalf at
the 12th Annual General Meeting of the Company to be held on Friday, 30th September 2011 at
10.00 a.m. at 3-750 National Highway, Hukkumpeta, Rajahmundry at any adjournment thereof.

Folio # _____

Affix Re. 0.15 Revenue Stamp

Signed by the said _____

Note: The Proxy form duly completed must be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting. A proxy need not be a member.

**NYLOFILLS INDIA LIMITED
12th ANNUAL GENERAL MEETING
3-750 National Highway, Hukkumpeta,
Rajahmundry Andhra Pradesh-533103**

ATTENDANCE SLIP

I hereby record my presence at the 12th Annual General Meeting of the Company to be at held:

Date	Venue	Time
30/09/2011	3-750 National Highway, Hukkumpeta, Rajahmundry Andhra Pradesh-533103	10.00 a.m.

Name of the Shareholder/ Proxy	Folio No.	No. of shares

Member's/Proxy signature

Note: Shareholder/Proxy holder wishing to attend the meeting must bring the Admission Slip and hand over at the entrance duly signed.
