

# Annual Report

2009 - 2010

HANIL ERA TEXTILES LIMITED

**HANIL ERA TEXTILES LIMITED  
ANNUAL REPORT**

**EIGHTEENTH ANNUAL GENERAL MEETING :**

Date : November 30, 2009

Time : 4.00 p.m.

At : Patalganga, Village : Vanivali,

Dist : Raigad, Maharashtra.

**BOARD OF DIRECTORS :**

Mr. R. K. Agarwal - Chairman

Mr. A. K. Agarwal

Mr. Subhash Chandra Kalra

Mr. Sanjay Pachlangia

Mr. Son Byung Suk

**REGISTERED OFFICE :**

Hanil Era Textiles Limited  
Patalganga. Dist.: Raigad,  
Maharashtra,

**STATUTORY AUDITORS :**

M/s. P V Page & Co.  
Chartered Accountants  
Mumbai - 400 002

**BANKERS :**

State Bank of Bikaner & Jaipur  
Canara Bank  
Punjab & Sind Bank  
The Federal Bank Limited  
State Bank of Hyderabad  
The ICICI Bank Limited  
Life Insurance Corporation of India

**SHARE TRANSFER AGENT:**

M/s. Adroit Corporate Services Private Limited  
19th Jaferbhoy Industrial Estate, 1st Floor,  
Marol Naka, Andheri -(East), Mumbai - 400 059.  
Tel No: 28596060 Fax No : 28503748

## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of the Company will be held at the Registered Office i.e. Village Vanivali, Patalganga, District – Raigad, Maharashtra, Pin - 410220 on Tuesday the November 30, 2010 at 4.00 p.m. for the purpose of transacting the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended as on that date and the Reports of Directors and Auditors thereon.
2. To appoint a director in place of Shri. S C Kalra who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Shri Sanjay Pachlangia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration

By order of the Board of Directors

Place : Mumbai. (R K Agarwal)  
Date : October 30, 2010 Chairman

### NOTES :

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. c) THE INSTRUMENT APPOINTING THE PROXY SHOULD BE SUBMITTED TO THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from **23/11/2010 to 30/11/2010**. (Inclusive of both the days) for the purpose of annual Book closure.
- c) Pursuant to Sec. 205(C) of the Companies Act, 1956, the Company is required to deposit the amount of Unclaimed Dividend at end of 7 years as under

	For the year ended	Due for Transfer on.	
i.	Financial year 2002-2003	-	October, 2010.
ii.	Financial year 2003-2004	-	October, 2011.
iii.	Financial year 2004-2005	-	October, 2012.

*MEMBERS WHO HAVE YET NOT ENCASHED OR HAVE MISPLACED THE DIVIDEND WARRANTS FOR THE FINANCIAL YEAR 2003-04 & 2004-05 ARE REQUESTED TO CONTACT THE COMPANY AT THE EARLIEST.*

- e) Members are requested to bring their copy of Annual Report along with them at the Annual General Meeting. No. copy of the report will be distributed at the meeting.
- f) As per the provision of the companies Act, 1956, facility for making nominations is available for members. The members may take advantage of this.
- g) In terms of Clause 49 of the listing agreement with Stock Exchange a brief resume of Directors who are proposed to be re-appointed at the ensuing Annual general meeting is given below.
- h) In terms of Clause 49 of the listing agreement with Stock Exchange a brief resume of Directors who are proposed to be re-appointed at the ensuing Annual general meeting is given below.

#### 1. Shri. S C Kalra

Age : 62  
Qualification : Graduate  
Experience : Experience in Textiles Industries

Directorship held  
in other Companies : Nil

#### 2. Shri. Sanjay Pachlangia

Age : 43  
Qualification : Graduate  
Experience : Experience in Textiles Industries

Directorship held  
in other Companies : Nil

By order of the Board of Directors

Place : Mumbai. (R K Agarwal)  
Date : October 30, 2010. Chairman

## HANIL ERA TEXTILES LTD.

### DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2010.

#### 1. FINANCIAL RESULTS :

Particulars	(Rs. Lacs)	
	Current Year 2009-10	Previous Year 2008-09
Total Income	959.71	3,376.42
<b>Gross Loss (Before Depreciation &amp; Interest)</b>	<b>709.18</b>	3,901.15
Less : Interest	64.99	1,006.15
Less : Depreciation	498.38	616.20
<b>Net loss (after Depreciation and Interest)</b>	<b>1,276.55</b>	5,523.86
<b>Add:</b> Provision for taxation (Including FBT)	---	1.95
<b>Net Loss</b>	<b>1,276.55</b>	<b>5,525.81</b>

#### 2. DIVIDEND :

During the year the Company has incurred a Net Loss of **Rs. 12.76 Crores** (Previous year Net Loss of Rs. 55.26 Crores) due to lower capacity utilisation. Hence the directors do not recommend any dividend for the year under reviews.

#### 3. SALES, PROFITABILITY & PRODUCTION:

The Company achieved the turnover of **Rs. 9.60 Crores** during the year under review against the turnover of Rs. 33.76 Crores in the (previous year) The fall is because of low capacity utilisation.

#### 4. PROSPECTS:

The Company has improved labour welfare and working conditions and is looking forward to improve capacity. The local market for yams and fabrics is better. The Company is in discussion with lenders for restructuring its debts and also OTS.

#### 5. FIXED DEPOSITS :

The Company has not accepted or invited any Fixed Deposit from the public during the year under review.

#### 6. TERM LOAN :

The Company has not availed any fresh Term Loan during the year.

#### 7. ENVIRONMENT MANAGEMENT & SOCIAL MANAGEMENT :

All manufacturing process require environmental clearance from respective Pollution Control Board and the same are in compliance with present environmental legislation. As an integral part of Company's environmental protections drive, the Company ensures minimum quantity of waste generation, low emission levels and low noise pollution levels during plant operations. The relationship with the workmen remains cordial during the year.

#### 8. DIRECTORS :

Shri S C Kalra and Shri Sanjay Pachlangia, directors of the Company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

#### 9. Directors' Remuneration :

During the year under review, the Managing Director has not claimed the remuneration as the Company has suffered the loss.

#### 10. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to section 217 (2AA) of the companies act 1956, the Board of Directors of the Company confirms :

- That for the preparation of the annual accounts, the applicable accounting standards has been followed.
- That the Standard accounting policies have been consistently applied in consultation with the auditors.
- That 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.
- That the Annual accounts have been prepared on an ongoing concern basis.

#### 11. COST AUDIT :

As per the requirement of Central Government and pursuant to Section 233(b) of the Companies Act, 1956, Mr. C. S. Joshi, Cost Accountant of M/s. Shekhar Joshi & Co., Cost Accountants, Mumbai, was appointed as the Cost Auditors.

#### 12. AUDITORS :

M/s. P V Page & Co., Chartered Accountants retire as Statutory Auditors of the Company and are eligible for re-appointment as Statutory Auditors of the Company to hold office from the close of the

ensuing annual general meeting till the conclusion of the next annual general meeting on such terms, condition and remuneration as may be mutually agreed between the board of directors and the said auditors. The certificates from the Auditors have been received to the effect that their appointment, if made, would be within the limits prescribed under section 224(1)(B) of the Companies Act, 1956

**13. INSURANCE :**

The Properties and Assets of the Company have been adequately insured. The Company has taken Insurance Policy covering all major risks.

**14. PARTICULARS OF EMPLOYEES :**

There are no employees during the period drawing remuneration more than Rs. 24 lacs per annum under Section 217(2A) of the Companies Act, 1956. As such no particulars are required to be furnished.

**15. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo as required under Section 217 (1) (e) of the Companies Act, 1956 are given in the **Annexure – I** and form part of this report.

**16. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :**

The operations of the Company are reviewed in detail in the Management Discussions and Analysis Report in the **Annexure – II** and form a part of this report.

**17. CORPORATE GOVERNANCE :**

A separate statement on corporate governance is included in the Annual Report along with the Auditors' Certificate on its compliance in the **Annexure - III** and form part of this report

**18. ACKNOWLEDGEMENTS :**

Industrial relations with employees continue to remain cordial. Your Directors record their appreciation to all the employees of the Company, Financial institutions, Suppliers, Customers, shareholders, Business associates for the continuous support given by them to the Company and their confidence in the management

By order of the Board of Directors

Place : Mumbai.

(R K Agarwal)

Date : October 30, 2010

Chairman

**ANNEXURE - I**

**TO THE DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS**

Information as per Section 217 (1)(e) read with companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

**A. CONSERVATION OF ENERGY :**

1. Captive Power Plant using coal and natural gas as a low cost fuel for captive use and also sale to the third party.

**FORM "A"**

	Current Year 31-03-2010	Previous Year 31-03-2009
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**A) Power and Fuel Consumption :**

<b>1. Coal :</b>		
Quantity (tones)		23.89
Total cost (Rs. in Lacs)		0.91
Average rate		0.038
<b>2. Electricity :</b>		
Quantity (units)	5,406,716	
Total cost (Rs. in Lacs)	305.51	
Average rate	5.65	

**B) Consumption per unit of production :**

Product - Yarn (Tns)	719.97	1,689.37
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**Form 'B'**

**Form for disclosure of particulars with respect to absorption (See rule 2)**

**RESEARCH AND DEVELOPMENT (R&D)**

**1. Specific areas in which R & D carried out by the Company**

- Improvement of product quality and process efficiency.
- Optimizing production efficiency.
- Cost reduction

**2. Benefits derived as a result of the above R & D**

- Improvement in the Quality of Manufactured products
- Production free environments around factory areas.
- Cost economy and plant efficiency.
- Conservation of water, mineral, electricity and fuel.
- Development of new market segments

## HANIL ERA TEXTILES LTD.

### 3. Future plan of action :

- Further improvement in Quality of products and process.
- Exploration of avenues for continuous cost reduction measures.

### 4. Expenditure on R & D :

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R & D expenditure as a percentage of total turnover

### TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATIONS

#### 1 Efforts, in brief, made towards technology absorption, adaptation & innovation :

- Selection and application of dyes for certain Yarn qualities to improve overall fastness properties, including bleach.

#### 2 Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. :

- Meeting specific requirements of international customers.
- Energy efficient process.
- Improvement in product characteristics for premium sector.

#### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information furnished :

- (a) Technology imported NIL
- (b) Year of import N. A.
- (c) Has technology been fully absorbed? N. A.
- (d) if not fully absorbed, areas where this has not taken place. N. A.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Due to the low capacity utilisation the exports are low.

	(in Rs.)	
	Current Year	Previous Year
	31-03-2010	31-03-2009
1 Total Foreign Exchange earned	5,774,586	112,965,974
2 Total Foreign Exchange utilized	11,385,249	102,372,920

By order of the Board of Directors

Place : Mumbai.  
Date : October 30, 2010.

(R. K. Agarwal)  
Chairman

### ANNEXURE-II

#### TO THE DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

#### Management discussion and Analysis Report :

#### OPPORTUNITIES & THREATS :

The opportunities in Textiles industry in the present scenario look very limited. The value added niche manufacturing will do better. The ongoing economic turmoil in the world can affect the Textiles export from India severally. Due to adverse government policy for Export Oriented Units in Textiles sector have no benefits left and have to be debonded.

#### HUMAN RESOURCES DEVELOPMENT:

Your Company continues to pay focused attention on its human resources. Cordial relations continued at all the manufacturing locations, including Corporate Office. However there is a shortage of workmen which is effecting production.

#### INTERNAL CONTROL SYSTEM:

The Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials including fixed assets & sale of goods and further transactions are duly authorized recorded and reported.

By order of the Board of Directors

Place : Mumbai.  
Date : October 30, 2010.

(R. K. Agarwal)  
Chairman

### ANNEXURE - III

#### TO THE DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS CORPORATE GOVERNANCE :

#### a) Company's philosophy :

The Company has set up a policy for adequate and timely corporate disclosure. The Company has been endeavoring to attain the highest level of accountability in all operations and in interaction with its shareholders, employees, government, lenders, customers, suppliers/vendors and other stakeholders.

**b) Board of Directors :**

As on March 31, 2009, the Board comprises of a whole time Director and the four are Non-executive Directors. The attendance of each Director at the Board Meeting and the last AGM etc was as follows.

Name of Director	Category Directorship	Attendance at Last AGM	No. of Board Meetings Attended	No. of Other Directorships	No. of Independent (IND) Chairman (C) in Other Board Committee
R. K. Agarwal – PG	CMD	Yes	6	2	—
A. K. Agarwal – PG	NED	—	6	—	—
S C Kalra	NED	—	3		—
Sanjay Pachlangia	NED	—	1		—
Son Byung Suk	NED		—	;	—

**PG – Promoter Group, NED – Non Executive Director, WTD – Whole Time Director**  
**During the year under review, five meetings of the board of directors were held on 30/04/2009, 31/7/2009, 21/08/2009, 31/10/2009 and 31/01/2010.**

The time gap between any two consecutive meetings is not more than 4 months. As required by the Companies Act., 1956 and Clause 49 of the listing agreement, none of the director hold Directorship in more than 15 Public Companies, Membership of Board Committees (Audit/Shareholders Grievance and Remuneration Committees) in excess of 10 & Chairmanship of Board Committees as afore said in excess of 5

**c) Audit Committee :**

The Audit Committee comprises 3 independent and Non-Executive Directors and Company Secretary act as Secretary of the Committee. The committee held 4 meetings on **31/7/2009, 21/08/2009, 31/10/2009 and 31/01/2010.**

The role and terms of reference of the Audit Committee are stipulated under Clause 49 of the Listing Agreement and Section 292(A) of Companies Act, 1956 includes overseeing financial reporting process reviewing with the management & financial statement.

**d) Shareholders' /Investors' Grievance Committee :**

(i) Composition: The Committee comprises Three Non – Executive Directors with Company Secretary of the Company to act as the Compliance Officer. During the year it held 4 meetings on **31/7/2009, 21/08/2009, 31/10/2009 and 31/01/2010.** All members of the committee attended the above meetings.

(ii) Investors' complaints received and resolved during the year : The Company has received 10 complaints from investors and all have been resolved during the year. There were no major share transfers pending for registration for more than 30 days as on 31/3/2010.

**e) Remuneration Committee :**

The Company does not have a Remuneration Committee. The Board of Directors approves the remuneration payable to the Managing Director and the Shareholders in General Meeting and such other authorities as may be necessary.

**f) Remuneration of Directors :**

**Whole time Director** : During the year under review, the Managing Director has not claimed the remuneration as the Company has suffered the loss.

**g) General Body Meetings :**

The last three Annual General Meetings of the Company were held as under :

Financial Year	Date	Time	Location : Regd. Office at
2008-2009	30/09/2009	4. 00 P.M.	Patalganga, Raigad
2007-2008	30/09/2008	4. 00 P.M.	Patalganga, Raigad
2006-2007	29/09/2007	4. 00 P.M.	Patalganga, Raigad

## HANIL ERA TEXTILES LTD.

### h) Disclosures :

- (i) There are no materially significant transactions with the related parties viz. promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large.
- (ii) Your Company has followed all relevant accounting standards while preparing financial statement.

### i) Listing with Stock Exchange :

The Company's securities is listed on the following Stock Exchange in India

#### Stock code :

- 1) The Bombay Stock Exchange Ltd : **500177**
- 2) For demating the equity shares the ISIN No. : **ISIN INE 021D01012** for NSDL and CDSL

### j) Means of Communication :

- (i) The quarterly, half-yearly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board.
- (ii) The financial results can be obtained by a request through the Company's e-mail address : **hanilera@hanilera.com**.
- (iii) These results are also published in "Free Press Journal" (English daily) and "Navshakti" (Marathi daily)

### k) General shareholder's information :

- (i) **18th Annual General Meeting** - Date & Time : 30/11/2010 at 4.00 P. M.  
Venue : Registered office at Patalganga, Raigad, Maharashtra

#### (ii) Financial Calendar (Tentative)

Audited Annual Results (2009-2010)	June 30, 2010
First Quarter Results	Last week of July, 2010
Half yearly Results	Last week of Oct, 2010
Third Quarter Results	Last week of Jan, 2011
Audited Annual Results (2010-2011)	Last week of June, 2011

#### (iii) Book Closure :

The Register of members and share transfer books of the Company shall remain closed from 23/11/2010 to 30/11/2010.(both days inclusive)

#### (iv) Market Price Data :

Monthly High/low market prices of the Company's ordinary shares traded on the Bombay Stock Exchange Limited, Mumbai during the last financial year were as follows.

MONTH	BSE SHARE PRICE		Sensex	
	Stock Code – 500177		HIGH	LOW
	HIGH	LOW		
April, 2009	4.79	2.95	11,492.10	9,546.29
May, 2009	8.22	3.65	14,930.54	11,621.30
June, 2009	8.63	5.39	15,600.30	14,016.95
July, 2009	6.50	4.45	15,732.81	13,219.99
August, 2009	6.03	4.75	16,002.46	14,684.45
September, 2009	6.50	5.25	17,142.52	15,356.72
October, 2009	6.95	4.45	17,493.17	15,805.20
November, 2009	5.77	3.97	17,290.48	15,330.56
December, 2009	6.82	4.59	17,530.94	16,577.78
January, 2010	8.55	5.72	17,790.33	15,982.08
February, 2010	6.77	5.09	16,669.25	15,651.99
March, 2010	6.00	4.73	17,793.01	16,438.45



**(v) Distribution of Shareholding :**

The distribution of shareholding as on March 31, 2010 was as under :

Sr No	Range		Total Shareholders		Total shares	
	From	To	Nos.	%	Nos.	%
1	Upto 500	33818	86.24	5493528	13.41	
2	501	1000	2883	7.35	1034646	2.53
3	1001	2000	1511	3.85	1610565	3.93
4	2001	3000	336	0.86	869367	2.12
5	3001	4000	157	0.40	563861	1.38
6	4001	5000	147	0.37	709473	1.73
7	5001	10000	213	0.54	2608071	6.37
8	10001	Above	151	0.39	28076739	68.54
	<b>Total</b>		<b>39216</b>	<b>100.00</b>	<b>40966250</b>	<b>100.00</b>

**(vi) Dematerializations of shares and Liquidity share transfer system :**

The equity shares of the Company are traded in dematerialized form and 38% of the share Capital of the Company has already been dematerialized.

**(vii) Location of the Plants (Manufacturing Unit) :**

Village : Vanivali,  
Taluka Khalapur,  
Dist.: Raigad,

**Address for correspondence**

New Era House,  
Mogul Lane,  
Matunga (West), Mumbai-400 016.

## HANIL ERA TEXTILES LTD.

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members of Hanil Era Textiles Ltd.,

We have examined the compliance of conditions of corporate governance by Hanil Era Textiles Ltd., for the year ended on March 31st, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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 the financial statements of the Company.

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

We state that no investor grievances are pending for a period exceeding one month against the Company's as per the records maintained by the Shareholder / Investors 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 and on behalf of  
**M/s P V Page & CO.**  
Chartered Accountants

**(Pravin V Page)**  
Partner  
Membership No. 30560

Place : Mumbai  
Date : October 30, 2010

### DECLARATION OF COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

Hanil Era Textiles Ltd.,  
New Era House,  
Moghal Lane, Matunga (West),  
Mumbai - 400 016.

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement with Stock Exchanges to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no Non compliance during the year ended March 31, 2010.

By order of the Board of Directors

Place : Mumbai  
Dated : October 30, 2010

(R. K. Agarwal)  
Chairman

**AUDITOR'S REPORT**

TO,  
THE MEMBERS OF HANIL ERA TEXTILES LIMITED

1. We have audited the attached Balance Sheet of **HANIL ERA TEXTILES LIMITED**, as at 31<sup>st</sup> March, 2010, the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. 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.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose as Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable to the Company.
4. (i) *Other Current Assets include Rs. 8,56,92,687/- being the insurance claim receivable, which has not been received till date. The ultimate impact thereof on the loss for the year is not ascertainable.*  
(ii) *The company has not assessed the impairment in the fixed assets, if any, as required by Accounting Standard 28 "Impairment of Assets" issued by Institute of Chartered Accountants of India. (amount not ascertained)*
5. Further to our comments, in the annexure referred to in paragraph 3 and 4 above we report that :-
  1. 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.
  2. 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 those books;
  3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account;
  4. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; *except for the Accounting Standard mentioned in paragraph 4 above;*
  5. On the basis of the written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, *subject to our comment in Paragraph 4 above and the consequential cumulative impact thereof on the loss for the year, assets, liabilities and reserves of the Company, which is not ascertainable*, read together with the Significant Accounting Policies and other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010 and
  2. in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
  3. in case of the cash flow statement, of the cash flows for the year ended on that date.

For P.V. Page & Co.  
**Chartered Accountants,**  
**(PRAKASH V. PAGE)**

**PARTNER**  
**Membership No. : 30560**

Place : Mumbai  
Date : October 30, 2010.

**ANNEXURE TO THE AUDITORS' REPORT**

**[(Statement referred to in paragraph 3 of our report of even date to the members of Hanil Era Textiles Limited) on the accounts for the year ended 31<sup>st</sup> March, 2010]**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we report that:-

- I. In respect of the fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets;
  - b. Majority of fixed assets have been verified during the year by the management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable interval having regard to the size of the company and the nature of its assets. Reconciliation has been made between the book records and actual fixed assets during the year and was found to be correct.
  - c. During the year, the Company has not disposed off any substantial/major part of Fixed Assets.
- II. In respect of the Inventories:
  - a. As explained to us, the Management has physically verified the inventories of Raw Materials, Packing materials, Oil & Lubricant, Stores and spares and Finished goods at reasonable intervals during the year.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. No material discrepancies were noticed on the verification between the physical stocks and book records.
- III. The Company has neither granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence clauses 4 (iii)(a) to (c) of the said Order are not applicable.
- IV. In our opinion, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- V. There are no transactions that need to be entered in to a register in pursuance of Section 301 of the Companies Act, 1956. Hence, clause V (b) is not applicable to the company.
- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, during the year to which the directives issued by the Reserve Bank Of India and the provisions of sections 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under, are applicable.
- VII. The Company has initiated an Internal audit system by engaging an independent firm of Chartered Accountants during the year. In our opinion the existing system commensurates with the size and nature of its business.
- VIII. The Central Government has prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956. *In view of the fact that documents / records are not made available to us, we have not been able to make detailed examination of the same with a view to determine whether the same are accurate and complete.*
- IX. In respect of Statutory dues:
  - a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing the undisputed statutory dues with the appropriate authorities during the year including Provident Fund, Profession Tax, Income Tax, Sales Tax, Service Tax, Custom duty, Excise Duty, Cess and any other dues except some instances of late payments.

- b. According to the information and explanations given to us, there were no undisputed amounts payable in respect of statutory dues referred to above which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable except for the liability (Excluding interest) in respect of *Professional tax: Rs.3,03,150/-*.
- c. According to the information and explanation given to us, there are dues outstanding of income tax, sale tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. However, the Company has filed appeals against the same.
- X. The Company has no accumulated losses at the end of the financial year. The Company has incurred cash losses amounting Rs.7,78,16,984/- in the financial year covered by our audit. There were cash losses amounting to Rs.49,09,61,220/- in the financial year immediately preceding the current financial year.
- XI. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of opinion that *the Company has defaulted in repayment of interest dues to banks and financial institutions and all accounts are NPA as on Balance sheet date.*
- XII. According to the information and explanations given 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.
- XIII. The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. The Company has maintained proper records of transaction and contracts in respect of dealing and trading in shares, securities, debentures and other investments and that timely entries have generally been made therein. All shares, debentures and other securities have been held by the Company in its own name.
- XV. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not applied for any type of term loans during the year. Accordingly the provisions of clause (XVI) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company..
- XVII. In our opinion and according to the information and explanations given to us, the Company has not been raised any funds on short-term basis.
- XVIII. During the year, 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.
- XIX. The Company has not issued any debentures during the year.
- XX. The Company has not raised any money by public issue during the year.
- XXI. According to the information and explanations given to us, no fraud on or by the Company had been noticed or reported during the year.

For P.V. Page & Co.  
**Chartered Accountants,**  
**(PRAKASH V. PAGE)**

**PARTNER**  
**Membership No. : 30560**

Place : Mumbai  
Date : October 30, 2010.

**HANIL ERA TEXTILES LTD.****BALANCE SHEET AS AT 31ST MARCH, 2010**

<b>PARTICULARS</b>	<b>SCHEDULE NO.</b>	<b>As at 31.03.2010 (RS.)</b>	<b>As at 31.03.2009 (RS.)</b>
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS :-</b>			
Share Capital	1	<b>409,662,500</b>	409,662,500
Reserve and surplus	2	<b>267,437,500</b>	363,420,176
		<b>677,100,000</b>	773,082,676
<b>LOAN FUNDS :-</b>			
Secured Loan	3	<b>954,814,211</b>	956,537,941
<b>Total</b>		<b>1,631,914,211</b>	1,729,620,617
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets :</b>	4		
Gross Block		<b>2,275,074,706</b>	2,312,835,109
Less :- Depreciation		<b>969,743,496</b>	926,606,114
<b>Net Block</b>		<b>1,305,331,210</b>	1,386,228,995
Investments	5	<b>53,291</b>	52,646
Current Assets, Loans and Advances :	6		
Inventories		<b>32,548,246</b>	106,199,704
Sundry Debtors		<b>5,411,256</b>	12,150,645
Cash and Bank Balances		<b>9,008,748</b>	19,756,400
Other Current assets		<b>125,388,287</b>	140,787,926
Loans and Advances		<b>221,719,782</b>	215,718,462
		<b>394,076,319</b>	494,613,137
Less: Current Liabilities and Provisions :	7		
Current Liabilities		<b>43,374,186</b>	55,830,529
Provisions		<b>55,844,882</b>	95,443,632
		<b>99,219,068</b>	151,274,161
Net Current Assets		<b>294,857,251</b>	343,338,976
Profit and loss account		<b>31,672,459</b>	-
<b>Total</b>		<b>1,631,914,211</b>	1,729,620,617

Significant Accounting Policies  
& Notes on Accounts

As per our report of even date  
For & on behalf of  
P. V. Page & Co.  
Chartered Accountants  
**(Prakash V. Page)**  
Partner  
Membership No. 30560

For and on behalf of the board

**R. K. Agarwal**  
Chairman & Managing Director

**A. K. Agarwal**  
Director

**S.C. Kalra**  
Director

PLACE : MUMBAI.  
DATED : OCTOBER 30, 2010

PLACE : MUMBAI.  
DATED : OCTOBER 30, 2010

## 18TH ANNUAL REPORT

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

PARTICULARS	SCHEDULE NO.	FOR THE YEAR ENDED 31.03.2010 (RS.)	FOR THE YEAR ENDED 31.03.2009 (RS.)
<b>INCOME :</b>			
Sales(Gross)		95,971,083	337,641,556
Less: Excise Duty		215,422	9,295,767
Sales (Net)		<u>95,755,661</u>	<u>328,345,789</u>
Other Income	8	53,707,243	(142,434,509)
Increase/(decrease) in stocks	9	<u>(40,040,468)</u>	<u>(184,730,698)</u>
<b>TOTAL</b>		<u><b>109,422,436</b></u>	<u><b>1,180,583</b></u>
<b>EXPENDITURE :</b>			
Raw Material Consumed	10	69,863,207	223,994,311
Manufacturing and Other Expenses	11	81,703,892	108,671,222
Employees' Remuneration and Other Benefits	12	15,145,101	27,360,562
Freight, Transportation, Clearing & Forwarding		2,052,037	10,475,380
Administrative, Selling and Distribution Expenses	13	11,575,839	20,794,781
Interest & Finance Charges	14	6,899,344	100,650,547
Depreciation	4	<u>49,838,151</u>	<u>61,619,780</u>
<b>TOTAL</b>		<u><b>237,077,571</b></u>	<u><b>553,566,583</b></u>
Profit/(Loss) before Tax		<u>(127,655,135)</u>	<u>(552,386,000)</u>
Add : Provision for Taxation including Fringe Benefit Tax		-	195,000
Profit/(Loss) After Tax		<u>(127,655,135)</u>	<u>(552,581,000)</u>
Short Provision for Income Tax of Earlier Years		-	-
		<u>(127,655,135)</u>	<u>(552,581,000)</u>
Add :Balance brought forward from last year		55,982,676	608,563,676
Add :Balance brought forward of General Reserve from last year		40,000,000	-
Balance carried to Balance Sheet		<u><b>(31,672,459)</b></u>	<u><b>55,982,676</b></u>
Basic and Diluted Earning Per Share		<b>(3.12)</b>	<b>(13.49)</b>
(Refer Note No. 'B' 11 of Schedule 15)			
Significant Accounting Policies & Notes on Accounts	15		

As per our report of even date  
For & on behalf of  
P. V. Page & Co.  
Chartered Accountants  
**(Prakash V. Page)**  
Partner  
Membership No. 30560

For and on behalf of the board  
**R. K. Agarwal**  
Chairman & Managing Director  
**A. K. Agarwal**  
Director  
**S.C. Kalra**  
Director

PLACE :MUMBAI.  
DATED: OCTOBER 30, 2010

PLACE : MUMBAI.  
DATED : OCTOBER 30, 2010

**HANIL ERA TEXTILES LTD.****SCHEDULES FORMING PART OF ACCOUNTS: 2009-2010**

	As at 31.03.2010 (RUPEES)	As at 31.03.2009 (RUPEES)
<b>SCHEDULE- 1 : SHARE CAPITAL</b>		
AUTHORISED :		
470,00,000 (470,00,000) Equity shares Rs.10 each.	470,000,000	470,000,000
ISSUED, SUBSCRIBED & PAID UP :		
409,66,250 (409,66,250) Equity shares of Rs. 10 each fully paid-up.	409,662,500	409,662,500
<b>Total</b>	<b>409,662,500</b>	<b>409,662,500</b>
<b>SCHEDULE- 2 : RESERVES AND SURPLUS</b>		
1) Capital Incentive :		
Balances as per last Balance Sheet	2,000,000	2,000,000
( A )	2,000,000	2,000,000
2) Securities Premium Account :		
Balances as per last Balance Sheet	265,437,500	265,437,500
( B )	265,437,500	265,437,500
3) General Reserve Account :		
Balances as per last Balance Sheet	-	40,000,000
( C )	-	40,000,000
3) Profit & Loss Account :		
( D )	-	55,982,676
( D )	-	55,982,676
<b>Total ( A + B + C +D)</b>	<b>267,437,500</b>	<b>363,420,176</b>
<b>SCHEDULE- 3 : SECURED LOANS</b>		
1) <b>Working Capital Loans from Banks</b>	<b>380,845,358</b>	355,652,002
(Secured by way of first charge by (i) Hypothecation of raw materials, stores spares, consumables, work-in-progress and finished goods,		
2) <b>Term Loans from Banks</b>	<b>573,606,321</b>	574,058,488
(Under Technology Up gradation Funds Scheme (TUFS) - Secured by way of first charge on entire movable and immovable fixed assets, present & future (Includes Interest Accrued & Due Rs 4,31,88,662 (P.Y Rs.4,37,02,393)) (Installment Due Within One Year Rs 9,20,37,440 (P.Y Rs.9,20,37,440))		
3) <b>Vehicle Loans from Bank</b>		
(Secured by hypothecation of Vehicles and Guarantee of one of the directors)		
(Installment Due within One Year Rs 3,40,916 /- (P.Y. 7,50,888))	362,532	989,235
<b>Total</b>	<b>954,814,211</b>	<b>956,537,941</b>



**SCHEDUL-"4" : FIXED ASSETS**

(Amount in Rs.)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Bal. As on 1.4.2009	Addition during the year	Deductions during the year	As at 31.03.2010	Up to 31.03.2009	For the year	Adjust ment	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
Land	250,000	-	-	250,000	-	-	-	-	250,000	250,000
Factory Building	252,491,103	-	10,712,532	241,778,571	110,778,217	7,819,554	1,712,532	116,885,239	124,893,332	141,712,886
Non factory Building	12,987,642	-	2,169,237	10,818,405	2,576,770	186,415	169,237	2,593,948	8,224,457	10,410,872
Machinery	1,949,882,190	-	24,878,634	1,925,003,556	746,862,560	37,019,394	4,819,000	779,062,954	1,145,940,602	1,203,019,630
Fire-fighting Equipment	5,049,114	-	-	5,049,114	2,293,179	239,833	-	2,533,012	2,516,102	2,755,935
Laboratory Equipment	163,961	-	-	163,961	116,011	7,788	-	123,799	40,162	47,950
Electrical Installations	64,849,437	-	-	64,849,437	44,368,735	3,080,348	-	47,449,083	17,400,354	20,480,702
Air-conditioners	1,975,545	-	-	1,975,545	973,109	93,838	-	1,066,947	908,598	1,002,436
Office Equipments	2,646,870	-	-	2,646,870	1,511,511	125,726	-	1,637,237	1,009,633	1,135,359
Computer	7,315,034	-	-	7,315,034	7,291,632	-	-	7,291,632	23,402	23,402
Vehicles *	9,513,026	-	-	9,513,026	4,613,740	903,737	-	5,517,477	3,995,549	4,899,286
Furniture & Fixtures	5,711,187	-	-	5,711,187	5,220,650	361,518	-	5,582,168	129,019	490,537
<b>TOTAL</b>	2,312,835,109	-	37,760,403	2,275,074,706	926,606,114	49,838,151	6,700,769	969,743,496	1,305,331,210	1,386,228,995
<b>PREVIOUS YEAR</b>	2,314,290,887	50,000	1,505,778	2,312,835,109	865,346,504	61,619,780	360,170	92,606,114	1,386,228,995	

\* Certain vehicles are held in the name of the Directors of the Company.

## HANIL ERA TEXTILES LTD.

### SCHEDULE- 5 : INVESTMENTS

Name of the Company	Face Value	No. of Shares / Units	Current Year (Rs)	Previous Year (Rs)
[Long Term, Non-Trade and Fully Paid Up, at cost]				
<b>A - QUOTED</b>				
<b><u>In Equity Shares</u></b>				
Castrol India Ltd	10	100 (100)	27,011	27,011
Southern Online Bio Tech. Ltd.	10	1 (-)	25	25
<b>Total -A</b>			<b>27,036</b>	<b>27,036</b>
<b><u>II- Units of Mutual Funds</u></b>				
Liquid Bees- Benchmark	1,000	26 (26) -	26,255	25,610
			26,255	25,610
<b>Total -B</b>			<b>26,255</b>	<b>25,610</b>
<b>Total : - A+B</b>			<b>53,291</b>	<b>52,646</b>

Aggregate of Investments:	Cost	Market Value	Cost	Market Value
	As at 31.03.2010 (RUPEES)	As at 31.03.2010 (RUPEES)	As at 31.03.2009 (RUPEES)	As at 31.03.2009 (RUPEES)
(i) Quoted Investments	27,036	69,205	27,036	32,558
(ii) Unquoted Investments				
a. Units of Mutual Funds	26,255	26,255	25,610	25,610

### SCHEDULES FORMING PART OF ACCOUNTS: 2009-2010

	As at 31.03.2010 (RUPEES)	As at 31.03.2009 (RUPEES)
<b>SCHEDULE- 6 : CURRENT ASSETS, LOAN AND ADVANCES</b>		
<b>CURRENT ASSETS</b>		
1) <b>INVENTORIES :</b> (As Valued and Certified by the Management)		
Raw materials	4,686,951	1,697,938
Packing materials, Oil & Lubricant		
Stores and spares	18,699,999	55,300,002
Semi finished goods	4,148,312	35,371,708
Finished goods	5,012,984	13,830,056
( A )	32,548,246	106,199,704
2) <b>SUNDRY DEBTORS :</b> (Unsecured, considered good) :		
Debts outstanding for a period exceeding six months.	5,280,526	4,223,550
Other Debts	130,730	7,927,095
( B )	5,411,256	12,150,645
3) <b>CASH AND BANK BALANCES :</b>		
Cash in hand	7,675	8,525,853
Balances with Scheduled Banks :		
In Current Account	7,742,224	9,617,933
In Fixed Deposits including margin account (Receipt endorsed in favour of Bankers against Fund/ non fund working capital facilities)	1,258,849	1,612,614
( C )	9,008,748	19,756,400
5) <b>OTHER CURRENT ASSETS :</b>		
Interest Accrued but not due	167	3,404
Others	125,388,120	140,784,522
( D )	125,388,287	140,787,926
6) <b>LOANS AND ADVANCES :</b> (Unsecured, considered good) :		
Advances recoverable in cash or in kind or for value to be received	121,577,432	93,301,312
Deposits	99,149,556	121,238,333
Prepaid Expenses	492,794	678,817
Loan to others	500,000	500,000
( E )	221,719,782	215,718,462
<b>Total ( A + B + C + D + E )</b>	<b>394,076,319</b>	<b>494,613,137</b>

**HANIL ERA TEXTILES LTD.****SCHEDULES FORMING PART OF ACCOUNTS: 2009-2010**

	As at 31.03.2010 (RUPEES)	As at 31.03.2009 (RUPEES)
<b>SCHEDULE- 7 : CURRENT LIABILITIES AND PROVISIONS</b>		
1) <u>Current Liabilities</u> :		
Sundry Creditors	17,768,279	21,002,924
Advances from Customers	2,127,617	14,863,364
Unclaimed Dividend*	15,864,882	15,868,552
Other Liabilities	7,613,408	4,095,689
	<u>43,374,186</u>	<u>55,830,529</u>
( A )		
2) <u>Provisions</u> :-		
Provision for Gratuity	1,345,996	844,746
Provision for Taxation including FBT	11,370,000	11,370,000
Provision for Loss on Derivatives	43,128,886	83,228,886
	<u>55,844,882</u>	<u>95,443,632</u>
( B )		
<b>Total ( A + B )</b>	<u><b>99,219,068</b></u>	<u><b>151,274,161</b></u>

\* Investors Education and Protection Fund to be credited as and when due.

**SCHEDULE- 8 : OTHER INCOME**

Interest from Banks & others	96,900	554,834
(Tax deducted at source Rs. 9,043 /- Previous Year Rs.1,23,726)		
Dividend on Long Term Investments.	2,544	498,858
Miscellaneous Income	53,607,799	(143,488,200)
(Net of exchange fluctuation loss: Rs. 2,42,938/- (Loss) Previous year Rs. 55,44,336/-(Loss) )		
<b>Total</b>	<u><b>53,707,243</b></u>	<u><b>(142,434,509)</b></u>

**SCHEDULE- 9 : INCREASE/(DECREASE) IN STOCKS**

Closing Stock :		
Finished Goods	5,012,984	13,830,056
Semi-finished Goods	4,148,312	35,371,708
	<u>9,161,296</u>	<u>49,201,764</u>
Less: Opening Stock		
Finished Goods	13,830,056	51,350,059
Semi-finished Goods	35,371,708	182,582,403
	<u>49,201,764</u>	<u>233,932,462</u>
<b>Total</b>	<u><b>(40,040,468)</b></u>	<u><b>(184,730,698)</b></u>

**18TH ANNUAL REPORT****SCHEDULES FORMING PART OF ACCOUNTS: 2009-2010**

	For Year Ended 31.03.2010 (RUPEES)	For Year Ended 31.03.2009 (RUPEES)
<b>SCHEDULE- 10 : RAW MATERIAL CONSUMED:</b>		
Opening Stock	1,697,938	19,652,368
Add : Purchases	72,852,220	206,039,881
	<hr/>	<hr/>
	74,550,158	225,692,249
Less : Closing Stock	4,686,951	1,697,938
	<hr/>	<hr/>
<b>Total</b>	<b>69,863,207</b>	<b>223,994,311</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>SCHEDULE- 11 : MANUFACTURING &amp; OTHER EXPENSES</b>		
Stores, Spares, Packing material,		
Oil & Lubricant consumed	43,475,088	65,906,567
Weaving & Other Charges	68,075	1,376,265
Repairs & Maintenance-Building	382,575	275,000
Repairs & Maintenance-Machinery	257,418	981,661
Repairs & Maintenance-Others	409,742	492,865
Electricity Charges	30,551,360	39,638,864
Loss on Sale of Plant & Machinery	6,559,634	-
	<hr/>	<hr/>
<b>Total</b>	<b>81,703,892</b>	<b>108,671,222</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>SCHEDULE- 12 : EMPLOYEES' REMUNERATION AND OTHER BENEFITS</b>		
Salaries, Wages & Bonus	14,175,756	23,704,261
Employer's Contribution to provident and other funds	129,714	312,162
Gratuity	501,250	-
Staff Welfare Expenses	338,381	3,344,139
	<hr/>	<hr/>
<b>Total</b>	<b>15,145,101</b>	<b>27,360,562</b>
	<hr/> <hr/>	<hr/> <hr/>

**HANIL ERA TEXTILES LTD.****SCHEDULES FORMING PART OF ACCOUNTS: 2009-2010**

	For Year Ended 31.03.2010 (RUPEES)	For Year Ended 31.03.2009 (RUPEES)
<b><u>SCHEDULE- 13 : ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES</u></b>		
Rent	2,120,407	865,085
Insurance	852,550	2,161,558
Rates & Taxes	505,805	1,986,818
Brokerage & Commission	175,236	1,748,840
Security Charges	478,805	238,862
Printing & Stationary	113,928	150,093
Postage,Telegram,Telephone & Fax	89,099	373,040
Travelling & Conveyance	1,868,752	2,325,593
Legal & Professional Charges	1,894,273	1,727,770
Vehicle Expenses	253,202	1,527,896
Auditor's Remuneration	413,625	441,200
Director's Sitting Fees	-	10,000
Miscellaneous Expenses	2,810,157	7,238,026
<b>Total</b>	<b>11,575,839</b>	<b>20,794,781</b>
<b><u>SCHEDULE- 14 : INTEREST &amp; FINANCE CHARGES</u></b>		
Interest on Fixed Loans	6,488,533	53,297,893
Other Interest	237,781	42,746,873
Bank Charges	173,030	4,605,781
<b>Total</b>	<b>6,899,344</b>	<b>100,650,547</b>

**SCHEDULE- 15: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(A) SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Accounting:**

The financial statements are prepared under historical cost convention, using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the Companies Act, 1956, including the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, as referred to in Section 211 (3C) of the Companies Act, 1956

**2. Use of Estimates :**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Example of such estimates include provisions for doubtful debts, employee retirement benefits plans, provision for income tax, accounting for contract costs expected to be incurred to complete software development and the useful lives of fixed assets.

**3. Fixed Assets:**

- a) Fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, insurance, installation charges, duties & taxes, financial cost & other incidental expenditure but net of Modvat / Cenvat. Exchange difference, if any, in respect of liabilities incurred to acquire fixed assets is charged to Profit & Loss Account
- b) Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the capacity/performance of the asset as assessed earlier.
- c) Capital Work in Progress is carried at cost, comprising of direct cost attributable, interest & incidental expenditure. The advances given for acquiring / erecting fixed assets are shown under capital work in progress.

**4. Depreciation:**

The Company provides depreciation on Fixed Assets on Straight-Line Method (SLM) at the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. No Depreciation has been provided on machineries not put to use during the year.

**5. Inventories:**

Inventories are valued at cost or net realizable value whichever is lower. Cost is determined using First-In-First-Out (FIFO) method.

**6. Foreign Currency Transactions:**

Transactions of foreign currency are recorded at the exchange rates prevailing on the date of transaction. Current assets & current liabilities in foreign currency outstanding as at the year-end are translated at the year-end rate. The difference between the rate prevailing on the date of transaction and on the date of settlement as above on transaction of current assets & current liabilities at the end of the year is recognized as the case may be as income or expense for the year.

**7. Sales:**

- a) Sales made in the Domestic Tariff Area (DTA) include Excise duty and Sales tax, wherever applicable.
- b) Export Sales include insurance and freight, wherever applicable.

**8. Investments:**

Investments are classified into Current Investment and Long Term Investments.

Current Investments are carried at lower of the cost or fair / quoted value. Long Term Investments are carried at cost. Provision for diminution in the value is made only if, in the opinion of the management, such a decline is other than temporary

**9. Excise Duty:**

Liability towards excise duty on finished goods is accounted for as and when the goods are cleared from the factory premises for DTA sales. No provision is made in the accounts for goods manufactured and lying in Bonded warehouse in the factory premises.

## HANIL ERA TEXTILES LTD.

### 10. **Employee Retirement Benefits:**

- Contribution to Provident Fund is accounted on accrual basis with corresponding contribution charged to the Profit & Loss Account.
- Liability for gratuity is provided on the assumption that such benefits are payable to all employees at the end of the accounting year

### 11. **Borrowing Cost:**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred

### 12. **Prior period items etc.:**

Material items of income and expenditure related to earlier year(s) are accounted through prior period adjustment account and are disclosed separately in the Profit & Loss Account.

### 13. **Derivative Instruments:**

The Company uses derivative financial instruments, such as forward exchange contracts, currency swaps and interest rate swaps, to hedge its risks associated with foreign currency fluctuations and interest rate. Currency and interest rate swaps are accounted in accordance with their contract.

### 14. **Accounting for Leases**

Rentals in respect of all operating leases are charged to Profit & Loss Account.

### 15. **Earnings per Share**

In accordance with the Accounting Standard 20 ( AS – 20) "Earnings Per Share" issued by the Institute of Chartered Accountants of India, basic / diluted earnings per share is computed using the weighted average number of shares outstanding during the period.

### 16. **Provisions & Contingent Liabilities:**

The company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 17. **Other Accounting Policies:**

These are consistent with generally accepted accounting policies.

### (B) **NOTES ON ACCOUNTS:**

- Contingent liabilities not provided for in respect of

(Rs. In lacs)

Particulars	As at 31st March, 2010	As at 31st March, 2009
A Bank Guarantees not due	—	55.26
B Provident Fund demand	550.00	—
C Income Tax demand	1221.00	—
D Central Excise	1192.00	—
E Labour Liability	149.00	—
F Disputed Interest (including Penal interest) due to Banks	151.35	151.35
G Sales tax & others	66.00	—
F Disputed Claims of forex Lossess	822.98	1308.83

- Due to NPA status of the Term Loan and Working Capital Term Loan the concern Banks have not charged interest on their respective accounts for the financial year. The company has not made interest provision for financial year 2009-2010.



- 3 Sundry Balances written back are net of Sundry Balances written off amounting to Rs **30,829/-**. (Previous Year Rs.7,93,195/-)
- 4 In view of business losses during the year and after taking into consideration the benefits admissible under the provisions of the Income Tax Act, 1961, no provision for Income Tax has been considered necessary. The company has, however, made a provision of Rs. Nil (Previous Year Rs 1,95,000/-) towards Fringe Benefit Tax.
- 5 Sales include Sales made in Domestic Tariff Area amounting to Rs. **8,94,88,306/-**. (Previous Year Rs. 22,21,91,822/-).
6. Other Current Assets (Refer Schedule '6') include subsidy receivable under 'Technology Upgradation Funds Scheme of Rs. **35,25,685/-** (Previous Year Rs. 1,02,72,154).

**7. Disclosure requirements as per Accounting Standard 18 (AS-18), on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India:**

(i) **List of Related Parties and relationship**

(a)	Party	Relationship
	Infotech Era (India) Ltd.	Under Common Control
b)	Key Management Personnel Mr. R.K. Agarwal	Chairman & Managing Director

(ii) **Disclosures required for related parties transactions**

Particulars	Companies Under Common Control	Key Management Personnel
(Figures in Rupees)		
<b>Transaction during the year:</b>		
<b>Advances Taken</b>	— (87,04,380)	—
<b>Repayment of Advances Taken</b>	— (7,01,37,217)	—
<b>Salary Paid</b>	—	— (3,00,000)
<b>Closing Balances Receivable</b>	—	—
<b>Receivable</b>	<b>4,53,52,206</b> (1,60,80,631)	—

**Related Party Relationship is identified by the Company on the basis of the information available with the company.**

**8. Segment Reporting**

(I) Information about Primary Geographical Segments:

Particulars	Exports	Local	Unallocated	Total
Revenue External	<b>63</b> (1,154)	<b>895</b> (2,222)	- (-)	<b>958</b> (3,376)
Inter-Segment	Nil	Nil	Nil	Nil
Total Revenue	<b>63</b> (1,154)	<b>895</b> (2,222)	- (-)	<b>958</b> (3,376)
Result Segment Result	<b>-87</b> (815)	<b>-1159</b> (1662)	- (-)	<b>-1246</b> (2477)
Unallocated Income	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>37</b> (2046)	<b>37</b> (2046)
Income				
Net of unallocated expenditure (Including depreciation) (Refer note B)				

## HANIL ERA TEXTILES LTD.

Interest Expenses	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>69</b> (1007)	<b>69</b> (1007)
Interest Income	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>1</b> (6)	<b>1</b> (6)
Profit/-loss before Taxation	<b>-87</b> (815)	<b>-1159</b> (1662)	<b>- 31</b> (3047)	<b>-1277</b> (5524)
Prior Period Items	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)
Profit/-loss after Taxation	<b>-87</b> (815)	<b>-1159</b> (1662)	<b>-31</b> (3049)	<b>-1277</b> (5526)
Net Profit/-loss	<b>-87</b> (815)	<b>-1159</b> (1662)	<b>-31</b> (3049)	<b>-1277</b> (5526)

II) Information about secondary business segments:

(Rs in lacs)

Particulars	Yarn/Fabric	Ethanol	Surplus Power	Total
Revenue External	<b>958</b> (2,672)	<b>—</b> (704)	<b>Nil</b> (Nil)	<b>958</b> (3376)
Inter-segment	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)	<b>Nil</b> (Nil)
Total	<b>958</b> (2,672)	<b>—</b> (704)	<b>Nil</b> (Nil)	<b>958</b> (3376)

Notes:

- a) The Company is 100% EOU and primarily deals in yarns. It is organised into two main geographical segments, namely: Exports & Local. Segments have been identified and reported taking into account exchange control regulations, underlying currency risk and the internal financial reporting systems.
- b) Segment Revenue and Expenses
- Revenue directly attributable to each of the segments is shown under Segment revenue.
  - Segment Expenses includes directly attributable and certain indirect expenses allocated on a reasonable basis. It excludes indirect expenses, which cannot be allocated. It excludes interest expense, depreciation and other common expenses, which cannot be allocated on a reasonable basis.
- c) Segment Assets and Liabilities
- Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the same are interchangeable between segments. The company believes that it is currently not practicable to provide segment disclosures relating to total assets and liabilities.
9. The Company is in process of assessing the impairment in Fixed Assets if any, as required by AS-28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India.
10. The Company, time to time, holds financial derivatives instruments primarily for hedging purposes. In pursuance of the announcement dated 29<sup>th</sup> March, 2008, of the ICAI, the Company has decided to account for losses on derivative transactions, on net basis, after considering effects of underlying exposures / commitments / obligations.
11. Earning per Share (EPS)
- |  | 2009-10               | 2008-09         |
|--|-----------------------|-----------------|
| (a) Net Profit/(Loss) available for Equity Shareholders. | <b>(12,76,55,135)</b> | (55, 25,81,000) |
| (b) Weighted average number of Equity Shares             | <b>4,09,66,250</b>    | 4,09,66,250     |
| (c) Basic and diluted earning per Share of Rs. 10 each   | <b>(3.12)</b>         | (13.49)         |
12. Auditors' Remuneration (Net of Service Tax):  
Audit Fees Rs **3,75,000/-** (Previous Year Rs 4,00,000/-)

13. In the opinion of the Board, and to the best of their knowledge and belief, the realizable amount of Current Assets and Loans & Advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.
14. The outstanding balances in respect of sundry debtors, sundry creditors, loans and advances, banks and loans from financial institutions are subject to confirmation and reconciliation, if any.
15. Managerial Remuneration :  
Salary to the Chairman and Managing Director Rs. Nil (Previous Year Rs 3,00,000).
16. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006:  
There are no outstanding to parties covered under the Micro, small and Medium Enterprises as per MSMED Act, 2006. This information has been determined to the extent such parties have been identified on the basis of information available with the company.
17. Future obligation of the company for assets taken on all leases entered into before 1<sup>st</sup> April, 2001 is Rs. **50,66,667/-**. (P.Y. 66,66,667) after appropriation of lease rentals of Rs 16,00,000/- during the year.
18. The Company is in process of appointing a qualified Company Secretary.
19. In view of losses incurred and considering the provisions of AS 22 the management is of opinion that it is not necessary in the current year to provide for Deferred Tax Assets/ Liabilities, which will be considered at appropriate time.
20. Additional Information pursuant to paragraph 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956.

**A. Details of Capacities, Production, Turnover and Stocks: (As compiled and certified by the Management)**

**(i) (A) Spinning**

- a) **Licensed capacity** : 105,000 Spindles & 504 Rotors  
(105,000 Spindles & 504 Rotors)
- b) **Installed capacity** : 79,880 Spindles & 504 Rotors  
(79,880 Spindles & 504 Rotors)

**(B) Fabric**

- a) **Licensed capacity** : 159 Lacs Sq Mtrs (100 Picks Basis)
- b) **Installed capacity** : 159 Lacs Sq Mtrs (100 Picks Basis )

**(ii) Details of Production, Purchases, Turnover and Stocks:**

Item	Opening Stock		Production	Turnover		Closing Stock	
	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Qty (MT)	Value (Rs. in lacs)	Qty (MT)	Value (Rs. in lacs)
<b>Acrylic</b>	<b>5.67</b> (185.52)	<b>6.23</b> (269.01)	<b>69.39</b> (798.06)	<b>75.06</b> (829.13)	<b>88.69</b> (1160.37)	<b>—</b> (5.67)	<b>—</b> (6.23)
<b>Cotton</b>	<b>32.65</b> (56.62)	<b>34.29</b> (70.77)	<b>221.95</b> (250.95)	<b>233.77</b> (66.66)	<b>245.90</b> (55.95)	<b>16.11</b> (32.65)	<b>20.13</b> (34.29)
<b>Blended/ Viscose</b>	<b>25.10</b> (63.68)	<b>22.59</b> (79.60)	<b>428.63</b> (640.36)	<b>440.44</b> (622.94)	<b>382.98</b> (566.77)	<b>1.18</b> (25.10)	<b>1.30</b> (22.59)
<b>Ethanol</b>	<b>—</b> (346.54KL)	<b>—</b> (69.31)	<b>—</b> (KL 2513.46)	<b>—</b> (KL2860.00)	<b>—</b> (704.43)	<b>—</b> (—)	<b>—</b> (—)
<b>Sale of Waste</b>	<b>149.26</b> (23.44)	<b>29.85</b> (11.72)	<b>58.18</b> (361.69)	<b>51.59</b> (235.87)	<b>10.92</b> (79.21)	<b>13.21</b> (149.26)	<b>2.64</b> (29.85)

**HANIL ERA TEXTILES LTD.****(iii) Raw material consumed:**

	Quantity (Kgs)	Value (Rs.)
<b>Acrylic Fiber</b>	<b>29,478</b> (9,46,464)	<b>26,40,947</b> (10,46,38,734)
<b>Raw Cotton</b>	<b>2,95,090</b> (2,67,307)	<b>1,88,71,163</b> (168,47,904)
<b>Polyester/ other</b>	<b>4,55,509</b> (495,253)	<b>2,90,44,696</b> (3,26,05,376)
<b>Ethanol</b>	<b>Nil</b> (KL.2600)	<b>Nil</b> (402,72,510)
<b>Cotton Yarn etc.</b>	<b>1,19,122</b> (2,51,376)	<b>1,93,06,401</b> (2,96,29,787)

**B Consumption of imported and indigenous material and percentage thereof:**

Items	Imported (Rs.in lacs)	Imported In %	Indigenous (Rs.in lacs)	Indigenous In %	Total (Rs.in lacs)	Total in %
<b>Raw Material</b>	<b>93.78</b> (1018.22)	<b>13.42</b> (45.46)	<b>604.85</b> (1221.72)	<b>86.58</b> (54.54)	<b>698.63</b> (2239.94)	<b>100.00</b> 100.00
<b>Stores, Spares &amp; Packing Materials</b>	<b>136.44</b> (466.74)	<b>31.38</b> (70.81)	<b>298.31</b> (192.32)	<b>68.62</b> (29.19)	<b>434.75</b> (659.06)	<b>100.00</b> 100.00

**C Value of imports calculated on C.I.F. basis :****(Rs.in lacs)**

	2009-10	2008-09
<b>Raw Materials</b>	<b>93,77,560</b>	9,66,79,720
<b>Stores &amp; Spares parts &amp; Others</b>	<b>10,78,764</b>	42,39,692

**D Expenditure in Foreign Currency (On payment basis):****(Rs.in lacs)**

	2009-10	2008-09
Commission Charges	---	2,98,979
Traveling Expenses	<b>9,28,925</b>	11,54,529

**E Earning in Foreign Exchange:****(Rs.in lacs)**

	2009-10	2008-09
F.O.B. Value of Exports	<b>57,74,586</b>	112,965,974

21. Figures of previous year have been regrouped/ reclassified wherever necessary.

22. Figures have been rounded off to nearest Rupee.

As per our report of even date

For **Page & CO.**  
**Chartered Accountants****(Prakash V. Page)**

Partner

Membership No. 30560

PLACE : MUMBAI.

DATED: OCTOBER 30, 2010

For and on behalf of the board

**R. K. Agarwal**

Chairman &amp; Managing Director

**A. K. Agarwal**

Director

**S.C. Kalra**

Director

PLACE : MUMBAI.

DATED : OCTOBER 30, 2010

## 18TH ANNUAL REPORT

### Cash Flow for the year ended 31-03-2010

	2009-10	2008-09
<b>A. Cash flow from Operating Activities</b>		
Profit/(Loss) before Tax	(127,655,135)	(552,386,000)
<b>Adjustment for :</b>		
Depreciation	4,98,38,151	61,619,780
Interest Expenses	68,99,344	100,650,547
Interest Income	(96,900)	(554,834)
Dividend Income	(2,544)	(498,858)
Profit on sale of Investment	-	(35,009,260)
Loss on sale of Investment	-	206,492,355
Loss on sale of FA	65,59,634	591,334
	<b>63,197,685</b>	<b>333,291,064</b>
Operating Profit Before Working Capital Changes	<b>(64,457,450)</b>	<b>(219,094,936)</b>
Adjustment for :		
(Increase) / Decrease of Debtors	6,739,389	24,629,600
(Increase) / Decrease of Loans and Advances	9,398,320	(131,685,564)
(Increase) / Decrease of Inventories	73,651,458	215,881,117
Increase / (Decrease) of Trade Payables	(52,565,155)	(210,887,713)
Increase / (Decrease) of Other Liabilities	-	-
	<b>37,224,012</b>	<b>(102,062,560)</b>
Cash generated from operations	<b>(27,233,438)</b>	<b>(321,157,496)</b>
Less :		
Income Tax Paid	-	(3,625,000)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(27,233,438)</b>	<b>(324,782,496)</b>
<b>B. Cash flow from Investment Activities</b>		
Purchase of Fixed Assets	-	(50,000)
Fixed Assets Sold	24,500,000	554,273
Dividend Received	2,544	498,858
Interest Income	96,900	554,834
Investment Income	-	(171,483,095)
Sale of Investment (Net)	(645)	700,903,286
<b>Net Cash Flow from Investment Activities (B)</b>	<b>24,598,799</b>	<b>530,978,156</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds / Repayment of Borrowings	(1,209,999)	(112,104,429)
Dividend Paid and Tax Thereon	(3,670)	(21,510)
Interest Paid	(6,899,344)	(100,650,547)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>(8,113,013)</b>	<b>(212,776,486)</b>
Net Increase/ (Decrease) in Cash & Cash Equivalents ( A+B+C )	<b>(10,747,652)</b>	<b>(6,580,826)</b>
Cash & Cash Equivalent as at beginning of the year	<b>19,756,400</b>	<b>26,337,226</b>
Cash & Cash Equivalent as at end of the year	<b>9,008,748</b>	<b>19,756,400</b>

Note: Figures of Previous year have been regrouped wherever necessary.

As per our report of even date  
For & on behalf of  
P. V. Page & Co.  
Chartered Accountants

**(Prakash V. Page)**  
Partner  
Membership No. 30560

PLACE :MUMBAI.  
DATED: OCTOBER 30, 2010

For and on behalf of the board

**R. K. Agarwal**  
Chairman & Managing Director

**A. K. Agarwal**  
Director

**S.C. Kalra**  
Director

PLACE : MUMBAI.  
DATED : OCTOBER 30, 2010

**HANIL ERA TEXTILES LTD.****BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Detail**

Registration No	1163581	State Code	11
Balance Sheet Date	31/03/2010		

**II Capital Raised during the period (Rs. in Thousand)**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III Positions of Mobilisation and Deployment of Funds (Rs. in Thousand)**

Total Liabilities	1,631,914	Total Assets	1,631,914
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**Source of Funds**

Paid-up Capital	409,662	Reverses & Surplus	267,438
Secured Loans	954,814	Unsecured Loans	-

**Application of Funds**

Net Fixed Assets (including WIP)	1,305,331	Investments	53
Net Current Assets	294,857	Mis. Expenditure	Nil

**IV Performance of Company (Rs. in Thousand)**

Turnover & other Income	149,463	Total Expenditure	277,118
Profit/(Loss) Before Tax	(127,655)	Profit/(Loss) After Tax	(127,655)
Earning Per Share (Rs)	(3.12)	Dividend Rate	NIL

**V Generic Names of Three Principal Products / Service of Company (as per monetary terms)**

Item Code No	:	55.09	Item Code No	:	52.05
Product Description	:	<b>Synthetic Yarn</b>	Product Description	:	<b>COTTON YARN</b>
Item Code No	:			:	
Product Description	:	<b>Ethanol</b>		:	

As per our report of even date  
For & on behalf of  
P. V. Page & Co.  
Chartered Accountants  
**(Prakash V. Page)**  
Partner  
Membership No. 30560

For and on behalf of the board  
**R. K. Agarwal**  
Chairman & Managing Director  
**A. K. Agarwal**  
Director

**S.C. Kalra**  
Director

PLACE :MUMBAI.  
DATED: OCTOBER 30, 2010

PLACE : MUMBAI.  
DATED : OCTOBER 30, 2010

**FORM OF PROXY**

**HANIL ERA TEXTILES LIMITED**

**Regd. Office: Village :** Vanivali, **Taluka:** Khalapur  
**Dist.:** Raigad, Maharashtra.

**18<sup>TH</sup> ANNUAL GENERAL MEETING**

FOLIO NO.....D.P. ID NO.....CLIENT I.D. NO.....

I/We \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ being the member(s) of the above named

Company \_\_\_\_\_ hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on November 30, 2010, 4.00 p.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix  
Re. 1/-  
Revenue  
Stamp

- Note :**
1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
  2. A proxy need not be a member.
  3. The completed form should be deposited at the Registered Office of the Company, not later than forty-eight hours before the meeting.

**ATTENDANCE SLIP**

**HANIL ERA TEXTILES LIMITED**

**Regd. Office: Village :** Vanivali, **Taluka:** Khalapur  
**Dist.:** Raigad, Maharashtra.

**18<sup>TH</sup> ANNUAL GENERAL MEETING**

Please complete this Attendance Slip and hand over at the entrance of the Meeting Hall.

Registered Folio No. :- .....,D.P. ID No.....Client ID NO.....

Name of the Shareholder :- .....

I hereby record my presence at the Eighteenth Annual General Meeting of the Company held on November 30, 2010, 4.00 p.m. Registered Office i.e. Patalganga, District - Raigad, Maharashtra.

Signature of the Shareholder/Proxy :- .....

BOOK POST

If undeliverd please return to :  
**HANIL ERA TEXTILES LIMITED**  
New Era House,  
Mogul Lane, Matunga (W)  
Mumbai - 400 016.

CRYSTAL (022) 6614 0900