

NIRLON

Nirlon Limited

**51st
Annual Report
2009-10**

BOARD OF DIRECTORS

(As on July 30, 2010)

PADMA BHUSHAN SHRI MOOSA RAZA (*Chairman*)

SHRI RAMA VARMA

SHRI ARJAN GURBUXANI

SMT. RAJANI BHAGAT

SMT. ARUNA MAKHAN

SHRI JAIDEV SHROFF

SHRI KUNAL SAGAR (*Executive Vice Chairman*)

SHRI RAHUL SAGAR (*Executive Director*)

COMPANY SECRETARY & VICE PRESIDENT (LEGAL)

SHRI J. K. BHAVSAR

AUDITORS

M/s. N. M. RAIJI & COMPANY, MUMBAI
CHARTERED ACCOUNTANTS

LEGAL ADVISORS

M/S. MATUBHAI JAMIETRAM
ADVOCATES, SOLICITORS & NOTARY

REGISTERED OFFICE

Pahadi Village,
Goregaon (East),
Mumbai: 400 063.
Tele : + 91- (022)- 4028 1919 / (022) 2685 2257/58/59
Fax : + 91 -(022) - 4028 1940
www.nirlonltd.com

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Sharepro Services (India) Private Limited, Mumbai

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the **FIFTY-FIRST ANNUAL GENERAL MEETING** of Nirlon Limited will be held on Tuesday, September 14, 2010, at 11.00 a.m. at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, near Haji Ali, Mumbai 400 034 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2010 and the Profit and Loss Accounts for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a director in place of Smt. Rajani Bhagat, who retires by rotation, and being eligible offers herself for re-election.
3. To appoint a director in place of Shri Jaidev Shroff, who retires by rotation, and being eligible offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

**By Order of the Board of Directors
For Nirlon Limited**

J. K. Bhavsar

Company Secretary & Vice President (Legal)

Mumbai, July 30, 2010

Registered Office:

Pahadi Village, Goregaon (East),
Mumbai: 400 063.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, must be duly filled, stamped, signed and deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. Profiles of the Directors seeking re-appointment, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, are annexed to this Report.
4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the Meeting.
5. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Meeting.
6. Members who hold dematerialized shares are requested to write their client ID and DPID Nos., and those who hold shares in physical form are requested to write their folio no. on the attendance slip for attending the meeting.
7. Members who hold shares in physical form in multiple folios in identical names, or joint accounts in the same order of names, are requested to send the share certificates to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Pvt. Ltd., for consolidation into a single folio.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 7, 2010 to Tuesday, September 14, 2010, both days inclusive, for the purpose of the Fifty-First Annual General Meeting.
10. Members are requested to send an advice about change in address / any other details to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited in respect of equity shares held in physical form, and to their respective Depository Participants in respect of equity shares held in dematerialized form.

For any assistance or information about transfer of shares, Annual Report etc., members may contact the Company's Registrar and Share Transfer Agent at:-

Sharepro Services (India) Private Limited

Unit: **Nirlon Limited**

Address: 13AB, Samhita Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400 072.
Contact Person: Ms. Indira Karkera
Email : indira@shareproservices.com

11. As per the provisions of the Companies Act, 1956, Members can avail of the nomination facility in respect of the equity shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited.
12. Copies of the Annual Report 2010 will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the 51st Annual Report to the Meeting.
13. Members who wish to obtain information concerning the accounts or operations of the Company may send their queries at least 7 days before the Annual General Meeting to the Company Secretary at the Registered Office of the Company.

DIRECTORS' REPORT

Your Directors' present their 51st Annual Report and the Audited Financial Accounts for the year ended March 31, 2010.

FINANCIAL HIGHLIGHTS

(Rupees in crore)

	2009-10	2008-09
Gross Sales and Other Income	56.23	38.10
Gross Profit/(Loss)	24.53	13.45
Interest paid	22.17	5.32
Cash Profit/(Loss)	2.36	8.12
Depreciation	17.68	2.10
	<hr/>	<hr/>
Net profit before extraordinary items	(15.32)	6.02
	<hr/> <hr/>	<hr/> <hr/>
Less: Extraordinary items		
VRS	2.52	2.52
	<hr/>	<hr/>
Net Profit for the year after extraordinary items	(17.84)	3.50
	<hr/> <hr/>	<hr/> <hr/>
Provision for Taxation:		
Current Tax	-	(0.40)
Income Tax adjustments of earlier years	(0.22)	(0.01)
Deferred Tax	(0.28)	(0.05)
Fringe Benefit Tax	-	(0.14)
	<hr/>	<hr/>
Profit for the year after Tax	(18.34)	2.90
	<hr/> <hr/>	<hr/> <hr/>

DIVIDEND

The Directors do not recommend any dividend in view of the net loss for the year.

DIRECTORS

We are pleased to inform you that our Chairman, Shri Moosa Raza, former Secretary to the Government of India has been conferred the Padma Bhushan Award by the President of India in the Republic Day Honors for distinguished Civil Service.

Smt. Rajani Bhagat and Shri Jaidev Shroff, Directors, retire by rotation and being eligible, offer themselves for re-appointment at this Annual General Meeting.

A brief resume of the Directors to be re-appointed, nature of their expertise, and name of the company/ies in which they hold Directorships and Memberships/Chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, is provided in *Annexure III*, i.e. the Report on Corporate Governance forming a part of this Report.

OPERATIONS & FUTURE OUTLOOK

a) Real Estate Division

- i) Development of the Information Technology (IT) Park i.e. Nirlon Knowledge Park (NKP) – Goregaon, Mumbai

Phase 1 and 2

Construction, Delivery of Premises, and Licence Fee Commencement

During the period under review, construction of Phase 1, i.e. Buildings Blocks B 1, 2 and 3 as well as the Multi Level Car Park (MLCP) have been completed.

In the April-August 2009 period, the Company commenced delivery of these Phase 1 premises to its licensees for their fitout work. Income by way of license fees for approx. 715,000 sq.ft. commenced between July 2009 and March 2010. The total constructed area for Phase 1 is approx. 1,294,000 sq. ft. including two levels of basement parking and the ten floor MLCP (which will also be used for Phase 2 parking, visitor parking and houses utilities, i.e. generators, chillers, water tanks, etc. for both Phases 1 and 2).

During the period under review, the Company also completed construction of the Phase 2 Building Block B-7, and has commenced delivery of these premises to its licensees in stages for their fit out work from July 2010. Income by way of license fees for Phase 2 will begin from October 2010, and the Company estimates commencement of license fees from approx. 306,000 sq. ft. progressively through March 2011. The total constructed area for Phase 2 including two levels of basement parking is approx. 384,000 sq. ft.

Marketing

The profile of licensees occupying / contracted to occupy Phase 1 and Phase 2 presently comprises highly regarded and well known International and Indian corporates. The Company will continue to target a similar profile of successful Corporates for its Phase 3 and Phase 4 development.

Financing

HDFC Ltd., the Company's Lenders, continue to provide loan financing to the Company for the development of Phase 1 and Phase 2 of NKP as per the terms of their sanction.



Repayment of the loan to HDFC in equal monthly installments comprising Principal and Interest has begun from August 2009, with the securitization of a major portion of the Phase 1 and 2 loan. The repayment is being made as per HDFC's required schedule.

Interest and Depreciation

With the completion of Phase 1 and commencement of license fees, Interest Paid on the construction loan, and Depreciation on the new buildings form a part of the Profit & Loss Accounts for 2009-10. As a result, though Gross Profit is sharply higher than in 2008-09, the Financial Year 2009-10 shows a Loss after Depreciation. Interest Paid and Depreciation for Phase I are both expected to reduce in subsequent years as, respectively, outstanding loan amounts for this phase also reduce, and buildings become older. (On the assumption that the interest rate charged to the Company and loan tenure remain unchanged).

Further Phases

Subject to the successful commencement of license fee income from Phase 2, the development of the Phase 3 of NKP is proposed to begin in October-December 2010, comprising a constructed area of approx.550,000 sq. ft. Based on the progress of Phase 3, the Company will consider when to commence the fourth and final phase of the NKP Development.

The Company's business plan will continue to retain ownership of the NKP Development, (proposed constructed area of approx. 3 million sq. ft.) and to offer office space on a leave and license basis only.

ii) Leave and License activity

The Company continues to license built up area at Goregaon, Mumbai, (in the existing old Industrial Buildings) at Tarapur, Thane Dist., Maharashtra (upto August 2010), and in Nirlon House at Worli, Mumbai, to various corporates. This activity continues together with the development of various phases of NKP.

License fee income at Goregaon from the licensees in existing old buildings will decrease to some extent in Financial Year 2010-11. This is because certain agreements are expiring and may be renewed for a short period only, or may not be renewed at all, so as to make further space available for the continued development of NKP in Financial Year 2010-2011. The Company will make all efforts to ensure that there is a minimum loss of license fees during this transitory phase.

b) Tyrecord/Industrial Fabric Division– Tarapur

The Company is in the process of completing the remaining statutory formalities for completion of transfer of its MIDC leasehold plot of land (Plot D-8) at Tarapur alongwith the buildings/structures to M/s. Bombay Rayon Clothing Limited, Mumbai, as approved by the shareholders through a Postal Ballot.

FIXED DEPOSITS

The Company has neither accepted nor has invited any fixed deposits during the year.

DEBENTURES

The Company has no overdue debenture redemption amounts, save and except unclaimed amounts.

The Company has transferred unpaid/unclaimed debenture redemption amounts/interest pertaining to the No. IV and No. V issues of Debentures under Section 205-C of the Act to the "Investor Education and Protection Fund (IEPF)" on January 12, 2010 as required under the provisions of the Act, and will further transfer unpaid/unclaimed debenture redemption amounts/interest after August 18, 2010 as required under the provisions of the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

The information as required under Section 217(1) (e) of the Act, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is provided in *Annexure I* and forms part of this Report.

EMPLOYEES

The information required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is attached as *Annexure II* and forms part of this 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 hereby confirm:

- i) that in the preparation of the annual accounts for the year ended March 31, 2010, applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2010, and of the loss of the Company for that year;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the accounts for the year ended March 31, 2010 on a 'going concern' basis.

COMPLIANCE CERTIFICATE OF AUDITORS

A certificate from the Auditors of the Company, M/s. N. M. Raiji & Co, confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 is annexed to the Directors' Report forming part of this Report.

CORPORATE GOVERNANCE DISCLOSURE

The information as required is provided in *Annexure III* and forms part of this Report.

MANAGEMENT DISCUSSION ANALYSIS

Details are provided in *Annexure IV* and forms part of this Report.

INTERNAL AND STATUTORY AUDITORS

M/s. Haribhakti & Co., Chartered Accountants are appointed as Internal Auditors of the Company and their reports are reviewed by the Audit Committee appointed by the Board.

M/s. N. M. Raiji & Co., Chartered Accountants, the Statutory Auditors of the Company, retire from the office of auditors, and being eligible offer themselves for re-appointment as the Statutory Auditors of the Company.

Members are requested to appoint M/s. N. M. Raiji & Co. as the Statutory Auditors of the Company and authorize the Board of Directors to fix their remuneration.

AUDITORS' REPORT

The Auditors' Report and Notes to the accounts are self-explanatory.

INDUSTRIAL RELATIONS AND ACKNOWLEDGEMENTS

Industrial relations with employees continue to remain cordial. Your Directors record their appreciation for the services rendered by employees at all levels. They acknowledge and record their appreciation for the co-operation and assistance rendered by HDFC Limited, Financial Institutions, Banks and various Government Authorities at the State and Central levels. Your Directors thank all stakeholders for their continued support.

For and on behalf of the Board of Directors

For Nirlon Limited

Moosa Raza
Chairman

Mumbai, July 30, 2010



ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE I

FORM A

During the Financial Year 2009-10, no additional measures have been taken for conservation of energy in the Company's job work activities at Tarapur.

ANNEXURE II

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

- I.
 - 1. Name: - Shri Kunal Sagar
 - 2. Age: - 42 years
 - 3. Designation: - Executive Vice Chairman
 - 4. Gross Remuneration: - Rs.53,76,000/- p.a.
Net Remuneration - Rs.28,44,956/-p.a.
 - 5. Qualification: - B.A. (Economics)
 - 6. Experience: - 19 years
 - 7. Date of Commencement: - February 1, 1996
 - 8. Last Employment: - Republic National Bank of New York
- II.
 - 1. Name: - Shri Rahul Sagar*
 - 2. Age: - 39 years
 - 3. Designation: - Executive Director
 - 4. Gross Remuneration: - Rs.39,24,000/- p.a.
Net Remuneration - Rs.22,92,067/-p.a.
 - 5. Qualification: - B.A. (Economics)
 - 6. Experience: - 15 years
 - 7. Date of Commencement: - July 1, 2009
 - 8. Last Employment: - Sempertrans Nirlon Pvt. Ltd.
- III.
 - 1. Name: Shri Dilipkumar Amritlal Pandya
 - 2. Age: - 49 years
 - 3. Designation: - V.P.-Projects
 - 4. Gross Remuneration: - Rs.29,82,582/- p.a.
Net Remuneration - Rs.17,91,616/-p.a.
 - 5. Qualification: - Diploma in Civil Engineering
 - 6. Experience: - 25 years
 - 7. Date of Commencement: - September 1, 2004
 - 8. Last Employment: - Nirlon Ltd. as Dy.Manager - Civil

Note: - Remuneration includes Salary, Allowances, and the Company's contribution of provident fund, but excludes provisions of retiring gratuity for which separate figures are not available.

* Employed for the part of the year.

ANNEXURE III

CORPORATE GOVERNANCE REPORT

[Information given in this Report relates to the Financial Year ended March 31, 2010]

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 and transparency in all aspects of operations, and in all interaction with its shareholders, employees, government, lenders, customers, suppliers/vendors and other stakeholders.

BOARD OF DIRECTORS

The Board of Directors (Board) of the Company consists of:

	As on 31.03.2010
Chairman (Non-Executive and Independent)	1
Non-Executive and Independent Directors	3
Promoters	2
Nominees of Promoters	2
	8

During the Financial Year 2009-10, the Board met 6 (six) times on the following dates:-

1	May 30, 2009
2	June 30, 2009
3	July 31, 2009
4	September 30, 2009
5	October 30, 2009
6	January 29, 2010

The maximum time gap between any 2 meetings was not more than 3 months.

The following table gives details of Directors, attendance of Directors at the Board meetings during the Financial Year 2009-10, at the last Annual General Meeting, and the number of memberships held by Directors on the Boards of various other companies:-

	Name	Category	Relationship with other Directors	Attendance Particulars		Directorships in Public Ltd. Companies	Committee Memberships	
				Board	Last AGM meetings		Chairman	Member
1	Shri Moosa Raza	C*	None	3	Y	1	1	-
2	Shri Rama Varma	NED*	None	4	Y	2	-	-
3	Shri Arjan Gurbuxani	NED*	None	5	Y	-	-	-
4	Smt Rajani Bhagat	NED*	Mother-in-law of Shri Jaidev Shroff	3	Y	-	-	-
5	Smt. Aruna Makhan	NED*	None	5	Y	1	-	-
6	Shri Jaidev Shroff	NED*	Son-in-law of Smt. Rajani Bhagat	1	N	14	-	-
7	Shri Kunal Sagar	EVC*	Brother of Shri Rahul Sagar	6	Y	-	-	-
8	Shri Rahul Sagar	ED*	Brother of Shri Kunal Sagar	6	Y	-	-	-

* C: Chairman, EVC: Executive Vice Chairman, ED: Executive Director, NED: Non-executive Director

- i. Shri Moosa Raza is the Chairman of the Board.
- ii. Shri Kunal Sagar is the Executive Vice Chairman and Shri Rahul Sagar is Executive Director of the Company.
- iii. All Directors, except Shri Kunal Sagar, Shri Rahul Sagar, Smt. Rajani Bhagat and Shri Jaidev Shroff, are independent.

Based on the respective disclosures made by the Directors, none of the Directors is a member in more than ten committees and acts as a Chairman in more than five committees across all companies in which he/she is a director.

A brief resume of the Directors viz. Smt. Rajani Bhagat and Shri Jaidev Shroff, who are being re-appointed at this Annual General Meeting, the nature of their expertise in specific functional areas, and name of the company/ies in which they hold Directorships and Memberships/Chairmanships of Board Committees is provided below:-

a) Smt. Rajani Bhagat

Smt. Rajani Bhagat, aged 71 years, graduated with a B.A. (Hons.), B.Com, B.Sc. (Economics). Smt. Bhagat has been occupying the office of a director representing the Bhagat Promoter Group since March 2003.

She is related to Shri Jaidev Shroff, one of the Directors of the Company.

b) Shri Jaidev Shroff

Shri Jaidev Shroff, aged 44 years, graduated with a B.Sc.. Shri Shroff has been inducted as a nominee of the Bhagat Promoter Group w.e.f. June 24, 2006.

He is the Executive Director of United Phosphorus Ltd.

He is related to Smt. Rajani Bhagat, one of the Directors of the Company.

He is also on the Board of Uniphos Enterprises Ltd., Enviro Technology Ltd., Nivi Trading Ltd., Ventura Guaranty Ltd., Bharuch Enviro Infrastructure Ltd., Tatva Global Environment Ltd., Advanta India Ltd., UPL Environmental Engineers Ltd., Shivalik Solid Waste Management Ltd., Latur Water Supply Management Co. Ltd., Sharvak Environment Ltd., UPL Djai Power Ltd. and Entrust Environment Ltd.

AUDIT COMMITTEE

The Audit Committee constituted by the Board of Directors of the Company consists of 4 Independent Directors, viz. Shri Moosa Raza, Chairman, Shri Rama Varma, Shri Arjan Gurbuxani and Smt. Aruna Makhan.

The constitution of this Audit Committee meets with the requirement of Clause 49 of the Listing Agreement with the Stock Exchange. The terms of reference for the Audit Committee and frequency of meetings meet the requirements of law.

The Company Secretary & Vice President (Legal) of the Company is the Secretary of the Audit Committee.

The role and the terms of reference of the Audit Committee shall include the following:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-



appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.

3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the Management, the quarterly, half yearly and annual financial statements before submission to the Board for approval, with particular reference to:-
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by the Management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing with the Management the performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
6. Discussion with the Internal Auditors on any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and reporting the matter to the Board.
8. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. To look into the reasons for substantial defaults in payment to the creditors.

During the Financial Year 2009-10, the Audit Committee met 4 (four) times on the following dates:-

1	June 30, 2009
2	July 31, 2009
3	October 30, 2009
4	January 29, 2010

	Name of the Member	No. of meetings attended
1	Shri Moosa Raza	2
2	Shri Rama Varma	3
3	Shri Arjan Gurbuxani	4
4	Smt. Aruna Makhan	4

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee constituted by the Board of Directors of the Company consists of 4 Independent Directors, viz. Shri Moosa Raza, Chairman, Shri Rama Varma, Shri Arjan Gurbuxani and Smt. Aruna Makhan.

The Committee has been formed to specifically look into redressing of shareholder complaints like transfer of shares, non-receipt of balance sheet, etc.

The Committee ensures that the grievances of the investors are attended to promptly, besides taking pro-active action for a high level of investor service. The Committee aims to focus the attention of the Company on shareholders' grievances and helps the management in the redressal of their grievances.

During the Financial Year 2009-10, the Shareholders/Investors Grievance Committee met 4 (four) times on the following dates:-

1	June 30, 2009
2	July 31, 2009
3	October 30, 2009
4	January 29, 2010

	Name of the Member	No. of meetings attended
1	Shri Moosa Raza	2
2	Shri Rama Varma	3
3	Shri Arjan Gurbuxani	4
4	Smt. Aruna Makhan	4

The Board has designated the Company Secretary & Vice President (Legal) as the Compliance Officer.

As per amended clause no. 47(f) of the Listing Agreement, the Company has designated an E-mail ID "share@nirlonltd.com" for registering complaints by the shareholders. The Company's details are displayed on the Company's website "www.nirlonltd.com".

The total number of complaints received and replied to the satisfaction of the shareholders during the Financial Year ended March 31, 2010 were 7, and outstanding complaints as on March 31, 2010 was nil. The number of pending share transfers was nil and pending requests for dematerialization were also nil as on March 31, 2010.

REMUNERATION COMMITTEE

Terms of Reference

The Remuneration Committee reviews the policy on remuneration packages for Executive Directors, their Service Contracts etc.

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The Remuneration Committee constituted by the Board of Directors of the Company consists of 4 Independent Directors, viz. Shri Moosa Raza, Chairman, Shri Rama Varma, Shri Arjan Gurbuxani and Smt. Aruna Makhan.

During the Financial Year 2009-10, the Remuneration Committee met once, i.e. on September 30, 2009.

	Name of the Member	No. of meetings attended
1	Shri Moosa Raza	1
2	Shri Rama Varma	1
3	Shri Arjan Gurbuxani	1
4	Smt. Aruna Makhan	1

None of the Non-Executive Directors of the Company draws any remuneration except sitting fees.

Remuneration Policy

The Committee recommends the remuneration payable to Executive Directors based on their contribution to the growth and development of the Company.

Details of remuneration to all Directors for the Financial Year ended March 31, 2010:

(Rs. in lacs)

Name of the Director	Salary	Provident Fund	Commission	Sitting fees*	Total	Service contract / Notice period severance fees
Shri Moosa Raza	-	-	-	0.80	0.80	-
Shri Rama Varma	-	-	-	1.10	1.10	-
Shri Arjan Gurbuxani	-	-	-	1.40	1.40	-
Smt. Rajani Bhagat	-	-	-	0.30	0.30	-
Smt. Aruna Makhan	-	-	-	1.40	1.40	-
Shri Jaidev Shroff	-	-	-	0.10	0.10	-
Shri Kunal Sagar	48.00	5.76	-	-	53.76	Agreement dated 25.06.2007 for a period of 5 years w.e.f. 01.02.2006. Three months notice.
Shri Rahul Sagar	36.00	3.24	-	0.20	39.44	3 years w.e.f. 01.07.2009. Six months notice.

* Inclusive of Board, Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee meetings

GENERAL BODY MEETINGS

Location and time where the last 3 Annual General Meetings were held:

Financial Year	Date	Location of the meeting	Time
2006-2007	30.08.2007	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2007-2008	30.09.2008	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2008-2009	30.09.2009	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.

The following Special Resolutions were passed by the shareholders at these meetings:

1	Appointment of Shri Rahul Sagar as Executive Director of the Company	Annual General Meeting held on September 30, 2008
2	Revision in Managerial remuneration of Shri Kunal Sagar, Executive Vice Chairman of the Company	Annual General Meeting held on September 30, 2008
3	Approval to keep Registers and Index of Members and copies of Annual Returns at the office premises of the Company's Registrar & Share Transfer Agent, viz. Sharepro Services (India) Private Limited	Annual General Meeting held on September 30, 2009



Postal Ballot

There was no special resolution passed through Postal Ballot. As certified by the Management, there is presently no proposal to pass any special resolution through Postal Ballot.

DISCLOSURES

- The Company does not have any related party transactions, which may have a potential conflict with the interests of the Company at large.
- As certified by the Management, the Company has complied with the requirements of regulatory authorities of the capital markets and no penalties/strictures have been imposed against it during the last three years.
- The Company has followed the Accounting Standards issued by the Institute Of Chartered Accountants Of India, to the extent applicable, in preparation of the Financial Statement.
- Details of compliance with mandatory requirement -
The Company has obtained the necessary Certificate from its Statutory Auditors and the same is given as an annexure to the Directors' Report.

DISCLOSURE OF RISK MANAGEMENT

The Company has laid down procedures to inform Board Members about risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that the executive management controls risks through means of a properly defined framework.

SHAREHOLDER INFORMATION:

Means of Communication

Quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchange within the prescribed period after they are approved by the Board. They are also published as required in the prescribed pro-forma within 48 hours of the conclusion of the meeting of the Board in which they are considered.

Website where displayed

- On the EDIFAR site of SEBI (www.sebi.gov.in)
- www.nirlonltd.com

Official norms released

None

Presentations made to institutional investors/analysts

None

Newspapers in which results are published

'Free Press Journal' (English daily) and 'Navshakti' (Marathi daily)

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Date: Tuesday, September 14, 2010

Time: 11.00 a.m.

Venue: Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai.

Annual General Meeting for the year ending on March 31, 2011

End of September 2011 (tentative)

Financial Year

1st April, 2010 to March 31, 2011

Board Meetings (tentative)

April – June 2010 quarter results – meeting held on July 30, 2010

July – September 2010 quarter results – end of October 2010

October – December 2010 quarter results – end of January 2011

Audited results for March 31, 2011 - end of May 2011

Date of Book Closure

Tuesday, September 7, 2010 to Tuesday, September 14, 2010 (both days inclusive)

Dividend Payment

Nil

Company's Website

www.nirlonltd.com

Company's Registration details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L17120MH1958PLC011045.

Listing of Equity Shares

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE), Mumbai. The Company has paid the annual listing fee for the year 2010-11 to the BSE.

BSE Code: 500307

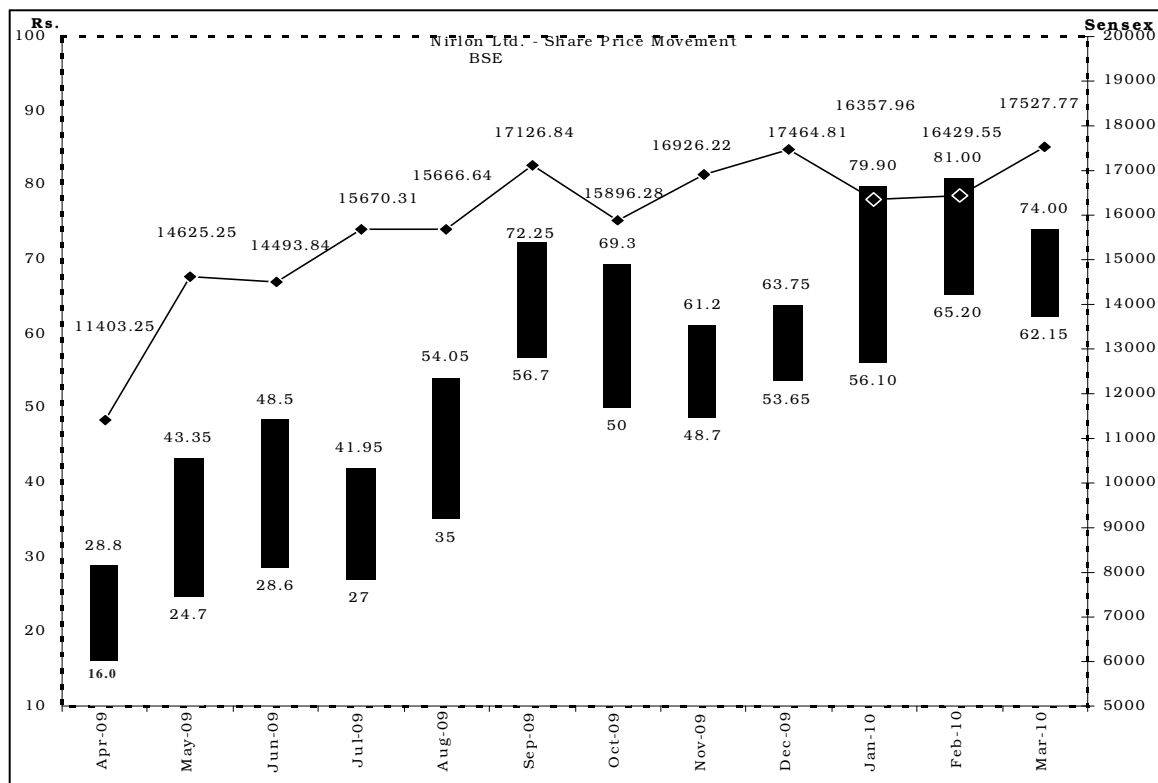
ISIN no. in NSDL and CDSL for equity shares: INE910A01012

Stock Market Data: April 1, 2009 to March 31, 2010

The Bombay Stock Exchange Ltd., Mumbai

	High (Rs.)	Low (Rs.)
April 2009	28.80	16.00
May 2009	43.35	24.70
June 2009	48.50	28.60
July 2009	41.95	27.00
August 2009	54.05	35.00
September 2009	72.25	56.70
October 2009	69.30	50.00
November 2009	61.20	48.70
December 2009	63.75	53.65
January 2010	79.90	56.10
February 2010	81.00	65.20
March 2010	74.00	62.15

Share price performance in comparison to broad based indices – BSE SENSEX



Address for communication: Shri J. K. Bhavsar
 Company Secretary & Vice President (Legal)
 Nirlon Limited, Share Dept., Pahadi Village,
 Off. Western Express Highway, Goregaon (E), Mumbai: 400 063.
 Telephone No. + 91 (022) 40281919/26852257-58-59
 Fax No. + 91 (022) 40281940
 E-mail address: share@nirlonltd.com

Registrar and Share Transfer Agent
 M/s. Sharepro Services (India) Private Limited,
 13AB, Samhita Complex, 2nd Floor,
 Sakinaka Telephone Exchange Line,
 Off. Andheri Kurla Road, Sakinaka,
 Andheri (East), Mumbai: 400 072.
 Telephone no.: - + 91 (022) 67720300/400
 E-mail: - sharepro@vsnl.com

Share Transfer System

The shares of the Company, being in the compulsory dematerialisation list, are transferable through the depository system. In terms of SEBI Guidelines, share transfers in physical form have also been shifted to the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, Mumbai.

Distribution of Shareholding (As on March 31, 2010)

Range of shares	No. of shareholders	No. of shares	Percentage of share amount to total
Up to 500	48,222	59,64,670	10.246
501 – 1,000	2,785	22,65,771	3.892
1,001 – 2,000	1,201	18,86,532	3.240
2,001 – 3,000	359	9,26,668	1.592
3,001 – 4,000	188	6,78,117	1.165
4,001 – 5,000	198	9,49,490	1.630
5,001 – 10,000	293	22,43,461	3.854
10,001 and above	298	4,33,01,877	74.381
Total	53,544	5,82,16,586	100.000



Shareholding Pattern

	As on March 31, 2010	
	No. of shares	Percentage
Promoters and Promoter Group	92,77,155	15.94
Non-Promoter Public shareholding*		
(a) Banks, MFs/FIs	1,49,126	0.26
(b) Foreign Institutional Investors (FIIs)	1,12,09,232	19.25
(c) Others	3,75,81,073	64.55
Sub-total (a + b+ c)	4,89,39,431	84.06
Grand Total	5,82,16,586	100.00
Total no. of shareholders	53,544	

*Public shareholding includes shareholding of “persons acting in concert” with the promoter group, in accordance with the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended by Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2006 notified on 26th May, 2006, and in accordance with Clause 35 of the Listing Agreement, as amended to-date.

Dematerialization of Shares

As per notification issued by SEBI, the shares of the Company are traded in dematerialized form. As on March 31, 2010, 85.50% of the paid-up equity share capital issued and subscribed by the Company has been dematerialized.

Outstanding GDRs, ADRs, warrants or any convertible instruments, conversion data and likely impact on equity

Not Applicable

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company.

A copy of the Code of Conduct has been put on the Company’s website.

All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2010.

A declaration to this effect is signed by the Executive Vice Chairman forming part of this Report.

Declaration – Code of Conduct

All Board Members and Senior Management personnel have, for the Financial Year ended March 31, 2010, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement with the Bombay Stock Exchange Limited.

For Nirlon Limited
Sd/-

Kunal Sagar
Executive Vice Chairman

July 30, 2010

CEO/CFO Certification

Shri Prahalad S. Chomal, General Manager – Finance & Accounts has issued a certificate to the Board of Directors on the fairness and correctness of Annual Audited Accounts.

Real Estate Business & Jobwork Activity Locations

1. Goregaon - Pahadi Village, Goregaon (E), Mumbai: 400 063 – Real Estate.
2. Tarapur-D-8, MIDC Industrial Area, Dist. Thane, Maharashtra – Job work.

ANNEXURE - IV**MANAGEMENT DISCUSSION ANALYSIS****OVERVIEW**

During the year, the Company continued to make progress in the development of the IT Park at Goregaon, i.e. Nirlon Knowledge Park (NKP).

SEGMENT ANALYSIS AND REVIEWa) Real Estate Division - Goregaon, Mumbai

One of the highest priorities for the Company presently is to ensure the successful licensing of the Phase 2 building of the NKP development. Presently, the Company has binding commitments from well regarded licensees for approx. two thirds of this building. Discussions with potential licensees for the balance approx. one third of this building are ongoing. Accordingly, commencement of license fees for approx. two thirds of Phase 2 of the NKP development as per contracts with specific licensees are scheduled for October-December 2010. Subject to successful licensing of the balance one third of Phase 2, license fees from this area may be expected to commence between January-March 2011. License fee income from approx. 93% of Phase 1 of NKP has been accruing to the Company between July 2009 and March 2010.

The majority of these license fees are being/will be paid to HDFC to effect repayment of the construction loan for Phases 1 and 2. The Phase 1 and 2 license fee payment to HDFC will allow this construction loan to be converted into a securitised loan, repayable in 108 months, at an appreciably lower interest rate than that which is charged to the Company presecuritisation. Approx. 78 % of the Rs. 517.62 crore outstanding loan of HDFC on March 31, 2010 has already been securitized. The goal of the Company in this respect is to ensure that by March 31, 2011, all of the estimated Phase 1 and 2 loan of Rs. 550.00 crore will be fully securitized.

The stabilization of income streams from Phases 1 and 2 and the consequent streamlining of payments to HDFC, will then allow the Company to better analyze its options for the Phase 3 and Phase 4 NKP development with respect to timing, nature of development, risks, costs, financing, etc. Presently, the Company is targeting commencement of the Phase 3 development for October-December 2010.

b) Tyrecord/Industrial Fabric Division- Tarapur

During the period under review, the Company took a decision to exit its manufacturing activities at Tarapur and decided to transfer its leasehold MIDC Plot (D-8) along with buildings/structures to Bombay Rayon Clothing Ltd. as per the resolution passed by the shareholders through a Postal Ballot. The proceeds from the sale of this stake have been/will be immediately deployed by the Company for the development of NKP, thus helping reduce the requirement of borrowed funds.

RISKS AND CONCERNSa) Real Estate Divisioni) Macro Economic Environment

This continues to be a concern for the Company today. The demand for commercial real estate in India

remains linked to the growth of the global and Indian economies. The period under review has seen improved economic performance and stronger growth of the Indian Economy. However, this has not consistently been the case overseas. Though Asia in general has shown encouraging growth and resilience in the 2009-10 financial year, in the Eurozone and the United States sustained economic recovery and consistent growth are still to take hold. The result of these mixed signals has been an overall improved trend in demand for commercial real estate in Indian metros, albeit at times hesitant and uncertain. In the Mumbai Metropolitan region as well, this trend is evident. These circumstances may result in delaying space take up in NKP, and could therefore lead to the remainder of the project being developed conservatively, over a longer period of time than is presently estimated.

ii) Supply/Availability of Commercial Real Estate in Suburban Mumbai

Oversupply of Real Estate in Mumbai's suburbs is a reality today. This circumstance is unlikely to change in the short /medium term (approx. 3-5 years) based on even optimistic projections of demand growth. Under these circumstances, rental rates are unlikely to show consistently upward trends, and could for long periods be flat. Accordingly, in the interest of prudence, profitability projections for the NKP Development use conservative assumptions as regards increase in rental rates.

It is worth noting however, that in Mumbai's western suburbs and within the Company's micro market, demand for well planned, high specification developments such as NKP, which deliver quality and ambience at competitive rates is consistent. This is the niche the Company is seeking to establish itself in. The approx. 86% occupancy rate of Phase 1 and 2 in NKP as on July 30, 2010, (expected to further improve in the 2nd half of the financial year 2010-11) would appear to indicate that the Company's focus on quality, value and client satisfaction is laying a foundation for the creation of a profitable long-term asset.

b) Tyrecord/Industrial Fabric Division -Tarapur

No major risks and concerns remain for this Division as the Company is in the process of transferring the concerned plot of land and buildings/structures, and has surrendered its factory license.

Cautionary Statement

Statements in the Annual Report including the Directors' Report and its annexures describing the Company's objectives, projections, estimates, expectations etc. may be "forward looking statements" within the meaning of applicable laws and regulations. Important factors that could make a difference to the Company's operations/development include economic conditions affecting demand/supply, and price conditions in the domestic and overseas markets, changes in Government regulations, policy, tax laws, other statutes and other incidental factors.

**CERTIFICATE****To:****The Members of Nirlon Ltd.**

We have examined the compliance of conditions of Corporate Governance by Nirlon Ltd., for the year ended March 31 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report issued by the Registrar and Share Transfer Agent of the Company to the Shareholders / Investors Grievance Committee, as on March 31, 2010, there were no investor grievances remaining unattended / pending for more than 30 days.

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 N. M. Raiji & Co.

Chartered Accountants

Reg. No. 108296W

C.A.Y. N. Thakkar

Partner

M No. 33329

Mumbai, July 30, 2010

AUDITORS' REPORT

TO THE MEMBERS OF NIRLON LIMITED,

- 1) We have audited the attached Balance Sheet of **NIRLON LIMITED** as at 31st March, 2010, the Profit and Loss Account and also Cash Flow statement of the Company for the period 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 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 as amended from time to time, and on the basis of such checks of the books and records of the Company as we considered appropriate, and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable;
 - 4) Further to our comments in the Annexure referred to above, we report that:
 - I. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - II. 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 such books;
- III. The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this Report are in agreement with the books of account;
 - IV. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable,
 - V. On the basis of the written representations received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - VI. *Subject to Note no.19 of Schedule 18*, 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 and Loss Account read together with 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 31st March,2010;
 - (2) in the case of the Profit and Loss Account, of the Loss of the Company for the period ended on that date; and
 - (3) in the case of Cash Flow Statement, of the Cash Flows for the period ended on that date.

For **N.M. RAIJI & CO.**
Chartered Accountants
Registration No.108296W

CA.Y.N.THAKKAR
Partner.
Membership No.33379

Mumbai, 7th June, 2010



ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (1) of our report of even date.

- i) a) The Company is in the process of updating the records showing full particulars including quantitative details and situation of fixed assets;
- b) (i) All the assets have not been physically verified by the Management during the year, but there is a phased programme for verification of fixed assets designed to cover all assets over a period of time, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets;
- (ii) In view of what is stated in (a) above, we are unable to comment on the discrepancies, if any;
- c) During the year, the Company has not disposed of a substantial part of its fixed assets;
- ii) a) The inventories in possession of the Company have been physically verified by the Management at the close of the year. In our opinion, the frequency of verification is reasonable;
- b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- c) In our opinion, on the basis of our examination of records of inventory, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification;
- iii) a) The Company has not granted any loans, secured or unsecured, to any companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (b), (c) and (d), are not applicable;
- b) The Company has not taken any loans, secured or unsecured, from any companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses (f) and (g), are not applicable;
- iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods and services. No major weaknesses were observed in the aforesaid internal control system;
- v) In our opinion, there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956;

- vi) The Company has not accepted any deposits from the public during the year;
- vii) The Company has an internal audit system conducted by an independent firm of Chartered Accountants, which in our opinion is commensurate with the size and nature of its business;
- viii) The provision of clause (d) of sub-section (1) of section 209 of the Companies Act for the maintenance of cost records prescribed by the Central Government is not applicable to the Company.
- ix) a) The Company is generally regular in depositing undisputed statutory dues of the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Excise duty, Service tax, Custom duty, Cess and any other statutory dues with the appropriate authority;
- b) The following are the particulars of disputed dues on account of statutory matters that have not been deposited;

Name of the statute	Nature of Dues	Amount (Rs. In Lacs)	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	813.73 223.49 65.66	Supreme Court Appellate Authority – Tribunal Commissioner of Central Excise (Appeals)
Income Tax Act, 1961	Penalty	40.54	Commissioner of Income Tax (Appeals)
Bombay Municipal Corporation Act	Property Tax	1,100.76	Bombay High Court and Small Causes Court

- x) The accumulated losses at the end of the Financial Year are less than fifty percent of its net worth. The Company has incurred cash losses in the Financial Year ended on 31st March 2010. However, it has not incurred cash losses in the immediately preceding financial year;
- xi) The Company has not defaulted in repayment of dues to financial institutions and banks except for certain delays, which are disclosed in the annexure attached;
- xii) The Company has not granted any 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 or a nidhi/mutual benefit fund/society;
- xiv) The Company is not a dealer or trader in shares, securities, debentures and other investments. The Company does not hold any shares, securities, debentures and other investments during the year;

- xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions;
- xvi) The term loan availed by the Company during the year, were applied for the purpose for which it was obtained;
- xvii) There are no funds raised on a short term basis which have been used for long term investment;
- xviii) 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 secured debentures during the period covered by our Report;
- xx) The Company has not raised any money by public issue during the year;
- xxi) During the year, no fraud on or by the Company has been noticed or reported during the course of our audit.

For N.M. RAJI & CO.
Chartered Accountants
Registration No.108296W

CA.Y.N. THAKKAR
Partner
Membership No.33329

Mumbai, 7th June, 2010

Annuxere - 1 to the Annexure to the Auditors' Report**DETAILS OF DELAY IN REPAYMENT TO HDFC LTD.**

DUE DATE	PAID ON	AMOUNT DUE	DELAY BY DAYS
15-Apr-09	14-Nov-09	1,150,210	213
15-May-09	14-Nov-09	813,483	183
15-Jun-09	14-Nov-09	1,034,214	152
15-Jul-09	14-Nov-09	1,309,953	122
15-Aug-09	14-Nov-09	1,225,225	91
31-Aug-09	30-Sep-09	36,500,000	30
31-Aug-09	30-Sep-09	450,493	30
15-Sep-09	14-Nov-09	1,486,460	60
15-Oct-09	14-Nov-09	1,437,608	30
15-Nov-09	4-Dec-09	1,439,523	19
15-Dec-09	4-Jan-10	1,321,698	20
15-Jan-10	29-Jan-10	1,291,510	14
15-Feb-10	8-Mar-10	1,275,768	21
15-Mar-10	3-Apr-10	1,271,939	19



BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees in lacs)

	SCHEDULE	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' Funds :			
Capital	1	5,821.65	5,821.65
Reserves and Surplus	2	6,396.52	6,987.13
		12,218.17	12,808.78
Loan Funds :			
Secured Loans	3	51,761.12	37,070.46
TOTAL		63,979.29	49,879.24
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	4	68,058.49	23,703.75
Less: Depreciation		4,311.42	2,541.95
Net Block		63,747.07	21,161.80
Capital work-in progress		9,465.46	31,658.13
		73,212.53	52,819.93
Deferred Tax Assets (Net) (Refer Note no.18 of Schedule 18)		407.08	435.38
Current Assets, Loans and Advances :			
Inventories	5	19.39	88.97
Sundry Debtors	6	45.15	117.36
Cash and Bank Balances	7	608.77	1,058.04
Loans and Advances	8	1,698.79	3,399.46
		2,372.10	4,663.83
Less:			
Current Liabilities	9	14,124.17	8,433.20
Provisions	10	142.78	110.73
		14,266.95	8,543.93
Net Current Assets		(11,894.85)	(3,880.10)
Misc. exp. to the extent not written off			
Deferred Revenue Expenditure to the extent not written off (VRS)		252.01	504.03
Deferred Revenue Expenditure to the extent not written off (Marketing fees)		756.07	-
		1,008.08	504.03
Debit balance of Profit and Loss Account		1,246.45	-
TOTAL		63,979.29	49,879.24
Notes forming part of the Accounts	18		

PRAHALAD S. CHOMAL
General Manager (F & A)

MANISH B. PARIKH
Dy. General Manager (F & A)

J.K. BHAVSAR
Company Secretary &
Vice President (Legal)

FOR AND ON BEHALF OF THE BOARD
MOOSA RAZA
Chairman

As per our report attached
For **N.M. RAJI & CO.**
Chartered Accountants

KUNAL SAGAR, Executive Vice Chairman
RAHUL SAGAR, Executive Director

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, 7th June, 2010

RAMA VARMA, Director
ARJAN GURBUXANI, Director
RAJANI BHAGAT, Director
ARUNA MAKHAN, Director
JAIDEV SHROFF, Director

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010

(Rupees in lacs)

	SCHEDULE	As at 31st March, 2010	As at 31st March, 2009
INCOME			
Sales		38.37	452.61
Processing charges received		732.45	794.12
		<u>770.82</u>	<u>1,246.73</u>
Less: Excise duty		211.60	382.64
		<u>559.22</u>	<u>864.09</u>
Other Income	11	200.73	826.58
Rent received		4,460.97	2,119.01
Other operating income		401.71	-
		<u>5,622.63</u>	<u>3,809.68</u>
EXPENDITURE			
Raw Materials consumed	12	-	144.51
Payments to and provisions for employees	13	733.64	580.47
Cost of traded goods	14	-	1.42
Manufacturing and other expenses	15	2,372.24	1,539.87
Depreciation		1,771.17	213.41
Less: Transferred to Revaluation Reserve		<u>3.02</u>	<u>3.34</u>
		<u>1,768.15</u>	<u>210.07</u>
Provision for doubtful debts & advances		-	25.47
Interest	16	2,216.55	532.09
		<u>7,090.58</u>	<u>3,033.90</u>
Add/(Less) : Decretion/(Accretion) to stock	17	64.19	173.43
		<u>7,154.77</u>	<u>3,207.33</u>
(Loss)/Profit for the year before extraordinary items		(1,532.14)	602.35
Less : Voluntary Retirement Scheme		252.00	252.00
		<u>(1,784.14)</u>	<u>350.35</u>
(Loss)/Profit for the year before Tax		(1,784.14)	350.35
Provision for Tax :			
: Current Tax		-	(39.68)
: Income tax adjustments of earlier years		(21.60)	(1.34)
: Deferred Tax (Refer Note no.18 of Schedule 18)		(28.30)	(5.14)
: Fringe Benefit Tax		-	(13.55)
		<u>(1,834.04)</u>	<u>290.64</u>
(Loss)/Profit for the year after Tax		(1,834.04)	290.64
Add : Balance brought forward from previous year		587.59	296.95
		<u>(1,246.45)</u>	<u>587.59</u>
Weighted average number of equity shares outstanding during the year		<u>58,216,586</u>	<u>58,216,586</u>
Basic and diluted earning per share including extraordinary items (net of tax) (Refer Note no.13 of Schedule 18)		<u>(3.15)</u>	<u>0.50</u>
Notes forming part of the Accounts	18		

PRAHALAD S. CHOMAL
General Manager (F & A)

MANISH B. PARIKH
Dy. General Manager (F & A)

J.K. BHAVSAR
Company Secretary &
Vice President (Legal)

FOR AND ON BEHALF OF THE BOARD
MOOSA RAZA
Chairman

As per our report attached
For **N.M. RAJI & CO.**
Chartered Accountants

KUNAL SAGAR, Executive Vice Chairman
RAHUL SAGAR, Executive Director

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, 7th June, 2010

RAMA VARMA, Director
ARJAN GURBUXANI, Director
RAJANI BHAGAT, Director
ARUNA MAKHAN, Director
JAIDEV SHROFF, Director



Schedules attached to and forming part of the Balance Sheet as at 31st March, 2010

		(Rupees in lacs)	
		As at 31st March, 2010	As at 31st March, 2009
Schedule 1			
SHARE CAPITAL			
Authorised			
7,40,00,000	Equity Shares of Rs.10 each	7,400.00	7,400.00
1,00,000	Cumulative Redeemable Preference Shares of Rs.100 each	100.00	100.00
		<u>7,500.00</u>	<u>7,500.00</u>
Issued			
5,82,30,608	Equity Shares of Rs.10 each	5,823.06	5,823.06
Subscribed			
5,82,16,586	Equity Shares of Rs.10 each, fully paid-up	5,821.65	5,821.65

Notes :

- Of the above:
 - 5,00,000 fully paid-up equity shares of Rs.10 each have been issued pursuant to a contract for consideration other than cash.
 - 75,72,500 fully paid-up equity shares of Rs.10 each have been issued as Bonus Shares by capitalisation of General Reserve, Capital Reserve and Share Premium.
- Rate of dividend on Preference Shares and the terms of redemption will be determined at the time of issue subject to provisions of such Acts as may be applicable.

		(Rupees in lacs)	
		As at 31st March, 2010	As at 31st March, 2009
Schedule 2			
RESERVES AND SURPLUS			
	Share Premium	264.98	264.98
	Revaluation Reserve		
	As per last Balance Sheet	6,134.56	6,145.43
	Less: Transferred to Profit and Loss Account	3.02	3.34
	Less: Reversal on account of building demolition / sale	-	7.53
		<u>6,131.54</u>	<u>6,134.56</u>
	Profit and Loss account	-	587.59
		<u>6,396.52</u>	<u>6,987.13</u>

		(Rupees in lacs)	
		As at 31st March, 2010	As at 31st March, 2009
Schedule 3			
SECURED LOANS			
	Loan from HDFC (Refer note no.1 below)	51,740.54	37,057.60
	Vehicle loan from Bank of India (Refer Note 2 below)	7.86	12.86
	Interest accrued and due on loan from HDFC	12.72	-
		<u>51,761.12</u>	<u>37,070.46</u>

Notes :

- Loan from HDFC is secured by a charge in the nature of equitable mortgage by deposit of title deeds of land situated at Goregaon, Mumbai together with buildings and structures standing thereon, both present and future, license fees receivables and certain tangible current assets and rights.
- Vehicle loan from Bank of India is secured against hypothecation of the said vehicles.
- In respect of the above loans Rs. 2,543.31 lacs is due and payable within one year (previous year Rs. 523.73 lacs).

Schedule 4

Fixed Assets

(Rs. in Lacs)

Assets	Gross Block				Depreciation				Net Block
	As on 01-04-2009	Additions during 2009-10	Deductions/ Adjustments during 2009-10	As on 31-03-2010	As on 01-04-2009	Provided during 2009-10	Deductions/ Adjustments during 2009-10	Upto 31-03-2010	As on 31-03-2010
Land and Site Development									
Freehold	18,365.42	-	-	18,365.42	-	-	-	-	18,365.42
	(18,855.34)	(-)	(489.92)	(18,365.42)	(-)	(-)	(-)	(-)	(18,365.42)
Leasehold	258.48	-	-	258.48	66.65	2.72	-	69.37	189.11
	(269.59)	(-)	(11.11)	(258.48)	(70.55)	(3.34)	(7.24)	(66.65)	(191.83)
Buildings	3,721.74	29,161.08	-	32,882.82	1,515.34	651.57	-	2,166.91	30,715.91
	(3,680.22)	(54.70)	(13.18)	(3,721.74)	(1,406.40)	(120.42)	(11.48)	(1,515.34)	(2,206.40)
Plant and Machinery	448.13	8,392.36	-	8,840.49	434.64	475.70	-	910.34	7,930.15
	(797.47)	(-)	(349.34)	(448.13)	(738.95)	(4.86)	(309.17)	(434.64)	(13.49)
Electrical Installations	44.65	-	-	44.65	44.65	-	-	44.65	-
	(44.65)	(-)	(-)	(44.65)	(44.63)	(0.02)	(-)	(44.65)	-
Furniture, Fixtures & Appliances	815.50	6,806.02	4.72	7,616.80	455.06	636.01	1.70	1,089.37	6,527.43
	(788.24)	(35.01)	(7.75)	(815.50)	(390.38)	(71.86)	(7.18)	(455.06)	(360.44)
Factory Equipment	18.43	-	-	18.43	9.24	1.28	-	10.52	7.91
	(114.79)	(-)	(96.36)	(18.43)	(59.80)	(7.65)	(58.21)	(9.24)	(9.19)
Vehicles	31.40	-	-	31.40	16.37	3.89	-	20.26	11.14
	(31.40)	(-)	(-)	(31.40)	(11.11)	(5.26)	(-)	(16.37)	(15.03)
	23,703.75	44,359.46	4.72	68,058.49	2,541.95	1,771.17	1.70	4,311.42	63,747.07
	(24,581.70)	(89.71)	(967.66)	(23,703.75)	(2,721.82)	(213.41)	(393.28)	(2,541.95)	(21,161.80)
Capital work in Progress (including Capital Advances)									9,465.46
									(31,658.13)
Total									73,212.53
									(52,819.93)

Notes :

1. Land includes:

Leasehold land at Tarapur, Maharashtra acquired at a cost of Rs. 123.82 lacs, vide agreement dated 8th January, 1981, the lease deed in respect of which is pending execution.

2. Based on valuation reports submitted by M/s. I.H. Shah & Associates, approved valuers, the following assets of Goregaon had been revalued as on 30th June, 2006 on the basis of assessment about their market value and were written up by the amounts, on that date, as shown below.

(Rupees in lacs)

	Amount written up on revaluation	Depreciation provided upto 31.03.10	Amount written up net of depreciation/ adjustments as on 31.03.2010
Freehold land	6,002.54	-	6,002.54

Depreciation of Rs. 3.02 lacs (previous year Rs.3.34 lacs) on the revalued portion has been provided for the year on the same rate as is applicable and this amount has been directly adjusted from the Revaluation Reserve.

3. Previous year's figures are given in brackets.



	(Rupees in lacs)	
	As at 31st March, 2010	As at 31st March, 2009

Schedule 5

INVENTORIES

Stores and Spares (at cost) (including in transit Rs. Nil, Previous year Rs. Nil)	19.39	24.78
Finished Products	-	64.19
	<u>19.39</u>	<u>88.97</u>

(Rupees in lacs)

	As at 31st March, 2010	As at 31st March, 2009
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Schedule 6

SUNDRY DEBTORS

(Unsecured - considered good, unless otherwise stated)

Outstanding for a period exceeding six months :

Considered good	16.38	2.82
Considered doubtful	<u>232.82</u>	<u>252.37</u>
	<u>249.20</u>	255.19
Less : Provided for	<u>232.82</u>	<u>252.37</u>
	<u>16.38</u>	2.82

Other Debts :

Considered good	<u>28.77</u>	114.54
	<u>45.15</u>	<u>117.36</u>

(Rupees in lacs)

	As at 31st March, 2010	As at 31st March, 2009
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Schedule 7

CASH AND BANK BALANCES

Cash on hand	3.29	3.43
Bank Balances with Scheduled Banks		
In Current accounts	96.83	513.76
Cheque on hand	-	2.40
Balance in current account with the Municipal Co-op. Bank Ltd., Roha	-	0.10
Fixed Deposit with the Municipal Co-op. Bank Ltd., Roha	-	0.20
Short term deposits with banks	507.00	115.00
Margin Money with banks	<u>1.65</u>	<u>423.15</u>
	<u>608.77</u>	<u>1,058.04</u>

	(Rupees in lacs)	
	As at 31st March, 2010	As at 31st March, 2009

Schedule 8

LOANS AND ADVANCES

(Unsecured - considered good, unless otherwise stated)

Loans :

To Employees	27.25	21.00
Advances recoverable in cash or in kind or for value to be received :		
Considered good	1,124.82	2,876.27
Considered doubtful	<u>37.44</u>	<u>432.22</u>
	<u>1,162.26</u>	3,308.49
Less: Provided for	<u>37.44</u>	<u>432.22</u>

1,124.82 2,876.27

Prepaid expenses	35.55	26.34
Deposit with Central Excise Department, Service Tax, etc.	404.82	420.10
Advance payment of Income Tax	71.00	29.17
Advance payment of Fringe Benefit Tax	<u>35.35</u>	<u>26.58</u>

1,698.79 3,399.46

(Rupees in lacs)

	As at 31st March, 2010	As at 31st March, 2009
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Schedule 9

CURRENT LIABILITIES

Sundry Creditors (including advance received for sale of

assets Rs. 1125.00 lacs, previous year Rs. Nil)

(Refer Note no.4 of Schedule 18)

Rent Deposit received	7,611.66	5,261.54
	<u>14,124.17</u>	<u>8,433.20</u>

(Rupees in lacs)

	As at 31st March, 2010	As at 31st March, 2009
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Schedule 10

PROVISIONS

Provision for Gratuity

(Refer Note no.16(a) of schedule 18)

Provision for Current Tax

Provision for Compensated Absence

(Refer Note no.16(b) of Schedule 18)

Provision for Fringe Benefit Tax

142.78 110.73

Schedules attached to and forming part of the Profit and Loss Account for the period ended 31st March, 2010

(Rupees in lacs)			(Rupees in lacs)		
	As at 31st March, 2010	As at 31st March, 2009		As at 31st March, 2010	As at 31st March, 2009
Schedule - 11			Schedule 14		
OTHER INCOME			COST OF TRADED GOODS (V-BELT)		
Interest Gross :			Opening stock	-	0.55
Other interest	20.70	0.31	Add: Purchases	-	0.87
(Tax deducted at Source Rs. 0.29 lacs, previous year Rs.0.03 lacs)				-	1.42
Sales tax refund	-	0.83	Less: Closing Stock	-	-
Liability written back	-	15.47		-	1.42
Miscellaneous receipts	15.32	18.62		-	-
Excess provision for doubtful debts and advances written back	3.58	-		-	-
Scrap sales	160.97	126.94		-	-
Profit on sale of investments	-	600.00		-	-
Profit on sale of Assets (Net)	0.16	64.41		-	-
	<u>200.73</u>	<u>826.58</u>		-	-
	(Rupees in lacs)			(Rupees in lacs)	
	As at 31st March, 2010	As at 31st March, 2009		As at 31st March, 2010	As at 31st March, 2009
Schedule 12			Schedule 15		
RAW MATERIALS CONSUMED			MANUFACTURING AND OTHER EXPENSES		
Opening stock	-	17.96	Stores and spares consumed	277.77	321.04
Add: Purchases	-	126.55	Power, fuel and water charges	222.98	193.04
	-	144.51	Rent	3.43	6.13
Less: Closing Stock	-	-	Insurance	26.37	15.28
	-	144.51	Rates and taxes	751.50	388.65
	<u>-</u>	<u>144.51</u>	Repairs to machinery	1.00	0.79
	(Rupees in lacs)		Repairs to other assets	41.64	32.77
	As at 31st March, 2010	As at 31st March, 2009	Repairs to building	-	3.28
	As at 31st March, 2010	As at 31st March, 2009	Cash Discount	0.33	17.74
	As at 31st March, 2010	As at 31st March, 2009	Advertisement and publicity	1.98	1.23
	As at 31st March, 2010	As at 31st March, 2009	Freight and forwarding	3.68	12.78
	As at 31st March, 2010	As at 31st March, 2009	Octroi	0.16	6.49
	As at 31st March, 2010	As at 31st March, 2009	Donations	1.03	1.47
	As at 31st March, 2010	As at 31st March, 2009	Bank charges and guarantee commission	2.72	4.59
	As at 31st March, 2010	As at 31st March, 2009	Directors' sitting fees	5.30	5.01
	As at 31st March, 2010	As at 31st March, 2009	Legal and Professional expenses	242.16	137.28
	As at 31st March, 2010	As at 31st March, 2009	Telephone expenses	7.28	9.47
	As at 31st March, 2010	As at 31st March, 2009	Factory/Complex Maintenance expenses	85.99	50.90
	As at 31st March, 2010	As at 31st March, 2009	Stores/Raw material inventory written off	-	15.39
	As at 31st March, 2010	As at 31st March, 2009	Bad Debts Written off	-	0.09
	As at 31st March, 2010	As at 31st March, 2009	Advances Written off	-	0.10
	As at 31st March, 2010	As at 31st March, 2009	Travelling expenses	11.57	19.39
	As at 31st March, 2010	As at 31st March, 2009	Marketing fees	85.43	-
	As at 31st March, 2010	As at 31st March, 2009	Other Expenses (Refer Note no.6 of Schedule 18)	599.92	296.96
	<u>733.64</u>	<u>580.47</u>		<u>2,372.24</u>	<u>1,539.87</u>



	(Rupees in lacs)	
	As at 31st March, 2010	As at 31st March, 2009
Schedule 16		
INTEREST		
Interest on Term Loans	2,208.24	521.85
Other Interest	<u>8.31</u>	<u>10.24</u>
	<u>2,216.55</u>	<u>532.09</u>

	(Rupees in lacs)	
	As at 31st March, 2010	As at 31st March, 2009
Schedule 17		
(ACCRETION)/DECRETION TO STOCK		
Opening stock		
Stock-in-process	-	17.76
Finished product	<u>64.19</u>	<u>219.86</u>
	64.19	237.62
Closing stock		
Stock-in-process	-	-
Finished product	<u>-</u>	<u>64.19</u>
	-	64.19
	<u>64.19</u>	<u>173.43</u>

Schedule 18

NOTES FORMING PART OF THE ACCOUNTS

1. Accounting Policies :

a. Fixed Assets :

Fixed Assets are stated at cost /revalued amount wherever applicable. Cost comprises of cost of acquisition, cost of improvements, borrowing costs and any attributable cost of bringing assets to the condition for its intended use. Cost also includes direct expenses incurred upto the date of capitalisation / commission. The cost of Fixed Assets includes additions on account of revaluation of land and buildings done as on 30th June, 2006.

b. Borrowing Cost :

Borrowing costs include interest, fees and other charges incurred in the connection with the borrowing of the funds and is considered as a revenue expenditure for the year in which it is incurred except for borrowing cost attributable to the acquisition / improvement of qualifying capital assets and incurred till the commencement of the commercial use of the asset and which is capitalised as cost of that asset.

All the revenue expenses related to the construction/ development of Nirlon Knowledge Park have been capitalised.

c. Investments :

Investments, being long term, are stated at Cost less permanent diminution in value, if any. Current investment is stated at lower of cost or fair value.

d. Foreign Currency Transactions :

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

e. Inventory Valuation :

Raw materials, packing materials and stores and spares, are valued on a weighted average basis. Materials in transit and semi finished goods are valued at cost.

Finished goods are valued at cost including excise duty or net realisable value, whichever is lower.

f. Depreciation :

- i) Depreciation on fixed assets has been provided at the rates specified in Schedule XIV of the Companies Act, 1956.

Method of providing
Depreciation

- a) Continuous Process Plants SLM
- b) Other Assets WDV
- c) The cost of leasehold land is amortised over the period of the lease.

- ii) Depreciation on a revalued portion of Fixed Assets is provided on a basis consistent with the policy for book depreciation and the same is directly adjusted against the Revaluation Reserve.

g. Taxes on Income:

Current Tax:

Provision for Income Tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred Tax Provision:

Deferred tax is recognised on timing differences, being the difference between the taxable income and accounting income that originates in one period and is capable of reversal in one or more subsequent periods.

h. Employee Benefits :

1) Defined Benefit plan

The Company provides for retirement/post retirements benefits in the form of gratuity. The Company's liability towards these benefits is determined using the projected cost method. These benefits are provided based on the actuarial valuation on the balance sheet date by an independent actuary.

- 2) i) Retirement Benefit in the form of Provident Fund (Defined Contribution Plan) is accounted on an accrual basis and is charged to the Profit and Loss Account for the year.
- ii) Retirement benefit in the form of Pension is charged to Profit and Loss Account for the year.
- iii) Long term Leave Benefits are provided as per the actuarial valuation as on the balance sheet date by an independent actuary using the project unit credit method.
- iv) Short term benefits are recognised as an expense in the Profit and Loss Account of the year in which the related services is rendered.

3) Termination benefits

Compensation paid under Voluntary Retirement Scheme is amortised over three years.



i. Revenue Recognition:

- i) Sales and processing charges received include excise duty recovered from customers and excludes sales tax.
- ii) Insurance claims, sale of production waste/scrap are accounted for in the books on an accrual basis.
- iii) Rent/license fee income (excluding Service Tax) and expenses and income incidental to it, are accounted for on an accrual basis.
- iv) Overdue Interest receivable from customers is accounted as and when realised.

j. Marketing fees:

Marketing fees are amortised over the lock-in-period of each Licensee.

- 2. The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.3,536.67 lacs (previous year Rs.10,077.48 lacs).
- 3. (i) Contingent liabilities not provided for (excluding interest):
 - a) Excise duty amounting to Rs.1,112.89 lacs (previous year Rs.1,112.89 lacs), pending decision of the Appellate Tribunal/Supreme Court.
 - 1) Supreme court - Rs.813.73 lacs
 - 2) CESTAT - Rs.233.49 Lacs.
 - 3) Commissioner (appeals) - Rs.65.66 Lacs.
 - b) Demand of Property tax by Municipal Corporation of Greater Mumbai disputed by the Company Rs.187.39 lacs (previous year Rs.634.62 lacs)
 - c) Income tax demands amounting to Rs. 40.54 lacs (previous year Rs.Nil) disputed by the Company.
 - Commissioner of Income Tax (appeals) - Rs.40.54 Lacs
- ii) Claims against the Company not acknowledged as debts Rs. 92.94 lacs (previous year Rs.12.81 lacs).
- 4. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.
- 5. Balances of sundry debtors, creditors, loans and advances and deposits are subject to confirmation.

- 6. In Schedule 15 Other Expenses include the following payments made to Auditors:

(Rupees in lacs)		
	2009-10	2008-09
Audit Fees	4.50	4.50
For Taxation matters	0.28	0.28
For certifying various statements	0.63	0.71
Reimbursement of expenses	0.60	0.92
	<u>6.01</u>	<u>6.41</u>

- 7. Remuneration to Executive Directors:

(Rupees in lacs)		
	2009-10	2008-09
Remuneration	84.00	48.00
Provident Fund	9.00	5.76
Other perquisites	-	-
	<u>93.00</u>	<u>53.76</u>

- 8. Consumption of raw materials with value and quantitative break-up:

(Rupees in lacs)				
	2009-10		2008-09	
	Quantity Tonnes	Value	Quantity Tonnes	Value
Rubber	-	-	65.90	83.69
Carbon	-	-	21.24	12.46
Fabric and Cords	-	-	26.24	48.36
		<u>-</u>	<u>-</u>	<u>144.51</u>

- 9. Value of Imports on CIF basis in respect of :

(Rupees in lacs)		
	2009-10	2008-09
Capital	747.19	993.23
Stores and Spares	4.82	2.18
	<u>752.01</u>	<u>995.41</u>

- 10. Value of raw materials and stores and spares consumed:

(Rupees in lacs)				
	2009-10		2008-09	
	Value	%	Value	%
Raw materials :				
Imported	-	-	-	-
Indigenous	-	-	144.51	100.00
	<u>-</u>	<u>-</u>	<u>144.51</u>	<u>100.00</u>
Stores & Spare parts :				
Imported	3.19	1.14	-	-
Indigenous	274.58	98.86	321.04	100.00
	<u>277.77</u>	<u>100.00</u>	<u>321.04</u>	<u>100.00</u>

11. Expenditure in foreign currency (Fully capitalised) :

			(Rupees in lacs)	
			2009-10	2008-09
Technical service received			289.39	99.33
Travelling expenses			5.42	9.86

12.

						(Rupees in lacs)	
						2009-10	2008-09
		Unit	Qty.	Value	Qty.	Value	
ii) Finished Stock:							
Opening Stock:							
Fan and V-Belts	Pieces	53,584	64.19	1,82,527	219.86		
			64.19		219.86		
Closing Stock							
Fan and V-Belts	Pieces	-	-	53,584	64.19		
			-		64.19		
Sales							
Fan and V-Belts	Pieces	53,584	38.37	4,22,099	450.44		
Traded goods (V-belts)	Pieces	-	-	3,008	0.75		
Other Sales			-		1.42		
			38.37		452.61		

13. Earnings per Share are given below:

Particulars	31.03.2010	31.03.2009
1 Profit/(Loss) after extraordinary items and taxation (Rs. in lacs)	(A) (1,834.04)	290.64
2 Weighted average of number of equity shares Nos.	(B) 58,216,586	58,216,586
3 Face value per Equity shares Rs.	10	10
4 Earning per share (Basic and diluted) Rs.	(A / B) (3.15)	0.50
5 Profit/(Loss) before extraordinary items net of tax (Rs. in lacs)	(C) (1,582.04)	542.64
6 Earning per share (Basic and diluted) Rs.	(C / B) (2.72)	0.93

14. Segment reporting :

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the Company's organisational structure as well as the differential risks and returns of these segments.

Segment Revenues, Results, and Assets and Liabilities figures include the respective amounts identifiable to each of the segments. Interest and other financial charges/income are reported at a corporate level. Also those assets and liabilities, which are not identifiable to the individual segments are reported at a corporate level.

A) Primary segmental reporting

			(Rupees in lacs)	
			2009-10	2008-09
1. Segment Revenue:				
a) Segment - Tyrecord			523.39	455.89
b) Segment - Rental activity			4,862.68	2,126.60
c) V-Belt (Operations discontinued)			35.83	408.20
d) Unallocable			200.73	818.99
Total			5,622.63	3,809.68
Less: Inter segment revenue Sales and other operating income				
			-	-
			5,622.63	3,809.68
2. Segment Results:				
a) Segment - Tyrecord			32.25	(60.35)
b) Segment - Rental activity			1,222.13	1,245.40
c) V-Belt (Operations discontinued)			(43.57)	(249.30)
d) Unallocable			(526.40)	198.69
Operating Profit			684.41	1,134.44
Less : Interest : Voluntary Retirement Scheme				
			252.00	252.00
Profit/(Loss) before Tax			(1,784.14)	350.35
3. Segment Assets:				
a) Segment - Tyrecord			279.19	352.47
b) Segment - Rental activity			68,944.89	49,484.22
c) V-Belt (Operations discontinued)			10.79	112.80
d) Unallocable			625.30	1,835.10
Total Assets			69,860.17	51,784.59



4. Segment Liabilities:		
a) Segment - Tyrecord	61.41	94.08
b) Segment - Rental activity	60,642.01	40,929.22
c) V-Belt (Operations discontinued)	11.58	24.13
d) Unallocable	5,313.09	4,566.97
Total Liabilities	66,028.09	45,614.40
5. Capital Expenditure during the year	19,860.84	18,721.57
6. Depreciation and amortisation :		
a) Tyrecord	14.38	16.38
b) Rental activity	1,753.64	184.22
c) V-Belt (Operations discontinued)	0.13	9.47
Total	1,768.15	210.07

B) Secondary segmental reporting :
The Company has no reportable secondary segment.

15. Pursuant to the Resolution passed by the Board of Directors at the meeting held on 29th January, 2010, the company has entered into an MOU (subject to approval of share holders) for sale of land situated at Tarapur, District Thane. The Company has received advance of Rs.1,125 lacs from the buyer during the period.

16. EMPLOYEE BENEFITS

a) Gratuity (Rs.in Lacs)
Defined benefits plan (Unfunded) – As per actuarial valuation as on March 31, 2010

	2009-10	2008-09
<i>I Change in Obligation during the year ended March 31, 2010</i>		
1 Present Value of Defined Benefit Obligation at beginning of the year	21.02	12.41
2 Current Service Cost	8.89	6.60
3 Interest Cost	1.42	0.99
4 Actuarial (Gains) / Losses	2.19	1.02
5 Benefits Paid	-	-
6 Present value of Defined Benefit Obligation at the end of the year.	33.52	21.02
<i>II Change in Assets during the Year ended March 31, 2010</i>		
1 Plan assets at the beginning of the year.	-	-
2 Settlements	-	-
3 Expected return on plan assets	-	-

4 Contribution by Employer	-	-
5 Actual benefits paid	-	-
6 Actuarial Gains / (Losses)	-	-
7 Plan Assets at the end of the year	-	-
III Net Asset / (Liability) recognized in the Balance Sheet as at March 31,2010		
1 Present Value of Defined Benefits Obligation as at March 31, 2010.	33.52	21.02
2 Fair value of plan assets as at March 31, 2010	-	-
3 Fund status (Surplus / (Deficit))	(33.52)	(21.02)
4 Net Assets / (Liability) as at March 31, 2010	(33.52)	(21.02)
IV Expenses recognized in the statement of Profit & Loss for the year ended March 31, 2010.		
1 Current Service Cost	8.89	6.60
2 Interest Cost	1.42	0.99
3 Expected return on plan assets	-	-
4 Net Actuarial (Gains) / Losses	2.19	1.02
5 Total Expenses	12.50	8.61

Amount recognised as an expense and included to Schedule 13 under "Contribution to provident fund, Gratuity Fund and other funds".

V The major categories of plan assets as a percentage of total plan	Not Applicable	Not Applicable
VI Actuarial Assumptions:		
1 Discount Rate	8%	7%
2 Expected rate of return on plan assets	8%	8%
3 Mortality Table	LIC	LIC
	(1994-96) Ultimate	(1994-96) Ultimate
4 Retirement Age	Officers 60; Others 60	Officers 60; Others 60

Details of Current Annual period and Previous Annual periods	2009-10	2008-09	2007-08	2006-07
Present Value of Defined Benefits Obligation as at March 31, 2010.	33.52	21.02	69.08	63.28
Fair value of plan assets as at March 31, 2010	0.00	0.00	0.00	0.00
Fund status (Surplus / (Deficit))	(33.52)	(21.02)	(69.08)	(63.28)
Net Assets / (Liability) as at March 31, 2010	(33.52)	(21.02)	(69.08)	(63.28)

- b) Long Term Liability includes Rs.5.84 Lacs on account of compensated privilege leave absences and Rs. 3.28 Lacs on account of sick Leave absences.

17. Disclosure of Related parties/related party transactions :

Related parties :

- a) Disclosure of transactions between the Company and M/s. Sempertans Nirlon Pvt. Limited, associate, upto 31st March, 2009.

	2009-10	2008-09
Purchases of Raw Material & Other utilities	Nil	38.70
Jobwork charges received	Nil	104.87
Amount receivable (net)	Nil	29.05

b) Key Management Personnel

Executive Directors of the Company

- i Shri Kunal Sagar,
Executive Vice Chairman
- ii Shri Rahul Sagar,
Executive Director

Related party transaction :

(Rupees in lacs)

	2009-10	2008-09
Remuneration to Directors	93.00	53.76

18. Consequent to the mandatory Accounting Standard issued by the ICAI on accounting for taxes on income, the Deferred Tax Adjustments for the year ended 31st March, 2010 amounting to Rs.28.30 lacs have been recognised in the Profit and Loss Account.

(Rupees in lacs)

	2009-10	2008-09
--	---------	---------

Deferred tax Assets

Arising on account of timing differences in:

Unabsorbed depreciation	520.42	298.88
Others	486.50	563.24
	<u>1,006.92</u>	<u>862.12</u>

Deferred tax Liability

Arising on account of timing differences in:

Depreciation	599.84	426.74
	<u>599.84</u>	<u>426.74</u>

Deferred Tax Asset on account of unabsorbed depreciation has been recognised, as the Company is of the opinion that there is virtual certainty of realisation of the same in view of the profits of the Company.

19. The Company is in the process of obtaining a legal opinion on the applicability of the payment of pension to ex-employees whose age was less than 50 years as on 30th November, 1999. The Company has decided to pay the pension amounts to these ex-employees, pending the legal opinion. Accordingly, no liability for the pension payable in future is created in the accounts. Hence, the impact on the Profit and Loss Account cannot be ascertained.
20. a) The Company has discontinued manufacturing of V-Belts with effect from 1st October, 2008. In view of this, the figures for the year ended 31st March, 2010 are not comparable with the corresponding figures of the previous year.
- b) Previous year's figures have been re-arranged and re-grouped wherever necessary to confirm to the classification adopted for the current year.



21 Statement Pursuant to Part IV to the Companies Act, 1956 Balance Sheet and the Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	:	L17120MH1958PLC011045
State Code	:	11
Balance Sheet Code	:	31 st March, 2010

II. CAPITAL RAISED DURING THE YEAR (Amount Rs. in lacs)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

III. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount Rs. in lacs)

Total Liabilities	:	63,979.29
Total Assets	:	63,979.29

SOURCES OF FUNDS :

Paid up Capital	:	5,821.65
Reserve and Surplus	:	6,396.52
Secured Loans	:	51,761.12

APPLICATION OF FUNDS :

Net Fixed Assets	:	73,212.53
Deferred Tax Assets (Net)	:	407.08
Net Current Assets	:	(11,894.85)

IV. PERFORMANCE OF COMPANY (Amount Rs. in lacs)

Turnover	:	5,622.63
Total Expenditure	:	7,154.77
Profit/(Loss) before tax and extraordinary items	:	(1,532.14)
Profit/(Loss) after tax and extraordinary items	:	(1,834.04)
Face value per Equity shares	:	Rs.10
Basic and diluted earning per share after extraordinary items (net of tax)	:	(3.15)
Basic and diluted earning per share before extraordinary items (net of tax)	:	(2.72)
Dividend Rate (%)	:	Nil

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

(As per Monetary Terms)

Product Description	:	Item Code No. (ITC Code)
Tyrecord	:	56075020
Rental	:	N.A.

PRAHALAD S. CHOMAL
General Manager (F & A)

MANISH B. PARIKH
Dy. General Manager (F & A)

J.K. BHAVSAR
Company Secretary &
Vice President (Legal)

FOR AND ON BEHALF OF THE BOARD
MOOSA RAZA
Chairman

As per our report attached
For **N.M. RAJI & CO.**
Chartered Accountants

KUNAL SAGAR, Executive Vice Chairman
RAHUL SAGAR, Executive Director

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, 7th June, 2010

RAMA VARMA, Director
ARJAN GURBUXANI, Director
RAJANI BHAGAT, Director
ARUNA MAKHAN, Director
JAIDEV SHROFF, Director

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010(Rupees in lacs)
2008-09

	2009-10	2008-09
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra ordinary items	(1,532.14)	602.35
ADJUSTED FOR :		
Depreciation	1,768.16	210.07
Excess Provision for doubtful debts & advances written back (net)	(3.58)	25.47
Interest Income	(20.70)	(0.31)
Interest	2,216.55	532.09
Profit on sale of assets (net)	(0.16)	(64.41)
Profit on sale of Investments	-	(600.00)
Stores / Raw Material Inventory written off	-	15.39
	3,960.27	118.30
Operating Profit/(Loss) before Working Capital changes	2,428.13	720.65
CHANGES IN		
Trade & other receivables	1,827.08	(1,262.56)
Inventories	69.58	184.84
Trade payables and other provisions	4,598.01	800.32
Marketing fees to the extent not written off	(756.07)	0.00
Cash generated from Operations	5,738.60	(277.40)
Direct taxes (paid)/refund	(72.20)	(23.15)
Cashflow before extra ordinary items	5,666.40	(300.55)
Voluntary Retirement Scheme	-	(756.03)
Cash generated from Operating Activities	5,666.40	(1,056.58)
Net Cash used in Operating Activities	(a) 8,094.53	(335.93)
(B) CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(19,860.84)	(18,721.57)
Sale of investments	-	1,200.00
Sale of fixed assets	3.18	631.27
Advance received for sale of assets	1,125.00	-
Interest received*	42.05	87.35
Net Cash from Investing Activities	(b) (18,690.61)	(16,802.95)
(C) CASHFLOW FROM FINANCING ACTIVITIES		
Increase/(decrease) of term liabilities	14,677.94	19,873.40
Interest paid**	(4,531.13)	(3,148.38)
Net Cash used in Financing Activities	(c) 10,146.81	16,725.02
Net increase/(decrease) in Cash & Cash Equivalent (a+b+c)	(449.27)	(413.86)
Cash & Cash Equivalent at the commencement of the year	1,058.04	1,471.90
Cash & Cash Equivalent at the end of the year	608.77	1,058.04

* Interest received includes credited to the fixed assets/CWIP Rs. 21.35 Lacs (previous year Rs.87.04 Lacs)

**Interest paid includes interest capitalised of Rs. 2,327.30 Lacs (previous year Rs.2,616.29 Lacs)

PRAHALAD S. CHOMAL
General Manager (F & A)MANISH B. PARIKH
Dy. General Manager (F & A)J.K. BHAVSAR
Company Secretary &
Vice President (Legal)FOR AND ON BEHALF OF THE BOARD
MOOSA RAZA
Chairman

As per our report attached

For **N.M. RAIJI & CO.**
Chartered Accountants**CA Y.N. THAKKAR**
Partner
Membership No. 33329
Mumbai, 7th June, 2010**KUNAL SAGAR**, Executive Vice Chairman
RAHUL SAGAR, Executive Director**RAMA VARMA**, Director
ARJAN GURBUXANI, Director
RAJANI BHAGAT, Director
ARUNA MAKHAN, Director
JAIDEV SHROFF, Director



NIRLON LIMITED

Regd. Office: Pahadi Village, Goregaon (East), Mumbai - 400 063.

ATTENDANCE SLIP FOR SHAREHOLDERS/PROXIES ONLY

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Fifty-First Annual General Meeting of Nirlon Limited to be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, near Haji Ali, Mumbai 400 034 on Tuesday, September 14, 2010, at 11.00 am.

Folio/Client ID/DP ID No. _____

(Full name of the member attending the meeting) (in Block Letters)

Signature

(Full name of the Proxy attending the meeting) (in Block Letters)

Signature

----- ✂ ----- TEAR HERE ----- ✂ -----



NIRLON LIMITED

Regd. Office: Pahadi Village, Goregaon (East), Mumbai - 400 063.

PROXY

I/We _____ of _____

being a Member / Members of the above named Company, hereby appoint _____

of _____ or failing him _____

of _____ as my / our proxy to attend and vote for me/us on my/our behalf at the Fifty-First Annual General Meeting of the Company to be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, near Haji Ali, Mumbai 400 034 on Tuesday, September 14, 2010, at 11.00 am.

Signed this _____ day of _____ 2010

Affix
stamp
of Rs.
1/-

Folio / Client ID /DP ID No. _____

IMPORTANT

- (a) The Proxy should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time fixed for holding the meeting.
- (b) A Proxy need not be a member.
- (c) The shareholders are requested to indicate their folio number in the proxy form as mentioned on the address slip overleaf.

TEAR HERE

BOOK POST



NIRLON

If undelivered please return to :
Nirlon Limited
Pahadi Village, Goregaon (East),
Mumbai - 400 063.

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