

NIRLON

**53rd Annual Report
2011 - 2012**

BOARD OF DIRECTORS

(As on July 28, 2012)

PADMA BHUSHAN SHRI MOOSA RAZA (*Chairman*)

SHRI RAMA VARMA

SHRI ARJAN GURBUXANI

SMT. RAJANI BHAGAT

SMT. ARUNA MAKHAN

SHRI KUNAL SAGAR (*Executive Vice Chairman*)

SHRI RAHUL SAGAR (*Executive Director*)

COMPANY SECRETARY & VICE PRESIDENT - LEGAL

SHRI J. K. BHAVSAR

STATUTORY AUDITORS

M/S. N. M. RAIJI & COMPANY, MUMBAI

CHARTERED ACCOUNTANTS

LEGAL ADVISORS

M/S. MATUBHAI JAMIETRAM, MUMBAI

ADVOCATES & SOLICITORS

REGISTERED OFFICE

Pahadi Village,

Goregaon (East),

Mumbai: 400 063.

Tele: - + 91 (022) 4028 1919 or 2685 2257/58/59

Fax: - + 91 (022) 4028 1940

www.nirlonltd.com

REGISTRAR AND SHARE TRANSFER AGENT

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

13AB, Samhita Warehousing Complex,

2nd Floor, Near Sakinaka Telephone Exchange Lane,

Off. Andheri Kurla Road, Sakinaka,

Andheri (East),

Mumbai – 400 072

Tele: - + 91 (022) 6772 0300/400

Fax: - + 91 (022) 2859 1568/2850 8927

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NOTICE TO THE MEMBERS

NOTICE is hereby given that the **FIFTY THIRD ANNUAL GENERAL MEETING** of Nirlon Limited will be held on Saturday, September 15, 2012, at 11.00 a.m. at M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20 K.Dubash Marg, Kaala Ghoda, Mumbai 400 001 to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2012 and the Profit and Loss Account 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 Shri Rama Varma, who retires by rotation, and being eligible offers himself for re-election.
3. To appoint a director in place of Smt. Aruna Makhan, who retires by rotation, and being eligible offers herself 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 28, 2012

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 Forty Eight 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 Notice.
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 Transfer Agent, Sharepro Services (India) Private Limited, 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 Thursday, September 06, 2012 to Thursday, September 13, 2012, both days inclusive, for the purpose of the Fifty Third Annual General Meeting.
10. Members are requested to send an advice about change in address/any other details to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited in respect of equity shares held in physical form, and/or 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 Transfer Agent at:-

Sharepro Services (India) Private Limited,

Unit: **Nirlon Limited,**

Address: 13AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400 072.
Tele: - + 91 (022) 6772 0300/400
Fax: - + 91 (022) 2859 1568/2850 8927
Contact Person: Ms. Indira Karkera
Email: sharepro@vsnl.com
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 Fifty Third Annual Report 2012 will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Fifty Third 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 Fifty Third Annual General meeting to the Company Secretary at the Registered Office of the Company.
14. The Company has already transferred the last unpaid/unclaimed debenture redemption amount/interest pertaining to the No.IV and No.V issues of Debentures under Section 205-C of the Companies Act, 1956 ("**the Act**") to the "Investor Education and Protection Fund (IEPF)" on August 17, 2010 as required under the provisions of the Act. As a result, all outstanding amounts pertaining to unpaid/unclaimed debenture redemption amount/interest required to be paid / transferred under the provisions of the Act have been duly paid/transferred.
15. The Ministry of Corporate Affairs (MCA) has issued a circular no. 17/2011 dated 21/04/2011 read with circular no.18/2011

dated 29/04/2011 with respect to Green Initiatives in Corporate Governance by allowing service of documents including Notice with Balance Sheets, Profit & Loss Account, Auditors' Report and Directors' Report etc. through e-mail addresses. As per the circular, the Company would be deemed to have complied with Section 53 of the Companies Act, 1956, if the service of documents have been made through electronic mode, provided the Company has obtained e-mail addresses of its members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Company. In this regard, the Company would like to bring to your kind knowledge that it will be sending letters to all shareholders at the mailing details as are available in the register of Members by Post, requesting their support to this "Green Initiative", by providing the Company with their e-mail addresses.

ANNEXURE TO THE NOTICE

A brief resume of the Directors viz. Shri Rama Varma, and Smt. Aruna Makhan, who are being re-appointed at the ensuing 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) Shri Rama Varma

Shri Rama Varma, aged 63 years, graduated with a B.Sc. Shri Varma has been occupying the office of Director of the Company since 1978.

The Board of Directors of the Company re-appointed Shri Varma as an Independent Director of the Company w.e.f. June 24, 2006.

He is also Managing Director of Aspinwall & Co. Limited.

b) Smt. Aruna Makhan

Smt. Aruna Makhan, aged 68 years, joined the IA&AS in 1967 and opted for the ICAS in 1976. She acquired 37 years of experience in handling public financial management at the apex level, and retired as Controller General of Accounts, Govt. of India. She has also been the Director of the National Institute of Financial Management under the aegis of the Ministry of Finance. She was a member of the Board of Directors of Oriental Bank of Commerce, TTCL, PEC and Prasar Bharati (Broadcasting Corporation of India), besides having held several directorial posts in various Government Undertakings and Autonomous Bodies.

The Board of Directors of the Company appointed Smt. Makhan as an Independent Additional Director of the Company w.e.f. October 28, 2006.

She is currently an Independent Director on the Board of Mangalam Cements Limited.



DIRECTORS' REPORT

Your Directors' present their Fifty Third Annual Report and the Audited Financial Accounts for the year ended March 31, 2012.

FINANCIAL PERFORMANCE

	(₹ in Crore)	
	2011-12	2010-11
Gross Sales and Other Income	142.42	152.85 #
Gross Profit	86.54	107.00
Interest paid	71.05	57.98
Cash Profit	15.49	49.02
Depreciation	49.41	46.00
Net Profit/ (Loss) before extraordinary items	(-33.92)	3.02
Less: Extraordinary items		
VRS	0.00	2.52
Net Profit/ (Loss) for the year after extraordinary items	(-33.92)	0.50
Provision for Taxation:		
Current Tax	0.76	0.10
Income tax adjustments of earlier years	0.00	0.00
Deferred Tax	(-15.04)	0.04
Profit /(Loss) for the year after Tax	(-19.64)	0.36

The Gross Sales and Other Income for the previous Financial Year 2010-11 includes onetime income, i.e. profit on sale of Tarapur land of ₹ 38.75 crore. Accordingly, the performance for the Financial Year 2011-12 as compared to financial year 2010-11, excluding this onetime income, is as follows:

- The Gross Sales and Other Income for the current year 2011-12 amounts to ₹ 142.42 crore as against ₹ 113.10 crore for the previous year 2010-11, an improvement of **26 %**.
- The Gross Profit for the current year 2011-12 amounts to ₹ 86.54 crore as against ₹ 68.25 crore for the previous year 2010-11, an improvement of **27 %**.
- The Cash Profit for the current year 2011-12 amounts to ₹ 15.49 crore as against ₹ 10.27 crore for the previous year 2010-11, an improvement of **51 %**.
- The Net Loss (before extraordinary items) for the current year 2011-12 amounts to ₹ 33.92 crore as against ₹ 35.73 crore for the previous year 2010-11, an improvement of **5 %**.

DIVIDEND

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

DIRECTORS

Shri Rama Varma and Smt. Aruna Makhan, Directors, retire by rotation and being eligible, offer themselves for re-appointment at this Fifty Third 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 Stock Exchange, Mumbai, is provided and forms part of the Notice of the Fifty Third Annual General Meeting, and is recommended for the approval of the shareholders.

Shri Jaidev Shroff has resigned from the Board as Director w.e.f. February 6, 2012. The Directors place on record their appreciation of the valuable services rendered by Shri Shroff during his tenure as Director of the Company.

OPERATIONS & FUTURE OUTLOOK

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

Nirlon Limited is the owner of NKP, a 23 acre campus in Goregaon (E), Mumbai. NKP is an Industrial Park as per the Consolidated Foreign Direct Investment (FDI) Policy of the Government of India (GOI), and is an IT Park under the Government of Maharashtra's IT Policy. NKP, being an Industrial Park, is eligible for FDI under the Automatic Route as per the Government of India's Consolidated FDI Policy.

Construction, Delivery of Premises, and License Fee Commencement

Planning for the development of NKP in four phases began in 2006, and construction in April/May 2007. Currently, **Phases 1 and 2** are complete.

Phases 1 & 2: A total of approx. 16.75 lac sq. ft. has been constructed in Phases 1 and 2. Income by way of License fees from approx. 10.60 lac sq. ft. licensable area, which corresponds to approx. 99 % of the total licensable area for Phases 1 & 2 of approx. 10.75 lac sq. ft., is accruing to the Company as on March 31, 2012.

Please note: The total constructed area of approx. 16.75 lac sq.ft. for Phases 1 and 2 includes two levels of basement parking for each of the four office Blocks, as well as a 10 floor Multi Level Car Parking (MLCP) (which also has two basements) housing the utilities, i.e. generators, chillers, water tanks, electrical infrastructure etc. for Phases 1 and 2, in addition to visitor and occupant parking.

Gross License fees as on March 31, 2012 from Phases 1 and 2 aggregate approx. ₹ 8.46 crore per month. Additional gross License fees as on March 31, 2012 of approx. ₹ 1.32 crore per month are also accruing from other licensees occupying the existing old buildings in NKP (approx. 3.41 lac sq. ft.).

Phase 3: Construction of Phase 3 (approx. 5.46 lac sq. ft. of constructed area corresponding to approx. 3.97 lac sq. ft. of licensable area) commenced in the last quarter of 2010, and is expected to be complete by approx. the April – June quarter of 2013.

License fees from Phase 3 are estimated to begin accruing in stages from approx. October 2013 (the intervening period from the Project completion to license fee commencement being the fit out period for potential licensees).

Phase 4: Construction of Phase 4 (approx. 7.25 lac sq. ft. of constructed area corresponding to approx. 4.23 lac sq. ft. licensable area [including additional parking area for all four phases]) is estimated to commence from July –August 2012. Completion of Phase 4 is expected by the October-December quarter of 2014, and license fee commencement from approx. April 2015.

When complete, (estimated by approx. October- December 2014) the total licensable area (including existing old buildings) in NKP will be approx 22.36 lac sq. ft.

Marketing

The profile of occupants occupying Phase 1 and Phase 2 presently comprise highly regarded and well known International and Indian corporates. The Company is targeting a similar profile of successful Corporates for its Phase 3 and Phase 4 development.

Thus far, the Company has signed binding LOIs with two MNC's who have committed to license space in Phases 3 / 4. Further the Company is in serious discussions with various other well known and financially sound Corporates to secure additional commitments for these phases.

Financing

The Company's debt funding to-date continues to be provided by HDFC Limited and can be broadly be broken down into three categories:-

- (i) Securitized loan - ₹ 518.89 crore (as on March 31, 2012) being repaid in equal monthly installments of principal and interest from the existing License fees.
- (ii) Construction loan for Phase 3 - ₹ 57.00 crore drawn down as on March 31, 2012 (out of a total of ₹ 200.00 crore sanctioned).
- (iii) Construction loan for Phase 4 – ₹ 225.00 crore has been sanctioned to date.

Preferential Issue of 1,35,49,000 Equity Shares issued and allotted on July 21, 2011 (at a premium of ₹ 45.00 per share):
The proceeds of ₹ 74.52 crore from this Preferential Issue have been utilized as envisaged, for enhancing the efficiency of the NKP development through a prudent and responsible mix of project financing.

The Company's business plan will continue to retain ownership of the NKP development, and to offer office space on a lease and license basis only.

ii) Nirlon House

The Company continues to own 75% undivided interest in approx. 45,475 sq.ft. in the 'Nirlon House' building at a prime location on Dr. A. B. Road, Worli, in Central Mumbai.

FIXED DEPOSITS

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

DEBENTURES

The Company has not issued any debentures during the year.

POSTAL BALLOT

The Company has passed special resolutions by way of a Postal Ballot , and has declared results on May 23, 2012 with respect to the following items:-

- a. Under Section 269 read with the Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act seeking approval of the Members for the Appointment and Remuneration of Shri Rahul Sagar as the Executive Director of the Company for a period of three years w.e.f. April 1, 2012;
- b. Under Section 31 of the Companies Act, 1956 for Alteration of Articles of Association of the Company by addition of Article 13A; and
- c. Under Section 81(1A) and other applicable provisions of the Companies Act, 1956 for approval of the Nirlon Employee Stock Option Scheme 2012.

EMPLOYEES STOCK OPTION SCHEME (ESOP)

Pursuant to the resolution passed by the shareholders of the Company by way of a postal ballot on May 23, 2012, the Company granted 7,15,000 stock options to its employees at an issue price of ₹ 41.30 per share on May 30, 2012 in accordance with NIRLON ESOP 2012. Each option entitles the holder to purchase one equity share of the Company at the issue price. No options have been vested till date.

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

As required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Directors') Rules 1988 the particulars



relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are as under :

- (A) The Company has no manufacturing activities relating to conservation of energy.
- (B) 1. The Company has not made any provision for research & development expenditure as the same is not applicable.
2. The Company has no activity relating to technology absorption and innovation.
- (C) The Company has incurred travel expenses in foreign currency aggregating to ₹ 6.35 lac (Previous Year ₹ 2.76 lac) and the Company has no foreign exchange earnings.

The Company has incurred professional fee expenses in foreign currency aggregating to ₹ 85.99 lac (Previous Year ₹ 109.92 lac).

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 (as amended to date) is attached as *Annexure I* 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 Directors' Responsibility Statement, the Board of Directors hereby confirm:

- i) that in the preparation of the annual accounts for the year ended March 31, 2012, 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, 2012, and of the net losses 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, 2012 on a 'going concern' basis.

CORPORATE GOVERNANCE DISCLOSURE

The Company adheres to the principles of Corporate Governance mandated by the Securities and Exchange Board of India (SEBI), and has complied with all the mandatory requirements. The non-mandatory requirements have been complied with to the extent practical and applicable.

A separate section on Corporate Governance (*Annexure II* to this Report) and a certificate from the Statutory Auditors confirming compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Limited, forms part of this Report.

The Executive Vice Chairman's declaration regarding compliance with the Code of Business Conduct and Ethics forms part of this Corporate Governance Report.

MANAGEMENT DISCUSSION ANALYSIS

Details are provided in *Annexure III* and form 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.

The Company's Statutory Auditors, M/s. N. M. Raiji & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Fifty Third Annual General Meeting, and are eligible for re-appointment. They have indicated their willingness to accept re-appointment and have further furnished the necessary Certificate in terms of Section 224(1B) of the Companies Act, 1956.

The Audit Committee has considered and recommended the re-appointment of M/s. N. M. Raiji & Co., Chartered Accountants, as Statutory Auditors of the Company to the Board of Directors. The Board of Directors have accepted the recommendation and recommend to the Shareholders the re-appointment of M/s. N. M. Raiji & Co., Chartered Accountants, as the Statutory Auditors of the Company and authorized the Board of Directors to fix their remuneration.

AUDITORS' REPORT

The observations made by the Auditors in their Report referring to the Notes forming part of the Accounts are self explanatory, and therefore, do not require any further comments under Section 217(3) of the Companies Act, 1956.

PERSONNEL RELATIONS AND ACKNOWLEDGEMENTS

Personnel 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, 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 28, 2012

ANNEXURE I TO THE DIRECTORS' REPORT**STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956**

- | | |
|--|---|
| <p>I.</p> <ol style="list-style-type: none"> 1. Name: - Shri Kunal Sagar 2. Age: - 44 years 3. Designation: - Executive Vice Chairman 4. Gross Remuneration: - ₹ 1,62,66,667.00 p.a.
Net Remuneration - ₹ 1,00,69,079.00 p.a. 5. Qualification: - B.A. (Economics) 6. Experience: - 21 years 7. Date of Commencement: - February 1, 1996 8. Last Employment: - Republic National Bank of New York | <p>II.</p> <ol style="list-style-type: none"> 1. Name: - Shri Rahul Sagar 2. Age: - 41 years 3. Designation: - Executive Director 4. Gross Remuneration: - ₹ 94,32,000.00 p.a.
Net Remuneration - ₹ 59,68,612.00 p.a. 5. Qualification: - B.A. (Economics) 6. Experience: - 17 years 7. Date of Commencement: - July 1, 2009 8. Last Employment: - Sempertrans Nirlon Private Limited <p>Note: - Remuneration includes Salary, Allowances, and the Company's contribution to provident fund, but excludes provisions of retiring gratuity for which separate figures are not available.</p> |
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ANNEXURE II TO THE DIRECTORS' REPORT**CORPORATE GOVERNANCE REPORT**

Information given in this Report relates to the Financial Year ended March 31, 2012

The Company believes that transparency through Corporate Governance is a key element in achieving high standards of corporate behaviour, in improving efficiency and enhancing the confidence of investors. To this end, the Company adopts best practices, processes and policies of governance in order to ensure professionalism and accountability without compromising ethical standards. The Company's policy of adequate and timely compliance disclosures is based on proper systems of internal control and risk management to ensure professionalism, accountability and compliance with statutes so that there is timely and correct flow of information to the Board and to all stakeholders including shareholders.

BOARD OF DIRECTORS

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

As on 31.03.2012

Chairman (Non-Executive and Independent)	1
Non-Executive and Independent Directors	3
Promoters	2
Nominee of Promoters	1
	<hr/> 7 <hr/> <hr/>

During the Financial Year 2011-12, the Board met 8 (eight) times on the following dates:-

1	May 10, 2011
2	May 25, 2011
3	June 7, 2011
4	July 7, 2011
5	July 29, 2011
6	September 26, 2011
7	October 31, 2011
8	February 6, 2012

The maximum time gap between 2 meetings was not more than 4 months.



The following table gives details of Directors, attendance of Directors at the Board meetings during the Financial Year 2011-12, at the last Annual General Meeting, and the number of memberships held by Directors on the Boards of various other companies:-

Sr. No.	Name	Category	Relationship with other Directors	Attendance Particulars		Directorships in Public Ltd. Company/ies	Committee Memberships		Shareholdings of NED
				Board meetings	Last AGM		Chairman	Member	
1	Shri Moosa Raza	C*	None	6	Y	2	1	-	NIL
2	Shri Rama Varma	NED*	None	4	Y	1	-	-	1,925
3	Shri Arjan Gurbuxani	NED*	None	8	Y	-	-	-	724
4	Smt. Rajani Bhagat	NED*	Mother-in-law of Shri Jaidev Shroff	8	Y	-	-	-	6,73,299
5	Smt. Aruna Makhan	NED*	None	8	Y	1	-	-	NIL
6	Shri Jaidev Shroff	NED*	Son-in-law of Smt. Rajani Bhagat	-	N	14	-	-	NIL
7	Shri Kunal Sagar	EVC*	Brother of Shri Rahul Sagar	8	Y	-	-	-	-
8	Shri Rahul Sagar	ED*	Brother of Shri Kunal Sagar	8	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 the Executive Director of the Company.
- iii. All Directors, except Shri Kunal Sagar, Shri Rahul Sagar, Smt. Rajani Bhagat and Shri Jaidev Shroff, are independent.
- iv. Shri Jaidev Shroff has ceased to be a director w.e.f. February 6, 2012.

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.

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.

Shri J. K. Bhavsar, 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 include the following:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are 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 the Statutory Auditor for any other services rendered by the Statutory Auditor.
4. Reviewing, with the Management, the 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 quarterly financial statements before submission to the Board for approval.

- 5A. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in the matter as may be required.
6. Reviewing, with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8. Discussion with Internal Auditors any significant findings and follow up thereon.
9. 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.
10. Discussion with the Statutory Auditor before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
11. To look into reasons for substantial defaults in the payment to Lenders, depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO, if required, (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the Financial Year 2011-12, the Audit Committee met 4 (four) times on the following dates:-

1	May 25, 2011
2	July 29, 2011
3	October 31, 2011
4	February 6, 2012

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

REMUNERATION COMMITTEE

Terms of Reference

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

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 2011-12, the Remuneration Committee met 3 (three) times on the following dates:-

1	July 29, 2011
2	September 26, 2011
3	February 6, 2012

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

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, 2012:

(₹ in lac)

Sr. No.	Name of the Director	Salary	Provident Fund	Commission	Sitting fees*	Total	Service contract / Notice period severance fees
1	Shri Moosa Raza	0	0	0	1.50	1.50	-
2	Shri Rama Varma	0	0	0	1.00	1.00	-
3	Shri Arjan Gurbuxani	0	0	0	1.90	1.90	-
4	Smt. Rajani Bhagat	0	0	0	0.80	0.80	-
5	Smt. Aruna Makhan	0	0	0	1.90	1.90	-
6	Shri Jaidev Shroff	0	0	0	0	0	-
7	Shri Kunal Sagar	154.67**	8.00	0	0	162.67	Agreement dated September 26, 2011 for a period of 5 years w.e.f. 01.02.2011. Three months notice.
8	Shri Rahul Sagar	90.00**	4.32	0	0	94.32	Agreement dated September 26, 2011 for the period July 1, 2009 to March 31, 2012. Six months notice.

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

** Inclusive of variable compensation of ₹ 50.67 lac and ₹ 36.00 paid to Shri Kunal Sagar and Shri Rahul Sagar respectively.

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 2011-12, the Shareholders/ Investors Grievance Committee met 4 (four) times on the following dates:-

1	May 25, 2011
2	July 29, 2011
3	October 31, 2011
4	February 6, 2012

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

The Board has designated Shri J.K.Bhavsar, 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 from shareholders and replied to the satisfaction of the shareholders during the Financial Year ended March 31, 2012 were nil and outstanding complaints as on March 31, 2012 were nil. The number of pending share transfers were nil and pending requests for dematerialization were also nil as on March 31, 2012.

GENERAL BODY MEETINGS

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

Financial Year	Date	Location of the Meeting	Time
2008-2009	30.09.2009	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2009-2010	14.09.2010	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2010-2011	26.09.2011	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.

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

1	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
2	Issue of Equity Shares of the Company on a Preferential Basis	Extra Ordinary General Meeting held on July, 7, 2011

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 requirements:
The Company has obtained a necessary Certificate from its Statutory Auditors regarding compliance of conditions of Corporate Governance and the same is given as an annexure to the Directors' Report.
- The Company has fully utilized proceeds received during the year from issue of Equity Shares on a Preferential basis for enhancing the efficiency of the NKP Development through a prudent and responsible mix of project financing.

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

www.nirlonltd.com

Official News 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 : Saturday, September 15, 2012

Time : 11.00 a.m.

Venue : M.C.Ghia Hall, 4th floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Kaala Ghoda, Mumbai 400 001.

Annual General Meeting for the year ended on March 31, 2013

End of September 2013 (tentative)

Financial Year

April 1, 2012 to March 31, 2013

Board Meetings (tentative)

April – June 2012 quarter results – meeting held on July 28, 2012

July – September 2012 quarter results – end of October 2012

October – December 2012 quarter results – end of January 2013

Audited results for the year ended March 31, 2013 - end of May 2013



Date of Book Closure

Thursday, September 6, 2012 to Thursday, September 13, 2012 (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 2012-13 to the BSE.

BSE Code: 500307

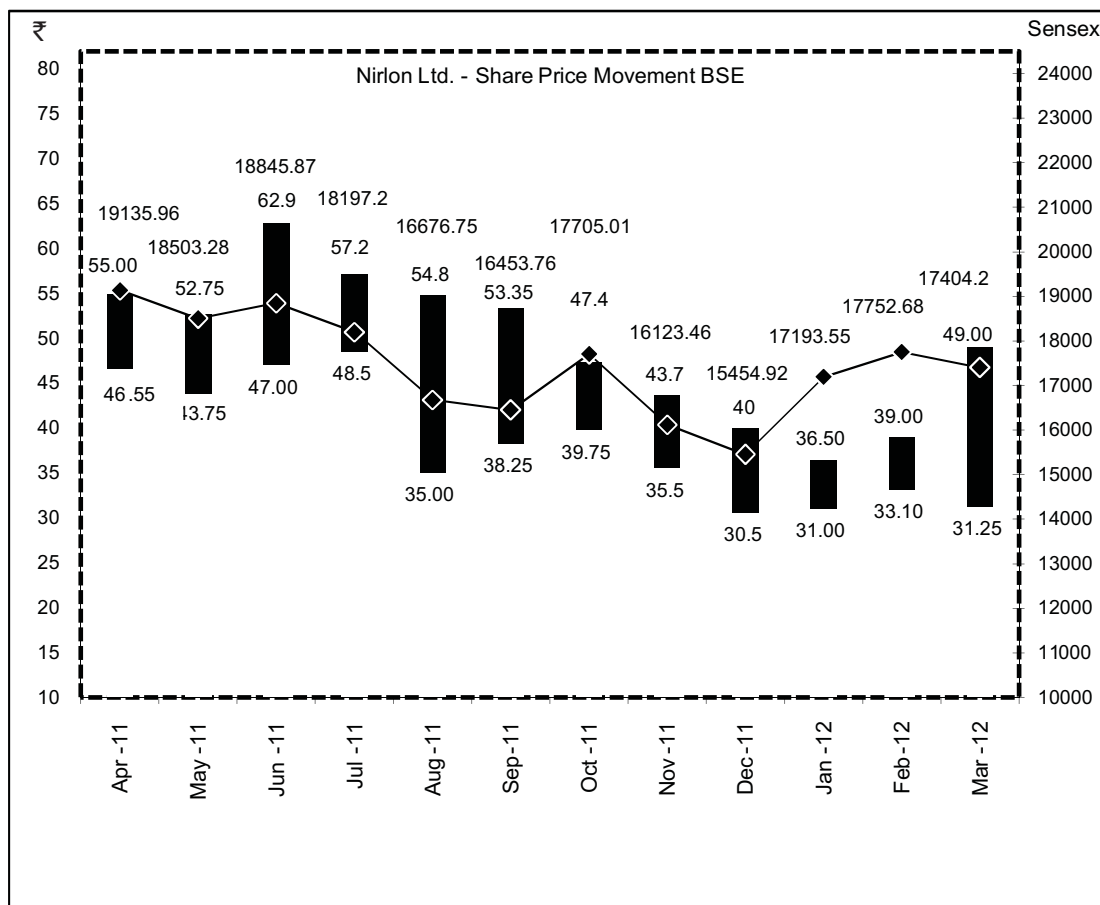
ISIN no. in NSDL and CDSL for equity shares: INE910A01012

Stock Market Data (April 1, 2011 to March 31, 2012)

The Bombay Stock Exchange Limited, Mumbai

	High (₹)	Low (₹)
April 2011	55.00	46.55
May 2011	52.75	43.75
June 2011	62.90	47.00
July 2011	57.20	48.50
August 2011	54.80	35.00
September 2011	53.35	38.25
October 2011	47.40	39.75
November 2011	43.70	35.50
December 2011	40.00	30.50
January 2012	36.50	31.00
February 2012	39.00	33.10
March 2012	49.00	31.25

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) 4028 1919 or 2685 2257/58/59
Fax No.: - + 91 (022) 4028 1940
E-mail address: share@nirlonltd.com

Registrar and Share Transfer Agent

M/s. Sharepro Services (India) Private Limited,
13AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange Lane,
Off. Andheri Kurla Road, Sakinaka,
Andheri (East), Mumbai – 400 072
Tele: - + 91 (022) 6772 0300/400
Fax: - + 91 (022) 2859 1568/2850 8927
Email: sharepro@vsnl.com
indira@shareproservices.com

Share Transfer System

The shares of the Company, being in the compulsory demat 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, 2012)

Range of shares	No. of share holder	No. of shares	Percentage of share amount to total (%)
Up to 500	44,595	53,53,391	7.46
501 – 1,000	2,477	20,02,461	2.79
1,001 – 2,000	1,078	16,89,130	2.35
2,001 – 3,000	329	8,50,841	1.19
3,001 – 4,000	166	6,00,578	0.84
4,001 – 5,000	153	7,30,597	1.02
5,001 – 10,000	254	19,04,837	2.65
10,001 and above	270	5,86,33,751	81.70
Total	49,322	7,17,65,586	100.00

Shareholding Pattern

	As on March 31, 2012	
	No. of shares	Percentage (%)
Promoters and Promoter Group	94,05,393	13.11
Non-Promoter Public Shareholding*		
(a) Banks, MFs/FIs	1,14,881	0.16
(b) Foreign Institutional Investors (FIIs)	1,27,07,694	17.71
(c) Others	49,537,618	69.02
Sub-total (a + b + c)	62,360,193	86.89
Grand Total	71,765,586	100.00
Total no. of Shareholders	49,322	

*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 May 26, 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, 2012, 88.87% of the Paid-up 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, 2012.

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, 2012, 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

Mumbai, July 28, 2012

CFO Certification

Shri Manish Parikh, G.M. – Finance & Accounts has issued a certificate to the Board of Directors on the fairness and correctness of the annual Audited Accounts.

Industrial Park/IT Park Location

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



ANNEXURE III TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION ANALYSIS

OVERVIEW

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

SEGMENT ANALYSIS AND REVIEW

Industrial Park/IT Park – Goregaon, Mumbai

During the period under review, the Company has been successful in ensuring that approx. 99.00 % of the 10.75 lac sq. ft. of licensable area in Phases 1 and 2 of NKP have remained licensed to the existing group of successful corporate clients. License fees for Phases 1 and 2 continued to be received regularly. As a result, the Company's securitized loans to HDFC, taken initially for project construction, continued to be serviced on schedule. It may be recalled that these securitized loans are repayable over 108 months in equal monthly installments comprising principal and interest. Due to the equal monthly installment repayment structure of the HDFC loans, the consistently reducing principal balance has resulted in a reduced interest outgo for the year under review when compared to the previous year. For this reason, reduction in interest expense on a phase wise basis is therefore expected year on year. The interest outgo for the year under review has also reduced due to an interest rate reduction effected by HDFC in July 2011.

Construction progress of Phase 3 (approx. 5.46 lac sq. ft. of constructed area corresponding approx. 3.97 lac sq. ft. licensable area) has also been steady during the 2011-12 Financial Year and continues to be on schedule for completion by approx. the end of March 2013. Two major priorities for the Company during the 2012-13 financial year are to ensure the on time completion of Phase 3 within defined budgetary parameters, as also to ensure licensing commitments for Phase 3 so that license fees from this Phase are available for approx. half the 2013-2014 financial year. As mentioned in the Directors' Report, two commitments for licensing of Phase 3 from well known MNCs have already been received, and the interest levels for future commitments are also currently promising.

As a result of the favourable enquiries being generated by its Phase 3 development, and also as a result of preliminary interest expressed by existing licensees in NKP to expand/consolidate their operations within the complex, the Company has decided to commence construction of Phase 4 (approx. 7.25 lac sq. ft. of constructed area corresponding approx. 4.23 lac sq. ft. licensable area). Planning and design

for Phase 4 is at an advanced stage, and construction is expected to commence in July/August 2012. Phase 4 is expected to be complete by the October – December quarter 2014. These time lines will suit the expansion/consolidation plans of the various potential occupants who are currently in discussions with the Company.

It may be mentioned that planning, design, specifications and quality for Phases 3 and 4 will be maintained, and to the best extent possible improved, from those levels delivered successfully in Phases 1 and 2. At the same time, a significant broadening and deepening of the Company's vendor base for Phases 3 and 4, combined with an intensive focus to ensure the most competitive sourcing of material and equipment, is helping ensure that costs are and remain tightly controlled.

RISKS AND CONCERNS

Industrial Park/Real Estate Division

i) Macro Economic Environment

Macro economic factors continue to be a source of concern for the Company. The continuing relatively limited demand for commercial real estate in India and Mumbai has a clear link to the stagnating economies of the developed world, especially Europe and the United States. Neither the economies of Europe or the United States, nor the political environments in these regions, have given the rest of the world much cause for comfort during the last year. The present year shows no appreciable difference. Further, the Chinese growth slowdown and Japan's continued economic weakness, mean that the assessment of commercial real estate demand in the Indian context will have to be especially carefully assessed.

The Indian economic outlook as well is not presently encouraging. The absence of meaningful reform, the consequent slowdown in investment, and the alarming volatility of the rupee have led to sharply reduced growth rates. This, in turn, will have obviously negative implications on domestic demand, especially with interest rates and inflation continuing at relatively high levels.

In this context, the ability of the Company to secure conclusive commitment for space take up is likely to have a major bearing on the pace of development in NKP.

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

As has been the case for the past 2/3 years, oversupply of commercial real estate in Mumbai remains a concern for the development of NKP. This is especially true for the Central Mumbai areas where License fee rates in specific micro market have seen substantial reductions. This, in turn, has put rates in the Mumbai suburbs under pressure as well.

However, the supply of good quality and well planned commercial development in Nirlon's micro market is limited. The micro market itself, on the Western Express Highway (WEH) and in close proximity to the commuter rail network and airports, remains much desired. A large part of Mumbai's working population also resides in the western suburbs, adding to the attractiveness of NKP's location. In this context, demand for professionally managed developments delivering value at competitive rates remains steady in Nirlon's micro market.

Nirlon has established itself in this segment of the market, and is committed to its focus on quality, reliability and occupant satisfaction, which should substantially help mitigate the risks and concerns discussed in this Section.

However, profitability projections for the NKP development will continue to use conservative assumptions as regards any increase in License fee rates, in the context of potential oversupply.

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 macro economic conditions affecting demand/ supply, 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 Limited,**

We have examined the compliance of conditions of Corporate Governance by Nirlon Limited, for the year ended March 31 2012, 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, 2012, 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
Firm Registration no. 108296W

C.A.Y. N. Thakkar
Partner
Membership No. 33329

Mumbai, July 28, 2012

AUDITORS' REPORT

To the Members of Nirlon Limited,

- 1) We have audited the attached Balance Sheet of **NIRLON LIMITED** ("the Company") as at 31st March, 2012, the Profit and Loss Account and also 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 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 the 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.
 - 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, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - VI. 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, 2012;
 - (2) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (3) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Mumbai, May 30, 2012

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

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph (3) 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) All the fixed assets of the Company have not been physically verified by the Management during the year. The Company has a phased program for verification of fixed assets designed to cover all the assets over a period of time, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. 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 during the year have been physically verified by the Management during 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;
- e) 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) 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, Employee's State Insurance, Income tax, Sales tax, Excise duty, Service tax, Custom duty, Cess and any other statutory dues with the appropriate authority except for property tax. Amount of property tax outstanding as at the date of Balance Sheet for more than six months from the date it became payable is ₹ 80.55 Lacs.
- b) Particulars of disputed dues on account of statutory matters that have not been deposited are disclosed in the annexure A;
- x) The accumulated losses at the end of the Financial Year are less than fifty percent of its net worth. The Company has not incurred cash losses in the Financial Year ended on 31st March 2012, and in the immediately preceding financial year;
- xi) The Company has not defaulted in repayment of dues to any banks, financial institutions or debenture holders;
- 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 did 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 loans availed by the Company during the year, were applied for the purposes for which they were 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. RAIJI & CO.**
Chartered Accountants
Firm Registration No.108296W

Mumbai, May 30, 2012

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

Annexure - A

Statement forming part of the Auditors' Report - Clause ix (b)
(Details of Statutory dues that have not been deposited on account of disputes)

Name of the Statute	Nature of Dues	₹ in lacs	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty thereon	709.43	Supreme Court of India
	Excise Duty and Penalty thereon	161.54	CESTAT
Finance Act, 1994	Service Tax and Penalty thereon	1,078.40	CESTAT

BALANCE SHEET AS AT 31st MARCH, 2012

(₹ in lacs)

	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND			
Share Capital	2.1	7,176.55	5,821.65
Reserves & Surplus	2.2	<u>1,59,646.94</u>	<u>5,183.43</u>
		1,66,823.49	11,005.08
NON CURRENT LIABILITIES			
Long term borrowings	2.3	53,709.76	55,901.90
Other long-term liabilities	2.4	7,265.97	8,865.28
Long term provisions	2.5	<u>90.61</u>	<u>59.33</u>
		61,066.34	64,826.51
CURRENT LIABILITIES			
Trade Payables	2.6	547.48	1,139.43
Other current liabilities	2.7	6,851.03	5,838.95
Short term provisions	2.8	<u>178.56</u>	<u>117.51</u>
		7,577.07	7,095.89
		2,35,466.90	82,927.48
ASSETS / NON CURRENT ASSETS			
Fixed assets			
Tangible assets	2.9	2,20,522.53	75,403.54
Capital work in progress		6,128.72	3,157.59
Intangible Assets under development		<u>3.06</u>	<u>1.26</u>
		2,26,654.31	78,562.39
Deferred tax assets (net)	2.10	1,907.18	403.07
Long term loans & advances	2.11	5,611.75	1,656.25
Other non current assets	2.12	<u>234.23</u>	<u>562.23</u>
		7,753.16	2,621.55
CURRENT ASSETS			
Inventories	2.13	-	11.79
Trade receivables	2.14	126.72	343.91
Cash & cash equivalents	2.15	129.84	525.00
Short term loans & advances	2.16	449.35	476.50
Other current assets	2.17	<u>353.52</u>	<u>386.34</u>
		1,059.43	1,743.54
		2,35,466.90	82,927.48
Notes forming part of the Financial Statements	1 & 2		
Significant accounting policies and notes on Accounts	1 & 2		

FOR AND ON BEHALF OF THE BOARD

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

J.K. BHAVSAR
Company Secretary &
Vice President - Legal

KUNAL SAGAR
Executive Vice
Chairman

RAHUL SAGAR
Executive Director

MOOSA RAZA
Chairman

As per our Report attached

For **N.M. RAIJI & CO.**
Chartered Accountants

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, May 30, 2012

Directors
RAMA VARMA
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in lacs)

Particulars	Note	2011-12	2010-11
I Revenue from Operations	2.18	13,764.54	11,109.86
II Other Income	2.19	477.79	4,175.48
III Total Revenue (I + II)		14,242.33	15,285.34
IV Expenses			
Employee benefits expense	2.20	754.45	730.12
Finance costs	2.21	7,105.16	5,798.20
Depreciation and amortization expense		4,943.13	4,602.71
Less: Adjusted against Revaluation Reserve		1.45	2.58
		4,941.68	4,600.13
Other Operating Expenses	2.22	4,833.46	3,854.83
Total Expenses		17,634.75	14,983.28
V Profit /(Loss) before exceptional and extra ordinary items and tax (III - IV)		(3,392.42)	302.06
VI Less : Voluntary Retirement Scheme		-	252.01
VII Profit / (Loss) before Tax (V - VI)		(3,392.42)	50.05
VIII Less : Tax Expense :			
: Current Tax	2.38	76.05	10.10
: Deferred Tax		(1,504.11)	4.01
IX Profit / (Loss) for the year after Tax (VII - VIII)		(1,964.36)	35.94
X Basic and diluted earning per share in ₹ (on Face value of ₹ 10/- per share)		(2.90)	0.06
Notes forming part of the Financial Statements	1 & 2		

FOR AND ON BEHALF OF THE BOARD

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CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2012

(₹ in lacs)

	2011-12	2010-11
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra ordinary items	(3,392.42)	302.06
ADJUSTED FOR :		
Depreciation	4,941.68	4,600.13
Excess provision for doubtful debts & advances written back (net)	(0.01)	(2.38)
Interest income	(4.78)	(112.01)
Finance cost	7,105.16	5,798.20
Profit on sale of assets (net)	(41.59)	(3,874.63)
Inventory written off	9.91	-
Marketing fees	391.54	265.57
Adjustment for foreign exchange loss	3.48	-
Loss on assets discarded	403.78	73.54
Liability written back	(327.69)	(39.37)
	12,481.48	6,709.05
Operating Profit/(Loss) before Working Capital changes	9,089.06	7,011.11
CHANGES IN		
Trade & other receivables	245.23	537.79
Inventories	1.88	7.60
Trade payables and other provisions	(415.59)	2,235.51
Marketing fees paid	(30.68)	(441.62)
Cash generated from Operations	(199.16)	2,780.90
Direct taxes (paid)/refund	(205.06)	(82.55)
Cash generated from Operating Activities	(404.22)	2,698.35
Net Cash from Operating Activities (A)	8,684.84	9,709.46
(B) CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(7,471.89)	(14,798.20)
Sale of fixed assets	205.74	4,216.70
Interest received	26.13	138.50
Net Cash from Investing Activities (B)	(7,240.02)	(10,443.00)
(C) CASHFLOW FROM FINANCING ACTIVITIES		
Proceeds of preferential equity issue	7,451.95	-
Increase/(decrease) of term liabilities	(1,764.99)	7,596.88
Finance cost	(7,526.94)	(6,947.11)
Net Cash from Financing Activities (C)	(1,839.98)	649.77
Net increase/(decrease) in Cash & Cash Equivalent (A+B+C)	(395.16)	(83.77)
Cash & Cash Equivalent at the commencement of the year	525.00	608.77
Cash & Cash Equivalent at the end of the year	129.84	525.00

Notes :

- 1) Closing Cash & Cash equivalents include all items under note 2.15 forming part of the Financial Statements.
- 2) All figures in bracket are outflows.
- 3) Previous years figures have been regrouped / rearranged wherever necessary.

FOR AND ON BEHALF OF THE BOARD

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NOTES FORMING PART OF FINANCIAL STATEMENTS**1.1 Basis for preparation of Financial Statements :**

The Financial Statements are prepared in accordance with Generally Accepted Accounting Principles ('GAAP') in India under the historical cost convention on accrual basis.

1.2 Accounting Policies :**a. Fixed Assets :**

Fixed Assets are stated at cost or revalued amount wherever applicable. Cost comprises of cost of acquisition, cost of improvements, borrowing costs and any other cost attributable in bringing assets to the condition for its intended use.

b. Depreciation and Amortization :

- i) Depreciation on fixed assets has been provided on written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) Depreciation and amortization on the revalued portion of Fixed Assets is adjusted against the Revaluation Reserve.

c. Borrowing Cost :

Borrowing costs includes interest and other charges incurred in connection with the borrowing of funds and is recognised as an expense for the year in which it is incurred, except for borrowing costs attributable to the acquisition/construction of qualifying assets and incurred till the commencement of the commercial use of the assets, which are capitalised as the cost of that asset.

d. Investments :

Long term investments are stated at Cost less permanent diminution in value, if any. Current investments are stated at the lower of cost or fair value.

e. 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 Statement of Profit and Loss.

f. Inventory Valuation :

Stores and spares, are valued at cost on a weighted average basis.

g. Taxes on Income:**Current Tax**

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

Deferred Tax

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 :**i) Defined Benefit Plan**

The Company provides for gratuity liability based on the actuarial valuation by an independent actuary which is determined using the projected unit credit method.

ii) Defined Contribution Plans

The Company's contribution paid/payable for Provident Fund, ESIC and Pension Fund for the year is recognised in the Statement of Profit and Loss.

iii) Long Term Employee benefits

Long term compensated absences are provided as per the actuarial valuation by an independent actuary which is determined using the projected unit credit method.

iv) Short Term Employee benefits

Short term benefits are recognised as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.

v) Actuarial gains/losses

Actuarial gains/losses are immediately recognised in the Statement of Profit and Loss and are not deferred.

i. Revenue Recognition:

- i) License fee income and income incidental to it, are accounted for on an accrual basis.
- ii) Insurance claims and scrap sales are accounted for in the books on an accrual basis.
- iii) Interest income is accounted on an accrual basis.
- iv) Processing charges received include excise duty recovered.

j. Leave & License :

Leave & License payments are recognised as an expense in the Statement of Profit and Loss.

Leave & License income is recognised based on the terms of the agreement.

Initial direct costs incurred specifically to earn revenue from Leave & License agreements are amortised over the lock in period of the respective license agreements.



		(₹ in lacs)
	As at 31st March 2012	As at 31st March 2011

2.1 SHARE CAPITAL

Authorised

7,40,00,000 Equity Shares of ₹ 10/- each	7,400.00	7,400.00
1,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each	<u>100.00</u>	<u>100.00</u>
	<u>7,500.00</u>	<u>7,500.00</u>

Issued

7,17,79,608 Equity Shares of ₹ 10/- each (previous year)		
5,82,30,608 equity shares of ₹ 10/- each	<u>7,177.96</u>	<u>5,823.06</u>
<u>Subscribed & Fully paid up</u>		
7,17,65,586 Equity Shares of ₹ 10/- each (previous year 5,82,16,586 equity shares of ₹ 10/- each)	<u>7,176.55</u>	<u>5,821.65</u>

a. The reconciliation of the Equity Shares outstanding as at March 31, 2012 and March 31, 2011 is set out below:

Particulars	2011-12		2010-11	
	nos.	₹ in lacs	nos.	₹ in lacs
At the beginning of the year	58,216,586	5,821.65	58,216,586	5,821.65
Add:- Shares Issued during the year	13,549,000	1,354.90	-	-
Outstanding at the end of the year	71,765,586	7,176.55	58,216,586	5,821.65

b. **Rights, Preferences and Restictions attached to Shares**

Equity Shares :

The Company has only one class of Equity Shares having a par value of ₹ 10/-.

Each holder of Equity Shares is entitled to one vote per share. The shareholders have the right to receive interim dividends declared by the Board of Directors and final dividend proposed by the Board of Directors and approved by the Shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

The shareholders have all other rights as available to equity shareholders as per the provisions of the Companies Act, 1956, read together with the Memorandum of Association & Articles of Association of the Company, as applicable.

During the year, the Company has issued 1,35,49,000 equity shares on a preferential basis which have a lock in period of one year from the date of allotment as per Securities & Exchange Board of India (SEBI) Regulations.

Preference Shares :

The Company has only one class of Authorised Preference shares having a par value of ₹ 100/-.

Rate of dividend on Preference Shares (subject to rate not exceeding 11 % per annum) and the terms of redemption will be determined at the time of issue subject to the provisions of such Acts as may be applicable.

c. **Details of Shareholders holding more than 5% shares (as certified by the Management)**

Name of the shareholders	As at 31st March 2012		As at 31st March 2011	
	No. of shares	% of Holding	No. of shares	% of Holding
Real India Invest Aktiengesellschaft	100,71,213	14.03	42,51,213	7.30
Geraldton Finance Ltd.	43,65,000	6.08	-	-
TVF Fund Ltd.	41,81,388	5.83	-	-
Voyager Fund Mauritius Ltd	-	-	41,81,388	7.18
Fenny Establishment	-	-	36,92,804	6.34

(₹ in lacs)

	As at 31-Mar-2012	As At 31-Mar-2011
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2.2 RESERVES & SURPLUS

Securities Premium Reserve		
As per last Balance Sheet	264.98	264.98
Add : Additions during the year	<u>6,097.05</u>	-
		<u>6,362.03</u>
Revaluation Reserve		
As per last Balance sheet	6,031.51	6,131.54
Add : Created during the year	1,50,332.27	-
Less : Depreciation on Revalued Assets	1.45	2.58
Less : Transfer to General reserve	-	97.45
	<u>1,56,362.33</u>	<u>6,031.51</u>
General Reserve		
As per last Balance Sheet	-	-
Add: Transfer from Revaluation Reserve	-	97.45
Less: Adjusted against Surplus	-	97.45
	-	-
Surplus- Opening Balance	(1,113.06)	(1,246.45)
Add: Net profit after tax transferred from Statement of Profit and Loss	(1,964.36)	35.94
Less : Transferred from General Reserve	-	97.45
Surplus- Closing Balance	<u>(3,077.42)</u>	<u>(1,113.06)</u>
	<u>1,59,646.94</u>	<u>5,183.43</u>



2.9 FIXED ASSETS

(₹ in Lacs)

Assets	Gross Block				Depreciation				Net Block
	As on 01-04-2011	Additions during 2011-12	Deductions/ Adjustments during 2011-12	As on 31-03-2012	Up to 01-04-2011	Provided during 2011-12	Deductions/ Adjustments during 2011-12	Upto 31-03-2012	As on 31-03-2012
LAND & SITE DEV (FREEHOLD)	18,365.42 (18,365.42)	1,11,534.58 -	- -	1,29,900.00 (18,365.42)	- -	- -	- -	- -	1,29,900.00 (18,365.42)
LAND & SITE DEV (LEASE HOLD)	- (258.48)	- -	- (258.48)	- -	- (69.37)	- (2.03)	- (71.40)	- -	- -
BUILDINGS	43,457.50 (32,882.82)	38,869.30 (11,461.26)	648.28 (886.58)	81,678.52 (43,457.50)	3,250.50 (2,166.91)	2,024.39 (1,761.69)	267.27 (678.10)	5,007.62 (3,250.50)	76,670.90 (40,207.00)
PLANT & EQUIPMENTS	12,500.93 (8,903.57)	199.79 (3,597.36)	45.21 -	12,655.51 (12,500.93)	2,384.99 (965.51)	1,581.55 (1,419.48)	35.75 -	3,930.79 (2,384.99)	8,724.72 (10,115.94)
FURN., FIX & APPLIANCES	8,887.78 (7,325.31)	1.36 (1,606.44)	196.32 (43.97)	8,692.82 (8,887.78)	2,314.44 (943.20)	1,319.34 (1,395.16)	113.02 (23.92)	3,520.76 (2,314.44)	5,172.06 (6,573.34)
OFFICE EQUIPMENTS	291.49 (291.49)	- -	170.41 -	121.08 (291.49)	166.38 (146.17)	12.61 (20.21)	76.26 -	102.73 (166.38)	18.35 (125.11)
VEHICLES	41.13 (31.40)	25.02 (9.73)	6.00 -	60.15 (41.13)	24.40 (20.26)	5.24 (4.14)	5.99 -	23.65 (24.40)	36.50 (16.73)
GRAND TOTAL	83,544.25 (68,058.49)	1,50,630.05 (16,674.79)	1,066.22 (1,189.03)	2,33,108.08 (83,544.25)	8,140.71 (4,311.42)	4,943.13 (4,602.71)	498.29 (773.42)	12,585.55 (8,140.71)	2,20,522.53 (75,403.54)

Notes :

1. Previous year's figures are given in brackets.
2. Of the above, a certain portion of the assets have been given on leave & license. The details are as under :

(₹ In lacs)

	Gross Block	Accumulated Depreciation	Net Block
Buildings	74,181.94 (30,566.01)	4,228.52 (2,298.30)	69,953.42 (28,267.71)
Furniture & Fixtures	1,322.05 (1,322.05)	541.28 (368.73)	780.77 (953.32)
Total	75,503.99 (31,888.06)	4,769.80 (2,667.03)	70,734.19 (29,221.03)

3. Buildings include building constructed on Leasehold Land at Worli, Mumbai having written down value of ₹ 2.63 lacs (Previous year ₹ 2.77 lacs), being the share of the Company in the property which is jointly owned with Nirlon Foundation Trust.
4. Based on valuation reports submitted by M/s. I.H. Shah & Associates, Approved Valuers, the following Assets of Goregaon had been revalued on 1st April, 1984, 30th June, 2006 and 31st March, 2012 on the basis of assessment of their market value, and were written up by the amounts, as on date, as shown below :

(₹ In lacs)

	Amount written upon revaluation	Depreciation provided upto 31.03.2012	Revalued during 2011-12	Amount written up net of depreciation as on 31.03.2012
Freehold Land (including FSI purchased)	6,002.55	-	1,11,534.57	1,17,537.12
Building	361.11	333.59	38,797.69	38,825.21
	<u>6,363.66</u>	<u>333.59</u>	<u>1,50,332.26</u>	<u>1,56,362.33</u>

Revaluation of building during the year does not include buildings under demolition, under construction and Cooling Tower Cafeteria.



	(₹ in Lacs)	
	2011-12	2010-11
2.20 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	477.21	430.96
Contribution to Provident Fund and other funds	242.14	260.95
Staff Welfare expenses	35.10	38.21
	<u>754.45</u>	<u>730.12</u>
2.21 FINANCE COST		
Interest on Term Loans	7,080.66	5,795.88
Other Interest	24.50	2.32
	<u>7,105.16</u>	<u>5,798.20</u>
2.22 OTHER OPERATING EXPENSES		
Stores and spares consumed	3.26	34.77
Power, fuel and water charges	91.06	176.27
Rent	2.25	2.57
Insurance	48.70	46.80
Rates and taxes	1,569.32	1,266.38
Repairs to building	48.32	84.43
Repairs to machinery	-	0.64
Loss on Assets discarded	403.78	73.54
Stores inventory written off	9.91	-
Directors' sitting fees	7.10	6.20
Legal and Professional expenses	318.13	311.08
Telephone expenses	7.14	6.87
Complex Maintenance expenses	89.42	149.44
Travelling expenses	18.25	12.20
Property Management Expenses	1,654.53	1,203.59
Marketing fees	391.54	265.57
Security expenses	27.08	26.22
Doubtful Debts and Advances written off	0.55	252.06
Less: Allowance for bad and Doubtful Debts and advances written back	0.55	252.06
	-	-
Miscellaneous Expenses	143.67	188.26
	<u>4,833.46</u>	<u>3,854.83</u>

2.23 Commitments (As certified by the Management)

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is ₹ 8,716.33 lacs (previous year ₹ 6,543.16 lacs).
- b) Other Commitments : ₹ Nil (Previous year ₹ Nil)
Excludes Commitment given to ex-employees.

2.24 Contingent liabilities

- i) Claims against the Company not acknowledged as debts ₹ 12.81 lacs (previous year ₹ 12.81 lacs) as certified by the Management.

ii) Contingent liabilities not provided for :

	(₹ In lacs)	
	As at 31-Mar-12	As at 31-Mar-11
Excise Duty	985.28	1,123.34
Property Tax	-	67.98
Service Tax	1,078.40	-
2.25 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 could not be provided.		
2.26 Balances of sundry debtors, creditors, loans and advances and deposits are subject to confirmation.		
2.27 Remuneration to Auditors (included under Misc. expenses in Note 2.22) :		
	(₹ in lacs)	
	2011-12	2010-11
Audit Fees (including arrears ₹ 2.50 lacs, previous year ₹ Nil)	9.50	4.50
Taxation matters	1.10	0.25
Management and other services	1.61	0.55
Reimbursement of expenses	1.68	0.65
	<u>13.89</u>	<u>5.95</u>

2.28 Value of Imports on CIF basis in respect of :

	(₹ in lacs)	
	2011-12	2010-11
Capital	-	282.53
Stores and Spares	-	0.55
	<u>-</u>	<u>283.08</u>

2.29 Expenditure in foreign currency :

	(₹ in lacs)	
	2011-12	2010-11
Professional fees *	85.99	109.92
Travelling expenses (Fully capitalized)	6.35	2.76
Others	1.13	-
	<u>93.47</u>	<u>112.68</u>

* of these capitalized ₹ 84.73 lacs (previous year ₹ 109.92 lacs)

2.30 Value of stores and spares consumed:

	2011-12		2010-11	
	Value	%	Vaue	%
Stores & Spare parts :				
Imported	-	0.00%	0.73	2.10%
Indigenous	3.26	100.00%	34.04	97.90%
	<u>3.26</u>	<u>100.00%</u>	<u>34.77</u>	<u>100.00%</u>

2.31 Earnings per Share :

(₹ in Lacs)

Particulars	31.03.2012	31.03.2011
1 Profit/(Loss) before extraordinary items net of tax (₹ in lacs) (A)	(1,964.36)	287.95
2 Weighted average of number of equity shares (B)	67,656,463	58,216,586
3 Face value per Equity shares ₹	10	10
4 Earning per share before extra ordinary items (Basic & diluted) (A / B)	(2.90)	0.49
5 Profit/(Loss) after extraordinary items net of tax (₹ in lacs) (C)	(1,964.36)	35.94
6 Earning per share after extra ordinary items (Basic & diluted) (C / B)	(2.90)	0.06

2.32 Segment reporting

There are no other reportable segments as per AS 17 (Segment Reporting), except licencing of immovable property for the year.

2.33 Disclosure in respect of Leave & License (As per AS19)

1. Assets given on leave & license

- a) General description of leave & license arrangement
- Licensed assets : Licencing of commercial premises
 - Future License fees are determined on the basis of agreed terms.
- b) Future minimum license fee payments receivable under non-cancellable leave & license agreement:

(₹ in lacs)

	31st March 2012	31st March 2011
The total of minimum license fee payments :		
Not more than one year	12,507.91	11,858.93
Not less than one year and not more than five years	19,388.99	26,903.25
More than five years	-	-

2. Assets taken on leave & license :

- a) Future minimum license fee payments under non-cancellable leave & license agreement:

(₹ in lacs)

	31st March 2012	31st March 2011
The total of minimum license fee payments :		
Not more than one year	0.96	-
Not less than one year and not more than five years	-	-
More than five years	-	-

The premises taken on leave & license is cancellable. The total amount recognised in the Statement of Profit and Loss is ₹ 2.16 lacs (previous years ₹ 2.48 lacs).

2.34 EMPLOYEE BENEFITS

a) Gratuity

Defined benefits plan

	2011-12	2010-11
I Change in Obligation during the year		
1 Present Value of Defined Benefit Obligation at beginning of the year	57.27	33.52
2 Current Service Cost	12.60	26.41
3 Past Service Cost	0.43	(0.43)
4 Interest Cost	4.62	3.54
5 Actuarial (Gains) / Losses	6.42	(5.77)
6 Benefits Paid	-	-
7 Present value of Defined Benefit Obligation at the end of the year.	81.34	57.27
II Change in Assets during the year ended March 31, 2012		
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, 2012		
1 Present Value of Defined Benefits Obligation as at March	81.34	57.27
2 Fair value of plan assets as at March 31, 2012	-	-
3 Fund status (Surplus / (Deficit))	(81.34)	(57.27)
4 Net Assets / (Liability) as at end of the year	(81.34)	(57.27)
IV Expenses recognized in the Statement of Profit & Loss for the year ended March 31, 2012		
1 Current Service Cost	12.60	26.83
2 Interest Cost	4.62	3.54
3 Expected return on plan assets	-	-
4 Past Service Cost	0.43	(0.43)
4 Net Actuarial (Gains) / Losses	6.42	(5.77)
5 Total Expenses	24.07	24.17
Amount recognised as an expense and included in Note 2.20 under "Contribution to provident 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	8.00%	7.50%
2	Expected rate of return on plan assets	7.50%	8.00%
3	Mortality Table	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
4	Retirement Age	Officers 60; Others 60	Officers 60; Others 60

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority and other relevant factors.

Details of Current Annual period and Previous Annual periods

	2011-12	2010-11	2009-10	2008-09	2007-08
Present Value of Defined Benefits Obligation as at end of the year	81.34	57.27	33.52	21.02	69.08
Fair value of plan assets as at end of the year	-	-	-	-	-
Fund status (Surplus / (Deficit))	(81.34)	(57.27)	(33.52)	(21.02)	(69.08)
Net Assets / (Liability) as at end of the year	(81.34)	(57.27)	(33.52)	(21.02)	(69.08)

b) Contribution to Provident Fund and Other Funds stated under Defined Contribution Plans is ₹ 215.99 lacs (previous year ₹ 228.73 lacs).

2.35 Disclosure of Related parties/related party transactions :

The list of related parties are as stated below :
(As certified by the Management)

Related parties :

Key Management Personnel

Executive Directors :

Shri Kunal V. Sagar, Executive Vice Chairman

Shri Rahul V. Sagar, Executive Director

Related party transaction :

	(₹ in lacs)	
	2011-12	2010-11
Remuneration to Shri Kunal V. Sagar	162.67	217.76
Remuneration to Shri Rahul V. Sagar	94.32	62.82
2.36 Borrowing cost capitalised during the year ₹ 346.33 lacs (previous year ₹ 1,368.58 lacs).		
2.37 Current Tax pertains to Provision for Income Tax of previous years ₹ 75.52 Lacs (previous year ₹ Nil) and Provision for Fringe Benefit Tax of previous years ₹ 0.53 lacs (previous year ₹ Nil)		
2.38 Miscellaneous expenses under note 2.22 includes foreign exchange loss amounting to ₹ 3.48 lacs (Previous year ₹ Nil).		
2.39 Property Management expenses include expenses which are recoverable as Common Area Maintenance from licensees.		
2.40 The Company has discontinued its operations at Tarapur, Dist. Thane.		
2.41 Previous year's figures have been re-arranged and re-grouped wherever necessary to confirm to the classification adopted for the current year.		

FOR AND ON BEHALF OF THE BOARD

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

J.K. BHAVSAR
Company Secretary &
Vice President - Legal

KUNAL SAGAR
Executive Vice
Chairman

RAHUL SAGAR
Executive Director

MOOSA RAZA
Chairman

As per our Report attached

For **N.M. RAIJI & CO.**
Chartered Accountants

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, May 30, 2012

Directors
RAMA VARMA
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN



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 Third Annual General Meeting of Nirlon Limited to be held at M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20 K.Dubash Marg, Kaala Ghoda, Mumbai 400 001 on Saturday, September 15, 2012, at 11.00 a.m.

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 Third Annual General Meeting of the Company to be held at M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20 K.Dubash Marg, Kaala Ghoda, Mumbai 400 001 on Saturday, September 15, 2012, at 11.00 a.m.

Signed this _____ day of _____ 2012

Affix stamp of ₹ 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.

BOOK POST



NIRLON

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

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