

# **NIRLON LIMITED**

**54th ANNUAL REPORT  
2012-2013**

**BOARD OF DIRECTORS**

(As on July 31, 2013)

PADMA BHUSHAN SHRI MOOSA RAZA (*Chairman*)

SHRI RAMA VARMA

SHRI ARJAN GURBUXANI

SMT. RAJANI BHAGAT

SMT. ARUNAMAKHAN

SHRI KUNAL SAGAR (*Executive Vice Chairman*)

SHRI RAHUL SAGAR (*Executive Director*)

**COMPANY SECRETARY, VICE PRESIDENT (LEGAL) & COMPLIANCE OFFICER**

SHRI J. K. BHAVSAR

**LEGAL ADVISORS**

M/S. MATUBHAI JAMIETRAM, MUMBAI

ADVOCATES & SOLICITORS

**STATUTORY AUDITORS**

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

CHARTERED ACCOUNTANTS

**INTERNAL AUDITORS**

M/S. DH CONSULTANTS PRIVATE LIMITED

**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 0300/0400

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

Email: sharepro@vsnl.com

indira@shareproservices.com

**REGISTERED OFFICE**

Pahadi Village,  
Off Western Express Highway,  
Goregaon (East),  
Mumbai: 400 063.

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

Fax: - + 91 (022) 4028 1940

www.nirlonltd.com

Email: info@nirlonltd.com

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## NOTICE TO THE SHAREHOLDERS

**NOTICE** is hereby given that the **54<sup>th</sup> Annual General Meeting** of Nirlon Limited will be held on **Friday, September 27, 2013 at 11.00 a.m.** at Pama Thadhani Auditorium, Jai Hind College building, 'A' Road, Churchgate, Mumbai 400 020 to transact the following businesses:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2013, and the Statement of Profit and Loss 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 Arjan Gurbuxani, who retires by rotation, and being eligible offers himself for re-election.
3. To appoint a director in place of Smt. Rajani Bhagat, 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 31, 2013

### 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 Notice.
4. Corporate Shareholders 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. Shareholders / Proxies / Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Meeting.
6. Shareholders 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. Shareholders 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 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 the Share Transfer Books of the Company will remain closed from Thursday, September 19, 2013, to Thursday, September 26, 2013, both days inclusive, for the purpose of the 54<sup>th</sup> Annual General Meeting.
10. Shareholders are requested to send an advice about change in address/any other details to the Company's Registrar and Transfer Agent 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., Shareholders 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 0300/0400  
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, Shareholders 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.
12. Copies of the 54<sup>th</sup> Annual Report 2012- 2013 will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies of the 54<sup>th</sup> Annual Report to the Meeting.
13. Shareholders who wish to obtain information concerning the accounts, or operations of the Company may send their queries at least 7 days before the 54<sup>th</sup> Annual General Meeting to the Company Secretary at the Registered Office of the Company.

14. No amounts pertaining to unpaid / unclaimed debenture redemption amount / interest is payable / pending under the provisions of the Act.
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 Shareholders

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.

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## **ANNEXURE TO THE NOTICE**

A brief resume of the retiring directors viz. Shri Arjan Gurbuxani, and Smt. Rajani Bhagat, who are being re-appointed at the 54<sup>th</sup> Annual General Meeting, the nature of their expertise in specific functional areas, and name of the company/ies in which they hold Chairmanships, Directorships and Memberships of the Board Committees, if any, is provided below:-

**a) Shri Arjan Gurbuxani**

Shri Arjan Gurbuxani, aged 79 years, graduated with B.A. (Hons.) and LL.B., both from Bombay University and completed C.A.I.I.B.

He has served Multinational Banks both in India and abroad for 42 years in senior positions.

He has been a Director of the Company since 1994, and an Independent Director effective June 24<sup>th</sup>, 2006. Subsequently, the Shareholders at their meeting held on September 28, 2006 confirmed the appointment of Shri Gurbuxani as an Independent Director liable to retire by rotation.

**b) Smt. Rajani Bhagat**

Smt. Rajani Bhagat, aged 74 years graduated with a B.A. (Hons.), B.Com, B.Sc. (Economics). Smt. Bhagat has been occupying the office of Director since March 2003.



## DIRECTORS' REPORT

Your Directors' present their 54<sup>th</sup> Annual Report, and the Audited Financial Accounts for the Year ended March 31, 2013.

### FINANCIAL PERFORMANCE :

	(₹ in Crore)	
	2012-13	2011-12
Gross Sales and Other Income	161.68	142.60
<b>Gross Profit</b>	<b>119.18</b>	86.54
Interest paid	65.32	71.05
<b>Cash Profit</b>	<b>53.86</b>	15.49
Depreciation	42.62	49.41
<b>Net Profit/ (Loss) before Exceptional items</b>	<b>11.24</b>	(-33.92)
Add: Exceptional items	11.50	0.00
<b>Net Profit / (Loss) for the Year after Exceptional items</b>	<b>22.74</b>	(-33.92)
Provision for Taxation:		
Current Tax	4.90	0.76
Deferred Tax	5.82	(-15.04)
<b>Profit /(Loss) for the Year after Tax</b>	<b>12.02</b>	(-19.64)

- **Gross Sales and Other Income** for the Financial Year 2012-13 were ₹ 161.68 crore as against ₹ 142.60 crore for 2011-12, an improvement of **13.38%** (₹ 19.08 Crore).
- **Gross Profit** for the Financial Year 2012-13 was ₹119.18 crore as against ₹ 86.54 crore for 2011-12, an improvement of **37.71%** (₹ 32.64 Crore).
- **Cash Profit** for the Financial Year 2012-13 was ₹ 53.86 crore as against ₹ 15.49 crore for 2011-12, an improvement of **247.70%** (₹ 38.37 Crore).
- The Exceptional item for the Financial Year 2012-13 is the right back of the Property Tax liability of the earlier years due to the retrospective amendment in respect of the Property Tax levied by the appropriate authorities.
- **Net Profit** for the Financial Year 2012-13 (after taxes and exceptional items) was ₹ 12.02 crore as against a loss of ₹ 19.64 crore for 2011-12.

### DIVIDEND

The Directors do not recommend any dividend.

### DIRECTORS

Shri Arjan Gurbuxani and Smt. Rajani Bhagat, Directors, retire by rotation and being eligible, offer themselves for re-appointment at this 54<sup>th</sup> 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 Chairmanships, Directorships and Memberships of Board Committees, if any, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, is provided and forms part of the Notice calling the 54<sup>th</sup> Annual General Meeting, and is

recommended for the approval of the Shareholders.

### 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 and phase 3 is expected to be complete by August -September 2013.

**Phases 1 & 2:** A total of approx. 16.75 lacs sq. ft. has been constructed in Phases 1 and 2, corresponding to approx.10.75 lacs sq. ft. of licensable area. Income by way of License fees from this 10.75 lacs sq. ft. licensable area, comprising the entire licensable area for Phases 1 & 2, is accruing to the Company as on March 31, 2013.

**Please note:** The total constructed area of approx. 16.75 lacs 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, 2013 from Phases 1 and 2 aggregate approx. ₹ 9.06 crore per month. Additional gross License fees as on March 31, 2013 of approx. ₹ 2.25 crore per month are also accruing from other licensees occupying the existing old buildings in NKP (approx. 3.41 lacs sq. ft. as on March 31, 2013).

**Phase 3:** Construction of Phase 3 (approx. 5.46 lacs sq. ft. of constructed area corresponding to approx. 4.00 lacs sq. ft. of licensable area) commenced in the last quarter of 2010, and is expected to be complete by August/September 2013. License fees from Phase 3 are estimated to begin accruing in stages from September 2013, and are expected to aggregate approx. ₹ 4.30 crore per month from the January-March quarter 2014 (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 lacs sq. ft. of constructed area corresponding to approx. 4.00 lacs sq. ft. licensable area including additional parking area for all four phases) commenced in the last quarter 2012, and is expected to be complete by the October-December quarter of 2014, with license fee commencement from approx. April 2015. When complete, (estimated by October- December 2014) the total licensable area (including approx. 3.19 lacs sq. ft. in existing old buildings proposed to be retained) in NKP will be approx. 21.94 lacs sq. ft.

**Marketing**

Profiles of occupants occupying the Phase 1 and Phase 2 premises presently comprise highly regarded and well known International and Indian corporates. The Company has been successful in licensing space in Phase 3 to similarly renowned Corporates and MNCs, with approx. 96% of the space committed by July 31, 2013.

The Company has received strong expressions of interest for its Phase 4 Development, and is cautiously optimistic of receiving firm commitments for an appreciable amount of space in this phase before the expected building completion in the October-December 2014 quarter.

**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 - ₹ 561.68 crore (as on March 31, 2013) being repaid in equal monthly installments of principal and interest from the existing License fees.
- (ii) Construction loan for Phase 3 - ₹ 118.00 crore has been drawn down as on March 31, 2013 (out of a total of ₹ 200.00 crore sanctioned).
- (iii) Construction loan for Phase 4 - Has not yet been drawn down as on March 31, 2013 (total of ₹ 225.00 crore sanctioned).

**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 Financial Year.

**DEBENTURES**

The Company has not issued any debentures during the Financial Year.

**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 ₹ 6.99 lacs (Previous Year ₹ 6.35 lacs), and the Company has no foreign exchange earnings.

The Company has incurred professional fee expenses in foreign currency aggregating to ₹ 80.91 lacs (Previous Year ₹ 85.99 lacs).

**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.

**EMPLOYEES' STOCK OPTION SCHEME (NIRLON ESOP 2012)**

The Disclosure as required under clause 12 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as on March 31, 2013 is attached as **Annexure II** and forms part of this Report.

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines, and the resolution passed by the Shareholders. The Certificate would be placed at the Annual General Meeting for inspection by the Shareholders.

**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, 2013, 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 are 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, 2013, and of the net Profit 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, 2013 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 mandatory requirements. The non-mandatory requirements have been complied with to the extent practical and applicable.

A separate section on Corporate Governance (**Annexure III** 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 and Executive Director'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 IV** and form part of this Report.



### **STATUTORY AND INTERNAL AUDITORS**

The Company's Statutory Auditors, M/s. N. M. Raiji & Co., Chartered Accountants, retire as Auditors of the Company at the conclusion of the 54<sup>th</sup> 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 the re-appointment of M/s. N. M. Raiji & Co., Chartered Accountants, to the Shareholders as the Statutory Auditors of the Company, and request the Shareholders to authorize the Board of Directors to fix their remuneration.

M/s. DH Consultants Private Limited (earlier known as "M/s. BDO Consulting Pvt. Ltd.") are appointed as Internal Auditors of the Company and their reports are reviewed by the Audit Committee appointed by the Board.

### **AUDITOR'S 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.

### **NIRLON KNOWLEDGE PARK AWARDS & CERTIFICATION**

#### **AWARDS:**

- INTERNATIONAL PROPERTY AWARDS ASIA PACIFIC, 2012-13 for 'Best Commercial Renovation /Redevelopment'.
- CONSTRUCTION WEEK INDIA AWARDS, 2012 for -

- a. Commercial Project of the Year (Runner Up)
- b. Green Project of the Year (Runner Up)
- SMART LIVING AWARDS, 2010 for -
  - a. Safe Project Commercial
  - b. Best Green Project Commercial
  - c. Best Corporate Spaces - SEZ's & IT Park

#### **CERTIFICATION:**

- Nirlon Knowledge Park (Phase 2) - An IT Park for Offices IT/ITES & BFSI Companies, LEED India for Core & Shell Gold, June 2011.
- Nirlon Knowledge Park (Cooling Tower Café, Nirlon) - LEED India for Core & Shell Gold, May 2011.
- Nirlon Knowledge Park (Phase 1) - An IT Park for Offices IT/ITES & BFSI Companies, LEED India for Core & Shell Gold, May 2010.

### **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 31, 2013

## **ANNEXURE I TO THE DIRECTORS' REPORT**

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

- |  |   |
|--|---|
| <p><b>I.</b></p> <ol style="list-style-type: none"> <li>1. Name: - Shri Kunal Sagar</li> <li>2. Age: - 45 years</li> <li>3. Designation: - Executive Vice Chairman</li> <li>4. Gross Remuneration : - ₹ 2,60,69,000 p.a.<br/>Net Remuneration :- ₹ 1,04,93,672 p.a.</li> <li>5. Qualification: - B.A. (Economics)</li> <li>6. Experience: - 22 years</li> <li>7. Date of Commencement: - February 1, 1996</li> <li>8. Last Employment: - Republic National Bank of New York</li> </ol> | <p><b>II.</b></p> <ol style="list-style-type: none"> <li>1. Name: - Shri Rahul Sagar</li> <li>2. Age: - 42 years</li> <li>3. Designation: - Executive Director</li> <li>4. Gross Remuneration: - ₹ 88,80,000 p.a.<br/>Net Remuneration - ₹ 57,14,072 p.a.</li> <li>5. Qualification: - B.A. (Economics)</li> <li>6. Experience: - 18 years</li> <li>7. Date of Commencement: - July 1, 2009</li> <li>8. Last Employment: - Sempertans Nirlon Private Limited</li> </ol> |
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- Note:** - i) 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.
- ii) The Managerial Remuneration of Shri Kunal Sagar includes payment of variable pay for the year 2011-12 (₹ 64.00 lacs) and provision of variable pay for the year 2012-13 (₹ 89.01 lacs).
- iii) The Managerial Remuneration of Shri Rahul Sagar includes payment of variable pay for the year 2011-12 (₹ 36.00 lacs). However, variable pay of Shri Rahul Sagar for the year 2012-13 is not provided pending approval of the Central Government.

**ANNEXURE II TO THE DIRECTORS' REPORT**

(Disclosure as required under clause 12 of the SEBI (Employee Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines, 1999 as on 31.03.2013)

## Employee Stock Option Scheme : NIRLON ESOP 2012

Sr. No.	Particulars	
(a)	Options Granted	7.15 lacs
(b)	The Pricing formula	The latest available closing price on the Bombay Stock Exchange on 29.05.2012 i.e. the preceding date of grant: ₹ 41.30 per share
(c)	Options Vested	NIL
(d)	Options Exercised	NIL
(e)	The total number of shares arising as a result of exercise of options	NIL
(f)	Options Lapsed	NIL
(g)	Variation of terms of options	NIL
(h)	Money realised by exercise of options	NIL
(i)	Total number of options in force:	
	(i) Vested	NIL
	(ii) Unvested	7.15 lacs
	Total	7.15 lacs
(j)	Employee wise details of options granted to:-	
	(i) Senior Managerial Personnel	
	1. Shri Dileep A. Pandya <b>Vice President - Projects</b> Diploma in Civil Engineering Total experience 30 years with Nirlon Limited	1.70 lacs
	2. Shri J. K. Bhavsar <b>Company Secretary, Vice President - Legal &amp; Compliance Officer</b> B.Com, M.Com, LL.B., LL.M., FCS, MBA and Dip. in Real Estate Management Total 21 years (7 years with Nirlon Limited)	1.45 lacs
	3. Major Vikas Rawat <b>Vice President - Operations</b> B.A. Total experience 21 years (4 years with Nirlon Limited)	1.45 lacs
	4. Shri Manish Parikh, <b>General Manager - Fin. &amp; Accts.</b> B.Com. Total experience 29 years (25 years with Nirlon Limited)	1.05 lacs
	5. Shri Sanjay Gupta <b>Sr. Dy. General Manager - Contracts &amp; Commercial</b> B.Sc., M.A., & M.Phil (Eco), PGDM, Dip. In IIFT Total experience 18 years (3 years with Nirlon Limited)	0.95 lacs
	6. Shri Sunil Patil <b>Dy. General Manager - Finance</b> B.Com. Total experience 27 years with Nirlon Limited	0.55 lacs
	(ii) Any other employee who receives a grant in any one year of options amounting to 5 % or more of options granted during that year	NIL
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1 % of the issued capital (excluding outstanding options and conversions) of the Company at the time of grant	NIL





(k)	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	₹ 1.68
(l)	The difference between employee compensation cost using intrinsic value method and fair value of the options The impact of this difference on:- Profits of the Company Basic EPS of the Company Diluted EPS of the Company	₹ 50.03 lacs  Lower by ₹ 40.02 lacs Lower by ₹ 0.06 Lower by ₹ 0.06
(m)	Weighted-average exercise prices for options: whose exercise price equals the market price of the stock on grant date whose exercise price exceeds the market price of the stock on grant date whose exercise price is less than the market price of the stock on grant date Weighted-average fair value of options whose exercise price equals the market price of the stock on grant date whose exercise price exceeds the market price of the stock on grant date whose exercise price is less than the market price of the stock on grant date	₹ 41.30 Not Applicable Not Applicable  ₹ 24.00 Not Applicable Not Applicable
(n)	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the weighted-average information (i) Risk-free interest rate (ii) expected life (iii) expected volatility (iv) expected dividends (v) The price of the underlying share in market at the time of option grant	8.32% - 8.37% 3.75 Years to 5.38 Years 0.5874 NIL ₹ 41.30

## **ANNEXURE III TO THE DIRECTORS' REPORT**

### **(CORPORATE GOVERNANCE REPORT)**

[Information given in this Report relates to the Financial Year ended March 31, 2013]

#### **1. THE COMPANY'S PHILOSOPHY ON**

##### **CODE OF GOVERNANCE**

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.

#### **2. BOARD OF DIRECTORS :**

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

**As on March 31, 2013**

Chairman (Non-Executive and Independent)	1
Non-Executive and Independent Directors	3
Promoters	3
	7

During the Financial Year 2012-13, the Board met 5 (five) times on the following dates:-

1	May 30, 2012
2	July 28, 2012
3	September 15, 2012
4	October 30, 2012
5	January 30, 2013

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 2012-13, at the last Annual General Meeting, and the number of Chairmanships, Directorships and Memberships, if any, held by Directors on the Boards of various other companies, and the shareholdings of the NEDs in the Company as on March 31, 2013:-

Sr. No.	Name	Category	Relationship with other Directors	Attendance Particulars		Directorships in Public Ltd. Company/ies	Audit and Shareholders' Grievance Committee Memberships		Shareholdings of NED
				Board meetings	Last AGM		Chairman	Member	
1	Shri Moosa Raza	C*	None	5	Y	1	-	1	NIL
2	Shri Rama Varma	NED*	None	5	Y	1	-	-	1,925
3	Shri Arjan Gurbuxani	NED*	None	5	Y	-	-	-	724
4	Smt. Rajani Bhagat	NED*	None	5	Y	-	-	-	6,73,299
5	Smt. Aruna Makhan	NED*	None	5	Y	2	-	-	NIL
6	Shri Kunal Sagar	EVC*	Brother of Shri Rahul Sagar	5	Y	-	-	-	-
7	Shri Rahul Sagar	ED*	Brother of Shri Kunal Sagar	5	Y	-	-	-	-

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

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

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.

### 3. AUDIT COMMITTEE :

- i. 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 Section 217 (2AA) 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 up 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, debentureholders, 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.
- ii. 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.
  - iii. During the Financial Year 2012-13, the Audit Committee met 4 (four) times on the following dates:-

1	May 30, 2012
2	July 28, 2012
3	October 30, 2012
4	January 30, 2013

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

**4. REMUNERATION COMMITTEE :**

- i. Terms of Reference  
  
The Remuneration Committee reviews the policy on remuneration packages for Executive Directors, their Service Contracts etc.
- ii. 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.
- iii. During the Financial Year 2012-13, the Remuneration Committee met once, i.e. on May 30, 2012.

	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.

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

v. Details of Remuneration paid to all Directors for the Financial Year ended March 31, 2013:

(₹ in lacs)

Sr. No.	Name of the Director	Salary **	Provident Fund	Commission	Sitting fees*	Total	Service contract / Notice period severance fees
1	Shri Moosa Raza	0.00	0.00	0.00	1.40	1.40	N.A.
2	Shri Rama Varma	0.00	0.00	0.00	1.40	1.40	N.A.
3	Shri Arjan Gurbuxani	0.00	0.00	0.00	1.40	1.40	N.A.
4	Smt. Rajani Bhagat	0.00	0.00	0.00	0.50	0.50	N.A.
5	Smt. Aruna Makhan	0.00	0.00	0.00	1.40	1.40	N.A.
6	Shri Kunal Sagar***	253.01	7.68	0.00	0.00	260.69	Agreement dated September 26, 2011 for a period of 5 years w.e.f. February 1, 2011. Three months notice.
7	Shri Rahul Sagar***	84.00	4.80	0.00	0.00	88.80	Agreement dated May 30, 2012 for a period of 3 years w.e.f. April 1, 2012. Three months notice.

- \* Inclusive of Board, Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee Meetings.
- \*\* Inclusive of Variable Compensation of ₹ 153.01 lacs (for the year 2011-12 and 2012-13) of Shri Kunal Sagar, and ₹ 36.00 lacs (for the year 2011-12) of Shri Rahul Sagar respectively.
- \*\*\* The Managerial Remuneration of Shri Kunal Sagar includes payment of variable pay for the year 2011-12 (₹ 64.00 lacs) and provision of variable pay for the year 2012-13 (₹ 89.01 lacs).
- The Managerial Remuneration of Shri Rahul Sagar includes payment of variable pay for the year 2011-12 (₹ 36.00 lacs). However, variable pay of Shri Rahul Sagar for the year 2012-13 is not provided pending approval of the Central Government.

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- i. 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.
- ii. 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.
- iii. During the Financial Year 2012-13, the Shareholders/Investors Grievance Committee met 4 (four) times on the following dates:-

1	May 30, 2012
2	July 28, 2012
3	October 30, 2012
4	January 30, 2013

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

- iv. The Board has designated Shri J. K. Bhavsar, Company Secretary & Vice President (Legal) as the Compliance Officer.
- v. 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 the Company's website "www.nirlonltd.com".
- vi. The total number of complaints received from Shareholders and replied to the satisfaction of the Shareholders during the Financial Year ended March 31, 2013 was nil and outstanding complaints as on March 31, 2013 were nil. The number of pending share transfers was nil and pending requests for dematerialization were also nil as on March 31, 2013.

6. GENERAL BODY MEETINGS :

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

Financial Year	Date	Location of the Meeting	Time
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.
2011-2012	15.09.2012	M. C. Ghia Hall, Kaala Ghoda, Mumbai	11.00 a.m.

- ii. No Special Resolutions were passed in the previous three (3) Annual General Meetings.


**Note :-**

The Shareholders of the Company at their Extra Ordinary Genreal Meeting held on July 7, 2011 passed a Special Resolution in respect of Issue of Equity Shares of the Company on a Preferential Basis.

**Postal Ballot :**

- Shri Taizoon M. Khumri, as the Scrutinizer conducted the Postal Ballot Process in a fair and transparent manner, and carried out the scrutiny of all the Postal Ballot Forms received up to the close of working hours on May 19, 2012. The Executive Vice Chairman based on report dated May 22, 2012 submitted by the Scrutinizer, Mr. Taizoon M. Khumri, declared result on Wednesday, May 23, 2012 at 4.30 p.m. at the Registered Office of the Company, on the voting carried out by Postal Ballot conducted pursuant to Section 192A of the Companies Act, 1956 on the following Special Resolutions:-

	Special Resolution pursuant to 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 w.e.f. April 1, 2012	Special Resolution pursuant to Section 31 of the Companies Act, 1956 for Alteration of Articles of Association of the Company by addition of Article 13A	Special Resolution pursuant to Section 81 (1A) and other applicable provisions of the Companies Act, 1956 for approval of the Nirlon Employees' Stock Option Scheme 2012
	(1)	(2)	(3)
Total number of valid postal ballot forms received from the equity Shareholders who have cast their votes in the Postal Ballot Form-	1,069	1,039	1,036
• No. of valid postal ballot Forms in favour of the Resolution(s)	833	865	882
• % to total valid postal ballot forms	77.92	83.25	85.14
• No. of valid postal ballot forms against the Resolution(s)	236	174	154
• % to total valid postal ballot forms	22.08	16.75	14.86
• Total Number of valid votes	1,37,23,290	1,37,19,986	1,37,19,786
• Valid votes in favour of the Resolution(s)	1,35,91,785	1,36,41,202	1,36,43,454
• % to total valid votes cast	99.04	99.43	99.44
• Valid votes against the Resolution(s)	1,31,505	78,784	76,332
• % to total valid votes cast	00.96	00.57	00.56

- There is presently no proposal to pass any special resolution through a Postal Ballot.

The Company has sought consent from the Shareholders through a Postal Ballot Notice dated July 11, 2013 by way of a Special Resolution for increase of Authorised Share Capital of the Company from ₹ 75.00 crore to ₹ 150.00 crore, and consequent alteration of the Memorandum, and the Articles of Association of the Company.

**7. DISCLOSURES :**

- i The Company does not have any related party transactions, which may have a potential conflict with the interests of the Company at large.
- ii 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.
- iii 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 Statements.
- iv 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.

**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.

**MEANS OF COMMUNICATION****i. Financial Results**

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.

**ii. Website where displayed**

www.nirlonltd.com

**iii. Official News released**

None

**iv. Presentations made to institutional investors/analysts**

None

**v. Newspapers in which results are published**

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

**vi. GENERAL SHAREHOLDER INFORMATION :****i. 54<sup>th</sup> Annual General Meeting :**

Date : Friday, September 27, 2013

Time : 11.00 a.m.

Venue : Pama Thadhani Auditorium, Jai Hind College building, 'A' Road, Churchgate, Mumbai 400 020.

**ii. 55<sup>th</sup> Annual General Meeting for the year ended on March 31, 2014**

End of September 2014 (tentative)

**iii. Financial Year**

1<sup>st</sup> April, 2013 to March 31, 2014

**iv. Board Meetings (tentative)**

- April - June 2013 quarter results - meeting held on July 31, 2013
- July - September 2013 quarter results - on or before November 15, 2013
- October - December 2013 quarter results - on or before February 15, 2014
- Audited results for the year ended March 31, 2014 - on or before May 30, 2014

**v. Date of Book Closure**

Thursday, September 19, 2013 to Thursday, September 26, 2013 (both days inclusive)

**vi. Dividend Payment**

Nil

**vii. Company's website**

www.nirlonltd.com

**viii. 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.

**ix. Listing of Equity Shares**

The Company's Equity Shares are listed on BSE Limited, Mumbai. The Company has paid the annual listing fee for the Year 2013 -14 to BSE Limited.

**x. BSE Code: 500307**

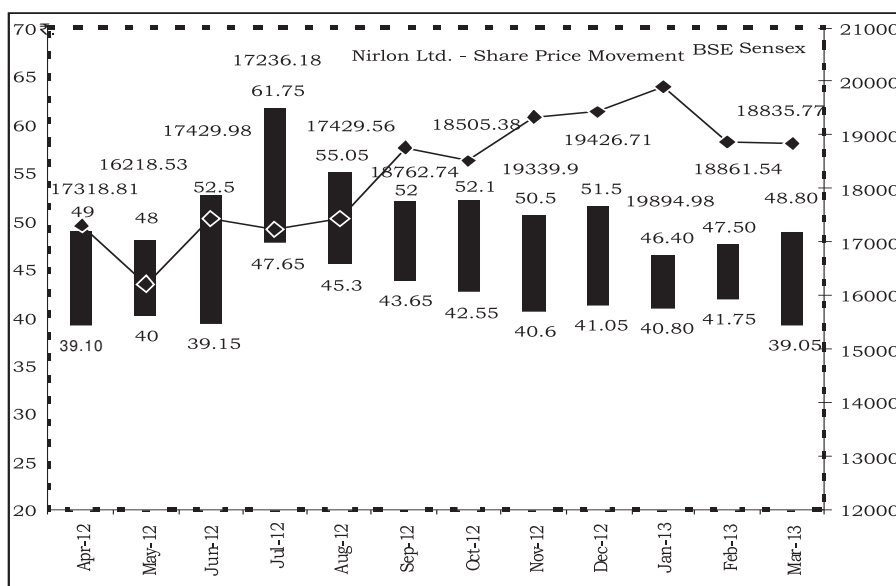
ISIN no. in NSDL and CDSL for equity shares: INE910A01012

**xi. BSE Limited - Stock Market Data**

	High (₹)	Low (₹)
April 2012	49.00	39.10
May 2012	48.00	40.00
June 2012	52.50	39.15
July 2012	61.75	47.65
August 2012	55.05	45.30
September 2012	52.00	43.65
October 2012	52.10	42.55
November 2012	50.50	40.60
December 2012	51.50	41.05
January 2013	46.40	40.80
February 2013	47.50	41.75
March 2013	48.80	39.05



**xii. Share Price Performance in comparison to Broad Based Indices – BSE SENSEX**



**xiii. 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

**xiv. 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 0300/0400  
 Fax: - + 91 (022) 2859 1568/2850 8927  
 Email: sharepro@vsnl.com  
 indira@shareproservices.com

**xv. 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.

**xvi. Distribution of Shareholding (As on March 31, 2013)**

Range of shares	No. of share holders	No. of shares	Percentage of share amount to total (%)
Up to 500	43,103	51,04,331	7.113
501 - 1,000	2,301	18,55,191	2.585
1,001 - 2,000	1,021	15,97,829	2.226
2,001 - 3,000	310	8,02,630	1.118
3,001 - 4,000	147	5,28,853	0.737
4,001 - 5,000	146	6,93,299	0.966
5,001 - 10,000	225	16,74,006	2.333
10,001 and above	251	5,95,09,447	82.922
<b>Total</b>	<b>47,504</b>	<b>7,17,65,586</b>	<b>100.00</b>

**xvii. Shareholding Pattern (As on March 31, 2013)**

	No. of Equity Shares	Percentage (%)
Promoters and Promoter Group	93,84,815	13.08
Non-Promoter Public Shareholding*		
(a) Banks, MFs/FIs	31,610	0.04
(b) Foreign Institutional Investors (FIIs)	1,40,11,469	19.52
(c) Others	4,83,37,692	67.36
Sub-total (a + b+ c)	6,23,80,771	86.92
<b>Grand Total</b>	<b>7,17,65,586</b>	<b>100.00</b>
Total no. of Shareholders	<b>47,504</b>	

\*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.

**xviii. Dematerialization of Shares**

As per notification issued by SEBI, the shares of the Company are traded in dematerialized form. As on March 31, 2013, 89.02% of the paid-up Equity Share Capital issued and subscribed by the Company has been dematerialized.

**xix. Outstanding GDRs, ADRs, warrants or any convertible instruments, conversion data and likely impact on Equity**

Not Applicable

**xx. 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, 2013

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

**xxi. Declaration – Code of Conduct**

All Board Members and Senior Management personnel have, for the Financial Year ended March 31, 2013, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement with the BSE Limited.

**For Nirlon Limited**

**Sd/-**

**Rahul Sagar**

**Executive Director**

**Kunal Sagar**

**Executive Vice Chairman**

Mumbai, July 31, 2013

**xxii. 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 for the Financial Year 2012-13.

**xxiii. Industrial Park / IT Park Location**

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

## **ANNEXURE IV TO THE DIRECTORS' REPORT**

### **(MANAGEMENT DISCUSSION ANALYSIS)**

#### **OVERVIEW**

During the year under review, the Company continued to make appreciable 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**

##### **Occupancy and License Fee escalations**

During the year under review, the Company has been successful in ensuring that the entire 10.75 lacs sq. ft. of licensable area in Phases 1 and 2 of NKP has remained licensed to the existing group of corporate clients. License fees for Phases 1 and 2 continued to be received regularly. The first round of contracted escalations for Phase 1 license fees also took effect during the year under review (escalations are approx. @ 15% every three years), as did escalations due to renegotiated license fees for various licensees occupying the existing old buildings i.e. 3.41 lacs sq. ft. as on March 31, 2013. The first round of Phase 2 escalations are scheduled to take effect in the 2013-2014 Financial Year.

##### **Loan Repayments**

The Company's securitized loans from HDFC continued to be serviced on schedule through equal monthly installments comprising principal and interest. These loans have a tenure of 108 months. Due to the equal monthly installment structure of these loans, the consistently reducing principal balance has resulted in a reduced interest expense for the year under review, when compared to the previous year.

##### **Profitability and Cash Flow**

Primarily a result of the increased license fees and lower interest expense, the Company has registered a net profit after depreciation during the year under review. (Even before accounting for the onetime benefit provided by the write back in property taxes due to the change in assessment methodology by the concerned parties). The Company expects to improve its profitability further in the 2013-2014 Financial Year.

Further, during the year under review, the Company has also started generating free cash flow after accounting for all expenses including principal and interest payments to its Lenders. This free flow cash is also expected to increase in the 2013-2014 Financial Year. At present, all free cash flow is being used to part fund the construction of Phases 3 and 4, so that the construction loan requirement is reduced to this extent, and so that the interest cost on construction loans (which is higher than the interest cost on securitized loans) is reduced to the maximum extent possible.

##### **Phase 3**

Phase 3 (approx. 5.46 lacs sq. ft. of constructed area corresponding to approx. 4.00 lacs sq. ft. of licensable area) is scheduled to be complete in August/ September 2013. As mentioned in the Directors' Report, approx. 96% of this Phase has already been licensed to a similar profile of licensees as in Phases 1 and 2. License Fee income for Phase 3 from January 2014 is estimated to be approx ₹4.30 crores/Month.





#### Phase 4

The construction of Phase 4 (approx. 7.25 lacs sq. ft. of constructed area corresponding to approx. 4.00 sq. ft. lacs of licensable area) is well underway. Building completion is expected by the last calendar quarter of 2014, and license fees are estimated to commence by April 2015. Presently, the Company has seen strong interest for licensing this Phase. A substantial part of the interest is from existing NKP occupants who would like to expand/consolidate within the NKP Complex itself. There is also interest from new parties. The Company believes that it should be in a position to secure appreciable binding commitments for Phase 4 prior to the estimated building completion in the last calendar quarter of 2014.

Planning, design, specifications and quality for Phase 4 will be maintained, and to the best extent possible improved, from the levels achieved in Phases 1, 2 and 3. The Company's vendor base too, continues to broaden and deepen. This, coupled with a continuing intensive effort to ensure the most efficient procurement of material, equipment, and services is helping ensure that costs are, and will remain tightly controlled.

#### Priorities

Major priorities for the Company during the year 2013-2014 Financial Year are as follows:

- (i) To ensure the continued satisfaction of its licensees in existing phases by maintaining and operating NKP to the highest possible standards.
- (ii) To ensure the ongoing scheduled repayments of its loans
- (iii) To ensure the on schedule completion of Phase 4 within its defined budgetary parameters.
- (iv) To ensure licensee commitments for Phase 4 such that license fees from this Phase are generated from April 2015.
- (v) To wipe out all its remaining accumulated losses.
- (vi) To identify future projects for the Company's continued growth and improved profitability.

#### **RISKS AND CONCERNS:**

##### **Industrial Park/Real Estate Division**

###### *i) Macro Economic Environment*

The current business environment within and outside India continues to be a source of concern for the Company.

The demand for commercial real estate in India, and in particular Mumbai, is strongly linked to the continued perception of Mumbai as a preferred destination for international and local corporates to establish significant footprints through large investments. Regretfully, the current economic, political and social environment in India/Mumbai is not one that is particularly inviting for international or local businesses. Bureaucracy, corruption and inadequate infrastructure, coupled with deteriorating governance, an overburdened judiciary and an uncertain political climate in which to effectively address these problems, increasingly mean that India/Mumbai are fast losing their attractiveness as favoured business destinations.

The current unprecedented volatility of the Rupee, together with interest rates that appear unlikely to reduce for the

foreseeable future, are already curtailing much required investment across almost all sectors of the economy. The resulting continued slowdown in GDP growth has a clear negative implication for domestic demand. Abroad, the anticipated withdrawal of the 'easy' Monetary Policy by the US Federal Reserve, and the consequent slowdown of money into, and flow of money out of emerging markets is also a concern from the perspective of foreign investment growth in India. These circumstances, along with the still largely stagnant Euro Zone and a consistently slowing GDP growth in China, mean that any assessment of Indian commercial real estate demand needs to be especially carefully analyzed.

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

Oversupply of commercial real estate in Mumbai still remains a concern for NKP. This is especially true for Central Mumbai, where license fee rates have seen substantial reductions, and continue to remain depressed. Further, the increasing availability of inexpensive commercial space in the extended suburbs of Mumbai (beyond Borivali, Mulund, etc.) and/or the Satellite cities of Mumbai (Thane, Navi Mumbai, etc.) has put rates in Mumbai's immediate 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 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 Shareholders of Nirlon Limited,**

We have examined the compliance of conditions of Corporate Governance by Nirlon Limited, for the year ended March 31 2013, 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.

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 31, 2013



## INDEPENDENT AUDITOR'S REPORT

To the Members of Nirlon Limited,

### Report on the Financial Statements

We have audited the accompanying Financial Statements of Nirlon Limited (**"the Company"**) which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance and Cash Flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (**"the Act"**). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal controls relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial

Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India:

- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2013;
- (ii) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

### Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (**"the Order"**), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and 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; and
  - e. on the basis of written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Mumbai, May 30, 2013

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

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

- i) a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets;
- b) the fixed assets of the Company have been physically verified by the Management at reasonable intervals. No material discrepancies were noticed on such verification;
- c) During the year, the Company has not disposed of a substantial part of its fixed assets;
- ii) The Company does not have any inventory. Accordingly, sub-clauses (a), (b) and (c) are not applicable;
- 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 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, 1956 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, Service tax, Custom duty, Cess and any other statutory dues with the appropriate authority except for Property Tax. The amount of Property Tax outstanding as at the date of Balance Sheet for more than six months from the date it became payable is ₹ 99.73 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 2013, 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;
- 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 purpose for which they were obtained;
- xvii) No funds raised on a short term basis have been used for long term investments;
- 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, 2013

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

### Annexure - A

#### Statement forming part of the Independent Auditor's 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	689.43	Supreme Court of India
	Excise Duty and Penalty thereon	321.00	CESTAT
Finance Act, 1994	Service Tax and Penalty thereon	1,078.40	CESTAT

BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2013

		(₹ in lacs)	
	Note	As at 31st March, 2013	As at 31st March, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2.1	7,176.55	7,176.55
Reserves & Surplus	2.2	<u>1,58,908.76</u>	<u>1,59,646.94</u>
		<b>1,66,085.31</b>	<b>1,66,823.49</b>
<b>NON CURRENT LIABILITIES</b>			
Long term borrowings	2.3	64,821.21	53,709.76
Other long-term liabilities	2.4	7,791.57	7,265.97
Long term provisions	2.5	<u>105.61</u>	<u>90.61</u>
		<b>72,718.39</b>	<b>61,066.34</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings	2.6	482.33	-
Trade Payables	2.7	300.40	547.48
Other current liabilities	2.8	8,101.81	6,851.03
Short term provisions	2.9	<u>658.59</u>	<u>178.56</u>
		<b>9,543.13</b>	<b>7,577.07</b>
		<u><b>2,48,346.83</b></u>	<u><b>2,35,466.90</b></u>
<b>ASSETS / NON CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Tangible assets	2.10	2,14,398.02	2,20,522.53
Intangible Assets	2.10	2.35	-
Capital work in progress		29,633.69	11,548.50
Intangible Assets under development		-	3.06
		<b>2,44,034.06</b>	<b>2,32,074.09</b>
Deferred tax assets (net)	2.11	1,325.17	1,907.18
Long term loans & advances	2.12	241.05	191.97
Other non current assets	2.13	<u>383.69</u>	<u>234.23</u>
		<b>1,949.91</b>	<b>2,333.38</b>
<b>CURRENT ASSETS</b>			
Trade receivables	2.14	195.14	126.72
Cash & cash equivalents	2.15	1,081.45	129.84
Short term loans & advances	2.16	542.57	449.35
Other current assets	2.17	<u>543.70</u>	<u>353.52</u>
		<b>2,362.86</b>	<b>1,059.43</b>
		<u><b>2,48,346.83</b></u>	<u><b>2,35,466.90</b></u>
Notes forming part of the Financial Statements	1 & 2		
Significant Accounting Policies and Notes on Accounts	1 & 2		

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

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

**KUNAL SAGAR**  
Executive Vice  
Chairman

**FOR AND ON BEHALF OF THE BOARD**

**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, 2013

Directors  
**RAMA VARMA**  
**ARJAN GURBUXANI**  
**RAJANI BHAGAT**  
**ARUNA MAKHAN**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

(₹ in lacs)

<b>Particulars</b>	<b>Note</b>	<b>2012-13</b>	<b>2011-12</b>
I Revenue from Operations	2.18	15,966.02	13,782.86
II Other Income	2.19	202.66	477.79
III Total Revenue ( I + II )		<b>16,168.68</b>	14,260.65
IV Expenses			
Employee benefits expense	2.20	553.04	754.45
Finance costs	2.21	6,532.12	7,105.16
Depreciation and amortization expense		6,204.17	4,943.13
Less: Adjusted against Revaluation Reserve		1,941.26	1.45
		<b>4,262.91</b>	4,941.68
Other Operating Expenses	2.22	3,696.19	4,851.78
Total Expenses		<b>15,044.26</b>	17,653.07
<b>V Profit /(Loss) before exceptional and extra ordinary items and tax ( III - IV )</b>		<b>1,124.42</b>	(3,392.42)
VI Add : Exceptional item	2.39	1,150.67	-
<b>VII Profit /(Loss) after exceptional and extra ordinary items and tax ( V + VI )</b>		<b>2,275.09</b>	<b>(3,392.42)</b>
VIII Less : Tax Expense :			
: Current Tax	2.37	490.00	76.05
: Deferred Tax		582.01	(1,504.11)
<b>IX Profit / (Loss) for the year after Tax ( VII - VIII )</b>		<b>1,203.08</b>	<b>(1,964.36)</b>
X Basic and diluted earning per share in ₹ (on Face value of ₹ 10/- per share)		1.68	(2.90)
Notes forming part of the Financial Statements	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**  
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As per our Report attached

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

**CA Y.N. THAKKAR**  
Partner  
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Mumbai, May 30, 2013

Directors  
**RAMA VARMA**  
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**RAJANI BHAGAT**  
**ARUNA MAKHAN**



## CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2013

(₹ in lacs)

	2012-13	2011-12
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit/(Loss) before tax and extra ordinary items</b>	<b>2,275.09</b>	<b>(3,392.42)</b>
<b>ADJUSTED FOR :</b>		
Depreciation	4,262.91	4,941.68
Excess provision for doubtful debts & advances written back (net)	-	(0.01)
Interest income	(5.60)	(4.78)
Finance cost	6,532.12	7,105.16
Profit on sale of assets (net)	(31.06)	(41.59)
Inventory written off	-	9.91
Marketing fees	350.04	391.54
Adjustment for foreign exchange gain / (loss)	(3.96)	3.48
Loss on assets discarded	-	403.78
Liability written back	(115.45)	(327.69)
	<b>10,989.00</b>	<b>12,481.48</b>
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>13,264.09</b>	<b>9,089.06</b>
<b>CHANGES IN:</b>		
Trade & other receivables	(771.80)	245.23
Inventories	-	1.88
Trade payables and other provisions	1,530.36	(415.59)
Marketing fees paid	(44.91)	(30.68)
	<b>713.65</b>	<b>(199.16)</b>
<b>Cash generated from Operations</b>		
Direct taxes (paid)/refund	14.38	(205.06)
	<b>728.03</b>	<b>(404.22)</b>
<b>Cash generated from Operating Activities</b>	<b>728.03</b>	<b>(404.22)</b>
<b>Net Cash from Operating Activities (A)</b>	<b>13,992.12</b>	<b>8,684.84</b>
<b>(B) CASHFLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed assets (including intangible assets, CWIP & capital advances)	(15,906.38)	(7,471.89)
Sale of fixed assets	53.19	205.74
	<b>27.19</b>	<b>26.13</b>
Interest received	27.19	26.13
<b>Net Cash from Investing Activities (B)</b>	<b>(15,826.00)</b>	<b>(7,240.02)</b>
<b>(C) CASHFLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds of preferential equity issue	-	7,451.95
Increase/(decrease) of term liabilities	10,855.67	(1,764.99)
Finance cost	(8,070.18)	(7,526.94)
	<b>2,785.49</b>	<b>(1,839.98)</b>
<b>Net Cash from Financing Activities (C)</b>	<b>2,785.49</b>	<b>(1,839.98)</b>
<b>Net increase/(decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>951.61</b>	<b>(395.16)</b>
Cash & Cash Equivalent at the commencement of the year	129.84	525.00
	<b>1,081.45</b>	<b>129.84</b>
<b>Cash &amp; Cash Equivalent at the end of the Year</b>	<b>1,081.45</b>	<b>129.84</b>

**Notes :**

- 1) Closing Cash & Cash Equivalents include all items under Note 2.15 forming part of the Financial Statements.
- 2) Undrawn borrowing facility as on 31st March 2013 - ₹ 3,325.10 lacs.
- 3) All figures in bracket are outflows.
- 4) Previous years figures have been regrouped / rearranged wherever necessary.

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

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

**KUNAL SAGAR**  
Executive Vice  
Chairman

**FOR AND ON BEHALF OF THE BOARD**

**RAHUL SAGAR**                      **MOOSA RAZA**  
Executive Director                      Chairman

As per our Report attached

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

**CA Y.N. THAKKAR**  
Partner  
Membership No. 33329  
Mumbai, May 30, 2013

Directors

**RAMA VARMA**  
**ARJAN GURBUXANI**  
**RAJANI BHAGAT**  
**ARUNA MAKHAN**

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

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

**b. Depreciation and Amortization :**

- i) Depreciation on Fixed Assets has been provided on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.
- ii) Intangible Assets are amortised over the estimated useful life of the asset.
- iii) Depreciation and amortization on the revalued portion of Fixed Assets are 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. 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.
- v) Premiums or Discounts arising at the inception of forward contracts entered into to hedge the underlying liability in relation to Capital Projects are adjusted towards the cost of the Project.

**e. 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.

**f. 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 service is rendered.

**v) Actuarial Gains/Losses**

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

**g. 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.

**h. 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 & Licenses are amortised over the lock in period of the respective licensees.





	(₹ in lacs)	
	As at 31st March 2013	As at 31st March 2012
<b>2.1 Share Capital</b>		
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)		
7,17,79,608 equity shares of ₹ 10/- each	<u>7,177.96</u>	<u>7,177.96</u>
Subscribed & Fully paid up		
7,17,65,586 Equity Shares of ₹ 10/- each (previous year 7,17,65,586 equity shares of ₹ 10/- each)	<u>7,176.55</u>	<u>7,176.55</u>

a. **The Reconciliation of the Equity Shares Outstanding as at March 31, 2013 and March 31, 2012 is set out below:**

Particulars	2012-13		2011-12	
	nos.	(₹ in lacs)	nos.	(₹ in lacs)
At the beginning of the year	7,17,65,586	7,176.55	5,82,16,586	5,821.65
Add:- Shares Issued during the year	0	0.00	1,35,49,000	1,354.90
Outstanding at the end of the year	7,17,65,586	7,176.55	7,17,65,586	7,176.55

b. **Rights, Preferences and Restrictions 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 are 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.

**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 issuance subject to provisions of such Act 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 2013		As at 31st March 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Real India Invest Aktiengesellschaft	100,71,213	14.03	42,51,213	14.03
Geraldton Finance Ltd.	43,65,000	6.08	43,65,000	6.08
TVF Fund Ltd.	41,81,388	5.83	41,81,388	5.83

d. **Shares reserved for issue under Options**

Pursuant to the Resolution passed by the Shareholders of the Company by way of 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.

	(₹ in lacs)	
	As at 31-Mar-2013	AsAt 31-Mar-2012
<b>2.2 Reserves &amp; Surplus</b>		

Securities Premium Reserve		
As per last Balance Sheet	6,362.03	264.98
Add : Additions during the year	-	6,097.05
	<u>6,362.03</u>	<u>6,362.03</u>
Revaluation Reserve		
As per last Balance sheet	1,56,362.33	6,031.51
Add : Created during the year	-	1,50,332.27
Less : Depreciation on Revalued Assets	<u>1,941.26</u>	<u>1.45</u>
	<u>1,54,421.07</u>	<u>1,56,362.33</u>
Surplus- Opening Balance	<u>(3,077.42)</u>	<u>(1,113.06)</u>
Add: Net profit after tax	<u>1,203.08</u>	<u>(1,964.36)</u>
transferred from Statement of Profit and Loss		
Surplus- Closing Balance	<u>(1,874.34)</u>	<u>(3,077.42)</u>
	<u>1,58,908.76</u>	<u>1,59,646.94</u>

**2.3 Long- Term Borrowings**

Term Loans		
Vehicle loans from Bank of India (Refer Note No. a below)	-	1.58
Loan from HDFC Ltd (Refer Note No.b below)	64,821.21	53,708.18
	<u>64,821.21</u>	<u>53,709.76</u>

			(₹ in lacs)	
			As at 31-Mar-13	AsAt 31-Mar-12
a	Terms of repayment	loan		
	Date of Maturity	Oct-13		
	Rate of Interest (fixed)	14.25%		
	Balance No. of Installments (Monthly)	7		
	Amount of each Installment (including interest) ₹ in lacs	0.24		
	The Vehicle loan from Bank of India is secured against hypothecation of the said vehicle. An amount of ₹ 1.58 lacs is included in current maturity of long term debts under other current liabilities (note 2.8)			
b	Terms of repayment	Loan exclusively for Phase III	Consolidated loan	
	Date of Maturity	*	Oct-21	
	Rate of Interest (floating)	13.75%	12.75%	
	Balance No. of Installments (Monthly)	*	103	
	Amount of each Installment (including interest) ₹ in lacs #	*	834.77	
	The Loan from HDFC Ltd. is secured by a charge in the nature of an equitable mortgage by deposit of title deeds of land situated at Goregaon, Mumbai together with buildings and structures standing thereon, both present and future, and right, title and interest in the license fee receivables.			
	# The amount of each installment is subject to change based on changes in Interest rates & other factors.			
	* The terms of repayment of the loan exclusively for Phase III (construction loan) will be finalised once the same is securitised, as done for the consolidated loan.			
<hr/>				
			As at 31-Mar-13	AsAt 31-Mar-12
<b>2.4</b>	<b>Other Long Term Liabilities</b>			
	Security deposits received from licencees		7,791.57	7,265.97
			<b>7,791.57</b>	<b>7,265.97</b>
<b>2.5</b>	<b>Long Term Provisions</b>			
	Provision for employee benefits:			
	Provision for gratuity		89.55	77.91
	Provision for compensated absences		16.06	12.70
			<b>105.61</b>	<b>90.61</b>
<b>2.6</b>	<b>Short Term Borrowings</b>			
	Buyers credit from HDFC Bank		482.33	-
			<b>482.33</b>	<b>0.00</b>
<b>2.7</b>	<b>Trade payables</b>			
	Trade payables		300.40	547.48
			<b>300.40</b>	<b>547.48</b>
<hr/>				
			As at 31-Mar-13	AsAt 31-Mar-12
<b>2.8</b>	<b>Other Current Liabilities</b>			
	Current maturity of long term debts		3,148.26	3,883.26
	Interest accrued but not due on borrowings		296.84	184.39
	Income received in advance		2.64	4.26
	Capital Vendors		1,248.56	295.55
	Security deposits received from licencees		2,301.53	1,276.24
	Advance received from customers		7.71	24.52
	Employees related liabilities		165.22	62.49
	Statutory liabilities		62.72	57.85
	Provision for expenses		848.92	1,061.27
	Other payables		19.41	1.20
			<b>8,101.81</b>	<b>6,851.03</b>
<b>2.9</b>	<b>Short Term Provisions</b>			
	Provision for employee benefits:			
	Provision for gratuity		8.04	3.43
	Provision for compensated absences		8.03	7.43
	Provision for taxes:			
	Provision for Income Tax		642.52	167.70
			<b>658.59</b>	<b>178.56</b>



TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK
	As on 01-April-12	Additions during 2012-13	Deductions/ Adjustments during 2012-13	As on 31-March-13	Up to 01-April-12	Provided during 2012-13	Deductions/ Adjustments during 2012-13	Upto 31-March-13	As on 31-March-13
LAND & SITE DEV. (FREEHOLD)	1,29,900.00 (18,365.42)	- (1,11,534.58)	- (-)	1,29,900.00 (1,29,900.00)	- (-)	- (-)	- (-)	- (-)	1,29,900.00 (1,29,900.00)
LAND & SITE DEV. (LEASE HOLD)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
BUILDINGS	81,678.52 (43,457.50)	- (38,869.30)	- (648.28)	81,678.52 (81,678.52)	5,007.62 (3,250.50)	3,833.54 (2,024.39)	- (267.27)	8,841.16 (5,007.62)	72,837.36 (76,670.90)
PLANT & EQUIPMENT	12,655.51 (12,500.93)	46.24 (199.79)	466.00 (45.21)	12,235.75 (12,655.51)	3,930.79 (2,384.99)	1,339.38 (1,581.55)	460.49 (35.75)	4,809.68 (3,930.79)	7,426.07 (8,724.72)
FURN., FIX & APPLIANCES	8,692.82 (8,887.78)	29.03 (1.36)	3.19 (196.32)	8,718.66 (8,692.82)	3,520.76 (2,314.44)	1,017.52 (1,319.34)	2.91 (113.02)	4,535.37 (3,520.76)	4,183.29 (5,172.06)
OFFICE EQUIPMENT	121.08 (291.49)	- (-)	- (170.41)	121.08 (121.08)	102.73 (166.38)	2.55 (12.61)	- (76.26)	105.28 (102.73)	15.80 (18.35)
VEHICLES	60.15 (41.13)	9.47 (25.02)	- (6.00)	69.62 (60.15)	23.65 (24.40)	10.47 (5.24)	- (5.99)	34.12 (23.65)	35.50 (36.50)
<b>TOTAL TANGIBLE ASSETS</b>	<b>2,33,108.08</b> (83,544.25)	<b>84.74</b> (1,50,630.05)	<b>469.19</b> (1,066.22)	<b>2,32,723.63</b> (2,331,08.08)	<b>12,585.55</b> (8,140.71)	<b>6,203.46</b> (4,943.13)	<b>463.40</b> (498.29)	<b>18,325.61</b> (12,585.55)	<b>2,14,398.02</b> (2,20,522.53)
INTANGIBLE ASSETS									
SOFT WARE & LICENSEES	- (-)	3.06 (-)	- (-)	3.06 (-)	(-) (-)	0.71 (-)	- (-)	0.71 (-)	2.35 (-)
<b>TOTAL INTANGIBLE ASSETS</b>	<b>-</b> (-)	<b>3.06</b> (-)	<b>-</b> (-)	<b>3.06</b> (-)	<b>(-)</b> (-)	<b>0.71</b> (-)	<b>-</b> (-)	<b>0.71</b> (-)	<b>2.35</b> (-)

**Notes :**

- Previous year's figures are given in brackets. (₹ In lacs)
- Of the above, a certain portion of the assets have been given on leave & license. The details are as under :

	Gross Block	Accumulated Depreciation	Net Block
Buildings	75,199.72 (74,181.94)	7,845.22 (4,228.52)	67,354.50 (69,953.42)
Furniture & Fixtures	1,348.00 (1,322.05)	685.60 (541.28)	662.40 (780.77)
Plant & Equipment	46.24 0.00	4.12 0.00	42.12 0.00
<b>Total</b>	<b>76,593.96</b> (75,503.99)	<b>8,534.94</b> (4,769.80)	<b>68,059.02</b> (70,734.19)

- Buildings include the building constructed on Leasehold Land at Worli, Mumbai having a written down value of ₹ 2.50 lacs (Previous year ₹ 2.63 lacs), being the share of the Company in the property which is co-owned with Nirlon Foundation Trust.
- 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 the date, as shown below :

(₹ In lacs)

	Amount written upon revaluation	Depreciation provided upto 31.03.2013	Amount written up net of depreciation as on 31.03.2013
Freehold Land (including FSI purchased)	1,17,537.12	-	1,17,537.12
Building	39,158.80	2,274.85	36,883.95
	1,56,695.92	2,274.85	1,54,421.07

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

		(₹ in lacs)	
		As at 31-Mar-13	AsAt 31-Mar-12
<b>2.11 Deferred Tax Assets (Net)</b>			
Deferred Tax adjustments for the year amounting to ₹ 582.01 lacs (Previous Year ₹ 1,504.11 lacs) have been recognised in the Statement of Profit & Loss.			
Deferred tax assets :			
Unabsorbed depreciation		2,893.60	2,981.93
Others		198.78	388.86
		<u>3,092.38</u>	<u>3,370.79</u>
Deferred tax liabilities :			
Depreciation		<u>(1,767.21)</u>	<u>(1,463.61)</u>
		<u>1,325.17</u>	<u>1,907.18</u>
Deferred Tax Assets on account of unabsorbed depreciation have been recognised as the Company is of the opinion that there is virtual certainty of the same in view of the expected future profits of the Company.			
<b>2.12 Long Term Loans &amp; Advances</b>			
(Unsecured - considered good, unless otherwise stated)			
Security deposit placed		212.69	181.54
Prepaid expenses		26.36	8.43
Loan to officers of the Company		2.00	2.00
		<u>241.05</u>	<u>191.97</u>
<b>2.13 Other Non Current Assets</b>			
Unamortized expenses - marketing fees		383.69	234.23
		<u>383.69</u>	<u>234.23</u>
<b>2.14 Trade Receivables</b>			
(Unsecured - considered good, unless otherwise stated)			
Debts outstanding for a period exceeding six months from the date they are due for payment.			
Considered good *		13.99	12.39
Considered doubtful		-	12.68
		<u>13.99</u>	<u>25.07</u>
Less : Allowance for bad and Doubtful debts		-	12.68
		<u>13.99</u>	<u>12.39</u>
Other Debts			
Considered Good *		181.15	114.33
		<u>195.14</u>	<u>126.72</u>

\* Trade Receivables considered good includes ₹ 171.97 lacs ( Previous Year ₹ 114.13 lacs) which are secured.

		(₹ in lacs)	
		As at 31-Mar-13	AsAt 31-Mar-12
<b>2.15 Cash &amp; Cash Equivalents</b>			
Balances with Banks in current accounts		765.34	125.02
Balance with Banks in deposit accounts		300.00	-
Balance with Banks in margin money accounts		4.48	4.48
Demand drafts on hand		11.63	-
Cash on hand		-	0.34
		<u>1,081.45</u>	<u>129.84</u>
Cash & Cash Equivalents include restricted Bank balances of ₹ 4.48 lacs (previous year ₹ 4.48 lacs). The restrictions are primarily on account of Bank Balance held as margin Money deposits.			
<b>2.16 Short Term Loans &amp; Advances</b>			
(Unsecured - considered good, unless otherwise stated)			
Deposits placed		1.29	1.56
Advance Income Tax		328.00	358.61
Service Tax Input Credit		64.75	20.29
Advances to vendors		68.38	28.26
Less : Allowance for bad and doubtful advances		0.00	2.65
		<u>68.38</u>	<u>25.61</u>
Prepaid expenses		80.15	43.28
		<u>542.57</u>	<u>449.35</u>
<b>2.17 Other Current Assets</b>			
Unamortized expenses - marketing fees		269.53	337.01
Receivable for sale of assets		-	16.34
Income receivables		274.17	0.17
		<u>543.70</u>	<u>353.52</u>
		(₹ in lacs)	
		<u>2012-13</u>	<u>2011-12</u>
<b>2.18 Revenue From Operations</b>			
Licence fees		14,076.87	12,053.89
Common Area Maintenance charges		1,705.20	1,508.81
Other operating income		183.95	220.16
		<u>1,889.15</u>	<u>1,728.97</u>
		<u>15,966.02</u>	<u>13,782.86</u>
<b>2.19 Other Income</b>			
Interest income		5.60	4.78
Insurance Claim		0.28	8.35
Excess provision /liability written back (Net)		115.45	327.69
Miscellaneous receipts		27.89	48.82
Excess provision for doubtful debts and advances written back (Net)		-	0.01
Scrap sales		22.38	46.55
Profit on sale of Assets (Net)		31.06	41.59
		<u>202.66</u>	<u>477.79</u>



(₹ in lacs)

	2012-13	2011-12
<b>2.20 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	305.12	477.21
Contribution to Provident Fund and other funds	216.07	242.14
Staff Welfare expenses	31.85	35.10
	<b>553.04</b>	<b>754.45</b>
<b>2.21 Finance Cost</b>		
Interest on Term Loans	6,524.02	7,080.66
Other Interest	5.00	24.50
Foreign exchange loss (net)	3.10	-
	<b>6,532.12</b>	<b>7,105.16</b>
<b>2.22 Other Operating Expenses</b>		
Stores and spares consumed	3.23	3.26
Power, fuel and water charges	69.69	91.06
Rent	3.21	2.25
Insurance	49.08	48.70
Rates and taxes	793.62	1,569.32
Repairs to building	73.31	48.32
Loss on Assets discarded	-	403.78
Stores inventory written off	-	9.91
Directors' sitting fees	6.10	7.10
Legal and Professional expenses	197.91	318.13
Telephone expenses	6.95	7.14
Complex Maintenance expenses	40.01	89.42
Travelling expenses	17.26	18.25
Property Management Expenses	1,800.79	1,672.85
Marketing fees	350.04	391.54
Security expenses	29.62	27.08
Doubtful Debts and Advances written off	15.33	0.55
Less: Allowance for bad and Doubtful Debts and advances written back	15.33	0.55
Miscellaneous Expenses	255.37	143.67
	<b>3,696.19</b>	<b>4,851.78</b>

**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 ₹ 11,719.91 lacs (previous year ₹ 8,716.33 lacs).
- b) Other Commitments :

	(₹ in lacs)	
	As at 31-Mar-13	As at 31-Mar-12
Forward Contracts outstanding as on		
In USD	5.30	-
In Rupees	302.61	-
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-13	As at 31-Mar-12
Excise Duty	1,14,4.74	985.28
Service Tax	1,078.40	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)	
	2012-13	2011-12
Audit Fees (including arrears ₹ Nil, previous year ₹ 2.50 lacs)	7.00	9.50
Taxation matters	1.56	1.10
Management and other services	2.00	1.61
Reimbursement of expenses & service tax	1.45	1.68
	<b>12.01</b>	<b>13.89</b>

**2.28 Value of Imports on CIF basis in respect of :**

	(₹ in lacs)	
	2012-13	2011-12
Capital	1,423.18	-

**2.29 Expenditure in Foreign Currency :**

	(₹ in lacs)	
	2012-13	2011-12
Professional fees *	80.91	85.99
Travelling expenses (Fully capitalized)	6.99	6.35
Buyers Credit charges (Fully capitalized)	1.48	-
Others	17.02	1.13
	<b>106.40</b>	<b>93.47</b>

\* of these ₹ 77.96 lacs was capitalized (previous year ₹ 84.73 lacs)

**2.30 Value of Stores and Spares Consumed: (₹ in lacs)**

	2012-13		2011-12	
	Value	%	Value	%
Stores & Spare parts :				
Imported	-	0.00%	-	0.00%
Indigenous	3.23	100.00%	3.26	100.00%
	<b>3.23</b>	<b>100.00%</b>	<b>3.26</b>	<b>100.00%</b>

(₹ in lacs)

**2.31 Earnings Per Share :**

Particulars	31.03.2013	31.03.2012
1 Profit/(Loss) net of tax (₹ in lacs)	1,203.08	(1,964.36)
2 Weighted average of number of Equity Shares (Basic)	7,17,65,586	6,76,56,463
3 Weighted average of number of Equity Shares (Diluted)	7,18,09,177	6,76,56,463
4 Face value per Equity Shares ₹	10	10
5 Earning per share before extra ordinary items (Basic)	1.68	(2.90)
6 Earning per share before extra ordinary items (Diluted)	1.68	(2.90)

**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		
i) Licensed assets : Licensing of commercial premises		
ii) Future License fees are determined on the basis of agreed terms.		
b) Future minimum license fee payments receivable under non-cancellable leave & license agreement / s :		
	(₹ in lacs)	
	<b>31st March 2013</b>	31st March 2012
The total of minimum license fee payments :		
Not more than one year	10,876.18	12,507.91
Not less than one year and not more than five years	15,385.24	19,388.99
More than five years	-	-
2. Assets taken on leave & license :		
a) Future minimum license fee payments under non-cancellable leave & license agreements:		
	(₹ in lacs)	
	<b>31st March 2013</b>	31st March 2012
The total of minimum license fee payments :		
Not more than one year	0.75	0.96
Not less than one year and not more than five years	-	-
More than five years	-	-
b) One of the premises taken on leave & license is cancellable. The total amount (net of recovery) recognised in the statement of Profit and Loss is ₹ 3.21 lacs (previous years ₹ 2.16 lacs).		

**2.34 Employee Benefits**

## a) Gratuity

**Defined Benefits Plan**

	2012-13	2011-12
I Change in Obligation during the year		
1 Present Value of Defined Benefit Obligation at beginning of the year	81.34	57.27
2 Current Service Cost	12.04	12.60
3 Past Service Cost	0.00	0.43
4 Interest Cost	6.51	4.62
5 Actuarial (Gains) / Losses	(2.31)	6.42
6 Benefits Paid	-	-
7 Present value of Defined Benefit Obligation at the end of the year.	97.58	81.34
II Change in Assets during the year ended March 31, 2013		
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, 2013		
1 Present Value of Defined Benefits Obligation as at March	97.58	81.34
2 Fair value of plan assets as at March 31, 2013	-	-
3 Fund status (Surplus / (Deficit))	(97.58)	(81.34)
4 Net Assets / (Liability) as at end of the year	(97.58)	(81.34)
IV Expenses recognized in the Statement of Profit & Loss for the year ended March 31, 2013		
1 Current Service Cost	12.04	12.60
2 Interest Cost	6.51	4.62
3 Expected return on plan assets	-	-
4 Past Service Cost	0.00	0.43
4 Net Actuarial (Gains) / Losses	(2.31)	6.42
5 Total Expenses	16.24	24.07
Amount recognised as an expense and included in Note 2.20 under "Contribution to provident fund and other funds".		
V Major categories of plan assets as a percentage of total plan	<b>Not Applicable</b>	Not Applicable



VI Actuarial Assumptions:

1	Discount Rate	<b>8.00%</b>	8.00%
2	Expected rate of return on plan assets	<b>7.50%</b>	7.50%
3	Mortality Table	<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
4	Retirement Age	<b>Officers 60; Others 60</b>	Officers 60; Others 60

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

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)	
	2012-13	2011-12
Remuneration to Shri Kunal V. Sagar	<b>260.69</b>	162.67
Remuneration to Shri Rahul V. Sagar	<b>88.80</b>	94.32

2.36 Borrowing cost capitalised during the year ₹ 1,631.87 lacs (previous year ₹ 346.33 lacs).

2.37 Current Tax pertains to Minimum Alternate Tax (MAT) ₹ 490.00 lacs (previous year ₹ 75.52 lacs, provision for Income Tax of the earlier years and ₹ 0.53 lacs Provision for Fringe Benefit Tax of earlier years).

2.38 Miscellaneous receipts under Note No 2.19 includes Foreign Exchange gain amounting to ₹ 3.96 lacs (previous year ₹ 3.48 lacs Foreign Exchange loss considered under Miscellaneous expenses under Note No.2.22)

2.39 The Exceptional item for the Financial Year 2012-13 is on account of the write back of the Property Tax liability of the earlier years due to the retrospective amendment in respect of the Property Tax levied by the appropriate authorities.

2.40 Property Management expenses include expenses which are recoverable as Common Area Maintenance from licensees.

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.

**Details of Current Annual period and Previous Annual periods**

	2012-13	2011-12	2010-11	2009-10	2008-09
Present Value of Defined Benefits Obligation as at end of the year	<b>97.58</b>	81.34	57.27	33.52	21.02
Fair value of plan assets as at end of the year	-	-	-	-	-
Fund status (Surplus / (Deficit))	<b>(97.58)</b>	(81.34)	(57.27)	(33.52)	(21.02)
Net Assets / (Liability) as at end of the year	<b>(97.58)</b>	(81.34)	(57.27)	(33.52)	(21.02)

b) Contribution to Provident Fund and Other Funds charged to the Statement of Profit & Loss stated under the Defined Contribution Plans is ₹ 210.60 lacs (previous year ₹ 215.99 lacs).

**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, 2013

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 54<sup>th</sup> Annual General Meeting of Nirlon Limited to be held at Pama Thadhani Auditorium, Jai Hind College building , 'A' Road , Churchgate, Mumbai 400 020 on Friday, September 27, 2013, 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 54<sup>th</sup> Annual General Meeting of the Company to be held at Pama Thadhani Auditorium, Jai Hind College building , 'A' Road , Churchgate, Mumbai 400 020 on Friday, September 27, 2013, at 11.00 a.m.

✂ Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

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.

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