

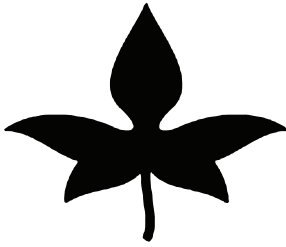
**NIRLON**

**55<sup>th</sup> Annual Report**

**2013-2014**



NIRLON



NIRLON

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### BOARD OF DIRECTORS (As on July 25, 2014)

PADMA BHUSHAN SHRI MOOSA RAZA (*Chairman*)

SHRI RAMA VARMA

SHRI ARJAN R. GURBUXANI

SMT. RAJANI M. BHAGAT

SMT. ARUNA MAKHAN

SHRI RAHUL V. SAGAR (*Executive Director*)

SHRI KUNAL V. SAGAR (*Executive Vice Chairman*)

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

SHRI JASMIN K. BHAVSAR

### STATUTORY AUDITORS

M/S. N. M. RAIJI & CO., MUMBAI  
CHARTERED ACCOUNTANTS

### INTERNAL AUDITORS

M/S. DH CONSULTANTS PRIVATE LIMITED, MUMBAI

### LEGAL ADVISORS

M/S. MATUBHAI JAMIETRAM, MUMBAI  
ADVOCATES & SOLICITORS

### REGISTERED OFFICE

Pahadi Village, Off Western Express Highway,  
Goregaon (East), Mumbai 400 063.  
Tele No.: + 91 (022) 4028 1919/ 2685 2257/58/59  
Fax No. : + 91 (022) 4028 1940  
CIN No. : L17120MH1958PLC011045  
Email : info@nirlonltd.com  
Website : www.nirlonltd.com

### REGISTRAR AND SHARE TRANSFER AGENT (REGISTRAR)

M/s. Sharepro Services (India) Private Limited,  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka,  
Andheri (East),  
Mumbai 400 072.  
Tele No. : + 91 (022) 6772 0300/400  
Fax No. : + 91 (022) 2859 1568/2850 8927  
CIN No. : U67120MH2004PTC148994  
Email : indira@shareproservices.com  
sharepro@shareproservices.com  
Website : www.shareproservices.com



## NOTICE TO THE MEMBERS

**NOTICE** is hereby given that the **55<sup>th</sup>** Annual General Meeting of Nirlon Limited will be held on **Tuesday, September 23, 2014 at 10.30 a.m.** at Pama Thadhani Auditorium, Jai Hind College Building , 'A' Road , Churchgate, Mumbai 400 020 to transact the following business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Year ended March 31, 2014, including the Statement of Profit and Loss for the Year ended on that date, Audited Balance Sheet as at March 31, 2014, and the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend on equity shares for the Financial Year ended March 31, 2014.
3. To appoint a director in place of Smt. Rajani M. Bhagat (DIN 00870716), who retires by rotation at this Annual General Meeting, and being eligible offers herself for re-appointment.
4. To appoint M/s. N.M.Raiji & Co., (Firm Registration no.108296W), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting to be held for the Financial Year 2014-15, and to authorise the Board of Directors to fix their remuneration for the Financial Year ending March 31, 2015.

### SPECIAL BUSINESS:

5. To appoint **Shri Moosa Raza (DIN 00145345)** as an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution **as an Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement as may be amended from time to time, Shri Moosa Raza (DIN 00145345), who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of independent director, be and is hereby appointed as an independent director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."
6. To appoint **Shri Rama Varma (DIN 00031890)** as an independent director and in this regard to consider and

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement as may be amended from time to time, Shri Rama Varma (DIN 00031890), who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of independent director, be and is hereby appointed as an independent director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."

7. To appoint **Shri Arjan R. Gurbuxani (DIN 00425885)** as an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution **as an Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement as may be amended from time to time, Shri Arjan R. Gurbuxani (DIN 00425885), who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of independent director, be and is hereby appointed as an independent director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."
8. To appoint **Smt. Aruna Makhan (DIN 00025727)** as an independent director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution **as an Ordinary Resolution**:  
"RESOLVED THAT pursuant to the provisions of Sections 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement as may be amended from time to time, Smt. Aruna Makhan (DIN 00025727), who was appointed as a director liable to retire by rotation and in



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respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of independent director, be and is hereby appointed as an independent director of the Company to hold office upto March 31, 2019, not liable to retire by rotation."

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

Jasmin K. Bhavsar

**Company Secretary & Vice President (Legal)**

Mumbai, July 25, 2014

**Registered Office:**

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

**CIN No. :** L17120MH1958PLC011045

**Email :** info@nirlonltd.com

**Website :** www.nirlonltd.com

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**The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 ("Act"), sets out all material facts relating to the special business mentioned as Item Nos. 5 to 8 of the accompanying Notice dated July 25, 2014.**

**Item nos. 5, 6, 7 and 8**

The Securities and Exchange Board of India (**SEBI**) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the conditions for appointment of independent directors by a listed company. Pursuant to such amendment, Non-Executive Directors who have served as Independent Directors of the Company for more than 5 (five) years, shall be eligible for appointment for one more term upto 5 (five) years only.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ("**the Act**") every listed public company which has a non-executive chairman is required to have atleast one third of the total number of directors as independent directors, who are not liable to retire by rotation.

Shri Moosa Raza (Chairman), Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan, are non executive independent directors of the Company, and have held the positions as such for more than 5 (five) years.

The Company has also received declarations from Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan that they can meet with the criteria of independence as prescribed both under sub section (6) of section 149 of the Act, and under clause 49 of the Listing Agreement. In the opinion of the Board, Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan fulfil the conditions for appointment as independent directors as specified in the Act, and the Listing Agreement.

It is proposed to appoint Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan as independent directors under the Act, and clause 49 of the Listing Agreement, to hold office for 5 (five) years consecutively for a term up to March 31, 2019 as they are not disqualified from being appointed as directors in terms of Section 164 of the Act, and have given their consent to act as directors.

The Company has received individual notices in writing along with the deposit of the requisite amount under section 160 of the Act, proposing the candidatures of Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan for the office of directors of the Company.

Brief resumes of Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan containing the nature of their expertise in specific functional areas, names of companies in which they hold Chairmanships, Directorships and Memberships of board / committees, Shareholding, and relationship with the other directors as stipulated under clause 49 of the Listing Agreement with the BSE Limited, are provided in the Corporate Governance Report forming part of this Annual Report.

Copy of the draft letters for the respective appointments of Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan as independent directors, setting out the terms and conditions of their appointment, are available for inspection by any member at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the BSE Limited.

Shri Rama Varma and Shri Arjan R. Gurbuxani are interested in the resolutions set out as item numbers 6 and 7 of this Notice to the extent of their shareholding in the Company.

Save and except the above, none of the other directors / key managerial personnel of the Company / their relatives are in any way concerned or interested, financially or otherwise, in these resolutions.

The Board commends the ordinary resolutions set out as item nos. 5, 6, 7 and 8 of this Notice for approval by the Members.

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

Jasmin K. Bhavsar

**Company Secretary & Vice President (Legal)**

Mumbai, July 25, 2014

**Registered Office:**

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

**CIN No. :** L17120MH1958PLC011045

**Email :** info@nirlonltd.com

**Website :** www.nirlonltd.com



**NOTES :**

- 1 **ANY MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY IS ENTITLED TO APPOINT ANOTHER PERSON AS PROXY / PROXIES TO ATTEND AND VOTE AT THE MEETING (ON THE CALLING OF A POLL ONLY AT THE GENERAL MEETING) INSTEAD OF HIMSELF / HERSELF, AND THAT PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

*A person can act as proxy on behalf of not more than fifty (50) members, holding in the aggregate not more than 10 (ten) % of the total share capital of the Company. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (forty eight) hours before the commencement of the Meeting. Proxies submitted on behalf of companies, corporate bodies, etc., must be supported by an appropriate resolution/ authority, as applicable.*

2. Details under Clause 49 of the Listing Agreement with the BSE Limited in respect of the Directors seeking appointment and re-appointment at this Annual General Meeting are given in this Annual Report and form an integral part of this Notice. The Directors have furnished the requisite declarations for their appointment and re-appointment.
3. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
4. Members who hold shares in physical form in multiple folios in identical names, or joint accounts in the same order of names, are requested to send the share certificates to the Registrar for consolidation into a single folio.
5. Members who hold dematerialized shares are requested to write their client ID and DPID Nos., and those who hold shares in physical form are requested to write their folio no. on the attendance slip for attending the Meeting.
6. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the Meeting.
7. Pursuant to the provisions of Section 72 of the Companies Act 2013, Member(s) holding shares in Physical Form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in Dematerialised Form may contact their respective Depository Participants for availing this facility. The nomination form can be downloaded from the Company's website under the section "**General Information - forms**".
8. Members may note that the Notice calling the 55<sup>th</sup> Annual General Meeting and the Annual Report for 2013-14 is also available on the Company's website **[www.nirlonltd.com](http://www.nirlonltd.com)**
9. 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 Sheet, Profit & Loss Account, Auditors' Report and Directors' Report etc. through e-mail addresses. As per the circular, the Company would be deemed to have complied with Section 53 of the Companies Act, 1956, if the service of documents have been made through electronic mode, provided the Company has obtained e-mail addresses of its Members for sending the notice/documents through e-mail by giving an advance opportunity to every shareholder to register their e-mail address and changes therein from time to time with the Registrar / Depository Participant(s). In this regard, the Company requests all members for their support for this **Green Initiative**, by ensuring that their correct e-mail addresses are on record with the Registrar / Depository Participant(s).
10. An electronic copy of the 55<sup>th</sup> Annual Report for the Financial Year 2013-14 along with the Notice calling the 55<sup>th</sup> Annual General Meeting of the Company (Attendance Slip and Proxy Form) is being sent to all Members whose email IDs are registered with the Registrar/Depository Participant(s) for communication purposes, unless any member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the 55<sup>th</sup> Annual Report for the Financial Year 2013-14 along with the Notice calling the 55<sup>th</sup> Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting, along with the Attendance Slip and Proxy Form are being sent by other permissible modes.
11. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address, or demise of any member as soon as possible.
12. Non-resident Indian Members are requested to inform the Registrar / Depository Participant(s) immediately of :
- (a) A change in their residential status on returning to India permanently.
- (b) Particulars of their bank accounts maintained in India with complete name, branch, type of account, number and address of the bank with the pin code number, if not furnished earlier.



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13. The relevant documents referred into this Notice will be available at the Company's Registered Office for inspection from 02:00 p.m. to 05:00 p.m. on any working day, excluding Saturday, upto the date of Annual General Meeting.
14. For any communication, Members may also send requests to the Company's investor email id : **share@nirionltd.com**.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of a Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the Registrar.
16. Pursuant to the provisions of sections 205A(5) and 205C of the Companies Act, 1956, the Company has already transferred all the unpaid or unclaimed amounts with regard to debentures / fixed deposits on their respective due dates to the Investor Education and Protection Fund (IEPF) established by the Central Government. Pursuant to the provision of the Investor Education and Protection Fund Rules, 2012, the Company has no amounts payable / transferable to this Fund, and there are no such amounts lying with the Company.
17. Pursuant to Section 91 of the Act, the Register of Members and the Share Transfer books of the Company will remain closed from **Friday, September 12, 2014 to Tuesday, September 23, 2014 (both days inclusive)** for the purpose of the 55<sup>th</sup> Annual General Meeting.
18. A dividend of ₹ 0.75 paise per share (7.5%) has been recommended by the Board of Directors for the Financial Year 2013 - 14 on a pro rata basis, and subject to the approval of the Members at the ensuing 55<sup>th</sup> Annual General Meeting. If the dividend as recommended by the Board of Directors is approved at this 55<sup>th</sup> Annual General Meeting, payment of such dividend will be made **on or after September 26, 2014** as under :
  - i. To all Beneficial Owners in respect of shares held in **Electronic Form**, as per the data made available by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the close of business hours on **Thursday, September 11, 2014**.
  - ii. To all Members in respect of shares held in **Physical Form**, after giving effect to valid transfers in respect of transfer requests lodged with the Registrar on or before the close of business hours on **Thursday, September 11, 2014**.
19. Members holding shares :
  - (a) in **Electronic Form** are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars, or bank mandates. Such changes are to be advised only to the Depository Participants of the Members;
  - (b) in **Physical Form** and desirous of either registering bank particulars, or changing bank particulars already registered against their respective folios for payment of dividend, are requested to write directly to the Registrar.
20. Guidelines for attending the ensuing 55<sup>th</sup> Annual General Meeting of the Company :
  - a) Entry to the Auditorium / Hall will be strictly against the entry coupon available at the counters at the venue and against the exchange of a duly filled in, signed and valid Attendance Slip.
  - b) Any briefcase / bags / eatables or such other articles as may be ordered by the authorities are not allowed inside the Auditorium / Hall.
  - c) Member(s) are requested to bring their copy of the Annual Report to the Meeting.
21. Voting through electronic means :

In terms of the provisions of Section 108 of the Companies Act, 2013 (**the Act**) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (hereinafter called "**the Rules**" for the purpose of this section of the Notice) and Clause 35B of the Listing Agreement, the Company is providing a facility to exercise votes on the items of business given in the Notice through an electronic voting system (**e-voting**) to Members holding shares as on **Friday, August 15, 2014**, i.e. the cut-off date (Record date for the purpose of Rule 20 (3) (vii) of the Rules) fixed for determining voting rights of Members, entitled to participate in the voting process, through the e-voting platform provided by the Central Depository Services (India) Limited (CDSL).

For Members (holding shares in Dematerialised Form or Physical Form) who receive Notice of the 55<sup>th</sup> Annual General Meeting and desire to vote electronically -

**A. The instructions for e-voting are as under :**

  - (i) The voting period begins on **Monday, September 15, 2014 from 09.00 a.m. and ends on Wednesday, September 17, 2014 at 06.30 p.m.** During this period shareholders of the Company, holding shares either in Physical Form or in Dematerialized Form, as on the cut-off date, i.e. Friday, August 15, 2014, may cast their vote



- electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) You, as the Shareholder should log onto the e-voting website "[www.evotingindia.com](http://www.evotingindia.com)".
- (iii) Click on "**Shareholders**"
- (iv) Enter your User ID :
- For CDSL: 16 digits Beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter the Folio Number registered with the Company / the Registrar.
- (v) Enter the Image Verification as displayed and Click on "**Login**"
- (vi) If you are holding shares in Dematerialised Form and have logged on to "[www.evotingindia.com](http://www.evotingindia.com)" and have voted earlier, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below :  
For Members holding shares in Dematerialised Form and Physical Form -
- A. **PAN**  
Enter your 10 digit alpha-numeric Permanent Account Number (**PAN**) issued by the Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
- \* Members who have not updated their PAN with the Registrar / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
- \* In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
- B. **DOB**  
Enter the Date of Birth as recorded in your demat account, or in the Registrar records for the said demat account or folio, in the dd/mm/yyyy format.
- C. **Dividend Bank Details**  
Enter the Dividend Bank Details as recorded in your demat account, or in the Registrar records for the said demat account or folio.
- \* Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or the Registrar, please enter the Member id / folio number in the Dividend Bank Details field as mentioned in instruction (iv).
- (viii) After entering these details appropriately, click on the "**SUBMIT**" tab.
- (ix) Members holding shares in Physical Form will then directly reach the "**Company selection screen**". However, Members holding shares in Dematerialised Form will now reach the "**Password Creation**" menu wherein they are required to mandatorily enter their login password in the "**new password field**". Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through the CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in Physical Form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for "**Nirlon Limited**" on which you choose to vote.
- (xii) On the voting page, you will see "**RESOLUTION DESCRIPTION**" and against the same the option "**YES/NO**" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and the option NO implies that you dissent to the Resolution.
- (xiii) Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "**SUBMIT**". A confirmation box will be displayed. If you wish to confirm your vote, click on "**OK**", else to change your vote, click on "**CANCEL**" and accordingly modify your vote.
- (xv) Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the voting done by you by clicking on the "**Click here to print**" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the password then enter the User ID and the image verification code and click on "**Forgot Password**" & enter the details as prompted by the system.
- (xviii) Note for Non-Individual Shareholders & Custodians:
- \* Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to "[www.evotingindia.com](http://www.evotingindia.com)" and register themselves as Corporates and Custodians respectively.
- \* A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to "[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)"



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- \* After receiving the login details, they have to create the compliance user using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
  - \* A scanned copy of the Board Resolution and Power of Attorney (**POA**) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions ("**FAQs**") and e-voting manual available at "[www.evotingindia.com](http://www.evotingindia.com)" under the "**Help Section**" or write an email to "[helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)".
- B. General instructions:**
- (i) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
  - (ii) Corporate / Institutional Members (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer at his e-mail address : [alwyn.jay@gmail.com](mailto:alwyn.jay@gmail.com). They may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format "**Corporate Name EVENT No.**".
  - (iii) The Portal will remain open for voting from **Monday, September 15, 2014 (09.00 a.m.) untill Wednesday, September 17, 2014 (06.30 p.m.)**.
  - (iv) On the voting page, the number of shares (which represents the number of votes) held by the Member as on the cut-off date will appear. If you desire to cast all the votes assenting / dissenting to the Resolution, then enter all shares and click "**FOR**" / "**AGAINST**" as the case may be , or partially in "**FOR**" and partially in "**AGAINST**".
- However, the total number in "**FOR / AGAINST**" taken together should not exceed your total shareholding as
- on the cut-off date. You may also choose the option "**ABSTAIN**" and the shares held will not be counted under either head.
- (v) Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - (vi) The Company has appointed Shri. Alwyn D'souza, Practising Company Secretary (FCS No.5559 CP No.5137) of Alwyn Jay & Co., Company Secretaries, Mumbai as the Scrutiniser to the e-voting process to ensure the same is carried out in a fair and transparent manner.
  - (vii) The Scrutiniser shall, within a period not exceeding 3 (three) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least 2 (two) witnesses, not in the employment of the Company, and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - (viii) In the event a poll is demanded / ordered / conducted at the 55<sup>th</sup> Annual General Meeting, then in such an event, please note that the Members who have exercised their right to vote through electronic means as above shall not be eligible to vote by way of poll at the Meeting. The poll process shall be conducted , and the report thereon will be prepared in accordance with Section 109 of the Companies Act, 2013 read with the relevant Rules. In such an event, votes cast under the Poll taken together with the votes cast through e-voting, shall be counted for the purpose of passing of resolution(s).
  - (ix) Subject to the receipt of sufficient votes, the resolution shall deemed to have been passed at the 55<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Tuesday, September 23, 2014. At the said Annual General Meeting, the Chairman shall declare the results of voting on the resolutions set out in the Notice. The results declared along with the Scrutiniser's Report shall be placed on the Company's website "[www.nirlonltd.com](http://www.nirlonltd.com)" within 2 (two) days of the passing of the resolutions at the 55<sup>th</sup> Annual General Meeting of the Company, and shall also be communicated to the BSE Limited.



**DIRECTORS' REPORT**

Your Directors' present their 55<sup>th</sup> Annual Report, and the Audited Financial Accounts for the Financial Year ended March 31, 2014.

**1. FINANCIAL RESULTS**

The Company's Financial Performance for the Year ended March 31, 2014 is summarized below :

	(₹ in Crore)	
<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
<b>Gross Revenue and Other Income</b>	<b>203.29</b>	161.68
<b>Gross Profit (before Exceptional item)</b>	<b>156.22</b>	119.18
Interest Paid	<b>77.67</b>	65.32
<b>Cash Profit</b>	<b>78.55</b>	53.86
Depreciation	<b>48.93</b>	42.62
<b>Net Profit / (Loss) Before Exceptional item</b>	<b>29.62</b>	<b>11.24</b>
Add: Exceptional item	<b>4.17</b>	11.50
<b>Net Profit / Loss for the Year after Exceptional item</b>	<b>33.79</b>	<b>22.74</b>
Provision for Taxation:		
Current tax	<b>(-5.18)</b>	4.90
Deferred tax	<b>7.34</b>	5.82
<b>Profit / (Loss) for the Year after tax</b>	<b>31.63</b>	<b>12.02</b>
Less: Carried forward losses	<b>(-18.75)</b>	(-30.77)
Amount available for appropriation	<b>12.88</b>	<b>(-18.75)</b>
Proposed dividend on equity shares	<b>5.60</b>	0.00
Tax on Dividend	<b>0.95</b>	0.00
<b>Surplus carried to Balance Sheet</b>	<b>6.33</b>	<b>(- 18.75)</b>

**2. FINANCIAL OPERATIONS (SUMMARY)**

- i) **Gross Revenue and Other Income** for the Financial Year 2013-14 was ₹ 203.29 crore as against ₹ 161.68 crore for 2012-13, an improvement of approx. **25.74%**.
- ii) **Gross Profit (before Exceptional item)** for the Financial Year 2013-14 was ₹ 156.22 crore as against ₹ 119.18 crore for 2012-13, an improvement of approx. **31.08%**.
- iii) **Cash Profit** for the Financial Year 2013-14 was ₹ 78.55 crore as against ₹ 53.86 crore for 2012-13, an improvement of approx. **45.84%**.
- iv) **Exceptional item** for the Financial Year 2013-14 is 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.

- v) **Net Profit** for the Financial Year 2013-14 (after taxes and exceptional item) was ₹ 31.63 crore as against a profit of ₹ 12.02 crore for 2012-13, an improvement of approx. **163.14%**.

**3. DIVIDEND**

Your Directors recommended a dividend of ₹ 0.75 per equity share of ₹ 10/- each (@ 7.5 %) amounting to ₹ 6.55 crore (inclusive of tax of ₹0.95 crore), on a pro-rata basis, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

The dividend will be paid to Members whose names appear in the Register of Members as on September 11, 2014. In respect of shares held in Dematerialised Form, dividend will be paid to Members whose names are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

**4. INCREASE IN THE AUTHORISED, ISSUED AND PAID UP SHARE CAPITAL OF THE COMPANY**

**Authorised Share Capital:** The Company has increased its Authorised Share Capital from ₹ 75.00 crore to ₹ 150.00 crore by passing a Special Resolution on September 3, 2013, and consequently altered its Capital Clause in the Memorandum and Articles of Association of the Company respectively.

**Issued and Paid Up Equity Share Capital**

- **Nirlon ESOP 2012**

Under the Nirlon ESOP 2012, the Company has created the "Nirlon Employees Stock Option Trust" for the benefit of the Employees of the Company. On September 27, 2013, the Board of Directors have issued and allotted 7,17,656 equity shares of ₹ 10/- each at premium of ₹ 31.30 per share as per the resolution passed by the shareholders of the Company. These Equity shares are listed on the BSE Limited effective from October 25, 2013.

- **Preferential Issue**

On February 6, 2014, the Board of Directors Company has issued and allotted 1,76,34,798 of equity shares of ₹ 10/- each at premium of ₹ 33.76 per share to Promoters and entities other than Promoters on a Preferential basis as per SEBI guidelines. These Equity shares are listed on the BSE Limited effective from February 13, 2014.

**5. DIRECTORS**

Smt. Rajani M. Bhagat, Director, retires by rotation and being eligible, offers herself for re-appointment at the ensuing 55<sup>th</sup> Annual General Meeting.



Shri Moosa Raza, Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan, are non executive independent directors of the Company, and have held the positions as such for more than 5 (five) years. It is proposed to appoint them as independent directors under section 149 of the Act, and clause 49 of the Listing Agreement to hold office up to March 31, 2019.

A brief resume of Directors, including those seeking appointment / re-appointment at the 55<sup>th</sup> Annual General Meeting, nature of their expertise, and name of company/ies where they hold Chairmanships, Directorships and Memberships of board / committees, Shareholding, if any, as stipulated under clause 49 of the Listing Agreement with the BSE Limited, is provided in this Report and forms part of this Notice calling the 55<sup>th</sup> Annual General Meeting, and is recommended for approval of the Members.

## 6. **OPERATIONS AND 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 (East), 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 GOI's Consolidated FDI Policy.

#### **Construction, Areas and Delivery of Premises**

Planning for the development of NKP in four phases began in 2006, and construction in April/May 2007. Currently, Phases 1, 2 and 3 are complete, and Phase 4 is expected to be complete in the January - March quarter of 2015.

**Phases 1, 2 and 3** : A total of approx. 22.21 lac sq.ft. has been constructed in Phases 1, 2 and 3, corresponding to approx. 14.75 lac sq. ft. of licensable area. Income by way of Licence Fees from approx 14.70 lac sq. ft. of licensable area, comprising almost all the licensable area for Phases 1, 2 and 3, were accruing to the Company as on March 31, 2014.

**Please Note:** The total constructed area of approx. 22.21 lac sq.ft. for Phases 1, 2 and 3 includes two levels of basement parking for each of the 5 (five) 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.

**Phase 4:** Construction of Phase 4 (approx. 7.25 lac sq.ft of constructed area corresponding to approx. 4.03 lac sq.ft. of licensable area, including additional parking area for all 4 phases) commenced in the last quarter of

2012, and is expected to be complete by the January - March quarter of 2015.

When complete, the total licensable area (including approx. 3.18 lac sq.ft. in existing old buildings proposed to be retained) in NKP will be approx. 21.96 lac sq.ft., and the total constructed area will be approx 32.75 lac. sq.ft.

#### **License Fees**

Gross License Fees as on March 31, 2014 from Phases 1, 2 and 3 aggregated approx. ₹ 14.23 crore per month. Additional Gross License Fees as on March 31, 2014 of approx ₹ 2.69 crore per month were also accruing from other licensees occupying existing old buildings in NKP (approx. 3.18 lac sq.ft. as on March 31, 2014).

License Fee commencement for Phase 4 is estimated to commence in stages during the April - June quarter of 2015.

Phase 4 is estimated to generate a further approx. ₹ 4.03 crore in License Fees per month when fully occupied.

#### **Marketing**

The Profile of occupants occupying Phases 1, 2 and 3, presently comprise highly regarded and well known International and Indian corporates.

The Company has also been successful in receiving binding commitments for licensing space in Phase 4 to a similar profile of occupants, with approx 83.62 % of space committed as on July 25, 2014.

Further, the Company is in serious discussion with various other well known and financially sound Corporates to secure commitments for the balance space. The Company is thus optimistic that it will receive firm commitments for the balance approx 16.38 % space in this final phase before the expected building completion in the January - March quarter of 2015.

The Company therefore estimates that the NKP development (4 new phases plus existing buildings) should be fully licensed by the April-June quarter of 2015.

#### **Financing**

##### i. *Debt Funding*

The Company's debt funding to date continues to be provided by HDFC Limited, and can be broadly be broken down in two categories :

- a. **Securitized Loan** – ₹ 466.82 crore (as on March 31, 2014) being repaid in equal monthly instalments of principal and interest from the existing license fees.
- b. **Construction Loan** - ₹ 153.00 crore for Phase 3 and ₹ 25.00 crore for Phase 4 has been drawn down as on 31<sup>st</sup> March 2014. (Total sanctioned - ₹ 475.00 crore).



ii. *Equity Funding*

Preferential Issue of 1,76,34,798 Equity Shares issued and allotted on February 6, 2014 (at a premium of ₹ 33.76 per share). The proceeds of approx. ₹ 77.17 crore from this Preferential Issue have been utilised as envisaged, for enhancing the efficiency of the NKP development through prudent and responsible project funding.

**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 45,475.00 sq.ft. in the Nirlon House building in a prime location on Dr. A. B. Road, Worli, in Central Mumbai.

**7. 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 :

- 1) that in the preparation of the Annual Accounts for the Year ended March 31, 2014, applicable Accounting Standards have been followed, along with proper explanations relating to material departures;
- 2) that the Directors have selected such accounting policies and applied them consistently, and made judgements 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, 2014, and of the Net Profit of the Company for that year;
- 3) 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;
- 4) that the Directors have prepared the Accounts for the Year ended March 31, 2014 on a 'going concern' basis.

**8. STATUTORY & INTERNAL AUDITORS**

The Company's Statutory Auditors, M/s. N. M. Rajji & Co. (Firm Registration no. 108296W), Chartered Accountants, retire as Auditors of the Company at the conclusion of 55<sup>th</sup> Annual General Meeting, and are eligible for re-appointment. They have indicated their willingness to accept re-appointment, and have furnished the necessary Certificate in terms of Section 139 of the Companies Act, 2013.

The Audit Committee has considered and recommended the re-appointment of M/s. N. M. Rajji & 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. Rajji & Co., Chartered Accountants, to the Shareholders as the Statutory Auditors of the Company, and request the Members to authorise the Board of Directors to fix their remuneration.

**STATUTORY 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.

There is no qualification in the Audit Report, and a certificate to that effect in "Form A" as per clause 31 of the Listing Agreement is attached to the Report.

**INTERNAL AUDITORS**

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

**9. FIXED DEPOSIT**

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

**10. DEBENTURES**

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

**11. LOAN, GUARANTEE, SECURITY & INVESTMENTS**

The Company has not made any loan, or given guarantee, or provided security to any person, and has not made any investments during the Financial Year.

**12. TRANSFER OF ANY AMOUNT TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

There is no amount lying with the Company unpaid/unclaimed with respect to any debenture redemption amount and/or fixed deposit, and/or any outstanding interest thereon.

**13. PROMOTERS AND KEY MANAGERIAL PERSONNEL OF THE COMPANY**

**Promoters**

1. Shri Kunal V. Sagar
2. Shri Rahul V. Sagar
3. Smt. Rajani M. Bhagat



**NIRLON**

**Key Managerial Personnel**

1. Shri Kunal V. Sagar, Executive Vice Chairman
2. Shri Rahul V. Sagar, Executive Director
3. Shri Jasmin K. Bhavsar, Company Secretary & Vice President (Legal) & Compliance Officer
4. Shri Manish B. Parikh, General Manager (Finance & Accounts)

There is no change in the Promoters, Directors and Key Managerial Personnel during the Financial Year.

**14. HOLDING, SUBSIDIARY & ASSOCIATE COMPANY**

The Company is not a holding, a subsidiary, or an associate company of any company and vice versa.

**15. 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 (Disclosures of Particulars in the Report of the Directors') Rules, 1988 the particulars relating to the 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 and 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 ₹ 0.02 crore (Previous Year ₹ 0.07 crore), and the Company has no foreign earnings. The Company has incurred professional fee expenses in foreign currency aggregating to ₹ 1.25 crore (Previous Year ₹ 0.81 crore).

**16. 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 1** and forms part of this Report.

**17. 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, 2014 is attached as **Annexure 2** and forms part of this Report.

The Company has received a certificate from Chartered Accountants that the scheme has been implemented in accordance with the SEBI guidelines, and the resolution

passed by the Shareholders. The Certificate would be available at the Annual General Meeting for inspection by the Shareholders.

**18. RE-NAMING OF VARIOUS BOARD COMMITTEES**

The Board of Directors have re-named the:

- i) Remuneration Committee (**RC**) as "Nomination & Remuneration Committee" (**NRC**); and
- ii) Shareholders/Investors Grievance Committee (**SIGC**) as "Stakeholders Relationship Committee" (**SRC**)

effective from July 25, 2014, in order to comply with the requirement of the Companies Act, 2013, and clause 49 of the Listing Agreement.

**19. 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 3** 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 the BSE Limited, form 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.

**20. MANAGEMENT DISCUSSION ANALYSIS**

Details are provided in **Annexure 4** and form part of this Report.

**21. INTELLECTUAL PROPERTY RIGHTS**

The Company's Trade Mark / Service Mark, Logo/s, and Copyrights are registered and protected under the concerned statutes.

**22. PERSONNEL RELATIONS AND ACKNOWLEDGEMENTS**

Personnel relations with employees continue to remain cordial. Your Directors record their appreciation for the service 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 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 25, 2014



**ANNEXURE 1 TO THE DIRECTORS' REPORT**  
**(STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956)**

- |   |  |
|---|--|
| <p>1. 1. Name - Shri Kunal V. Sagar<br/>2. Age - 46 years<br/>3. Designation – Executive Vice Chairman<br/>4. Gross Remuneration – ₹ 1,71,52,667/- p.a.<br/>Net Remuneration - ₹ 1,15,71,631/- p.a.<br/>5. Qualification - B.A. (Economics)<br/>6. Experience - 23 years<br/>7. Date of Commencement – February 1, 1996<br/>8. Last Employment – Republic National Bank of New York</p> | <p>2. 1. Name – Shri Rahul V. Sagar<br/>2. Age - 43 years<br/>3. Designation - Executive Director<br/>4. Gross Remuneration - ₹ 1,56,55,000/- p.a.<br/>Net Remuneration - ₹ 1,05,78,166/- p.a.<br/>5. Qualification – B.A. (Economics)<br/>6. Experience - 19 years<br/>7. Date of Commencement- July 1, 2009<br/>8. Last Employment - Sempertrans Nirlon Private Limited.</p> |
|---|--|

- Note:**
- 1) Remuneration includes Salary, Allowances, Variable Compensation and the Company's contribution to the Provident Fund, but excludes provisions of Retiring Gratuity for which separate figures are not available.
  - 2) The Managerial Remuneration of Shri Rahul V. Sagar includes payment of Salary arrears for the period April 1, 2012 to March 31, 2013, and arrears of Variable Compensation for the year 2012-13.
  - 3) The Company is paying minimum remuneration to Shri Kunal V. Sagar effective from February 1, 2014 pending the approval of the Central Government.

**ANNEXURE 2 TO THE DIRECTORS' REPORT**

**(DISCLOSURE AS REQUIRED UNDER CLAUSE 12 OF THE SEBI [EMPLOYEE STOCK OPTION SCHEME AND EMPLOYEE STOCK PURCHASE SCHEME] GUIDELINES, 1999 AS ON MARCH 31, 2014)**

Employees' Stock Option Scheme : NIRLON ESOP 2012

Sr. No.	Particulars	
(a)	Options Granted	7,15,000
(b)	The Pricing formula	The latest available closing price on the BSE Limited 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 option	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	107,250
	(ii) Unvested	607,750
	<b>Total</b>	<b>715,000</b>



**NIRLON**

Sr. No.	Particulars	
(j)	Employee wise details of options granted to:-	
	(i) Senior Managerial Personnel	Refer Note 1 below
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	NIL
	(iii) Identified employees who were granted option, 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'	₹ 4.25
(l)	The difference between employee compensation cost using intrinsic value method and fair value of the options	₹ 49.30 Lac
	The impact of this difference on :	
	Profits of the Company	Lower by ₹ 49.30 Lac
	Basic EPS of the Company	Lower by ₹ 0.06
	Diluted EPS of the Company	Lower by ₹ 0.07
(m)	Weighted-average exercise prices for options :	
	whose exercise price equals the market price of the stock on grant date	₹ 41.30
	whose exercise price exceeds the market price of the stock on grant date	Not Applicable
	whose exercise price is less than the market price of the stock on grant date	Not Applicable
	Weighted-average fair value of options :	
	whose exercise price equals the market price of the stock on grant date	₹ 24.00
	whose exercise price exceeds the market price of the stock on grant date	Not Applicable
	whose exercise price is less than the market price of the stock on grant date	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	8.32% - 8.37%
	(ii) expected life	3.75 Years to 5.38 Years
	(iii) expected volatility	0.5874
	(iv) expected dividends	NIL
	(v) The price of the underlying share in market at the time of option grant	₹ 41.30

**Note 1 :** Employee wise details of Options granted to Senior Managerial Personnel

Sr. No.	Name & Designation	No. of Options Granted
1	Shri Dileep A. Pandya - Vice President - Projects	170,000
2	Shri Jasmin K. Bhavsar - Company Secretary & Vice President (Legal)	145,000
3	Shri Vikas Rawat - Vice President - Operations	145,000
4	Shri Manish B. Parikh - General Manager - Finance & Accounts	105,000
5	Shri Sanjay K. Gupta - Sr. Dy. General Manager - Contracts & Commercials	95,000
6	Shri Sunil B. Patil - Dy. General Manager -Finance	55,000



## **ANNEXURE 3 TO THE DIRECTORS' REPORT** **(CORPORATE GOVERNANCE REPORT)**

[Information given in this Report relates to the Financial Year ended March 31, 2014]

### **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 in 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 Members.

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

#### **A. Name of Directors**

1. Padma Bhushan Shri Moosa Raza (**Chairman**)
2. Shri Rama Varma
3. Shri Arjan R. Gurbuxani
4. Smt. Rajani M. Bhagat
5. Smt. Aruna Makhan
6. Shri Rahul V. Sagar (**Executive Director**)
7. Shri Kunal V. Sagar (**Executive Vice Chairman**)

A brief resume of Directors, including those seeking appointment / re-appointment at the 55<sup>th</sup> Annual General Meeting, nature of their expertise in their specific functional areas, and company names in which they hold Chairmanships, Directorships and Memberships of the Board / Committees, and Shareholding in the Company are provided in this Report.

#### **B. Brief Resumes of Directors**

##### **i) Padma Bhushan Shri Moosa Raza (DIN 00145345) - Chairman**

Shri Moosa Raza, aged 77 years, has been a Civil Servant for 35 years and is a recipient of the Padma Bhushan awarded by the Hon'ble President of India for his distinguished civil service.

Shri Raza has served the Governments of Gujarat, Jammu & Kashmir, Uttar Pradesh and the Government of India in various capacities as Secretary (Health), the Secretary in the Cabinet Secretariat, Secretary of Steel, and Governor's

Advisor. He was the President of the Indian Steel Alliance. He runs several NGOs dealing with Education and is associated with Central Universities.

Shri Raza also headed as CEO more than 10 public and private sector Industrial and Commercial organizations, such as the National Textile Corporation, Gujarat State Fertilizers & Chemicals, India Trade Promotion Organization, Calico Group of Companies, etc. He was elected Chairman of the Standing Committee of Public Enterprises, and was a Member/Director of several organizations dealing with management and administration such as the International Management Institute, IMI-A, SMG, etc.

Shri Raza has been a Director of the Company since July 1996 and was re-appointed as an independent director and Chairman by the Board effective October 28, 2006. Subsequently, the Members at their meeting held on August 30, 2007 confirmed the appointment of Shri Raza as an independent director liable to retire by rotation.

He is also holding the position of Director on the Board of public/listed companies i.e. IL&FS Trust Co. Limited and the National Waqf Development Corporation Limited.

He does not hold any Equity Shares of the Company.

##### **ii) Shri Rama Varma (DIN- 00031890)**

Shri Rama Varma, aged 65 years, graduated with a B.Sc.

Shri Varma has been occupying the office of Director of the Company since March 1978 and was re-appointed as an Independent Director by the Board effective June 24, 2006. Subsequently, the Members at their meeting held on September 28, 2006 confirmed the appointment of Shri Varma as an independent director liable to retire by rotation.

He is also holding the position of Managing Director of Aspinwall & Co. Limited.

He holds 1,925 Equity Shares of the Company.

##### **iii) Shri Arjan R. Gurbuxani (DIN 00425885)**

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

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



Shri Gurbuxani has been a Director of the Company since 1994 and was re-appointed as an Independent Director by the Board effective June 24, 2006. Subsequently, the Members at their meeting held on September 28, 2006 have confirmed the appointment of Shri Gurbuxani as an independent director liable to retire by rotation.

Shri Gurbuxani is CEO of a Public Charitable Trust established in 1903. The Trust manages in Rishikesh (Uttarakhand) two CBSE affiliated schools with more than 3,000 students and two hospitals with more than 280 Beds.

One of the hospitals is dedicated to eye care and has performed more than 61,000 free eye surgeries since 2008.

Shri Gurbuxani holds 724 Equity Shares of the Company.

**iv) Smt. Aruna Makhan (DIN- 00025727)**

Smt. Aruna Makhan, aged 70 years, joined the IA&AS in 1967 and opted for the ICAS in 1976.

Smt. Makhan acquired 37 years of experience in handling public financial management at the apex level, and retired as Controller General of Accounts, Govt. of India. She has also been the Director of the National Institute of Finance Management under the aegis of the Ministry of Finance. She was a member of the Board of Directors of Oriental Bank of Commerce, TTCL, PEC and Prasar Bharati (Broadcasting Corporation of India), besides having held several directorial posts in various Government undertakings and autonomous bodies.

Smt. Makhan has been a Director of the Company since July 2004 and was re-appointed as an Independent Director by the Board effective October 28, 2006. Subsequently, the Members at their meeting held on August 30, 2007 confirmed the appointment of Smt. Makhan as an independent director liable to retire by rotation.

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

She does not hold any Equity Shares of the Company.

**v) Smt. Rajani M. Bhagat (DIN-00870716)**

Smt. Rajani M. Bhagat, aged 76 years, graduated with B.A. (Hons.), B.Com, B.Sc. (Economics).

Smt. Bhagat has been occupying the office of director since March 2003 and was re-appointed as a Director by the Board effective October 28, 2006. Subsequently, the Members at their meeting held on August 30, 2007 confirmed the appointment of Smt. Bhagat as a director liable to retire by rotation.

She holds 6,73,299 Equity Shares of the Company.

**vi) Shri Rahul V. Sagar (DIN- 00388980) - Executive Director**

Shri Rahul V. Sagar, aged 43 years, graduated with a B.A. in Economics.

Shri Rahul Sagar has been occupying the office of director since June 2006. Subsequently, the Members at their meeting held on September 28, 2006 confirmed the appointment of Shri Rahul Sagar as a director liable to retire by rotation.

Prior to joining Nirlon Ltd., Shri Rahul Sagar worked as the Chief Operating Officer of Sempertans Nirlon Private Limited.

Shri Rahul Sagar has occupied the office of the Executive Director effective from July 1, 2009 and is not liable to retire by rotation.

He is the brother of Shri Kunal V. Sagar, one of the Directors of the Company.

He holds 18,36,735 Equity Shares of the Company.

**vii) Shri Kunal V. Sagar (DIN 00388877) - Executive Vice Chairman**

Shri Kunal V. Sagar, aged 46 years, graduated with a B.A. in Economics.

Shri Kunal Sagar has been occupying the office of director since December 1995. Subsequently, the Members at their meeting held on September 24, 1997 confirmed the appointment of Shri Kunal Sagar as joint Executive Vice Chairman of the Company, not liable to retire by rotation.

Prior to joining Nirlon Limited, Shri Kunal Sagar worked with the Republic National Bank of New York in the United States from 1990 to 1994.

He is the brother of Shri Rahul V. Sagar, one of the Directors of the Company.

He holds 18,36,735 Equity Shares of the Company.

**C. Particulars of Directors' attendance at the Board Meetings during the Financial Year 2013-14, at the last Annual General Meeting, the number of Directorships, Chairmanships / Membership of Committees held by Directors on the Board of various other companies, and the Shareholding of the Directors in the Company as on March 31, 2014:**

During the Financial Year 2013-14, the Board met 5 (five) times on the following dates:

Sr. No.	Date of Meeting
1	May 30, 2013
2	July 31, 2013
3	September 27, 2013
4	November 14, 2013
5	January 27, 2014





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

Sr. No.	Name of the Director	Category	Relationship with other Directors	Attendance Particulars		Directorships in other Public Ltd. Company/ies	Audit and Shareholders' Grievance Committee Memberships in other Public Ltd. Company/ies		Shareholding
				Board meetings	Last AGM		Chairman	Member	
1	Shri Moosa Raza	ID & C*	None	4	Y	2	-	1	NIL
2	Shri Rama Varma	ID & NED*	None	4	Y	1	-	-	1,925
3	Shri Arjan R. Gurbuxani	ID & NED*	None	5	Y	-	-	-	724
4	Smt. Rajani M. Bhagat	NED*	None	3	N	-	-	-	6,73,299
5	Smt. Aruna Makhan	ID & NED*	None	5	Y	1	-	-	NIL
6	Shri Rahul V. Sagar	ED*	Brother of Shri Kunal V. Sagar	5	Y	-	-	-	18,36,735
7	Shri Kunal V. Sagar	EVC*	Brother of Shri Rahul V. Sagar	5	Y	-	-	-	18,36,735

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

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

Based on the respective disclosures made by the Directors, none of the Directors is a member in more than 10 (ten) committees and acts as a Chairman in more than 5 (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 as per the Companies Act, 1956, and the Listing Agreement:-

1. Oversight of the Company's Financial Reporting process and the disclosure of its financial information to ensure that the Financial Statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to the Statutory Auditor for any other services rendered by the Statutory Auditor.
4. Reviewing, with the Management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:-
  - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.

- c. Major accounting entries involving estimates based on the exercise of judgment by the Management.
  - d. Significant adjustments made in the Financial Statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to the 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in the matter as may be required.



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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, including the structure of the appointment of the Internal Auditor, remuneration, internal audit department, reporting structure, coverage and frequency of Internal Audit.
  8. Discussion with Internal Auditors on 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, Members (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 the appointment of CFO, if required, (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
    - (ii) The Audit Committee constituted by the Board of Directors of the Company consists of 4 (four) Independent Non Executive Directors, viz. Shri Moosa Raza (Chairman), Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan.
    - (iii) The constitution of this Audit Committee meets with the requirement of Clause 49 of the Listing Agreement with the BSE Limited. The terms of reference for the Audit Committee and frequency of meetings meet the requirements of law.
    - (iv) Shri Jasmin K. Bhavsar, Company Secretary & Vice President (Legal) of the Company is the Secretary of the Audit Committee.
- (v) During the Financial Year 2013 - 14, the Audit Committee met 4 (four) times on the following dates with details of the Directors' attendance:-

Sr. No.	Name of the Member	May 30, 2013	July 31, 2013	November 14, 2013	January 27, 2014	Total
1	Shri Moosa Raza	Yes	Yes	No	Yes	3
2	Shri Rama Varma	No	Yes	Yes	Yes	3
3	Shri Arjan R. Gurbuxani	Yes	Yes	Yes	Yes	4
4	Smt. Aruna Makhan	Yes	Yes	Yes	Yes	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 (four) Independent Directors, viz. Shri Moosa Raza (Chairman), Shri Rama Varma, Shri Arjan R. Gurbuxani and Smt. Aruna Makhan.
- (iii) During the Financial Year 2013- 14, the Remuneration Committee met 2 (two) times on the following dates with details of the Directors' attendance :

Sr. No.	Name of the Member	May 30, 2013	September 27, 2013	Total
1	Shri Moosa Raza	Yes	Yes	2
2	Shri Rama Varma	No	Yes	1
3	Shri Arjan R. Gurbuxani	Yes	Yes	2
4	Smt. Aruna Makhan	Yes	Yes	2



(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, 2014 :

(₹ in lac)

Sr. No.	Name of the Director	Salary	Provident Fund	Bonus and Perks	Sitting Fees*	Total	Service contract/Notice period Severance Fees
1	Shri Moosa Raza	0.00	0.00	0.00	2.40	<b>2.40</b>	N.A.
2	Shri Rama Varma	0.00	0.00	0.00	2.20	<b>2.20</b>	N.A.
3	Shri Arjan R. Gurbuxani	0.00	0.00	0.00	3.20	<b>3.20</b>	N.A.
4	Smt. Rajani M. Bhagat	0.00	0.00	0.00	0.60	<b>0.60</b>	N.A.
5	Smt. Aruna Makhan	0.00	0.00	0.00	3.00	<b>3.00</b>	N.A.
6	Shri Rahul V. Sagar, ED	56.00	6.72	149.66	N.A	<b>212.38**</b>	Agreement dated May 30, 2012 for a period of 3 years w.e.f. April 1, 2012. Three months notice.
7	Shri Kunal V. Sagar, EVC	61.33	7.36	102.84	N.A	<b>171.53**</b>	Agreement dated September 26, 2011 for a period of 5 years w.e.f. 01.02.2011. Three months notice.

\* Inclusive of Board, Audit Committee, Shareholders/Investors Grievance Committee, Remuneration Committee Meetings, and a one time committee meeting to issue and allot equity shares on a preferential basis.

\*\* Inclusive of Variable Compensation of :

(i) ₹ 74.17 lac (for the year 2013 -14) for Shri Kunal V. Sagar, and

(ii) ₹ 109.66 lac (₹ 55.83 lac paid for the year 2012-13 and ₹ 53.83 lac provided for the year 2013 - 14) for Shri Rahul V. Sagar.

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

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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

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

The Committee ensures that the grievances of 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 2013-14, the Shareholders / Investors Grievance Committee met 4 (four) times on the following dates with details of the Directors' attendance :

Sr. No.	Name of the Member	May 30, 2013	July 31, 2013	November 14, 2013	January 27, 2014	Total
1	Shri Moosa Raza	Yes	Yes	No	Yes	<b>3</b>
2	Shri Rama Varma	No	Yes	Yes	Yes	<b>3</b>
3	Shri Arjan R. Gurbuxani	Yes	Yes	Yes	Yes	<b>4</b>
4	Smt. Aruna Makhan	Yes	Yes	Yes	Yes	<b>4</b>



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- (iv) The Board has designated Shri Jasmin 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 address : “[share@nirlonltd.com](mailto:share@nirlonltd.com)”, for registering complaints by Members. The Company’s details are displayed at the Company’s website “[www.nirlonltd.com](http://www.nirlonltd.com)”.
- (vi) Investors Grievance Redressal

The number of complaints received and resolved to the satisfaction of investors during the year under review are as under:

Quarter	Complaints from Regulatory Authority	Complaints from Investors	Request from Investors	Replied/ Resolved	Pending
1 <sup>st</sup>	2	0	99	101	0
2 <sup>nd</sup>	1	0	141	142	0
3 <sup>rd</sup>	1	0	191	192	0
4 <sup>th</sup>	2	0	114	116	0
<b>Total</b>	<b>6</b>	<b>0</b>	<b>545</b>	<b>551</b>	<b>0</b>

The number of pending share transfer requests / complaints were nil and pending requests for dematerialization were also nil as on March 31, 2014.

## 6. GENERAL BODY MEETINGS

### (a) Annual General Meeting (AGM)

- (i) Location and time where the last 3 (three) Annual General Meetings were held :

AGM	Financial Year	Day and Date	Venue of the Meeting	Time
52 <sup>nd</sup>	2010-2011	Monday, 26.09.2011	Amar Gian Grover Auditorium, Lala Lajapatrai Marg, Mahalaxmi, near Haji Ali, Mumbai 400 034.	11.00 a.m.
53 <sup>rd</sup>	2011-2012	Saturday, 15.09.2012	M. C. Ghia Hall, 4 <sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhas Marg, Kaala Ghoda, Mumbai 400 001.	11.00 a.m.
54 <sup>th</sup>	2012-2013	Friday, 27.09.2013	Pama Thadhani Auditorium, Jai Hind College Building, A road, Churchgate, Mumbai 400 020.	11.00 a.m.

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

### (b) Extra-Ordinary General Meeting (EOGM):

The Members of the Company at the Extra-Ordinary General Meeting held on Monday, January 27, 2014 passed Special Resolutions in respect of :-

- (i) Issue of Equity Shares of the Company on a Preferential Basis, and
- (ii) Payment of Managerial Remuneration to Shri Kunal V. Sagar as Executive Vice Chairman of the Company with effect from February 1, 2014 to January 31, 2016.



**(c) Postal Ballot:**

- (1) Shri Taizoon M. Khumri, as the Scrutinizer, conducted the following postal ballot process in a fair and transparent manner, and carried out 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, Shri Taizoon M. Khumri, declared on Wednesday, May 23, 2012 at 4.30 p.m. at the Registered Office of the Company, the result on the voting by Postal Ballot conducted pursuant to Section 192A of the Companies Act, 1956 on the following Special Resolutions:-

Particulars	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 V. 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 Employee Stock Option Scheme 2012
	(1)	(2)	(3)
Total number of valid postal ballot forms received from 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

- (2) Shri Taizoon M. Khumri, as the Scrutinizer, conducted the following postal ballot process in a fair and transparent manner, and carried out scrutiny of all the Postal Ballot Forms received up to the close of working hours on August 26, 2013. The Executive Vice Chairman, based on report dated August 30, 2013 submitted by the Scrutinizer, Shri Taizoon M. Khumri, declared on Tuesday, September 3, 2013 at 4.30 p.m. at the Registered Office of the Company, the result on the voting by Postal Ballot conducted pursuant to Section 192A of the Companies Act, 1956 with respect to Special Resolution passed for increasing of the Authorised Share Capital.



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**Special Resolution passed for increasing of the 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.**

Sr. No.	Particulars	No. of Postal Ballot Forms	No. of Shares Voted upon	Aggregate in value (₹)	% to total paid up Equity Capital	% to valid votes cast	% to valid Postal Ballot Forms
(a)	Total Postal Ballot Forms received	1,009	2,02,53,546	20,25,35,460	28.22		
(b)	Less: Invalid Postal Ballot Forms	112	19,841	1,98,410	0.03		
(c)	Net Valid Postal Ballot Forms	897	2,02,33,705	20,23,37,050	28.19		
(d)	Valid Postal Ballot Forms with assent for the Resolution	839	2,01,89,266	20,18,92,660	28.13	<b>99.78</b>	<b>93.53</b>
(e)	Valid Postal Ballot Forms with dissent for the Resolution	58	44,439	4,44,390	0.06	<b>0.22</b>	<b>6.47</b>

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

## **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.

A summary statement of transaction/s, if any, with related party/ies in the ordinary course of business is placed periodically before the Audit Committee / Board.

*Attention of Members is drawn to the disclosure of transaction with related parties set out in **Note 2.35** of the Audited Financial Statements, forming part of this Annual Report, and the said transactions were fully disclosed at the meeting of the Board of Directors, and subsequently were approved by the Members of the Company by way of Special Resolutions.*

- (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, as prescribed under the Companies Act, 1956 and 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.

- (v) Proceeds from the Preferential Issue

The Company has disclosed to the Audit Committee / Board the utilisation of the proceeds raised by way of a Preferential Issue.

## **8. 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.

## **9. MEANS OF COMMUNICATION**

### **i. Financial Results**

Quarterly, half-yearly and yearly financial results of the Company are sent to the BSE Limited 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)



**10. GENERAL SHAREHOLDER INFORMATION**

**i. 55<sup>th</sup> Annual General Meeting**

Date : Tuesday, September 23, 2014

Time : 10.30 a.m.

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

**ii. 56<sup>th</sup> Annual General Meeting for the year ended on March 31, 2015**

End of September 2015 (tentative)

**iii. Financial Year**

1<sup>st</sup> April, 2014 to March 31, 2015

**iv. Board Meetings (tentative)**

\*April – June 2014 quarter results – meeting held on July 25, 2014

\*July – September 2014 quarter results – on or before November 14, 2014

\*October – December 2014 quarter results – on or before February 14, 2015

\*Audited results for the year ended March 31, 2015 - on or before May 30, 2015

**v. Date of Book Closure**

Friday, September 12, 2014 to Tuesday, September 23, 2014 (both days inclusive)

**vi. Dividend Recommendation and Payment Date (tentative)**

- ₹ 0.75 paise (@ 7.5%) per share of ₹ 10/- each

- The Dividend warrants will be posted / dividend amounts will be remitted into Members accounts on or after September 26, 2014.

**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 on Stock Exchange**

The Company's equity shares are listed on the BSE Limited (BSE), Mumbai. The Company has paid the annual listing fee for the Financial Year 2014-15 to the BSE Limited.

**x. BSE Code: 500307**

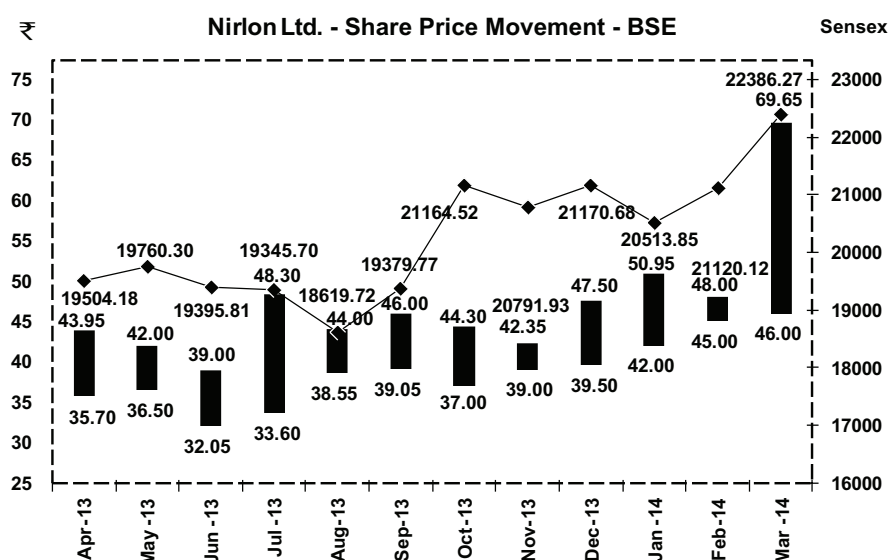
ISIN no. in NSDL and CDSL for equity shares: INE910A01012

**xi. Stock Market Data: April 1, 2013 to March 31, 2014**

The BSE Limited, Mumbai

Month	High (₹)	Low (₹)
April 2013	43.95	35.70
May 2013	42.00	36.50
June 2013	39.00	32.05
July 2013	48.30	33.60
August 2013	44.00	38.55
September 2013	46.00	39.05
October 2013	44.30	37.00
November 2013	42.35	39.00
December 2013	47.50	39.50
January 2014	50.95	42.00
February 2014	48.00	45.00
March 2014	69.65	46.00

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





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### xiii. Address for Communication

**Shri Jasmin K. Bhavsar, Company Secretary & Vice President (Legal)**

Nirlon Limited, Share Dept., Pahadi Village, Off Western Express Highway, Goregaon (E), Mumbai 400 063.

Tele. No. : + 91 (022) 4028 1919/2685 2257/58/59

Fax No. : + 91 (022) 4028 1940

CIN No. : L17120MH1958PLC011045

Email : share@nirlonltd.com

Website : www.nirlonltd.com

### xiv. Registrar and Share Transfer Agent (Registrar)

**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 No. : + 91 (022) 6772 0300/400

Fax No. : + 91 (022) 2859 1568/2850 8927

CIN No. : U67120MH2004PTC148994

Email : indira@shareproservices.com

sharepro@shareproservices.com

Website : www.shareproservices.com

### xv. Share Transfer System

The shares of the Company, being in the compulsory dematerialized list, are transferable through the depository system. In terms of SEBI Guidelines, share transfers in Physical Form have also been shifted to the Registrar.

### xvi. Distribution of Shareholding (As on March 31, 2014)

Range of shares	No. of share holders	Percentage of share shareholders to total (%)	No. of shares	Percentage of share amount to total (%)
Up to 500	41,846	91.12	48,95,940	5.43
501 – 1,000	2,149	4.68	17,31,162	1.92
1,001 – 2,000	941	2.05	14,59,185	1.62
2,001 – 3,000	283	0.62	7,31,774	0.81
3,001 – 4,000	131	0.29	4,69,340	0.52
4,001 – 5,000	124	0.27	5,90,322	0.66
5,001 – 10,000	210	0.46	15,66,664	1.74
10,001 and above	238	0.51	7,86,73,653	87.30
<b>Total</b>	<b>45,922</b>	<b>100.00</b>	<b>9,01,18,040</b>	<b>100.00</b>

### xvii. Shareholding Pattern (As on March 31, 2014)

Sr. No		No. of Equity Shares	Percentage (%)
<b>(A)</b>	<b>Promoters and Promoter Group</b>		
a	Indian	77,19,950	8.56
b	Foreign	36,92,804	4.10
	<b>Sub Total (A) – a + b</b>	<b>1,14,12,754</b>	<b>12.66</b>
<b>(B)*</b>	<b>Public Shareholding</b>		
a	Banks/MFs/Insurance Cos.	31,604	0.04
b	Foreign Institutional Investors (FIIs)	1,82,71,257	20.27
c	Others	6,04,02,425	67.03
	<b>Sub Total (B)* – (a+b+c)</b>	<b>7,87,05,286</b>	<b>87.34</b>
	<b>GRAND TOTAL: A + B*</b>	<b>9,01,18,040</b>	<b>100.00</b>
	<b>Total no. of Shareholders</b>	<b>45,922</b>	

\*Certain shareholders classified under the Public category have been classified as persons acting in concert with the Promoter / Promoter Group as per the filing made under Regulation 30(2) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

### xviii. Dematerialization of Shares

As per notification issued by SEBI, the shares of the Company are traded in Dematerialized Form. As on March 31, 2014, 91.37% of the paid-up Equity Share Capital of 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, 2014.

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





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#### **xxi. Declaration – Code of Conduct**

All Board Members and Senior Management personnel have, for the Financial Year ended March 31, 2014, 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/-**

**Kunal V. Sagar**  
Executive Vice Chairman

**Rahul V. Sagar**  
Executive Director

**Mumbai, July 25, 2014**

#### **xxii. CFO Certification**

Shri Manish B. 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 2013-14.

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

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

## **ANNEXURE 4 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**).

The development of NKP is estimated to be complete in the January - March quarter of 2015, approx. 8 (eight) years since the commencement of construction in April/May 2007.

#### **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 approx. 10.75 lac sq. ft. of licensable area in Phases 1 and 2 of NKP has remained fully licensed to the existing group of corporate clients. Further, during the period under review, the Company added approx. 4.00 lac sq. ft. of licensable area through the successful commissioning of Phase 3 of NKP. Phase 3 has also been fully licensed to well regarded and financially sound corporate clients. Therefore, the Company presently has a total of 14.75 lac sq.ft. of licensable area in Phases 1, 2 and 3, all of which is fully occupied. License Fees for all three phases are being received regularly.

The first round of contracted escalations for Phase 2 License Fees also took effect during the year under review (escalations are approx. @ 15% every three years).

##### **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 principal balance of these securitized loans continued to reduce year on year, resulting in a pro rata reduced annual interest expense for these loans.

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

As a result of increased License Fees due to the coming on stream of Phase 3 and contracted escalations for Phase 2, the Company's gross revenue and other income increased by approx. 25.74 % during the year under review when compared to the previous year. Further, as a proportion of total License Fees, expenses (including interest expense) have also reduced. Accordingly, the Company's net profitability after depreciation during the year under review increased substantially (even before accounting for the extraordinary item benefit provided by the further write back in Property Taxes due to the change in assessment methodology by the concerned authorities). The Company estimates that its profitability will improve further in the 2014-15 financial year.

During the year under review, the Company continued to generate improved free cash flows after accounting for all expenses including principal and interest payments to its lender. At present, the majority of free cash flows are being used to part fund the construction of Phase 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.

In the context of available free cash flows, and after suitable deliberations, the Board of Directors has decided to recommend a dividend of ₹ 0.75 paise per share (7.5%) for the year under review. This is the first time the board of directors has recommended the payment of dividend by the Company since the 1984-85 financial year.



## NIRLON

The Company expects free cash flows to continue to increase during the 2014-15 financial year. A major reason for this is the prudent deployment of funds raised through the successful completion of a second Preferential Issue within a period of less than three years in February 2014. It may be noted that the entire proceeds of the approx. ₹ 77.17 crore raised by the Preferential Issue was deployed as envisaged to improve the financial efficiency of the NKP project.

### Phase 4

Phase 4 (approx. 7.25 lac sq.ft. of constructed area corresponding to approx. 4.03 lac sq.ft. of licensable area) is estimated to be complete in the January - March quarter of 2015. This is the final phase in the development of NKP. As mentioned in the Directors' Report, a substantial part of this phase (approx. 83.62 %) has already received binding commitments for license. The majority of these potential licensees for Phase 4 are already occupants of NKP in Phases 1, 2 and 3. This captive demand is encouraging for the Company, as it shows a desire on the part of its existing well regarded licensees to expand further within NKP itself.

License Fee income from Phase 4 is estimated to begin in stages from the April - June quarter of 2015, and is estimated to be approx. ₹ 4.03 crore per month once the premises are fully occupied.

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 of NKP. The Company's already large vendor base continues to increase, as do intensive efforts to ensure the most efficient sourcing of material, equipment, and services. This is helping to ensure that costs are, and will remain, tightly controlled.

### Priorities

Major priorities for the Company during the financial year 2014-15 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 that Phase 4 is fully licensed such that license fees from this phase commence in stages from the April - June Quarter of 2015;
- v. To identify future opportunities for the Company's continued growth and improved profitability.

## **RISKS AND CONCERNS**

### **Industrial Park / IT Park – Goregaon, Mumbai**

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

The demand for commercial real estate in Mumbai is directly linked to Mumbai continuing to be a preferred investment destination for multinational as well as Indian corporates. In recent years, the traditional strengths of Mumbai, i.e. a large cosmopolitan, educated, and English speaking workforce, coupled with a business friendly environment have been steadily eroded. Bangalore, the National Capital Region (NCR), the Pune region and Gujarat are all examples of alternate destinations which, for a variety of reasons, i.e. lower real estate costs, lower salary costs, less regulatory hurdles, better infrastructure, better governance, better quality of life, etc. are attracting increasingly significant investments from large corporates, both Indian and international.

Additionally, bureaucracy, corruption, deteriorating governance, and an increasingly uncertain political climate in which these problems can effectively be addressed, means that Mumbai cannot continue to take for granted its once pre-eminent position as a favoured business destination in India.

Having voiced these concerns, it is also pertinent to balance the same by recognizing that at the Government of India level, there is a genuine reason for cautious optimism. The avowedly business friendly new Government appears to be committed to put in place a set of policies/ reforms/legislation intended to accelerate growth, investment, and entrepreneurship. Coupled with this Government's often repeated intention to bring down the rate of inflation, and consequently interest rates, these measures should have a positive impact on real estate demand at a pan India level, from which Mumbai should also benefit.

Global macro-economic concerns also increasingly determine real estate demand in India, and consequently Mumbai. The macroeconomic concerns expressed in the past two annual reports are, to a certain extent, less pressing today. Though nascent, uncertain, and unevenly distributed, the beginnings of a global economic recovery may in fact be underway. However, this process likely to be gradual and, at least initially, country specific. Improvements in the economies of the United States, Japan, and some Asian countries, are still countered by a seemingly intractable stagnation in the Eurozone and continued weakness in some of Latin America's larger economies including Brazil and Argentina. Increasingly violent, complex and fraught geopolitics, especially in the



**NIRLON**

Middle East, India's Western and Northern borders, and in the Ukraine and Western Russia, retain the potential to annul hard earned economic gains.

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

Oversupply of commercial real estate in Mumbai, though not as significant as in earlier years, still remains a concern for NKP. This remains especially true for Central Mumbai, where License Fee rates, continue to remain relatively low. 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.) continues to put rates in Mumbai's immediate suburbs under pressure.

However, the supply of good quality and well planned commercial development in Nirlon's micro market remains limited. The micro market itself, on the Western Express Highway and in close proximity to the commuter rail network and airports is increasingly desirable. A large part of Mumbai's working population also resides

in the western suburbs, adding to the continued 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.

NKP has increasingly established itself in this segment of the market, and is committed to its focus on quality, reliability and occupant satisfaction. This helps the Company to substantially mitigate the risks and concerns discussed in this Section.

**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 incidental factors.

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## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,

**The Members of Nirlon Limited,**

We have examined the compliance of conditions of Corporate Governance by Nirlon Limited, for the year ended March 31 2014, 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 25, 2014



**NIRLON**

## 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 2014, 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 misstatements, 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 control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;
- (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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable; 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 2014, 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 Regn. No: 108296W

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

Mumbai, May 27, 2014

**ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE**

- 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) & (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) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that section. Further transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable.
- vi) The Company has not accepted any deposits from the public during the year;
- vii) The Company has an internal audit system conducted by an independent firm of Chartered Accountants, which in our opinion is commensurate with the size and nature of its business;
- viii) The provision of clause (d) of sub-section (1) of section 209 of the Companies Act for the maintenance of cost records prescribed by the Central Government is not applicable to the Company.
- ix) a) The Company is generally regular in depositing undisputed statutory dues of the Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales tax, 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 ₹ 88.72 Lac.
- b) Particulars of disputed dues on account of statutory matters that have not been deposited are disclosed in Annexure A;
- x) The Company does not have any accumulated losses at the end of the financial year and has not incurred any cash losses during the year covered by our audit 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) During the year, the Company has made a preferential allotment of shares to parties covered in the Register maintained under section 301 of the Act. The price at which the shares have been issued is not prejudicial to the interest of the Company
- 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 Regn. No:108296W

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

Mumbai, May 27, 2014

**Annexure - A****Statement forming part of Audit 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 lac	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
	Excise Duty and Penalty thereon	23.05	Commissioner of Central Excise (Appeals)
<b>Total</b>		<b>1,033.48</b>	
Finance Act, 1994	Service Tax and Penalty thereon	2,012.19	CESTAT
Income Tax Act, 1961	Penalty	55.33	Commissioner of Income Tax (Appeals)
Maharashtra Value Added Tax Act, 2002	Vat, Interest and Penalty thereon	35.45	Asst. Commissioner of Sales Tax



**NIRLON**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

(₹ in lac)

	Note	As at 31-Mar-14	As at 31-Mar-13
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	2.1	<b>8,940.03</b>	7,176.55
Reserves & Surplus	2.2	<b>165,525.86</b>	158,908.76
		<b>174,465.89</b>	<b>166,085.31</b>
<b>NON CURRENT LIABILITIES</b>			
Long term borrowings	2.3	<b>58,550.99</b>	64,821.21
Other long-term liabilities	2.4	<b>5,520.34</b>	7,791.57
Long term provisions	2.5	<b>120.55</b>	105.61
		<b>64,191.88</b>	<b>72,718.39</b>
<b>CURRENT LIABILITIES</b>			
Short term borrowings	2.6	<b>1,666.89</b>	482.33
Trade Payables	2.7	<b>1,027.77</b>	300.40
Other current liabilities	2.8	<b>14,698.79</b>	8,101.81
Short term provisions	2.9	<b>1,882.76</b>	658.59
		<b>19,276.21</b>	<b>9,543.13</b>
		<b>257,933.98</b>	<b>248,346.83</b>
<b>ASSETS / NON CURRENT ASSETS</b>			
<b>Fixed assets</b>			
Tangible assets	2.10	<b>239,529.58</b>	214,398.02
Intangible Assets	2.10	-	2.35
Capital work in progress		<b>13,103.86</b>	29,633.69
Intangible Assets under development		<b>0.85</b>	-
		<b>252,634.29</b>	<b>244,034.06</b>
Deferred tax assets (net)	2.11	<b>591.61</b>	1,325.17
Long term loans & advances	2.12	<b>1,442.68</b>	241.05
Other non current assets	2.13	<b>376.12</b>	383.69
		<b>2,410.41</b>	<b>1,949.91</b>
<b>CURRENT ASSETS</b>			
Trade receivables	2.14	<b>324.47</b>	195.14
Cash & cash equivalents	2.15	<b>571.58</b>	1,081.45
Short term loans & advances	2.16	<b>1,663.26</b>	542.57
Other current assets	2.17	<b>329.97</b>	543.70
		<b>2,889.28</b>	<b>2,362.86</b>
		<b>257,933.98</b>	<b>248,346.83</b>
Notes forming part of the Financial Statements	1 & 2		

As per our Report attached

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

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

Mumbai, May 27, 2014

FOR AND ON BEHALF OF THE BOARD

**MOOSA RAZA**  
Chairman

**KUNAL V. SAGAR**  
Executive Vice Chairman

**RAHUL V. SAGAR**  
Executive Director

**JASMIN K. BHAVSAR**  
Company Secretary &  
Vice President (Legal)

**ARJAN R. GURBUXANI**  
**RAJANI M. BHAGAT**  
**ARUNA MAKHAN**

} Directors

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

**NIRLON****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

		(₹ in lac)	
Particulars	Note	2013-14	2012-13
I Revenue from Operations	2.18	20,148.63	15,966.02
II Other Income	2.19	180.52	202.66
III Total Revenue ( I + II )		<u>20,329.15</u>	<u>16,168.68</u>
IV Expenses			
Employee benefits expense	2.20	629.30	553.04
Finance costs	2.21	7,767.09	6,532.12
Depreciation and amortization expense		6,737.27	6,204.17
Less: Adjusted against Revaluation Reserve		<u>1,844.20</u>	<u>1,941.26</u>
		4,893.07	4,262.91
Other operating expenses	2.22	<u>4,076.87</u>	<u>3,696.19</u>
Total expenses		17,366.33	15,044.26
<b>V Profit /(Loss) before exceptional and extraordinary item and tax ( III - IV )</b>		<b>2,962.82</b>	<b>1,124.42</b>
VI Add : Exceptional item	2.39	<u>416.62</u>	<u>1,150.67</u>
VII Profit /(Loss) before tax (V+VI)		<b>3,379.44</b>	<b>2,275.09</b>
VIII Less : Tax Expense :			
: Current Tax	2.37	(517.73)	490.00
: Deferred Tax		<u>733.56</u>	<u>582.01</u>
<b>IX Profit / (Loss) for the year after Tax ( VII - VIII )</b>		<b>3,163.61</b>	<b>1,203.08</b>
X Basic and diluted earning per share in ₹ (on Face value of ₹ 10/- per share)		4.25	1.68
Notes forming part of the Financial Statements	1 & 2		

As per our Report attached

FOR AND ON BEHALF OF THE BOARD

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

**MOOSA RAZA**  
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**RAJANI M. BHAGAT**  
**ARUNA MAKHAN**

} Directors

Mumbai, May 27, 2014

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



**NIRLON**

**CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

(₹ in lac)

	2013-14	2012-13
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit/(Loss) before tax and after exceptional and extraordinary item	3,379.44	2,275.09
<b>ADJUSTED FOR :</b>		
Depreciation & amortization	4,893.07	4,262.91
Interest Income	(39.54)	(5.60)
Finance cost	7,767.09	6,532.12
Profit on sale of assets (net)	-	(31.06)
Marketing fees	281.66	350.04
Foreign exchange (gain) / loss	(18.52)	(3.96)
Loss on assets discarded	0.09	-
Liability written back	(37.92)	(115.45)
	<u>12,845.93</u>	<u>10,989.00</u>
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>16,225.37</b>	<b>13,264.09</b>
<b>CHANGES IN :</b>		
Trade receivables	(129.33)	(68.42)
Other current / non current assets	(56.11)	(703.38)
Trade payables	727.37	(247.08)
Provisions and other liabilities	2,177.78	1,777.44
Marketing fees paid	(278.30)	(44.91)
<b>Cash generated from Operations</b>	<b>2,441.41</b>	<b>713.65</b>
Direct taxes (paid)/refund	(1,120.51)	14.38
<b>Cash generated from Operating Activities</b>	<b>1,320.90</b>	<b>728.03</b>
<b>Net Cash from Operating Activities</b>	<b>17,546.27</b>	<b>13,992.12</b>
<b>(B) CASHFLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed assets (including intangible assets, CWIP & capital advances)	(14,280.19)	(15,906.38)
Sale of fixed assets	35.44	53.19
Interest received	69.18	27.19
<b>Net Cash from Investing Activities</b>	<b>(14,175.57)</b>	<b>(15,826.00)</b>
<b>(C) CASHFLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issuance of preferential equity shares	7,717.00	-
Proceeds from issuance of equity shares under the ESOP	296.39	-
Increase/(decrease) of buyers credit	1,036.78	479.23
Increase/(decrease) of borrowings net	(3,487.47)	10,376.44
Finance cost	(9,443.27)	(8,070.18)
<b>Net Cash from Financing Activities</b>	<b>(3,880.57)</b>	<b>2,785.49</b>
<b>Net increase/(decrease) in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(509.87)</b>	<b>951.61</b>
Cash & Cash Equivalent at the commencement of the year	1,081.45	129.84
<b>Cash &amp; Cash Equivalent at the end of the Year</b>	<b>571.58</b>	<b>1,081.45</b>

**Notes :**

- 1) Closing Cash & Cash Equivalents includes all items under note 2.15 forming part of the Financial Statements.
- 2) Undrawn borrowing facility as on 31<sup>st</sup> March 2014 - ₹ 28,045.92 lac (Previous year ₹ 3,325.10 lac)
- 3) All figures in bracket are outflows.
- 4) Previous years figures have been regrouped / rearranged wherever necessary.

As per our Report attached

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

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

Mumbai, May 27, 2014

FOR AND ON BEHALF OF THE BOARD

**MOOSA RAZA**  
Chairman

**KUNAL V. SAGAR**  
Executive Vice Chairman

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Executive Director

**JASMIN K. BHAVSAR**  
Company Secretary &  
Vice President (Legal)

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

**ARJAN R. GURBUXANI**  
**RAJANI M. BHAGAT**  
**ARUNA MAKHAN**

} Directors





## 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 accrual basis. These Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified under the Companies, (Accounting Standards), Rules, 2006, (as amended) and other relevant provisions of the Companies Act, 1956.

### 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 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 is adjusted against the Revaluation Reserve.

#### c. Borrowing Cost :

Borrowing cost 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 for all the activities necessary to prepare the qualifying asset for its intended use, which are capitalised as the cost of that asset.

#### d. Forward Contracts :

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates.

In relation to forward contracts entered into to hedge the underlying liability pertaining to capital projects for the time all the activities necessary to prepare the qualifying asset for its intended use, the premium or discount arising at the inception of such contracts are adjusted towards the cost of the project. For forward contracts taken thereafter, the premium or discount arising at the inception of such contracts is amortised as expense or income over the life of the contract.

#### e. Taxes on Income :

##### Current Tax

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

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for Credit Available in respect of MAT under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement".

##### Deferred Tax

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the Balance Sheet date.

Deferred tax assets in a situation where unabsorbed depreciation and carry forward business losses exist, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situations of unabsorbed depreciation and carried forward business losses, are recognized only if there is reasonable certainty that they will be realized.

#### f. Employee Stock Compensation Cost :

The Company measures the compensation cost relating to employee stock options in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share Based Payment. The cost of equity settled transactions is measured using the intrinsic value method. The compensation cost, if any is amortised over the vesting period.

#### g. 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.

#### h. Employee Benefits :

##### i) Defined Benefit Plan

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

##### ii) Defined Contribution Plans

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

##### iii) Long Term Employee Benefits

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

##### iv) Short Term Employee Benefits

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

##### v) Actuarial Gains/Losses

Actuarial Gains/Losses are immediately recognised in the Statement of Profit and Loss and are not deferred.

#### i. Revenue Recognition :

- i) License fee income and income incidental to it, are accounted for on an accrual basis .
- ii) Insurance claims and scrap sales are accounted for in the books on an accrual basis.
- iii) Interest income is accounted on an accrual basis.

#### j. Leave & License :

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

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

Initial direct costs incurred specifically to earn revenue from licensing are amortised over the lock in period of respective licensees.



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	(₹ in lac)	
	As at 31st March 2014	As at 31st March 2013
<b>2.1 SHARE CAPITAL</b>		
<b>Authorised</b>		
14,90,00,000 Equity Shares of ₹10/- each (previous year 7,40,00,000 equity shares of ₹10/- each)	<b>14,900.00</b>	7,400.00
1,00,000 Cumulative Redeemable Preference Shares of ₹100/- each	<b>100.00</b>	100.00
	<b>15,000.00</b>	7,500.00
<b>Issued</b>		
9,01,32,062 Equity Shares of ₹10/- each (previous year 7,17,79,608 equity shares of ₹10/- each)	<b>9,013.21</b>	7,177.96
<b>Subscribed &amp; fully paid</b>		
9,01,18,040 Equity Shares of ₹10/- each (previous year 7,17,65,586 equity shares of ₹10/- each)	<b>9,011.80</b>	7,176.55
Less : Amount recoverable from Nirlon Employees Stock Option Trust (Face value of 7,17,656 shares of ₹ 10/- each allotted to the Trust) (refer note d)	<b>(71.77)</b>	-
	<b>8,940.03</b>	7,176.55

a. **The Reconciliation of the Equity Shares Outstanding as at March 31, 2014 and March 31, 2013 is set out below :**

Particulars	2013-14		2012-13	
	Nos.	(₹ in lac)	Nos.	(₹ in lac)
At the Beginning of the year	7,17,65,586	7,176.55	7,17,65,586	7,176.55
Add : Equity Shares allotted on preferential basis (refer note b(ii) )	1,76,34,798	1,763.48	-	-
Add: Equity shares issued under Nirlon Employees Stock Option Plan to Trust (refer note d)	7,17,656	71.77	-	-
Outstanding at the end of the year	<b>9,01,18,040</b>	<b>9,011.80</b>	7,176,586	7,176.55

b. **Rights, Preferences and Restrictions attached to the Shares**

**Equity Shares :**

- i) The Company has only one class of equity shares having a par value of ₹ 10/-.
- Each holder of equity shares is entitled to one vote per share. The Shareholders have the right to receive interim dividends declared by the Board of Directors and final dividend proposed by the Board of Directors and approved by the Shareholders.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.
- The Shareholders have all other rights as available to equity Shareholders as per the provisions of the Companies Act, 1956, read together with the Memorandum of Association & Articles of Association of the Company, as applicable.
- ii) During the year the Company allotted 1,76,34,798 Equity Shares of ₹ 10/- each @ premium of ₹ 33.76 per share to Promoters and Others on a Preferential basis in compliance with SEBI (ICDR) Regulations, 2009.
- In pursuant with the requirement under SEBI (ICDR) Regulations, 2009 the shareholders existing shares (pre-preferential holding) are locked in as under :

Shareholder	No. of Equity Shares	Lock in Period
Promoters	18,06,496	upto 31st August ,2014
Non Promoters (Others)	43,65,000	upto 31st August, 2014
<b>Total</b>	<b>61,71,496</b>	

Further for Equity Shares allotted on a Preferential basis during the year, the lock-in details are as under:

Shareholder	No. of Equity Shares	Lock in Period
Promoters	18,66,974	upto 28th February, 2017
Non Promoters (Others)	1,57,67,824	upto 15th February, 2015
<b>Total</b>	<b>1,76,34,798</b>	

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

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

Name of the shareholders	as at 31st March 2014		as at 31st March 2013	
	No. of shares	% of Holding	No. of shares	% of Holding
Real India Invest Aktiengesellschaft	1,00,71,213	11.18	1,00,71,213	14.03
Geraldton Finance Ltd.	1,62,47,998	18.03	43,65,000	6.08
TVF Fund Ltd.	-	-	41,81,388	5.83

d. **Shares Issued to the Nirlon Employees Stock Option Trust**

In accordance with the Nirlon ESOP 2012, during the year the Company has issued 7,17,656 shares of ₹ 10/- each at a premium of ₹ 31.30 per share to the Nirlon Employees Stock Option Trust. The Company has provided a Loan of ₹ 296.39 lac to the Trust for subscribing such shares. As on 31st March, 2014 none of the employees have exercised the options. In accordance with the provision of the Guidance Note on Accounting for Employee Share-based Payments, the Loan amount given to Trust is disclosed as Recoverable under the head Share Capital & Securities Premium Reserves.

**Nirlon ESOP Plan 2012**

Pursuant to the Resolution passed by the Shareholders of the Company by way of a postal ballot on May 23, 2012, the Company granted 7,15,000 stock options to its employees at an issue price of ₹ 41.30 per share on May 30, 2012 in accordance with Nirlon ESOP 2012. Each option entitles the holder to purchase one Equity Share of the Company at the issue price.

The weighted average contractual life for the stock options is 5 years and vests at the rate of 15%, 20%, 25%, 40% at the end of 15 months, 30 months, 42 months, 54 months respectively from the date of grant and becomes fully exercisable.

The number of stock options for each of the following groups is as follows :

Particulars	2013-14	2012-13
i) Outstanding options, beginning of the period	7,15,000	-
ii) Granted during the year	-	7,15,000
iii) Forfeited during the period	-	-
iv) Exercised during the period	-	-
v) Expired during the period	-	-
vi) Outstanding at the end of the period	7,15,000	7,15,000
vii) Exercisable, Vested at the end of the period	1,07,250	NIL

The weighted average fair value of each option of Nirlon Ltd., granted during the year ended 31st March, 2014 was NIL (Previous Year - ₹ 24/-) using the Black-Scholes model with the following assumptions:

Particulars	2013-14*	2012-13
Weighted Average grant date share price	-	41.30
Weighted Average exercise price	-	41.30
Dividend Yield%	-	NIL
Expected Life	-	3.75 years to 5.38 years
Risk free interest rate	-	8.32% - 8.37%
Volatility	-	0.59

\*No options were granted during the year



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The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed by the amounts indicated below :

	(₹ in lac)	
Particulars	2013-14	2012-13
<b>Profits after tax as reported</b>	<b>3,163.61</b>	1,203.08
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	49.30	40.02
<b>Proforma Profit after tax</b>	<b>3,114.31</b>	1,163.06
<b>Earnings per share</b>	<b>2013-14</b>	2012-13
<b>Basic</b>		
As reported	4.25	1.68
Proforma	4.19	1.62
<b>Diluted</b>		
As reported	4.25	1.68
Proforma	4.18	1.62

- e. The Board of Directors, in their meeting held on 27th May, 2014 proposed a dividend of ₹ 0.75 paise (7.5%) per equity share on a face value of ₹ 10/-. The proposal is subject to the approval of Shareholders at the ensuing Annual General Meeting. The proposed dividend amounting to ₹ 560.55 lac and dividend distribution tax thereon amounting to ₹ 95.27 lac is appropriated during the year.

## 2.2 RESERVES & SURPLUS :

	(₹ in lac)	
	As at 31-Mar-14	As At 31-Mar-13
Securities Premium Reserve		
As per last Balance Sheet	6,362.03	6,362.03
Add : Additions during the year	6,178.14	-
Less: Amount recoverable from Nirfon	-	-
Employees Stock Option Trust (refer note 2.1 - d)	(224.63)	-
	<b>12,315.54</b>	6,362.03
Revaluation Reserve		
As per last Balance Sheet	1,54,421.07	1,56,362.33
Less : Depreciation on Revalued Assets	1,844.20	1,941.26
	<b>1,52,576.87</b>	1,54,421.07
Surplus- Opening Balance	(1,874.34)	(3,077.42)
Add: Net profit / (loss) after tax transferred from Statement of Profit and Loss	3,163.61	1,203.08
Amount available for appropriation	1,289.27	(1,874.34)
Appropriations :		
Dividend	560.55	-
Dividend Tax	95.27	-
	655.82	-
Surplus - Closing Balance	<b>633.45</b>	(1,874.34)
	<b>1,65,525.86</b>	1,58,908.76

## 2.3 LONG-TERM BORROWINGS

	As at 31-Mar-14	As At 31-Mar-13
<b>Term Loans</b>		
Loan from HDFC Ltd (Refer note below)	58,550.99	64,821.21
	<b>58,550.99</b>	64,821.21

Note :

Details	Loan 1 : Ph-0,1,2 & 3 amounting to ₹ 46,681.98 lac	Loan 2 : Ph-3 & 4 amounting to ₹ 17,800.00 lac
Date of Maturity	Oct-21	*
Rate of Interest (floating)	12.35%	12.35%
Balance No. of Installments (Monthly)	91	*
Amount of each Installment (including interest) ₹ in lac #	947.33	*

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 fees receivables.

# The amount of each installment is subject to change based on changes in Interest rates & other factors.

\* The terms of repayment for Loan 2 will be finalised once the same is securitised, as done for Loan 1.

## 2.4 OTHER LONG TERM LIABILITIES

	(₹ in lac)	
	As at 31-Mar-14	As At 31-Mar-13
Security deposits received from licencees	5,520.34	7,791.57
	<b>5,520.34</b>	<b>7,791.57</b>

## 2.5 LONG TERM PROVISIONS

	As at 31-Mar-14	As At 31-Mar-13
<b>Provision for employee benefits</b>		
provision for gratuity	104.04	89.55
provision for compensated absences	16.51	16.06
	<b>120.55</b>	<b>105.61</b>

## 2.6 SHORT TERM BORROWINGS

	As at 31-Mar-14	As At 31-Mar-13
Buyers credit from HDFC Bank	1,666.89	482.33
	<b>1,666.89</b>	<b>482.33</b>

The Buyers Credit facility provided by HDFC Bank is repayable on demand. The amount is secured by way of earmarking, facilities to this extent, (vide a letter of undertaking from HDFC Ltd. to HDFC Bank) out of the total facility granted by HDFC Ltd to the Company. Refer Note 2.3 for security provided to HDFC Ltd.

## 2.7 TRADE PAYABLES

	As at 31-Mar-14	As At 31-Mar-13
Trade payables	1,027.77	300.40
	<b>1,027.77</b>	<b>300.40</b>

## 2.8 OTHER CURRENT LIABILITIES

	As at 31-Mar-14	As At 31-Mar-13
Current maturity of long term debts	5,930.99	3,148.26
Interest accrued but not due on borrowings	348.95	296.84
Income received in advance	93.47	2.64
Capital Vendors	885.04	1,248.56
Security deposits received from licencees	7,052.96	2,301.53
Advance received from licencees	6.87	7.71
Employees related liabilities	190.74	165.22
Statutory liabilities	70.81	62.72
Provision for expenses	84.90	848.92
Other payables	34.06	19.41
	<b>14,698.79</b>	<b>8,101.81</b>

## 2.9 SHORT TERM PROVISIONS

	As at 31-Mar-14	As At 31-Mar-13
<b>Provision for employee benefits</b>		
provision for gratuity	8.78	8.04
provision for compensated absences	8.16	8.03
<b>Provision for taxes</b>		
Provision for income tax	1,210.00	642.52
<b>Others</b>		
Proposed Dividend	560.55	-
Tax on Dividend	95.27	-
	<b>1,882.76</b>	<b>658.59</b>



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### 2.10 FIXED ASSETS

(₹ In lac)

TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK
	AS ON 01-Apr-13	ADDITIONS DURING 2013-14	DEDUCTIONS/ ADJUSTMENTS DURING 2013-14	AS ON 31-Mar-14	UP TO 01-Apr-13	PROVIDED DURING 2013-14	DEDUCTIONS/ ADJUSTMENTS DURING 2013-14	UP TO 31-Mar-14	AS ON 31-Mar-14
LAND & SITE DEV. (FREEHOLD)	1,29,900.00 (1,29,900.00)	- (-)	- (-)	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 (81,678.52)	23,009.32 (-)	89.43 (-)	1,04,598.41 (81,678.52)	8,841.16 (5,007.62)	4,144.03 (3,833.54)	69.89 (-)	12,915.30 (8,841.16)	91,683.11 (72,837.36)
PLANT & EQUIPMENT	12,235.75 (12,655.51)	6,301.01 (46.24)	- (466.00)	18,536.76 (12,235.75)	4,809.68 (3,930.79)	1,559.81 (1,339.38)	- (460.49)	6,369.49 (4,809.68)	12,167.27 (7,426.07)
FURN., FIX. & APPLIANCE	8,718.66 (8,692.82)	2,398.03 (29.03)	24.96 (3.19)	11,091.73 (8,718.66)	4,535.37 (3,520.76)	1,009.23 (1,017.52)	8.96 (2.91)	5,535.64 (4,535.37)	5,556.09 (4,183.29)
OFFICE EQUIPMENT	121.08 (121.08)	193.66 (-)	- (-)	314.74 (121.08)	105.28 (102.73)	12.66 (2.55)	- (-)	117.94 (105.28)	196.80 (15.80)
VEHICLES	69.62 (60.15)	- (9.47)	- (-)	69.62 (69.62)	34.12 (23.65)	9.19 (10.47)	- (-)	43.31 (34.12)	26.31 (35.50)
<b>TOTAL TANGIBLE ASSETS</b>	<b>2,32,723.63</b> (2,33,108.08)	<b>31,902.02</b> (84.74)	<b>114.39</b> (469.19)	<b>2,64,511.26</b> (2,32,723.63)	<b>18,325.61</b> (12,585.55)	<b>6,734.92</b> (6,203.46)	<b>78.85</b> (463.40)	<b>24,981.68</b> (18,325.61)	<b>2,39,529.58</b> (2,14,398.02)
INTANGIBLE ASSETS									
SOFT WARE & LICENSEES	3.06 (-)	- (3.06)	- (-)	3.06 (3.06)	0.71 (-)	2.35 (0.71)	- (-)	3.06 (0.71)	0.00 (2.35)
<b>TOTAL INTANGIBLE ASSETS</b>	<b>3.06</b> (-)	<b>-</b> (3.06)	<b>-</b> (-)	<b>3.06</b> (3.06)	<b>0.71</b> (-)	<b>2.35</b> (0.71)	<b>-</b> (-)	<b>3.06</b> (0.71)	<b>0.00</b> (2.35)

#### Notes :

1. Previous year's figures are given in brackets.
2. The above assets do not include the value of assets which are recoverable from the licencees as Common Area Maintenance Charges.
3. Of the above, a certain portion of the assets have been given on Leave & License.

The details of major assets given on Leave and License are as under :

(₹ In lac)

	Gross Block	Accumulated Depreciation	Net Block
Land	503.75 (503.75)	- (-)	503.75 (503.75)
Buildings	87,074.38 (75,199.72)	11,400.21 (7,845.22)	75,674.17 (67,354.50)
Furniture & Fixtures	2,074.40 (1,348.00)	891.81 (685.60)	1,182.59 (662.40)
Plant & Machinery	46.24 (46.24)	10.57 (4.12)	35.67 (42.12)
<b>Total</b>	<b>89,698.77</b> (77,097.71)	<b>12,302.59</b> (8,534.94)	<b>77,396.18</b> (68,562.77)



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4. Buildings include the building constructed on Leasehold Land at Worli, Mumbai having a written down value of ₹ 2.38 lac (Previous year ₹ 2.50 lac), being the share of the Company in the property which is jointly owned with Nirlon Foundation Trust.
5. Based on valuation reports submitted by M/s. I.H. Shah & Associates, Approved Valuers, the following Assets of Goregaon had been revalued on 1st April, 1984, 30th June, 2006 and 31st March, 2012 on the basis of assessment of their market value, and were written up by the amounts, as on date, as shown below :

	Amount written up on revaluation	Depreciation provided upto 31.03.2014	Amount written up net of depreciation as on 31.03.2014
Freehold Land (including FSI purchased)	1,17,537.12	-	1,17,537.12
Building	39,158.80	4,119.05	35,039.75
	<u>1,56,695.92</u>	<u>4,119.05</u>	<u>1,52,576.87</u>

Revaluation of buildings does not include the Phase 3 building, buildings under construction and the Cooling Tower cafeteria.

	(₹ in lac)		(₹ in lac)	
	As at 31-Mar-14	As At 31-Mar-13	As at 31-Mar-14	As At 31-Mar-13
<b>2.11 DEFERRED TAX ASSETS (NET)</b>				
Deferred Tax adjustments for the year amounting to ₹ 733.56 lac (Previous Year ₹ 582.01 lac) have been recognised in the Statement of Profit & Loss				
Deferred tax assets				
Unabsorbed depreciation	2,612.36	2,893.60		
Others	451.63	198.78		
	<u>3,063.99</u>	<u>3,092.38</u>		
Deferred tax liabilities				
Depreciation	(2,472.38)	(1,767.21)		
	<u>591.61</u>	<u>1,325.17</u>		
In respect of Deferred Tax assets on unabsorbed depreciation, the same has been recognised, based on the current tax laws entailing the benefit over the lifetime of the Company against any taxable source of income.				
<b>2.12 LONG TERM LOANS &amp; ADVANCES</b>				
(Unsecured - considered good, unless otherwise stated)				
Security deposit placed	239.51	212.69		
Prepaid expenses	15.83	26.36		
Loan to officers of the Company	2.00	2.00		
MAT credit entitlement	1,185.34	-		
	<u>1,442.68</u>	<u>241.05</u>		
<b>2.13 OTHER NON CURRENT ASSETS</b>				
Unamortized expenses - marketing fees	355.99	383.69		
Others (refer note no. 2.15 (b))	20.13	-		
	<u>376.12</u>	<u>383.69</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.	22.82	13.99		
Other Debts	301.65	181.15		
	<u>324.47</u>	<u>195.14</u>		
Of the above, trade receivables of ₹ 291.34 lac (Previous Year ₹ 171.97 lac) are secured.				
<b>2.15 CASH &amp; CASH EQUIVALENTS</b>				
Balances with Banks in current accounts	167.23	765.34		
Balance with Banks in deposit accounts	400.00	300.00		
Balance with Banks as margin money	4.35	4.48		
Demand drafts on hand	-	11.63		
Cash on hand	-	-		
	<u>571.58</u>	<u>1,081.45</u>		
(a) Cash & Cash Equivalents include a restricted Bank balance of ₹ 4.35 lac (Previous Year ₹ 4.48 lac). The restrictions are primarily on account of Bank Balances held as margin Money deposits				
(b) Margin Money with maturity of more than 12 months after the reporting date is shown under Note No. 2.13 amounting to ₹ 20.13 lac				
<b>2.16 SHORT TERM LOANS &amp; ADVANCES</b>				
(Unsecured - considered good, unless otherwise stated)				
Deposits placed	0.54	1.29		
Advance Income Tax	1,295.99	328.00		
Service Tax input credit	178.34	64.75		
Advance to vendors	92.82	68.38		
Prepaid expenses	95.57	80.15		
	<u>1,663.26</u>	<u>542.57</u>		
<b>2.17 OTHER CURRENT ASSETS</b>				
Unamortized expenses - marketing fees	293.86	269.53		
Income receivable	9.57	274.17		
Deferred premium on forward contract	26.54	-		
	<u>329.97</u>	<u>543.70</u>		
			(₹ in lac)	
			2013-14	2012-13
<b>2.18 REVENUE FROM OPERATIONS</b>				
Licence fees	17,813.98	14,076.87		
Common Area Maintenance charges	2,062.08	1,705.20		
Other operating income	272.57	183.95		
	<u>20,148.63</u>	<u>15,966.02</u>		



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	(₹ in lac)	
	2013-14	2012-13
<b>2.19 OTHER INCOME</b>		
Interest income	39.54	5.60
Insurance Claim	0.07	0.28
Excess provision /liability written back (Net)	37.92	115.45
Miscellaneous receipts	62.41	27.89
Bad Debts recovered	25.45	-
Scrap sales	15.13	22.38
Profit on sale of Assets (Net)	-	31.06
	<b>180.52</b>	<b>202.66</b>
<b>2.20 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	372.34	305.12
Contribution to Provident Fund and other funds	219.27	216.07
Staff Welfare expenses	37.69	31.85
	<b>629.30</b>	<b>553.04</b>
<b>2.21 FINANCE COST</b>		
Interest expenses	7,586.27	6,524.02
Other Borrowing cost	67.85	5.00
Foreign exchange loss (net)	112.97	3.10
	<b>7,767.09</b>	<b>6,532.12</b>
<b>2.22 OTHER OPERATING EXPENSES</b>		
Stores and spares consumed	2.35	3.23
Power, fuel and water charges	87.72	69.69
Rent	2.33	3.21
Insurance	62.11	49.08
Rates and taxes	781.34	793.62
Repairs to building	41.16	73.31
Loss on Assets discarded	0.09	-
Directors' sitting fees	11.40	6.10
Legal and Professional expenses	351.92	197.91
Telephone expenses	6.55	6.95
Complex Maintenance expenses	27.89	40.01
Travelling expenses	13.73	17.26
Property Management Expenses	2,148.11	1,800.79
Marketing fees	281.66	350.04
Security expenses	30.90	29.62
Doubtful Debts and Advances written off	-	15.33
Less: Allowance for bad and Doubtful Debts and advances written back	-	15.33
Miscellaneous Expenses	227.61	255.37
	<b>4,076.87</b>	<b>3,696.19</b>

**2.23 COMMITMENTS (As certified by the Management)**

a) The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for are ₹ 10,323.83 lac (Previous Year ₹11,719.91 lac).

b) Other commitments: (₹ in lac)

	As at	As at
	31-Mar-14	31-Mar-13
Forward Contracts outstanding as at		
In USD	20.47	5.30
In ₹	1,260.33	302.61
Excludes Commitment given to ex-employees		

**2.24 CONTINGENT LIABILITIES**

- i) Claims against the Company not acknowledged as debts ₹ 12.81 lac (Previous Year ₹12.81 lac) as certified by the Management.
- ii) Contingent liabilities not provided for :

	(₹ in lac)	
	As at	As at
	31-Mar-14	31-Mar-13
Excise Duty	1,167.79	1,144.74
Service Tax	2,012.19	1,078.40
Income Tax	55.33	-
Value Added Tax	35.45	-

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 Miscellaneous Expenses in Note 2.22) :

	(₹ in lac)	
	2013-14	2012-13
Audit Fees	7.00	7.00
Taxation matters	1.00	1.56
Management and other services	3.40	2.00
Reimbursement of expenses & service tax	0.54	1.45
	<b>11.94</b>	<b>12.01</b>

2.28 Value of Imports on CIF basis in respect of :

Capital	<b>86.02</b>	<b>1,423.18</b>
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2.29 Expenditure in foreign currency :

Professional fees *	124.66	80.91
Travelling expenses (Fully capitalized)	1.97	6.99
Buyers Credit interest *	36.95	1.48
Others	-	17.02
	<b>163.58</b>	<b>106.40</b>

\* of the above, professional fees capitalized ₹124.51 lac (Previous Year ₹ 77.96 lac), and Buyers Credit interest capitalised ₹13.89 lac (Previous Year ₹ 1.48 lac).

**2.30 VALUE OF STORES AND SPARES CONSUMED:**

	(₹ in lac)			
	2013-14		2012-13	
	Value	%	Value	%
Stores & Spare parts :				
Imported	-	0.00%	-	0.00%
Indigenous	2.35	100.00%	3.23	100.00%
	<b>2.35</b>	<b>100.00%</b>	<b>3.23</b>	<b>100.00%</b>



**2.31 EARNINGS PER SHARE :** (₹ in lac)

Particulars	31.03.2014	31.03.2013
1 Profit/(Loss) net of tax (₹ in lac)	3,163.61	1,203.08
2 Weighted Average number of Equity Shares		
Weighted average number of equity shares for calculating Basic EPS	7,43,74,570	7,17,65,586
Add: Effect of Dilution		
Stock options granted under ESOP	54,290	43,591
3 Weighted average number of equity shares for calculating Diluted EPS	7,44,28,860	7,18,09,177
4 Earning per share before extra ordinary items (Basic)	4.25	1.68
5 Earning per share before extra ordinary items (Diluted)	4.25	1.68

**2.32 SEGMENT REPORTING**

There are no 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 : Licencing 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 agreements :

	(₹ in lac)	
	31st March 2014	31st March 2013
The total of minimum license fee payments :		
Not more than one year	15,895.10	10,876.18
Not less than one year and not more than five years	12,766.89	15,385.24
More than five years	-	-

2. Assets taken on leave & license :

a) Future minimum license fee payments under non-cancellable Leave & License agreements :

	(₹ in lac)	
	31st March 2014	31st March 2013
The total of minimum license fee payments :		
Not more than one year	-	0.75
Not less than one year and not more than five years	-	-
More than five years	-	-

b) The total amount (net of recovery) recognised in the Statement of Profit and Loss is ₹ 2.33 lac (Previous Year ₹ 3.21 lac).

**2.34 EMPLOYEE BENEFITS**

a) Gratuity

**Defined Benefits Plan**

(₹ in lac)

	2013-14	2012-13
I Change in Obligation during the year :		
1 Present Value of Defined Benefit Obligation at beginning of the year	97.58	81.34
2 Current Service Cost	10.79	12.04
3 Past Service Cost	-	-
4 Interest Cost	7.81	6.51
5 Actuarial (Gains) / Losses	(3.36)	(2.31)
6 Benefits Paid	-	-
7 Present value of Defined Benefit Obligation at the end of the year.	112.82	97.58
II Change in Assets during the year ended March 31, 2014 :		
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, 2014 :		
1 Present Value of Defined Benefits Obligation as at March 31, 2014	112.82	97.58
2 Fair value of plan assets as at March 31, 2014	-	-
3 Fund status (Surplus / (Deficit))	(112.82)	(97.58)
4 Net Assets / (Liability) as at the end of the year	(112.82)	(97.58)
IV Expenses recognized in the Statement of Profit & Loss for the year ended March 31, 2014 :		
1 Current Service Cost	10.79	12.04
2 Interest Cost	7.81	6.51
3 Expected return on plan assets	-	-
4 Past Service Cost	-	-
4 Net Actuarial (Gains) / Losses	(3.36)	(2.31)
5 Total Expenses	15.24	16.24
	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	Not Applicable	Not Applicable
VI Actuarial Assumptions :		
1 Discount Rate	8.00%	8.00%
2 Expected rate of return on plan assets	7.50%	7.50%
3 Mortality Table	IALM (2006-08) Ultimate	LIC (1994-96) Ultimate
4 Retirement Age	Officers 60; Others 60	Officers 60; Others 60



## NIRLON

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

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

	2013-14	2012-13	2011-12	2010-11	2009-10
Present Value of Defined Benefits Obligation as at end of the year	112.82	97.58	81.34	57.27	33.52
Fair value of plan assets as at end of the year	-	-	-	-	-
Fund status (Surplus / (Deficit))	(112.82)	(97.58)	(81.34)	(57.27)	(33.52)
Net Assets / (Liability) as at end of the year	(112.82)	(97.58)	(81.34)	(57.27)	(33.52)

b) Contribution to Provident Fund and Other Funds charged to Statement of Profit & Loss stated under Defined Contribution Plans is ₹ 198.81 lac (Previous Year ₹ 210.60 lac).

### 2.35 Disclosure of Related parties/related party transactions :

The list of related parties are as stated below :

Related parties :

Key Management Personnel

Executive Directors :

Shri Kunal V. Sagar, Executive Vice Chairman

Shri Rahul V. Sagar, Executive Director

#### Related party transactions :

	(₹ in lac)	
	2013-14	2012-13
<u>Shri Kunal V. Sagar</u>		
Remuneration	171.53	260.69
Equity Shares issued on a preferential basis (Face value of ₹10/- at a premium of ₹ 33.76 per share) (Please refer note below)	560.59	-
<u>Shri Rahul V. Sagar</u>		
Remuneration	212.38	88.80
Equity Shares issued on a preferential basis (Face value of ₹10/- at a premium of ₹ 33.76 per share) (Please refer note below)	256.39	-

Note : The Board of Directors and the Shareholders of the Company have approved Issue of Equity shares on a preferential basis to various persons including Shri Kunal V. Sagar – Executive Vice Chairman and Shri Rahul V. Sagar – Executive Director at their meeting held on December 26, 2013 and January 27, 2014 respectively. Accordingly, the Committee of Directors has allotted Equity shares to Shri Kunal V. Sagar - Executive Vice Chairman and Shri Rahul V. Sagar - Executive Director on a Preferential basis at their meeting held on February 6, 2014.

2.36 Borrowing cost capitalised during the year ₹ 1,811.44 lac (Previous Year ₹1,631.87 lac).

2.37 The details of current tax is as under :

	(₹ in lac)	
	2013-14	2012-13
MAT provision	720.00	490.00
MAT credit entitlement of current year	(720.00)	-
MAT credit entitlement of earlier years	(465.34)	-
Income tax adjustment of earlier years	(52.39)	-
	<u>(517.73)</u>	<u>490.00</u>

2.38 Miscellaneous receipts under Note No 2.19 includes Foreign Exchange gain amounting to ₹ 56.17 lac (Previous Year ₹ 3.96 lac)

2.39 The Exceptional item for the financial years 2013-14 & 2012-13 is on account of write back of Property Tax liability of the earlier years due to 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 Derivative instruments and unhedged foreign currency exposure :

(a) Derivative instruments :

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates.

Derivative instruments have been acquired to hedge buyers credit.

	(₹ in lac)	
	2013-14	2012-13
<u>Hedged</u>		
Amount in USD in lac	20.47	5.30
Amount in ₹ in lac	1,260.33	302.61
(b) Unhedged foreign currency exposure :		
<u>Buyers credit</u>		
Amount in USD in lac	7.27	3.57
Amount in ₹ in lac	436.85	194.14
<u>Vendors</u>		
Amount in USD in lac	1.49	20.41
Amount in ₹ in lac	89.53	1109.90

2.42 Previous year's figures have been re-arranged and re-grouped wherever necessary to confirm to the classification adopted for the current year.

As per our Report attached

FOR AND ON BEHALF OF THE BOARD

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

**MOOSA RAZA**  
Chairman

**KUNAL V. SAGAR**  
Executive Vice Chairman

**RAHUL V. SAGAR**  
Executive Director

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

**JASMIN K. BHAVSAR**  
Company Secretary &  
Vice President (Legal)

**ARJAN R. GURBUXANI**  
**RAJANI M. BHAGAT**  
**ARUNA MAKHAN**

} Directors

Mumbai, May 27, 2014

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





**NIRLON**

## **NIRLON LIMITED**

CIN No. : L17120MH1958PLC011045

Registered Office : Pahadi Village, Off Western Express Highway, Goregaon (East), Mumbai 400063.

Tele : + 91 (022) 4028 1919/ 2685 2257/58/59, Fax : + 91 (022) 4028 1940

Email : info@nirlonltd.com, Website : www.nirlonltd.com

### **ATTENDANCE SLIP**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL**

I/We, hereby record my/our presence at the 55<sup>th</sup> Annual General Meeting of the Members of Nirlon Limited to be held at Pama Thadhani Auditorium, Jai Hind College Building, 'A' Road, Churchgate, Mumbai 400 020 on Tuesday, September 23, 2014 at 10.30 a.m.

Folio No.	:
DP ID No.	:
Client ID No.	:
No. of Share/s	:

\_\_\_\_\_  
(Full name of the Member attending the Meeting)  
(in BLOCK LETTERS)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
(Full name of the Proxy attending the Meeting)  
(in BLOCK LETTERS)

\_\_\_\_\_  
Signature





# NIRLON LIMITED

NIRLON

CIN No. : L17120MH1958PLC011045

Registered Office : Pahadi Village, Off Western Express Highway, Goregaon (East), Mumbai 400063.

Tele : + 91 (022) 4028 1919/ 2685 2257/58/59, Fax : + 91 (022) 4028 1940

Email : info@nirlonltd.com, Website : www.nirlonltd.com

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s): \_\_\_\_\_ Email ID: \_\_\_\_\_

Registered address: \_\_\_\_\_

Folio No.: \_\_\_\_\_ Client Id & DPID: \_\_\_\_\_

I/We, being a member (s) of \_\_\_\_\_ shares of the above named Company, hereby appoint:

1. Name: \_\_\_\_\_ Email id \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him,

2. Name: \_\_\_\_\_ Email id \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_ or failing him,

3. Name: \_\_\_\_\_ Email id \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on calling of a poll only) for me/us and on my/our behalf at the 55<sup>th</sup> Annual General Meeting of Nirlon Limited, to be held on Tuesday, September 23, 2014 at 10.30 a.m. at Pama Thadhani Auditorium, Jai Hind College Building, 'A' Road, Churchgate, Mumbai 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below by placing a tick mark (✓) in appropriate box below :

Resolution Number	Ordinary Resolution	For	Against
1	Adoption of the Financial Statements of the Company for the year ended March 31, 2014 , including the Statement of Profit and Loss for the year ended on that date, Audited Balance Sheet as at March 31, 2014, and the Reports of the Directors' and the Auditors' thereon		
2	Declaration of dividend on equity shares for the Financial Year ended March 31, 2014		
3	Re-appointment of Smt. Rajani M. Bhagat (DIN 00870716), retiring by rotation		
4	Re-appointment of M/s. N.M.Rajji & Co., (firm registration no.108296W), Chartered Accountants, as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration for the Financial Year ending March 31, 2015		
5	Appointment of Shri Moosa Raza (DIN 00145345) as an Independent Director		
6	Appointment of Shri Rama Varma (DIN 00031890) as an Independent Director		
7	Appointment of Shri Arjan R. Gurbuxani (DIN 00425885) as an Independent Director		
8	Appointment of Smt. Aruna Makhan ((DIN 00025727) as an Independent Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

\_\_\_\_\_  
Signature of the Member(s)

\_\_\_\_\_  
Signature of the Proxyholder

Affix  
Revenue  
Stamp

### NOTES:

- The Proxy form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- ANY MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING OF THE COMPANY IS ENTITLED TO APPOINT ANOTHER PERSON AS PROXY/ PROXIES TO ATTEND AND VOTE AT THE MEETING (ON CALLING OF A POLL ONLY) INSTEAD OF HIMSELF/HERSELF, AND THAT PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
- Pursuant to the provisions of section 105 of the Companies Act, 2013 read with the Companies (Management and Administration Rules), 2014 a person can act as proxy on behalf of more than fifty (50) members, holding in the aggregate not more than 10 (ten) % of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Notwithstanding the above, the proxies can vote on such other items which may be tabled at the meeting by the Members present.



**NIRLON**

*If undelivered please return to:*

**Nirlon Limited**

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