NIRLON

NIRLON LIMITED

50th Annual Report

Contents

Corporate information 01

Nirlon at 50

- Early years 03
- Troubled times 07
- Nirlon today 11

Annual Report

- Notice 14
- Directors' Report 16
- Auditors' Report 29
- Balance Sheet 32
- Profit and Loss Account 33
- Schedules to Accounts 34

Corporate information

Board of Directors (as on July 31, 2009)

Shri Moosa Raza (Chairman)
Shri Rama Varma
Shri Arjan Gurbuxani
Smt. Rajani Bhagat
Smt. Aruna Makhan
Shri Jaidev Shroff
Shri Kunal Sagar (Executive Vice Chairman)
Shri Rahul Sagar (Executive Director)

Company Secretary & H.O.D. (Legal)

Shri J. K. Bhavsar

Auditors

M/s. N. M. Raiji & Company, Mumbai
Chartered Accountants

Legal Advisors

M/s. Matubhai Jamietram
Advocates, Solicitors & Notary

Registered Office

Pahadi Village, Goregaon (East), Mumbai: 400 063.
Tele: (022) 40281919 / (022) 2685 2257-58-59
Fax: (022) 40281940
www.nirlonltd.com

Registrar and Share Transfer Agent

M/s. Sharepro Services (India) Pvt. Ltd., Mumbai

Shri Morarji Desai and Nanubhai Jhaveri inaugurating the nylon plant on 2nd December - 1962, Goregaon, Mumbai

Early years

Nirlon's story began in 1958 when Nanubhai Jhaveri, owner of Nanubhai Jewellers, founded the company under the name Nanubhai Industries Private Ltd. Nanubhai was a well-known, larger than life personality, renowned for his taste and refinement. Nanubhai Jewellers enjoyed the patronage of prominent families – many of them among the royalty – and did business with international jewellery firms such as Harry Winston and Van Cleef & Arpels. Nanubhai's chief designer, in fact, later became head designer for Harry Winston in New York

The leap from jewellery to manufacturing was a dramatic one, but in keeping with Nanubhai's visionary personality. He wanted to build a path-breaking business in newly independent India, and indeed Nirlon became a pioneer in the synthetic fibre industry. It was among the first – if not the first – in India to set up a plant to manufacture nylon filament yarn.

Establishing a manufacturing facility was no easy task at the time. Old associates and employees recall the initial struggle – to locate and buy suitable land, and to obtain licenses during the days of the infamous license raj. The site ultimately chosen in Goregaon, Mumbai, was populated by agricultural tenants, each demanding a greater price than that paid to his neighbour. A series of patient negotiations were required to secure the land, after which the promoters faced the task of creating access to the site. No road existed, and it took some imaginative manoeuvring to get around the vested interests that opposed the construction of one.

The Nirlon House building - Worli, Mumbai

Early construction of the nylon plant - 1960, Goregaon

The completed nylon plant - 1962, Goregaon

All the necessary conditions were in place by 1960, when ground was broken on the site during heavy monsoon rains. The nylon filament yarn factory was completed in 1962 and inaugurated by Shri. Morarji Desai, then finance minister of the country. In 1962 Nanubhai changed the company's name to Nirlon Synthetic Fibres and Chemicals Ltd. – the word Nirlon is derived from 'Nylon' and his daughter's name 'Nirja'. In addition to Nanubhai, other major shareholders were Von Kohorn International – which built synthetic fibre plants around the world – and the royal families of Travancore, Gwalior, Kutch and Bhavnagar.

Nylon production started at the end of 1962. Unfortunately Nanubhai did not live to see his company grow. His untimely death from cancer in 1965 meant that the responsibility for taking Nirlon forward fell to his younger brother, Pramodbhai. The ownership structure changed in the next few years, with Von Kohorn International selling its stake to Allied Chemicals (the company later became Allied Signal, which in turn was bought by Honeywell).

Through the1960s and 1970s, Nirlon flourished and became a blue-chip corporation, with several bonus issues and rights issues testaments to its success. And it continued to expand its operations. It started polyester production in 1967. In 1971 it became the first Indian company to start nylon tyrecord production with technology from the German company Zimmer AG. In 1978 it diversified into industrial belting operations, which were set up in Roha, in the district of Raighad, Maharashtra. In 1976, Nirlon became a Public Limited company. In the same year Pramodbhai stepped aside as Managing Director. He was succeeded by Manhar Bhagat and Virenchee Sagar, nephews of Nanubhai and Pramodbhai. Shri Sagar and Shri Bhagat were already Executive Directors of the company at the time.

Nirlon continued to do well under their leadership for the next decade. Sales and Profits grew steadily upto 1984 - 1985. The company had started to pay dividends in 1962, and continued to do so unceasingly for 22 years. And it did not neglect its social responsibilities – former employees recall with nostalgia management's dedication to their employees' welfare, whether it was in the form of medical or recreational facilities.

Bearing pride of place was Nirlon's successful cricket team. The team comprised Sunil Gavaskar, Sandeep Patil, Ravi Shastri, Karsan Ghavri and other excellent, respected test match and first class cricketers. The company's emphasis was on nurturing local talent from Mumbai. The memorable contests with the Tata and Mafatlal teams are remembered fondly even 25 years later, an early example of corporate commitment to top class sport in India. Nirlon remains a familiar name today as much as a result of cricket as for any other reason.

Nanubhai's samadhi at Nirlon's Goregaon site

Bobbins – nylon yarn

Troubled times

In 1984-85, the promoters started to plan for expansion, with a view to doubling capacity. The funding was put in place, but, other than for the tyrecord plant – which went through a major, if delayed upgrade at Goregaon and a new location in Tarapur – an execution of the plans did not take place. Various factors were responsible for this; among these was the fact that nylon filament yarn's fortunes were on the decline, pushed down by the growing popularity of polyester. Competition was increasing in the synthetic fibres industry, with manufacturing facilities of far greater capacity coming on stream. In addition, prevailing duty structures affected the Company's performance severely during this period.

Unfortunately, by the time the external environment improved, the company's situation had deteriorated such that it was unable to pay back its loans as scheduled. Working capital limits were frozen and production went down to a fraction of capacity. Reserves were wiped out. Nirlon was declared a sick unit and came under the purview of the newly created Board for Industrial and Financial Reconstruction (BIFR) in 1988. Thus began the company's struggle for rehabilitation.

The period between 1988 and 1993 was a turbulent one. A succession of institutional nominees were appointed as chief executives and the company suffered from a lack of continuity. No new investments in capacity or technology were made during this period. Meanwhile, the industry was changing dramatically and the rehabilitation scheme , sanctioned by BIFR in 1993, confronted market dynamics and cost structures that were radically different from those in the mid -1980s. The promoters were reinstated in 1995, and brought with them a necessary injection of funds. Further proceeds were brought in through land sale and as a result, a large portion of the company's debt was paid back. But losses from manufacturing operations continued and it soon became clear that the company could not hope to revive using the formulae outlined under the scheme. A new direction had to be sought.

Shri Sagar's death in 1995 was another major setback for the company. The following years were challenging, requiring some difficult decisions on the part of management. The conclusion was reached that to continue running outdated, loss-making manufacturing units in a high-cost metropolitan location like Goregaon was not a viable option. In recognition of this, a modified rehabilitation scheme was proposed to set the company on its feet. This was approved by the BIFR in 1999. Management was keen to achieve a significant reduction in the company's debts and to act in an honourable manner toward its employees, lenders, and creditors. The unviable polyester division had already been phased out in 1995 and the first round of Voluntary Retirement (VRS) implemented.

Nylon tyrecord production - 1971, Goregaon

Under the new scheme, the nylon filament plant was also phased out and the conveyer belt unit spun off in 2000 into a joint venture with Austrian industrial rubber conglomerate, Semperit AG, with Nirlon retaining a 26% stake. The company undertook its second round of VRS in 1999.

In the following years, as a part of the modified rehabilitation scheme, all significant surplus assets, mainly real estate and machinery, were sold – including a part of Nirlon House in Worli – and others were put to innovative use. From 1999, Nirlon started to rent out the large factory buildings and warehouses made available through its manufacturing phase-out to corporate clients. Lenders, who had waited patiently and had once again supported the company in helping to get the modified scheme approved by the BIFR, now began to be repaid.

The untimely death of Shri Bhagat at the end of 2002 cast another shadow over the company. Management had been grappling with the question of how Nirlon should position itself going forward. Should it invest on a massive scale in an effort to make its tyrecord unit – which had captured a small but relatively significant share of the market – a powerhouse? Ultimately the promoters concluded that this was not the right option. One reason was that Goregaon was an expensive location with far higher costs than those borne by competitors located outside Mumbai. The increasing prevalence of low cost imports, especially from China, was also a serious consideration. Another reason was the enormous level of upfront investment required, the relatively low margins and the extended payback period in the technologically advanced and internationally competitive industrial yarn industry. The only rational option was to continue downsizing the manufacturing operations and find other avenues for profitable growth.

The renting of old factory buildings and warehouse space became the first step in Nirlon's transition towards real estate. These premises were given on a license basis, and ownership remained with Nirlon. With the Indian economy growing strongly early in the new millennium and the real estate sector expanding as a result, the competitively priced commercial space offered by the company in an emerging Mumbai location, made the endeavour a success. By 2003, demand had outstripped supply. In addition to facilities at Goregaon, space was also rented out at the company's Tarapur site.

Further rationalizing on the manufacturing front took Nirlon out of the tyrecord business in 2004, and manpower was again reduced through a third round of VRS.

All through the company's restructuring, the constructive support and goodwill of Nirlon's staff, workmen and unions were amongst the largest contributors towards its eventual rehabilitation. Of similar significance was the timely and consistent support provided by the Government of Maharashtra in various capacities.

In 2004, using the cash flow from the newly licensed factory buildings and warehousing space, the company was able to raise a securitisation loan from HDFC to pay off its last remaining debts and the final VRS. Having re-established its credibility through the integrity of its efforts, and by payments to its lenders and workmen, Nirlon was now poised to tackle its future from a position of greater strength.

Nirlon Knowledge Park - Goregaon, Mumbai

Nirlon today

As the real estate activities grew, the promoters decided to make them the core business. Real estate values were rising, and demand was likely to remain on an upward trajectory in the long term. Further, Nirlon's residual properties in Mumbai were well located on the Western Express Highway (Goregaon), and Dr. Annie Besant Road (Worli). While the company was relatively new to the field, it had gathered some valuable experience in property transactions and the corporate rental market. Importantly, it had gained a reputation for transparency and straightforwardness.

The decision to make the Goregaon location an IT-focused park was based on its favourable location on the Western Express Highway, its close proximity to the commuter rail network and the airport, and the fact that an IT park development allowed for a potentially significant increase of the existing FSI at competitive rates under the Government of Maharastra's IT policy. The current structure broadly provides for at least 50% of space dedicated to IT companies, and upto 50 % to the financial services industry.

By 2005, the modified rehabilitation scheme had largely been implemented, and from 2006, the company was no longer a sick industrial unit under BIFR.

During this period the conveyer belting joint venture company, Sempetrans Nirlon Private Limited, developed into a successful and profitable unit. An expansion was successfully implemented in 2008, and Nirlon exited the joint venture in 2009 making a significant return on its original investment. The success of this joint venture was in no small measure based on the Nirlon brand, as the majority of this company's business is done in the Indian market.

Construction of the IT park known as Nirlon Knowledge Park began in Goregoan in 2007 with loan financing from HDFC – the institution that has been critical to the company's successful rehabilitation and to its future. Today, development of the park is in full swing. The total planned development is approximately 2 million square feet. The company is in the process of handing over Phase 1, which comprises three building blocks and a multi level car park (MLCP). One stream of license fees has already started, and other major license fees from Phase 1 are expected to commence between August and December 2009. Civil construction is almost complete for Phase 2 – comprising one building – which should be ready for occupancy in the first half of 2010. Based on the successful marketing and commissioning of Phases 1 & 2, Phases 3 & 4 are scheduled to commence in 2010 .

Sound long-term planning and an adherence to high standards of quality have attracted many prestigious and well known corporates to the Knowledge Park. The design of the Knowledge Park – created by Dutch architects Khandekar Stadsontwerp en Landschapsarchitectuur, and Venkataramanan Associates of Bangalore – is ecologically friendly, with open green spaces and water features creating a feeling of being in an oasis within an urban environment. The complex will be one of the first in India of its size to gain a LEED (Leadership in Energy & Environmental Design®) certification, a quality benchmark for environmentally friendly developments run by the US Green Building Council.

Today, Nirlon is aspiring to establish itself as a reliable, high quality and profitable real estate developer. The nimbleness and innovation demonstrated over the last decade as the company resurrected itself should stand it in good stead as it moves onto other projects. Its valuation on the Bombay Stock Exchange has remained steady, as investors and industry analysts appear to find Nirlon's growth story convincing. Though it still has a long way to go, the company is well on its way to maximising value for all stakeholders. Nirlon's story – like any story of interest – has not been without its share of difficult times. But there is every reason to believe that with a continued commitment to perseverance, quality, and receptiveness to new ideas in changing times, the coming years will be successful and happy.

Nirlon Knowledge Park, the Phase1 buildings - August 2009, Goregaon

NIRLON

50th Annual Report

2008-09

NOTICE

NOTICE is hereby given that the **FIFTIETH ANNUAL GENERAL MEETING** of **Nirlon Limited** will be held on **Wednesday, September 30, 2009, at 11.00 a.m.** at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Near Haji Ali, Mumbai 400 034 to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2009 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.

2. To appoint a director in place of Shri Moosa Raza, who retires by rotation, and being eligible offers himself for re-election.

3. To appoint a director in place of Shri Rama Varma, who retires by rotation, and being eligible offers himself for re-election.

4. To appoint a director in place of Smt. Aruna Makhan, who retires by rotation, and being eligible offers herself for re-election.

5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

   "RESOLVED THAT the Registrar of Companies having been given in advance a copy of this proposed Special Resolution, approval be accorded to the Company to keep its Registers and Index of Members and copies of Annual Returns prepared under Section 159 of the Companies Act, 1956, together with copies of certificates and documents required to be annexed thereto under section 161 of the Companies Act, 1956, or one or more of them at the office premises of the Company's Registrar & Share Transfer Agent, viz. Sharepro Services (India) Private Limited (**"R & T Agent"**) at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072, and/or their office premises at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai - 400 021, and/or at such other place(s) within the city of Mumbai where the R & T Agent may shift their office from time to time, and/or at the Registered Office of the Company at Pahadi Village, Goregaon (East), Mumbai - 400 063."

By Order of the Board of Directors
For Nirlon Limited

J. K. Bhavsar
Company Secretary & H.O.D. (Legal)

Mumbai, July 31, 2009

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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

The Company's Registers and Index of Members and copies of Annual Returns prepared under section 159 of the Companies Act, 1956, together with copies of certificates and documents required to be annexed thereto under section 161 of the Companies Act, 1956, (hereinafter collectively referred to as **"the aforesaid Records"**) are inter alia maintained at the office of the Company's Registrar & Share Transfer Agent viz. Sharepro Services (India) Private Limited at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai – 400 099 and at the Registered Office of the Company at Pahadi Village, Goregaon (East), Mumbai- 400 063.

Sharepro Services (India) Private Limited (**"R&T Agent"**) have informed the Company that they would be operating from their office premises at 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072, and/or their office premises at 912, Raheja Centre, Free Press Journal Road, Nariman Point, Mumbai – 400 021 (hereinafter collectively referred to as **"the aforesaid Premises"**).

As per section 163(1) of the Companies Act, 1956, approval of Members is required for keeping the aforesaid Records at a place other than the Registered Office of the Company. Accordingly, the approval of the Members is sought by a Special Resolution for any one or more of the aforesaid Records to be kept at the aforesaid Premises of the R&T Agent, and/or at such other place(s) within the city of Mumbai where the R&T Agent may shift their office from time to time, and/or at the Registered Office of the Company at Pahadi Village, Goregaon (East), Mumbai- 400 063.

The Directors recommend the passing of the Resolution at Item No. 6 as a Special Resolution.

None of the Directors of the Company is, in any way, concerned or interested in this item of business.

By Order of the Board of Directors
For Nirlon Limited

J. K. Bhavsar
Company Secretary & H.O.D. (Legal)

Mumbai, July 31, 2009

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

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. Proxies, in order to be effective, must be duly filled, stamped, signed and deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

3. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business given in this Notice is annexed hereto.

4. Profiles of the Directors seeking re-appointment, as required by Clause 49 of the Listing Agreement entered in to with the Stock Exchange, are annexed to this Report.

5. Corporate Members intending to send their authorised 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.

6. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Meeting.

7. Members who hold shares in demat 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.

8. Members who hold shares in physical form in multiple folios in identical names, or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agent, Sharepro Services (India) Pvt. Ltd., for consolidation into a single folio.

9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

10. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 24, 2009 to Wednesday, September 30, 2009, both days inclusive, for the purpose of the Fiftieth Annual General Meeting.

11. Members are requested to send the advice about change in address / any other details to the Company's Registrar and Transfer Agent, Sharepro Services (India) Private Limited in respect of equity shares held in physical form, and to their respective Depository Participants in respect of equity shares held in dematerialized form.

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

    Sharepro Services (India) Private Limited
    Unit: Nirlon Limited
    Address: 13AB, Samhita Warehousing Complex,
    2nd Floor, Sakinaka Telephone Exchange Lane,
    Off. Andheri Kurla Road, Sakinaka,
    Andheri (East), Mumbai – 400 072.
    Contact Person: Ms. Indira Karkera
    Email: <indira@shareproservices.com>

12. As per the provisions of the Companies Act, 1956, Members can avail of the nomination facility in respect of the equity shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent Sharepro Services (India) Private Limited.

13. As a measure of austerity, copies of the Annual Report 2009 will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the 50th Annual Report to the Meeting.

14. Members who wish to obtain information concerning the Accounts or Operations of the Company may send their queries at least 7 days before the Annual General meeting to the Company Secretary at the Registered Office of the Company.

Directors' Report

Your Directors' present their 50th Annual Report and the Audited Financial Accounts for the year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

(Rupees in crore)

	2008-09	2007-08
Gross Sales and Other Income	38.10	33.95
Gross profit/(loss)	13.45	9.21
Interest paid	5.32	6.13
Cash Profit/(Loss)	8.12	3.08
Depreciation	2.10	1.17
Net profit before extraordinary items	**6.02**	**1.92**
Less: Extraordinary items		
VRS	2.52	0.58
Net Profit for the year after extraordinary items	3.50	1.34
Provision for Taxation:		
Current Tax	(0.40)	(0.14)
Income tax adjustments of earlier years	(0.01)	-
Deferred Tax	(0.05)	0.54
Fringe Benefit Tax	(0.14)	(0.09)
Profit for the year after Tax	**2.91**	**1.65**

DIVIDEND

With a view to conserve resources, the Directors do not recommend any dividend for the year.

DIRECTORS

Shri Moosa Raza, Shri Rama Varma and Smt. Aruna Makhan, Directors, retire by rotation and being eligible, offer themselves for re-appointment at this ensuing Annual General Meeting.

Shri Rahul Sagar has been appointed as Executive Director w.e.f. July 1, 2009 and has occupied the office of Executive Director of the Company.

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

OPERATIONS & FUTURE OUTLOOK

a) Real Estate Division

i) Development of the Information Technology (IT) Park, i.e. Phase 1 and Phase 2 of the Nirlon Knowledge Park (NKP) – Goregaon, Mumbai

The Company's business plan is to retain ownership of the NKP development (approx. 2 million sq. ft.) and to offer office space on a leave and license basis only.

Phase 1

Construction – During the period under review, construction of Phase 1, i.e. Buildings Blocks B1, 2 and 3 as well as the Multi Level Car Park (MLCP) continued to progress. In the April-August 2009 period, the Company has commenced delivery of these premises to its licensees for their fitout work. On completion of statutory and other required compliances by the Company, income from this development by way of license fees began in July 2009. On completion of further required and statutory compliances, additional license fee income from this development is expected to commence in the August – December 2009 period. It is expected that a majority of the estimated license fees for Phase 1 will have begun accruing to the Company by December 2009.

Marketing – As of August 2009, all the Company's licensees are live, or have taken possession and commenced their fitout in Phase 1. These licensees comprise in excess of 80% of the Phase 1 development. Additionally, the Company has received commitments to license a further approx. 15% of its Phase 1 area. The Company expects to give possession for fitout to these additional potential licensees in September 2009. If successful in this regard, approx. just 4% of the Phase 1 area would remain to be licensed.

As indicated earlier, license fee income has commenced partially in July 2009, and the majority of the license fee income from Phase 1 is expected to commence between August-December 2009. It is worth mentioning that the profile of occupants contracted to occupy Phase 1 comprises highly regarded and well known international and Indian corporates.

Financing – HDFC Ltd., the Company's Lenders, continue to provide loan financing to the Company for the development of Phase 1 as per the terms of their sanction. Repayment of the loan to HDFC has begun from August 2009, with the securitization of a part of the Phase 1 loan.

Phase 2

Construction – The civil construction for Phase 2 has been substantially completed by August 2009. Due to the steep decline in demand for commercial real estate during the period under review, and the consequent reduction in demand for office space, in consultation with its lenders the Company, to a limited extent, slowed down the pace of work on the Phase 2 development. With Phase 1 expected to be largely licensed by September 2009, the Company is targeting making available the Phase 2 development for fitout in the first quarter of 2010. This should allow license fee income to be received from Phase 2 by approx. the second quarter of 2010, subject to the receipt of required statutory and other compliances.

Marketing – The Company is in the process of marketing its Phase 2 development such that potential occupants will be able to commence their fitout concurrent with the revised construction schedules described above.

The demand for commercial office space in Mumbai's Western Suburbs has shown a positive trend subsequent to April 2009, which should help the Company's efforts in successfully marketing this phase of its development.

Financing – The Company has in principle approval from its Lenders for financing the construction of Phase 2. This will be discussed and confirmed with the Lenders in August-September 2009. The repayment of the Phase 2 construction loan is, once again, proposed to be effected through securitization of the majority of Phase 2 license fee income.

Further Phases

Subject to the successful commencement of license fee income from Phases 1 and 2 in approx. the second half of 2009 and the first half of 2010, the development of the further two phases of NKP is scheduled to begin in 2010.

ii) Leave and License activity

The Company continues to license built up area at Goregaon, Mumbai, at Tarapur (Thane Dist., Maharashtra) and in Nirlon House at Worli, Mumbai, to various corporates as on March 31, 2009. This activity continues concurrent to the development of Phases 1 and 2 of NKP. License fee income from this leave and license activity was Rs. 21.19 crore for the period under review as against Rs.19.05 crore for the Financial Year 2007-08.

License fee income from the existing licensees will decrease to some extent in 2009-10, as certain agreements are expiring and may be renewed for a short period only, or may not be renewed at all, so as to make further space available for the continued development of NKP in 2010-2011.

b) Belting Division – Roha

i) **Conveyor Belt –** In March 2009, the Company sold its 26% equity stake in its conveyor belting joint venture company, Sempertrans Nirlon Pvt. Ltd. (SNPL), for a net consideration of Rs.12.00 crore. The sale consideration represents a substantial increase in the value of the Company's 26% equity stake from the time the joint venture company was formed in November 2000 with Semperit A.G., an Austrian industrial rubber products conglomerate. This joint venture proved a success, and the Company sold its stake to Semperit A.G. themselves. SNPL's performance and profitability in 2008 was once again strong, and it successfully completed a major expansion during the year.

ii) **V-Belts –** The Company has phased out the loss making V-Belt Division in the period under review, concluding a successful VRS to its concerned employees and workmen. The assets of the Division were sold to the highest bidder, after confirmation of the same by the shareholders through a Postal Ballot.

c) Nylon Tyrecord Division – Tarapur

The manufacture/job work of griege tyrecord and industrial fabric, as well as the dipping of tyrecord and industrial fabric continued at the Company's Tarapur location during the period under review. This Division, once again, recorded a small profit during the period under review.

FIXED DEPOSITS

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

DEBENTURES

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

The Company has transferred unpaid/unclaimed debenture redemption amounts/interest pertaining to the No.IV and No.V Issues of Debentures under Section 205-C of the Act to the "Investor Education and Protection Fund (IEPF)" on October 16, 2008 as required under the provisions of the Act, and will further transfer unpaid/unclaimed debenture redemption amounts/interest on December 26, 2009 and August 17, 2010 respectively as required under the provisions of the Act.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

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

EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, the Board of Directors hereby confirms:

i) that in the preparation of the annual accounts for the year ended March 31, 2009, applicable accounting standards have been followed along with proper explanations relating to material departures;

ii) that the Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company for the year ended March 31, 2009, and of the profit of the Company for that year.

iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the Directors have prepared the accounts for the year ended March 31, 2009 on a 'going concern' basis.

COMPLIANCE CERTIFICATE OF AUDITORS

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

CORPORATE GOVERNANCE DISCLOSURE

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

MANAGEMENT DISCUSSION ANALYSIS

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

INTERNAL AND STATUTORY AUDITORS

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

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

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

AUDITORS' REPORT

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

INDUSTRIAL RELATIONS AND ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors
For Nirlon Limited

Moosa Raza
Chairman

Mumbai, July 31, 2009

ANNEXURE I TO THE DIRECTORS' REPORT

FORM A

During the Financial Year 2008-09, no additional measures have been taken for conservation of energy in the Company's manufacturing activities at Roha as the same was phased out during the Financial Year 2008-09.

Impact of measures (Roha)

(1) Power and steam consumption (Roha)

		2008-2009	2007-08
1.	Electricity		
	Purchased Units (KWH)	257729	508640
	Amount (Rs.in Lakh)	14.80	30.09
	Rate/unit (Rs./KWH)	5.74	5.92
2.	Consumption per unit of production:		

V-BELT

Particulars	Standard	2008-2009	2007-2008
Production	Pieces	293316	639782
Electricity	KWH/PC	1.13	1.26

ANNEXURE II TO THE DIRECTORS' REPORT

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

1. Name: - Shri Kunal Sagar
2. Age: - 41 years
3. Designation: - Executive Vice Chairman
4. Remuneration: - Rs. 53,76,000/- p.a.
5. Qualification: - B.A. (Economics)
6. Experience: - 18 years
7. Date of Commencement: - February 1, 1996
8. Last Employment: - Republic National Bank of New York

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

ANNEXURE III TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT

[Information given in this Report relates to the Financial Year ended March 31, 2009]

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

BOARD OF DIRECTORS

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

	As on 31.03.2009
Chairman (Non-Executive and Independent)	1
Promoters	2
Nominees of Promoters	2
Non-Executive and Independent Directors	3
	8

During the Financial Year 2008-09, the Board met 8 times on the following dates, viz. May 27, 2008, June 26, 2008, July 30, 2008, August 27, 2008, September 30, 2008, October 31, 2008, November 21, 2008 and January 31, 2009.

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

The following table gives details of Directors, attendance of Directors at the Board meetings during the Financial Year 2008-09, at the last Annual General Meeting, and the number of memberships held by Directors on the Boards of various other companies:-

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

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

i. Shri Moosa Raza is the Chairman of the Board.

ii. Shri Kunal Sagar is the Executive Vice Chairman.

iii. All Directors, except Shri Kunal Sagar, Shri Rahul Sagar, Smt. Rajani Bhagat and Shri Jaidev Shroff, are independent.

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

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

a) **Shri Moosa Raza**

Shri Moosa Raza, aged 72 years, has been a Civil Servant for 35 years. He has served the Governments of Gujarat, Jammu & Kashmir, Uttar Pradesh and the Government of India in various capacities as Secretary (Health), Secretary in Cabinet Secretariat, Secretary of Steel, and Governor's Advisor. He is also the President of the Indian Steel Alliance. He runs several NGOs dealing with Education and is associated with Central Universities.

He also headed as CEO more than 10 public and private sector Industrial and Commercial organizations, such as 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 International Management Institute, IMI-A, SMG, etc.

The Board of Directors of the Company appointed Shri Raza as an Independent Additional Director and Chairman of the Company w.e.f. October 28, 2006.

He is also holding the position of Chairman / Director on the Board of IL&FS Trust Co. Ltd.

b) **Shri Rama Varma**

Shri Rama Varma, aged 60 years, graduated with B.Sc. Shri Varma has been occupying the office of the Director of the Company since 1978.

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

He is also a Director on the Board of Aspinwall & Co. Ltd. and Varma Exports Limited.

c) **Smt. Aruna Makhan**

Smt. Aruna Makhan, aged 65 years, joined the IA&AS in 1967 and opted for the ICAS in 1976. She acquired 37 years of experience in handling public financial management at the apex level, and retired as Controller General of Accounts, Govt. of India. She has also been the Director of the National Institute of Financial Management under the aegis of the Ministry of Finance. She was a member of the Board of Directors of Oriental Bank of Commerce, TTCI, PEC and Prasar Bharati (Broadcasting Corporation of India), besides having held several directorial posts in various Government Undertakings and Autonomous Bodies.

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

She is also holding the position of a Director on the Board of Eastern Coalfields Ltd.

AUDIT COMMITTEE

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

The constitution of this Audit Committee meets with the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchange. The terms of reference for the Audit Committee and frequency of meetings meet the requirements of law.

The Company Secretary & H.O.D. – Legal of the Company is the Secretary of the Audit Committee.

The Audit Committee undertakes the following major functions:

i. To review reports of the Internal Auditors, and recommend to the Board the scope of their work, including the examination of major items of expenditure.

ii. To meet the Internal Auditors periodically and discuss their findings, suggestions, and other related matters.

iii. To review the Internal Auditors report on the financial statements and to seek clarification thereon, if required, from the auditors.

iv. To review weakness in internal controls, if any, reported by the Internal and/or Statutory Auditors, and report to the Board the recommendations relating thereto.

v. To act as a link between the Statutory and Internal Auditors and the Board of Directors.

vi. To recommend a change in the auditors, if in the opinion of the Committee the auditors have failed to discharge their duties adequately.

vii. To review all quarterly, half-yearly and annual results.

During the Financial Year 2008-09, the Audit Committee met 4 (four) times on the following dates, viz. June 26, 2008, July 30, 2008, October 31, 2008 and January 31, 2009.

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

SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

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

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

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

During the Financial Year 2008-09, the Shareholders / Investors Grievances Committee met 4 (four) times on the following dates, viz. June 26, 2008, July 30, 2008, October 31, 2008 and January 31, 2009:

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

The Board has designated the Company Secretary & H.O.D. (Legal) as the Compliance Officer.

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

The total number of complaints received and replied to, to the satisfaction of the shareholders during the Financial Year ended March 31, 2009 were 26, and outstanding complaints as on March 31, 2009 were nil. The number of pending share transfers was nil and pending requests for dematerialization were also nil as on March 31, 2009.

REMUNERATION COMMITTEE

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

During the Financial Year 2008-09, the Remuneration Committee met twice, i.e. on August 27, 2008 and on September 30, 2008.

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

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

Details of remuneration to all Directors for the Financial Year ended March 31, 2009:

(Rs. in lacs)

Name of the Director	Salary	Benefits	Commission	Sitting fees*	Total	Service contract / Notice period severance fees
Shri Moosa Raza	-	-	-	1.08	1.08	-
Shri Rama Varma	-	-	-	0.68	0.68	-
Shri Arjan Gurbuxani	-	-	-	1.17	1.17	-
Smt. Rajani Bhagat	-	-	-	0.36	0.36	-
Smt. Aruna Makhan	-	-	-	1.17	1.17	-
Shri Jaidev Shroff	-	-	-	0.03	0.03	-
Shri Kunal Sagar	48.00	5.76	-	-	53.76	Agreement dated 25.06.2007 for a period of 5 years w.e.f. 01.02.2006, Three months notice
Shri Rahul Sagar	-	-	-	0.52	0.52	-

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

GENERAL BODY MEETINGS

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

Financial Year	Date	Location of the meeting	Time
2005-2006	28.09.2006	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2006-2007	30.08.2007	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2007-2008	30.09.2008	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.

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

1	For commencement of new business	Annual General Meeting held on September 28, 2006
2	Appointment of Shri Rahul Sagar as Executive Director of the Company	Annual General Meeting held on September 30, 2008
3	Revision in Managerial remuneration of Shri Kunal Sagar, Executive Vice Chairman of the Company	Annual General Meeting held on September 30, 2008

Postal Ballot:

The Company issued a notice to the shareholders dated January 31, 2009 under Section 192A of the Companies Act, 1956 (Companies (Passing of the Resolution by Postal Ballot) Rules, 2001) and appointed Shri Taizoon M. Khumri of M/s. T. M. Khumri & Co., Company Secretaries, Mumbai, as the Scrutinizer for the postal ballot in respect of the following resolution, and the shareholders of the Company approved the resolutions through the postal ballot with requisite majority. The result of the postal ballot as follows was declared on March 31, 2009:

Particulars	Number of Postal Ballots	Number of Votes
Valid Ballots / Votes	1,684	97,18,323
Invalid Ballots / Votes	204	60,073
In favour of the Resolution	1489	96,39,414
Percentage (%)		99.19
Against the Resolution	195	78,909
Percentage (%)		0.81

Resolution under Section 293 (1) (a) - For sale of Land, Building, Plant and Machinery to M/s. Spareage Seals Limited, Mumbai and/or its nominees/affiliate(s)/subsidiary (ies), or any other person(s) as may be approved by the Board.

There may be further resolution/s proposed to be conducted through the Postal Ballot during 2009-10.

DISCLOSURES

a) *Disclosure on materially significant related party transactions, i.e. transactions of the Company of a material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:-*

The Company does not have any related party transactions, which may have a potential conflict with the interests of the Company at large (Ref. Schedule 20 Note no. 19).

b) *Details of non-compliance by the Company, penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: -*

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.

c) *Management Discussion and Analysis Report.*

The Management Discussion and Analysis Report has been attached to the Directors' Report and forms part of this Report.

(d) Nirlon Ltd. has followed the guidelines of the Accounting Standards laid down by the ICAI in preparation of its Financial Statement.

DISCLOSURE OF RISK MANAGEMENT

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

SHAREHOLDER INFORMATION

Means of Communication

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

Website where displayed

i) On the EDIFAR site of SEBI (www.sebi.gov.in)

ii) www.nirlonltd.com

Official norms released

No

Presentation made to institutional investors/analysts

No

Newspapers in which results are published

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

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

Date: Wednesday, September 30, 2009

Time: 11.00 a.m.

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

Annual General Meeting for the period ending on March 31, 2010

End of September 2010 (tentative)

Financial Year

1st April, 2009 to March 31, 2010

Board meetings (tentative)

April – June quarter results – meeting held on July 31, 2009

July – September quarter results – end of October 2009

October – December quarter results – end of January 2010

Audited results for March 31, 2010 - end of June 2010

Date of Book Closure

Thursday, September 24, 2009 to Wednesday, September 30, 2009 (both days inclusive)

Dividend Payment

Nil

Company's website

www.nirlonltd.com

Company's Registration details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U17120MH1958PLC011045.

Listing of Equity Shares

The Company's equity shares are listed on the Bombay Stock Exchange Limited (BSE), Mumbai. The Company has paid the annual listing fee for the year 2009-10 to the BSE.

BSE Code: 500307

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

Stock Market Data: April 1, 2008 to March 31, 2009

The Stock Exchange, Mumbai

	High (Rs.)	Low (Rs.)
April 2008	75.05	63.00
May 2008	75.00	62.45
June 2008	65.70	41.60
July 2008	57.00	37.65
August 2008	63.45	50.15
September 2008	55.80	32.25
October 2008	39.40	22.10
November 2008	31.45	16.90
December 2008	26.00	17.30
January 2009	26.90	19.00
February 2009	20.95	16.00
March 2009	17.65	13.90

Address for communication: Shri J. K. Bhavsar
Company Secretary & H.O.D. (Legal)
Nirlon Limited, Share Dept.,
Pahadi Village, off. Western Express Highway, Goregaon (E),
Mumbai: 400 063.
Tel No. 022-40281919/26852257-58-59
Fax No. 022-40281940
e-mail address: share@nirlonltd.com

Registrar and Share Transfer Agent:

M/s. Sharepro Services (India) Pvt. Ltd.,
Samhita Complex, Gala No. 52-56, Bldg no. 13 A-B,
Near Sakinaka Telephone Exchange, Andheri Kurla Road,
Sakinaka, Mumbai: 400 072.
Tele: - 022- 67720300/400
e-mail: - sharepro@vsnl.com

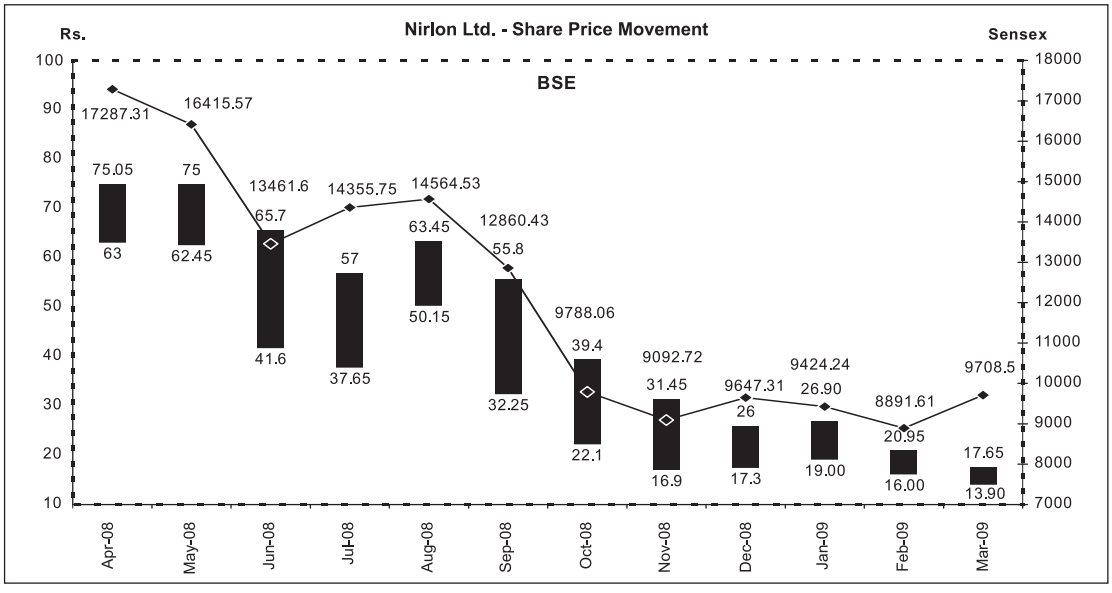
Share Transfer System

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

Distribution of Shareholding (As on March 31, 2009)

Range of shares	No. of share holders	No. of shares	Percentage of share amount to total
Up to – 500	51,098	64,54,644	11.087
501 – 1000	3,049	24,86,918	4.272
1001 – 2000	1,352	21,31,336	3.661
2001 – 3000	391	10,18,957	1.750
3001 – 4000	208	7,52,302	1.292
4001 – 5000	227	10,85,850	1.865
5001 – 10000	318	24,19,954	4.157
10001 and above	325	4,18,66,625	71.915
Total	**56,968**	**5,82,16,586**	**100.000**

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



Shareholding pattern

	As on March 31, 2009	
	No. of shares	Percentage
Promoters and Promoter Group	79,85,103	13.72
Non-Promoter Public shareholding*		
(a) Banks, MFs/FIs/Insurance co.	1,79,226	0.30
(b) Foreign Institutional Investors (FIIs)	1,02,97,261	17.69
(c) Others	3,97,54,996	68.29
Sub-total (a + b+ c)	5,02,31,483	86.28
Total	**5,82,16,586**	**100.00**
Total no. of shareholders	**56,968**	

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

Dematerialization of Shares

As per notification issued by SEBI, the shares of the Company are traded in dematerialized form. As on March 31, 2009. 85.16 % of the paid-up share capital issued and subscribed by the Company has been dematerialized.

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

Not Applicable

CODE OF CONDUCT

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

A copy of the code of conduct has been put on the Company's website.

All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2009.

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

Declaration – Code of Conduct

All Board Members and Senior Management personnel have, for the Financial Year ended March 31, 2009, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement with Bombay Stock Exchange.

For Nirlon Limited

Sd/-

Kunal Sagar
Executive Vice Chairman

July 31, 2009

CEO / CFO Certification

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

Jobwork / Manufacturing and Real Estate Activity locations

1. Tarapur-D-8, MIDC Industrial Area, Tarapur–Jobwork/manufacturing
2. Goregaon - Pahadi Village, Goregaon (E), Mumbai: 400 063 – Real Estate.

ANNEXURE – IV TO THE DIRECTORS' REPORT
MANAGEMENT DISCUSSION ANALYSIS

OVERVIEW

During a difficult year for the Indian Economy, and for the Real Estate Sector in particular, the Company continued to make progress in the development of the IT Park at Goregaon, i.e. Nirlon Knowledge Park (NKP). Some delays occured during this year in both the Phase 1 and Phase 2 development. Whereas the development in Phase 1 was delayed largely due to the less than satisfactory performance of specific vendors, the Phase 2 slowdown was consciously effected in consultation with the Company's lenders to reflect the reduced market demand during most of the Financial Year 2008-09.

SEGMENT ANALYSIS AND REVIEW

a) Real Estate Division

The highest priority for the Company presently is to ensure the commencement of license fees for Phase 1 of the NKP development as per the contracts with specific licensees. As indicated earlier in the Directors' Report, license fees have begun to partially accrue from July 2009. Additional license fees are expected to begin in September, October and November 2009 for which the Company has already obtained the necessary statutory clearances. This commencement of license fees between July-November 2009 will represent in excess of 80% of the Phase 1 development.

In November-December 2009, the Company expects to receive the balance statutory permissions required for its Phase 1 development. Receipt of these permissions should then allow the license fees for the residual Phase 1 (less than 20%) area to begin from December 2009. The commencement of these balance license fees are contingent on the Company converting the commitments it presently has into legally binding license agreements in September 2009 (approx. 15%) and successfully securing a commitment for the presently uncommitted area (approx. less than 4%).

The majority of these license fees will be paid to HDFC to effect repayment of the construction loan for Phase 1. The commencement of license fees will allow this construction loan to be converted into a securitization loan, repayable in 108 months, at an appreciably lower interest rate than that which is presently charged to the Company.

A successful conclusion to this process will also be an important step in establishing the Company's credibility as a real estate developer.

The other major challenge before the Company will be to ensure that the balance work remaining in Phase 2, i.e. mainly that of the façade and utilities, commences in September 2009, and will be completed in the first quarter of 2010. This will allow fitout for this space to begin in the first quarter of 2010, subject to the Company securing commitments and signing license agreements with potential occupants. The successful marketing of Phase 2, combined with successfully readying the building for fitout by the first quarter of 2010, should then sequentially allow for license fee income to begin from the second quarter of 2010 subject to receipt of statutory and other necessary clearances. This, in turn, will allow further repayment to HDFC to begin for the second phase construction loan, as well as allow the construction loan to be converted into a securitization loan with its attendant lower interest rates.

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

b) Belting Division

In the period under review, the Company took a decision to exit its conveyor belting joint venture with Semperit AG of Austria. Semperit AG bought over the Company's 26% holding in the joint venture company, Sempetrans Nirlon Pvt. Ltd. (SNPL) for Rs.12.00 crore in March 2009. This amount represented a significant increase in the value of the Company's 26% holding, as compared to when the joint venture was formed in November 2000. As SNPL had just completed a major expansion by the end of 2008 and had recorded yet another year of strong sales and profitability, the Company was able to achieve an appropriate valuation for its exit. The proceeds from the sale of this stake have been immediately deployed by the Company for the development of NKP, thus helping reduce the requirement of borrowed funds.

The Company also exited the loss making V-Belt business in the period under review as scheduled. The VRS of concerned employees and workmen was successfully concluded, and the Company's assets sold to the highest bidder after shareholder approval through a Postal Ballot. The proceeds from the sale of V-Belt assets, though relatively limited, were also utilized for the development of NKP.

c) Tyrecord / Industrial Fabric Division

The tyrecord / industrial fabric dipping plant operated at close to full capacity levels during the period under review due to a better customer and product mix.

RISKS AND CONCERNS

a) Real Estate Division

Paradoxically, the slowdown in Real Estate activity during the period under review has helped address two of the Company's concerns which were relevant for the 2007 - 08 period, i.e. availability of construction / development infrastructure, and availability / cost of qualified personnel. Both these concerns have to an extent being mitigated during 2008-09, due to the steep reduction in Real Estate demand during this period. However, other risks and concerns do remain.

i) Economic Slowdown – Global and Domestic

This remains a significant concern for the Company today. The demand for commercial Real Estate is directly linked to the growth of the global and Indian economies. The period under review has not been an encouraging time for the global or the Indian economy, and consequently the demand for commercial Real Estate all over India including Mumbai has sharply reduced. Though there have been signs of improvement since April 2009 genuine, sustainable economic recovery and consistent growth are still uncertain, both internationally and domestically. In turn, the increase in demand for commercial Real Estate remains sporadic. These circumstances have the possibility of delaying space take up in NKP, and hence, could lead to project delays.

ii) Supply / availability of Commercial Real Estate space in suburban Mumbai

The consistent growth in Real Estate for commercial space in Mumbai from the early part of this decade through the first half of 2008, led to the commencement of construction for a significant volume of commercial space in the city based on projected demand growth. The rapid decline in this demand from the second half of 2008, and the inability of developers to leave semi-finished projects incomplete, has led to an over supply of commercial Real Estate in the Mumbai suburbs. This holds true at Nirlon's location in the Western suburbs and for the Goregaon area micro market. Thus, even if there is a consistent increase in demand, the ready availability of commercial space in the micro market is likely to keep rental rates depressed, at least through the first half of 2010. This could lead to lower licensee fee levels for the NKP development, and to that extent could affect projections and profitability.

However, it may be noted that since the cost of land for the NKP Project as a proportion of project cost is, for all practical purposes, nil, the Company is likely to be less affected by lower rates than most projects, where the cost of land is usually the most significant cost.

b) Belting Division

No risks and concerns remain for this Division as the Company has exited from its conveyor belting joint venture, as well as from its loss making V-Belt Unit.

c) Tyrecord / Industrial Fabric Division

Competitive imports of tyrecord and industrial fabric will limit price realization in this market. Further, some producers in India are upgrading or have completed upgrading their manufacturing facilities for the dipping of tyrecord and industrial fabric, allowing them to be increasingly competitive.

Cautionary Statement

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

CERTIFICATE

To:
The Members of Nirlon Ltd.

We have examined the compliance of conditions of Corporate Governance by Nirlon Ltd., for the year ended March 31 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report issued by the Registrar and Share Transfer Agent of the Company to the Shareholders / Investors Grievances Committee, as on March 31, 2009, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **N. M. Raiji & Co.**
Chartered Accountants

C.A.Y. N. Thakkar
Partner
M No. 33329
Mumbai, July 31, 2009

Auditors' Report

TO THE MEMBERS OF NIRLON LIMITED

1) We have audited the attached Balance Sheet of **NIRLON LIMITED** as at 31st March 2009, the Profit and Loss Account and also Cash Flow statement of the Company for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 as amended from time to time and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable;

4) Further to our comments in the Annexure referred to above, we report that :

   i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;

   iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;

   v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   vi) Hitherto, the Company was amortising the voluntary retirement scheme in the year in which such payments are made. During the year, the Company has changed the amortisation period to three years. On account of this change, amortisation of voluntary retirement compensation is lower by Rs.504.03 lacs and consequently the profit is overstated to that extent.

   vii) Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

      (1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;

      (2) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

      (3) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

CA Y.N.THAKKAR
Partner
Membership No.33329

Mumbai, 30th June, 2009

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph (3) of our report of even date.

1) a) The Company is in the process of updating the records showing full particulars including quantitative details and situation of fixed assets other than furniture and fixtures, equipment and appliances;

   b) As explained to us, all the assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.

2 a) The inventories in possession of the Company have been physically verified by the management at the close of the year. In respect of inventories lying with third parties, they have confirmed these. In our opinion, the frequency of verification is reasonable;

b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;

c) In our opinion, on the basis of our examination of records of inventory, the company has maintained proper records of inventory and no material discrepancies were noticed on physical verification;

3) In our opinion, the Company has neither granted nor taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clauses iii (b), iii (c) and iii (d) of paragraph 4 of the Order, are not applicable;

4) There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets, and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system;

5) In our opinion, the transactions for the purchase of goods and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;

6) The Company has not accepted any deposits from the public during the year. Therefore, the provisions of the clause (vi) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company;

7) 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;

8) According to the information and explanations given to us, 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;

9) a) The Company is regular in depositing undisputed statutory dues of the Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Wealth tax, Service tax, Sales tax, Excise duty, Custom duty, Cess and any other statutory dues with the appropriate authority. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for the period of more than six months from the date they became payable;

b) As on 31st March 2009, according to the records of the Company, the following are the particulars of disputed dues on account of statutory matters that have not been deposited:

Name of the statute	Amount Rs. Lacs	Forum where dispute is pending
Excise duty	813.73 92.26 196.89	Supreme Court Appellate Authority – Tribunal. Commissioner (Appeals)
Property tax – Mumbai Municipal Corporation.	634.62	Mumbai High Court
Provident Fund	42.71	Employees Provident Fund Appellate Tribunal, New Delhi
TOTAL	1,780.21	

10) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year ending on 31st March 2009, as well as in the immediately preceding financial year;

11) The Company has not defaulted in repayment of dues to Financial Institutions and banks;

12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;

13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/society;

14) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. All the investments of the Company are held in its own name;

15) The Company has not given any guarantees for loans taken by others from banks or Financial Institutions;

16) In our opinion, the term loans availed by the Company during the year, were applied for the purpose for which they were obtained;

17) Based on the information and explanations given to us and on an overall examination of the Financial Statements of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment;

18) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956;

19) In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;

20) The Company has not raised any money by public issue during the year;

21) According to the information and explanations given to us, 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

CA Y.N. THAKKAR
Partner
Membership No.33329

Mumbai, 30th June, 2009

Balance Sheet as at 31st March, 2009

(Rupees in lacs)

	Schedule		As at 31st March 2009	As at 31st March 2008
SOURCES OF FUNDS				
Shareholders' Funds :				
Capital	1	5,821.65		5,821.65
Reserves and Surplus	2	6,987.13		6,707.36
			12,808.78	12,529.01
Loan Funds :				
Secured Loans	3	37,070.46		17,071.53
Unsecured Loans	4	-		125.53
			37,070.46	17,197.06
TOTAL			**49,879.24**	29,726.07
APPLICATION OF FUNDS				
Fixed Assets :	5			
Gross Block		23,703.75		24,581.70
Less: Depreciation		2,541.95		2,721.82
Net Block		21,161.80		21,859.88
Capital work-in progress		32,408.13		11,247.02
			53,569.93	33,106.90
Investments	6		**-**	600.00
Deferred Tax Assets (Net) (Refer Note no.20 of Schedule 20)			**435.38**	440.53
Current Assets, Loans and Advances :				
Inventories	7	88.97		289.20
Sundry Debtors	8	117.36		134.33
Cash and Bank Balances	9	1,058.04		1,471.90
Loans and Advances	10	2,649.46		1,385.80
		3,913.83		3,281.23
Less:				
Current Liabilities	11	8,433.20		7,592.06
Provisions	12	110.73		110.53
		8,543.93		7,702.59
Net Current Assets			**(4,630.10)**	(4,421.36)
Misc. exp. to the extent not written off Deferred Revenue Expenditure (VRS) (Refer Note no. 16 of Schedule 20)			**504.03**	-
TOTAL			**49,879.24**	29,726.07
Notes forming part of the Accounts	20			

PRAHALAD S. CHOMAL
General Manager (F & A)

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

J.K. BHAVSAR
Company Secretary & HOD (Legal)

FOR AND ON BEHALF OF THE BOARD
KUNAL SAGAR
Executive Vice Chairman

As per our report attached

For N.M. RAIJI & CO.
Chartered Accountants

CA Y.N. THAKKAR
Partner
Membership No. 33329

Mumbai, 30th June, 2009

Directors
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN
RAHUL SAGAR

Profit and Loss Account for the year ended 31st March, 2009

(Rupees in lacs)

	Schedule		2008-09	2007-08
INCOME				
Sales			**452.61**	631.36
Processing charges received			**794.12**	798.85
			1,246.73	1,430.21
Less: Excise duty			**382.64**	403.78
			864.09	1,026.43
Other Income	13		**826.58**	463.72
Rent received			**2,119.01**	1,904.63
			3,809.68	3,394.78
EXPENDITURE				
Raw Materials consumed	14		**144.51**	266.60
Payments to and provisions for employees	15		**580.47**	553.16
Cost of traded goods	16		**1.42**	0.09
Manufacturing and other expenses	17		**1,539.87**	1,719.33
Depreciation		**213.41**		120.40
Less: Transferred to Revaluation Reserve		**3.34**		3.81
			210.07	116.59
Provision for doubtful debts & advances			**25.47**	-
Interest	18		**532.09**	612.72
			3,033.90	3,268.49
Add/(Less) : Decretion/(Accretion) to stock	19		**173.43**	(65.53)
			3,207.33	3,202.96
Profit for the year before extraordinary items			**602.35**	191.82
Less : Voluntary Retirement Scheme (Refer Note no. 16 of Schedule 20)			**252.00**	57.75
Profit for the year before Tax			**350.35**	134.07
Provision for Tax :				
: Current Tax			**(39.68)**	(13.85)
: Income tax adjustments of earlier years			**(1.34)**	-
: Deferred Tax (Refer Note no.20 of Schedule 20)			**(5.14)**	53.60
: Fringe Benefit Tax			**(13.55)**	(8.96)
Profit for the year after Tax			**290.64**	164.86
Add : Balance brought forward from previous year			**296.95**	132.09
Balance carried to Balance Sheet			**587.59**	296.95
Weighted average number of equity shares outstanding during the year			**58,216,586**	58,216,586
Basic and diluted earning per share including extraordinary items (net of tax) (Refer Note no.13 of Schedule 20)			**0.50**	0.28
Notes forming part of the Accounts	20			

PRAHALAD S. CHOMAL
General Manager (F & A)

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

J.K. BHAVSAR
Company Secretary & HOD (Legal)

FOR AND ON BEHALF OF THE BOARD
KUNAL SAGAR
Executive Vice Chairman

As per our report attached

For N.M. RAIJI & CO.
Chartered Accountants

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, 30th June, 2009

Directors
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN
RAHUL SAGAR

Schedules attached to and forming part of the Balance Sheet as at 31st March, 2009

(Rupees in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 1		
SHARE CAPITAL		
Authorised		
7,40,00,000 Equity Shares of Rs.10 each	**7,400.00**	7,400.00
1,00,000 Cumulative Redeemable Preference Shares of Rs.100 each	**100.00**	100.00
	7,500.00	7,500.00
Issued		
5,82,30,608 Equity Shares of Rs.10 each	**5,823.06**	5,823.06
Subscribed		
5,82,16,586 Equity Shares of Rs.10 each, fully paid-up	**5,821.65**	5,821.65

Notes :

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

(Rupees in lacs)

		As at 31st March 2009	As at 31st March 2008
Schedule 2			
RESERVES AND SURPLUS			
Share Premium		**264.98**	264.98
Revaluation Reserve			
As per last Balance Sheet	**6145.43**		6156.56
Less: Transferred to Profit and Loss Account	**3.34**		3.81
Less: Reversal on account of building demolition / sale	**7.53**		7.32
		6134.56	6145.43
Profit and Loss account		**587.59**	296.95
		6987.13	6707.36

(Rupees in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule – 3		
SECURED LOANS		
Loan from HDFC (Refer note no.1 below)	**37,057.60**	17,054.35
Vehicle loan from Bank of India (Refer Note 2 below)	**12.86**	17.18
	37,070.46	17,071.53

Notes :

1. Loan from HDFC is secured by a charge in the nature of equitable mortgage by deposit of title deeds of land situate at Goregaon, Mumbai together with buildings and structures standing thereon, both present and future.
2. Vehicle loan from Bank of India is secured against hypothecation of the said vehicles.
3. In respect of the above loans Rs. 523.73 lacs is due and payable within one year (previous year Rs.246.76 lacs).

(Rupees in lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 4		
UNSECURED LOANS		
Loan from the State Industrial and Investment Corporation Maharashtra Limited :		
Interest-free Sales Tax loan	**–**	120.92
M.I.D.C. Incentive	**–**	4.61
	–	125.53

Note :

In respect of the above loans Rs.Nil is due and payable within one year (previous year Rs.125.53 lacs).

Schedule 5

Fixed Assets **(Rupees in lacs)**

Assets	Gross Block				Depreciation				Net Block
	As on 01-04 -2008	Additions during 2008-09	Deductions/ Adjustments during 2008-09	As on 31-03-2009	As on 01-04-2008	Provided during 2008-09	Deductions/ Adjustments during 2008-09	Upto 31-03-2009	As on 31-03-2009
Land and Site Development									
Freehold	**18,855.34** (18,855.34)	**-** (-)	**489.92** (-)	**18,365.42** (18,855.34)	**-** (-)	**-** (-)	**-** (-)	**-** (-)	**18,365.42** (18,855.34)
Leasehold	**269.59** (269.59)	**-** (-)	**11.11** (-)	**258.48** (269.59)	**70.55** (67.21)	**3.34** (3.34)	**7.24** -	**66.65** (70.55)	**191.83** (199.04)
Buildings	**3,680.22** (2,669.99)	**54.70** (1,196.16)	**13.18** (185.93)	**3,721.74** (3,680.22)	**1,406.40** (1,489.74)	**120.42** (74.59)	**11.48** (157.93)	**1,515.34** (1,406.40)	**2,206.40** (2,273.82)
Plant and Machinery	**797.47** (1,155.28)	**-** (5.59)	**349.34** (363.40)	**448.13** (797.47)	**738.95** (1,043.06)	**4.86** (8.13)	**309.17** (312.24)	**434.64** (738.95)	**13.49** (58.52)
Electrical Installations	**44.65** (44.65)	**-** (-)	**-** (-)	**44.65** (44.65)	**44.63** (44.37)	**0.02** (0.26)	**-** (-)	**44.65** (44.63)	**-** (0.02)
Furniture, Fixtures & Appliances	**788.24** (395.44)	**35.01** (392.80)	**7.75** (-)	**815.50** (788.24)	**390.38** (369.48)	**71.86** (20.90)	**7.18** (-)	**455.06** (390.38)	**360.44** (397.86)
Factory Equipment	**114.79** (158.54)	**-** (24.46)	**96.36** (68.21)	**18.43** (114.79)	**59.80** (113.91)	**7.65** (8.01)	**58.21** (62.12)	**9.24** (59.80)	**9.19** (54.99)
Vehicles	**31.40** (5.99)	**-** (25.41)	**-** (-)	**31.40** (31.40)	**11.11** (5.94)	**5.26** (5.17)	**-** (-)	**16.37** (11.11)	**15.03** (20.29)
	24,581.70 (23,554.82)	**89.71** (1,644.42)	**967.66** (617.54)	**23,703.75** (24,581.70)	**2,721.82** (3,133.71)	**213.41** (120.40)	**393.28** (532.29)	**2,541.95** (2,721.82)	**21,161.80** (21,859.88)
Capital work in Progress (including Capital Advances)									**32,408.13** (11,247.02)
Totals									**53,569.93** (33,106.90)

Notes :

1. Land includes:

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

2. Based on valuation reports submitted by M/s. I.H. Shah & Associates, approved valuers, the following assets of Goregaon, Roha and Tarapur had been revalued as on 1st April, 1984 and as on 30th June, 2006 on the basis of assessment about their market value and were written up by the amounts, on that date, as shown below:

(Rupees in lacs)

	Amount written up on revaluation	Reversal on account of building demolition/ sale	Depreciation provided upto 31.03.09	Amount written up net of depreciation/ adjustments as on 31.03.2009
Freehold land	6,004.31	0.57	-	6,003.74
Leasehold land	150.40	6.15	44.33	99.92
Buildings	1,050.34	48.84	970.60	30.90
	7,205.05	55.56	1,014.93	6,134.56

   Depreciation of Rs.3.34 lacs (previous year Rs.3.81 lacs) on the revalued portion has been provided for the year on the same rate as is applicable and this amount has been directly adjusted from the Revaluation Reserve.

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

(Rupees in Lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule - 6		
INVESTMENTS (At cost)		
LONG TERM :		
Non-Trade Investments		
Unquoted:		
Nos. Face Value Description per unit Rupees		
- 10 Equity Shares of Sempertrans Nirlon Pvt. Ltd. (60,00,000) (fully paid-up) (Refer Note no. 17 of Schedule 20)	-	600.00
	-	600.00

Note : Figures in brackets represent number of units/shares held as on 31st March, 2008.

(Rupees in Lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 7		
INVENTORIES		
Stores and Spares (at cost) (including in transit Rs. Nil, Previous year Rs.Nil)	24.78	33.07
Traded goods (V-Belts)	-	0.55
Raw Materials (at cost) (including in transit Rs.Nil, Previous year Rs. Nil)	-	17.96
Stock-in-process (at cost)	-	17.76
Finished Products	64.19	219.86
	88.97	289.20

		As at 31st March 2009	As at 31st March 2008
Schedule 8			
SUNDRY DEBTORS			
(Unsecured - considered good, unless otherwise stated)			
Outstanding for a period exceeding six months :			
Considered good	2.82		3.66
Considered doubtful	252.37		770.64
	255.19		774.30
Less : Provided for	252.37		770.64
		2.82	3.66
Other Debts :			
Considered good		114.54	130.67
		117.36	134.33

(Rupees in Lacs)

	As at 31st March 2009	As at 31st March 2008
Schedule 9		
CASH AND BANK BALANCES		
Cash on hand	3.43	4.25
Bank Balances with Scheduled Banks In Current accounts	513.76	174.34
Cheque on hand	2.40	-
Balance in current account with the Municipal Co-op. Bank Ltd., Roha (Maximum balance outstanding during the year Rs. 0.50 lacs previous year Rs.0.51 lacs)	0.10	0.49
Fixed Deposit with the Municipal Co-op. Bank Ltd., Roha (Maximum balance outstanding during the year Rs. 0.20 lacs previous year Rs.0.20 lacs)	0.20	0.20
Short term deposits with banks	115.00	869.47
Margin Money with banks	423.15	423.15
	1,058.04	1,471.90

(Rupees in Lacs)

		As at 31st March 2009	As at 31st March 2008
Schedule 10			
LOANS AND ADVANCES			
(Unsecured - considered good, unless otherwise stated)			
Loans :			
To Employees		21.00	29.07
Advances recoverable in cash or in kind or for value to be received :			
Considered good	2126.27		1249.97
Considered doubtful	432.22		432.00
	2558.49		1,681.97
Less: Provided for	432.22		432.00
		2,126.27	1,249.97
Prepaid expenses		26.34	9.79
Deposit with Customs, Central Excise Department, etc.		420.10	50.82
Advance payment of Income Tax		29.17	20.85
Advance payment of Fringe Benefit Tax		26.58	25.30
		2,649.46	1,385.80

	As at 31st March 2009	As at 31st March 2008
Schedule 11		
CURRENT LIABILITIES		
Sundry Creditors (including advance received for sale of assets Rs.Nil, previous year Rs.221.31 lacs) (Refer Note no.4 of Schedule 20)	**3,171.66**	2,388.22
Rent Deposit received	**5,261.54**	5,203.84
	8,433.20	7,592.06

	As at 31st March 2009	As at 31st March 2008
Schedule 12		
PROVISIONS		
Provision for Gratuity (Refer Note no.18 of schedule 20)	21.02	69.08
Provision for Current Tax	54.88	13.85
Provision for Fringe Benefit Tax	34.83	27.60
	110.73	110.53

Schedules attached to and forming part the Profit and Loss Account for the period ended 31st March 2009

(Rupees in Lacs)

	2008-09	2007-08
Schedule - 13		
OTHER INCOME		
Interest Gross :		
Other interest (Tax deducted at Source Rs. 0.03 lacs, previous year Rs.0.04 lacs)	**0.31**	0.85
Sales tax refund	**0.83**	1.90
Liability written back	**15.47**	287.52
Miscellaneous receipts	**18.62**	18.97
Excess provision for doubtful debts and advances written back	**-**	1.21
Scrap sales	**126.94**	103.54
Profit on sale of investments	**600.00**	-
Profit on sale of Assets (Net)	**64.41**	49.73
	826.58	463.72

(Rupees in Lacs)

	2008-09	2007-08
Schedule 14		
RAW MATERIALS CONSUMED		
Opening stock	**17.96**	12.85
Add: Purchases	**126.55**	271.71
	144.51	284.56
Less: Closing Stock	**-**	17.96
	144.51	266.60

(Rupees in Lacs)

	2008-09	2007-08
Schedule 15		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus and Leave Encashment	**285.33**	271.58
Contribution to Provident Fund, Gratuity Fund and other funds	**60.67**	36.02
Welfare expenses	**36.84**	44.11
Pension paid to Staff and Workers	**197.63**	201.45
	580.47	553.16

(Rupees in Lacs)

	2008-09	2007-08
Schedule 16		
COST OF TRADED GOODS (V-Belts)		
Opening stock	**0.55**	-
Add: Purchases	**0.87**	0.64
	1.42	0.64
Less: Closing Stock	**-**	0.55
	1.42	0.09

(Rupees in lacs)

	2008-09	2007-08
Schedule 17		
MANUFACTURING AND OTHER EXPENSES		
Stores and spares consumed	**321.04**	325.53
Power, fuel and water charges	**193.04**	169.47
Rent	**6.13**	5.92
Insurance	**15.28**	15.52
Rates and taxes	**388.65**	388.43
Repairs to machinery	**0.79**	3.19
Repairs to other assets	**32.77**	13.83
Repairs to building	**3.28**	6.73
Cash Discount	**17.74**	15.93
Advertisement and publicity	**1.23**	2.48
Freight and forwarding	**12.78**	17.66
Octroi	**6.49**	9.99
Donations	**1.47**	0.32
Bank charges and guarantee commission	**4.59**	10.98
Directors' sitting fees	**5.01**	1.68
Legal and Professional expenses	**137.28**	75.27
Telephone expenses	**9.47**	10.82
Factory Maintenance expenses	**50.90**	84.56
Stores/Raw material inventory written off	**15.39**	-
Bad Debts Written off (net)	**0.09**	-
Advances Written off (net)	**0.10**	-
Travelling expenses	**19.39**	20.51
Other Expenses (Refer Note no.6 of Schedule 20)	**296.96**	540.51
	1,539.87	1,719.33

(Rupees in lacs)

	2008-09	2007-08
Schedule 18		
INTEREST		
Interest on Term Loans	**521.85**	547.07
Other Interest	**10.24**	65.65
	532.09	612.72

(Rupees in lacs)

		2008-09	2007-08
Schedule 19			
(ACCRETION)/DECRETION TO STOCK			
Opening stock			
Stock-in-process	**17.76**		15.45
Finished product	**219.86**		156.64
		237.62	172.09
Closing stock			
Stock-in-process	**-**		17.76
Finished product	**64.19**		219.86
		64.19	237.62
		173.43	(65.53)

Schedule 20

NOTES FORMING PART OF THE ACCOUNTS

1 **Accounting Policies :**

The Financial statements are prepared on an accrual basis under the Historical cost convention in accordance with the Generally Accepted Accounting Principles ("GAAP") and in compliance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

a. Fixed Assets :

Fixed Assets are stated at cost less accumulated depreciation and impairrment losses, if any. Cost comprises of purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes a substantial period of time to get ready for its intended use are also included to the extent they related to the period till such assets are ready to be put to use. The cost of Fixed Assets includes additions on account of revaluation of land and buildings done on 1st April, 1984 and also as on 30th June, 2006. The cost of leasehold land is amortised over the period of the lease.

All the revenue expenses related to Nirlon Knowledge Park have been capitalised.

b. Investments :

Investments, being long term, are stated at Cost less permanent diminution in value, if any.

c. Foreign Currency Transactions :

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.

ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

iii) Non monetary foreign currency items are carried at cost.

iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the profit and loss account except in cases where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

d. Inventory Valuation :

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

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

e. Depreciation :

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

	Method of providing Depreciation
a) Continuous Process Plants	@ 5.28%
b) All Other Assets	Written down value method

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

f. Taxes on Income:

Current Tax:

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

Deferred Tax Provision:

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

g. Retirement Benefits :

i) The Company has created the Employees Group Gratuity Fund which has taken a Group Gratuity cum Life Insurance Policy from the Life Insurance Corporation of India. Gratuity(Defined Benefit Plan) is provided based on the revised AS-15.

ii) Retirement Benefit in the form of Provident Fund (Defined Contribution Plan) is accounted on an accrual basis and is charged to the Profit and Loss Account for the year.

iii) Retirement benefit in the form of Pension (Defined Contribution Plan) is accounted on an accrual basis and is charged to the Profit and Loss Account for the year.

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

h. Income and Expenses :

i) Sales and processing charges received include excise duty recovered from customers and excludes sales tax.

ii) Insurance claims, sale of production waste/scrap are accounted for in the books on an accrual basis.

iii) Rent income (excluding Service Tax) and expenses and income incidental to it, are accounted for on an accrual basis .

iv) Overdue Interest receivable from customers is accounted as and when realised.

2 Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs. 10,077.48 lacs (previous year Rs.15,760.60 lacs).

3 Contingent liabilities not provided for (excluding interest):

a) Claims against the Company not acknowledged as debts Rs.12.81 lacs (previous year Rs.18.38 lacs).

b) Excise duty amounting to Rs.1,112.89 lacs (previous year Rs. 949.13 lacs), pending decision of the Appellate Tribunal/ Supreme Court.

c) Penal damages claimed by the Regional Provident Commissioner, for delay in payment of Provident Fund contribution amounting to Rs.42.71 lacs (previous year Rs.42.71 lacs).

d) Demand of Property tax by Bombay Municipal Corporation disputed by the Company Rs.634.62 lacs (previous year Rs.695.47 lacs)

4 The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 and hence disclosure requirements in this regard as per Schedule VI of the Companies Act, 1956 could not be provided.

5 Balances of sundry debtors, creditors, loans and advances and deposits are subject to confirmation.

6 In Schedule 17 Other Expenses include the following payments made to Auditors:

(Rupees in lacs)

	2008-09	2007-08
Audit Fees	4.50	4.50
For Taxation matters	0.28	0.28
For certifying various statements	0.71	0.69
Reimbursement of expenses	0.92	0.55
	6.41	6.02

7 **Remuneration to Whole-time Director :**

(Rupees in lacs)

	2008-09	2007-08
Remuneration	48.00	7.59
Provident Fund	5.76	0.77
Other perquisites	-	1.21
	53.76	9.57

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

(Rupees in lacs)

	2008-09		2007-08	
	Quantity Tonnes	Value	Quantity Tonnes	Value
Rubber	65.90	83.69	156.50	156.14
Carbon	21.24	12.46	25.23	14.08
Fabric and Cords	26.24	48.36	57.44	96.38
		144.51		266.60

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

(Rupees in lacs)

	2008-09	2007-08
Capital	993.23	-
Stores and Spares	2.18	-
	995.41	-

10 **Value of raw materials and stores and spares consumed:**

(Rupees in lacs)

	2008-09		2007-08	
	Value	%	Vaue	%
Raw materials :				
Imported	-	-	-	-
Indigenous	144.51	100.00	266.60	100.00
	144.51	100.00	266.60	100.00

Stores & Spare parts :

Imported	-	-	0.80	0.24
Indigenous	321.04	100.00	324.73	99.76
	321.04	100.00	325.53	100.00

11 Expenditure in foreign currency (Fully capitalised) :

(Rupees in lacs)

	2008-09	2007-08
Technical service received	99.33	125.73
Travelling expenses	9.86	8.10

12 Particulars relating to capacities, production, stocks and turnover:

i) Capacity and Production:	Tyrecord Dipping	Fan and V-Belt
	Tonnes	pieces
Installed Capacity	2700 (2700)	1200000 (1200000)
Production	1729 (1611)	293316 (639782)

Previous year's figures are given in brackets.

Note : Installed capacities as mentioned above are as per the figures certified by the Management.

(Rupees in lacs)

ii) Finished Stock:	Unit	2008-09		2007-08	
		Qty.	Value	Qty.	Value
Opening Stock:					
Fan and V-Belts	Pieces	182527	219.86	139224	156.64
			219.86		156.64
Closing Stock					
Fan and V-Belts	Pieces	53584	64.19	182527	219.86
			64.19		219.86
Sales					
Fan and V-Belts	Pieces	422099	450.44	595029	630.47
Traded goods (V-Belts)	Pieces	3008	0.75	150	0.13
Other Sales			1.42		0.76
			452.61		631.36

Note : Closing stock is after adjusting internal consumption, degraded waste, samples and damages.

13 Earnings per share are given below:

Particulars			31.03.2009	31.03.2008
1	Profit/(Loss) after extraordinary items and taxation (Rs. in lacs)	(A)	290.64	164.86
2	Weighted average of number of equity shares (Nos.)	(B)	5,82,16,586	5,82,16,586
3	Face value per equity share (Rs.)		10	10
4	Earning per share (Basic and diluted) (Rs.)	(A / B)	0.50	0.28
5	Profit/(Loss) before extraordinary items net of tax (Rs. in lacs)	(C)	542.64	222.61
6	Earning per share (Basic and diluted) (Rs.)	(C / B)	0.93	0.38

14 Segment reporting :

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

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

A) Primary segmental reporting

(Rupees in lacs)

1 Segment Revenue:	31.03.2009	31.03.2008
a) Segment - Tyrecord	455.89	496.43
b) Segment - Rental activity	2,126.60	1,917.30
c) V-Belt (Operations discontinued)	408.20	530.08
d) Unallocable	818.99	451.06
Total	3,809.68	3,394.87
Less: Inter segment revenue	-	-
Sales and other operating income	3,809.68	3,394.87

2	Segment Results:		
	a) Segment - Tyrecord	**(60.35)**	5.89
	b) Segment - Rental activity	**1,245.40**	884.20
	c) V-Belt (Operations discontinued)	**(249.30)**	(88.43)
	d) Unallocable	**198.69**	2.88
	Operating Profit	**1,134.44**	804.54
	Less : Interest	**532.09**	612.72
	: Voluntary Retirement Scheme	**252.00**	57.75
	Profit/(Loss) before Tax	**350.35**	134.07
3	Segment Assets:		
	a) Segment - Tyrecord	**352.47**	415.16
	b) Segment - Rental activity	**49,484.22**	29,130.40
	c) V-Belt (Operations discontinued)	**112.80**	458.52
	d) Unallocable	**1,835.10**	1,279.15
	Total Assets	**51,784.59**	31,283.23
4	Segment Liabilities:		
	a) Segment - Tyrecord	**94.08**	228.71
	b) Segment - Rental activity	**40,929.22**	17,593.93
	c) V-Belt (Operations discontinued)	**24.13**	252.66
	d) Unallocable	**4,566.97**	6,824.35
	Total Liabilities	**45,614.40**	24,899.65
5	Capital Expenditure during the year	**21,250.82**	11,572.41
6	Depreciation and amortisation :		
	a) Tyrecord	**16.38**	21.15
	b) Rental activity	**184.22**	85.59
	c) V-Belt (Operations discontinued)	**9.49**	9.84
	d) Unallocable	**151.21**	57.75
	Total	**361.30**	174.33

B) Secondary segmental reporting :

The Company has no reportable secondary segment.

15 The Board of Directors at the meeting held on 26th June, 2008 decided to phase out the V-Belt Division located at Roha. V-Belt manufacturing activity has been discontinued from October 2008. The Land & Building, Plant & Machinery pertaining to the V-Belt Division has been sold vide the Agreement dated 2nd December, 2008 with M/s. Spareage Seals Ltd. for a total consideration of Rs. 255.00 lacs and the same has been approved by the Board vide Resolution dated 21st November, 2008. As at 31st March 2009, the carrying amount of balance assets of Roha V-Belt division was Rs.112.80 lacs and its liability was Rs.24.13 lacs. The following statement shows revenues and expenses of continuing and discontinued operations.

(Rs. In lacs)

Particulars	Continuing Operations (Tarapur tyrecord, Rental)	Discontinued operations (Roha V-Belt)	Total
Turnover	3,401.48	408.20	3,809.68
Operating expenses	2,017.74	657.50	2,675.24
Pre-tax Profit/(Loss)	1,383.74	(249.30)	1,134.44
Interest expenses	527.05	5.04	532.09
Profit/(Loss) before tax from operating activity	856.69	(254.34)	602.35

16 Hitherto, the Company was amortising the Voluntary Retirement Scheme compensation in the year in which such payments are made. During the year, the Company has changed the amortisation period to three years. On account of this change, amortisation of Voluntary Retirement compensation is lower by Rs. 504.03 lacs and consequently the profit is overstated to that extent.

17 As approved by the Board of Directors in their meeting held on 31st January 2009 the Company has divested its investment in the joint venture with Semperit Aktiengesellschaft Holding for a total consideration of Rs.1,200 lacs.

18 Disclosure relating to employees benefit – as per revised AS15

(A) The amounts recognised in the statement of Profit and Loss Account are as follows:

(Rupees in lacs)

Defined Benefit Plan	2008-09 Gratuity
Current Service Cost	6.60
Interest Cost	0.99
Expected Return on Plan Assets	-
Net Actuarial (Gain)/Loss recognised during the year	1.02
Expenses recognised in statement of Profit and Loss Account	8.61

(B) The amounts recognised in the Balance Sheet are as follows :

	As at 31st March 2009
Present value of funded obligation at the end of the period	21.02
Net Liability included under the head Provision for Gratuity	21.02

(C) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

	As at 31st March 2009
Gratuity	
Opening defined benefit obligation	12.41
Interest cost	0.99
Current service cost	6.60
Benefits paid	-
Actuarial (gains)/loss on obligation	1.02
Closing defined benefit obligation	21.02

(D) Assumptions

	As at 31st March 2009
Mortality	
Interest/Discount Rate	6.75%
Rate of increase in compensation	6.00%
Rate of return (expected) on plan assets	
Employee Attrition Rate	2.00%
Expected average remaining service	12.43

19 a) Disclosure of transactions between the Company and M/s. Sempertrans Nirlon Pvt. Limited, in which the Company was holding 26% equity shares.

(Rupees in lacs)

	2008-09	2007-08
1 Purchases of Raw Material & Other utilities	38.17	169.88
2 Jobwork charges received	104.87	178.82
3 Amount receivable (net)	29.05	4.47

b) Key Management Personnel

Directors of the Company	Executive Director :
	Shri Kunal Sagar (Executive Vice Chairman)
	Non Executive Directors:
	Shri Moosa Raza, Chairman
	Shri Rama Varma
	Shri Arjan Gurbuxani
	Smt. Rajani Bhagat
	Smt. Aruna Makhan
	Shri Jaidev Shroff
	Shri Rahul Sagar

(Rupees in lacs)

	2008-09	2007-08
Key Management Personnel		
Remuneration to Director	53.76	9.57
Sitting fees	5.01	1.68

20 Consequent to the mandatory Accounting Standard issued by the ICAI on accounting for taxes on income, the Deferred Tax Adjustments for the year ended 31st March, 2009 amounting to Rs.5.14 lacs have been recognised in the Profit and Loss Account.

(Rupees in lacs)

	2008-09	2007-08
Deferred tax Assets		
Arising on account of timing differences in:		
Unabsorbed depreciation	298.88	316.69
Others	563.24	556.21
	862.12	872.90
Deferred tax Liability		
Arising on account of timing differences in:		
Depreciation	426.74	432.37
	426.74	432.37

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

21 **Statement Pursuant to Part IV to the Companies Act, 1956**

Balance Sheet and Company's General Business Profile

I. REGISTRATION DETAILS

Registration No.	: U17120MH1958PLC011045
State Code	: 11
Balance Sheet Code	: 31st March, 2009

II. CAPITAL RAISED DURING THE YEAR (Rupees in lacs)

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

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

Total Liabilities	: 49,879.24
Total Assets	: 49,879.24
SOURCES OF FUNDS :	
Paid up Capital	: 5,821.65
Reserves and Surplus	: 6,987.13
Secured Loans	: 37,070.46
Unsecured Loans	: -
APPLICATION OF FUNDS :	
Net Fixed Assets	: 53,569.93
Investments	: -
Deferred Tax Assets (Net)	: 435.38
Net Current Assets	: (4,630.10)

IV. PERFORMANCE OF COMPANY (Rupees in lacs)

Turnover	: 3,809.68
Total Expenditure	: 3,207.33
Profit/(Loss) before tax and extraordinary items	: 602.35
Profit/(Loss) after tax and extraordinary items	: 290.64
Face value per equity share	: Rs.10
Basic and diluted earning per share after extraordinary items (net of tax)	: 0.50
Basic and diluted earning per share before extraordinary items (net of tax)	: 0.93
Dividend Rate (%)	: -

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY : (As per Monetary Terms)

Item Code No. (ITC Code)	: 54071000
Product Description	: V-Belt
Item Code No. (ITC Code)	: 56075020
Product Description	: Tyrecord

22 a) The Company has discontinued manufacturing of V-Belts with effect from 1st October 2008. In view of this, the figures for the year ended 31st March 2009 are not comparable with the corresponding figures of the previous year.

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

Signatures to Schedules 1 to 20

FOR AND ON BEHALF OF THE BOARD

PRAHALAD S. CHOMAL
General Manager (F & A)

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

J.K. BHAVSAR
Company Secretary & HOD (Legal)

KUNAL SAGAR
Executive Vice Chairman

As per our report attached

For N.M. RAIJI & CO.
Chartered Accountants

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, 30th June, 2009

Directors
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN
RAHUL SAGAR

Cash Flow for the year ended 31st March, 2009

(Rupees in lacs)

			2008-09		2007-08
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(Loss) before tax and extra ordinary items		**602.35**		191.82
	ADJUSTED FOR :				
	Depreciation	**210.07**		116.59	
	Provision for doubtful debts & advances	**25.47**		(1.21)	
	Investment income	**(0.31)**		(0.85)	
	Interest & other finance charges	**532.09**		612.75	
	Profit on sale of assets	**(64.41)**		(49.73)	
	Profit on sale of investmens	**(600.00)**		-	
	Stores / Raw Material inventory written off	15.39		-	
			118.30		677.55
	Operating Profit/(Loss) before Working Capital changes		**720.65**		869.37
	CHANGES IN				
	Trade & other receivables	**(1,262.56)**		(768.30)	
	Inventories	**184.84**		(76.05)	
	Payables	800.32		2,389.87	
	Cash generated from Operations	**(277.40)**		1,545.52	
	Direct taxes (paid)/refund	**(8.32)**		(6.33)	
	Payment of Fringe Benefit Tax	(14.83)		(30.41)	
	Cashflow before extra ordinary items	**(300.55)**		1508.78	
	Voluntary retirement scheme	(756.03)		(57.75)	
	Cash generated from Operating Activities		(1,056.58)		1451.03
	Net Cash used in Operating Activities (a)		(335.93)		2,320.40
(B)	**CASHFLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets	**(21,250.82)**		(11,572.41)	
	sale of investments	**1,200.00**		-	
	Sale of fixed assets	**631.27**		127.66	
	Interest received	0.31		0.85	
	Net Cash from Investing Activities (b)		**(19,419.24)**		(11,443.90)
(C)	**CASHFLOW FROM FINANCING ACTIVITIES**				
	Increase/(decrease) of term liabilities	**19,873.40**		10,698.81	
	Interest paid	(532.09)		(612.75)	
	Net Cash used in Financing Activities (c)		1,9341.31		10,086.06
	Net increase/(decrease) in Cash & Cash Equivalent (a+b+c)		**(413.86)**		962.56
	Cash & Cash Equivalent at the commencement of the year		1,471.90		509.34
	Cash & Cash Equivalent at the end of the year		1,058.04		1,471.90

FOR AND ON BEHALF OF THE BOARD

PRAHALAD S. CHOMAL
General Manager (F & A)

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

J.K. BHAVSAR
Company Secretary & HOD (Legal)

KUNAL SAGAR
Executive Vice Chairman

As per our report attached

For N.M. RAIJI & CO.
Chartered Accountants

CA Y.N. THAKKAR
Partner
Membership No. 33329
Mumbai, 30th June, 2009

Directors
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN
RAHUL SAGAR

NOTES

NIRLON LIMITED

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

ATTENDANCE SLIP FOR SHAREHOLDERS/PROXIES ONLY

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Fiftieth Annual General Meeting of Nirlon Limited to be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Near Haji Ali, Mumbai 400 034 on Wednesday, September 30, 2009, at 11.00 a.m.

Folio/Client ID/DP ID No. _____

_____ _____

(Full name of the member attending the meeting) (In Block Letters) Signature

_____ _____

(Full name of the Proxy attending the meeting) (In Block Letters) Signature

NIRLON LIMITED

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

PROXY

I/We _____ of _____

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

of _____ or failing him _____

of _____ as my / our proxy to attend and vote for me/us on my/our behalf at the Fiftieth Annual General Meeting of the Company to be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Near Haji Ali, Mumbai 400 034 on Wednesday, September 30, 2009.

Signed this _____ day of _____ 2009

Affix One Rupee Revenue Stamp

Folio / Client ID /DP ID No. _____

IMPORTANT

(a) The Proxy should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time fixed for holding the meeting.

(b) A Proxy need not be a member.

(c) The shareholders are requested to indicate their folio number in the proxy form as mentioned on the address slip overleaf.

BOOK - POST

If undelivered, please return to:

NIRLON LIMITED
Pahadi Village, Goregaon (East)
Mumbai – 400 063.

Designed by WYATT (info@wyatt.co.in)