

NIRLON

Nirlon Limited
52nd Annual Report
2010 - 11

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BOARD OF DIRECTORS

(As on July 29, 2011)

PADMA BHUSHAN SHRI MOOSA RAZA (*Chairman*)

SHRI RAMA VARMA

SHRI ARJAN GURBUXANI

SMT. RAJANI BHAGAT

SMT. ARUNA MAKHAN

SHRI JAIDEV SHROFF

SHRI KUNAL SAGAR (*Executive Vice Chairman*)

SHRI RAHUL SAGAR (*Executive Director*)

COMPANY SECRETARY & VICE PRESIDENT (LEGAL)

SHRI J. K. BHAVSAR

STATUTORY AUDITORS

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

CHARTERED ACCOUNTANTS

LEGAL ADVISORS

M/s. MATUBHAI JAMIETRAM, MUMBAI

ADVOCATES, SOLICITORS & NOTARY

REGISTERED OFFICE

Pahadi Village,

Goregaon (East),

Mumbai: 400 063.

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

Fax: + 91 (022) 4028 1940

E-mail : info@nirlonltd.com

www.nirlonltd.com

REGISTRAR AND SHARE TRANSFER AGENT

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



NOTICE TO THE MEMBERS

NOTICE is hereby given that the **FIFTY-SECOND ANNUAL GENERAL MEETING** of Nirlon Limited will be held on Monday, September 26, 2011, 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, 2011 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 Arjan Gurbuxani, who retires by rotation, and being eligible offers himself for re-election.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

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

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

Mumbai, July 29, 2011

Registered Office:

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

NOTES:-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, must be duly filled, stamped, signed and deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
3. Profiles of the Directors seeking re-appointment, as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, are annexed to this Report.
4. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the Meeting.
5. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Meeting.
6. Members who hold dematerialized shares are requested to write their client ID and DPID Nos., and those who hold shares in physical form are requested to write their folio no. on the attendance slip for attending the meeting.
7. Members who hold shares in physical form in multiple

folios in identical names, or joint accounts in the same order of names, are requested to send the share certificates to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited, for consolidation into a single folio.

8. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 20, 2011 to Tuesday, September 27, 2011, both days inclusive, for the purpose of the 52nd Annual General Meeting.
10. Members are requested to send an advice about change in address/any other details to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited in respect of equity shares held in physical form, and to their respective Depository Participants in respect of equity shares held in dematerialized form.

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

Sharepro Services (India) Private Limited

Unit : Nirlon Limited,

Address : 13AB, Samhita 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

11. As per the provisions of the Companies Act, 1956, Members can avail of the nomination facility in respect of the equity shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent Sharepro Services (India) Private Limited.
12. Copies of the Annual Report 2011 will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the 52nd Annual Report to the Meeting.
13. Members who wish to obtain information concerning the accounts or operations of the Company may send their queries at least 7 days before the Annual General meeting to the Company Secretary at the Registered Office of the Company.
14. In view of the Green Initiative of the Ministry of Corporate Affairs allowing paperless compliances by companies under which notices / documents, including Annual Reports are permitted to be sent by e-mail, Members who have not yet registered their e-mail addresses, are requested to register the same with their respective Depository Participants in respect of equity shares held in dematerialized form. Members who hold equity shares in physical form are requested to provide their e-mail addresses to the Company's Registrar and Share Transfer Agent, M/s Sharepro Services (India) Private Limited, Mumbai.

DIRECTORS' REPORT

Your Directors present their 52nd Annual Report and the Audited Financial Accounts for the year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

	(Rupees in crore)	
	2010-11	2009-10
Gross Sales and Other Income	152.85	56.23
Gross Profit/(Loss)	107.00	24.53
Interest paid	57.98	22.17
Cash Profit/(Loss)	49.02	2.36
Depreciation	46.00	17.68
Net Profit before extraordinary items	3.02	(15.32)
Less : Extraordinary items		
VRS	2.52	2.52
Net Profit for the year after extraordinary items	0.50	(17.84)
Provision for Taxation :		
Current Tax	0.10	0.00
Income tax adjustments of earlier years	0.00	0.22
Deferred Tax	0.04	0.28
Profit for the year after Tax	0.36	(18.34)

DIVIDEND

The Directors do not recommend any dividend in view of the marginal profit for the year.

DIRECTORS

Shri Moosa Raza and Shri Arjan Gurbuxani, Directors, retire by rotation and being eligible, offer themselves for re-appointment at this Annual General Meeting.

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

OPERATIONS & FUTURE OUTLOOK

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

Nirlon Limited is the owner of NKP, a 23 acre campus in Goregaon (E), Mumbai 400 0063. NKP is an Industrial Park as per the Consolidated Foreign Direct Investment (FDI) Policy of the Government of India (GOI), and is an IT Park under the Government of Maharashtra's IT Policy. NKP, being an Industrial Park, is eligible for FDI under the Automatic Route as per the Government of India's Consolidated FDI Policy.

Construction, Delivery of Premises, and License Fee Commencement

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

A total of approx. 16.75 lac sq. ft. has been constructed in Phases 1 and 2. Income by way of License fees from approx. 10.26 lac sq. ft., which corresponds to approx. 95.50 % of the total licensable area for Phases 1 & 2 of approx. 10.75 lac sq. ft., is accruing to the Company as on March 31, 2011.

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

Gross License fees as on March 31, 2011 from Phases 1 and 2 aggregate approx. Rs.8.20 crore per month. Additional gross License fees as on March 31, 2011 of approx. Rs.1.51 crore per month are also accruing from other licensees occupying the existing old buildings in NKP (approx. 3.91 lac sq. ft.).

Construction of Phase 3 (approx. 5.57 lac sq. ft. of constructed area corresponding to approx. 3.90 lac sq. ft. of licensable area) commenced in the last quarter of 2010, and is expected to be complete by approx. the second/third quarter of 2013.

Phase 4 (approx. 6.50 lac sq. ft. of constructed area corresponding to approx. 4.75 lac sq. ft. licensable area) is proposed to commence from the last quarter of 2011 / 1st quarter of 2012.

When complete, (estimated by approx. 2014) - the total constructed area (including existing old buildings) in NKP will be approx. 32.22 lac sq. ft. corresponding to a total licensable area of approx. 22.76 lac sq. ft..

Marketing

The profile of occupants occupying Phase 1 and Phase 2



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

Financing

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

- (i) Securitized loan - Rs.568.49 crore (as on March 31, 2011) being repaid in equal monthly installments of principal and interest from the existing License fees.
- (ii) Construction loan for Phase 3 - Rs.25.00 crore drawn down as on March 31, 2011 (out of a total of Rs.200.00 crore sanctioned).

Preferential issue of Equity Shares – On July 21, 2011, the Company has successfully completed a Preferential Equity issue of Rs. 74.52 crore, by issuing 1,35,49,000 new equity shares at a price of Rs. 55.00 per share (Rs. 10.00 face value + Rs. 45.00 premium) to four investors including HDFC Limited. The issue was made under Chapter VII of SEBI ICDR, 2009, and was approved by a special resolution of shareholders in an Extra Ordinary General Meeting held on July 7, 2011.

The Company's revised subscribed and paid up share capital now stands increased to Rs. 71,76,55,860.00 (earlier Rs. 58,21,65,860.00) comprising 7,17,65,586 equity shares of Rs. 10.00 each (earlier 5,82,16,586 equity shares of Rs. 10.00 each).

The proceeds from this Preferential issue have been utilized as envisaged, for enhancing the efficiency of the NKP development through a prudent and responsible mix of project financing.

Further Phases

Subject to adequate progress of Phase 3 and market conditions, the development of the fourth phase of NKP, comprising a constructed area of approx.6.50 lac sq. ft., is proposed to begin in the last quarter of 2011 /1st quarter of 2012.

License fee income at Goregaon from the licensees in existing old buildings may decrease to a small extent in 2011-12. This is because certain agreements are expiring and may be renewed for a short period only, or may not be renewed at all, so as to make further space available for the continued development of NKP in 2011-2012. The Company will make all efforts to ensure that there is a minimum loss of License fee in this transitory phase.

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

ii) Nirlon House

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

iii) Tyrecord/ Industrial Fabric Division – Tarapur

The Company has discontinued the operations of this Division. It has already assigned its MIDC leasehold plot of land (Plot D-8) at Tarapur along with the buildings/ structures thereon to M/s. Bombay Rayon Clothing Limited, Mumbai as approved by the shareholders through a Postal Ballot, and has received the full and final consideration for the same from M/s. Bombay Rayon Clothing Limited, Mumbai.

FIXED DEPOSITS

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

DEBENTURES

The Company has not issued any debenture during the year.

The Company has already transferred the last unpaid/unclaimed debenture redemption amount/interest pertaining to the No.IV and No.V issues of Debentures under Section 205-C of the Companies Act, 1956 ("the Act") to the "Investor Education and Protection Fund (IEPF)" on August 17, 2010 as required under the provisions of the Act. As a result, all outstanding amounts pertaining to unpaid/unclaimed debenture redemption amount/interest required to be paid / transferred under the provisions of the Act have been duly paid/transferred.

PREFERENTIAL EQUITY ISSUE UNDER CHAPTER VII OF SEBI ICDR, 2009

The Company has successfully issued and allotted 1,35,49,000 Equity Shares on a preferential basis on July 21, 2011 upon receipt of the full consideration amount of Rs. 74.52 crore (inclusive of premium of Rs. 45.00 per Equity Share).

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 (as amended to date) 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 confirm:

- i) that in the preparation of the annual accounts for the year ended March 31, 2011, 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, 2011, 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, 2011 on a 'going concern' basis.

CORPORATE GOVERNANCE DISCLOSURE

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

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

The Executive Vice Chairman's declaration regarding compliance with the Code of Business Conduct and Ethics forms

part of this Corporate Governance Report.

MANAGEMENT DISCUSSION ANALYSIS

Details are provided in *Annexure 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.

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

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

AUDITORS' REPORT

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

PERSONNEL RELATIONS AND ACKNOWLEDGEMENTS

Personnel relations with employees continue to remain cordial. Your Directors record their appreciation for the services rendered by employees at all levels. They acknowledge and record their appreciation for the co-operation and assistance rendered by HDFC Limited, 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 29, 2011



ANNEXURES TO THE DIRECTORS' REPORT

ANNEXURE I

FORM A

During the Financial Year 2010-11, as the Company has discontinued the operations of the Tyrecord/Industrial Fabric Division, no additional measures have been taken for conservation of energy in the Company's job work activities at Tarapur.

ANNEXURE II

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

- I.**
1. Name :- Shri Kunal Sagar
 2. Age: - 43 years
 3. Designation: - Executive Vice Chairman
 4. Gross Remuneration :- Rs.2,17,76,000.00 p.a.
Net Remuneration - Rs.1,42,52,752.00 p.a.
 5. Qualification :- B.A. (Economics)
 6. Experience: - 20 years
 7. Date of Commencement: - February 1, 1996
 8. Last Employment :- Republic National Bank of New York
- II.**
1. Name :- Shri Rahul Sagar
 2. Age :- 40 years
 3. Designation :- Executive Director
 4. Gross Remuneration :- Rs. 62,82,000.00 p.a.
Net Remuneration - Rs.37,89,902.00 p.a.
 5. Qualification: - B.A. (Economics)
 6. Experience: - 16 years
 7. Date of Commencement: - July 1, 2009
 8. Last Employment: - Sempertrans Nirlon Private Limited

Note:- 1. 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.

2. Payment to Shri Kunal Sagar includes arrears of salary aggregating Rs.48.00 lac and variable compensation aggregating Rs.96.00 lac for a total of Rs.144.00 lac for the period April 2008 to March 2010. Payment to Shri Rahul Sagar includes arrears of salary of Rs.4.50 lac for the period July 2009 to March 2010.

ANNEXURE III

CORPORATE GOVERNANCE REPORT

[Information given in this Report relates to the Financial Year ended March 31, 2011]

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 31.03.2011

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

During the Financial Year 2010-11, the Board met 5 (five) times on the following dates :-

1	May 26, 2010
2	July 30, 2010
3	September 14, 2010
4	October 29, 2010
5	January 31, 2011

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 2010-11, at the last Annual General Meeting, and the number of memberships held by Directors on the Boards of various other companies:-

Sr. No.	Name	Category	Relationship with other Directors	Attendance Particulars		Directorships in other Public Ltd. Companies	Committee Memberships	
				Board	Last AGM meetings		Chairman	Member
1	Shri Moosa Raza	C*	None	4	Y	1	1	-
2	Shri Rama Varma	NED*	None	4	Y	2	-	-
3	Shri Arjan Gurbuxani	NED*	None	4	N	-	-	-
4	Smt. Rajani Bhagat	NED*	Mother-in-law of Shri Jaidev Shroff	3	Y	-	-	-
5	Smt. Aruna Makhan	NED*	None	5	Y	1	-	-
6	Shri Jaidev Shroff	NED*	Son-in-law of Smt. Rajani Bhagat	2	N	14	-	-
7	Shri Kunal Sagar	EVC*	Brother of Shri Rahul Sagar	5	Y	-	-	-
8	Shri Rahul Sagar	ED*	Brother of Shri Kunal Sagar	5	Y	-	-	-

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

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

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 and Shri Arjan Gurbuxani, who are being re-appointed at the ensuing Annual General Meeting, the nature of their expertise in specific functional areas, and name of the company/ies in which they hold Directorships and Memberships/ Chairmanships of Board Committees is provided below :-

a) Padma Bhushan Shri Moosa Raza

Shri Moosa Raza, aged 74 years, has been a Civil Servant for 35 years and is a recipient of the Padma Bhushan awarded by the Hon'ble President of India for his distinguished civil service.

He has served the Governments of Gujarat, Jammu & Kashmir, Uttar Pradesh and the Government of India in various capacities as Secretary (Health), the 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 the National Textile Corporation, Gujarat State Fertilizers & Chemicals, India Trade Promotion Organization, Calico Group of Companies, etc. He was elected Chairman of the Standing Committee of Public Enterprises, and was a Member/Director of several organizations dealing with management and administration such as the International Management Institute, IMI-A, SMG, etc.

The Board of Directors of the Company appointed Shri Moosa Raza as an Independent Additional Director and Chairman of the Company w.e.f. October 28, 2006. Subsequently, the shareholders at their meeting held on August 30, 2007 have appointed Shri Raza as a director liable to retire by rotation.

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

b) Shri Arjan Gurbuxani

Shri Arjan Gurbuxani, age 77, graduated with B.A. (Hons.), and L.L.B., both from Bombay University and completed C.A.I.I.B.

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

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



AUDIT COMMITTEE

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

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

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

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to the Statutory Auditor for any other services rendered by the Statutory Auditor.
4. Reviewing, with the Management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by the Management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval
- 5A. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in the matter as may be required.
6. Reviewing, with the Management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department,

- reporting structure, coverage and frequency of internal audit.
8. Discussion with Internal Auditors any significant findings and follow up there on.
 9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussion with the Statutory Auditor before the audit commences, about the nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to lenders, depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
 - 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the Financial Year 2010-11, the Audit Committee met 5 (five) times on the following dates:-

1	May 26, 2010
2	July 30, 2010
3	September 14, 2010
4	October 29, 2010
5	January 31, 2011

	Name of the member	No. of meetings attended
1	Shri Moosa Raza	4
2	Shri Rama Varma	4
3	Shri Arjan Gurbuxani	4
4	Smt. Aruna Makhan	5

REMUNERATION COMMITTEE

Terms of Reference

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

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

During the Financial Year 2010-11, the Remuneration Committee met 2 (two) times, i.e. on September 14, 2010 and January 31, 2011.

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

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

Remuneration Policy

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

Details of remuneration to all Directors for the Financial Year ended March 31, 2011

(Rs. in lacs)

Name of the Director	Salary	Provident Fund	Commission	Sitting fees*	Total	Service contract / Notice period severance fees
Shri Moosa Raza	-	-	-	1.40	1.40	-
Shri Rama Varma	-	-	-	1.30	1.30	-
Shri Arjan Gurbuxani	-	-	-	1.30	1.30	-
Smt. Rajani Bhagat	-	-	-	0.30	0.30	-
Smt. Aruna Makhan	-	-	-	1.70	1.70	-
Shri Jaidev Shroff	-	-	-	0.20	0.20	-
Shri Kunal Sagar	212.00	5.76	-	-	217.76**	Service Agreement dated June 25, 2006 which expired on January 31, 2011. A fresh Service Agreement will be executed for a period of 5 years w.e.f. 01.02.2011 pursuant to the approval of the Central Government, whereby the remuneration is approved for a period three years. Three months notice period.
Shri Rahul Sagar	58.50	4.32	-	-	62.82**	3 years w.e.f. 01.07.2009. Six months notice.

* Inclusive of Board and committees of Audit, Shareholders / Investors Grievance and Remuneration meetings held by the Company.

** Payment to Shri Kunal Sagar includes arrears of salary aggregating Rs. 48.00 lac and variable compensation aggregating Rs.96.00 lac for a total of Rs. 144.00 lac for the period April 2008 to March 2010. Payment to Shri Rahul Sagar includes arrears of salary of Rs.4.50 lac for the period July 2009 to March 2010.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

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

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

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

During the Financial Year 2010-11, the Shareholders/Investors Grievance Committee met 5 (five) times on the following dates:-



1	May 26, 2010
2	July 30, 2010
3	September 14, 2010
4	October 29, 2010
5	January 31, 2011

Name of the member	No. of meetings attended
1 Shri Moosa Raza	4
2 Shri Rama Varma	4
3 Shri Arjan Gurbuxani	4
4 Smt. Aruna Makhan	5

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

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

The total number of complaints received and replied to the satisfaction of the shareholders during the Financial Year ended March 31, 2011 were nil and outstanding complaints as on March 31, 2011 were also nil. The number of pending share transfers was nil and pending requests for dematerialization were also nil as on March 31, 2011.

GENERAL BODY MEETINGS

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

Financial Year	Date	Location of the meeting	Time
2007-2008	30.09.2008	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2008-2009	30.09.2009	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.
2009-2010	14.09.2010	Amar Gian Grover Auditorium, Mumbai	11.00 a.m.

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

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

Postal Ballot

During the year, a Special Resolution u/s 269 read with the Schedule XIII to the Companies Act, 1956 and other applicable provisions of the Act seeking approval of the Members for the appointment and remuneration of Shri Kunal Sagar as the Executive Vice Chairman of the Company w.e.f. February 1, 2011 was passed by way of a postal ballot, as contained in the Notice dated February 7, 2011. Shri Taizoon M Khumri, a Practicing Company Secretary was the scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Voting pattern

Voting	Number of Votes	% of votes
Votes in favour	1,18,03,364	99.41
Votes against	70,434	00.59

The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 has been followed for the postal ballot conducted during the year for the resolution mentioned above. The results of postal ballot were announced by Shri Rahul Sagar, Executive Director at the Registered Office of the Company on March 28, 2011 and advertised in the newspapers.

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

DISCLOSURES

- a) The Company does not have any related party transactions which may have a potential conflict with the interests of the Company at large.
- b) As certified by the Management, the Company has complied with the requirements of regulatory authorities of the capital markets and no penalties/strictures have been imposed against it during the last three years.
- c) The Company has followed the Accounting Standards issued by the Institute Of Chartered Accountants Of India, to the extent applicable, in preparation of the financial statement.
- d) During the year, the Company has duly complied with all mandatory requirements of clause 49 of the listing agreement, and has not adopted any of the non-mandatory requirement except requirement pertaining to constitution of Remuneration Committee.

The Company has obtained the necessary certificate from its Statutory Auditors and the same is given as an annexure to the Directors' Report.

DISCLOSURE OF RISK MANAGEMENT

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

SHAREHOLDER INFORMATION**Means of Communication**

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

Website where displayed

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

Official norms released

None

Presentations made to institutional investors/analysts

None

Newspapers in which results are published

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

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting**

Date : Monday, September 26, 2011

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, 2012

End of September 2012 (tentative)

Financial Year

1st April, 2011 to March 31, 2012

Board meetings (tentative)

April - June 2011 quarter results - meeting held on July 29, 2011

July - September 2011 quarter results - end of October 2011

October - December 2011 quarter results - end of January 2012

Audited results for March 31, 2012 - end of May 2012

Date of Book Closure

Tuesday, September 20, 2011 to Tuesday, September 27, 2011 (both days inclusive)

Dividend Payment

Nil

Company's website

www.nirlonltd.com

Company's Registration details

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

Listing of Equity Shares

The Company's Equity Shares are listed on the Bombay Stock Exchange Limited (BSE), Mumbai. The Company has paid the annual listing fee for the year 2011-12 to the BSE.

BSE Code : 500307

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

Stock Market Data : April 1, 2010 to March 31, 2011

The Bombay Stock Exchange Limited, Mumbai

	High (Rs.)	Low (Rs.)
April 2010	77.20	64.50
May 2010	74.00	56.05
June 2010	81.95	57.40
July 2010	84.35	65.05
August 2010	79.45	60.00
September 2010	69.90	59.25
October 2010	73.00	60.00
November 2010	77.95	51.10
December 2010	67.50	50.30
January 2011	66.00	52.00
February 2011	64.80	50.00
March 2011	55.00	46.00

Address for communication

Shri J. K. Bhavsar

Company Secretary & Vice President (Legal)

Nirlon Limited, Share Dept., Pahadi Village,

Off Western Express Highway, Goregaon (E),

Mumbai: 400 063.

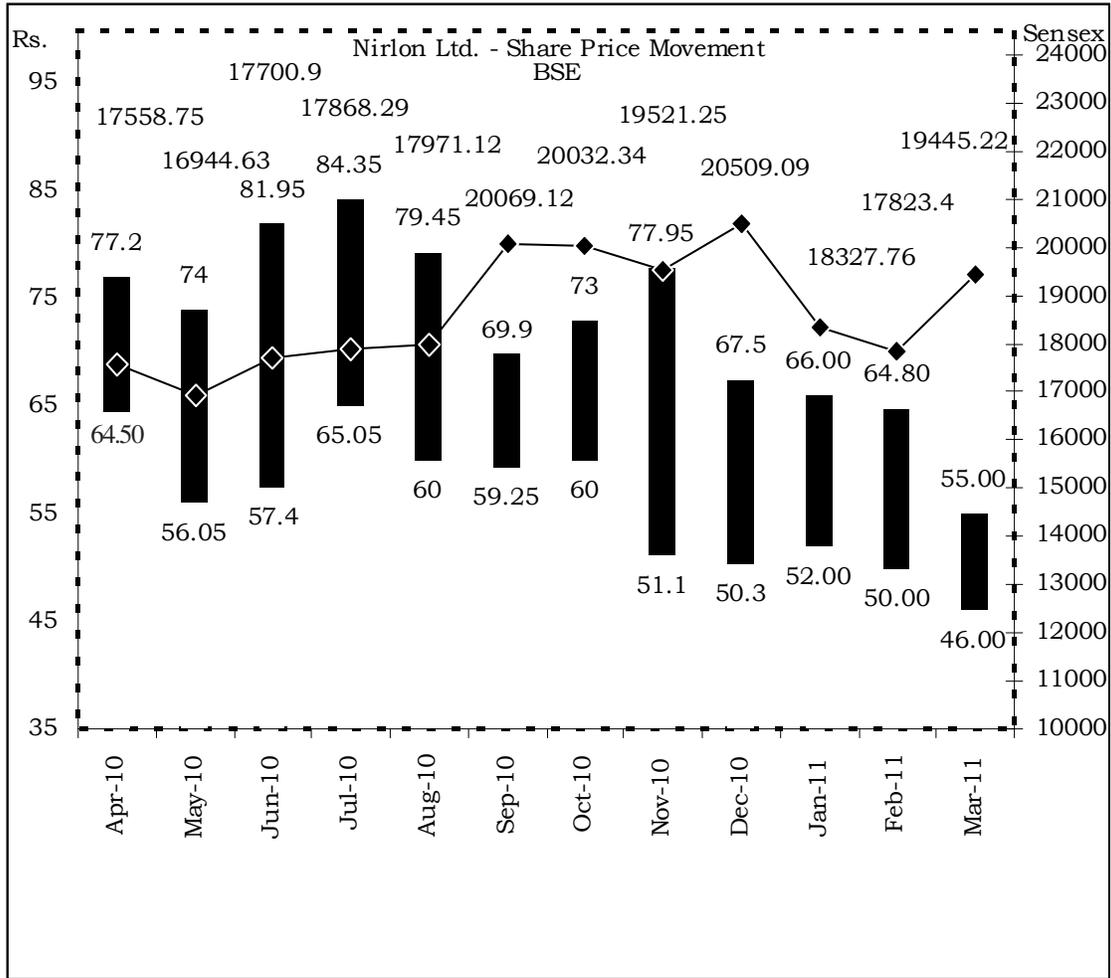
Telephone No. + 91 (022) 40281919/26852257-58-59

Fax No. + 91 (022) 40281940

E-mail address: share@nirlonltd.com



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



Registrar and Share Transfer Agent

M/s. Sharepro Services (India) Private Limited,
 Samhita Complex, Gala No.52-56,
 Bldg. No. 13 A-B, Near Sakinaka Telephone Exchange,
 Andheri Kurla Road, Sakinaka, Mumbai: 400 072.
 Telephone no.: - + 91 (022) 67720300/400
 E-mail: - sharepro@vsnl.com

Share Transfer System

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

Distribution of Shareholding (As on March 31, 2011)

Range of shares	No. of share holders	No. of shares	Percentage of share amount to total (%)
Up to 500	45,760	55,32,062	9.503
501 - 1,000	2,575	20,88,590	3.588
1,001 - 2,000	1,099	17,32,119	2.975
2,001 - 3,000	360	9,29,656	1.597
3,001 - 4,000	168	6,07,375	1.043
4,001 - 5,000	164	7,85,205	1.349
5,001 - 10,000	250	18,84,664	3.237
10,001 and above	271	4,46,56,915	76.708
Total	50,647	5,82,16,586	100.000

Shareholding pattern

	As on March 31, 2011	
	No. of shares	Percentage (%)
Promoters and Promoter Group	93,43,781	16.05
Non-Promoter Public shareholding*		
(a) Banks, MFs/FIs	1,33,481	0.22
(b) Foreign Institutional Investors (FIIs)	1,45,20,679	24.94
(c) Others	3,42,18,645	58.79
Sub-total (a + b+ c)	4,88,72,805	83.95
Grand Total	5,82,16,586	100.00
Total no. of shareholders	50,647	

*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, 2011, 85.94% 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, 2011.

Declaration – Code of Conduct

All Board Members and Senior Management personnel have, for the Financial Year ended March 31, 2011, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement with Bombay Stock Exchange Limited.

For Nirlon Limited

Sd/-

**Kunal Sagar
Executive Vice Chairman**

July 29, 2011

CFO Certification

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

Industrial Park/IT Park Location

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



Management Discussion Analysis

OVERVIEW

During the year under review, the Company continued to make steady progress in the development of Nirlon Knowledge Park (NKP) as an Industrial Park / IT Park.

SEGMENT ANALYSIS AND REVIEW

Industrial Park / IT Park - Goregaon, Mumbai

During the period under review, the Company has been successful in licensing its entire Phase 2 (Block B-7) development comprising approx. 3.06 lac sq.ft. of licensable area to reputed International and Indian corporates. As on March 31, 2011 License fee income from approx. 95% of Phase 2 is accruing to the Company. This is in addition to Phase 1 which has been fully licensed from the Financial Year 2009-10.

As a result of fully licensing Phases 1 and 2, and as License fee income from more than 95% of the licensable area in Phases 1 and 2 is already accruing to the Company, Nirlon has been successful in converting the entire construction loans received from HDFC Limited for Phases 1 and 2 into securitized loans. The securitized loans, which are charged an appreciably lower interest rate than the construction loans, are repayable over 108 months in equal monthly installments comprising principle and interest. Securitization and repayment commencement of these loans began periodically between 2009 to 2011, and as on March 31, 2011 the entire amount borrowed for the construction of Phases 1 and 2 is being repaid to HDFC Limited as per schedule. These repayments are expected to remain on schedule.

During the period under review, the Company also commenced construction of its Phase 3 development (approx. 5.57 lac sq. ft. of constructed area corresponding to approx. 3.90 lac sq.ft. of licensable area). This development is now fully underway and is estimated to ready for fit out by the second/third quarter of 2013. One of the major priorities for the Company for the year 2011 - 12 is to ensure that the Phase 3 construction remains on schedule as regards forecasted completion, as well as within the defined budgetary parameters. However, in keeping with the business philosophy that has allowed Nirlon to be successful in Phases 1 and 2, the Company will endeavour to ensure that the standards of quality and reliability NKP is becoming known for are maintained, and to the best extent possible, improved. Also critical for the Company in 2011-12 is to secure licensing commitments for Phase 3, so that it can better evaluate its options as regards the development of Phase 4.

RISKS AND CONCERNS

a) Industrial Park/IT Park

i) Macro Economic Environment

As in the previous two/three years, macro economic factors continue to be of concern for the Company. The continued demand for commercial real estate in India and Mumbai will have to be carefully assessed in the context of the present volatility and growing uncertainty in the European and American economies. Though Asia (excluding Japan) and India have once again shown resilience in the 2010-11, and so far in the 2011-12 financial years, it remains to be seen what effect global concerns will have on growth and demand in this part of the world.

The ability of multi national corporations / banks , as well as large Indian corporates with international clients to commit conclusively to space take up over the next 6 -18 months is likely to have a major bearing on the pace of development in NKP.

ii) Supply/Availability of Commercial Real Estate in Mumbai

Over supply of commercial real estate in Mumbai remains a concern for the development of NKP. This situation is unlikely to change substantially for the next two/three years at least. To help mitigate this risk, Nirlon is continuing to develop a high quality and reliable product which has been well received by its existing licensees. Demand for well thought out and professionally managed developments, which deliver value at competitive rates, remains steady in the Goregaon micro market. Nirlon is committed to leveraging its strength in these areas and will continue to focus on occupant satisfaction.

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

b) Tyrecord/Industrial Fabric Division - Tarapur

No risks and concerns remain for this Division as the Company has already discontinued operations and assigned the concerned plot of land and buildings/ structures, and surrendered its factory license.

Cautionary Statement

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

CERTIFICATE

To,

The Members of Nirlon Limited

We have examined the compliance of conditions of Corporate Governance by Nirlon Limited, for the year ended March 31 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report issued by the Registrar and Share Transfer Agent of the Company to the Shareholders / Investors Grievance Committee, as on March 31, 2011, 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
Registration No. 108296W

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

Mumbai, July 29, 2011

**AUDITORS' REPORT****TO THE MEMBERS OF NIRLON LIMITED**

- 1) We have audited the attached Balance Sheet of **NIRLON LIMITED** as at 31st March, 2011, the Profit and Loss Account and also Cash Flow Statement of the Company for the period ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 as amended from time to time and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order 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, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- VI. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (1) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (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
Registration No.108296W

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

Place : Mumbai
Date : 25th May, 2011

ANNEXURE TO THE AUDITORS' REPORT

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

- | | |
|--|---|
| <p>i) a) The Company is in the process of updating the records showing full particulars including quantitative details and situation of fixed assets;</p> <p>b) All the fixed assets of the Company have not been physically verified by the Management during the year. The Company has a phased program for verification of fixed assets designed to cover all the assets over a period of time, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. In view of what is stated in (a) above, we are unable to comment on the discrepancies, if any;</p> <p>c) During the year, the Company has not disposed of a substantial part of its fixed assets;</p> <p>ii) a) The inventories in possession of the Company have been physically verified by the Management at the close of the year. In our opinion, the frequency of verification is reasonable;</p> <p>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;</p> <p>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;</p> <p>iii) a) The Company has not granted any loans, secured or unsecured, to any Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d), are not applicable;</p> <p>b) The Company has not taken any loans, secured or unsecured, from any companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) and (g), are not applicable;</p> <p>iv) There is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories, fixed assets and for the sale of goods and services. No major weaknesses were observed in the aforesaid internal control system;</p> | <p>v) There are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956;</p> <p>vi) The Company has not accepted any deposits from the public during the year;</p> <p>vii) The Company has an internal audit system conducted by an independent firm of Chartered Accountants, which in our opinion is commensurate with the size and nature of its business;</p> <p>viii) The provision of clause (d) of sub-section (1) of section 209 of the Companies Act for the maintenance of cost records prescribed by the Central Government is not applicable to the Company.</p> <p>ix) a) The Company is generally regular in depositing undisputed statutory dues of the Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales tax, Excise duty, Service tax, Custom duty, Cess and any other statutory dues with the appropriate authority;</p> <p>b) Particulars of disputed dues on account of statutory matters that have not been deposited are disclosed in the <i>annexure A</i>;</p> <p>x) The accumulated losses at the end of the Financial Year are less than fifty percent of its net worth. The Company has not incurred cash losses in the Financial Year ended on 31st March 2011, however it has incurred cash losses in the immediately preceding Financial Year;</p> <p>xi) The Company has not defaulted in repayment of dues to financial institutions except for certain delays, which are disclosed in the <i>annexure B</i>;</p> <p>xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;</p> <p>xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society;</p> <p>xiv) The Company is not a dealer or trader in shares, securities, debentures and other investments. The Company does not hold any shares, securities, debentures and other investments during the year;</p> <p>xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions;</p> |
|--|---|



- xvi) The term loans availed by the Company during the year, were applied for the purpose for which it was obtained;
- xvii) There are no funds raised on a short term basis which have been used for long term investment;
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956;
- xix) The Company has not issued any secured debentures during the period covered by our Report;
- xx) The Company has not raised any money by public issue during the year;
- xxi) During the year, no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Place : Mumbai
Date : 25th May, 2011

Annexure - A

Statement forming part of the Auditors' Report - Clause ix (b)

(Details of Statutory dues that have not been deposited on account of disputes)

Name of the Statute	Nature of Dues	Rs. in Lacs	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty and Penalty thereon	709.43	Supreme Court of India
	Excise Duty and Penalty thereon	289.15	CESTAT (The Company has obtained stay orders for Rs.223.49 Lacs)
Bombay Municipal Corporation Act	Property Tax	87.03	Bombay High Court

Annexure - B

Statement forming part of the Auditors' Report - Clause xi

(Details of Delay in Repayment of dues to HDFC Limited)

Due Dates	Date of Payment	Rs. in Lacs	No.of Days of Delay
15-Apr-10	19-Apr-10	64.50	4
15-Apr-10	30-Apr-10	22.43	15
15-Apr-10	3-May-10	8.00	18
15-Apr-10	3-May-10	4.06	18
15-May-10	31-May-10	1.66	16
15-May-10	2-Jun-10	23.86	18
15-Jun-10	28-Jul-10	33.63	43
15-Jul-10	16-Jul-10	8.70	1
15-Jul-10	13-Aug-10	33.63	29
15-Aug-10	26-Aug-10	33.64	11



BALANCE SHEET AS AT 31st MARCH, 2011

(Rupees in lacs)

	Schedule	As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS			
Shareholders' Funds :			
Share Capital	1	5,821.65	5,821.65
Reserves and Surplus	2	<u>6,296.49</u>	<u>6,396.52</u>
		12,118.14	12,218.17
Loan Funds :			
Secured Loans	3	<u>59,358.00</u>	<u>51,761.12</u>
TOTAL		<u>71,476.14</u>	<u>63,979.29</u>
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	4	83,544.25	68,058.49
Less: Depreciation		<u>8,140.71</u>	<u>4,311.42</u>
Net Block		75,403.54	63,747.07
Capital work-in progress and advances		<u>4,791.54</u>	<u>9,465.46</u>
		80,195.08	73,212.53
Deferred Tax Assets (Net)		403.07	407.08
Current Assets, Loans and Advances :			
Inventories	5	11.79	19.39
Sundry Debtors	6	360.25	292.51
Cash and Bank Balances	7	525.00	608.77
Loans and Advances	8	<u>1,421.33</u>	<u>2,207.50</u>
		2,318.37	3,128.17
Less: Current Liabilities and Provisions :			
Current Liabilities	9	12,376.60	14,124.17
Provisions	10	<u>176.84</u>	<u>142.78</u>
		12,553.44	14,266.95
Net Current Assets		(10,235.07)	(11,138.78)
Miscellaneous expenditure to the extent not written off		-	252.01
Debit balance of Profit and Loss Account		1,210.51	1,246.45
Less: Transferred from General Reserve		<u>97.45</u>	<u>-</u>
		1,113.06	1,246.45
TOTAL		<u>71,476.14</u>	<u>63,979.29</u>
Notes forming part of the Accounts	16		

FOR AND ON BEHALF OF THE BOARD

PRAHALADS. CHOMAL
Head-Project Finance

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

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

KUNAL SAGAR
Executive Vice
Chairman

RAHUL SAGAR
Executive
Director

As per our report attached

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

CA Y. N. THAKKAR
Partner
Membership No. 33329
Mumbai, 25th May, 2011

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(Rupees in lacs)

	Schedule	2010-11	2009-10
INCOME			
Sales		-	38.37
Processing charges		48.34	732.45
		48.34	770.82
Less: Excise duty		-	211.60
		48.34	559.22
Licence fees		9,865.12	4,427.33
Other operating income		1,196.40	435.22
Other Income	11	4,175.48	200.74
		15,285.34	5,622.51
EXPENDITURE			
Employee cost	12	730.12	587.39
Manufacturing and other expenses	13	3,854.83	2,518.37
Depreciation		4,602.71	1,771.17
Less: Adjusted against Revaluation Reserve		2.58	3.02
		4,600.13	1,768.15
Interest	14	5,798.20	2,216.55
		14,983.28	7,090.46
Add/(Less) : (Accretion)/Decretion to stock	15	-	64.19
		14,983.28	7,154.65
Profit /(Loss) for the year before extra-ordinary item		302.06	(1,532.14)
Less : Voluntary Retirement Scheme		252.01	252.00
		50.05	(1,784.14)
Profit for the year before Tax			
Less : Provision for Tax :			
: Current Tax		10.10	-
: Income tax adjustments of earlier years		-	21.60
: Deferred Tax		4.01	28.30
		35.94	(1,834.04)
Profit for the year after Tax			
Add : Balance brought forward from previous year		(1,246.45)	587.59
		(1,210.51)	(1,246.45)
Balance carried to Balance Sheet			
		0.06	(3.15)
Basic and diluted earning per share in Rs. (on Face value of Rs. 10/- per share)			
Notes forming part of the Accounts	16		

FOR AND ON BEHALF OF THE BOARD

PRAHALAD S. CHOMAL
Head-Project Finance

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

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

KUNAL SAGAR
Executive Vice
Chairman

RAHUL SAGAR
Executive
Director

As per our report attached

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

CA Y. N. THAKKAR
Partner
Membership No. 33329
Mumbai, 25th May, 2011

RAMA VARMA
ARJAN GURBUXANI
RAJANI BHAGAT
ARUNA MAKHAN

Director
Director
Director
Director



Schedules attached to and forming part of the Balance Sheet as at 31st March, 2011

		(Rupees in lacs)	
		As at 31st March 2011	As at 31st March 2010
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 2011	As at 31st March 2010
Schedule 2			
RESERVES AND SURPLUS			
Share Premium		264.98	264.98
Revaluation Reserve			
As per last Balance Sheet	6,131.54		6,134.56
Less : Depreciation on Revalued Assets	2.58		3.02
Less: Transfer to General Reserve on account of sale	97.45		-
		6,031.51	6,131.54
General Reserve			
As per last Balance Sheet	-		-
Add : Transfer from Revaluation Reserve	97.45		-
Less : Adjusted against Debit Balance of Profit and Loss Account	97.45		-
		6,296.49	6,396.52

		(Rupees in lacs)	
		As at 31st March 2011	As at 31st March 2010

Schedule - 3			
SECURED LOANS			
Loan from HDFC (Refer note no.1 below)		59,349.45	51,740.54
Vehicle loans from Bank of India (Refer Note 2 below)		8.55	7.86
Interest accrued and due on loan from HDFC		-	12.72
		59,358.00	51,761.12

Notes :

1. The Loan from HDFC is secured by a charge in the nature of equitable mortgage by deposit of title deeds of land situated at Goregaon, Mumbai, together with buildings and structures standing thereon, both present and future license fees receivables and certain tangible current assets and rights.
2. Vehicle loan from Bank of India is secured against hypothecation of the said vehicles.
3. In respect of the above loans Rs. 3,451.57 lacs is due within one year (previous year Rs. 2,543.31 lacs).

Schedules attached to and forming part of the Balance Sheet as at 31st March, 2011

Schedule 4
Fixed Assets

(Rupees in lacs)

Assets	Gross Block				Depreciation				Net Block
	As on 01-04-2010	Additions / Adjustments during the year	Deductions/ Adjustments during the year	As on 31-03-2011	As on 01-04-2010	Provided during the year	Deductions/ Adjustments during the year	Upto 31-03-2011	As on 31-03-2011
Freehold	18,365.42 (18,365.42)	- (-)	- (-)	18,365.42 (18,365.42)	- (-)	- (-)	- (-)	- (-)	18,365.42 (18,365.42)
Leasehold	258.48 (258.48)	- (-)	258.48 (-)	- (258.48)	69.37 (66.65)	2.03 (2.72)	71.40 (-)	- (69.37)	- (189.11)
Buildings	32,882.82 (3,721.74)	11,461.26 (29,161.08)	886.58 (-)	43,457.50 (32,882.82)	2,166.91 (1,515.34)	1,761.69 (651.57)	678.10 (-)	3,250.50 (2,166.91)	40,207.00 (30,715.91)
Plant and Machinery	8,885.14 (492.78)	3,597.36 (8,392.36)	- (-)	12,482.50 (8,885.14)	954.99 (479.29)	1,418.38 (475.70)	- (-)	2,373.37 (954.99)	10,109.13 (7,930.15)
Furniture, Fixtures & Appliances	7,616.80 (815.50)	1,606.44 (6,806.02)	43.97 (4.72)	9,179.27 (7,616.80)	1,089.37 (455.06)	1,415.37 (636.01)	23.92 (1.70)	2,480.82 (1,089.37)	6,698.45 (6,527.43)
Factory Equipment	18.43 (18.43)	- (-)	- (-)	18.43 (18.43)	10.52 (9.24)	1.10 (1.28)	- (-)	11.62 (10.52)	6.81 (7.91)
Vehicles	31.40 (31.40)	9.73 (-)	- (-)	41.13 (31.40)	20.26 (16.37)	4.14 (3.89)	- (-)	24.40 (20.26)	16.73 (11.14)
	68,058.49 (23,703.75)	16,674.79 (44,359.46)	1,189.03 (4.72)	83,544.25 (68,058.49)	4,311.42 (2,541.95)	4,602.71 (1,771.17)	773.42 (1.70)	8,140.71 (4,311.42)	75,403.54 (63,747.07)
Capital work in Progress (including Capital Advances)									4,791.54 (9,465.46)
Total									80,195.08 (73,212.53)

Notes :

1. Previous year's figures are given in brackets.
2. Of the above, a certain portion of the assets have been given on Leave & License.



Schedules attached to and forming part of the Balance Sheet as at 31st March, 2011

	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010
Schedule 5		
INVENTORIES		
Stores and Spares (at cost)	11.79	19.39
(including in transit Rs. Nil, Previous year Rs. Nil)	<u>11.79</u>	<u>19.39</u>
	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010

	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010
Schedule 6		
SUNDRY DEBTORS		
(Unsecured - considered good, unless otherwise stated)		
Outstanding for a period exceeding six months :		
Considered good*	116.67	29.27
Considered doubtful	12.69	232.82
	<u>129.36</u>	<u>262.09</u>
Less : Provided for	12.69	232.82
	<u>116.67</u>	29.27
Other Debts :		
Considered good *	243.58	263.24
	<u>360.25</u>	<u>292.51</u>

* Total debtors considered good includes Debtors of Rs.288.26 lacs (previous year Rs.234.44 lacs) which are secured.

	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010
Schedule 7		
CASH AND BANK BALANCES		
Cash on hand	0.70	3.29
Bank Balances with Scheduled Banks		
In Current accounts	318.18	96.83
In Deposit accounts	200.00	507.00
In Deposit accounts as Margin Money	6.12	1.65
	<u>525.00</u>	<u>608.77</u>

	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010
Schedule 8		
LOANS AND ADVANCES		
(Unsecured - considered good, unless otherwise stated)		
Loans to the Officers of the Company	2.00	2.00
(Maximum balance during the year Rs. 2.00 lacs (previous year Rs. 3.00 lacs)		
Advances recoverable in cash or in kind or for value to be received :		
Considered good	281.11	1,009.06
Considered doubtful	3.20	37.44
	<u>284.31</u>	<u>1,046.50</u>
Less: Provided for	3.20	37.44
	<u>281.11</u>	1,009.06
Prepaid expenses	971.96	791.62
Deposit with Central Excise Department, Service Tax, etc.	166.26	404.82
	<u>1,421.33</u>	<u>2,207.50</u>
	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010

	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010
Schedule 9		
CURRENT LIABILITIES		
Sundry Creditors	2,808.36	4,812.39
Rent Deposits	9,194.27	7,611.67
Interest accrued but not due	219.67	-
Other Current Liabilities	154.30	1,700.11
	<u>12,376.60</u>	<u>14,124.17</u>

	(Rupees in lacs)	
	As at 31st March 2011	As at 31st March 2010
Schedule 10		
PROVISIONS		
Provision for Gratuity	57.27	33.52
Provision for Compensated Absence	16.87	16.66
Provision for Income Tax	67.87	57.77
Provision for Fringe Benefit Tax	34.83	34.83
	<u>176.84</u>	<u>142.78</u>

**Schedules attached to and forming part of the Profit and Loss Account
for the year ended 31st March 2011**

(Rupees in Lacs)			(Rupees in Lacs)		
	2010-11	2009-10		2010-11	2009-10
Schedule - 11			Schedule 13 (Contd.)		
OTHER INCOME			MANUFACTURING AND OTHER EXPENSES		
Interest income (Tax deducted at Source Rs. 10.00 lacs, previous year Rs. 0.29 lacs)	112.01	20.70	Donations	0.05	1.03
Insurance Claim	0.09	-	Bank charges and guarantee commission	1.84	2.72
Liability written back (Net)	39.37	-	Directors' sitting fees	6.20	5.30
Miscellaneous receipts	52.65	15.32	Legal and Professional expenses	470.27	389.92
Excess provision for doubtful debts and advances written back (Net)	2.38	3.58	Telephone expenses	6.86	7.33
Scrap sales	94.35	160.98	Factory/Complex Maintenance expenses	90.22	85.99
Profit on sale of Assets (Net)	3,874.63	0.16	Travelling expenses	12.20	11.57
	<u>4,175.48</u>	<u>200.74</u>	Property Management Expenses	826.72	133.46
	(Rupees in Lacs)		Marketing fees	265.57	85.43
	<u>2010-11</u>	<u>2009-10</u>	Security expenses	243.91	156.38
			Doubtful Debts and Advances written off	252.06	410.75
			Less: Provision for Doubtful Debts and Advances w/back	252.06	410.75
				-	-
Schedule 12			Other Expenses	181.32	272.57
EMPLOYEE COST				<u>3,854.83</u>	<u>2,518.37</u>
Salaries, Wages and Bonus	430.96	283.65		(Rupees in Lacs)	
Contribution to Provident Fund and other funds	260.95	277.98		<u>2010-11</u>	<u>2009-10</u>
Staff Welfare expenses	38.21	25.76			
	<u>730.12</u>	<u>587.39</u>	Schedule 14		
	(Rupees in Lacs)		INTEREST		
	<u>2010-11</u>	<u>2009-10</u>	Interest on Term Loans	5,795.88	2,209.21
			Other Interest	2.32	7.34
				<u>5,798.20</u>	<u>2,216.55</u>
				(Rupees in Lacs)	
				<u>2010-11</u>	<u>2009-10</u>
Schedule 13			Schedule 15		
MANUFACTURING AND OTHER EXPENSES			(ACCRETION) / DECRETION TO STOCK		
Stores and spares consumed	34.77	277.77	Opening Stock-Finished goods	-	64.19
Power, fuel and water charges	176.27	226.87	Closing Stock-Finished goods	-	-
Rent	2.57	3.52		-	64.19
Insurance	46.80	26.72		<u>-</u>	<u>64.19</u>
Rates and taxes	1,266.38	752.05		<u>-</u>	<u>64.19</u>
Repairs to building	84.40	26.26		<u>-</u>	<u>64.19</u>
Repairs to machinery	0.64	1.00		<u>-</u>	<u>64.19</u>
Repairs to other assets	59.25	46.34		<u>-</u>	<u>64.19</u>
Loss on Assets discarded	73.54	-		<u>-</u>	<u>64.19</u>
Cash Discount	-	0.33		<u>-</u>	<u>64.19</u>
Advertisement and publicity	2.44	1.98		<u>-</u>	<u>64.19</u>
Freight and forwarding	2.41	3.68		<u>-</u>	<u>64.19</u>
Octroi	0.20	0.15		<u>-</u>	<u>64.19</u>



Schedule 16

NOTES FORMING PART OF THE ACCOUNTS

1. Basis for preparation of financial statements :

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

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

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

b. Depreciation :

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

c. Borrowing Cost :

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

d. Investments :

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

e. Foreign Currency Transactions :

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the 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 Fixed Assets.

f. Inventory Valuation :

Raw materials, Packing materials and Stores and Spares, are valued at cost 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.

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

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

Deferred Tax:

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

h. Employee Benefits :**i) Defined Benefit Plan :**

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

ii) Defined Contribution Plans :

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

iii) Long Term Employee benefits :

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

iv) Short Term Employee benefits :

Short term benefits are recognised as an expense in the profit and loss account of the year in which the related services is rendered.

v) Actuarial gains/losses :

Actuarial gains/losses are immediately recognised in the profit and loss account and are not deferred.

i. Revenue Recognition:

- i) Sales and processing charges received include excise duty recovered and excludes sales tax.
- ii) Insurance claims, sale of production waste/scrap are accounted for in the books on an accrual basis.
- iii) Interest income is accounted on an accrual basis.
- iv) License fee income and income incidental to it, are accounted for on an accrual basis .

j. Leave & License :

Leave & License payments are recognised as an expense in the profit and loss account.

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

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

2. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs.6543.16 (previous year Rs.3536.67 lacs).

3. i) **Contingent liabilities not provided for :**

(Rs. In lacs)		
	As at 31-03-2011	As at 31-03-2010
Excise Duty	1,123.34	1,112.89
Property Tax	67.98	187.39
Income Tax	-	40.54

ii) Claims against the Company not acknowledged as debts Rs. 12.81 lacs (previous year Rs. 92.94 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. **Remuneration to Auditors (included under other expenses in Schedule 13) :**

(Rs. In lacs)		
	2010-11	2009-10
Audit Fees	4.50	4.50
Taxation matters	0.28	0.28
Certification and other services	0.61	0.63
Reimbursement of expenses	0.56	0.60
	5.95	6.01

7. **Remuneration to Directors:**

(Rs. In lacs)		
	2010-11	2009-10
Salary (including arrears)	270.50	84.00
Provident Fund	10.08	9.00
Sitting fees	6.20	5.30
	286.78	98.30

Note : Of the above, remuneration of Rs. 209.13 lacs has been capitalised during the year.

8. **Value of Imports on CIF basis in respect of :**

(Rs. In lacs)		
	2010-11	2009-10
Capital	282.53	747.19
Stores and Spares	0.55	4.82
	283.08	752.01

9. **Value of stores and spares consumed:**

(Rs. In lacs)				
	2010-11		2009-10	
	Value	%	Value	%
Stores & Spare parts :				
Imported	0.73	2.10	3.19	1.15
Indigenous	34.04	97.90	274.58	98.85
	34.77	100.00	277.77	100.00

10. **Expenditure in foreign currency (Fully capitalised) :**

(Rs. In lacs)		
	2010-11	2009-10
Professional fees	109.92	289.39
Travelling expenses	2.76	5.42
	112.68	294.81

11. **Quantitative details of finished goods :**

(Rs. In lacs)					
Finished Stock:		2010-11		2009-10	
	Unit	Qty.	Value	Qty.	Value
Opening Stock:					
Fan and V-Belts	Pieces	-	-	53,584	64.19
				-	64.19
Closing Stock					
Fan and V-Belts	Pieces	-	-	-	-
				-	-
Sales					
Fan and V-Belts	Pieces	-	-	53,584	38.37
Traded goods (V-belts)	Pieces		-		-
Other Sales			-		-
			-		38.37



12. Earnings per Share :

Particulars		31.03.2011	31.03.2010
1. Profit/(Loss) before extraordinary items net of tax (Rs. in lacs)	(A)	287.95	(1,582.04)
2. Weighted average of number of equity shares Nos.	(B)	58,216,586	58,216,586
3. Face value per Equity shares Rs.		10	10
4. Earning per share before extra ordinary items (Basic & diluted)	(A/B)	0.49	(2.72)
5. Profit/(Loss) after extraordinary items net of tax (Rs. in lacs)	(C)	35.94	(1,834.04)
6. Earning per share after extra ordinary items (Basic & diluted)(C/B)		0.06	(3.15)

13. Segment reporting :

There are no other reportable segments as per AS 17 (Segment Reporting), except licencing of immovable property for the year. Hence previous years figures have not been disclosed.

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

Assets given on Leave & License

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

	(Rs. In lacs)	
	31st March 2011	31st March 2010
The total of minimum License fee payments :		
Not more than one year	11,858.93	8,465.99
Not less than one year and not more than five years	26,903.25	37,990.03
More than five years	-	-

Assets taken on Leave & License :

The premises taken on Leave & License by the Company is cancellable. The total amount recognised in the Profit and Loss Account for the same is Rs.2.48 lacs (previous years Rs.2.24 lacs).

15 Employee Benefits :

(Rs.in Lacs)

	2010-11	2009-10
a) Gratuity		
Defined benefits plan		
I Change in Obligation during the year		
1 Present Value of Defined Benefit		
Obligation at beginning of the year	33.52	21.02
2 Current Service Cost	26.41	8.89
3 Past Service Cost	(0.43)	-
4 Interest Cost	3.54	1.42
5 Actuarial (Gains) / Losses	(5.77)	2.19
6 Benefits Paid	-	-
7 Present value of Defined Benefit		
Obligation at the end of the year.	57.27	33.52
II Change in Assets during the year ended March 31, 2011		
1 Plan assets at the beginning of the year	-	-
2 Settlements	-	-
3 Expected return on plan assets	-	-
4 Contribution by Employer	-	-
5 Actual benefits paid	-	-
6 Actuarial Gains / (Losses)	-	-
7 Plan Assets at the end of the year	-	-
III Net Asset / (Liability) recognized in the Balance Sheet as at March 31, 2011		
1 Present Value of Defined Benefits		
Obligation as at March	57.27	33.52
2 Fair value of plan assets as at March 31, 2011	-	-
3 Fund status (Surplus / (Deficit))	(57.27)	(33.52)
4 Net Assets / (Liability) as at end of the year	(57.27)	(33.52)
IV Expenses recognized in the statement of Profit & Loss for the year ended March 31, 2011		
1 Current Service Cost	26.83	8.89
2 Interest Cost	3.54	1.42
3 Expected return on plan assets	0.00	0.00
4 Past Service Cost	(0.43)	0.00
5 Net Actuarial (Gains) / Losses	(5.77)	2.19
6 Total Expenses	24.17	12.50
Amount recognised as an expense and included in Schedule 12 under "Contribution to provident fund and other funds".		
V The major categories of plan assets as a percentage of total plan	Not Applicable	Not Applicable

VI Actuarial Assumptions:

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

Details of Current Annual period and Previous Annual periods

	2010-11	2009-10	2008-09	2007-08	2006-07
Present Value of Defined Benefits Obligation as at end of the year	57.27	33.52	21.02	69.08	63.28
Fair value of plan assets as at end of the year	-	-	-	-	-
Fund status (Surplus / (Deficit))	(57.27)	(33.52)	(21.02)	(69.08)	(63.28)
Net Assets / (Liability) as at end of the year	(57.27)	(33.52)	(21.02)	(69.08)	(63.28)

b) Contribution to Provident Fund and Other Funds stated under Defined Contribution Plans is Rs.228.73 lacs (previous year Rs.223.77 lacs).

16. Disclosure of Related parties/related party transactions :

Related parties :

Key Management Personnel

Executive Directors :

Shri Kunal V. Sagar, Executive Vice Chairman

Shri Rahul V. Sagar, Executive Director

Related party transaction :

	(Rs. In lacs)	
	31st March 2011	31st March 2010
Remuneration to Shri Kunal V. Sagar	217.76	53.76
Remuneration to Shri Rahul V. Sagar	62.82	39.24

17. Deferred Tax

Deferred Tax Adjustments for the year amounting to Rs.4.01 lacs (previous year Rs. 28.30 lacs) have been recognised in the Profit and Loss Account.

Major Components Deferred Tax Assets and Liabilities :

	(Rs. In lacs)	
	2010-11	2009-10
Deferred Tax Asset		
Arising on account of timing differences in:		
Unabsorbed depreciation and brought forward Business losses	889.35	520.42
Others	601.60	486.50
	1,490.95	1,006.92

Deferred Tax Liability

Arising on account of timing differences in:

Depreciation	1,087.88	599.84
	1,087.88	599.84

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

18. Borrowing cost capitalised during the year Rs. 1,368.58 lacs (previous year Rs.3,361.99 lacs).

19. The Company is in the process of discontinuing its operations at Tarapur, Dist Thane.

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



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

I. REGISTRATION DETAILS

Registration No.	:	L17120MH1958PLC011045
State Code	:	11
Balance Sheet Code	:	31 st March, 2011

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

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

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

Total Liabilities	:	71,476.14
Total Assets	:	71,476.14

SOURCES OF FUNDS :

Paid up Capital	:	5,821.65
Reserve and Surplus	:	6,296.49
Secured Loans	:	59,358.00

APPLICATION OF FUNDS :

Net Fixed Assets	:	80,195.08
Deferred Tax Assets (Net)	:	403.07
Net Current Assets	:	(10,235.07)

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

Turnover	:	15,285.34
Total Expenditure	:	14,983.28
Profit/(Loss) before tax and extraordinary items	:	302.06
Profit/(Loss) after tax and extraordinary items	:	35.94
Face value per Equity shares	:	Rs.10
Basic and diluted earning per share after extraordinary items (net of tax)	:	0.06
Basic and diluted earning per share before extraordinary items (net of tax)	:	0.49
Dividend Rate (%)	:	Nil

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

(As per Monetary Terms)

<u>Product Description</u>	:	<u>Item Code No. (ITC Code)</u>
Industrial Park	:	N.A.

FOR AND ON BEHALF OF THE BOARD

PRAHALAD S. CHOMAL
Head-Project Finance

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

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

KUNAL SAGAR
Executive Vice
Chairman

RAHUL SAGAR
Executive
Director

As per our report attached

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

CA Y. N. THAKKAR
Partner
Membership No. 33329
Mumbai, 25th May, 2011

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

CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2011

(Rupees in lacs)

	2010-11	2009-10
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax and extra ordinary items	302.06	(1,532.14)
ADJUSTED FOR :		
Depreciation	4,600.13	1,768.16
Excess Provision for doubtful debts & advances written back (net)	(2.38)	(3.58)
Interest Income	(112.01)	(20.70)
Interest	5,798.20	2,216.55
Profit on sale of assets (net)	(3,874.63)	(0.16)
Loss on assets discarded	73.54	-
Liability written back	(39.37)	-
	6,443.48	3,960.27
Operating Profit/(Loss) before Working Capital changes	6,745.54	2,428.13
CHANGES IN		
Trade & other receivables	803.36	1,827.08
Inventories	7.60	69.58
Trade payables and other provisions	165.80	4,598.01
Marketing fees paid	-	(756.07)
Cash generated from Operations	976.76	5,738.60
Direct taxes (paid)/refund	(82.55)	(72.20)
Cash generated from Operating Activities	894.21	5,666.40
Net Cash from Operating Activities (A)	7,639.75	8,094.53
(B) CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(12,728.49)	(19,860.84)
Sale of fixed assets	4,216.70	3.18
Advance received for sale of assets	-	1,125.00
Interest received	138.50	42.05
Net Cash from Investing Activities (B)	(8,373.29)	(18,690.61)
(C) CASHFLOW FROM FINANCING ACTIVITIES		
Increase/(decrease) of term liabilities	7,596.88	14,677.94
Interest paid	(6,947.11)	(4,531.13)
Net Cash from Financing Activities (C)	649.77	10,146.81
Net increase/(decrease) in Cash & Cash Equivalent (A+B+C)	(83.77)	(449.27)
Cash & Cash Equivalent at the commencement of the year	608.77	1,058.04
Cash & Cash Equivalent at the end of the year	525.00	608.77

FOR AND ON BEHALF OF THE BOARD

PRAHALAD S. CHOMAL
Head-Project Finance

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

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

KUNAL SAGAR
Executive Vice
Chairman

RAHUL SAGAR
Executive
Director

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

CA Y. N. THAKKAR
Partner
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Mumbai, 25th May, 2011

RAMA VARMA Director
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RAJANI BHAGAT Director
ARUNA MAKHAN Director



NIRLON LIMITED

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

ATTENDANCE SLIP FOR SHAREHOLDERS/PROXIES ONLY

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Fifty-Second Annual General Meeting of Nirilon Limited to be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Mahalaxmi, Near Haji Ali, Mumbai 400 034 on Monday, September 26, 2011, at 11.00 a.m.

Folio/Client ID/DP ID No. _____

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

Signature

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

Signature

----- ✂----- TEAR HERE ----- ✂-----



NIRLON LIMITED

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

PROXY

I/We _____ of _____

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

of _____ or failing him _____

of _____ as my / our proxy to attend and vote for me/us on my/our behalf at the Fifty-Second 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 Monday, September 26, 2011, at 11.00 a.m.

Signed this _____ day of _____ 2011

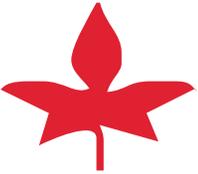
Affix
stamp
of Rs.
1/-

Folio / Client ID /DP ID No. _____

IMPORTANT

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

BOOK POST



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

CRYSTAL (022) - 6614 0900
cif_mum@crystalforms.com