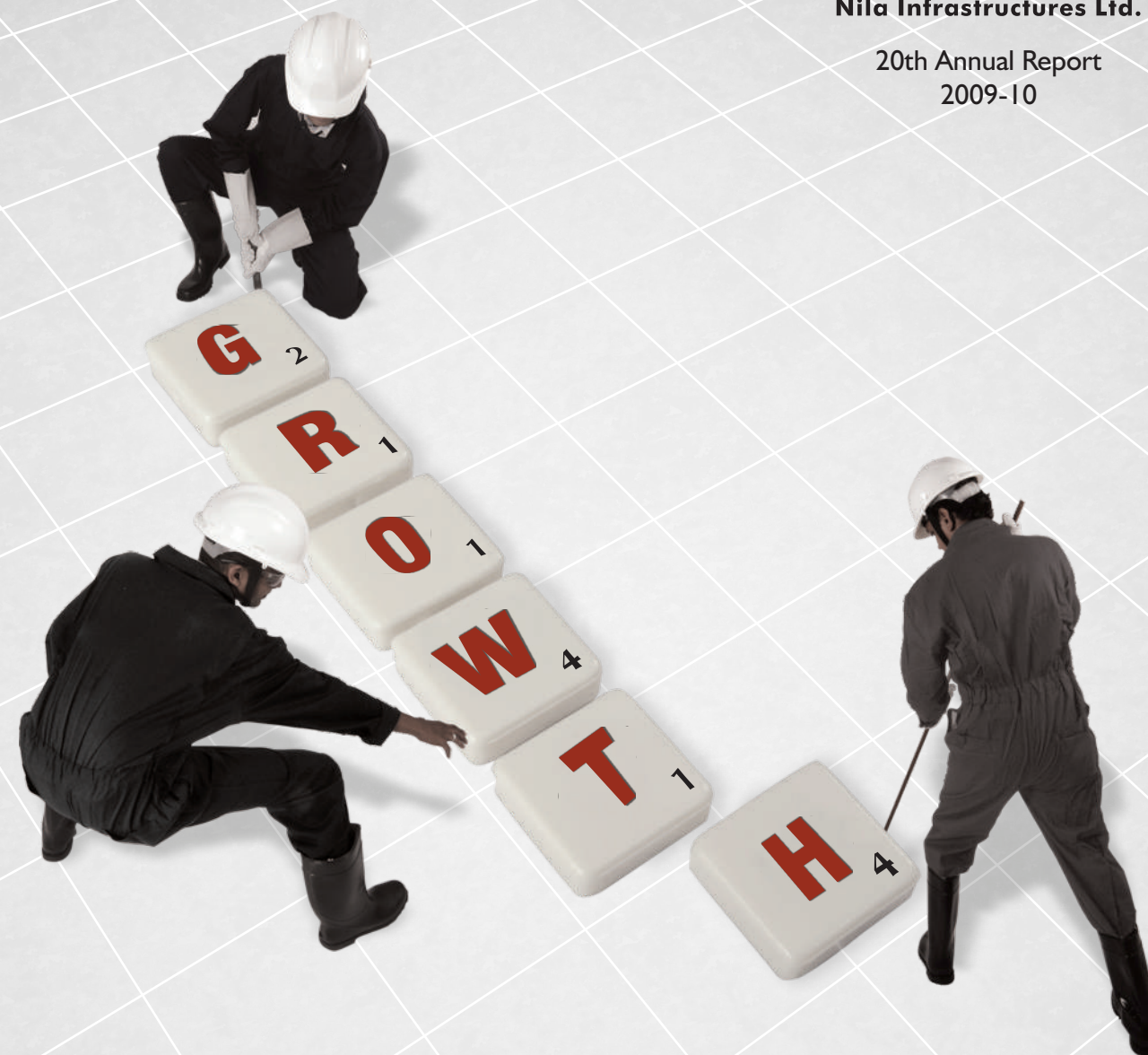


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Nila Infrastructures Ltd.

20th Annual Report
2009-10



OUR WORDS COUNT



Nila Infrastructures Ltd.
(An ISO 9001:2008 Certified Company)

HERE IS A NATURAL GROWTH STORY

Konosuke Matsushita was born in 1894, in a small farming community in western Japan. By the time he died in 1989 at the age of 94, the company he founded, Matsushita Electric Industrial Co. Ltd. (later rechristened Panasonic Corporation), had become a multinational giant in the field of consumer electronics.

Once, when a young reporter asked him about his success secret, Matsushita replied with a question of his own.

“What would you do if you were caught in a rainstorm?”

The reporter thought about the question and then replied:

“I would take out an umbrella.”

Matsushita said that was his answer to the reporter's question. He followed up with his explanation:

“A natural response to a natural phenomenon – that is the secret of success in business and management. You will always win if you rely on common sense.”

Sustained success arises from natural growth. Like the seed growing into the tree, or the caterpillar metamorphosing into the butterfly.

Viewed so, growth is a natural process, a deep instinct, a positive attitude that takes the rough with the smooth equally well. Such growth takes place in the mind, much before it shows up in the balance sheet.

It is this growth that counts.

This annual report has been organized around our growth formula:

Growth = Inspiration + Execution + Review

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Growth = **Inspiration** + Execution + Review

▲
Inspiration is the imagination, fire and vision. The guiding light that shows the way to the future.
Inspiration is the intangible, emotional capital that gives growth its meaning and reason.

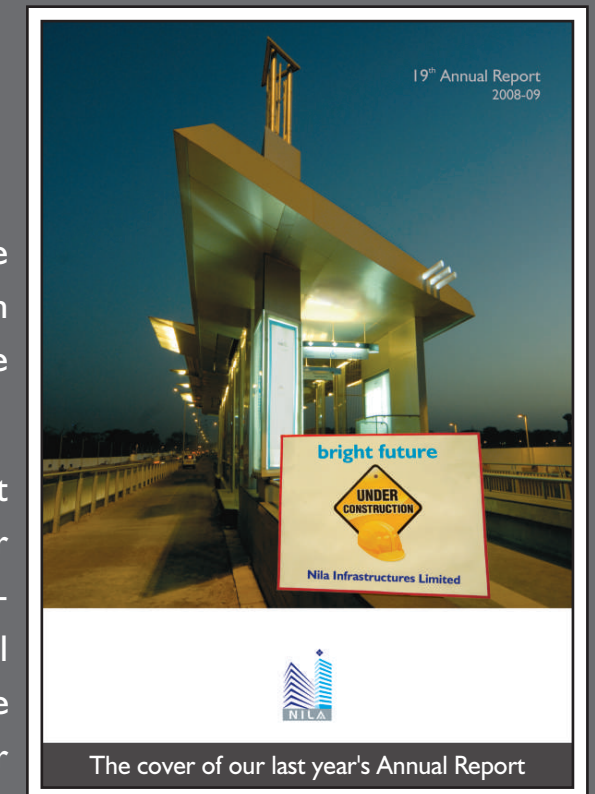
View from the top

Manoj B Vadodaria
CMD, Nila Infrastructures Limited

“I have always believed that others value our words only if we value them ourselves. We should follow up what we say with performance.

Take our last year's annual report. It carried the theme, 'Bright Future Under Construction' at a time when the ill-effects of the 2008 recession were still being felt everywhere. In that report, we assured a 'Bright Future' for our stakeholders, because we felt we were in the relatively 'recession-proof' segments of affordable housing and infrastructure.

However, the more important fact for us was something else. We knew we were giving our best. We were making our words count.”



Vision

To become a key real estate and infrastructure player with excellence at its core

Values

Passion; Reliability; Dedication:

Passion for ideas and innovations

Reliability of processes and practices

Dedication to goals and targets



Growth = Inspiration + Execution + Review

▲
If Inspiration is the fire, Execution is the fuel that keeps it burning and makes progress possible. It is the structure that supports growth. And gives it body and substance.

The company – in brief

A Sambhaav Group Company, Ahmedabad-based Nila Infrastructures Ltd. is a real estate and infrastructure player that constructs, or develops on a turnkey basis, private and public assets like houses, buildings and bus shelters. A public limited company incorporated on 20th February 1990, Nila Infrastructures Ltd. is listed on BSE (Bombay Stock Exchange).

With the economy witnessing heightened activity in the residential real estate segment, and emboldened by the success of its housing project of last year, Nila announced a slew of new schemes as sole or joint ventures during the year. On the infrastructure front, the company further consolidated its position with progress on BRTS (Bus Rapid Transit System) and AMTS (Ahmedabad Municipal Transport Service) bus shelters, Textile Park in Surat and Media Utilities in Rajkot.

During the year, a company engaged in the leasing of immovable properties – Pearl Stockholdings Pvt. Ltd., got merged into Nila Infrastructures Ltd. The amalgamation has enhanced Nila's profitability

substantially, improved liquidity, bolstered the company's net assets position by an additional Rs. 37.84 crore and laid a strong foundation for expansion in the future.

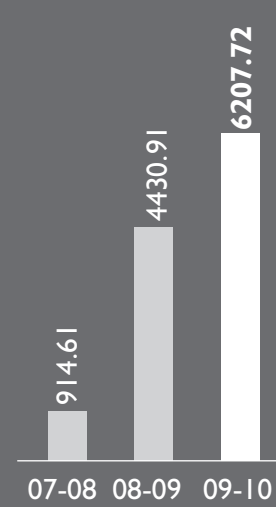
Nila's turnover rose spiritedly from Rs. 44.31 crore in 2008-09 to Rs. 62.08 crore in 2009-10. Profit After Tax (and before extraordinary items) zoomed up from Rs. 2.80 crore in FY09 to Rs. 13.74 crore in FY10.



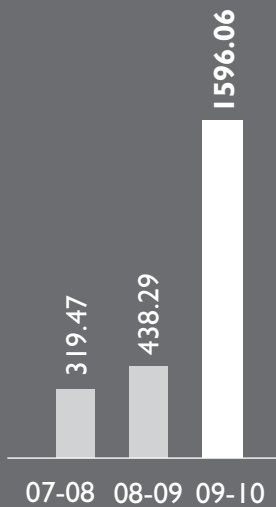
The company has proposed a dividend of 10% on the nominal value of its shares.

Financial highlights

Turnover (Rs. Lac)



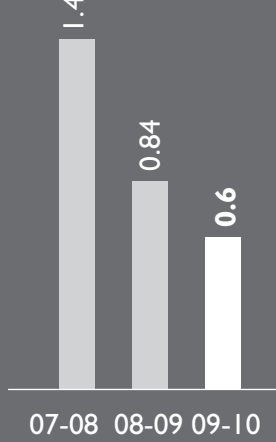
Profit Before Tax (Rs. Lac)



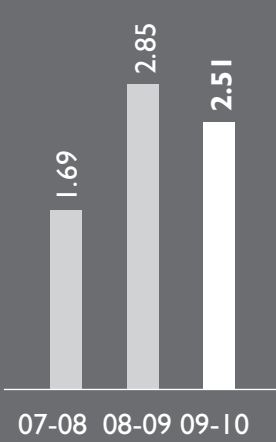
Profit After Tax (Rs. Lac)



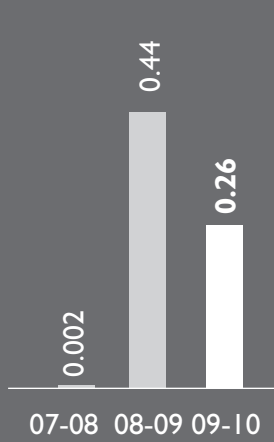
TOL / TNW Ratio



Current Ratio



Debt Equity Ratio



Business highlights

Real Estate

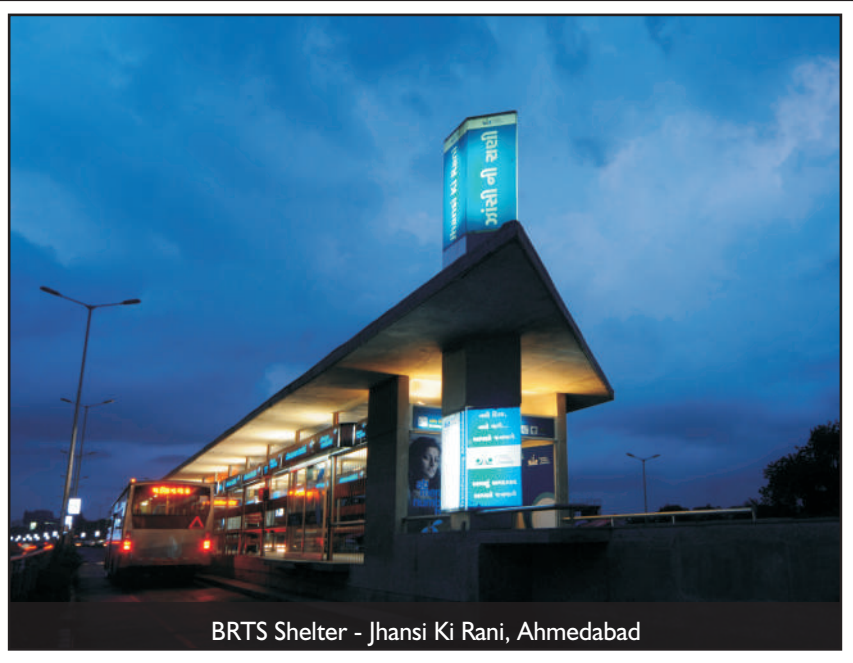
- Work on Asmaakam Phase I housing scheme consisting of 180, 2BHK residential flats completed during the year; process of handing over the flats to buyers started.
- Asmaakam Phase II housing project featuring 120, 2BHK and 10, 3BHK residential flats launched during the year; considerable progress in work completion; 91% of the scheme already sold as on 31 March'10.
- Two new schemes, Anvayaa (44, 3BHK flats) and Anaahata (44, 2BHK flats), launched during the year.
- Joint venture projects announced during the year include Ananya (48, 3BHK) - launched in LLP (Limited Liability Partnership) mode with Shree Matangi Developers, and Springdale Retreat (229, 2BHK, 228, 3BHK, shops, amenities and recreational facilities) - a mini-township project in collaboration with Sandesh Procon.

Infrastructure

- Out of the 28 BRTS (Bus Rapid Transit System) shelters allotted last year, the company has

completed 21 in the current year; of the additional 40 BRTS (Bus Rapid Transit System) shelters assigned, work has started on 16 as on 31 March'10.

- Construction of 120 factory buildings in Surat RJD Textile Park is well underway.
- 150 AMTS (Ahmedabad Municipal Transport Service) bus shelters for Sambhaav completed.



- BRTS work for Roman Tarmat and Media Utilities for Sambhaav is under progress.

Leasing

- Nila has acquired leasing rights over 88,000 sq ft of prime property in Ahmedabad with expected lease rentals of about Rs. 16.25 lac per month.



Growth = Inspiration + Execution + **Review**

Review is positive introspection. A looking back that helps looking ahead. A healthy examination of what worked and what didn't. Review is preparation for the next growth cycle.

Economy: The good news continues

We are sure a 'glocal' awareness is crucial to business success today. What follows is an understanding of our business environment from global to local levels, with special focus on our business areas – real estate and urban infrastructure.

India and the world

Anoop Singh

IMF Director, Asia and Pacific Department

"Twenty years from now, Asia's economy as a whole will, on these trends, be larger than that of the G-7 [Group of Seven leading economies] and will be half the size of the G-20 [Group of Twenty advanced and emerging market economies.] These are incredible trends taking place."¹

In the latest World Economic Outlook (WEO) of International Monetary Fund (IMF), the updated growth forecast for India (8.8%) is next only to China (10%) among all global economies. This continues last year's trend of India emerging as the world's second fastest growing economy.

At a recent presentation to NCAER, IMF's Asia and

Pacific Department Head, Anoop Singh predicted that China and India will shadow the rapid development of other Asian neighbors, with growth continuing for decades. By 2030, he expected the increasing buying power of the Chinese and Indians to almost match that of consumers in the United States and European Union combined.¹

Harinder Kohli

Former Senior Advisor and Director at The World Bank

"India's footprint in the global economy will go to more than 17% in 2039 from less than 2% in 2007."²

Manmohan Singh

Prime Minister of India

"Global economic recession did not have much impact on us, as it had on other countries. Our target is to bring India to double digit growth path in the next two-three years."³

Growth story on track

The Economic Survey, released just before the Union Budget was tabled in February 2010, posited a growth of 7.2% for the Indian economy in the financial year ended March 2010 (FY10). India actually

grew at a higher than expected rate of 7.4%, spurred by one of the fastest growths of 8.6% in the January-March quarter of FY10. Overall, high government and consumer spending set the pace for the year.

Land of opportunity

India's real estate sector is significant in that it is the second largest employer after agriculture. It also presents an increasingly attractive investment opportunity. A report by PricewaterhouseCoopers (PwC) and Urban Land Institute (ULI), Emerging Trends in Real Estate Asia Pacific 2010, which provides an outlook on real estate in the Asia Pacific, lists India among the top real estate investment markets in Asia for the year 2010.

Amongst other survey findings, residential properties were being viewed by those surveyed as more promising than other real estate segments in India.⁴ Such a conclusion is also supported by another survey of global housing prices, by property consultancy firm Knight Frank. According to the study, the price rise in India's residential sector for the year ending March 2010 was the 13th highest in the world.⁵

The Union Budget of 2010-11 has given it importance too. In the Urban Development and Housing category, the allocation for urban development was increased by more than 75%, from Rs. 3,060 crore in



Asmaakam Phase I opened up the category of middle class housing

2009-10 to Rs. 5,400 crore in 2010-11. The allocation for Housing and Urban Poverty Alleviation was raised by about 18%, from Rs. 850 crore last year to Rs. 1,000 crore this year. The scheme of one per cent interest subvention on housing loan up to Rs. 10 lakh, where the cost of the house does not exceed Rs. 20 lakh, was extended up to March 31, 2011. Low-cost housing received a big boost with the allocation for Rajiv Awas Yojana increasing by more than eight times, from Rs. 150 crore to Rs. 1,270 crore.⁶

Getting the basics right

Infrastructure activity is indicated by the six core sectors - crude, petroleum refinery products, coal, electricity, cement and finished steel. For FY10, these core sectors registered a growth 5.5% against 3% in FY09.⁷

The Union Budget 2010-11 has indeed been generous in its allocation for infrastructure. Over 46% of the total plan allocation, amounting to Rs.1,73,552 crore, has been earmarked for infrastructure development. Allocation for road transport increased by over 13% from Rs.17,520 crore to Rs.19,894 crore. Among other key provisions, the disbursements of India Infrastructure

Finance Company Limited (IIFCL) are expected to touch Rs 20,000 crore by March 2011. IIFCL is also expected to refinance bank lending to infrastructure projects to the tune of more than Rs. 6,000 crore during 2010-11. The take-out financing scheme announced in the last Budget is expected to initially provide finance for about Rs. 25,000 crore in the next three years.⁸

The corporate world was in sync with the government's intentions. The first three quarters of 2009 saw private investments in India's infrastructure projects cross the \$ 25 billion mark.⁹

State of everyone's mind

Ratan Tata

Chairman, Tata Group

(remarks at the opening of Vibrant Gujarat Global Investors' Summit 2009 on Tata Motors' decision to shift its Nano project to Gujarat)

"In 2007, I had said if you are not in Gujarat you are stupid. I am very proud that I followed my own advice. The state's ability to execute quickly is commendable."¹⁰

Gujarat has played the lead role in India's growth story. Central Statistical Organization (CSO) data show that Gujarat has grown the highest in India at an average of 11.05% in the five-year period from 2004-05 to 2008-09. According to the state's Socio-Economic Review 2009-2010, even the annual per capita income at current prices has risen by a commendable 8.4%, from Rs. 45,433 in 2007-08 to Rs. 49,251 in 2008-09.¹¹

In an ASSOCHAM (Associated Chambers of Commerce and Industry) survey of 2009, Gujarat was India's top investment destination in 2008-09.¹²

Being higher than the national average of Rs. 40,141, Gujarat's per capita income also indicates the greater purchasing power of its people. So, besides being a manufacturing and industrial hub, Gujarat is also a major market for products and services.¹³

In its State Budget for 2010-11, the Government of Gujarat has allocated over 66% of the budget outlay for various developmental works. The Budget had a surplus of Rs. 68,706 crore.¹⁴ It is to be remembered that most governments are resorting to heavy expenditures and deficit budgets to help their economies come out of the recession of 2008. So, a surplus budget indicates the very positive mindset of Gujarat Government. It underscores Gujarat Government's tremendous faith in private expenditure to take care of recovery and growth. It may be mentioned that the state government is a pioneer in the Private-Public Participation mode of infrastructure development.



Asmaakam Phase II being completed in response to growing residential demand

Right place; right time

Ahmedabad is one of the largest urban agglomerations in the country. It is also one of the most livable. 'The Liveability Index 2010', a report based on a study conducted by Confederation of Indian Industry (CII) and Institute for Competitiveness (IFC), lists Ahmedabad among the

top ten Indian cities in terms of 'liveability'.¹⁵

In the larger business milieu comprising of the world's second fastest expanding economy, the nation's fastest growing state and one of its best cities, Nila Infrastructures is very confident of creating its own growth destiny.

1: From IMF website www.imf.org under India country info and World Economic Outlook tab
2: From Businessworld article dated 13 April'10 - India can surpass US economy in 3 decades
3: From Businessworld article dated 4 July'10 - Country poised for double-digit growth says PM
4: From Economic Times article dated 10 December'09 - Mumbai, Delhi among best realty investment spots
5: From Economic Times article dated 28 June'10 - India ranked 13th in housing sector price rise list
6 & 8: From Union Budget 2010-11 at <http://indiabudget.nic.in/>
7: From Businessworld article dated 28 May'10 - Core infra sectors grow 5.1% in April
9: From Economic Times article dated 9 June'10 - Private funds flowing swiftly to infrastructure projects
10: From an Indian Express article dated 13 January'09 on MOUs pledged on Day 1 of Vibrant Gujarat Global Investors' Summit 2009
11 & 13: From Socio Economic Review 2009-10, Gujarat State
12: From The Hindu Business Line article dated 29 March'10 - Leading India from the front
14: From the March'10 newsletter of iNDEXTb (Industrial Extension Bureau - investment promotion agency of Gujarat Government) available at www.vibrantgujarat.com
15: From Business Standard news dated 8 March'10 - Delhi offers the best 'Quality of Life': CII-IFC Liveability Index 2010

Company: Consolidating growth

The overarching theme in this financial year (2009-10) has been the consolidation of the company's growth that happened during the last financial year (2008-09). The following write-up is an attempt to trace the reasons and draw lessons.

Kiran B. Vadodaria
Director

“Our company witnessed both organic and inorganic growth in financial year 2009-10. While organic growth came mainly from the development of our housing schemes and construction of BRTS and AMTS bus shelters, inorganic growth happened by merging another company into our own. All this places Nila Infrastructures in a position to expand rapidly in the coming years.”

Response and Initiative

The keywords for this year have been Response and Initiative. This has applied both at the macro as well as our company level.

Let's start with the economy. The Indian government responded swiftly to the economic crisis of 2008 and initiated one of the most successful economic recovery programmes. Marked by a high component of infrastructure spending and a regime of soft interest rates to galvanise private expenditure deep within the economy, the initiative had positive fallout for us.

It generated a huge demand for dwellings from the middle class on the one hand and intense activity in public infrastructure on the other. Seeing the opportunities in both the sectors, we responded

swiftly and initiated well-thought budget housing schemes and pursued BRTS shelter projects aggressively.

Interestingly, our two business areas – Infrastructure and Real Estate, can also broadly be characterised as Response and Initiative respectively. We 'respond' to infrastructure project tenders and build to stipulated specifications. In contrast, we 'initiate' housing projects and build to customer needs.

While infrastructure projects generally have a low risk-return profile, housing projects are generally marked by high risk-return. The fact that we have the right mix of both kinds of business exposure makes our company fundamentally versatile, robust and buoyant.

Efficient project management

Jignesh Patel
Project Head

“A major reason why we could respond swiftly to the opportunities that came our way was faster project turnaround schedules. For instance, we averaged 750 sq ft of housing construction per day. In terms of the average size of Asmaakam Phase I flat (1008 sq ft), we were taking less than one and half day to complete construction of one flat.”

Swifter project turnarounds came about from a high inventory turnover, efficient movement of men and materials around various project sites and tight watch on completion schedules. Such a state of affairs was also to the benefit of suppliers, who by supporting us were themselves generating higher turnovers.

It is indeed a matter of pride for us that Ahmedabad BRTS project, christened Janmarg, has created waves both nationally as well as internationally. The central Ministry of Urban Development bestowed on Ahmedabad BRTS the award of 'Best Mass Transit Project' in December'09. A heartening feature of the award was that all mass transit systems, including Delhi Metro and Delhi BRTS, were in the fray. Janmarg continued its winning run on the

international arena too with the prestigious Sustainable Transport Award for Visionary Achievement in Mass Transport from the UN-backed Institute for Transportation and Development Policy.



Recently completed BRTS shelter at Kankaria

Nitin Gupta
Purchase Head

“Purchase decisions have to strike a balance between cost and speed. Prolonged negotiations with suppliers may yield a better deal, but by taking more time than necessary they could be to the detriment of timely project completion; quicker decisions, on the other hand, could increase the cost of purchases.”

Attention to nurturing relationships with suppliers known to deliver, persuasive communication and

hard bargaining have resulted in deals that not only take place faster, but also cost lower.

Targeted marketing of housing schemes

Anurag Nagar
Marketing Head

“When the product is a winner, its marketing has to match. Housing schemes were excellently designed to fit needs as well as budgets of the middle-income demographic. To market them, the strategy was not only to provoke a response from the target group, but also to follow through with higher conversions.”

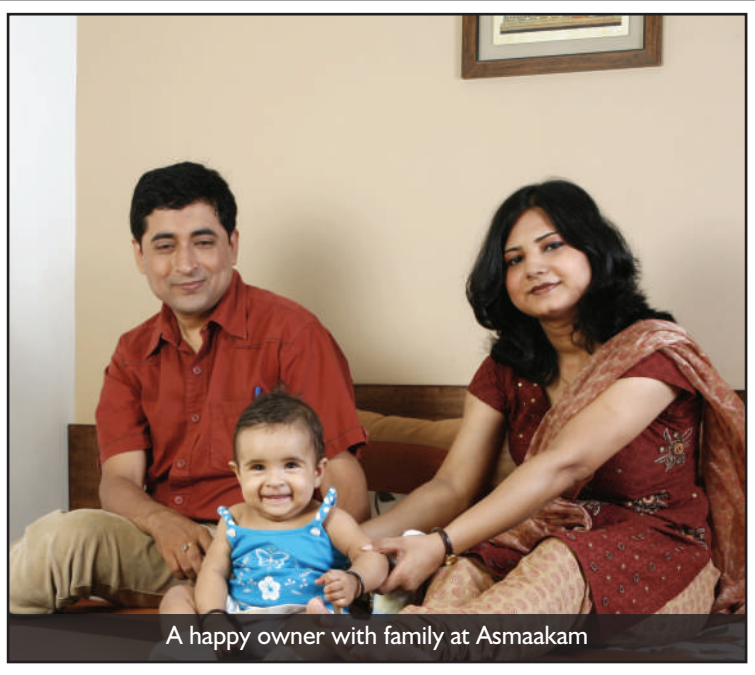
Asmaakam was positioned as 'more than a home' because of the presence of the 3 Cs – Comfort, Culture and Convenience. Comfort indicated the abundance of ready-to-use and inclusive features like piped gas, DTH, telephone, internet connections. Culture connoted a pleasant living environment and neighbourhood created by a young, upwardly mobile middle class. Convenience was the affordability, even with proximity to a high-cost area like Prahlad Nagar, and access to prime work-life locations like offices, schools, malls, cinemas, etc.

Muted advertising with the use of focussed media vehicles created an aura of credibility and a lot of buzz around the scheme. Out of the converted enquiries for Asmaakam Phase I and II, a high 87.63% had responded to the advertisements. Customer responses and site visits were followed up thoroughly by our marketing team for greater conversions.

The fact that Asmaakam was targeted well is revealed by some interesting figures. About 79% of Phase I and II bookings have come from the salaried and middle-income group. Many homeowners were bread earners in reputed corporations like Cadila Pharma, Piramal Pharma, Intaas Pharma, Tata

Teleservices, Airtel, BSNL, Nokia, ISRO, IOC, ONGC, Reliance, Adani, HDFC Bank, ICICI Bank, SBI, Johnson & Johnson, etc.

The two new projects launched in the year were high-rise apartment schemes. They included Anaahata - which is in the 2BHK premium segment



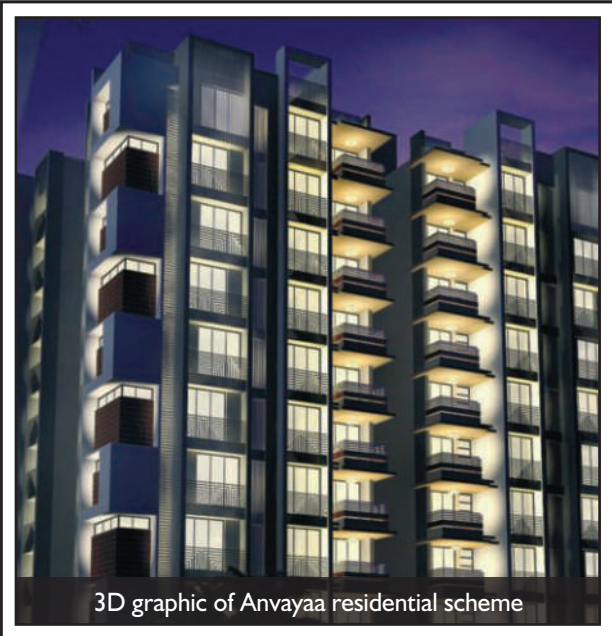
A happy owner with family at Asmaakam

with minimum capital value of Rs. 28 lac per flat, and Anvayaa - which is in the 3BHK luxury segment with minimum capital value of Rs. 42 lac per flat. Both schemes elicited a good response, especially from higher income customers.

Strategic growth vehicles

The two joint venture projects announced during the year - Ananya (48, 3BHK) and Springdale Retreat (229, 2BHK and 228, 3BHK flats, shops, amenities and recreational facilities) – will be executed through the LLP (Limited Liability Partnership) route with Shree Matangi Developers and Sandesh Procon respectively. Such a strategy has been employed to - a) take the advantage of limited liability b) share risk,

knowledge and resources c) enjoy tax benefits d) enlarge our business portfolio to new kinds of projects and e) execute large-scale projects.



3D graphic of Anvayaa residential scheme

Tactical merger

Prashant Sarkhedi
Chief Financial Officer

“The amalgamation of Pearl Stockholdings Pvt. Ltd. with Nila Infrastructures Ltd. has had an all-round impact. Net worth, profitability, liquidity and leverage have all improved. The merger has pushed the company right to the threshold of a new phase of confident expansion.”

Dipen Parikh
Company Secretary

“Besides better balance sheet fundamentals, the merger makes it possible for our company to extend its domain over an allied activity that is relatively low-risk and overheads-free – leasing of prime immovable property in Ahmedabad city.”

Apart from an improvement in net assets for the amalgamated Nila Infrastructures, Pearl Stockholdings (PSPL) has contributed to the company's profit in a big way. Prior to the merger, Pearl enjoyed Profit After Tax (PAT) of Rs. 3.18 crore on an Income Turnover of Rs. 5.61 crore. Post amalgamation, this has increased pre-merger Nila's

PAT figure of Rs. 10.56 crore by 30%.

Bigger cash-flow from regular property rental income augurs well for the company's liquidity position. Higher net assets and a lower debt-equity ratio of 0.26 would make it easier to tap external funds for future growth.



notice

NOTICE is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of the members of Nila Infrastructures Limited will be held on Saturday, 25th September, 2010 at 10 A.M. at the Registered Office of the Company at “Sambhaav House”, Opp. Chief Justice's Bungalow, Bodakdev, Ahmedabad – 380015 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, the Profit & Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Shri. Hiren G. Pandit, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint auditors to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting and to fix their remuneration.
4. To declare dividend on equity share.

SPECIAL BUSINESS:

5. **To appoint Shri Kiran B. Vadodaria as a Director not liable to retire by rotation designated as Non Executive Director and in this regard to consider and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, Shri Kiran B. Vadodaria, who was appointed as an Additional Director pursuant to the Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company not liable to retire by rotation."

6. **To appoint Shri Dilip D. Patel as a Director liable to retire by rotation designated as Non Executive Director and in this regard to consider and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, Shri Dilip D. Patel, who was appointed as an Additional Director pursuant to the Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. **To appoint Shri Akhilesh C. Mehta as a Director liable to retire by rotation designated as Non Executive Director and in this regard to consider and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, Shri Akhilesh C. Mehta, who was appointed as an Additional Director pursuant to the Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."



8. To appoint Shri Shyamal S. Joshi as a Director liable to retire by rotation designated as Non Executive Director and in this regard to consider and if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof, Shri Shyamal S. Joshi, who was appointed as an Additional Director pursuant to the Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. To revise the remuneration of Shri Manoj B. Vadodaria and to consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII thereof and other statutory authorities like Central Government, if any and as recommended by the remuneration committee, approval of the members, be and is hereby accorded to the revision in terms of remuneration of basic salary in the scale of Rs. 2 00 000 - 50 000 - 3 00 000 per month with effect from 25th August, 2010 payable to Shri Manoj B. Vadodaria, Chairman & Managing Director of the Company for the remaining period of his tenure i.e upto 31st March, 2013 and other terms of his reappointment remain unaltered

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this resolution."

10. To appoint Shri Kiran B. Vadodaria as Joint Managing Director and to consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII thereof and other statutory authorities like Central Government, if any and as recommended by the remuneration committee, Shri Kiran B. Vadodaria, be and is hereby appointed as Joint Managing Director of the Company for a period of five years with effect from 14th August, 2010 on the remuneration and on the terms and conditions hereinafter appearing:

- 1) Period of Appointment: 5 years w.e.f. 14th August, 2010
- 2) Salary in the scale of Rs 1 00 000 - 50 000 - 3 00 000 per month
- 3) Perquisites & Allowances : In addition to salary, Shri Kiran B. Vadodaria shall also be entitled to perquisites and allowances as under:

Category A:

- (i) House accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing repairs, servants salaries, society charges, and property tax,



- (ii) medical reimbursement, medical/accident insurance,
- (iii) leave travel concession for himself and family: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club fees: Subject to maximum of two clubs
- (v) Contribution to Provident Fund & family Benefit Funds: As per the Rules of the Company.

The above mentioned perquisites and allowances will be subject to a maximum of 125% of his annual salary.

For the purpose of calculating above ceiling, perquisites and allowances shall be evaluated as per the Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be valued at actual cost.

Category B:

- (i) Car: The Company shall provide a car for the Company's business and if no car is provided reimbursement of the conveyance shall be made on actual basis as may be claims made by him
- (ii) Gratuity: As per the Rule of the Company, subject to a maximum ceiling as may prescribed under the payment of Gratuity Act from time to time.
- (iii) Telephone: Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Joint Managing Director.

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Kiran B. Vadodaria shall be the minimum remuneration payable to him subject to the terms of the provisions of Schedule XIII to the Companies Act, 1956.

This may be treated as an extract under section 302 (2) of the Companies Act, 1956."

11. To increase borrowing power of the Board of Directors upto Rs. 200 Crores and in this regard to consider and if thought fit, to pass, with or without modifications(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1) (d) and any other applicable provisions of the Companies Act, 1956 the consent of the Company be and is hereby accorded to the Board of Directors of the Company (the Board) for borrowing from time to time for the purpose of the Company's business, any sum or sums of money as it may deem proper; notwithstanding that the money to be so borrowed together with money already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose; provided that the total amount of the moneys to be so borrowed by the Board together with moneys already borrowed (apart from temporary loans obtained from the Company's Bankers / Financial Institution/s in the ordinary course of business) and outstanding at any one time shall not exceed Rs. 200 Crores (Rupees Two Hundred Crores Only)."

By order of the Board

Place : Ahmedabad
Date : 25th August, 2010

Dipen Y. Parikh
Company Secretary



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 ON BEHALF OF HIM AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING. A PROXY FORM IS ENCLOSED.
3. Members are requested to bring their copy of the Annual Report to the meeting, as no extra copies will be distributed at the meeting hall as a measure of economy.
4. Members desiring any information as regards accounts AND other records are requested to write to the Company **at least 7 days before the meeting** to enable the management to keep the information ready.
5. Members are requested to intimate change of registered address, if any, at the Registered Office of the Company or to the Company's Registrar and Share Transfer Agents at their address mentioned elsewhere in this report.
6. The Register of Members and Share Transfer Books of the Company shall remain **closed from 21st September, 2010 to 25th September, 2010 (both days inclusive)** pursuant to Clause 16/19 of the Listing Agreement and also in compliance of Section 154 of the Companies Act, 1956.
7. The Company has signed Tripartite Agreement with **NSDL and CDSL** for dematerializing of its Equity Shares. The ISIN allotted to your Company is **INE937C01029**.
8. ADDITIONAL INFORMATION IN TERMS CLAUSE 49 OF THE LISTING AGREEMENT ON DIRECTORS RECOMMENDED FOR APPOINTMENT / REAPPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING, IS GIVEN IN THE REPORT ON CORPORATE GOVERNANCE

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the Notice:

Item No. 5

The Board of Directors of the Company, at its meeting held on 30th July, 2009 appointed Shri Kiran B. Vadodaria as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Shri Kiran B. Vadodaria holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Shri Kiran B. Vadodaria for the office of Director of the Company under the

provisions of Section 257 of the Companies Act, 1956. Shri Kiran B. Vadodaria is not disqualified from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956 and the Company has received the requisite Form "DD-A" from Shri Kiran B. Vadodaria, in terms of the Companies [Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956] Rules, 2003, confirming his eligibility for such appointment.

It is proposed to seek Members' approval for the appointment of Shri Kiran B. Vadodaria as a Director, in terms of the applicable provisions of the Companies Act, 1956.

None of the Directors other than Shri Kiran B. Vadodaria himself and Shri Manoj B. Vadodaria being relative are interested in the resolution of Item No 5.

Item No. 6

The Board of Directors of the Company, at its meeting held on 30th July, 2009 appointed Shri Dilip D. Patel as



an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Shri Dilip D. Patel holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Shri Dilip D. Patel for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri Dilip D. Patel is not disqualified from being appointed as director in terms of Section 274 (1)(g) of the Companies Act, 1956 and the Company has received the requisite Form "DD-A" from Shri Dilip D. Patel, in terms of the Companies [Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956] Rules, 2003, confirming his eligibility for such appointment.

It is proposed to seek Members' approval for the appointment of Shri Dilip D. Patel as the Non Executive Director, in terms of the applicable provisions of the Companies Act, 1956.

None of the Directors other than Shri Dilip D. Patel himself is interested in the resolution of Item No 6.

Item No. 7

The Board of Directors of the Company, at its meeting held on 30th July, 2009 appointed Shri Akhilesh C. Mehta as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Shri Akhilesh C. Mehta holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Shri Akhilesh C. Mehta for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri Akhilesh C. Mehta is not disqualified from being appointed as Director in terms of Section 274 (1)(g) of the Companies Act, 1956 and the Company has

received the requisite Form "DD-A" from Shri Akhilesh C. Mehta, in terms of the Companies [Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956] Rules, 2003, confirming his eligibility for such appointment.

It is proposed to seek Members' approval for the appointment of Shri Akhilesh C. Mehta as a Director, in terms of the applicable provisions of the Companies Act, 1956.

None of the Directors other than Shri Akhilesh C. Mehta himself is interested in the resolution of Item No 7.

Item No. 8

The Board of Directors of the Company, at its meeting held on 14th August, 2010 appointed Shri Shyamal S. Joshi as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, Shri Shyamal S. Joshi holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member alongwith deposit of Rs. 500/- for proposing the candidature of Shri Shyamal S. Joshi for the office of Director of the Company under the provisions of section 257 of the Companies Act, 1956.

Shri Shyamal S. Joshi is not disqualified from being appointed as a Director in terms of Section 274 (1) (g) of the Companies Act, 1956 and the Company has received the requisite Form "DD-A" from Shri Shyamal S. Joshi, in terms of the Companies [Disqualification of Directors under Section 274(1) (g) of the Companies Act, 1956] Rules, 2003, confirming his eligibility for such appointment.

Shri Shyamal S. Joshi, 61, a Fellow Member of the Institute of Chartered Accounts of India and has more than 38 years of senior level financial management experience in manufacturing and trading corporations. He possesses rich experience in financial planning, funding, taxation, accounting, restructuring, merger, acquisition, local and international financing, private equity and many more. He is not related to any Director of the Company. He is Director of GSEC Ltd,



Loxin Industries Ltd and Shalby Ltd. He does not hold any share of the Company.

This may be treated as additional information in terms of Clause 49 of the listing agreement.

It is proposed to seek Members' approval for the reappointment of Shri Shyamal S. Joshi as the Non Executive Director, in terms of the applicable provisions of the Companies Act, 1956.

None of the Directors except Shri Shyamal S. Joshi himself is interested in the resolution of Item No 8

Item No. 9

The Board of Directors, on the recommendation of the Remuneration Committee, has revised the managerial remuneration of Shri Manoj B. Vadodaria, Chairman & Managing Director of the Company after considering various factors like his responsibilities to the Company, growth and expansion of the projects of the Company and industry trend and scenario. Shri Manoj B. Vadodaria has been giving his valuable services as Chairman & Managing Director of the Company. He has been reappointed as Chairman & Managing Director of the Company on 1st April, 2008. He has very wide experience in the construction sector and is visionary behind the Company's growth. Considering his role and contribution in the Company and present trend in the industry the Remuneration Committee has recommended the increase in the remuneration of Shri Manoj B. Vadodaria and this resolution is proposed to be passed as a Special Resolution.

None of the Directors other than Shri Manoj B. Vadodaria himself and Shri Kiran B. Vadodaria being relative are interested in the resolution of Item No 9.

Item No. 10

Shri Kiran B. Vadodaria was appointed as an Additional Director by the Board at its meeting held on 30th July, 2009 to hold office upto the Annual General Meeting to be held on 25th September, 2010. The Board of Directors, at its meeting held on 14th August, 2010 has, subject to the approval of shareholders at the Annual General Meeting appointed Shri Kiran B. Vadodaria as the Joint Managing Director.

Shri Kiran B. Vadodaria is a mechanical engineer. He possesses varied experience and exposure in business. He is Member of Indian Newspaper Society, Chairman of Gujarat Regional Committee, Indian Newspaper Society, Member of National Integration Council of Government of India and President of L.D. College of Engineering, Alumni Association. He is also Chairman and Managing Director of Sambhaav Media Limited.

The Board believes that the proposed remuneration of Shri Kiran B. Vadodaria is in commensurate with his role and responsibility as Joint Managing Director of the Company.

It is proposed to seek Members' approval for the appointment of Shri Kiran B. Vadodaria as the Joint Managing Director, in terms of the applicable provisions of the Companies Act, 1956 and this resolution is proposed to be passed as a Special Resolution.

None of the Directors, except Shri Kiran B. Vadodaria himself and Shri Manoi B. Vadodaria being his relative are concerned or interested in this resolution.

Item No. 11

The Board of Directors' present borrowing power limit of Rs. 100 Crores has been approved by the Members in the 18th Annual General Meeting dated 24th July, 2008. The Company is envisaging expansion of its activities in the coming period. The Company has prepared to put a proposal for seeking finance from Banks/Financial Institutions by way of term loans, line of credit, working capital facilities etc. This will help the Company in expansion of its activities and growth of the business.

In order to implement the said proposals, the Board of Directors thinks it fit and proper to enhance the present borrowing limit of Rs. 100 Crores to Rs. 200 Crores and this resolution is proposed to be passed as a Special Resolution.

None of the Directors of the Company are concerned or interested in the resolution of Item No 11.

By order of the Board

Place : Ahmedabad
Date : 25th August, 2010

Dipen Y. Parikh
Company Secretary



directors' report

Dear Members,

The Directors of your Company are pleased to present the 20th Annual Report to the Members with the audited financial statements for the year ended 31st March, 2010.

I. FINANCIAL RESULTS:

The performance of the Company for the financial year 2009-10 including the effect of amalgamation of erstwhile Pearl Stockholdings Pvt Ltd with your company w.e.f the appointed date i.e 1st April, 2009 are as under:

(Rs in Lacs)		
Particulars	For the year ended 31/03/2010	For the year ended 31/03/2009
Total Income	6 996.99	4 643.37
Less: Total Expenditure	4 930.66	3 995.02
Profit Before Interest, Depreciation & Tax	2 066.33	648.35
Less: Interest and finance charges	404.85	199.32
Less: Depreciation	65.42	10.74
Profit Before Taxation	1 596.06	438.29
Less: Provision for IT/FBT/Wealth Tax	269.46	149.68
Less: Deferred Tax Liabilities/(Assets)	12.99	8.89
Add: MAT credit available for set off	60.70	---
Add: Excess Provision Written Back	0.03	4.45
Less : Prior period expenses	0.18	3.08
Net Profit	1374.16	281.09
Add : Balance Brought Forward from previous year	633 .69	352.60
Profit available for appropriation	2 007.85	633.69
Less : Transfer to General Reserve	100.00	---
Less : Proposed Dividend	295.23	---
Less : Dividend Distribution Tax	50.18	---
Surplus carried to Balance Sheet	1 562.44	633.69
Paid-up Share Capital	1 232.26	1 232.26
Share Capital Suspense	1 720.00	---
Reserves [Excluding Revaluation Reserves]	4 365.55	1 272.37
Net Worth	7 317.81	2 504.63



2. REVIEW OF OPERATIONS:

The Company carries on its business primarily of real estate, construction of residential flats and infrastructure development.

During the year under review your Company has completed Phase-I of residential flats scheme-ASMAAKAM, obtained Building Use (BU) permission and started possession of flats to owners. Phase-II of the scheme has also shown considerable progress.

Under infrastructure activity, Company has completed 34 Nos BRTS Bus Shelters and progress of work on remaining Bus Shelters and BRTS Railing project is satisfactory. Similarly work on other infrastructure projects like RJD Textile Park, Surat and Rajkot Utility Services is in progress as per schedule. Your Company got recognition in execution of public utility projects after taking up of the above said Projects. During the year the Company has also successfully executed the projects for erection of 150 Nos. AMTS Bus Shelters.

3. EXPANSION PLANS:

Encouraged by the progress and customers' response in the scheme-'ASMAAKAM' and considering overall growth scenario in real estate sector, your Company has decided to launch two new residential flats schemes of 3BHK/2BHK comprising of 44 flats in each scheme. Further the Company is in the process of acquiring land for development of few more residential flats schemes. The Company is also entering into development of residential flats in joint venture with other groups.

Under the infrastructure activity, the Company may bid for the tenders for development of foot overbridges, sports complexes, road construction activities etc.

4. DIVIDEND:

The Directors have recommended payment of dividend of Rs. 0.10 per equity share of Re. 1 each i.e

10 % of paid up share capital. The dividend pay out will absorb an amount of Rs. 295.23 Lacs. The dividend will be paid to the members whose name appears in the Register of Members as on 20th September, 2010.

5. AMALGAMATION:

The scheme of amalgamation of Pearl Stockholdings Pvt Ltd [PSHPL] [Transferor Company] with your Company, Nila Infrastructures Ltd [Transferee Company] w.e.f the appointed date viz. 1st April, 2009 was sanctioned by Hon'ble High Court of Gujarat at Ahmedabad on 29th June, 2010.

The amalgamation would result in synergy of business through optimum utilization of resources, achievement of economies of scale, efficient control system and reduction in operative costs shall lead to maximization of profits of amalgamated company.

Consequent upon the sanction of the scheme, the copy of the order dated 29th June, 2010 of the Hon'ble High Court was filed by the respective companies with the Registrar of Companies on 19th July, 2010 and from the said date being the effective date the Transferor Company is stood merged with your Company. As per the exchange ratio provided in the sanctioned scheme, the shareholders of Pearl Stockholdings Pvt Ltd as on 24th July, 2010 being the record date fixed by your Company would be allotted shares by Nila Infrastructures Ltd.

6. CHANGES IN SHARE CAPITAL:

In terms of the scheme of amalgamation the authorized share capital of the Transferor Company stood merged/clubbed with the authorized capital of your Company and increased to Rs. 35 00 00 000 and on allotment of shares to the shareholders of the Transferor Company the paid up capital of your Company would increase from Rs. 12 32 26 200 to Rs. 29 52 26 200.



7. PUBLIC DEPOSITS:

During the year under review, your Company has not accepted / renewed any deposits covered under the provisions of Section 58A of the Companies Act, 1956.

8. SUBSIDIARIES:

Presently there is no subsidiary company of Nila Infrastructures Ltd.

9. ENTER INTO LIMITED LIABILITY PARTNERSHIPS

During the year under review, your Company has entered into two Limited Liability Partnership agreements under Limited Liability Partnership Act, 2009 for the development and construction of residential, commercial, residential cum commercial projects.

10. ISO 9001:2008

Your Company has upgraded its Quality Management System to the international standards from ISO 9001:2000 to ISO 9001:2008. Your Company is striving to maintain its commitment to customers' expectations for quality work and adherence of time schedule and safety at work sites.

11. HUMAN RESOURCE MANAGEMENT:

Employees are vital input of your Company. Your Company has created a favorable work environment that encourages innovation and superior performance. Your Company has also set up a scalable recruitment and human resource management process, which enables your Company to attract and retain high caliber employees.

12. EMPLOYEES:

There was no employee during the year drawing remuneration in excess of the ceiling prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of

Employees) Rules, 1975, as amended.

13. DIRECTORS:

During the year under review, Smt. Nila M. Vadodaria and Mr. Yagnesh D. Vyas had resigned from the office of the Directorship due to their busy schedule and other engagements. The Company appreciates and puts on record their valuable contribution in the growth of the Company.

During the year, Shri Kiran B. Vadodaria, Shri Dilip D. Patel and Shri Akhilesh C. Mehta have been appointed as Directors of the Company.

Pursuant to Section 256 of the Companies Act, 1956, Shri Hiren G. Pandit, Director of the Company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

14. AUDITORS:

The present Auditors, O. P. Bhandari & Co, Chartered Accountants. Ahmedabad retire at the forthcoming Annual General Meeting and being eligible offers themselves for reappointment.

The Company has received certificate from them that their appointment if approved by the shareholders, would be within the ceiling prescribed under section 224 (1B) of the Companies Act, 1956. The members are requested to reappoint the Auditors to hold office until the conclusion of the next Annual General Meeting.

15. AUDITORS' OBSERVATIONS:

Observations of the Auditors in their report together with the notes on accounts are self explanatory and therefore, in the opinion of Directors, do not call for any further explanation.

16. MANAGEMENT DISCUSSION AND ANALYSIS:

As required by Clause 49 of the Listing Agreement with the Bombay Stock Exchange, a Management



Discussion and Analysis Report is appended to this report.

17. CORPORATE GOVERNANCE:

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended together with Certificate on Compliance of Corporate Governance by O. P. Bhandari & Co, Chartered Accountants, Ahmedabad.

As part of the good Corporate Governance practices, we have obtained a Secretarial Audit Report from M/s R. S. Sharma & Associates, Practicing Company Secretaries, Ahmedabad, in respect of compliance of all rules, regulations, under the various applicable provisions of the Companies Act, 1956 and the applicable regulations under the Listing Agreement entered with the Bombay Stock Exchange. A copy of the said certificate is appended to this Report.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm:

- (a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- (b) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- (c) That they 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 for preventing and detecting fraud and other irregularities.

- (d) That they have prepared the annual accounts on a going concern basis.

19. STATUTORY DISCLOSURES REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988:

The provisions of Section 217 of the Companies Act, 1956 relating to disclosure of particulars of energy conservation, technology absorption, and foreign exchange earnings and outgo read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are-NIL.

20. INSURANCE:

All the existing properties of the Company are adequately insured.

21. ACKNOWLEDGMENT:

Your Directors place on record their gratitude to the Shareholders, Banks, Valued Clients, Suppliers and Business Associates and Employees of the Company for their continued support and confidence. Your Directors also place on record their appreciation, commitment and contribution made by employees at all levels and look forward to their continued support in future as well.

**For & on Behalf of the
Board of Directors**

Place : Ahmedabad Manoj B. Vadodaria
Date : 25th August, 2010 Chairman & Managing Director



management discussion and analysis

I. ECONOMIC SCENARIO:

India is the world's largest democracy by population and one of the fastest growing economies in the world. According to the CIA World Factbook, India's estimated population was approximately 1.16 billion people as of July 2009. India had an estimated GDP on a purchasing power parity basis of approximately US\$3.297 trillion in 2008, making it the fifth largest economy in the world after the European Union, United States of America, China and Japan. (Source: CIA World Factbook). In the past, India has experienced rapid economic growth, with GDP growing at an average growth rate of 8.8% between fiscal 2003 to fiscal 2008. This high growth trajectory was impeded in fiscal 2009 with the growth rate of India's GDP decelerating to 6.7%, compared to 9.0% in fiscal 2008, as a result of the global economic downturn. (Source: RBI, Macroeconomic and Monetary Developments: First Quarter Review, 2009-10) However, despite the global economic decline in fiscal 2008, India continues to be one of the fastest growing economies in the world and is showing positive signs of recovery following the global financial downturn.

India's ability to recover from the global slowdown has been mainly driven by the country's large domestic savings, corporate retained earnings, low export dependence, large rural consumption and employment. India has also emerged as a leading destination for foreign investment in the same time as its economy is experiencing strong growth momentum. The growth is attributed to its stable political outlook, growing foreign exchange reserves, sustained growth in services and industrial sectors, young demographic profile and regulated financial environment.

To mitigate the impact of the global financial crisis on the Indian economy, the Government has provided tax relief, which is meant to boost demand, and increased public spending. As a result of this tax relief, India's fiscal deficit increased from 2.7% of GDP to 6.2% of GDP for fiscal year 2008-2009. (Source: Economic Survey 2008-2009, Ministry of Finance, Government of India.)

Despite the slowdown in growth, investment in India continued to grow at a rate higher than the rate of growth of the GDP. According to Economic Survey 2009-10 by Government of India the Indian GDP is forecasted to grow at an annual rate of 8.5 per cent during Financial Year 2010-11.

Infrastructure Sector had registered growth of 4.5 % in February, 2010 against 1.9 % in the corresponding month a year ago. However in spite of stable government, impressive corporate earnings and overall growth in the country one of the biggest challenge and concern is about the high inflation and prices of commodities. The year-on-year inflation in terms of Wholesale Price Index was 7.31 % for the month of December 2009 as compared to 6.15% in December 2008. Emergence of double digit food inflation has been a major concern during the second half of FY10. Inflation had reached an all time high of 13% in August 2008 which forced the RBI to address the issue by raising the Cash Reserve Ratio, Repo and Reverse Repo Rates. As the cash crunch gained prominence, affecting growth rate and end user demand, fiscal stimulus packages were infused into the economy for curbing inflation by the end of the year. Growing inflation has resulted in RBI's changing the benchmark Repo Rate to 5.0 % and the Reverse Repo Rate to 3.50 %. As of 29th January, 2010, it has been decided to increase the Cash Reserve Ratio for



Scheduled Primary (Urban) Co-operative Banks by 75 basis points from 5.00 % to 5.75 % of their net demand and time liabilities.

Structure of the Indian economy has undergone considerable change in the last decade and economic reforms have been accelerated. One of the main growth triggers of the Indian economy will be disinvestment procedure undertaken by the Government of India. During the year 2009-10 the Government of India has raised approximately Rs. 25 000 Crores through disinvestment of Public Sector Undertakings and for the year 2010-11 the Government is planning to raise more than Rs .40 000 Crores by disinvestment process. Restructuring of public sector banks by way of M&A will also be a major economic phenomena. Reforms in education sector and financial sector may be the next on the radar of the policy makers.

The following table shows key indicators of the Indian economy for the past five fiscal years.

As at and for the year ended March 31.					
	2005	2006	2007	2008	2009
GDP	7.5	9.5	9.7	9.0	6.7
Index of Industrial Production [IIP]	8.4	8.2	11.5	8.5	2.6
Wholesale Price Index	6.5	4.4	5.4	4.7	8.3
Foreign Exchange Reserves [in US\$ Billion]	135.6	145.1	191.9	309.1	252.0

(Source: Economic Survey 2008-2009, RBI; Ministry of Statistics and Programme Implementation)

2. INDUSTRY SCENARIO

2A. REAL ESTATE SECTOR:

Real estate sector in India has witnessed robust growth over the past decade. The rapid growth of the Indian economy has lead to increasing demand for commercial and residential developments. In India, real estate sector is estimated to generate the second

highest level of employment after agriculture. This sector is closely associated with the macroeconomic condition of a country. The real estate sector in India is mainly comprised of the development of residential, housing, commercial buildings, hotels, restaurants, cinemas, retail outlets and the purchase and sale of land and development rights. The size of the Indian real estate sector is estimated at US\$ 16 billion, growing at the rate of 30 % per annum. Total size of the Indian real estate market in terms of economic value of development activity is estimated at US\$ 40-45 billion representing about 5% of India's GDP.

Historically, the real estate sector in India was unorganised and characterised by

- 1 Highly fragmented market dominated by regional players
- 2 High Transaction Cost
- 3 Lack of clarity of land title
- 4 Absence of a centralised title registry providing guarantee of title

- 5 Lack of uniformity in local laws and their application,
- 6 Non-availability of easy bank financing and high interest rates
- 7 Lack of transparency in transaction values.
- 8 Increasing raw material prices
- 9 Lack of national reach by local companies



In recent years however, the Government has introduced many progressive reform measures to unlock the potential of the real estate sector and to meet increasing levels of demand. The real estate sector in India is exhibiting a trend towards greater organisation and transparency by various regulatory reforms like

- 1 the support of the Government for the repeal of the Urban Land (Ceiling and Regulation) Act ("ULCRA"), with all state governments having already repealed ULCRA except West Bengal, Bihar and Jharkhand;
- 2 modifications in the Rent Control Act to provide greater protection to homeowners wishing to rent out their properties;
- 3 rationalisation of property taxes in a numbers of states,
- 4 the proposed computerisation of land records.
- 5 permission of FDI up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects subject to certain conditions.

In addition to the above measures, the Government has also announced economic stimulus packages in light of the impact of the global slowdown on the Indian real estate sector. Public sector banks and private sector banks have announced packages for home loan borrowers in various categories.

2B. URBAN INFRASTRUCTURE:

The rate of urban development is very high compared to the developed countries and the large cities are becoming larger mostly due to continuous migration of population to these cities. Based on the population forecast made by the Registrar General, Census Operations, Government of India, the urban population is expected to reach 433 Million by 2021

while the total population may reach 1340 Million Thus the level of urbanisation in the country in the year 2021 is expected to be about 32 % and it is estimated that by the year 2021, urban areas would contribute about 65 per cent of gross domestic product (GDP). However, this higher productivity is contingent upon the availability and quality of infrastructure services. Urban economic activities are dependent on infrastructure, such as power, telecom, roads, water supply and mass transportation. The planning commission had set a \$500 Billion target of investment in the infrastructure sector during the eleventh plan period. Taking into account, the existing scenario and the urgency to augment urban infrastructure the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched by Ministry of Urban Development in December, 2005 for implementation of urban infrastructure improvement programme in a time bound manner in 63 selected cities. The mission envisages investment of over Rs. 1000 billion in the identified cities under the mission.

During Vibrant Gujarat Summit, 2009 total 204 MOUs were signed in the infrastructure sector proposing investment of Rs. 524266 Crores. The Government is encouraging in a big way building integrated townships, technology parks, educations based townships, medical & healthcare related townships and logistic parks. The ambitious project of Sabarmati River Front Development [SRFD] in Ahmedabad aims to improving environment, infrastructures development, public amenities and land development. Another remarkable infrastructural development in the city of Ahmedabad is the construction of Bus Rapid Transport Service [BRTS].

3. BUSINESS OVERVIEW:

3A Infrastructure Development:

Nila Infrastructures Ltd have done considerable



progress on development of 28 Nos. plus 40 Nos. of Bus Shelters on BRTS Route. 34 Nos. of Bus Shelters have been made operative during the year. It has also executed railing project on the BRTS Route successfully. Through these projects, the Company got recognition in infrastructure development and contributed in the projects of public utility services.

The Company has also received an order worth Rs. 3 075.70 Lacs for construction of factory buildings at Ichhapure, Taluka: Choriyasi, District: Surat from RJD Integrated Textile Park Ltd. The Company has started execution on this project from third quarter of the year.

The Company has successfully executed an order from its group company M/s Sambhaav Media Ltd for erection of 150 Nos. AMTS Bus Shelters. It has also received an order for development of utility services in the city of Rajkot.

The Company is also intending to obtain work for development of foot overbridges, Sports Complexes, road construction activity, EWS Housing Projects, Hospitals and Government Offices etc.

3B Real Estate Projects:

During the year, the Company has completed Phase-I of residential flats scheme 'Asmaakam' comprising of 180 flats and handing over of possession has also started during the year. Considerable progress has been made in on going project of 'Asmaakam' Phase- II comprising of 130 flats.

The Company is also launching two new schemes for construction of 3 BHK / 2 BHK residential flats comprising of 44 flats in each scheme in the nearby area of the existing scheme 'Asmaakam'. Further, the

Company is in the process of acquiring land for development of few more schemes.

The Company is also entering into development of residential flats in joint venture with other groups.

3C Leasing Activity:

The Company has got leasing right for 88,800 sq fts of constructed property in the prominent area of Ahmedabad. This will fetch approximately Rs. 16.25 Lacs per month as rental income.

4. OPPORTUNITIES:

The changing family structure in urban India will be fundamental driver for housing growth. Growing urbanization is causing the urban population in India to grow at a rate of 2.5 % annually and the same holds true for Ahmedabad. There is an acute demand for better houses at affordable prices in Ahmedabad. Growing per capita income, affordability and access to finance, aspirations, increasing purchasing power and disposable income, nuclear families and changing consumption pattern will definitely lead to a gap in supply and demand for houses in days to come. The number of nuclear families grew from 37.01mn in 1999-00 to 44.2mn in 2004-05 in urban India. Today, nuclear families (couple with/without children) account for as high as 67 % of the total 66 782 719 urban households and extended families (parents with one married child with/without children) accounting for 29% with joint families comprising of 4 % of all urban households in the country. over 3.15 million employed urban professionals who represent section A and B do not own a home. They include India's urban youth of 25-35 age group with monthly incomes of Rs. 20 000 to Rs. 80 000, government and public sector



unit employees, defense personnel and migrants from rural areas. By 2010, this number is likely to cross over 4.25 million. The urban professionals spend 30-40% of income on living but have the capacity to spend Rs.7 000 to Rs. 30 000 per month on accommodation and have the purchasing power for apartments of Rs. 9 to 37 lakhs. Thus there is a huge potential in the residential sector to be untapped. There is a shortage of 22 million housing units in urban India and the requirement is growing to 10 million housing units per year by 2030. The average age of home ownership is reducing and household formations are increasing. Considering that mortgages account only for 2 percent of India's GDP, compared with 54 percent in the United States, there is enough room for growth in the future.

Gujarat ranks among the top states in terms of fresh investments attracted. Over 8.5 per cent of the total fresh investments are directed towards Gujarat. During the Vibrant Gujarat Global Investor's Summit 2009 organized by the Government of Gujarat 8662 MoUs worth US\$ 243 Billion (over Rs. 12 00 000 Crores) are signed. There is a strong sentiment for investments in Gujarat which presents excellent prospects for growth to the infrastructure companies and real estate developers too. The size of residential market in Gujarat is likely to increase significantly due to growing urbanization. Ahmedabad has been ranked the seventh highest Market Potential Value (MPV) among all the 784 cities in India. The state accounts for around 5 % of the country's population. The commercial city of Gujarat is likely to grow by leaps and bounds in the next few years. Western side of Ahmedabad has become the prime location as new residential areas, between inner ring road and

C.G.Road, such as Bodakdev, Satellite, Vejalpur, Jodhpur and Vastrapur are developed.

5. RISKS AND CHALLENGE:

There are many constraints affecting smooth functioning of this industry. The Company is operating in a business segment in which the price is mainly driven by demand and supply position. It is not largely based on the cost of the product. Timely supply of raw material like cement, steel, bricks are essential for timely completion of the projects. Shortage of labour and raw material may delay the execution of projects of the Company. The infrastructure development is capital intensive in nature. The Company's business requires long term commitment of capital to meet financial requirement of long term projects. Further timely availability of skilled and technical personnel is also one of the key challenges.

6. INTERNAL CONTROLS AND THEIR ADEQUACY:

The organization is well structured and the policy guidelines are well documented with pre defined authority and responsibility. NILA has put in place comprehensive systems and procedural guidelines concerning all areas of business like budgeting, execution, material management, quality, safety, procurement, asset management, finance, accounts & audit, human resources etc., which are adequate and necessary considering the size and level of operations of the Company. The management has been making constant efforts to review and upgrade existing systems and processes to gear up and meet the changing needs of the business. The Company carries out internal audit through an external audit firm of



Chartered Accountants who have extensive experience in such assignment.

7. DISCUSSION ON FINANCIAL PERFORMANCE:

7.1 Net Worth

The total net worth of the Company as on 31/03/2009 was Rs. 25.05 Crores which is Rs. 73.18 Crores as on 31/03/2010 indicating increase of 192.18 % in the net worth.

7.2 Earnings Per Share

Basic and Diluted EPS after extraordinary items of the Company as on 31/03/2009 was Rs. 0.23 which is Rs. 0.47 as on 31/03/2010.

7.3 EBITDA/PBT:

During the Financial Year 2009-10, the Company has earning before interest, depreciation and tax

amounting to Rs. 2 066.33 Lacs. After providing for interest and financial charges of Rs. 404.85 Lacs and Rs. 65.42 Lacs depreciation, Profit Before Tax was Rs. 1 596.06 Lacs which was Rs. 438.29 Lacs during the year 2008-09. There is an increase of 364.16 % in the profit before tax of the Company.

7.4 Cash and Cash equivalents as on 31st March, 2010 is Rs. 931.35 Lacs as against Rs. 206.06 Lacs as on 31st March, 2009.

8 CAUTIONARY STATEMENT:

Statement made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results may differ materially from those either expressed or implied.



report on corporate governance

[Pursuant to Clause 49 of the Listing Agreement]

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

At NILA we believe in adopting and adhering to the best standards of Corporate Governance to all the stakeholders. The Company's Corporate Governance is therefore based on the total transparency, integrity, fairness, equity, accountability and commitment to the values. The Company is committed to the best governance practices that create long term sustainable shareholder value. With the object of the Company to conduct its business in a highly professional manner and thereby enhance trust and confidence of all its stakeholders, the Company has devised a complete compliance of Corporate Governance norms.

We at NILA firmly believe that good Corporate Governance leads to the optimal utilization of resources and enhance the value of the enterprise and an ethical behavior of the enterprise leads to honoring and protecting the rights of all the stakeholders. Sound Corporate Governance practices and ethical business conduct always remain at the core of the NILA's value system.

2. BOARD OF DIRECTORS

2.1 Composition and size of the Board:

The Company has an optimum combination of Executive and Non Executive Directors. The Board consists of Five Directors comprising of an Executive Chairman & Whole Time Director, a Non Executive Director and three other Non Executive Independent Directors. The appointment of three Non Executive Independent Directors is in conformity with the provisions of Clause 49 of the Listing Agreement entered with the BSE by the Company. There are two Promoter Directors out of which one is Executive Director and the other one is Non Executive Director. The remaining three Directors are Non Executive

Independent Directors. There is no nominee Director on the Board.

2.2 Directors' Profile:

Brief Profile of all the Board Members, nature of their expertise in specific functional areas and the names of Companies in which they hold directorships and memberships / chairmanship of board or committees of board are as under:

- (a) Shri Manoj B. Vadodaria is a commerce Graduate and self-made businessman. His induction into the business world was at a very early age. Manoj Vadodaria combated harsh realities and adversities of business life successfully. This experience culminated into maturity and fervour of a rare kind. The practical school of business has made him a financial wizard backed by his sharp business instincts. This unique blend has been a tremendous source of benefit to the Group in meeting financial challenges and carving out ambitious expansion plans.
- (b) Shri Kiran B. Vadodaria is a Mechanical Engineer from L. D. Engineering College, Ahmadabad. He possesses rich experience and exposure of business. He has developed unique insight and judgmental capabilities about the socio-political dynamics. He is a member of Indian Newspaper Society [INS], Chairman of Gujarat Regional Committee-INS, President of Gujarat Daily Newspaper Association [GDNA], Member of National Integration Council of Government of India, and President of L. D. College of Engineering, Alumni Association.
- (c) Shri Dilip D. Patel possesses vast experience of management education, training and consultancy for more than 25 years. He is the founder faculty of S. P. Jain Institute of Management Research,



Mumbai - one of the top 10 Business Schools in the country. He has consulted number of Indian and multinational companies and offered training to senior managers in leading companies. He has consulted family owned/managed companies on various issues including the interface of family with business. He is currently advisor to the Board of some companies in India and Overseas. Shri Patel is very widely travelled overseas.

(d) Shri Akhilesh C. Mehta is an MBA-Finance with 17 years of experience in Investment Banking and Financial Advisory with specialization in Equity Placement, International Finance and Joint Ventures. He is a Co-Founder and CMD of Captus Financial Services Private Limited. He is an advisor to Infrastructure, Real Estate and Power Project Companies for their Financial Planning, Equity Structuring and Loan

Syndication. He is a partner in 'IS-IN Business Development Company' in Israel with Mr. Oshman Benjamin, Former CEO & President of Union Bank of Israel, for Indo-Israel Business Development in Real Estate, infrastructure, power, Engineering and Security Solutions.

(e) Shri Hiren G. Pandit is enrolled as Advocate in the year 1981 and has been practicing since 1982 on Revenue as well as Civil Sides. He is President of Ahmedabad Revenue Bar Association from 1998 and Legal Advisor to various corporate groups of Ahmedabad like Ganesh Housing, Adani, Bink Builders, etc. He is looking after Company's revenue and civil matters. He is also Spokesman of Human Rights Commission of Gujarat. Besides, he is also Secretary of GRT Bar Association from 2001.

The name and category of the Directors on the Board, their attendance at Board Meeting held during the year and the number of directorships and committee chairmanships/memberships held by them in other companies is given below.

Sr. No	Name of Director	Position	Attendance Particular		No of Directorships in other Public Companies	Committee Memberships/ chairmanships of other Companies
			Board Meeting	Last AGM		
1	* Manoj B. Vadodaria	Executive Chairman & Managing Director	8	Yes	2	1
2	*Kiran B. Vadodaria	Non Executive Director	6	N/A	2	0
3	**Dilip D. Patel	Non Executive Independent Director	6	N/A	Nil	1
4	**Akhilesh C. Mehta	Non Executive Independent Director	6	N/A	Nil	Nil
5	**Hiren G. Pandit	Non Executive Independent Director	8	Yes	Nil	Nil
6	#Nila M. Vadodaria	Non Executive Director	2	Yes	Nil	Nil
7	#Yagnesh D. Vyas	Non Executive Independent Director	2	No	Nil	Nil

* PD — Promoter Director ** NPD — Non-Promoter Director
Ceased to be Director w.e.f. 30/07/2009



Details of the Board Meeting held during the year 2009-10

Date of Board Meeting	Board Strength	No. of Directors Present
25-04-2009	4	4
03-07-2009	4	4
30-07-2009	5	5
17-09-2009	5	5
25-09-2009	5	5
30-10-2009	5	5
30-01-2010	5	5
20-02-2010	5	5

Board and Committee Meetings:

The procedure with respect to Board Meetings and the Meeting of the committees thereof are in total compliance with the requirements of the Companies Act, 1956, Secretarial Standards (SS-I) prescribed for the Board Meetings by the Institute of Company Secretaries of India, Listing Agreement with Stock Exchange and other applicable laws and regulations.

Code of Conduct for the Board of Directors and Senior Management Personnel:

In terms of Clause 49 of the Listing Agreement, the Board at its meeting held on 31st January, 2009 has adopted the code of conduct for the Board of Directors and senior management personnel of the Company. This code of conduct is a comprehensive code which is applicable to all Directors and Senior Management Personnel. A copy of the same has been put on the Company's website www.nilainfra.com. The same code has been circulated to all the members of the Board and all Senior Management Personnel. The compliance of the said code has been affirmed by them annually. A declaration signed by the Managing Director of the Company forms part of this Report.

Declaration by the Managing Director:

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and the Senior

Management Personnel and the same is available on the Company's website.

I confirm that the Company has in respect of the financial year ended on 31st March, 2010, received from the Senior Management Personnel of the Company and the Members of the Board a declaration of compliance with Code of Conduct applicable to them.

Place : Ahmedabad Manoj B. Vadodaria
Date : 25th August, 2010 Chairman & Managing Director

2.3 Board Procedure:

Pursuant to Listing Agreement, Stock Exchange is being informed about the Board Meetings together with proposed agenda at least seven clear days in advance. The agenda is prepared by the Secretarial Department in consultation with the Chairman of the Board of Directors. The information as required under the Annexure I to Clause 49 of the Listing Agreement is made available to the Board. The agenda for the meeting of the Board and its Committees together with the appropriate supporting documents and papers are circulated well in advance of the meeting to enable the Board to take informed decisions. Bombay Stock Exchange is informed about the outcome of the Board Meeting as soon as the meeting concludes.



The meetings of the Board and its various committees are generally held at the Registered Office of the Company at Ahmedabad.

3. AUDIT COMMITTEE

3.1 Composition of the Audit Committee:

The Audit Committee of the Company was reconstituted on 30th July, 2009. It is comprised of 3 Directors, of which 2 are Non Executive Independent Directors. Shri Dilip D. Patel is the Chairman of the Committee. He possesses adequate financial accounting knowledge. The Constitution of the Audit Committee is in line with Clause 49 of the Listing Agreement with the Bombay Stock Exchange read with Section 292A of the Companies Act, 1956. Shri Akhilesh C. Mehta and Shri Kiran B. Vadodaria are the other two members of the Audit Committee. The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

3.2 Powers of the Audit Committee:

The terms of reference/ powers of the Audit Committee has been specified by the Board of Directors as under:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain legal or other professional advice from outside.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

3.3 Role of the Audit Committee:

The role of the Audit Committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by them.

4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:—

- (a) Matters required being included in the Director's 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 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.

6. Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

7. Reviewing the adequacy of 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 as regards any significant findings and follow up thereon.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with statutory auditors 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 the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

3.4 Review of information by Audit Committee

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters/letters of internal control weaknesses issued by the statutory auditors;

Details of Audit Committee Meetings

Name	Designation	No. of Meetings	
		Held	Attended
Dilip D. Patel#	Chairman	4	2
Akhilesh C. Mehta#	Member	4	2
Kiran B. Vadodaria#	Member	4	2
Hiren G. Pandit*	Member	4	2
Yagnesh D. Vyas*	Member	4	2
Manoj D. Vadodaria*	Member	4	2

Appointed w.e.f. 30/07/2009

* Ceased to be Member w.e.f. 30/07/2009

4. REMUNERATION COMMITTEE

The remuneration committee has three Independent Non Executive Directors. The main objective of the constitution is to recommend and review compensation plans of the managerial personnel and the senior management based on their performance, defined assessment criteria and job responsibilities

4.1 Brief description of terms of reference

1. Frame company's policies on Board of directors with the approval of the Board.
2. Make recommendations for the appointments on the Board and Senior Management Positions.
3. Evaluate performance of the Board, Executive Directors and Non-Executive Directors on predetermined parameters.

4. Internal audit reports relating to internal control weaknesses; and

5. The appointment, removal and terms of remuneration of the Internal Auditor shall be subject to review by the Audit Committee

3.5 Attendance of each member of Audit Committee at meeting held during the year

Four Audit Committee meetings were held during the year on 25/04/2009, 30/07/2009, 30/10/2009 and 30/01/2010. The time gap between the two Audit Committee meetings was less than four months. The names of the members of the Audit Committee, its Chairman and details of meetings attended by them are stated hereunder.

4. Review and recommend compensation payable to the Executive Directors.

5. Review re-election of the members of the Board.

6. Recommend induction of directors into various Committees.

7. Assist the Board in selecting, compensating, monitoring and when necessary replacing key executives and overseeing succession planning.

8. Review HR Policies and Initiatives.

9. Administer and supervise Employees' Stock Option Schemes.

10. Assist the Board in the implementation of the 'Policy on Prohibition of Insider Trading and Fraudulent and Unfair Trade Practices' adopted by the Board.



4.2 Composition of Committee and attendance of members

Sr. No	Name of the Director & Position	Meetings /Attendance	
		Held	Attended
1	Dilip D. Patel, Chairman	1	1
2	Akhilesh C. Mehta, Member	1	1
3	Hiren G. Pandit, Member	1	1

4.3 Remuneration Policy

4.3 a Executive Directors

1. Salary and commission not to exceed limits prescribed under the Companies Act, 1956.
2. Revised from time to time depending upon the performance of the company, executive director's performance and prevailing industry norms.
3. No sitting fees.
4. No ESOP for Promoter directors.

4.3b Non-Executive Directors

1. Eligible for commission based on time, effort and output given by them.
2. Sitting fees and commission not to exceed limits prescribed under the Companies Act, 1956.
3. Eligible for ESOP (other than Promoter directors)

4.4 Details of the Remuneration to Directors during the period 01/04/2009 to 31/03/2010

Amount in Rs.						
Sr. No	Name of Director	Salary	Perquisites	Bonus / Commission	Sitting fees	Total
1	Manoj B. Vadodaria	12 00 000/-	2 88 000/-	-	-	14 88 000/-
2	Kiran B. Vadodaria	-	-	-	6 000/-	6 000/-
3	Dilip D. Patel	-	-	-	6 000/-	6 000/-
4	Akhilesh C. Mehta	-	-	-	6 000/-	6 000/-
5	Hiren G. Pandit	-	-	-	8 000/-	8 000/-

5. SHARE TRANSFER & INVESTORS' GRIEVANCE COMMITTEE

5.1 Constitution of the Committee

The Share Transfer and Investors' Grievance Committee is reconstituted on 30th July, 2009. It consists of 3 members. Kiran B. Vadodaria is the Chairman of the Committee. The Share Transfer & Investor Grievance Committee is constituted in line with the requirement of Listing Agreement.



Constitution of Share Transfer & Investors' Grievance Committee

Sr. No	Name of the Director	Designation
1	Kiran B. Vadodaria	Chairman
2	Hiren G. Pandit	Member
3	Dilip D. Patel	Member

5.2 Term of reference of the Committee

The Share Transfer & Investor Grievance Committee meets fortnightly and approves transfer, transmission, transposition, name deletion, consolidation and splitting of share of the Company. It issues duplicate share certificates and redresses complaints and grievances of the investors in time.

5.3 Number of shareholders' complaints received during the year : NIL

5.4 Number of complaints not solved to the satisfaction of shareholders : NIL

5.5 Number of pending complaints : NIL

6 GENERAL BODY MEETINGS

6.1 Location and time of last three Annual General Meetings:

Year	Venue	Date	Time
2006-07	1 st Floor , “ Sambhaav House”, Opp Chief Justice's Bungalow, Bodakdev, Ahmedabad	28/07/2007	10.00 AM
2007-08	1 st Floor , “ Sambhaav House”, Opp Chief Justice's Bungalow, Bodakdev, Ahmedabad	24/07/2008	10.00 AM
2008-09	1 st Floor , “ Sambhaav House”, Opp Chief Justice's Bungalow, Bodakdev, Ahmedabad	30/05/2009	10.00 AM

6.2 Special Resolution passed at last 3 AGMs:

- (a) 2006-07 : No special resolution was passed
- (b) 2007-08 : – To reappoint Shri Manoj B. Vadodaria as Chairman & Managing Director with revised terms & conditions.
- To empower the Board to borrow money pursuant to section 293 (1)(d) of the Companies Act, 1956 upto Rs. 100 crores.
- (c) 2008-09: – No special resolution was passed



6.3 Postal Ballot:

No resolution was passed last year by Postal Ballot.

No resolution is proposed to be passed at the ensuing AGM by Postal Ballot.

7. DISCLOSURES:

7.1 Materially Significant Related Party Transactions:

The transaction between the Company and the Directors and Companies in which the directors are interested are disclosed in Note no. 9 to the Notes, Shedule 'O' forming part of accounts are in compliance with the Accounting Standards relating to "Related Party Disclosures". There is no materially significant Related Party Transaction that may have potential conflict with the interest of the Company at large.

The Directors regularly make full disclosures to the Board of Directors regarding nature of their interest in the Companies in which they are Directors or Members.

7.2 Statutory Compliances, penalties and Strictures:

There were no instances of non compliances nor have any penalties, strictures been imposed by Stock Exchange or SEBI or any other statutory authority during the last years on any matter related to the capital market.

7.3 Code of Conduct:

The Company has adopted a Code of Conduct for the Board of Directors and Senior Management Personnel of the Company and all have affirmed their adherence to the code. The code has been posted on the Company's website (www.nilainfra.com).

7.4 Listing Agreement Compliances:

The Company complies with all the requirements of

the Listing Agreement including the mandatory requirements of Clause 49 of the Agreement.

7.5 Risk Management

Business risk management and management of affairs is an ongoing process within the Company. The Audit Committee, Risk Management Team and the Board of Directors regularly review the risk management policy and procedures. The Company is in the process of setting up a system to appraise the Board of Directors of the Company on the key risk assessment areas and suggestive risk mitigation mechanism.

8. MEANS OF COMMUNICATION:

8.1 Quarterly Results: Normally quarterly results of the Company are published in Indian Express (English) and Jansatta Loksatta (Gujarati).

8.2 Website of the Company:
www.nilainfra.com

8.3 Whether it also displays official news release and presentation made to institutional investors or to the analyst: No

8.4 Half yearly reports: Half yearly report have not been sent to shareholders.

9. GENERAL SHAREHOLDER INFORMATION

9.1 Day, Date, time and venue of the 20th Annual General Meeting:

Day : Saturday

Date : 25th September, 2010

Time : 10:00 am

Venue : 1st Floor, "Sambhaav House", Opp: Chief Justice's Bungalow, Bodakdev, Ahmedabad-380015

9.2 Financial Year: 1st April to 31st March



9.3 Financial Calendar:

Tentative and subject to change for the financial year 2010-2011

Quarter Ending	Release of Results
30 th June, 2010	Mid of August, 2010
30 th September, 2010	Mid of November, 2010
31 st December, 2010	Mid of February, 2011
31 st March, 2011	Mid of May, 2011

9.4 Date of Book Closure: from 21st September, 2010 to 25th September, 2010 [both days inclusive]

9.5 Dividend: The Board of Directors have recommended dividend of Rs 0.10 per share (10%) for the financial year 2009-10

9.6 Listing on stock exchanges and payment of listing fees

Bombay Stock Exchange [BSE], Phirozee Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001. Annual Listing Fees for the year 2010-11 has been paid by the Company to BSE

9.6a Stock Code: **530377**

9.6b ISIN in National Securities Depository limited [NSDL] and Central Depository Services (India) Limited [CDSL]: **INE937C01029**

9.7 Market Price Data:

The monthly high / low and the volume of the Company's shares trades on Bombay Stock Exchange and the monthly high/low of the said Exchange are as under:

Month	Company			BSE	
	High (Rs)	Low (Rs)	Volume (Nos)	BSE Sensex High	BSE Sensex Low
April 2009	1.14	0.71	7 54 187	11 492	9 546
May 2009	2.27	0.85	13 96 803	14 930	11 621
June 2009	2.82	1.56	30 82 058	15 600	14 016
July 2009	2.05	1.32	18 62 567	15 732	13 219
August 2009	1.86	1.40	61 82 517	16 002	14 684
September 2009	2.50	1.65	1 73 65 922	17 142	15 356
October 2009	2.24	1.61	16 90 091	17 493	15 802
November 2009	2.05	1.55	11 20 231	17 290	15 330
December 2009	1.95	1.62	18 48 005	16 577	15 530
January 2010	2.76	1.91	41 41 822	17 790	15 982
February 2010	2.50	1.91	20 23 839	16 669	15 651
March 2010	2.35	1.85	19 83 001	17 793	16 438



9.8 Distribution of share holding as on 31st March, 2010

Shareholding of nominal value of		Number of Shares		Number of Holders	
Rs.	Rs.	Nos	% of total	Nos	% of total
Upto	500	8 74 150	0.71	2 767	18.46
501 -	1 000	55 70 008	4.52	5 662	37.77
1 001 -	2 000	40 78 769	3.31	2 180	14.54
2 001 -	3 000	26 61 748	2.16	936	6.24
3 001 -	4 000	17 31 938	1.40	448	2.99
4 001 -	5 000	49 16 629	3.99	988	6.59
5 001 -	10 000	86 86 220	7.05	1 041	6.94
10 001 -	50 000	1 74 68 928	14.17	780	5.20
50 001 -	1 00 000	82 15 880	6.67	1 11	0.74
1 00 001 and Above		6 90 21 930	56.02	79	0.53
Total		12 32 26 200	100.00	14 992	100.00

9.9 Shareholding Pattern as on 31st March, 2010:

Category	No. of shares held	% of total share capital
Promoters' Holding*	4 93 09 589	40.02
Public holding		
<u>Institutions</u>	1 33 900	0.11
<u>Non Institutions</u>		
Bodies Corporate	98 29 967	7.98
Individuals	6 03 60 430	48.98
HUF	14 35 004	1.16
Non Resident Indians	21 57 310	1.75
Total	12 32 26 200	100.00

*Note: Excluding 17 20 00 000 equity shares to be allotted to the shareholders of Pearl Stockholding Pvt. Ltd pursuant to the scheme of amalgamation.

9.10 Dematerialization of Shares and Liquidity:

Trading in the Company's shares is permitted only in dematerialization form for all investors. The Company has established connectivity with CDSL and NSDL through the Registrar, M/s MCS Ltd, whereby the investors have the option to dematerialize their shares with either of the depositories.

As on 31st March, 2010, 79.39 % of the paid up share capital has been dematerialized. Those shareholders who hold the shares in physical form may contact Depository Participant

9.11 The Company has no outstanding GDR/ADR/Warrants or any convertible instrument.



9.12 Address for Correspondence:

All enquires, clarifications and correspondence should be addressed to the Compliance Officer at the following address

Mr. Dipen Parikh, Company Secretary, Nila Infrastructures Ltd, "Sambhaav House"
Opp: Chief justice's Bungalow, Bodakdev, Ahmedabad-380015.

10 SECRETARIAL AUDIT FOR CAPITAL RECONCILIATION:

As stipulated by SEBI, Secretarial Audit is carried out by an Independent Practicing Company Secretary on quarterly basis to confirm reconciliation of the issued and listed capital, shares held in dematerialized and physical mode and the status of the register of members.

11 SECRETARIAL AUDIT REPORT FOR COMPLIANCES:

Secretarial Audit has been carried out by an Independent Practicing Company Secretary at the end of the financial year to ensure timely compliances of all applicable acts, laws, guidelines, rules and regulations.

corporate governance compliance certificate

To
The Members
Nila Infrastructures Limited

In accordance with Clause 49 of the Listing Agreement entered into by Nila Infrastructures Limited (The Company) with the Bombay Stock Exchange, we have examined all relevant records of the Company relating to its compliance of Corporate Governance as stipulated in Clause 49 for the financial year ended 31st March, 2010.

It is the responsibility of the Company to prepare and maintain the relevant necessary records under the SEBI guidelines, listing agreement and other applicable laws. Our responsibility is to carry out an examination, on the basis of our professional judgement so as to award a reasonable assurance of the correctness and completeness of the records for the purpose of this certificate.

We have obtained all the information and explanations, which to best of our knowledge and belief were necessary for the purpose of certification and have been provided with such records, documents, certificates, etc. as had been required by us.

We certify that from the records produced and the explanations given to us by the Company for the purposes of this certificate and to the best of our information, the Company has complied with all the mandatory requirements of the said clause 49 of the Listing Agreement.

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

O.P.Bhandari
Proprietor
M.No: 34409

Place : Ahmedabad
Date : 25th August, 2010



secretarial audit report

To,
The Members,
Nila Infrastructures Limited

I have conducted, the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the company. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of Nila Infrastructures Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provide by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2010 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Nila Infrastructures Limited ("the Company") for the financial year ended on 31st March, 2010 according to the provisions of:

- The Companies Act, 1956 and the Rules made there under;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
- Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
 - The Securities and exchange Board of India (Prohibition of Insider Trading) Regulations 1992;

- The Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009;
- The Securities and Exchange Board of India (Employee stock- Purchase Scheme) Guidelines, 1999;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and Dealing with client;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

I. Based on my examination and verification of the registers, records and documents produced to me and according to the information and explanations given to me by the management of the Company, I report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act, Accounting Standards and Memorandum and Articles of Association of the Company, with regard to:

- maintenance of statutory registers and records and necessary entries are therein;
- closure of Register of Members;
- submission of forms, returns, documents and resolutions required to be filed with the Registrar of Companies;
- service of documents by the Company on its Members, and Registrar of Companies;
- notice of Board meetings and Committee meetings of Directors;
- notice of the General Meetings and Extra Ordinary General Meetings of the Company;
- minutes of proceedings of General Meetings and of Board and other meetings;
- approvals of shareholders, the Board of Directors, the Committee of Directors and government authorities, wherever required;
- constitution of the Board of Directors and appointment, retirement and re-appointment of Directors;

- remuneration of Directors including the Managing Director and Whole-time Directors;
- appointment and remuneration of Auditors;
- transfers, transmissions and sub division of the Company's shares and issue and delivery of original and duplicate share certificates;
- form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to Profit & Loss Account as per Part II of the said Schedule;
- borrowings and registration, modification and satisfaction of charges;
- investment of the Company's funds including inter corporate loans and investments;
- giving guarantees in connection with loans taken by subsidiaries and associate companies;
- contracts, affixing of common seal, registered office and publication of name of the Company; and
- all other applicable provisions of the Act and the Rules / regulation made thereunder.

2. I further report that:

- the Directors of the Company have obtained Director Identification Number as per Section 266A of the Act.
- the Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.
- the Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.
- the Company has obtained all necessary approvals of the Central Government and / or other authorities, under the Act.
- there was no prosecution initiated against, or show cause notice received by, the Company and no fines or penalties were imposed on the Company under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against the Company, its Directors and Officers.

3. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Regulations and the Byelaws framed thereunder with regard to dematerialisation / rematerialisation of

securities and reconciliation of records of dematerialised securities with all securities issued by the Company.

4. I further report that the Company has complied with:

- the requirements under the Equity Listing Agreements entered into with Bombay Stock Exchange Limited.
- the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with regard to the disclosures and maintenance of records required under the Regulations.
- the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

5. I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 1956, Adequate notice is given to all directors to schedule the Board Meeting, Agenda and detailed notes on agenda are sent at least seven days in advance, A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

6. I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to Monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

7. I further report that during the audit period the scheme of amalgamation under Section 391 to 394 of the Companies Act, 1956 with Pearl Stockholdings Pvt. Ltd was filed in the High Court of Gujarat for approval. The approval of the High Court was pending.

For R.S. Sharma & Associates

R.S.Sharma
Company Secretary
MNo. 3126 C.P.No 2118

Place : Ahmedabad
Date : 25th August, 2010



ceo and cfo certification

We, Manoj B. Vadodaria, Chairman & Managing Director and Prashant H. Sarkhedi, Chief Finance Officer responsible for the finance function of the Company certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2010 and to the best of our knowledge and belief:
- (i) these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statement together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws & regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and steps have been taken to rectify these deficiencies.
- (d) We have indicated to the Auditors and to the Audit Committee:
- (i) Significant changes in the internal control over financial reporting during the year.
 - (ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Manoj B. Vadodaria
Chairman & Managing Director

Place : Ahmedabad
Date : 25th August, 2010

Prashant H. Sarkhedi
Chief Finance Officer



auditors' report

To,
The Members,
Nila Infrastructures Limited

1. We have audited the attached Balance Sheet of Nila Infrastructures Limited as at 31st March, 2010 and also the Profit and Loss Account and Cash flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. These 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 Central Government of India in terms, of Sub-Section (4A) of Section 227 of the Companies Act, 1956, 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 in paragraph (2) above, we report that;
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the company so far as

appears from our examination of those books;

- c. The Balance Sheet, the Profit & Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash flow Statement dealt with by the report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act 1956;
- e. On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes forming part of accounts 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;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

(O. P. Bhandari)

Proprietor

Membership No. 34409

Place : Ahmedabad

Date : 25th August, 2010



annexure to the auditor's report

- I (a)** The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b)** The Company has a regular programs of physical verification of its fixed assets by which all fixed assets are verified in a phased manner annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c)** During the year Company has not disposed off a substantial part of fixed assets, which could affect its continuation as a going concern.
- ii (a)** The Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b)** In our opinion the procedures for 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)** The Company is maintaining proper records of inventory and no discrepancies were noticed on verification between the physical stock and book records.
- iii (a)** The Company has not taken any loans, secured or unsecured, from Companies, firms, or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b)** The Company has not granted any loan to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv** In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v (a)** In our opinion and according to the information and explanations given to us, the particulars of contracts / arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b)** In our opinion and according to the information and explanations given to us, where such transactions are in excess of Rs. 5.00 Lacs in respect of any party, the transactions have been made at prices which are, prima-facie, reasonable having regard to the prevailing market prices / similar transactions with other parties at the relevant time.
- vi** The Company has not accepted any deposits from the public during the year under sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- vii** In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
- viii** According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act for the Company.
- ix** According to the information & explanations given to us in respect of statutory and other dues:
- (a)** The Company is generally regular in depositing undisputed statutory dues with the appropriate authorities.
- (b)** According to the information and explanations given to us, no amount of undisputed Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty or Cess is outstanding as at 31/03/2010 for the period more than six months from the date they become payable.

- (c)** According to the information and explanations given to us, no amount of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty or Cess is outstanding on account of any dispute as at 31/03/2010.
- x** The Company has no accumulated losses as at 31st March, 2010. The Company has not incurred cash losses during the financial year ended on that date or in the immediately preceding financial year.
- xi** In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders as applicable during the year.
- xii** The company has not granted any loan and/or advance on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause 4 (xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
- xiii** In our opinion, the Company is not a Chit Fund or a Nidhi or Mutual Benefit Fund / Society. Therefore, the provision of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
- xiv** In our opinion and based on our examination of the records, the company has maintained proper record of transactions and contracts in respect of investments. All investments have been held by the company in its own name.
- xv** According to the information and explanations given by the management, in our opinion the company has not given any guarantee for loan taken by others from the banks or financial institutions, accordingly the provisions of clause 4(xv) of Companies (Auditor's Report) Order, 2003 is not applicable to the company. However, corporate guarantee provided by Pearl Stockholdings Pvt Ltd. (Transferor, Amalgamating Company) to Dena Bank for the credit facilities availed by one of the Associate Company is transferred to Nila Infrastructures Ltd. (the Transferee Company) by virtue of the scheme of

amalgamation approved by Hon'ble High Court of Gujarat.

- xvi** According to the information and explanations given to us and records examined by us, the term loans have been applied for the purpose for which the loans were obtained.
- xvii** According to the information and explanations given to us and on the basis of an overall examination of the Balance Sheet and Cash Flow of the company, funds raised on short term basis have, prima-facie, not been used during the year for long term investment.
- xviii (a)** During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4 (xviii) of Companies (Auditor's Report) Order 2003 is not applicable to the company.
- (b)** In our opinion and according to the information and explanations given to us where company has created share capital suspense account for allotment of shares as per scheme approved by Hon'ble High Court of Gujarat on 29th June, 2010 and filed with the Registrar Of Companies on 19th July, 2010, consideration paid to the share holders of the amalgamating transferor company is, in our opinion, not prejudicial to the interest of the Company.
- xix** During the period the Company has not issued any debentures.
- xx** The Company has not raised any money by way of public issue during the year.
- xxi** Based on the audit procedure performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

(O. P. Bhandari)

Proprietor

Membership No. 34409

Place : Ahmedabad

Date : 25th August, 2010



balance sheet

as at 31st march, 2010

Particulars	Schedule		As at 31/3/2010 Amount (Rs.)	As at 31/3/2009 Amount (Rs.)
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	'A'	29 52 26 200		12 32 26 200
Reserves & Surplus	'B'	43 65 54 656		12 72 37 447
			73 17 80 856	25 04 63 647
Loan Funds				
Secured Loans	'C'		26 55 19 336	15 45 19 272
Deferred Tax Liability			31 78 520	11 35 597
TOTAL			1 00 04 78 712	40 61 18 516
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	'D'	34 60 61 662		3 69 29 207
Less : Depreciation		2 70 45 968		2 05 22 664
Net Block			31 90 15 694	1 64 06 543
Investments	'E'		4 47 45 518	15 100
Current Assets, Loans & Advances	'F'			
Stock-in-Trade/ Inventories		14 53 59 810		12 65 77 471
Sundry Debtors		13 28 90 708		2 28 82 766
Cash and Bank Balances		9 31 34 522		2 06 05 953
Loans and Advances		43 74 09 638		27 66 08 888
		80 87 94 678		44 66 75 078
Less: Current Liabilities & Provisions	'G'			
Current Liabilities				
Sundry Creditors		4 15 94 844		1 04 16 781
Advance Received		6 68 42 424		2 94 07 963
Statutory Liabilities & Provisions		6 46 23 876		1 73 93 100
		17 30 61 144		5 72 17 844
Net Current Assets			63 57 33 534	38 94 57 234
Deferred Tax Assets			983 966	2 39 639
TOTAL			1 00 04 78 712	40 61 18 516

Significant Accounting Policies and Notes on Accounts Schedule 'O'

As per our separate report of even date

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

Manoj B. Vadodaria

Chairman & Managing Director

Kiran B. Vadodaria

Director

Prashant H. Sarkhedi

Chief Finance Officer

Dipen Y. Parikh

Company Secretary

O. P. Bhandari
Proprietor
M. No. 34409

Place : Ahmedabad
Date : 25th August, 2010



profit and loss account

for the year ended 31st march, 2010

Particulars	Schedule		For the year ended 31/03/2010 Amount (Rs.)	For the year ended 31/03/2009 Amount (Rs.)
INCOME				
Project Income	'H'		62 07 72 427	44 30 90 039
Lease Rentals (TDS Rs. 23 10 965 [P.Y. NIL])			2 03 23 849	0
Other Income	'I'		5 86 02 864	2 12 47 337
Total Income			69 96 99 140	46 43 37 376
EXPENDITURE				
(Increase) / Decrease in stock in trade	'J'		(1 87 82 339)	2 28 08 291
Project Expenses	'K'		48 88 07 396	36 25 20 401
Payment to and provision for Employees	'L'		1 08 49 332	53 79 749
Office, Administrative & Other Expenses	'M'		1 21 91 843	85 14 277
Loss on sale of Vehicles			0	2 79 362
Total Expenditure			49 30 66 232	39 95 02 080
Profit Before Depreciation, Interest and Tax			20 66 32 908	6 48 35 296
Less : Interest and Finance Charges	'N'		4 04 85 283	1 99 31 501
Less : Depreciation	'D'		65 41 906	10 74 666
			4 70 27 189	2 10 06 167
Profit Before Tax			15 96 05 719	4 38 29 129
Less: Provision for Income Tax			269 05 000	1 47 50 000
Less: Provision for Fringe Benefit Tax			0	1 83 600
Less : Provision for Wealth Tax			41 000	34 890
			2 69 46 000	1 49 68 490
Less: Deferred Tax Liability/(Asset)			12 98 596	888 726
Add: Mat Credit available for set off			60 70 502	0
Profit After Tax and Before extra-ordinary items			13 74 31 625	2 79 71 913
Less: Prior Period Expenses			18 277	3 08 009
Add : Excess Provision written back			2 630	4 44 688
Add : Balance Brought Forward from previous year			6 33 68 773	3 52 60 181
Profit Available for Appropriation			20 07 84 751	6 33 68 773
Less : Transfer to General Reserve			1 00 00 000	0
Less : Proposed Dividend			2 95 22 620	0
Less : Dividend Distribution Tax			50 17 665	0
Surplus carried to Balance Sheet			15 62 44 466	6 33 68 773
Earnings Per Share (Basic & Diluted)				
(a) Before Extra-ordinary Items			0.47	0.23
(b) After Extra-ordinary items			0.47	0.23

Significant Accounting Policies and Notes on Accounts Schedule 'O'

As per our separate report of even date

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

Manoj B. Vadodaria

Chairman & Managing Director

Kiran B. Vadodaria

Director

Prashant H. Sarkhedi

Chief Finance Officer

Dipen Y. Parikh

Company Secretary

O. P. Bhandari
Proprietor
M. No. 34409

Place : Ahmedabad
Date : 25th August, 2010



schedules forming part of balance sheet

as at 31st march, 2010

	As at 31/03/2010	As at 31/03/2009
SCHEDULE 'A' - SHARE CAPITAL		
Authorised Share Capital		
35 00 00 000 (PY 13 00 00 000) Equity shares of Re. 1/- each (Refer Schedule 'O' note no. I (vii))	35 00 00 000	13 00 00 000
I) Issued, Subscribed & Paid up Capital		
12 32 26 200 (PY 12 32 26 200) Equity shares of Re. 1/- each fully paid up	12 32 26 200	12 32 26 200
II) Share Capital Suspense		
17 20 00 000 (PY Nil) Equity shares of Re. 1/- each fully paid up to be allotted pursuant to Scheme of Amalgmation, for consideration other than Cash, effective from 19/07/2010 (Refere Schedule - 'O' Note no. I)	17 20 00 000	0
Total	29 52 26200	12 32 26 200

		As at 31/03/2010	As at 31/03/2009
SCHEDULE 'B' - RESERVES & SURPLUS			
General Reserve			
Opening Balance	24 35 174	1 24 76 690	24 35 174
Add: Transfer from Profit & Loss Account	1 00 00 000		0
Add: Arising on Amalgamation	41 516		0
			24 35 174
Share Premium			
Opening Balance	6 14 33 500	26 78 33 500	6 14 33 500
Add: Arising on Amalgamation	20 64 00 000		0
			6 14 33 500
Surplus carried forward from the Profit and Loss Account		15 62 44 466	6 33 68 773
Total		43 65 54 656	12 72 37 447



schedules forming part of balance sheet as at 31st march, 2010

	As at 31/03/2010	As at 31/03/2009
SCHEDULE 'C' - LOAN FUNDS		
SECURED LOANS		
Working Capital Loans - From Bank		
- Allahabad Bank (Cash Credit facility against Hypothecation of Stocks, book debts and all other current assets of the company both present & future as well as collateral security of Registered mortgage of open land situated at mouje Ranip Taluka: City and Registration District Sub-District at Ahmedabad- 4 (Paldi) Land Revenue Survey No. 224/1/1 paiki eastern side land admeasuring about 9 150 sq. mtrs. out of total admeasuring about 19 155 sq.mtrs.)	5 67 68 621	3 41 29 106
- Allahabad Bank - Overdraft against FDR (Against lien on the Fixed Deposits of Rs. 1.50 crores of the Company)	1 21 02 840	1 12 00 000
Term Loans - From Financial Institutions		
- Gruh Finance Ltd. (See note no.3(i) of Schedule 'O' for security offered)	5 03 87 870	4 24 24 518
- India Bulls Financial Services Ltd. (See note no.3(ii) of Schedule 'O' for security offered)	8 51 58 271	6 59 66 149
Loan from Dena Bank (Secured by way of second charge through extention of equitable mortgage on property situated at 2nd to 9th Floors, Sambhaav House, Bodakdev, Ahmedabad and first charge through equitable mortgage on promoters land bearing FP 48/1 of TPS no 84A of Makarba [Survey No. 47/1 of mouje Makarba], Ahmedabad admeasuring about 7 499 Sq. Mts. It is further secured by personal guarantee of Directors and their relatives)	5 82 10 486	0
Vehicle Loans - From Financial Institutions		
- Loan from Kotak Mahindra Prime Ltd.	2 01 462	7 99 499
- Loan from HDFC Bank Ltd.	15 95 385	0
- Loan from Tata Capital Ltd. (Secured against hypothecation of Cars)	10 94 401	0
Total	26 55 19 336	15 45 19 272



schedules forming part of balance sheet as at 31st march, 2010

SCHEDULE ‘D’ - FIXED ASSETS

Sr. No.	Particulars	Gross Block			Depreciation			Net Block	
		Cost as on 01/04/2009	Addition due to amalgamation	Reduction during the year	Provided upto 31/03/2009	Change in Depreciation Method for the year	Adjustment for Sale	As on 31/03/2010	As on 31/03/2009
1	Land	1073 100	0	0	0	0	0	1073 100	1073 100
2	Bldg/Off. Premises	53 39 829	29 65 45 000	15 27 964	4 84 778	49 27 316	0	29 80 00 699	48 55 051
3	Wind Mill	1 51 16 000	0	0	1 51 16 000	0	0	0	0
4	Furniture & Fixtures	27 65 895	32 00 530	9 98 500	4 20 997	2 21 967	0	43 24 961	23 44 898
5	Electrification	3 77 981	9 76 739	0	56 065	30 854	0	12 67 801	3 21 916
6	Vehicles	94 73 147	4 76 452	54 56 214	33 38 520	10 42 269	- 6 917	1 10 18 107	61 34 627
7	Commercial Vehicles	2 72 740	0	0	55 440	30 847	0	1 86 453	2 17 300
8	Health Instruments	0	1 90 732	3 950	0	9 230	0	1 85 452	0
9	Computers	10 99 363	70 677	10 00 401	4 03 939	2 24 721	0	15 41 781	6 95 424
10	Office Equipments	14 11 152	0	7 58 995	6 46 925	54 702	0	14 17 340	7 64 227
	Current Year	3 69 29 207	29 72 82 861	1 29 24 793	2 05 22 664	65 41 906	0	31 90 15 694	1 64 06 543
	Previous Year	3 05 51 196	0	76 67 406	2 12 38 761	10 74 666	16 54 303	2 05 22 664	93 12 435

SCHEDULE ‘E’- INVESTMENTS

Particulars	Quantity		Amount (Rs.)	
	Face Value (Rs.)	As on 31/03/2010	As on 31/03/2009	As on 31/03/2009
LONG TERM INVESTMENTS				
QUOTED				
Balmer Lawri	10.00	1 000	0	2 35 150
HDFC Bank	10.00	1 724	0	16 68 573
Kanoria Chem	5.00	6 000	0	90 600
Mc Holding	10.00	1 000	0	35 850
Morepan Laboratory	2.00	75 000	0	3 39 000
Visu International	10.00	50 000	0	1 74 500
Sambhaav Media Ltd.	1.00	1 93 36 500	0	4 11 86 745
Total				4 37 30 418
Market Value of Quoted Investments as on 31/03/2010 is Rs. 6 10 75 730/-				
UNQUOTED				
Saraspur Nagrik Co.-Op. Bank Ltd.	100.00	101	101	10 100
United Co.-Op. Bank Ltd.	50.00	100	100	5 000
Total		201	201	15 100
INVESTMENT IN ASSOCIATE				
Nilisan Realty LLP-Capital Contribution				10 000 000
TOTAL INVESTMENTS				4 47 45 518
				15 100



schedules forming part of balance sheet as at 31st march, 2010

SCHEDULE ‘F’- CURRENT ASSETS, LOANS & ADVANCES"

		As at 31/03/2010	As at 31/03/2009
Current Assets			
Stock-in-Trade / Inventories			
- Trading Materials	0		44 75 999
- Residential Projects	13 59 166		0
- Infrastructure Projects	8 14 898		0
- Land	9 52 21 072		2 54 71 651
		9 73 95 136	2 99 47 650
Work in Progress			
- Residential Projects	4 22 26 437		9 01 09 309
- Infrastructure Projects	57 38 237		65 20 512
		4 79 64 674	9 66 29 821
		14 53 59 810	12 65 77 471
Debtors (Unsecured, considered good)			
- Outstanding for a period exceeding Six Months			
Others	10 37 316		0
		10 37 316	0
- Outstanding for a period less than Six Months			
Infrastructure Projects	79 70 386		0
Residential Projects	12 03 00 870		2 28 82 766
Others	35 82 136		0
		13 18 53 392	2 28 82 766
		13 28 90 708	2 28 82 766
Cash on Hand (As certified by the management)			
Bank Balances			
- in current account with Nationalised Bank	10 43 501		70 354
- in current account with Scheduled and other Banks	4 17 49 995		2 05 35 599
- in Fixed Deposit Accounts with Nationalized Bank including fix deposit under lien of Rs. 1 98 10 551 (P.Y. 1 82 49 714)	4 98 10 551		0
		9 31 34 522	2 06 05 953
Loans & Advances			
(unsecured, considered good by the management)			
Loans		12 87 43 696	2 08 34 283
Advances (Recoverable in cash or in kind or for value to be received)			
Advance for land purchase		15 12 35 000	18 65 00 000
Advance payment for taxes		2 72 43 789	1 11 30 793
Advances to Suppliers			
- Residential Projects	19 97 964		5 38 30 070
- Infrastructure Projects	5 94 84 514		0
- Others	29 223		0
		6 15 11 701	5 38 30 070
Other Advances		5 59 42 550	37 95 091
Deposits			
- Infrastructure Projects	1 26 04 512		0
- Others	1 28 390		5 18 651
		1 27 32 902	5 18 651
		43 74 09 638	27 66 08 888
Total		80 87 94 678	44 66 75 078



schedules forming part of balance sheet as at 31st march, 2010

SCHEDULE 'G' - CURRENT LIABILITIES & PROVISIONS

		As at 31/03/2010	As at 31/03/2009
Current Liabilities			
Sundry Creditors			
- Residential Projects	1 95 64 491		30 20 755
- Infrastructure Projects	2 08 93 333		69 89 800
- Others	11 37 020		4 06 226
		4 15 94 844	1 04 16 781
Advances Received			
- Residential Projects	4 05 36 138		1 64 77 264
- Infrastructure Projects	21 21 806		56 16 010
- Others	1 12 98 969		72 67 529
- Trade Deposits - Infrastructure Projects	37 49 993		0
- Security Deposits - against rent	91 35 518		47 160
		6 68 42 424	2 94 07 963
Statutory Liabilities & Provisions			
- Statutory Liabilities	14 87 721		9 39 301
- Duties and Taxes	16 49 420		16 68 909
		31 37 141	26 08 210
- Provisions			
Provision for Taxes	2 69 46 450		1 47 84 890
Proposed Dividend	2 95 22 620		0
Dividend Distribution Tax	50 17 665		0
		6 14 86 735	1 47 84 890
Total		17 30 61 144	5 72 17 844



schedules forming part of profit and loss account

for the year ended 31st march, 2010

SCHEDULE 'H' - PROJECT INCOME

	For the year ended	
	31/03/2010	31/03/2009
Sales -		
- Trading materials	1 39 96 818	38 74 390
- Residential Projects	40 79 86 539	3 77 85 700
- Infrastructure Projects	19 87 89 070	8 32 30 449
- Land	0	31 81 99 500
Total	62 07 72 427	44 30 90 039

SCHEDULE 'I' - OTHER INCOME

	For the year ended	
	31/03/2010	31/03/2009
- Interest Earned (TDS Rs. 39 44 462/- [P.Y. Rs. 40 96 223/-])	3 41 29 937	1 88 61 006
- Rent (TDS Rs. 51 184/- [P.Y. Rs. 70 228/-])	3 21 014	3 37 460
- Excess Provision Written Back	13 05 210	0
- Sundry Balances Written off	8 45 423	3 91 142
- Profit on sale of Fixed Assets	0	3 426
- change in Depreciation Method	0	16 54 303
- Profit on Sale of Investment	2 19 55 040	0
- Dividend	46 240	0
Total	5 86 02 864	2 12 47 337

SCHEDULE 'J' - INCREASE / (DECREASE) IN STOCK-IN-TRADE

	For the year ended	
	31/03/2010	31/03/2009
Closing Stock		
- Trading Materials	0	44 75 999
- Work-in Progress - Residential Projects	4 35 85 603	9 01 09 309
- Work-in-Progress - Infrastructure Projects	65 53 135	65 20 512
- Land	9 52 21 072	2 54 71 651
	14 53 59 810	12 65 77 471
Opening Stock		
- Trading Materials	44 75 999	0
- Work-in Progress-Residential Projects	9 01 09 309	0
- Work-in Progress-Infrastructure Projects	65 20 512	38 69 544
- Land	2 54 71 651	14 55 16 218
	12 65 77 471	14 93 85 762
Total	1 87 82 339	(2 28 08 291)



schedules forming part of Profit and Loss Account for the year ended 31st march, 2010

SCHEDULE 'K' - PROJECT EXPENSES

		For the year ended	
		31/03/2010	31/03/2009
Purchases Trading Materials		84 23 033	79 35 193
DIRECT EXPENSES			
- Residential Projects			
Purchases Land	4 00 00 000		7 82 26 231
Purchases construction materials	5 07 19 294		1 62 17 610
Civil, Electrical, Contracting, Labour work etc.	12 19 72 462		1 48 53 031
Professional Charges	1 15 13 953		26 02 872
Plantation Expenses	2 18 513		1 05 150
Security Charges	6 13 399		2 12 747
Other Direct Expenses	19 27 186		2 51 380
		22 69 64 807	11 24 69 021
- Infrastructure Projects			
Purchases	13 06 50 142		5 81 52 397
Civil, Electrical, Contracting, Labour work etc.	2 10 24 293		69 03 573
Professional Charges	7 25 148		2 51 602
Welfare cess	10 02 165		3 97 720
Rebate	57 03 067		21 86 638
Other Direct Expenses	7 83 778		6 03 801
		15 98 88 593	6 84 95 731
- Land			
Purchase cost and incidental Expenses	6 97 49 421		16 82 08 404
		6 97 49 421	16 82 08 404
- Indirect Project Expenses			
Advertisement	53 32 608		3 66 950
Freight and Cartage Expenses	48 95 054		5 08 610
Insurance Expenses	4 57 818		63 886
Excise Duty	14 32 725		2 92 755
Service Tax	13 37 054		0
Value Added Tax	89 98 374		33 23 663
Other Indirect Expenses	13 27 909		8 56 188
		2 37 81 542	54 12 052
Total		48 88 07 396	36 25 20 401



schedules forming part of Profit and Loss Account for the year ended 31st march, 2010

SCHEDULE 'L' - PAYMENT TO AND PROVISION FOR EMPLOYEES
(INCLUDING MANAGERIAL REMUNERATION)

	For the year ended	
	31/03/2010	31/03/2009
Salaries, Allowances and Bonus	73 39 986	33 70 960
Remuneration and Perquisites to Directors	23 02 188	13 43 333
Gratuity	5 92 952	5 39 778
Leave Encashment	4 37 934	0
Contribution to Provident Fund and ESIC	1 76 272	1 25 678
Total	1 08 49 332	53 79 749

SCHEDULE 'M' - OFFICE & ADMINISTRATIVE EXPENSES

	For the year ended	
	31/03/2010	31/03/2009
Advertisements	2 18 609	41 83 815
Amalgamation Expenses	12 48 668	0
Fuel Expenses	5 98 964	4 82 451
Legal & Professional Fees	42 35 361	14 20 044
Internal Audit Fees	1 00 000	55 150
Statutory Audit Fees	66 545	55 150
Donation Expense	9 02 000	25 000
Electricity Expense	2 68 529	77 256
Insurance Expenses	2 87 965	2 30 212
Office Rent	4 67 820	4 07 820
Repairs & Maintenance	7 77 886	1 63 555
Printing & Stationary Expenses	7 17 080	3 49 997
Security Service Charges	1 74 390	1 54 862
Subscription & Membership	2 17 075	23 500
Telephone Expenses	3 37 797	2 95 807
Travelling Expenses	1 24 410	15 114
Misc. Expenses	14 48 744	5 74 544
Total	1 21 91 843	85 14 277

SCHEDULE 'N' - INTEREST & FINANCE CHARGES

	For the year ended	
	31/03/2010	31/03/2009
Interest charges	3 90 78 145	1 82 96 088
Processing Fees	10 51 318	14 74 100
Bank Charges	3 55 820	1 61 313
Total	4 04 85 283	1 99 31 501



SCHEDULE 'O' - SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2010

A. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES:

a) Basis of preparation of Financial Statements:

The Financial Statements are prepared and presented under the historical cost convention on an accrual basis of accounting in accordance with generally accepted accounting principles in India ("Indian GAAP") and are in compliance with Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI") and the relevant provisions of the Companies Act, 1956.

b) Accounting Convention and Revenue Recognition:

The Company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis. Insurance and other claims are accounted for as and when admitted by the appropriate authorities.

c) Fixed Assets:

- Fixed Assets are valued at cost less accumulated depreciation.
- Cost includes all costs incurred to bring the asset to their working condition and location.

d) Depreciation:

Company has provided depreciation at the rates and in the manner laid down in Schedule XIV to the Companies Act, 1956 as per "Straight Line Method" in respect of all the fixed assets.

e) Investments:

Investments are classified into long term and current investments. Long term investment are stated at cost of acquisition.

If there is decline in value of quoted long term investments as on reporting date, such decline is debited to profit & loss account as 'Provision for Diminution in value of Investments'. However realizable value is increased subsequently, the

increase in value of such investment will be credited to profit & loss account to the extent provision made for.

Current investments / short term investments, if any, are stated at lower of cost or fair value and resultant decline is charged to revenue.

f) Provision for Income Tax and Deferred Tax:

Provision for Income tax for the current year is based on the estimated taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

The Deferred Tax impact resulting from timing difference between accounting & taxable profit is accounted by using tax rates & tax laws that have been enacted or substantially enacted as at the Balance Sheet date. The Deferred Tax Asset is recognized and carried forward only to the extent there is a reasonable certainty that the asset will be realized in the future.

g) Revenue Recognition

1) Project Income:

Infrastructure Development Income :

Income from Infrastructure development have been recognized on accrual basis.

Income from Real Estate Development Projects:

- The Company records revenue of its residential project - Asmaakam confirming to Accounting Standard – 9 and also based on guidance note issued by ICAI.
- The full revenue is recognized on sale of property when the Company has transferred all significant risks & rewards of ownership to the buyer and when the company is not required to perform any substantial acts to complete the contract.
- When the Company is obliged to perform any



substantial acts after transfer of all significant risks and rewards of ownership on sale of property to the buyer, the revenue and cost is recognized on proportionate basis by applying the percentage completion method.

2) Leases

Income from leasing of commercial complex is recognized over the tenure of lease or service agreements.

h) Employee Benefits:

- Gratuity and leave encashment liability is provided for on the basis of an actuarial valuation.
- Company's contribution to provident fund is charged to profit and Loss Account of the year. The company has no other obligation other than the contribution payable.

i) Inventories:

- Land:
Land is valued at cost.
- Raw Materials:
Stock of Raw Materials is valued at cost.
- Work-in-progress:
Work-in-progress is valued at cost.

j) Borrowing Costs

Borrowing costs are recognized as an expense in the period in which these are incurred.

k) Segment Reporting Policies

The Company has identified that its operating activity is a single business segment viz., Real Estate & Infrastructure Development from the risks and return point of view and Geographical point of view.

l) Impairment of Assets

At each balance sheet date, the Company consider whether there is any indication that an asset may be impaired. If any indication exists, the recoverable amount of the asset is estimated. An impairment

loss is recognized immediately whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, estimated future cash flow are discounted to their present value based on an appropriate discount factor.

m) Contingent Liabilities:

Contingent Liabilities are disclosed by way of notes to the accounts explaining the nature and quantum of such liabilities.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but the existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

B. NOTES FORMING PART OF ACCOUNTS

1) Disclosure in respect of Accounting Standard – 14

- Pursuant to the Scheme of Amalgamation [the Scheme] Under Section 391/394 of the Companies Act, 1956, Pearl Stockholdings Private Limited (Transferor Company) engaged in the activity of renting of immovable properties and others stand merged with Nila Infrastructures Limited (Transferee Company) w.e.f. 1st April, 2009 ("the Appointed Date") in terms of the Order dated 29th June, 2010 of Hon'ble High Court of Gujarat, sanctioning the scheme and is effective from 19th July, 2010
- With effect from the Appointed Date, all the business undertakings, assets, liabilities, rights and obligations of the Transferor Company stood transferred to and vested in the Transferee Company in consideration for issue of 86 (Eighty Six) equity shares of Re. 1 each in the Transferee Company viz. Nila Infrastructures Limited for every 10 equity shares of Re. 1/- each held in



Transferor Company viz. Pearl Stockholdings Private Limited.

(iii) The Transferor Company carried on all the businesses and activities for the benefit of and in trust for the Transferee Company from Appointed Date. Thus the profit or income accruing or arising to the Transferor Company or expenditure or loss arising or incurred by it from the appointed date are treated as profit or income or expenditure or loss as the case may be of the Transferee Company. The effect has accordingly been given in the accounts.

(iv) The amalgamation has been accounted for under the "Amalgamation in the nature of Purchase" method as prescribed in Accounting for Amalgamation as per AS – 14 issued by the Institute of Chartered Accountants of India (ICAI).

(v) The consideration have been allocated to the office premises and residential properties including furniture & fixtures, electrification, escalators, and investments of the Transferor Company at fair market value and to the other Assets and Liabilities at the book values.

(vi) Value of net identifiable assets and liabilities acquired from the Transferor Company:

	Amount in Rs.
Assets	
Fixed Assets	29 72 82 861
Investments	5 69 40 258
Current Assets	8 07 10 815
Total Assets (a)	43 49 33 934
Less: Liabilities	
Secured Loans	2 99 96 721
Current Liabilities	1 63 90 974
Provisions	1 01 04 723
Total Liabilities (b)	5 64 92 418
Net Assets taken over (a) – (b)	37 84 41 516

Consideration

17 20 00 000 equity shares of Re. 1 each to be issued by the Transferee Company at a premium of Rs. 1.20 per share

	Amount in Rs.
Addition to Equity Share Capital	17 20 00 000
Addition to Share Premium	20 64 00 000
Balance credited to general reserve arising on amalgamation	41 51 6

(vii) Pursuant to sanction of the Scheme of Amalgamation, Authorized Share Capital of the Transferor Company Rs. 2 00 00 000 merged in the increased Authorized Share Capital of Rs. 35 00 00 000 divided into 35 00 00 000 equity shares of Re. 1 each.

2) Figures of previous year have been regrouped, rearranged and recast wherever necessary. In view of the aforesaid amalgamation w.e.f. 01/04/2009, the figures of the current year are not comparable with those of the previous year.

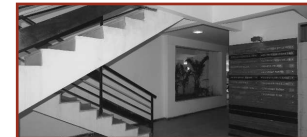
3) The details of security offered for the Term Loans shown under Schedule 'C' to the Balance Sheet are as follows;

(i) The Term Loan from Gruh Finance Ltd. is secured by way of -

a. Equitable mortgage of land admeasuring 1 26 624 sq.ft located at Revenue Survey no.764 paiki, 768/1 and 768/2 village Vejalpur, Ahmedabad along with existing construction thereon, both present and future.

b. Equitable mortgage of land admeasuring 62 354 sq.ft situated at Final Plot no. 48/2 of T.P.S. no. 84/A, Village: Makarba, Ta.: Daskroi, Dist. Ahmedabad alongwith existing construction thereon, both present and future.

c. Lien on 117 flats aggregating to 1 30 221 sq. fts in the project – "Asmaakam" and Personal Guarantee of Mr. Manoj Vadodaria, Mr. Shailesh Vadodaria and Mr. Kiran Vadodaria.



(ii) The Loan against property obtained from Indiabulls Financial Services Ltd. is secured by way of registered mortgage of Promoters' Bungalows

No.1,2,3 situated at Anjani Avenue, Nr. Sambhaav Press, Judges Bungalows Road, Bodakdev, Ahmedabad and Personal Guarantee of the Promoters.

4) Prior Period Items:

Prior Period Items included in the Profit and Loss Account

	Amount in Rs.	
Particulars	For the year ended on 31st March, 2010	For the year ended on 31st March, 2009
Foundation and Erection	Nil	2 04 71 5
Repairs and Maintenance	Nil	4 47 5
Communication Expenses	Nil	94 21 0
Office Expenses	8 41 5	4 60 9
Income tax paid for earlier year	2 94 5	Nil
Depreciation	6 91 7	Nil
Total	18 27 7	3 08 00 9

(5) Contingent Liabilities not provided for

	Amount in Rs.	
Particulars	As on 31/03/2010	As on 31/03/2009
Bank Guarantee of Rs. 73 29 706 [P.Y. Rs. 73 29 706/-] given to Municipal Commissioner, Ahmedabad in respect of development of 40 Nos. Bus Shelters on BRTS Route against which margin money in the form of Fixed Deposit of Rs. 20 39 129 [P.Y. Rs. 18 50 000/-] is kept.	52 90 577	54 79 706
Bank Guarantee of Rs. 52 40 200 [P.Y. Rs. 52 40 200/-] given to Municipal Commissioner, Ahmedabad in respect of development of 28 Nos. Bus Shelters on BRTS Route for RTO to Pirana against which margin money in the form of Fixed Deposit of Rs. 14 98 837 [P.Y. 13 10 050/-] is kept.	37 41 363	39 30 150
Bank Guarantee of Rs. 6 50 000 [P.Y. Rs. Nil] given to Municipal Commissioner, Ahmedabad in respect of tender for work of fabrication of Bus Shelters at various locations along Ahmedabad BRTS corridor against which margin money in the form of Fixed Deposit of Rs. 1 62 500 [P.Y. Nil] is kept.	4 87 500	NIL
The Company has given corporate guarantee to Dena Bank for credit facility of Rs. 5 564.48 Lacs obtained by Sambhaav Media Limited. The said guarantee have originally been provided by Pearl Stock Holdings Pvt. Ltd. (the Transferor Company) before amalgamation.	55 64 48 000	NIL

**(6) Employee Benefits****(a) Gratuity**

Consequent upon adoption of Accounting Standard on “Employee Benefits” (AS – 15) (Revised 2005) issued by the Institute of Chartered Accountants of India, as required by the Standards, the following disclosures are made:

Amount in Rs.

Particulars	2009-10	2008-09
Reconciliation of Benefit Obligation		
Obligation at the beginning of the year	5 39 778	Nil
Current Service Cost	1 98 339	1 04 370
Interest Cost	43 182	Nil
Actuarial (Gain)/ Loss	3 51 431	4 35 408
Benefits Paid	Nil	Nil
Obligations at the year end	11 32 730	5 39 778
Change in Plan Assets		
Fair value of the Plan at period beginning	Nil	Nil
Actual return on Plan Assets	N.A.	N.A.
Employer's contribution	N.A.	N.A.
Benefits Paid	N.A.	N.A.
Plan Assets as at year end	Nil	Nil
Liability recognized in Balance Sheet		
Present value of the Obligation at year end	11 32 730	5 39 778
Fair Value of plan assets	Nil	Nil
Un-funded Liability	11 32 730	5 39 778
Unrecognized actuarial gains/losses	Nil	Nil
Un-funded liability recognized in Balance Sheet	11 32 730	5 39 778
Net Cost recognized in the Profit and Loss Account		
Interest Cost	43 182	Nil
Service Cost	1 98 339	1 04 370
Expected/Actual return on Plan Assets	Nil	Nil
Gain/Loss recognized	3 51 431	4 35 408
Net Cost provided as Expense in Profit and Loss Account	5 92 952	5 39 778
Assumptions used to determine the benefit obligations		
Discounting Rate	8.00 % p.a	7.00 % p.a
Expected rate of increase in salary	5.00 % p.a	4.00 % p.a
Expected rate of return on Plan Assets	N.A.	N.A.
Mortality Table	L.I.C. (1994-96) ULTIMATE	

**(b) Leave Encashment :**

The leave encashment benefit scheme is a defined benefit plan and is wholly unfunded. Hence, there are no plan assets attributable to the obligation.

Amount in Rs.

Particulars	2009-10	2008-09
Reconciliation of Benefit Obligation		
Obligation at the beginning of the year	Nil	Nil
Current Service Cost	1 36 449	Nil
Interest Cost	Nil	Nil
Actuarial (Gain)/ Loss	3 01 525	Nil
Benefits Paid	Nil	Nil
Obligations at the year end	4 37 974	5 39 778
Change in Plan Assets		
Fair value of the Plan at period beginning	Nil	Nil
Actual return on Plan Assets	N.A.	N.A.
Employer's contribution	N.A.	N.A.
Benefits Paid	N.A.	N.A.
Plan Assets as at year end	Nil	Nil
Liability recognized in Balance Sheet		
Present value of the Obligation at year end	4 37 974	Nil
Fair Value of plan assets	Nil	Nil
Un-funded Liability	4 37 974	Nil
Unrecognized actuarial gains/losses	Nil	Nil
Un-funded liability recognized in Balance Sheet	4 37 974	Nil
Net Cost recognized in the Profit and Loss Account		
Interest Cost	Nil	Nil
Service Cost	1 36 449	Nil
Expected/Actual return on Plan Assets	Nil	Nil
Gain/Loss recognized	3 01 525	Nil
Net Cost provided as Expense in Profit and Loss Account	4 37 974	Nil
Assumptions used to determine the benefit obligations		
Discounting Rate	8.00 % p.a	N.A.
Expected rate of increase in salary	5.00 % p.a	N.A.
Expected rate of return on Plan Assets	N.A.	N.A.
Mortality Table	L.I.C. (1994-96) ULTIMATE	



(7) Segment Reporting:

Since the company has only one segment, there is no separate reportable segment as required in AS- 17 issued by the Institute of Chartered Accountants of India.

(8) Disclosure in respect of Accounting Standard – 27

a) List of Joint Ventures

Name of Joint Venture	Description of Interest	Description of Job	Proportion of Ownership Interest	Country of Resident
1 Nilsan Realty LLP	Partner	Development of Real Estate Project	50%	India
2 Shree Matangi Projects LLP	Partner	Development of Real Estate Project	40%	India

b) Financial Interest in Joint controlled entity

	2009-10	2008-09
Assets	5 24 77 805	Nil
Liabilities	5 15 08 000	Nil
Income	Nil	Nil
Expense	30 195	Nil

(9) Related Party Disclosures: (In terms of Accounting Standard- 18)

(a) Name of Related Parties and their relationships

Relationship	List of Related Parties
Associates	Sambhaav Media Limited Tanishq Hotels Limited Nilsan Realty LLP
Key Managerial Personnel	Manoj B. Vadodaria Shailesh B. Vadodaria*
Directors & their Relatives	Kiran B. Vadodaria

* Remuneration paid by the transferor company



(b) Transactions with Related Parties:

Amount in Rs.

Nature of Transactions	Associates		Director's & their Relatives		Key Managerial Personnel	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
1. Rent Paid	5 16 000	3 72 654	Nil	Nil	Nil	Nil
2. Sales-Infrastructure Projects	3 75 00 000	4 34 72 911	Nil	Nil	Nil	Nil
3. Advances Received	Nil	21 40 659	9 20 000	97 50 000	Nil	Nil
4. Advance Repaid/ Adjusted	1 52 326	2 44 64 001	35 72 844	Nil	3 90 43 200	Nil
5. Advances Given	5 15 00 000	44 20 435	1 66 05 000	Nil	3 90 43 200	Nil
6. Deposit Given	5 87 390	Nil	Nil	Nil	Nil	Nil
6. Advertisement Exp.	47 92 422	43 66 037	Nil	Nil	Nil	Nil
7. Assets Sold	Nil	1 77 000	Nil	Nil	Nil	Nil
8. Assets Purchased	7 34 600	Nil	Nil	Nil	Nil	Nil
9. Interest Charges Paid	Nil	Nil	1 52 844	Nil	Nil	Nil
10. Interest Charges Received	15 23 256	13 02 842	Nil	Nil	Nil	Nil
11. Remuneration and Perquisites to Directors	Nil	Nil	Nil	Nil	23 02 188	13 43 333
12. Capital Contribution	10 00 000	Nil	Nil	Nil	Nil	Nil

(10) Leases: (In terms of Accounting Standard – 19)

Lease Income from operating leases is recognized on a straight line basis over the period of lease. The particulars of the premises given under operating leases are as under:

Amount in Rs.

	2009-10	2008-09
Gross Carrying Amount of Premises	29 80 72 964	Nil
Accumulated Depreciation	Nil	Nil
Depreciation for the year	48 45 013	Nil
Future minimum lease payments under non-cancellable operating leases		
• Not later than 1 year	1 85 85 252	Nil
• Later than 1 year and not later than 5 years	8 29 30 341	Nil
• Later than 5 years	4 22 37 358	Nil

(11) Earning Per Share : (In terms of Accounting Standard - 20):

Amount in Rs.

	Particulars	2009-2010	2008-2009
A	Profit / Loss after tax	13 74 31 625	2 79 71 913
B	Weighted Average No. Of Equity Shares	29 52 26 200	12 32 26 200
C	Nominal Value of Shares	1/-	1/-
D	Basic & Diluted E.P.S. :		
(a)	Before Extraordinary item	0.47	0.23
(b)	After Extraordinary item	0.47	0.23

**(12) Deferred Tax:**

As per Accounting Standard - 22 on Accounting for taxes on income issued by the Institute of Chartered Accountants of India, the company has accounted for deferred tax during the year.

Amount in Rs.

Particulars	As at 31/03/2010	As at 31/03/2009
Deferred Tax Asset:		
On account of Timing Differences in		
Gratuity	2 01 544	1 83 471
Bonus	54 391	56 168
Leave Encashment	1 48 854	---
Amalgamation Expenses	3 39 538	---
Total	7 44 327	2 39 639
Deferred Tax Liability :		
On account of Timing Differences in		
Depreciation	(20 42 923)	(11 35 597)
Total	(20 42 923)	(11 35 597)
Net Deferred Tax Liability	(12 98 596)	(8 95 958)

(13) The company had not received any intimation from “suppliers” regarding their status under the Micro, Small & Medium Enterprise Act, 2006, and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid or payable as required under said act, have not been given.

(14) Managerial Remuneration:**a. Computation of net profit for calculation of Managerial Remuneration**

Amount in Rs.

Particulars	2009-10
Net Profit Before Tax	15 96 05 719
Add:	
Director's Remuneration	23 02 188
Total- A	16 19 07 907
Less:	
Profit on Sale of Investment	2 19 55 040
Total - B	2 19 55 040
Net Profit as per Sec 349 of the Companies Act, 1956(A - B)	13 99 52 867

b. Details of Payments and Provisions on account of Remuneration to Managerial personnel in accordance with Sec 349 and Sec 350 of the Companies Act, 1956, included in the Profit and Loss account, are as under:

Amount in Rs.

Particulars	2009-2010	2008-2009
Salary	18 00 000	12 00 000
Perquisites and Allowances	5 02 188	1 43 333
Total	23 02 188	13 43 333

**(15) Auditors' Remuneration:**

Amount in Rs.

Particulars	2009-2010	2008-2009
Statutory Audit Fees	65 000	50 000
Service Tax	6 695	5 150
Total	71 695	55 150

(16) As this is a Infrastructure Company the information required as per Paragraph 4C of Part II of Schedule VI of the Companies Act, 1956, regarding License Capacity, Installed Capacity and actual production are not required.

(17) Details of transaction in foreign currency are as under:

Particulars	2009-2010	2008-2009
a. C.I.F. Value of Imports	Nil	Nil
b. Earnings in Foreign Exchange	Nil	Nil
c. Expenditure in Foreign Exchange	Nil	Nil

(18) The information required as per Paragraph 3 of Part II of Schedule VI of the Companies Act, 1956, regarding quantities information about the Purchases made, the Opening and Closing Stocks are as follows.

(a) Trading Activity

Amount in Rs.

Particulars	2009-2010		2008-2009	
	Qty.	Amount	Qty.	Amount
I) Opening Stock				
Land (Sq. mts)	25 545	2 54 71 651	59 271	14 55 16 218
Trading Materials	---	44 75 999	---	---
II) Purchases				
Land (Sq. mts)	2 734	6 97 49 421	---	---
Trading Materials	---	84 23 033	---	16 82 08 404
Expenses	---	5 24 749	---	79 35 193
III) Closing Stock				
Land (Sq. mts)	28 279	9 52 21 072	25 545	2 54 71 651
Trading Materials	Nil	Nil	---	44 75 999
IV) Sales				
Land (Sq. mts)	Nil	Nil	33 726	31 81 99 500
Trading Materials	---	1 39 96 818	---	38 74 390

**(b) Construction Activity – Residential Project**

Amount in Rs.

Particulars	2009-2010		2008-2009	
	Qty.	Amount	Qty.	Amount
I) Opening Stock				
Land (Sq. mts)	10881	72438148	Nil	Nil
Construction Material	---	7643926	Nil	Nil
Expenses	---	10027235	Nil	Nil
II) Purchases				
Land (Sq. mts)	Nil	40000000	11751	78231226
Construction Material	---	50719294	---	16212615
Expenses	---	149988848	---	18025180
III) Consumption				
Land (Sq. mts)	8095	84403725	870	5793078
Construction Material	---	57004054	---	8568690
Expenses	---	145824069	---	7997945
IV) Work-in-progress				
Land (Sq. mts)	2786	28034423	10881	72438148
Construction Material	---	1359166	---	7643925
Expenses	---	14192014	---	10027235
V) Sales				
Gross Income	217	407986539	74	37785700
	(Units)		(Units)	

(c) Infrastructure Activity

Amount in Rs.

Particulars	2009-2010	2008-2009
I) Opening Stock		
Raw Material	6520512	3869544
II) Purchases		
Raw Material	130650142	58152397
Expenses	38751911	10343334
III) Consumption		
Raw Material	136355756	55501429
Expenses	33013674	10343334
IV) Work-in-progress		
Raw Material	814898	6520512
Expenses	5738237	

(d) Value of Imported & Indigenous Raw Material Consumed

Amount in Rs.

Particulars	2009-2010	2008-2009
Imported	Nil	Nil
Indigenous	277763535	69863197
Total	277763535	69863197
% imported	Nil	Nil
% Indigenously obtained	100%	100%
Total	100%	100%



(19) In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised, in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

Signatures to Schedules 'A' to 'O' forming part of Accounts

As per our separate report of even date

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

Manoj B. Vadodaria Chairman & Managing Director

Kiran B. Vadodaria Director

O. P. Bhandari
Proprietor
M. No. 34409

Prashant H. Sarkhedi Chief Finance Officer

Dipen Y. Parikh Company Secretary

Place : Ahmedabad
Date : 25th August, 2010

ADDITIONAL INFORMATION AS REQUIRED UNDER PART- VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:			
Registration No.:	04-13417	State Code :	04
Balance Sheet Date :	31.03.2010		
2. Capital Raised during the year (Rs. in Thousand)			
Public Issue :	NIL	Right Issues :	NIL
Bonus Issue :	NIL	Private Placement :	NIL
3. Position of Mobilization and deployment of Funds (Rs. in Thousand)			
Total Liabilities :	1000478	Total Assets :	1000478
SOURCES OF FUNDS :		APPLICATION OF FUNDS :	
Paid up Capital :	123226	Net Fixed Assets :	319015
Share capital suspense :	172000	Investment :	44745
Reserves & Surplus:	436554	Net Current Assets :	635734
Secured Loans :	265519	Misc. Expenditure :	---
Unsecured Loans :	---	Deferred Tax Assets:	984
Deferred Tax Liabilities :	3179		
4. Performance of Company (Rs. in Thousand)			
Turnover / Income :	699699	Total Expenditure :	540093
Profit/(Loss) Before Tax :	159606	Profit/(Loss) After Tax :	137432
Earning Per Share (Rs.) :	0.47	Dividend rate (%) :	10%
5. Generic names of three principal products services of company (as per monetary terms)			
Product/Service Description	Item Code No.		
I. Construction and Infrastructure Activities	Not Applicable		

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place : Ahmedabad
Date : 25th August, 2010

Manoj B. Vadodaria Chairman &
Managing Director

Kiran B. Vadodaria Director

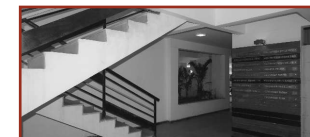
Prashant H. Sarkhedi Chief Finance Officer

Dipen Y. Parikh Company Secretary

**cash flow statement**

(Rs. In Lacs)

Particulars		For the year ended on 31/03/2010		For the year ended on 31/03/2009
CASH FROM OPERATING ACTIVITIES				
(a) Net profit before taxation, and prior period items		1596.06		438.29
(b) Adjustments				
Add: Expense				
i) Depreciation	65.42		10.75	
ii) Interest paid on Term Loan	390.78		182.96	
iii) Provision for Gratuity	5.93		5.40	
iv) Provision Leave Encashment	4.38		0.00	
v) Bonus Payable	3.62		1.65	
vi) Loss on sale of vehicles	0.00		2.79	
vii) Sundry Balances Written Off	0.00		2.65	
viii) Assets Discarded	0.51		0.00	
	470.64		206.20	
Less: Income				
i) Profit on Sale of Assets/Investment	219.55		0.03	
ii) Rent Income	3.21		3.37	
iii) Interest Income	341.30		188.61	
iv) Change in depreciation Method	0.00		16.54	
v) Excess Provision Written Off	13.05		0.00	
vi) Sundry Creditors Written Off	8.45		3.91	
vii) Dividend	0.46		0.00	
	586.02		212.46	
		(115.38)		(6.26)
Operating Profit before Working Capital Changes		1480.68		432.03
(c) (Increase)/Decrease in Current Assets				
i) Sundry Debtors	(1100.08)		(228.16)	
less: Transfer from Transferor Company	13.36		0.00	
ii) Closing W.I.P	(187.82)		228.08	
iii) Loans & Advances and Others	(1608.01)		1009.35	
less: Transfer from Transferor Company	789.30		0.00	
		(2093.25)		1009.27
(d) Increase/(Decrease) in Current Liabilities		819.86		(2573.11)
less: Transfer from Transferor Company		(264.96)		0.00
Cash flow before taxes and Prior Period Items		(57.67)		(1131.81)
Taxes paid	(208.75)		(150.12)	
Prior Period Expenses	(0.18)		(3.08)	
		(208.93)		(153.20)
Net Cash Flow from Operating Activities(A)		(266.60)		(1285.01)

**cash flow statement**

(Rs. In Lacs)

Particulars		For the year ended on 31/03/2010		For the year ended on 31/03/2009
CASH FLOW FROM INVESTING ACTIVITIES				
(a) Purchase of Fixed Assets	(3102.08)		(76.67)	
less: Transfer from Transferor Company	2972.83		0.00	
(b) Purchase of Investment	(579.40)		0.00	
less: Transfer from Transferor Company	569.40		0.00	
(c) Sale/Adjustment of Fixed Assets	10.75		12.89	
(d) Sale of Investment	351.65		0.00	
(e) Adjustment for depreciation	0.07		(1.36)	
(f) Rent Income	3.21		3.37	
(g) Interest Income	341.30		188.61	
(h) dividend received	0.46		0.00	
Net Cash Flow from Investing Activities(B)		568.19		126.84
CASH FLOW FROM FINANCING ACTIVITIES				
(a) (Repayment of)/proceed from Long term Borrowing	1110.00		1540.59	
less: Transfer from Transferor Company	(299.97)		0.00	
(b) Interest paid on Term Loan	(390.78)		(182.96)	
(c) Share Capital suspense	1720.00		0.00	
less: Transfer from Transferor Company	(1720.00)		0.00	
(d) Reserve arising on amalgamation	0.42		0.00	
less: Transfer from Transferor Company	(0.42)		0.00	
(e) Share Premium on amalgamation	2064.00		0.00	
less: Transfer from Transferor Company	(2064.00)		0.00	
Net Cash Flow from Financing Activities (C)		419.25		1357.63
Net Change in Cash & Cash Equivalents(A + B + C)		720.84		199.46
Cash & Cash Equivalents on amalgamation		4.45		0.00
Cash & Cash Equivalents as at 1st April(Opening)		206.06		6.60
Cash & Cash Equivalents as at 31st March(Closing)		931.35		206.06

Notes:

1. Cash Flow is prepared under indirect method
2. Cash and Cash Equivalent includes Fixed deposits with banks of Rs. 498.11 lacs with accrued interest
3. Figures in bracket indicate negative amount

As per our separate report of even date

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For O. P. Bhandari & Co.
Chartered Accountants
Firm Regd. No. 112633W

Manoj B. Vadodaria Chairman & Managing Director

Kiran B. Vadodaria Director

Prashant H. Sarkhedi Chief Finance Officer

Dipen Y. Parikh Company Secretary

Place : Ahmedabad
Date : 25th August, 2010



Nila Infrastructures Ltd.



company details

Board of Directors

Shri Manoj B.Vadodaria
Shri Kiran B. Vadodaria
Shri Hiren G. Pandit
Shri Akhilesh C. Mehta
Shri Dilip D. Patel
Shri Shyamal S. Joshi*

Chairman & Managing Director
Director
Director
Director
Director
Director

Chief Finance Officer

Shri Prashant H. Sarkhedi

Company Secretary

Shri Dipen Y. Parikh

Bankers

The Kalupur Commercial Co-op. Bank Ltd.
Allahabad Bank
HDFC Bank Ltd.
Dena Bank

Auditors

O.P. Bhandari & Co.
Chartered Accountants
Ahmedabad

Registered Office

1st Floor, Sambhaav House,
Opp. Chief Justice Bungalow,
Bodakdev, Ahmedabad 380 015

Registrar & Share Transfer Agent

MCS Limited
101, Shatdal Complex,
Opp. Bata Showroom,
Ashram Road,
Ahmedabad 380 009

The ISIN of the Company's Equity Shares is INE937C01029

* Appointed as on 14th August, 2010



NILA INFRASTRUCTURES LIMITED

Registered Office : "Sambhaav House", Opp. Chief Justice's Bungalow, Bodakdev, Ahmedabad –380015.

PROXY

I/We _____ Folio/DPID _____
Of _____ being a Member/s of Nila Infrastructures Limited, Ahmedabad
hereby appoint _____ of _____ or failing
him _____ of _____ as my/our proxy to vote for
me/us and on my/our behalf at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company to be held
on **Saturday the 25th September, 2010 at 10:00 a.m** at Registered Office and any adjournment thereof .

Signed this _____ day of _____ 2010.

Affix a
Revenue
Stamp

Signature(s) of Member(s)
Across the Revenue Stamp

NOTE: The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours
before the time fixed for the meeting.



NILA INFRASTRUCTURES LIMITED

Registered Office : "Sambhaav House", Opp. Chief Justice's Bungalow, Bodakdev, Ahmedabad –380015.

(Please complete this Attendance Slip and hand it over at the entrance of the Hall.)

ATTENDANCE SLIP

I hereby record my presence at the **TWENTIETH ANNUAL GENERAL MEETING** of the Company held on
Saturday the 25th September, 2010 at 10:00 a.m at "Sambhaav House", Bodakdev, Ahmedabad-380 015.

Folio/DPID/Client ID No. _____ No. of Shares held: _____

Full Name of the
Shareholder/Proxy: _____

Signature of the
Shareholder / Proxy: _____

Note : Only Shareholder of the Company or their proxies will be allowed to attend the Meeting.

AFTERWORD : THE GROWTH STORY CONTINUES

At the time of this annual report going to press, Nila Infrastructures' first quarter (Q1) results of 2010-11 (FY11) had already been declared. Continuing the buoyant growth of FY10, fuelled by strong underlying fundamentals, Q1 turnover in FY11 has more than doubled to Rs. 2038.13 lac from Q1 turnover of Rs. 1008.34 lac in FY10. Outstripping turnover growth is net Q1 profit, which has more than tripled to Rs. 268.77 lac in FY11 from Rs. 84.40 lac in FY10.