

# **ANNUAL REPORT**

**2010 - 2011**

**B. NANJI ENTERPRISES LIMITED**

# **B. NANJI ENTERPRISES LIMITED**

## **BOARD OF DIRECTOR**

Mr. B N Padsala	Chairman & Managing Director
Mr. S B Padsala	Executive Director
Mr. Philip Job	Director
Mr. Vinayak Sarkhot	Director

## **REGISTERED OFFICE**

5, Moorti Bunglow  
Ashok Nagar Co. Op. Hou. Soc. Ltd.,  
B/h Sunder Nagar, ISRO, Satellite, Ahmedabad-380015

## **REGISTRAR & SHARE TRANSFER AGENT**

### **SYSTEM SUPPORT SERVICES**

209, Shivai Ind, Estate,  
89, Andheri Kurla Road,  
Saki Naka, Andheri (E), Mumbai-400072

## **BANKERS**

HDFC Bank  
Bank of India  
Bank of Maharastra

## **AUDITORS**

### **ATUL DALAL & CO,**

Chartered Accountants  
2<sup>nd</sup> Floor, Abhishek Building,  
Nr. Girish Cold Drink, C G Road,  
Ahmedabad-380009.

**NOTICE**

NOTICE is hereby given that the Annual General Meeting of the members of B. Nanji Enterprises Limited will be held on Thursday, 29<sup>th</sup> September, 2011 at 10.30 a.m., at "Common Plot & Hall", 7, Ashoknagar Co-Operative Housing Society Ltd. Opp. ISRO, B/h. Sundervan, Ahmedabad-380015 for transacting the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31<sup>st</sup> March, 2011, Balance Sheet as on that date and Auditors' and Directors' report thereon.
2. To appoint Director in place of Mr. Bhikhibhai Padsala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

**For and on behalf of the Board of Directors**

**Date : 19/05/2011**

**Place : Ahmedabad**

**Bhikhubhai Padasla**

**Chairman & Managing Director**

**NOTES :**

- 1) Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a Member. Proxy to be effective should reach the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
- 2) The Register of Members and Share Transfer books of The Company will remain closed from Monday the 26<sup>th</sup> September 2011 to Thursday the 29<sup>th</sup> September, 2011 (Both Days Inclusive).
- 3) The Members are requested to notify immediately the change of address, If Any to the Company's Share Transfer Agent, M/s. System Support Service, 209, Shivai Ind. Estate, Near Park Devis, 89, Andheri Kurla Road, Sikinaka, Andheri(East), Mumbai-400072 quoting their Folio No. or Client ID No.
- 4) Nomination facility is available to the Shareholders in respect of share held by them.
- 5) Members desiring any information on Accounts are requested to write to the Company at least One week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
- 6) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to bring their copies of Annual Report and the attendance slip at the meeting
- 7) Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio number in the attendance slip for attending the meeting.

**DIRECTORS' REPORT**

TO,  
**THE MEMBERS,**

Your Directors are pleased to present the Annual Report of your Company together with the Audited Statement of accounts for the year ended on 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS :***(Rs in Lacs)*

Particulars	2010-11	2009-10
Profit before Interest, Depreciation and Tax	234.10	73.77
Interest	32.90	18.71
Depreciation	8.91	12.76
Profit Before Tax	192.30	42.30
Income Tax	60.00	40.00
Deffered Income Tax	Nil	Nil
Fringe Benefit Tax	Nil	Nil
Prior Period Adjustment (Net)	9.36	40.33
Profit After Tax	141.65	42.63

**DIVIDEND :**

To conserve the financial resources of the Company, your Directors do not recommend dividend for the year under review.

**FIXED DEPOSITS :**

The Company has not accepted/renewed any public deposits during the year under review.

**MANAGEMENT DISCUSSION AND ANALYSIS :****(A) Industry Structure and Development :**

India is the second fastest growing economy in the world. The Indian construction industry is an integral part of the economy and a conduit for a substantial part of its development investment, is poised for growth on account of industrialization, urbanization, economic development and people's rising expectations for improved quality of living. In India, construction is the second largest economic activity after agriculture. Construction accounts for nearly 65 percent of the total investment in infrastructure and is expected to be biggest beneficiary of the surge in infrastructure investment over the next five years.

**(B) Review of Operations :**

During the year 2010-11 total income of the Company was Rs. 558 lacs and earned net profit of Rs. 141.65 lacs as compared to total income Rs. 838 lacs and net profit of Rs 42.63 lacs during the previous year.

**(C) Opportunities and Threats :****Opportunities :**

- (i) 4th largest economy in terms of purchasing power parity.
- (ii) 850 million middle class consumer market.
- (iii) Steady economic growth.
- (iv) Very large pool of educated, trained and skilled manpower.
- (v) Rapidly developing R & D and increasing investment in new technology in infrastructure sector.
- (vi) Agricultural self sufficiency, rich mineral and other natural resources base.

**Threats :**

- (i) Lengthy approval process affects execution of projects.
- (ii) Increasing inflation adversely affecting purchasing power of middle class.
- (iii) Increasing raw material price.
- (iv) Increasing interest rates.

**(D) Internal Control System :**

The company has proper and adequate system of internal controls. The management reviews the internal control systems and procedures to ensure orderly and efficient conduct of business and to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorised, recorded and reported correctly.

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor the working of internal control system. All significant issues are brought to the attention of the Audit Committee of the Board. Gaps, if any, under the existing system are being examined and the mitigation measures for the same are being devised.

**(E) Human Resources :**

Human capital has continued to be the key engine for our growth and aspirations. The Company has been constantly reviewing its HR policies and practices to keep abreast with the market changes and has embarked upon several initiatives to focus on creating a positive work environment that provides employees with ample growth and development opportunities as well as ensuring high levels of motivation and engagement.

The employee relations of the Company continue to be cordial. The active co-operation of employees is an important contributory factor for the cordial relations. The company firmly believes that intellectual capital and human resources is the backbone of the company's success.

**CORPORATE GOVERNANCE :**

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled "Corporate Governance Report" is attached to this annual report.

**CFO CERTIFICATION :**

The Executive Director who looks after finance function has submitted a certificate to the Board regarding the financial statements and other matters as required under clause 49 (V) of the Listing Agreement.

**DIRECTOR :**

Pursuant to provisions of Section 256 of the Companies Act, 1956 Mr. Bhikhubhai Padsala retire by rotation and being eligible offers themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- In the presentation of Annual Accounts, the applicable accounting standard have been followed along with proper explanation relating to material departure.
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and have of the profit of the Company for the period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES :**

No employee is drawing remuneration more than the specified limit prescribed u/s.217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. Hence, the information in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not required to be given.

**AUDITORS :**

M/s. Atul Dalal & Co., Chartered Accountant, statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received certificate from M/s. Atul Dalal & Co., Chartered Accountant, to the effect that their appointment, if made would within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified from such appointment within the meaning of section 226 of the Companies Act, 1956. The proposal for re-appointment is included in the notice of Annual General Meeting sent with.

**REPLY TO AUDITORS' OBSERVATIONS/QUALIFICATIONS :**

As regards Para 4 (a) of Auditors' Report, the Company has adopted policy of payment of retirement benefits on cash basis and hence no provision has been made for the same.

- As regards Para 4 (b) of Auditors' Report, the Company has not made provision for Income Tax demand of earlier years of Rs 101.10 lacs as the Company does not foresee any tax liability in respect of the said demand.
- As regards Para 4 (c) of Auditors' Report, the Company has not made provision for VAT and Service Tax Liability for earlier years as the Company does not foresee any tax liability in respect of the same.
- As regards Para 7 of the Annexure to the Auditors' Report, the Company is in process of introducing internal audit system.
- As regards Para 9 of the Annexure to the Auditors' Report, the Company could not make payment of Provident Fund due to inadvertence.

**CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING AND OUTGO :**

The year under review, there are no manufacturing activities undertaken by the Company. The activity of the Company under review is land development activities and is of such a nature that it requires minimum amount of energy. Information pursuant to section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy and technology absorption are not applicable to the Company. There is no foreign exchange earnings and outgo during the year under review.

**ACKNOWLEDGMENT :**

Your Directors wish to place on record their sincere appreciation to the employees at all levels for their hard work, dedication and commitment. Your Directors would like to express their sincere appreciation for assistance and co-operation received from the vendors and stakeholders including financial institutions, banks, Central & State Government authorities, other business associates, who have extended their valuable sustained support and encouragement during the year under review. Your Directors take this opportunity to place on record their gratitude and appreciation for the committed services of the employees at all levels of the Company.

**For and on behalf of the Board of Directors**

**Date : 19/05/2011**  
**Place : Ahmedabad**

**Bhikhubhai Padasla**  
**Chairman & Managing Director**

**REPORT ON CORPORATE GOVERNANCE**

[Pursuant to clause 49 of the listing agreement]

**CORPORATE GOVERNANCE :**

The principal characteristics of corporate governance are Transparency, Independence, Accountability, Responsibility, Fairness, and Social Responsibility. Corporate Governance pertains to system of blending law, regulations and voluntary practices, which enable the company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long-term economic value for its shareholders, while respecting interests of other stakeholders and the society as a whole.

It aims to assure the shareholders that it is "Your Company" and it belongs to you. . The Chairman and Board of Directors are your fiduciaries and trustee pushing the business forward in maximizing long term value for its shareholders. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in Clause 49 for the financial year 2010-11.

**BOARD OF DIRECTORS :****A) Composition of Board of Directors :**

Name of the Directors	Category	No. of other Directorship in Public Ltd. Companies	No. of other Board Committees of which member/chairman
Mr. B.N. Padsala	Non-Independent and Executive	2	Nil
Mr. S.B. Padsala	Non-Independent and Executive	3	3
Mr. Philip Job	Independent and Non- Executive	Nil	Nil
Mr. Vinayak Sarkhot	Independent and Non- Executive	1	2

**B) Attendance of each Directors at Board Meeting and last Annual General Meeting :**

Sr. No.	Name of Director	No. of Board meeting attended	Attendance at last AGM
1	Mr. B.N. Padsala	7	Yes
2	Mr. S.B. Padsala	7	Yes
3	Mr. Philip Job	7	Yes
4	Mr. Vinayak Sarkhot	4	Yes

**C) Number of Board meetings held during the financial year and dates of Board Meetings :**

Board Meeting	Date	Board Meeting	Date
1	14/07/2010	5	22/11/2010
2	31/07/2010	6	08/02/2011
3	10/09/2010	7	25/03/2011
4	31/10/2010		

**AUDIT COMMITTEE :****Composition of Audit Committee :**

Name	Designation	Non-executive/ independent	Committee meeting attended
Mr. Vinayak Sarkhot	Chairman	Independent and Non-Executive	4
Mr. Philip Job	Member	Independent and Non-Executive	4
Mr. Sandip B. Padsala	Member	Non-Independent and Executive	4

The term of reference stipulated by the board to the Audit Committee are, as contained in clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956, as follows :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on; (a) Any changes in accounting policies and practices, (b) Major accounting entries based on exercise of judgment by management, (c) Qualifications in draft audit report (d) Significant adjustments arising out of audit (e) The going concern assumption, (f) Compliance with accounting standards, (g) Compliance with stock exchange and legal requirements concerning financial statements, (h) Any related party transactions.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, 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.
- Discussion with internal auditors any significant findings and follow up there on.
- 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.
- Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- 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.

Four meetings of Audit Committee were held during the financial year 2010-11 on following dates:

No.	Date	No.	Date
1	30/07/2010	3	22/11/2010
2	30/10/2010	4	08/02/2011

**REMUNERATION COMMITTEE :**

The Remuneration Committee comprised of the following Directors.

Name	Designation	Non-executive/ independent	Committee meeting attended
Mr. Vinayak Sarkhot	Chairman	Independent and Non-Executive	2
Mr. Philip Job	Member	Independent and Non-Executive	2
Mr. Sandip B. Padsala	Member	Non-Independent and Executive	2