

ANNUAL REPORT

2011 - 2012

B. NANJI ENTERPRISES LIMITED

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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
State Bank of India
Axis Bank Ltd

WEBSITE

www.bnanjigroup.com

AUDITORS

ATUL DALAL & CO,
Chartered Accountants
2nd 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 Saturday, 29th September, 2012 at 10:30 a.m., at "Common Plot & Hall", 7, Ashoknagar Co-Operative Housing Society Ltd. B/h. Sundervan, Ahmedabad-380015 for transacting the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited balance sheet as on 31st march, 2012, Statement of profit & Loss for the year end as on that date and Auditors' Report and Director Reports' thereon.
2. To appoint Director in place of Mr. Vinayak Sarkhot, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration.

Date : 25-08-2012

Place : Ahmedabad

Bhikhubhai Padsala
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 Wednesday the 26th Day of September, 2012 to Saturday the 29th September, 2012 (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 31st March, 2012.

FINANCIAL RESULTS :*(Rs in Lacs)*

Particulars	2011-12	2010-11
Turnover (Net) (including other income)	276.40	556.20
Profit/(Loss) before Tax	33.08	192.30
Tax Expenses	Nil	60.00
Profit/(Loss) for the year	33.08	141.65

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) INDIAN ECONOMY :**

The Indian economy faced many headwinds in fiscal 2011-12. The year witnessed turmoil as the GDP growth rate came down to 6.5%, the lowest in the last 5 years. This was a result of the various macro-economic factors, global economy being on the brink of a recession, Due to financial disturbance the Indian economy came down. The year was characterized by a sustained rise in inflation, as a result of a sharp increase in the prices of commodities. This was further exacerbated by the supply side constraints and increased borrowing costs. With demand and affordability getting impacted, the economic growth engine witnessed signs of a significant slowdown. Over the near term, there is no sign of a reversal of this trend, unless the Government initiates a series of reforms and bold economic measures.

(B) INDIAN REAL ESTATE :

As decrease in the Indian economy, the Indian real estate sector continued to face a challenging environment. With an overall decline in volumes, pricing was a key issue in some geographies marked by over-supply and lack of sustained economic activity. Key markets were also impacted by policy inertia, leading to significant reduction in volumes on account of lack of fresh approvals.

(C) REVIEW OF OPERATIONS :

During the year 2011-12 total income of the Company was Rs 276 Lacs and earned net profit of Rs 33.08 lacs as compared to total income of Rs. 556.20 Lacs and net profit 141.65 Lacs during the previous year.

(D) OUTLOOK ON OPPORTUNITY AND RISKS :**OPPORTUNITIES :**

Gujarat has emerged as the top investment destination in the country attracting proposals worth over a staggering Rs 16.28 lakh crore, leading industry body Assocham said today. The real estate sector in India is on a rapid growth trajectory. The market opportunities in real estate sector are in all asset classes, including residential, commercial, retail and hospitality. Closely tied to this is the immense opportunity in the construction industry especially in the infrastructure development sector. On the residential market alone, India possesses the elements of very strong demand growth in the coming decades.

After Gujarat, Maharashtra was second, attracting investments worth Rs 14.14 lakh crore, followed by Andhra Pradesh and Odisha (Rs 12.09 lakh crore each) and Karnataka Rs 9.85 lakh crore. The remaining 15 states attracted total investment proposals worth Rs 55.89 lakh crore, Assocham said.

Of the total investment proposals, the highest amount has gone into electricity (35.9%), followed by manufacturing (25.3%), services (21.8%), real estate (11.8%), irrigation (3.1%) and mining (2.1%), the industry body said.

RISKS :

Global economic uncertainties have affected India's economy, including the real estate market. Macroeconomic indicators are not healthy. Fiscal deficit and interest rates are high while the rupee is depreciating.

High prices and interest rates have been dampeners. "Demand has been stagnating in a few cities even as supply remains high. Investors as well as end-users have been showing signs of weariness.

Rising prices of raw materials and increasing fuel/transportation costs also adversely effect in the real estate market Apart from this, the other major issue is the lack of availability of skilled and semi-skilled labor at project sites.

The Company's business is substantially affected by the prevailing and changing economic conditions in India and at global level. Due to rise in interest rates, inflation, changes in tax, trade, fiscal and monetary policies, scarcity of credit, delays in obtaining necessary approvals etc. All these factors affect the business of the Company.

(E) 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.

(F) HUMAN RESOLURCES (HR) :

The Company believes that the human capital is the key engine for its growth and competitiveness. It continues to focus on HR practices, systems and people development initiatives that encourage continuous learning on the job and meritocracy and which enhance the organization's capability. The Company's objective going forward would be to nurture and harness core management teams and explore outsourcing which will enable us to enhance management bandwidth and focus. The changing business scenario necessitates continuous development of employees in terms of skills and competencies in line with the Company's requirements.

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. Vinayak Sarkhot 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 not made provision for Income Tax demand of earlier years of Rs 617.19 lacs as the Company does not foresee any tax liability in respect of the said demand.
- As regards Para 4 (b) of Auditors' Report, for adjusting creditors account by debiting creditors and crediting account of Bhikhubhai N Padsala on his statement that he had made the payment to such party in earlier year by Cash.
- As regards Para 4 (c) 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 (d) of Auditors' Report , the Company has not made any provision of Current Tax and Deferred Tax liability.
- As regards Para 4 (e) of Auditors' Report , the Company has not made any provision of VAT and Service Tax.
- As regards Para 7 of the Annexure to the Auditors' Report, the Company is in process of introducing internal audit system.

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 : 25-08-2012
Place : Ahmedabad

Bhikhubhai Padasla
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

[Pursuant to clause 49 of the listing agreement]

CORPORATE GOVERNANCE :

In the fast changing business scenario, good Corporate Governance helps in achieving long term Corporate Goals of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the corporate entity deals with various stakeholders, with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

It aims to assure the Stakeholders' 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 2011-12.

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	3	Nil
Mr. S.B. Padsala	Non-Independent and Executive	4	4
Mr. Philip Job	Independent and Non- Executive	Nil	Nil
Mr. Vinayak Sarkhot	Independent and Non- Executive	3	3

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	8	Yes
2	Mr. S.B. Padsala	8	Yes
3	Mr. Philip Job	8	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	30/04/2011	5	19/11/2011
2	19/05/2011	6	12/01/2012
3	12/08/2011	7	06/02/2012
4	29/09/2011	8	21/03/2012

INFORMATION PLACED BEFORE THE BOARD :**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; (i) Any changes in accounting policies and practices, (ii) Major accounting entries based on exercise of judgment by management, (iii) Qualifications in draft audit report (iv) Significant adjustments arising out of audit (v) The going concern assumption, (vi) Compliance with accounting standards, (vi) Compliance with stock exchange and legal requirements concerning financial statements, (viii) Any related party transactions.
- Discussion with internal auditors any significant findings and follow up there on.
- 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.

Four meetings of Audit Committee were held during the financial year 2011-12 on following dates :

No.	Date	No.	Date
1	30/04/2011	3	14/11/2011
2	12/08/2011	4	06/02/2012

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

Two meetings of Remuneration Committee was held on 14/11/2011 and 06/02/2011 during the year 2011-12.

The details of remuneration paid/ payable to the directors for the year 2011-12 are as under :

Name of Director	Salary/Perquisite Amount (Rs.)	Commission Amt. (Rs.)	Total Amt. (Rs.)
Mr. B.N. Padsala	842884	---	842884
Mr. S.B. Padsala	561923	---	561923