

FOURTEENTH ANNUAL REPORT
2003-04



NILA INFRASTRUCTURES LIMITED

NILA INFRASTRUCTURES LIMITED

BOARD OF DIRECTORS

Shri Manoj B. Vadodaria	:	<i>Chairman & Managing Director</i>
Smt Nila M. Vadodaria	:	<i>Director</i>
Shri Hiren Pandit	:	<i>Director</i>
Shri Yagnesh Vyas	:	<i>Director</i>

BANKERS

IndusInd Bank Ltd., Ahmedabad
State Bank of India, Ashram Road, Ahmedabad

AUDITORS

O.P.Bhandari & Co.
Chartered Accountants
Ahmedabad

REGISTERED OFFICE & SHARE TRANSFER DIVISION

61, Adarsh House,
B/h. Asia House, Nr. Swastik Char Rasta,
Navrangpura, Ahmedabad-380009.

REGISTRARS & SHARE TRANSFER AGENT

MCS Limited
101 Shatdal Complex 1st Floor
Opp Bata Show Room
Ashram Road
Ahmedabad - 380 015

The ISIN allotted to the Company
is **INE937C01011**

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N O T I C E

NOTICE is hereby given that the 14th Annual General Meeting of the Members of the Company will be held on Thursday, 30th September, 2004, at 10.00 a.m. at Sambhaav House, Bodakdev, Ahmedabad - 380 015, to transact the following ordinary business: -

- 1 To receive, consider and adopt the Balance Sheet as at 31st March, 2004 and Profit & Loss Account of the Company for the year ended on that date together with the Reports of the Auditors and Directors thereon.
- 2 To appoint a Director in place of Shri Yagnesh Vyas, who retires by rotation and being eligible offers himself for re-appointment.
- 3 To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Manoj B Vadodaria
Chairman

Date: 31-08-2004

Place: Ahmedabad

Registered Office:

61, Adarsh House,
Swastik Char Rasta,
Navrangpura,
Ahmedabad 380 009

NOTES :

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. Proxies in order to be effective should be lodged with the Company at the Registered Office of the Company atleast 48 hours before the commencement of the Meeting.
- 2 The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 23rd September, 2004 to Thursday, 30th September, 2004 (both days inclusive).
- 3 A member desirous of getting any information on the accounts or operations of the Company is required to forward his/her queries to the Company at least 7 days prior to the Meeting so that the required information can be made available at the Meeting.
- 4 Members are requested to immediately notify any change in their address with pin code and to quote their Folio Nos. in all correspondence with the Company.
- 5 As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting

DIRECTORS' REPORT

To,
The Members,
NILA INFRASTRUCTURES LIMITED

The Directors have pleasure in placing before you the Fourteenth Annual Report with the Audited Accounts of the Company for the year ended 31st March, 2004.

FINANCIAL RESULTS

Particulars	(Rs. in lacs)	
	Year ended 31-03-04	Year ended 31-03-03
Income from Operations	458.38	483.01
Less : Total Expenditure	562.64	38.25
Less : Interest	324.91	470.58
Profit /(Loss) before Tax		
& Depreciation	(429.17)	(25.82)
Less : Depreciation	3.09	2.09
Profit /(Loss) before Taxation	(432.26)	(27.91)
Less :		
Provisions	-----	(4.50)
Prior period exps(IT):	-----	2.70
Deferred Tax Liability	0.20	-----
Net Profit /(Loss)	(432.06)	(26.11)
Paid-up Equity Share Capital	1232.26	1232.26
Reserves (excluding revaluation reserves)	260.50	738.26

DIVIDEND

Keeping in view the current year loss your directors do not recommend any payment of dividend

DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217 of the Companies Act, 1956, the Directors state:

- 1 That in the preparation of annual accounts, the applicable accounting standards had been followed along with proper examination relating to material departures.
- 2 That the directors had 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 or loss of the company for that period.
- 3 That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- 4 That the directors had prepared the annual accounts on a going concern basis

DIRECTORATE

Pursuant to provisions of Section 256 of the Companies Act, 1956, Shri Yagnesh Vyas, Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting of the Company and is eligible for reappointment.

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.

LISTING AND DEMATERIALISATION OF EQUITY SHARES

The Equity Shares of the Company are presently listed at the Stock Exchange, Mumbai. The annual listing fee for the financial year 2004-05 have been duly paid to the Stock Exchange. The Securities & Exchange Board of India has recently issued SEBI (Delisting of Securities) Guidelines, 2003 and considering the fact of no trading in the Company's Equity Shares at Ahmedabad Stock Exchange since very long, the members have at their Extra Ordinary General Meeting held on 29-04-2004 accorded approval by way of special resolution to delist the Equity Shares from the Ahmedabad Stock Exchange. Accordingly, the Equity Shares of the Company have been delisted from the Ahmedabad Stock Exchange w.e.f. 25.08.2004.

The Company's Equity Shares are under 'Compulsory Demat'. The Company has entered into Tripartite Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through M/s MCS Limited, Electronic Registrars appointed by the Company, for dematerialization of Equity Shares of the Company. The ISIN allotted to the Company is INE937C01011. As required by the SEBI's Circular, the Company has appointed M/s MCS Limited as its Share Transfer Agent also to undertake transfer of physical share certificates besides acting as Electronic Registrars.

CORPORATE GOVERNANCE

The Company has implemented the procedure and adopted practices in conformity with the Code of Corporate Governance as enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Management Discussion & Analysis and Corporate Governance Report are made part of the Annual Report. A certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance is attached and forms part of the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

The provisions of clause (e) of sub-section (1) 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 not applicable to the Company.

EMPLOYEES

There was no employee during the year drawing remuneration in excess of the ceilings prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

AUDITORS

The present Auditors, M/s O P Bhandari & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

ACKNOWLEDGMENT

The Directors sincerely express their gratitude to the Company's Shareholders, Bankers, Employees at all levels and customers for the help and co-operation extended during the year and hope the same to continue in future.

By Order of the Board

Manoj B Vadodaria
Chairman

Date : 31-08-2004

Place : Ahmedabad

MANAGEMENT DISCUSSION & ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS**

The company is a part of highly competitive real estate / construction industry. During the past couple of years the industry has suffered a setback due to various external factors like flood, earthquake and communal riots. The industry has during the current year shown signs of revival on account of the flip given to the housing sector by the Government.

PERFORMANCE

During the year under review, the Company's business activity has improved due to the overall revival of the Industry.

OPPORTUNITIES AND THREATS

The Company has been presently engaged in development of residential societies as well as funding companies engaged in real estate development, in and around Ahmedabad city. Considering the various incentives declared by the Central Government under direct tax laws for housing finance, the industry is expected to revive and grow rapidly in coming years. The Company is well positioned to encash on these opportunities. At the same time, the restrictions imposed by the State Government and High Court in the State of Gujarat due to the earthquake and floods, other natural calamities and riots witnessed in the recent year/s have an impact on the margins. However, the Company expects very bright future of this industry.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper, strong, independent and adequate system of internal controls to ensure that all the assets are safeguarded, protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly. The internal control systems are also designed to ensure that the financial and other records are reliable for reporting financial statements and other data, and for maintaining accountability of assets.

HUMAN RESOURCES

Considering the nature of business engaged in by the Company, the Company has on its payroll only four regular employees. As and when required for its activity the Company has been engaging suitable contractors / professionals for execution of various jobs. The industrial relationship has been cordial.

There have been no transactions of a material nature of the Company with its promoters, Directors or their relatives except for transactions of a routine nature as disclosed in the notes on accounts, and accordingly no potential conflict with the interest of the Company.

CORPORATE GOVERNANCE DISCLOSURE

Company's philosophy on Code of Governance

The Board has adopted the principles of good corporate governance and is committed to adopting, besides any obligations under relevant laws or regulations, best relevant practices for governance. We believe that good governance is voluntary and self-disciplining with the strongest impetus coming from Directors and the management itself. The Board lays emphasis on achieving the highest level of integrity, transparency and accountability, in all facets of its operations, and in all interactions with its stakeholders, including the shareholders, employees, the government and lenders.

Board of Directors

The Board consists of two promoter-directors and two independent non-executive directors. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the financial year 2003-04 and at the last Annual General Meeting, as also the number of directorships and committee positions held by them in other public limited companies as on March 31, 2004 are given below:

Name and Category	No. of Board mtgs. attnd. during 03-04	Whether AGM held on 30-09-03	No. of director-ships in other Pub Ltd Comp	No. of Comm- ittee positions held in other Pub Ltd comp Chmn Mem
Manoj Vadodaria PNE	10 / 10	Yes	5	- 1
Nila Vadodaria PNE	10 / 10	Yes	-	- -
Hiren Pandit INE	10 / 10	Yes	-	- -
Yagnesh Vyas INE	10 / 10	Yes	-	- -

PNE-Promoter Non-executive,

INE-Independent Non-executive, Chmn-Chairman, Mem-Member

The information as required under Annexure I to Clause 49 of the Listing Agreement is being made available to the Board. The Company did not have any pecuniary relationship or transactions with the non-executive directors during 2003-04.

During 2003-04, the Board of Directors met ten times on 29th April, 1st May, 20th June, 25th July, 30th July, 23rd August & 30th October in the year 2003, and 30th January, 22nd March & 31st March in the year 2004.

Audit Committee

The Audit Committee consists of Shri Manoj B Vadodaria as Chairperson and Shri Hiren Pandit and Shri Yagnesh Vyas as members. The Committee met four times in the year on 28-04-2003, 29-07-2003, 29-10-2003 and 29-01-2004, which were attended by all members. The terms of reference of the Committee are in accordance with that specified in Clause 49 of the Listing Agreement with the Stock Exchanges and also conforms to the requirements of Section 292A of the Companies Act, 1956.

Remuneration Committee

As the Company does not pay any remuneration except reimbursement of expenditure incurred for official purposes, no Remuneration Committee has been constituted, which shall, as and when required, be constituted accordingly.

Share Transfer & Investors' Grievance Committee

The Board has constituted Share Transfer & Investors' Grievance Committee (STIGC) under the Chairmanship of Smt Nila M Vadodaria and Shri Manoj B Vadodaria, as a Member of the Committee. The STIGC looks after all matters pertaining to transfers, transmission, issue of duplicate certificates, etc. as also investors' grievances.

- Name of non-executive director heading the Committee: Smt Nila M Vadodaria
- Name & Designation of Compliance Officer: Shri Prashant H Sarkhedi, Shares In-charge
- Number of Shareholders' complaints received so far: One
- Number not solved to the satisfaction of shareholders: Nil
- Number of pending share transfers: Nil

General Body Meetings

- Location and time where last three AGMs held: Sambhaav House, Bodakdev, Ahmedabad, Dates: 29-09-01 10.00 a.m., 30-09-02-10.00 a.m. and 30-09-03-10.00 a.m.
- Whether any Special Resolutions passed in the previous three AGMs: NO
- Whether special resolutions were put through postal ballot exercise, details of voting pattern, person who conducted the postal ballot exercise: None of the special resolutions was required to be put through postal ballot.
- Whether special resolutions are proposed to be conducted through postal ballot: No
- Procedure for postal ballot: Not applicable

Disclosures

- Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relative etc. that may have potential conflict with the interest of company at large: Nil
- Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil

Means of communication

- Half-yearly report sent to each household of shareholders: No
- Quarterly results: which newspapers normally published in: The Asian Age (English daily) and Sambhaav (Gujarati daily), Ahmedabad editions
Any website where displayed: No
- Whether it also displays official news releases: No
- Whether MD & A is a part of annual report: Yes

General Shareholder Information

- AGM: Date, time and venue: 14th AGM, Date: 30th September, 2004 at 10.00 a.m. at Sambhaav House, Bodakdev, Ahmedabad-380015