

PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

**ANNUAL REPORT
AND ACCOUNTS
2008-2009**

DIRECTORS

SHRI B. K. BIRLA
SHRI P. K. KHAITAN
SHRI D. K. MANTRI
SHRI A. V. JALAN
SHRI R. A. MAKHARIA

– Executive Director

SECRETARY

SHRI B. D. DALMIA

AUDITORS

M/S. S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
KOLKATA - 700 016

REGISTERED OFFICE

BIRLA BUILDING
9/1, R. N. MUKHERJEE ROAD
KOLKATA - 700 001

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

We have pleasure in presenting to you the Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2009.

FINANCIAL RESULTS

	Rs.	<i>Previous Year</i> Rs.
Profit from operations, Dividend, Interest and Rent Income	45,78,61,157	34,54,62,311
Add : Provision written back for diminution in value of Long Term Unquoted Investments and Mutual Funds	80,98,426	77,02,405
	46,59,59,583	35,31,64,716
Less: Depreciation	2,36,462	1,35,152
Profit before tax	46,57,23,121	35,30,29,564
Less: Provision for taxation	48,38,262	2,35,53,000
Less: Deferred taxation	32,82,173	24,18,120
Profit after taxation	45,76,02,686	32,70,58,444
Add: Balance brought forward from last year	50,59,85,628	50,49,84,025
Profit available for appropriation	96,35,88,314	83,20,42,469
Appropriation		
(i) Special Reserve	9,16,00,000	6,60,00,000
(ii) Proposed Dividend	19,77,18,750	15,81,75,000
(iii) Tax on dividend	3,36,02,302	2,68,81,841
(iv) General Reserve	4,80,00,000	7,50,00,000
(v) Balance carried forward to next year	59,26,67,262	50,59,85,628
	96,35,88,314	83,20,42,469

The profitability of the Company during the year under review has increased compared to the previous year because of improved performance of the Companies for the year 2007-08 in which the Company holds major shares. Since January, 2008 global meltdown has greatly affected the capital markets all over the world resulting in decline in the market values of the investment portfolio of the Company

PROXY FORM

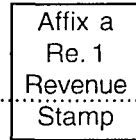
PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

I/We.....
of.....
being a Member/Members of Pilani Investment and Industries Corporation Limited hereby appoint
.....of.....
.....or failing him.....
of.....
as my/our proxy to attend and vote for me/us, and on my/our behalf, at the Annual General Meeting of
the Company, to be held on Friday, the 21st August, 2009 and at any adjournment thereof.

AS WITNESS my/our hand(s) this.....day of.....2009.

Signature.....



Note : The proxy must be deposited at the Registered Office of the Company 9/1, R. N. Mukherjee Road, Kolkata - 700 001 not less than forty eight hours before the time for holding the meeting.

PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

Regd. Office : 9/1, R. N. Mukherjee Road, Kolkata - 700 001

Annual General Meeting on Friday, the 21st August, 2009

A member/Proxy wishing to attend the meeting may please complete this Admission Slip and hand it over at the entrance.

.....
Full name of the member in block letters

.....
Signature

Folio No. / C.I.D. No.

No. of Shares held

Pilani Investment and Industries Corporation Ltd.

Birla Building
9/1 R.N. Mukherjee Road
Kolkata – 700001

Re : Payment of dividend through ECS

I wish to participate in the Electronic Clearing Service (ECS) introduced by Reserve Bank of India.

I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the dividend warrant being issued to me.

1. Name of the Holder : _____
2. Ref. Folio No. : _____
3. Particulars of Bank
- a. Name of the Bank : _____
- b. Branch Address : _____
- * c. 9 digit Code Number of the Bank & Branch as appearing on the MICR Cheque issued by the Bank :

--	--	--	--	--	--	--	--	--
- d. Account (Please tick) : Savings Current Cash Credit
- e. Ledger Folio No. (if any) : _____
- f. Account No. : _____

I hereby declare that the particulars above given are correct and complete. I undertake to inform any subsequent changes in the above particulars before the relevant book closure date(s). If the payment is delayed or not effected at all for any reason(s), beyond the control of the Company, I would not hold the Company responsible.

Date : _____

Signature of the first holder

Notes: (1) Please ensure that the details submitted by you are correct as any error therein could result in the dividend amount being credited to a wrong account.

* The nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.

Delete whichever is not applicable.

NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED will be held at Birla Building, 9/1 R.N. Mukherjee Road, Kolkata – 700001 on Friday the 21st August, 2009 at 3.00 p.m. to transact, with or without modification(s) as may be permissible, the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date, Report of the Directors and the Auditors thereon.
2. To sanction the declaration and the payment of dividend on Equity shares for the year ended 31st March, 2009.
3. To appoint a director in place of Shri D. K. Mantri, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri A. V. Jalan, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Registered Office :
Birla Building
9/1, R.N. Mukherjee Road,
Kolkata – 700001
Dated, the 6th day of July 2009

By Order of the Board of Directors
B.D. Dalmia
Secretary

NOTES :

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself and the proxy need not be a Member. The Company must receive proxy form(s) not less than 48 before the Meeting. The instrument appointing a proxy should however, be deposited at the Registered Office of the company at Birla Building, 9/1 R.N. Mukherjee Road, Kolkata-700001 not less than 48 hours before the commencement of the meeting.
2. Register of Members and Transfer Books of the Equity Shares of the Company will remain closed from 11th August, 2009 to 21st August 2009 (both days inclusive).
3. The Dividend on the Ordinary Shares of the Company, as recommended by the Board of Directors of the company, when sanctioned at the Annual General Meeting of the company will be paid to those shareholders or their mandates whose names stand registered on the company's Register of Members :
 - a. as Beneficial Owners as at the end of business on 10th August, 2009 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in Electronic Form, and
 - b. as Member in the Register of Members of the company after giving effect to valid share transfers in physical form lodged with the company on or before 10th August, 2009.
4. In order to avoid the risk of loss/interception of dividend warrants, Shareholders are advised

to avail of **ECS** facility whereby the dividend will be directly credited electronically to their respective Barik accounts. This will ensure speedier credit of dividend. You may use the enclosed '**ECS Mandate Form**' and forward necessary details to the Company and/or Depository Participant, as the case may be, to avail benefit of this service.

5. a. Under the provisions of Section 205A of the Companies Act, 1956, the Company has already deposited all unclaimed dividends declared upto and including financial year 2000-2001.
- b. Members are hereby informed that dividends for the financial year 2001-2002 and thereafter, which remain unpaid or unclaimed over a period of 7 years have to be transferred by the Company to INVESTOR EDUCATION & PROTECTION FUND constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956. It may be noted that once the unclaimed dividend amount is transferred to the Fund as stated above, no claim shall lie in respect of such amount against the Company or the Fund.
6. In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, members are requested to kindly inform the Company and/or Depository Participant, as the case may be, their Pin Code immediately for speedy and proper delivery.
7. a. Members who are holding Shares in identical order of names in more than one Folio are requested to apply to the Company alongwith the relevant Share Certificate for consolidation of such folios in one folio.
- b. Members are also requested to notify change in address, if any, immediately to the company at its Registered Office by quoting their Registered Folio Number(s) in respect of their physical shares and to their Depository Participants in respect of their electronic share account.
8. Reappointment of Directors : As per requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the particulars of Directors retairing by rotation and eligible for re-appointment are given herein below :-
 - a. Shri D. K. Mantri, Aged 53 years, is a renowned industrialist with vast experience. He heads the DM Group which is a multi-divisional group with interests in Tea, Engineering, Trading and Financial Services. He is actively involved with Sangeet Kala Mandir, a most prestigious Cultural Institution in the country, for more than last two decades. He is the Director of Suprabha Industries Ltd., Mantry Udyog Ltd. and various other Pvt. Ltd. Companies. Shri D. K. Mantri does not hold any Equity Share in the Company.
Except Shri D. K. Mantri, no other Directors of the Company are interested in the aforesaid resolution.
 - b. Shri A.V. Jalan, aged 33 years is a B.Com (Hons.) from St. Xavier's College, Calcutta and has completed management course on Marketing and Corporate Finance from London School of Economics, U.K. He has been involved in management of several manufacturing companies since 1998 and having rich experience in business administration. Shri A.V. Jalan does not hold any Equity Share in the Company.
Shri A. V. Jalan and Shri B. K. Birla, are related to each other and interested in the aforesaid resolution.

DIRECTORS' REPORT — (Contd.)

also. Despite the deepest economic crisis facing the global economy in six decades, the country has registered an impressive 6.7% growth in the fiscal year 2008-09 and the capital markets are also now showing signs of revival.

DIVIDEND

A dividend of Rs.25/- per share (Previous year Rs.20.00 per share) is recommended for payment. The aggregate amount of dividend will absorb Rs.19.77 Crores and the tax on proposed dividend will be Rs.3.36 Crores.

DIRECTORS

Shri A. V. Jalan has been appointed as a Director of the Company with effect from 30th October, 2008.

Shri D. K. Mantri and Shri A. V. Jalan, Directors of the Company retire from the office by rotation at the forthcoming Annual General Meeting but being eligible offer themselves for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that –

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies as mentioned in Schedule 'H' of the annual accounts 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 as on 31st March, 2009 and the Profit or Loss of the Company for the financial year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company has in place a system of Corporate Governance. A separate Report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

SUBSIDIARY COMPANY

The Audited Accounts and Directors' Report of the subsidiary are annexed hereto.

AUDITORS

S.R. Batliboi & Co., the Auditors of the Company, retire, and being eligible, offer themselves for reappointment.

AUDITORS REPORT

The observations made in the Auditors Report are self explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as no employee was in receipt of such remuneration as provided under the said Section.

DEPOSITS

The Company has not accepted any public deposit during the year. Hence, no information is required to be appended to this report in terms of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

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

The Company has no manufacturing activity and therefore, the disclosure of particulars as required to be appended under Section 217(1)(a) of the Companies Act, 1956, in so far as it relates to the Conservation of the Energy and Technology Absorption is not applicable. Particulars with regard to Foreign Exchange Earnings and Outgo appear in Schedule 'H' to the accounts and forming part of this Report.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 issued by the Institute of Chartered Accountants of India and as stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges with which the Shares of the Company are listed. The audited Consolidated Financial Statements form part of the Annual Report.

APPRECIATION

Your Directors place on record their deep appreciation for the committed services rendered by the employees of your Company.

For and on behalf of the Board of Directors

Kolkata
June 10, 2009

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

A. Atlas Iron & Alloys Limited

- i) Atlas Iron & Alloys Limited, subsidiary of the company went into Creditors Voluntary winding up vide its resolution dated 16th June, 1975 and the winding up proceedings are in progress.

The information required to be given pursuant to Section 212 of the Companies Act, 1956, in respect of the Subsidiary as is applicable in view of the aforesaid is given below.

- ii) Pilani Investment and Industries Corporation Limited held 72,000 Equity Shares of Rs.10/- each amounting to 96.83% of the total paid up Capital of 74,358 Equity Shares of Rs.10/- each of Atlas Iron & Alloys Ltd. and continues to hold the same. In view of the Subsidiary being in liquidation and losses sustained by it, the investment of Rs.7.20 lacs in the shares of the subsidiary as aforesaid is taken at nil value.

B. PIC Properties Limited

Pilani Investment and Industries Corporation Limited held 50,002 Equity Shares of Rs.10/- each being the whole of the subscribed capital of PIC Properties Ltd. as on 31st March, 2009. The Financial year of the Company as well as the subsidiary ended on 31st March, 2009.

- a) The net aggregate amount, so far as it concerns members of holding company and is not dealt with in the Company accounts, of the Subsidiary's profits after deducting its losses or vice versa.

For the Financial year of the Subsidiary Rs.4,05,641 [Previous year Rs.6,96,852]

- b) The net aggregate amount of the profits of the Subsidiary after deducting its losses or vice versa, so far such profits/losses are dealt with in the company's profits for the financial year of the Subsidiary is nil.

For and on behalf of the Board of Directors

Kolkata
June 10, 2009

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's Business Profile

i) Registration Details

Registration No.	21-95302	State Code	21
CIN No.	L2413WB2002 PTC095302		
Balance Sheet Date	31.3.2009		

ii) Capital Raised during the year (Amount in thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

iii) Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	63,10,150	Total Assets	63,10,150
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Sources of Funds

Paid-up Capital	79,088	Reserves & Surplus	59,93,589
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	2,180	Investments	62,74,857
Net Current Assets	(2,08,091)	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Assets	3,731

iv) Performance of Company (Amount in Thousands)

Turnover(including other income)	4,95,674	Total Expenditure	29,951
Profit Before Tax	4,65,723	Profit After Tax	4,57,603
Earning per Share in Rs.	57.86	Dividend Rate in Rs.	25.00

v) Generic Names of Three principal products / Services of Company
(as per monetary terms)

Item Code No.	NOT APPLICABLE
Description	

REPORT ON CORPORATE GOVERNANCE

In compliance with the Corporate Governance requirements as contained in Clause 49 of the Listing Agreement with the Stock Exchanges, your Company is implementing the Corporate Governance .

A. Company's philosophy on Corporate Governance

Corporate governance pertains to systems, by which companies are directed and controlled, keeping in mind long-term interest of Stakeholders. In sum, corporate governance is to achieve business excellence and dedicate itself to transparency in all its dealings and places and business efforts. The Company firmly believes in the spirit of corporate governance and the same has influenced its decisions and policies long before the guidelines became mandatory.

B. Board of Directors

(i) Composition of the Board :

The Board of Directors comprises of five members consisting of four Non-Executive Directors who account for eighty percent of the Board strength as against minimum requirement of fifty percent as per the listing agreement. The Non-Executive Directors are eminent professionals drawn from amongst persons with experience in business and industry, finance and law. The composition is as under:-

Directors	Executive/Non-Executive/Independent	No. of Outside Directorship held Domestic Companies		No. of Outside Committees # (excluding **)	
		Public	Private	Member	Chairman/Chairperson
Shri B.K. Birla	Non-Executive	4	–	–	–
Shri P.K. Khaitan	Non-Executive*	13	–	4	–
Shri D.K. Mantri	Non-Executive*	2	22	–	–
Shri A.V. Jalan	Non-Executive	1	15	–	–
Shri R.A. Makharia	Executive***	1	–	–	–

* Also independent

** Private companies and Companies under Section 25 of the Companies Act, 1956.

*** Shri R.A. Makharia is the Managing Director of the Company.

Only the two committees viz., the Audit Committee and the Shareholders Grievance Committee are considered for this purpose.

– None of the Directors of the Company hold any Equity Shares in the Company. Shri A.V. Jalan was appointed a Director in the vacancy caused by the resignation of Shri D.N. Patodia.

- (a) The Non-Executive Directors have no material pecuniary relationship or transactions with the Company in their personal capacity.

(ii)	Details of sitting fees, remuneration etc. paid to Directors :	
	Name of the Directors	Remuneration paid during 2008-2009 Sitting fees for attending Meetings of the Board and/or committee thereof (All figures in Rs.)
	Dr. K.K. Birla*	40,000
	Shri B.K. Birla	80,000
	Shri P.K. Khaitan	1,60,000
	Shri D.N. Patodia@	40,000
	Shri D.K. Mantri	1,20,000
	Shri A.V. Jalan	60,000
	Shri R.A. Makharia	80,000

* Deceased on 30th August, 2008.

@ Resigned from the board of the company during the year.

Executive Director	Remuneration (Rs.)	Benefits and Perquisites including Rs.4,75,780/- being rent (Rs.)
Shri R.A. Makharia	11,70,000	12,34,745

Note : 1. No commission is paid to any Directors.

2. Shri P.K. Khaitan is a partner in Khaitan & Co., and renders professional services to the Company and a sum of Rs.90,250/- has been paid towards Professional services to Khaitan & Co.

(iii) Number of Board Meetings held and attended by the Directors :

a. Four meetings of the Board of Directors were held during the year ended 31st March, 2009. These were held on :

(1) 27th June, 2008, (2) 28th July, 2008, (3) 30th October, 2008, (4) 22nd Jan., 2009

- b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2009 and of the last Annual General Meeting is as under :-

Directors	No. of Board Meetings Attended	Attendance of the last AGM
Dr. K.K. Birla	2	–
Shri B.K. Birla	4	–
Shri P.K. Khaitan	4	Yes
Shri D.N. Patodia	1	No
Shri D.K. Mantri	3	–
Shri A.V. Jalan	2	–
Shri R.A. Makharia	4	Yes

Shri D.N. Patodia, Chairman of Audit Committee could not attend the Annual General Meeting due to his ill health.

C. Code of Conduct

The Company has laid down a Code of Conduct for all the Board of Directors and Senior Management Personnel for avoidance of conflict of interest. It has received from all of them the necessary declaration affirming compliance with Code of Conduct for the year 2008-2009. There were no material financial and commercial transactions in which the Senior Management personnel, had personal interest, which would lead to potential conflict of interest of the Company during the year. The Code of Conduct is available on Company's website.

D. Audit Committee

- (i) The Audit Committee comprised of three Non-Executive Directors viz.

(1) Shri P.K. Khaitan (2) Shri D.K. Mantri (3) Shri A.V. Jalan

Shri P.K. Khaitan and Shri D.K. Mantri being Independent Non-Executive Directors.

Shri D.N. Patodia has resigned from the Audit Committee during the year.

- (ii) Audit Committee meetings were held on 27th June, 2008, 28th July, 2008, 30th October, 2008 and 22nd January, 2009. The attendance of the Audit Committee Members is as under :-

Name of the Audit Committee Members	No. of meeting attended
Shri D.N. Patodia	1
Shri P.K. Khaitan	4
Shri D.K. Mantri	3
Shri A.V. Jalan	1

- (iii) At the invitation of the company, Internal Auditors, Statutory Auditors and Secretary who is acting as Secretary of the Audit Committee and other officers of the Company also attended the Audit Committee meetings to answer and clarify-queries raised at the said meetings.
- (iv) The role and terms of reference of the Audit Committee covers the matters specified for Audit Committees under Clause 49 of listing agreement of the Stock Exchanges as prescribed by SEBI as well as Section 292A of the Companies Act, 1956.

E. Remuneration Committee

The Company has only one Executive Director on the Board and whose appointment and remuneration has been fixed by the Board in terms of resolution passed by the members. In view of this, no remuneration committee is required to be constituted.

F. Shareholders Grievance Committee

The Company has constituted a Share Transfer and Shareholders/Investors Grievance Committee headed by Shri P.K. Khaitan, a Non-Executive and Independent Director. The Company Secretary has been designated as the Compliance Officer. During the year ended 31st March, 2009, 20 investors complaints/queries were received and as on 31st March, 2009 there were no complaints/queries pending reply. There were no share transfer pending for registration for more than 30 days as on the said date.

G. General Body Meetings

Details of Annual General Meetings/Extra Ordinary General Meeting :

<u>Year</u>	<u>Date</u>	<u>Type</u>	<u>Location</u>	<u>Time</u>
2005-2006	30.06.2006	AGM	9/1 R.N. Mukherjee Road, Kolkata – 700001	3.00 P.M.
2006-2007	04.07.2007	AGM	9/1 R.N. Mukherjee Road, Kolkata – 700001	3.00 P.M.
2007-2008	25.08.2008	AGM	9/1 R.N. Mukherjee Road, Kolkata – 700001	3.00 P.M.
Whether special resolutions were put through postal ballot last year				No
Are votes proposed to be conducted through postal ballot this year?				No

H. Disclosures

- (i) There are no materially significant transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relative conflicting with Company's interest.
- (ii) No penalties or strictures have been 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.
- (iii) The Company has adopted and complied with mandatory requirements as per the revised Clause 49 of the Listing Agreement. Some of the non-mandatory requirements have also been complied with.

I. Means of Communication

- (i) Quarterly results :
Which newspaper normally published in : The Financial Express, Kolkata
and Kalantar, Kolkata
- (ii) Half-yearly report sent to each household of Shareholders : No
- (iii) Any website, where displayed : Yes - www.pilaniinvestments.com
- (iv) Whether MD & A is a part of Annual Report : Yes

J. Management Discussion & Analysis Report

Your Company is an Investment Company and risk of the company consists principally of investment in shares and securities, loans and trade accounts receivable and investment in Mutual Funds. Internal control and monitoring systems are periodically evaluated to manage and minimize the risk.

The Company is fully committed to ensuring an effective internal control environment and periodically checks the adequacy and effectiveness of the internal control system.

K. General Shareholder Information

- (i) Annual General Meeting to be held :
Day & Date : Friday, the 21st August, 2009
Venue : Birla Building, 9/1 R.N. Mukherjee
Road, Kolkata – 700001
Time : 3.00 P.M.

(ii) Financial Calendar (tentative) for the year 2009-10 :

First Quarterly Results	:	Before end of July, 2009
Second Quarterly Results	:	Before end of October, 2009
Third Quarterly Results	:	Before end of January, 2010
Fourth Quarterly Results / Audited Yearly		
Results for the Year ended 31 st March, 2010	:	Before end of June, 2010

(iii) Date of Book Closure : 11th August, 2009 to 21st August, 2009
(Both days inclusive)

(iv) Date of Dividend payment : On or after 28th August, 2009

(v) Information pertaining to the Stock Exchanges :

(a) The Equity Shares of the Company are listed at the following Stock Exchanges :

- (i) Madhya Pradesh Stock Exchange, 201 Palika Plaza-II, M T H Compound, Indore – 452001 (M.P.) Stock Code No. : N.A.
- (ii) Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi – 110002. Stock Code No. : DSE 16074

Note: Listing fees for the year 2009-2010 have been paid to the Stock Exchanges.

(b) ISIN No. for the Company's ordinary shares in Demat Form: INE 417C01014

(c) Depository Connectivity : NSDL and CDSL

(d) Registrar and Transfer Agent :

Niche Technologies (P) Ltd., 71, B.R.B.B. Road, C-444, Bagree Market, Kolkata – 700001.

(e) Market Price Data

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the Delhi Stock Exchange Association Ltd. during the financial year 2008-09 are as under :

Month	High	Low
April 2008	N.A.	N.A.
May 2008	N.A.	N.A.
June 2008	N.A.	N.A.
July 2008	N.A.	N.A.
Aug. 2008	N.A.	N.A.
Sept. 2008	N.A.	N.A.
Oct. 2008	N.A.	N.A.
Nov. 2008	N.A.	N.A.
Dec. 2008	N.A.	N.A.
Jan. 2009	N.A.	N.A.
Feb. 2009	N.A.	N.A.
Mar. 2009	N.A.	N.A.

(f) Share Transfer System for physical Shares :

Share transfers are generally registered within a period of 30 days from the date of receipt provided the documents are complete in all respects. All share transfers are approved by the Board.

(vi) Distribution of Shareholding :

Distribution of shareholding as on 31st March, 2009

(a) According to Number of Equity Shares

Sl.No	No. of Equity Shares held	No. of Folios	No. of Shares	% of Shareholding
1.	Upto 500	2603	3,26,218	4.13
2.	501 to 1,000	116	83,424	1.05
3.	1,001 to 2,000	52	70,156	0.89
4.	2,001 to 3,000	10	26,875	0.34
5.	3,001 to 4,000	7	25,595	0.32
6.	4,001 to 5,000	4	18,081	0.23
7.	5,001 to 10,000	10	81,432	1.03
8.	10,001 - above	26	72,76,969	92.01
	Total	2828	79,08,750	100.00

(b) Categories of Shareholding :

Sl. No.	Category	No. of Folios	% of Folios	No. of Shares held	% of share holding
1.	Promoters	15	0.53	45,53,116	57.57
2.	Resident Individuals	2,654	93.85	5,88,085	7.44
3.	Private Corporate Bodies	144	5.09	27,34,054	34.57
4.	Financial Institutions	—	—	—	—
5.	Nationalised Banks, Mutual Funds & Insurance	6	0.21	21,175	0.27
6.	FIIS	—	—	—	—
7.	NRI and OCBs	9	0.32	12,320	0.15
	Total	2,828	100.00	79,08,750	100.00

(vii) Dematerialisation of shareholding and liquidity :

As per SEBI's guidelines, your company's shares are compulsorily traded in Dematerialized Form for all the investors with effect from 27th November, 2001. As on 31st March, 2009, 39,67,772 Company's Equity shares representing 50.17% of the Company's total Equity Shares were held in dematerialized form and balance 39,40,978 Equity Shares representing 49.83% were held in physical form.

(viii) Contact address for Shares and Share related matters :

For any assistance regarding Share transfers and transmission, change of address, duplicate/missing Share Certificates, Demat, redressal of Complaints and Grievances, non-receipt of dividends and other matters, please write to or contact the Share Department of the Company at the address given below :

Shri N.K. Baheti, Pilani Investment and Industries Corporation Ltd., Birla Building, 14th Floor, 9/1 R.N. Mukherjee Road, Kolkata-700001. Phone: 2213-1680 / 0380 (Extn. 2439).

For and on behalf of the Board of Directors

Kolkata
June 10, 2009

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

DECLARATION

The Board of Directors and Senior Management personnel have affirmed their compliance of the '**Code of Conduct for Members of the Board and Senior Management**' for the year 2008-09 in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

Dated 10th June, 2009

R.A. Makharia
Chief Executive Officer

AUDITORS' CERTIFICATE

TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

We have examined the compliance of conditions of corporate governance by **PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED**, for the year ended 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an *expression of opinion on the financial statements of the Company*.

As reported in clause B (iii) of the Corporate Governance Report of the Company for the year ended 31st March, 2009, Chairman of the Audit Committee has not attended the Annual General Meeting held on 25th August, 2008 due to reasons mentioned therein. In our opinion and to the best of our information and according to the explanations given to us, *subject to above*, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

22, Camac Street,
Kolkata - 700 016
10th June, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

AUDITORS' REPORT

TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED.

1. We have audited the attached Balance Sheet of **PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED** as at 31st March, 2009 and also the Profit and Loss account and the 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our report, we draw attention to Note No. 10 on Schedule - H regarding non-provision towards diminution of Rs. 6378.32 lacs in the value of certain investments based on their quoted price as on 31st March, 2009, which in the opinion of the management is 'temporary' in nature and hence no provision has been made there against.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the 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.
5. Further to our comments in the Annexure referred to above, we report that: –
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;

AUDITORS' REPORT — (Contd.)

- iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- v. On the basis of written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 ;
- vi. Attention is drawn to *Note no. 3 on Schedule H regarding non-provision of a claim of Rs. 15.44 lacs plus interest thereon from 1st November 1973, by a bank in respect of the guarantee given by the company against which Rs. 69.27 lacs has been deposited with Debts Recovery Appellate tribunal pursuant to Hon'ble Bombay High Court order, pending disposal of the Company's writ petition filed thereagainst.*

In respect of above, the previous year's audit report was similarly modified.

Subject to para vi above, whose impact on the Company's profit is not presently ascertainable, the said accounts, in our opinion and to the best of our information and according to explanations given to us, 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 :—

- (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (b) in the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
- (c) in case of Cash Flow Statement, of the cash flows for the year ended on that date.

22, Camac Street
Block 'C', 3rd floor
Kolkata - 700 016
Dated : The 10th June, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As informed, fixed assets of the Company were physically verified by the management during the year and no material discrepancies were identified on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company does not have any inventory and hence the requirement of sub clauses (a) to (c) of clause (ii) of the Order are not applicable.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence the requirements of sub clauses (b) to (d) of the clause (iii) of the Order are not applicable.
 - (b) As informed, 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 and hence the requirements of sub clauses (f) to (g) of the clause (iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of the above areas. The Company has not made any purchase of inventory and sale of goods during the year and hence, this clause is not applicable with respect to the above areas.
- (v) According to the information and explanations given to us, there are no transactions during the year, which needs to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) As informed, the Company has not accepted any deposit from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Since the company is not engaged in any manufacturing activities, the clause for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 is not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been slight delay in a few cases*.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT — (Contd.)

- (c) According to the records of the Company, the dues outstanding in respect of sales tax, income tax, custom duty, wealth tax, service tax, excise duty, cess on account of any dispute, are as follows :

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Income tax on certain disallowances etc.	0.54	2002-03	CIT (Appeals), Kolkata

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution or a bank. Further, the Company did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, clause 4(xiii) of the Order is not applicable.
- (xiv) In respect of the Investments in Shares, Debentures and Bonds, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. As informed to us, all the Shares, Debentures etc. are held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used to finance long term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures 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 course of our audit.

22, Camac Street
Block 'C', 3rd floor
Kolkata - 700 016
Dated : The 10th June, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

BALANCE SHEET

LIABILITIES	Schedule	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SHARE CAPITAL	‘A’	7,90,87,500	7,90,87,500
RESERVES AND SURPLUS	‘B’	5,99,35,89,403	5,76,73,07,769
SECURED LOANS	‘C’	—	18,96,27,686
CURRENT LIABILITIES AND PROVISIONS	‘D’	23,74,73,445	19,24,38,909
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	‘H’		
		<u>6,31,01,50,348</u>	<u>6,22,84,61,864</u>

Note: Schedules ‘A’ to ‘H’ referred to above form an integral part of the Balance Sheet.

As per our Report of even date.

22, Camac Street
Kolkata-700016
Dated : The 10th June, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

AS AT MARCH 31, 2009

ASSETS	Schedule	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
FIXED ASSETS	'E'	21,80,382	24,16,844
INVESTMENTS	'F'	6,27,48,56,594	6,17,91,79,377
DEFERRED TAX ASSET		37,31,189	70,13,362
CURRENT ASSETS, LOANS & ADVANCES	'G'	2,93,82,183	3,98,52,281
		<u>6,31,01,50,348</u>	<u>6,22,84,61,864</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

PROFIT AND LOSS ACCOUNT FOR

	Rs.	2008-09 Rs.	2007-08 Rs.
To Payments to and provisions for employees :			
Salaries, Bonus etc.	28,20,309		21,95,344
Gratuity	8,03,000		4,32,000
Contribution to Provident and other funds	4,69,879		3,83,346
Employees' Welfare Expenses	<u>1,51,137</u>		<u>1,40,375</u>
		42,44,325	31,51,065
" Rent		5,48,936	2,40,738
" Rates & Taxes		19,62,017	19,96,228
" Insurance		15,486	11,097
" Building Maintenance & Service Expenses		56,78,214	57,14,450
" Miscellaneous Expenses		20,48,292	19,10,291
" Auditors' Remuneration			
As Auditor :			
Audit Fee	1,30,000		1,30,000
For Limited Reviews	78,000		78,000
For Expenses etc.	58,403		19,200
In other manner :			
For Certificates etc.	<u>80,000</u>		<u>62,000</u>
		3,46,403	2,89,200
" Directors' Fees		5,80,000	3,80,000
" Depreciation		2,36,462	1,35,152
" Interest on fixed loans		1,05,98,322	71,42,636
" Diminution in value of Current Investments		36,92,157	-
" Provision for Non-performing Assets		-	77,400
" Balance carried down (Subject to taxation)		46,57,23,121	35,30,29,564
		<u>49,56,73,735</u>	<u>37,40,77,821</u>

THE YEAR ENDED MARCH 31, 2009

	Rs.	2008-09 Rs.	2007-08 Rs.
By Income from Investments (Other than Trade)			
Dividend :			
- On Long Term Investments	45,63,44,617		7,70,80,667
- On Current Investments	<u>49,41,848</u>		—
		46,12,86,465	<u>7,70,80,667</u>
Interest (Gross)			
From Banks [Tax deducted at source Rs. 69,654 (Rs. 52,602)]	3,38,123		2,55,345
On Loans & Deposits with Companies [Tax deducted at source Rs. 1,26,368 (Rs. 12,90,353)]	5,57,995		56,96,727
On Income Tax Refund [Tax deducted at source Rs. Nil (Rs. Nil)]	<u>15,61,929</u>		—
		24,58,047	<u>59,52,072</u>
Other Income :			
Rent (Gross)	1,14,50,255		87,06,138
Tax deducted at source Rs. 37,91,486 (Rs. 30,34,952)			
Service charges on rented properties	42,55,188		36,03,048
Recovery of Rates & Taxes	<u>16,44,271</u>		<u>15,08,191</u>
		1,73,49,714	<u>1,38,17,377</u>
Profit on redemption of Units(Net) (Current Investments-other than Trade)		6,075	26,85,97,187
Profit on sale of long term investments (Other than trade)		—	9,00,000
Profit on sale of Rights Entitlement		62,45,415	—
Provision for Non performing Assets no longer required written back (Net)		2,29,593	—
Provision for diminution in value of Unquoted Investments no longer required written back		80,98,426	77,02,405
Profit on Sale of Fixed Assets		—	28,113
		<u>49,56,73,735</u>	<u>37,40,77,821</u>

PROFIT AND LOSS ACCOUNT FOR

	Rs.	2008-09 Rs.	2007-08 Rs.
To Provision for Taxation			
Current [Including Rs. 12,73,262 (Nil) for for earlier years]	47,73,262		2,35,00,000
Deferred	32,82,173		24,18,120
Fringe Benefit	<u>65,000</u>		53,000
		81,20,435	
" Transfer to Special Reserve		9,16,00,000	6,60,00,000
" Proposed Dividend On 79,08,750 shares @ Rs. 25 (Rs. 20) per share		19,77,18,750	15,81,75,000
" Provision for Tax on Dividend		3,36,02,302	2,68,81,841
" Transfer to General Reserve		4,80,00,000	750,00,000
" Balance carried to Balance Sheet		59,26,67,262	50,59,85,628
		<u>97,17,08,749</u>	<u>85,80,13,589</u>
 Earning Per Share (Face value Rs.10 each)			
Basic & Diluted		57.86	41.35
(Refer Note No. 13 on Schedule 'H')			

Accounting Policies and Notes to Accounts : As per Schedule 'H' attached.

**Note : Schedule 'H' referred to above form an
integral part of the Profit & Loss Account.**

As per our report of even date.

22, Camac Street,
Kolkata - 700 016
Dated : The 10th June, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

THE YEAR ENDED MARCH 31, 2009 (Contd.)

	Rs.	2008-09 Rs.	2007-08 Rs.
By Balance brought down		46,57,23,121	35,30,29,564
” Balance as per last account	50,59,85,628		50,50,79,031
Less : Impact of revised AS-15 as on 1st April, 2007 (Net of Tax)	<u> —</u>	50,59,85,628	<u> 95,006</u> 50,49,84,025
		<u>97,17,08,749</u>	<u>85,80,13,589</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2008-09 Rs.	2007-08 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax :	46,57,23,121	35,30,29,564
Adjustment for :		
Dividend Income	(46,12,86,465)	(7,70,80,667)
Interest Expenses	1,05,98,322	71,42,636
Interest Income	(24,58,047)	(59,52,072)
Profit on redemption of units	(6,075)	(26,85,97,187)
Profit on Fixed Assets sold/discarded	—	(28,113)
Profit on Sale of Long Term Investments	—	(9,00,000)
Profit on Sale of Rights Entitlement	(62,45,415)	—
Depreciation	2,36,462	1,35,152
Provision for diminution in value of investments no longer required written back	(44,06,269)	(77,02,405)
Provision against Non-performing Assets (Net of excess provision written back)	(2,29,593)	77,400
Operating Profit before working capital changes :	19,26,041	1,24,308
Increase/ (Decrease) in Trade Payables	(12,29,676)	30,50,428
Decrease/ (Increase) in Loans, Trade & Other Receivables	45,79,887	17,25,94,771
Cash Generated from Operations :	52,76,252	17,57,69,507
Income Taxes paid (Net of Refunds)	(57,15,030)	(2,71,77,144)
NET CASH FROM OPERATING ACTIVITIES	(4,38,778)	14,85,92,363
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	—	(6,92,000)
Sale of Fixed Assets	—	1,04,999
Dividend Received	46,12,86,465	7,70,80,667
Interest Received	24,58,047	1,11,17,568
Sale/Redemption of Investments	57,15,06,650	1,94,21,10,267
Purchase of Investments	(65,65,26,107)	(2,23,92,07,465)
NET CASH FROM INVESTING ACTIVITIES	37,87,25,055	(20,94,85,964)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

	2008-09 Rs.	2007-08 Rs.
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds form Short Term Borrowings	—	20,00,00,000
Repayment of Short Term Borrowings	(18,50,00,000)	(1,50,00,000)
Interest Paid	(1,52,26,008)	(25,14,950)
Dividend Paid	(15,81,75,000)	(15,81,75,000)
Tax on Dividend Paid	(2,68,81,841)	(2,68,81,841)
NET CASH FROM FINANCING ACTIVITIES	(38,52,82,849)	(25,71,791)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(69,96,572)	(6,34,65,392)
CASH & CASH EQUIVALENTS - OPENING BALANCE*	92,32,272	7,26,97,664
CASH & CASH EQUIVALENTS - CLOSING BALANCE*	22,35,700	92,32,272

*Represents Cash and Bank Balances as indicated in Schedule - G

As per our Report of even date.

22, Camac Street
Kolkata - 700 016
Dated : June 10, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

B. D. DALMIA
Secretary

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

SCHEDULE 'A'

SHARE CAPITAL	As at 31st March, 2009	As at 31st March, 2008
AUTHORISED		
90,00,000 Equity Shares of Rs. 10/- each	<u>9,00,00,000</u>	<u>9,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
79,08,750 (79,08,750) Equity Shares of Rs. 10/- each fully paid up	<u>7,90,87,500</u>	<u>7,90,87,500</u>

NOTE : Out of the above Subscribed Capital, 75,38,750 Shares have been issued as fully paid-up Bonus Shares by Capitalisation of Securities Premium and General Reserve.

SCHEDULE 'B'

RESERVES & SURPLUS

Investment Reserve		
As per last Account	<u>3,76,41,67,570</u>	<u>3,76,41,67,570</u>
	<u>3,76,41,67,570</u>	<u>3,76,41,67,570</u>
General Reserve		
As per last Account	<u>89,94,14,571</u>	<u>82,44,14,571</u>
Add : Transfer from Profit & Loss Account	<u>4,80,00,000</u>	<u>7,50,00,000</u>
	<u>94,74,14,571</u>	<u>89,94,14,571</u>
Special Reserve		
As per last Account	<u>59,77,40,000</u>	<u>53,17,40,000</u>
Add : Transfer from Profit & Loss Account	<u>9,16,00,000</u>	<u>6,60,00,000</u>
	<u>68,93,40,000</u>	<u>59,77,40,000</u>
Surplus as per Profit & Loss Account	<u>59,26,67,262</u>	<u>50,59,85,628</u>
	<u>5,99,35,89,403</u>	<u>5,76,73,07,769</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 'C'	(Amount in Rs.)	
	As at 31st March, 2009	As at 31st March, 2008
SECURED LOANS		
Shrot Term Loan		
From a Finance Company	—	18,50,00,000
Add : Interest Accrued & due (Secured by pledge of a part of shares held as investments)	—	46,27,686
	<u>—</u>	<u>18,96,27,686</u>

SCHEDULE 'D'

CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2009	As at 31st March, 2008
A. CURRENT LIABILITIES		
Sundry Creditors for Goods, Services, Expenses etc.		
Due to Micro, Small & Medium Enterprises	—	—
Due to Others	9,46,779	17,98,344
Sundry Deposits	6,78,505	6,78,505
Other Liabilities	1,80,109	15,36,219
	<u>18,05,393</u>	<u>40,13,068</u>
B. PROVISIONS		
Gratuity	30,60,000	22,57,000
Leave liability	12,87,000	11,12,000
Proposed Dividend	19,77,18,750	15,81,75,000
Tax on Proposed Dividend	3,36,02,302	2,68,81,841
	<u>23,56,68,052</u>	<u>18,84,25,841</u>
	<u>23,74,73,445</u>	<u>19,24,38,909</u>

SCHEDULE FORMING PART OF THE

SCHEDULE 'E'

FIXED ASSETS

DESCRIPTION OF ASSETS	GROSS BLOCK			As at 31.03.2009
	As at 01.04.2008	Additions	Deductions/ Adjustments	
Freehold Land	7,28,203	—	—	7,28,203
Buildings	49,55,141	—	—	49,55,141
Furniture, Air-conditioners, Electrical Installations etc.	17,61,595	—	—	17,61,595
Office Equipments	18,015	—	—	18,015
Vehicles	6,92,000	—	—	6,92,000
	81,54,954	—	—	81,54,954
Previous year's Total	80,07,113	6,92,000	5,44,159	81,54,954

NOTES :

1. The above cost of land represents 36.94% undivided share in respect of land at 10, Camac Street, Kolkata and Buildings includes Rs. 3,50,000 and Rs. 46,05,141 being the cost of 28.125% and 36.94% undivided share in respect of Buildings at 15, India Exchange Place, Kolkata and 10, Camac Street, Kolkata respectively.
2. Furniture includes Rs. 13,44,997 being the cost of 36.94% undivided share of the Furniture, Air-conditioners, Electrical Installations etc. at 10, Camac Street, Kolkata.

BALANCE SHEET AS AT MARCH 31, 2009

(Amount in Rs.)

DEPRECIATION				NET BLOCK	
Upto 01.04.2008	For the year	Deductions/ Adjustments	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
—	—	—	—	7,28,203	7,28,203
40,60,791	44,718	—	41,05,509	8,49,632	8,94,350
16,19,055	23,006	—	16,42,061	1,19,534	1,42,540
18,015	—	—	18,015	—	—
40,249	1,68,738	—	2,08,987	4,83,013	6,51,751
57,38,110	2,36,462	—	59,74,572	21,80,382	24,16,844
60,70,231	1,35,152	4,67,273	57,38,110	24,16,844	

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 'F'

		(Amount in Rs.)		
INVESTMENTS (Other Than Trade)	Nos.	Face Value per Share	As at 31st March, 2009	As at 31st March, 2008
LONG TERM				
QUOTED (Fully Paid)				
Equity Shares				
Aditya Birla Nuvo Limited	1,87,098	10	2,94,07,786	2,94,07,786
Aditya Birla Chemicals (India) Limited (Formerly Bihar Caustic & Chemicals Limited)	3,90,000	10	40,95,000	40,95,000
Century Textiles & Industries Limited	3,42,20,520	10	1,58,57,50,974	1,58,57,50,974
Cimmco Birla Limited	3,53,900	10	4,95,460	4,95,460
Grasim Industries Limited	43,00,293	10	1,42,21,06,895	1,42,21,06,895
Hindalco Industries Limited	2,91,85,398	1	1,83,63,31,900	1,83,63,31,900
Hindustan Everest Tools Limited	52,175	10	4,40,879	4,40,879
Jay Shree Tea & Industries Limited	1,422	10	41,238	41,238
Kamla Dials & Devices Limited	35,000	10	2,97,500	2,97,500
Kesoram Industries Limited	24,15,750	10	6,24,47,137	6,24,47,137
Kesoram Textile Mills Limited	24,15,750	2	6,03,938	6,03,938
Mangalam Cement Limited	11,20,000	10	75,60,000	75,60,000
Orient Paper & Industries Limited	4,25,260	1	43,33,360	43,33,360
Sutlej Textile & Industries Limited	1,14,309	10	24,04,209	24,04,209
SIL Investment Limited	1,14,309	10	19,96,687	19,96,687
Tanfac Industries Limited	4,98,000	10	56,27,400	56,27,400
Tata Steel Limited	55,01,525	10	69,50,05,198	69,50,05,198
Umi Special Steels Limited	1,00,000	10	1,70,000	1,70,000
Zenith Birla Limited	2,860	10	15,078	15,078
Zuari Industries Limited	4,34,000	10	78,98,800	78,98,800
			5,66,70,29,439	5,66,70,29,439
Preference Shares				
2% Cumulative Compulsorily Convertible Preference Shares of Tata Steel Ltd.	47,31,748	100	47,31,74,800	47,31,74,800
			6,14,02,04,239	6,14,02,04,239

SCHEDULE 'F' — (Contd.)

			(Amount in Rs.)	
UNQUOTED (Fully Paid)	Nos.	Face Value	As at 31st	As at 31st
Equity Shares		per Share	March, 2009	March, 2008
Birla Buildings Ltd.	15,000	10	1,52,258	1,52,258
Birla Consultants Ltd.	12,000	10	1,20,000	1,20,000
Indo Thai Synthetics Co Ltd. Bangkok (Thailand)	2,07,900	10 Baht	11,41,857	11,41,857
Indo-Phil Textile Mills Inc., Manila (Republic of Phillippines)	2,11,248	10 Pesos	2,02,692	2,02,692
The Eastern Economist Ltd.	400	100	40,101	40,101
The Hindustan Times Ltd.	1,92,000	10	2,17,948	2,17,948
The Industry House Ltd.	2,812	100	1,89,409	1,89,409
Gmmco Ltd.	68,249	10	3,41,24,500 (4)	3,41,24,500
			<u>3,61,88,765</u>	<u>3,61,88,765</u>
Equity Shares In Subsidiary Companies				
PIC Properties Ltd.	50,002	10	5,00,020	5,00,020
			<u>5,00,020</u>	<u>5,00,020</u>
CURRENT INVESTMENTS				
UNQUOTED				
Mutual Funds				
	<u>Units</u>			
Birla Sunlife Dynamic Bond	37,94,326	10	3,90,09,465	—
	(—)			
ICICI Prudential Growth	1,90,052	10	1,38,62,402	1,75,00,000
Reliance Medium Term	7,34,096	10	1,25,49,746	—
	(—)			
TFLD Tata Treasury Manager Plan	39,286	1000	3,96,57,178	—
	(—)			
			<u>10,50,78,791*</u>	<u>1,75,00,000</u>
			6,28,19,71,815	6,19,43,93,024
Less : Provision for diminution in value of Unquoted investments			71,15,221	1,52,13,647
			<u>6,27,48,56,594</u>	<u>6,17,91,79,377</u>

SCHEDULE 'F' — (Contd.)

	As at 31st March, 2009	As at 31st March, 2008
Mutual Funds		
Aggregate amount of Investments		
Quoted	6,14,02,04,239	6,14,02,04,239
Unquoted	13,46,52,355	3,89,75,138
	6,27,48,56,594	6,17,91,79,377
Market Value of Quoted Investments	17,70,05,56,619	46,66,95,77,835

Notes : (1) Besides the above, the following investments were purchased and sold during the year

<u>Name of the Mutual Fund</u>	<u>No. of Units</u>	<u>Face Value</u>
Birla Sunlife Savings Fund - Institutional - Daily dividend	1,03,18,825	10/-
DSPML FMP 1M Series 1 - Institutional	22,65,734	10/-
DSP Black Rock Liquid Fund Regular Plan	22,68,509	10/-
DSP Merrill Lynch Liquid Plus - Daily Dividend	38,099	1000/-
ICICI Prud. Flexi Income Plan Premium	76,05,008	10/-
ICICI Prud. Institutional Liquid Plan - Daily	16,98,058	10/-
IDFC Fixed Maturity plan - Quaterly Services - Dividend	70,00,000	10/-
Reliance Medium Term Fund - Daily Dividend	99,29,464	10/-
Tata Floater Fund - Daily dividend	38,08,389	10/-

SCHEDULE 'F' — (Contd.)

UNQUOTED (Fully Paid)

- (2) The following shares, although in Physical possession of the company have not been indicated above since the value thereof has been written off in earlier years.

QUOTED (Fully Paid)

Equity Shares	Nos.	Face Value
Jiyajeerao Cotton Mills Limited	150	10/-
Kalyan Sundaram Cement Industries Limited	50,000	10/-
Saurashtra Chemicals Limited	1,65,874	10/-
Tungbhadra Industries Limited	1,865	10/-

Unquoted (Fully Paid)

Equity Shares		
Bombay Industrial Traders Ltd. (In liquidation)	915	100/-
Hind Cycles Ltd. (In liquidation)	400	100/-
Industrial Plants Ltd. (in liquidation)	75,000	10/-
Mckenzie's Ltd.	753	10/-

In Subsidiary Companies

Atlas Iron and Alloys Limited (in liquidation)	72,000	10/-
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Debentures

Hind Cycles Ltd. (In liquidation)	66	100/-
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Unquoted (Partly Paid)

Equity Shares		
Central Distributors Ltd. (in Liquidation) (Paid up Rs. 7.50 per share)	1,284	10/-

SCHEDULE 'F' — (Contd.)

- (3) 1,55,440 shares of Century Textiles & Industries Limited & 850 shares of Grasim Industries Limited have been short received from UCO Bank, Kolkata which were lying with them in safe custody account and reported lost/misplaced by them for which the company has applied for issuing duplicate share certificates.
- (4) Indicates Securities where provision towards diminution in the value of Investments has been made.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2009

SCHEDULE 'G'	(Amount in Rs.)	
	As at 31st March, 2009	As at 31st March, 2008
CURRENT ASSETS, LOANS AND ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors		
(Unsecured, Considered Good except as stated otherwise)		
Debts outstanding for a period Exceeding		
six months	4,36,069	32,22,256
Other Debts	4,94,977	20,66,580
	<u>9,31,046</u> *	<u>52,88,836</u>
Less : Provision for Non performing assets	43,607	2,73,200
	8,87,439	50,15,636
*Including Rs. 4,36,069 (Rs. 27,31,058) considered Non-performing Assets		
Cash & Bank Balances		
Cash in hand	6,308	9,215
With Scheduled Banks on:		
Current Account	22,29,392	92,23,057
B. LOANS AND ADVANCES		
(Unsecured, Considered Good except as stated otherwise)		
a) Loans		
Loan to PIC Properties Ltd.		
a Subsidiary Company (Free of interest)	48,09,183 **	48,09,183
b) Advances:		
Advance payment of Income Tax		
Tax deducted at source and refunds		
Receivable (after adjusting provision)	1,15,05,102	1,06,28,334
Other Advances recoverable in cash or Kind or		
for value to be received or pending adjustments		
Less : Provision for Non performing assets	21,33,280 #, @	21,55,377
	<u>16,65,000</u>	<u>16,65,000</u>
	4,68,280	4,90,377
Sundry Deposits	25,48,676	27,48,676
Deposit against demand under dispute	69,27,803	69,27,803
	<u>2,14,49,861</u>	<u>2,07,95,190</u>
	2,93,82,183	3,98,52,281
# Including Rs. 16,65,000 (Rs. 16,65,000) considered Non-performing Assets		
** Maximum amount due at any time during the year		
	48,09,183	48,09,183
NOTE :		
@ Amount due from a Director of the Company Advances	22,355	32,105
Maximum Amount due at any time during the year Advances	2,82,442	1,41,607

SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE – 'H'

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS :

1. Accounting Policies

i. Basis of Accounting

The financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards Notified by the Companies Accounting Standards Rule, 2006 and the relevant provisions of the Companies Act, 1956 and the directives prescribed by the Reserve Bank of India for Non-Banking Financial Companies. The financial statements have been prepared under the historical cost convention on an accrual basis. However, income is not recognised and also provision is made in respect of non performing assets as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

ii. Revenue Recognition

Dividends

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend received from Overseas Companies is accounted for, net of tax deducted at source.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iv. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

v. Depreciation

Depreciation on Fixed Assets is provided on reducing balance method at the rates specified in Schedule XIV of the Companies Act, 1956.

Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

vi. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

vii. Investments

- a) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long Term Investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Long-term investments are valued at cost, i.e. book value of the investments as reflected in the financial statements as on 31st March, 2003 and for subsequent diminution, provision is made by way of adjustment against Investment Reserve in terms of scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court during an earlier year. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.
- c) Shares held in Overseas Companies are valued at the exchange rates prevailing on the date of payment(s).

viii. Cash & Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

ix. Provision for Retirement benefits

- i) Retirement benefits in the form of Provident Fund and Superannuation are defined contribution schemes and the contributions are charged to Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.
- ii) Gratuity liability are defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Long term compensated absences are provided for based on actuarial valuation done under projected unit credit method, made at the end of each financial year.
- iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

x. Earning per share

Basic earning per share is calculated by dividing the net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xi. Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent it has become reasonably certain or virtual certain, as the case may be that sufficient future taxable income will be available against which such deferred tax asset can be realized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

xii. Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Shares held in Overseas Companies are valued at the exchange rates prevailing on the date of payment(s).

c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items are recognized as income or expenses in the year in which they arise.

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

xiii. Assets acquired under lease

For assets acquired under operating lease, rentals payable are charged to the profit & loss account.

xiv. Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty, or in respect of which reliable estimates can not be made are treated as contingent and disclosed by way of notes to the accounts.

xv. Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2. Contingent Liabilities & Commitments not provided for in respect of –

- a) Uncalled liability on partly paid Shares held as Investments Rs. 3,210 (Rs.3210).
 - b) Income Tax demands for earlier years aggregating to Rs 39,41,335 (Rs.1,07,36,149) disputed by the Company/ Income Tax department in appeal .
3. The Company has disputed the claim for recovery of Rs.15,44,486 plus interest from 1st November, 1973 made by State Bank of India, Bombay in a suit filed against the company on the basis of guarantee given in respect of the advances made to Hind Cycles Limited against their Cash Credit Account by the said Bank. Against the above claim, Rs.69,27,803 have been deposited with Debts Recovery Appellate Tribunal pursuant to Hon'ble Bombay High Court Order while admitting the writ petition filed by the Company. Pending the High Court judgment in the above matter, no provision against the above claim has been made in the accounts.
4. Based on the allowance of certain claims by the Commissioner of Income Tax (Appeals), the Company had received interest of Rs 1,01,45,274 during the year 2004-2005 from Income Tax department for the assessment years 1993-94 to 1996-97. However, the department has

gone into appeal against the above judgment and accordingly, the said interest income being a matter of contingency, has not been credited to the Profit and Loss Account.

5. The Company has given undertaking to some Banks/Financial Institutions for non-disposal of its share holdings in the following Bodies Corporate without their approval, till the loans given by those banks/institutions are repaid in full by these Bodies Corporate :-

- | | |
|---|------------------------------|
| (i) Aditya Birla Chemicals (India) Ltd. | (ii) Tanfac Industries Ltd. |
| (iii) Aditya Birla Nuvo Ltd. | (iv) Mangalam Cement Ltd. |
| (v) Century Textiles & Industries Ltd. | (vi) Kesoram Industries Ltd. |

6. **Gratuity and other post-employment benefit plans**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972. The scheme is unfunded.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

(i) Net Employee Expense/(benefit)	2008-09	2007-08
	Rs.	Rs.
Current Service Cost	1,49,000	1,21,000
Interest cost on benefit obligation	1,99,000	1,64,000
Expected return on plan assets	-	-
Net Actuarial gain/loss recognised in the year	4,55,000	1,47,000
Total employer expense recognised in Profit and Loss Account	8,03,000	4,32,000
(ii) Benefit Asset/(Liability)		
Defined benefit obligation	(30,60,000)	(22,57,000)
Fair value of Plan Assets	-	-
Benefit Asset/(Liability)	(30,60,000)	(22,57,000)
(iii) Movement in benefit liability		
Opening defined benefit obligation	22,57,000	18,54,000
Interest cost	1,99,000	1,64,000
Current service cost	1,49,000	1,21,000
Benefits paid	-	(29,000)
Actuarial (gains)/losses on obligation	4,55,000	1,47,000
Closing benefit obligation	30,60,000	22,57,000
(iv) The principal actuarial assumptions are as follows		
Discount rate	7.50%	8.00%
Salary increase	5.00%	5.00%

(Amount in Rs.)

(v) **Amount incurred as expense for defined contribution plans**

Contribution to Provident / Pension fund	2,50,497	2,20,356
Contribution to Superannuation fund	1,94,492	1,62,990

(vi) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.

(vii) **Amounts for the current and previous periods are as follows :**

Gratuity

Defined Benefit Obligation	30,60,000	22,57,000
Plan Assets	—	—
Surplus / (Deficit)	(30,60,000)	(22,57,000)
Experience adjustments on plan liabilities	Not Available *	Not Available *

*The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities, are not readily available and hence not disclosed.

7. (a) Building maintenance expenses include Salaries Rs. 5,46,590 (Rs.4,97,317), Insurance Rs. 50,483 (Rs. 49,066) and Electricity Expenses Rs. 38,67,800 (Rs. 35,07,327).
- (b) Miscellaneous Expenses includes Directors' Travelling Expenses Rs. 1,06,296 (Rs.2,04,351)
8. The Competent Authority under Urban Land (Ceiling & Regulation) Act, 1976 has declared excess land of 329.25 sq.mtrs. in respect of land held by the Company at Kolkata and 1,486.87 sq.mtrs. in respect of land at New Delhi transferred to a subsidiary of the company w.e.f. 1.4.1985, against which a stay has been granted to the Company by the Appellate Authority under the said Act. Further in view of Urban Land (Ceiling & Regulation) Repeal Ordinance 1999 (No.5 of 1999) dated 11.1.1999, the Urban Land (Ceiling & Regulation) Act, 1976 stands repealed in New Delhi as advised to the company by the solicitors.
9. No effect has been given in the accounts in respect of the following Equity Shares received by way of fully paid Bonus Shares on shares not belonging to the Company and the same are being held in trust by the Company :

<u>Sl.</u>	<u>Name of the Company</u>	<u>No. of Equity Shares</u>	<u>Face Value per Share (Rs)</u>
(a)	Grasim Industries Ltd.	1079	10/-
(b)	Hindustan Motors Ltd.	440	10/-
(c)	Century Textiles & Industries Ltd	220	10/-
(d)	Tungabhadra Industries Ltd.	4	10/-
(e)	Hindustan Everest Tools Ltd.	117	10/-

10. Diminution of Rs. 63,78,32,463 in the value of certain investments based on their quoted price as on 31st March 2009, in the opinion of the management is 'temporary' in nature and hence no provision has been considered there against. However, the above provision would not have any impact on the Profit & Loss Account, since as indicated in note no. 1 (vii) (b) above, the same would be adjusted against investment reserve.

11. Executive Director's Remuneration

	2008-09		2007-08	
	Rs.	Rs.	Rs.	Rs.
Salary *	11,70,000		10,90,026	
Provident Fund Contribution	1,40,400	13,10,400	1,15,200	12,05,226
NOTES:				
In addition to the above, the following expenses have been incurred for the Executive Director:				
Rent		4,75,780		1,68,000
Medical Expenses		90,962		80,000
Superannuation Scheme Contribution		1,75,500		1,44,000
Directors' Fee		80,000		70,000
Leave Travel Assistance		1,77,500		—
		23,10,142		16,67,226

* Excluding taxable value of perquisites Rs. 1,74,603 (Rs. 1,50,603)

NOTE : As the future liability for gratuity and leave encashment is provided on an actual basis for the Company as a whole, the amount pertaining to the executive director is not ascertainable and, therefore, not included above.

12. Segment Reporting :

The Company has only one business segment viz. investment and related activities and its operations are also confined to one geographical segment i.e. India. As such, no further disclosure under Accounting Standard 17 "Segment Reporting" as notified under the Companies (Accounting Standards) Rule, 2006 is required.

13. Basis for calculation of Basic and Diluted Earning Per Share is as under :-

		2008-09	2007-08
Profit after Tax as per Profit & Loss Account	Rs.	45,76,02,686	32,70,58,444
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earning Per Share	Rs.	57.86	41.35
Nominal value of Shares	Rs.	10	10

14. Related Party Disclosures

(a) Name of the related parties where control exists :

Subsidiary Companies	PIC Properties Limited Atlas Iron & Alloys Limited (in Liquidation)
----------------------	--

Name of other related parties :

Associate Company	Century Textiles & Industries Limited
Key Management Personnel	Shri R.A. Makharia (Executive Director)

(b) Aggregate Related Party Disclosures :

<u>Subsidiary Companies</u>	2008-09	2007-08
Loans and advances outstanding (PIC Properties Limited)	48,09,183	48,09,183
<u>Associate Company</u>		
Dividend Income	15,39,92,340	—
<u>Key Management Personnel</u>		
Remuneration	23,10,142	16,67,226
Advances Outstandings	22,355	32,105

15. The break up of deferred tax asset as on 31st March, 2009 is as follows :-

	2008-09	2007-08
	Rs.	Rs.
Timing Difference in depreciable assets	60,579	38,461
Expenses allowable against taxable income in future years	14,77,545	11,45,123
Provision for Diminution in value of unquoted Investments	16,12,309	51,71,119
Provision for Non-Performing Assets	5,80,756	6,58,659
TOTAL	37,31,189	70,13,362

16. Information pursuant to the provisions of Paragraphs 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable):—

Earnings in Foreign Exchange – Dividend (Net of Tax) Rs. NIL (NIL)

17. Information required in terms of Paragraphs 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies' Prudential Norms (Reserve Bank) Directions, 2007, to the extent applicable to the company, other than those already disclosed elsewhere in the accounts:-

- i) Borrower group-wise classification of all loans and advances (net of provision) :

Category	Secured	Unsecured	Total
1. Related Parties	Rs.	Rs.	Rs.
(a) Subsidiaries	— (—)	48,09,183 (48,09,183)	48,09,183 (48,09,183)
(b) Companies in the same Group	— (—)	— (—)	— (—)
(c) Other related parties	— (—)	22,355 (32,105)	22,355 (32,105)
2. Other than related parties	— (—)	2,14,27,505 (2,07,63,085)	2,44,97,089 (2,07,63,085)
TOTAL	— (—)	2,62,59,043 (2,56,04,373)	2,62,59,043 (2,56,04,373)

ii) Investor group-wise classification of all investments in shares and securities (both quoted and unquoted) is as follows :-

Category	Market Value/Break up or fair value or NAV Rs.	Book Value (Net of Provisions) Rs.
1. Related Parties		
(a) Subsidiaries	19,12,677 (16,23,065)	5,00,020 (5,00,020)
(b) Companies in the same Group	7,52,50,92,348 (24,89,71,39,326)	.1,58,57,50,974 (1,58,57,50,974)
(c) Other related parties	(—) (—)	(—) (—)
2. Other than related parties	10,49,06,37,888 (21,96,15,92,423)	4,68,86,05,600 (4,59,29,28,383)
TOTAL	18,01,76,42,913 (46,86,03,54,814)	6,27,48,56,594 (6,17,91,79,377)

iii). Other information

Particulars	Rs.
i) Gross Non-performing Assets	
a) Related Parties	— (—)
b) Other than related parties	21,01,069 (43,96,058)
ii) Net Non-performing Assets	
a) Related Parties	— (—)
b) Other than related parties	3,92,462 (24,57,858)
iii) Assets acquired in satisfaction of debt	— (—)

18. Assets given on operating lease :-

The company has leased out certain buildings on operating lease. The lease term is for 2-3 years and thereafter renewable. The rent is not based on any contingencies. There are no restrictions imposed by lease agreements. The lease are cancelable.

19. Based on the information's/documents available with the Company, no creditor is covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions/payments have been made by the company to such creditors, if any, and no disclosures are made in these accounts.

20. Figures given in the brackets represents those of Previous year and same have been re-grouped where necessary to confirm to this year's classification.

Signatures to Schedules 'A' to 'H'

22, Camac Street
Kolkata - 700 016
Dated : 10th June, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

B. D. DALMIA
Secretary

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have the pleasure in presenting before you the Accounts of the Company for the year ended 31st March, 2009.

FINANCIAL RESULTS :

	Rs.
Gross Profit for the year	4,60,311
Less : Depreciation	<u>54,670</u>
	4,05,641
Add : Balance brought forward from previous year	<u>10,94,418</u>
	15,00,059
Less : i) Provision for Taxation (A.Y. 2009-2010)	91,204
ii) I. Tax for earlier year	<u>24,585</u>
	<u>1,15,789</u>
	<u>13,84,270</u>

Your Directors report a Gross Profit of Rs. 4,60,311/- for the year and a Net Profit of Rs. 4,05,641/- after depreciation. The Directors refrain from declaring any Equity Dividend for the year.

DIRECTORS :

Shri G.K. Tulsian retires by rotation from the Board and being eligible offers himself for re-appointment.

PARTICULARS OF EMPLOYEES :

The Company has no employees in the category specified under Section 217 (2-A) of the Companies Act, 1956.

AUDITORS :

M/s. Singhi & Co., Chartered Accountants, the auditors of the Company retire and are eligible for re-appointment.

Place : Kolkata
The 30th day of April, 2009

S. K. DAGA
S. N. NEOTIA
Directors

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of **PIC PROPERTIES LIMITED** as at 31st March, 2009 and the Profit & Loss Account and the 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.

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 mis-statement. 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.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the 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 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
- iv) In our Opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statment dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- v) On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (b) In the case of Profit and Loss Account of the profit for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

1-B, Old Post Office Street
Kolkata
Dated, the 30th day of April, 2009

For SINGHI & CO.
Chartered Accountants
S. K. Kothari
Partner

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- (i) In respect of its fixed assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
 - (b) The fixed assets were physically verified during the year by the management, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies are noticed on such verification.
 - (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- (ii) The Company is not trading in any goods. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) (Amendment) Order, 2004 relating to Inventories are not applicable to the Company
- (iii) The Company has taken unsecured loan from its Holding Company. The maximum amount involved was Rs. 48,09,182/- and in the year - end balance was Rs. 48,09,182/-. As explained this loan is interest free and repayable on demand. In our opinion other terms and conditions of such loan are prima facie not prejudicial to the interest of the Company.
- (iv) *In our opinion and according to the information and explanations 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 fixed assets.*
- (v) In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 ;
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, no transaction needs to be entered in the said register.
 - (b) *In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of the five lakh rupees in respect of each party during the year.*
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the provisions of Section 58A, 58AA or any other relevant provisions of the Act, and the rules framed thereunder and the directives issued by the Company Law Board, National Company Law Tribunal or the Reserve Bank of India, or any Court or any other Tribunal where applicable, with regard to the deposits accepted from the public.
- (vii) The provisions of clause 4(viii) of the Companies (Auditor's Report) (Amendment) Order, 2004 relating to Internal Audit are not applicable to the Company.
- (viii) The provisions relating to clause 4(viii) of the Companies (Auditor's Report) (Amendment) Order, 2004 relating to maintenance of Cost records as per clause (d) of sub-section 209 of the Act are not applicable to the Company.
- (ix) According to the information and explanations given to us in respect of Statutory and other dues :

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. There are no undisputed statutory dues unpaid for over six months.
- (b) According to the records of the Company, there are no dues of the Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses as at the end of the year and the Company has not incurred cash losses during the current and the immediately preceding financial year.
- (xi) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xii) According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the nature of activities of the company is such that the provisions of any special statute including Chit Fund / nidhi / mutual benefit fund / societies are not applicable to it.
- (xiv) The Provisions of Clause 4(xiv) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us the Company have not availed term loans. Therefore, the Clause 4(xvi) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company no short-term borrowings have been used for long-term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year and hence the question of whether the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- (xix) The Company has not issued any debenture during the year. Accordingly, the Clauses 4(xix) of Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- (xx) The Company has not raised monies by public issues during the year and hence the question of disclosure and verification of end use of such monies does not arise.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

1-B, Old Post Office Street,
Kolkata
Dated, the 30th day of April, 2009

For SINGHI & CO.
Chartered Accountants
S. K. Kothari
Partner

BALANCE SHEET AS

As on 31.3.08 Rs.	LIABILITIES	Amount Rs.
	SHARE CAPITAL	
	Authorised	
9,00,000	90,000 Equity Shares of Rs. 10/- each	9,00,000
1,00,000	1,000 6% Non Cumulative Redeemable Preference Shares of Rs. 100/- each	1,00,000
10,00,000		10,00,000
	Issued & Subscribed	
5,00,020	50,002 Equity Shares of Rs. 10/- each (All Shares are held by the Holding Company, i.e., M/s. Pilani Investment & Industries Corpn. Ltd. and out of the above 50,000 Equity Shares have been allotted for consideration other than cash)	5,00,020
	RESERVES & SURPLUS	
28,187	General Reserve	28,187
10,94,418	Profit & Loss A/c.	13,84,270
200	Capital Redemption Reserve	200
	UNSECURED LOAN	
48,09,182	M/s. Pilani Investment & Industries Corpn. Ltd. (Interest Free)	48,09,182
2,19,00,000	M/s. Birla Group Holdings Pvt. Ltd. (Advance against Equity)	2,19,00,000
30,000	Security Deposit	30,000
	CURRENT LIABILITIES & PROVISIONS	
20,733	Sundry Creditors	19,236
2,55,251	Provision for Taxation	2,70,168
	Notes on Accounts - Schedule 'C'	
2,86,37,991		2,89,41,263

"As per our Report of even date"

For SINGHI & CO.

Chartered Accountants

S. K. Kothari

Partner

Place : Kolkata

Dated, the 30th day of April, 2009

AT 31ST MARCH, 2009

As on 31.3.08 Rs.	A S S E T S	Amount Rs.
	FIXED ASSETS	
2,58,99,906	As per Schedule 'A' Annexed	2,58,45,236
	INVESTMENTS	
21,28,040	As per Schedule 'B' Annexed	25,78,040
	CURRENT ASSETS, LOANS & ADVANCES	
	(A) Current Assets	
5,404	Cash in hand (As certified by the Management)	1,746
2,18,981	Balance with Scheduled Banks : In Current A/C.	<u>1,18,631</u> 1,20,377
	(B) Loans & Advances	
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)	
3,64,095	Tax deducted at Source	3,76,009
8,100	Deposit with Govt. & Other Authorities	8,100
13,465	Prepaid Insurance	13,501 3,97,610
		<hr/>
<u>2,86,37,991</u>		<u>2,89,41,263</u>

S. K. DAGA
S. N. NEOTIA
Directors

PROFIT & LOSS ACCOUNT FOR

As on 31.3.08 Rs.	PARTICULARS	Dr. Amount Rs.
7,000	To Salary	7,000
1,09,165	" Rates & Taxes	1,10,040
18,619	" Insurance	18,560
	" Miscellaneous Expenses :	
1,105	" Bank Charges	852
920	" General Charges	1,158
900	" Filing Fees	1,200
13,483	" Audit Fees	13,236
—	" Professional Fees	8,427
6,000	" Directors' Fees	6,000
6,550	" Travelling Expenses	—
—	" Printing & Stationary	1,150
57,731	" Depreciation	54,670
1,19,472	" Provision for taxation	91,204
5,77,380	" Profit for the year carried down	3,14,437
<u>9,18,325</u>		<u>6,27,934</u>
—	" Income Tax For Earlier Year	24,585
10,94,418	" Balance carried over to Balance Sheet	13,84,270
	Notes on Accounts - Schedule 'C'	
<u>10,94,418</u>		<u>14,08,855</u>
<u>2007-08</u>	Basic and Diluted Earning per share	<u>2008-09</u>
11.55	(Face Value of Rs. 10 per share)	5.80
50,002	Weighted average number of Equity Shares outstanding	50,002

"As per our report of even date"
For SINGHI & CO.
Chartered Accountants
S. K. Kothari
Partner

Place : Kolkata
The 30th day of April, 2009

THE YEAR ENDED 31ST MARCH, 2009

As on 31.3.08 Rs.	PARTICULARS	Cr. Amount Rs.
6,57,756	By Rent (Incl. Arrear Rs. Nil P.Y. Rs. 1,30,680/-)	5,27,076
	(Tax deducted at source Rs. 1,19,436/-, Previous Year Rs. 1,49,050/-)	
160	" Income from Investments	240
2,43,534	Dividend on Shares	92,180
16,875	Dividend on Mutual Funds	8,438
	Interest on US 64 Bonds (Tax deducted at source Rs. Nil, Previous Year Rs. Nil)	
9,18,325		6,27,934
5,77,380	" By Profit for the year brought down	3,14,437
5,17,038	" Balance carried forward from previous year	10,94,418
10,94,418		14,08,855

S. K. DAGA
S. N. NEOTIA
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

<u>PARTICULARS :</u>	Rs. For the year ended 31st March '09	Rs. For the year ended 31st March, '08
Net Profit before taxation, and extraordinary item	4,05,641	6,96,852
Adjustment for :		
Depreciation	54,670	57,731
<i>Income from Investments</i>	(1,00,858)	(2,60,569)
Operating Profit before working capital changes	3,59,453	4,94,014
Increase / (Decrease) in Sundry Creditors	(1,497)	4,621
Decrease / (Increase) in Sundry Debtors / Advances	(36)	22
	3,57,920	4,98,657
Income Tax paid	(1,12,786)	(1,49,050)
Net Cash from operations	2,45,134	3,49,607
Cash flow from investing activities		
Short Term Investments	(7,00,000)	(5,08,837)
Income From Investments	1,00,858	2,60,569
Redemption of Mutual Funds / Bonds Units	2,50,000	—
Net Cash from investing activities	(3,49,142)	(2,48,268)
Cash flow from Financing activities		
Advance against equity	—	—
Net Increase / (Decrease) in cash & cash equivalents	(1,04,008)	1,01,339
Cash & cash equivalents at the beginning of the year	2,24,385	1,23,046
Cash & cash equivalents at the end of the year	1,20,377	2,24,385

Kolkata
The 30th day of April, 2009

For SINGHI & CO.
Chartered Accountants
S. K. Kothari
Partner

S. K. DAGA
S. N. NEOTIA
Directors

Note :

The above Cash Flow Statement has been made according to indirect method as specified in paragraph 18(b) of AS 3 prescribed by ICAI.

FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 'A'

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 1.4.2008	Additions (Deletions) during the year	As on 31.3.2009	Upto 31.3.2008	For the year	Upto 31.3.2009	As on 31.3.2009	As on 31.3.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FREE-HOLD LAND	2,48,22,151	—	2,48,22,151	—	—	—	2,48,22,151	2,48,22,151
BUILDING	34,26,308	—	34,26,308	23,54,536	53,587	24,08,123	10,18,185	10,71,772
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	2,92,457	—	2,92,457	2,86,474	1,083	2,87,557	4,900	5,983
	2,85,40,916	—	2,85,40,916	26,41,010	54,670	26,95,680	2,58,45,236	2,58,99,906
PREVIOUS YEAR	2,85,40,916	—	2,85,40,916	25,83,279	57,731	26,41,010	2,58,99,906	

SCHEDULE 'B'

INVESTMENT AS AT 31ST MARCH, 2009

LONG TERM INVESTMENTS (AT COST)

As on 31.3.08 Nos.	Amount Rs.		Cost / Face Value	Nos.	Amount Rs.	Market Value of Quoted Investment Rs.
QUOTED						
Shares / Bonds(Fully Paid-up)						
200	2,000	Equity Shares — Mangalore Refinery Petrochemicals Ltd.	10/-	200	2,000	8,210
2,500	2,50,000	6.75% Tax Free US 64 Bonds			—	
MUTUAL FUND UNITS						
18,811.136	2,50,000	Birla Dividend Yield Plus (D)	13.29	18,811.136	2,50,000	1,66,857
33,472.804	8,00,000	Birla Midcap- (D)	23.90	33,472.804	8,00,000	4,73,640
21,986.716	3,17,203	Birla MIP - Wealth 25 - Growth	14.43	21,986.716	3,17,203	3,21,226
36,549.406	5,08,837	Birla MIP - Wealth 25 - Growth	13.92	36,549.406	5,08,837	5,33,987
—	—	Birla Gift Plus - D Regular Plan	12.41	56403.397	7,00,000	7,06,735
	<u>21,28,040</u>				<u>25,78,040</u>	<u>22,10,655</u>

Aggregate Book Value of Quoted Investments — Rs. 25,78,040/- (Rs. 21,28,040/-)
 Aggregate Market Value of Quoted Investments — Rs. 22,10,655/- (Rs. 21,09,443/-)

SCHEDULE 'C'

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis for preparation of Accounts :

The Accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India.

The Company follows accrual basis of accounting and all expenses and income unless specified otherwise are accounted for on Mercantile Basis.

ii) Fixed Assets :

Fixed Assets are stated at cost less depreciation. Expenses relating to acquisition and installation of fixed assets are capitalised till the assets are put to use.

iii) Depreciation :

Depreciation on fixed assets has been provided on written down value at the rates specified in Schedule XIV of the Companies Act, 1956, as amended vide Notification GSR 756(E) dated 16th December, 1993.

iv) Investments :

Investments are stated at cost and are long term in nature.

v) Income Tax :

Current tax is provided as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized on timing differences between taxable income and accounting income subject to a consideration of prudence.

2. Income form Investments includes :

i) Interest on 6.75% Tax Free US 64 Bonds (Previous Year)	–	Rs. 8,438/-, TDS : Rs. NIL – Rs. 16,875/-, TDS : Rs. NIL)
ii) Equity Dividend on MRPL Shares (Previous Year)	–	Rs. 240/-, TDS : Rs. NIL – Rs. 160/-, TDS : Rs. NIL)
iii) Dividend on Mutual Fund Units (Previous Year)	–	Rs. 92,180/-, TDS : Rs. NIL – Rs. 2,43,534/-, TDS : Rs. NIL)

3. In view of consideration of prudence in terms of Accounting Standard 22 Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India and applicable w.e.f. 1st April, 2001, deferred tax asset on carried forward long-term capital loss as on 31.3.2009 amounting to Rs.7,33,472/- (as on 1.4.2008 Rs.12,30,390/-) has not been recognized in these accounts. There are no other timing differences between taxable income & accounting income of the company.

4. As there is only one segment in the Company, AS-17 is not applicable.

5. M/s. Pilani Investment & Industries Corporation Ltd. being our 100% Holding Co. is the only related party but there has been no transaction with them during the Accounting Year 2008-09.

6. Previous Year's figures have been rearranged/regrouped wherever considered necessary.

Kolkata
The 30th day of April, 2009

For Singhi & CO.
Chartered Accountants
S. K. Kothari
Partner

S. K. DAGA
S. N. NEOTIA
Directors

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	Registration Details :	
	Registration No. :	38472
	Balance Sheet Date :	31.03.2009
		State Code : 21
II.	Capital raised during the year (Amount in Rs. Thousands)	
	Public Issue	Rights Issue
	—	—
	Bonus Issue	Private Placement
	—	—
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)	
	Total Liabilities	Total Assets
	28,941	28,941
	Source of Funds :	
	Paid up Capital	Reserve & Surplus
	500	1,413
	Secured Loans	Unsecured Loans
	—	26,739
	Application of Funds :	
	Net Fixed Assets	Investments
	25,845	2,578
	Net Current Assets	Misc. Expenditure
	229	—
	Accumulated Losses	—
	—	
IV.	Performance of Company (Amount in Rs. Thousands)	
	Turnover (Rent, Investment Income)	Total Expenditure
	628	222
	Profit / (Loss) before Tax	Profit / (Loss) after Tax
	406	315
	Earning per Share in Rs.	Dividend rate %
	5.80	—
V.	Generic Names of Three Principal Products/Services of Company (As per monetary terms)	
	Product Description	Rental
	Item Code No. (ITC Code)	
	Product Description	

AUDITORS' REPORT

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS ON CONSOLIDATED FINANCIAL STATEMENTS OF PILANI INVESTMENT & INDUSTRIES CORPORATION LIMITED & ITS SUBSIDIARY

1. We have audited the attached Consolidated Balance Sheet of **PILANI INVESTMENT & INDUSTRIES CORPORATION LIMITED**, its Subsidiary and Associates as at March 31, 2009 and the Consolidated Profit and Loss Account and the Consolidated 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our report, we draw attention to Note No. 9 on Schedule - H regarding non-provision towards diminution of Rs. 6378.32 lacs in the value of certain investments based on their quoted price as on 31st March, 2009, which in the opinion of the management is 'temporary' in nature and hence no provision has been made there against.
4. We have not audited the financial statements of the company's subsidiary and associate, which reflect total proportionate assets of Rs.1,67,724.95 lacs as at 31st March, 2009 and total proportionate revenues of Rs. 1,42,884.04 lacs and proportionate net cash flow of Rs. 699.58 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary/associate, is based solely on the reports of the other auditors.
5. We report that subject to Note No. 2 (c) in Schedule H, regarding difference between the Company's investments and share of equity in Associate Company, the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
6. Attention is drawn to Note No. 6 regarding non-provision of a claim of Rs. 15.44 lacs plus interest thereon from 1st November 1973, by a bank in respect of the guarantee given by the company against which Rs. 69.27 lacs has been deposited with Debts Recovery Appellate tribunal pursuant to Hon'ble Bombay High Court order, pending disposal of Company's writ petition filed thereagainst ;
Subject to para 5 & 6 above, whose impact on the company's Profit/Reserves is not presently ascertainable, based on our audit and on consideration of the reports of other auditors on separate financial statements and on the basis of information and explanations given to us, in our opinion, the attached consolidated financial statements, read together with the 'Notes' appearing in Schedule 'H', give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Pilani Investment & Industries Corporation Limited and its subsidiary/associate as at 31st March, 2009;
 - (ii) in the case of the Consolidated Profit & Loss Account, of the consolidated results of operations of Pilani Investment & Industries Corporation Limited and its subsidiary/ associate for the year then ended ; and
 - (iii) in the case of the Consolidated Cash Flow statement, of the consolidated cash flows of Pilani Investment & Industries Corporation Limited and its subsidiary/associate for the year then ended.

22, Camac Street
Block 'C', 3rd Floor
Kolkata - 700 016
Dated : June 10, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

LIABILITIES	Schedule	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
SHARE CAPITAL	‘A’	7,90,87,500	7,90,87,500
ADVANCE AGAINST SHARE CAPITAL		2,19,00,000	2,19,00,000
RESERVES AND SURPLUS	‘B’	10,14,37,47,338	9,21,19,90,774
SECURED LOANS	‘C’	–	18,96,27,686
CURRENT LIABILITIES AND PROVISIONS	‘D’	23,75,22,681	19,24,89,642
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	‘H’		
		<u>10,48,22,57,519</u>	<u>9,69,50,95,602</u>

Schedules ‘A’ to ‘H’ referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date

22, Camac Street,
Kolkata - 700 016
Dated : June 10, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

ASSETS	Schedule	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
FIXED ASSETS	‘E’	2,80,25,618	2,83,16,750
INVESTMENTS	‘F’	10,42,56,79,893	9,62,43,67,597
DEFERRED TAX ASSET		37,31,189	70,13,362
CURRENT ASSETS, LOANS & ADVANCES	‘G’	2,48,20,819	3,53,97,893
		<u>10,48,22,57,519</u>	<u>9,69,50,95,602</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

Consolidated Profit & Loss Account for the year ended 31st March, 2009

	2008-09	2007-08
	Rs.	Rs.
To Payments to and Provisions for employees		
Salaries, Bonus etc.	28,27,309	22,02,344
Gratuity	8,03,000	4,32,000
Contribution to Provident and other funds	4,69,879	3,83,346
Employees' Welfare Expenses	<u>1,51,137</u>	<u>1,40,375</u>
	42,51,325	31,58,065
" Rent	5,48,936	2,40,738
" Rates & Taxes	20,72,057	21,05,393
" Insurance	34,046	29,716
" Building Maintenance & Service Expenses	56,78,214	57,14,450
" Miscellaneous Expenses	20,61,079	19,19,766
" Auditors' Remuneration		
As Auditor :		
Audit Fee	1,42,000	1,42,000
For Limited Reviews	78,000	78,000
For Expenses etc.	59,639	20,683
In other manner :		
For Certificates etc.	<u>80,000</u>	<u>62,000</u>
	3,59,639	3,02,683
" Directors' Fees	5,86,000	3,86,000
" Depreciation	2,91,132	1,92,883
" Interest on fixed loans	1,05,98,322	71,42,636
" Diminution in value of Current Investment	36,92,157	-
" Provision for Non-performing Assets	-	77,400
" Balance carried down (subject to taxation)	46,61,28,762	35,37,26,416
	<u>49,63,01,669</u>	<u>37,49,96,146</u>

Consolidated Profit & Loss Account for the year ended 31st March, 2009

	Rs.	2008-09 Rs.	2007-08 Rs.
By Income from Investments (Other than trade)			
Dividend :			
- On Long Term Investments	45,64,37,037		7,73,24,361
- On Current Investments	49,41,848		-
		46,13,78,885	7,73,24,361
" Interest from Bonds (Long Term Investments)		8,438	16,875
" Interest (Gross)			
From Banks [Tax deducted at source Rs. 69,654 (Rs. 52,602)]	3,38,123		2,55,345
On Loans & Deposits with Companies [Tax deducted at source Rs.1,26,368 (Rs.12,90,353)]	5,57,995		56,96,727
On Income Tax Refunds[Tax deducted at source Rs.Nil (Rs.Nil)]	15,61,929		-
		24,58,047	59,52,072
" Other Income :			
Rent (Gross) [Tax deducted at source Rs.39,10,922 (Rs.31,84,002)]	1,19,77,331		93,63,894
Service charges on rented properties	42,55,188		36,03,048
Recovery of Rates & Taxes	16,44,271		15,08,191
		1,78,76,790	1,44,75,133
" Profit on redemption of Units(Net) (Current Investments- Other than Trade)		6,075	26,85,97,187
" Profit on sale of long term investments (Other than Trade)		-	9,00,000
" Profit on sale of Rights Entitlement		62,45,415	-
" Provision for Non performing Assets no longer required written back (net)		2,29,593	-
" Provision for diminution in value of Unquoted investments no longer required written back		80,98,426	77,02,405
" Profit on sale of Fixed Assets		-	28,113
		49,63,01,669	37,49,96,146

Consolidated Profit & Loss Account for the year ended 31st March, 2009

	Rs.	2008-09 Rs.	2007-08 Rs.
To Provision for Taxation			
Current (including Rs. 12,97,847 (Nil))	48,89,051		2,36,19,472
Deferred	32,82,173		24,18,120
Fringe Benefit	65,000		53,000
		<u>82,36,224</u>	<u>2,60,90,592</u>
" Transfer to Special Reserve		9,16,00,000	6,60,00,000
" Proposed Dividend (on 79,08,750 shares @ Rs 25 (Rs 20) per share)		19,77,18,750	15,81,75,000
" Provision for Tax on Dividend		3,36,02,302	2,68,81,841
" Transfer to General Reserve		4,80,00,000	7,50,00,000
" Balance carried to Balance Sheet		4,14,16,05,346	3,36,48,58,845
		<u>4,52,07,62,622</u>	<u>3,71,70,06,278</u>
Earning Per Share (Face value Rs 10 each) Basic & Diluted (Rs)		145.11	171.37

(Refer Note No. 15 on Schedule H)

Notes : As per Schedule 'H' attached

Schedule H referred to above forms an integral part of the Consolidated Profit & Loss Account

As per our report of even date

22, Camac Street,
Kolkata - 700 016
Dated : June 10, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

Consolidated Profit & Loss Account for the year ended 31st March, 2009

	Rs.	2008-09 Rs.	2007-08 Rs.
By Balance brought down		46,61,28,762	35,37,26,416
" Share in the Profit of Associate Company		68,97,75,015	1,02,76,93,054
" Balance as per last account	3,36,48,58,845		2,33,56,81,814
Less : Impact of Revised AS-15 as on 1st April, 2007 (Net of Tax)	-		95,006
		<u>3,36,48,58,845</u>	<u>2,33,55,86,808</u>
		<u>4,52,07,62,622</u>	<u>3,71,70,06,278</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	2008-09 Rs.	2007-08 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	46,61,28,762	35,37,26,416
Adjustments for :		
Dividend Income	(46,13,78,885)	(7,73,24,361)
Interest Expenses	1,05,98,322	71,42,636
Interest Income	(24,66,485)	(59,68,947)
Profit on redemption of Units(Net)	(6,075)	(26,85,97,187)
Profit on Fixed Assets sold/discarded	-	(28,113)
Profit on sale of Long Term Investments	-	(9,00,000)
Profit on sale of Rights Entitlement	(62,45,415)	-
Depreciation	2,91,132	1,92,883
Provision for diminution in value of investments no longer required written back (net)	(44,06,269)	(77,02,405)
Provision against Non-performing Assets (Net of excess provision written back)	(2,29,593)	77,400
Operating Profit before working Capital Changes	22,85,494	6,18,322
Increase/ (Decrease) in Trade Payables	(12,31,172)	30,55,049
Decrease/ (Increase) in Trade & Other Receivables	45,79,851	17,25,94,793
Cash Generated From Operations :	56,34,173	17,62,68,164
Income Taxes paid (Net of Refunds)	(58,27,816)	(2,73,26,194)
NET CASH FROM OPERATING ACTIVITIES	(1,93,643)	14,89,41,970
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	-	(6,92,000)
Sale of Fixed Assets	-	1,04,999
Dividend from Associate Company	15,39,92,340	-
Dividend Received from Others	30,73,86,545	7,73,24,361
Interest Received	24,66,485	1,11,34,443
Sale/Redemption of Investments	57,17,56,649	1,94,24,27,470
Purchase of Investments	(65,72,26,107)	(2,24,00,33,505)
NET CASH FROM INVESTING ACTIVITIES	37,83,75,912	(20,97,34,232)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	2008-09 Rs.	2007-08 Rs.
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds form short term borrowings	-	20,00,00,000
Repayment of short-term borrowings	(18,50,00,000)	(1,50,00,000)
Interest Paid	(1,52,26,008)	(25,14,950)
Dividends paid	(15,81,75,000)	(15,81,75,000)
Tax on Dividend Paid	(2,68,81,841)	(2,68,81,841)
NET CASH FROM FINANCING ACTIVITIES	(38,52,82,849)	(25,71,791)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(71,00,580)	(6,33,64,053)
CASH AND CASH EQUIVALENTS- OPENING BALANCE *	94,56,657	7,28,20,710
CASH AND CASH EQUIVALENTS-CLOSING BALANCE *	23,56,077	94,56,657

* Represents Cash and Bank Balances as Indicated in Schedule-G

In terms of our attached Report of even date.

22, Camac Street
Kolkata - 700 016
Dated : June 10, 2009

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

B. D. DALMIA
Secretary

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 'A'	As at 31st March, 2009	(Amount in Rs.) As at 31st March, 2008
SHARE CAPITAL		
AUTHORISED		
90,00,000 Ordinary Shares of Rs.10 each	<u>9,00,00,000</u>	<u>9,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
79,08,750 (79,08,750) Ordinary Shares of Rs.10 each fully paid up	<u>7,90,87,500</u>	<u>7,90,87,500</u>

Note : Out of the above Subscribed Capital, 75,38,750 Shares have been issued as fully paid-up Bonus Shares by Capitalisation of Securities Premium and General Reserve.

SCHEDULE 'B'

RESERVES & SURPLUS

Capital Redemption Reserve

As per last Account	<u>200</u>	<u>200</u>
	<u>200</u>	<u>200</u>

Investment Reserve

As per last Account	<u>3,76,41,67,570</u>	<u>3,76,41,67,570</u>
	<u>3,76,41,67,570</u>	<u>3,76,41,67,570</u>

General Reserve

As per last Account	<u>1,48,52,24,159</u>	<u>1,41,02,24,159</u>
Add : Transfer from Profit & Loss Account	<u>4,80,00,000</u>	<u>7,50,00,000</u>
Add : Proportionate share of adjustment made in Associate Company during the year	<u>1,54,10,063*</u>	<u>-</u>
	<u>1,54,86,34,222</u>	<u>1,48,52,24,159</u>

Special Reserve

As per last Account	<u>59,77,40,000</u>	<u>53,17,40,000</u>
Add : Transfer from Profit & Loss Account	<u>9,16,00,000</u>	<u>6,60,00,000</u>
	<u>68,93,40,000</u>	<u>59,77,40,000</u>

Surplus as per Profit & Loss Account

<u>4,14,16,05,346</u>	<u>3,36,48,58,845</u>
<u>10,14,37,47,338</u>	<u>9,21,19,90,774</u>

* Represents proportionate share of adjustment arisen on exercise of the option of capitalisation of Foreign exchange fluctuation on long term liabilities for acquisition of Fixed assets, granted by the Companies (Accounting Standard) Amendment Rules, 2009 issued by the Ministry of Corporate Affairs on 31st March, 2009, adjusted against the Reserves by the Associate Company.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

(Amount in Rs.)

SCHEDULE 'C'	As at 31st March, 2009	As at 31st March, 2008
SECURED LOANS		
SHORT TERM LOANS :		
From a Finance Company	-	18,50,00,000
Add : Interest Accrued & due thereon	-	46,27,686
(Secured by pledge of a part of shares held as Investments)		
	<u>-</u>	<u>18,96,27,686</u>

SCHEDULE 'D'

CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2009	As at 31st March, 2008
A. CURRENT LIABILITIES		
Sundry Creditors for Goods, Services, Expenses etc.		
Due to Micro, Small & Medium Enterprises	-	-
Due to others	9,66,015	18,19,077
Sundry Deposits	7,08,505	7,08,505
Other Liabilities	1,80,109	15,36,219
	<u>18,54,629</u>	<u>40,63,801</u>
B. PROVISIONS		
Gratuity	30,60,000	22,57,000
Leave liability	12,87,000	11,12,000
Proposed Dividend	19,77,18,750	15,81,75,000
Tax on Proposed Dividend	3,36,02,302	2,68,81,841
	<u>23,56,68,052</u>	<u>18,84,25,841</u>
	<u>23,75,22,681</u>	<u>19,24,89,642</u>

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 'E'

FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at	Deductions/ Additions	Adjustments	As at	Upto	For the Year	Deductions/ Adjustments	Upto	As at	As at
	01.04.2008			31.03.2009	01.04.2008			31.03.2009	31.03.2009	31.03.2009
Freehold Land	2,55,50,354	-	-	2,55,50,354	-	-	-	-	2,55,50,354	2,55,50,354
Buildings	83,81,449	-	-	83,81,449	64,15,329	98,305	-	65,13,634	18,67,815	19,66,120
Furniture, Air-con ditioners, Electrical Installations, etc.	20,54,052	-	-	20,54,052	19,05,527	24,089	-	19,29,616	1,24,436	1,48,525
Office Equipments	18,015	-	-	18,015	18,015	-	-	18,015	-	-
Vehicles	6,92,000	-	-	6,92,000	40,249	1,68,738	-	2,08,987	4,83,013	6,51,751
TOTAL	3,66,95,870	-	-	3,66,95,870	83,79,120	2,91,132	-	86,70,252	2,80,25,618	2,83,16,750
Previous year's Total	3,65,48,029	6,92,000	5,44,159	3,66,95,870	86,53,510	1,92,883	4,67,273	83,79,120	2,83,16,750	

NOTES:

1. The above cost of land represents 36.94% undivided share in respect of land at 10 Camac Street, Kolkata and Buildings includes Rs. 3,50,000 and Rs. 46,05,141 being the cost of 28.125% and 36.94% undivided share in respect of Buildings at 15, India Exchange Place, Kolkata and 10, Camac Street, Kolkata respectively.
2. Furniture includes Rs. 13,44,997 being the cost of 36.94% undivided share of the Furniture, Air Condotioners, Electrical Installation etc. at 10, Camac Street, Kolkata.

Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2009

(Amount in Rs.)

SCHEDULE 'F'		Face Value		As at 31st	As at 31st
INVESTMENTS (Other than Trade)	Nos.	per Share		March, 2009	March, 2008
LONG TERM					
QUOTED (FULLY PAID)					
Equity Shares					
Aditya Birla Nuvo Limited	1,87,098	10		2,94,07,786	2,94,07,786
Aditya Birla Chemicals (India) Ltd. (Formerly Bihar Caustic & Chemicals Ltd.)	3,90,000	10		40,95,000	40,95,000
Cimmco Birla Limited	3,53,900	10		4,95,460	4,95,460
Grasim Industries Limited	43,00,293	10		1,42,21,06,895	1,42,21,06,895
Hindalco Industries Limited	2,91,85,398	1		1,83,63,31,900	1,83,63,31,900
Hindustan Everest Tools Limited	52,175	10		4,40,879	4,40,879
Jay Shree Tea & Industries Limited	1,422	10		41,238	41,238
Kamla Dials & Devices Limited	35,000	10		2,97,500	2,97,500
Kesoram Industries Limited	24,15,750	10		6,24,47,137	6,24,47,137
Kesoram Textile Mills Limited	24,15,750	2		6,03,938	6,03,938
Mangalam Cement Limited	11,20,000	10		75,60,000	75,60,000
Mangalore Refinery and Petrochemicals Limited	200	10		2,000	2,000
Orient Paper & Industries Limited	4,25,260	1		43,33,360	43,33,360
Sutlej Textile & Industries Limited	1,14,309	10		24,04,209	24,04,209
SIL Investment Limited	1,14,309	10		19,96,687	19,96,687
Tanfac Industries Limited	4,98,000	10		56,27,400	56,27,400
Tata Steel Limited	55,01,525	10		69,50,05,198	69,50,05,198
Umi Special Steels Limited	1,00,000	10		1,70,000	1,70,000
Zenith Birla Limited	2,860	10		15,078	15,078
Zuari Industries Limited	4,34,000	10		78,98,800	78,98,800
				4,08,12,80,465	4,08,12,80,465
Preference Shares					
2% Cumulative Compulsarily Convertible Shares of Tata Steel Limited	47,31,748	100		47,31,74,800	47,31,74,800
				4,55,44,55,265	4,55,44,55,265
Fully Paid Up Equity shares in Associate Company					
Century Textiles & Industries Ltd.	3,42,20,520	10	1,58,57,50,974#		1,58,57,50,974
Add: Proportionate Share of accumulated profit of the Associate Company upto 31st March 2009			4,14,87,45,279		3,44,35,60,200
				5,73,44,96,253	5,02,93,11,174
				10,28,89,51,518	9,58,37,66,439

Includes Goodwill Rs.11,67,74,346 arisen on acquisition of shares
(Refer Note No. 2 (c) on Schedule 'H')

Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2009

SCHEDULE 'F' (Contd.)

(Amount in Rs.)

INVESTMENTS UNQUOTED (Fully Paid)	Nos.	Face Value per Share	As at 31st March, 2009	As at 31st March, 2008
Equity Shares				
Birla Buildings Ltd.	15,000	10	1,52,258	1,52,258
Birla Consultants Ltd.	12,000	10	1,20,000	1,20,000
Indo Thai Synthetics Co Ltd.	2,07,900	10	11,41,857	11,41,857
Bangkok (Thailand)		Baht		
Indo-Phil Textile Mills Inc., Manila (Republic of Phillippines)	2,11,248	10	2,02,692	2,02,692
		Pesos		
The Eastern Economist Ltd.	400	100	40,101	40,101
The Hindustan Times Ltd.	1,92,000	10	2,17,948	2,17,948
The Industry House Ltd.	2,812	100	1,89,409	1,89,409
Gmmco Ltd.	68,249	10	3,41,24,500 ⁽⁴⁾	3,41,24,500
			<u>3,61,88,765</u>	<u>3,61,88,765</u>
Units Of Mutual Funds/Bonds				
Birla Dividend Yield Plus (D)	18,811	10	2,50,000	2,50,000
Birla Midcap (D)	33,473	10	8,00,000	8,00,000
Birla MIP-Wealth 25 - growth	58,536	10	8,26,040	8,26,040
Birla Gift Plus - D Regular Plan	56,403	10	7,00,000	-
	(-)			
6.75% Tax Free US 64 Bonds	-	100	-	2,50,000
	(2,500)			
			<u>25,76,040*</u>	<u>21,26,040</u>

*NAV as on 31st March, 2009 - Rs 22,02,445/- (Rs. 20,93,823/-)

**CURRENT INVESTMENTS
UNQUOTED**

Mutual Funds

Birla Sunlife Dynamic Bond	37,94,326	10	3,90,09,465	-
	(-)			
ICICI Prudential Growth	190,052	10	1,38,62,402	1,75,00,000

Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2009

SCHEDULE 'F' (Contd.)

(Amount in Rs.)

	Nos.	Face Value per Share	As at 31st March, 2009	As at 31st March, 2008
Reliance Medium Term	7,34,096	10	1,25,49,746	-
	(-)			
TFLD Tata Treasury Manager Plan	39,286	1000	3,96,57,178	-
	(-)			
			<u>10,50,78,791</u>	<u>1,75,00,000</u>
*NAV as on 31st March, 2009 - Rs.10,50,78,791/- (Rs.1,96,17,181/-)			10,43,27,95,114	9,63,95,81,244
Less : Provision for diminution in value of Unquoted investments			71,15,221	1,52,13,647
			<u>10,42,56,79,893</u>	<u>9,62,43,67,597</u>
Aggregate amount of Investments:				
Quoted			10,28,89,51,518	9,58,37,66,439
Unquoted			13,67,28,375	4,06,01,158
			<u>10,42,56,79,893</u>	<u>9,62,43,67,597</u>
Market Value of Quoted Investments			17,70,05,64,829	46,66,95,93,455

Notes :

(1) Besides the above, the following investments were purchased and sold during the year

Name of the Mutual Fund	No. of Units	Face Value
Birla Sunlife Savings Fund - Institutional-Daily Dividend	1,03,18,825	10/-
DSPML FMP 1M Series 1 - Institutional Dividend	22,65,734	10/-
DSP Black Rock Liquid Fund Regular Plan	22,68,509	10/-
DSP Merrill Lynch Liquid Plus - Daily Dividend	38,099	1000/-
ICICI Prud. Flexi Income Plan Premium	76,05,008	10/-
ICICI Prud. Institutional Liquid Plan - Daily Dividend	16,98,058	10/-
IDFC Fixed Maturity plan - Quaterly Services - Dividend	70,00,000	10/-
Reliance Medium Term Fund - Daily Dividend	99,29,464	10/-
Tata Floater Fund - Daily Dividend	38,08,389	10/-

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 'F' (Contd.)

(2) The Following Shares, although in Physical possession of the Company have not been indicated above since the value thereof have been written off in earlier years.

	<u>Nos.</u>	<u>Face Value</u>
QUOTED (Fully Paid)		
Equity Shares		
Jiyajeerao Cotton Mills Limited	150	10
Kalyan Sundaram Cement Industries Limited	50,000	10
Saurashtra Chemicals Limited	1,65,874	10
Tungbhadra Industries Limited	1,865	10
UNQUOTED (Fully Paid)		
Equity Shares		
Bombay Industrial Traders Ltd. (In liquidation)	915	100
Hind Cycles Ltd. (in Liquidation)	400	100
Industrial Plants Ltd. (In liquidation)	75,000	10
Mckenzie's Ltd.	753	10
In Subsidiary Company		
Atlas Iron & Alloys Ltd., (In Liquidation)	72,000	10
Debentures		
Hind Cycles Ltd. (in liquidation)	66	100
UNQUOTED (Partly paid)		
Equity Shares		
Central Distributors Ltd. (In Liquidation) (Paid up Rs.7.50 per share)	1,284	10

(3) 1,55,440 shares of Century Textiles and Industries Limited and 850 shares of Grasim Industries Limited has been short received from UCO Bank, Kolkata, which were lying with them in safe custody account and reported lost/ misplaced by them, for which the company has applied for issuing duplicate share certificates.

(4) Indicates securities where provision towards diminution in the value of Investments has been made.

Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2009
(Amount in Rs.)

<u>SCHEDULE 'G'</u>	Rs.	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
Sundry Debtors			
(Unsecured, Considered Good except stated otherwise)			
Debts outstanding for a period exceeding six months	4,36,069		32,22,256
Other Debts	<u>4,94,977</u>		<u>20,66,580</u>
	9,31,046 *		52,88,836
Less: Provision for Non-performing assets	<u>43,607</u>		<u>2,73,200</u>
		8,87,439	50,15,636
*Including Rs. 4,36,069 (Rs. 27,31,058) considered Non-performing Assets			
Cash & Bank Balances			
Cash on hand		8,054	14,619
With Scheduled Banks on:			
Current Account		23,48,023	94,42,038
B. LOANS AND ADVANCES			
(Unsecured, Considered Good except as stated otherwise)			
Advances:			
Advance payment of Income Tax, Tax deducted at source and refunds Receivable (after adjusting provision)	1,16,10,943		1,07,37,178
Other Advances recoverable in cash or Kind or for value to be received	21,46,781 #, @		21,68,843
Less: Provision for Non-performing Assets	<u>16,65,000</u>		<u>16,65,000</u>
	4,81,781		5,03,843
Deposit With Government & Other Authorities	8,100		8,100
Sundry Deposits	25,48,676		27,48,676
Deposit against demand under dispute	<u>69,27,803</u>		<u>69,27,803</u>
		2,15,77,303	2,09,25,600
		<u>2,48,20,819</u>	<u>35,397,893</u>
# Including Rs.1,665,000 (Rs.1,665,000) considered Non-performing Assets			
NOTE :			
@ Amount due from a Director of the company			
Advances		22,355	32,105
Maximum amount due at any time during the year			
Advances		2,82,442	141,607

SCHEDULE FORMING PART OF THE CONSOLIDATED STATEMENTS OF ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE – ‘H’

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS :

1. Principles of consolidation of financial statements :

The consolidated financial statements which relate to Pilani Investment and Industries Corporation Limited and its subsidiary company, have been prepared on the following basis :

- a. The financial statements of the company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included therein.
- b. The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented, to the extent possible, in the same manner as the company's separate financial statements.
- c. The excess/shortfall of cost to the company of its investments in the subsidiary company as on the date of investment is recognised in the financial statements as goodwill/capital reserve as the case may be. Any such difference arising subsequently is adjusted against the Profit and Loss Account.
- d. The subsidiary company considered in the financial statements is as follows:

Name	Country of Incorporation	% of voting power as on 31.03.09
PIC Properties Limited	India	100

- e. The other subsidiary company Atlas Iron & Alloys Limited incorporated in India in which the company has got 96.83% voting power, has not been considered in the financial statements, since the above subsidiary company is in liquidation.

2. Investments in Associates

- a. In terms of Accounting Standard 23 – “Accounting for Investment in Associates in Consolidated Financial Statements” Notified by Companies Accounting Standard Rules, 2006, the Company has prepared the accompanying Consolidated Financial Statements by Accounting for investment in associates under the equity method.
- b. The associate company considered in the financial statements is as follows :

Name	Country of Incorporation	% of voting power as on 31.03.09
Century Textiles and Industries Limited	India	36.78%

- c. The difference of Rs. 1,53,87,64,446 between the cost of company's investments in its Associate Company and the proportionate share in the equity of the associate company as on 31st March 2002 had been credited to the Revenue Reserve in the financial statements, since such differences on the various dates of acquisition were not available. However,

SCHEDULE – 'H' (Contd.)

Rs. 11,67,74,346 being the excess of the cost of the company's investments in its associate company, acquired during the year 2005-06 & 2006-07 over the proportionate share in the equity of the company as on the date of investment has been identified as Goodwill and included in the carrying value of the investments.

3. Accounting Policies

i. Basis of Accounting

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956 and the directives prescribed by the Reserve Bank of India for Non-Banking Financial Companies. The financial statements have been prepared under the historical cost convention on an accrual basis. However, income is not recognised and also provision is made in respect of non-performing assets as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

ii. Revenue Recognition

Dividends

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date. Dividend received from Overseas Companies is accounted for, net of tax deducted at source.

Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

iv. Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

v. Depreciation

- (a) Depreciation on Fixed Assets is provided on reducing balance method at the rates specified in Schedule XIV of the Companies Act, 1956.
- (b) Depreciation on fixed assets added / disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

vi. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized

SCHEDULE – 'H' (Contd.)

wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

vii. **Investments**

(a) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long Term Investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.

b) Long-term investments are valued at cost, i.e. book value of the investments as reflected in the financial statements as on 31st March, 2003 and for subsequent diminution, provision is made by way of adjustment against Investment Reserve in terms of scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court during an earlier year. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

Long-term investments held by the subsidiary company are valued at cost and provision for *diminution in value* is made to recognise a decline other than temporary in the value of the investments.

c) Shares held in Overseas Companies are valued at the exchange rates prevailing on the date of payment(s).

viii. **Cash & Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

ix. **Provision for Retirement benefits**

(i) Retirement benefits in the form of Provident Fund and Superannuation are defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

(ii) Gratuity liability is a defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Long term compensated absences are provided for based on actuarial valuation done under projected unit credit method, made at the end of each financial year.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

x. **Earning per share**

Basic earning per share is calculated by dividing the net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares

SCHEDULE – 'H' (Contd.)

outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xi. Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that sufficient taxable income will be available against which such deferred tax asset can be realized.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent it has become reasonably certain or virtual certain, as the case may be that sufficient future taxable income will be available against which such deferred tax asset can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

xii. Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined. Shares held in Overseas Companies are valued at the exchange rates prevailing on the date of payment(s).

c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items

SCHEDULE – 'H' (Contd.)

are recognized as income or expenses in the year in which they arise.

The Premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

xiii. Assets acquired under lease

For assets acquired under operating lease, rentals payable are charged to the profit & loss account.

xiv. Contingencies

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty or in respect of which a reliable estimate cannot be made are treated as contingent and disclosed by way of notes to the accounts.

xv. Provision

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4. Company's Share in the outstanding Capital Commitments of Associate :

Rs. 3,59,64,00,000 (Rs. 1,03,56,00,000)

5. Contingent Liabilities not provided for in respect of -

a) Uncalled liability on partly paid Shares and Debentures etc. held as Investments
Rs. 3,210/- (Rs. 3210/-).

b) Income Tax demands for earlier years aggregating to Rs. 39,41,335 (Rs. 1,07,36,149/-) disputed by the Company/ Income Tax department in appeal .

c) Proportionate amount in respect of Century Textiles & Industries Limited, an associate company Rs. 2,01,84,00,000 (Rs. 1,45,12,00,000).

6. The Company has disputed the claim for recovery of Rs.15,44,486 plus interest from 1st November, 1973 made by State Bank of India, Bombay in a suit filed against the company on the basis of guarantee given in respect of the advances made to Hind Cycles Limited against their Cash Credit Account by the said Bank. Against the above claim, Rs. 69,27,803 have been deposited with Debts Recovery Appellate Tribunal pursuant to Hon'ble Bombay High Court Order while admitting the writ petition filed by the Company. Pending the High Court judgment in the above matter, no provision against the above claim has been made in the accounts.

SCHEDULE – ‘H’ (Contd.)

7. Gratuity and other post-employment benefit plans :

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972. The scheme is unfunded.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and the funded status and amounts recognized in the balance sheet for the respective plans.

(i) Net Employee Expense/(benefit)	2008-09	2007-08
	Rs.	Rs.
Current Service Cost	1,49,000	1,21,000
Interest cost on benefit obligation	1,99,000	1,64,000
Expected return on plan assets	--	--
Net Actuarial gain/loss recognised in the year	4,55,000	1,47,000
Total employer expense recognised in Profit and Loss Account	8,03,000	4,32,000
(ii) Benefit Asset/(Liability)		
Defined benefit obligation	(30,60,000)	(22,57,000)
Fair value of Plan Assets	--	--
Benefit Asset/(Liability)	(30,60,000)	(22,57,000)
(iii) Movement in benefit liability		
Opening defined benefit obligation	22,57,000	18,54,000
Interest cost	1,99,000	1,64,000
Current service cost	1,49,000	1,21,000
Benefits paid	--	(29,000)
Actuarial (gains)/losses on obligation	4,55,000	1,47,000
Closing benefit obligation	30,60,000	22,57,000
(iv) The principal actuarial assumptions are as follows		
Discount rate	7.50%	8.00%
Salary increase	5.00%	5.00%
(v) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	2,50,497	2,20,356
Contribution to Superannuation fund	1,94,492	1,62,990

(vi) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.

SCHEDULE – ‘H’ (Contd.)

(vii) **Amounts for the current and previous periods are as follows :**

Gratuity

Defined Benefit Obligation	30,60,000	22,57,000
Plan Assets	—	—
Surplus / (Deficit)	(30,60,000)	(22,57,000)
Experience adjustments on plan liabilities	Not Available *	Not Available *

*The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities are not readily available and hence not disclosed.

8. The Company has given undertaking to some Banks/Financial Institutions for non-disposal of its share holding in the following Bodies Corporate without their approval, till the loans given by those banks/institutions are repaid in full by these Bodies Corporate: -
- (i) Aditya Birla Chemicals (India) Ltd. (ii) Tanfac Industries Ltd.
 (iii) Aditya Birla Nuvo Ltd. (iv) Mangalam Cement Ltd.
 (v) Century Textile & Industries Ltd. (vi) Kesoram Industries Ltd
9. Diminution of Rs. 63,78,32,463 in the value of certain investments based on their quoted price as on 31st March, 2009, in the opinion of the management, is 'temporary' in nature and hence no provision has been considered there against. However, the above provision would not have any impact on the Profit & Loss Account, since as indicated in note no. 3 (vii) (b) above, the same would be adjusted against investment reserve.
10. (a) Building maintenance expenses include Salaries Rs. 5,46,590 (Rs.4,97,317), Insurance Rs. 50,483 (Rs. 49,068) and Electricity Expenses Rs. 38,67,800 (Rs. 35,07,327).
 (b) Miscellaneous Expenses includes Directors' Travelling Expenses Rs.1,06,296 (Rs.2,04,351).
11. The Competent Authority under Urban Land (Ceiling & Regulation) Act, 1976 has declared excess land of 329.25 sq.mtrs. in respect of land held by the Company at Kolkata and 1,486.87sq.mtrs. in respect of land at New Delhi transferred to a subsidiary of the company w.e.f. 1.4.1985 against which a stay has been granted to the Company by the Appellate Authority under the said Act. Further in view of Urban Land (Ceiling & Regulation) Repeal Ordinance 1999 (No.5 of 1999) dated 11.1.1999, the Urban Land (Ceiling & Regulation) Act, 1976 stands repealed as advised to the company by the solicitors.
12. No effect has been given in the accounts in respect of the following Equity Shares received by way of fully paid Bonus Shares on shares not belonging to the Company and the same are being held in trust by the company: -

<u>Sl.</u>	<u>Name of the Company</u>	<u>No.of Equity Shares</u>	<u>Face Value per Share (Rs)</u>
(a)	Grasim Industries Ltd.	1079	10/-
(b)	Hindustan Motors Ltd.	440	10/-
(c)	Century Textile & Industries Ltd.	220	10/-

SCHEDULE – 'H' (Contd.)

(d) Tungabhadra Industries Ltd.	4	10/-
(e) Hindustan Everest Tools Ltd.	117	10/-

13. Executive Director's Remuneration

	<u>2008-09</u>		<u>2007-08</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Salary*	11,70,000		10,90,026	
Provident Fund Contribution	<u>1,40,400</u>	13,10,400	<u>1,15,200</u>	12,05,226
NOTES:				
In addition to the above, the following expenses have been incurred for the Executive Director:				
Rent		4,75,780		1,68,000
Medical Expenses		90,962		80,000
Superannuation Scheme Contribution		1,75,500		1,44,000
Directors' Fee		80,000		70,000
Leave Travel Assistance		<u>1,77,500</u>		<u>-</u>
		<u>23,10,142</u>		<u>16,67,226</u>

* Excluding taxable value of perquisites Rs. 1,74,603 (Rs. 1,50,603)

Note : As the future liability for gratuity and leave encashment is provided on an actual basis for the Company as a whole, the amount pertaining to the executive director is not ascertainable and, therefore, not included above.

14. Segment Reporting

The Company has only one business segment viz. investment and related activities and its operations are also confined to one geographical segment i.e. India. As such, no further disclosure under Accounting Standard 17 "Segment Reporting" as notified under the Companies Accounting Standard Rules, 2006 is required.

15. Basis for calculation of Basic and Diluted Earning Per Share is as under: -

		<u>2008-09</u>	<u>2007-08</u>
Profit after Tax as per Profit & Loss Account	Rs.	1,14,76,67,553	1,35,53,28,878
Weighted average number of Ordinary Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earning Per Share	Rs.	145.11	171.37
Nominal value of Shares	Rs.	10	10

16. Related Party Disclosures

(a) Names of the related parties

Key Management Personnel Shri R. A. Makharia (Executive Director)

(b) Aggregate Related Party Disclosures

SCHEDULE – ‘H’ (Contd.)

<u>Key Management Personnel</u>	<u>2008-09</u>	<u>2007-08</u>
	Rs.	Rs.
Remuneration	23,10,142	16,67,226
Advances Outstanding	22,355	32,105
17. The break up of deferred tax asset as on 31st March 2009 is as follows: -		
	<u>2008-09</u>	<u>2007-08</u>
	Rs.	Rs.
Timing Difference in depreciable assets	60,579	38,461
Expenses allowable against taxable income in future years	14,77,545	11,45,123
Provision for Diminution in value of unquoted Investments	16,12,309	51,71,119
Provision for Non-Performing Assets	5,80,756	6,58,659
Total	<u>37,31,189</u>	<u>70,13,362</u>

In Case of Subsidiary Company namely PIC Properties Limited, Deferred Tax Asset of Rs. 7,33,472 (Rs. 12,30,390) has not been recognized, since the management feels that there may not be sufficient taxable income in the near future, to claim the above amount.

- 18.** Based on the allowance of certain claims by the Commissioner of Income Tax (Appeals), the Company had received interest of Rs.1,01,45,274 during the year 2004-2005 from Income Tax department for the assessment years 1993-94 to 1996-97. However, the department has gone into appeal against the above judgment and accordingly, the said interest income being a matter of contingency, has not been credited to the Profit and Loss Account.
- 19.** Assets given on operating lease :
The Company has leased out certain buildings on operating lease. The lease term is for 2-3 years and thereafter renewable. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancelable.
- 20.** Based on the information's/documents available with the Company, no creditor is covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provisions/payments have been made by the company to such creditors, if any, and no disclosures are made in these accounts.
- 21.** Figures given in the brackets represents those of Previous year and same have been re-grouped where necessary to confirm to this year's classification.

As per our report of even date Signature to Schedules 'A' to 'H'

S. R. BATLIBOI & CO.
Chartered Accountants
Per **R. K. AGRAWAL**
Partner
Membership No. 16667
22, Camac Street
Kolkata - 700 016
Dated : June 10, 2009

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

B. D. DALMIA
Secretary