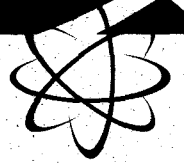




**PILANI INVESTMENT AND  
INDUSTRIES  
CORPORATION LIMITED**



**ANNUAL REPORT  
AND ACCOUNTS  
2009-2010**

**DIRECTORS**

SHRI B. K. BIRLA  
SHRI KUMAR MANGALAM BIRLA  
SHRI P. K. KHAITAN  
SHRI D. K. MANTRI  
SHRI A. V. JALAN  
SHRI K. K. DAGA  
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 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

	Rs.	<i>Previous Year</i> Rs.
Profit from operations, Dividend, Interest and Rent Income	<b>46,64,42,506</b>	45,78,61,157
Add : Provision written back for diminution in value of Long Term Unquoted Investments and Mutual Funds	<b>1,07,52,819</b>	80,98,426
	<b>47,71,95,325</b>	46,59,59,583
Less: Depreciation	<b>1,96,849</b>	2,36,462
Profit before tax	<b>47,69,98,476</b>	46,57,23,121
Less: Provision for taxation	<b>1,60,95,284</b>	48,38,262
Add: MAT Credit (Entitlement)	<b>79,77,343</b>	-
Less: Deferred taxation	<b>13,14,720</b>	32,82,173
Profit after taxation	<b>46,75,65,815</b>	45,76,02,686
Add: Balance brought forward from last year	<b>59,26,67,262</b>	50,59,85,628
Profit available for appropriation	<b>1,06,02,33,077</b>	96,35,88,314
Appropriation		
(i) Special Reserve	<b>9,36,00,000</b>	9,16,00,000
(ii) Proposed Dividend	<b>19,77,18,750</b>	19,77,18,750
(iii) Tax on Dividend	<b>3,28,38,613</b>	3,36,02,302
(iv) General Reserve	<b>5,00,00,000</b>	4,80,00,000
(v) Balance carried forward to next year	<b>68,60,75,714</b>	59,26,67,262
	<b>1,06,02,33,077</b>	96,35,88,314

The profitability of the Company during the year under review has increased compared to the previous year mainly due to earning attractive return on its investment in the mutual funds due to buoyancy in the capital market. Country's export continued to be on a growth streak. Industrial Production is

## **DIRECTORS' REPORT — (Contd.)**

growing over 10% and therefore the economic growth rate could attain 8.75% - 9% in the current fiscal year.

### **DIVIDEND**

A dividend of Rs.25.00 per share (Previous year Rs.25.00 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.3.28 Crores.

### **DIRECTORS**

Shri Kumar Mangalam Birla has been appointed as a Director of the Company with effect from 29th April, 2010 and Shri K. K. Daga has been appointed as a Director of the Company with effect from 29th October, 2009.

Shri B. K. Birla and Shri P. K. Khaitan, 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 'G' 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 31<sup>st</sup> March, 2010 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 'G' 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  
7th July, 2010

**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 16<sup>th</sup> 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 31<sup>st</sup> March, 2010. The Financial year of the Company as well as the subsidiary ended on 31<sup>st</sup> March, 2010.

- 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.4,89,639 [Previous year Rs.4,05,641]
- 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  
7th July, 2010

**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	31.3.2010		

**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	65,47,626	Total Assets	65,47,626
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**Sources of Funds**

Paid-up Capital	79,088	Reserves & Surplus	62,30,598
Secured Loans	NIL	Unsecured Loans	NIL

**Application of Funds**

Net Fixed Assets	2,013	Investments	65,03,710
Net Current Assets	(1,98,453)	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Assets	2,416

**iv) Performance of Company (Amount in Thousands)**

Turnover(including other income)	4,94,041	Total Expenditure	17,043
Profit Before Tax	4,76,998	Profit After Tax	4,67,566
Earning per Share in Rs.	59.12	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

Your Company has been practicing the principles of good Corporate Governance, which comprise all activities that result in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of the Corporate Governance compliance by the Company as per the Clause 49 of the Listing Agreement with Stock Exchanges are as under:

### 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 Seven members consisting of six Non-Executive Directors who account for eighty six 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 Kumar Mangalam Birla	Non-Executive	11	14	–	–
Shri P.K. Khaitan	Non-Executive*	13	–	5	–
Shri D.K. Mantri	Non-Executive*	3	22	–	–
Shri A.V. Jalan	Non-Executive	2	15	–	–
Shri K. K. Daga	Non-Executive*	1	2	–	–
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 Kumar Mangalam Birla & Shri K. K. Daga were appointed as Directors of the Company with effect from 29.4.2010 & 29.10.2009 respectively. No Director is related to any other Director on the Board



in terms of the provisions of the Companies Act, 1956 except for Shri B. K. Birla and Shri Kumar Mangalam Birla who are related to each other. Shri B. K. Birla is the grandfather of Shri Kumar Mangalam Birla.

- (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 2009-2010 Sitting fees for attending Meetings of the Board and/or committee thereof (All figures in Rs.)	
Shri B.K. Birla	1,00,000	
Shri Kumar Mangalam Birla* w.e.f. 29.4.2010		
Shri P.K. Khaitan	1,80,000	
Shri D.K. Mantri	1,80,000	
Shri A.V. Jalan	1,80,000	
Shri K. K. Daga* w.e.f. 29.10.2009	60,000	
Shri R.A. Makharia	1,00,000	

\* Appointed on the board of the company.

Executive Director	Remuneration (Rs.)	Benefits and Perquisites including Rs.5,03,760/- being rent (Rs.)
Shri R.A. Makharia	14,40,000	13,35,002

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.1,36,695/- has been paid towards Professional services to Khaitan & Co.

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

- a. Five meetings of the Board of Directors were held during the year ended 31<sup>st</sup> March, 2010. These were held on :

- (1) 30<sup>th</sup> April, 2009, (2) 10<sup>th</sup> June, 2009, (3) 31<sup>st</sup> July, 2009, (4) 29<sup>th</sup> October, 2009,  
(5) 22<sup>nd</sup> Jan., 2010

- b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> March, 2010 and of the last Annual General Meeting is as under :-

Directors	No. of Board Meetings Attended	Attendance of the last AGM
Shri B. K. Birla	5	–
Shri P. K. Khaitan	5	–
Shri D. K. Mantri	5	Yes
Shri A. V. Jalan	5	–
Shri K. K. Daga	2	–
Shri R. A. Makharia	5	Yes

Shri P. K. Khaitan, Chairman of Audit Committee could not attend the Annual General Meeting as he was indisposed.

### 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 2009-2010. 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 four Non-Executive Directors viz.  
 (1) Shri P.K. Khaitan (2) Shri D.K. Mantri (3) Shri A.V. Jalan (4) Shri K.K. Daga  
 Shri P.K. Khaitan, Shri D.K. Mantri and shri K.K. Daga being Independent Non-Executive Directors.
- (ii) Audit Committee meetings were held on 22<sup>nd</sup> May, 2009, 31<sup>st</sup> July, 2009, 29<sup>th</sup> October, 2009 and 22<sup>nd</sup> January, 2010. The attendance of the Audit Committee Members is as under :-

<b>Name of the Audit Committee Members</b>	<b>No. of meeting attended</b>
Shri P.K. Khaitan	4
Shri D.K. Mantri	4
Shri A.V. Jalan	4
Shri K.K. Daga	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 31<sup>st</sup> March, 2010, 19 investors complaints/queries were received and as on 31<sup>st</sup> March, 2010 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>
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.
2008-2009	21.08.2009	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 Dainik Statesman, Kolkata
- (ii) Half-yearly report sent to each household of Shareholders : No
- (iii) Any website, where displayed : Yes - [www.pilaniinvestments.com](http://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 27th August, 2010  
Venue : Birla Building, 9/1 R.N. Mukherjee  
Road, Kolkata – 700001  
Time : 3.00 P.M.

- (ii) Financial Calendar (tentative) for the year 2010-11 :
- |   |   |                                  |
|---|---|----------------------------------|
| First Quarterly Results   | : | On or before 14th August, 2010   |
| Second Quarterly Results  | : | On or before 14th November, 2010 |
| Third Quarterly Results   | : | On or before 14th February, 2011 |
| Fourth Quarterly Results / Audited Yearly Results for the Year ended 31 <sup>st</sup> March, 2011 | : | Before end of June, 2011         |
- (iii) Date of Book Closure : 23<sup>rd</sup> August, 2010 to 27<sup>th</sup> August, 2010  
(Both days inclusive)
- (iv) Date of Dividend payment : On or after 6<sup>th</sup> September, 2010
- (v) Information pertaining to the Stock Exchanges :
- (a) The Equity Shares of the Company are listed at the following Stock Exchanges :
- Madhya Pradesh Stock Exchange, 201 Palika Plaza-II, M T H Compound, Indore – 452001 (M.P.) Stock Code No. : N.A.
  - 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 2010-2011 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 Pvt. Ltd., D-511, Bagree Market, 71, B.R.B.Basu Road, 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 2009-10 are as under :

Month	High	Low
April 2009	N.A.	N.A.
May 2009	N.A.	N.A.
June 2009	N.A.	N.A.
July 2009	N.A.	N.A.
Aug. 2009	N.A.	N.A.
Sept. 2009	N.A.	N.A.
Oct. 2009	N.A.	N.A.
Nov. 2009	N.A.	N.A.
Dec. 2009	N.A.	N.A.
Jan. 2010	N.A.	N.A.
Feb. 2010	N.A.	N.A.
Mar. 2010	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 31<sup>st</sup> March, 2010

(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	2653	3,28,157	4.15
2.	501 to 1,000	116	83,892	1.06
3.	1,001 to 5,000	74	1,41,146	1.78
4.	5,001 to 10,000	11	89,182	1.13
5.	10,001 to 50,000	16	3,83,109	4.84
6.	50,001 to 1,00,000	2	1,21,457	1.54
7.	1,00,001 and above	8	67,61,807	85.50
	Total	2880	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	13	0.45	45,52,616	57.56
2.	Resident Individuals	2,714	94.24	6,17,959	7.81
3.	Private Corporate Bodies	136	4.72	27,04,570	34.20
4.	Financial Institutions	—	—	—	—
5.	Nationalised Banks, Mutual Funds & Insurance	7	0.24	21,275	0.27
6.	FIIS	—	—	—	—
7.	NRI and OCBs	10	0.35	12,330	0.16
	<b>Total</b>	<b>2,880</b>	<b>100.00</b>	<b>79,08,750</b>	<b>100.00</b>

(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 27<sup>th</sup> November, 2001. As on 31<sup>st</sup> March, 2010, 39,76,913 Company's Equity shares representing 50.28% of the Company's total Equity Shares were held in dematerialized form and balance 39,31,837 Equity Shares representing 49.72% 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, 14<sup>th</sup> 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  
7th July, 2010

**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 2009-10 in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

Dated July 7, 2010

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, 2010, 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.

The Chairman of the Audit Committee has not attended the Annual General Meeting held on 21st August, 2009, *subject to above*, in our opinion and to the best of our information and according to the explanations given to us, 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.

Place : Kolkata  
July 7, 2010

**S. R. BATLIBOI & CO.**  
*Firm Registration No. 301003E*  
*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** (the Company) as at 31st March, 2010 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. 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.
4. 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;
  - 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.

**AUDITORS' REPORT — (Contd.)**

- v. On the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 ;
- vi. Attention is drawn to *Note no. 3 on Schedule G 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, 2010;
- (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.

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
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. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control systems of the company.

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 need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) 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, processing or mining 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.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

  - (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 :-

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount (Rs. in lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where Dispute is pending</b>
Income Tax Act, 1961	Income tax on certain disallowances etc.	52.26	2003-04 & 2006-07	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) The Company has no outstanding dues in respect of financial institution, bank or debenture holders.
- (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) The Company did not have any term loans outstanding during the year.
- (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 for *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.

**S. R. BATLIBOI & CO.**  
 Firm Registration No. 301003E  
 Chartered Accountants  
 Per **R. K. AGRAWAL**  
 Partner  
 Membership No. 16667

Place : Kolkata  
 Dated : July 7, 2010

**BALANCE SHEET**

LIABILITIES	Schedule	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
SHARE CAPITAL	'A'	7,90,87,500	7,90,87,500
RESERVES AND SURPLUS	'B'	6,23,05,97,855	5,99,35,89,403
CURRENT LIABILITIES AND PROVISIONS	'C'	23,79,40,618	23,74,73,445
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	'G'		
		<b>6,54,76,25,973</b>	<b>6,31,01,50,348</b>

**Note: Schedules 'A' to 'G' referred to above form an integral part of the Balance Sheet.**

As per our Report of even date.

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
*Firm Registration No. 301003E*  
*Chartered Accountants*  
Per **R. K. AGRAWAL**  
*Partner*  
*Membership No. 16667*

**AS AT MARCH 31, 2010**

<b>ASSETS</b>	Schedule	<b>As at 31st March, 2010 Rs.</b>	As at 31st March, 2009 Rs.
<b>FIXED ASSETS</b>	'D'	<b>20,12,881</b>	21,80,382
<b>INVESTMENTS</b>	'E'	<b>6,50,37,10,294</b>	6,27,48,56,594
<b>DEFERRED TAX ASSET</b>		<b>24,16,469</b>	37,31,189
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	'F'	<b>3,94,86,329</b>	2,93,82,183
		<u><b>6,54,76,25,973</b></u>	<u>6,31,01,50,348</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.	2009-10 Rs.	2008-09 Rs.
<b>To Payments to and provisions for employees :</b>			
Salaries, Bonus etc.	29,26,042		28,20,309
Gratuity	9,04,000		8,03,000
Contribution to Provident and other funds	5,29,761		4,69,879
Employees' Welfare Expenses	<u>1,94,388</u>		<u>1,51,137</u>
		<b>45,54,191</b>	<b>42,44,325</b>
" Rent		<b>5,78,073</b>	5,48,936
" Rates & Taxes	19,89,002		19,62,017
Less : Recoveries	<u>16,44,271</u>		<u>16,44,271</u>
		<b>3,44,731</b>	3,17,746
" Insurance		<b>13,952</b>	15,486
" Building Maintenance & Service Expenses		<b>62,78,430</b>	56,78,214
" <b>Auditors' Remuneration</b>			
As Auditor :			
Audit Fee	1,30,000		1,30,000
For Limited Reviews	78,000		78,000
For Expenses etc.	45,441		58,403
In other manner :			
For Certificates etc.	<u>75,000</u>		<u>80,000</u>
		<b>3,28,441</b>	3,46,403
" Directors' Fees		<b>8,00,000</b>	5,80,000
" Miscellaneous Expenses		<b>20,35,534</b>	20,48,292
" Depreciation		<b>1,96,849</b>	2,36,462
" Interest on fixed loans		-	1,05,98,322
" Interest to Income tax department		<b>2,68,268</b>	-
" Provision for Diminution in value of Investments		-	36,92,157
" Balance carried down (Subject to taxation)		<b>47,69,98,476</b>	46,57,23,121
		<u><b>49,23,96,945</b></u>	<u><b>49,40,29,464</b></u>

**THE YEAR ENDED MARCH 31, 2010**

	Rs.	2009-10 Rs.	2008-09 Rs.
<b>By Income from Investments (Other than Trade)</b>			
<b>Dividend :</b>			
- On Long Term Investments	44,81,30,882		45,63,44,617
- On Current Investments	<u>1,60,00,291</u>		<u>49,41,848</u>
		<b>46,41,31,173</b>	<b>46,12,86,465</b>
<b>Interest (Gross)</b>			
From Banks [Tax deducted at source Rs. 10,704 (Rs. 69,654)]	1,07,040		3,38,123
On Loans & Deposits with Companies & Others [Tax deducted at source Rs. Nil (Rs. 1,26,368)]	1,882		5,57,995
On Income Tax Refunds	<u>—</u>		<u>15,61,929</u>
		<b>1,08,922</b>	<b>24,58,047</b>
<b>Other Income :</b>			
Rent (Gross)	1,23,61,589		1,14,50,255
Tax deducted at source Rs. 27,46,041 (Rs. 37,91,486)			
Service charges on rented properties	<u>47,01,092</u>		<u>42,55,188</u>
		<b>1,70,62,681</b>	<b>1,57,05,443</b>
Miscellaneous Receipts		26,504	—
Profit on redemption of Units(Net) (Current Investments-other than Trade)		2,16,680	6,075
Profit on sale of Rights Entitlement		—	62,45,415
Provision for Non performing Assets no longer required written back (Net)		43,607	2,29,593
Provision for diminution in value of Unquoted Investments no longer required written back		1,08,07,378	80,98,426
		<u><b>49,23,96,945</b></u>	<u><b>49,40,29,464</b></u>



**PROFIT AND LOSS ACCOUNT FOR**

	Rs.	2009-10 Rs.	2008-09 Rs.
To Provision for Taxation			
Current [Including Rs.1,14,95,284 (Rs.12,73,262) for earlier years]	1,60,95,284		47,73,262
MAT Credit (Entitlement) in respect of earlier years	(79,77,343)		-
Deferred	13,14,720		32,82,173
Fringe Benefit	-		65,000
		<b>94,32,661</b>	
" Transfer to Special Reserve		9,36,00,000	9,16,00,000
" Proposed Dividend On 79,08,750 shares @ Rs. 25 (Rs. 25) per share		19,77,18,750	19,77,18,750
" Provision for Tax on Dividend		3,28,38,613	3,36,02,302
" Transfer to General Reserve		5,00,00,000	4,80,00,000
" Balance carried to Balance Sheet		68,60,75,714	59,26,67,262
		<b>1,06,96,65,738</b>	<b>97,17,08,749</b>

Earning Per Share (Face value Rs.10 each)  
Basic & Diluted  
(Refer Note No. 12 on Schedule 'G')

59.12                      57.86

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

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

As per our report of even date.

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
*Firm Registration No. 301003E*  
*Chartered Accountants*  
Per **R. K. AGRAWAL**  
*Partner*  
*Membership No. 16667*

**THE YEAR ENDED MARCH 31, 2010** *(Contd.)*

	<b>2009-10</b>	2008-09
	<b>Rs.</b>	Rs.
By Balance brought down	<b>47,69,98,476</b>	46,57,23,121
" Balance as per last account	<b>59,26,67,262</b>	<b>50,59,85,628</b>
	<hr/> <b>1,06,96,65,738</b> <hr/>	<hr/> <b>97,17,08,749</b> <hr/>

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, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit before Tax :</b>	<b>47,69,98,476</b>	46,57,23,121
<b>Adjustment for :</b>		
Dividend Income	(46,41,31,173)	(46,12,86,465)
Interest Expenses	—	1,05,98,322
Interest Income	(1,08,922)	(24,58,047)
Profit on redemption of units	(2,16,680)	(6,075)
Profit on Sale of Rights Entitlement	—	(62,45,415)
Depreciation	1,96,849	2,36,462
Provision for diminution in value of investments no longer required written back	(1,08,07,378)	(44,06,269)
Provision against Non-performing Assets (Net of excess provision written back)	(43,607)	(2,29,593)
<b>Operating Profit before working capital changes :</b>	<b>18,87,565</b>	19,26,041
Increase/ (Decrease) in Trade Payables	12,30,862	(12,29,676)
Decrease/ (Increase) in Loans, Trade & Other Receivables	(21,06,094)	45,79,887
<b>Cash Generated from Operations :</b>	<b>10,12,333</b>	52,76,252
Income Taxes paid (Net of Refunds)	(1,65,21,082)	(57,15,030)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(1,55,08,749)</b>	(4,38,778)
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(29,348)	—
Dividend Received	46,41,31,173	46,12,86,465
Interest Received	1,08,922	24,58,047
Sale/Redemption of Investments	61,80,94,456	57,15,06,650
Purchase of Investments	(83,59,24,098)	(65,65,26,107)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>24,63,81,105</b>	37,87,25,055

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of Short Term Borrowings	—	(18,50,00,000)
Interest Paid	<b>(2,68,268)</b>	(1,52,26,008)
Dividend Paid	<b>(19,77,18,750)</b>	(15,81,75,000)
Tax on Dividend Paid	<b>(3,36,02,302)</b>	(2,68,81,841)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(23,13,21,052)</b>	<b>(38,52,82,849)</b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(4,48,696)</b>	<b>(69,96,572)</b>
<b>CASH &amp; CASH EQUIVALENTS - OPENING BALANCE*</b>	<b>22,35,700</b>	<b>92,32,272</b>
<b>CASH &amp; CASH EQUIVALENTS - CLOSING BALANCE*</b>	<b>17,87,004</b>	<b>22,35,700</b>

\*Represents Cash and Bank Balances as indicated in Schedule - F

As per our Report of even date.

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
*Firm Registration No. 301003E*  
*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, 2010**

(Amount in Rs.)

**SCHEDULE 'A'**

<b>SHARE CAPITAL</b>	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
<b>AUTHORISED</b>		
90,00,000 Equity Shares of Rs. 10/- each	<u>9,00,00,000</u>	<u>9,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
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**

<b>Investment Reserve</b>		
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>
<b>General Reserve</b>		
As per last Account	<u>94,74,14,571</u>	<u>89,94,14,571</u>
Add : Transfer from Profit & Loss Account	<u>5,00,00,000</u>	<u>4,80,00,000</u>
	<u>99,74,14,571</u>	<u>94,74,14,571</u>
<b>Special Reserve</b>		
As per last Account	<u>68,93,40,000</u>	<u>59,77,40,000</u>
Add : Transfer from Profit & Loss Account	<u>9,36,00,000</u>	<u>9,16,00,000</u>
	<u>78,29,40,000</u>	<u>68,93,40,000</u>
<b>Surplus as per Profit &amp; Loss Account</b>	<u>68,60,75,714</u>	<u>59,26,67,262</u>
	<u>6,23,05,97,855</u>	<u>5,99,35,89,403</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

(Amount in Rs.)

**SCHEDULE 'C'**

**As at 31st  
March, 2010**                      **As at 31st  
March, 2009**

**CURRENT LIABILITIES AND PROVISIONS**

**A. CURRENT LIABILITIES**

Sundry Creditors for Goods, Services, Expenses etc.

    Due to Micro & Small Enterprises

    (Refer Note No.18 on schedule "G")

Due to Others

Sundry Deposits

Other Liabilities

**9,68,405**

**6,78,505**

**3,33,345**

**19,80,255**

—

9,46,779

6,78,505

1,80,109

**18,05,393**

**B. PROVISIONS**

Gratuity

Leave liability

Proposed Dividend

Tax on Proposed Dividend

**39,64,000**

**14,39,000**

**19,77,18,750**

**3,28,38,613**

**23,59,60,363**

**23,79,40,618**

30,60,000

12,87,000

19,77,18,750

3,36,02,302

**23,56,68,052**

**23,74,73,445**

**SCHEDULE FORMING PART OF THE****SCHEDULE 'D'****FIXED ASSETS**

DESCRIPTION OF ASSETS	GROSS BLOCK		
	As at 01.04.2009	Additions	As at 31.03.2010
Freehold Land	7,28,203	—	7,28,203
Buildings	49,55,141	—	49,55,141
Furniture, Air-conditioners, Electrical Installations etc.	17,61,595	29,348	17,90,943
Office Equipments	18,015	—	18,015
Vehicles	6,92,000	—	6,92,000
	<b>81,54,954</b>	<b>29,348</b>	<b>81,84,302</b>
Previous year's Total	81,54,954	—	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 in joint ownership with others.
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 in joint ownership with others.

**BALANCE SHEET AS AT MARCH 31, 2010**

(Amount in Rs.)

DEPRECIATION			NET BLOCK	
Upto 01.04.2009	For the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
—	—	—	7,28,203	7,28,203
41,05,509	42,482	41,47,991	8,07,150	8,49,632
16,42,061	29,315	16,71,376	1,19,567	1,19,534
18,015	—	18,015	—	—
2,08,987	1,25,052	3,34,039	3,57,961	4,83,013
<b>59,74,572</b>	<b>1,96,849</b>	<b>61,71,421</b>	<b>20,12,881</b>	<b>21,80,382</b>
57,38,110	2,36,462	59,74,572	21,80,382	



**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010**

**SCHEDULE 'E'**

<b>INVESTMENTS (Other Than Trade)</b>	Nos.	Face Value per Share	(Amount in Rs.)	
			<b>As at 31st March, 2010</b>	As at 31st March, 2009
<b>LONG TERM</b>				
<b>QUOTED (Fully Paid)</b>				
<b>Equity Shares</b>				
Aditya Birla Nuvo Limited	1,87,098	10	<b>2,94,07,786</b>	2,94,07,786
Aditya Birla Chemicals (India) Limited	3,90,000	10	<b>40,95,000</b>	40,95,000
Century Textiles & Industries Limited	3,42,20,520	10	<b>1,58,57,50,974</b>	1,58,57,50,974
Cimmco Birla Limited	3,53,900	10	<b>4,95,460</b>	4,95,460
Grasim Industries Limited	43,00,293	10	<b>1,42,21,06,895</b>	1,42,21,06,895
Hindalco Industries Limited	2,91,85,398	1	<b>1,83,63,31,900</b>	1,83,63,31,900
Hindustan Everest Tools Limited	52,175	10	<b>4,40,879</b>	4,40,879
Jay Shree Tea & Industries Limited	1,422	10	<b>41,238</b>	41,238
KDDL Limited	35,000	10	<b>2,97,500</b>	2,97,500
Kesoram Industries Limited	24,15,750	10	<b>6,24,47,137</b>	6,24,47,137
Kesoram Textile Mills Limited	24,15,750	2	<b>6,03,938</b>	6,03,938
Mangalam Cement Limited	11,20,000	10	<b>75,60,000</b>	75,60,000
Orient Paper & Industries Limited	4,25,260	1	<b>43,33,360</b>	43,33,360
Sutlej Textile & Industries Limited	1,14,309	10	<b>24,04,209</b>	24,04,209
SIL Investment Limited	1,14,309	10	<b>19,96,687</b>	19,96,687
Tanfac Industries Limited	4,98,000	10	<b>56,27,400</b>	56,27,400
Tata Steel Limited	62,90,149	10	<b>1,16,81,79,683</b>	69,50,05,198
	(55,01,525)			
Umi Special Steels Limited	1,00,000	10	<b>1,70,000</b>	1,70,000
Zenith Birla Limited	2,860	10	<b>15,078</b>	15,078
Zuari Industries Limited	4,34,000	10	<b>78,98,800</b>	78,98,800
			<b>6,14,02,03,924</b>	5,66,70,29,439
<b>Preference Shares</b>				
2% Cumulative Compulsorily Convertible Preference of Tata Steel Limited	(47,31,748)	100	-	47,31,74,800
			<b>6,14,02,03,924</b>	<b>6,14,02,04,239</b>

**SCHEDULE 'E' — (Contd.)**

		(Amount in Rs.)		
<b>UNQUOTED (Fully Paid) Equity Shares</b>	Nos.	Face Value per Share	<b>As at 31st March, 2010</b>	As at 31st March, 2009
Birla Buildings Limited	15,000	10	<b>1,52,258</b>	1,52,258
Birla Consultants Limited	12,000	10	<b>1,20,000</b>	1,20,000
Indo Thai Synthetics Co Limited Bangkok (Thailand)	2,07,900	10 Baht	<b>11,41,857</b>	11,41,857
Indo-Phil Textile Mills Inc., Manila (Republic of Phillipines)	2,11,248	10 Pesos	<b>2,02,692</b>	2,02,692
The Eastern Economist Limited	400	100	<b>40,101</b>	40,101
The Hindustan Times Limited	1,92,000	10	<b>2,17,948</b>	2,17,948
The Industry House Limited	2,812	100	<b>1,89,409</b>	1,89,409
Gmmco Limited	68,249	10	<b>3,41,24,500</b>	3,41,24,500 (3)
			<b>3,61,88,765</b>	<b>3,61,88,765</b>
<b>Equity Shares in Subsidiary Companies</b>				
PIC Properties Limited	50,002	10	<b>5,00,020</b>	5,00,020
			<b>5,00,020</b>	<b>5,00,020</b>
<b>CURRENT INVESTMENTS (Lower of Cost and Market Value)</b>				
<b>UNQUOTED</b>				
<b>Mutual Funds</b>		<u>Units</u>		
Birla Sunlife Dynamic Bond	— (37,94,326)	10	—	3,90,64,024 (3)
Birla Sunlife Frontline Equity	2,92,899 (—)	10	<b>2,25,21,039</b>	—
Birla Sunlife Infrastructure Fund-Div.	18,88,290 (—)	10	<b>2,37,25,358</b>	—
Birla Sunlife Midcap Fund-Div.	11,12,329 (—)	10	<b>2,36,01,315</b>	—
Birla Sunlife Midcap Fund-Growth	3,07,637 (—)	10	<b>3,00,99,222</b>	—
DSP Black Rock Equity Fund-Growth	16,62,040 (—)	10	<b>2,25,35,605</b>	—
DSP Black Rock Top-100 Fund-Div.	11,66,411 (—)	10	<b>2,20,92,598</b>	—
HDFC Equity Fund-Growth	72,405 (—)	10	<b>1,60,19,149</b>	—
			<b>16,05,94,286</b>	<b>3,90,64,024</b>

**SCHEDULE 'E' — (Contd.)**

<b>Mutual Funds</b>			<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
	<b>B/F</b>		<b>16,05,94,286</b>	3,90,64,024
HDFC Top - 200 - Dividend	5,73,332	10	<b>2,20,96,381</b>	—
	(—)			
HDFC Top - 200 - Growth	1,13,956	10	<b>2,01,83,476</b>	—
	(—)			
ICICI Prudential Focused Fund-Growth	12,37,031	10	<b>1,60,19,545</b>	—
	(—)			
ICICI Prudential Growth	1,90,052	10	<b>1,75,00,000</b>	1,75,00,000 (3)
Reliance Medium Term	—	10	—	1,25,49,746
	(7,34,096)			
Reliance Growth Fund-Growth	79,938	10	<b>3,00,00,000</b>	—
	(—)			
Reliance Growth Fund-Dividend	2,98,595	10	<b>1,47,29,624</b>	—
	(—)			
Reliance Pharma Fund-Growth	5,48,578	10	<b>2,00,00,000</b>	—
	(—)			
Reliance Regular Saving Fund-Growth	10,61,372	10	<b>2,56,94,273</b>	—
	(—)			
TFLD Tata Treasury Manager Plan	—	1000	—	3,96,57,178
	(39,286)			
*NAV as on 31st March, 2010 - Rs.34,63,34,627/- (Rs.10,50,78,791/-)			<b>32,68,17,585*</b>	10,87,70,948
Less : Provision for diminution in value of Unquoted investments			<b>6,50,37,10,294</b>	6,28,56,63,972
			—	1,08,07,378
			<b>6,50,37,10,294</b>	<b>6,27,48,56,594</b>
<b>Aggregate amount of Investments</b>				
Quoted			<b>6,14,02,03,924</b>	6,14,02,04,239
Unquoted			<b>36,35,06,370</b>	13,46,52,355
			<b>6,50,37,10,294</b>	<b>6,27,48,56,594</b>
Market Value of Quoted Investments			<b>40,43,62,64,436</b>	17,70,05,56,619

**SCHEDULE 'E' — (Contd.)**

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

<u>Name of the Mutual Fund</u>	<u>Face Value</u>	<u>No. of Units</u>	
		<u>2009-10</u>	<u>2008-09</u>
Birla Sunlife Medium Term Plan - Fortnightly Dividend	10	<b>22,39,340</b>	—
Birla Sunlife Savings Fund - Institutional - Daily dividend	10	<b>30,07,877</b>	1,03,18,825
Birla Sunlife Short Term Fund 1 - Daily Dividend	10	<b>51,10,869</b>	—
DSP Black Rock Floating Rate Fund	10	<b>22,46,551</b>	—
DSPML FMP 1M Series 1 - Institutional	10	—	22,65,734
DSP Black Rock Liquid Fund Regular Plan	10	—	22,68,509
DSP Merrill Lynch Liquid Plus - Daily Dividend	1000	—	38,099
HDFC Cash Mang. Treasury	10	<b>80,44,921</b>	—
ICICI Prud. Flexi Income Plan Premium - Daily Dividend	10	<b>65,47,293</b>	76,05,008
ICICI Prud. Institutional Liquid Plan - Daily	10	—	16,98,058
IDFC Fixed Maturity plan - Quaterly Services - Dividend	10	—	70,00,000
Reliance Medium Term Fund - Daily Dividend	10	—	99,29,464
Reliance Money Manager Fund	1000	<b>1,73,312</b>	—
Reliance Liquid Fund Daily Dividend	10	<b>40,28,058</b>	—
Tata Floater Fund - Daily dividend	10	—	38,08,389

**SCHEDULE 'E' — (Contd.)**

- (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)**

<b>Equity Shares</b>	<b>Nos.</b>	<b>Face Value Rs.</b>
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)**

<b>Equity Shares</b>		
Bombay Industrial Traders Limited (In liquidation)	915	100
Hind Cycles Limited (In liquidation)	400	100
Industrial Plants Limited (in liquidation)	75,000	10
Mckenzie's Limited	753	10

**In Subsidiary Companies**

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

**Debentures**

Hind Cycles Limited (In liquidation)	66	100
--------------------------------------	----	-----

**Unquoted (Partly Paid)**

<b>Equity Shares</b>		
Central Distributors Limited (in Liquidation) (Paid up Rs. 7.50 per share)	1,284	10

- (3) 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, 2010**

SCHEDULE 'F'	(Amount in Rs.)	
	As at 31st March, 2010	As at 31st March, 2009
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered Good except as stated otherwise)		
Debts outstanding for a period exceeding six months	—	4,36,069
Other Debts	<u>12,40,838</u>	<u>4,94,977</u>
	<b>12,40,838*</b>	<b>9,31,046</b>
Less : Provision for Non performing assets	<u>—</u>	<u>43,607</u>
	<b>12,40,838</b>	<b>8,87,439</b>
*Including Rs. Nil (Rs. 4,36,069) considered Non-performing Assets		
<b>Cash &amp; Bank Balances</b>		
Cash on hand	<b>18,069</b>	6,308
<b>With Scheduled Banks on:</b>		
Current Account	<b>17,68,935</b>	22,29,392
<b>B. LOANS AND ADVANCES</b>		
<b>(Unsecured, Considered Good except as stated otherwise)</b>		
a) <b>Loans</b>		
Loan to PIC Properties Ltd. a Subsidiary Company (Free of interest)	<b>48,09,183**</b>	48,09,183
b) <b>Advances:</b>		
Advance payment of Income Tax Tax deducted at source and refunds Receivable (after adjusting provision)	<b>1,19,30,900</b>	1,15,05,102
MAT Credit Entitlement	<b>79,77,343</b>	—
Other Advances recoverable in cash or Kind or for value to be received or pending adjustments	<b>39,29,582 #, @</b>	21,33,280
Less : Provision for Non performing assets	<u>16,65,000</u>	<u>16,65,000</u>
	<b>22,64,582</b>	<b>4,68,280</b>
Sundry Deposits	<b>25,48,676</b>	25,48,676
Deposit against demand under dispute	<u>69,27,803</u>	<u>69,27,803</u>
	<b>3,16,49,304</b>	<b>2,14,49,861</b>
	<b>3,94,86,329</b>	<b>2,93,82,183</b>
# Including Rs. 16,65,000 (Rs. 16,65,000) considered Non-performing Assets		
** Maximum amount due at any time during the year		
	<b>48,09,183</b>	48,09,183
<b>NOTE :</b>		
@ Amount due from a Director of the Company Advances	—	22,355
Maximum Amount due at any time during the year Advances	<b>52,274</b>	2,82,442

## **SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2010**

### **SCHEDULE – ‘G’**

#### **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 (as amended) 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 which 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 31<sup>st</sup> 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 is a 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 and deferred tax. Current income 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same as each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**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 on a straight line basis over the lease term.

**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 1,69,97,405 (Rs.39,41,335) 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 1<sup>st</sup> 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 been netted off with Advance payment of Income tax, Tax deducted at source and refunds receivable under Loan and Advances and 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) <b>Net Employee Expense/(benefit)</b>	<b>2009-10</b>	<b>2008-09</b>
	<b>Rs.</b>	<b>Rs.</b>
Current Service Cost	<b>1,89,000</b>	1,49,000
Interest cost on benefit obligation	<b>2,63,000</b>	1,99,000
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	<b>4,52,000</b>	4,55,000
Total employer expense recognised in Profit and Loss Account	<b>9,04,000</b>	8,03,000
<b>(ii) Benefit Asset/(Liability)</b>		
Defined benefit obligation	<b>(39,64,000)</b>	(30,60,000)
Fair value of Plan Assets	-	-
Benefit Asset/(Liability)	<b>(39,64,000)</b>	(30,60,000)
<b>(iii) Movement in benefit liability</b>		
Opening defined benefit obligation	<b>30,60,000</b>	22,57,000
Interest cost	<b>2,63,000</b>	1,99,000
Current service cost	<b>1,89,000</b>	1,49,000
Benefits paid	-	-
Actuarial (gains)/losses on obligation	<b>4,52,000</b>	4,55,000
Closing benefit obligation	<b>39,64,000</b>	30,60,000

(iv) **The principal actuarial assumptions are as follows**

Discount rate	<b>7.50%</b>	7.50%
Salary increase	<b>5.00%</b>	5.00%

(Amount in Rs.)

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

Contribution to Provident / Pension fund	<b>2,70,509</b>	2,50,497
Contribution to Superannuation fund	<b>2,34,991</b>	1,94,492

(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 :**

<b>Gratuity</b>	<b>2009-10</b>	2008-09	2007-08
Defined Benefit Obligation	<b>39,64,000</b>	30,60,000	22,57,000
Plan Assets	—	—	—
Surplus / (Deficit)	<b>(39,64,000)</b>	(30,60,000)	(22,57,000)
Experience adjustments on plan liabilities	<b>3,57,000</b>	Not Available*	Not Available*

\*The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities, for the years 2007-08 & 2008-09 are not readily available and hence not disclosed.

7. (a) Building maintenance expenses include Salaries Rs. 5,92,218 (Rs. 5,46,590), Insurance Rs. 65,898 (Rs. 50,483) and Electricity Expenses Rs. 38,57,564 (Rs. 38,67,800).
- (b) Miscellaneous Expenses includes Directors' Travelling Expenses Rs. 1,65,142 (Rs. 1,06,296).
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. Details of Executive Director's Remuneration :-**

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
Salary *	14,40,000		11,70,000	
Provident Fund Contribution	1,72,800	16,12,800	1,40,400	13,10,400
<b>NOTES:</b>				
In addition to the above, the following expenses have been incurred for the Executive Director:				
Rent		5,03,760		4,75,780
Medical Expenses		1,26,538		90,962
Superannuation Scheme Contribution		2,16,000		1,75,500
Directors' Fee		1,00,000		80,000
Leave Travel Assistance		-		1,77,500
		25,59,098		23,10,142

\* Excluding taxable value of perquisites Rs. **2,15,904** ( Rs. 1,74,603)

**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 included above.

**11. 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" is required.

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

		2009-10	2008-09
Profit after Tax as per Profit & Loss Account	Rs.	46,75,65,815	45,76,02,686
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earning Per Share	Rs.	59.12	57.86
Nominal value of Shares	Rs.	10	10

**13. 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 :

<b><u>Subsidiary Companies</u></b>	<b><u>2009-10</u></b>	<b><u>2008-09</u></b>
Loans and advances outstanding (PIC Properties Limited)	<b>48,09,183</b>	48,09,183
<b><u>Associate Company</u></b>		
Dividend Income	<b>15,39,92,340</b>	15,39,92,340
<b><u>Key Management Personnel</u></b>		
Remuneration	<b>25,59,098</b>	23,10,142
Advances Outstandings	–	22,355

**14.** The break up of deferred tax asset as on 31<sup>st</sup> March, 2010 is as follows :-

	<b><u>As at 31st March 2010</u></b>	<b><u>As at 31st March 2009</u></b>
	<b>Rs.</b>	<b>Rs.</b>
Timing Difference in depreciable assets	<b>68,656</b>	60,579
Expenses allowable against taxable income in future years	<b>17,94,742</b>	14,77,545
Provision for Diminution in value of unquoted Investments	–	16,12,309
Provision for Non-Performing Assets	<b>5,53,071</b>	5,80,756
<b>TOTAL</b>	<b>24,16,469</b>	37,31,189

**15.** 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)

**16.** 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)	— (22,355)
2. Other than related parties	— (—)	3,16,49,304 (2,14,27,506)	3,16,49,304 (2,14,27,506)
<b>TOTAL</b>	— (—)	3,64,58,487 (2,62,59,044)	3,64,58,487 (2,62,59,044)

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	22,68,050 (19,12,677)	5,00,020 (5,00,020)
(b) Companies in the same Group	(—) (—)	(—) (—)
(c) Other related parties	1,74,18,244,680 (7,52,50,92,348)	1,58,57,50,974 (1,58,57,50,974)
2. Other than related parties	23,56,61,89,685 (10,49,06,37,888)	4,91,74,59,300 (4,68,86,05,600)
<b>TOTAL</b>	40,98,67,02,415 (18,01,76,42,913)	6,50,37,10,294 (6,27,48,56,594)

iii). Other information

Particulars		Rs.
i)	Gross Non-performing Assets	
a)	Related Parties	— (—)
b)	Other than related parties	<b>16,65,000</b> (21,01,069)
ii)	Net Non-performing Assets	
a)	Related Parties	— (—)
b)	Other than related parties	— (3,92,462)
iii)	Assets acquired in satisfaction of debt	— (—)

**17. 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.

**18.** 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.

**19.** 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.

**20.** Additional disclosure required by NBFC-ND-SI in terms of the notification issued by RBI on August 1, 2008, are as follows :

(a) Capital to Risk Assets Ratio (CRAR)

Items	As at 31st March, 2010	As at 31 <sup>st</sup> March 2009
(i) CRAR (%)	<b>96.42</b>	96.36
(ii) CRAR – Tier I Capital (%)	<b>38.88</b>	36.59
(iii) CRAR - Tier II Capital (%)	<b>57.54</b>	59.77



(b) Exposure to real estate sector, both direct and indirect.

Category		As at 31st March 2010	As at 31st March 2009
(a)	Direct exposure		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	-	-
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential,	-	-
	b. Commercial Real Estate.	-	-
(b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

(c) Maturity pattern of certain items of assets and liabilities : (Rs.)

	1 day to 30/31 days (One month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 years	Total
Liabilities									
Assets									
Advances	1,70,946	4,71,051	25,644	7,69,787	19,18,124	2,07,08,243	1,49,868	1,34,85,662	3,76,99,325
Investments	-	-	-	-	32,68,17,585	-	-	6,17,68,92,709	6,50,37,10,294

Note : Maturity of Current Investments and Long Term Investments has been considered in 'Over 6 months to 1 year' and 'Over 5 years' category respectively

Signatures to Schedules 'A' to 'G'

**S. R. BATLIBOI & CO.**  
 Firm registration No.301003E  
 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

Place : Kolkata  
 Dated : July 7, 2010

## 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, 2010.

<b>FINANCIAL RESULTS :</b>		<b>Rs.</b>
Gross Profit for the year		5,41,435
Less : Depreciation		<u>51,796</u>
		4,89,639
Add : Balance brought forward from previous year		<u>13,84,270</u>
		18,73,909
Less : i) Provision for Taxation (A.Y. 2010-2011)	92,650	
ii) I. Tax for earlier year	<u>41,616</u>	<u>1,34,266</u>
		<u>17,39,643</u>

Your Directors report a Gross Profit of Rs. 5,41,435/- for the year and a Net Profit of Rs. 4,89,639/- after depreciation. The Directors refrain from declaring any Equity Dividend for the year.

### DIRECTORS :

Shri S. K. Daga 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.

Dated : The 30th day of April, 2010

**G. K. TULSIAN**  
**S. N. NEOTIA**  
*Directors*

## **AUDITORS' REPORT** TO THE SHAREHOLDERS

We have audited the Balance Sheet of **PIC PROPERTIES LIMITED** as at 31st March, 2010 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, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- 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, 2010;
- (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, 2010

For SINGHI & CO.  
*Chartered Accountants*  
S. K. Kothari  
*Partner*  
Membership No. 54157  
(Firm Registration No. 302049E)

**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, 2010

For SINGHI & CO.  
*Chartered Accountants*  
S. K. Kothari  
*Partner*  
Membership No. 54157  
(Firm Registration No. 302049E)

**BALANCE SHEET AS**

As on 31.3.09 Rs.	<b>LIABILITIES</b>	Amount Rs.
	<b>SHARE CAPITAL</b>	
	<b>Authorised Capital</b>	
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
	<b>Issued &amp; Subscribed</b>	
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
	<b>RESERVES &amp; SURPLUS</b>	
28,187	General Reserve	28,187
13,84,270	Profit & Loss A/c.	17,39,643
200	Capital Redemption Reserve	200
	<b>UNSECURED LOAN</b>	
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
	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
19,236	Sundry Creditors	19,236
2,70,168	Provision for Taxation	1,83,854
	Notes on Accounts - Schedule 'C'	
2,89,41,263		2,92,10,322

"As per our Report of even date"

For SINGHI &amp; CO.

Chartered Accountants

S. K. Kothari

Partner

Place : Kolkata.

Dated, the 30th day of April, 2010

**AT 31ST MARCH, 2010**

As on 31.3.09 Rs.	<b>A S S E T S</b>	<b>Amount Rs.</b>
	<b>FIXED ASSETS</b>	
2,58,45,236	As per Schedule 'A' Annexed	2,57,93,440
	<b>INVESTMENTS</b>	
25,78,040	As per Schedule 'B' Annexed	28,78,040
	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	
	<b>(A) Current Assets</b>	
1,746	Cash in hand (As certified by the Management)	1,246
1,18,631	Balance with Scheduled Banks : In Current A/C.	3,17,457
	<b>(B) Loans &amp; Advances</b>	
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)	
3,76,009	Tax deducted at Source	1,98,777
8,100	Deposit with Govt. & Other Authorities	8,100
13,501	Prepaid Insurance	13,262
<u>2,89,41,263</u>		<u>2,92,10,322</u>

**G. K. TULSIAN**  
**S. N. NEOTIA**  
*Directors*



**PROFIT & LOSS ACCOUNT FOR**

As on 31.3.09 Rs.	<b>PARTICULARS</b>	Dr. Amount Rs.
7,000	To Salary	5,835
1,10,040	" Rates & Taxes	1,09,815
18,560	" Insurance	18,494
	" Miscellaneous Expenses :	
852	" Bank Charges	551
1,158	" General Charges	1,250
1,200	" Filing Fees	600
13,236	" Audit Fees	13,236
8,427	" Professional Fees	32,539
6,000	" Directors' Fees	6,000
1,150	" Printing & Stationary	—
54,670	" Depreciation	51,796
4,05,641	" Profit for the year carried down	4,89,639
<u>6,27,934</u>		<u>7,29,755</u>
91,204	" Provision for taxation	92,650
24,585	" Income Tax For Earlier Year	41,616
13,84,270	" Balance carried over to Balance Sheet	17,39,643
<u>15,00,059</u>	Notes on Accounts - Schedule 'C'	<u>18,73,909</u>
2008-09	Basic and Diluted Earning per share	2009-10
6.29	(Face Value of Rs. 10 per share)	7.94
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, 2010

**THE YEAR ENDED 31ST MARCH, 2010**

As on 31.3.09 Rs.	<b>PARTICULARS</b>	<b>Cr. Amount Rs.</b>
5,27,076	By Rent (Tax deducted at source Rs. 79,341/-, Previous Year Rs. 1,19,436/-)	5,27,076
	" Income from Investments	
240	Dividends on Shares	240
92,180	Dividends on Mutual Funds	2,00,217
8,438	Interest on US 64 Bonds	—
—	Interest on Income Tax Refund (Tax deducted at source Rs. Nil, Previous Year Rs. Nil )	2,222
<u>6,27,934</u>		<u>7,29,755</u>
4,05,641	" By Profit for the year brought down	4,89,639
10,94,418	" Balance carried forward from previous year	13,84,270
<u>15,00,059</u>		<u>18,73,909</u>

**G. K. TULSIAN**  
**S. N. NEOTIA**  
*Directors*

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

<b>PARTICULARS :</b>	<b>Rs. For the year ended 31st March '10</b>	<b>Rs. For the year ended 31st March, '09</b>
<b>Net Profit before taxation, and extraordinary item</b>	<b>4,89,639</b>	4,05,641
Adjustment for :		
Depreciation	51,796	54,670
Income from Investments	<b>(2,00,457)</b>	(1,00,858)
<b>Operating Profit before working capital changes</b>	<b>3,40,978</b>	3,59,453
Increase / (Decrease) in Sundry Creditors	—	(1,497)
Decrease / (Increase) in Sundry Debtors / Advances	<b>239</b>	(36)
	<b>3,41,217</b>	3,57,920
Income Tax paid	<b>(43,348)</b>	(1,12,786)
<b>Net Cash from operations</b>	<b>2,97,869</b>	2,45,134
<b>Cash flow from investing activities</b>		
Short Term Investments	<b>(3,00,000)</b>	(7,00,000)
Income From Investments	<b>2,00,457</b>	1,00,858
Redemption of Mutual Funds / Bonds Units	—	2,50,000
<b>Net Cash from investing activities</b>	<b>(99,543)</b>	(3,49,142)
<b>Cash flow from Financing activities</b>		
Advance against equity	—	—
<b>Net Increase / (Decrease) in cash &amp; cash equivalents</b>	<b>1,98,326</b>	(1,04,008)
Cash & cash equivalents at the beginning of the year	<b>1,20,377</b>	2,24,385
Cash & cash equivalents at the end of the year	<b>3,18,703</b>	1,20,377

Kolkata  
The 30th day of April, 2010

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

G. K. TULSIAN  
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.

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**FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010**
**SCHEDULE 'A'**

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 1.4.2009	Additions (Deletions) during the year	As on 31.3.2010	Upto 31.3.2009	For the year	Upto 31.3.2010	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	—	<b>2,48,22,151</b>	—	—	—	<b>2,48,22,151</b>	2,48,22,151
BUILDING	34,26,308	—	<b>34,26,308</b>	24,08,123	<b>50,909</b>	<b>24,59,032</b>	<b>9,67,276</b>	10,18,185
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	2,92,457	—	<b>2,92,457</b>	2,87,557	<b>887</b>	<b>2,88,444</b>	<b>4,013</b>	4,900
CURRENT YEAR	2,85,40,916	—	<b>2,85,40,916</b>	26,95,680	<b>51,796</b>	<b>27,47,476</b>	<b>2,57,93,440</b>	<b>2,58,45,236</b>
PREVIOUS YEAR	2,85,40,916	—	2,85,40,916	26,41,010	54,670	26,95,680	2,58,45,236	

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**SCHEDULE `B'****INVESTMENT AS AT 31ST MARCH, 2010****LONG TERM INVESTMENTS (AT COST)**

As on 31.3.09 Nos.	Amount Rs.		Cost / Face Value Rs.	Nos.	Amount Rs.	Market Value of Quoted Investment Rs.
<b>QUOTED</b>						
<b>Shares / Bonds(Fully Paid-up)</b>						
200	2,000	Equity Shares — Mangalore Refinery Petrochemicals Ltd.	10/-	200	2,000	15,220
<b>MUTUAL FUND UNITS</b>						
18,811.136	2,50,000	Birla Sunlife Dividend Yield Plus Div.	13.29	18,811.136	2,50,000	2,57,336
33,472.804	8,00,000	Birla Sunlife Midcap-Div.	23.90	33,472.804	8,00,000	8,36,820
21,986.716	3,17,203	Birla Sunlife MIP-Wealth 25-Growth	14.43	21,986.716	3,17,203	3,70,797
36,549.406	5,08,837	Birla Sunlife MIP-Wealth 25-Growth	13.92	36,549.406	5,08,837	6,16,391
56,403.397	7,00,000	Birla Sunlife Gilt Plus-D Regular Plan	12.41	56403.397	7,00,000	6,64,471
-	-	Birla Sunlife MIP II Saving - 5 Plan Monthly Dividend	11.22	26,730.344	3,00,000	3,01,700
	<u>25,78,040</u>				<u>28,78,040</u>	<u>30,62,735</u>

Aggregate Book Value of Quoted Investments — Rs. 28,78,040/- (Rs. 25,78,040/-)

Aggregate Market Value of Quoted Investments — Rs. 30,62,735/- (Rs. 22,10,655/-)

**SCHEDULE `C'****NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010****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 from Investments includes :**

i) Equity Dividend on MRPL Shares (Previous Year)	–	Rs. 240/-, TDS : Rs. NIL
	–	Rs. 240/-, TDS : Rs. NIL)
ii) Dividend on Mutual Fund Units (Previous Year)	–	Rs. 2,00,217/-, TDS : Rs. NIL
	–	Rs. 92,180/-, TDS : Rs. NIL)

- 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 of Rs. 3,79,272/- as on 31.3.2010 (Rs.7,33,472/- as on 31.3.2009) has not been recognized in these accounts. There are no other timing differences between taxable income & accounting income of the company.
- As there is only one segment in the Company, AS-17 is not applicable.
- 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 2009-10.
- Previous Year's figures have been rearranged/regrouped wherever considered necessary.

Kolkata  
The 30th day of April, 2010

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

G. K. TULSIAN  
S. N. NEOTIA  
Directors

**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**

I.	Registration Details :		
	Registration No. :	38472	State Code : 21
	Balance Sheet Date :	31.03.2010	
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	29,210	Total Assets
	Source of Funds :		
	Paid up Capital	500	Reserve & Surplus
	Secured Loans	—	1,768
	Application of Funds :		Unsecured Loans
	Net Fixed Assets	25,793	26,739
	Net Current Assets	336	Investments
	Accumulated Losses	—	2,878
			Misc. Expenditure
			—
IV.	Performance of Company (Amount in Rs. Thousands)		
	Turnover (Rent, Investment Income)	730	Total Expenditure
	Profit / (Loss) before Tax	490	240
	Earning per Share in Rs.	7.94	Profit / (Loss) after Tax
			397
			Dividend rate %
			—
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, 2010 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. We have not audited the financial statements of the company's subsidiary and associate, which reflect total proportionate assets of Rs.2,12,288.60 lacs as at 31st March, 2010 and total proportionate revenues of Rs. 1,67,258.71 lacs and proportionate net cash flow of Rs. 518.43 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.
4. Attention is drawn to the following notes on Schedule G:
  - (i) *Note No. 2 (c) regarding treatment of difference of Rs. 15387.64 lacs between the Company's investments and share of equity in Associate Company,*
  - (ii) *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;*

*In respect of the above items, the previous year's audit report was similarly modified.*
5. We report that subject to the matter stated in para 4(i) above, 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. 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, *Subject to matter stated in para 4 above, whose impact on the company's Profit/Reserves is not presently ascertainable,* 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 the Company and its subsidiary/associate as at 31st March, 2010;
  - (ii) in the case of the Consolidated Profit & Loss Account, of the consolidated profit the Company 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 the Company and its subsidiary/associate for the year then ended.

**S. R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
*Chartered Accountants*  
Per **R. K. AGRAWAL**  
*Partner*  
Membership No. 16667

Place : Kolkata  
Dated : July 7, 2010



**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

<b>LIABILITIES</b>	<b>Schedule</b>	<b>As at 31st March, 2010 Rs.</b>	<b>As at 31st March, 2009 Rs.</b>
SHARE CAPITAL	'A'	7,90,87,500	7,90,87,500
SHARE APPLICATION MONEY		2,19,00,000	2,19,00,000
RESERVES AND SURPLUS	'B'	11,44,94,44,119	10,14,37,47,338
CURRENT LIABILITIES AND PROVISIONS	'C'	23,79,89,854	23,75,22,681
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	'G'		
		<u>11,78,84,21,473</u>	<u>10,48,22,57,519</u>

Schedules 'A' to 'G' referred to above form an integral part of the Consolidated Balance Sheet.

As per our report of even date

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
Firm registration No. 301003E  
Chartered Accountants  
Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

<b>A S S E T S</b>	<b>Schedule</b>	<b>As at 31st March, 2010 Rs.</b>	<b>As at 31st March, 2009 Rs.</b>
<b>FIXED ASSETS</b>	<b>'D'</b>	<b>2,78,06,321</b>	<b>2,80,25,618</b>
<b>INVESTMENTS</b>	<b>'E'</b>	<b>11,72,31,66,549</b>	<b>10,42,56,79,893</b>
<b>DEFERRED TAX ASSET</b>		<b>24,16,469</b>	<b>37,31,189</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	<b>'F'</b>	<b>3,50,32,134</b>	<b>2,48,20,819</b>
		<b><u>11,78,84,21,473</u></b>	<b><u>10,48,22,57,519</u></b>

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, 2010**

	Rs.	2009-10 Rs.	2008-09 Rs.
To			
Payments to and Provisions for employees			
Salaries, Bonus etc.	29,31,877		28,27,309
Gratuity	9,04,000		8,03,000
Contribution to Provident and other funds	5,29,761		4,69,879
Employees' Welfare Expenses	<u>1,94,388</u>		<u>1,51,137</u>
		<b>45,60,026</b>	<b>42,51,325</b>
"			
Rent		5,78,073	5,48,936
"			
Rates & Taxes	20,98,817		20,72,057
Less : Recoveries	<u>16,44,271</u>		<u>16,44,271</u>
		<b>4,54,546</b>	<b>4,27,786</b>
"			
Insurance		32,446	34,046
"			
Building Maintenance & Service Expenses		62,78,430	56,78,214
"			
Auditors' Remuneration			
As Auditors :			
Audit Fee	1,42,000		1,42,000
For Limited Reviews	78,000		78,000
For Expenses etc.	46,677		59,639
In other manner :			
For Certificates etc.	<u>75,000</u>		<u>80,000</u>
		<b>3,41,677</b>	<b>3,59,639</b>
"			
Directors' Fees		8,06,000	5,86,000
"			
Miscellaneous Expenses		20,70,474	20,61,079
"			
Depreciation		2,48,645	2,91,132
"			
Interest on fixed loans		-	1,05,98,322
"			
Interest to Income tax department		2,68,268	-
"			
Provision for Diminution in value of Current Investments		-	36,92,157
"			
Balance carried down (subject to taxation)		<u>47,74,88,115</u>	<u>46,61,28,762</u>
		<b>49,31,26,700</b>	<b>49,46,57,398</b>

**Consolidated Profit & Loss Account for the year ended 31st March, 2010**

	Rs.	2009-10 Rs.	2008-09 Rs.
<b>By Income from Investments (Other than trade)</b>			
<b>Dividend :</b>			
- On Long Term Investments	44,83,31,339		45,64,37,037
- On Current Investments	<u>1,60,00,291</u>		<u>49,41,848</u>
		<b>46,43,31,630</b>	<b>46,13,78,885</b>
" <b>Interest from Bonds (Long Term Investments)</b>		-	8,438
" <b>Interest (Gross)</b>			
From Banks [Tax deducted at source Rs.10,704 (Rs. 69,654)]	1,07,040		3,38,123
On Loans & Deposits with Companies & Others [Tax deducted at source Rs. Nil (Rs.1,26,368)]	1,882		5,57,995
On Income Tax Refunds	<u>2,222</u>		<u>15,61,929</u>
		<b>1,11,144</b>	<b>24,58,047</b>
" <b>Other Income :</b>			
Rent (Gross) [Tax deducted at source Rs.39,10,922 (Rs.39,10,922)]	1,28,88,665		1,19,77,331
Service charges on rented properties	<u>47,01,092</u>		<u>42,55,188</u>
		<b>1,75,89,757</b>	<b>1,62,32,519</b>
" Miscellaneous Receipts		<b>26,504</b>	-
" Profit on redemption of Units(Net) (Current Investments- Other than Trade)		<b>2,16,680</b>	6,075
" Profit on sale of Rights Entitlement		-	62,45,415
" Provision for Non performing Assets no longer required written back (net)		<b>43,607</b>	2,29,593
" Provision for diminution in value of Unquoted investments no longer required written back		<b>1,08,07,378</b>	80,98,426
		<u><b>49,31,26,700</b></u>	<u><b>49,46,57,398</b></u>

**Consolidated Profit & Loss Account for the year ended 31st March, 2010**

	Rs.	2009-10 Rs.	2008-09 Rs.
To Provision for Taxation			
Current (including Rs. 1,15,36,900 (Rs. 12,97,847))	1,62,29,550		48,89,051
MAT Credit (Entitlement) in respect of earlier years	(79,77,343)		-
Deferred	13,14,720		32,82,173
Fringe Benefit	-		65,000
		<b>95,66,927</b>	<b>82,36,224</b>
" Transfer to Special Reserve		9,36,00,000	9,16,00,000
" Proposed Dividend (on 79,08,750 shares @ Rs 25 (Rs 25) per share)		19,77,18,750	19,77,18,750
" Provision for Tax on Dividend		3,28,38,613	3,36,02,302
" Transfer to General Reserve		5,00,00,000	4,80,00,000
" Balance carried to Balance Sheet		5,30,37,02,127	4,14,16,05,346
		<b>5,68,74,26,417</b>	<b>4,52,07,62,622</b>
Earning Per Share (Face value Rs 10 each) Basic & Diluted (Rs)		194.25	145.11

(Refer Note No. 14 on Schedule G)

**Notes : As per Schedule 'G' attached**

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

As per our report of even date

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
Firm registration No. 301003E  
Chartered Accountants  
Per **R. K. AGRAWAL**  
Partner  
Membership No. 16667

**Consolidated Profit & Loss Account for the year ended 31st March, 2010**

	2009-10 Rs.	2008-09 Rs.
By Balance brought down	<b>47,74,88,115</b>	46,61,28,762
" Share in the Profit of Associate Company	<b>1,06,83,32,956</b>	68,97,75,015
" Balance as per last account	<b>4,14,16,05,346</b>	3,36,48,58,845
	<b><u>5,68,74,26,417</u></b>	<b><u>4,52,07,62,622</u></b>

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, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before Tax</b>	<b>47,74,88,115</b>	46,61,28,762
<b>Adjustments for :</b>		
Dividend Income	<b>(46,43,31,630)</b>	(46,13,78,885)
Interest Expenses	–	1,05,98,322
Interest Income	<b>(1,08,922)</b>	(24,66,485)
Profit on redemption of Units(Net)	<b>(2,16,680)</b>	(6,075)
Profit on sale of Rights Entitlement	–	(62,45,415)
Depreciation	<b>2,48,645</b>	2,91,132
Provision for diminution in value of investments no longer required written back (net)	<b>(1,08,07,378)</b>	(44,06,269)
Provision against Non-performing Assets (Net of excess provision written back)	<b>(43,607)</b>	(2,29,593)
<b>Operating Profit before working Capital Changes</b>	<b>22,28,543</b>	22,85,494
Increase/ (Decrease) in Trade Payables	<b>12,30,862</b>	(12,31,172)
Decrease/ (Increase) in Trade & Other Receivables	<b>(21,05,855)</b>	45,79,851
<b>Cash Generated From Operations :</b>	<b>13,53,550</b>	56,34,173
Income Taxes paid ( Net of Refunds)	<b>(1,65,64,430)</b>	(58,27,816)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(1,52,10,880)</b>	(1,93,643)
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(29,348)</b>	–
Dividend from Associate Company	<b>15,39,92,340</b>	15,39,92,340
Dividend Received from Others	<b>31,03,39,290</b>	30,73,86,545
Interest Received	<b>1,08,922</b>	24,66,485
Sale/Redemption of Investments	<b>61,80,94,456</b>	57,17,56,649
Purchase of Investments	<b>(83,62,24,098)</b>	(65,72,26,107)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>24,62,81,562</b>	37,83,75,912

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

	2009-10 Rs.	2008-09 Rs.
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Repayment of short-term Borrowings	-	(18,50,00,000)
Interest Paid	-	(1,52,26,008)
Dividends paid	<b>(19,77,18,750)</b>	(15,81,75,000)
Tax on Dividend Paid	<b>(3,36,02,302)</b>	(2,68,81,841)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b><u>(23,13,21,052)</u></b>	<b><u>(38,52,82,849)</u></b>
<b>NET CHANGES IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(2,50,370)</b>	(71,00,580)
CASH AND CASH EQUIVALENTS- OPENING BALANCE *	<b>23,56,077</b>	94,56,657
CASH AND CASH EQUIVALENTS-CLOSING BALANCE *	<b>21,05,707</b>	23,56,077

\* Represents Cash and Bank Balances as Indicated in Schedule-F

As per our attached Report of even date.

Place : Kolkata  
Dated : July 7, 2010

**S. R. BATLIBOI & CO.**  
*Firm registration No. 301003E*  
*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, 2010**

<b>SCHEDULE 'A'</b>	<b>As at 31st March, 2010</b>	(Amount in Rs.) As at 31st March, 2009
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
90,00,000 Ordinary Shares of Rs.10 each	<u>9,00,00,000</u>	<u>9,00,00,000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
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>1,54,86,34,222</u>	<u>1,48,52,24,159</u>
Add : Transfer from Profit & Loss Account	<u>5,00,00,000</u>	<u>4,80,00,000</u>
Add : Proportionate share of adjustment made in Associate Company during the year	<u>-</u>	<u>1,54,10,063</u>
	<u>1,59,86,34,222</u>	<u>1,54,86,34,222</u>

**Special Reserve**

As per last Account	<u>68,93,40,000</u>	<u>59,77,40,000</u>
Add : Transfer from Profit & Loss Account	<u>9,36,00,000</u>	<u>9,16,00,000</u>
	<u>78,29,40,000</u>	<u>68,93,40,000</u>

**Surplus as per Profit & Loss Account**

<u>5,30,37,02,127</u>	<u>4,14,16,05,346</u>
<u>11,44,94,44,119</u>	<u>10,14,37,47,338</u>

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

<b>SCHEDULE 'C'</b>	<b>(Amount in Rs.)</b>	
	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors for Goods, Services, Expenses etc.		
Due to Micro & Small Enterprises (Refer Note No.19 on Schedule "G")	-	-
Due to others	<b>9,87,641</b>	9,66,015
Sundry Deposits	<b>7,08,505</b>	7,08,505
Other Liabilities	<b>3,33,345</b>	1,80,109
	<u><b>20,29,491</b></u>	<u>18,54,629</u>
<b>B. PROVISIONS</b>		
Gratuity	<b>39,64,000</b>	30,60,000
Leave liability	<b>14,39,000</b>	12,87,000
Proposed Dividend	<b>19,77,18,750</b>	19,77,18,750
Tax on Proposed Dividend	<b>3,28,38,613</b>	3,36,02,302
	<u><b>23,59,60,363</b></u>	<u>23,56,68,052</u>
	<u><b>23,79,89,854</b></u>	<u>23,75,22,681</u>

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

**SCHEDULE 'D'**

**FIXED ASSETS**

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at	Additions	As at	Upto	For the	Upto	As at	As at
	01.04.2009		31.03.2010	01.04.2009	Year	31.03.2010	31.03.2010	31.03.2009
Freehold Land	2,55,50,354	-	<b>2,55,50,354</b>	-	-	-	<b>2,55,50,354</b>	2,55,50,354
Buildings	83,81,449	-	<b>83,81,449</b>	65,13,634	<b>93,391</b>	<b>66,07,025</b>	<b>17,74,424</b>	18,67,815
Furniture, Air-con ditioners, Electrical Installations, etc.	20,54,052	29,348	<b>20,83,400</b>	19,29,616	<b>30,202</b>	<b>19,59,818</b>	<b>1,23,582</b>	1,24,436
Office Equipments	18,015	-	<b>18,015</b>	18,015	-	<b>18,015</b>	-	-
Vehicles	6,92,000	-	<b>6,92,000</b>	2,08,987	<b>1,25,052</b>	<b>3,34,039</b>	<b>3,57,961</b>	4,83,013
<b>TOTAL</b>	<b>3,66,95,870</b>	<b>29,348</b>	<b>3,67,25,218</b>	<b>86,70,252</b>	<b>2,48,645</b>	<b>89,18,897</b>	<b>2,78,06,321</b>	2,80,25,618
Previous year's Total	3,66,95,870	-	3,66,95,870	83,79,120	2,91,132	86,70,252	2,80,25,618	

**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 in joint ownership with others.
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 in joint ownership with others.

**Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2010**  
(Amount in Rs.)

<b>SCHEDULE 'E'</b>		<b>Face Value</b>		<b>As at 31st</b>	<b>As at 31st</b>
<b>INVESTMENTS (Other than Trade)</b>	<b>Nos.</b>	<b>per Share</b>		<b>March, 2010</b>	<b>March, 2009</b>
<b>LONG TERM</b>					
<b>QUOTED (FULLY PAID)</b>					
<b>Equity Shares</b>					
Aditya Birla Nuvo Limited	1,87,098	10		2,94,07,786	2,94,07,786
Aditya Birla Chemicals (India) 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
KDDL 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	62,90,149	10		1,16,81,79,683	69,50,05,198
	(55,01,525)				
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
				<b>4,55,44,54,950</b>	<b>4,08,12,80,465</b>
<b>Preference Shares</b>					
2% Cumulative Compulsarily Convertible					
Preference Shares of Tata Steel Limited	(47,31,748)	100		-	47,31,74,800
				<b>4,55,44,54,950</b>	<b>4,55,44,55,265</b>
<b>Fully Paid Up Equity shares in Associate Company</b>					
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 2010			<b>5,21,70,78,235</b>		<b>4,14,87,45,279</b>
				<b>6,80,28,29,209</b>	<b>5,73,44,96,253</b>
				<b>11,35,72,84,159</b>	<b>10,28,89,51,518</b>

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

**Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2010**

**SCHEDULE 'E' (Contd.)**

(Amount in Rs.)

INVESTMENTS UNQUOTED (Fully Paid)	Nos.	Face Value per Share	As at 31st March, 2010	As at 31st March, 2009
<b>Equity Shares</b>				
Birla Buildings Limited	15,000	10	1,52,258	1,52,258
Birla Consultants Limited	12,000	10	1,20,000	1,20,000
Indo Thai Synthetics Co Limited	2,07,900	10	11,41,857	11,41,857
Bangkok (Thailand)		<b>Baht</b>		
Indo-Phil Textile Mills Inc., Manila (Republic of Phillipines)	2,11,248	10	2,02,692	2,02,692
		<b>Pesos</b>		
The Eastern Economist Limited	400	100	40,101	40,101
The Hindustan Times Limited	1,92,000	10	2,17,948	2,17,948
The Industry House Limited	2,812	100	1,89,409	1,89,409
Gmmco Limited	68,249	10	3,41,24,500	3,41,24,500 (3)
			<b>3,61,88,765</b>	<b>3,61,88,765</b>
<b>Units Of Mutual Funds</b>				
Birla Sunlife Yield Plus Dividend	18,811	10	2,50,000	2,50,000
Birla Sunlife Midcap Dividend	33,473	10	8,00,000	8,00,000
Birla Sunlife MIP-Wealth 25 - Growth	58,536	10	8,26,040	8,26,040
Birla Sunlife Gilt Plus - D Regular Plan	56,403	10	7,00,000	7,00,000
Birla Sunlife MIP-II Savings - 5 Plan Monthly Dividend	26,730	10	3,00,000	—
			<b>28,76,040 *</b>	<b>25,76,040</b>
*NAV as on 31st March, 2010 - Rs 30,47,515/- (Rs. 22,02,445/-)				
<b>CURRENT INVESTMENTS (Lower of Cost and Market Value)</b>				
<b>UNQUOTED</b>				
<b>Mutual Funds</b>				
	Units			
Birla Sunlife Dynamic Bond	— (37,94,326)	10	—	3,90,64,024 (3)
Birla Sunlife Frontline Equity	2,92,899 (—)	10	2,25,21,039	—
Birla Sunlife Infrastructure Fund-Dividend	18,88,290 (—)	10	2,37,25,358	—
Birla Sunlife Midcap Fund-Dividend	11,12,329 (—)	10	2,36,01,315	—
Birla Sunlife Midcap Fund-Growth	3,07,637 (—)	10	3,00,99,222	—

**Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2010**

**SCHEDULE 'E' (Contd.)**

(Amount in Rs.)

	Nos.	Face Value per Share	As at 31st March, 2010	As at 31st March, 2009
DSP Black Rock Equity Fund-Growth	16,62,040	10	2,25,35,605	—
	(—)			
DSP Black Rock Top-100 Fund-Div.	11,66,411	10	2,20,92,598	—
	(—)			
HDFC Equity Fund Growth	72,405	10	1,60,19,149	—
	(—)			
HDFC Top - 200 - Dividend	5,73,332	10	2,20,96,381	—
	(—)			
HDFC Top - 200 - Growth	1,13,956	10	2,01,83,476	—
	(—)			
ICICI Prudential FocusedFund-Growth	12,37,031	10	1,60,19,545	—
	(—)			
ICICI Prudential Growth	1,90,052	10	1,75,00,000	1,75,00,000 <sup>(3)</sup>
Reliance Medium Term	—	10	—	1,25,49,746
	(7,34,096)			
Reliance Growth Fund-Growth	79,938	10	3,00,00,000	—
	(—)			
Reliance Growth Fund-Dividend	2,98,595	10	1,47,29,624	—
	(—)			
Reliance Pharma Fund-Growth	5,48,578	10	2,00,00,000	—
	(—)			
Reliance Regular Saving Fund-Growth	10,61,372	10	2,56,94,273	—
	(—)			
TFLD Tata Treasury Manager Plan	—	1000	—	3,96,57,178
	(39,286)			
			<u>32,68,17,585*</u>	<u>10,87,70,948</u>
*NAV as on 31st March, 2010 - Rs.34,63,34,627/- (Rs.10,50,78,791/-)			<u>11,72,31,66,549</u>	<u>10,43,64,87,271</u>
Less : Provision for diminution in value of Unquoted investments			—	1,08,07,378
			<u>11,72,31,66,549</u>	<u>10,42,56,79,893</u>
<b>Aggregate amount of Investments</b>				
Quoted			<u>11,35,72,84,159</u>	<u>10,28,89,51,518</u>
Unquoted			<u>36,58,82,390</u>	<u>14,75,35,753</u>
			<u>11,72,31,66,549</u>	<u>10,43,64,87,271</u>
<b>Market Value of Quoted Investments</b>			<u>40,43,62,79,656</u>	<u>17,70,05,64,829</u>

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

**SCHEDULE 'E' (Contd.)**

**Notes :**

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

Name of the Mutual Fund	Face Value	No. of Units	
		2009-10	2008-09
Birla Sunlife Medium Term Plan - Fortnightly Dividend	10/-	22,39,340	—
Birla Sunlife Savings Fund - Institutional - Daily dividend	10/-	30,07,877	1,03,18,825
Birla Sunlife Short Term Fund 1 - Daily Dividend	10/-	51,10,869	—
DSP Black Rock Floating Rate Fund	10/-	22,46,551	—
DSPML FMP 1M Series 1 - Institutional	10/-	—	22,65,734
DSP Black Rock Liquid Fund Regular Plan	10/-	—	22,68,509
DSP Merrill Lynch Liquid Plus - Daily Dividend	1000/-	—	38,099
HDFC Cash Mang. Treasury	10/-	80,44,921	—
ICICI Prud. Flexi Income Plan Premium - Daily Dividend	10/-	65,47,293	76,05,008
ICICI Prud. Institutional Liquid Plan - Daily	10/-	—	16,98,058
IDFC Fixed Maturity plan - Quaterly Services - Dividend	10/-	—	70,00,000
Reliance Medium Term Fund - Daily Dividend	10/-	—	99,29,464
Reliance Money Manager Fund	1000/-	1,73,312	—
Reliance Liquid Fund Daily Dividend	10/-	40,28,058	—
Tata Floater Fund - Daily dividend	10/-	—	38,08,389

(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.

QUOTED (Fully Paid)	Nos.	Face Value
<b>Equity Shares</b>		
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
<b>UNQUOTED (Fully Paid)</b>		
<b>Equity Shares</b>		
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
<b>In Subsidiary Company</b>		
Atlas Iron & Alloys Ltd., (In Liquidation)	72,000	10
<b>Debentures</b>		
Hind Cycles Ltd. (in liquidation)	66	100
<b>UNQUOTED (Partly paid)</b>		
<b>Equity Shares</b>		
Central Distributors Ltd. (In Liquidation) (Paid up Rs.7.50 per share)	1,284	10

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

**Schedule forming part of the Consolidated Balance Sheet as at 31st March, 2010**

(Amount in Rs.)

<b><u>SCHEDULE 'F'</u></b>	<b>As at 31st</b>	
	<b>March, 2010</b>	<b>March, 2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered Good except stated otherwise)		
Debts outstanding for a period exceeding	—	4,36,069
Other Debts	<u>12,40,838</u>	<u>4,94,977</u>
	<b>12,40,838 *</b>	<b>9,31,046</b>
Less: Provision for Non-performing assets	<u>—</u>	<u>43,607</u>
	<b>12,40,838 *</b>	<b>8,87,439</b>
*Including Rs. Nil (Rs. 4,36,069) considered Non-performing Assets		
<b>Cash &amp; Bank Balances</b>		
Cash on hand	19,315	8,054
<b>With Scheduled Banks on:</b>		
Current Account	20,86,392	23,48,023
<b>B. LOANS AND ADVANCES</b>		
(Unsecured, Considered Good except as stated otherwise)		
Advances:		
Advance payment of Income Tax, Tax deducted at source and refunds Receivable (after adjusting provision)	1,19,45,823	1,16,10,943
MAT Credit Entitlement	79,77,343	—
Other Advances recoverable in cash or Kind or for value to be received	39,42,844 #. @	21,46,781
Less: Provision for Non-performing Assets	<u>16,65,000</u>	<u>16,65,000</u>
	<b>22,77,844</b>	<b>4,81,781</b>
Deposit With Government & Other Authorities	8,100	8,100
Sundry Deposits	25,48,676	25,48,676
Deposit against demand under dispute	<u>69,27,803</u>	<u>69,27,803</u>
	<b>3,16,85,589</b>	<b>2,15,77,303</b>
	<b>3,50,32,134</b>	<b>2,48,20,819</b>

# 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
Maximum amount due at any time during the year		
Advances	52,274	2,82,442



**SCHEDULE FORMING PART OF THE CONSOLIDATED STATEMENTS OF ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2010**

**SCHEDULE – ‘G’**

**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 31.03.2010
PIC Properties Limited	India	100

- e. The other subsidiary company Atlas Iron & Alloys Limited incorporated in India in which the company has got 98.83% 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” 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 31.03.2010
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 31<sup>st</sup> 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 – ‘G’ (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 (as amended) 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 – 'G' (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 31<sup>st</sup> 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 – ‘G’ (Contd.)**

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

**xi. Income Taxes**

Tax expense comprises of current and deferred. Current income 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same as each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

**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

**SCHEDULE – 'G' (Contd.)**

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 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. 2,77,98,00,000 (Rs. 3,59,64,00,000)

**5. Contingent Liabilities 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. 1,69,97,405 (Rs. 39,41,335) disputed by the Company/ Income Tax department in appeal .
- c) Proportionate amount in respect of Century Textiles & Industries Limited, an associate company Rs. 1,12,96,00,000 (Rs. 2,01,84,00,000).

**6. The Company has disputed the claim for recovery of Rs. 15,44,486 plus interest from 1<sup>st</sup> 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**

**SCHEDULE – ‘G’ (Contd.)**

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.

**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)	2009-10 Rs.	2008-09 Rs.
Current Service Cost	1,89,000	1,49,000
Interest cost on benefit obligation	2,63,000	1,99,000
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	4,52,000	4,55,000
Total employer expense recognised in Profit and Loss Account	9,04,000	8,03,000
<b>(ii) Benefit Asset/(Liability)</b>		
Defined benefit obligation	(39,64,000)	(30,60,000)
Fair value of Plan Assets	-	-
Benefit Asset/(Liability)	(39,64,000)	(30,60,000)
<b>(iii) Movement in benefit liability</b>		
Opening defined benefit obligation	30,60,000	22,57,000
Interest cost	2,63,000	1,99,000
Current service cost	1,89,000	1,49,000
Benefits paid	-	-
Actuarial (gains)/losses on obligation	4,52,000	4,55,000
Closing benefit obligation	39,64,000	30,60,000
<b>(iv) The principal actuarial assumptions are as follows</b>		
Discount rate	7.50%	7.50%
Salary increase	5.00%	5.00%
<b>(v) Amount incurred as expense for defined contribution plans</b>		
Contribution to Provident / Pension fund	2,70,509	2,50,497
Contribution to Superannuation fund	2,34,991	1,94,492

**SCHEDULE – ‘G’ (Contd.)**

(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 :**

<b>Gratuity</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
Defined Benefit Obligation	<b>39,64,000</b>	30,60,000	22,57,000
Plan Assets	-	-	-
Surplus / (Deficit)	<b>(39,64,000)</b>	(30,60,000)	(22,57,000)
Experience adjustments on plan liabilities	<b>3,57,000</b>	*Not Available	* Not Available

\*The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan liabilities for the year 2007-08, 2008-09 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. (a) Building maintenance expenses include Salaries Rs. 5,92,218 (Rs.5,46,590), Insurance Rs. 65,898 (Rs. 50,483) and Electricity Expenses Rs. 38,57,564 (Rs. 38,67,800).  
 (b) Miscellaneous Expenses includes Directors' Travelling Expenses Rs.1,65,142 (Rs.1,06,296).

10. 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.

11. 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 Texti		
(d)	Tungabhadra		
(e)	Hindustan Ev		

**SCHEDULE – ‘G’ (Contd.)**

**12. Executive Director’s Remuneration**

	<u>2009-10</u>		<u>2008-09</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>Salary*</b>	<b>14,40,000</b>		11,70,000	
Provident Fund Contribution	<u>1,72,800</u>	<b>16,12,800</b>	<u>1,40,400</u>	13,10,400
<b>NOTES:</b>				
In addition to the above, the following expenses have been incurred for the Executive Director:				
Rent		<b>5,03,760</b>		4,75,780
Medical Expenses		<b>1,26,538</b>		90,962
Superannuation Scheme Contribution		<b>2,16,000</b>		1,75,500
Directors’ Fee		<b>1,00,000</b>		80,000
Leave Travel Assistance		–		1,77,500
		<u><b>25,59,098</b></u>		<u>23,10,142</u>

\* Excluding taxable value of perquisites Rs. 2,15,904 (Rs.1,74,603)

**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 included above.

**13. 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” is required.

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

		<u>2009-10</u>	<u>2008-09</u>
Profit after Tax as per Profit & Loss Account	Rs.	<b>1,53,62,54,144</b>	1,14,76,67,553
Weighted average number of Ordinary Shares	Nos.	<b>79,08,750</b>	79,08,750
Basic & Diluted Earning Per Share	Rs.	<b>194.25</b>	145.11
Nominal value of Shares	Rs.	<b>10</b>	10

**15. Related Party Disclosures**

(a) Names of the related parties

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

(b) Aggregate Related Party Disclosures

<u>Key Management Personnel</u>	<u>2009-10</u>	<u>2008-09</u>
	<u>Rs.</u>	<u>Rs.</u>
Remuneration	<b>25,59,098</b>	23,10,142
Advances Outstanding	–	22,355



**SCHEDULE – 'G' (Contd.)**

16. The break up of deferred tax asset as on 31<sup>st</sup> March 2010 is as follows: -

	<u>2009-10</u>	<u>2008-09</u>
	Rs.	Rs.
Timing Difference in depreciable assets	68,656	60,579
Expenses allowable against taxable income in future years	17,94,742	14,77,545
Provision for Diminution in value of unquoted Investments	-	16,12,309
Provision for Non-Performing Assets	5,53,071	5,80,756
<b>Total</b>	<b><u>24,16,469</u></b>	<b><u>37,31,189</u></b>

In Case of Subsidiary Company namely PIC Properties Limited, Deferred Tax Asset of Rs. 3,79,272 (Rs. 7,33,472) 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.

17. 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 been netted off with Advance Payment of Income Tax, Tax deducted at source and refunds receivable under Loans and Advances and has not been credited to the Profit and Loss Account.
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 arrangements. The leases 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.

Signature to Schedules 'A' to 'G'

As per our report of even date

**S. R. BATLIBOI & CO.**  
Firm registration No. 301003E  
*Chartered Accountants*  
Per **R. K. AGRAWAL**  
*Partner*  
Membership No. 16667  
Place : Kolkata  
Dated : July 7, 2010

For and on behalf of the Board of Directors

**R. A. MAKHARIA**  
*Executive Director*

**B. K. BIRLA**  
*Director*

**B. D. DALMIA**  
*Secretary*

## 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 27<sup>th</sup> August, 2010 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 31<sup>st</sup> March, 2010 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 31<sup>st</sup> March, 2010.
3. To appoint a director in place of Shri B. K. Birla, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri P. K. Khaitan, who retires from office by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS :

5. To consider and if thought fit to pass with or without modification the following resolution, as an ordinary resolution :

**“RESOLVED** that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Kumar Mangalam Birla be and is hereby appointed as a Director of the Company liable to retire by rotation.”

6. To consider and if thought fit to pass with or without modification the following resolution, as an ordinary resolution :

**“RESOLVED** that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri K. K. Daga be and is hereby appointed as a Director of the Company liable to retire by rotation.”

7. To consider and if thought fit to pass with or without modification the following resolution, as an ordinary resolution :

**“RESOLVED** that pursuant to the provisions of Section 198, 269, 309, 311, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for reappointment of Shri R. A. Makharia as Managing Director to be designated as Executive Director of the Company for a further period of three years with effect from 23<sup>rd</sup> September, 2010 to 22<sup>nd</sup> September, 2013 upon the following terms remunerations as set out hereinafter and with further liberty to the Directors from time to time to alter the said terms including remuneration etc. in such a manner as may be in the best interest of the company within the limitations in that behalf as contained in Schedule XIII to the said Act and any amendment thereof or otherwise as may be permissible at law viz.”

- Salary : Rs. 1,20,000/- (Rupees One Lakh Twenty Thousand only) per month with authority to the Board to fix increments in salary and perquisites, from time to time.
- Perquisites : It shall be as per details given below subject to the ceiling laid down in Schedule XIII of the Companies Act, 1956 so far as applicable.
- a) (i) Provident fund and Superannuation : In accordance with the Company's rules and regulations in force from time to time.
- (ii) Medical and Hospital Benefit : For self and family under the Company's regulations subject to a ceiling of one month's salary in a year or 3 month's salary for a period of three years.
- (iii) Leave Travel Concession : Once in a year for self and family in accordance with rules specified by the Company.
- (iv) Leave and its encashment : As per rules of the Company.
- (v) Club Fees : For two clubs excluding admission and Life Membership Fees.
- (vi) Personal Accident Insurance : Premium not exceeding Rs. 1,000/- per annum.
- (vii) Conveyance : Car for use of Company's business and Telephone at residence.
- (viii) Gratuity : As per rules of the Company not exceeding a month's salary for each financial year of service.
- b) Housing : The Company shall provide fully furnished accomodation and the expenditure incurred thereon by the Company shall be valued as per Income Tax Rules, 1962.

In the event of loss or inadequency of profit in any financial year, the remuneration payable to him shall be subject to the limits, if any, set out in Schedule XIII of the Companies Act, 1956 and as may be applicable.

Shri R. A. Makharia shall be entitled to sitting fee for attending the meetings of the Board of Directors or Committee of the Directors.

8. To appoint Auditors and fix their remuneration.

Registered Office :  
Birla Building  
9/1, R.N. Mukherjee Road,  
Kolkata – 700001  
Dated, the 22<sup>nd</sup> day of July 2010

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 hours 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 23<sup>rd</sup> August, 2010 to 27<sup>th</sup> August 2010 (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 22<sup>nd</sup> August, 2010 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 22<sup>nd</sup> August, 2010.
4. In order to avoid the risk of loss/interception of dividend warrants, Shareholders are advised to avail of **ECS/NECS** facility whereby the dividend will be directly credited electronically to their respective Bank accounts. This will ensure speedier credit of dividend.
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 2001-2002 to the Investor Education and Protection Fund.
  - b. Members are hereby informed that dividends for the financial year 2002-2003 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 / Appointment of Directors : As per requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for re-appointment are given herein below :-
- a. Shri B. K. Birla, Aged 89 years, is among the top industrialists in the country and is well known for his dynamism, enterprise and leadership qualities, which has helped him in building his successful business empire. He holds Directorship in Century Textiles & Industries Ltd., Jay Shree Tea & Industries Ltd., Century Enka Ltd. and Kesoram Industries Ltd. and also associated with other Charitable Trusts and Educational Institutions. Shri B. K. Birla, Shri Kumar Mangalam Birla and Shri A. V. Jalan are related to each other and are interested in the aforesaid resolution. Shri B. K. Birla does not hold any Equity Share in the Company.
- b. Shri P. K. Khaitan, aged 69 years, is having wide experience in the field of Commercial and Corporate Laws, Mergers & Acquisition, Foreign Collaborations, Restructuring and Demergers. He is the Director of CESC Limited, Dalmia Cement (Bharat ) Limited, Electrosteel Castings Limited, Emaar MGF Land Limited, Gillanders Arbuthnot & Co. Limited, Graphite India Limited, Hindustan Motors Limited, India Glycols Limited, OCL India Limited, South Asian Petrochem Limited, Suzlon Energy Limited, Visa Steel Limited and Woodlands Medical Centre Limited.
- He is also Member of the Audit and other Committees of Emaar MGF Land Limited, Gillanders Arbuthnot & Co. Limited, Hindustan Motors Limited and Suzlon Energy Limited.
- Shri P. K. Khaitan is interested in the aforesaid resolution. Shri P. K. Khaitan does not hold any Equity Share in the Company.

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

**ITEM NO. 5**

Shri Kumar Mangalam Birla was appointed as an Additional Director of the Company with effect from 29th April, 2010 by the Board of Directors of the Company pursuant to the provisions contained in the Articles of Association of the Company and the Section 260 of the Companies Act, 1956 ("the Act"). According to the provisions of Articles of Association of the Company and Section 260 of the Act, he holds office up to date of this Annual General Meeting. As required under Section 257 of the Act, notice has been received from a member along with a deposit of Rs. 500 signifying his intention to propose Shri Kumar Mangalam Birla as a candidate for the office of Director.

Shri Kumar Mangalam Birla is the Chairman of the Aditya Birla Group, a global conglomerate with operations spanning 25 countries. An iconic figure, Shri Kumar Mangalam Birla holds several key positions on various regulatory and professional Boards. A Chartered Accountant, Shri Kumar Mangalam Birla earned his MBA from the London

Business School where he is also Honorary Fellow. With his vast experience as an Industrialist, his presence on the Board is a great advantage and the Board feels it is beneficial for the company to continue to avail of his services as a Director of the Company.

Yours Directors recommended his continuance as a Director. Shri B. K. Birla, Shri Kumar Mangalam Birla and A. V. Jalan are related to each other and are interested in the aforesaid resolution. Shri Kumar Mangalam Birla does not hold any Equity Share in the Company.

**ITEM NO. 6**

Shri K. K. Daga was appointed as an Additional Director of the Company with effect from 29th October, 2009 by the Board of Directors of the Company pursuant to the provisions contained in the Articles of Association of the Company and the Section 260 of the Companies Act, 1956 ("the Act"). According to the provisions of Articles of Association of the Company and Section 260 of the Act, he holds office up to date of this Annual General Meeting. As required under Section 257 of the Act, notice has been received from a member along with a deposit of Rs. 500 signifying his intention to propose Shri K. K. Daga as a candidate for the office of Director.

Shri K. K. Daga is a well known person in the business circle and holding Directorship in Associated Savings Pvt. Ltd., Associated Tar & Refractories P. Ltd., Candid Commercial Ltd. and Advisor in Kripa Investment Limited. With his vast experience, his presence on the Board is a great advantage and the Board feels it is beneficial for the Company to continue to avail of his service as a Director of the Company.

Yours Directors recommended his continuance as a Director Shri K. K. Daga is interested in the resolution. Shri K. K. Daga does not hold any Equity Share in the Company.

**ITEM NO. 7**

The terms of appointment of Shri R. A. Makharia as Managing Director designated as Executive Director of the Company approved by the shareholders at Annual General Meeting held on 25th August, 2008 expiring on 22nd September, 2010. The Board of Directors at their meeting held on 29th April, 2010 decided to reappoint Shri R. A. Makharia as a Executive Director of the Company for the period of 3 years from 23rd September, 2010 to 22nd September, 2013 and with further liberty to the Directors from time to time to alter the said terms including remuneration etc. in such a manner as may be in the best interest of the Company. Approval of the shareholders is sought for his reappointment as Executive Director on remuneration to him as set out in Resolution No. 7. The details of remuneration are set out in the Resolution and the same may be treated as an abstract circulated to the shareholders under Section 302 of the companies Act, 1956.

The Board of Directors recommend for passing of this Resolution.

Shri R. A. Makharia is deemed to be concerned or interested in the above, since it relates to his reappointment. No other Directors is interested or concerned. Shri R. A. Makharia does not hold any Equity Share in 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.....

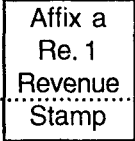
.....or failing him.....

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 27th August, 2010 and at any adjournment thereof.

AS WITNESS my/our hand(s) this.....day of.....2010.

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 27th August, 2010**

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.