



**PILANI INVESTMENT AND
INDUSTRIES
CORPORATION LIMITED**

**ANNUAL REPORT
AND ACCOUNTS
2010-2011**

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 the Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2011. The Financial Results for the year are shown below :-

FINANCIAL RESULTS

	<i>(Amount in Rs.)</i>	
	2010-2011	2009-2010
Profit from operations, Dividend, Interest and Rent Income	44,67,28,395	46,63,87,947
Add : Provision written back for diminution in value of Long Term Unquoted Investments and Mutual Funds	-	1,08,07,378
	<u>44,67,28,395</u>	<u>47,71,95,325</u>
Less: Depreciation	1,58,483	1,96,849
Profit before tax	<u>44,65,69,912</u>	<u>47,69,98,476</u>
Less: Provision for taxation	50,00,000	1,60,95,284
Add: MAT Credit (Entitlement)	-	79,77,343
Less: Deferred taxation	24,16,469	13,14,720
Profit after taxation	<u>43,91,53,443</u>	<u>46,75,65,815</u>
Add: Balance brought down	68,60,75,714	59,26,67,262
Available Profit dealt with as under	<u>1,12,52,29,157</u>	<u>1,06,02,33,077</u>
Special Reserve	8,79,00,000	9,36,00,000
Proposed Dividend	19,77,18,750	19,77,18,750
Corporate Dividend Tax	3,20,74,925	3,28,38,613
General Reserve	5,00,00,000	5,00,00,000
Balance carried forward	<u>75,75,35,482</u>	<u>68,60,75,714</u>
	<u>1,12,52,29,157</u>	<u>1,06,02,33,077</u>

The profitability of the Company during the year under review appears less mainly due to receipt of lesser dividend from few Companies and provision for diminution in the value of units of some schemes of the mutual funds due to decline in the capital markets. In order to control high inflation, RBI has

DIRECTORS' REPORT — (Contd.)

adopted tighter monetary policies resulting in higher interest rates on the borrowings by various companies affecting their margins. RBI has pegged GDP growth rate for the current fiscal at 8% against the earlier projections of 9% by the Government. The economy grew by 8.6% in 2010-2011.

DIVIDEND

The Board of Directors has recommended a dividend of Rs.25 per share (Rupees Twenty Five) per share of Rs. 10/- each equivalent to 250% (two hundred fifty percent) on the paid up equity share capital of the Company for the year ended 31st March, 2011 as against Rs. 25 (Rupees Twenty Five) equivalent to 250% (two hundred fifty percent) paid in the previous year on the equity shares of Rs. 10/- each. The dividend will be paid when declared by the shareholders in accordance with law. The dividend will be free of tax in the hands of the shareholders. The Company will have to pay dividend distribution tax at the rate of 15% plus applicable surcharge and education cess, aggregating about 16.2225% on the dividend amount so distributed.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies as mentioned in Schedule '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 31st March, 2011 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
31st May, 2011

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

A. Atlas Iron & Alloys Limited

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

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

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

B. PIC Properties Limited

Pilani Investment and Industries Corporation Limited held 50,002 Equity Shares of Rs.10/- each being the whole of the subscribed capital of PIC Properties Ltd. as on 31st March, 2011. The Financial year of the Company as well as the subsidiary ended on 31st March, 2011.

- 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.4,07,877 [Previous year Rs.3,96,989]

- 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
31st May, 2011

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

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, 2011, 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 27th August, 2010, *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
May 31, 2011

For S. R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

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

1. COMPLIANCE OF MANADATORY REQUIREMENTS :

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
Shri B. K. Birla	Non-Executive	4	-	-	-
Shri Kumar Mangalam Birla	Non-Executive	10	15	-	-
Shri P. K. Khaitan	Non-Executive*	14	-	5	-
Shri D. K. Mantri	Non-Executive*	3	22	-	-
Shri A. V. Jalan	Non-Executive	2	14	-	-
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. 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, Shri Kumar Mangalam Birla and Shri A. V. Jalan who are related to each other.

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

(ii) Details of sittings fees, remuneration etc. paid to Directors

Name of the Directors	Remuneration paid during 2010-2011 Sittings fees for attending Meetings of the Board and/or committee thereof (All figures in Rs.)
Shri B. K. Birla	1,20,000
Shri Kumar Mangalam Birla	20,000
Shri P. K. Khaitan	2,20,000
Shri D. K. Mantri	2,20,000
Shri A. V. Jalan	2,20,000
Shri K. K. Daga	2,20,000
Shri R. A. Makharia	1,20,000

Executive Director	Remuneration	Benefits and perquisites including Rs. 5,07,760/- being rent
Shri R. A. Makharia	Rs. 23,36,064	Rs. 18,54,565

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 Re. 3,60,281/- has been paid towards Professional services to Khaitan & Co.

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

a. Six meetings of the Board of Directors were held during the year ended 31st March 2011. These were held on :

(1) 29th April, 2010	(2) 7th July, 2010	(3) 11th August, 2010
(4) 6th November, 2010	(5) 12th January, 2011	(6) 14th February, 2011

- b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2011 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	6	--
Shri Kumar Mangalam Birla	1	--
Shri P. K. Khaitan	6	--
Shri D. K. Mantri	6	Yes
Shri A. V. Jalan	6	--
Shri K. K. Daga	6	--
Shri R. A. Makharia	6	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 2010-2011. 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 29th April, 2010, 7th July, 2010, 11th August, 2010, 4th November, 2010 and 14th February, 2011. The attendance of the Audit Committee Members is as under :-

Name of the Audit Committee Mambers	No. of Meeting Attended
Shri P. K. Khaitan	5
Shri D. K. Mantri	5
Shri A. V. Jalan	5
Shri K. K. Daga	5

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
- (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 26th August, 2011
- Venue : Birla Building, 9/1 R.N. Mukherjee Road, Kolkata – 700001
- Time : 3.00 P.M.
- (ii) Financial Calendar (tentative) for the year 2011-12 :
- First Quarterly Results : On or before 14th August, 2011
- Second Quarterly Results : On or before 14th November, 2011
- Third Quarterly Results : On or before 14th February, 2012
- Fourth Quarterly Results / Audited Yearly Results for the Year ended 31st March, 2012 : Before end of June, 2012
- (iii) Date of Book Closure : 20th August, 2011 to 26th August, 2011 (Both days inclusive)

- (iv) Date of Dividend payment : On or after 8th September, 2011
- (v) Information pertaining to the Stock Exchanges :
- (a) The Equity Shares of the Company are listed at the following Stock Exchanges :
- (i) Madhya Pradesh Stock Exchange, 201 Palika Plaza-II, M T H Compound, Indore – 452001 (M.P.) Stock Code No. : N.A.
- (ii) Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi – 110002. Stock Code No. : DSE 16074

Note: Listing fees for the year 2011-2012 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 2010-11 are as under :

Quotation at Delhi Stock Exchange Association Ltd.

Month	High	Low
April 2010	N.A.	N.A.
May 2010	N.A.	N.A.
June 2010	N.A.	N.A.
July 2010	N.A.	N.A.
Aug. 2010	N.A.	N.A.
Sept. 2010	N.A.	N.A.
Oct. 2010	N.A.	N.A.
Nov. 2010	N.A.	N.A.
Dec. 2010	N.A.	N.A.
Jan. 2011	N.A.	N.A.
Feb. 2011	N.A.	N.A.
Mar. 2011	N.A.	N.A.

(f) Share Transfer System for physical Shares :

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

(vi) Distribution of Shareholding :

Distribution of shareholding as on 31st March, 2011

(a) According to Number of Equity Shares

Sl.No	No. of Equity Shares held	No. of Folios	No. of Shares	% of Shareholding
1.	1 – 500	3045	3,49,237	4.42
2.	501 – 1,000	134	97,449	1.23
3.	1,001 – 2,000	57	77,797	0.98
4.	2,001 – 3,000	9	24,313	0.31
5.	3,001 – 4,000	7	25,595	0.32
6.	4001 – 5,000	4	18,081	0.23
7.	5,001 – 10,000	10	81,222	1.03
8.	10,001 – 50,000	18	4,53,242	5.73
9.	50,001 – 1,00,000	3	1,72,507	2.18
10.	1,00,001 and above	7	66,09,307	83.57
Total		3294	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	10	0.30	45,51,716	57.55
2.	Resident Individuals	3113	94.51	6,59,155	8.34
3.	Private Corporate Bodies	152	4.61	26,63,967	33.68
4.	Financial Institutions Nationalised Banks	6	0.18	21,025	0.27
5.	Mutual Funds & Insurance	—	—	—	—
6.	FIIS	—	—	—	—
7.	NRI and OCBs	13	0.40	12,887	0.16
Total		3294	100.00	79,08,750	100.00

(vii) Dematerialisation of shareholding and liquidity :

As per SEBI's guidelines, your company's shares are compulsorily traded in Dematerialized Form for all the investors with effect from 27th November, 2001. As on 31st March, 2011, 39,86,682 Company's Equity shares representing 50.41% of the Company's total Equity Shares were held in dematerialized form and balance 39,22,068 Equity Shares representing 49.59% were held in physical form.

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

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

Shri N.K. Baheti, Pilani Investment and Industries Corporation Ltd., Birla Building, 14th Floor, 9/1, R.N. Mukherjee Road, Kolkata-700001. Phone: 3057 3700./3041 0900 (Extn. 2439)

For and on behalf of the Board of Directors

Kolkata
31st May, 2011

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 2010-11 in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

Dated May 31, 2011

R.A. Makharia
Chief Executive Officer

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	31.3.2011		

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	67,59,383	Total Assets	67,59,383
Sources of Funds			
Paid-up Capital	79,088	Reserves & Surplus	64,39,958
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	1,860	Investments	67,01,169
Net Current Assets	(1,83,983)	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Assets	NIL

iv) Performance of Company (Amount in Thousands)

Turnover(including other income)	4,83,874	Total Expenditure	37,304
Profit Before Tax	4,46,570	Profit After Tax	4,39,153
Earning per Share in Rs.	55.53	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	

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, 2011 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 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, 2011;
- (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 : May 31, 2011

For S. R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

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) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part 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) According to the information and explanations given to us, 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. Accordingly, the provisions of clauses 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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 for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in internal control system of the company in respect of these areas.
The Company has not made any purchase of inventory and sale of goods during the year and hence, this clause is not applicable with respect to the above areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in 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, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues 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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT — (Contd.)

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

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Income tax on certain disallowances etc.	32.22	2007-08	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 dealing in shares, securities, debentures and other investments, 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. The shares, securities, debentures and other investments have been 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 for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S. R. BATLIBOI & CO.**
 Firm Registration No. 301003E
 Chartered Accountants
 Per **SANJOY K GUPTA**
 Partner
 Membership No. 54968

Place : Kolkata
 Dated : May 31, 2011

BALANCE SHEET

LIABILITIES	Schedule	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
SHARE CAPITAL	'A'	7,90,87,500	7,90,87,500
RESERVES AND SURPLUS	'B'	6,43,99,57,623	6,23,05,97,855
CURRENT LIABILITIES AND PROVISIONS	'C'	24,03,38,108	23,85,50,468
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	'G'		
		6,75,93,83,231	6,54,82,35,823

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 : May 31, 2011

For S. R. BATLIBOI & CO.
Firm registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

AS AT MARCH 31, 2011

A S S E T S	Schedule	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
FIXED ASSETS	'D'	18,60,015	20,12,881
INVESTMENTS	'E'	6,70,11,68,752	6,50,37,10,294
DEFERRED TAX ASSET		-	24,16,469
CURRENT ASSETS, LOANS & ADVANCES	'F'	5,63,54,464	4,00,96,179
		6,75,93,83,231	6,54,82,35,823

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.	2010-11 Rs.	2009-10 Rs.
To Payments to and provisions for employees :			
Salaries, Bonus etc.	41,56,972		29,26,042
Gratuity	9,87,000		9,04,000
Contribution to Provident and other funds	6,70,908		5,29,761
Employees' Welfare Expenses	<u>2,32,723</u>		<u>1,94,388</u>
		60,47,603	45,54,191
" Rent		5,83,466	5,78,073
" Rates & Taxes	19,61,408		19,89,002
Less : Recoveries	<u>12,79,332</u>		<u>16,44,271</u>
		6,82,076	3,44,731
" Insurance		10,947	13,952
" Building Maintenance & Service Expenses		66,15,979	62,78,430
" Auditors' Remuneration			
As Auditors :			
Audit Fee	1,65,000		1,30,000
For Limited Reviews	99,000		78,000
For Expenses etc.	54,588		45,441
In other manner :			
For Certificates etc.	<u>1,35,000</u>		<u>75,000</u>
		4,53,588	3,28,441
" Directors' Fees		11,40,000	8,00,000
" Miscellaneous Expenses		17,86,587	20,35,534
" Loss on Fixed Assets sold / Discarded		8,271	-
" Depreciation		1,58,483	1,96,849
" Interest to Income tax department for earlier years		28,45,000	2,68,268
" Provision for Non Performing Assets		76,884	-
" Contingent Provisions Against Standard Assets (Refer Note No. 18 on Schedule "G")		13,651	-
" Provision for Diminution in value of current Investments		1,68,81,244	-
" Balance carried down (Subject to taxation)		44,65,69,912	47,69,98,476
		<u>48,38,73,691</u>	<u>49,23,96,945</u>

THE YEAR ENDED MARCH 31, 2011

	Rs.	2010-11 Rs.	2009-10 Rs.
By Income from Investments (Other than Trade)			
Dividend :			
- On Long Term Investments	43,99,59,653		44,81,30,882
- On Current Investments	<u>1,53,93,021</u>		<u>1,60,00,291</u>
		45,53,52,674	46,41,31,173
Interest (Gross)			
From Banks [Tax deducted at source Rs. 28,643 (Rs. 10,704)]	2,86,433		1,07,040
On Loans & Deposits with Others	<u>5,447</u>		<u>1,882</u>
		2,91,880	1,08,922
Rent (Gross)	1,25,29,204		1,23,61,589
Tax deducted at source Rs. 15,40,420 (Rs. 27,46,041)			
Service charges on rented properties	<u>33,22,314</u>		<u>47,01,092</u>
		1,58,51,518	1,70,62,681
Miscellaneous Receipts		1,16,973	26,504
Profit on redemption of Units (Net) (Current Investments-other than Trade)		1,22,60,646	2,16,680
Provision for Non performing Assets no longer required written back (Net)		-	43,607
Provision for diminution in value of Unquoted Investments no longer required written back		-	1,08,07,378
		<u>48,38,73,691</u>	<u>49,23,96,945</u>

PROFIT AND LOSS ACCOUNT FOR

	Rs.	2010-11 Rs.	2009-10 Rs.
To Provision for Taxation			
Current [Including Rs. Nil (Rs. 1,14,95,284 for earlier years)]	50,00,000		1,60,95,284
MAT Credit (Entitlement) in respect of earlier years	-		(79,77,343)
Deferred Tax Charge	<u>24,16,469</u>		<u>13,14,720</u>
		74,16,469	94,32,661
" Transfer to Special Reserve		8,79,00,000	9,36,00,000
" 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		3,20,74,925	3,28,38,613
" Transfer to General Reserve		5,00,00,000	5,00,00,000
" Balance carried to Balance Sheet		75,75,35,482	68,60,75,714
		<u>1,13,26,45,626</u>	<u>1,06,96,65,738</u>

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

55.53 59.12

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.

For S. R. BATLIBOI & CO.
Firm registration No. 301003E
Chartered Accountants
Per SANJOY K GUPTA
Partner
Membership No. 54968

Place : Kolkata
Dated : May 31, 2011

THE YEAR ENDED MARCH 31, 2011 (Contd.)

	2010-11 Rs.	2009-10 Rs.
By Balance brought down	44,65,69,912	47,69,98,476
" Balance as per last account	68,60,75,714	59,26,67,262
	<u>1,13,26,45,626</u>	<u>1,06,96,65,738</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 Rs.	2009-10 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax :	44,65,69,912	47,69,98,476
Adjustment for :		
Dividend Income	(45,53,52,674)	(46,41,31,173)
Interest Income	(2,91,880)	(1,08,922)
Profit on redemption of units	(1,22,60,646)	(2,16,680)
Depreciation	1,58,483	1,96,849
Provision for diminution in value of current investments	1,68,81,244	-
Provision for Non Performing Assets	76,884	-
Contingent Provisions Against Standard Assets	13,651	-
Loss on Fixed Assets sold / Discarded	8,271	-
Provision for diminution in value of investments		
No longer required written back	-	(1,08,07,378)
Provision against Non-performing Assets (NET OF EXCESS PROVISION WRITTEN BACK)	-	(43,607)
Operating Profit before working capital changes :	(41,96,755)	18,87,565
Increase/ (Decrease) in Trade Payables	18,75,980	12,30,862
Decrease/ (Increase) in Loans, Trade & Other Receivables	(1,64,62,920)	(21,06,094)
Cash Generated from / (Used in) Operations :	(1,87,83,695)	10,12,333
Income Taxes paid (Net of Refunds)	(34,40,388)	(1,65,21,082)
NET CASH FROM OPERATING ACTIVITIES	(2,22,24,083)	(1,55,08,749)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(13,888)	(29,348)
Dividend Received	45,53,52,674	46,41,31,173
Interest Received	2,91,880	1,08,922
Sale/Redemption of Investments	15,86,65,352	61,80,94,456
Purchase of Investments	(36,07,44,410)	(83,59,24,098)
NET CASH FROM INVESTING ACTIVITIES	25,35,51,608	24,63,81,105

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	2010-11 Rs.	2009-10 Rs.
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend Paid	(19,70,57,053)	(19,71,08,900)
Tax on Dividend Paid	(3,28,38,613)	(3,36,02,302)
NET CASH FROM / (USED) IN FINANCING ACTIVITIES	(22,98,95,666)	(2,30,71,202)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	14,31,859	1,61,154
CASH & CASH EQUIVALENTS - OPENING BALANCE*	23,96,854	22,35,700
CASH & CASH EQUIVALENTS - CLOSING BALANCE*	38,28,713 #	23,96,854

*Represents Cash and Bank Balances as indicated in Schedule - F
Includes Rs. 12,71,547 (Rs. 6,09,850) lying in Unpaid Dividend Account

As per our Report of even date.

Place : Kolkata
Dated : May 31, 2011

For **S. R. BATLIBOI & CO.**
Firm Registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

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, 2011

(Amount in Rs.)

SCHEDULE `A`

SHARE CAPITAL	As at 31st March, 2011	As at 31st March, 2010
AUTHORISED		
90,00,000 Equity Shares of Rs. 10/- each	<u>9,00,00,000</u>	<u>9,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
79,08,750 Equity Shares of Rs. 10/- each fully paid up	<u>7,90,87,500</u>	<u>7,90,87,500</u>

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

SCHEDULE `B`

RESERVES & SURPLUS

Investment Reserve		
As per last Account	<u>3,76,41,67,570</u>	<u>3,76,41,67,570</u>
	<u>3,76,41,67,570</u>	<u>3,76,41,67,570</u>
General Reserve		
As per last Account	<u>99,74,14,571</u>	<u>94,74,14,571</u>
Add : Transfer from Profit & Loss Account	<u>5,00,00,000</u>	<u>5,00,00,000</u>
	<u>1,04,74,14,571</u>	<u>99,74,14,571</u>
Special Reserve		
As per last Account	<u>78,29,40,000</u>	<u>68,93,40,000</u>
Add : Transfer from Profit & Loss Account	<u>8,79,00,000</u>	<u>9,36,00,000</u>
	<u>87,08,40,000</u>	<u>78,29,40,000</u>
Surplus as per Profit & Loss Account	<u>75,75,35,482</u>	<u>68,60,75,714</u>
	<u>6,43,99,57,623</u>	<u>6,23,05,97,855</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

(Amount in Rs.)

SCHEDULE 'C'

**As at 31st
March, 2011** **As at 31st
March, 2010**

CURRENT LIABILITIES AND PROVISIONS

A. CURRENT LIABILITIES

Sundry Creditors for Goods, Services, Expenses etc.

 Due to Micro & Small Enterprises
 (Refer Note No.19 on schedule "G")

Due to Others

Sundry Deposits

Investor Education and Protection Fund (Payable when due)

Unpaid Dividend

Other Liabilities

— 9,68,405

18,95,970 6,78,505

12,71,547 6,09,850

1,42,760 3,33,345

39,88,782 25,90,105

B. PROVISIONS

Gratuity

Leave liability

Contingent Provisions Against Standard Assets
(Refer Note No. 18 of Schedule "G")

Proposed Dividend

Tax on Proposed Dividend

48,04,000 39,64,000

17,38,000 14,39,000

13,651 —

19,77,18,750 19,77,18,750

3,20,74,925 3,28,38,613

23,63,49,326 23,59,60,363

24,03,38,108 23,85,50,468

SCHEDULE FORMING PART OF THE

SCHEDULE 'D'

FIXED ASSETS

DESCRIPTION OF ASSETS	As at 01.04.2010	GROSS BLOCK		As at 31.03.2011
		Additions	Deductions/ Adjustments	
Freehold Land	7,28,203	—	—	7,28,203
Buildings	49,55,141	—	—	49,55,141
Furniture, Air-conditioners, Electrical Installations etc.	17,90,943	13,888	2,95,297	15,09,534
Office Equipments	18,015	—	10,450	7,565
Vehicles	6,92,000	—	—	6,92,000
	81,84,302	13,888	3,05,747	78,92,443
Previous year's Total	81,54,954	29,348	—	81,84,302

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. 12,98,302 (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, 2011

(Amount in Rs.)

DEPRECIATION			NET BLOCK		
Upto 01.04.2010	For the year	Deductions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
—	—	—	—	7,28,203	7,28,203
41,47,991	40,358	—	41,88,349	7,66,792	8,07,150
16,71,376	25,449	2,87,026	14,09,799	99,735	1,19,567
18,015	—	10,450	7,565	—	—
3,34,039	92,676	—	4,26,715	2,65,285	3,57,961
61,71,421	1,58,483	2,97,476	60,32,428	18,60,015	20,12,881
59,74,572	1,96,849	—	61,71,421	20,12,881	

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011

SCHEDULE 'E'

INVESTMENTS (Other Than Trade)	Nos.	Face Value per Share	(Amount in Rs.)	
			As at 31st March, 2011	As at 31st March, 2010
LONG TERM (AT COST)				
QUOTED (Fully Paid)				
Equity Shares				
Aditya Birla Nuvo Limited	1,87,098	10	2,94,07,786	2,94,07,786
Aditya Birla Chemicals (India) Limited	3,90,000	10	40,95,000	40,95,000
Century Textiles & Industries Limited	3,42,20,520	10	1,58,57,50,974	1,58,57,50,974
Cimmco Birla Limited	70,780 (3)	10	4,95,460	4,95,460
	(3,53,900)			
Grasim Industries Limited	43,00,293 (4)	10	61,47,76,811	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	2,844	5	41,238	41,238
	(1,422)			
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
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	1,16,81,79,683
Ultra Tech Cement Limited	24,57,309 (4)	10	80,73,28,026	-
	(-)			
Umi Special Steels Limited	1,00,000	10	1,70,000	1,70,000
Zenith Birla Limited	3,432 (5)	10	15,078	15,078
	(2,860)			
Zuari Industries Limited	4,34,000	10	78,98,800	78,98,800
			<u>6,14,02,01,866</u>	<u>6,14,02,03,924</u>

SCHEDULE 'E' — (Contd.)

			(Amount in Rs.)	
UNQUOTED (Fully Paid) Equity Shares	Nos.	Face Value per Share	As at 31st March, 2011	As at 31st March, 2010
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 Bangkok (Thailand)	2,07,900	10 Baht	11,41,857	11,41,857
Indo-Phil Textile Mills Inc., Manila (Republic of Phillipines)	2,11,248	10 Pesos	2,02,692	2,02,692
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
			3,61,88,765	3,61,88,765
Equity Shares In Subsidiary Companies				
PIC Properties Limited	50,002	10	5,00,020	5,00,020
			5,00,020	5,00,020
CURRENT INVESTMENTS				
UNQUOTED				
Mutual Funds				
	<u>Units</u>			
Birla Sunlife Dividend Yield Plus -Growth	3,63,592 (—)	10	3,00,00,000	—
Birla Sunlife Frontline Equity - Growth	1,39,395 (2,92,899)	(6) 10	1,30,00,000	2,25,21,039
Birla Sunlife Infrastructure Fund-Div.	(—) (18,88,290)	10	—	2,37,25,358
Birla Sunlife Midcap Fund-Div.	21,70,834 (11,12,329)	(6) 10	4,92,53,990	2,36,01,315
Birla Sunlife Midcap Fund-Growth	3,07,637	10	3,00,99,222	3,00,99,222
DSP Black Rock Equity Fund-Div.	3,21,229 (—)	(6) 10	1,60,44,859	—
DSP Black Rock Equity Fund-Growth	16,62,040	10	2,25,35,605	2,25,35,605
DSP Black Rock Small & Midcap Fund -Growth	13,79,131 (—)	(6) 10	2,65,00,000	—
		C/F	18,74,33,676	12,24,82,539

SCHEDULE 'E' — (Contd.)

Mutual Funds				As at 31st March, 2011	As at 31st March, 2010
DSP Black Rock Top - 100 Fund	12,35,863		B/F	18,74,33,676	12,24,82,539
- Dividend	(11,66,411)		10	2,35,50,611	2,20,92,598
Franklin India Bluechip Fund - Growth	66,732	(6)	10	1,50,00,000	—
	(—)				
HDFC Equity Fund-Growth	72,405		10	1,60,19,149	1,60,19,149
HDFC Top - 200 - Dividend	—		10	—	2,20,96,381
	(5,73,332)				
HDFC Top - 200 - Growth	—		10	—	2,01,83,476
	(1,13,956)				
ICICI Prudential Discovery Fund	10,56,510	(6)	10	2,14,70,588	—
- Dividend	(—)				
ICICI Prudential Dynamic Plan	1,97,717		10	2,00,00,000	—
- Cumulative	(—)				
ICICI Prudential FocusedFund-Growth	12,37,031		10	1,60,19,545	1,60,19,545
ICICI Prudential - Growth	1,90,052		10	1,75,00,000	1,75,00,000
ICICI Prudential Infrastructure Fund	3,67,872	(6)	10	1,20,00,000	—
- Growth	(—)				
Kotak Mid-Cap - Dividend	5,13,321	(6)	10	1,00,00,000	—
	(—)				
Kotak Mid-Cap - Growth	7,78,236	(6)	10	2,00,00,000	—
	(—)				
Reliance Banking Fund - Dividend	2,82,490		10	1,06,61,288	—
	(—)				
Reliance Equity Opportunities Fund	2,90,512		10	1,00,00,000	—
- Growth	(—)				
Reliance Growth Fund - Growth	79,938		10	3,00,00,000	3,00,00,000
Reliance Growth Fund - Dividend	3,32,939		10	1,59,63,840	1,47,29,624
	(3,08,544)				
Reliance Pharma Fund - Growth	5,48,578		10	2,00,00,000	2,00,00,000
Reliance Regular Saving Fund	4,64,776	(6)	10	1,08,46,375	—
- Dividend	(—)				
Reliance Regular Saving Fund- Growth	10,61,372		10	2,56,94,273	2,56,94,273
Sundram Select Focus - Appreciation	1,14,651		10	1,00,00,000	—
	(—)				
Sundram Select Mid Cap - Appreciation	12,130	(6)	10	20,00,000	—
	(—)				
Sundram Smile - Dividend	7,56,435	(6)	10	1,00,00,000	—
	(—)				
Sundram Smile - Growth	2,07,342	(6)	10	70,00,000	—
	(—)				
			C/F	51,11,59,345	32,68,17,585

SCHEDULE 'E' — (Contd.)

Mutual Funds				As at 31st March, 2011	As at 31st March, 2010
UTI Mid Cap - Dividend	3,86,698	(6)	B/F 10	51,11,59,345 1,00,00,000	32,68,17,585 —
	(—)				
UTI Mid Cap - Growth	3,10,366	(6)	10	1,00,00,000	—
	(—)				
UTI Master Value Fund - Growth	1,96,618		10	1,00,00,000	—
	(—)				
NAV as on 31st March, 2011 - Rs.58,13,46,546/- (Rs.34,63,34,627/-)				54,11,59,345	32,68,17,585
				6,71,80,49,996	6,50,37,10,294
Less : Provision for diminution in value of Unquoted investments				1,68,81,244	—
				6,70,11,68,752	6,50,37,10,294
Aggregate amount of Investments					
Quoted				6,14,02,01,866	6,14,02,03,924
Unquoted				56,09,66,886	36,35,06,370
				6,70,11,68,752	6,50,37,10,294
Market Value of Quoted Investments				36,54,12,72,744	40,43,62,64,436

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	
		2010-11	2009-10
Birla Sunlife Medium Term Plan - Fortnightly Dividend	10	—	22,39,340
Birla Sunlife Savings Fund - Institutional - Daily dividend	10	—	30,07,877
Birla Sunlife Short Term Fund 1 - Daily Dividend	10	—	51,10,869
DSP Black Rock Floating Rate Fund	10	—	22,46,551
HDFC Cash Mang. Treasury	10	—	80,44,921
ICICI Prud. Flexi. Income Plan Premium - Daily Devidend	10	—	65,47,292
Reliance Money Manager Fund	1000	—	1,73,312
Reliance Liquid Fund - Daily Dividend	10	—	40,28,058
Sundram Ultra ST Fund Retail - Dividend	10	56,29,172	—

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)

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

UNQUOTED (Fully Paid)

Equity Shares

Bombay Industrial Traders 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)

Equity Shares

Central Distributors Limited (in Liquidation) (Paid up Rs. 7.50 per share)	1,284	10
---	-------	----

- (3) Received on consolidation of shares on reduction of capital under a Scheme.
- (4) 43,00,293 Equity Shares of Samruddhi Cement Limited were received during the year on demerger of Cement Business of Grasim Industries Limited under a Scheme of Arrangement which has subsequently been merged with Ultratech Cement Limited and 24,57,309 Equity Shares of Ultratech Cement Limited were received against the company's holding in Samruddhi Cement Limited.
- (5) Includes 572 Equity Shares being Bonus Shares received during the year.
- (6) 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, 2011

		(Amount in Rs.)	
SCHEDULE 'F'		As at 31st March, 2011	As at 31st March, 2010
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
Sundry Debtors			
(Unsecured, Considered Good except as stated otherwise)			
Debts outstanding for a period exceeding six months	7,68,838		—
Other Debts	<u>6,51,224</u>		<u>12,40,838</u>
	14,20,062 *		12,40,838
Less : Provision for Non performing assets	<u>76,884</u>		<u>—</u>
		13,43,178	12,40,838
*Including Rs. 7,68,838 (Rs. Nil) considered Non-performing Assets			
Cash & Bank Balances			
Cash on hand		7,307	18,069
With Scheduled Banks on:			
Current Account		25,49,859	17,68,935
Unpaid Dividend Account		12,71,547	6,09,850
B. LOANS AND ADVANCES			
(Unsecured, Considered Good except as stated otherwise)			
a) Loans			
Loan to PIC Properties Ltd. a Subsidiary Company (Free of interest)		48,09,183 **	48,09,183
b) Advances:			
Advance payment of Income Tax			
Tax deducted at source and refunds Receivable (after adjusting provision)	1,11,41,446		1,19,30,900
MAT Credit Entitlement	72,07,185		79,77,343
Other Advances recoverable in cash or Kind or for value to be received	2,02,13,280 #,@		39,29,582
Less : Provision for Non performing assets	<u>16,65,000</u>		<u>16,65,000</u>
	1,85,48,280		22,64,582
Sundry Deposits	25,48,676		25,48,676
Deposit against demand under dispute (Refer Note No. 3 on Schedule "G")	<u>69,27,803</u>		<u>69,27,803</u>
		4,63,73,390	3,16,49,304
		<u>5,63,54,464</u>	<u>4,00,96,179</u>
# Including Rs. 16,65,000 (Rs. 16,65,000) considered Non-performing Assets			
** Maximum amount due at any time during the year			
		48,09,183	48,09,183
NOTE :			
@ Amount due from a Director of the Company - Advances			
		—	—
Maximum Amount due at any time during the year - Advances			
		48,495	52,274

SCHEDULE FORMING PART OF THE STATEMENTS OF ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

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), the relevant provisions of the Companies Act, 1956 and the directions 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, unless otherwise stated. The accounting policies applied by the Company are consistent with those used in the previous year.

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.

Profit on Sale / Redemption of Mutual Fund Units

Profit on Sale / Redemption of Mutual Funds units are accounted for net of security transaction tax and exit load.

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. Provisioning on Standard Assets

The Reserve Bank of India (RBI) vide Notification No. DNBS.223/CGM(US)-2011 dated 17th January 2011 has issued directions to all NBFCs to make provision of 0.25% standard assets with immediate effect. Accordingly, the Company has made contingent provision at the rate of 0.25% on standard assets in accordance with RBI guidelines.

v. Provision / Write Off against Non Performing Assets

Provision / Write Off against Non Performing Assets are made as per the guidelines prescribed by Reserve Bank of India for Non-deposit taking Finance Companies (NBFC-ND).

vi. 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.

vii. 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.

viii. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets.

ix. Investments

- a) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Long Term Investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Long-term investments are valued at cost, i.e. book value of the investments as reflected in the financial statements as on 31st March, 2003 and for subsequent diminution, provision is made by way of adjustment against Investment Reserve in terms of scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court during an earlier year. Further, long term investment purchased after 1st April 2003 are valued at cost. 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).

x. 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.

xi. 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.

xii. 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.

xiii. 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 substantiated 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.

xiv. 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.

d) Foreign Exchange Contracts not intended for trading or speculation purpose

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.

xv. 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.

xvi. 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.

xvii. 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 not provided for in respect of –

- a) Uncalled liability on partly paid Shares held as Investments Rs. 3,210 (Rs.3210).
- b) Income Tax demands for earlier years aggregating to Rs 39,41,335 (Rs.1,69,97,405) disputed by the Company/ Income Tax department in appeal .

3. The Company has disputed the claim for recovery of Rs. 15,44,486 plus interest from 1st November, 1973 made by State Bank of India, Bombay in a suit filed against the company on the basis of guarantee given in respect of the advances made to Hind Cycles Limited against their Cash Credit Account by the said Bank. Against the above claim, Rs.69,27,803 have been deposited with Debts Recovery Appellate Tribunal pursuant to Hon'ble Bombay High Court Order while admitting the writ petition filed by the Company. Pending the High Court judgment in the above matter, no provision against the above claim has been made in the accounts.
4. Based on the allowance of certain claims by the Commissioner of Income Tax (Appeals), the Company had received interest of Rs 1,01,45,274 during the year 2004-2005 from Income Tax department for the assessment years 1993-94 to 1996-97. However, the department has gone into appeal against the above judgment and accordingly, the said interest income being a matter of contingency, has been netted off with Income tax 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) Net Employee Expense/(benefit)	2010-11 Rs.	2009-10 Rs.
Current Service Cost	2,28,000	1,89,000
Interest cost on benefit obligation	3,17,000	2,63,000
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	4,42,000	4,52,000
Total employer expense recognised in Profit and Loss Account	9,87,000	9,04,000
(ii) Benefit Asset/(Liability)		
Defined benefit obligation	(48,04,000)	(39,64,000)
Fair value of Plan Assets	-	-
Benefit Asset/(Liability)	(48,04,000)	(39,64,000)
(iii) Movement in benefit liability		
Opening defined benefit obligation	39,64,000	30,60,000
Interest cost	3,17,000	2,63,000
Current service cost	2,28,000	1,89,000

		(Amount in Rs.)			
	Benefits paid	(1,47,000)	-		
	Actuarial (gains)/losses on obligation	4,42,000	4,52,000		
	Closing benefit obligation	48,04,000	39,64,000		
(iv)	The principal actuarial assumptions are as follows				
	Discount rate	8.00%	7.50%		
	Salary increase	5.00%	5.00%		
(v)	Amount incurred as expense for defined contribution plans				
	Contribution to Provident / Pension fund	3,63,917	2,70,509		
	Contribution to Superannuation fund	3,06,991	2,34,991		
(vi)	The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.				
(vii)	Amounts for the current and previous periods are as follows :				
	Gratuity	2010-11	2009-10	2008-09	2007-08
	Defined Benefit Obligation	48,04,000	39,64,000	30,60,000	22,57,000
	Plan Assets				
	Surplus / (Deficit)	(48,04,000)	(39,64,000)	(30,60,000)	(22,57,000)
	Experience adjustments on plan liabilities	69,000	3,57,000	3,16,000	1,24,000

The management has relied on the overall actuarial valuation conducted by the actuary.

7. (a) Building maintenance expenses include Salaries Rs. 6,57,983 (Rs.5,92,218), Insurance Rs. 54,946 (Rs. 65,898) and Electricity Expenses Rs. 39,88,696 (Rs. 38,57,564).
- (b) Miscellaneous Expenses includes Directors' Travelling Expenses Rs. 1,29,788 (Rs.1,65,142).
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 :-

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
Salary & Bonus *	23,36,064		17,84,048	
Provident Fund Contribution	<u>2,30,400</u>	25,66,464	<u>1,72,800</u>	19,56,848
NOTES:				
In addition to the above, the following expenses have been incurred for the Executive Director:				
Rent		5,07,760		5,03,760
Medical Expenses		1,60,000		1,26,538
Superannuation Scheme Contribution		2,88,000		2,16,000
Directors' Fee		1,20,000		1,00,000
Leave Travel Assistance		<u>2,80,000</u>		<u>-</u>
		39,22,224		29,03,146

* Excluding taxable value of perquisites Rs. 2,68,405 (Rs. 2,15,904)

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 :-

		2010-11	2009-10
Profit after Tax as per Profit & Loss Account	Rs.	43,91,53,443	46,75,65,815
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earning Per Share	Rs.	55.53	59.12
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 :

<u>Subsidiary Companies</u>	2010-11	2009-10
Loans and advances outstanding (PIC Properties Limited)	48,09,183	48,09,183

Associate Company

Dividend Income **18,82,12,860** 15,39,92,340

Key Management Personnel

Remuneration **39,22,224** 29,03,146

14. The break up of deferred tax asset as on 31st March, 2011 is as follows :-

	As at 31st March 2011	As at 31st March 2010
	Rs.	Rs.
Timing Difference in depreciable assets	-	68,656
Expenses allowable against taxable income in future years	-	17,94,742
Provision for Non-Performing Assets	-	5,53,071
TOTAL	-	24,16,469

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 :-

Liabilities side :-

- (i) Loans and advances availed by the non-banking financial company inclusive of interest accrues thereon but not paid :

Particulars	Amount outstanding as at 31st March 2011	Amount overdue as at 31st March 2010
	Rs.	Rs.
(a) Debentures		
– Secured	(-)	(-)
– Unsecured (other than falling within the meaning of public deposits)	(-)	(-)
(b) Deferred Credits	(-)	(-)
(c) Terms Loans	(-)	(-)
(d) Inter-Corporate Loans and Borrowing	(-)	(-)
(e) Commercial Paper	(-)	(-)
(f) Cash Credit from Banks	(-)	(-)
TOTAL	-	-

Assets side :

- (ii) Break-up of Loans and Advances, including bills receivables (other than those included in (iv) below :

Particulars	Amount outstanding as at 31st March 2011
	Rs.
(a) Secured	- (-)
(b) Unsecured	5,25,25,751 (3,76,99,325)
TOTAL	5,25,25,751 (3,76,99,325)

- (iii) Break-up Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities :

Particulars	Amount outstanding as at 31st March 2011
	Rs.
(i) Lease Assets including Lease Rentals under Sundry Debtors	- (-)
(ii) Stock on Hire including Hire Charges under Sundry Debtors	- (-)
(iii) Hypothecation loans counting towards AFC activities :	
(a) Loans where assets have been repossessed	- (-)
(b) Loans other than above	- (-)
TOTAL	- (-)

(iv) Break-up Investments :

Particulars	Amount outstanding as at 31st March 2011
Current Investments	Rs.
(1) Quoted	
(i) Shares (a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	52,42,78,101
	(32,68,17,585)
(iv) Government Securities	-
	(-)
(v) Others (please specify)	-
	(-)
(2) Unquoted	
(i) Shares (a) Equity	-
	(-)
(b) Preference	-
	(-)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (please specify)	-
	(-)

Long-Term Investments :

Particulars	Amount outstanding as at 31st March 2011
Current Investments	Rs.
(1) Quoted	
(i) Shares (a) Equity	6,14,02,01,866
(b) Preference	(6,14,02,03,924)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (please specify)	-
	(-)
(2) Unquoted	
(i) Shares (a) Equity	3,66,88,785
(b) Preference	(3,66,88,785)
(ii) Debentures and Bonds	-
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (please specify)	-
	(-)
TOTAL	6,70,11,68,752 *
	(6,50,37,10,294)

* Net of Provisions

(v) 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	— (—)	— (—)	— (—)
2. Other than related parties	— (—)	4,63,73,390 (3,16,49,304)	4,63,73,390 (3,16,49,304)
TOTAL	— (—)	5,11,82,573 (3,64,58,487)	5,11,82,573 (3,64,58,487)

(vi) 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	26,75,927 (22,68,050)	5,00,020 (5,00,020)
(b) Companies in the same Group	(—) (—)	(—) (—)
(c) Other related parties	11,99,60,03,286 (17,41,82,44,680)	1,58,57,50,974 (1,58,57,50,974)
2. Other than related parties	25,71,98,40,399 (23,56,61,89,685)	5,11,49,17,758 (4,91,74,59,300)
TOTAL	37,71,85,19,612 (40,98,67,02,415)	6,70,11,68,752 (6,50,37,10,294)

(vii). Other information

Particulars		Rs.
i)	Gross Non-performing Assets	
a)	Related Parties	— (—)
b)	Other than related parties	24,33,838 (16,65,000)
ii)	Net Non-performing Assets	
a)	Related Parties	— (—)
b)	Other than related parties	6,91,954 (—)
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. The Reserve Bank of India (RBI) vide Notification No. DNBS. 223/CGM (US) - 2011 dated January 17, 2011 has been issued directions to all NFBCs to make provision of 0.25% on the standard assets with immediate effect. Accordingly, the Company has made provision of Rs. 13,651/- on the standard assets as on March 31, 2011.

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. As per Scheme of Arrangement sanctioned by Hon'ble Calcutta High Court in earlier year, long term investments are valued at cost, i.e. book value of the investments as reflected in the financial statements as on 31st March, 2003 and for subsequent diminution, provision is made by way of adjustment against Investment Reserve as indicated in Note no. 1(ix)(b) above. There has no impact on the profit for the current year and previous year due to above accounting treatment.

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

22. 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)

Particulars	As at 31st March, 2011	As at 31st March 2010
(i) CRAR (%)	96.60	96.42
(ii) CRAR – Tier I Capital (%)	40.82	38.88
(iii) CRAR - Tier II Capital (%)	55.78	57.54

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

Category		As at 31st March 2011	As at 31st March 2010
(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 :

(Amount in 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	13,50,678 (1,70,946)	3,000 (4,71,051)	57,423 (25,644)	63,423 (7,69,787)	2,86,74,714 (19,18,124)	80,90,852 (2,07,08,243)	- (1,49,868)	1,42,85,661 (1,34,85,662)	5,25,25,751 (3,76,99,325)
Investments	-	-	-	-	52,42,78,101 (32,68,17,585)	-	-	6,17,68,90,651 (6,17,68,92,709)	6,70,11,68,752 (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'

For **S. R. BATLIBOI & CO.**
Firm registration No.301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

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 : May31, 2011

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, 2011.

FINANCIAL RESULTS :	Rs.
Gross Profit for the year	5,50,301
Less : Depreciation	<u>48,364</u>
	5,01,937
Add : Balance brought forward from previous year	<u>17,39,643</u>
	22,41,580
Less : Provision for Taxation (A.Y. 2011-2012)	<u>94,060</u>
	<u>21,47,520</u>

Your Directors report a Gross Profit of Rs. 5,50,301/- for the year and a Net Profit of Rs. 5,01,937/- after depreciation. The Directors refrain from declaring any Equity Dividend for the year.

DIRECTORS :

Shri S. N. Neotia retires by rotation from the Board and being eligible offers himself for re-appointment.

PARTICULARS OF EMPLOYEES :

The Company had 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, 2011

G. K. TULSIAN
S. N. NEOTIA
Directors

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **PIC PROPERTIES LIMITED** as at 31st March, 2011, 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 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.

We report that :

1. 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.
2. In our opinion, proper books of account as required by the Companies Act, 1956, (as amended) have been kept by the Company so far as appears from our examination of those books; and
3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
4. In our Opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

5. On the basis of written representation received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274 (1) (g) of the said Act.

6. In our opinion and to the best of our informaton 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
 - (b) In the case of the Profit and Loss Account, of the profit of the company 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, 2011

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

ANNEXURE TO THE AUDITORS' REPORT

- 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) As explained to us fixed assets were physically verified by management and no material discrepancies have been noticed on physical verification as confirmed by the Management.
 - (c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
- 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 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. On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls.
- V. No transactions has been entered into by the company which are required to be entered in the register maintained in pursuance of Section 301 of the Companies Act and hence Clause 4 (v) of the order is not applicable to the company.
- VI. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year to which the provision of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder apply.
- VII. The provisions of clause 4(viii) of the Companies (Auditor's Report) (Ammendment) Order, 2004 relating to Internal Audit is not applicable to the company.
- VIII. According to the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (I) of the Section 209 of the Companies Act.
- IX. In respect of statutory and other dues :
 - (a) According to the information and explanations given to us the company has been depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax and Cess were in areas, as at 31 March, 2011 for a period of more than 6 months from the date they became payable.
- X. The Company has not incurred cash losses during the current financial year also in immediately preceding financial year.
- XI. The Company has not defaulted in repayment of dues to Financial Institutions or Banks or Debenture holders.
- XII. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other securities.
- XIII. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- XIV. We have broadly reviewed the books of accounts and records maintained by the Company and states that prima-facie, proper records have been maintained of the transactions and contracts relating to purchase of investments and timely entries have been made therein. All the investments have been held by the company in its own name.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- XVI. According to the information and explanations given to us, the Company has not obtained any term loan.
- XVII. On the basis of our examination of the Balance Sheet, the funds raised on short-term basis have not been used for long-term investment and vice-versa.
- XVIII. During the year under Audit, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX. The Company has not issued any debentures during the year and hence the question of disclosure and verification of end use of such monies does not arise.
- XX. The Company has not raised any money by way of Public Issue during the year.
- XXI. Based upon the audit procedures performed and on the basis of information and explanations provided by the Management, we report that no fraud, on or by the company has been noticed or reported during the year.

1-B, Old Post Office Street,
Kolkata.
Dated, the 30th day of April, 2011

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

BALANCE SHEET AS

As on 31.3.10 Rs.	LIABILITIES	Amount Rs.
	SHARE CAPITAL	
	Authorised Capital	
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
<u>10,00,000</u>		<u>10,00,000</u>
	Issued & Subscribed	
5,00,020	50,002 Equity Shares of Rs. 10/- each (All Shares are held by the Holding Company, i.e., M/s. Pilani Investment & Industries Corpn. Ltd. and out of the above 50,000 Equity Shares have been allotted for consideration other than cash)	5,00,020
	RESERVES & SURPLUS	
28,187	General Reserve	28,187
17,39,643	Profit & Loss A/c.	21,47,520
200	Capital Redemption Reserve	200
	UNSECURED LOAN	
48,09,182	M/s. Pilani Investment & Industries Corpn. Ltd. (Interest Free)	48,09,182
2,19,00,000	M/s. Biria Group Holdings Pvt. Ltd. (Advance against Equity)	2,19,00,000
30,000	Security Deposit	30,000
	CURRENT LIABILITIES & PROVISIONS	
19,236	Sundry Creditors	19,236
1,83,854	Provision for Taxation	2,77,914
<u>2,92,10,322</u>	Notes on Accounts - Schedule 'C'	<u>2,97,12,259</u>

"As per our Report of even date"
For SINGHI & CO.

Chartered Accountants
S. K. Kothari
Partner

Place : Kolkata.
Dated, the 30th day of April, 2011

AT 31ST MARCH, 2011

As on 31.3.10 Rs.	A S S E T S	Amount Rs.
	FIXED ASSETS	
2,57,93,440	As per Schedule 'A' Annexed	2,57,45,076
	INVESTMENTS	
28,78,040	As per Schedule 'B' Annexed	33,78,040
	CURRENT ASSETS, LOANS & ADVANCES	
	(A) Current Assets	
1,246	Cash in hand (As certified by the Management)	189
3,17,457	Balance with Scheduled Banks : In Current A/C.	2,99,946
	(B) Loans & Advances	
	(Unsecured considered good, recoverable in cash or in kind or for value to be received)	
1,98,777	Tax deducted at Source & Self Assessment tax	2,64,790
8,100	Deposit with Govt. & Other Authorities	8,100
13,262	Prepaid Insurance	16,118
<u>2,92,10,322</u>		<u>2,97,12,259</u>

G. K. TULSIAN
S. N. NEOTIA
Directors

PROFIT & LOSS ACCOUNT FOR

As on 31.3.10 Rs.	PARTICULARS	Dr. Amount Rs.
5,835	To Salary	7,000
1,09,815	" Rates & Taxes	1,09,915
18,494	" Insurance	17,595
	" Miscellaneous Expenses :	
551	" Bank Charges	696
1,250	" General Charges	147
600	" Filing Fees	600
13,236	" Audit Fees	13,236
32,539	" Professional Fees	-
6,000	" Directors' Fees	6,000
51,796	" Depreciation	48,364
4,89,639	" Profit for the year carried down	5,01,937
<u>7,29,755</u>		<u>7,05,490</u>
92,650	" Provision for taxation	94,060
41,616	" Income Tax For Earlier Year	-
17,39,643	" Balance carried over to Balance Sheet Notes on Accounts - Schedule 'C'	21,47,520
<u>18,73,909</u>		<u>22,41,580</u>
<u>2009-10</u>	Basic and Diluted Earning per share	<u>2010-11</u>
7.94	(Face Value of Rs. 10 per share)	8.16
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, 2011

THE YEAR ENDED 31ST MARCH, 2011

As on 31.3.10 Rs.	P A R T I C U L A R S	Cr. Amount Rs.
5,27,076	By Rent (Tax deducted at source Rs. 50,704/-, Previous Year Rs. 79,341/-)	5,27,076
	" Income from Investments	
240	Dividends on Shares	240
2,00,217	Dividends on Mutual Funds	1,78,174
2,222	Interest on Income Tax Refund (Tax deducted at source Rs. Nil, Previous Year Rs. Nil)	-
<u>7,29,755</u>		<u>7,05,490</u>
4,89,639	" By Profit for the year brought down	5,01,937
13,84,270	" Balance carried forward from previous year	17,39,643
<u>18,73,909</u>		<u>22,41,580</u>

G. K. TULSIAN
S. N. NEOTIA
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

<u>PARTICULARS :</u>	Rs. For the year ended 31st March '11	Rs. For the year ended 31st March, '10
Net Profit before taxation, and extraordinary item	5,01,937	4,89,639
Adjustment for :		
Depreciation	48,364	51,796
Income from Investments	(1,78,414)	(2,00,457)
Operating Profit before working capital changes	3,71,887	3,40,978
Increase / (Decrease) in Sundry Creditors	—	—
Decrease / (Increase) in Sundry Debtors / Advances	(2,856)	239
	3,69,031	3,41,217
Income Tax paid	(66,013)	(43,348)
Net Cash from operations	3,03,018	2,97,869
Cash flow from investing activities		
Short Term Investments	(5,00,000)	(3,00,000)
Income From Investments	1,78,414	2,00,457
Redemption of Mutual Funds / Bonds Units	—	—
Net Cash from investing activities	(3,21,586)	(99,543)
Cash flow from Financing activities		
Advance against equity	—	—
Net Increase / (Decrease) in cash & cash equivalents	(18,568)	1,98,326
Cash & cash equivalents at the beginning of the year	3,18,703	1,20,377
Cash & cash equivalents at the end of the year	3,00,135	3,18,703

Kolkata
The 30th day of April, 2011

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.

FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'A'

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 1.4.2010	Additions (Deletions) during the year	As on 31.3.2011	Upto 31.3.2010	For the year	Upto 31.3.2011	As on 31.3.2011	As on 31.3.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
FREE-HOLD LAND	2,48,22,151	—	2,48,22,151	—	—	—	2,48,22,151	2,48,22,151
BUILDING	34,26,308	—	34,26,308	24,59,032	48,364	25,07,396	9,18,912	9,67,276
FURNITURE, FIXTURES & OFFICE EQUIPMENTS	2,92,457	—	2,92,457	2,88,444	—	2,88,444	4,013	4,013
CURRENT YEAR	2,85,40,916	—	2,85,40,916	27,47,476	48,364	27,95,840	2,57,45,076	2,57,93,440
PREVIOUS YEAR	2,85,40,916	—	2,85,40,916	26,95,680	51,796	27,47,476	2,57,93,440	—

SCHEDULE `B'

INVESTMENT AS AT 31ST MARCH, 2011

LONG TERM INVESTMENTS (AT COST)

As on 31.3.10 Nos.	Amount Rs.	QUOTED	Cost / Face Value	Nos.	Amount Rs.	Market Quoted Investment Rs.
Shares / Bonds(Fully Paid-up)						
200	2,000	Equity Shares — Mangalore Refinery Petrochemicals Ltd.	10/-	200	2,000	12,900
MUTUAL FUND UNITS						
18,811.136	2,50,000	Birla Sunlife Dividend Yield Plus Div.	13.29	18,811.136	2,50,000	2,59,970
33,472.804	8,00,000	Birla Sunlife Midcap Fund-Plan A-Div.	23.90	33,472.804	8,00,000	7,15,649
21,986.716	3,17,203	Birla Sunlife MIP-Wealth 25-Growth	14.43	21,986.716	3,17,203	3,92,023
36,549.406	5,08,837	Birla Sunlife MIP-Wealth 25-Growth	13.92	36,549.406	5,08,837	6,51,676
56,403.397	7,00,000	Birla Sunlife Gilt Plus-D Regular Plan	12.41	56,403.397	7,00,000	6,84,173
26,730.344	3,00,000	Birla Sunlife MIP II Saving - 5 Plan	11.22	26,730.344	3,00,000	2,99,914
		Monthly Dividend				
		Birla Sunlife Capital Protection				
		Oriented Fund Series 3 - Growth	10.00	50,000.000	5,00,000	5,69,500
	<u>28,78,040</u>				<u>33,78,040</u>	<u>35,85,805</u>

Aggregate Book Value of Quoted Investments — Rs. 33,78,040/- (Rs. 28,78,040/-)
 Aggregate Market Value of Quoted Investments — Rs. 35,85,805/- (Rs. 30,62,735/-)

SCHEDULE `C'

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

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, maximum upto 95% of the original cost of the asset.

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	–	Rs. 240/-, TDS : Rs. NIL
(Previous Year)	–	Rs. 240/-, TDS : Rs. NIL)
ii) Dividend on Mutual Fund Units	–	Rs. 1,78,174/-, TDS : Rs. NIL
(Previous Year)	–	Rs. 2,00,217/-, TDS : Rs. NIL)

3. No Depreciation has been charged on Furniture, Fixtures & Office Equipments this year since the written down value as on 1.4.10 is already below 5% of the Original Cost of these block assets.
4. 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. 3,17,824/- as on 31.3.2011 (Rs.3,79,272/- as on 31.3.2010) has not been recognized in these accounts. There are no other timing differences between taxable income & accounting income of the company primarily because tax benefit of Depreciation is not available to the Company, it being assessed under the head income from House Property.
5. As there is only one segment in the Company, AS-17 is not applicable.
6. 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 2010-11. Rs. 48,09,182/- being the opening balance (as on 01.04.10) and the year end balance (as on 31.03.11) in respect of Unsecured Loan (interest free) from M/s. Pilani Investment & Industries Corporation Ltd. to its 100% subsidiary PIC Properties Ltd.
7. Previous Year's figures have been re-arranged/regrouped wherever considered necessary.

Kolkata
The 30th day of April, 2011

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 :	31.03.2011	
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	29,712	Total Assets
	Source of Funds :		
	Paid up Capital	500	Reserve & Surplus
	Secured Loans	—	1,413
	Application of Funds :		
	Net Fixed Assets	25,745	Unsecured Loans
	Net Current Assets	229	26,739
	Accumulated Losses	—	
IV.	Performance of Company (Amount in Rs. Thousands)		
	Turnover (Rent, Investment Income)	705	Total Expenditure
	Profit / (Loss) before Tax	502	204
	Earning per Share in Rs.	8.16	Profit / (Loss) after Tax
			408
			Dividend rate %
			—
V.	Generic Names of Three Principal Products/Services of Company (As per monetary terms)		
	Item Code No. (ITC Code)		Rental
	Product Description		
	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 (the Company), its Subsidiary and Associates as at March 31, 2011 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.2,55,829.23 lacs as at 31st March, 2011, total proportionate revenues of Rs. 1,76,619.24 lacs and proportionate net cash flow of Rs. 398.87 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;
*The impact of above items on Company's profit / Reserves is not presently ascertainable.
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 other financial information of the Components, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements, *Subject to matters 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, 2011;
 - (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.

Place : Kolkata
Dated : May 31, 2011

For S. R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants
Per SANJOY K GUPTA
Partner
Membership No. 54968

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

LIABILITIES	Schedule	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
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'	12,31,31,64,819	11,44,94,44,119
CURRENT LIABILITIES AND PROVISIONS	'C'	24,03,87,344	23,85,99,704
ACCOUNTING POLICIES & NOTES TO ACCOUNTS	'G'		
		<u>12,65,45,39,663</u>	<u>11,78,90,31,323</u>

Note : 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 : May 31, 2011

For S. R. BATLIBOI & CO.
Firm registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

A S S E T S	Schedule	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
FIXED ASSETS	'D'	2,76,05,091	2,78,06,321
INVESTMENTS	'E'	12,57,50,78,062	11,72,31,66,549
DEFERRED TAX ASSET		—	24,16,469
CURRENT ASSETS, LOANS & ADVANCES	'F'	5,18,56,510	3,56,41,984
		<u>12,65,45,39,663</u>	<u>11,78,90,31,323</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

Consolidated Profit & Loss Account for the year ended 31st March, 2011

	Rs.	2010-11 Rs.	2009-10 Rs.
To			
Payments to and Provisions for employees			
Salaries, Bonus etc.	41,63,972		29,31,877
Gratuity	9,87,000		9,04,000
Contribution to Provident and other funds	6,70,908		5,29,761
Employees' Welfare Expenses	<u>2,32,723</u>		<u>1,94,388</u>
		60,54,603	45,60,026
"		5,83,466	5,78,073
"			
Rates & Taxes	20,71,323		20,98,817
Less : Recoveries	<u>12,79,332</u>		<u>16,44,271</u>
		7,91,991	4,54,546
"		28,542	32,446
"			
Building Maintenance & Service Expenses		66,15,979	62,78,430
"			
Auditors' Remuneration			
As Auditors :			
Audit Fee	1,78,236		1,42,000
For Limited Reviews	99,000		78,000
For Expenses etc.	54,588		46,677
In other manner :			
For Certificates etc.	<u>1,35,000</u>		<u>75,000</u>
		4,66,824	3,41,677
"		11,46,000	8,06,000
"			
Miscellaneous Expenses		17,88,030	20,70,474
"			
Loss on Fixed Assets Sold / Discarded		8,271	-
"			
Depreciation		2,06,847	2,48,645
"			
Interest to Income tax department for earlier year		28,45,000	2,68,268
"			
Provision for Non Performing Assets		76,884	-
"			
Contingent Provisions Against Standard Assets (Refer Note No. 20 on Schedule "G")		13,651	-
"			
Provision for Diminution in value of Current Investments		1,68,81,244	-
"			
Balance carried down (subject to taxation)		<u>44,70,71,849</u>	<u>47,74,88,115</u>
		<u>48,45,79,181</u>	<u>49,31,26,700</u>

Consolidated Profit & Loss Account for the year ended 31st March, 2011

	Rs.	2010-11 Rs.	2009-10 Rs.
By Income from Investments (Other than Trade)			
Dividend :			
- On Long Term Investments	44,01,38,067		44,83,31,339
- On Current Investments	1,53,93,021		1,60,00,291
		45,55,31,088	46,43,31,630
Interest (Gross)			
From Banks [Tax deducted at source Rs.28,643 (Rs. 10,704)]	2,86,433		1,07,040
On Loans & Deposits with Others	5,447		1,882
On Income Tax Refunds	-		2,222
		2,91,880	1,11,144
Other Income :			
Rent (Gross) [Tax deducted at source Rs. 15,91,124 (Rs.28,25,382)]	1,30,56,280		1,28,88,665
Service charges on rented properties	33,22,314		47,01,092
		1,63,78,594	1,75,89,757
Miscellaneous Receipts		1,16,973	26,504
Profit on redemption of Units(Net) (Current Investments- Other than Trade)		1,22,60,646	2,16,680
Provision for Non performing Assets no longer required written back (net)		-	43,607
Provision for diminution in value of Unquoted investments no longer required written back		-	1,08,07,378
		48,45,79,181	49,31,26,700

Consolidated Profit & Loss Account for the year ended 31st March, 2011

	Rs.	2010-11 Rs.	2009-10 Rs.
To Provision for Taxation			
Current [including Rs. Nil (Rs. 1,15,36,900) for earlier years]	50,94,060		1,62,29,550
MAT Credit (Entitlement) in respect of earlier years	-		(79,77,343)
Deferred Tax Charge	24,16,469		13,14,720
		75,10,529	95,66,927
" Transfer to Special Reserve		8,79,00,000	9,36,00,000
" 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		3,20,74,925	3,28,38,613
" Transfer to General Reserve		5,00,00,000	5,00,00,000
" Balance carried to Balance Sheet		6,02,95,22,827	5,30,37,02,127
		6,40,47,27,031	5,68,74,26,417
Earning Per Share (Face value Rs. 10 each) Basic & Diluted (Rs.)		138.27	194.25

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 : May 31, 2011

For **S. R. BATLIBOI & CO.**
Firm registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968

Consolidated Profit & Loss Account for the year ended 31st March, 2011

	2010-11 Rs.	2009-10 Rs.
By Balance brought down	44,70,71,849	47,74,88,115
" Share in the Profit of Associate Company	65,39,53,055	1,06,83,32,956
" Balance as per last account	5,30,37,02,127	4,14,16,05,346
	<u>6,40,47,27,031</u>	<u>5,68,74,26,417</u>

For and on behalf of the Board of Directors

B. D. DALMIA
Secretary

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	2010-11 Rs.	2009-10 Rs.
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	44,70,71,849	47,74,88,115
Adjustments for :		
Dividend Income	(45,55,31,088)	(46,43,31,630)
Interest Income	(2,91,880)	(1,08,922)
Profit on redemption of Units(Net)	(1,22,60,646)	(2,16,680)
Depreciation	2,06,847	2,48,645
Provision for diminution in value of investments	1,68,81,244	-
Provision for Non-performing Assets	76,884	-
Contingent Provision against Standard Assets	13,651	-
Loss on Fixed Assets sold / discarded	8,271	-
Provision for diminution in value of investments no longer required written back (net)	-	(1,08,07,378)
Provision against Non-performing Assets (Net of excess provision written back)	-	(43,607)
Operating Profit before working Capital Changes	(38,24,868)	22,28,543
Increase/ (Decrease) in Trade Payables	18,75,980	12,30,862
Decrease/ (Increase) in Trade & Other Receivables	(1,64,65,776)	(21,05,855)
Cash Generated From Operations :	(1,84,14,664)	13,53,550
Income Taxes paid (Net of Refunds)	(35,06,401)	(1,65,64,430)
NET CASH FROM OPERATING ACTIVITIES	(2,19,21,065)	(1,52,10,880)
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(13,888)	(29,348)
Dividend from Associate Company	18,82,12,860	15,39,92,340
Dividend Received from Other Companies and Mutual Funds	26,73,18,228	31,03,39,290
Interest Received	2,91,880	1,08,922
Sale/Redemption of Investments	15,86,65,352	61,80,94,456
Purchase of Investments	(36,12,44,410)	(83,62,24,098)
NET CASH FROM INVESTING ACTIVITIES	25,32,30,022	24,62,81,562

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	2010-11 Rs.	2009-10 Rs.
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Dividends paid	(19,70,57,053)	(19,71,08,900)
Tax on Dividend Paid	(3,28,38,613)	(3,36,02,302)
NET CASH FROM/(USED) IN FINANCING ACTIVITIES	(22,98,95,666)	(23,13,21,052)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	14,13,291	3,59,480
CASH AND CASH EQUIVALENTS- OPENING BALANCE *	27,15,557	23,56,077
CASH AND CASH EQUIVALENTS-CLOSING BALANCE *	41,28,848 #	27,15,557

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

Includes Rs. 12,71,547 (Rs. 6,09,850) lying in Unpaid Dividend Account

As per our attached Report of even date.

Place : Kolkata
Dated : May 31, 2011

For **S. R. BATLIBOI & CO.**
Firm registration No. 301003E
Chartered Accountants
Per SANJOY K GUPTA
Partner
Membership No. 54968

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, 2011

SCHEDULE 'A'	As at 31st March, 2011	(Amount in Rs.) As at 31st March, 2010
SHARE CAPITAL		
AUTHORISED		
90,00,000 Ordinary Shares of Rs.10 each	<u>9,00,00,000</u>	<u>9,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP		
79,08,750 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

200

200

200

200

Investment Reserve

As per last Account

3,76,41,67,570

3,76,41,67,570

3,76,41,67,570

3,76,41,67,570

General Reserve

As per last Account

1,59,86,34,222

1,54,86,34,222

Add : Transfer from Profit & Loss Account

5,00,00,000

5,00,00,000

1,64,86,34,222

1,59,86,34,222

Special Reserve

As per last Account

78,29,40,000

68,93,40,000

Add : Transfer from Profit & Loss Account

8,79,00,000

9,36,00,000

87,08,40,000

78,29,40,000

Surplus as per Profit & Loss Account

6,02,95,22,827

5,30,37,02,127

12,31,31,64,819

11,44,94,44,119

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'C'	(Amount in Rs.)	
	As at 31st March, 2011	As at 31st March, 2010
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors for Goods, Services, Expenses etc.		
Due to Micro & Small Enterprises (Refer Note No.19 on Schedule "G")	-	-
Due to others	19,15,206	9,87,641
Sundry Deposits	7,08,505	7,08,505
Investor Education and Protection Fund (Payable when due)		
Unpaid Dividend	12,71,547	6,09,850
Other Liabilities	1,42,760	3,33,345
	40,38,018	26,39,341
B. PROVISIONS		
Gratuity	48,04,000	39,64,000
Leave liability	17,38,000	14,39,000
Contingent Provisions Against Standard Assets (Refer Note No. 20 on Schedule "G")	13,651	-
Proposed Dividend	19,77,18,750	19,77,18,750
Tax on Proposed Dividend	3,20,74,925	3,28,38,613
	23,63,49,326	23,59,60,363
	24,03,87,344	23,85,99,704

PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED AND ITS SUBSIDIARY

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'D'

FIXED ASSETS

(Amount in Rs.)

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.04.2010	Additions	Deductions/ Adjustments	As at 31.03.2011	Upto 01.04.2010	For the Year	Deductions/ Adjustments	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	2,55,50,354	-	-	2,55,50,354	-	-	-	-	2,55,50,354	2,55,50,354
Buildings	83,81,449	-	-	83,81,449	66,07,025	88,722	-	66,95,747	16,85,702	17,74,424
Furniture, Air-con ditioners, Electrical Installations, etc.	20,83,400	13,888	2,95,297	18,01,991	19,59,818	25,449	2,87,026	16,98,241	1,03,750	1,23,582
Office Equipments	18,015	-	10,450	7,565	18,015	-	10,450	7,565	-	-
Vehicles	6,92,000	-	-	6,92,000	3,34,039	92,676	-	4,26,715	2,65,285	3,57,961
TOTAL	3,67,25,218	13,888	3,05,747	3,64,33,359	89,18,897	2,06,847	2,97,476	88,28,268	2,76,05,091	2,78,06,321
Previous year's Total	3,66,95,870	29,348	-	3,67,25,218	86,70,252	2,48,645	-	89,18,897	2,78,06,321	

NOTES:

- 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.
- Furniture includes Rs. 12,98,302 (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, 2011

(Amount in Rs.)

SCHEDULE 'E'

INVESTMENTS (Other than Trade)	Units	Face Value per Share	As at 31st March, 2011	As at 31st March, 2010
LONG TERM				
QUOTED (FULLY PAID)				
Equity Shares				
Aditya Birla Nuvo Limited	1,87,098	10	2,94,07,786	2,94,07,786
Aditya Birla Chemicals (India) Ltd.	3,90,000	10	40,95,000	40,95,000
Cimmco Birla Limited	70,780 (3)	10	4,95,460	4,95,460
	(3,53,900)			
Grasim Industries Limited	43,00,293 (4)	10	61,47,76,811	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	2,844	5	41,238	41,238
	(1,422)			
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	1,16,81,79,683
Ultra Tech Cement Limited	24,57,309 (4)	10	80,73,28,026	-
	(-)			
Umi Special Steels Limited	1,00,000	10	1,70,000	1,70,000
Zenith Birla Limited	3,432 (5)	10	15,078	15,078
	(2,860)			
Zuari Industries Limited	4,34,000	10	78,98,800	78,98,800
			<u>4,55,44,52,892</u>	<u>4,55,44,54,950</u>
Fully Paid Up Equity shares in Associate Company				
Century Textiles & Industries Ltd.	3,42,20,520	10	1,58,57,50,974 #	1,58,57,50,974
Add: Proportionate Share of accumulated profit of the Associate Company upto 31st March 2010			<u>5,87,10,31,290</u>	<u>5,21,70,78,235</u>
			7,45,67,82,264	6,80,28,29,209
# Includes Goodwill Rs.11,67,74,346 arisen on acquisition of shares (Refer Note No. 2 (c) on Schedule 'G')			<u>12,01,12,35,156</u>	<u>11,35,72,84,159</u>

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'E' (Contd.)

(Amount in Rs.)

INVESTMENTS UNQUOTED (Fully Paid)	Units	Face Value per Share	As at 31st March, 2011	As at 31st March, 2010
Equity Shares				
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 Bangkok (Thailand)	2,07,900	10 Baht	11,41,857	11,41,857
Indo-Phil Textile Mills Inc., Manila (Republic of Phillippines)	2,11,248	10 Pesos	2,02,692	2,02,692
The Eastern Economist 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
			3,61,88,765	3,61,88,765
Units Of Mutual Funds				
Birla Sunlife Yield Plus - Dividend	18,811	10	2,50,000	2,50,000
Birla Sunlife Midcap Fund - 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	3,00,000
Birla Sunlife Capital Protection Oriented Fund Series 3	50,000 (-)	10	5,00,000	-
			33,76,040 *	28,76,040

*NAV as on 31st March, 2011 - Rs 37,72,905/- (Rs. 30,47,515/-)

**CURRENT INVESTMENTS
UNQUOTED**

<u>Mutual Funds</u>	<u>Units</u>			
Birla Sunlife Dividend Yield Plus-Growth	3,63,592	10	3,00,00,000	-
	(-)			
Birla Sunlife Frontline Equity-Growth	1,39,395 (6) (2,92,899)	10	1,30,00,000	2,25,21,039
Birla Sunlife Infrastructure Fund-Dividend	- (18,88,290)	10	-	2,37,25,358
Birla Sunlife Midcap Fund-Dividend	21,70,834 (6) (11,12,329)	10	4,92,53,990	2,36,01,315

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'E' (Contd.)

(Amount in Rs.)

	Units	Face Value per Share	As at 31st March, 2011	As at 31st March, 2010
Birla Sunlife Midcap Fund-Growth	3,07,637	10	3,00,99,222	3,00,99,222
DSP Black Rock Equity Fund-Dividend	3,21,229 (6)	10	1,60,44,859	—
	(—)			
DSP Black Rock Equity Fund-Growth	16,62,040	10	2,25,35,605	2,25,35,605
DSP Black Rock Small & Mid Cap Fund-Growth	13,79,131 (6)	10	2,65,00,000	—
	(—)			
DSP Black Rock Top-100 Fund-Div.	12,35,863	10	2,35,50,611	2,20,92,598
	(11,66,411)			
Franklin India Bluechip Fund-Growth	66,732 (6)	10	1,50,00,000	—
	(—)			
HDFC Equity Fund Growth	72,405	10	1,60,19,149	1,60,19,149
HDFC Top - 200 - Dividend	—	10	—	2,20,96,381
	(5,73,332)			
HDFC Top - 200 - Growth	—	10	—	2,01,83,476
	(1,13,956)			
ICICI Prudential Focused Fund-Div.	10,56,510 (6)	10	2,14,70,588	—
	(—)			
ICICI Prudential Dynamic Plan - Cum.	1,97,717	10	2,00,00,000	—
	(—)			
ICICI Prudential Focused Fund - Growth	12,37,031	10	1,60,19,545	1,60,19,545
ICICI Prudential Growth	1,90,052	10	1,75,00,000	1,75,00,000
ICICI Prudential Infrastructure Fund - Growth	3,67,872 (6)	10	1,20,00,000	—
	(—)			
Kotak Mid Cap - Dividend	5,13,321 (6)	10	1,00,00,000	—
	(—)			
Kotak Mid Cap - Growth	7,78,236 (6)	10	2,00,00,000	—
	(—)			
Reliance Banking Fund - Dividend	2,82,490	10	1,06,61,288	—
	(—)			
Reliance Equity Opportunities Fund - Growth	2,90,512	10	1,00,00,000	—
	(—)			
Reliance Growth Fund-Growth	79,938	10	3,00,00,000	3,00,00,000
Reliance Growth Fund-Dividend	3,32,939	10	1,59,63,840	1,47,29,624
	(3,08,554)			
Reliance Pharma Fund-Growth	5,48,578	10	2,00,00,000	2,00,00,000
Reliance Regular Saving Fund-Div.	4,64,776 (6)	10	1,08,46,375	—
	(—)			
Reliance Regular Saving Fund-Growth	10,61,372	10	2,56,94,273	2,56,94,273
Sundram Select Focus - Appreciation	1,14,651	10	1,00,00,000	—
	(—)			

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'E' (Contd.)

(Amount in Rs.)

	Units	Face Value per Share	As at 31st March, 2011	As at 31st March, 2010
Sundram Select Midcap - Apprication	12,130 (6)	10	20,00,000	—
	(—)			
Sundram Smile - Dividend	7,56,435 (6)	10	1,00,00,000	—
	(—)			
Sundram Smile - Growth	2,07,342 (6)	10	70,00,000	—
	(—)			
UTI Midcap - Dividend	3,86,698 (6)	10	1,00,00,000	—
	(—)			
UTI Midcap - Growth	3,10,336 (6)	10	1,00,00,000	—
	(—)			
UTI Master Value Fund - Growth	1,96,618	10	1,00,00,000	—
	(—)			
*NAV as on 31st March, 2011 - Rs. 58,13,46,546/ (Rs.34,63,34,627/-)			<u>54,11,59,345 *</u>	<u>32,68,17,585</u>
			12,59,19,59,306	11,72,31,66,549
Less : Provision for diminution in value of Unquoted investments			<u>1,68,81,244</u>	<u>—</u>
			12,57,50,78,062	11,72,31,66,549
Aggregate amount of Investments				
Quoted			12,01,12,35,156	11,35,72,84,159
Unquoted			56,38,42,906	36,58,82,390
			<u>12,57,50,78,062</u>	<u>11,72,31,66,549</u>
Market Value of Quoted Investments			36,54,12,85,644	40,43,62,79,656

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>2010-11</u>	<u>2009-10</u>
Birla Sunlife Medium Term Plan - Fortnightly Dividend	10	—	22,39,340
Birla Sunlife Savings Fund - Institutional - Daily dividend	10	—	30,07,877
Birla Sunlife Short Term Fund 1 - Daily Dividend	10	—	51,10,869
DSP Black Rock Floating Rate Fund	10	—	22,46,551
HDFC Cash Mang.Treasury	10	—	80,44,921
ICICI Prud. Flexi Income Plan Premium - Daily Dividend	10	—	65,47,293
Reliance Money Manager Fund	1000	—	1,73,312
Reliance Liquid Fund Daily Dividend	10	—	40,28,058
Sundram Ultra ST Fund Retail - Dividend	10	56,29,172	—

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

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

- (3) Received on consolidation of shares on reduction of capital under a Scheme.
- (4) 43,00,293 Equity Shares of Samruddhi Cement Limited were received during the year on demerger of cement business of Grasim Industries Limited under a Scheme of Agreement, which has subsequently been merged with Ultratech Cement Limited and 24,57,309 Equity Shares of Ultratech Cement Limited were received against the company's holding in Samruddhi Cement Limited.
- (5) Includes 572 Equity Shares being Bonus Shares received during the year.
- (6) Indicates Securities where provision towards diminution in the value of Investments has been made.

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE 'F'	(Amount in Rs.)		
		As at 31st March, 2011	As at 31st March, 2010
	Rs.	Rs.	Rs.
CURRENT ASSETS, LOANS AND ADVANCES			
A. CURRENT ASSETS			
Sundry Debtors			
(Unsecured, Considered Good except stated otherwise)			
Debts outstanding for a period exceeding six months	7,68,838		—
Other Debts	6,51,224		12,40,838
	<u>14,20,062*</u>		<u>12,40,838</u>
Less: Provision for Non-performing assets	<u>76,884</u>		<u>—</u>
		13,43,178	12,40,838
*Including Rs. 7,68,838 (Rs. NIL) considered Non-performing Assets			
Cash & Bank Balances			
Cash on hand		7,496	19,315
With Scheduled Banks on:			
Current Account		28,49,805	20,86,392
Unpaid Dividend Account		12,71,547	6,09,850
B. LOANS AND ADVANCES			
(Unsecured, Considered Good except as stated otherwise)			
Advances:			
Advance payment of Income Tax, Tax deducted at source and refunds Receivable (after adjusting provision)			
	1,11,28,322		1,19,45,823
MAT Credit Entitlement	72,07,185		79,77,343
Other Advances recoverable in cash or Kind or for value to be received	2,02,29,398 #. @		39,42,844
Less: Provision for Non-performing Assets	<u>16,65,000</u>		<u>16,65,000</u>
	<u>1,85,64,398</u>		<u>22,77,844</u>
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>
		4,63,84,484	3,16,85,589
		5,18,56,510	3,56,41,984

Including Rs.16,65,000 (Rs.16,65,000) considered Non-performing Assets

NOTE:

@ Amount due from a Director of the company

Advances		—	—
Maximum amount due at any time during the year			
Advances		48,495	52,274

SCHEDULE FORMING PART OF THE CONSOLIDATED STATEMENTS OF ACCOUNT AS AT AND FOR THE YEAR ENDED MARCH 31, 2011

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 31.03.2011
PIC Properties Limited	India	100 (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 31.03.2011
Century Textiles and Industries Limited	India	36.78 (36.78)

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

SCHEDULE – '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 Rule, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and the directions 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 basic, unless other wise stated. The Accounting policies applied by the company are consistent with those used in the previous year.

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.

Profit on Sale / Redemption of Mutual Fund Units

Profit on Sale / Redemption of Mutual Funds units are accounted for net of security transaction tax and exit load.

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. Provisioning on Standard Assets

The Reserve Bank of India (RBI) vide Notification No. DNBS.223/CGM(US)-2011 dated 17th January 2011 has issued directions to all NBFCs to make provision of 0.25% on standard assets with immediate effect. Accordingly, the Company has made contingent provision at the rate of 0.25% on standard assets in accordance with RBI guidelines.

v. Provision / Write Off against Non Performing Assets

Provision / Write Off against Non Performing Assets are made as per the guidelines prescribed by Reserve Bank of India for Non-deposit taking Finance Companies (NBFC-ND).

SCHEDULE – 'G' (Contd.)

vi. 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.

vii. 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.

viii. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to the asset.

ix. Investments

- (a) Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Long-term investments are valued at cost, i.e. book value of the investments as reflected in the financial statements as on 31st March, 2003 and for subsequent diminution, provision is made by way of adjustment against Investment Reserve in terms of scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court during an earlier year. Further long term investments purchased after 1st April, 2003 are valued at cost. 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).

x. 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.

xi. 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

SCHEDULE – 'G' (Contd.)

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.

xii. 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.

xiii. 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 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

SCHEDULE – 'G' (Contd.)

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 at 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.

xiv. 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.

d) Foreign Exchange Contracts not intended for trading or speculation purpose

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.

xv. Assets acquired under lease

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

xvi. 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.

xvii. 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

SCHEDULE – ‘G’ (Contd.)

to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4. **Company's Share in the outstanding Capital Commitments of Associate :**
Rs. 3,71,65,00,000 (Rs. 2,77,98,00,000)
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. 39,41,335 (Rs. 1,69,97,405) disputed by the Company/ Income Tax department in appeal .
 - c) Proportionate amount in respect of Century Textiles & Industries Limited, an associate company Rs. 1,34,21,00,000 (Rs. 1,12,96,00,000).
6. The Company has disputed the claim for recovery of Rs. 15,44,486 plus interest from 1st November, 1973 made by State Bank of India, Bombay in a suit filed against the company on the basis of guarantee given in respect of the advances made to Hind Cycles Limited against their Cash Credit Account by the said Bank. Against the above claim, Rs. 69,27,803 have been deposited with Debts Recovery Appellate Tribunal pursuant to Hon'ble Bombay High Court Order while admitting the writ petition filed by the Company. Pending the High Court judgment in the above matter, no provision against the above claim has been made in the accounts.
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)	2010-11	2009-10
	Rs.	Rs.
Current Service Cost	2,28,000	1,89,000
Interest cost on benefit obligation	3,17,000	2,63,000
Expected return on plan assets	-	-
Net Actuarial (gain)/loss recognised in the year	4,42,000	4,52,000
Total employer expense recognised in Profit and Loss Account	9,87,000	9,04,000
(ii) Benefit Asset/(Liability)		
Defined benefit obligation	(48,04,000)	(39,64,000)
Fair value of Plan Assets	-	-
Benefit Asset/(Liability)	(48,04,000)	(39,64,000)

SCHEDULE – 'G' (Contd.)

	2010-11 Rs.	2009-10 Rs.		
(iii) Movement in benefit liability				
Opening defined benefit obligation	39,64,000	30,60,000		
Interest cost	3,17,000	2,63,000		
Current service cost	2,28,000	1,89,000		
Benefits paid	(1,47,000)	-		
Actuarial (gains)/losses on obligation	4,42,000	4,52,000		
Closing benefit obligation	48,04,000	39,64,000		
(iv) The principal actuarial assumptions are as follows				
Discount rate	8.00%	7.50%		
Salary increase	5.00%	5.00%		
(v) Amount incurred as expense for defined contribution plans				
Contribution to Provident / Pension fund	3,63,917	2,70,509		
Contribution to Superannuation fund	3,06,991	2,34,991		
(vi) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.				
(vii) Amounts for the current and previous periods are as follows :				
Gratuity	2010-11	2009-10	2008-09	2007-08
Defined Benefit Obligation	48,04,000	39,64,000	30,60,000	22,57,000
Plan Assets				
Surplus / (Deficit)	(48,04,000)	(39,64,000)	(30,60,000)	(22,57,000)
Experience adjustments on plan liabilities	69,000	3,57,000	3,16,000	1,24,000

The management has relied on the overall actuarial valuation conducted by the actuary.

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. 6,57,983 (Rs. 5,92,218), Insurance Rs. 54,946 (Rs. 65,898) and Electricity Expenses Rs. 39,88,696 (Rs. 38,57,564).
 (b) Miscellaneous Expenses includes Directors' Travelling Expenses Rs. 1,29,788 (Rs. 1,65,142).
10. The Competent Authority under Urban Land (Ceiling & Regulation) Act, 1976 has declared excess

SCHEDULE – 'G' (Contd.)

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: -

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

12. **Details of Executive Director's Remuneration**

	2010-11		2009-10	
	Rs.	Rs.	Rs.	Rs.
Salary & Bonus*	23,36,064		17,84,048	
Provident Fund Contribution	2,30,400	25,66,464	1,72,800	19,56,848

NOTES:

In addition to the above, the following expenses have been incurred for the Executive Director:

Rent	5,07,760	5,03,760
Medical Expenses	1,60,000	1,26,538
Superannuation Scheme Contribution	2,88,000	2,16,000
Directors' Fee	1,20,000	1,00,000
Leave Travel Assistance	2,80,000	-
	39,22,224	29,03,146

* Excluding taxable value of perquisites Rs. 2,68,405 (Rs.2,15,904)

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.

SCHEDULE – ‘G’ (Contd.)

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

		<u>2010-11</u>	<u>2009-10</u>
Profit after Tax as per Profit & Loss Account	Rs.	1,09,35,14,375	1,53,62,54,144
Weighted average number of Ordinary Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earning Per Share	Rs.	138.27	194.25
Nominal value of Shares	Rs.	10	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>2010-11</u>	<u>2009-10</u>
	Rs.	Rs.
Remuneration	39,22,224	29,03,146

16. The break up of deferred tax asset as on 31st March 2011 is as follows: -

	<u>As at 31st</u>	<u>As at 31st</u>
	<u>March 2011</u>	<u>March 2010</u>
	Rs.	Rs.
Timing Difference in depreciable assets	-	68,656
Expenses allowable against taxable income in future years	-	17,94,742
Provision for Non-Performing Assets	-	5,53,071
Total	<u>-</u>	<u>24,16,469</u>

In Case of Subsidiary Company namely PIC Properties Limited, Deferred Tax Asset of Rs. 3,17,824 (Rs. 3,79,272) 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 refunds receivable under Loans and Advances and has not been credited to the Profit and Loss Account.

SCHEDULE – 'G' (Contd.)

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. The Reserve Bank of India (RBI) vide Notification No. DNBS. 223/CGM (US) - 2011 dated January 17, 2011 has issued directions to all NFBCs to make a provision of 0.25% on the standard assets with immediate effect. Accordingly, the Company has made provision of Rs. 13,651/- on the standard assets as on March 31, 2011.

21. As per Scheme of Arrangement sanctioned by Hon'ble Calcutta High Court in an earlier, long-term investments are valued at cost, i.e. book value of the investments as reflected in the financial statements as on 31st March, 2003 and for subsequent diminution, provision is made by way of adjustment against Investment Reserve as indicated in Note no. 3(ix)(b) above. There has been no impact on the profit for the current year and previous year due to above accounting treatment.

22. Figures given in the brackets represents those of Previous year and same have been regrouped where necessary to conform to this year's classification.

Signature to Schedules 'A' to 'G'

As per our report of even date

For **S. R. BATLIBOI & CO.**
Firm registration No. 301003E
Chartered Accountants
Per **SANJOY K GUPTA**
Partner
Membership No. 54968
Place : Kolkata
Dated : May 31, 2011

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

B. D. DALMIA
Secretary

Notes :

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.....

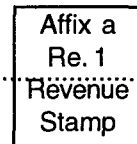
.....or failing him.....

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 26th August, 2011 and at any adjournment thereof.

AS WITNESS my/our hand(s) this.....day of.....2011.

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 26th August, 2011

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

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 26th August, 2011 at 3.00 p.m. to transact, with or without modification(s) as may be permissible, the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date, Report of the Directors and the Auditors thereon.
2. To sanction the declaration and the payment of dividend on Equity shares for the year ended 31st March, 2011.
3. To appoint a director in place of Shri D. K. Mantri, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri A. V. Jalan, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

Registered Office :
Birla Building
9/1, R.N. Mukherjee Road,
Kolkata – 700001
Dated, the 4th day of July, 2011

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 20th August, 2011 to 26th August 2011 (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 19th August, 2011 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 19th August, 2011.
4. In order to avoid the risk of loss/interception of dividend warrants, Shareholders are advised to avail of **ECS** facility whereby the dividend will be directly credited electronically to their

- respective Bank accounts. This will ensure speedier credit of dividend. You may use the enclosed '**ECS Mandate Form**' and forward necessary details to the Company and/or Depository Participant, as the case may be, to avail benefit of this service.
5. a. Under the provisions of Section 205A of the Companies Act, 1956, the Company has already deposited all unclaimed dividends declared upto and including financial year 2002-2003 to the Investor Education and Protection Fund.
 - b. Members are hereby informed that dividends for the financial year 2003-2004 and thereafter, which remain unpaid or unclaimed over a period of 7 years have to be transferred by the Company to INVESTOR EDUCATION & PROTECTION FUND constituted by the Central Government under Section 205(A) & 205(C) of the Companies Act, 1956. It may be noted that once the unclaimed dividend amount is transferred to the Fund as stated above, no claim shall lie in respect of such amount against the Company or the Fund.
 6. In case the mailing address mentioned on this Annual Report is either without Pin Code or with incorrect Pin Code, members are requested to kindly inform the Company and/or Depository Participant, as the case may be, their Pin Code immediately for speedy and proper delivery.
 7. a. Members who are holding Shares in identical order of names in more than one Folio are requested to apply to the Company alongwith the relevant Share Certificate for consolidation of such folios in one folio.
 - b. Members are also requested to notify change in address, if any, immediately to the company at its Registered Office by quoting their Registered Folio Number(s) in respect of their physical shares and to their Depository Participants in respect of their electronic share account.
 8. Reappointment of Directors : As per requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the particulars of Directors retiring by rotation and eligible for re-appointment are given herein below :-
 - a. Shri D. K. Mantri, Aged 55 years, is a renowned industrialist with vast experience. He heads the DM Group which is a multi-divisional group with interests in Tea, Engineering, Trading and Financial Services. He is actively involved with Sangeet Kala Mandir, a most prestigious Cultural Institution in the country, for more than last two decades. He is the Director of Suprabha Industries Ltd., Vijayshree Autocom Ltd. and various other Pvt. Ltd. Companies. Shri D. K. Mantri does not hold any Equity Share in the Company. Except Shri D. K. Mantri, no other Directors of the Company are interested in the aforesaid resolution.
 - b. Shri A.V. Jalan, aged 35 years is a B.Com (Hons.) from St. Xavier's College, Kolkata and has completed management course on Marketing and Corporate Finance from London School of Economics, U.K. He has been involved in management of several manufacturing companies since 1998 and having rich experience in business administration. He is the Director of Mangalam Cement Ltd. , Vidula Consultancy Services Ltd. and various other Pvt. Ltd. Companies. Shri A.V. Jalan does not hold any Equity Share in the Company. Shri A. V. Jalan, Shri B. K. Birla and Shri Kumar Mangalam Birla are related to each other and interested in the aforesaid resolution.

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.