



**PILANI INVESTMENT AND
INDUSTRIES
CORPORATION LIMITED**

**ANNUAL REPORT
AND ACCOUNTS
2011-2012**

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

COMPANY SECRETARY

SHRI R. S. KASHYAP

AUDITORS

M/S. S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
22, CAMAC STREET, BLOCK 6+
3RD FLOOR, KOLKATA - 700 016

REGISTRAR & SHARE TRANSFER AGENTS

M/S NICHE TECHNOLOGIES PVT. LTD.
D-511, BAGREE MARKET
71, B. R. B. BASU ROAD
KOLKATA - 700 001

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 Statements of Accounts for the year ended 31st March, 2012. The Financial Results for the year are shown below :-

FINANCIAL RESULTS

	<i>(Amount in ₹ '000)</i>	
	2011-2012	2010-2011
Profit from operations, Dividend, Interest and Rent Income	4,36,958	4,46,728
Less: Depreciation	151	158
Profit before tax	4,36,807	4,46,570
Less: Provision for taxation	9,233	5,000
Less: Deferred taxation	–	2,416
Profit after taxation	4,27,574	4,39,154
Add: Balance brought down	7,57,535	6,86,075
Profit available for appropriation	11,85,109	11,25,229
Appropriations :		
Special Reserve	85,515	87,900
Proposed Dividend	1,97,719	1,97,719
Corporate Dividend Tax	32,075	32,075
General Reserve	60,000	50,000
Balance carried forward	8,09,800	7,57,535
	11,85,109	11,25,229

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. News from Overseas Markets mostly fuelled by debt crisis in Europe and disappointments on macro front locally were the major factors for the capital markets to fall. In order to control high inflation, RBI has continued tighter monetary policies resulting in higher interest rates on the borrowings by various companies affecting their margins. The economy has grown by 6.9% in 2011-2012 and RBI has pegged GDP growth rate for the current fiscal year at 7.3%.

DIRECTORS' REPORT — (Contd.)

DIVIDEND

The Board of Directors has recommended a dividend of ₹ 25/- (Rupees Twenty Five only) per share of ₹ 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, 2012 as against ₹ 25/- (Rupees Twenty Five only) equivalent to 250% (two hundred fifty percent) paid in the previous year on the equity shares of ₹ 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 Kumar Mangalam Birla and Shri K. K. Daga, 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 Note 2.1 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, 2012 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 Note 29 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
30th May, 2012

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 ₹ 10/- each amounting to 96.83% of the total paid up Capital of 74,358 Equity Shares of ₹ 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 ₹ 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 ₹ 10/- each being the whole of the subscribed capital of PIC Properties Ltd. as on 31st March, 2012. The Financial year of the Company as well as the subsidiary ended on 31st March, 2012.

- 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 ₹ 2,72,278 [Previous year ₹ 4,07,877]

- 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
30th May, 2012

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, 2012, 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.

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
30th May, 2012

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 MANDATORY 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	9	16	.	.
Shri P. K. Khaitan	Non-Executive*	14	.	3	.
Shri D. K. Mantri	Non-Executive*	3	22	.	.
Shri A. V. Jalan	Non-Executive	2	10	.	.
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, designated as Executive 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.

(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 2011-2012 Sittings fees for attending Meetings of the Board and/or committee thereof (All figures in ₹)
Shri B. K. Birla	80,000.00
Shri Kumar Mangalam Birla	.
Shri P. K. Khaitan	80,000.00
Shri D. K. Mantri	1,60,000.00
Shri A. V. Jalan	1,60,000.00
Shri K. K. Daga	1,20,000.00
Shri R. A. Makharia	80,000.00

Executive Director	Remuneration	Benefits and perquisites including ₹ 5,34,060/- being rent
Shri R. A. Makharia	₹ 27,93,397/-	₹ 17,35,681/-

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

2. Shri P. K. Khaitan is a partner in Khaitan & Co., LLP and renders professional services to the Company and a sum of ₹ 1,98,210/- has been paid towards Professional services to Khaitan & Co. LLP during the year 2011-2012.

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

a. Four meetings of the Board of Directors were held during the year ended 31st March 2012. These were held on :

- | | | |
|----------------|----------------|----------------|
| (1) 31-05-2011 | (2) 09-08-2011 | (3) 09-11-2011 |
| (4) 09-02-2012 | | |

- b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2012 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	4	No
Shri Kumar Mangalam Birla		No
Shri P. K. Khaitan	2	Yes
Shri D. K. Mantri	4	No
Shri A. V. Jalan	4	No
Shri K. K. Daga	3	No
Shri R. A. Makharia	4	Yes

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 2011-2012. 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

D. Audit Committee

- (i) The Audit Committee is 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 31-05-2011, 09-08-2011, 09-11-2011 and 09-02-2012. The attendance of the Audit Committee Members is as under :-
- | Name of the Audit Committee Members | No. of Meeting Attended |
|-------------------------------------|-------------------------|
| Shri P. K. Khaitan | 2 |
| Shri D. K. Mantri | 4 |
| Shri A. V. Jalan | 4 |
| Shri K. K. Daga | 3 |
- (iii) At the invitation of the company, Internal Auditors, Statutory Auditors and Secretary who is acting as Secretary of the Audit Committee and other officers of the Company also attended the Audit Committee meetings to answer and clarify queries raised at the said meetings.

- (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 31st August, 2012
 - Venue : Birla Building, 9/1 R.N. Mukherjee Road, Kolkata
 - Time : 3.00 P.M.
- (ii) Financial Calendar (tentative) for the year 2012-13 :
 - First Quarterly Results : On or before 14th August, 2012
 - Second Quarterly Results : On or before 14th November, 2012
 - Third Quarterly Results : On or before 14th February, 2013
 - Fourth Quarterly Results / Audited Yearly Results for the Year ended 31st March, 2013 : Before end of May, 2013
- (iii) Date of Book Closure : 25th August, 2012 to 31st August, 2012 (Both days inclusive)
- (iv) Date of Dividend payment : On or after 13th September, 2012
- (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

Note: Listing fees for the year 2012-2013 have been paid to the Stock Exchanges.

(b) ISIN No. for the Company

(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, Phone Nos. (033) 22357270/22357271

(e) Market Price Data

The details of monthly highest and lowest closing quotations of the equity shares of the Company at the National Stock Exchange of India Ltd. during the financial year 2011-12 are as under :

Quotation at National Stock Exchange of India Limited.

Month	High ₹	Low ₹
April 2011	N.A.	N.A.
May 2011	N.A.	N.A.
June 2011	N.A.	N.A.
July 2011	N.A.	N.A.
Aug. 2011	N.A.	N.A.
Sept. 2011	N.A.	N.A.
Oct. 2011	2619	1911
Nov. 2011	2530	1510
Dec. 2011	1664	1426
Jan. 2012	1569	1437
Feb. 2012	1960	1503
Mar. 2012	1660	1487

(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, 2012

(a) According to Number of Equity Shares

Sl.No	No. of Equity Shares held	No. of Folios	No. of Shares	% of Shareholding
1.	Upto 500	4641	3,78,410	4.78
2.	501	141	1,02,486	1.30
3.	1,001	62	87,244	1.10
4.	2,001	13	33,151	0.42
5.	3,001	8	28,795	0.36
6.	4,001	5	23,031	0.29
7.	5,001	9	67,703	0.86
8.	10,001	15	2,85,448	3.61
9.	50,001	3	1,86,457	2.36
10.	1,00,001 and above	8	67,16,025	84.92
	Total	4905	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	0.20	45,51,416	57.55
2.	Resident Individuals	4553	92.82	6,23,665	7.89
3.	Private Corporate Bodies	257	5.24	26,76,158	33.84
4.	Financial Institutions/ Nationalised Banks	6	0.12	19,900	0.25
5.	Mutual Funds & Insurance				
6.	FIIS	1	0.02	1,082	0.01
7.	NRI and OCBs	16	0.33	12,868	0.16
8.	Others	62	1.27	23,661	0.30
	Total	4905	100.00	79,08,750	100.00

(vii) Dematerialisation of shareholding and liquidity :

As per SEBI

Form for all the investors with effect from 27th November, 2001. As on 31st March, 2012, 58,10,346 Company in dematerialized form and balance 20,98,404 Equity Shares representing 26.53% 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
30th May, 2012

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

DECLARATION

The Board of Directors and Senior Management personnel have affirmed their compliance of the terms of Clause 49 of the Listing Agreement with the Stock Exchanges. for the year 2011-12 in

Dated May 30, 2012

R.A. Makharia
Chief Executive Officer

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, 2012 and also the Statement of 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 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 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss 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

- v. On the basis of written representations received from the Directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 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. 20 of Notes to financial statements regarding non-provision in respect of deposit of ₹ 6,928 thousands with the Debt Recovery Tribunal against claim made by a bank on the basis of guarantee given in earlier years since the matter is pending with the Hon*
above on the financial statements.

In respect of above, the previous year

Except for the possible effect of the matter stated in para (vi) above, 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, 2012;
- (b) in the case of Statement 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 30, 2012

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, no major weakness has been noticed in the internal controls in respect of the above area. 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. Accordingly, the provisions of clause 4 (v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposit from the public.

ANNEXURE TO THE AUDITORS' REPORT

- (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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees to the company.
- (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 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.
- (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 (₹ in 000s)	Period to which the amount relates	Forum where Dispute is pending
Income Tax Act, 1961	Income tax on certain disallowances etc.	8,638	2008-09	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.

ANNEXURE TO THE AUDITORS' REPORT

- (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 / trading 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.

Place : Kolkata
Dated : May 30, 2012

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

BALANCE SHEET AS AT 31ST MARCH 2012

	Notes	31st March, 2012 ₹ in	31st March, 2011 ₹ in
EQUITY AND LIABILITIES			
SHAREHOLDERS			
SHARE CAPITAL	3	79,088	79,088
RESERVES AND SURPLUS	4	6,637,738	6,439,958
NON-CURRENT LIABILITIES			
LONG TERM PROVISIONS	5	190	159
CURRENT LIABILITIES			
TRADE PAYABLES	6	1,698	1,516
OTHER CURRENT LIABILITIES	6	3,704	2,470
SHORT TERM PROVISIONS	5	237,502	236,267
Total		6,959,920	6,759,458
A S S E T S			
NON CURRENT ASSETS			
Fixed Assets			
TANGIBLE ASSETS	7	965	286
NON CURRENT INVESTMENTS	8	6,178,414	6,178,464
LONG TERM LOANS AND ADVANCES	9	25,535	25,548
CURRENT ASSETS			
CURRENT INVESTMENTS	10	612,580	524,278
TRADE RECEIVABLES	11.1	3,195	1,420
CASH AND BANK BALANCES	12	6,892	3,827
SHORT TERMS LOAN AND ADVANCES	9	131,985	25,635
OTHER CURRENT ASSETS	11.2	354	
Total		6,959,920	6,759,458

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our Report of even date.

	For S. R. BATLIBOI & CO.	For and on behalf of the Board of Directors
	<i>Firm registration No. 301003E</i>	
	<i>Chartered Accountants</i>	
	Per SANJOY K GUPTA	R. A. MAKHARIA
	<i>Partner</i>	<i>Executive Director</i>
	<i>Membership No. 54968</i>	B. K. BIRLA
		<i>Director</i>
Place : Kolkata		R. S. KASHYAP
Dated : May 30, 2012		<i>Company Secretary</i>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Notes	31st March, 2012 ₹ in	31st March, 2011 ₹ in
INCOME			
Revenue from operations	13	464,086	483,757
Other Income	14	10,821	117
Total Revenue (I)		474,907	483,874
EXPENSES			
Employee benefits expenses	15	6,871	6,048
Finance costs	16		2,845
Depreciation and amortization expense	18	151	158
Other expenses	17	31,078	28,253
Total Expenses (II)		38,100	37,304
Profit before tax (I) - (II)		436,807	446,570
Tax Expense :			
Current Tax (including ₹ 2,933 thousands in respect of earlier years)		9,233	5,000
Deferred Tax			2,416
Total Tax Expenses		9,233	7,416
Profit for the year		427,574	439,154
Earnings per Equity Shares [Nominal Value of Rs. 10/- each (₹ 10/-)]			
Basic & Diluted	26	₹ 54.06	₹ 55.53

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date.

	For S. R. BATLIBOI & CO.	For and on behalf of the Board of Directors
	<i>Firm registration No. 301003E</i>	
	<i>Chartered Accountants</i>	
	Per SANJOY K GUPTA	R. A. MAKHARIA
	<i>Partner</i>	<i>Executive Director</i>
Place : Kolkata		B. K. BIRLA
Dated : May 30, 2012	<i>Membership No. 54968</i>	<i>Director</i>
		R. S. KASHYAP
		<i>Company Secretary</i>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	31st March, 2012 ₹ in	31st March, 2011 ₹ in
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	436,807	446,570
Adjustment for :		
Profit on redemption of units		(12,261)
Provision for diminution in value of investments	11,421	16,881
Contingent Provisions Against Standard Assets	264	14
Provision for Non-Performing Assets Written back	(27)	77
Loss on Fixed Assets sold / Discarded		8
Depreciation and amortization expense	151	158
Operating profit before working capital changes :	448,616	451,447
(Decrease) in long-term provisions	31	159
(Decrease) in trade payables	182	548
Increase / (Decrease) in other curent liabilities	(142)	189
(Increase) / Decrease in trade receivables	(1775)	(179)
(Increase) / Decrease in long term-loans and advances	13	(13)
(Increase) in short-term loans and advances	(100,779)	(16,271)
(Increase) / Decrease in curent investments	(99,723)	(202,079)
Increase / (Decrease) in Short-term provisions	999	980
(Increase) / Decrease in Other Curent Assets	(354)	
Cash generated from operations :	247,068	234,081
Direct tax paid	(14,804)	(3,440)
Net cash flow from / (used in) operating activities	232,264	231,341
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including capital advances)	(780)	(14)
Net cash flow from / (used in) investing activities	(780)	(14)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	31st March, 2012 ₹ in	31st March, 2011 ₹ in
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(196,344)	(197,719)
Tax on Dividend Paid	(32,075)	(32,839)
Net cash flow from / (used in) Financing activities	(228,419)	(230,558)
D. NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	3,066	769
E. CASH & CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	3,827	3,058
F. CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	6,892	3,827
Components of cash and cash equivalents as indicated in Note 12 comprises of :		
Cash on hand	11	7
Balances with scheduled banks on current account*	4,632	2,254
Fixed Deposits with Banks	2,249	1,566
Total	6,892	3,827

* Includes balance of ₹ 2,645 thousands (₹ 1,271 thousands) with a bank for which instruments for dividend paid have been issued to the shareholders but are yet to be encashed and lying in Unpaid Dividend Account.

As per our Report of even date.

<p>Place : Kolkata Dated : May 30, 2012</p>	<p>For S. R. BATLIBOI & CO. Firm registration No. 301003E Chartered Accountants Per SANJOY K GUPTA Partner Membership No. 54968</p>	<p>For and on behalf of the Board of Directors</p> <p>R. A. MAKHARIA Executive Director</p> <p>B. K. BIRLA Director</p> <p>R. S. KASHYAP Company Secretary</p>
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. **Corporate information :**

Pilani Investment and Industries Corporation Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in carrying on the Business of non-banking financial institution without accepting public deposits.

2. **Basis of Preparation :**

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and the directives prescribed by the Reserve Bank of India for Non-Banking Financial Companies under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained in 2.1(i) below.

2.1 **Significant Accounting Policies :**

i. **Change in Accounting Policy**

Presentation and disclosure of financial statements

During the year ended 31st March 2012, the revised schedule VI notified under the Companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The company has also reclassified the previous figures in accordance with the requirements applicable in the current year.

ii. **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.

iii. **Revenue Recognition**

a. 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.

b. Interest

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

c. Profit on Sale / Redemption of Mutual Fund Units

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

iv. **Provisioning on Standard Assets**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

In terms of Notification No. DNBS.223/CGM(US)-2011 dated 17th January 2011 issued by The Reserve Bank of India, contingent provision @ 0.25% standard assets are made in the accounts.

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 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 (Created in earlier years by revaluation of quoted investments) in terms of scheme of Arrangement sanctioned by the Hon'ble Calcutta High Court during an earlier year. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.
- c) Shares held in Overseas Companies are valued at the exchange rates prevailing on the date of payment(s).

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

- a) Retirement benefits in the form of Provident Fund and Superannuation are defined contribution schemes and the contributions are charged to Profit and Loss 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

- b) 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.
- c) 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.
- d) Actuarial gains/losses are immediately taken to statement of profit and loss 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 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.

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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

Operating lease :

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc. are recognized immediately in the statement of profit and loss.

xvi. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not provable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that can not be recognized because it is not measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

3. SHARE CAPITAL	31st March, 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Authorised Shares		
90,00,000 (90,00,000) Equity Shares of ₹ 10/- each	<u>90,000</u>	<u>90,000</u>
Issued, Subscribed & Fully Paid up Shares		
79,08,750 (79,08,750) Equity Shares of ₹ 10/- each	<u>79,088</u>	<u>79,088</u>
	<u><u>79,088</u></u>	<u><u>79,088</u></u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	<u>31st March 2012</u>		<u>31st March 2011</u>	
	<u>No. of Shares</u>	<u>(₹ in 000s)</u>	<u>No. of Shares</u>	<u>(₹ in 000s)</u>
Equity Shares				
At the beginning of the Period	7,908,750	79,088	7,908,750	79,088
Add: Issued during the period				
Outstanding at the end of the period	<u>7,908,750</u>	<u>79,088</u>	<u>7,908,750</u>	<u>79,088</u>

(b) Terms /Rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

During the year ended 31st March 2012, the amount of per share dividend recognised as distributions to shareholders was ₹ 25/- (₹ 25) per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	<u>31st March 2012</u>		<u>31st March 2011</u>	
	<u>No. of Shares</u>	<u>% of Holding</u>	<u>No. of Shares</u>	<u>% of Holding</u>
Aditya Marketing & Manufacturing Limited	2,735,494	34.59	2,735,494	34.59
Padmavati Investment Ltd.	1,398,486	17.68	1,398,486	17.68
Gwalior Webbing Co. Ltd.	454,168	5.74	454,168	5.74
The Punjab Produce & Trading Co. Limited	1,385,223	17.52	1,385,223	17.52

As per the records of the company, including its register of shareholders, the above shareholding represents legal ownership of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 ST MARCH 2012

4. Reserves & Surplus	31st March, 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Investment Reserve	3,764,168	3,764,168
General Reserve		
Balance as per the last Financial Statements	1,047,415	997,415
Add: Transfer from the statement of Profit & Loss	60,000	50,000
	1,107,415	1,047,415
Statutory Reserve		
Balance as per the last Financial Statements	870,840	782,940
Add: Transfer from the statement of Profit & Loss	85,515	87,900
	956,355	870,840
Surplus in the statement of Profit & Loss		
Balance as per the last Financial Statements	757,535	686,075
Profit for the year	427,574	439,154
Less : Appropriations		
Proposed Dividend	197,719	197,719
Tax on Proposed Dividend	32,075	32,075
Transfer to Statutory Reserve	85,515	87,900
Transfer to General Reserve	60,000	50,000
Surplus in the statement of Profit and Loss	809,800	757,535
Total Reserves & Surplus	6,637,738	6,439,958

5. Provisions

	Long Term		Short Term	
	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Provisions for Employee Benefits				
Provision for Gratuity (Note 22)	120	101	5,416	4,703
Provision for Leave Benefits	70	58	1,964	1,680
	190	159	7,380	6,383
Other Provisions				
Proposed Equity Dividend			197,719	197,719
Provision for tax on proposed Equity Dividend			32,075	32,075
Contingent Provisions against Standard Assets			278	14
Provision for Non-Performing Assets			50	77
			230,122	229,884
	190	159	237,502	236,267

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	<u>31st March, 2012</u> (₹ in 000s)	<u>31st March, 2011</u> (₹ in 000s)
6. Other Current Liabilities		
Trade Payables (Refer Note 28)	1,698	1,516
Other Liabilities		
Investors Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	2,645	1,271
Others		
Security Deposits	679	679
Statutory Dues	244	380
Other - Miscellaneous	136	140
	<u>3,704</u>	<u>2,470</u>
	<u>5,402</u>	<u>3,986</u>

7. Tangible Assets

	<u>Furniture & Fixtures</u>	<u>Office Equipments</u>	<u>Vehicles</u>	<u>(₹ in 000s)</u> TOTAL
Cost or Valuation				
As at 1st April 2010	474	18	692	1,184
Additions	14			14
Disposals	(295)	(10)		(305)
As at 31st March 2011	193	8	692	893
Additions			780	780
As at 31st March 2012	193	8	1,472	1,673
DEPRECIATION				
As at 1st April 2010	447	18	334	799
Charge for the year	12		93	105
Disposals	(287)	(10)		(297)
As at 31st March 2011	172	8	427	607
Charge for the year	7		94	101
As at 31st March 2012	179	8	521	708
Net Block				
As at March 2011	21		265	286
As at March 2012	14		951	965

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

			31st March, 2012	31st March, 2011
			(₹ in 000s)	(₹ in 000s)
8. Non-Current Investments				
Investment Property (valued at cost less accumulated depreciation)				
Cost of Land, Building & Furniture given on Operating Lease			7,000	7,000
Less : Accumulated Depreciation			5,477	5,427
Net Block			1,523	1,573
Non-Trade Investments (valued at cost)				
Unquoted equity instruments (Fully Paid)				
	No. of shares	Face Value per share	31st March, 2012	31st March, 2011
			(₹ in 000s)	(₹ in 000s)
In Subsidiaries				
PIC Properties Limited	50,002	₹ 10	500	500
In Other Companies				
Birla Building Limited	15,000	₹ 10	152	152
Birla Consultants Limited	12,000	₹ 10	120	120
Indo Thai Synthetics Co. Limited	2,07,900	Baht10	1,142	1,142
Indo Phil Textile Mills Inc., Manila	2,11,248	Pesos10	203	203
The Eastern Economist Limited	400	₹100	40	40
The Hindustan Times Limited	1,92,000	₹ 10	218	218
The Industry House Limited	2,812	₹100	189	189
Gmmco Limited	68,249	₹ 10	34,125	34,125
			36,689	36,689
Quoted Equity Instruments (Fully Paid)				
in Associates				
Century Textiles & Industries Limited*	34,220,520	₹ 10	1,585,751	1,585,751
In Other Companies				
Aditya Birla Nuvo Limited*	187,098	₹ 10	29,408	29,408
Aditya Birla Chemicals (India) Limited*	390,000	₹ 10	4,095	4,095
Cimmco Limited	70,780	₹ 10	495	495
Grasim Industries Limited	4,300,293	₹ 10	614,777	614,777
Hindalco Industries Limited	29,185,398	₹ 1	1,836,332	1,836,332
Hindustan Everest Tools Limited	52,175	₹ 10	441	441
Parvati Tea Company Private Limited	2,844	₹ 5	41	41
KDDL Limited	35,000	₹ 10	298	298
Kesoram Industries Limited*	2,415,750	₹ 2	62,447	62,447

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

			31st March, 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Kesoram Textile Mills Limited	2,415,750	₹ 10	604	604
Mangalam Cement Limited*	1,120,000	₹ 10	7,560	7,560
Orient Paper & Industries Limited	425,260	₹ 1	4,333	4,333
Sutlej Textile & Industries Limited	114,309	₹ 10	2,404	2,404
SIL Investment Limited	114,309	₹ 10	1,997	1,997
Tanfac Industries Limited*	498,000	₹ 10	5,627	5,627
Tata Steel Limited	6,290,149	₹ 10	1,168,180	1,168,180
Ultra Tech Cement Limited	2,457,309	₹ 10	807,328	807,328
Umi Special Steels Limited	100,000	₹ 10	170	170
Zenith Birla Limited	3,432	₹ 10	15	15
Zuari Industries Limited	434,000	₹ 10	7,899	7,899
			<u>6,140,202</u>	<u>6,140,202</u>
			<u>6,178,414</u>	<u>6,178,464</u>
Aggregated Value of Investment Property			1,523	1,573
Aggregated Value of Quoted Investments			6,140,202	6,140,202
Aggregated Value of Unquoted Investments			36,689	36,689
Market Value of Quoted Investments			35,309,370	37,401,331

*Refer Note 21

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 :

Non - Trade Investments (valued at cost)

QUOTED (Fully Paid) Equity Shares	No. of Shares	Face Value (₹ per share)
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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	No. of Shares	Face Value (₹ per share)
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

9. Loans and Advances

	Non-Current Portion		Current Portion	
	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Capital Advances				
Unsecured, Considered good	18,177	18,177		
Security Deposits				
Unsecured, Considered good	2,549	2,549		
Loans				
Unsecured, Considered good				
To Subsidiary Company (Interest Free)	4,809	4,809		
To Bodies Corporate			100,000	
Advances recoverable in cash or in kind				
Unsecured, Considered good			1,065	105
Unsecured, considered doubtful	1,665	1,665		
Less Provision for doubtful advances	1,665	1,665		
Other Loans and Advances				
Unsecured, Considered good				
Advance income tax, Refund receivable (net of provision for taxation)			19,312	11,141
Prepaid Expenses			63	19
MAT Credit Entitlement			4,607	7,207
Loans to Employees		13	10	235
Deposit made against Demand Notice (Refer Note 20)			6,928	6,928
	25,535	25,548	131,985	25,635

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

10. Current Investment :

Trade Investments	Nos.	Face Value	31st March 2012	31st March, 2011
Investments in Mutual Funds (Unquoted)	of Units	₹ per unit	(₹ in 000s)	(₹ in 000s)
(Valued at Lower of Cost or Fair Value)				
Birla Sunlife Dividend Yield Plus -Growth	363,592	10	30,000	30,000
Birla Sunlife Frontline Equity - Growth	139,395	10	11,580	12,532
Birla Sunlife Midcap Fund-Div.	2,170,834	10	45,957	46,412
Birla Sunlife Midcap Fund-Growth	307,637	10	30,099	30,099
Birla Saving Fund-Div.	432,461	100	43,276	
	(NIL)			
DSP Black Rock Equity Fund-Div.	329,048	10	15,001	15,638
	(321,229)			
DSP Black Rock Equity Fund-Growth	1,662,040	10	22,536	22,536
DSP Black Rock Small & Mid cap Fund - Growth	1,379,131	10	23,444	23,791
DSP Black Rock Top - 100 Fund - Div.	1,304,343	10	24,910	23,551
	(1,235,863)			
Franklin India Bluechip Fund-Growth	66,732	10	14,232	14,622
Franklin India Ultra Short Bond Fund	4,252,451	10	42,571	
	(NIL)			
HDFC Equity Fund-Growth	72,405	10	16,019	16,019
ICICI Prudential Discovery Fund - Div.	1,114,054	10	20,476	20,454
	(1,056,510)			
ICICI Prudential Dynamic Plan-Cum.	197,717	10	20,000	20,000
ICICI Prudential FocusedFund-Growth	1,237,030	10	16,020	16,020
ICICI Prudential - Growth	190,052	10	17,500	17,500
ICICI Prudential Infrastructure Fund	367,872	10	9,263	10,948
- Growth				
ICICI Prudential Flexible Income Plan	18,006	10	1,904	
	(NIL)			
Kotak Mid-Cap - Dividend	513,321	10	8,004	7,958
Kotak Mid-Cap - Growth	778,236	10	19,234	19,127
Reliance Banking Fund - Dividend	290,696	10	9,961	10,661
	(282,490)			
Reliance Equity Opportunities Fund - Growth	290,512	10	10,000	10,000
Reliance Growth Fund - Growth	79,938	10	30,000	30,000
Reliance Growth Fund - Dividend	347,305	10	16,408	15,964
	(332,939)			
Reliance Pharma Fund - Growth	548,578	10	20,000	20,000
Reliance Regular Saving Fund - Div.	503,946	10	9,126	9,996
	(464,776)			
Reliance Regular Saving Fund- Growth	1,061,372	10	25,694	25,694
Reliance Liquid Fund-Div.	161,598	10	1,800	
	(NIL)			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	Nos. of Units	Face Value ₹ per unit	31st March 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Sundram Select Focus - Appreciation	114,651	10	9,276	10,000
Sundram Select Mid Cap - Appreciation	12,130	10	1,772	1,769
Sundram Smile - Dividend	822,546	10	8,373	8,992
	(756,435)			
Sundram Smile - Growth	207,342	10	5,909	6,340
UTI Mid Cap - Dividend	386,698	10	8,012	8,109
UTI Mid Cap - Growth	310,366	10	9,432	9,546
UTI Master Value Fund - Growth	196,618	10	9,792	10,000
Templeton India Low Duration M Div.	481,547	10	5,000	
	(NIL)			
			612,580*	524,278
			28,303	16,881

* The above amount is net of provision made for
diminution in the value investments

11. Trade Receivables and Other Assets

11.1 Trade Receivables

	Non-Current Portion		Current Portion	
	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Unsecured, Considered good				
Outstanding for a period exceeding six months from the due date of payment			502	864
Other Debt			2,693	556
			3,195	1,420

11.2 Other Assets

Unsecured, Considered good			354	
Interest Accrued on Loans			354	
			3,549	1,420

12. Cash and Bank Balances

	Non-Current Portion		Current Portion	
	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Balances with Banks				
On Current Accounts			1,987	983
On Unpaid Dividend Account			2,645	1,271
Cash on Hand			11	7
Deposits with original maturity less than 3 months			2,249	1,566
			6,892	3,827

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

13. Revenue from Operations

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Dividend Income on	430,301	439,960
	9,452	15,393
Profit on Redemption of Units in Mutual Funds		12,261
Interest Income	7,880	5
	319	286
Other Operating Revenue		
Rent Income	12,781	12,529
Service Charges	3,353	3,323
	464,086	483,757

14. Other Income

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Interest from Income Tax Department for Earlier years	10,752	
Provision for Non-Performing Assets Written back	27	
Miscellaneous Receipts	43	117
	10,821	117

15. Employee Benefits Expenses

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Salaries and Bonus	4,520	3,768
Gratuity	944	987
Contribution to Provident and Other Funds	812	671
Staff Welfare Expenses	595	622
	6,871	6,048

16. Finance Cost

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Interest to Income Tax Department for Earlier years		2,845
		2,845

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

17. Other Expenses

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Director	680	1,140
Insurance Charges	16	11
Loss on Fixed Assets sold / discarded		8
Repairs & Maintenance (others)	66	9
Provisions for Non Performing Assets		77
Contingent Provisions Against Standard Assets	264	14
Donations	8,975	
Building Maintenance & Service Expenses	6,002	6,616
Provisions for Diminution in value of Current Investment	11,421	16,881
Rates & Taxes (Net)	691	682
Rent	622	583
Miscellaneous Expenses	1,907	1,778
Payment to Auditors		
As Auditors		
Audit Fee	165	165
Limited Review	99	99
In Other Capacity		
For Certification, etc.	127	135
For Expenses, etc.	43	55
	31,078	28,253

18. Depreciation and Amortization Expense

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Depreciation on Tangible Assets	101	105
Depreciation on Investment Property	50	53
	151	158

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

19. 1. Capital & Other Commitments :

- a) Uncalled liability on partly paid Shares held as Investments ₹ 3 thousands (₹ 3 thousands).
- b) For Commitments relating to lease arrangements, refer Note No. 30 below.

2. Contingent Liabilities :

Income Tax demands for earlier years aggregating to ₹ 8,909 thousands (₹ 3,941 thousands) disputed by the Company/ Income Tax department in appeal .

20. The Company has disputed the claim for recovery of ₹ 1,544 thousands 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, ₹ 6,928 thousands 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.

21. 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.

22. Disclosure under Accounting Standard - 15 (Revised) on 'Employee Benefits'.

			(₹ in 000s)
A. Defined Contribution Plan	31st March 2012	31st March 2011	
Contribution to Provident Fund	443	364	
Contribution to superannuation Fund	368	306	

B. Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is not funded.

The following tables summarises the components of net benefit expenses recognised in Statement of Profit & Loss and the amount recognised in the Balance Sheet for the respective plan.

Statement of Profit & Loss

Net employee benefit expense recognized in the employee cost :

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Current Service Cost	262	228
Interest cost on benefit obligation	408	317
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	274	442
Net benefit expense	944	987

Balance Sheet

Benefit asset/liability	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Present value of defined benefit obligation	(5,536)	(4,804)
Fair value of plan assets	-	-
Plan asset/(liability)	(5,536)	(4,804)

Changes in the present value of the defined benefit obligation are as follows :

Opening defined benefit obligation	4,804	3,964
Current service cost	262	317
Interest cost	408	228
Benefits paid	(211)	(147)
Actuarial (gains)/losses on obligation	273	442
Closing defined benefit obligation	5,536	4,804

The principal assumptions used in determining gratuity for the company's plans are shown below :

Discount rate	8.50%	8.00%
Expected rate of return on assets	N. A.	N.A.

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.

Amounts for the current and previous four years are as follows : (₹ in 000s)

Gratuity	31st March 2012	31st March 2011	31st March 2010	31st March 2009	31st March 2008
Defined Benefit					
Obligation	5,536	4,804	3,064	3,060	2,257
Surplus / (Deficit)	(5,536)	(4,804)	(3,064)	(3,060)	(2,257)
Experience adjustments on plan liabilities	275	357	357	316	124

23. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

24. 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. Name of the Company</u>	<u>No. of Equity Shares</u>	<u>Face Value per Share (₹)</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/-

25. **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.

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

		31st March 2012	31st March 2011
Profit after Tax as per Profit & Loss Account	(₹ in 000s)	4,27,574	4,39,194
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic Diluted Earnings per share	(₹ / Share)	54.06	55.53
Nominal Value of Shares	(₹ / Share)	10.00	10.00

27. **Related Party Disclosures**

a. **Name of related parties where control exists :**

Subsidiary Companies

PIC Properties Limited

Atlas Iron & Alloys Limited (in Liquidation)

b. **Names of other related parties :**

Associate Company

Century Textile & Industries Limited

Key Management Personnel

Shri R. A. Makharia (Executive Director)

Aggregate Related Party Disclosures :

(₹ in 000s)

Subsidiary Companies

2011-12

2010-11

Loans and advances outstanding
(PIC Properties Limited)

4,809

4,809

Associate Company

Dividend Income

1,88,213

1,88,213

Key Management Personnel

Remuneration

2,479

3,922

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

28. Based on the informations/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.

29. Information pursuant to the provisions of Revised Schedule VI to the Companies Act, 1956 (to the extent applicable) :

Earnings in Foreign Exchange - Dividend (Net of Tax) ₹ 277 thousands (NIL)

30. Leases :

Operation Lease : Company as Lessee

The office premises is obtained on operating lease. The lease term is for 1-3 years and renewable for further period on mutual consent. There is no escalation clauses in the lease agreements. There are no restrictions imposed by lease arrangements. The leases are cancellable.

	31st March 2012	31st March 2011
	(₹ in 000s)	(₹ in 000s)
Lease Payments made for the year	622	583
Contingent Rent Recognized in Statement Of Profit and Loss	-	.

Operation Lease : Company as Lessor

The company has leased certain office on operating leases. The lease term is for 1-3 years and thereafter renewable. There is escalation clause in the lease agreements. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancellable.

31. As per Scheme of Arrangement sanctioned by Honble Calcutta High Court in an 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 made by way of adjustment against Investment Reserve as indicated in Note No. 2.1 (ix) (b) above. There has been no impact on the profit for the current year and previous year due to above accounting treatment.

32. The Company does not have any exposure in gold on March 31, 2012.

33. 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 Risks Assets Ratio (CRAR)

Particulars		As at 31st March 2012	As at 31st March 2011
(i)	CRAR (%)	67.02	96.60
(ii)	CRAR - Tier I Capital (%)	42.59	40.82
(iii)	CRAR - Tier II Capital (%)	24.43	55.78

(b) The company has no exposure to real estate sector, both direct and indirect.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(a) Maturity pattern of certain items of assets and liabilities : (■ in 000s)

	1 day to 30/31 days (one month)	Over 1 month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Assets									
Advances	1,000	.	.	100,000	49,162	.	.	7,358	1,57,520
	(1,351)	(3)	(57)	(63)	(28,675)	(8,091)	(.)	(14,286)	(52,526)
Investments	-	-	-	-	6,12,580	-	-	61,78,414	(67,90,994)
	(-)	(-)	(-)	(-)	(5,24,278)	(-)	(-)	(61,76,891)	(67,01,169)

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

34. Previous year figures

Previous year's figures including those in brackets have been recognized where necessary to confirm the current year's classification under Revised Schedule VI as stated in Note 2.1(i) above.

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

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

R. S. KASHYAP
Secretary

Place : Kolkata

Dated : May 30, 2012

DIRECTORS

SHRI G. K. TULSIAN

SHRI S. N. NEOTIA

SHRI S. K. DAGA

AUDITORS

M/S. SINGHI & CO.,
CHARTERED ACCOUNTANTS,
1-B, OLD POST OFFICE STREET
KOLKATA - 700 001

REGISTERED OFFICE

10, CAMAC STREET
KOLKATA - 700 017

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, 2012.

FINANCIAL RESULTS :	₹
Gross Profit for the year	4,10,224
Less : Depreciation	<u>45,946</u>
	3,64,278
Add : Balance brought forward from previous year	<u>21,47,520</u>
	25,11,798
Less : Provision for Taxation (A.Y. 2012-2013)	<u>92,000</u>
	<u>24,19,798</u>

Your Directors report a Gross Profit of ₹ 4,10,225/- for the year and a Net Profit of ₹ 3,64,279/- after depreciation. The Directors refrain from declaring any Equity Dividend for the year.

DIRECTORS :

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

PARTICULARS OF EMPLOYEES :

The Company 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, 2012

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, 2012, 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 purposes 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;
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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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 information and according to the explanations given to us, the said accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; 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.

For SINGHI & CO.
Chartered Accountants
(Firm Registration No. 302049E)

1-B, Old Post Office Street,
Kolkata.
Dated, the 30th day of April, 2012

(M. L. Shukla)
Partner
Membership No. 051505

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 to the Company).
- III. The company has taken unsecured loan from its holding company. The maximum amount involved was ₹ 48,09,182/- and the year-end balance was ₹ 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 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 (l) 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. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax and Cess were in arrears, as at 31st March, 2012, for a period of more than 6 months from the date they became payable.

- (b) According to the records of the company and information and explanations given to us, there is no unpaid disputed statutory dues in respect of the Income Tax, etc.
- 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, 2012

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E
M. L. Shukla
Partner
Membership No. 051505

BALANCE SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	As on 31st March 2012	As on 31st March 2011
EQUITY AND LIABILITY		₹	₹
SHAREHOLDER			
Share Capital	2	500,020	500,020
Reserves and Surplus	3	2,448,185	2,175,907
Money received against share warrants			
Share application money pending allotment			
NON-CURRENT LIABILITIES			
Long-term borrowings	4	26,709,182	26,709,182
Deferred Tax Liabilities (Net)			
Other long-term liabilities	5	30,000	30,000
Long term provisions			
CURRENT LIABILITIES			
Short term borrowings			
Trade payables	6	19,483	19,236
Other current liabilities			
Short term provisions	7		13,124
TOTAL		29,706,870	29,447,469
ASSETS			
NON-CURRENT ASSETS			
<i>Fixed assets</i>			
Tangible assets	8	25,699,130	25,745,076
Intangible assets			
Capital work-in-progress			
Intangible assets under development			
Non-current investments	9	3,778,040	3,378,040
Deferred tax assets (net)			
Long term loans and advances	10	8,100	8,100
Other non-current assets			
CURRENT ASSETS			
Current investments			
Inventories			
Trade receivables			
Cash and cash equivalents	11	176,427	300,135
Short-term loans and advances	12	45,173	16,118
Other current assets			
TOTAL		29,706,870	29,447,469
Summary of Significant accounting policies	1		

For SINGHI & CO.
Chartered Accountants
Firm Registration no. 302049E
CA M.L. Shukla
Partner
Membership No. 051505
Place : Kolkata.
Dated, the 30th day of April, 2012

G. K. TULSIAN
S. N. NEOTIA
Directors

Statement of Profit and Loss for the year ended 31st March, 2012

Particulars	Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
		₹	₹
Revenue from operations	13	527,076	527,076
Other Income	14	61,583	178,414
Total Revenue		588,659	705,490
Expenses			
Employee benefit expenses	15	7,000	7,000
Financial costs			
Other expenses	16	171,435	148,189
Depreciation and amortization exp.	8	45,946	48,364
Total Expenses		224,381	203,553
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		364,278	501,937
Tax expense :			
Current Tax		92,000	94,060
Deferred Tax			
PROFIT AFTER TAX AND EXCEPTIONAL ITEM		272,278	407,877
Earning per equity share			
Basic :		5.45	7.94
Diluted		5.45	7.94
See Accompanying Notes to the Financial Statements	1		

The accompanying notes are an integral part of the financial statements

As per our Report of even date
For SINGHI & CO.
Chartered Accountants
Firm Registration no. 302049E
CA M.L. Shukla
Partner
Membership No. 051505
Place : Kolkata.
Dated, the 30th day of April, 2012

G. K. TULSIAN
S. N. NEOTIA
Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

<u>PARTICULARS :</u>	₹ For the year ended 31st March	₹ For the year ended 31st March,
Net Profit before taxation, and extraordinary item	3,64,278	5,01,937
Adjustment for :		
Depreciation	45,946	48,364
Income from Investments	(61,583)	(1,78,414)
Operating Profit before working capital changes	3,48,641	3,71,887
Increase / (Decrease) in Trade Payable	247	
Decrease / (Increase) in Trade Receivable / Short Term Loans & Advances	25	(2,856)
	3,48,913	3,69,031
Income Tax paid	1,34,204	(66,013)
Net Cash from operations	2,14,709	3,03,018
Cash flow from investing activities		
Non Current Investments	(4,00,000)	(5,00,000)
Income From Investments	61,583	1,78,414
Redemption of Mutual Funds / Bonds Units		
Net Cash from investing activities	(3,38,417)	(3,21,586)
Cash flow from Financing activities		
Advance against equity		
Net Increase / (Decrease) in cash & cash equivalents	(1,23,708)	(18,568)
Cash & cash equivalents at the beginning of the year	3,00,135	3,18,703
Cash & cash equivalents at the end of the year	1,76,427	3,00,135

Kolkata
The 30th day of April, 2012

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.

1. SUMMARY OF 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.

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. SHARE CAPITAL

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Authorised		₹		₹
Equity Shares of par value ₹10/- each	90,000	900,000	90,000	900,000
1,000-6% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	1,000	100,000	1,000	100,000
Total	91,000	1,000,000	91,000	1,000,000
Issued, subscribed and fully paid				
Equity Shares of par value ₹ 10/- each	50,002	500,020	50,002	500,020

- a) There has been no change / movements in number of shares outstanding at the beginning & at the end of the reporting period.
- b) The Company has only one class of issued shares i.e. Ordinary shares having par value of ₹ 10/- per share. Each holder ordinary share is entitle to one vote per share & equal right for dividend. The dividend propose by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the ordinary shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts proportion to their shareholding.

c) 50002 Equity Shares of ₹ 10/- each are held by M/s Pilani Investment & Industries Corpn. Ltd. being the 100% holding Company.

d) Details of the Shareholders holding more than 5% of th shares in the Comapny.

Sl.No.	Name of Shareholder	No. of shares held	%of holding	No. of shares held	%of holding
1	M/s Pilani Investment & Industries Corpn. Ltd.	50,002	100	50,002	100

e) No ordinary shares have been reserved for issue under options and contracts/commitments for the sale of the shares/disinvestments as at the Balance Sheet date.

f) No shares have been allotted or has been brought back by the Company during the period of 5 years preceeding that date as at which the Balance Sheet prepared.

g) No securities convertible into Equity / Preference shares issued by the Company during the year.

h) No calls are unpaid by any Directors or Officers of the Company during the year.

3. RESERVES & SURPLUS

Particulars	As at 31st March	As at 31st March
	2012	2011
	₹	₹
<i>i) Capital Redemption Reserve</i>		
Balance at beginning of the year	200	200
Add/ Less : Movements during the year		
Balance at the end of the year	200	200
<i>ii) General Reserve</i>		
Balance at beginning of the year	28,187	28,187
Add/ Less : Movements during the year		
Balance at the end of the year	28,187	28,187
<i>iii) Surplus</i>		
Balance at beginning of the year	2,147,520	1,739,643
Add : Net Profit for the current year	272,278	407,877
Balance at the end of the year	2,419,798	2,147,520
	2,448,185	2,175,907

4. LONG-TERM BORROWINGS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unsecured		
* Loan from Holding Co. i.e. M/s Pilani Investments & Ind. Corpn. Ltd.	4,809,182	4,809,182
Advance against Equity - M/s Birla Group Holdings Pvt. Ltd.	21,900,000	21,900,000
* Interest free & repayable on demand.		
TOTAL	26,709,182	26,709,182

5. OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Secured		
Security Deposit against Rent	30,000	30,000
TOTAL	30,000	30,000

6. TRADE PAYABLE

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Audit Fees Payable	13,483	13,236
Director Sittings Fees Payable	6,000	6,000
TOTAL	19,483	19,236

7. SHORT TERM PROVISIONS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Provision for Income Tax (net of Advance Tax)		13,124
TOTAL		13,124

8. TANGIBLE ASSETS

	Gross Block						Accumulated Depreciation					Net Block	
	Cost/Value as at 1 April 2011	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments) as at 31 March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Adjustment due to revaluations	on disposals	Balance as at 31 March 2012	Balance as at 31 March 2012	Balance as at 31 March 2011		
Fixed Assets													
Tangible Assets													
Land	24,822,151	-	-	24,822,151	-	-	-	-	24,822,151	24,822,151	24,822,151		
Buildings	3,426,308	-	-	3,426,308	2,507,396	45,946	-	2,553,342	872,966	918,912			
Furniture Fixture and Office Equipments	292,457	-	-	292,457	288,444	-	-	288,444	4,013	4,013			
Total	28,540,916	-	-	28,540,916	2,795,840	45,946	-	2,841,786	25,699,130	25,745,076			
Previous Year	28,540,916			28,540,916	2,747,476	48,364		2,795,840	25,745,076				

9. NON CURRENT INVESTMENTS

Particulars	As at 31st March	As at 31st March
	2012 ₹	2011 ₹
Non Trade Investments / Long Term (valued at cost unless stated otherwise) :		
Investment in Equity Instruments (Quoted)		
200 (31st March 2011 : 200) Equity Shares of ₹ 10/- each fully paid in Mangalore Refinery Petrochemicals Ltd.	2,000	2,000
	2,000	2,000

	Units	As at 31 March 2012	Units	As at 31 March 2011
		₹		₹
Details of Investments in liquid mutual fund units (Quoted)				
Unit of ₹ 10 each				
Birla Sunlife Dividend Yied Plus- Div.	18,811.136	250,000	18,811.136	250,000
Birla Sunlife Midcap - Plan A - Div.	33,472.804	800,000	33,472.804	800,000
Birla Sunlife MIP - Wealth 25 - Gr.	21,986.716	317,203	21,986.716	317,203
Birla Sunlife MIP - Wealth 25 - Gr.	36,549.406	508,837	36,549.406	508,837
Birla Sunlife Gift Plus - D Reg. Plan	56,403.397	700,000	56,403.397	700,000
Birla Sunlife MIP II Savings				
5 Plan - Monthly Dividend	26,730.344	300,000	26,730.344	300,000
Birla Sunlife Capital Protection				
Oriented Fund Series 3 - Growth	50,000.000	500,000	50,000.000	500,000
Birla Sunlife Dynamic Bond Fund				
- Retail - Growth	22,366.397	400,000		
		3,776,040		3,376,040
TOTAL		3,778,040		3,378,040

Particulars	2012	2011
Aggregate Book Value of quoted investments	3,778,040	3,378,040
Aggregate Market Value of quoted investments	4,005,365	3,585,805

10. LONG-TERM LOANS & ADVANCES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Unsecured, Considered good		
Deposit with Govt. & Other Authorities	8,100	8,100
Total	8,100	8,100

11. CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Balance with Scheduled Banks :		
in Current Account	173,747	299,946
Cash in hand (As certified by the Management)	2,680	189
Total	176,427	300,135

12. SHORT-TERM LOANS & ADVANCES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Other Loans & Advances (Unsecured, Considered good)		
- Prepaid Insurance	16,093	16,118
Advance payment of Income Tax & Tax Deducted at Source (Net of Provision)	29,080	
Total	45,173	16,118

13. REVENUE FROM OPERATIONS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Other Operating Revenue		
Rent Income	527,076	527,076
TOTAL	527,076	527,076

14. OTHER INCOME

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Dividends		
From Shares - Long Term	240	240
From Mutual Fund Units - Long Term	61,343	178,174
Total	61,583	178,414

15. EMPLOYEE BENEFITS EXPENSES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Salaries and Bonus	7,000	7,000
Total	7,000	7,000

16. OTHER EXPENSES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Rates and Taxes	109,815	109,915
Insurance Charges	20,476	17,595
Bank Charges	551	696
General Expenses	10,135	147
Filing Charges	600	600
Audit Fees	13,483	13,236
Professional Fees	10,000	
Printing and Stationery	375	
Directors	6,000	6,000
Total	171,435	148,189

17. 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 is being assessed under the head Income from House Property.

18. As there is only one segment in the Company, AS-17 is not applicable.
19. 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 2011-12. 48,09182/- being the opening balance (as on 01.04.11) and the year end balance (as on 31.03.12) in respect of Unsecured Loan (interest free) from M/s Pilani Investments & Industries Corporation Limited.
20. Till the year ended 31st March 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for the preparation and presentation of its financial statements. During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the company. The company has reclassified previous year figures to conform to this year

As per our Report of even date
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E
CA M.L. Shukla
Partner
Membership No. 051505
Place : Kolkata.
Dated, the 30th day of April, 2012

G. K. TULSIAN
S. N. NEOTIA
Directors

AUDITORS' REPORT

AUDITOR

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 Associate as at March 31, 2012 and the Consolidated Statement of Profit and Loss 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 ₹ 268,505 lacs as at 31st March, 2012, total proportionate revenues of ₹ 180,227 lacs and proportionate net cash flow of ₹ 284 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 :
 - (i) *Note 2 (ii) (c) regarding treatment of difference of ₹ 1,538,764 thousands between the Company's investments and share of equity in Associate Company, which has been credited to revenue reserves since, as indicated in the said note, such differences on the various dates of acquisitions were not available.*
 - (ii) *Note 22 of the financial statements regarding non-provision in respect of deposit of ₹ 6,928 thousands with the Debt Recovery Tribunal against claim made by a bank on the basis of guarantee given in earlier years since the matter is pending with the Hon'ble Bombay High Court consequently, we are unable to comment on the effect of the above on the financial statements.*
In respect of the above items, the previous year's audit report was similarly modified.
5. We report that except for 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 companies and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements, *except for the possible effect of the matters stated in para 4 above*, 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, 2012;
 - (ii) in the case of the Consolidated Profit & Loss, of the consolidated profit of 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.

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

Place : Kolkata
Dated : May 30, 2012

BALANCE SHEET AS AT 31ST MARCH 2012

	Notes	31st March, 2012 ₹ in	31st March, 2011 ₹ in
EQUITY AND LIABILITY			
Shareholder			
Share Capital	3	79,088	79,088
Reserves and Surplus	4	12,373,886	12,313,163
Non-Current Liabilities			
Long Term borrowings	5	21,930	21,930
Long term provisions	6	120	101
Current Liabilities			
Trade payables	7	1,717	1,535
Other current liabilities	7	3,705	2,470
Short term provisions	6	237,554	236,326
TOTAL		12,718,000	12,654,613
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	8	26,663	26,030
Non-current investments	9	11,915,375	12,052,373
Long term loans and advances	10	20,734	20,747
Current Assets			
Current investments	11	612,581	524,278
Trade receivables	12.1	3,195	1,420
Cash and Bank balances	13	7,068	4,127
Short-term Loans and advances	10	132,030	25,638
Other current assets	12.2	354	
TOTAL		12,718,000	12,654,613
Summary of Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

<p>Place : Kolkata Dated : May 30, 2012</p>	<p>For S. R. BATLIBOI & CO. Firm registration No. 301003E Chartered Accountants Per SANJOY K GUPTA Partner Membership No. 54968</p>	<p>For and on behalf of the Board of Directors</p> <p>R. A. MAKHARIA Executive Director</p> <p>B. K. BIRLA Director</p> <p>R. S. KASHYAP Company Secretary</p>
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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2012

	Notes	31st March, 2012 ₹ in	31st March, 2011 ₹ in
INCOME			
Revenue from operations	14	276,462	296,249
Other Income	15	10,821	117
Total Revenue (I)		287,283	296,366
EXPENSES			
Employee benefits expenses	16	6,878	6,055
Finance costs	17		2,845
Depreciation and amortization expense	19	197	207
Other expenses	18	31,230	28,402
Total Expenses (II)		38,305	37,509
Profit before tax [III = (I) - (II)]		248,978	258,857
Tax Expense :			
Current Tax (including ₹ 2,933 thousands in respect of earlier years)		9,325	5,094
Deferred Tax			2,416
Total Tax Expenses (IV)		9,325	7,510
Profit for the year [A = (III) - (IV)]		239,653	251,347
Share of Profit in Associate Company [Net of Dividend Tax ₹ 30,526 thousands (₹ 31,279 thousands)] (B)		50,864	842,166
Profit for the year (A + B)		290,517	1,093,513
Earnings per Equity Shares [Nominal Value of ₹ 10/- each (₹ 10/-)]			
Basic & Diluted	28	₹ 36.73	₹ 138.27

Summary of Significant Accounting Policies 2.1

The accompanying notes are an integral part of the financial statements

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

For and on behalf of the Board of Directors

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

R. S. KASHYAP
Company Secretary

Place : Kolkata

Dated : May 30, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	<u>31st March, 2012</u> ₹ in	<u>31st March, 2011</u> ₹ in
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	248,978	258,857
Adjustment for :		
Loss on sale Fixed Assets		8
Profit on sale of Mutual Fund units		(12,261)
Depreciation	197	207
Provision for diminution in value of investments	11,421	16,881
Contingent Provisions Against Standard Assets	245	14
Provision against Non-performing Assets (Net of excess provision written back)	(27)	77
Operating Profit before working capital changes :	260,814	263,783
Increase / (Decrease) in long-term provisions	19	101
Increase / (Decrease) in Short-term provisions	1,010	1,038
Increase / (Decrease) in other curent liabilities	(142)	187
Increase / (Decrease) in Trade Payables	182	548
(Increase) / Decrease in long term-loans and advances	13	(21)
(Increase) / Decrease in short-term loans and advances	(100,779)	(16,266)
Purchase of Non Current Investments	(400)	(361,244)
(Increase) / Decrease in Other Curent Assets	(354)	
(Increase) / Decrease in curent investments	88,490	346,878
(Increase) / Decrease in trade receivables	(1,775)	(179)
Cash Generated from operations :	247,078	234,825
Income Taxes paid (Net of Refunds)	(14,938)	(3,506)
Net cash flow from / (used in) operating activities	232,140	231,319
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(780)	(14)
Net cash flow from / (used in) investing activities	(780)	(14)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

	31st March, 2012 ₹ in	31st March, 2011 ₹ in
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend Paid	(196,344)	(197,058)
Tax on Dividend Paid	(32,075)	(32,838)
Net cash flow from / (used in) Financing activities	(228,419)	(229,896)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	2,941	1,409
CASH & CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	4,127	2,718
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	7,068	4,127
Components of cash and cash equivalents as indicated in Note 13 comprises of :		
Cash on hand	14	7
Balances with scheduled banks on current account*	4,805	2,554
Fixed Deposits with Banks	2,249	1,566
Total	7,068	4,127

* Includes balance of ₹ 2,645 thousands (₹ 1,271 thousands) with a bank for which instruments for dividend paid have been issued to the shareholders but are yet to be encashes and lying in Unpaid Dividend Account

As per our Report of even date.

<p>Place : Kolkata Dated : May 30, 2012</p>	<p>For S. R. BATLIBOI & CO. Firm registration No. 301003E Chartered Accountants Per SANJOY K GUPTA Partner Membership No. 54968</p>	<p>For and on behalf of the Board of Directors</p> <p>R. A. MAKHARIA Executive Director</p> <p>B. K. BIRLA Director</p> <p>R. S. KASHYAP Company Secretary</p>
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. **Basis of Preparation :**

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified by the Companies (Accounting Standards) Rule, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and the directives prescribed by the Reserve Bank of India for Non-Banking Financial Companies under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company are consistent with those used in the previous year, except for the change for the accounting policy explained in 2(iii) below.

2. **Significant Accounting Policies :**

i) **Principles of consolidation of financial statements :**

The consolidated Financial statements which related to Piani Investment and Industries Corporation Limited, its subsidiary companies and a associate company, have been prepared on the following basis :

- a. The consolidated 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. The accounting year followed by the subsidiary company is uniform with the holding company.
- 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 Statement of Profit and Loss.
- d. The subsidiary company considered in the financial statements is as follows:

<u>Name</u>	<u>Country of Incorporation</u>	<u>% of voting power</u>
PIC Properties Limited	India	100 (100)

- e. The other subsidiary company Atlas Iron & Alloys Limited incorporated in India in which the company has got 98.33% (98.33%) voting power, has not been considered in the financial statements, since the above subsidiary company is in liquidation.

ii. **Investments in Associates**

- a. In terms of Accounting Standard 23 . %Accounting for Investment in Associates in Consolidated

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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 :

<u>Name</u>	<u>Country of Incorporation</u>	<u>% of voting power as on 31.03.2012</u>
Century Textiles and Industries Limited	India	36.78 (36.78)

- c. The difference of ₹ 15,38,764 thousands 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, ₹1,16,774 thousands 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.

iii. Change in Accounting Policies

Presentation and disclosure of financial statements :

During the year ended 31st March 2012, the revised schedule VI notified under the companies Act, 1956, has become applicable to the company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The company also reclassified the previous figure in accordance with the requirements applicable in the current year.

iv. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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.

v. Revenue Recognition

a. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

b. Interest

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

c. 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.

vi. Provisioning on Standard Assets

The terms of Notification No. DNBS.223/CGM(US)-2011 dated 17th January 2011 issued by the Reserve Bank of India, contingent provision @ .25% on standard assets are made in the accounts.

vii. 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).

viii. 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.

ix. 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.

x. Impairment

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

xi. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

- 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 (created in earlier years by revaluation of quoted investments) in terms of scheme of Arrangement sanctioned by the Hon^{ble} Calcutta High Court during an earlier year. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.
- c) Shares held in Overseas Companies are valued at the exchange rates prevailing on the date of payment(s).

xii. 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.

xiii. Provision for Retirement benefits

- a) Retirement benefits in the form of Provident Fund and Superannuation are defined contribution schemes and the contributions are charged to Statement of Profit and Loss 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.
- b) 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.
- c) 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.
- d) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

xiv. 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.

xv. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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

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

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

xvi. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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.

xvii. Assets acquired under lease

Operating lease :

Where the Company is lessee

Leases, where the lessor effectively retains substantially all the risks and benefit of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of the profit and loss on a straight-line basis over the lease term. Costs including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs etc. are recognized in the statement of profit and loss.

xviii. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not provable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it is not measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xix. 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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

3. Share Capital	31st March, 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Authorised Shares		
90,00,000 (90,00,000) Equity Shares of ₹ 10/- each	<u>90,000</u>	<u>90,000</u>
Issued, Subscribed & Fully Paid up Shares		
79,08,750 (79,08,750) Equity Shares of ₹ 10/- each	<u>79,088</u>	<u>79,088</u>
	<u><u>79,088</u></u>	<u><u>79,088</u></u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	<u>31st March 2012</u>		<u>31st March 2011</u>	
	<u>No. of Shares</u>	<u>(₹ in 000s)</u>	<u>No. of Shares</u>	<u>(₹ in 000s)</u>
Equity Shares				
At the beginning of the Period	<u>7,908,750</u>	<u>79,088</u>	7,908,750	79,088
Add: Issued during the period				
Outstanding at the end of the period	<u><u>7,908,750</u></u>	<u><u>79,088</u></u>	<u><u>7,908,750</u></u>	<u><u>79,088</u></u>

(b) Terms / rights attached to Equity Shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The company during the year ended 31st March 2012, the amount of per share dividend recognised as distributions to shareholders was ₹ 25/- (₹ 25) per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the number of the equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

	<u>31st March 2012</u>		<u>31st March 2011</u>	
	<u>No. of Shares</u>	<u>% of Holding</u>	<u>No. of Shares</u>	<u>% of Holding</u>
Aditya Marketing & Manufacturing Limited	<u>2,735,494</u>	<u>34.59</u>	2,735,494	34.59
Padmavati Investment Ltd.	<u>1,398,486</u>	<u>17.68</u>	1,398,486	17.68
Gwalior Webbing Co. Ltd.	<u>454,168</u>	<u>5.74</u>	454,168	5.74
The Punjab Produce & Trading Co. Limited	<u>1,385,223</u>	<u>17.52</u>	1,385,223	17.52

As per the records of the company, including its register of shareholders, the above shareholding represents legal ownership of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	<u>31st March, 2012</u>	<u>31st March, 2011</u>
	<u>(₹ in 000s)</u>	<u>(₹ in 000s)</u>
4. Reserves & Surplus		
Investment Reserve	3,764,168	3,764,168
General Reserve		
Balance as per the last Financial Statements	1,648,634	1,598,634
Add: Transfer from the statement of Profit & Loss	42,897	50,000
	<u>1,691,531</u>	<u>1,648,634</u>
Statutory Reserve		
Balance as per the last Financial Statements	870,840	782,940
Add: Transfer from the statement of Profit & Loss	85,795	87,900
	<u>956,635</u>	<u>870,840</u>
Surplus in the statement of Profit & Loss		
Balance as per the last Financial Statements	6,029,521	5,303,702
Profit for the year	290,517	1,093,513
Less : Appropriations		
Proposed Dividend	197,719	197,719
Tax on Proposed Dividend	32,075	32,075
Transfer to Statutory Reserve	85,795	87,900
Transfer to General Reserve	42,897	50,000
Surplus in the Statement of Profit and Loss	<u>5,961,552</u>	<u>6,029,521</u>
Total Reserves & Surplus	<u>12,373,886</u>	<u>12,313,163</u>
5. Long-Term borrowings		
	<u>Non-Current Portion</u>	<u>Current Portion</u>
	<u>31st March 2012</u>	<u>31st March 2011</u>
	<u>(₹ in 000s)</u>	<u>(₹ in 000s)</u>
Secured		
Security Deposit against Rent	30	30
Unsecured		
Advance from - M/s Birla Group Holdings Pvt. Ltd.	21,900	21,900
	<u>21,930</u>	<u>21,930</u>
6. Provisions		
	<u>Long Term</u>	<u>Short Term</u>
	<u>31st March 2012</u>	<u>31st March 2011</u>
	<u>(₹ in 000s)</u>	<u>(₹ in 000s)</u>
Provisions for Employee Benefits		
Provision for Gratuity (Note 24)	120	101
Provision for Leave Benefits		
	<u>120</u>	<u>101</u>
	<u>5,417</u>	<u>4,703</u>
	<u>2,034</u>	<u>1,738</u>
	<u>7,451</u>	<u>6,441</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	Long Term		Short Term	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)
Other Provisions				
Proposed Equity Dividend			197,719	197,719
Provision for tax on proposed Equity Dividend			32,075	32,075
Contingent Provisions against Standard Assets			259	14
Provision for Non-Performing Assets			50	77
			230,103	229,885
	120	101	237,554	236,326

7. Other Current Liabilities

	31st March, 2012	31st March, 2011
	(₹ in 000s)	(₹ in 000s)
Trade Payables (Refer Note 30 of Notes to Financial Statements for details of dues to Micro, Small and Medium Enterprises)	1,717	1,535
Other Liabilities		
Investors Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	2,645	1,271
Others		
Security Deposits	679	679
Statutory Dues	244	380
Other - Miscellaneous	137	140
	3,705	2,470
	5,422	4,005

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

8. Tangible Assets

	Land	Buildings	Furnitures & Fixtures	Office Equipments	Vehicles	TOTAL
Cost or Valuation						
As at 1st April 2010	24,822	3,426	767	18	692	29,725
Additions			14			14
Disposals			(296)	(10)		(306)
As at 31st March 2011	24,822	3,426	485	8	692	29,433
Additions					780	780
As at 31st March 2012	24,822	3,426	485	8	1,472	30,213
Depreciation						
As at 1st April 2010		2,459	736	18	334	3,547
Charge for the year		49	12		92	153
Disposals			(287)	(10)		(297)
As at 31st March 2011		2,508	461	8	426	3,403
Charge for the year		46	7		94	147
As at 31st March 2012		2,554	468	8	520	3,550
Net Block						
As at 31st March 2011	24,822	918	24		266	26,030
As at 31st March 2012	24,822	872	17		952	26,663

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

9. Non-Current Investment

			31st March, 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Investment Property (valued at cost less accumulated depreciation)				
Cost of Land, Building & Furniture given on Operating Lease			7,000	7,000
Less : Accumulated Depreciation			<u>5,477</u>	<u>5,427</u>
Net Block			<u>1,523</u>	<u>1,573</u>
Non-Trade Investments (valued at cost)				
Unquoted equity instruments (Fully Paid)				
	No. of Shares/Units	Face Value per Share/Unit	31st March, 2012	31st March, 2011
Birla Building Limited	15,000	₹ 10	152	152
Birla Consultants Limited	12,000	₹ 10	120	120
Indo Thai Synthetics Co. Limited	2,07,900	Baht 10	1,142	1,142
Indo Phil Textile Mills Inc., Manila	2,11,248	Pesos10	203	203
The Eastern Economist Limited	400	₹ 100	40	40
The Hindustan Times Limited	1,92,000	₹ 10	218	218
The Industry House Limited	2,812	₹ 100	189	189
Gmmco Limited	68,249	₹ 10	<u>34,125</u>	<u>34,125</u>
			<u>36,189</u>	<u>36,189</u>
Unquoted Mutual Funds (Fully Paid)				
Dividend Yield Plus- Dividend	18,811	₹ 10	250	250
Birla Sunlife Midcap Fund - Dividend	33,473	₹ 10	800	800
Birla Sunlife MIP -Wealth25- Growth	21,987	₹ 10	317	317
Birla Sunlife MIP -Wealth25- Growth	36,549	₹ 10	509	509
Birla Sunlife Gilt Plus-D- Regular	56,403	₹ 10	700	700
Birla Sunlife MIP - II	26,730	₹ 10	300	300
Birla Sunlife Capital Protection Fund	50,000	₹ 10	500	500
Birla Sunlife Dynamic Bond Fund	22,366	₹ 10	<u>400</u>	<u>400</u>
			<u>3,776</u>	<u>3,376</u>
Quoted Equity Instruments (Fully Paid)				
In Associates				
Century Textiles & Industries Ltd.*	3,42,20,520	₹ 10	1,585,751	1,585,751
Add: Proportionate Share of Accumulated Profit of the Associate Co. upto 31st March 2012			5,733,683	5,871,031
# Includes Goodwill ₹ 1,16,774 thousands arisen on acquisitions of shares [Refer Note 2.1.(ii)]			<u>7,319,434</u>	<u>7,456,782</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	No. of Shares/Units	Face Value per Share/Unit	31st March, 2012	31st March, 2011
In Other Companies				
Aditya Birla Nuvo Limited*	1,87,098	₹ 10	29,408	29,408
Aditya Birla Chemicals (India) Limited*	390,000	₹ 10	4,095	4,095
Cimmco Limited	70,780	₹ 10	495	495
Grasim Industries Limited	4,300,293	₹ 10	614,777	614,777
Hindalco Industries Limited	29,185,398	₹ 1	1,836,332	1,836,332
Hindustan Everest Tools Limited	52,175	₹ 10	441	441
Parvati Tea Company Private Limited	2,844	₹ 5	41	41
KDDL Limited	35,000	₹ 10	298	298
Kesoram Industries Limited*	2,415,750	₹ 2	62,447	62,447
Kesoram Textile Mills Limited	2,415,750	₹ 10	604	604
Mangalam Cement Limited*	1,120,000	₹ 10	7,560	7,560
Mangalore Refinery Petro Chemicals Ltd.	200	₹ 10	2	2
Orient Paper & Industries Limited	4,25,260	₹ 1	4,333	4,333
Sutlej Textile & Industries Limited	1,14,309	₹ 10	2,404	2,404
SIL Investment Limited	1,14,309	₹ 10	1,997	1,997
Tanfac Industries Limited*	4,98,000	₹ 10	5,627	5,627
Tata Steel Limited	6,290,149	₹ 10	1,168,180	1,168,180
Ultra Tech Cement Limited	2,457,309	₹ 10	807,328	807,328
Umi Special Steels Limited	1,00,000	₹ 10	170	170
Zenith Birla Limited	3,432	₹ 10	15	15
Zuari Industries Limited	4,34,000	₹ 10	7,899	7,899
			4,554,453	4,554,453
			11,915,375	12,052,373
Aggregated Value of Investment Property			1,523	1,573
Aggregated Value of Quoted Investments			11,873,887	12,011,235
Aggregated Value of Unquoted Investments			39,965	39,565
Market Value of Quoted Investments			35,309,370	37,401,331

*Refer Note 23

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 :

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

QUOTED (Fully Paid) Equity Shares	No. of Shares	Face Value (₹ per share)
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 ₹ 7.50 per share)	1,284	10

10. Loans and Advances

	Non-Current Portion		Current Portion	
	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Capital Advances				
Unsecured, Considered good	18,177	18,177		
Security Deposits				
Unsecured, Considered good	2,549	2,549		
Loan to Other Companies			1,00,000	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

	Non-Current Portion		Current Portion	
	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Advances recoverable in cash or kind				
Unsecured, Considered good	8	8	1,065	105
Unsecured, considered doubtful	1,665	1,665		
Less Provision for doubtful advances	(1,665)	(1,665)		
Other Loans and Advances				
Unsecured, Considered good				
Advance income tax, Refund receivable (net of provision for taxation)			19,341	11,128
Prepaid Expenses			79	35
MAT Credit Entitlement			4,607	7,207
Loans to Employees		13	10	235
Deposit made against Demand Notice (Refer Note 22)			6,928	6,928
	<u>20,734</u>	<u>20,747</u>	<u>132,030</u>	<u>25,638</u>

11. Current Investments :

Investments in Mutual Funds (Unquoted) (Valued at Cost or Fair Value)	No. of Units	Face Value (₹ per unit)	31st March 2012 (₹ in 000s)	31st March, 2011 (₹ in 000s)
Birla Sunlife Dividend Yield Plus -Growth	363,592	10	30,000	30,000
Birla Sunlife Frontline Equity - Growth	139,395	10	11,580	12,532
Birla Sunlife Midcap Fund-Div.	2,170,834	10	45,957	46,412
Birla Sunlife Midcap Fund-Growth	307,637	10	30,099	30,099
Birla Saving Fund-Div. (NIL)	432,461	100	43,276	
DSP Black Rock Equity Fund-Div. (321,229)	329,048	10	15,001	15,638
DSP Black Rock Equity Fund-Growth	1,662,040	10	22,536	22,536
DSP Black Rock Small & Mid cap Fund - Growth	1,379,131	10	23,444	23,791
DSP Black Rock Top - 100 Fund - Div. (1,235,863)	1,304,343	10	24,910	23,551

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Franklin India Bluechip Fund-Growth	66,732	10	14,232	14,622
Franklin India Ultra Short Bond Fund	4,252,451	10	42,571	
	(NIL)			
HDFC Equity Fund-Growth	72,405	10	16,019	16,019
ICICI Prudential Discovery Fund - Div.	1,114,054	10	20,476	20,454
	(1,056,510)			
ICICI Prudential Dynamic Plan-Cuml.	197,717	10	20,000	20,000
ICICI Prudential FocusedFund-Growth	1,237,030	10	16,020	16,020
ICICI Prudential - Growth	190,052	10	17,500	17,500
ICICI Prudential Infrastructure Fund	367,872	10	9,263	10,948
- Growth				
ICICI Prudential Flexible Income Plan	18,006	10	1,904	
	(NIL)			
Kotak Mid-Cap - Dividend	513,321	10	8,004	7,958
Kotak Mid-Cap - Growth	778,236	10	19,234	19,127
Reliance Banking Fund - Dividend	290,696	10	9,961	10,661
	(282,490)			
Reliance Equity Opportunities Fund - Growth	290,512	10	10,000	10,000
Reliance Growth Fund - Growth	79,938	10	30,000	30,000
Reliance Growth Fund - Dividend	347,305	10	16,408	15,964
	(332,939)			
Reliance Pharma Fund - Growth	548,578	10	20,000	20,000
Reliance Regular Saving Fund - Div.	503,946	10	9,126	9,996
	(464,776)			
Reliance Regular Saving Fund- Growth	1,061,372	10	25,694	25,694
Reliance Liquid Fund-Div.	161,598	10	1,800	
	(NIL)			
Sundram Select Focus - Appreciation	114,651	10	9,276	10,000
Sundram Select Mid Cap - Appreciation	12,130	10	1,772	1,769
Sundram Smile - Dividend	822,546	10	8,373	8,992
	(756,435)			
Sundram Smile - Growth	207,342	10	5,909	6,340
UTI Mid Cap - Dividend	386,698	10	8,012	8,109
UTI Mid Cap - Growth	310,366	10	9,432	9,546
UTI Master Value Fund - Growth	196,618	10	9,792	10,000
Templeton India Low Duration M Div.	481,547	10	5,000	
	(NIL)			
			612,581*	524,278*
			28,303	16,881

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

12. Trade Receivables and Other Assets

12.1 Trade Receivables

	Non-Current Portion		Current Portion	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)
Unsecured, Considered good				
Outstanding for a period exceeding six months from the due date of payment			502	864
Other Debt			2,693	556
			3,195	1,420

12.2 Other Assets

Unsecured, Considered good				
Interest Accrued on Loans			354	
			354	
			3,549	1,420

13. Cash and Bank Balances

	Non-Current Portion		Current Portion	
	31st March 2012	31st March 2011	31st March 2012	31st March 2011
	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)
Cash and cash equivalents				
Balances with Banks				
On Current Accounts			2,160	1,283
On Unpaid Dividend Account			2,645	1,271
Cash on Hand			14	7
Deposits with original maturity less than 3 months			2,249	1,566
			7,068	4,127

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

14. Revenue from Operations

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Dividend Income		
	242,150	251,925
	9,452	15,393
Profit on Redemption of Mutual Funds		12,261
Interest Income		
	7,880	5
	319	286
Other Operating Revenue		
Rent Income	13,308	13,056
Service Charges	3,353	3,323
	276,462	296,249

15. Other Income

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Interest from Income Tax Department for Earlier years	10,752	
Provision for Non-Performing Assets Written back	27	
Miscellaneous Receipts	42	117
	10,821	117

16. Employee Benefits Expenses

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Wages and Salaries	4,527	3,775
Gratuity	944	987
Contribution to Provident and Other Funds	812	671
Staff Welfare Expenses	595	622
	6,878	6,055

17. Finance Cost

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Interest to Income Tax Department for Earlier years		2,845
		2,845

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

18. Other Expenses

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Director	686	1,146
Insurance Charges	36	29
Loss on Fixed Assets sold / discarded		8
Repairs & Maintenance (others)	66	9
Provisions for Non Performing Assets		77
Contingent Provisions against Standard Assets	245	14
Donations	8,975	
Building Maintenance & Service Expenses	6,149	6,616
Provisions for Diminution in value of Current Investments	11,421	16,881
Rates & Taxes (Net)	801	792
Rent	622	583
Miscellaneous Expenses	1,782	1,780
Payment to Auditors		
As Auditors		
Audit Fee	178	178
Limited Review	99	99
In Other Capacity		
For Certification, etc.	127	135
For Expenses, etc.	43	55
	31,230	28,402

19. Depreciation and Amortization Expense

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Depreciation on Tangible Assets	147	153
Depreciation on Investment Property	50	54
	197	207

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

20. Company's Share in outstanding capital Commitment of Associates :

₹ 27,62,656 thousands (₹ 37,16,500 thousands)

21. 1. Capital & Other Commitments :

a) Uncalled liability on partly paid Shares held as Investments ₹ 3 thousands (₹ 3 thousands).

b) For Commitments relating to lease arrangements, refer Note No. 32 below.

2. Contingent Liabilities :

Income Tax demands for earlier years aggregating to ₹ 8,909 thousands (₹ 3,941 thousands) disputed by the Company/ Income Tax department in appeal .

22. The Company has disputed the claim for recovery of ₹ 1,544 thousands 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, ₹ 6,928 thousands 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.

23. 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. |

24. Disclosure under Accounting Standard - 15 (Revised) on 'Employee Benefits'.

	(₹ in 000s)	
A. Defined Contribution Plan	<u>2011-2012</u>	<u>2010-2011</u>
Contribution to Provident Fund	443	364
Contribution to superannuation Fund	368	306

B. Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets Gratuity on terms not lower than the amount payable under the Payment of Gratuity Act, 1972. The aforesaid scheme is not funded.

The following tables summarises the components of net benefit expenses recognised in Statement of Profit & Loss and the amount recognised in the Balance Sheet for the respective plan.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Statement of Profit & Loss

Net employee benefit expense recognized in the employee cost :

	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Current Service Cost	262	228
Interest cost on benefit obligation	408	317
Expected return on plan assets	.	.
Net actuarial (gain)/loss recognized in the year	274	442
Net benefit expense	944	987

Balance Sheet

Benefit asset/liability	31st March 2012 (₹ in 000s)	31st March 2011 (₹ in 000s)
Present value of defined benefit obligation	(5,536)	(4,804)
Fair value of plan assets	-	-
Plan asset/(liability)	(5,536)	(4,804)

Changes in the present value of the defined benefit obligation are as follows :

Opening defined benefit obligation	4,804	3,964
Current service cost	262	317
Interest cost	408	228
Benefits paid	(211)	(147)
Actuarial (gains)/losses on obligation	273	442
Closing defined benefit obligation	554	4,804

The principal assumptions used in determining gratuity for the company's plans are shown below :

Discount rate	8.50%	8.00%
Expected rate of return on assets	N. A.	N.A.

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.

Amounts for the current and previous four years are as follows : (₹ in 000s)

Gratuity	31st March 2012	31st March 2011	31st March 2010	31st March 2009	31st March 2008
Defined Benefit Obligation	5,536	4,804	3,064	3,060	2,257
Surplus / (Deficit)	(5,536)	(4,804)	(3,064)	(3,060)	(2,257)
Experience adjustments on plan liabilities	275	357	357	316	124

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

25. 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.

26. 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. Name of the Company</u>	<u>No. of Equity Shares</u>	<u>Face Value per Share (₹)</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/-

27. Segment Reporting :

The Group 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.

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

		31st March 2012	31st March 2011
Profit after Tax as per Profit & Loss Account	(₹ in 000s)	2,90,517	10,93,513
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earnings per share	(₹ / Share)	36.73	138.27
Nominal Value of Shares	(₹ / Share)	10.00	10.00

29. Related Party Disclosures

Names of other related parties :

Key Management Personnel	Shri R. A. Makharia (Executive Director)	
Key Management Personnel	31st March 2012	31st March 2011
Remuneration (₹ in thousands)	2,479	3,922

30. Based on the informations/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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

31. Information pursuant to the provisions of Revised Schedule VI to the Companies Act, 1956 (to the extent applicable) :

Earnings in Foreign Exchange - Dividend (Net of Tax) ₹ 277 thousands (NIL)

32. Leases :

Operation Lease : Company as Lessee

The office premises is obtained on operating lease. The lease term is for 1-3 years and renewable for further period either mutually or at the option of the company. There is no escalation clauses in the lease agreements. There are no restrictions imposed by lease arrangements. The leases are cancellable.

	31st March 2012	31st March 2011
	(₹ in 000s)	(₹ in 000s)
Lease Payments made for the year	622	583
Contingent Rent Recognized in Statement Of Profit and Loss	-	.

Operation Lease : Company as Lessor

The company has leased certain office on operating leases. The lease term is for 1-3 years and thereafter renewable. There is escalation clause in the lease agreements. The rent is not based on any contingencies. There are no restrictions imposed by lease arrangements. The leases are cancellable.

33. As per Scheme of Arrangement sanctioned by Honble Calcutta High Court in an 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 made by way of adjustment against Investment Reserve as indicated in Note No. 2.1(xi)(b) above. There has been no impact on the profit for the current year and previous year due to above accounting treatment.

34. Previous year figures

Previous year's figures including those in brackets have been recognized where necessary to confirm the current year's classification under Revised Schedule VI as stated in Note 2.1(iii) above.

As per our Report of even date.

	For S. R. BATLIBOI & CO.	For and on behalf of the Board of Directors	
	<i>Firm registration No. 301003E</i>		
	<i>Chartered Accountants</i>	R. A. MAKHARIA	B. K. BIRLA
	Per SANJOY K GUPTA	<i>Executive Director</i>	<i>Director</i>
Place : Kolkata	<i>Partner</i>	R. S. KASHYAP	
Dated : May 30, 2012	<i>Membership No. 54968</i>	<i>Secretary</i>	

Notes :