



**PILANI INVESTMENT AND
INDUSTRIES
CORPORATION LIMITED**

**ANNUAL REPORT
AND ACCOUNTS
2012 - 2013**

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. LLP
CHARTERED ACCOUNTANTS
22, CAMAC STREET, BLOCK “C”
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
Phone : 033-22357270 / 22357271
E-mail : nichetechpl@nichetechpl.com

REGISTERED OFFICE

BIRLA BUILDING
9/1, R. N. MUKHERJEE ROAD
KOLKATA - 700 001
Phone : 033-30573700 / 30410900

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, 2013. The Financial Results for the year are shown below :-

FINANCIAL RESULTS

	<i>(Amount in ₹ '000)</i>	
	2012-2013	2011-2012
Profit from operations, Dividend, Interest and Rent Income	19,40,907	4,36,958
Less: Depreciation	248	151
Profit before tax	19,40,659	4,36,807
Less: Provision for taxation	3,51,300	9,233
Profit after taxation	15,89,359	4,27,574
Add: Balance brought down	8,09,800	7,57,535
Profit available for appropriation	23,99,159	11,85,109
Appropriations :		
Special Reserve	3,17,872	85,515
Proposed Dividend	1,97,719	1,97,719
Corporate Dividend Tax	33,602	32,075
General Reserve	1,60,000	60,000
Balance carried forward	16,89,966	8,09,800
	23,99,159	11,85,109

The profitability of the Company for the year under review has increased substantially mainly due to profit on sale of shares of a company and more dividend income from 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 affected. 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 5.5% in 2012-2013 and RBI has pegged GDP growth rate for the current fiscal year at 6.5%.

DIRECTORS' REPORT — (Contd.)

DIVIDEND

The Board of Directors has recommended a dividend of 25/- (Rupees Twenty Five only) per equity 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, 2013 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 16.995% on the dividend amount so distributed.

DIRECTORS

Shri Basant Kumar Birla and Shri Pradip Kumar Khaitan, Directors of the Company retire from the office by rotation at the forthcoming Annual General Meeting but being eligible offer themselves for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies as mentioned in 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, 2013 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.

During the year the Company has made an application to Reserve Bank of India for converting itself into a Core Investment Company (CIC) and for this, one more wholly owned subsidiary was incorporated namely PIC Realcon Limited and transferred certain investments in the non group companies to PIC Realcon Limited to qualify itself as CIC.

AUDITORS

S.R. Batliboi & Co. LLP, the Statutory 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 27 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
May 28, 2013

R. A. MAKHARIA
Executive Director

P. K. KHAITAN
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, 2013. The Financial year of the Company as well as the subsidiary ended on 31st March, 2013.

- 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 408350 [Previous year 272278]
- 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.

B. PIC Realcon Limited

Pilani Investment and Industries Corporation Limited held 50,000 Equity Shares of 10/- each being the whole of the subscribed capital of PIC Realcon Ltd. as on 31st March, 2013. The Financial year of the Company as well as the subsidiary ended on 31st March, 2013.

- 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 10,03,323 [Previous year Nil]
- 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
May 28, 2013

R. A. MAKHARIA
Executive Director

P. K. KHAITAN
Director

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 clause 49 of the Listing Agreement with the Stock Exchanges are as under :

A. Company's philosophy on Corporate Governance

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

B. Board of Directors

(i) Composition of the Board :

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

Directors	Executive / Non-Executive / Independent	No. of Outside Directorship held Domestic Companies		No. of Outside Committees # (excluding **)	
		Public	Private	Member	Chairman
Shri B. K. Birla	Non-Executive	4	–	–	–
Shri Kumar Mangalam Birla	Non-Executive	9	17	–	–
Shri P. K. Khaitan	Non-Executive*	14	–	3	–
Shri D. K. Mantri	Non-Executive*	3	21	–	–
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.

– 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 2012-2013 Sittings fees for attending Meetings of the Board and/or committee thereof (All figures in)	
Shri B. K. Birla	1,00,000	
Shri Kumar Mangalam Birla	20,000	
Shri P. K. Khaitan	1,60,000	
Shri D. K. Mantri	2,00,000	
Shri A. V. Jalan	1,60,000	
Shri K. K. Daga	2,00,000	
Shri R. A. Makharia	1,00,000	
Executive Director	Remuneration	Benefits and perquisites including 5,61,776/- being rent
<hr/>	<hr/>	<hr/>
Shri R. A. Makharia	35,20,096/-	21,31,419/-

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 7,53,611/- has been paid towards Professional services to Khaitan & Co. LLP during the year 2012-2013.

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

- a. 5 meetings of the Board of Directors were held during the year ended 31st March, 2013. These were held on :

- | | | |
|----------------|----------------|----------------|
| (1) 30-05-2012 | (2) 10-08-2012 | (3) 09-11-2012 |
| (4) 12-02-2013 | (5) 04-03-2013 | |

- b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2013 and of the last Annual General Meeting is as under :-

Directors	No. of Board Meetings Attended	Attendance at the last AGM
Shri B. K. Birla	5	No
Shri Kumar Mangalam Birla	1	No
Shri P. K. Khaitan	4	Yes
Shri D. K. Mantri	5	No
Shri A. V. Jalan	4	No
Shri K. K. Daga	5	No
Shri R. A. Makharia	5	Yes

- c. Agenda and notes on Agenda are circulated to the Directors, in advance. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting.

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 2012-2013. There were no material financial and commercial transactions in which the Senior Management Personnel had personal interest, which would lead to potential conflict of interest of the Company during the year. The Code of Conduct is available on Company's website.

D. Audit Committee

- (i) The Audit Committee 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 30-05-2012, 10-08-2012, 09-11-2012, 12-02-2013 and 04-03-2013. The attendance of the Audit Committee Members is as under :-

<u>Name of the Audit Committee Members</u>	<u>No. of Meetings Attended</u>
Shri P. K. Khaitan	4
Shri D. K. Mantri	5
Shri A. V. Jalan	4
Shri K. K. Daga	5

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

E. Remuneration Committee

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

F. Shareholders Grievance Committee

The Company has constituted a Share Transfer and Shareholders/Investors Grievance Committee headed by Shri P.K. Khaitan, a Non-Executive and Independent Director. The Company Secretary has been designated as the Compliance Officer. During the year ended 31st March, 2013, 5 investors complaints/queries were received and as on 31st March, 2013 there were no complaints/queries pending reply. There were no share transfer pending for registration for more than 30 days as on the said date.

G. General Body Meetings

Details of Annual General Meetings/Extra Ordinary General Meeting during the preceding three years are as under :

<u>Year</u>	<u>D a t e</u>	<u>Type</u>	<u>Location</u>	<u>Time</u>
2009-2010	27.08.2010	AGM	9/1 R.N. Mukherjee Road, Kolkata – 700001	3.00 P.M.
2010-2011	26.08.2011	AGM	9/1 R.N. Mukherjee Road, Kolkata – 700001	3.00 P.M.
2011-2012	31.08.2012	AGM	9/1 R.N. Mukherjee Road, Kolkata – 700001	3.00 P.M.

Whether special resolutions were put through postal ballot last year ? No

Are votes proposed to be conducted through postal ballot this year ? No

H. Disclosures

- (i) There are no materially significant transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relative conflicting with Company's interest.
- (ii) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.
- (iii) The Company has adopted and complied with mandatory requirements as per the revised Clause 49 of the Listing Agreement. Some of the non mandatory requirements have also been complied with.

I. Means of Communication

- (i) Quarterly results :
Which newspaper normally published in : The Financial Express, Kolkata
and Dainik Statesman, Kolkata
- (ii) Half-yearly report sent to each
household of Shareholders : No
- (iii) Any website, where displayed : Yes - www.pilaniinvestment.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 23rd August, 2013
Venue : Birla Building, 9/1 R.N. Mukherjee
Road, Kolkata – 700001
Time : 3.00 P.M.
- (ii) Financial Calendar (tentative) for the year 2013-14 :
First Quarterly Results : On or before 14th August, 2013
Second Quarterly Results : On or before 14th November, 2013
Third Quarterly Results : On or before 14th February, 2014
Fourth Quarterly Results / Audited Yearly
Results for the Year ended 31st March, 2014 : Before end of May, 2014
- (iii) Date of Book Closure : 17th August, 2013 to 23rd August, 2013
(Both days inclusive)

- (iv) Date of Dividend payment : On or after 31st August, 2013
- (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, MT H Compound, Indore – 452001 (M.P.) Stock Code No. : N.A.
- (ii) Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi – 110002. Stock Code No. : DSE 16074
- The equity shares of the Company are being traded under permitted categories at National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- Note: Listing fees for the year 2013-2014 have been paid to the Stock Exchanges.
- (b) ISIN No. for the Company's ordinary shares in Demat Form: INE 417C01014
- (c) Depository Connectivity : NSDL and CDSL
- (d) Registrar and Transfer Agent :
Niche Technologies Pvt. Ltd., D-511, Bagree Market, 71, B.R.B.Basu Road, Kolkata – 700001, Phone Nos. (033) 22357270/22357271, E-mail : nichetechpl@nichetechpl.com
- (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 2012-13 are as under :
- Quotation at National Stock Exchange of India Limited.

Month	High	Low
April 2012	1647	1466
May 2012	1590	1426
June 2012	1529	1421
July 2012	1527	1410
Aug. 2012	1500	1420
Sept. 2012	1520	1430
Oct. 2012	1679	1520
Nov. 2012	1575	1470
Dec. 2012	1547	1427
Jan. 2013	1525	1426
Feb. 2013	1484	1340
Mar. 2013	1400	1313

(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, 2013

(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	4634	3,68,949	4.67
2.	501 to 1,000	137	1,01,140	1.28
3.	1,001 to 2,000	67	92,748	1.17
4.	2,001 to 3,000	13	33,797	0.43
5.	3,001 to 4,000	10	35,435	0.45
6.	4,001 to 5,000	6	27,924	0.35
7.	5,001 to 10,000	8	59,208	0.75
8.	10,001 to 20,000	8	1,16,314	1.47
9.	20,001 to 50,000	3	95,753	1.21
10.	50,001 to 1,00,000	4	2,61,457	3.31
11.	1,00,001 and above	7	67,16,025	84.92
	Total	4897	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	4581	93.55	6,34,509	8.02
3.	Private Corporate Bodies	227	4.63	26,64,225	33.69
4.	Financial Institutions/ Nationalised Banks	5	0.10	19,800	0.25
5.	Mutual Funds & Insurance	—	—	—	—
6.	FIIS	—	—	—	—
7.	NRI and OCBs	22	0.452	13,245	0.16
8.	Others	52	1.070	25,555	0.33
	Total	4897	100.00	79,08,750	100.00

(vii) Dematerialisation of shareholding and liquidity :

As per SEBI's guidelines, your company's shares are compulsorily traded in Dematerialized Form for all the investors with effect from 27th November, 2001. As on 31st March, 2013, 58,21,451 Company's Equity shares representing 73.60% of the Company's total Equity Shares were held in dematerialized form and balance 20,87,299 Equity Shares representing 26.39% 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
May 28, 2013

R. A. MAKHARIA
Executive Director

P. K. KHAITAN
Director

DECLARATION

The Board of Directors and Senior Management personnel have affirmed their compliance of the '**Code of Conduct for Members of the Board and Senior Management**' for the year 2012-13 in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

May 28, 2013

R.A. Makharia
Chief Executive Officer

AUDITORS' CERTIFICATE

TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by **PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED**, for the year ended 31st March, 2013, 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.

For **S. R. BATLIBOI & CO. LLP**
Firm Registration No. 301003E
Chartered Accountants

Per **R. K. Agrawal**
Partner
Membership No. 16667

Place : Kolkata
May 28, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of **PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED** ("the Company") which comprise the Balance Sheet as at march 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due or fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

- a) *As indicated in Note 19 to the financial statements, no provision has been made in respect of deposit of 6928 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.*
- b) *As indicated in Note 30 to the Financial Statements, investment reserve of 303916 thousands in respect of certain quoted investments sold during the year, has not been withdrawn & credited to the statement of Profit & Loss, with an impact of 303916 thousands (including tax provision of 60807 thousands) on the profit for the year. Had the impact of above been considered, the profit for the year would have been 1893275 thousands as against the reported profit of 1589359 thousands.*
- c) *As indicated in Note 32 to the Financial Statements, concentration of credit / investment norms as provided in paragraph 18 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms(Reserve Bank) Directions, 2007 (as ammended) has exceeded the limits provided*

AUDITORS' REPORT — (Contd.)

therein for which the Company has applied to the Reserve Bank of India seeking either exemption from complying with the aforesaid norms up to 31st March, 2014 or approval of conversion from Non Banking Financial Company to Core Investment Company whichever is earlier. Pending such exemption / approval, we are unable to comment on the possible effects of the above on the financial statements.

In respect of item (a) above, our audit report for the year ended 31st March 2012 was similarly qualified.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for possible effects of the matters stated in para (a) and (c) and the effect of the matter stated in para (b) in the Basis for Qualified Opinion paragraph*, the financial statements give the information required by the Act 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 March 31, 2013;
- (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that
 - a. 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;
 - b. 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;
 - c. 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;
 - d. *Except for the matter stated in para (b) in the basis of qualified opinion paragraph*, in our opinion the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the Directors, as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **S. R. BATLIBOI & CO. LLP**
CHARTERED ACCOUNTANTS
Firm Registration No. 301003E

Per **R. K. AGRAWAL**
Partner
Membership No. 16667

Place : Kolkata
Dated : 28th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED AS AT AND FOR THE YEAR ENDED MARCH 31, 2013

- (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 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 Act. 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 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 Act. Accordingly the provisions of clauses 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these 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 Act. Accordingly the provisions of clauses 4(v) (b) of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposit from the public with in the preview of sections 58A and 58AA of the Companies Act, 1956 and rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

ANNEXURE TO THE AUDITORS' REPORT — (Contd.)

- (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 Act, is not applicable.
- (ix) (a) The Company is regular in depositing with the 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' state insurance are not applicable 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' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (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.	27841	2008-09 & 2009-10	CIT (Appeals) Kolkata

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has no outstanding dues in respect of financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society and therefore, clause 4(xiii) of the Order is not applicable.
- (xiv) In respect of dealing / trading in shares, securities, debentures and other investments, in our

ANNEXURE TO THE AUDITORS' REPORT — *(Contd.)*

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 Act.
- (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 informations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S. R. BATLIBOI & CO. LLP**
Chartered Accountants
Firm Registration Number : 301003E

Per **R. K. AGRAWAL**
Partner
Membership No. 16667

Place : Kolkata
Date : 28th May, 2013

BALANCE SHEET AS AT 31ST MARCH 2013

	Notes	31st March, 2013 in '000s	31st March, 2012 in '000s
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	3	79,088	79,088
RESERVES AND SURPLUS	4	7,995,606	6,637,738
NON-CURRENT LIABILITIES			
LONG TERM PROVISIONS	5	250	190
CURRENT LIABILITIES			
TRADE PAYABLES	6	2,159	1,698
OTHER CURRENT LIABILITIES	6	4,251	3,704
SHORT TERM PROVISIONS	5	243,502	237,502
Total		8,324,856	6,959,920
A S S E T S			
NON CURRENT ASSETS			
Fixed Assets			
TANGIBLE ASSETS	7	569	965
NON CURRENT INVESTMENTS	8	4,966,192	6,178,414
LONG TERM LOANS AND ADVANCES	9	101,758	56,382
CURRENT ASSETS			
CURRENT INVESTMENTS	10	2,229,546	612,580
TRADE RECEIVABLES	11.1	6,124	3,195
CASH AND BANK BALANCES	12	4,648	6,892
SHORT TERMS LOAN AND ADVANCES	9	1,000,140	101,138
OTHER CURRENT ASSETS	11.2	15,879	354
Total		8,324,856	6,959,920

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. LLP	For and on behalf of the Board of Directors
	<i>Firm registration No. 301003E</i>	
	<i>Chartered Accountants</i>	
	Per R. K. AGRAWAL	R. A. MAKHARIA
	<i>Partner</i>	<i>Executive Director</i>
Place : Kolkata		P. K. KHAITAN
Dated : 28th May, 2013	<i>Membership No. 16667</i>	<i>Director</i>
		R. S. KASHYAP
		<i>Company Secretary</i>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

	Notes	31st March, 2013 in '000s	31st March, 2012 in '000s
INCOME			
Revenue from operations	13	1,965,415	464,086
Other Income	14	299	10,821
Total Revenue (I)		1,965,714	474,907
EXPENSES			
Employee benefits expenses	15	8,111	6,871
Depreciation and amortization expense	17	248	151
Other expenses	16	16,696	31,078
Total Expenses (II)		25,055	38,100
Profit before tax (I) - (II)		1,940,659	436,807
Tax Expense :			
Current Tax (including Nil (2,933 thousands) in respect of earlier years)		351,300	9,233
Total Tax Expenses		351,300	9,233
Profit for the year		1,589,359	427,574
Earnings per Equity Shares [Nominal Value of 10/- each (10/-)]			
Basic & Diluted	24	200.96	54.06

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. LLP For and on behalf of the Board of Directors Firm registration No. 301003E Chartered Accountants	R. A. MAKHARIA Executive Director	P. K. KHAITAN Director
Place : Kolkata	Per R. K. AGRAWAL Partner	R. S. KASHYAP Company Secretary	
Dated : 28th May, 2013	Membership No. 16667		

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	31st March, 2013 in '000s	31st March, 2012 in '000s
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,940,659	436,807
Adjustment for :		
Provision for diminution in value of current investments/(net of excess provisions written back)	(249)	11,421
Contingent Provisions Against Standard Assets	2,470	264
Provision for Non-Performing Assets/(net of excess provisions written back)	11	(27)
Loss/(profit) on sale of Fixed Assets	(4)	–
Depreciation and amortization expense	248	151
Operating profit before working capital changes :	1,943,135	448,616
Increase / (Decrease) in Non-current provisions	60	31
Increase / (Decrease) in trade payables	462	182
Increase / (Decrease) in other current liabilities	(52)	(142)
Increase / (Decrease) in Short-terms provisions	1,716	999
(Increase) / Decrease in trade receivables	(2,929)	(1,775)
(Increase) / Decrease in Non-current loans and advances	(43,376)	13
(Increase) / Decrease in short-term loans and advances	(899,002)	(100,779)
(Increase) / Decrease in Non-current investments	1,212,004	–
(Increase) / Decrease in Current investments	(1,616,717)	(99,723)
(Increase) / Decrease in Other Current Assets	(15,525)	(354)
Cash generated from operations :	579,775	247,068
Direct tax paid	(351,024)	(14,804)
Net cash flow from / (used in) operating activities	228,751	232,264
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Advance	(2,000)	–
Purchase of Fixed Assets	–	(780)
Sale of Fixed Assets	199	–
Net cash flow from / (used in) investing activities	(1,801)	(780)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	31st March, 2013 in '000s	31st March, 2012 in '000s
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(197,119)	(196,344)
Tax on Dividend Paid	(32,075)	(32,075)
Net cash flow from / (used in) Financing activities	(229,194)	(228,419)
D. NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(2,244)	3,065
E. CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,892	3,827
F. CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	4,648	6,892
Components of cash and cash equivalents as indicated in Note 12 comprises of :		
Cash on hand	4	11
Balances with scheduled banks on current account*	3,943	4,632
Fixed Deposits with Banks	701	2,249
Total	4,648	6,892

* Includes balance of 3,245 thousands (2,645 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.

Place : Kolkata Dated : May 28, 2013	For S. R. BATLIBOI & CO. LLP For and on behalf of the Board of Directors Firm registration No. 301003E Chartered Accountants Per R. K. Agrawal Partner Membership No. 16667	R. A. MAKHARIA Executive Director	P. K. KHAITAN Director R. S. KASHYAP Company Secretary
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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

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 Madhya Pradesh stock exchange & Delhi Stock Exchange Association Limited 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, applied by the Company and are consistent with those used in the previous year.

2.1 Significant Accounting Policies :

i. 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.

ii. 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.

iii. Provisioning on Standard Assets

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.

iv. 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).

v. 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.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

vi. Depreciation

Depreciation on Fixed Assets is provided as per the useful life of the assets estimated by the management which is equal to the rates specified in Schedule XIV of the Companies Act, 1956, on reducing balance method.

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

vii. 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.

viii. 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 Non Current/ Long Term Investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Non-Current / 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).

Investment Property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the Investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at the based on the useful life estimated by the management, or that prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

ix. 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.

x. 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 an employee renders the related service. 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) Short term compensated absences are provided for based on estimates whereas Long term compensate dabsenses 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.

xi. 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.

xii. 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.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

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.

Minimum alternate Tax paid in a year is charged to the Statement of Profit & Loss as current tax. The Company recognize MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period for which MAT Credit is allowed to be carried forward. In the year in which the company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit & loss and shown as "MAT Credit Entitlement". The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

xiii. Foreign Currency Transactions

a) Initial Recognition

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

b) Conversion

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

c) Exchange Differences

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

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

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

xiv. 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.

xv. 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 can not be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xvi. 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 AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

3. SHARE CAPITAL	31st March, 2013 (in 000s)	31st March, 2012 (in 000s)
Authorised Shares		
90,00,000 (90,00,000) Equity Shares of 10/- each	90,000	90,000
Issued, Subscribed & Fully Paid up Shares		
79,08,750 (79,08,750) Equity Shares of 10/- each	79,088	79,088
	79,088	79,088

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

	31st March 2013		31st March 2012	
	No. of Shares	(in 000s)	No. of Shares	(in 000s)
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	7,908,750	79,088	7,908,750	79,088

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 2013, 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

	31st March 2013		31st March 2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
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 AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

4. Reserve & Surplus

	31st March, 2013 (in 000s)	31st March, 2012 (in 000s)
Investment Reserve		
Balance as per the last Financial Statements	3,764,168	3,764,168
Less : Provision against diminution in value of long term investments	170	-
	<u>3,763,998</u>	<u>3,764,168</u>
General Reserve		
Balance as per the last Financial Statements	1,107,415	1,047,415
Add: Transfer from the statement of Profit & Loss	1,60,000	60,000
	<u>1,267,415</u>	<u>1,107,415</u>
Statutory Reserve		
Balance as per the last Financial Statements	956,355	870,840
Add: Transfer from the statement of Profit & Loss	317,872	85,515
	<u>1,274,227</u>	<u>956,355</u>
Surplus in the statement of Profit & Loss		
Balance as per the last Financial Statements	809,800	757,535
Profit for the year	1,589,359	427,574
Less : Appropriations		
Proposed Dividend	197,719	197,719
Tax on Proposed Dividend	33,602	32,075
Transfer to Statutory Reserve	317,872	85,515
Transfer to General Reserve	160,000	60,000
Surplus in the statement of Profit and Loss	<u>1,689,966</u>	<u>809,800</u>
Total Reserves & Surplus	<u>7,995,606</u>	<u>6,637,738</u>

5. Provisions

	Long Term		Short Term	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Provisions for Employee Benefits				
Provision for Gratuity (Note 21)	161	120	6,756	5,416
Provision for Leave Benefits	89	70	2,340	1,964
	<u>250</u>	<u>190</u>	<u>9,096</u>	<u>7,380</u>
Other Provisions				
Provision for tax (net of advance tax & tax deducted at Rs. 351,024 thousands)	-	-	276	-
Proposed Equity Dividend	-	-	197,719	197,719
Provision for tax on proposed Equity Dividend	-	-	33,602	32,075
Contingent Provisions against Standard Assets	-	-	2,748	278
Provision for Non-Performing Assets	-	-	61	50
	<u>-</u>	<u>-</u>	<u>234,406</u>	<u>230,122</u>
	<u>250</u>	<u>190</u>	<u>243,502</u>	<u>237,502</u>

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

	<u>31st March, 2013</u> (in 000s)	<u>31st March, 2012</u> (in 000s)
6. Other Current Liabilities		
Trade Payables (Refer Note 26)	2,159	1,698
Other Liabilities		
Investors Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	3,245	2,645
Others		
Security Deposits	679	679
Statutory Dues	207	244
Miscellaneous	120	136
	<u>4,251</u>	<u>3,704</u>
	<u>6,410</u>	<u>5,402</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 2011	193	8	692	893
Additions	–	–	780	780
As at 31st March 2012	193	8	1,472	1,673
Disposals	–	–	(692)	(692)
As at 31st March 2013	193	8	780	981
DEPRECIATION				
As at 1st April 2011	172	8	427	607
Charge for the year	7	–	94	101
As at 31st March 2012	179	8	521	708
Charge for the year	4	–	197	202
Disposals	–	–	(497)	(497)
As at 31st March 2013	183	8	221	413
Net Block				
As at 31st March 2012	14	–	951	965
As at 31st March 2013	10	–	559	569

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

			<u>31st March, 2013</u>	<u>31st March, 2012</u>
			<u>(in 000s)</u>	<u>(in 000s)</u>
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
Depreciation as at 1st April 2012			5,477	5,427
For the Current Year			46	50
Total Depreciation			<u>5,523</u>	<u>5,477</u>
Net Block			<u>1,477</u>	<u>1,523</u>
Non-Trade Investments (valued at cost)				
Unquoted equity instruments (Fully Paid)				
	No. of shares	Face Value per share	31st March, 2013	31st March, 2012
			(in 000s)	(in 000s)
In Subsidiaries				
PIC Properties Limited	50,002	10	500	500
PIC Realcon Limited	50,000	10	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	207,900	Baht10	1,142	1,142
Indo Phil Textile Mills Inc., Manila	211,248	Pesos10	203	203
The Eastern Economist Limited	400	100	40	40
The Hindustan Times Limited	–	10	–	218
	(192,000)			
The Industry House Limited	2,812	100	189	189
Gmmco Limited	–	10	–	34,125
	(68,249)			
			<u>2,846</u>	<u>36,689</u>
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	–	10	–	495
	(70,780)	10		
Grasim Industries Limited	4,300,293	10	614,777	614,777
Hindalco Industries Limited	29,185,398	1	1,836,332	1,836,332

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

			31st March, 2013	31st March, 2012
			(in 000s)	(in 000s)
Hindustan Everest Tools Limited	–	10	–	441
	(52,175)			
Jayshree Tea & Industries Limited	2,844	5	41	41
KDDL Limited	–	10	–	298
	(35,000)			
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
Orient Paper & Industries Limited	–	1	–	4,333
	(425,260)			
Sutlej Textile & Industries Limited	–	10	–	2,404
	(114,309)			
SIL Investment Limited	–	10	–	1,997
	(114,309)			
Tanfac Industries Limited*	498,000	10	5,627	5,627
Tata Steel Limited	–	10	–	1,168,180
	(6,290,149)			
Ultra Tech Cement Limited	2,457,309	10	807,328	807,328
Umi Special Steels Limited	–	10	– **	170
	(100,000)			
Zenith Birla Limited	–	10	–	15
	(3,432)	10		
Zuari Industries Limited	434,000	10	7,899	7,899
			4,961,869	6,140,202
			4,966,192	6,178,414
Aggregated Value of Investment Property			1,477	1,523
Aggregated Value of Quoted Investments			4,961,869	6,140,202
Aggregated Value of Unquoted Investments			2,846	36,689
Market Value of Quoted Investments			29,879,900	35,309,370
*Refer Note 20				
** net of provision for other than temporary diminution			170	–

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

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 :

	No. of Shares	Face Value (per share)
QUOTED (Fully Paid)		
Equity Shares		
Jiyajeerao Cotton Mills Limited	150	10
Kalyan Sundaram Cement Industries Limited	50,000	10
Saurashtra Chemicals Limited	1,65,874	10
Tungbhadra Industries Limited	1,865	10
UNQUOTED (Fully Paid)		
Equity Shares		
Bombay Industrial Traders 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

9. Loans and Advances

	<u>Non-Current Portion</u>		<u>Current Portion</u>	
	<u>31st March 2013</u> (in 000s)	<u>31st March 2012</u> (in 000s)	<u>31st March 2013</u> (in 000s)	<u>31st March 2012</u> (in 000s)
Unsecured, Considered good, unless stated otherwise				
Capital Advances	20,177	18,177	—	—
Security Deposits	2,549	2,549	—	—
Loans				
To Subsidiary Company (Interest Free)	48,185	4,809	—	—
To Bodies Corporate	—	—	1,000,000	100,000

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

	Non-Current Portion		Current Portion	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Advances recoverable in cash or in kind				
Unsecured, considered doubtful	1,665	—	92	1,065
Less Provision for doubtful advances	1,665	—	—	—
Other Loans and Advances				
Advance income tax, Refund receivable (net of provision for taxation 56,132 thousands (56,132 thousands))	19,312	19,312	—	—
Prepaid Expenses	—	—	48	63
MAT Credit Entitlement	4,607	4,607	—	—
Loans to Employees	—	—	—	10
Deposit made against Demand Notice (Refer Note 19)	6,928	6,928	—	—
	101,758	56,382	1,000,140	101,138

10. Current Investments :

Trade Investments

**Investments in Mutual Funds (Unquoted)
(Valued at Lower of Cost or Fair Value)**

	No. of Units	Face Value per unit	31st March 2013 (in 000s)	31st March, 2012 (in 000s)
Axis Treasury Advantage Fund - Dividend	30,446	1000	30,475	—
	(—)			
Baroda Pioneer Treasury Advantage-Div.	20,444	1000	20,465	—
	(—)			
Birla Sunlife Dividend Yield Plus -Growth	363,592	10	30,000	30,000
Birla Sunlife Frontline Equity - Growth	139,395	10	13,000	11,580
Birla Sunlife Midcap Fund-Div.	2,347,134	10	47,412	45,957
	(2,170,834)			
Birla Sunlife Midcap Fund-Growth	307,637	10	30,099	30,099
Birla Saving Fund-Div.	1,928,612	1000	193,031	43,276
	(432,462)			
Birla Sunlife Cash Manager Fund - Div.	1,162,572	100	116,343	—
	(—)			
Canara Robeco Treasury Advantage Fund-Div.	34,172	1000	42,398	—
	(—)			
DSP Black Rock Equity Fund-Div.	332,352	10	14,995	15,001
	(329,408)			

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

	Nos. of Units	Face Value per unit	31st March 2013 (in 000s)	31st March, 2012 (in 000s)
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	23,823	23,444
DSP Black Rock Top - 100 Fund - Div.	1,333,554 (1,304,343)	10	25,562	24,910
DSP Black Rock Money Manager Fund - Div.	119,404	1000	119,677	—
Franklin India Bluechip Fund-Growth	66,732	10	15,000	14,232
Franklin India Ultra Short Bond Fund	16,009,266 (4,252,451)	10	160,368	42,571
HDFC Equity Fund-Growth	72,405	10	16,019	16,019
HDFC Floating Rate Income Fund-Div.	2,553,457 (—)	10	25,741	—
ICICI Prudential Discovery Fund - Div.	1,230,831 (1,114,054)	10	22,783	20,476
ICICI Prudential Dynamic Plan-Cum.	197,717	10	20,000	20,000
ICICI Prudential Focused Fund-Growth	1,237,030	10	16,020	16,020
ICICI Prudential Top-100-Growth	190,052	10	17,500	17,500
ICICI Prudential Infrastructure Fund - Growth	367,872	10	9,039	9,263
ICICI Prudential Flexible Income Plan	2,734,251 (18,006)	100	289,106	1,904
Kotak Mid-Cap - Dividend	513,321	10	8,425	8,004
Kotak Mid-Cap - Growth	778,236	10	20,000	19,234
Kotak Floater Long Term Fund - Div.	12,291,404 (—)	10	123,895	—
Reliance Banking Fund - Dividend	319,428 (290,696)	10	11,145	9,961
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	387,733 (347,305)	10	16,654	16,407
Reliance Pharma Fund - Growth	548,578	10	20,000	20,000
Reliance Regular Saving Fund - Div.	573,793 (503,946)	10	9,779	9,126
Reliance Money Manager Fund - Div.	289,669 (—)	1000	290,067	—
Reliance Regular Saving Fund- Growth	1,061,372	10	25,694	25,694
Reliance Liquid Fund	— (161,598)	10	—	1,800
Sundram Select Focus - Appreciation	114,651	10	9,584	9,276
Sundram Select Mid Cap - Appreciation	12,130	10	1,880	1,772
Sundram Smile - Dividend	822,546	10	8,212	8,373

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

	Nos. of Units	Face Value per unit	31st March 2013 (in 000s)	31st March, 2012 (in 000s)
Sundram Smile - Growth	207,342	10	5,796	5,909
Tata Treasury Advantage Fund-Div.	140,153	1000	141,476	—
Templeton India Low Duration Fund	—	10	—	5,000
	(481,547)			
UTI Mid Cap - Dividend	386,698	10	8,247	8,012
UTI Mid Cap - Growth	310,366	10	9,709	9,432
UTI Master Value Fund - Growth	196,618	10	9,825	9,792
UTI Treasury Advantage Fund	147,735	10	147,767	—
	(—)			
			2,229,546	612,580

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

28,054 **28,303**

11. Trade Receivables and Other Assets

11.1 Trade Receivables

	Non-Current Portion		Current Portion	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Unsecured, Considered good				
Outstanding for a period exceeding six months from the due date of payment	—	—	610	502
Other Debts	—	—	5,514	2,693
	—	—	6,124	3,195

11.2 Other Assets

Unsecured, Considered good	—	—	—	—
Interest Accrued on Loans	—	—	15,879	354
	—	—	15,879	354
	—	—	22,003	3,549

12. Cash and Bank Balances

	Non-Current Portion		Current Portion	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Balances with Banks				
On Current Accounts	—	—	698	1,987
On Unpaid Dividend Account	—	—	3,245	2,645
Cash on Hand	—	—	4	11
Deposits with original maturity less than 3 months	—	—	701	2,249
	—	—	4,648	6,892

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

13. Revenue from Operations

	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Dividend Income on		
– Non Current Investments	441,236	430,301
– Current Investments	66,261	9,452
Profit on sale of Non-current / long term investments (Refer Note - 30)	1,370,118	–
Interest Income		
– On Loans	70,619	7,880
– On Fixed Deposit with Banks	287	319
Other Operating Revenue		
Rent Income	13,046	12,781
Service Charges	3,848	3,353
	1,965,415	464,086

14. Other Income

	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Interest from Income Tax Department for Earlier years	–	10,752
Provision for Non-Performing Assets Written back	–	27
Provision for diminution in value of current Investments no longer required Written back	249	–
Profit on sale of Fixed Assets	4	–
Miscellaneous Receipts	46	42
	299	10,821

15. Employee Benefits Expenses

	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Salaries and Bonus	5,417	4,520
Gratuity	1,381	943
Contribution to Provident and Other Funds	623	812
Staff Welfare Expenses	690	596
	8,111	6,871

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

16. Other Expenses

	<u>31st March 2013</u> (in 000s)	<u>31st March 2012</u> (in 000s)
Director's Fees	1,009	680
Insurance Charges	20	16
Repairs & Maintenance (others)	11	66
Provisions for Non Performing Assets	11	–
Contingent Provisions against Standard Assets	2,470	264
Donations	160	8,975
Building Maintenance & Service Expenses	5983	6,002
Loss on redemption of units in Mutual Funds (net)	4	–
Provisions for Diminution in value of Current Investment	–	11,421
Rates & Taxes (Net)	2,203	691
Rent	660	622
Miscellaneous Expenses	3,520	1,907
Payment to Auditors		
As Auditors		
Audit Fee	315*	165
Limited Review	99	99
In Other Capacity		
For Certification, etc.	130	127
For Expenses, etc.	101	43
	<u>16,696</u>	<u>31,078</u>

* includes 150 thousands for interim financial statements

17. Depreciation and Amortization Expense

	<u>31st March 2013</u> (in 000s)	<u>31st March 2012</u> (in 000s)
Depreciation on Tangible Assets	202	101
Depreciation on Investment Property	46	50
	<u>248</u>	<u>151</u>

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

18. 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. 28 below.

2. Contingent Liabilities :

Income Tax demands for earlier years aggregating to 26,218 thousands (8,909 thousands) disputed by the Company.

- 19.** 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.

- 20.** 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.

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

			(in 000s)
A. Defined Contribution Plan	2012-13	2011-12	
Contribution to Provident Fund	494	443	
Contribution to superannuation Fund	90	368	

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 AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

	31st March 2013	31st March 2012
	(in 000s)	(in 000s)
Current Service Cost	313	262
Interest cost on benefit obligation	443	408
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	625	274
Net benefit expense	1381	944

Balance Sheet

Benefit assecat/liability	31st March 2013	31st March 2012
	(in 000s)	(in 000s)
Present value of defined benefit obligation	(6,917)	(5,536)
Fair value of plan assets	-	-
Plan asset/(liability)	(6,917)	(5,536)

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

Opening defined benefit obligation	5,536	4,804
Current service cost	313	262
Interest cost	443	408
Benefits paid	-	(212)
Actuarial (gains)/losses on obligation	625	274
Closing defined benefit obligation	6,917	5,536

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

Discount rate	8.00%	8.50%
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 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
Defined Benefit					
Obligaiton	6,917	5,536	4,804	3,064	3,060
Surplus / (Deficit)	(6,917)	(5,536)	(4,804)	(3,064)	(3,060)
Experience adjustments on plan liabilities	183	275	357	357	316

- 22.** 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 :

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

Sl. Name of the Company	No. of Equity Shares	Face Value per Share ()
(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/-

23. 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.

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

		2012-13	2011-12
Profit after Tax as per Profit & Loss Account	(in 000s)	15,89,359	4,27,574
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic Diluted Earnings per share	(/ Share)	200.96	54.06
Nominal Value of Shares	(/ Share)	10.00	10.00

25. Related Party Disclosures

a. Name of the related parties where control exists :

Subsidiary Companies

PIC Properties Limited
 PIC Realcon Limited (with effect from 28th January 2013)
 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	2012-13	2011-12
Loans and advances given		
PIC Realcon Limited	44,400	—
Loans and advances outstanding		
(PIC Properties Limited)	4,809	4,809

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

PIC Realcon Limited	43,376	–
Sale / Transfer of Investments		
PIC Realcon Limited	44,325	–
Associate Company		
Dividend Income	1,88,213	1,88,213

Key Management Personnel

Remuneration	3,250	2,479
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26. 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.

27. 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) NIL (277 thousands)

28. **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 2013	31st March 2012
	(in 000s)	(in 000s)
Lease Payments made for the year	660	622

Operation Lease : Company as Lessor

The company has leased certain office on operating leases. The lease term is for 1-3 years and renewable thereafter. 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.

29. Current Tax for the year ended 31st March 2013 represents Minimum Alternate Tax (MAT) provided as per provisions of the Income Tax Act, 1961, however, MAT Credit entitlement of 334,730 thousands, has not been recognized by the Company in the absence of convincing evidence to claim the above tax credit in future years.

30. During the year ended 31st March 2013, the Company has sold certain quoted investment and the differences of 1,370,118 thousands, between the cost of such shares being the book value as on 31st March 2003, in terms of the scheme of arrangement approved by Hon'ble Calcutta High Court in an earlier years and net sale proceeds has been credited to the Statement of Profit & Loss. However, Investment Reserve of 303,916 thousands against the above shares has not been withdrawn and adjusted in the accounts, although the same has been duly considered for the purpose of Minimum Alternate Tax based on a legal opinion.

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

(c) 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	-	-	-	1,000,000	20,317	30,848	-	50,733	1,101,898
	(1,000)	(-)	(-)	(1,00,000)	(49,162)	(-)	(-)	(7,358)	(1,57,520)
Investments	-	-	-	-	22,29,546	-	-	4,966,192	7,195,738
	(-)	(-)	(-)	(-)	(6,12,580)	(-)	(-)	(61,78,414)	(67,90,994)

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 AS AT AND FOR THE YEAR ENDED 31ST MARCH 2013

31. In terms of resolution passed by the Board of Directors in their meeting held on 9th November, 2012, the Company has transferred / sold certain quoted / unquoted investments of 44,325 thousands to its newly formed wholly owned subsidiary namely, PIC Realcon Limited during the year ended 31st March, 2013 at values appearing in the books of the Company.
32. The Company has made an application to Reserve Bank of India (RBI) vide its letter dated 8th March 2013 for its conversion from a Non Banking Financial Company (NBFC) to Core Investment Company (CIC) without accepting Public deposits, based on the fact the Company holds 90% of its net assets in group companies of which more than 60% of its net assets are invested in equity shares as per the audited interim financial statements as at 31st January, 2013. Accordingly, the Company has surrendered existing NBFC certificate with a request to cancel the same. The above application is pending with RBI as on date. However, pending above approval, the concentration of credit/Investment Norms as provided in Para-18 of Non-Banking Financial (Non-Deposit Accepting or holding) companies prudential norms (Reserve Bank) Direction 2007 (as amended) has exceeded the limits provided therein for which the Company has applied to the RBI seeking exemption from complying with aforesaid norms up to 31st March, 2014, or approval of conversion from NBFC to CIC, whichever is earlier.
33. The Company does not have any exposure in gold on March 31, 2013.
34. 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 2013	As at 31st March 2012
(i)	CRAR (%)	77.23	56.42
(ii)	CRAR - Tier I Capital (%)	47.01	24.15
(iii)	CRAR - Tier II Capital (%)	30.22	32.28

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

35. Previous year figures

Previous year's figures including those in brackets have been regrouped / rearranged where necessary to confirm the current year's figures.

As per our Report of even date.

For **S. R. BATLIBOI & CO. LLP** For and on behalf of the Board of Directors
 Firm registration No. 301003E

Chartered Accountants

Per **R. K. Agrawal**

Partner

R. A. MAKHARIA

Executive Director

P. K. KHAITAN

Director

Place : Kolkata

Dated : 28th May, 2013 Membership No. 16667

R. S. KASHYAP

Company Secretary

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, 2013.

FINANCIAL RESULTS :

		₹
Gross Profit for the year		5,58,672
Less : Depreciation		43,648
		<u>5,15,024</u>
Add : Balance brought forward from previous year		<u>24,48,185</u>
		29,63,209
Less : Provision for Taxation (A. Y. 2013-2014)	1,02,500	
Income Tax for earlier year	<u>4,174</u>	<u>1,06,674</u>
		<u>28,56,535</u>

Your Directors report a Gross Profit of 5,58,672/- for the year and a Net Profit of 5,15,024/- after depreciation. The Directors refrain from declaring any Equity Dividend for the year.

DIRECTORS :

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

PARTICULARS OF EMPLOYEES :

The Company 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, 2013

G. K. TULSIAN
S. N. NEOTIA
Directors

INDEPENDENT AUDITORS' REPORT

To the Members of PIC PROPERTIES LIMITED

We have audited the accompanying financial statements of **PIC PROPERTIES LIMITED (the company)** which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Managements responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956, ("The Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

As audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;

- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other legal and regulatory requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the order.
- 2) As required by section 227 (3) of the Act, we report that :
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by the Companies Act, 1956, (as amended) have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statment 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.
 - v. On the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Section 274 (1) (g) of the said Act.

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

1-B, Old Post Office Street,
Kolkata.
Dated, the 30th day of April, 2013

(Anurag Singhi)
Partner
Membership No. 066274

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re : PIC Properties Ltd. (the Company)

- i. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - (b) As explained to us fixed assets were physically verified by management and no material discrepancies have been noticed on physical verification as confirmed by the Management.
 - (c) No substantial part of Fixed Assets has been disposed off during the year, which has bearing on the going concern assumption.
- ii. The Company is not trading in any goods. Therefore, the provisions of clause 4(ii) of the Companies (Auditor’s Report) (Amendment) Order, 2004 relating Inventories are not applicable to the Company.
- iii. The company has taken unsecured loan from its holding company. The maximum amount involved was 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 rules framed thereunder apply.
- vii. The provisions of clause 4(vii) of the Companies (Auditor’s Report) (Amendment) Order, 2004 relating to Internal Audit is not applicable to the Company.
- viii. According to the information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (I) of the Section 209 of the Companies Act.
- ix. In respect of statutory and other dues :
 - (a) According to the information and explanations given to us the company has been depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year.

- (b) According to the 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 does 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 guarantee 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, 2013

For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E
Anurag Singhi
Partner
Membership No. 066274

BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note No.	As on 31st March 2013	As on 31st March 2012
EQUITY AND LIABILITY			
SHAREHOLDER'S FUND			
Share Capital	2	500,020	500,020
Reserves and Surplus	3	2,856,535	2,448,185
NON-CURRENT LIABILITIES			
Long-term borrowings	4	26,709,182	26,709,182
Other long-term liabilities	5	30,000	30,000
CURRENT LIABILITIES			
Short term borrowings		—	—
Trade payables	6	19,101	19,483
Other current liabilities		—	—
Short term provisions	7	3,813	—
TOTAL		30,118,651	29,706,870
ASSETS			
NON-CURRENT ASSETS			
<i>Fixed assets</i>			
Tangible assets	8	25,651,469	25,699,130
Non-current investments	9	3,789,010	3,778,040
Long term loans and advances	10	8,100	8,100
Other non-current assets		—	—
CURRENT ASSETS			
Cash and cash equivalents	11	471,611	176,427
Short-term loans and advances	12	198,461	45,173
TOTAL		30,118,651	29,706,870
Summary of Significant accounting policies	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 Anurag Singhi

Partner

Membership No. 066274

Place : Kolkata.

Dated, the 30th day of April, 2013

G. K. TULSIAN

S. N. NEOTIA

Directors

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
Revenue from operations	13	579,780	527,076
Other Income	14	162,957	61,583
Total Revenue		742,737	588,659
Expenses			
Employee benefit expenses	15	7,000	7,000
Depreciation and amortization exp.	8	43,648	45,946
Other expenses	16	177,065	171,435
Total Expenses		227,713	224,381
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		515,024	364,278
Tax expense :			
Current Tax		102,500	92,000
Income Tax for Earlier Years		4,174	–
Deferred Tax		–	–
PROFIT AFTER TAX AND EXCEPTIONAL ITEM		408,350	272,278
Earning per equity share			
Basic :		8.17	5.45
Diluted		8.17	5.45
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 Anurag Singhi
Partner
Membership No. 066274
Place : Kolkata.
Dated, the 30th day of April, 2013

G. K. TULSIAN
S. N. NEOTIA
Directors

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**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, 2013		As at 31st March, 2012	
	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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

assets of the Company after payment of all preferential amounts in 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 the shares in the company.

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 bought 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 2013	As at 31st March 2012
<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	2,419,798	2,147,520
Add : Net Profit for the current year	408,350	272,278
Balance at the end of the year	2,828,148	2,419,798
	2,856,535	2,448,185

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**4. LONG-TERM BORROWINGS**

Particulars	As at 31st March 2013	As at 31st March 2012
<i>Unsecured</i>		
* 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 2013	As at 31st March 2012
<i>Secured</i>		
Security Deposit against Rent	30,000	30,000
TOTAL	30,000	30,000

6. TRADE PAYABLE

Particulars	As at 31st March 2013	As at 31st March 2012
Audit Fees Payable	13,483	13,483
Director Sitting Fees Payable	–	6,000
Professional Fees Payable	5,618	–
TOTAL	19,101	19,483

7. SHORT TERM PROVISIONS

Particulars	As at 31st March 2013	As at 31st March 2012
Provision for Income Tax (net of TDS and Advance Tax)	3,813	–
TOTAL	3,813	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

8. TANGIBLE ASSETS

	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1 April 2012	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2013	Balance as at 1 April 2012	Depreciation charge for the year	Adjustment due to revaluations	on disposals	Balance as at 31 March 2013	Balance as at 31 March 2012	
Fixed Assets												
Tangible Assets												
Land	24,822,151	-	-	-	24,822,151	-	-	-	-	24,822,151	24,822,151	
Buildings	3,426,308	-	-	-	3,426,308	2,553,342	43,648	-	-	829,318	872,966	
Furniture Fixture and Office Equipments	292,457	(292,457)	-	-	-	288,444	-	-	288,444	-	4,013	
Total	28,540,916	(292,457)	-	-	28,248,459	2,841,786	43,648	-	288,444	25,651,469	25,699,130	
Previous Year	28,540,916				28,540,916	2,795,840	45,946			25,699,130	-	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**9. NON CURRENT INVESTMENTS**

Particulars	As at 31st March 2013	As at 31st March 2012
Non Trade Investments (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 2013	Units	As at 31 March 2012
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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 Gilt 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
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	22,366.397	400,000
Birla Sunlife Opportunity Fund - Growth	16,671,767	310,970	—	—
		3,787,010		3,776,040

TOTAL		3,789,010		3,778,040
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Particulars	2013	2012
Aggregate Book Value of quoted investments	3,789,010	3,378,040
Aggregate Market Value of quoted investments	4,081,981	4,005,365

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**10. LONG-TERM LOANS & ADVANCES**

Particulars	As at 31st March 2013	As at 31st March 2012
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 2013	As at 31st March 2012
Balance with Scheduled Banks : in Current Account	470,015	173,747
Cash in hand (As certified by the Management)	1,596	2,680
Total	471,611	176,427

12. SHORT-TERM LOANS & ADVANCES

Particulars	As at 31st March 2013	As at 31st March 2012
Unsecured, Considered good		
Prapaid Insurance	16,438	16,093
Advance to Others	154,030	–
Advace payment of Income Tax & Tax Deducted at Source (Net of Provision)	–	29,080
Income Tax Refundable	27,993	–
Total	198,461	45,173

3. REVENUE FROM OPERATIONS

Particulars	As at 31st March 2013	As at 31st March 2012
Other Operating Revenue		
Rent Income (Tax Deducted At Source 57983/- previous year 52,704/-)	579,780	527,076
TOTAL	579,780	527,076

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**14. OTHER INCOME**

Particulars	As at 31st March 2013	As at 31st March 2012
Dividends		
From Shares - Long Term	200	240
From Mutual Fund Units - Long Term	127,321	61,343
Interest Income		
Interest on Income Tax Refund	3,791	–
Profit on sales of tangible Assets	20,675	–
Profit on sales of Investment	10,970	–
Total	162,957	61,583

15. EMPLOYEE BENEFITS EXPENSES

Particulars	As at 31st March 2013	As at 31st March 2012
Salaries and Bonus	7,000	7,000
Total	7,000	7,000

16. OTHER EXPENSES

Particulars	As at 31st March 2013	As at 31st March 2012
Rates and Taxes	120,356	109,815
Insurance Charges	20,488	20,476
Bank Charges	936	551
General Expenses	1,600	10,135
Filing Charges	600	600
Audit Fees	13,483	13,483
Professional Fees	5,618	10,000
Printing and Stationery	–	375
Directors' Sitting Fees	–	6,000
Travelling Expenses	13,984	–
Total	177,065	171,435

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

17. Benefit of Depreciation is not available to the company, it 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 2012-13. 48,09,182/- being the opening balance (as on 01.04.12) and the year end balance (as on 31.03.13) in respect of Unsecured Loan (interest free) from M/s Pilani Investments & Industries Corporation Limited to its 100% subsidiary PIC Properties Ltd.
20. The company has reclassified previous year figures to confirm to this year's classification.

As per our Report of even date
For SINGHI & CO.
Chartered Accountants
Firm Registration No. 302049E
CA. Anurag Singhi
Partner
Membership No. 066274
Place : Kolkata.
Dated, the 30th day of April, 2013

G. K. TULSIAN
S. N. NEOTIA
Directors

DIRECTORS

SHRI ARVIND KUMAR SINGH

SHRI TRIDIB KUMAR DAS

SHRI YASWANT MISHRA

AUDITORS

M/S. B. K. SHROFF & CO.,
CHARTERED ACCOUNTANTS,
23A, NETAJI SUBHAS ROAD,
KOLKATA - 700 001

REGISTERED OFFICE

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

DIRECTORS' REPORT

TO THE MEMBERS

We present our Annual Report and Audited Statement of Accounts of the Company for the period ended 31st March, 2013 (from 28.01.2013 to 31.03.2013)

GENERAL

The Company has been incorporated on 28.01.2013 with the Registrar of Companies, West Bengal as a wholly owned subsidiary of its parent Company viz. Pileri Investment and Industries Corporation Limited and had been allotted Corporate Identity Number (CIN) U70102WB2013PLC190163 vide their Certificate of Incorporation dated 28.01.2013. A certificate for the Commencement of Business had also been obtained from the Registrar of Companies, West Bengal vide their certificate-dated 31.01.2013.

FINANCIAL RESULTS :

	₹
	<u>28.01.2013 to 31.03.2013</u>
Gross Profit for the year	10,03,323
Less : Depreciation	-
Less : Provision for Taxation	-
	<u>10,03,323</u>

DIVIDEND :

The Board of Directors did not recommend any dividend for the period ended 31st March, 2013.

DIRECTORS :

The company is a newly incorporated and the first directors of the Company were appointed pursuant to clause 77 of the Articles of Association of the Company. All the Directors of the Company namely Shri Arvind Kumar Singh, Shri Tridib Kumar Das and Shri Yaswant Mishra offers themselves for re-appointment at the ensuing Annual General Meeting.

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 for the period ended 31st March 2013, the applicable accounting standards have been followed alongwith proper explanation relating to material departures; if any

- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period ended on 31st March, 2013 and the Statement of Profit and Loss of the Company for the period 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.

AUDITORS :

M/s. B. K. Shroff & Co., Chartered Accountants, Kolkata were appointed as the first auditors of the Company up to the conclusion of the first Annual General Meeting of the company. You are requested to re-appoint them as the Auditors of the Company.

EMPLOYEES :

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

For and on behalf of Board of Directors

ARVIND KUMAR SINGH

TRIDIB KUMAR DAS

YASWANT MISHRA

Directors

Kolkata
23.05.2013

AUDITORS' REPORT

To
The Members
PIC REALCON LIMITED

We have audited the accompanying financial statements of **PIC REALCON LIMITED** which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss for the period ended and a summary of significant accounting policies and other explanatory information.

Managements responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

Report on Other legal and regulatory requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the order.
- 2) As required by section 227 (3) of the Act, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet and Statement of Profit & Loss dealt with by this report are in agreement with the Books of Account;
 - iv. In our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Act.
 - v. On the basis of written representations received from the Directors as at 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section 274 of the Act.

For B. K. Shroff & Co.

Firm Registration No. 302166E
Chartered Accountants

L.K. Shroff

Partner

Membership No. 60742

Place: Kolkata
Date: The 23rd May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. The company has no fixed asset and as such clause (i)(a),(b),(c) of the Order are not applicable.
2. Having regard to the companies business, the provision clause 4(ii)(a), (b), (c) are not applicable to the company since the company has no Inventories.
3. In respect of loans, secured or unsecured, granted or taken by the Company, to or from other companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956 and according to the information and explanations given to us :
 - (a) The Company has not granted loan to any parties. The Company has taken loan from its Holding Company. The maximum amount involved during the year was 4,44,00,000/- and year end balance of loan received from the Holding Company was 4,33,76,265/-.
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, not prejudicial to the interest of the company.
 - (c) The Company has received / paid the principal amounts and as and when demanded and generally regular in receiving / paying interest.
 - (d) There was no overdue amount.
4. In our opinion and according to the information and explanations given to us and there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.
5. In respect of transactions entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956 :
 - (a) to the best of our knowledge and belief and according to information and explanations given to us, transactions that needed to be entered into the Register, have been so entered:
 - (b) The transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time :
6. The Company has not accepted any deposits from the public and such clause (vi) of the Order is not applicable.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business and is being further strengthened.
8. According to information & explanation given to us, the Central Government has not prescribed the maintenance of cost Records u/s 209(1)(d) of the Companies Act, 1956 for any of the products of the Company, hence clause (viii) of the order is not applicable to the Company.
9. According to information & explanation given to us in respect of the statutory dues :
 - (a) The company is regularly depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth

Tax, Service Tax, Sales Tax, Custom Duty, Excise duty, Cess and any other statutory dues with the appropriate authorities during the year. According to the informations and explanations given to us, no undisputed amounts payable in respect of the afore said dues were outstanding as at 31st March 2013 for a period of more than six months from the date they became payable.

- (b) The company has no dues in respect of disputed items of Sales Tax, Income Tax, custom Duty, Wealth Tax, Excise Duty and Cess.
10. The company has no accumulated losses as at 31st March 2013. The Company has not incurred cash losses during the financial year covered by our audit. Since it is first financial year of the Company, the question cash losses in immediately preceding financial year does not arises.
 11. As per books and records of the Company and according to the informations and explanations given to us, the company has no dues to financial institutions, banks or debenture holders.
 12. According to the informations and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
 13. The company is not a Chit fund or Nidhi / Mutual Benefit Fund / Society and as such reporting under clause (xiii) of the Order is not applicable to the Company.
 14. Proper records in respect of investment in shares & securities have been maintained & timely entries have been made therein. The shares & securities are transferred / received from the Holding Company & transfer of same in the name of the Company is under process.
 15. The terms and conditions in respect of guarantee given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
 16. To the best of our knowledge and belief and according to the informations and explanations given to us, the Company has not obtained any term loans during the year.
 17. According to the informations and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that prima facie no funds raised on short term basis have been used for long term assets.
 18. The company has not made preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
 19. The Company has not issued any debentures during the year.
 20. The Company has raised any money by public issue during the year.
 21. To the best of our knowledge and belief and according to the informations and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

23A, Netaji Subhas Road,
Kolkata, the 23rd day of May, 2013

For B. K. SHROFF & CO.
Chartered Accountants
Firm Registration No. 302166E
L. K. Shroff
Partner
Membership No. 060742

BALANCE SHEET AS AT 31ST MARCH 2013

	Notes	31st March 2013	31st March 2012
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share Capital	2	500,000	—
Reserves and Surplus	3	1,003,323	—
NON-CURRENT LIABILITIES			
Long-Term Borrowings	4	43,376,265	—
CURRENT LIABILITIES			
Other current liabilities	5	17,903	—
TOTAL		44,897,491	—
ASSETS			
NON-CURRENT ASSETS			
Non-Current Investments	6	44,601,000	—
Other Non Current Assets	7	29,673	—
CURRENT ASSETS			
Cash and Bank Balances	8	266,818	—
TOTAL		44,897,491	—

Significant accounting policies 1

The accompanying notes are an integral part of the financial statements

"As per our Report of even date"

For B. K. SHROFF & CO
Chartered Accountants
 Firm Registration no. 302166E
 L. K. Shroff
Partner
 Membership No. 060742
 Place : Kolkata
 Dated: 23rd May, 2013

For and on behalf of Board of Directors

ARVIND KUMAR SINGH
TRIDIB KUMAR DAS
YASWANT MISHRA
Directors

Statement of Profit and Loss for the year ended 31st March, 2013

	Notes	31st March 2013	31st March 2012
Income			
Revenue from operations	9	1,023,735	–
Total Revenue (I)		1,023,735	–
Expenses			
Other expenses	10	20,412	–
Total Expenses (II)		20,412	–
PROFIT BEFORE TAX (I) - (II)		1,003,323	–
Tax expense :			
Current Tax		–	–
Deferred Tax		–	–
Total Tax Expenses		–	–
PROFIT AFTER TAX		1,003,323	–
Earning per equity share (Nominal Value of Rs. 10/- each)			
Basic & Diluted	11	20.07	–
Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

“As per our Report of even date”

For B. K. SHROFF & CO
Chartered Accountants
Firm Registration no. 302166E
L. K. Shroff
Partner
Membership No. 060742
Place : Kolkata
Dated: 23rd May, 2013

For and on behalf of Board of Directors

ARVIND KUMAR SINGH
TRIDIB KUMAR DAS
YASWANT MISHRA
Directors

Notes to financial statements for the year ended 31st March 2013

Corporate Information

PIC Realcon Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on **28.01.2013** as Small & Medium size company as defined in the General Instruction in respect of Accounting Standard notified under the Companies (Accounting Standard) Rules, 2006. Accordingly, the Company has complied with the Accounting Standard as applicable to Small & Medium sized company.

I. SIGNIFICANT ACCOUNTING POLICIES

i) Basis for preparation :

The financial statements have been prepared to comply in all material respect with applicable accounting principles generally accepted in India, including mandatory Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as ammended) and the relevant provisions of the Companies Act, 1956, under historical cost convention and on an accrual basis.

ii) Revenue Recognition :

Dividend income is recognised when the shareholders' right to receive payment is established by the balance sheet date.

iii) Investments :

Investments that are readily relisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as Non-Current investments. Non-Current investments are valued at cost & Current investments are carried at lower of cost and fair value determined on an individual investment basis.

iv) 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.

v) Taxes on Income

Provision for tax is made in the accounts as payable as per provision of Income Tax, 1961, Deferred Tax Asset is recognized in accounts only when there is virtual certainty of its realisation in near future.

Notes to financial statements for the year ended 31st March 2013

2. SHARE CAPITAL

Particulars	As at 31st March, 2013	As at 31st March, 2012
Authorised Shares		
50,000 Equity Shares of 10/- each (P.Y. - Nil)	500,000	–
Issued, subscribed and fully paid up shares		
50,000 Equity Shares of 10/- each (P.Y. - Nil)	500,000	–

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

	31st March 2013		31st March 2012	
	No. of Shares	()	No. of Shares	()
Equity Shares				
At the beginning of the Period	–	–	–	–
Add: Issued during the period	50,000	500,000	–	–
Outstanding at the end of the period	50,000	500,000	–	–

- (b) 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 dividend proposed by the board of directors is subject to the approval of the shareholders in the Annual General Meeting and payable in Indian Rupees.

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

	31st March 2013		31st March 2012	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pilani Investment & Industries Corpn. Ltd.	50,000	100.00	–	–

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

3. Reserves & Surplus

	31st Mar. 2013	31st Mar. 2012
	()	()
Surplus in the statement of Profit & Loss		
Balance as per the last Financial Statements	–	–
Profit for the year	1,003,323	–
Less : Appropriations	–	–
Closing Balance	1,003,323	–
Total Reserves & Surplus	1,003,323	–

Notes to financial statements for the year ended 31st March 2013

			31st Mar. 2013	31st Mar. 2012
4. Long-Term borrowings			()	()
Loan from companies				
Loan from Holding Company				
Pilani Investment & Industries Corpn. Ltd.			43,376,265	–
(Interest Free Loan)				
5. Other Current Liabilities			31st Mar. 2013	31st Mar. 2012
			()	()
Liabilities for Expenses			17,903	–
			17,903	–
6. Non-Current Investments				
Non-Trade Investments	No. shares	Face Value	31st Mar. 2013	31st Mar. 2012
(Valued at cost)			()	()
Unquoted equity investment				
(Fully Paid)				
Hindustan Times	1,92,000	10	218,493	–
Gmmco Limited	68,249	10	34,209,811	–
Orient Cement Ltd.	425,260	1	2,558,148	–
			36,986,452	–
Quoted equity shares (Fully Paid)				
Cimmco Limited	70,780	10	503,016	–
Hindustan Everest Tools Ltd.	52,175	10	466,277	–
KDDL Ltd.	35,000	10	305,830	–
Orient Papers & Industries Ltd.	425,260	1	1,859,307	–
Sutlej Textiles & Industries Ltd.	114,309	10	2,470,700	–
SIL Investment Limited	114,309	10	2,014,376	–
Zenith Birla Limited	3,432	10	15,092	–
			7,614,548	–
			44,601,000	–
Aggregate Value of Quoted Investments			7,614,548	–
Aggregate Value of Unquoted Investments			36,986,452	–
Market Value of Quoted Investments			37,768,058	–
7. Other Non Current Assets			31st Mar. 2013	31st Mar. 2012
			()	()
Miscellaneous Expenditures				
Preliminary Expenses			29,673	–
			29,673	–

Notes to financial statements for the year ended 31st March 2013

	31st Mar. 2013	31st Mar. 2012
8. Cash and Bank Balances	()	()
Balance with Banks		
On Current Accounts with HDFC Bank Ltd.	257,602	-
Cash on Hand	9,216	-
	<u>266,818</u>	<u>-</u>
9. Revenue from Operations	31st Mar. 2013	31st Mar. 2012
	()	()
Dividend Income on		
- Non Current Investments	10,23,735	-
	<u>10,23,735</u>	<u>-</u>
10. Other Expenses	31st Mar. 2013	31st Mar. 2012
	()	()
Bank Charges	56	-
General Expenses	456	-
Printing Expenses	3,120	-
Payment to Auditors		
- As Audit Fee	13,483	-
Priliminary Expenses -Written Off	3,297	-
	<u>20,412</u>	<u>-</u>
11. Earning Per Share	31st Mar. 2013	31st Mar. 2012
	()	()
Profit after Tax as per Statement of Profit & Loss	1,003,323	-
Weighted Average no. of Equity Shares (Nos.)	50,000	-
Basic & Diluted Earning Per Share	<u>20.07</u>	<u>-</u>

12. During the Current financial year all the Non Current Investment in Equity instruments amounting 4,46,01,000/- has received/transferred from holding company i.e. 'Pilani Investment & Industries Corpn. Ltd.' However the transfer of the same in the name of the Company is under process.

13. Figures have been rounded off to nearest Rupee.

As per our Report of even date.

For B. K. SHROFF & CO
Chartered Accountants
Firm Registration no. 302166E
L. K. Shroff
Partner
Membership No. 060742
Place : Kolkata
Dated: 23rd May, 2013

For and on behalf of Board of Directors

ARVIND KUMAR SINGH
TRIDIB KUMAR DAS
YASWANT MISHRA
Directors

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF PILANI INVESTMENT & INDUSTRIES CORPORATION LIMITED

We have audited the accompanying Consolidated financial statements of **PILANI INVESTMENT & INDUSTRIES CORPORATION LIMITED** (the Company), its Subsidiaries and Associate, which comprise the consolidated Balance sheet as at March 31, 2013 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements.

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedure that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

- a) *As indicated in Note 2 (ii)(c) to the Consolidated Financial Statements, difference of ₹ 1538764 thousands between the Company's investments and share of equity in the Associate Company has been credited to revenue reserves since the details of such differences on various dates of acquisitions were not available.*
- b) *As indicated in Note 21 to the Consolidated Financial Statements, no provision has been made in respect of deposit of 6928 thousands with the Debt Recovery Tribunal against claim made by a bank on the basis of guarantee given in the earlier years since the matter is pending with Hon'ble Bombay High Court. Consequently, we are unable to comment on the effect of the above on the financial statements.*
- c) *As indicated in Note 32 to the Consolidated Financial Statements, investment reserve of 303916 thousands in respect of certain quoted investments sold during the year, has not been withdrawn & credited to the statement of Profit & Loss, with an impact of 303916 thousands (including tax provision of 60807 thousands) on the profit for the year. Had the impact of above been considered, the profit for the year would have been 1579608 thousands as against the reported profit of 1275692 thousands.*

- d) *As indicated in Note 34 to the Consolidated Financial Statements, concentration of credit / investment norms as provided in paragraph 18 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) has exceeded the limits provided therein for which the Company has applied to the Reserve Bank of India seeking either exemption from complying with the aforesaid norms up to 31st March, 2014 or approval of conversion from Non Banking Financial Company to Core Investment Company whichever is earlier. Pending such exemption / approval, we are unable to comment on the possible effects of the above on the financial statements.*

In respect of items (a) and (b) above, our audit report for the year ended 31st March 2012 was similarly qualified.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for possible effects of the matters stated in para (b) and (d) and the effect of the matter stated in para (a) and (c) in the Basis for Qualified Opinion paragraph, the consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the Consolidated Balance Sheet, the state of affairs of the Company and its subsidiaries/associate as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit & Loss, of the profit of the Company and its subsidiaries/associate for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Company and its subsidiaries/associate for the year ended on that date.

Other Matter

We did not audit proportionate total assets of 30456841 thousands as at March 31, 2013 and proportionate total revenues of 21982855 thousands and net cash outflows amounting to 563 thousands for the year ended, included in accompanying consolidated financial statements in respect of the subsidiaries and associate, whose financial statements and other information have been audited by other auditors and whose reports have been furnish to us. Our opinion in so far as it relates to the affairs of such subsidiaries and associate is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

*For S. R. BATLIBOI & CO. LLP
Chartered Accountants
Firm Registration Number : 301003E*

Place : Kolkata
Date : 28th May, 2013

*Per R. K. AGRAWAL
Partner
Membership No. 16667*

BALANCE SHEET AS AT 31ST MARCH 2013

	Notes	31st March, 2013 in '000s	31st March, 2012 in '000s
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	79,088	79,088
Reserves and Surplus	4	13,387,560	12,373,886
Non-Current Liabilities			
Long Term borrowings	5	21,930	21,930
Long term provisions	6	250	120
Current Liabilities			
Trade payables	7	2,179	1,717
Other current liabilities	7	4,269	3,705
Short term provisions	6	243,506	237,554
TOTAL		13,738,782	12,718,000
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible assets	8	26,220	26,663
Non-current investments	9	10,401,678	11,915,375
Long term loans and advances	10	53,656	51,610
Other Current Assets	12.2	30	–
Current Assets			
Current investments	11	2,229,546	612,581
Trade receivables	12.1	6,124	3,195
Cash and Bank balances	13	5,387	7,068
Short-term Loans and advances	10	1,000,262	101,154
Other current assets	12.2	15,879	354
TOTAL		13,738,782	12,718,000
Summary of Significant accounting policies	2		

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

As per our report of even date.

	<i>For</i> S. R. BATLIBOI & CO. LLP	<i>For and on behalf of the Board of Directors</i>
	<i>Chartered Accountants</i>	
	<i>Firm registration No. 301003E</i>	
	Per R. K. AGRAWAL	R. A. MAKHARIA
	<i>Partner</i>	<i>Executive Director</i>
	<i>Membership No. 16667</i>	P. K. KHAITAN
		<i>Director</i>
Place : Kolkata		R. S. KASHYAP
Date : 28th May, 2013		<i>Company Secretary</i>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

	Notes	31st March, 2013 in '000s	31st March, 2012 in '000s
INCOME			
Revenue from operations	14	1,778,944	276,462
Other Income	15	323	10,821
Total Revenue (I)		1,779,267	287,283
EXPENSES			
Employee benefits expenses	16	8,118	6,878
Depreciation and amortization expense	18	292	197
Other expenses	17	16,911	31,230
Total Expenses (II)		25,321	38,305
Profit before tax [III = (I) - (II)]		1,753,946	248,978
Tax Expense :			
Current Tax (including (Nil) 2,933 thousands in respect of earlier years)		351,406	9,325
Total Tax Expenses (IV)		351,406	9,325
Profit for the year [A = (III) - (IV)]		1,402,540	239,653
Share of Profit/(Loss) in Associate Company		(126,848)	81,390
Profit for the year (A + B)		1,275,692	321,043
Earnings per Equity Shares [Nominal Value of each (10/-)]	10/-		
Basic & Diluted	26	161.30	40.59
Summary of Significant Accounting Policies			
2			

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For **S. R. BATLIBOI & CO. LLP** For and on behalf of the Board of Directors
Chartered Accountants

Firm registration No. 301003E

Per **R. K. AGRAWAL**

Partner

Membership No. 16667

R. A. MAKHARIA

Executive Director

P. K. KHAITAN

Director

R. S. KASHYAP

Company Secretary

Place : Kolkata

Date : 28th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	in '000s	
	2012-2013	2011-2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	1,753,946	248,978
Adjustment for :		
Depreciation	292	197
(Profit) / Loss on Sale of Fixed Assets	(24)	-
Provision for diminution in value of current investments / (Net of excess provision written back)	(249)	11,421
Contingent Provisions Against Standard Assets	2,490	245
Provision against Non-performing Assets (Net of excess provision written back)	11	(27)
Operating Profit before working capital changes :	1,756,465	260,814
Increase / (Decrease) in long-term provisions	130	19
Increase / (Decrease) in Trade Payables	462	182
Increase / (Decrease) in other current liabilities	(36)	(142)
Increase / (Decrease) in Short-term provisions	1,645	1,010
(Increase) / Decrease in long term-loans and advances	-	13
(Increase) / Decrease in short-term loans and advances	(899,108)	(100,779)
(Increase) / Decrease in other Non Current Assets	(30)	-
(Increase) / Decrease in Other Current Assets	(15,525)	(354)
(Increase) / Decrease in Trade Receivables	(2,930)	(1,775)
(Increase) / Decrease Non Current Investments	1,356,106	187,812
(Increase) / Decrease in Current Investments	(1,616,716)	(99,724)
Cash Generated from operations :	580,464	247,076
Income Taxes paid (Net of Refunds)	(351,174)	(14,936)
Net cash flow from / (used in) operating activities	229,290	232,140
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Capital Advances	(2,000)	-
Purchase of Fixed Assets	223	-
Sales of Fixed Assets	-	(780)
Net cash flow from / (used in) investing activities	(1,777)	(780)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	in '000s	
	2012-2013	2011-2012
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Dividend Paid	(197,119)	(196,345)
Tax on Dividend Paid	(32,075)	(32,075)
Net cash flow from / (used in) Financing activities	(229,194)	(228,420)
NET CHANGES IN CASH & CASH EQUIVALENTS (A+B+C)	(1,681)	2,941
CASH & CASH EQUIVALENTS AT THE BEGINING OF THE YEAR	7,068	4,127
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	5,387	7,068
Cash on hand	15	14
Balances with scheduled banks on current account*	4,671	4,805
Fixed Deposits with Banks	701	2,249
Cash & bank Balances as per Note 13	5,387	7,068

* Includes balance of 3,245 thousands (2,645 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.

	For S. R. BATLIBOI & CO. LLP	For and on behalf of the Board of Directors
	<i>Chartered Accountants</i>	
	<i>Firm registration No. 301003E</i>	
	Per R. K. AGRAWAL	R. A. MAKHARIA
	<i>Partner</i>	<i>Executive Director</i>
	<i>Membership No. 16667</i>	P. K. KHAITAN
Place : Kolkata		<i>Director</i>
Date : 28th May, 2013		R. S. KASHYAP
		<i>Company Secretary</i>

Notes to Financial Statements as at and for the year ended 31st March 2013

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, applied by the Company are consistent with those used in the previous year.

2. **Significant Accounting Policies :**

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

The consolidated Financial statements which related to Pilani 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 subsidiaries 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 companies 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 companies considered in the financial statements are as follows:

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

(with effect from 28th January 2013)

- 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 as at and for the year ended 31st March 2013

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 31.03.2013</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 the details of 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. 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.

iv. 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 Funds units are accounted for net of security transaction tax and exit load.

Notes to Financial Statements as at and for the year ended 31st March 2013

v. Provisioning on Standard Assets

In 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.

vi. 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).

vii. 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.

viii. Depreciation

Depreciation on Fixed Assets is provided as per useful lives of the assets estimated by the Management which is equal to rates specified in Schedule XIV of the Companies Act, 1956 on reducing balance method.

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

ix. 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.

x. 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 Non Current / long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- b) Non-Current / 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.

Notes to Financial Statements as at and for the year ended 31st March 2013

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

Investment Property

An investment in Land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property,. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management, or that prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

xi. 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.

xii. 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) Short term compensated absences are provided for based on estimates where as 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.

xiii. 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.

Notes to Financial Statements as at and for the year ended 31st March 2013

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.

xiv. 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.

Minimum Alternate Tax paid in a year is charged to the Statement of Profit & Loss as current tax. The Company recognize MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e. the period of which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the guidance Note on Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 the said asset is created by way of credit to the statement of profit & loss and shown as "MAT Credit entitlement". The Company reviews the "MAT Credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Notes to Financial Statements as at and for the year ended 31st March 2013

xv. Foreign Currency Transactions

a) Initial Recognition

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

b) Conversion

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

c) Exchange Differences

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

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

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

xvi. 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

Notes to Financial Statements as at and for the year ended 31st March 2013

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.

xvii. 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 probable 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.

xviii. 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 as at and for the year ended 31st March 2013

3. Share Capital

	<u>31st March, 2013</u> (in 000s)	<u>31st March, 2012</u> (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 2013</u>		<u>31st March 2012</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	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
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 declares and pays dividend in Indian Rupees.

During the year ended 31st March 2013, the amount of per share dividend recognised as distribution 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 2013</u>		<u>31st March 2012</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 as at and for the year ended 31st March 2013

	<u>31st March, 2013</u>	<u>31st March, 2012</u>
	<u>(in 000s)</u>	<u>(in 000s)</u>
4. Reserves & Surplus		
Investment Reserve		
Balance as per the last Financial Statements	3,764,168	3,764,168
Less: Provision against diminution in value long term investments	170	–
	<u>3,763,998</u>	<u>3,764,168</u>
General Reserve		
As per last Balance Sheet	1,691,531	1,648,634
Add: Transfer from Statement of Profit & Loss Account	160,000	42,897
	<u>1,851,531</u>	<u>1,691,531</u>
Statutory Reserve		
As per the last Balance Sheet	956,635	870,840
Add: Transfer from Statement of Profit & Loss Account	317,872	85,795
	<u>1,274,507</u>	<u>956,635</u>
Surplus in the statement of Profit & Loss Account		
Balance as per the last Financial Statements	5,961,552	6,029,521
Profit for the year	1,275,692	321,043
Less: Appropriations		
Dividend Tax on profit of associate	30,527	30,526
Proposed Dividend	197,719	197,719
Tax on Proposed Dividend	33,602	32,075
Transfer to Statutory Reserve	3,17,872	85,795
Transfer to General Reserve	160,000	42,897
Surplus in the Statement of Profit and Loss	<u>6,497,524</u>	<u>5,961,552</u>
Total Reserves & Surplus	<u>13,387,560</u>	<u>12,373,886</u>

5. Long-Term borrowings

	<u>Non-Current Portion</u>		<u>Current Portion</u>	
	<u>31st March 2013</u>	<u>31st March 2012</u>	<u>31st March 2013</u>	<u>31st March 2012</u>
	<u>(in 000s)</u>	<u>(in 000s)</u>	<u>(in 000s)</u>	<u>(in 000s)</u>
Secured				
Security Deposit against Rent	30	30	–	–
Unsecured				
From - M/s Birla Group Holdings Pvt. Ltd.	21,900	21,900	–	–
	<u>21,930</u>	<u>21,930</u>	<u>–</u>	<u>–</u>

Notes to Financial Statements as at and for the year ended 31st March 2013

6. Provisions

	Long Term		Short Term	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Provisions for Employee Benefits				
Gratuity (Note 23)	161	120	6,756	5,417
Leave Benefits	89	–	2,340	2,034
	250	120	9,096	7,451

Other Provisions

Provision for tax (net of advance tax & tax deducted at 351,024 thousands)	–	–	280	–
Proposed Equity Dividend	–	–	197,719	197,719
Provision for tax on proposed Equity Dividend	–	–	33,602	32,075
Contingent Provisions against Standard Assets	–	–	2,748	259
Provision for Non-Performing Assets	–	–	61	50
	–	–	234,410	230,103
	250	120	243,506	237,554

7. Other Current Liabilities

	31st March, 2013 (in 000s)	31st March, 2012 (in 000s)
Trade Payables (Refer Note 28)	2,179	1,717
Other Liabilities		
Investors Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	3,245	2,645
Others		
Security Deposits	679	679
Statutory Dues	208	244
Miscellaneous	137	137
	4,269	3,705
	6,448	5,422

Notes to Financial Statements as at and for the year ended 31st March 2013

(in 000s)						
8. Tangible Assets	Land	Buildings	Furnitures & Fixtures	Office Equipments	Vehicles	TOTAL
Cost or Valuation						
As at 1st April 2011	24,822	3,426	193	300	692	29,434
Additions	–	–	–	–	780	780
Disposals	–	–	–	–	–	–
As at 31st March 2012	24,822	3,426	193	300	1,472	30,214
Additions	–	–	–	–	–	–
Disposals	–	–	–	(292)	(692)	(984)
As at 31st March 2013	24,822	3,426	193	8	780	29,230
Depreciation						
As at 1st April 2011	–	2,507	172	296	427	3,403
Charge for the year	–	46	7	–	94	147
Disposals	–	–	–	–	–	–
As at 31st March 2012	–	2,553	179	296	521	3,550
Charge for the year	–	44	4	–	198	246
Disposals	–	–	–	(288)	(497)	(785)
As at 31st March 2013	–	2,597	183	8	222	3,010
Net Block						
As at 31st March 2012	24,822	873	14	4	951	26,663
As at 31st March 2013	24,822	829	10	–	558	26,220

Notes to Financial Statements as at and for the year ended 31st March 2013

9. Non-Current Investments

			31st March, 2013	31st March, 2012
			(in 000s)	(in 000s)
Investment Property (valued at cost less accumulated depreciation)				
Cost of Land, Building & Furniture given on Operating Lease			<u>7,000</u>	<u>7,000</u>
Depreciation as at 1st April 2012			5,477	5,427
For the year			<u>46</u>	<u>50</u>
Total Depreciation			<u>5,523</u>	<u>5,477</u>
Net Block			<u>1,477</u>	<u>1,523</u>
Non-Trade Investments (valued at cost)				
Unquoted equity instruments (Fully Paid)	No. of	Face Value per	31st	31st
	Shares/Units	Share/Unit	March, 2013	March, 2012
Birla Buildings 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>34,210</u>	<u>34,125</u>
			<u>36,274</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	-	10	-	300
	(26,730)			
Birla Sunlife Capital Protection Fund	50,000	10	500	500
Birla Sunlife Dynamic Bond Fund	22,366	10	400	400
Birla Sunlife Opportunity Fund - Growth	16,672	10	311	-
	(-)			
			<u>3,787</u>	<u>3,776</u>

Notes to Financial Statements as at and for the year ended 31st March 2013

	No. of Shares/Units	Face Value per Share/Unit	31st March, 2013 (in 000s)	31st March, 2012 (in 000s)
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 2013			5,388,096	5,733,683
# Includes Goodwill 1,16,774 thousands arisen on acquisitions of shares [Refer Note 2. (ii)(c)]			<u>6,973,847</u>	<u>7,319,434</u>
In Other Companies				
Aditya Birla Nuvo Limited*	1,87,098	10	29,408	29,408
Aditya Birla Chemicals (India) Limited*	3,90,000	10	4,095	4,095
Cimmco Limited	70,780	10	504	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	446	441
Jayshree Tea & Industries Limited	2,844	5	41	41
KDDL Limited	35,000	10	306	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 Cement Limited	1,74,206	1	2,558	-
	(-)			
Orient Paper & Industries Limited	2,51,054	1	1,859	4,333
Sutlej Textile & Industries Limited	1,14,309	10	2,471	2,404
SIL Investment Limited	1,14,309	10	2,014	1,997
Tanfac Industries Limited*	4,98,000	10	5,627	5,627
Tata Steel Limited	-	10	-	1,168,180
	(6,290,149)			
Ultra Tech Cement Limited	2,457,309	10	807,328	807,328
Umi Special Steels Limited	-	10	-	170
	(1,00,000)			

Notes to Financial Statements as at and for the year ended 31st March 2013

	No. of Shares/Units	Face Value per Share/Unit	31st March, 2013 (in 000s)	31st March, 2012 (in 000s)
Zenith Birla Limited	3,432	10	15	15
Zuari Industries Limited	4,34,000	10	7,899	7,899
			3,386,293	4,554,453
			10,401,678	11,915,375
Aggregated Value of Investment Property			1,477	1,523
Aggregated Value of Quoted Investments			10,360,140	11,873,887
Aggregated Value of Unquoted Investments			40,061	39,965
Market Value of Quoted Investments			29,917,668	35,309,370
*Refer Note 22				
** Net of provision for other than temporary dimunition			170	—

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 :

	No. of Shares	Face Value (per share)
QUOTED (Fully Paid)		
Equity Shares		
Jiyajeerao Cotton Mills Limited	150	10
Kalyan Sundaram Cement Industries Limited	50,000	10
Saurashtra Chemicals Limited	1,65,874	10
Tungbhadra Industries Limited	1,865	10
UNQUOTED (Fully Paid)		
Equity Shares		
Bombay Industrial Traders 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

Notes to Financial Statements as at and for the year ended 31st March 2013

10. Loans and Advances

	Non-Current Portion		Current Portion	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Capital Advances				
Unsecured, Considered good unless otherwise stated	20,177	18,177	–	–
Security Deposits	2,549	2,549	–	–
Loan to Bodies Corporate	–	–	1,000,000	100,000
Advances recoverable in cash or kind				
Considered good	8	8	246	1,065
Considered doubtful	1,665	1,665	–	–
Less Provision for doubtful advances	(1,665)	(1,665)	–	–
Other Loans and Advances				
Advance income tax, Refund receivable (net of provision for taxation)	19,387	19,341	–	–
56132 thousand (56132 thousand)				
Prepaid Expenses	–	–	16	79
MAT Credit Entitlement	4,607	4,607	–	–
Loans to Employees	–	–	–	10
Deposits made against Demand Notice (Refer Note 21)	6,928	6,928	–	–
	<u>53,656</u>	<u>51,610</u>	<u>1,000,262</u>	<u>101,154</u>

11. Current Investments :

Investments in Mutual Funds (Unquoted) (Valued at Cost or Fair Value)	No. of Units	Face Value (per unit)	31st March 2013 (in 000s)	31st March, 2012 (in 000s)
Axis Treasury Advantage Fund - Dividend	30445.709	1000	30,475	–
	(–)			
Baroda Pioneer Treasury Advantage - Div.	20444.446	1000	20,465	–
	(–)			
Birla Sunlife Dividend Yield Plus -Growth	363,592.292	10	30,000	30,000
Birla Sunlife Frontline Equity - Growth	139,395.239	10	13,000	11,580
Birla Sunlife Midcap Fund-Div.	2,347,134	10	47,412	45,957
	(2,170,834)			

Notes to Financial Statements as at and for the year ended 31st March 2013

Birla Sunlife Midcap Fund-Growth	307,637	10	30,099	30,099
Birla Saving Fund-Div.	1,928,612	1000	193,031	43,276
	(432,462)			
Birla Sunlife Cash Manager Fund - Div.	1,162,572	100	116,343	—
	(—)			
Canara Robeco Treasury Advantage Fund - Dividend	34,172	1000	42,398	—
	(—)			
DSP Black Rock Equity Fund-Div.	332,352	10	14,995	15,001
	(329,408)			
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	23,823	23,444
DSP Black Rock Top - 100 Fund - Div.	1,333,554	10	25,562	24,910
	(1,304,343)			
DSP Black Rock Money Manager Fund - Dividend	119,404	1000	119,677	—
	(—)			
Franklin India Bluechip Fund-Growth	66,732	10	15,000	14,232
Franklin India Ultra Short Bond Fund	16,009,266	10	160,368	42,571
	(4,252,451)			
HDFC Equity Fund-Growth	72,405	10	16,019	16,019
HDFC Floating Rate Income Fund-Div.	2,553,457	10	25,741	—
	(—)			
ICICI Prudential Discovery Fund - Div.	1,230,831	10	22,783	20,476
	(1,114,054)			
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 Top-100-Growth	190,052	10	17,500	17,500
ICICI Prudential Infrastructure Fund- Growth	367,872	10	9,039	9,263
ICICI Prudential Flexible Income Plan	2,734,251	100	289,106	1,904
	(18,006)			
Kotak Mid-Cap - Dividend	513,321	10	8,425	8,004
Kotak Mid-Cap - Growth	778,236	10	20,000	19,234
Kotak Floater Long Term Fund-Div.-Div.	12,291,404	10	123,895	—
	(—)			
Reliance Banking Fund - Dividend	319,428	10	11,145	9,961
	(290,696)			
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	387,733	10	16,655	16,408
	(347,305)			
Reliance Pharma Fund - Growth	548,578	10	20,000	20,000
Reliance Regular Saving Fund - Div.	573,793	10	9,779	9,126
	(503,946)			

Notes to Financial Statements as at and for the year ended 31st March 2013

Reliance Money Manager Fund-Div.Fund	289,669	1000	290,066	—
	(—)			
Reliance Regular Saving Fund- Growth	1,061,372	10	25,694	25,694
Reliance Liquid Fund	—	10	—	1,800
	(161,598)			
Sundram Select Focus - Appreciation	114,651	10	9,584	9,276
Sundram Select Midcap - Appreciation	12,130	10	1,880	1,772
Sundram Smile - Dividend	822,546.367	10	8,212	8,373
Sundram Smile - Growth	207,342	10	5,796	5,909
Tata Treasury Advance Fund - Dividend	140,153	1000	141,476	—
Templeton India low Duration Fund Fund	—	10	—	5,000
	(481,547)			
UTI Mid cap - Dividend	386,698	10	8,247	8,012
UTI Mid cap - Growth	310,366	10	9,709	9,432
UTI Master Value Fund - Growth	196,618	10	9,825	9,792
UTI Treasury Advantage Fund	147,735	10	147,767	—
	(—)			
			2,229,546*	612,581

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

28,053

28,303

12. Trade Receivables and Other Assets

12.1 Trade Receivables

	Non-Current Portion		Current Portion	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Unsecured, Considered good				
Outstanding for a period exceeding six months from due date of payment	—	—	610	502
Other Debt	—	—	5,514	2,693
	—	—	6,124	3,195

12.2 Other Assets

Unsecured, Considered good				
Interest Accrued on Loans	—	—	15,879	354
Preliminary Expenses	30	—	—	—
	30	—	15,879	354
	30	—	22,003	3,549

Notes to Financial Statements as at and for the year ended 31st March 2013

13. Cash and Bank Balances

	Non-Current Portion		Current Portion	
	31st March 2013 (in 000s)	31st March 2012 (in 000s)	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Cash and cash equivalents				
Balances with Banks				
On Current Accounts	–	–	1,426	2,160
On Unpaid Dividend Account	–	–	3,245	2,645
Cash on Hand	–	–	15	14
Deposits with original maturity less than 3 months	–	–	701	2,249
	–	–	5,387	7,068

14. Revenue from Operations

	For the Year ended 31st March 2013 (in 000s)	For the Year ended 31st March 2012 (in 000s)
Dividend Income		
– Non Current Investments	254,047	242,150
– Current Investments	66,387	9,452
Profit on sale of Non-Current / long term investments (Refer Note 32)	1,370,129	–
Interest Income		
– On Loans	70,619	7,880
– On Fixed Deposit with Banks	287	319
Other Operating Revenue		
Rent Income	13,627	13,308
Service Charges	3,848	3,353
	1,778,944	276,462

15. Other Income

	For the Year ended 31st March 2013 (in 000s)	For the Year ended 31st March 2012 (in 000s)
Interest from Income Tax Department for Earlier years	4	10,752
Provision for Non-Performing Assets Written back	–	27
Provision for Diminution in value of Current Investment Written back	249	–
Profit on sale of Fixed Assets	24	–
Miscellaneous Receipts	46	42
	323	10,821

Notes to Financial Statements as at and for the year ended 31st March 2013

16. Employee Benefits Expenses

	For the Year ended 31st March 2013 (in 000s)	For the Year ended 31st March 2012 (in 000s)
Salaries and Bonus	5,424	4,527
Gratuity	1,381	943
Contribution to Provident and Other Funds	623	812
Staff Welfare Expenses	691	596
	8,118	6,878

17. Other Expenses

	For the Year ended 31st March 2013 (in 000s)	For the Year ended 31st March 2012 (in 000s)
Director's Fees	1,009	686
Insurance Charges	39	36
Loss on redemption of units in mutual funds (net)	4	-
Repairs & Maintenance (others)	11	66
Provisions for Non Performing Assets	11	-
Contingent Provisions against Standard Assets	2,490	245
Donations	160	8,975
Building Maintenance & Service Expenses	5,983	6,149
Provisions for Diminution in value of Current Investments	-	11,421
Rates & Taxes (Net)	2,322	801
Rent	660	622
Miscellaneous Expenses	3,550	1,782
Payment to Auditors		
As Auditors		
Audit Fee*	342	178
Limited Review	99	99
In Other Capacity		
For Certification, etc.	130	127
For Expenses, etc.	101	43
* includes 150 thousands for interim financial statements		
	16,911	31,230

19. Depreciation and Amortization Expenses

	For the Year ended 31st March 2013 (in 000s)	For the Year ended 31st March 2012 (in 000s)
Depreciation on Tangible Assets	246	147
Depreciation on Investment Property	46	50
	292	197

Notes to Financial Statements as at and for the year ended 31st March 2013

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

21,65,831 thousands (27,62,656 thousands)

20. 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. 31 below.

2. Contingent Liabilities :

Income Tax demands for earlier years aggregating to **26,218 thousands** (8,909 thousands) disputed by the Company.

21. 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.

22. 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. |

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

	(in 000s)	
A. Defined Contribution Plan	<u>2012-2013</u>	<u>2011-2012</u>
Contribution to Provident Fund	494	443
Contribution to superannuation Fund	90	368

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 as at and for the year ended 31st March 2013

Statement of Profit & Loss

Net employee benefit expense recognized in the employee cost :

	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Current Service Cost	313	262
Interest cost on benefit obligation	443	408
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	625	273
Net benefit expense	1381	943

Balance Sheet

Benefit asset/liability	31st March 2013 (in 000s)	31st March 2012 (in 000s)
Present value of defined benefit obligation	(6,917)	(5,536)
Fair value of plan assets	-	-
Plan asset/(liability)	(6,917)	(5,536)

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

Opening defined benefit obligation	5,536	4,804
Current service cost	313	262
Interest cost	443	408
Benefits paid	-	(211)
Actuarial (gains)/losses on obligation	625	273
Closing defined benefit obligation	6917	5536

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

Discount rate	8.00%	8.50%
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 2013	31st March 2012	31st March 2011	31st March 2010	31st March 2009
Defined Benefit Obligation	6917	5,536	4,804	3,064	3,060
Surplus / (Deficit)	(6,917)	(5,536)	(4,804)	(3,064)	(3,060)
Experience adjustments on plan liabilities	183	275	357	357	316

Notes to Financial Statements as at and for the year ended 31st March 2013

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 :

Sl. Name of the Company	No. of Equity Shares	Face Value per Share (₹)
(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 Earnings Per Share is as under :**

		2012 - 13	2011 - 12
Profit after Tax as per Statement of Profit & Loss Account	(₹ in 000s)	12,75,692	3,21,043
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earnings per share	(₹ / Share)	161.30	40.59
Nominal Value of Shares	(₹ / Share)	10.00	10.00

27. **Related Party Disclosures**

- a. **Name of other related parties :**

Key Management Personnel	Shri R. A. Makharia (Executive Director)
Key Management Personnel	31st March 2013 31st March 2012
Remuneration	3520 2,479

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) NIL (₹ **277 thousands**)

Notes to Financial Statements as at and for the year ended 31st March 2013

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 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 2013	31st March 2012
	(in 000s)	(in 000s)
Lease Payments made for the year	660	622

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. Current Tax for the year ended 31st March 2013 represents Minimum Alternate Tax (MAT) provided as per provisions of the Income Tax Act, 1961. However, MAT Credit entitlement of 334730 thousands, has not been recognized by the Company in the absence of convincing evidence to claim the above tax credit in future years.
32. During the year ended 31st March 2013, the Company has sold certain quoted investment and the differences of 1370118 thousands, between the cost of such shares being the book value as on 31st March 2003, in terms of the scheme of arrangement approved by Hon'ble Calcutta High Court in an earlier years and net sale proceeds has been credited to the Statement of Profit & Loss. However, Investment Reserve of 303,916 thousands against the above shares has not been withdrawn and adjusted in the accounts, although the same has been duly considered for the purpose of Minimum Alternate Tax based on a legal opinion.
33. In terms of resolution passed by the Board of Directors in their meeting held on 9th November, 2012, the Company has transferred / sold certain quoted / unquoted investments of 44325 thousands to its newly formed wholly owned subsidiary namely, PIC Realcon Limited during the year ended 31st March, 2013 at values appearing in the books of the Company.
34. The Company has made an application to Reserve Bank of India (RBI) vide its letter dated 8th March 2013 for its conversion from a Non Banking Financial Company (NBFC) to Core Investment Company (CIC) without accepting Public deposits, based on the fact the Company holds 90% of its net assets in group companies of which more than 60% of its net assets are invested in equity shares as per the audited interim financial statements as at 31st January, 2013. Accordingly, the Company has surrendered existing NBFC certificate with a request to cancel the same. The above application is pending with RBI as on date. However, pending above approval, the concentration of credit/Investment Norms as provided in Para-18 of Non-Banking

Notes to Financial Statements as at and for the year ended 31st March 2013

Financial (Non-Deposit Accepting or holding) companies prudential norms (Reserve Bank) Direction 2007 (as amended) has exceeded the limits provided therein for which the Company has applied to the RBI seeking exemption from complying with aforesaid norms up to 31st March, 2014, or approval of conversion from NBFC to CIC, whichever is earlier.

35. Previous year figures

Previous year's figures including those in brackets have been regrouped / rearranged where necessary to confirm the current year's figures.

For **S. R. BATLIBOI & CO. LLP**
Firm registration No. 301003E
Chartered Accountants

Per **R. K. AGRAWAL**
Partner
Membership No. 16667
Date : 28th May, 2013
Place : Kolkata

For and on behalf of the Board of Directors

R. A. MAKHARIA <i>Executive Director</i>	P. K. KHAITAN <i>Director</i>
R. S. KASHYAP <i>Company Secretary</i>	

