



**PILANI INVESTMENT AND
INDUSTRIES
CORPORATION LIMITED**

67th
**ANNUAL REPORT
AND ACCOUNTS
2013 - 2014**

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
CIN : L24131WB1948PLC095302
Website : www.pilaniinvestment.com
Email : pilaniinvestment1@gmail.com

Notice for Annual General Meeting is being sent separately through Speed Post/Registered Post as required under the Companies Act, 2013 and Rules made thereunder

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DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

We have pleasure in presenting the 67th Annual Report of the Company along with the Audited Statements of Accounts for the year ended 31st March, 2014. The Financial Results for the year are shown below :-

FINANCIAL RESULTS

	<i>(Amount in ₹ '000)</i>	
	2013-2014	2012-2013
Profit from operations, Dividend, Interest and Rent Income	6,39,441	5,70,789
Profit on sale of shares	–	13,70,118
Less: Depreciation	<u>1,579</u>	<u>248</u>
Profit before tax	6,37,862	19,40,659
Less: Provision for taxation	<u>38,197</u>	<u>3,51,300</u>
Profit after taxation	5,99,665	15,89,359
Add: Balance brought down	16,89,966	8,09,800
Profit available for appropriation	<u>22,89,631</u>	<u>23,99,159</u>
Appropriations :		
Special Reserve	1,19,935	3,17,872
Proposed Dividend	1,97,719	1,97,719
Corporate Dividend Tax	33,602	33,602
General Reserve	2,00,000	1,60,000
Balance carried forward	<u>17,38,375</u>	<u>16,89,966</u>
	<u>22,89,631</u>	<u>23,99,159</u>

The profitability of the Company for the year under review appears less, the reason being the profit on the sale of shares in the previous year and dividend not received on it in the current year. International Markets were not favourable and disappointments on macro front locally were the major factors affecting the capital markets. In order to control high inflation, RBI has continued tighter monetary policies resulting in higher interest rates on the borrowings by the various Companies affecting their margins. The economy has grown by about 5% in 2013-2014 and RBI has pegged the GDP growth for the current fiscal year at the same level.

DIRECTORS' REPORT — (Contd.)

This report has been prepared on the basis of the legal requirements under the Companies Act, 1956. As per General Circular no. 08/2014 issued by the Ministry of Corporate Affairs (MCA) dated 04-04-2014, the provisions of the Companies Act, 2013 will become applicable for all disclosures required under the Act for the year 2014-15 and subsequent years.

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, 2014 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.

CORPORATE SOCIAL RESPONSIBILITY

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of Shri B. K. Birla, Shri D. K. Mantri and Shri R. A. Makharia.

The said committee has been entrusted with the responsibility of formulating and recommending to the Board, Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the company, monitoring and implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

DIRECTORS

In view of the provisions of the Companies Act, 2013 read with provisions of the Listing Agreement, 1/3rd of the Directors on the board are required to be Independent Directors.

Independent Directors are not to be considered for the purpose of determining the directors liable to retire by rotation. Three of the existing directors viz. Shri P. K. Khaitan, Shri D. K. Mantri and Shri K. K. Daga are Independent Directors. Shri R. A. Makharia is the Executive Director, not liable to retire by rotation. 1/3rd of the remaining directors are liable to retire by rotation. Accordingly, Shri A. V. Jalan will be retiring at the ensuing Annual General Meeting and being eligible, offers himself for being re-elected. So far as the above three Independent Directors are concerned at the ensuing Annual General Meeting of the company, they would be appointed as the Independent Directors of the Company for a term of 5 consecutive years commencing from the date of the said 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, 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 Notes to Financial Statements 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, 2014 and the Profit or Loss of the Company for the financial year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

SUBSIDIARY COMPANY

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

AUDITORS

S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration Number : 301003E) the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Under the Companies Act, 2013 the Company's Statutory Auditors have compulsorily to retire by rotation after a fixed period. M/s. S. R. Batliboi & Co.LLP who have been the Company's Auditors for over 10 years are also due to retire but there is cooling off period of three years inclusive of 2014-2015. Hence M/s. S. R. Batliboi & Co.LLP are proposed to be reappointed for three years from the year 2014-2015 to be ratified every year and accordingly a resolution for their re-appointment will be placed before the Annual General Meeting for consideration by the share holders.

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.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, unpaid/unclaimed dividend for the financial year 2005-2006 has been transferred to the Investor Education and Protection Fund.

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 - The Company has no such transactions.

CONSOLIDATED FINANCIAL STATEMENTS

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 27, 2014

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

A. Atlas Iron & Alloys Limited

- i) Atlas Iron & Alloys Limited, subsidiary of the company went into Creditors Voluntary winding up vide its resolution dated 16th June, 1975 and the winding up proceedings are in progress. The information required to be given pursuant to Section 212 of the Companies Act, 1956, in respect of the Subsidiary as is applicable in view of the aforesaid is given below.
- ii) Pilani Investment and Industries Corporation Limited held 72,000 Equity Shares of ₹ 10/- each amounting to 96.83% of the total paid up Capital of 74,358 Equity Shares of ₹ 10/- each of Atlas Iron & Alloys Ltd. and continues to hold the same. In view of the Subsidiary being in liquidation and losses sustained by it, the investment of ₹ 7.20 lacs in the shares of the subsidiary as aforesaid is taken at nil value.

B. PIC Properties Limited

Pilani Investment and Industries Corporation Limited held 50,002 Equity Shares of ₹ 10/- each being the whole of the subscribed capital of PIC Properties Ltd. as on 31st March, 2014. The Financial year of the Company as well as the subsidiary ended on 31st March, 2014.

- 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 ₹ 4,01,073 [Previous year ₹ 4,08,350]
- 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.

C. 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, 2014. The Financial year of the Company as well as the subsidiary ended on 31st March, 2014.

- 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 ₹ 41,60,113 [Previous year ₹ 10,03,323]
- 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 27, 2014

R. A. MAKHARIA
Executive Director

B. K. BIRLA
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 (DIN : 00055856)	Non-Executive	4	—	—	—
Shri Kumar Mangalam Birla (DIN : 00012813)	Non-Executive	9	17	—	—
Shri P. K. Khaitan (DIN : 00004821)	Non-Executive*	14	—	3	—
Shri D. K. Mantri (DIN : 00075664)	Non-Executive*	3	23	—	—
Shri A. V. Jalan (DIN : 01455782)	Non-Executive	2	11	—	—
Shri K. K. Daga (DIN : 00897823)	Non-Executive*	1	2	—	—
Shri R. A. Makharia (DIN : 00103430)	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 2013-2014 Sittings fees for attending Meetings of the Board and/or committee thereof (All figures in ₹)
Shri B. K. Birla	60,000
Shri Kumar Mangalam Birla	-
Shri P. K. Khaitan	1,60,000
Shri D. K. Mantri	1,60,000
Shri A. V. Jalan	80,000
Shri K. K. Daga	1,60,000
Shri R. A. Makharia	80,000

Executive Director	Remuneration	Benefits and perquisites including ₹ 5,90,988/- being rent
Shri R. A. Makharia	₹ 39,20,112/-	₹ 20,69,646/-

- 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 ₹ 7,56,244/- has been paid towards Professional services to Khaitan & Co. LLP during the year 2013-2014.

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

- a. 4 meetings of the Board of Directors were held during the year ended 31st March, 2014. These were held on :
- | | | |
|----------------|----------------|----------------|
| (1) 28-05-2013 | (2) 06-08-2013 | (3) 08-11-2013 |
| (4) 14-02-2014 | | |

- b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2014 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	3	No
Shri Kumar Mangalam Birla	–	No
Shri P. K. Khaitan	4	Yes
Shri D. K. Mantri	4	Yes
Shri A. V. Jalan	2	No
Shri K. K. Daga	4	Yes
Shri R. A. Makharia	4	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 including Independent 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 2013-2014. 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 28-05-2013, 06-08-2013, 08-11-2013, and 14-02-2014. 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	4
Shri A. V. Jalan	2
Shri K. K. Daga	4

- (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 177 of the Companies Act, 2013.

E. Nomination and Remuneration Committee

In continuation of the practices of good Corporate Governance, the Board has constituted Nomination and Remuneration Committee of Directors of the Company to recommend / review remuneration of the Managing Director and/or Wholetime Directors as per requirement. However the Company has only one Executive Director.

The Committee comprises of Shri D. K. Mantri, Shri K. K. Daga and Shri A. V. Jalan - Non Executive Directors.

F. Corporate Social Responsibility Committee (CSR Committee)

The Company has constituted a Corporate Social Responsibility Committee (CSR Committee) comprising of Shri B. K. Birla, Shri D. K. Mantri and Shri R. A. Makharia. The said committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring and implementation for the framework of the CSR policy and recommending the amount to be spent on CSR activities.

G 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, 2014, 5 investors complaints/queries were received and as on 31st March, 2014 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.

H. Other Committees

As per the regulations of Reserve Bank of India for NBFC Companies, the Company has constituted three committees namely Risk Management Committee, ALM Committee and Investment Committee.

I. General Body Meetings

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

<u>Year</u>	<u>Date</u>	<u>Type</u>	<u>Location</u>	<u>Time</u>
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.
2012-2013	23.08.2013	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

J. 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 except stated in the Note No. 25 of Notes to Financial Statement as on date.
- (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.

K. 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

L. 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.

M. General Shareholder Information

- (i) Annual General Meeting to be held :
- | | | |
|------------|---|---|
| Day & Date | : | Friday, the 29 th August, 2014 |
| Venue | : | Birla Building, 9/1 R.N. Mukherjee Road, Kolkata – 700001 |
| Time | : | 3.00 P.M. |
- (ii) Financial Calendar (tentative) for the year 2014-15 :
- | | | |
|---|---|--|
| First Quarterly Results | : | On or before 14 th August, 2014 |
| Second Quarterly Results | : | On or before 14 th November, 2014 |
| Third Quarterly Results | : | On or before 14 th February, 2015 |
| Fourth Quarterly Results / Audited Yearly Results for the Year ended 31 st March, 2015 | : | Before end of May, 2015 |
- (iii) Date of Book Closure : 22nd August, 2014 to 29th August, 2014
(Both days inclusive)
- (iv) Date of Dividend payment : On or after 3rd September, 2014
- (v) Information pertaining to the Stock Exchanges :
- (a) The Equity Shares of the Company are listed at the following Stock Exchanges :
- Madhya Pradesh Stock Exchange, 201 Palika Plaza-II, MT H Compound, Indore – 452001 (M.P.) Stock Code No. : N.A.
 - Delhi Stock Exchange Association Ltd., DSE House, 3/1 Asaf Ali Road, New Delhi – 110002. Stock Code No. : DSE 16074
- 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 2014-2015 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 Bombay Stock Exchange Ltd. during the financial year 2013-14 are as under :

Quotation at Bombay Stock Exchange Limited.

Month	High ₹	Low ₹	Volume (In Nos.)
April 2013	1390	1292	2931
May 2013	1339	1275	5047
June 2013	1299	1220	4438
July 2013	1275	1151	3424
Aug. 2013	1220	1120	2555
Sept. 2013	1200	1092	3098
Oct. 2013	1195	1120	1151
Nov. 2013	1174	1093	2173
Dec. 2013	1170	1115	4302
Jan. 2014	1180	1061	3230
Feb. 2014	1108	1045	3047
Mar. 2014	1085	999	6595

(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, 2014

(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	4625	3,66,080	4.63
2.	501 to 1,000	140	1,04,321	1.32
3.	1,001 to 2,000	58	80,997	1.02
4.	2,001 to 3,000	14	36,229	0.46
5.	3,001 to 4,000	9	32,138	0.41
6.	4,001 to 5,000	4	18,499	0.23
7.	5,001 to 10,000	9	65,777	0.83
8.	10,001 to 20,000	7	1,01,474	1.28
9.	20,001 to 50,000	4	1,41,253	1.79
10.	50,001 to 1,00,000	2	1,21,457	1.54
11.	1,00,001 and above	8	68,40,525	86.49
	Total	4880	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	4568	93.60	6,64,322	8.39
3.	Private Corporate Bodies	217	4.45	26,36,224	33.33
4.	Financial Institutions/ Nationalised Banks	3	0.06	19,800	0.25
5.	Mutual Funds & Insurance	—	—	—	—
6.	FIIS	—	—	—	—
7.	NRI and OCBs	22	0.46	13,045	0.17
8.	Others	60	1.23	23,943	0.31
	Total	4880	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, 2014, 58,25,943 Company's Equity shares representing 73.66% of the Company's total Equity Shares were held in dematerialized form and balance 20,82,807 Equity Shares representing 26.34% 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 27, 2014

R. A. MAKHARIA
Executive Director

B.K. BIRLA
Director

DECLARATION

The Board of Directors and Senior Management personnel have affirmed their compliance of the '**Code of Conduct for Members of the Board and Senior Management**' for the year 2013-14 in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

May 27, 2014

R.A. Makharia
Executive Director

AUDITORS' CERTIFICATE

TO THE MEMBERS OF PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by **PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED**, for the year ended 31st March, 2014, 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 **Bhaswar Sarkar**

Partner

Membership No. 55596

Place : Kolkata

Dated : 27th May, 2014

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, 2014 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 notified under the Companies Act, 1956 read with General Circular8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity'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.

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 29 to the Financial Statements, the investments of the Company has exceeded the limits as per the concentration/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) for which the Company has applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms up to 31st March, 2015. Also the Company is in the process of making fresh application for its conversion from Non - Banking Financial Company to Core Investment Company. Pending such exemption/ approval, we are unable to comment on the possible effects of the above on the financial statements.*

INDEPENDENT AUDITORS' REPORT — (Contd.)

Our audit opinion on the financial statements for the previous year was also qualified in the respect of the above matters.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matters stated 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, 2014;
- (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. In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - e. On the basis of written representations received from the Directors, as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Per **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Dated : May 27, 2014

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, 2014)

- (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 Companies Act, 1956. Accordingly the provisions of clauses 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of 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 Companies Act, 1956. 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.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

ANNEXURE TO THE INDEPENDENT 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 Companies Act, 1956 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.	33,967	2008-09, 2009-10 & 2010-11	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.

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

- (xiv) In respect of dealing / trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the 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 **Bhaswar Sarkar**
Partner
Membership No. 55596

Place : Kolkata
Date : May 27, 2014

BALANCE SHEET AS AT 31ST MARCH 2014

	Notes	31st March, 2014 ₹ in '000s	31st March, 2013 ₹ in '000s
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	3	79,088	79,088
RESERVES AND SURPLUS	4	83,63,949	79,95,606
NON-CURRENT LIABILITIES			
LONG TERM PROVISIONS	5	190	161
CURRENT LIABILITIES			
TRADE PAYABLES	6	599	1,474
OTHER CURRENT LIABILITIES	6	5,996	4,936
SHORT TERM PROVISIONS	5	2,50,668	2,43,591
Total		87,00,490	83,24,856
A S S E T S			
NON CURRENT ASSETS			
FIXED ASSETS			
TANGIBLE ASSETS	7	421	569
NON CURRENT INVESTMENTS	8	65,92,231	49,66,192
LONG TERM LOANS AND ADVANCES	9	88,844	1,01,758
CURRENT ASSETS			
CURRENT INVESTMENTS	10	13,48,538	22,29,546
TRADE RECEIVABLES	11.1	3,987	6,124
CASH AND BANK BALANCES	12	66,285	4,648
SHORT TERMS LOAN AND ADVANCES	9	6,00,184	10,00,140
OTHER CURRENT ASSETS	11.2	—	15,879
Total		87,00,490	83,24,856

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 Bhaswar Sarkar R. A. MAKHARIA B. K. BIRLA
	<i>Partner</i> <i>Executive Director</i> <i>Director</i>
Place : Kolkata	R. S. KASHYAP
Dated : 27th May, 2014	<i>Company Secretary</i>
	<i>Membership No. 55596</i>

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	31st March, 2014 ₹ in '000s	31st March, 2013 ₹ in '000s
INCOME			
Revenue from operations	13	6,39,242	19,65,415
Other Income	14	28,278	299
Total Revenue (I)		6,67,520	19,65,714
EXPENSES			
Employee benefits expenses	15	9,135	8,111
Depreciation and amortization expense	17	1,579	248
Other expenses	16	18,944	16,696
Total Expenses (II)		29,658	25,055
Profit before tax (I) - (II)		6,37,862	19,40,659
Tax Expense :			
Current Tax		38,197	3,51,300
Profit for the year		5,99,665	15,89,359
Earnings per Equity Shares [Nominal Value of ₹ 10/- each (₹ 10/-)]			
Basic & Diluted (₹)	24	75.82	200.96

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.

Place : Kolkata	For S. R. BATLIBOI & CO. LLP For and on behalf of the Board of Directors Firm registration No. 301003E Chartered Accountants Per Bhaswar Sarkar Partner	R. A. MAKHARIA Executive Director	B. K. BIRLA Director
Dated : 27th May, 2014	Membership No. 55596	R. S. KASHYAP Company Secretary	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	31st March, 2014 ₹ in '000s	31st March, 2013 ₹ in '000s
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	6,37,862	19,40,659
Adjustment for :		
Provision for diminution in value of current investments no longer required written back	(28,054)	(249)
Contingent Provisions Against Standard Assets	–	2,470
Provision for Non-Performing Assets written back	(61)	11
Profit on sale of Fixed Assets	–	(4)
Depreciation and amortization expense	1,579	248
Operating profit before working capital changes :	6,11,326	19,43,135
Increase in Non-current provisions	29	60
(Decrease) / Increase in trade payables	(875)	462
Increase / (Decrease) in other current liabilities	514	(52)
Increase in Short-terms provisions	1,822	1,716
(Increase) / Decrease in Non-current investments	(16,27,473)	12,12,004
Decrease / (Increase) in Non-current loans and advances	4,201	(43,376)
Decrease / (Increase) in Current investments	9,09,062	(16,16,717)
Decrease / (Increase) trade receivables	2,137	(2,929)
Decrease / (Increase) in short-term loans and advances	3,99,956	(8,99,002)
Decrease / (Increase) in Other Current Assets	15,879	(15,525)
Cash generated from operations :	3,16,578	5,79,775
Direct tax paid	(32,881)	(3,51,024)
Net cash flow from operating activities	2,83,697	2,28,751
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital Advance	8,713	(2,000)
Sale of Fixed Assets	–	199
Net cash flow from / (used in) investing activities	8,713	(1,801)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	31st March, 2014 ₹ in '000s	31st March, 2013 ₹ in '000s
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(197,171)	(1,97,119)
Tax on Dividend Paid	(33,602)	(32,075)
Net cash flow from / (used in) Financing activities	(230,773)	(2,29,194)
D. NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	61,637	(2,244)
E. CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,648	6,892
F. CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	66,285	4,648
Components of cash and cash equivalents as indicated in Note 12 comprises of :		
Cash on hand	18	4
Balances with scheduled banks on current account*	4,598	3,943
Fixed Deposits with Banks	61,669	701
Total	66,285	4,648

* Includes balance of ₹ 3,792 thousands (₹ 3,245 thousands) with a bank for which instruments for dividend paid have been issued to the shareholders but are yet to be encashed and lying in Unpaid Dividend Account.

As per our Report of even date.

<p>Place : Kolkata Dated : 27th May, 2014</p>	<p>For S. R. BATLIBOI & CO. LLP For and on behalf of the Board of Directors Firm registration No. 301003E Chartered Accountants Per Bhaswar Sarkar Partner Membership No. 55596</p>	<p>R. A. MAKHARIA Executive Director</p> <p>B. K. BIRLA Director</p> <p>R. S. KASHYAP Company Secretary</p>
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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

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 and 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 Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs 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.

2.1 **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% on 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).

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

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.

vi. Depreciation

Depreciation on Fixed Assets is provided as per the useful lives 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. 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) 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.

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.

viii. Cash & Cash Equivalents

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

ix. 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. The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The company does not have an unconditional right to defer its settlement for the period beyond 12 months and accordingly entire leave liability is shown as current liability.
- d) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

x. Earnings per share

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

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

xi. Income Taxes

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

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

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

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.

xii. **Foreign Currency Transactions**

a. **Initial Recognition**

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

b. **Conversion**

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

c. **Exchange Differences**

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

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 2014

xiii. 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 leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of 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.

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

xv. Provision

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

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

3. SHARE CAPITAL	31st March, 2014 (₹ in 000s)	31st March, 2013 (₹ 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

There is no change in the number of shares in the current year and previous year.

(a) 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 2014, 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 equity shares held by the shareholders.

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

	31st March 2014		31st March 2013	
	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 2014

4. Reserve & Surplus	31st March, 2014	31st March, 2013
	(₹ in 000s)	(₹ in 000s)
Investment Reserve		
Balance as per the last Financial Statements	37,63,998	37,64,168
Less : Provision against diminution in value of long term investments	–	170
Less : Transfer to General Reserve	3,03,916 *	–
	34,60,082	37,63,998
General Reserve		
Balance as per the last Financial Statements	12,67,415	11,07,415
Add: Transfer from the statement of Profit & Loss	2,00,000	1,60,000
Add: Transfer from Investment Reserve	3,03,916 *	–
	17,71,331	12,67,415
Statutory Reserve		
Balance as per the last Financial Statements	12,74,227	9,56,355
Add: Transfer from the statement of Profit & Loss	1,19,935	3,17,872
	13,94,162	12,74,227
Surplus in the statement of Profit & Loss		
Balance as per the last Financial Statements	16,89,966	8,09,800
Profit for the year	5,99,665	15,89,359
Less : Appropriations		
Proposed Dividend	197,719	1,97,719
Tax on Proposed Dividend	33,602	33,602
Transfer to Statutory Reserve	1,19,935	3,17,872
Transfer to General Reserve	2,00,000	1,60,000
Surplus in the statement of Profit and Loss	17,38,375	16,89,966
Total Reserves & Surplus	83,63,949	79,95,606

*Represents withdrawal of Investment Reserve in respect of sale of certain investments during the year 2012-13, being the difference between the original cost and revalued amount of such investments

5. Provisions	Long Term		Short Term	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)
Provisions for Employee Benefits				
Provision for Gratuity (Note 21)	190	161	8,189	6,756
Provision for Leave Benefits	–	–	2,818	2,429
	190	161	11,007	9,185
Other Provisions				
Provision for tax (net of advance tax & tax deducted at source Rs. 3,83,904 thousands)	–	–	5,592	276
Proposed Equity Dividend	–	–	1,97,719	1,97,719
Provision for tax on proposed Equity Dividend	–	–	33,602	33,602
Contingent Provisions against Standard Assets	–	–	2,748	2,748
Provision for Non-Performing Assets	–	–	–	61
	–	–	2,39,661	2,34,406
	190	161	2,50,668	2,43,591

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

	31st March, 2014 (₹ in 000s)	31st March, 2013 (₹ in 000s)
6. Other Current Liabilities		
Trade Payables (Refer Note 26)	599	1,474
Other Liabilities		
Payable to Employees	1,177	686
Investors Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	3,792	3,244
Others		
Security Deposits	679	679
Statutory Dues	42	–
Other-Miscellaneous	306	327
	5,996	4,936
	6,595	6,410

7. Tangible Assets

	Furniture & Fixtures	Office Equipments	Vehicles	TOTAL (₹ in 000s)
Cost or Valuation				
As at 1st April 2012	193	8	1,472	1,673
Disposals	–	–	(692)	(692)
As at 31st March 2013	193	8	780	981
As at 31st March 2014	193	8	780	981
DEPRECIATION				
As at 1st April 2012	179	8	521	708
Charge for the year	4	–	198	202
Disposals	–	–	(497)	(497)
As at 31st March 2013	183	8	222	413
Charge for the year	3	–	144	147
As at 31st March 2014	186	8	366	560
Net Block				
As at 31st March 2013	10	–	558	569
As at 31st March 2014	7	–	414	421

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

			<u>31st March, 2014</u>	<u>31st March, 2013</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
Add : Additions during the year			7,520	–
Less : Disposals / deductions			488	–
Sub Total (A)			<u>14,032</u>	<u>7,000</u>
Depreciation as at 1st April 2013			5,523	5,477
Add : Depreciation for the year			1,432	46
Less : Depreciation on Disposal / Deductions			445	–
Sub Total (B)			<u>6,510</u>	<u>5,523</u>
Net Block (A-B)			<u>7,522</u>	<u>1,477</u>
Non-Trade Investments (valued at cost)	No. of	Face Value		
Unquoted equity instruments (Fully Paid)	shares	per share		
In Subsidiaries				
PIC Properties Limited	50,002	₹ 10	500	500
PIC Realcon Limited	50,000	₹ 10	500	500
	(–)			
In Other Companies				
Birla Building Limited	15,000	₹ 10	152	152
Birla Consultants Limited	12,000	₹ 10	120	120
Indo Thai Synthetics Co. Limited	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 Industry House Limited	2,812	₹100	189	189
			<u>2,846</u>	<u>2,846</u>
Quoted Equity Instruments (Fully Paid)				
In Associates				
Century Textiles & Industries Limited*	34,220,520	₹ 10	15,85,751	15,85,751
Kesoram Industries Limited*	2,73,38,750	₹ 10	16,82,442	62,447
	(24,15,750)			
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
Grasim Industries Limited	43,00,293	₹ 10	6,14,777	6,14,777
Hindalco Industries Limited	2,91,85,398	₹ 1	18,36,332	18,36,332

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

			31st March, 2014 (₹in 000s)	31st March, 2013 (₹in 000s)
Jayshree Tea & Industries Limited	2,844	₹5	41	41
Kesoram Textile Mills Limited	2,415,750	₹2	604	604
Mangalam Cement Limited*	1,120,000	₹10	7,560	7,560
Tanfac Industries Limited*	498,000	₹10	5,627	5,627
Ultra Tech Cement Limited	2,457,309	₹10	8,07,328	8,07,328
Umi Special Steels Limited**	1,00,000	₹10	-	-
	(1,00,000)			
Zuari Global Limited	4,34,000	₹10	3,949	3,949
Zuari Agro Chemicals Limited	4,34,000	₹10	3,949	3,949
			<u>65,81,863</u>	<u>49,61,869</u>
			<u>65,92,231</u>	<u>49,66,192</u>
Aggregated Value of Investment Property			7,522	1,477
Aggregated Value of Quoted Investments			65,81,863	49,61,869
Aggregated Value of Unquoted Investments			2,846	2,846
Market Value of Quoted Investments			3,68,46,703	2,98,79,900
*Refer Note 20				
** net of provision for other than temporary diminution			170	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 :

	<u>No. of Shares</u>	<u>Face Value (₹per share)</u>
QUOTED (Fully Paid)		
Equity Shares		
Jiyajeerao Cotton Mills Limited	150	10
Kalyan Sundaram Cement Industries Limited	50,000	10
Saurashtra Chemicals Limited	1,65,874	10
Tungbhadra Industries Limited	1,865	10
UNQUOTED (Fully Paid)		
Equity Shares		
Bombay Industrial Traders Limited (In liquidation)	915	100
Hind Cycles Limited (In liquidation)	400	100
Industrial Plants Limited (in liquidation)	75,000	10
Mckenzie's Limited	753	10

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

			No. of Shares	Face Value (₹ per share)
In Subsidiary Companies				
Atlas Iron and Alloys Limited (in liquidation)			72,000	10
Debentures				
Hind Cycles Limited (In liquidation)			66	100
UNQUOTED (Partly Paid)				
Equity Shares				
Central Distributors Limited (in Liquidation) (Paid up ₹ 7.50 per share)			1,284	10
9. Loans and Advances				
	Non-Current Portion		Current Portion	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)
Capital Advances	11,464	20,177	-	-
Unsecured, Considered good				
Security Deposits	2,549	2,549	-	-
Unsecured, Considered good				
Loans				
Unsecured, Considered good				
To Subsidiary Company (Interest Free)	43,984	48,185	-	-
To Bodies Corporate	-	-	6,00,000	10,00,000
Advances recoverable in cash or in kind				
Unsecured, Considered good			140	92
Unsecured, considered doubtful	1,665	-	-	-
Less Provision for doubtful advances	1,665	-	-	-
Other Loans and Advances				
Unsecured, Considered good				
Advance income tax, Refund receivable (net of provision for taxation ₹ 56,312 thousands)	19,312	19,312	-	-
Prepaid Expenses	-	-	35	48
MAT Credit Entitlement	4,607	4,607	-	-
Loans to Employees	-	-	9	-
Deposits made against Demand Notice (Refer Note 19)	6,928	6,928	-	-
	88,844	1,01,758	6,00,184	10,00,140

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

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 2014 (₹ in 000s)	31st March, 2013 (₹ 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	— (3,63,592)	₹ 10	—	30,000
Birla Sunlife Frontline Equity-Growth	— (1,39,395)	₹ 10	—	13,000
Birla Sunlife Midcap Fund-Div.	— (23,47,134)	₹ 10	—	47,412
Birla Sunlife Midcap Fund-Growth	— (3,07,637)	₹ 10	—	30,099
Birla Saving Fund-Div.	— (19,28,612)	₹ 1000	—	1,93,031
Birla Sunlife Cash Manager Fund-Growth	5,09,987 (—)	₹ 100	1,04,169	—
Birla Sunlife Saving Fund-Dividend	18,56,813 (—)	₹ 10	1,85,944	—
Birla Sunlife Cash Manager Fund - Div.	12,85,003 (11,62,572)	₹ 100	1,28,765	1,16,343
Canara Robeco Treasury Advantage Fund-Div.	— (34,172)	₹ 1000	—	42,398
DSP Black Rock Equity Fund-Div.	— (3,32,352)	₹ 10	—	14,995
DSP Black Rock Equity Fund-Growth	— (16,62,040)	₹ 10	—	22,536
DSP Black Rock Small & Mid cap Fund - Growth	— (13,79,131)	₹ 10	—	23,823
DSP Black Rock Top - 100 Fund - Div.	— (13,33,554)	₹ 10	—	25,562
DSP Black Rock Money Manager Fund - Div.	1,20,799 (1,19,404)	₹ 1000	1,21,278	1,19,677
Franklin India Bluechip Fund-Growth	— (66,732)	₹ 10	—	15,000
Franklin India Ultra Short Bond Fund	— (1,60,09,266)	₹ 10	—	1,60,368
HDFC Equity Fund-Growth	— (72,405)	₹ 10	—	16,019
HDFC Floating Rate Income Fund-Div.	— (25,53,457)	₹ 10	—	25,741

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

	Nos. of Units	Face Value ₹ per unit	31st March 2014 (₹ in 000s)	31st March, 2013 (₹ in 000s)
HDFC Cash Manager Fund	51,72,498	₹ 10	51,888	—
	(—)			
HDFC Liquid Fund - Dividend	22,66,187	₹ 10	23,111	—
	(—)			
ICICI Prudential Discovery Fund - Div.	(12,30,831)	₹ 10	—	22,783
ICICI Prudential Dynamic Plan-Cum.	(1,97,717)	₹ 10	—	20,000
ICICI Prudential Focused Fund-Growth	(12,37,030)	₹ 10	—	16,020
ICICI Prudential Top-100-Growth	(1,90,052)	₹ 10	—	17,500
ICICI Prudential Infrastructure Fund - Growth	(3,67,872)	₹ 10	—	9,039
ICICI Prudential Flexible Income Plan	(27,34,251)	₹ 100	—	2,89,106
ICICI Prudential Fixed Maturity Plan Series 68	23,50,000	₹ 10	23,500	—
	(—)			
ICICI Prudential Money Manager Fund-Growth	7,02,811	₹ 100	1,24,204	—
	(—)			
ICICI Prudential Regular Saving Fund - Div.	3,03,202	₹ 10	30,391	—
	(—)			
Kotak Mid-Cap - Dividend	(5,13,321)	₹ 10	—	8,425
Kotak Mid-Cap - Growth	(7,78,236)	₹ 10	—	20,000
Kotak Floater Long Term Fund - Div.	30,97,754	₹ 10	31,225	1,23,895
	(1,22,91,404)			
Reliance Banking Fund - Dividend	(3,19,428)	₹ 10	—	11,145
Reliance Equity Opportunities Fund - Growth	(2,90,512)	₹ 10	—	10,000
Reliance Growth Fund - Growth	(79,938)	₹ 10	—	30,000
Reliance Growth Fund - Dividend	(3,87,733)	₹ 10	—	16,654
Reliance Pharma Fund - Growth	(5,48,578)	₹ 10	—	20,000
Reliance Regular Saving Fund - Div.	(5,73,793)	₹ 10	—	9,779
Reliance Money Manager Fund - Div.	4,00,663	₹ 1000	4,01,217	2,90,066
	(2,89,669)			

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

	Nos. of Units	Face Value ₹ per unit	31st March 2014 (₹ in 000s)	31st March, 2013 (₹ in 000s)
Reliance Regular Saving Fund- Growth	–	₹ 10	–	25,694
	(10,61,372)			
Reliance Fixed Horizon Fund-Growth	23,50,000	₹ 10	23,500	–
	(–)			
Reliance Liquid Fund-Growth	12,749	₹ 10	39,570	–
	(–)			
Reliance Money Manager Fund-Institutional Growth	14,213	₹ 1000	24,120	–
	(–)			
Sundram Select Focus - Appreciation	–	₹ 10	–	9,584
	(1,14,651)			
Sundram Select Mid Cap - Appreciation	–	₹ 10	–	1,880
	(12,130)			
Sundram Smile - Dividend	–	₹ 10	–	8,212
	(8,22,546)			
Sundram Smile - Growth	–	₹ 10	–	5,796
	(2,07,342)			
Tata Treasury Advantage Fund-Div.	19,796	₹ 1000	19,964	1,41,476
	(1,40,153)			
UTI Mid Cap - Dividend	–	₹ 10	–	8,247
	(3,86,698)			
UTI Mid Cap - Growth	–	₹ 10	–	9,709
	(3,10,366)			
UTI Master Value Fund - Growth	–	₹ 10	–	9,825
	(1,96,618)			
UTI Treasury Advantage Fund	15,659	₹ 10	15,692	1,47,767
	(1,47,735)			
			13,48,538*	22,29,546*

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

– 28,054

11. Trade Receivables and Other Assets

11.1 Trade Receivables

Unsecured, Considered good

Outstanding for a period exceeding six
months from the due date of payment
Other Debts

	Current	
	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)
	206	610
	3,781	5,514
	3,987	6,124

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

11.2 Other Assets

Unsecured, Considered good
Interest Accrued on Loans

–	15,879
–	15,879
3,987	22,003

12. Cash and Bank Balances

Cash and cash equivalents

Balances with Banks

On Current Accounts

On Unpaid Dividend Account

Cash on Hand

Deposits with original maturity less than 3 months

Current	
31st March 2014	31st March 2013
(₹ in 000s)	(₹ in 000s)
806	698
3,792	3,245
18	4
61,669	701
66,285	4,648

13. Revenue from Operations

Dividend Income on

– Non Current Investments

– Current Investments

Profit on sale of long term investments

Profit on sale of current investments (Units of Mutual Fund)

Interest Income

– On Loans

– On Fixed Deposit with Banks

Other Operating Revenue

Rent Income

Service Charges

31st March 2014	31st March 2013
(₹ in 000s)	(₹ in 000s)
3,60,982	4,41,236
73,919	66,260
–	13,70,118
90,795	–
94,683	70,619
487	287
14,300	13,047
4,076	3,848
6,39,242	19,65,415

14. Other Income

Provision for diminution in value of current Investments
no longer required Written back

Profit on sale of Fixed Assets

Miscellaneous Receipts

Provision for Non- Performing assets written back

28,054	249
–	4
163	46
61	–
28,278	299

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

15. Employee Benefits Expenses

	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)
Salaries and Bonus	6,268	5,417
Gratuity (Refer Note 21)	1,462	1,381
Contribution to Provident and Other Funds	614	623
Staff Welfare Expenses	791	690
	9,135	8,111

16. Other Expenses

Director's sitting Fees	787	1,009
Insurance Charges	12	20
Repairs & Maintenance (others)	17	11
Provisions for Non Performing Assets	-	11
Contingent Provisions against Standard Assets	-	2,470
Donations	-	160
Building Maintenance & Service Expenses	12,076	5,983
Loss on redemption of units in Mutual Funds (net)	-	4
Rates & Taxes (Net)	2,167	2,203
Rent	692	660
Miscellaneous Expenses	2,667	3,520
Payment to Auditors		
As Auditors		
Audit Fee	215	315*
Limited Review	109	99
In Other Capacity		
For Certification, etc.	135	130
For Expenses, etc.	67	101
	18,944	16,696

* includes ₹ Nil (₹ 150 thousands) for interim financial statements

17. Depreciation and Amortization Expense

Depreciation on Tangible Assets	147	202
Depreciation on Investment Property	1,432*	46
	1,579	248

* includes ₹607 thousand in respect of earlier years

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

18. 1. Capital & Other Commitments :

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

2. Contingent Liabilities :

Income Tax demands for earlier years aggregating to ₹ 33,642 thousands (₹ 26,218 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	2013-14	2012-13
Contribution to Provident Fund	570	494
Contribution to superannuation Fund	-	90

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 :

	31st March 2014	31st March 2013
	(₹ in 000s)	(₹ in 000s)
Current Service Cost	362	313
Interest cost on benefit obligation	623	443
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	477	625
Net benefit expense	1462	1381

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

Balance Sheet

Benefit asset / liability	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)
Present value of defined benefit obligation	(8,379)	(6,917)
Fair value of plan assets		
Plan asset/(liability)	(8,379)	(6,917)

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

Opening defined benefit obligation	6,917	5,536
Current service cost	362	313
Interest cost	623	443
Benefits paid	-	-
Actuarial (gains)/losses on obligation	477	625
Closing defined benefit obligation	8,379	6,917

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

Discount rate	9.00%	8.00%
Expected rate of return on assets	N. A.	N.A.

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

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

Gratuity	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Defined Benefit					
Obligation	8,379	6,917	5,536	4,804	3,064
Surplus / (Deficit)	(8,379)	(6,917)	(5,536)	(4,804)	(3,064)
Experience adjustments on plan liabilities	488	617	275	357	357

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 :

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/-

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

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 :

		2013-14	2012-13
Profit after Tax as per statement of Profit & Loss Account	(₹ in 000s)	5,99,665	15,89,359
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earnings per share	(₹ / Share)	75.82	200.96
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
 Atlas Iron & Alloys Limited (in Liquidation)

b. Names of other related parties :

Associate Company	Century Textile & Industries Limited Kesoram Industries Limited (with effect from 27th June 2013)
Key Management Personnel	Shri R. A. Makharia (Executive Director)

Aggregate Related Party Disclosures :

(₹ in 000s)

Subsidiary Companies	2013-14	2012-13
Loans and advances given		
PIC Realcon Limited	–	44,400
Loans and Advances received back		
PIC Realcon	4,201	–
Loans and advances outstanding		
PIC Properties Limited	4,809	4,809
PIC Realcon Limited	39,175	44,400
Sale / Transfer of Investments		
PIC Realcon Limited	–	44,325
Associate Company		
Dividend Income		
Century Textile & Industries Limited	1,88,213	1,88,213
Kesoram Industries	2,416	–
Key Management Personnel		
Remuneration	3,920	3,520

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

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. 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 2014	31st March 2013
	(₹ in 000s)	(₹ in 000s)
Lease Payments made for the year	692	660

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.

28. Minimum Alternative Tax (MAT) Credit entitlement of ₹ 3, 37,901 thousand (including ₹ 3,172 thousand for the year), has not been recognized by the Company in the absence of convincing evidence to claim the above tax credit in future years.

29. The Company had made an application to Reserve Bank of India (RBI) vide its letter dated 8th March, 2013 for conversion of the Company from a Non-Banking Financial Company (NBFC) to Core Investment Company (CIC) without accepting Public deposits based on the fact that 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. Subsequently, RBI had returned the application for further compliance of certain matters. The Company is in the process of making fresh application for its conversion from NBFC to CIC, after complying with the additional matter. However, pending application/ approval, the investment of the Company have exceeded the limits as per 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) for which the Company has applied to the RBI seeking exemption from complying with aforesaid norms up to 31st March, 2015.

30. 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 2014	As at 31st March 2013
(i)	CRAR (%)	72.04	77.23
(ii)	CRAR - Tier I Capital (%)	41.85	47.01
(iii)	CRAR - Tier II Capital (%)	30.19	30.22

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2014

(b) 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	–	–	–	6,00,000	11,648	30,847	–	46,533	6,89,028
	(–)	(–)	(–)	(10,00,000)	(20,329)	(30,847)	(–)	(51,758)	(11,01,898)
Investments	–	–	–	–	13,48,538	–	–	65,92,231	79,40,769
	(–)	(–)	(–)	(–)	(22,29,545)	(–)	(–)	(49,66,192)	(71,95,738)

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 2014

31. 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.

	<i>For</i> S. R. BATLIBOI & CO. LLP	<i>For and on behalf of the Board of Directors</i>	
	<i>Firm registration No. 301003E</i>		
	<i>Chartered Accountants</i>	R. A. MAKHARIA	B. K. BIRLA
	<i>Per</i> Bhaswar Sarkar	<i>Executive Director</i>	<i>Director</i>
	<i>Partner</i>		R. S. KASHYAP
Place : Kolkata			<i>Company Secretary</i>
Dated : 27th May, 2014	<i>Membership No. 55596</i>		

DIRECTORS

SHRI G. K. TULSIAN

SHRI S. N. NEOTIA

SHRI S. K. DAGA

SHRI K. K. MEHRA

AUDITORS

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

REGISTERED OFFICE

10, CAMAC STREET
KOLKATA - 700 017
CIN - U70109WB1985PLC038472

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, 2014.

FINANCIAL RESULTS :

	₹
Gross Profit for the year	5,43,433
Less : Depreciation	41,466
	5,01,967
Add : Balance brought forward from previous year	28,28,148
	33,30,115
Less : Provision for Taxation (A.Y. 2014-2015)	1,01,000
Income Tax for earlier year	(106)
	1,00,894
	32,29,221

Your Directors report a Gross Profit of ₹ 5,43,433/- for the year and a Net Profit of ₹ 5,01,967/- after depreciation. The Directors refrain from declaring any Equity Dividend for the year.

DIRECTORS :

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

PARTICULARS OF EMPLOYEES :

The Company had no employees in the category specified under Section 217 (2A) 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 : 26th day of May, 2014

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, 2014, 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.

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 standards referred to in sub-section (3C) of section 211 of the companies Act, 1956, ("The Act") read with general circular 15/2013 dated 13th September 2013 by Ministry of Company Affairs in respect of Section 133 of the Companies Act 2013. 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, 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 qualified audit opinion.

Basis of Qualified Opinion

A balance of Rs. 2,10,00,000/- from M/s. Birla Group Holdings Pvt. Ltd. has been carried in the Balance Sheet under Long Term Borrowings. In absence of underlying documents we are unable to comment on the nature and balance of the same.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis of Qualified Opinion paragraph*, the aforesaid

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, 2014;
- (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 law have been kept by the Company so far as appears from our examination of those books;
 - III. The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.
 - IV. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with general circular 15/2013 dated 13th September 2013 by the Ministry of Company Affairs in respect of section 133 of the Companies Act 2013.
 - V. On the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

1-B, Old Post Office Street,
Kolkata.
Dated, the 26th day of May, 2014

(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 to the members of PIC Properties Limited on the accounts of the company for the year ended 31st March 2014.

- 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 not taken/given any unsecured loan during the year, hence this clause is Not Applicable.
- 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 are 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 / 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 u/s 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 26th day of May, 2014

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

BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Note	As on 31st March 2014 ₹	As on 31st March 2013 ₹
EQUITY AND LIABILITY			
SHAREHOLDER'S FUND			
Share Capital	2	500,020	500,020
Reserves and Surplus	3	3,257,608	2,856,535
NON-CURRENT LIABILITIES			
Long-term borrowings	4	25,809,182	26,709,182
Other long-term liabilities	5	30,000	30,000
CURRENT LIABILITIES			
Trade payables	6	25,281	19,101
Short term provisions	7	—	3,813
TOTAL		29,622,091	30,118,651
ASSETS			
NON-CURRENT ASSETS			
<i>Fixed assets</i>			
Tangible assets	8	25,610,003	25,651,469
Non-current investments	9	3,800,595	3,789,010
Long term loans and advances	10	8,100	8,100
CURRENT ASSETS			
Cash and cash equivalents	11	57,745	471,611
Short-term loans and advances	12	145,648	198,461
TOTAL		29,622,091	30,118,651

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 26th day of May, 2014

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

Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note	For the year ended 31st March 2014	For the year ended 31st March 2013
		₹	₹
Revenue from operations	13	579,780	579,780
Other Income	14	146,030	162,957
Total Revenue		725,810	742,737
Expenses			
Employee benefit expenses	15	7,000	7,000
Depreciation and amortization exp.	8	41,466	43,648
Other expenses	16	175,377	177,065
Total Expenses		223,843	227,713
PROFIT BEFORE TAX AND EXCEPTIONAL ITEM		501,967	515,024
Tax expense :			
Current Tax		101,000	102,500
Income Tax for Earlier Years		(106)	4,174
Deferred Tax		-	-
PROFIT AFTER TAX AND EXCEPTIONAL ITEM		401,073	408,350
Earning per equity share			
Basic		8.02	8.17
Diluted		8.02	8.17
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 26th day of May, 2014

G. K. TULSIAN

S. N. NEOTIA

Directors

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
	₹	₹
Net Profit Before taxation and extraordinary Item	501,967	515,024
Adjustment for :		
Depreciation	41,466	43,648
Profit of Sales of tangible Assets	–	(20,645)
Income from Investments	(146,030)	(138,491)
Operating profit before working capital changes	397,403	399,506
Increase / Decrease in Trade Payable	6,180	(382)
Decrease / Increase in Trade Receivable / Short Term Loans & Advances	54,030	(182,368)
	457,613	216,756
Income Tax Paid	(105,924)	(73,781)
Net Cash from operations	351,689	142,975
Cash Flow from investing activities		
Non-current investments	(11,585)	(10,970)
Income from Investments	146,030	138,491
Sales of Tangible Assets	–	24,688
Net Cash from Investing activities	134,445	152,209
Cash Flow from Financing activities		
Advance against equity	(900,000)	–
Net Increase/(Decrease) in Cash & Cash equivalents	(413,866)	295,184
Cash & Cash equivalents at the beginning of the year	471,611	176,427
Cash & Cash equivalents at the end of the year	57,745	471,611

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

G. K. TULSIAN
S. N. NEOTIA
Directors

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**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, 2014		As at 31st March, 2013	
	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 2014

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

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 preceding that date as at which the Balance Sheet prepared.

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

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

3. RESERVES & SURPLUS

Particulars	As at 31st March	As at 31st March
	2014	2013
	₹	₹
<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	2,828,148	2,419,798
Add : Net Profit for the current year	401,073	408,350
Balance at the end of the year	3,229,221	2,828,148
	3,257,608	2,856,535

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

4. LONG-TERM BORROWINGS

Particulars	As at 31st March 2014 ₹	As at 31st March 2013 ₹
Unsecured		
* Loan from Holding Co. i.e. M/s Pilani Investment & Ind. Corpn. Ltd.	4,809,182	4,809,182
* Loan from - M/s Birla Group Holdings Pvt. Ltd.	21,000,000	21,900,000
* Interest free		
TOTAL	25,809,182	26,709,182

5. OTHER LONG-TERM LIABILITIES

Particulars	As at 31st March 2014 ₹	As at 31st March 2013 ₹
Secured		
Security Deposit against Rent	30,000	30,000
TOTAL	30,000	30,000

6. TRADE PAYABLE

Particulars	As at 31st March 2014 ₹	As at 31st March 2013 ₹
Audit Fees Payable	25,281	13,483
Director Sitting Fees Payable	–	–
Professional Fees Payable	–	5,618
TOTAL	25,281	19,101

7. SHORT TERM PROVISIONS

Particulars	As at 31st March 2014 ₹	As at 31st March 2013 ₹
Provision for Income Tax (net off TDS and Advance Tax)	–	3,813
TOTAL	–	3,813

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

8. TANGIBLE ASSETS

Fixed Assets	Gross Block					Accumulated Depreciation					Net Block	
	Balance as at 1 April 2013	Additions/ (Disposals)	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31 March 2014	Balance as at 1 April 2013	Depreciation charge for the year	Adjustment due to revaluations	on disposals	Balance as at 31 March 2014	Balance as at 31 March 2014	Balance as at 31 March 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a Tangible Assets												
Land	24,822,151	-	-	-	24,822,151	-	-	-	-	-	24,822,151	24,822,151
Buildings	3,426,308	-	-	-	3,426,308	2,596,990	41,466	-	-	2,638,456	787,852	829,318
Total	28,248,459	-	-	-	28,248,459	2,596,990	41,466	-	-	2,638,456	25,610,003	25,651,469
Previous Year	28,540,916	(292,457)			28,248,459	2,841,786	43,648		288,444	2,596,990	25,651,469	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014
9. NON CURRENT INVESTMENTS

Particulars	As at 31st March 2014		As at 31st March 2013	
	₹		₹	
Non Trade Investments (valued at cost unless stated otherwise) :				
Investment in Equity Instruments (Quoted)				
200 (31st March 2013 : 200) Equity Shares of ₹10/-				
each fully paid in Mangalore Refinery Petrochemicals Ltd.				
	2,000		2,000	
	<u>2,000</u>		<u>2,000</u>	
Details of Investments in liquid mutual fund units :				
	Units		Units	
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
Birla Sunlife Capital Protection				
Oriented Fund Series 3 - Growth	-	-	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	16,671.767	310,970
Birla Medium Term Plan - Growth	50,782.902	711,585	-	-
		<u>3,298,595</u>		<u>3,787,010</u>
Details of Investments in Tax Free Bonds :				
Housing and Urban Dev. Crpn. Ltd.	500	500,000	-	-
TOTAL		<u>3,800,595</u>		<u>3,789,010</u>

Particulars

Aggregate Book Value of quoted investments	3,298,595	3,789,010
Aggregate Book Value of Tax Free Bonds	500,000	-
Aggregate Market Value of quoted investments	3,924,154	4,081,981

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**10. LONG-TERM LOANS & ADVANCES**

Particulars	As at 31st March 2014 ₹	As at 31st March 2013 ₹
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 2014 ₹	As at 31st March 2013 ₹
Balance with Scheduled Banks : in Current Account	57,036	470,015
Cash in hand (As certified by the Management)	709	1,596
Total	57,745	471,611

12. SHORT-TERM LOANS & ADVANCES

Particulars	As at 31st March 2014 ₹	As at 31st March 2013 ₹
Unsecured, Considered good		
Prapaid Insurance	16,438	16,438
Advance to Others	100,000	154,030
Advance payment of Income Tax & Tax Deducted at Source (Net of Provision)	1,217	–
Income Tax Refundable	27,993	27,993
Total	145,648	198,461

13. REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Other Operating Revenue		
Rent Income (Tax Deducted At Source ₹ 57,984/- previous year ₹ 57,983/-)	579,780	579,780
TOTAL	579,780	579,780

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014
14. OTHER INCOME

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Dividends		
From Shares - Long Term	68	200
From Mutual Fund Units - Long Term	59,615	127,321
Interest Income		
Interest on Income Tax Refund	–	3,791
Interest on Tax Free Bonds	892	–
Profit on sales of tangible Assets	–	20,675
Profit on sales of Investment	85,455	10,970
Total	146,030	162,957

15. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Salaries and Bonus	7,000	7,000
Total	7,000	7,000

16. OTHER EXPENSES

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Rates and Taxes	120,356	120,356
Insurance Charges	20,833	20,488
Bank Charges	1,022	936
General Expenses	467	1,600
Filing Charges	1,800	600
Audit Fees	25,281	13,483
Professional Fees	5,618	5,618
Travelling Expenses	–	13,984
Total	175,377	177,065

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

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 2013-14. ₹ 48,09,182/- being the opening balance (as on 01.04.13) and the year-end balance (as on 31.03.14) 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 26th day of May, 2014

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
CIN - U70102WB2013PLC190163

DIRECTORS' REPORT

DEAR SHAREHOLDERS

Your Directors have the pleasure in presenting before you the 2nd Annual Report and Accounts of the Company for the year ended 31st March, 2014.

FINANCIAL RESULTS :

(Amount in ₹)

	2013-2014	2012-2013 (28.01.2013 to 31.03.2013)
Gross Profit for the period	41,60,113	10,03,323
Add : Balance brought forward from previous year	10,03,323	—
	<u>51,63,436</u>	<u>10,03,323</u>

DIVIDEND

The Board of Directors did not recommend any dividend for the period ended 31st March, 2014.

DIRECTORS

Shri Tridib Kumar Das, Director of the company retire from the office by rotation and, being eligible, offers himself for re-appointment.

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 year ended 31st March 2014, 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 year ended on 31st March, 2014 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 the Statutory Auditors of the Company, retire, and being eligible, offer themselves for re-appointment.

EMPLOYEES :

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

Kolkata
May 14, 2014

For and on behalf of Board of Directors
ARVIND KUMAR SINGH
TRIDIB KUMAR DAS
Directors

INDEPENDENT AUDITORS' REPORT

To

The Members

PIC REALCON LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **PIC REALCON LIMITED** which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss 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 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 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 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, 2014;

INDEPENDENT AUDITORS' REPORT - (Contd.)

- (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 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 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, 2014 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Place: Kolkata
Date: The 14th May, 2014

For B. K. Shroff & Co.
Chartered Accountants
Firm Registration No. 302166E
P.K. Shroff
Partner
Membership No. 059542

Annexure referred to in paragraph (1) under the heading of “Report on Other Legal and Regulatory requirements” 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 of clause 4(ii)(a), (b), (c) of the Order 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 ₹ 4,33,76,265/- and year end balance of loan received from the Holding Company was ₹ 3,91,75,303/-.
 - (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 as and when demanded and generally regular in receiving / paying interest.
 - (d) There is no overdue amount.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and 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 as 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. Having regard to the companies business, the provision of clause (ix)(a) & (b) of the Order are not applicable to the company since the company has no employee and no liability towards statutory dues till date.

10. The company has no accumulated losses as at 31st March 2014. The Company has not incurred cash losses during the financial year covered by our audit. The Company has also not incurred cash losses in the immediately preceding financial year.
11. As per books and records maintained by the Company and according to 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 in the last year and 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 any 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 not 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.

Place : Kolkata
Kolkata, the 14th day of May, 2014

For B. K. SHROFF & CO.
Chartered Accountants
Firm Registration No. 302166E
P. K. Shroff
Partner
Membership No. 059542

BALANCE SHEET AS AT 31ST MARCH 2014

	Notes	31st March 2014 ₹	31st March 2013 ₹
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share Capital	2	500,000	500,000
Reserves and Surplus	3	5,163,436	1,003,323
NON-CURRENT LIABILITIES			
Long-Term Borrowings	4	39,175,303	43,376,265
CURRENT LIABILITIES			
Other current liabilities	5	13,483	17,903
TOTAL		44,852,222	44,897,491
ASSETS			
NON-CURRENT ASSETS			
Non-Current Investments	6	44,601,000	44,601,000
Other Non Current Assets	7	26,376	29,673
CURRENT ASSETS			
Cash and Bank Balances	8	224,846	266,818
TOTAL		44,852,222	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
P. K. Shroff
Partner
Membership No. 059542
Place : Kolkata
Dated: 14th May, 2014

For and on behalf of Board of Directors

ARVIND KUMAR SINGH
TRIDIB KUMAR DAS
Directors

Statement of Profit and Loss for the year ended 31st March, 2014

	Notes	31st March 2014 ₹	31st March 2013 ₹
Income			
Revenue from operations	9	4,200,962	1,023,735
Total Revenue (I)		4,200,962	1,023,735
Expenses			
Other expenses	10	40,849	20,412
Total Expenses (II)		40,849	20,412
PROFIT BEFORE TAX (I) - (II)		4,160,113	1,003,323
Tax expense :			
Current Tax		—	—
Deferred Tax		—	—
Total Tax Expenses		—	—
PROFIT AFTERTAX		4,160,113	1,003,323
Earning per Equity Share (Nominal Value of Rs. 10/- each)			
Basic & Diluted	11	83.20	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
P. K. Shroff
Partner
Membership No. 059542
Place : Kolkata
Dated: 14th May, 2014

For and on behalf of Board of Directors

ARVIND KUMAR SINGH
TRIDIB KUMAR DAS
Directors

Notes to financial statements for the year ended 31st March, 2014

Corporate Information

PIC Realcon Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 as a 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 amended) 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 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 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, 2014

2. SHARE CAPITAL

	As at 31st March 2014	As at 31st March 2013
Authorised Shares	₹	₹
50,000 Equity Shares of ₹10/- each (P.Y. - 50,000 Equity Shares)	500,000	500,000
Issued, subscribed and fully paid up shares		
50,000 Equity Shares of ₹10/- each (P.Y. - 50,000 Equity Shares)	500,000	500,000

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

	31st March, 2014		31st March, 2013	
	No. of Shares	(₹)	No. of Shares	(₹)
Equity Shares				
At the beginning of the Period	50,000	500,000	-	-
Add: Issued during the period	-	-	50,000	500,000
Outstanding at the end of the period	<u>50,000</u>	<u>500,000</u>	<u>50,000</u>	<u>500,000</u>

- (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, 2014		31st March, 2013	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Pilani Investment & Industries Corpn. Ltd.	50,000	100.00	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 March, 2014	31st March, 2013
	(₹)	(₹)
Surplus in the statement of Profit & Loss		
Balance as per the last Financial Statements	1,003,323	-
Profit for the year	4,160,113	1,003,323
Less : Appropriations	-	-
Surplus in the statement of Profit & Loss	<u>5,163,436</u>	<u>1,003,323</u>
Total Reserves & Surplus	<u>5,163,436</u>	<u>1,003,323</u>

Notes to financial statements for the year ended 31st March 2014

4. Long-Term borrowings	31st March 2014 (₹)	31st March 2013 (₹)
Loan from companies		
Loan from Holding Company		
Pilani Investment & Industries Corpn. Ltd.	39,175,303	43,376,265
(Interest Free Loan)	<u>39,175,303</u>	<u>43,376,265</u>
5. Other Current Liabilities		
Liabilities for Expenses	13,483	17,903
	<u>13,483</u>	<u>17,903</u>
6. Non-Current Investments (Valued at cost)		
	No. Shares	Face Value
Unquoted equity instruments(Fully Paid)		
The Hindustan Times Ltd.	1,92,000	10 218,493
Gmmco Limited	68,249	10 34,209,811
		<u>34,428,304</u>
Quoted equity shares (Fully Paid)		
Cimmco Limited	70,780	10 503,016
Hindustan Everest Tools Ltd.	52,175	10 446,227
KDDL Ltd.	35,000	10 305,830
Orient Cement Ltd.**	425,260	1 2,558,148
Orient Papers & Industries Ltd.	425,260	1 1,859,307
Sutlej Textiles & Industries Ltd.	171,463*	10 2,470,700
(114,309)		
SIL Investment Limited	114,309	10 2,014,376
Zenith Birla Limited	3,432	10 15,092
		<u>10,172,696</u>
		<u>44,601,000</u>
Aggregate Value of Quoted Investments		10,172,696
Aggregate Value of Unquoted Investments		34,428,304
Market Value of Quoted Investments		75,860,576
		37,768,058
* Includes 57,154 Equity Shares being Bonus Shares received during the year.		
** During the year, the shares has become Quoted in Stock Exchange, upto last year the same were under Unquoted Equity Instrument.		
7. Other Non Current Assets		
Miscellaneous Expenditures		
Preliminary Expenses		26,376
		<u>29,673</u>
		<u>26,376</u>
		<u>29,673</u>

Notes to financial statements for the year ended 31st March 2014

8. Cash and Bank Balances	31st March, 2014 (₹)	31st March, 2013 (₹)
Balance with Scheduled Banks		
On Current Accounts	215,630	257,602
Cash on Hand	9,216	9,216
	224,846	266,818
9. Revenue from Operations		
Dividend Income on		
– Non Current Investments	4,200,892	10,23,735
Miscellaneous Receipt	70	–
	4,200,962	10,23,735
10. Other Expenses		
Bank Charges	674	56
General Expenses	2,601	456
Professional Charges	7,250	–
Demat Charges	1,274	–
Filing Fees	7,200	–
Printing & Expenses	575	3,120
Payment to Auditors		
– As Audit Fee	13,483	13,483
– For Others	4,495	–
Preliminary Expenses -Written Off	3,297	3,297
	40,849	20,412
11. Earning Per Share		
Profit after Tax as per Statement of Profit & Loss	4,160,113	1,003,323
Weighted Average no. of Equity Shares (Nos.)	50,000	50,000
Basic & Diluted Earning Per Share	83.20	20.07

12. During the last 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

P. K. Shroff

Partner

Membership No. 059542

Place : Kolkata

Dated: The 14th May, 2014

For and on behalf of Board of Directors

ARVIND KUMAR SINGH

TRIDIB KUMAR DAS

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, 2014 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 20 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 30 to the Consolidated Financial Statements, investments of the Company has exceeded the limits as per the 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) for which the Company has applied to the Reserve Bank of India seeking exemption from*

complying with the aforesaid norms up to 31st March, 2015. Also the Company is in the process of making fresh application for its conversion from Non-Banking Financial Company to Core Investment Company. Pending such exemption/ approval, we are unable to comment on the possible effect of the above on the financial statements.

- d) A balance of ₹ 21000 thousands from M/s. Birla Group Holdings Private Ltd. has been carried in the Balance Sheet of one of the subsidiary Company under Long Term Borrowings. In the absence of underlying documents, the auditors of that subsidiary Company are unable to comment on the nature and balance of the same.

Our audit opinion on the Consolidated Financial Statements for the previous year was also qualified in respect of the items (a) to (c) above.

Qualified opinion

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the groups as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit & Loss, of the profit of the group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Other Matter

We did not audit the financial statements of subsidiaries, whose financial statements reflect total assets of ₹ 74474 thousands as at March 31, 2014 and total revenue of ₹ 4927 thousands and net cash outflow to ₹ 455 thousands for the year then ended. We also did not audit the financial statements of the associate companies for the year then ended 31st March 2014 whose share of loss (net) attributable to the group is ₹ 1025380 thousands for the year. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports 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 : May 27, 2014

Per **Bhaswar Sarkar**
Partner
Membership No. 55596

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

	Notes	31st March, 2014 ₹ in '000s	31st March, 2013 ₹ in '000s
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	79,088	79,088
Reserves and Surplus	4	1,25,17,913	1,33,87,560
Non-Current Liabilities			
Long Term Borrowings	5	21,000	21,900
Long Term Provisions	6	190	161
Current Liabilities			
Trade Payables	7	624	1,493
Other Current Liabilities	7	6,041	5,074
Short Term Provisions	6	2,50,668	2,43,506
TOTAL		1,28,75,524	1,37,38,782
ASSETS			
Non-Current Assets			
Fixed assets			
Tangible Assets	8	26,031	26,220
Non-Current Investments	9	1,07,85,179	1,04,01,678
Long Term Loans and Advances	10	44,868	53,656
Other Non Current Assets	12.2	26	30
Current Assets			
Current Investments	11	13,48,538	22,29,546
Trade Receivables	12.1	3,987	6,124
Cash and Bank Balances	13	66,568	5,387
Short Term Loans and advances	10	6,00,327	10,00,262
Other Current Assets	12.2	–	15,879
TOTAL		1,28,75,524	1,37,38,782
Summary of Significant Accounting Policies	2		

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

As per our report of even date.

	<i>For S. R. BATLIBOI & CO. LLP</i> For and on behalf of the Board of Directors	
	<i>Chartered Accountants</i>	
	<i>Firm registration No. 301003E</i>	<i>R. A. MAKHARIA</i>
	<i>Per BHASWAR SARKAR</i>	<i>Executive Director</i>
	<i>Partner</i>	<i>B. K. BIRLA</i>
	<i>Membership No. 55596</i>	<i>Director</i>
Place : Kolkata		<i>R. S. KASHYAP</i>
Date : 27th May, 2014		<i>Company Secretary</i>

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Notes	31st March, 2014 ₹ in '000s	31st March, 2013 ₹ in '000s
INCOME			
Revenue from operations	14	4,53,538	17,78,944
Other Income	15	28,278	323
Total Revenue (I)		4,81,816	17,79,267
EXPENSES			
Employee benefits expenses	16	9,142	8,118
Depreciation and amortization expense	18	1,621	292
Other expenses	17	19,160	16,911
Total Expenses (II)		29,923	25,321
Profit before tax (I) - (II)		4,51,893	17,53,946
Tax Expense :			
Current Tax		38,298	3,51,406
Profit for the year (A)		4,13,595	14,02,540
Share of (Loss) in Associate Companies (Net) (B)		(10,25,380)	(1,26,848)
Profit / (Loss) for the year (A - B)		(6,11,785)	12,75,692
Earnings per Equity Shares [Nominal Value of ₹ 10/- each (₹ 10/-)]			
Basic & Diluted (₹)	25	(77.36)	161.30

Summary of Significant Accounting Policies 2

The accompanying notes are an integral part of the consolidated 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 **BHASWAR SARKAR** **R. A. MAKHARIA** **B. K. BIRLA**
Partner Executive Director Director
Membership No. 55596
Place : Kolkata
Date : 27th May, 2014 **R. S. KASHYAP**
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	<u>For the year ended 31st March, 2014 ₹ in '000s</u>	<u>For the year ended 31st March, 2013 ₹ in '000s</u>
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax	4,51,893	17,53,946
Adjustment for :		
Depreciation and amortisation expense	1,621	292
Profit on Sale of Fixed Assets	–	(24)
Provision for diminution in value of current investments no longer required written back	(28,054)	(249)
Contingent Provisions Against Standard Assets	–	2,490
Provision for Non-performing Assets written back	(61)	11
Operating Profit before working capital changes :	4,25,399	17,56,465
Increase in Non-Current provisions	29	130
(Decrease) / Increase in Trade Payables	(869)	462
Increase / (Decrease) in other current liabilities	419	(36)
Increase in Short-term provisions	1,911	1,645
(Increase) / Decrease in Non Current Investments	(14,36,854)	13,56,106
Decrease / (Increase) in short-term loans and advances	3,99,935	(8,99,108)
Decrease / (Increase) in other Non Current Assets	4	(30)
Decrease / (Increase) in Current Investments	9,09,063	(16,16,716)
Decrease / (Increase) in Other Current Assets	15,879	(15,525)
Decrease / (Increase) in Trade Receivables	2,137	(2,930)
Cash Generated from operations :	3,17,053	5,80,464
Direct Tax paid	(32,911)	(3,51,174)
Net cash flow from operating activities	2,84,142	2,29,290
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Proceeds from Sale of Fixed Assets	–	223
Capital Advances	8,713	(2,000)
Net cash flow from / (used in) investing activities	8,713	(1,777)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

	<u>For the year ended 31st March, 2014 ₹ in '000s</u>	<u>For the year ended 31st March, 2013 ₹ in '000s</u>
C. Cash Flow From Financing Activities :		
Dividend Paid	(1,97,171)	(1,97,119)
Tax on Dividend Paid	(33,602)	(32,075)
Refund of Long Term Borrowings	(900)	—
Net cash flow from / (used in) Financing activities	<u>(2,31,673)</u>	<u>(2,29,194)</u>
D. Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	61,182	(1,681)
E. Cash & Cash Equivalents at the begining of the year	<u>5,387</u>	<u>7,068</u>
F. Cash & Cash Equivalents at the end of the year	<u>66,568</u>	<u>5,387</u>

Components of cash and cash equivalents as indicated in Note 13 comprises of :

Cash on hand	28	15
Balances with scheduled banks on current account*	4,871	4,671
Fixed Deposits with Banks	61,669	701
Total	<u>66,568</u>	<u>5,387</u>

* Includes balance of ₹ 3,792 thousands (₹ 3,245 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 BHASWAR SARKAR	R. A. MAKHARIA
	<i>Partner</i>	<i>Executive Director</i>
Place : Kolkata		B. K. BIRLA
Date : 27th May, 2014	<i>Membership No. 55596</i>	<i>Director</i>
		R. S. KASHYAP
		<i>Company Secretary</i>

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

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 under the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs 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 relates to Pilani Investment and Industries Corporation Limited, its subsidiary companies and associate companies, 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 value 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 companies 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.
- 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 Ltd.	India	100
PIC Realcon Ltd.	India	100

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

ii. **Investments in Associates:**

- a) In terms of Accounting Standard 23-"Accounting for Investment in Associates in consolidated Financial Statements", the company has prepared the accompanying

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

Consolidated Financial statements by Accounting for investment in the associates under equity method.

- b) The associate companies considered in the financial statement are as follows:-

<u>Name</u>	<u>Country of Incorporation</u>	<u>% of Voting power as on 31.03.2014</u>
Century Textiles & Industries Limited	India	36.78 (36.78)
Kesoram Industries Limited	India	24.91
(With effect from 27 th June 2013)		(-)

- c) The difference of ₹15,38,764 thousands between the cost of company's investments in its Associate Company namely Century Textile & Industries Limited and the proportionate share in the equity of the associate company as on 31st March 2002 has 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 the said associate company acquired during the years 2005-06 & 2006-07 over the proportionate share in the equity of the company as on the date of the investment has been identified as Goodwill & included in the carrying value of the investments.

- d) The difference of ₹5,19,801 thousands between the cost of company's investments in its Associate Company namely Kesoram Industries Limited on 27th June 2013 (being the date on which it became associate on acquisition of shares) and the proportionate share in the equity of the said associate company has been considered as Capital Reserve and adjusted with carrying amount of Investment in the said associate.

iii. Use of estimates

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

iv. Revenue Recognition

a. Dividends

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

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.

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 the useful lives 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 year is provided on pro-rata basis with reference to the date of addition/disposal.

ix. Investments

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

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.

x. Cash & Cash Equivalents

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

xi. Provision for Retirement benefits

- a) Retirement benefits in the form of Provident Fund and Superannuation are defined contribution schemes and the contributions are charged to 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. The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. The company does not have an unconditional right to defer its settlement for the period beyond 12 months and accordingly entire leave liability is shown as current liability.
- d) Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

xii. Earning per share

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

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

xiii. Income Taxes

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

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

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

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

Minimum Alternate tax paid in a year is charged to the Statement of Profit & Loss as current tax. The Company recognise 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.

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

xiv. Foreign Currency Transactions

a. **Initial Recognition**

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

b. **Conversion**

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

c. **Exchange Differences**

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

d. **Foreign Exchange Contracts not intended for trading or speculation purpose**

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

xv. Assets acquired under lease

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 leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of 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.

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

xvi. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not 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 cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

xvii. Provision

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

3. Share Capital

	<u>31st March, 2014</u> (₹ in 000s)	<u>31st March, 2013</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>

There is no change in number of shares in current year and previous year

(a) 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 2014, 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.

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

	<u>31st March 2014</u>		<u>31st March 2013</u>	
	<u>No. of Shares</u>	<u>% of Holding</u>	<u>No. of Shares</u>	<u>% of Holding</u>
Aditya Marketing & Manufacturing Limited	27,35,494	34.59	27,35,494	34.59
Padmavati Investment Ltd.	13,98,486	17.68	13,98,486	17.68
Gwalior Webbing Co. Ltd.	4,54,168	5.74	4,54,168	5.74
The Punjab Produce & Trading Co. Limited	13,85,223	17.52	13,85,223	17.52

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

	<u>31st March, 2014</u> (₹ in 000s)	<u>31st March, 2013</u> (₹ in 000s)
4. Reserves & Surplus		
Investment Reserve		
Balance as per the last Financial Statements	37,63,998	37,64,168
Less: Provision against diminution in value long term investments	–	170
Less : Transfer to General Reserve	<u>3,03,916*</u>	<u>–</u>
	<u>34,60,082</u>	<u>37,63,998</u>
Revaluation Reserve		
Proportionate share in associate company	<u>5,929</u>	<u>–</u>
General Reserve		
As per last Balance Sheet	18,51,531	16,91,531
Add: Transfer from Statement of Profit & Loss	2,00,000	1,60,000
Add : Transfer from Investment Reserve	<u>3,03,916 *</u>	<u>–</u>
	<u>23,55,447</u>	<u>18,51,531</u>
Statutory Reserve		
As per the last Balance Sheet	12,74,507	9,56,635
Add: Transfer from Statement of Profit & Loss Account	<u>1,19,935</u>	<u>3,17,872</u>
	<u>13,94,442</u>	<u>12,74,507</u>
Surplus in the Statement of Profit & Loss		
Balance as per the last Financial Statements	64,97,524	59,61,552
Profit / (Loss) for the year	(6,11,785)	12,75,692
Less: Appropriations		
Dividend Tax on profit of associate	32,469	30,527
Proposed Dividend	1,97,719	1,97,719
Tax on Proposed Dividend	33,602	33,602
Transfer to Statutory Reserve	1,19,935	3,17,872
Transfer to General Reserve	2,00,000	1,60,000
Surplus in the Statement of Profit and Loss	<u>53,02,014</u>	<u>64,97,524</u>
Total Reserves & Surplus	<u>1,25,17,913</u>	<u>1,33,87,560</u>

* Represents withdrawal of Investment Reserve in respect of sale of certain investments during the year 2012-13, being the difference between the original cost and revalued amount of such investments.

	Non-Current	
	<u>31st March 2014</u> (₹ in 000s)	<u>31st March 2013</u> (₹ in 000s)
5. Long-Term borrowings		
Unsecured		
From - M/s Birla Group Holdings Pvt. Ltd.	<u>21,000</u>	<u>21,900</u>
	<u>21,000</u>	<u>21,900</u>

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

6. Provisions

	Long Term		Short Term	
	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)
Provisions for Employee Benefits				
Provision for Gratuity (Note 22)	190	161	8,189	6,756
Provision for Leave Benefits	–	–	2,818	2,340
	190	161	11,007	9,096
Other Provisions				
Provision for tax (net of advance tax & tax deducted at source ₹ 383,904 thousands)	–	–	5,592	280
Proposed Equity Dividend	–	–	197,719	197,719
Provision for tax on proposed Equity Dividend	–	–	33,602	33,602
Contingent Provisions against Standard Assets	–	–	2,748	2,748
Provision for Non-Performing Assets	–	–	–	61
	–	–	2,39,661	2,34,410
	190	161	2,50,668	2,43,506

7. Other Current Liabilities

	31st March, 2014 (₹ in 000s)	31st March, 2013 (₹ in 000s)
Trade Payables (Refer Note 27)	624	1,493
Other Liabilities		
Payable to Employees	1,178	775
Investors Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid Dividend	3,792	3,244
Others		
Security Deposits	709	709
Statutory Dues	42	–
Miscellaneous	320	346
	6,041	5,074
	6,665	6,567

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

8. Tangible Assets

(₹ in 000s)

	Land	Buildings	Furnitures & Fixtures	Office Equipments	Vehicles	TOTAL
Cost or Valuation						
As at 1st April 2012	24,822	3,426	193	8	1,472	29,921
Disposals	–	–	–	–	(692)	(692)
As at 31st March 2013	24,822	3,426	193	8	780	29,229
As at 31st March 2014	24,822	3,426	193	8	780	29,229
Depreciation						
As at 1st April 2012	–	2,553	179	8	521	3,261
Charge for the year	–	44	4	–	197	245
Disposals	–	–	–	–	(497)	(497)
As at 31st March 2013	–	2,597	183	8	221	3,009
Charge for the year	–	41	3	–	145	189
As at 31st March 2014	–	2,638	186	8	366	3,198
Net Block						
As at 31st March 2013	24,822	830	10	–	559	26,220
As at 31st March 2014	24,822	788	7	–	414	26,031

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

	<u>31st March, 2014</u>	<u>31st March, 2013</u>
	<u>(₹ in 000s)</u>	<u>(₹ in 000s)</u>
9. Non-Current Investments		
Investment Property (valued at cost less accumulated depreciation)		
Cost of Land, Building & Furniture given on Operating Lease	7,000	7,000
Add : Additions during the year	7,520	–
Less : Disposals / deductions	488	–
Sub Total (A)	<u>14,032</u>	<u>7,000</u>
Depreciation as at 1st April 2013	5,523	5,477
Add : Depreciation for the year	1,432	46
Less : Depreciation on Disposal / Deductions	445	–
Sub Total (B)	<u>6,510</u>	<u>5,523</u>
Net Block (A-B)	<u>7,522</u>	<u>1,477</u>
Non-Trade Investments (valued at cost)		
	No. of shares / Units	Face Value per share / Units
Unquoted Equity Instruments (Fully Paid) In Other Companies		
Birla Buildings Limited	15,000	₹ 10
Birla Consultants Limited	12,000	₹ 10
Indo Thai Synthetics Co. Limited	207,900	Baht10
Indo Phil Textile Mills Inc., Manila	211,248	Pesos10
The Eastern Economist Limited	400	₹100
The Hindusthan Times Ltd.	192000	₹10
The Industry House Limited	2,812	₹100
Gmmco Limited	68,249	₹ 10
		<u>34,210</u>
		<u>36,274</u>
Unquoted Mutual Funds (Fully Paid)		
Dividend Yield Plus - Dividend	18,811	₹ 10
Birla Sunlife Midcap Fund-Dividend	33,473	₹ 10
Birla Sunlife Mip - Wealth25-Growth	21,987	₹ 10
Birla Sunlife Mip-Wealth 25-Growth	36,549	₹ 10
Birla sunlife Gilt Plus-D- Regular Plan	–	₹ 10
	(56,403)	
Birla Sunlife Capital Protection Fund		
Series 3 - Growth	–	₹ 10
	(50,000)	

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

	No. of shares / Units	Face Value per share / Units	31st March, 2014 (₹ in 000s)	31st March, 2013 (₹ in 000s)
Birla Sunlife Dynamic Bond Fund-Retail- Growth	22,366	₹ 10	400	400
Birla Sunlife Opportunity Fund - Growth	16,672	₹ 10	311	311
Birla Medium Term Plan - Growth	50,783	₹ 10	712	—
	(—)			
			3,299	3,787
Quoted Equity Investments (Fully Paid) In Associates				
Century Textiles & Industries Limited*	34,220,520	₹ 10	15,85,751	# 15,85,751
Add : Proportionate Share of Accumulated Profit of the associate company upto 31st March 2014			51,79,361	53,88,096
# includes Goodwill ₹ 1,16,774 thousands arisen on acquisition of shares [Refer Note : 2.(ii).(c)]				
			67,65,112	69,73,847
Kesoram Industries Limited*	2,73,38,750 (24,15,750)	₹ 10	16,82,442	# 62,447
Add : Proportionate Share of Accumulated Loss of the associate company upto 31st March 2014			(10,33,814)	—
# Net of Capital Reserve ₹ 5,19,801 thousands arisen on acquisition of shares [Refer Note : 2.(ii).(d)]				
			6,48,628	62,447
In Other Companies				
Aditya Birla Nuvo Limited*	187,098	₹ 10	29,408	29,408
Aditya Birla Chemicals (India) Limited*	390,000	₹ 10	4,095	4,095
Cimmco Limited	70,780	₹ 10	504	504
Grasim Industries Limited	43,00,293	₹ 10	6,14,777	6,14,777
Hindalco Industries Limited	2,91,85,398	₹ 1	18,36,332	18,36,332
Hindustan Everest Tools Limited	52,175	₹ 10	446	446
Jayshree Tea & Industries Limited	2,844	₹5	41	41
KDDL Limited	35,000	₹ 10	306	306

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

	No. of shares / Units	Face Value per share / Units	31st March, 2014 (₹ in 000s)	31st March, 2013 (₹ in 000s)
Kesoram Textile Mills Limited	2,415,750	₹ 2	604	604
Mangalam Cement Limited*	1,120,000	₹10	7,560	7,560
Mangalore Refinery Petro Chemicals Limited	200	₹ 10	2	2
Orient Cement Limited	1,74,206	₹ 1	2,558	2,558
Orient Paper & Industries Limited	2,51,054	₹ 1	1,859	1,859
Sutlej Textile & Industries Limited	1,14,309	₹ 10	2,471	2,471
SIL Investment Limited	1,14,309	₹ 10	2,014	2,014
Tanfac Industries Limited*	498,000	₹10	5,627	5,627
Ultra Tech Cement Limited	2,457,309	₹10	8,07,328	8,07,328
Umi Special Steels Limited** (1,00,000)	1,00,000	₹10	—	—
Zenith Birla Limited	3,432	₹ 10	15	15
Zuari Global Limited	4,34,000	₹10	3,949	3,949
Zuari Agro Chemicals Limited	4,34,000	₹10	3,949	3,949
			33,23,845	33,23,845
Investment in Tax Free Bond				
Housing & Urban Development Corporation			500	—
			500	—
			1,07,85,179	1,04,01,678
Aggregated Value of Investment Property			7,522	1,477
Aggregated Value of Quoted Investments			1,07,37,584	1,03,60,141
Aggregated Value of Unquoted Investments			40,073	40,061
Market Value of Quoted Investments			3,69,22,564	2,99,17,668
*Refer Note 21				
** net of provision for other than temporary diminution			170	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 :

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

	<u>No. of Shares</u>	<u>Face Value (₹ per share)</u>
QUOTED (Fully Paid)		
Equity Shares		
Jiyajeerao Cotton Mills Limited	150	10
Kalyan Sundaram Cement Industries Limited	50,000	10
Saurashtra Chemicals Limited	1,65,874	10
Tungbhadra Industries Limited	1,865	10
UNQUOTED (Fully Paid)		
Equity Shares		
Bombay Industrial Traders Limited (In liquidation)	915	100
Hind Cycles Limited (In liquidation)	400	100
Industrial Plants Limited (in liquidation)	75,000	10
Mckenzie's Limited	753	10
In Subsidiary Companies		
Atlas Iron and Alloys Limited (in liquidation)	72,000	10
Debentures		
Hind Cycles Limited (In liquidation)	66	100
UNQUOTED (Partly Paid)		
Equity Shares		
Central Distributors Limited (in liquidation) (Paid up ₹ 7.50 per share)	1,284	10

10. Loans and Advances

	<u>Non-Current Portion</u>		<u>Current Portion</u>	
	<u>31st March 2014 (₹ in 000s)</u>	<u>31st March 2013 (₹ in 000s)</u>	<u>31st March 2014 (₹ in 000s)</u>	<u>31st March 2013 (₹ in 000s)</u>
Capital Advances				
Unsecured, Considered good, unless otherwise stated	11,464	20,177	—	—
Security Deposits				
Unsecured, Considered good, unless otherwise stated	2,557	2,557	—	—
Loans to Bodies Corporate	—	—	6,00,000	10,00,000
Advances recoverable in cash or in kind				
Unsecured, Considered good unless otherwise stated			240	246

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

Unsecured, considered doubtful unless otherwise stated	1,665	—	—	—
Less Provision for doubtful advances	(1,665)	—	—	—
Other Loans and Advances				
Unsecured, Considered good unless otherwise stated				
Advance income tax, Refund receivable (net of provision for taxation 56,312 thousands)	19,312	19,387	29	—
Prepaid Expenses	—	—	49	16
MAT Credit Entitlement	4,607	4,607	—	—
Loans to Employees	—	—	9	—
Deposits made against Demand Notice (Refer Note 20)	6,928	6,928	—	—
	44,868	53,656	6,00,327	10,00,262

11. Current Investments :

Investments in Mutual Funds (Unquoted) (Valued at Cost or Fair Value)	No. of Units	Face Value (₹ per unit)	31st March 2014 (₹ in 000s)	31st March, 2013 (₹ 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
Birla Sunlife Frontline Equity - Growth	— (1,39,395)	10	—	13,000
Birla Sunlife Midcap Fund-Div.	— (23,47,134)	10	—	47,412
Birla Sunlife Midcap Fund-Growth	— (3,07,637)	10	—	30,099
Birla Sunlife Saving Fund-Div.	— (19,28,612)	1000	—	193,031
Birla Sunlife Cash Manager Fund - Gr.	5,09,987 (—)	100	1,04,169	—
Birla Sunlife Saving Fund - Div.	18,56,813 (—)	10	1,85,944	—
Birla Sunlife Cash Manager Fund - Div.	12,85,003 (11,62,572)	100	1,28,765	1,16,343
Canara Robeco Treasury Advantage Fund - Dividend	— (34,172)	1000	—	42,398

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

DSP Black Rock Equity Fund-Div.	–	10	–	14,995
	(3,32,352)			
DSP Black Rock Equity Fund-Growth	–	10	–	22,536
	(16,62,040)			
DSP Black Rock Small & Mid cap Fund - Growth	–	10	–	23,823
	(13,79,131)			
DSP Black Rock Top - 100 Fund - Div.	–	10	–	25,562
	(1,333,554)			
DSP Black Rock Money Manager Fund - Dividend	1,20,799	1000	1,21,278	1,19,677
	(1,19,404)			
Franklin India Bluechip Fund-Growth	–	10	–	15,000
	(66,732)			
Franklin India Ultra Short Bond Fund	–	10	–	1,60,368
	(1,60,09,266)			
HDFC Equity Fund-Growth	–	10	–	16,019
	(72,405)			
HDFC Floating Rate Income Fund-Div.	–	10	–	25,741
	(2,553,457)			
HDFC Cash Manager Fund	51,72,498	10	51,888	–
	(–)			
HDFC Liquid Fund - Dividend	22,66,187	10	23,111	–
	(–)			
ICICI Prudential Discovery Fund - Div.	–	10	–	22,783
	(12,30,831)			
ICICI Prudential Dynamic Plan-Cuml.	–	10	–	20,000
	(1,97,717)			
ICICI Prudential FocusedFund-Growth	–	10	–	16,020
	(12,37,030)			
ICICI Prudential Top-100-Growth	–	10	–	17,500
	(1,90,052)			
ICICI Prudential Infrastructure Fund- Growth	–	10	–	9,039
	(3,67,872)			
ICICI Prudential Flexible Income Plan	–	100	–	2,89,106
	(27,34,251)			
ICICI Prudential Fixed Maturity Plan Series 68	23,50,000	10	23,500	–
	(–)			
ICICI Prudential Money Manager Fund-Gr.	7,02,811	100	1,24,204	–
	(–)			
ICICI Prudential Regular Saving Fund-Div.	3,03,202	10	30,391	–
	(–)			
Kotak Mid-Cap - Dividend	–	10	–	8,425
	(5,13,321)			
Kotak Mid-Cap - Growth	–	10	–	20,000
	(7,78,236)			

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

Kotak Floater Long Term Fund-Div.	30,97,754 (1,22,91,404)	10	31,225	1,23,895
Reliance Banking Fund - Dividend	— (3,19,428)	10	—	11,145
Reliance Equity Opportunities Fund - Growth	— (2,90,512)	10	—	10,000
Reliance Growth Fund - Growth	— (79,938)	10	—	30,000
Reliance Growth Fund - Dividend	— (3,87,733)	10	—	16,655
Reliance Pharma Fund - Growth	— (5,48,578)	10	—	20,000
Reliance Regular Saving Fund - Div.	— (5,73,793)	10	—	9,779
Reliance Money Manager Fund-Div.Fund	4,00,663 (2,89,669)	1000	4,01,217	2,90,066
Reliance Regular Saving Fund- Growth	— (10,61,372)	10	—	25,694
Reliance Fixed Horizon Fund - Growth	23,50,000 (—)	10	23,500	—
Reliance Liquid Fund - Growth	12,749 (—)	10	39,570	—
Reliance Money Manager Fund -Institutional Growth	14,213 (—)	1000	24,120	—
Sundram Select Focus - Appreciation	— (1,14,651)	10	—	9,584
Sundram Select Midcap - Appreciation	— (12,130)	10	—	1,880
Sundram Smile - Dividend	— (8,22,546)	10	—	8,212
Sundram Smile - Growth	— (2,07,342)	10	—	5,796
Tata Treasury Advantage Fund - Dividend	19,796 (1,40,153)	1000	19,964	1,41,476
UTI Mid cap - Dividend	— (3,86,698)	10	—	8,247
UTI Mid cap - Growth	— (3,10,366)	10	—	9,709
UTI Master Value Fund - Growth	— (1,96,618)	10	—	9,825
UTI Treasury Advantage Fund	15,659 (1,47,735)	10	15,692	1,47,767
			<u>13,48,538*</u>	<u>22,29,546*</u>
			—	28,054

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

12. Trade Receivables and Other Assets

12.1 Trade Receivables

Unsecured, Considered good

Outstanding for a period exceeding six months from due date of payment

Other Debts

		Current	
		31st March 2014	31st March 2013
		(₹ in 000s)	(₹ in 000s)
		206	610
		3,781	5,514
		3,987	6,124

		Non-Current Portion		Current Portion	
		31st March 2014	31st March 2013	31st March 2014	31st March 2013
		(₹ in 000s)	(₹ in 000s)	(₹ in 000s)	(₹ in 000s)

12.2 Other Assets

Unsecured, Considered good

Interest Accrued on Loans

Preliminary Expenses

	–	–	–	15,879
	26	30	–	–
	26	30	–	15,879
	26	30	3,987	22,003

13. Cash and Bank Balances

Cash and cash equivalents

Balances with Banks

On Current Accounts

On Unpaid Dividend Account

Cash on Hand

Deposits with original maturity less than 3 months

		Current	
		31st March 2014	31st March 2013
		(₹ in 000s)	(₹ in 000s)
		1,079	1,426
		3,792	3,245
		28	15
		61,669	701
		66,568	5,387

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

14. Revenue from Operations

	For the Year ended 31st March 2014 (₹ in 000s)	For the Year ended 31st March 2013 (₹ in 000s)
Dividend Income		
– Non Current Investments	1,74,554	2,54,047
– Current Investments	73,978	66,387
Profit on sale of Long Term Investments	–	13,70,129
Profit on sale of Current Investments (Units of Mutual Fund)	90,880	–
Interest Income		
– On Loans	94,683	70,619
– On Fixed Deposit with Banks	486	287
– On Bonds	1	–
Other Operating Revenue		
Rent Income	14,880	13,627
Service Charges	4,076	3,848
	4,53,538	17,78,944
15. Other Income		
Provision for diminution in value of Current Investments no longer required written back	28,054	249
Interest from Income Tax Department for Earlier years	–	4
Profit on sale of Fixed Assets	–	24
Miscellaneous Receipts	163	46
Provision for Non-Performing Assets Written back	61	–
	28,278	323
16. Employee Benefits Expenses		
Salaries and Bonus	6,275	5,424
Gratuity (Refer Note 22)	1,462	1,381
Contribution to Provident and Other Funds	614	623
Staff Welfare Expenses	791	690
	9,142	8,118

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

17. Other Expenses

	For the Year ended 31st March 2014 (₹ in 000s)	For the Year ended 31st March 2013 (₹ in 000s)
Director's Sitting Fees	787	1,009
Insurance Charges	33	39
Repairs & Maintenance (others)	17	11
Provisions for Non Performing Assets	-	11
Contingent Provisions against Standard Assets	-	2,490
Donations	-	160
Building Maintenance & Service Expenses	12,076	5,983
Loss on redemption of units in Mutual Funds (Net)	-	4
Rates & Taxes (Net)	2,287	2,322
Rent	692	660
Miscellaneous Expenses	2,699	3,550
Payment to Auditors		
As Auditors		
Audit Fee*	254	342*
Limited Review	109	99
In Other Capacity		
For Certification, etc.	139	130
For Expenses, etc.	67	101
	19,160	16,911

* includes ₹ Nil (₹150 thousands) for interim financial statements

18. Depreciation and Amortization Expenses

Depreciation on Tangible Assets	189	246
Depreciation on Investment Property	1,432*	46
	1,621	292

* includes ₹ 607 thousands in respect of earlier years.

19. 1. Capital & Other Commitments :

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

2. Contingent Liabilities :

Income Tax demands for earlier years aggregating to ₹ **33,642 thousands** (₹ 26,218 thousands) disputed by the Company.

3. Company's Share in outstanding Capital Commitment & Contingent Liabilities of associates :

- a) Outstanding Capital Commitment
₹ **11,71,619 thousands** (₹ 21,65,831 thousands)

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

b) Contingent Liabilities

(₹ in 000s)

	2013-14	2012-13
Guarantees given		
i. by banks on behalf of Company	3,24,059	82,677
ii. to excise authorities	299	-
Claims against the Company not acknowledged as debts		
i. Rates, taxes & duties demanded by various authorities	28,60,284	16,96,173
ii. Amount demanded by Provident fund authorities which is sub-judice.	2,167	-
iii. Others	76,646	-
For Income Tax matters	98,261	52,446
Undertaking given by the Company under concessional duty/exemption scheme to government authorities (net of obligation fulfilled)	20,33,944	23,24,676
Penalty imposed by Competition Commission of India(CCI)	10,07,796	10,07,796

20. The Company has disputed the claim for recovery of ₹ 1,544 thousands plus interest from 1st November, 1973 made by State Bank of India, Bombay in a suit filed against the company on the basis of guarantee given in respect of the advances made to Hind Cycles Limited against their Cash Credit Account by the said Bank. Against the above claim, ₹ 6,928 thousands have been deposited with Debts Recovery Appellate Tribunal pursuant to Hon'ble Bombay High Court Order while admitting the writ petition filed by the Company. Pending the High Court judgment in the above matter, no provision against the above claim has been made in the accounts.

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

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

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

	(₹ in 000s)	
A. Defined Contribution Plan	2013-2014	2012-2013
Contribution to Provident Fund	570	494
Contribution to superannuation Fund	-	90

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

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 :

	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)
Current Service Cost	362	313
Interest cost on benefit obligation	623	443
Expected return on plan assets	—	—
Net actuarial (gain)/loss recognized in the year	477	625
Net benefit expense	1,462	1,381

Balance Sheet

Benefit asset/liability	31st March 2014 (₹ in 000s)	31st March 2013 (₹ in 000s)
Present value of defined benefit obligation	(8,379)	(6,917)
Fair value of plan assets	—	—
Plan asset/(liability)	(8,379)	(6,917)

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

Opening defined benefit obligation	6,917	5,536
Current Service Cost	362	313
Interest Cost	623	443
Benefits paid	—	—
Actuarial (gains) / losses on Obligation	477	625
Closing defined benefit obligation	8,379	6,917

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

Discount rate	9.00%	8.00%
Expected rate of return on assets	N. A.	N.A.

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

Amounts for the current and previous four years are as follows :

Gratuity	(₹ in 000s)				
	31st March 2014	31st March 2013	31st March 2012	31st March 2011	31st March 2010
Defined Benefit					
Obligation	8,379	6,917	5,536	4,804	3,064
Surplus / (Deficit)	(8,379)	(6,917)	(5,536)	(4,804)	(3,064)
Experience adjustments on plan liabilities	488	617	275	357	357

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

23. 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/-

24. 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.

25. Basis for calculation of Basic and Diluted Earnings Per Share is as under :

		2013 - 14	2012 - 13
Profit after Tax as per Statement of Profit & Loss Account	(₹ in 000s)	(6,11,785)	12,75,692
Weighted average number of Equity Shares	Nos.	79,08,750	79,08,750
Basic & Diluted Earnings per share	(₹ / Share)	(77.36)	161.30
Nominal Value of Shares	(₹ / Share)	10.00	10.00

26. Related Party Disclosures

a. Name of other related parties :

Key Management Personnel

Shri R. A. Makharia (Executive Director)

Key Management Personnel

Remuneration	3,920	3,520
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27. 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.

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

Notes to Consolidated Financial Statements as at and for the year ended 31st March 2014

are cancellable.

	31st March 2014	31st March 2013
	(₹ in 000s)	(₹ in 000s)
Lease Payments made for the year	692	660

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.

29. Minimum Alternative Tax (MAT) Credit entitlement ₹ 3,37,901 thousand (including ₹ 3,172 thousand for the year) , has not been recognized by the Company in the absence of convincing evidence to claim the above tax credit in future years.

30. The Company had made an application to Reserve Bank of India (RBI) vide its letter dated 8th March 2013 for its conversion of the Company 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. Subsequently, RBI has returned the application to further compliance of certain matters. The company is in the process of making fresh application for its conversion from NBFC to CIC, after complying with the additional matter. However, pending application / approval, the investment of the Company have exceeded the limits as per 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) for which the Company has applied to the RBI seeking exemption from complying with aforesaid norms up to 31st March, 2015.

31. Previous year figures

Previous year's figures including those in brackets have been regrouped / rearranged where necessary to confirm the current year's figures. Further current year figure being inclusive of proportionate share in Associate Company which has become Associate in the current year are not comparable with previous year figures.

For **S. R. BATLIBOI & CO. LLP**

Firm registration No. 301003E

Chartered Accountants

Per **BHASWAR SARKAR**

Partner

Membership No. 55596

Date : 27th May, 2014

Place : Kolkata

For and on behalf of the Board of Directors

R. A. MAKHARIA

Executive Director

B. K. BIRLA

Director

R. S. KASHYAP


Company Secretary

FORM B
(Pursuant to clause 31(a) of the Listing Agreement)

1.	Name of the Company:	Pilani Investment & Industries Corporation Limited
2.	Annual financial statements for the period ended	March 31, 2014
3.	Type of Audit qualification	"Except for"
4.	Frequency of observation	In Stand Alone Financial Statements: For (a)& (b)- Repetitive In Consolidated Financial Statements: For (a), (b)& (C) – Repetitive For (d) –First Time
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the Directors Report	<p><u>Audit Report on Standalone Financial Statements:</u></p> <p>a) As indicated in Note 19 to the financial statements, no provision has been made in respect of deposit of Rs. 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.</p> <p>b) As indicated in Note 29 to the Financial Statements, the investments of the Company has exceeded the limits as per the 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) for which the Company has applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms up to 31st March, 2015. Also the Company is in the process of making fresh application for its conversion from Non-Banking Financial Company to Core Investment Company. Pending such exemption/ approval, we are unable to comment on the possible effects of the above on the financial statements</p>

Audit Report on Consolidated Financial Statements:

- a) As indicated in Note 2 (ii)(c) to the Consolidated Financial Statements, difference of Rs.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 20 to the Consolidated Financial Statements, no provision has been made in respect of deposit of Rs. 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 High Court of Bombay. Consequently, we are unable to comment on the effect of the above on the financial statements
- c) As indicated in Note 30 to the Consolidated Financial Statements, the investments of the Company has exceeded the limits as per the 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) for which the Company has applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms up to 31st March, 2015. Also the Company is in the process of making fresh application for its conversion from Non-Banking Financial Company to Core Investment Company. Pending such exemption/ approval, we are unable to comment on the possible effects of the above on the financial statements.
- d) A balance of Rs 21000 thousands from M/s Birla Group Holdings Private Ltd. has been carried in the Balance Sheet of one of the subsidiary Company under Long Term Borrowings .In the absence of underlying

		<p>documents, the auditors of that subsidiary Company are unable to comment on the nature and balance of the same.</p> <p><u>Management Response:</u> The observations made in the Auditors Report as stated above are self explanatory.</p>
6	Additional comments from the board / audit committee chair	Nothing Significant
7.	<p>To be signed by-</p> <ul style="list-style-type: none"> • Mr. R A Makharia Executive Director • Mr. Bhaswar Sarkar Partner Membership no. 55596 <p>For S. R. Batliboi & Co. LLP Chartered Accountants Firm Registration no. 301003E (Statutory Auditors)</p> <ul style="list-style-type: none"> • Mr. D.K.Mantri Audit Committee Chairman 	<p>For Pilani Investment and Industries Corporation Ltd.</p> <p><i>R. A. Makharia</i> Executive Director</p> <p><i>Bhaswar Sarkar</i></p>  <p><i>Mantri</i></p>