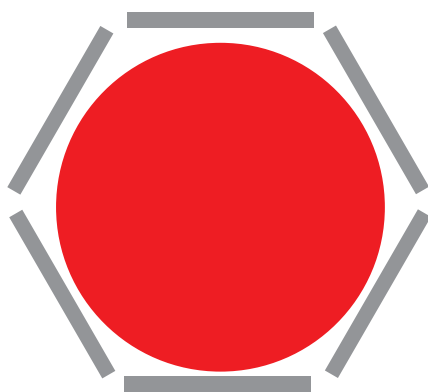


INDUSTRIAL INVESTMENT TRUST LIMITED

2010 - 2011

78th Annual Report



IITL GROUP

CONTENTS

| | Page No. |
|--|----------|
| Board of Directors | 1 |
| Notice | 2 - 4 |
| Directors' Report | 5 - 7 |
| Management Discussion and Analysis | 8 - 9 |
| Report on Corporate Governance | 10 - 15 |
| Auditors' Report on Corporate Governance | 16 |
| Auditors' Report | 17-19 |
| Balance Sheet | 20 |
| Profit and Loss Account | 21 |
| Cash Flow Statement | 22 - 23 |
| Schedules | 24 - 41 |
| Summary of Investments | 42 - 43 |
| Consolidated Financial Statements | 44 - 59 |
| Group Financial Highlights | 60 |

INDUSTRIAL INVESTMENT TRUST LIMITED

| | | | |
|--|---|---|--------------------------------------|
| BOARD OF DIRECTORS | : | Dr. B. Samal | - <i>Chairman</i> |
| | | Mr. Bipin Agarwal | |
| | | Mr. T. M. Nagarajan | |
| | | Mr. R. K. Mittal | |
| | | Mr. R. S. Loona | |
| | | Mr. Venkatesan Narayanan | |
| | | Mr. P. K. Rath | - <i>Nominee of LIC India</i> |
| | | Ms. Cumi Banerjee | - <i>CEO & Company Secretary</i> |
| BANKERS | : | Axis Bank Limited | |
| | | ICICI Bank Limited | |
| | | Union Bank of India | |
| | | IndusInd Bank Ltd. | |
| | | Bank of Baroda | |
| AUDITORS | : | Deloitte Haskins & Sells | |
| REGISTRAR & SHARE TRANSFER AGENTS | : | Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (W), Mumbai 400 078 | |
| REGISTERED OFFICE | : | 14E, Rajabahadur Mansion, 2nd Floor, 28, Bombay Samachar Marg Mumbai 400 001 | |

NOTICE

NOTICE is hereby given that the Seventy Eighth Annual General Meeting of the Members of Industrial Investment Trust Limited will be held at **M.C. Ghia Hall, 2nd floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Mumbai 400 001 on Saturday, September 10, 2011 at 3.00 p.m.** to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend for the year ended March 31, 2011.
3. To appoint a Director in place of Mr. Bipin Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R.K. Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit to pass with or without modification, the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the retiring Auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad (Firm Registration No. 117365W), be and are hereby re-appointed as Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them”.

By Order of the Board of Directors
For Industrial Investment Trust Limited

Cumi Banerjee
 CEO & Company Secretary

Mumbai : July 27, 2011

Registered Office :

14E, Rajabhadur Mansion, 2nd Floor,
 28, Bombay Samachar Marg
 Mumbai 400 001

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 03, 2011 to Saturday, September 10, 2011 (both days inclusive).
3. The dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be payable on or before October 09, 2011 to those shareholders or their mandates whose names stand on the Register of Members after giving effect to all valid transfer deeds in physical form lodged with the Company on or before September 02, 2011 and in respect of dematerialised shares, the dividend will be payable on the basis of beneficial ownership as per details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited for the purpose as on the close of business hours on September 02, 2011.
4. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through Electronic Clearing Services (ECS) subject to availability of bank account details and 9 digits MICR code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.

Members holding shares in physical form and desirous of availing ECS facility, should provide the bank details and 9 digits MICR code number.
5. Members are requested to send all correspondences relating to shares including requests for transfer, change of address, change of status, change of mandate, Bank Account details

to our Registrar and Share Transfer Agents: M/s. Link Intime India Private Limited having their office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, Tel. No.: 2596 3838. In respect of shares held in dematerialised mode, the shareholders should inform their concerned Depository Participant only.

6. In all the correspondences with the Company / Registrar and Share Transfer Agents, the members holding in physical form are requested to quote their account / folio numbers and in case their shares are held in the dematerialised form, they must quote their Client ID Number and DP ID Number.
7. Members are requested to bring the copy of their Annual Report and the Attendance Slip at the Annual General Meeting.
8. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
9. In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has transferred unclaimed dividends in September, 1998 for the year ended March 31, 1995 to the General Revenue Account of the Central Government. Members concerned may, therefore, submit their claims in the prescribed form to the Office of Registrar of Companies, Central Government Office Building, 'A' Wing, 2nd Floor, Next to Reserve Bank of India, CBD, Belapur – 400 614.

10. In terms of section 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the Investor Education and Protection Fund (IEPF). The Company has therefore, transferred unclaimed dividend on September 09, 2010 for the year ended March 31, 2003 to the IEPF Account of the Central Government. Members who have not encashed their divided warrants for the year 2003-2004 or thereafter are requested to write to the Company / Registrars and Share Transfer agents. **Shareholders are requested to note that no claims shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**
11. As per the provisions of the Companies Act, 1956, facility for making nominations is available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Share Transfer Agents (RTA) of the Company.
12. Pursuant to the Circular No.17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs on '**Green Initiative in Corporate Governance**', Shareholders are requested to duly communicate their e-mail Id's to their respective DPs or RTA of the Company **(A perforated form being attached in the Annual Report for the same).**

**Details of the Directors seeking appointment / re-appointment at the
forthcoming Annual General Meeting
[In pursuance of Clause 49 of the Listing Agreement]**

| Name of the Director | Mr. Bipin Agarwal | Mr. R.K. Mittal |
|--|--|--|
| Date of Birth | 01.11.1965 | 05.05.1944 |
| Nationality | Indian | Indian |
| Date of Appointment | 08.01.2008 | 16.10.2008 |
| Qualifications | B.Com. (Hons.), FCS | B.Com, FCA |
| Expertise in specific functional areas | He has around 17 years of experience in the areas of Portfolio Management, Finance and matters related to Corporate Laws, Mergers and Acquisitions, Operations in Capital and Commodities Market. | Practising as a Chartered Accountant under the firm name of Mittal & Associates since 1976. He specializes in corporate & financial advisory services, including syndication of funds, financial restructuring & negotiated settlement. |
| Directorships held in other companies | <ol style="list-style-type: none"> 1. Nimbus (India) Limited 2. Nimbus Projects Limited 3. Nimbus Propmart Limited 4. Nimbus Multi Commodity Brokers Limited 5. N.N. Financial Services Private Limited 6. Urvashi Finvest Limited 7. Gupta Fincaps Private Limited 8. Seven Star Buildwell Private Limited (Under dissolution Process) 9. IITL Projects Limited 10. IIT Insurance Broking and Risk Management Private Limited 11. IIT Investrust Limited 12. IIT Media and Entertainment Private Limited 13. Capital Infra Projects Private Limited 14. World Resorts Limited | <ol style="list-style-type: none"> 1. CS Enterprises Private Limited 2. Vithal Finvest and Consultants Private Limited 3. Elegant Marbles & Grani Industries Limited 4. Mumbai Vaish Seva Sansthan - (Incorporated under section 25 of the Companies Act, 1956.) 5. Market Entry Solutions Private Limited 6. Pradeep Metals Limited 7. IITL Projects Limited 8. IIT Investrust Limited |
| Committee position held in other companies | Audit Committee <ol style="list-style-type: none"> 1. IIT Investrust Limited 2. IIT Insurance Broking and Risk Management Private Limited 3. World Resorts Limited | Audit Committee <ol style="list-style-type: none"> 1. Elegant Marbles & Grani Industries Limited 2. Pradeep Metals Limited 3. IITL Projects Limited 4. IIT Investrust Limited Share Transfer and Grievance Committee <ol style="list-style-type: none"> 1. Elegant Marbles & Grani Industries Limited 2. IITL Projects Limited Remuneration Committee <ol style="list-style-type: none"> 1. Elegant Marbles & Grani Industries Limited 2. IITL Projects Limited |
| No. of shares held in the company | 25,000 | NIL |

By Order of the Board of Directors
For **Industrial Investment Trust Limited**

Cumi Banerjee
CEO & Company Secretary

Mumbai : July 27, 2011

Registered Office :
14E, Rajabhadur Mansion, 2nd Floor,
28, Bombay Samachar Marg, Mumbai 400 001

DIRECTORS' REPORT

Your Directors are pleased to present the Seventy Eighth Annual Report of the Company, together with the Audited Statements of Accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

| | Current Year (Rs. in lakhs) | Previous Year (Rs. in lakhs) |
|---|--------------------------------------|---------------------------------------|
| (a) Total Income | <u>1020.06</u> | <u>1942.91</u> |
| Profit before Depreciation | 599.48 | 1718.42 |
| Less : Depreciation | <u>4.74</u> | <u>7.51</u> |
| Profit before Tax | 594.74 | 1710.91 |
| Less : Provision for Tax | <u>188.47</u> | <u>333.16</u> |
| | 406.27 | 1377.75 |
| Add : Balance of Profit brought forward from the previous year | <u>3103.16</u> | <u>2244.78</u> |
| Amount available for appropriation | <u>3509.43</u> | <u>3622.53</u> |
| (b) From this, the Directors have transferred to: | | |
| Special Reserve | 81.26 | 275.56 |
| General Reserve | 20.32 | 68.89 |
| (c) The Directors recommend payment of Dividend at the rate of Rs.1.50 per share (previous year Rs.1.50 per share) on 1,00,00,000 shares of Rs. 10/- each which will absorb | 150.00 | 150.00 |
| Tax on proposed Dividend | 24.92 | 24.92 |
| (d) Leaving a balance to be carried forward | <u>3232.93</u> | <u>3103.16</u> |

OPERATING RESULTS:

The Company has earned pre-tax profit of Rs. 594.74 lakhs during the year as compared to Rs.1710.91 lakhs in the previous year. The profitability has been impacted mainly due to lower interest income of Rs. 226.38 lakhs (Rs.279.68 lakhs in the previous year), lower net profit from sale of investments of Rs. 9.75 lakhs (Rs. 146.20 lakhs in the previous year) and reversal of provisions made towards doubtful loans, diminution in value of investments and write down of value of fixed assets, aggregating to Rs.607.08 lakhs only (Rs.1357.39 lakhs in the previous year). Moreover, a provision of Rs.173.94 lakhs has been made towards diminution in the value of investments during the year as compared to Nil in previous year.

DIVIDEND

Your Directors are pleased to recommend payment of dividend of Rs.1.50 per equity share of Rs.10/- each (15%) on the Equity Share Capital of the Company. The dividend together with the tax on dividend, will absorb a sum of Rs.174.92 lakhs.

LISTING OF EQUITY SHARES OF THE COMPANY ON National Stock Exchange of India Limited

The Company received approval from National Stock Exchange of India Limited on August 13, 2010 for Listing of its Equity Shares with effect from August 17, 2010.

INVESTMENTS

Your Company is an investment company, with a long term view of its portfolio. Besides making investments in quoted and unquoted securities, the Company makes investments in fixed deposits with renowned banks, units of mutual funds and inter-corporate deposits.

Investment portfolio is reviewed periodically and appropriate restructuring is done keeping in mind the market environment. Since mutual funds are subject to market risks and prone to risk due to fluctuation in NAVs, the proper assessment is done while making investments in mutual funds.

The details of the Company's investments, including a portfolio summary and analysis of securities held are given in Schedule "D" to the Balance Sheet as on March 31, 2011.

Due to the global financial crisis and a sharp decline in the domestic capital markets, there was erosion in the value of the Company's investment portfolio. As a result of this, the market value of the Company's quoted investments as on March 31, 2011 was Rs.2579.62 lakhs, as compared to its cost of Rs.3772.57 lakhs. However total provision of Rs. 621.85 lakhs made towards diminution in value of investments has been considered adequate in view of inherent strength of the investments in mid to long term period. During the year, the Company invested Rs.1016.75 lakhs in shares / mutual funds and sold / redeemed shares / mutual funds for value of Rs.643.91 lakhs.

SUBSIDIARY COMPANIES

IIT Investtrust Limited (IITIL)

IITIL undertakes Stock Broking and Depository operations. It has also commenced arbitrage operations. It is in the process of launching research set-up and is planning to open offices in other parts of the country. It has initiated the process of obtaining Institutional Empanelment. It also provides Advisory and Consultancy services to various body corporates for loan syndication and allied matters.

IITL Projects Limited – (IITLPL) (Formerly known as Indo Green Projects Limited)

IITLPL is into the business of Real Estate and engaged in developing Housing Projects. It has acquired plots of land under Builders Residential scheme of the Greater Noida Industrial Development Authority and has also entered into Special Purpose Vehicle (SPV) / Joint Venture (JV) with other body corporates for development of residential flats.

Currently, IITLPL has in its fold the following five projects:

1. Express Park View: IITLPL acquired land at Plot No. A, Sector CH V, Greater Noida admeasuring 10043.31 sq. mts. for flatted residential development.
2. The Hyde Park: IITLPL has entered into Special Purpose Partnership Firm with Nimbus Projects Ltd. and Supertech Ltd. under the name "IITL Nimbus The Hyde Park" and has acquired plot of land admeasuring 60348.53 sq. mts. at Sector 78, Noida for development of residential flats.
3. The Golden Palm: IITLPL alongwith Nimbus Project Limited acquired the equity shareholding of Capital Infra Projects Pvt. Ltd. in equal proportion to form a JV under the name "IITL Nimbus The Golden Palm" for construction of residential houses. The project is situated at Plot No. GH-01/E, Sector 168, Noida admeasuring 39999.76 sq. mts.
4. The Express Park View II: IITLPL has entered into partnership with Nimbus Projects limited, Assotech Limited under the partnership firm "IITL Nimbus The Express Park View". The project is situated at Plot No. GH-03, Sector CHI-V, Greater Noida admeasuring 52493.16 sq. mts. The land has been allotted and acquired on lease hold basis for 90 years from Greater Noida authority. The project is located on Yamuna Express way and is undertaken for residential development.
5. Palm Village: IITLPL has entered into partnership with Nimbus Projects limited, Assotech Limited under the partnership firm "IITL Nimbus The Palm Village". The project is situated at Plot No. GH-03, Sector 22A, Greater Noida admeasuring 97585 sq. mts.

The development / construction work has been started on all the plots after obtaining necessary permission and clearances.

IIT Insurance Broking and Risk Management Private Limited (IIBRMPL)

During the year, IIBRMPL has widened its network and its total number of operational offices at the year end stands at 16 and it has 264 employees on the pay roll.

During the year, it has organized 38 insurance awareness camps in various parts of the country in order to promote Life and Non-Life insurance business. It is in the process of obtaining ISO certification through M/s Manas Consultancy.

IIT Media and Entertainment Private Limited (IMEPL)

Considering the uncertain conditions prevailing in the media and entertainment industry, IMEPL has filed a Capital Reduction

Petition with the High Court of Judicature at Mumbai for Reduction of its share capital. The matter will be listed for hearing in due course.

INVESTMENTS IN WORLD RESORTS LIMITED (WRL)

The Company has made investment of Rs. 1551.81 lakhs towards acquisition of 25% in equity of an unlisted public company, World Resorts Limited, which is into the business of hospitality and has a five star hotel by the name "Golden Palms Hotel & Spa" at Tumkur Road, Bangalore. WRL has vast potential and the investment in this Company is expected to be fruitful in the medium term.

PARTICULARS UNDER SECTION 212 OF THE COMPANIES ACT, 1956

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of its subsidiary companies to its Annual Report. A general exemption from complying with the provision of Section 212 of the Companies Act, 1956 has been granted by the Ministry of Corporate Affairs to the companies vide its Circular No. 2/2011 dated February 8, 2011, provided that the company complies with the conditions stated in the circular. The Company has complied with all the conditions stated in the said circular for the financial year 2010-11 for availing the said exemption. The Annual Report, therefore, does not contain the reports and other statements of the subsidiary companies. Upon request, the Company will make available the annual audited accounts and related information of the subsidiary companies to the investors of the Company. These documents will also be available for inspection during business hours at the registered office of the Company.

As required by Accounting Standard – 21 and Listing Agreement with the Stock Exchanges, the audited consolidated financial statements of the Company and its subsidiaries are attached.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits from the public.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In terms of Section 205C of the Companies Act, 1956, a sum of Rs.4,75,808/- lying with the Company as unclaimed dividend for the year 2002 – 2003 i.e. for a period of seven years from the date they became due for payment were transferred during the period under review to the Investor Education and Protection Fund.

DIRECTORS

Appointment

In accordance with the provisions of the Companies Act, 1956, Mr. Bipin Agarwal and Mr. R.K. Mittal, Directors retire by rotation and, being eligible, offer themselves for re-appointment.

Brief Resume of the Directors, nature of expertise in specific functional areas, names of companies in which the Directorship is held and the membership of the Committees of the Board and their shareholdings in the Company are given in the Notice for the ensuing Annual General Meeting.

AUDITORS' REPORT

The observations made by the Auditors in their report are appropriately dealt with in the Notes forming part of the accounts for the year, which are self-explanatory and, hence, do not require any further explanations.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification or explanation.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company and have expressed their willingness for appointment and confirmed that their appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.

You are requested to re-appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, as Auditors of the Company from the conclusion of the 78th Annual General Meeting until the conclusion of the 79th Annual General Meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report, forming part of this report, as required under Clause 49(IV)(F) of the Listing Agreement with the Stock Exchanges, is attached separately in this Annual Report.

CORPORATE GOVERNANCE

Your Company has been practising the principles of good Corporate Governance over the years and it is a continuous and ongoing process. A detailed Report on Corporate Governance practices followed by your Company, in terms of Clause 49(VI) of the Listing Agreement together with a Certificate from the Auditors confirming compliance with the conditions of Corporate Governance are provided separately in this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) appropriate accounting policies have been selected and applied consistently and that they have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the Company for the year ended March 31, 2011;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) the annual accounts have been prepared on a 'going concern' basis.

PARTICULARS OF EMPLOYEES

There are no Employees coming under the purview of Section 217 (2A) of the Companies Act, 1956 and therefore such information has not been disclosed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

Your Company is not engaged in any manufacturing activities, and therefore, there are no particulars to be disclosed under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, relating to conservation of energy or technology absorption. During the year under review, the Company did not earn any foreign exchange and there was no expenditure in foreign exchange.

ACKNOWLEDGEMENTS

Your Directors wish to express their grateful appreciation for the valuable support and co-operation received from business associates, banks, financial institutions, shareholders, various statutory authorities and society at large. Your directors also place on record, their appreciation for the contribution, commitment and dedication of the employees of the Company and its subsidiaries at all levels.

On behalf of the Board of Directors,

Dr. B. Samal
Chairman

Mumbai
Date: July 27, 2011

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMIC SCENARIO:

Global economic activity has recovered slowly but steadily in the calendar year 2010 after the sharp deceleration of growth in 2008 and the contraction in 2009. However, the fear of emerging high oil prices is the biggest threat to the growth. The growth is also largely impacted due to surge in commodity prices and monetary tightening in emerging market economies to contain inflationary pressures. The sovereign debt crisis in countries like Greece, Portugal and Ireland posed serious challenges for the stability in the entire Euro area. The increasing high levels of government debt in other advanced countries also added to the uncertainty around the fiscal consolidation and its impact on the international financial markets. The crisis further aggravated due to spill over effects from Japanese natural disasters. IMF has projected a slower growth in global GDP at 4.4% in 2011 vis-à-vis 5.0% growth recorded a year ago.

THE INDIAN ECONOMY:

The Indian economy has been on the growth path, though the last quarter of financial year 2010-11 witnessed a marginal slow down. The overall growth in GDP clocked 8.6% in 2010-11 as against 8% in financial year 2009-10. Agricultural growth was higher, following a good monsoon. The index of industrial production (IIP), which grew by 10.4% during the first half of 2010-11, moderated subsequently, bringing down the overall growth for April-February 2010-11 to 7.8% whereas service sector posted a growth of 9.9%. However, continuing inflation level has been a cause of concern. There was hardening of interest rates and high price spirals during the financial year 2010-11. In an effort to contain inflation, Reserve Bank of India increased the Repo and Reverse Repo rates eight times during the financial year.

INDIAN CAPITAL MARKETS:

The calendar year 2010 was the year of the "E"s. Equity markets across the world delivered positive returns in 2010, even though sovereign issues in Europe caused periods of market volatility. Bombay Stock Exchange's (BSE) Sensitivity Index (Sensex) has been range bound this year hovering around 17,000 - 20,000. Indian stocks breezed past the psychological level of 20,000 after 32 months on Tuesday, September 21, 2010 after its peak of 21206.77 on January 10, 2008. Retail investors were on a selling spree. Mutual funds were facing redemption from retail investors looking for a profitable exit after a gap of nearly three years. In September 2010, investors pulled out about Rs. 7011 Crore from equity mutual fund schemes to book profits

Primary markets financing reached record levels, including the largest ever initial public offering (IPO) for COAL INDIA, while secondary markets improved. 2010-11 has been another record year for the Indian capital markets with 124 IPOs (Initial Public Offerings) and FPOs (Follow on Public Offerings) and 41 QIPs (Qualified Institutional Placements). Global funds have invested close to an estimated amount of \$ 16 billion in Indian equities this year.

BUSINESS PERFORMANCE:

The activities of the Company comprise of investment in equity shares, quoted as well as unquoted, units of mutual funds, fixed deposits with renowned banks and inter-corporate deposits. The Company also undertakes stock based arbitrage trading. The Board of Directors is constantly apprised of the investments of the Company and monitors the deployment of the resources judiciously. However, the investment portfolio of the Company during the year has been impacted due to high volatility and unpredictable nature of the capital markets. The Company is re-structuring and re-aligning its portfolio after making proper assessment of the fundamentals and the future prospects of the investee companies.

The Company is also aggressively following the performance of its subsidiaries. Its subsidiary IITL Projects Limited has undertaken five projects for construction of residential flats under the Greater Noida Authority scheme of its own as well as through joint ventures. Its subsidiary IIT Insurance Broking and Risk Management Pvt. Ltd. is expanding its business and has opened 16 branches across the country to achieve its business targets for Life and Non-Life Insurance. Its subsidiary IIT Investtrust Limited is also aggressive into with its stock broking business and consultancy services. The Company also undertakes arbitrage operations.

The Company has made investment of Rs. 1551.81 lakhs towards acquisition of 25% in equity of an unlisted public Company, World Resorts Limited, which is into the business of hospitality and has a five star hotel by the name "Golden Palms Hotel & Spa" at Tumkur Road, Bangalore. This Company has vast potential and the investment in this Company is expected to be fruitful in the medium term.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

The Company is exposed to specific risks that are particular to its business and the environment, within which it operates, including interest rate volatility, economic cycle, market risk and credit risk. Besides that the equity markets are extremely volatile due to numerous factors like economic trends, government policies, capital flows, inflation etc. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices. The value of investments may be affected by these factors. However in this environment of rising inflation, tightening monetary policy and the consequent hardening interest rates, the Company treads cautiously by focusing and taking decisions judiciously.

FINANCIAL PERFORMANCE:

The Company has earned a profit after tax of Rs. 406.27 lakhs during the year compared to profit of Rs. 1377.75 lakhs during the previous year. The profit is lower mainly due to lower interest income of Rs. 226.38 lakhs as compared to (Rs.279.68 lakhs in the previous year), lower net profit from sale of investments of Rs.9.75 lakhs (Rs. 146.20 lakhs in the previous year) and reversal of provisions made towards doubtful loans, diminution in value of investments and write down of value of fixed assets, aggregating to Rs.607.08 lakhs (Rs.1357.39 lakhs in the previous