PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

ANNUAL REPORT
AND ACCOUNTS
2009-2010

DIRECTORS

SHRI B. K. BIRLA
SHRI KUMAR MANGALAM BIRLA
SHRI P. K. KHAITAN
SHRI D. K. MANTRI
SHRI A. V. JALAN
SHRI K. K. DAGA
SHRI R. A. MAKHARIA
– Executive Director

SECRETARY

SHRI B. D. DALMIA

AUDITORS

M/S. S. R. BATLIBOI & CO.
CHARTERED ACCOUNTANTS
KOLKATA - 700 016

REGISTERED OFFICE

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

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

We have pleasure in presenting to you the Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

	Rs.	*Previous Year* Rs.
Profit from operations, Dividend, Interest and Rent Income	**46,64,42,506**	45,78,61,157
Add : Provision written back for diminution in value of Long Term Unquoted Investments and Mutual Funds	**1,07,52,819**	80,98,426
	47,71,95,325	46,59,59,583
Less: Depreciation	**1,96,849**	2,36,462
Profit before tax	**47,69,98,476**	46,57,23,121
Less: Provision for taxation	**1,60,95,284**	48,38,262
Add: MAT Credit (Entitlement)	**79,77,343**	-
Less: Deferred taxation	**13,14,720**	32,82,173
Profit after taxation	**46,75,65,815**	45,76,02,686
Add: Balance brought forward from last year	**59,26,67,262**	50,59,85,628
Profit available for appropriation	**1,06,02,33,077**	96,35,88,314
Appropriation		
(i) Special Reserve	**9,36,00,000**	9,16,00,000
(ii) Proposed Dividend	**19,77,18,750**	19,77,18,750
(iii) Tax on Dividend	**3,28,38,613**	3,36,02,302
(iv) General Reserve	**5,00,00,000**	4,80,00,000
(v) Balance carried forward to next year	**68,60,75,714**	59,26,67,262
	1,06,02,33,077	96,35,88,314

The profitability of the Company during the year under review has increased compared to the previous year mainly due to earning attractive return on its investment in the mutual funds due to buoyancy in the capital market. Country's export continued to be on a growth streak. Industrial Production is

DIRECTORS' REPORT — *(Contd.)*

growing over 10% and therefore the economic growth rate could attain 8.75% - 9% in the current fiscal year.

DIVIDEND

A dividend of Rs.25.00 per share (Previous year Rs.25.00 per share) is recommended for payment. The aggregate amount of dividend will absorb Rs.19.77 Crores and the tax on proposed dividend will be Rs.3.28 Crores.

DIRECTORS

Shri Kumar Mangalam Birla has been appointed as a Director of the Company with effect from 29th April, 2010 and Shri K. K. Daga has been appointed as a Director of the Company with effect from 29th October, 2009.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies as mentioned in Schedule 'G' of the annual accounts and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31st March, 2010 and the Profit or Loss of the Company for the financial year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

SUBSIDIARY COMPANY

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

AUDITORS

S.R. Batliboi & Co., the Auditors of the Company, retire, and being eligible, offer themselves for reappointment.

AUDITORS REPORT

The observations made in the Auditors Report are self explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not applicable as no employee was in receipt of such remuneration as provided under the said Section.

DEPOSITS

The Company has not accepted any public deposit during the year. Hence, no information is required to be appended to this report in terms of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The Company has no manufacturing activity and therefore, the disclosure of particulars as required to be appended under Section 217(1)(a) of the Companies Act, 1956, in so far as it relates to the Conservation of the Energy and Technology Absorption is not applicable. Particulars with regard to Foreign Exchange Earnings and Outgo appear in Schedule 'G' to the accounts and forming part of this Report.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard-21 issued by the Institute of Chartered Accountants of India and as stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges with which the Shares of the Company are listed. The audited Consolidated Financial Statements form part of the Annual Report.

APPRECIATION

Your Directors place on record their deep appreciation for the committed services rendered by the employees of your Company.

For and on behalf of the Board of Directors

Kolkata	**R. A. MAKHARIA**	**B. K. BIRLA**
7th July, 2010	*Executive Director*	*Director*

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

A. Atlas Iron & Alloys Limited

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

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

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

B. PIC Properties Limited

Pilani Investment and Industries Corporation Limited held 50,002 Equity Shares of Rs.10/- each being the whole of the subscribed capital of PIC Properties Ltd. as on 31st March, 2010. The Financial year of the Company as well as the subsidiary ended on 31st March, 2010.

a) The net aggregate amount, so far as it concerns members of holding company and is not dealt with in the Company accounts, of the Subsidiary's profits after deducting its losses or vice versa.

For the Financial year of the Subsidiary Rs.4,89,639 [Previous year Rs.4,05,641]

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
7th July, 2010

R. A. MAKHARIA
Executive Director

B. K. BIRLA
Director

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's Business Profile

i) Registration Details

Registration No.	21-95302	State Code	21
CIN No.	L2413WB2002 PTC095302		
Balance Sheet Date	31.3.2010		

ii) Capital Raised during the year (Amount in thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

iii) Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	65,47,626	Total Assets	65,47,626
Sources of Funds			
Paid-up Capital	79,088	Reserves & Surplus	62,30,598
Secured Loans	NIL	Unsecured Loans	NIL
Application of Funds			
Net Fixed Assets	2,013	Investments	65,03,710
Net Current Assets	(1,98,453)	Misc. Expenditure	NIL
Accumulated Losses	NIL	Deferred Tax Assets	2,416

iv) Performance of Company (Amount in Thousands)

Turnover(including other income)	4,94,041	Total Expenditure	17,043
Profit Before Tax	4,76,998	Profit After Tax	4,67,566
Earning per Share in Rs.	59.12	Dividend Rate in Rs.	25.00

v) Generic Names of Three principal products / Services of Company

(as per monetary terms)

Item Code No.	NOT APPLICABLE
Description	

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 the Corporate Governance compliance by the Company as per the Clause 49 of the Listing Agreement with 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/ Chairperson
Shri B.K. Birla	Non-Executive	4	–	–	–
Shri Kumar Mangalam Birla	Non-Executive	11	14	–	–
Shri P.K. Khaitan	Non-Executive*	13	–	5	–
Shri D.K. Mantri	Non-Executive*	3	22	–	–
Shri A.V. Jalan	Non-Executive	2	15	–	–
Shri K. K. Daga	Non-Executive*	1	2	–	–
Shri R.A. Makharia	Executive***	1	–	–	–

* Also independent.

** Private companies and Companies under Section 25 of the Companies Act, 1956.

*** Shri R.A. Makharia is the Managing Director of the Company.

\# Only the two committees viz., the Audit Committee and the Shareholders Grievance Committee are considered for this purpose.

– None of the Directors of the Company hold any Equity Shares in the Company. Shri Kumar Mangalam Birla & Shri K. K. Daga were appointed as Directors of the Company with effect from 29.4.2010 & 29.10.2009 respectively. No Director is related to any other Director on the Board

in terms of the provisions of the Companies Act, 1956 except for Shri B. K. Birla and Shri Kumar Mangalam Birla who are related to each other. Shri B. K. Birla is the grandfather of Shri Kumar Mangalam Birla.

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

(ii)	Details of sitting fees, remuneration etc. paid to Directors :	
	Name of the Directors	Remuneration paid during 2009-2010 Sitting fees for attending Meetings of the Board and/or committee thereof (All figures in Rs.)
	Shri B.K. Birla	1,00,000
	Shri Kumar Mangalam Birla* w.e.f. 29.4.2010	
	Shri P.K. Khaitan	1,80,000
	Shri D.K. Mantri	1,80,000
	Shri A.V. Jalan	1,80,000
	Shri K. K. Daga* w.e.f. 29.10.2009	60,000
	Shri R.A. Makharia	1,00,000

* Appointed on the board of the company.

Executive Director	Remuneration (Rs.)	Benefits and Perquisites including Rs.5,03,760/- being rent (Rs.)
Shri R.A. Makharia	14,40,000	13,35,002

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

2. Shri P.K. Khaitan is a partner in Khaitan & Co., and renders professional services to the Company and a sum of Rs.1,36,695/- has been paid towards Professional services to Khaitan & Co.

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

a. Five meetings of the Board of Directors were held during the year ended 31st March, 2010. These were held on :

(1) 30th April, 2009, (2) 10th June, 2009, (3) 31st July, 2009, (4) 29th October, 2009, (5) 22nd Jan., 2010

b. The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2010 and of the last Annual General Meeting is as under :-

Directors	No. of Board Meetings Attended	Attendance of the last AGM
Shri B. K. Birla	5	–
Shri P. K. Khaitan	5	–
Shri D. K. Mantri	5	Yes
Shri A. V. Jalan	5	–
Shri K. K. Daga	2	–
Shri R. A. Makharia	5	Yes

Shri P. K. Khaitan, Chairman of Audit Committee could not attend the Annual General Meeting as he was indisposed.

C. Code of Conduct

The Company has laid down a Code of Conduct for all the Board of Directors and Senior Management Personnel for avoidance of conflict of interest. It has received from all of them the necessary declaration affirming compliance with Code of Conduct for the year 2009-2010. There were no material financial and commercial transactions in which the Senior Management personnel, had personal interest, which would lead to potential conflict of interest of the Company during the year. The Code of Conduct is available on Company's website.

D. Audit Committee

(i) The Audit Committee comprised of four Non-Executive Directors viz.

(1) Shri P.K. Khaitan (2) Shri D.K. Mantri (3) Shri A.V. Jalan (4) Shri K.K. Daga

Shri P.K. Khaitan, Shri D.K. Mantri and shri K.K. Daga being Independent Non-Executive Directors.

(ii) Audit Committee meetings were held on 22nd May, 2009,31st July, 2009, 29th October, 2009 and 22nd January, 2010. The attendance of the Audit Committee Members is as under :-