

IITL GROUP

Industrial Investment
Trust Limited
2011-2012

79th Annual Report



CONTENTS

	Page No.
Board of Directors	1
Notice	2 - 9
Directors' Report	10 - 13
Management Discussion and Analysis	14 - 15
Report on Corporate Governance	16 - 21
Auditors' Report on Corporate Governance	22
Auditors' Report	23-25
Financial Statements	26-52
Auditors' Report of Consolidated Financial Statements	53
Consolidated Financial Statements	54 - 71

INDUSTRIAL INVESTMENT TRUST LIMITED

BOARD OF DIRECTORS : Dr. B. Samal - *Chairman*
Mr. Bipin Agarwal
Mr. T. M. Nagarajan
Mr. Raj Kumar Mittal
Mr. R. S. Loona
Mr. Venkatesan Narayanan
Mr. P. K. Rath - *Nominee of LIC India*

Ms. Cumi Banerjee - *CEO & Company Secretary*

BANKERS : Axis Bank Limited
ICICI Bank Limited
Union Bank of India
IndusInd Bank Ltd.
Bank of Baroda
HDFC Bank Limited

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

**NOTICE**

NOTICE is hereby given that the Seventy Ninth 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 Thursday, September 20, 2012 at 3.30 p.m.** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss 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, 2012.
3. To appoint a Director in place of Mr. R.S. Loona, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Venkatesan Narayanan, 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".

SPECIAL BUSINESS**6. Appointment of Mr. T.M. Nagarajan as a Director**

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. T.M. Nagarajan, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. Re-appointment of Dr. B. Samal as Executive Chairman of the Company

To consider, and if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and

all guidelines for managerial remuneration issued by Central Government from time to time, and such other consents and approvals as may be required and pursuant to Articles 149 and 150 of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Dr. B. Samal as Executive Chairman of the Company w.e.f. January 24, 2012 on the following terms and conditions:

1. Tenure of Appointment : From January 24, 2012 to January 23, 2013
2. Remuneration Payable : ₹1,75,000/- per month
3. Other Perquisites and Benefits : He shall be entitled to, as per rules of the Company, to:
 - i) Company's contribution to Provident Fund,
 - ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of services and
 - iii) Encashment of leave at the end of the tenure

In addition to salary, perquisites like club fees and use of Company's car for official purpose.

Minimum Managerial Remuneration (in case of absence or inadequacy of profits):

Notwithstanding anything to the contrary herein contained, where, during the tenure of the appointment of Dr. B. Samal as the Executive Chairman of the Company, the Company has no profits or the profits are inadequate, the Company will pay the above remuneration as minimum remuneration.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, proper or desirable to give effect to this resolution."

8. Re-classification of Share Capital & consequent Alteration of Memorandum of Association

To consider and if thought fit, to pass with or without modifications, the following, resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with provisions of Section 16 and Section 94 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Authorised Share Capital of the Company of ₹ 35,00,00,000/- (Rupees Thirty Five Crores Only) be and is hereby re-classified into 3,00,00,000 (Three Crores) Equity Shares of ₹10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lakhs) Preference Shares of ₹10/- (Rupees Ten Only) each.

RESOLVED FURTHER THAT the existing Clause 5 of the Memorandum of Association of the Company be and is



hereby altered by substituting the following new Clause 5 in place of existing Clause 5:

'5 The Authorised Share Capital of the Company is ₹ 35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,00,00,000 (Three Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lakhs) Preference Shares of ₹10/- (Rupees Ten Only) each with power to increase or reduce the capital of the Company and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and the legislative provisions for the time being in force in this behalf and to vary, modify, amalgamate, or abrogate any such right, privileges or conditions in such manner as may be for the time being provided by the Articles of Association of the Company.'

RESOLVED FURTHER THAT Dr. B. Samal, Chairman of the Company and / or Mr. Bipin Agarwal, Director of the Company and / or Mr. T.M. Nagarajan, Director of the Company and / or Ms. Cumi Banerjee, CEO and Company Secretary of the Company be and are hereby jointly as well as severally authorized to do all such deeds, acts, matters and things necessary to give effect to the above resolution including signing and filing the necessary forms with the Registrar of Companies, Mumbai in order to give effect to the above Resolution."

9. Alteration of Articles of Association of the Company

To consider and if thought fit, to pass with or without modifications, the following, resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to Section 31 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Article 3 of the Articles of Association of the Company be and is hereby amended to read as follows:

'3. The Authorised Share Capital of the Company is ₹ 35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,00,00,000 (Three Crores) Equity Shares of ₹10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lakhs) Preference Shares of ₹10/- (Rupees Ten Only) each.'

RESOLVED FURTHER THAT Dr. B. Samal, Chairman of the Company and / or Mr. Bipin Agarwal, Director of the Company and / or Mr. T.M. Nagarajan, Director of the Company and / or Ms. Cumi Banerjee, CEO and Company Secretary of the Company be and are hereby jointly as well as severally authorized to do all such deeds, acts, matters and things necessary to give effect to the above resolution including signing and filing the necessary forms with the Registrar of Companies, Mumbai in order to give effect to the above Resolution."

10. Raising of Funds through Issue of 10% Compulsorily Convertible Preference Shares of the Company on Preferential Basis

To consider, and if thought fit, to pass with or without modifications, the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 81, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as the "**Companies Act**") (including any statutory modification or re-enactment thereof for the time being in force), read with the Memorandum of Association and Articles of Association of the Company and the Listing Agreements entered into with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, where the Company's Equity Shares are listed, Guidelines for preferential issue contained in Chapter VII of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 as may be modified or re-enacted from time to time (hereinafter referred as "**ICDR Regulations**") the applicable rules, notification, guidelines issued by Government of India, Securities and Exchange Board of India ("**SEBI**") and all other concerned statutory and other authorities and to the extent necessary, such other approvals, consents, permissions, sanctions and the like, as may be necessary, and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions, sanctions, the Board of Directors of the Company (herein after referred to as "**the Board**"), which term shall be deemed to include any committee (as of the Board for the time being, exercising the power conferred to the Board) be and is hereby authorized on behalf of the Company to offer, issue and allot on preferential basis, in one or more tranches, to the persons set out in the table below (the "**Investors**"), upto 30,00,000 (Thirty Lakhs), 10% Compulsorily Convertible Preference Shares ("**CCPS**") of face value of ₹10/- each at a price of ₹350/- (Rupees Three Hundred and Fifty Only) (i.e. including premium of ₹340/- per share), from time to time, in one or more lots to the Investors, being the price which is in accordance with the guidelines for Preferential Issue contained in Chapter VII of the ICDR Regulations to persons mentioned below on a Preferential basis:

Sr. No.	Name of the proposed Investors	Address of the Proposed Investors	Category
1.	N.N. Financial Services Private Limited	2J, 2nd Floor, DCM Building, 16, Barakhamba Road, New Delhi - 110001	Promoter
2.	Nimbus India Limited	313-315, Vikas Deep Building, District Centre, Laxmi Nagar, Delhi 110092	Promoter



RESOLVED FURTHER THAT the Compulsorily Convertible Preference Shares shall be issued by the Company on Preferential basis on the following terms and conditions:

- i) The CCPS shall be convertible into the resultant Equity Shares at any time, but not later than 18 (Eighteen) months from the date of allotment, in one or more tranches at a price of ₹ 350/- (Rupees Three Hundred Fifty Only) including premium of ₹ 340/- per share. Further such CCPS shall carry dividend @ 10%.
- ii) The CCPS to be issued on preferential basis to the above stated Investors (allottees) shall be locked in for a period as prescribed under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The Equity Shares issued after conversion shall rank pari passu in all respects with the existing Equity Shares of the Company and shall carry from the date of conversion the right to receive proportionately dividends and other distributions declared / to be declared in respect of the equity capital of the Company and further such equity shares shall be subject to lock-in of three (3) years from the date of allotment. The lock-in of the Equity Shares acquired by conversion of the Convertible Preference Shares shall be reduced to the extent the Convertible Preference Shares have already been locked in from the date of allotment thereof.
- iii) The entire amount of consideration shall be paid at the time of allotment of CCPS.
- iv) The holders of such CCPS shall be entitled to convert any number of CCPS held by them, in one or more tranches, at any time before expiry of Eighteen (18) months from the date of allotment. For the purpose, the holder will give an advance notice of at least ten (10) days exercising the option of conversion specifying the number of convertible preference shares proposed to be converted into equity shares. Upon receipt of the conversion notice, the Board (or a committee thereof) shall allot appropriate number of equity shares to such holders.
- v) The CCPS will be compulsorily converted into Equity Shares before the expiry of 18 months, unless the holder of these preference shares have already exercised the option for conversion into equity shares before expiry of 18 months from the date of allotment subject to prevailing SEBI Regulations.
- vi) The CCPS by itself do not give to the CCPS holder any rights of the equity shareholders of the Company unless converted into resultant Equity Shares of the Company.
- vii) The resultant Equity Shares will be subject to Memorandum and Articles of Association of the Company in all respects.

RESOLVED FURTHER THAT the Relevant Date for the purpose of calculating the minimum price for the CCPS under Chapter VII of relevant SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 is August 21, 2012, being the date 30 days prior to the date of passing of this Resolution.

RESOLVED FURTHER THAT the Equity Shares to be allotted on the conversion of the CCPS shall rank pari passu in all respects with the then existing Equity Shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorised, on behalf of the Company, to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid CCPS / Equity Shares to be issued upon exercise of rights(s) attached to such CCPS and listing thereof with the Stock Exchange(s), as may be appropriate, and to resolve and settle all question(s) or difficult(ies) or doubt(s) that may arise in connection with the proposed offer, issue and allotment of any of the said CCPS and / or the Equity Shares to be issued upon exercise of right(s) attached to such CCPS, utilisation of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may, in its absolute discretion, deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to delegate any or all the powers conferred upon it by this Resolution, to any Committee formed thereof, or to any individual so authorized by the Board."

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

Cumi Banerjee
CEO & Company Secretary

Mumbai : August 09, 2012

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 Thursday, September 13, 2012 to Thursday, September 20, 2012 (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 19, 2012 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 12, 2012 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 12, 2012.
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 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, 2011 for the year ended March 31, 2004 to the IEPF Account of the Central Government. **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).
13. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed and forms part of the Notice.

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. T.M. Nagarajan	Dr. B. Samal	Mr. R.S. Loona	Mr. Venkatesan Narayanan
Date of Birth	14.09.1942	02.03.1943	21.09.1951	27.11.1955
Nationality	Indian	Indian	Indian	Indian
Date of Appointment	03.02.2012	05.03.2008	09.03.2009	18.05.2009
Qualifications	M.Com, CAIIB	M.Sc. (Ag.), Ph.D (Economics), Post Graduate Diploma in Bank Management conducted by NIBM, Pune	B.Sc., LLB	B.Com.,
Expertise in specific functional areas	He started his career with Reserve Bank of India. Thereafter joined IDBI and eventually became its Dy. Managing Director. Also, he has served as long-term Advisor to Nigerian Bank at Lagos, Nigeria. Upon retirement from IDBI, he was appointed as a Whole Time Member of Securities and Exchange Board of India (SEBI). At present, he is a free lance Management Consultant.	He has more than 33 years of experience in the areas of Banking - Rural Credit, HRD, Security related Market and Industrial Finance. He has served as Chairman & Managing Director of Allahabad Bank and Industrial Investment Bank of India. He was also a member of Securities Appellate Tribunal (SAT).	He is a leading corporate lawyer with specialization in securities market, banking and finance, infrastructure projects, real estate and regulatory advice. He has served as Executive Director (Law) of Securities & Exchange Board of India (SEBI) for a period of about 4 years. He has also had a long stint with IDBI, a principal financial institution and two commercial banks.	He has over 18 years experience in senior management having worked with leading consulting companies and has experience spread over venture management / TEFS / Commercial Due Diligence and also in facilitating financial closure in respect of infra structure projects, including interacting with funding institutions and banks. He has consulting expertise in the infrastructure arena, having been associated with several projects covering roads and bridges, power, tourism, and urban infra structure. He has working knowledge and understanding of the nuances of the infrastructure field; he is presently a free-lance consultant and is advising a few Corporates.
Directorships held in other companies	<ol style="list-style-type: none"> 1. Indbank Merchant Banking Services Ltd. 2. IDBI MF Trustee Company Ltd. 3. Alpha Capital Management Pvt. Ltd 4. IITL Projects Ltd. 5. IIT Insurance Broking and Risk Management Pvt. Limited 6. Capital Infra Projects Limited 	<ol style="list-style-type: none"> 1. Surana Industries Ltd. 2. Jaiprakash Associates Limited 3. Jaypee Infratech Limited 4. Mayfair Hotels and Resorts Limited 5. ARSS Infrastructure Projects Limited 6. IITL Projects Limited 7. IIT Insurance Broking & Risk Management Pvt. Ltd. 8. Vipul Limited. 9. World Resorts Limited 10. Capital Infraprojects Private Limited 11. MRG Hotels Pvt. Limited 12. T.K. International Limited 13. Reliance Capital Limited 	<ol style="list-style-type: none"> 1. IITL Projects Limited 2. IIT Insurance Broking and Risk Management Pvt. Ltd. 3. IIT Media & Entertainment Pvt. Ltd. 4. India Infoline Trustee Company Ltd. 5. Kesar Terminals & Infrastructure Limited 6. MRG Hotels Pvt. Ltd. 7. Asset Reconstruction Company (India) Ltd. 	<ol style="list-style-type: none"> 1. IITL Projects Limited
Committee position held in other companies	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. Indbak Merchant Banking Services Ltd. 2. IDBI MF Trustee Company Ltd 3. IIT Insurance Broking and Risk Management Pvt. Ltd 4. IITL Projects Limited 	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. ARSS InfrastructureProjects Ltd. 2. Mayfair Hotels & Resorts Ltd. 3. Vipul Limited 4. Reliance Capital Limited 5. Surana Industries Limited 6. World Resorts Limited 7. T.K.International Limited <p>Share Transfer and Grievance Committee</p> <ol style="list-style-type: none"> 1. ARSS Infrastructure Projects Limited 	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. IITL Projects Limited 2. India Infoline Trustee Company Limited 3. Kesar Terminals & Infrastructure Limited <p>Share Transfer and Grievance Committee</p> <ol style="list-style-type: none"> 1. IITL Projects Limited 	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. IITL Projects Limited <p>Share Transfer and Grievance Committee</p> <ol style="list-style-type: none"> 1. IITL Projects Limited
No. of shares held in the company	NIL	NIL	NIL	NIL

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 RELATING TO THE SPECIAL BUSINESS UNDER ITEM NOS. 6 TO 10 OF THE ACCOMPANYING NOTICE DATED AUGUST 09, 2012

Item No.6

Mr. T.M. Nagarajan was appointed as an Additional Director by the Board of Directors on February 03, 2012. Mr. T.M. Nagarajan holds the office of Director only upto the date of forthcoming Annual General Meeting.

A notice under Section 257 of the Companies Act, 1956 along with a deposit of ₹500/- has been received by the Company from a member proposing the appointment of Mr. T.M. Nagarajan as a Director of the Company. The Board recommends the appointment of Mr. T.M. Nagarajan to the office of Director.

Except Mr. T.M. Nagarajan, no other Director is, in any way, concerned or interested in this Resolution.

Item No.7

The Board of Directors, on the recommendation of the Remuneration Committee and subject to the approval of Shareholders, Central Government and other authorities, as may be applicable, at its meeting held on October 20, 2011, had unanimously approved re-appointment and the remuneration payable to Dr. B. Samal as Executive Chairman of the Company for a period of 1 year w.e.f. January 24, 2012 to January 23, 2013.

Pursuant to Section 302 of the Companies Act, 1956, an abstract of his appointment was sent to the shareholders of the Company on November 04, 2011.

Except Dr. B. Samal, no other Director is, in any way, concerned or interested in this Resolution.

Item Nos.8 & 9

The Authorised Share Capital of the Company presently stands at ₹35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores and Fifty Lakhs) Equity Shares of ₹10/- (Rupees Ten Only). Board of Directors has considered it necessary to reclassify the share capital of the Company into equity shares and preference shares to enable the Company to issue Preference Shares. So it is proposed to re-classify/split the Authorised Share Capital of the Company into 3,00,00,000 (Three Crores) Equity Shares of ₹10/- (Rupees Ten Only) each and 50,00,000 (Fifty Lakhs) Preference Shares of ₹10/- (Rupees Ten Only) each.

As re-classification of Share Capital requires amendment of the Capital clauses of Memorandum and Articles of Association of the Company, your Board recommends passing of the Resolutions proposed at Item Nos.8 & 9 of the accompanying Notice for your approval.

None of the Directors of the Company may be deemed to be concerned or interested in the said resolutions except to the extent to which they may participate in the re-classified shares.

Item No.10

The resolution is recommended to the shareholders of the Company for their approval pursuant to the provisions of Section 81, 81(1A) and other applicable provisions of Companies Act, 1956 and in accordance with Chapter VII of ICDR Regulations relating to preferential issue as amended up to date. Company plans to make Preferential Issue of 10% Compulsorily Convertible Preference Shares (CCPS) of the Company, not exceeding 30,00,000 CCPS, of face value of Rs. 10/- at a price of Rs.350/- per share (i.e. including premium of Rs.340/- per share) convertible at the sole option of the holders thereof at any time, in one or more tranches, within a period of 18 months from the date of allotment thereof, into resultant fully paid-up Equity Shares of the Company of face value of Rs. 10/- at a price of Rs.350/- per CCPS (the pricing which is determined in accordance with the SEBI Guidelines (as applicable). The details of the same are as under:



(a)	Relevant date and the price at which allotment is proposed	Relevant date in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for issue of upto 30,00,000 10% Compulsorily Convertible Preference Shares of the Company of face value of ₹ 10/- at a price of ₹350/- per share on preferential basis convertible into equivalent number of fully paid-up Equity Shares of face value of ₹10/- at a price of ₹350/- per CCPS, is August 21, 2012.
(b)	No. of Preference Shares proposed to be allotted on Preferential Allotment basis pursuant to Special Resolution passed under Section 81(1A) of the Companies Act, 1956.	Upto 30,00,000, 10% Compulsorily Convertible Preference Shares of the Company of face value of ₹ 10/- each convertible at the sole option of the holder thereof, at any time before expiry of 18 months from the date of Allotment thereof, into equivalent number of fully paid-up Equity Shares of the Company of face value of ₹10/- each.
(c)	Objects of the Issue	The purpose of the issue is to enable the Company to strengthen its financial position and net worth, as also augmenting long term resources. Further, to meet general corporate purposes including investments in profitable ventures and for meeting the working capital requirements as may be decided by the Board / Committee in the best interests of the Company.
(d)	Intention of the Promoters / Directors / Key management persons to subscribe to the CCPS	N.N. Financial Services Private Limited and Nimbus India Limited, Promoters, have expressed their intention to subscribe to CCPS.
(e)	Proposed time limit within which the allotment shall be completed	The CCPS are proposed to be allotted within 15 days of the passing of the Special Resolution approving their allotment. Provided that where the allotment is pending on account of pendency of any approval of such allotment by any regulatory authority shall be completed within 15 days from the date of such approval.
(f)	Lock - in period	The CCPS shall be subject to lock-in for three (3) years from the date of allotment. The lock-in of the Equity Shares acquired by conversion of the Convertible Preference Shares shall be reduced to the extent the Convertible Preference Shares have already been locked in from the date of allotment thereof.
(g)	Consequential changes, if any, in the Management Control of the Company	The proposed preferential allotment shall not result in any change in Management Control of the Company.



Shareholding Pattern before and after the conversion of proposed preference shares assuming conversion of 30,00,000 CCPS

Sr. No.	Category	Pre-conversion equity shareholding (as on 03.08.2012)		Post-conversion equity shareholding after (assuming full conversion of CCPS)	
		No.	%	No.	%
A	Promoter Holding				
1	Indian Promoters				
	N.N. Financial Services Private Limited	49,87,960	25.22	72,89,605	32.00
	Nimbus (India) Limited	15,13,427	7.65	22,11,782	9.71
	Bipin Agarwal	25,000	0.13	25,000	0.11
	Swaran Mohinder Singh	25,000	0.13	25,000	0.11
	Foreign Promoters	Nil	Nil	Nil	Nil
2	Persons Acting in Concert	Nil	Nil	Nil	Nil
	Sub-Total (A)	65,51,387	33.13	95,51,387	41.93
B	Non-Promoter Holding				
1	Institutional Investors				
	Mutual Funds	Nil	Nil	Nil	Nil
	Banks, FIs, Insurance companies	13,62,461	6.89	13,62,461	5.98
	Central Government/ State Government	37,200	0.19	37,200	0.16
	NRIs/OCBs	91,102	0.46	91,102	0.40
	FIs	Nil	Nil	Nil	Nil
	Sub-Total (B1)	14,90,763	7.54	14,90,763	6.54
2	Others				
	Private Body Corporates	5,37,481	2.72	5,37,481	2.36
	Indian Public	13,69,494	6.92	13,69,494	6.01
	Clearing Members	5,375	0.03	5,375	0.02
	Trust	45,500	0.23	45,500	0.20
	Sub-Total (B2)	19,57,850	9.90	19,57,850	8.60
C	Shares held by custodians and against which Depository receipts have been issued (C)	97,77,550	49.44	97,77,550	42.93
	Grand Total (A+B1+B2+C)	1,97,77,550	100.00	2,27,77,550	100.00

The proposed preferential allotment shall not result in change in Management Control. Voting rights shall change in accordance with the shareholding pattern as above mentioned. The Auditors' certificate as required under Regulation 73(2) of SEBI(ICDR) Regulations will be available for inspection at the Registered office of the Company between 11:00 a.m. and 1:00 p.m. on any working day except Saturday and public holidays from the Relevant Date (i.e. August 21, 2012) upto the date of Annual General Meeting.

The Board recommends the resolution proposed at Item No.10 of the accompanying Notice for your approval.

None of the Directors of the Company except Mr. Bipin Agarwal may be deemed to be concerned / interested in the resolution to the extent of the existing shareholding and fresh Equity Shares to be issued and allotted to him and / or his group companies.

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

Cumi Banerjee
CEO & Company Secretary

Mumbai : August 09, 2012

Registered Office :

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

**DIRECTORS' REPORT**

Your Directors are pleased to present the Seventy Ninth Annual Report of the Company, together with the Audited Statements of Accounts for the year ended March 31, 2012.

	Current Year (₹ in lakhs)	Previous Year (₹ in lakhs)
FINANCIAL RESULTS		
(a) Total Income	<u>1256.50</u>	<u>1020.06</u>
Profit before Depreciation	493.83	599.48
Less : Depreciation	<u>8.64</u>	<u>4.74</u>
Profit before Tax	485.19	594.74
Less : Provision for Tax	<u>98.49</u>	<u>188.47</u>
	386.70	406.27
Add : Balance of Profit brought forward from the previous year	<u>3232.93</u>	<u>3103.16</u>
Amount available for appropriation	3619.63	3509.43
(b) From this, the Directors have transferred to:		
Special Reserve	77.34	81.26
General Reserve	19.34	20.32
(c) The Directors recommend payment of Dividend at the rate of ₹ 1.50 per share (previous year ₹ 1.50 per share) on 1,00,00,000 shares of ₹ 10/- each which will absorb	150.00	150.00
Tax on proposed Dividend	<u>15.72</u>	<u>24.92</u>
(d) Leaving a balance to be carried forward	<u>3357.23</u>	<u>3232.93</u>

OPERATING RESULTS

The Company has earned pre-tax profit of ₹ 485.19 lakhs during the year as compared to ₹ 594.74 lakhs in the previous year. The profitability has been impacted mainly due to loss on sale of long-term investments and provision for diminution in value of investments aggregating to ₹ 503.42 lakhs as compared to ₹ 173.94 lakhs in the previous year. During the year the Company has recovered fully provided loan of ₹ 800 lakhs. Whereas there was a reversal of provision on investment in a subsidiary of ₹ 587.05 lakhs in the previous year in view of improvement in its profitability and network.

DIVIDEND

Your Directors are pleased to recommend payment of dividend of ₹ 1.50 per equity share of ₹ 10/- each (15%) on the Equity

Share Capital of the Company. The dividend together with the tax on dividend, will absorb a sum of ₹ 165.72 lakhs.

CHANGE IN CAPITAL STRUCTURE**GDRs Issue:-**

The Company, on June 15, 2012, raised US\$ 59,887,493.75 (equivalent to ₹ 33776.07 lakhs) through issue of 48,88,775 Global Depository Receipts (each representing two Equity Shares of ₹ 10/- each) at an issue price of US\$ 12.25 per GDR. Pursuant to GDRs Issue, the Company issued and allotted underlying 97,77,550 Equity Shares of ₹ 10/- each at a price of ₹ 341.53 per share (including a premium of ₹ 331.53 per share).

Consequent upon issue and allotment, as aforesaid, of 97,77,550 Equity Shares during the period under report, the paid-up share capital of the Company increased from ₹ 10,00,00,000/- to ₹ 19,77,75,500/-, divided into 1,97,77,550 Equity Shares of ₹ 10/-each.

All the Equity Shares issued and allotted as above are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited and have been admitted to dealings on both the Stock Exchanges. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange.

Use of proceeds from GDR Issue:-

Subject to compliance with, and as permitted under applicable laws and regulations, including the RBI regulations, the Company intends to use the proceeds of the GDR Issue for investment and capitalisation of its subsidiaries, general corporate purposes including but not restricted to strategic initiatives, partnerships, joint ventures, investments, acquisitions and meeting exigencies, which the Company in the ordinary course of business may undertake, or any other purposes as approved by the Board of Directors from time to time.

Proposed Issue of Compulsorily Convertible Preference Shares (CCPS):-

The Company is raising additional funds by issue of Compulsorily Convertible Preference Shares (CCPS) upto 30,00,000 to promoters namely N. N. Financial Services Private Limited and Nimbus India Limited at a price of ₹ 350/- (including premium of ₹ 340/-). The Company is keen to enter into an Insurance Sector as a Joint Venture Participant / by acquiring a stake in a Life Insurance Company. Insurance is a nascent sector in India providing a wide potential to the investors. The sector has started gaining momentum in the last decade and the Insurance Companies are churning out various insurance products. To meet the eligibility criteria of the funds required for entering into an insurance business, the Company is raising additional funds through the issue of CCPS. Meanwhile, the Company is on the look out for a suitable company in the insurance sector for possible investment/ participation in its equity. With a view to seizing a potential opportunity, the Company has entered into a legally non-binding Letter of Intent and pursuant to that it has



deposited a sum of ₹ 250 crores with the intending seller to show its commitment for acquiring the stake in the equity capital of an insurance company subject to compliance of conditions precedent stipulated therein including the prior approval of Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDA). The Company will seek all necessary approvals from various Statutory / Regulatory authorities before entering into any Definitive Agreements.

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. Your Company also gives loans to its group companies.

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 Note No. 2.8 to the Balance Sheet as on March 31, 2012. The loans to subsidiaries and other entities within the group and interest income on the same are disclosed in Note No. 2.21 to the Balance Sheet as on March 31, 2012.

Due to 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, 2012 was Rs.562.67 lakhs, as compared to its cost of ₹ 1755.99 lakhs. However, total provision of ₹ 697.64 lakhs made towards permanent diminution in value of investments has been considered adequate in view of inherent strength of the investments in long term. During the year, the Company invested ₹ 2,562.49 lakhs in shares / mutual funds and sold / redeemed shares / mutual funds for value of ₹ 3,696.88 lakhs.

SUBSIDIARY COMPANIES

IIT Investrust Limited (IITIL)

IITIL's core business activities of Stock Broking, Depository facilities and Arbitrage have improved significantly. During the period under review, our performance as a registered broker for Mutual fund Investments has also improved. The other activities of the Company are Advisory & Consultancy services to various body corporate.

It has initiated steps to establish Franchisee across the country and currently is in the process of obtaining institutional empanelment. It is also pursuing for private sector corporations, multinational corporations, financial institutions, institutional investors, high net-worth individuals, retail investors as well as market intermediaries to widen our network through planned and

focused marketing, tight control on liquidity and margins, cost effective sourcing of services, improved quality and timely services.

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

IITLPL is engaged in Real Estate business, construction of residential complexes in the National Capital Region ((NCR). It has acquired plots of land on long term lease, under Builders Residential Scheme (BRS) of the Greater Noida Industrial Development Authority (GNIDA), New Okhla Industrial Development Authority (NOIDA) and Yamuna Expressway Authority (YEA). IITLPL is in the process of implementing, in all, five projects.

i) The Express Park View

IITLPL has been allotted land admeasuring 10043.31 Sq.m., by GNIDA on lease for a period of ninety years for development of residential housing project under the Builder Residential Scheme BRS 01/08-09. A complex of 334 apartments of 2/3 BHK types in 4 high rise buildings, under the name and style of the Express Park View, is under construction. The project marketed jointly with Nimbus Projects Ltd. is scheduled to be completed in 2013. The structural work of the Project is on completion stage.

ii) The Express Park View II

On a land of 52493.16 Sq.m. allotted on ninety years lease by GNIDA under Builder Residential Scheme 05/2010-2011, a Project envisaging 1592 apartments of varying sizes in high rise buildings is being implemented in consortium with Nimbus Projects Limited and Assotech Limited and through a Special Purpose Partnership Firm 'IITL NIMBUS THE EXPRESS PARK VIEW'. The Project is under implementation and is scheduled to be completed in two phases, the first phase by 2015 and the second by 2016.

It may be mentioned that the above two projects are among the many ongoing housing projects of different builders in NCR. In the wake of certain land acquisition disputes and pursuant to a Court Order, construction works of many projects had to be temporarily suspended, subsequent to close of the year under review, till formal approval of the revised Master Plan 2021. The above two projects of IITLPL have also been impacted temporarily. It is reported that the plan has since been cleared by the Statutory Committee of the NCR Planning Board and recommended to the Planning Board.

iii) The Hyde Park

In consortium with Nimbus Projects Limited and Supertech Limited, and through a Special Purpose Partnership Firm, 'IITL NIMBUS THE HYDE PARK NOIDA', IITLPL has undertaken a project of construction of 1916 apartments ranging in size from 1BHK to 4BHK, in 23 high rise buildings, on a land of 60348.53 Sq.m. allotted on ninety years lease



by Noida Authority. It is scheduled to be completed in two phases, first phase by 2013 and the second by 2015. Around 75% of the structural work is complete in Phase I and around 25% in Phase II.

iv) The Palm Village

This project undertaken in consortium with Nimbus Projects Limited and Assotech Limited and through Special Purpose Partnership Firm 'IITL NIMBUS THE PALM VILLAGE' is coming up on the land of 102995.70 Sq.m. allotted on ninety years leasehold basis under the Builders Residential Scheme YEA- GH -02/2011. The Project envisages construction of affordable residential units and is scheduled to be constructed in seven phases over a period of 10 years. Lease Deed with YEA has been executed and the Layout Plan has been submitted to the Local Body for approval.

v) The Golden Palm

The Golden Palm project comprising of 1276 apartments in 14 high rise buildings, is coming up on a land admeasuring 39999.76 Sq.m. allotted on ninety years lease by NOIDA. Scheduled to be completed by 2014, this project has been undertaken through equal equity participation by IITLPL and Nimbus Projects Limited in the Capital Infraprojects Private Limited.

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 19 and it has 258 employees on its pay roll. It has organized 530 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.

IIT Media and Entertainment Private Limited (IMEPL)

Consequent to the Capital Reduction Petition filed by IMEPL with the High Court of Judicature at Mumbai for reduction of its share capital, it has obtained an Order dated July 22, 2011 approving the same. Accordingly, the same was registered with the Registrar of Companies, Maharashtra and a Certificate dated September 11, 2011 was obtained to that effect.

INVESTMENTS IN WORLD RESORTS LIMITED (WRL)

The Company has made investment of ₹ 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 owns and operates 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 2011-2012 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 ₹ 5,14,306/- lying with the Company as unclaimed dividend for the year 2003 - 2004 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

Mr. T.M. Nagarajan who was appointed as an Additional Director on February 3, 2012, holds office upto the date of the ensuing Annual General Meeting. The Company has received Notice along with requisite deposit from a member under Section 257 of the Companies Act, 1956, proposing his candidature as Director of the Company.

The Board of Directors, at its meeting held on October 20, 2011, re-appointed Dr. B. Samal as Executive Chairman of the Company for a period of 1 year w.e.f. from January 24, 2012 to January 23, 2013.

In accordance with the provisions of the Companies Act, 1956, Mr. R.S. Loona and Mr. Venkatesan Narayanan, 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**

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 79th Annual General Meeting until the conclusion of the 80th 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, 2012;
- (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 : August 09, 2012



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL ECONOMIC SCENARIO:

The Global economy continues to be in a state of turmoil. The deepening European debt crisis and the downgrade of USA by Standard & Poor triggered fears of another recession. The problems of euro zone kept the global markets violent fluctuations. The hope of global recovery looks distant with the crisis not abating and it has affected the global financial markets to a great extent. Weak global economic prospects and continuing uncertainties in the international financial markets have created a dent in the economies of emerging markets including India. Any escalation in Euro zone debt crisis is likely to weaken US economy further which may even slip into recession.

THE INDIAN ECONOMY :

The Indian economy, which recorded a growth of 8.6 percent during the Financial Year 2010-11, started deteriorating in the Financial Year 2011-12. This was mainly due to inflationary pressures and continued anti-inflationary monetary stance taken by the Reserve Bank of India. Inflation was a major concern during most of the current financial year, though by the year end there was a slowdown. With agriculture and services continuing to perform well, India's slowdown can be attributed to weakening industrial growth. The rate of Industrial growth (IIP) decelerated from 8.2 percent in Financial Year 2010-11 to 2.8 percent in the current year. On the foreign exchange front, higher crude oil prices, lower net capital inflows and lower export growth in the last six months of the year due to worsening global economic scenario, adversely affected the Indian currency. Due to these factors India's growth is estimated to be lower at 6.9 percent during Financial Year 2011-12. The widening fiscal and current account deficit, surging inflation has stifled the growth and the economic slowdown is therefore a matter of great concern.

INDIAN CAPITAL MARKETS:

The capital market indices and the market turnover declined on both the exchanges, BSE and NSE due to various reasons. The BSE Sensex was highest on April 6, 2011 at 19811.14 and was lowest on December 20, 2011 at 15135.86. It closed the year 2011-12 with an Index of 17404 as compared to Index of 19445 as on March 31, 2011. The unprecedented stock market crash in August 2011 due to downgrading of USA by Standard & Poor, rocked the global as well as domestic markets, which led to further decline. Foreign investors pulled out of the country during major part of the year, as India continues to struggle with inflation and depreciating rupee and investors are looking out for safe havens. The tightening of monetary policy by Reserve Bank of India, hike in interest rates 13 times during last 19 months and lack of economic reforms have made the investors worried about investment in capital markets. Stock markets also staggered after the announcement of Union Budget for the Financial Year 2012-13 with regard to various proposals including General Anti-Avoidance Rules (GAAR) which greatly impacted on the investments by FIIs. During the Financial Year 2011-2012, till

December 31, 2011 resource mobilization through the primary market witnessed a sharp decline. It recorded a decrease of 26.68 percent in 2011 as against an increase of 5.74 percent in 2010.

In January 2012, Qualified Foreign Investors (QFI's) were allowed to directly invest in Indian equity markets to widen the class of investors, attract more foreign funds, reduce market volatility and deepen the Indian capital markets which till now was allowed to FIIs/sub-accounts and NRIs.

BUSINESS PERFORMANCE:

The activities of the Company comprises 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 apprised of the investments of the Company and it monitors the deployment of resources on regular basis. However, the investment portfolio of the Company during the year has been impacted due to uncertain economic global and domestic environment and policy changes. There are certain sectors which are badly affected due to rising costs and sticky inflation and there is infrequent movement of such stocks in the capital market. The Company, is therefore, restructuring and re-aligning its portfolio after considering these factors and 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 in its fold five projects for construction of residential flats under the Greater Noida Industrial Development Authority (GNIDA), New Okhla Industrial Development Authority (NOIDA) and Yamuna Expressway Authority (YEA) schemes 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 19 branches across the country to expand its business targets for Life and Non-Life Insurance. Its subsidiary IIT Investtrust Limited is into with its stock broking business, arbitrage and consultancy services. However, its income from Corporate Advisory & Consultancy has declined in view of recessionary economic conditions. The Company has initiated steps to establish Franchisees across the country and currently is in the process of obtaining Institutional empanelment. It is also pursuing private sector companies, multinational corporations, institutional investors, high net-worth individuals, retail investors as well as market intermediaries to widen its network.

The Company has made investment of ₹ 1551.81 lakhs towards acquisition of 25 percent in equity of an unlisted Public Company, World Resorts Limited, which is into the business of hospitality and owns and operates 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. The Company has also extended Corporate Guarantee in favour of Canara Bank and Bank of India for their term loans and has obtained Counter Guarantee from the other participating shareholders.

**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 have been 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. Risk is managed through a framework of policy and procedures approved by the Board of Directors from time to time.

FINANCIAL PERFORMANCE:

The Company has earned a profit after tax of ₹ 386.70 lakhs during the year compared to profit of ₹ 406.27 lakhs during the previous year. The profitability has been lower mainly due to loss on sale of long-term investments and provision for diminution in value of investments aggregating to Rs. 503.42 lakhs as compared to ₹ 173.94 lakhs in the previous year. The Company has been able to recover fully provided old outstanding loan to the extent of ₹ 800 lakhs during the year. During the previous year, there was reversal of provision on investment in a subsidiary amounting to Rs. 587.05 lakhs in view of improvement in its profitability and net worth.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has maintained an adequate system of Internal Controls. The assets are safeguarded and protected against loss from unauthorised use and disposition. The transactions are authorized, recorded and reported diligently. The internal control is supplemented by an effective internal audit carried out by an external firm of Chartered Accountants. The management regularly reviews the findings of these internal auditors and takes appropriate steps to implement the suggestions and observations made by them. The Management ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The audit committee of the Board of Directors reviews the adequacy of internal controls.

OUTLOOK FOR GLOBAL AND INDIAN ECONOMY:

The first quarter of the financial year 2012-2013 has shown signs of further weakness in global recovery. Growth in a number of emerging market economies has been lower than forecast. The world economic outlook update suggests that these developments will result in the global growth at 3.5 percent in 2012 and 3.9 percent in 2013. With Eurozone facing recession and United States stuck in slow growth, major emerging economies including India are slowing down more than expected. The situation in Europe is of particular concern as Europe accounts for a significant share of the global economy and is also India's major trade and investment partner. Continuing problems there will further dampen global markets and adversely impact our own economic growth.

The economic slow down in India is a major concern as it curbs the capacity to tackle the global developments. With widening fiscal and current account deficit, persistent high inflation and declining investments, India's growth is expected to remain moderate in 2012-2013 unless substantive policy measures are undertaken to boost investment sentiments.

DISCLAIMER:

The information and opinion expressed in this section of the Annual Report may contain certain statements, which the Management believes are true to the best of its knowledge at the time of its preparation. The Company and the Management shall not be held liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein.

On Behalf of the Board of Directors,

Dr. B. Samal
Chairman

Place: Mumbai

Date: August 9, 2012

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company has been upholding the core values in all facets of its corporate working, with due concern for the welfare of shareholders of the Company. The Management has consistently followed the principles of Corporate Governance, based on fairness, transparency, integrity, accountability and the compliance with laws in all corporate decisions.

2. BOARD OF DIRECTORS

Composition of the Board, Category of Directors, Other Directorships, Committee Memberships and Chairmanships of other companies are given in the table below:

Sr. No	Name of the Directors	Category	No. of other Directorships held*	No. of Committee Memberships of other Companies#	No. of Committee Chairmanships of other Companies
1	Dr. B. Samal	NI / E Executive Chairman	10	5	3
2	Mr. Bipin Agarwal	NI / NE Promoter	8	1	1
3	Mr. T. M. Nagarajan [^]	NI / NE	3	1	2
4	Mr. Raj Kumar Mittal	I / NE	4	3	3
5	Mr. R.S. Loona	I / NE	4	3	1
6	Mr. Venkatesan Narayanan	I / NE	1	2	Nil
7	Mr. P.K. Rath	I / NE Representative of LIC of India	Nil	Nil	Nil

NI - Non Independent Director

I - Independent Director

NE - Non-Executive Director

E - Executive Director

[^] Resigned on September 02, 2011 and re-appointed on February 03, 2012.

* Excludes alternate directorships and directorships in foreign companies and private companies and Companies u/s.25 of the Companies Act, 1956.

Excludes Committees other than Audit Committee, Shareholder / Investor Grievance Committee of Public Limited Companies and Chairmanships.

Board Meetings and Annual General Meeting

The meetings of the Board are scheduled well in advance. The Board meets at least once in a quarter inter alia to review the performance of the Company. For each meeting, a detailed agenda is prepared in consultation with the Chairman.

During the year 2011-2012, 6 Board Meetings were held i.e., on May 20, 2011, May 30, 2011, July 27, 2011, October 20, 2011, November 22, 2011 and February 03, 2012.

Attendance at the Board Meetings and at the Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Dr. B. Samal	6	Yes
Mr. Bipin Agarwal	6	Yes
Mr. T.M. Nagarajan *	4	No
Mr. Raj Kumar Mittal	6	Yes
Mr. R.S. Loona	6	Yes
Mr. Venkatesan Narayanan	6	Yes
Mr. P.K. Rath	5	No

* Resigned on September 02, 2011 and reappointed on February 03, 2012.

3. BOARD COMMITTEES

The Board has constituted the following Committees of Directors:

a) Audit Committee:

The Audit Committee was constituted on March 14, 2001. It was last reconstituted on February 03, 2012.

A brief description of the terms of reference of the Audit Committee is as follows:

To review Internal Auditors' Report, the Statutory Auditors' Report on the financial statements and quarterly results, to select and establish accounting policies, reviewing the impact of these on financial statements, to review significant related party transactions, have discussions with the auditors periodically about internal control system, to appoint and decide the remuneration of the internal auditor.

During the year under review, five meetings of the Audit Committee were held, the dates being May 20, 2011, May 30, 2011, July 27, 2011, October 20, 2011 and February 03, 2012.

The composition and attendance of members at the Audit Committee Meetings are as follows:

Audit Committee Members	Status	No. of Audit Committee Meetings Attended
Mr. Raj Kumar Mittal	Chairman	5
Mr. T.M. Nagarajan*	Member	4
Mr. R.S. Loona	Member	5
Mr. P.K. Rath	Member	4

* Ceased to be member of Audit Committee on September 02, 2011 and re-appointed on February 03, 2012.

Ms. Cumi Banerjee, CEO & Company Secretary acts as Secretary to the Committee and attends the meetings.

Each member of the Committee has relevant experience in the field of accounts and finance, with the Chairman of Committee being a Chartered Accountant.

**b) Remuneration Committee (Non-Mandatory):**

The Remuneration Committee was constituted on June 19, 2002 consisting of three Non - Executive and Independent Directors, which was subsequently dissolved on June 11, 2004 and reconstituted on January 13, 2005. The Committee was last reconstituted on October 20, 2011.

Main functions of the Remuneration Committee include recommendation to the Board of Directors, salary, perquisites, commission and retirement benefits and finalisation of package payable to the Company's Executive Chairman or Whole-Time Directors.

During the year under review, one meeting of the Remuneration Committee was held on October 20, 2011.

The composition and attendance of members of the Remuneration Committee Meeting is as follows:

Remuneration Committee Members	Status	No. of Remuneration Committee Meetings Attended
Mr. P. K. Rath	Chairman	1
Mr. Raj Kumar Mittal	Member	1
Mr. R. S. Loona	Member	1
Mr. T. M. Nagarajan*	Member	NIL

* Ceased to be member of Remuneration Committee on September 02, 2011.

On the recommendation of the Remuneration Committee, the Board in its meeting held on October 20, 2011 accorded its consent for the re-appointment of Dr. B. Samal as Executive Chairman for a further period of one year i.e. from January 24, 2012 to January 23, 2013, subject to approval of the members in the ensuing general meeting.

Apart from fixed components set by the Remuneration Committee, no performance linked incentives are paid to Dr. B. Samal.

Details of remuneration paid to the Executive Chairman for the year 2011-2012 are given below:

Name	Salary	Perquisites	Contribution to P.F and other funds	Total
	₹	₹	₹	₹
Dr.B.Samal	21,00,000	—	2,52,000	23,52,000/-

Details of remuneration to Non-Executive Directors for the year 2011-2012 are given below:

Sitting Fees

Name	Board Meetings	Committee Meetings	Total
	₹	₹	₹
Mr. Bipin Agarwal	90,000	15,000	1,05,000
Mr. T.M. Nagarajan	60,000	37,500	97,500
Mr. Raj Kumar Mittal	90,000	1,20,000	2,10,000
Mr. R.S. Loona	90,000	1,12,500	2,02,500
Mr. Venkatesan Narayanan	90,000	Nil	90,000
Mr. P.K. Rath	75,000	75,000	1,50,000
Total	4,95,000	3,60,000	8,55,000

During the year, the Non-Executive Directors are paid sitting fees at the rate of ₹15,000/- for attending each meeting of the Board and ₹ 7,500/- for attending each Committee meeting thereof.

The Board in its meeting held on May 24, 2012, has accorded its approval for increase in payment of sitting fees from ₹ 7,500/- to ₹15,000/- for attending each Meeting of the Committees of the Board, by the Non-Executive Directors of the Company w.e.f. June 01, 2012.

Mr. Bipin Agarwal holds 25,000 equity shares in the Company and none of the remaining Directors hold any equity shares of the Company as on March 31, 2012.

Presently, the Company does not have a practice of granting stock options.

c) Share Transfer & Shareholders' / Investors' Grievance Committee (STIGC)

The Board had constituted Share Transfer & Shareholders' / Investors' Grievance Committee (STIGC) on January 16, 2002. The Committee was last re-constituted on October 20, 2011.

The Committee as on March 31, 2012 consisted of 4 members, namely:

Mr. Raj Kumar Mittal	- Non Executive Director - Chairman
Mr. T.M. Nagarajan*	- Member
Mr. R.S. Loona	- Member
Mr. P.K. Rath	- Member

* Ceased to be member of STIGC on September 02, 2011.

This Committee:

- (1) approves and monitors transfers, transmissions, splitting and consolidation of shares and the issue of duplicate share certificates; and
- (2) looks into various issues relating to shareholders, including redressing of complaints received from shareholders, relating to transfer of shares, non-receipt of balance sheets, dividends etc.

To expedite share transfer process, the Board has authorised the Company Secretary of the Company to approve share transfer / transmissions up to one thousand shares. Share transfers for more than one thousand shares are approved by the STIGC. During the year, 9 meetings were held. Transfer formalities have been attended at least once in a fortnight.

- Name and designation of Compliance Officer: Ms. Cumi Banerjee, CEO & Company Secretary
- No. of shareholders complaints received: 26
- No. of complaints not resolved to the satisfaction of the shareholders: Nil
- Pending complaints as on 31.03.2012: Nil

The Company attends to investors' & shareholders' grievances within 10 days from the date of its receipt.



d) Risk Management Committee (RMC)

The Board had constituted Risk Management Committee on June 2, 2006. It was last reconstituted on October 20, 2011.

The Committee as on March 31, 2012 consisted of 4 members, namely:

Dr. B. Samal	- Chairman
Mr. Bipin Agarwal	- Member
Mr. T.M. Nagarajan*	- Member
Mr. Raj Kumar Mittal	- Member
Mr. P.K. Rath	- Member

* Ceased to be member of Risk Management Committee on September 02, 2011

The objective of this Committee is to identify the risk involved and control it through means of properly defined framework. The Committee regularly reviews the procedures for risk assessment and minimisation and the Board is informed accordingly.

During the year under review, the Risk Management Committee met twice on May 20, 2011 and October 20, 2011 to review risk assessment and minimisation procedures.

e) Committee for Investment and Loans

The Board had constituted 'Committee of Directors' on March 05, 2008 to deal with matters concerning investments and granting loans. On July 20, 2010, the nomenclature of Committee of Directors was changed to 'Committee for Investment and Loans'. The said Committee was last re-constituted on October 20, 2011.

During the year under review, no meetings were held of Investment and Loans Committee.

The Committee as on March 31, 2012 consisted of 3 members, namely:

Dr. B. Samal	- Chairman
Mr. Bipin Agarwal	- Member
Mr. Raj Kumar Mittal	- Member

f) ADR/GDR/ FCCB/FPO/QIP Committee

The Board had constituted QIP Committee on September 17, 2010, which was re-designated as ADR/GDR/ FCCB/ FPO/QIP Committee in its meeting held on February 03, 2011.

The ADR/GDR/ FCCB/FPO/QIP Committee was entrusted with raising the funds through one or more routes viz. ADR/GDR/ FCCB/FPO/QIP etc. and other ancillary matters relating to the above.

During the year under review, no meetings were held of ADR/GDR/ FCCB/FPO/QIP Committee.

The Committee as on March 31, 2012 consisted of 3 members, namely:

Dr. B. Samal	- Chairman
Mr. Raj Kumar Mittal	- Member
Mr. R.S. Loona	- Member

4. COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS

Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual Report and includes discussions on various matters specified under clause 49(IV) (F) of the Listing Agreement.

Subsidiary Companies

Under clause 49 of the Listing Agreement, an Independent Director of the Company is required to be appointed as Director on the Board of the material unlisted Indian subsidiaries.

Mr. Raj Kumar Mittal has been appointed as Director of IIT Investrust Limited (material unlisted subsidiary) w.e.f. June 27, 2009. Further, Mr. R.S. Loona has been appointed as Director of IIT Insurance Broking and Risk Management Private Limited (material unlisted subsidiary) w.e.f. January 24, 2009 and IIT Media and Entertainment Private Limited (non-material unlisted subsidiary) w.e.f. January 27, 2010.

The Audit Committee of the Company reviews the financial statements, including the investments made, of its material unlisted subsidiaries.

The Minutes of the meetings of the Board of Directors of the unlisted subsidiary Companies are regularly placed before the Board of Directors of the Company. A statement containing the significant transactions and arrangements entered into by the unlisted subsidiaries are periodically placed before the Board of Directors of the Company.

Disclosures - Related party transactions

Statements in summary form of transactions with related parties are periodically placed before the Audit Committee.

Disclosure of Accounting Treatment

The Company has followed Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006 in preparation of financial statements.

Disclosure on Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board periodically reviews the same.

Code of Conduct

As required by the Clause 49 of the Listing Agreement, the Board of Directors of the Company have adopted a Code of Conduct for all Board members and Senior Management of



the Company. The members of the Board of Directors and Senior Management have affirmed compliance of the said Code during the period under review. A declaration to this effect signed by the Chairman of the Company is given elsewhere in the Annual Report.

CEO Certification

In terms of the requirements of Clause 49 (V) of the Listing Agreement, the Executive Chairman, Dr. B. Samal, and CEO & Company Secretary, Ms. Cumi Banerjee, have submitted necessary certificate to the Board of Directors stating the particulars specified under the said clause.

This certificate has been reviewed and taken on record by the Board of Directors at its meeting held on May 24, 2012.

5. GENERAL BODY MEETINGS

Location and time where last three AGMs were held :

Sr. No.	Date	Location	Time	Special Resolution passed
1	September 10, 2011	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai - 400 001	3.00 p.m.	Nil
2	September 17, 2011	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai - 400 001	3.30 p.m.	1) Alteration of Articles of Association of the Company 2) Approval under Section 81(1A) of the Companies Act, 1956
3	August 28, 2009	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai - 400 001	3.00 p.m.	Nil

Postal Ballot I:

During the previous year i.e. Financial Year 2010-2011, the members of the Company passed the following special resolution through postal ballot:

1. Special Resolution for Approval under Section 81(1A) of the Companies Act, 1956 for raising of funds through QIP or through FPO, ADRs, GDRs, FCCBs, and / or convertible bonds, convertible debentures, or a combination of one or more of the above methods.

Voting Pattern and Procedure for Postal Ballot:

The Board of Directors of the Company at their meeting held on January 08, 2011 approved the postal ballot notice, form and calendar of events. The postal ballot notice along with postal ballot form and self-addressed pre-paid postage envelope were sent to the shareholders on January 18, 2011. The last date for receipt of the Postal Ballot form from the shareholders was February 17, 2011.

Ms. Chandanbala Jain, Practicing Company Secretary, was appointed as the scrutinizer for conducting the Postal Ballot and based on the report, the postal ballot results were declared.

Out of the net valid postal ballot forms, 99.99% of the postal ballots were assenting to the resolution and 0.01% of the postal ballot forms were dissenting to the resolution.

Ms. Chandanbala Jain, Practicing Company Secretary submitted her report on February 19, 2011 to the Executive Chairman and based on the said report, results of Postal Ballot were declared on February 21, 2011.

Postal Ballot II:

The Company had posted notice pursuant to Section 192A (2) dated July 02, 2012 to the Members of the Company to consider and if thought fit to pass Special resolutions through postal Ballot for the following items:

- i) Raising of Funds through Issue of Equity Shares of the Company on Preferential Basis.
- ii) Alteration of Articles of Association of the Company for increase in Authorised Share Capital.
- iii) Raising of Funds through Issue of 8% Cumulative Redeemable Non Convertible Preference Shares

Voting Pattern and Procedure for Postal Ballot:

The Board of Directors of the Company at their meeting held on July 02, 2012 approved the postal ballot notice, form and calendar of events. The postal ballot notice along with postal ballot form and self-addressed pre-paid postage envelope were sent to the shareholders on July 05, 2012. The last date for receipt of the Postal Ballot form from the shareholders was August 04, 2012.

Ms. Chandanbala Jain, Practicing Company Secretary, was appointed as the scrutinizer for conducting the Postal Ballot and based on the report, the postal ballot results were declared as under:

Item Nos.	Total No. of Valid Postal Ballot Received	Total No. of votes in favour of the resolution	Total No. of votes against the resolution
1	40 representing 65,53,749 Shares (33.14% of total paid up capital)	26,561 (0.41% of Total Votes Polled)	65,27,188 (99.59% of Total Votes Polled)
2	38 representing 65,50,349 Shares (33.12% of total paid up capital)	23,621 (0.36% of Total Votes Polled)	65,26,728 (99.59% of Total Votes Polled)
3	38 representing 65,50,349 Shares (33.12% of total paid up capital)	23,521 (0.36% of Total Votes Polled)	65,26,828 (99.59% of Total Votes Polled)

Ms. Chandanbala Jain, Practicing Company Secretary submitted her report on August 06, 2012 to the Executive Chairman and based on the said report, results of Postal Ballot were declared on August 07, 2012.

6. OTHER DISCLOSURES:

- a) There were no materially significant transactions with the related parties during the year, which had or could have potential conflict with the interests of the Company at large. Transactions with the related parties are disclosed in Note Number 2.21 to the Accounts in the Annual Report.
- b) No penalties or strictures have been imposed on the Company by SEBI, Stock Exchanges or any other statutory authority, for non-compliance of any laws, on any matter related to the capital markets, during the last three years.



c) There are no inter-se relationships between Directors of the Company.

7. MEANS OF COMMUNICATIONS

- a) Quarterly and Annual financial results of the Company are forwarded to the BSE Limited and National Stock Exchange of India Limited and published in Free Press Journal (English) and Navshakti (Marathi). Half yearly report is not sent to each shareholder. However, the results of the Company are published in the Newspapers.
- b) The Company has not made any presentation to any institutional investors or to any analysts during the year.
- c) All items required to be covered in the Management Discussion and Analysis Report have been included in the Directors' Report to Members.
- d) The Company has launched its website www.iitlgroup.com. Annual Report of the Company shall be available on the website in a user friendly and downloadable form. The quarterly / half yearly results are also available on the Company's website.

8. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date & Time : Thursday, September 20, 2012 at: 3.30 p.m.
Venue : M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Mumbai 400 001.

b) Financial Calendar : 2012-2013

Adoption of Quarterly Results for

Quarter ending	In the month of (Tentative)
June 2012	: On or before August 14, 2012
September 2012	: On or before November 14, 2012
December 2012	: On or before February 14, 2013
March 2013	: On or before May 30, 2013

(Audited annual results)

c) Dividend Payment Date : On or before October 19, 2012

d) Book Closure period : September 13, 2012
September 20, 2012

e) Listing on Stock Exchange : BSE Limited (BSE)
Dalal Street,
Mumbai 400 001

National Stock Exchange of India Limited (NSE)
BKC, Bandra (E),
Mumbai 400 051

Listing fees, as prescribed, have been paid to the BSE and NSE up to March 31, 2013.

f) Stock Code at BSE : 501295

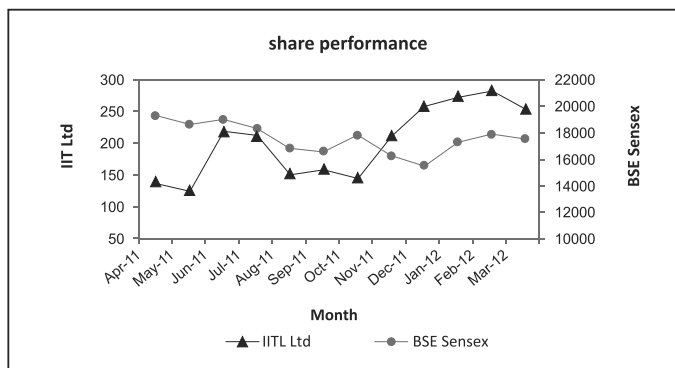
NSE Stock Symbol : IITL

g) Stock price data at the BSE and NSE

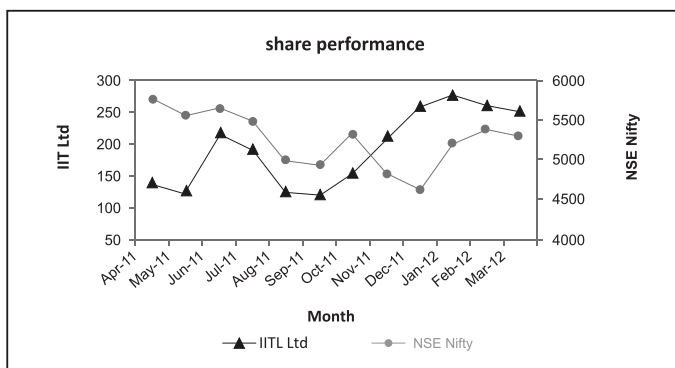
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2011	158.85	123.55	142.50	135.00
May, 2011	134.45	112.35	134.90	109.60
June, 2011	215.05	117.65	215.45	117.00
July, 2011	230.00	190.60	233.75	187.85
August, 2011	199.05	130.60	182.70	126.00
September, 2011	157.50	126.10	131.25	120.95
October, 2011	157.00	131.60	165.35	130.05
November, 2011	221.00	142.60	220.00	147.15
December, 2011	262.00	182.00	267.25	181.05
January, 2012	280.00	245.00	280.00	245.60
February, 2012	281.00	257.00	288.70	260.00
March, 2012	278.00	207.65	273.00	228.00

h) Graph

Share Price / BSE (Monthly Closing)



Share Price / NSE (Monthly Closing)



**i) Registrar and Transfer Agents**

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078.
Tel. No.: 2596 3838

j) Share Transfer System

The transfer of shares held in physical mode is processed by Link Intime India Private Limited and is approved by the Share Transfer Committee / CEO & Company Secretary of the Company as the case may be. The transfer of shares is effected and share certificates are despatched within a period of 30 days from the date of receipt, provided that the relevant documents are complete in all respects.

k) Distribution of shareholding as on March 31, 2012

Grouping of Shares	No. of Shareholders	% of total Shareholders	No. of Shares per Category	% of total shares
1 – 500	1516	72.61	2,62,448	2.63
501 – 1000	231	11.06	2,04,147	2.04
1001 – 2000	136	6.51	2,19,427	2.19
2001 – 3000	75	3.59	1,93,715	1.94
3001 – 4000	23	1.10	81,765	0.82
4001 – 5000	37	1.77	1,81,020	1.81
5001 – 10000	36	1.73	2,62,101	2.62
10001 – 10000000	34	1.63	85,95,377	85.95
TOTAL	2088	100.00	1,00,00,000	100.00

Shareholding pattern as on March 31, 2012

Category	No. of Shareholders	No. of shares held	% of shareholding
Promoters	6	65,51,387	65.51
Foreign Company	-	-	-
Non Resident (Individual & Companies)	35	91,502	0.92
Foreign Institutional Investors	-	-	-
Insurance Companies	3	12,43,311	12.43
Financial Institutions/ Banks	17	1,19,150	1.19
Mutual Funds	-	-	-
Central Government / State Government(s)	2	37,200	0.37
Resident Individuals	1,942	13,92,824	13.01
Clearing Member	11	37,074	0.37
Trust	5	45,500	0.46
Other bodies corporate	67	4,82,052	4.82
TOTAL	2088	1,00,00,000	100.00

l) Dematerialisation

The Company has entered into agreements with National Security Depository Limited and Central Depository Services Limited for the dematerialisation of shares. As on March 31, 2012, a total of 90,78,499 shares, which forms 90.78% of the share capital of the Company stands dematerialized and 9,90,161 shares which forms 9.22% of the share capital are in physical form.

m) Outstanding GDRs / ADRs / Warrants or any convertible instruments

The Company has issued 48,88,775 Global Depository Receipts representing two Equity Shares of ₹ 10/- each, on June 15, 2012. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange. The Company has also received Listing and Trading approval from Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

n) Plant Location

The Company does not have a manufacturing plant.

o) Address for Correspondence

Shareholders can correspond with the Registrars & Share Transfer Agents or at the Registered Office of the Company.

Address of the Registrar & Share Transfer Agents

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078.
Tel. No.: 022 2596 3838

For the convenience of the investors, transfer requests are also accepted at the Registered Office of the Company.

Address of Registered Office

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

Contact Person

Ms. Cumi Banerjee - CEO & Company Secretary
Tel. No.: 022 2266 5453 / 022 4325 0100

Auditor's Certificate on Corporate Governance

The Auditor's Certificate on compliance of Clause 49 of the Listing Agreement relating to Corporate Governance is published as an annexure to the Directors' Report.

Declaration on Compliance with Code of Conduct

It is hereby affirmed that all the directors and the senior management personnel have complied with the Code of Conduct framed by the Company and a confirmation to that effect has been obtained from the directors and senior management.

On behalf of the Board of Directors

Dr. B. Samal
Chairman

Place : Mumbai
Date: August 9, 2012



Auditors' Certificate

To the Members of Industrial Investment Trust Limited

We have examined the compliance of the conditions of corporate governance by **INDUSTRIAL INVESTMENT TRUST LIMITED** ("the Company") for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreements of the Company with the BSE Limited and National Stock Exchange of India Limited (hereinafter referred to as Clause 49).

The compliance of the conditions of corporate governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 and the representations made by the Directors and the Management, we certify that the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in Clause 49.

We 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Mumbai: 9th August, 2012

**AUDITORS' REPORT****TO THE MEMBERS OF INDUSTRIAL INVESTMENT TRUST LIMITED**

1. We have audited the attached Balance Sheet of **INDUSTRIAL INVESTMENT TRUST LIMITED** ("the Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Statement of Profit and 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

MUMBAI: 24th May, 2012

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/result, transactions etc., clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has granted loans aggregating ₹ 304,500,000 to three parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 257,500,000 and the maximum amount involved during the year was ₹ 302,500,000.
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
- (c) The receipts of principal amounts and interest have been regular/as per stipulations.
- The Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 with regard to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, except in respect of payments made for certain services for which comparable quotations are not available owing to their nature and in respect of which we are unable to comment.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Cess and other material statutory dues in arrears as at 31st March, 2012 for a period of more than six months from the date they became payable.

ANNEXURE TO THE AUDITORS' REPORT (Referred to in paragraph 3 of our report of even date)

(c) Details of dues of Income-tax and Wealth Tax which have not been deposited as on 31st March, 2012 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹)
The Income-tax Act, 1961	Income tax	Income-tax Appellate Tribunal	A.Y.1996-97	1,004,643
The Wealth tax Act, 1957	Wealth tax	High Court, Mumbai	A.Y.1997-98	3,250,246

(viii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(ix) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks are not *prima facie* prejudicial to the interests of the Company.

(x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

MUMBAI: 24th May, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

Particulars	Note No.	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	100,000,000	100,000,000
Reserves and surplus	2.2	764,429,115	742,331,443
		864,429,115	842,331,443
Non-current liabilities			
Deferred tax liabilities (net)	2.3	649,304	1,019,221
		649,304	1,019,221
Current liabilities			
Trade payables	2.4	883,658	817,729
Other current liabilities	2.5	18,616,740	16,896,250
Short-term provisions	2.6	19,321,758	19,754,152
		38,822,156	37,468,131
	TOTAL	903,900,575	880,818,795
ASSETS			
Non-current assets			
Fixed assets - Tangible	2.7	5,738,042	4,802,698
Non-current investments	2.8	397,989,725	556,489,669
Long-term loans and advances	2.9	33,164,879	34,424,532
		436,892,646	595,716,899
Current assets			
Current investments	2.10	-	8,168,411
Cash and cash equivalents	2.11	51,288,729	26,902,782
Short-term loans and advances	2.12	414,499,322	248,947,972
Other current assets	2.13	1,219,878	1,082,731
		467,007,929	285,101,896
	TOTAL	903,900,575	880,818,795

See accompanying notes (1 and 2.1 to 2.26) forming part of the financial statements

In terms of our report attached.
For DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

Mumbai: 24th May, 2012

For and on behalf of the Board of Directors

DR. B. SAMAL
Chairman

BIPIN AGARWAL
Director

CUMI A. BANERJEE
CEO & Company Secretary

Mumbai: 24th May, 2012



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

Particulars	Note No.	Year ended	Year ended
		31st March, 2012	31st March, 2011
		₹	₹
Revenue from operations	2.14	45,618,183	38,448,652
Other income	2.15	32,351	4,852,794
Total Revenue		45,650,534	43,301,446
Employee benefits expense	2.16	8,585,630	7,510,076
Finance costs - interest on income tax		215,000	105,353
Depreciation expense			
- on investment property		10,546	11,101
- on fixed assets - tangible	2.7	853,388	463,238
Other expenses	2.17	13,745,026	16,716,064
Net loss on sale of long-term investments		42,763,032	-
Net loss on sale of current investments		2,877,586	-
Provision for diminution in value of investments		7,578,825	17,393,897
Contingent provisions against standard assets		502,885	141,115
Loss from trading of equity stock futures		-	191,598
Total expenses		77,131,917	42,532,442
Profit / (Loss) before exceptional items and tax		(31,481,383)	769,004
Exceptional items	2.18	80,000,000	58,705,000
Profit before tax		48,518,617	59,474,004
Tax expense:			
- Current tax		(10,219,000)	(15,144,000)
- Deferred tax	2.3	369,917	248,080
- Current tax expense relating to prior years		-	(3,950,853)
		(9,849,083)	(18,846,773)
Profit for the year		38,669,533	40,627,231
Earnings per equity share:			
Basic and Diluted	2.20	3.87	4.06
Nominal Value per equity share		10.00	10.00

See accompanying notes (1 and 2.1 to 2.26) forming part of the financial statements

In terms of our report attached.
For DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

Mumbai: 24th May, 2012

For and on behalf of the Board of Directors

DR. B. SAMAL
Chairman

BIPIN AGARWAL
Director

CUMI A. BANERJEE
CEO & Company Secretary

Mumbai: 24th May, 2012

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

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	48,518,617	59,474,004
Adjustments for:		
Depreciation on fixed assets - tangible	853,388	463,238
Depreciation on investment property	10,546	11,101
Interest income	(19,929,322)	(22,637,649)
Provision for doubtful loans no longer required	(80,000,000)	-
Loss on write off/sale of fixed assets	25,229	23,580
Finance costs - interest on income tax	215,000	105,353
Provision for compensated absences	679,542	(25,615)
Provision for diminution in value of long-term investments no longer required	-	(58,705,000)
Provision for diminution in value of long-term investments	7,578,825	17,393,897
Provision for write down in value of fixed assets no longer required	-	(2,002,576)
Contingent provisions against standard assets	502,885	141,115
Net profit on trading in equity shares	-	(37,851)
Net (profit)/loss on sale of long-term investments	42,763,032	(974,941)
Net loss on sale of current investments	2,877,586	-
Operating profit/(loss) before working capital changes	4,095,328	(6,771,344)
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Short-term loans and advances	36,692,322	(46,585,136)
Long-term loans and advances	1,259,653	(19,740,542)
Other current assets	-	393,272
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	65,929	251,763
Other current liabilities	1,720,490	(84,697)
Short-term provisions	(23,577)	23,577
Other adjustments :		
Bank balances not considered as cash and cash equivalents		
- Placed	(121,584,764)	(99,683,526)
- Matured	119,513,307	272,611,173
Purchase of long-term investments	-	(92,530,437)
Purchase of current investments	(256,249,258)	(9,144,340)
Sale of long-term investments	108,272,087	63,421,311
Sale of current investments	261,415,535	969,820
Advance against investments	-	(143,260,851)
Repayment of loans from subsidiary	102,500,000	130,222,468
Loans granted to subsidiary	(117,000,000)	(85,000,000)
Loans granted to others	(187,500,000)	(50,000,000)
Repayment of loans from others	80,000,000	100,000,000

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)**

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Interest received from:		
- subsidiary	9,676,370	13,517,991
- others	10,116,012	10,967,506
Cash flow from operations	52,969,434	39,578,008
Net income tax paid	(12,210,622)	(22,055,673)
Net cash generated from operating activities	40,758,812	17,522,335
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,823,211)	(72,970)
Proceeds from Sale of Fixed assets	9,250	-
Net cash used in investing activities	(1,813,961)	(72,970)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(15,000,000)	(15,000,000)
Tax on dividend paid	(1,630,361)	(2,491,500)
Net cash used in financing activities	(16,630,361)	(17,491,500)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	22,314,490	(42,135)
D. CASH AND CASH EQUIVALENTS (See Note 2.11)		
As at the commencement of the year	9,402,782	9,444,917
As at the end of the year (See Note 2 below)	31,717,272	9,402,782
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE	22,314,490	(42,135)

Note:

- Investment and leasing are the principal business activities of the Company and therefore the cash flow relating to them is included under operating activities.
- Includes an amount of ₹ 3,433,228 (previous year ₹ 2,769,486) being balance in earmarked unpaid dividend accounts.
- Previous year figures have been regrouped wherever necessary.

In terms of our report attached.
For DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

Mumbai: 24th May, 2012

For and on behalf of the Board of Directors

DR. B. SAMAL
Chairman

BIPIN AGARWAL
Director

CUMI A. BANERJEE
CEO & Company Secretary

Mumbai: 24th May, 2012

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012

1 Significant Accounting Policies

1.1 Basis of accounting:

The financial statements are prepared under historical cost convention, on an accrual basis and are in accordance with the requirements of the Companies Act, 1956 and comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the said Act. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

1.2 Revenue Recognition:

- (a) Interest on all lending such as inter corporate deposits and finance against securities are accounted on time proportionate basis.
- (b) Rental income is accrued on the basis of the agreement.
- (c) Dividend is accounted when the right to receive payment is established and known.
- (d) Profit/Losses from share trading/investment activities is determined on the basis of weighted average carrying amount of investments and is recognised on the basis of contract notes.
- (e) Equity Stock – Futures:

In accordance with Guidance Note on “Accounting for Equity Index and Equity Stock Futures and Options” issued by The Institute of Chartered Accountants of India.

1. Equity Stock Futures are marked-to-market on a daily basis. Debit or credit balances, if any, are disclosed under Loans and Advances or Current Liabilities respectively. The “Mark-to-Market Margin Equity Stock Futures Account”, represents the net amount paid or received on the basis of movement in the prices of Equity Stock Futures till the Balance Sheet date.
2. As at the Balance Sheet date, the profit/ loss on open positions, if any, in Equity Stock Futures are accounted for as follows:
 - Credit balance in the “Mark-to-Market Margin – Equity Stock Futures Account”, being anticipated profit, is ignored and no credit is taken in the Statement of Profit and Loss.
 - Debit balance in the “Mark-to-Market Margin - Equity Stock Futures Account”, being anticipated loss, is recognised in the Statement of Profit and Loss.
3. On final settlement or squaring-up of contracts for Equity Stock Futures, the profit or loss is calculated as the difference between settlement/ squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/ squared-up contract in “Mark-to-Market Margin - Equity Stock Futures Account” is recognised in the Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of Equity Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring up of the contract, the contract price of the contract so squared up is determined using First In First Out Method for calculating profit/ loss on squaring-up.
4. “Initial Margin – Equity Stock Futures Account”, representing the initial margin and “Margin Deposits” representing additional margin paid over and above the initial margin, for entering into contracts for Equity Stock Futures, which are released on final settlement/ squaring-up of underlying contracts, are disclosed under Loans and Advances.

1.3 Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use.

1.4 Depreciation:

- (a) Depreciation on fixed assets and investment in immovable property is provided on the written down value basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (b) Depreciation on additions to fixed assets is provided for the full year irrespective of the date of addition. No depreciation is provided on deletions to fixed assets in the year of sale.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

1 Significant Accounting Policies (Contd.)

1.5 Investments:

Long Term Investments (excluding investment property) are valued at cost unless there is a diminution in value, other than temporary for which provision is made.

Current Investments are stated at lower of cost and fair value.

Investment properties are carried individually at cost less accumulated depreciation. Investment properties are capitalised and depreciated in accordance with the policy stated for tangible fixed assets.

1.6 Taxation:

Tax expense comprises current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the Balance Sheet date.

Deferred tax assets other than on carried forward losses and unabsorbed depreciation 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.

Deferred tax assets on account of carried forward losses and unabsorbed depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal Income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

1.7 Provisions:

A provision is recognised 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 their present values and are determined based on management 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 management estimates.

1.8 Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

1.9 Employee benefits:

(a) Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

(b) Long term employee benefits:

1. Defined Contribution Plan:

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company makes monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Employees Provident Fund Organisation. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the Company has no further obligation beyond making the contribution. The Company's contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

1 Significant Accounting Policies (Contd.)

2. **Defined Benefit Plans:**

i. **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes contribution to LIC of India based on an independent actuarial valuation made at the year-end. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

ii. **Compensated absences**

The Company provides for the encashment of leave or leave with pay subject to certain rules. The Employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The Company makes provision for compensated absences based on an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in the Statement of Profit and Loss.

2.1 Share Capital

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Authorised		
35,000,000 (previous year 35,000,000) Equity shares of ₹ 10 each	<u>350,000,000</u>	<u>350,000,000</u>
Issued, subscribed and paid-up:		
10,000,000 (previous year 10,000,000) Equity shares of ₹ 10 each fully paid-up	<u>100,000,000</u>	<u>100,000,000</u>
Total	<u><u>100,000,000</u></u>	<u><u>100,000,000</u></u>

a) **Rights, preferences and restrictions 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 dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 1.50 (previous year ₹ 1.50). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after payment of all claims/liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) **Shares held by holding company**

Upto 27th June, 2011, 5,112,960 Equity shares were held by the erstwhile holding Company, N. N. Financial Services Private Limited.

c) **Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows**

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
N. N. Financial Services Private Limited	4,987,960	49.88	5,112,960	51.13
Nimbus India Limited	1,513,427	15.13	1,388,427	13.88
Life Insurance Corporation of India	1,225,017	12.25	1,225,017	12.25



NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.2 Reserves and Surplus

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Capital Reserve		
Balance as per last Balance Sheet	750	750
General Reserve		
Opening balance	168,812,058	166,780,058
Add: Transfer from Surplus in the statement of Profit and Loss	1,934,000	2,032,000
Closing balance	170,746,058	168,812,058
Special Reserve (as per the RBI regulations)		
Opening balance	250,225,000	242,099,000
Add: Transfer from Surplus in the statement of Profit and Loss	7,734,000	8,126,000
Closing balance	257,959,000	250,225,000
Surplus in Statement of Profit and Loss		
Opening balance	323,293,635	310,315,904
Add: Profit for the year	38,669,533	40,627,231
Less: Dividend proposed to be distributed to equity shareholders (₹ 1.50 per share, previous year ₹ 1.50 per share)	15,000,000	15,000,000
Less: Tax on dividend	1,571,861*	2,491,500
Transferred to:		
- General Reserve	1,934,000	2,032,000
- Special Reserve	7,734,000	8,126,000
Closing balance	335,723,307	323,293,635
Total	764,429,115	742,331,443

* Tax on dividend is net of ₹ 861,139 being reversal of excess tax on dividend which is on account of dividend distribution tax paid by a subsidiary company on interim dividend under Section 115-O of Income tax act, 1961.

2.3 Deferred tax liabilities

Nature of timing difference	Deferred tax assets/ (liabilities) As at 31st March, 2011 ₹	(Charge)/credit for the current year ₹	Deferred tax assets/ (liabilities) As at 31st March, 2012 ₹
Deferred tax liabilities:			
Depreciation	(1,181,694)	153,126	(1,028,568)
Deferred tax assets:			
Items covered under section 43B	162,473	216,791	379,264
Net Amount	(1,019,221)	369,917	(649,304)

The Company has not recognised deferred tax assets of ₹ 3,710,364 (previous year ₹ 27,241,964) on account of carry forward business losses and unabsorbed depreciation due to absence of virtual certainty.

MAT credit of ₹ 62,863,401 (previous year ₹ 53,362,217) is not recognised as an asset as the Company has carry forward business losses.



NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.4 Trade payables

Particulars	As at	As at
	31st March, 2012	31st March, 2011
	₹	₹
Provision for expenses	883,658	817,729
Total	883,658	817,729

There are no amounts due to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006; this information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose. This has been relied upon by the auditors.

2.5 Other current liabilities

Particulars	As at	As at
	31st March, 2012	31st March, 2011
	₹	₹
Unpaid dividends*	3,433,228	2,769,486
Security deposits	13,659,845	13,659,845
Rent received in advance	1,309,568	-
Statutory remittances	205,374	465,539
Others	8,725	1,380
Total	18,616,740	16,896,250

* Investor Protection and Education Fund shall be credited by the amount when due.

2.6 Short term provisions

Particulars	As at	As at
	31st March, 2012	31st March, 2011
	₹	₹
Proposed dividend	15,000,000	15,000,000
Tax on proposed dividend	2,433,000	2,491,500
Contingent Provision against Standard Assets	644,000	141,115
Mark to Market Margin-Equity Stock Futures	-	23,577
Provision for employee benefits - Compensated absences	1,168,764	489,222
Provision for income tax [net of advance tax ₹ 25,774,501 (previous year ₹ 28,209,756)]	25,499	1,558,243
Provision for fringe benefit tax [net of advance tax ₹ 133,505 (previous year ₹ 133,505)]	50,495	50,495
Total	19,321,758	19,754,152

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.7 Fixed Assets - Tangible

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2011	Additions	Disposals	As at 31st March, 2012	As at 1st April, 2011	For the year	On disposals	As at 31st March, 2012	As at 31st March, 2011	
Buildings	9,100,000	-	-	9,100,000	5,295,106	190,245	-	5,485,351	3,804,894	
Furniture and fixtures	161,626	-	-	161,626	83,314	14,174	-	97,488	78,312	
Vehicles	905,870	1,616,896	-	2,522,766	537,152	514,076	-	1,051,228	368,718	
Office equipment	1,002,331	96,669	44,600	1,054,400	498,120	82,899	36,343	544,676	504,211	
Computers	3,061,676	109,646	3,007,125	164,197	3,015,113	51,994	2,980,903	86,204	46,563	
Total	14,231,503	1,823,211	3,051,725	13,002,989	9,428,805	853,388	3,017,246	7,264,947	4,802,698	
Previous year	14,185,923	72,970	27,390	14,231,503	8,969,377	463,238	3,810	9,428,805		

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.8 Non-current investments

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Trade Investments-(valued at cost) [See Note 2.8 (a)]		
Investment in Equity Instruments (fully paid-up):		
- of subsidiaries, unquoted	143,910,000	143,910,000
- of a subsidiary, quoted	136,123,073	136,123,073
Sub-total	280,033,073	280,033,073
Other Investments - (valued at cost unless otherwise stated)		
Investment in Equity Instruments (fully paid-up) [See Note 2.8 (a)]:		
- of other entities, unquoted	11,920,399	11,920,399
- of other entities, quoted	175,599,404	232,966,130
Less: Provision for diminution in the value of investments	(69,763,526)	(62,184,701)
	105,835,878	170,781,429
Investment in Mutual Funds (fully paid-up) [See Note 2.8 (a)]:		
Units of Mutual Funds, unquoted	-	95,543,847
Less: Provision for diminution in the value of investments	-	(2,000,000)
	-	93,543,847
Investment property (valued at cost less accumulated depreciation)		
Immovable property (cost)	1,069,071	1,069,071
Less: Accumulated depreciation	(868,696)	(858,150)
	200,375	210,921
Sub-total	117,956,652	276,456,596
Total	397,989,725	556,489,669
Aggregate amount of quoted investments (net of provision) [Market value ₹ 203,060,804; (previous year ₹ 241,400,371)]	241,958,951	306,904,502
Aggregate amount of unquoted investments	155,830,399	249,374,246
Investment property	200,375	210,921



NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.8 (a) Details of Non-current investments

Name of the Company	Face Value per Share ₹	As at 31st March, 2012		As at 31st March, 2011	
		Holding Nos.	Book Value ₹	Holding Nos.	Book Value ₹
TRADE INVESTMENTS					
Investment in Equity Instruments (fully paid-up):					
- of subsidiaries, unquoted					
IIT Investrust Limited	10	12,375,000	117,410,000	12,375,000	117,410,000
IIT Insurance Broking and Risk Management Private Limited	10	2,500,000	25,000,000	2,500,000	25,000,000
IIT Media and Entertainment Private Limited	10	150,000	1,500,000	150,000	1,500,000
Total			143,910,000		143,910,000
- of a subsidiary, quoted					
IITL Projects Limited	10	3,580,347	136,123,073	3,580,347	136,123,073
Total			136,123,073		136,123,073
OTHER INVESTMENTS					
Investment in Equity Instruments (fully paid-up):					
- of other entities, unquoted					
World Resorts Limited	10	1,000,000	11,920,399	1,000,000	11,920,399
Total			11,920,399		11,920,399
- of other entities, quoted					
Ansal Properties and Infrastructure Limited	5	10,000	4,305,646	10,000	4,305,646
Coal India Limited	10	-	-	7,000	2,465,781
DLF Limited	2	10,000	4,416,095	10,000	4,416,095
Empee Distilleries Limited	10	2,500	952,940	2,500	952,940
GMR Infrastructure Limited	1	19,900	1,655,595	19,900	1,655,595
HBL Power Systems Limited	1	9,450	427,825	9,450	427,825
India Cements Limited	10	14,895	2,450,912	14,895	2,450,912
Jaiprakash Associates Limited	2	7,500	1,302,927	7,500	1,302,927
Jaiprakash Power Venture Limited	10	30,000	2,801,128	30,000	2,801,128
Jet Airways India Limited	10	2,000	2,006,929	2,000	2,006,929
J. K. Cement Limited	10	10,000	2,234,479	10,000	2,234,479
Mercator Lines Limited	1	6,080	904,607	6,080	904,607
NHPC Limited	10	100,000	3,425,126	100,000	3,425,126
Patel Engineering Limited	1	4,500	4,588,256	4,500	4,588,256
Reliance Capital Limited	10	9,995	14,851,359	9,995	14,851,359
Reliance Communications Limited	5	175,000	45,671,012	175,000	45,671,012
Reliance Industries Limited	10	4,912	10,037,676	4,912	10,037,676
Reliance Media Works Limited	5	10,000	3,668,331	10,000	3,668,331
Reliance Broadcast Network Limited	5	10,000	1,794,343	10,000	1,794,343
Reliance Power Limited	10	100,000	21,886,285	100,000	21,886,285
SQL Star International Limited	10	547,677	22,685,544	547,677	22,685,544
Unitech Limited	2	158,825	21,160,200	558,825	74,452,200
United Breweries Holdings Limited	10	893	806,572	893	806,572
Wockhardt Limited	5	3,700	1,565,617	7,500	3,174,562
Total			175,599,404		232,966,130

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.8 (a) Details of Non-current investments (Contd.)

Name of the Company	Face Value per Share ₹	As at 31st March, 2012		As at 31st March, 2011	
		Holding Nos.	Book Value ₹	Holding Nos.	Book Value ₹
Investment in Mutual Funds (fully paid-up):					
- units of Mutual Funds, unquoted					
UTI-Gilt Advantage Fund LTP Dividend Plan Payout	10	-	-	2,410,869	32,446,911
UTI-Bond Fund	10	-	-	843,192	10,000,000
UTI-Gilt Advantage Fund LTP PF Plan (Dividend) Payout	10	-	-	2,232,189	28,084,061
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	100	-	-	94,698	10,012,875
Reliance Money Manager Fund Institutional Option - Monthly (Dividend Plan)	1,000	-	-	14,886	15,000,000
Total			-	95,543,847	

2.9 Long-term loans and advances (unsecured, considered good, unless otherwise stated)

Particulars	As at	As at
	31st March, 2012 ₹	31st March, 2011 ₹
Security deposits	19,519,000	20,856,900
Amount recoverable from gratuity fund	481,350	403,103
Advance payment of income tax [net of provisions ₹ 9,350,000 (previous year ₹ 9,350,000)]	13,164,529	13,164,529
Loans to others (considered doubtful)	4,500,000	87,848,000
Less: Provision for doubtful loans	(4,500,000)	(87,848,000)
Total	33,164,879	34,424,532

2.10 Current investments (valued at lower of cost and fair value)

Particulars	As at	As at
	31st March, 2012 ₹	31st March, 2011 ₹
Investment in Equity Instruments (fully paid-up) [See Note 2.10 (a)]:		
- of other entities, quoted	-	8,168,411
Total	-	8,168,411
Aggregate amount of quoted investments [Market value ₹ Nil; (previous year ₹ 8,280,975)]	-	8,168,411

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)
2.10 (a) Details of current investments

Name of the Company	Face Value per Share ₹	As at 31st March, 2012		As at 31st March, 2011	
		Holding Nos.	Book Value ₹	Holding Nos.	Book Value ₹
Investment in Equity Instruments - of other entities, quoted					
Reliance Industries Limited	10	-	-	1,500	1,541,441
Housing Development Finance Corporation Limited	2	-	-	2,000	1,341,282
Mahindra and Mahindra Limited	5	-	-	1,500	1,026,525
Reliance Capital Limited	10	-	-	2,500	1,476,856
Housing Development and Infrastructure Limited	10	-	-	8,000	1,378,592
Cairn India Limited	10	-	-	4,000	1,403,715
Total			-		8,168,411

2.11 Cash and cash equivalents

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Cash on hand	12,285	17,578
Cheques on hand	5,227,282	558,078
Balances with banks		
- In current accounts	23,044,477	3,057,640
- In deposit accounts with original maturity upto 3 months	-	3,000,000
- In deposit accounts with original maturity of more than 3 months but less than or equal to 12 months	19,571,457	15,000,000
- In deposit accounts with original maturity of more than 12 months	-	2,500,000
- In earmarked accounts - unpaid dividend accounts	3,433,228	2,769,486
Total	51,288,729	26,902,782
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	31,717,272	9,402,782

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.12 Short-term loans and advances (unsecured, considered good)

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Loans and advances to related parties [See Note 2.21 (ii)]		
Loans to subsidiaries	70,000,000	55,500,000
Advances to subsidiaries	10,199,748	48,616,342
Loans to entities under significant influence	187,500,000	-
Initial margin - equity stock futures account-with a subsidiary	-	1,050,000
	267,699,748	105,166,342
Other loans and advances		
Security deposits	1,421,350	-
Advance against investments	143,260,851	143,260,851
Prepaid expenses	430,115	301,564
Amount recoverable from gratuity fund	53,483	44,790
Advance payment of income tax [net of provisions ₹ 40,202,000 (previous year ₹ 25,800,000)]	409,544	165,664
Advances to others	1,224,231	8,761
	146,799,574	143,781,630
Total	414,499,322	248,947,972

2.13 Other current assets (Unsecured, considered good unless otherwise stated)

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Interest accrued on:		
- bank deposits	1,219,878	136,770
- loans to subsidiaries	-	945,961
- loans to others (considered doubtful)	151,315	151,315
Less: Provision for doubtful interest	(151,315)	(151,315)
	-	-
Total	1,219,878	1,082,731



NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.14 Revenue from operations

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Interest [See Note 2.14 (a)]	19,929,322	19,792,548
Other financial services [See Note 2.14 (b)]	9,974,045	2,941,288
Other operating income [See Note 2.14 (c)]	15,714,816	15,714,816
Total	45,618,183	38,448,652

2.14 (a) Interest

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
INTEREST:		
- On deposits with banks	5,041,536	7,313,308
- On loans	14,887,786	12,479,240
Total	19,929,322	19,792,548

2.14 (b) Other financial services

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Dividend income on long-term investments:		
- From a subsidiary	4,950,000	-
- From others	1,197,863	1,928,496
Net profit on sale of long-term investments	-	974,941
Net profit on trading in equity shares	-	37,851
Net profit from equity stock futures	3,826,182	-
Total	9,974,045	2,941,288

2.14 (c) Other operating income

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Rent on immovable property	15,714,816	15,714,816
Total	15,714,816	15,714,816

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.15 Other income

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Provision for write down in value of fixed assets no longer required	-	2,002,576
Interest on income tax refund	-	2,845,101
Others	32,351	5,117
Total	32,351	4,852,794

2.16 Employee benefits expense

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Salaries and bonus	7,601,332	6,510,613
Contribution to provident and other funds [See Note 2.22 (a)]	678,908	687,273
Staff welfare expenses	305,390	312,190
Total	8,585,630	7,510,076

2.17 Other expenses

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Electricity (net of recovery ₹ 540,919; previous year ₹ 612,487)	753,774	720,855
Rent (net of recovery ₹ 2,683,694; previous year ₹ 2,607,186) [See Note 2.17 (a)]	1,520,015	1,497,726
Insurance	9,720	13,694
Repairs and Maintenance:		
-Buildings (net of recovery ₹ 1,320,000; previous year ₹ Nil)	1,151,113	2,424,974
-Others	579,216	514,688
	1,730,329	2,939,662
Rates and taxes	3,000	27,645
Travelling and conveyance	3,060,888	1,966,918
Printing and stationery	151,227	182,101
Communication expenses (net of recovery ₹ 104,397; previous year ₹ 168,141)	237,142	305,540
Legal and Professional Fees	1,878,143	1,205,002
Directors' fees	855,000	945,000
Membership fees	284,675	1,347,136
Payment to auditors [See Note 2.17 (b)]	1,184,515	1,114,150
Advances written off	-	1,844,206
Loans written off	3,348,000	44,762,131
Less: Provision held	3,348,000	44,762,131
	-	-
Expenses for increase in authorised share capital	-	1,400,000
Business promotion	1,395,191	618,493
Loss on write off/sale of fixed assets	25,229	23,580
Miscellaneous expenditure	656,178	564,356
Total	13,745,026	16,716,064

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.17(a) The Company has taken an office premise on operating lease. The lease term is on the basis of the agreement entered into with the landlord. The agreement provides for increase in rent. There are no restrictions imposed by the lease arrangement. There are no sub leases. The lease rental expense recognised in the Statement Profit and Loss for the year ₹ 1,520,015 (previous year: ₹ 1,497,726). [net of recoveries ₹ 2,683,694 (previous year: ₹ 2,607,186)]

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Not later than one year	2,282,700	3,940,052
Later than one year but not later than five years	5,326,300	8,461,812
Later than five years	-	-
Total	<u>7,609,000</u>	<u>12,401,864</u>

2.17(b) Payments to the auditors

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
As auditors - statutory audit	350,000	350,000
For other services	700,000	655,000
Reimbursement of expenses	11,360	5,109
Service tax	123,155	104,041
Total	<u>1,184,515</u>	<u>1,114,150</u>

The above excludes ₹ 882,400 (previous year ₹ Nil) paid to auditors for other services and included in other advances in Note 2.12

2.18 Exceptional items

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Provision on doubtful loans no longer required	80,000,000	-
Provision for diminution in value of long-term investments in a subsidiary no longer required	-	58,705,000
Total	<u>80,000,000</u>	<u>58,705,000</u>

2.19 Contingent liabilities not provided for in respect of

(a) Taxation

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
(a) Disputed income-tax matters in appeal	11,863,325	17,120,115
(b) Disputed wealth-tax matter in appeal	3,250,246	3,250,246

In respect of above items, outflow of resources would depend upon the outcome of the appeal.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.19 Contingent liabilities not provided for in respect of (Contd.)

(b) Guarantees

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
Guarantees given to banks on behalf of third party.	353,400,000	-

2.20 Basic earnings per share have been calculated by dividing profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Values used in calculating earnings per share are as under:

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
(a) Numerator: Profit after tax (₹)	38,669,533	40,627,231
(b) Denominator: Weighted average number of equity shares	10,000,000	10,000,000
(c) Basic, as well as diluted, earnings per equity share (₹)	3.87	4.06

2.21 Related party disclosures:

(i) Names of related parties:

(a) Names of related parties and nature of related party relationship where control exists are as under:

Holding Company:	N. N. Financial Services Private Limited (upto 27th June, 2011)
Subsidiary companies:	IIT Investrust Limited IITL Projects Limited IIT Insurance Broking and Risk Management Private Limited IIT Media and Entertainment Private Limited

(b) Names of other related parties and nature of relationship where there are transactions with related parties:

Key management personnel: Dr. B. Samal, Executive Chairman

Entities over which IITL Projects Limited, a subsidiary company, can exercise significant influence:

IITL Nimbus The Express Park View - a partnership firm (w.e.f. 15th April, 2011)
IITL Nimbus The Palm Village - a partnership firm (w.e.f. 24th June, 2011)
IITL Nimbus The Hyde Park Noida - a partnership firm (w.e.f. 9th April 2010)

(ii) Balances outstanding / transactions with related parties:

(a) Key management personnel:

Sr. No.	Nature of transactions	₹
(I)	Volume of transactions: Remuneration paid to Dr. B. Samal	2,352,000 (2,352,000)

Figures in brackets are the corresponding figures of the previous year.



NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.21 Related party disclosures: (Contd.)

(b) Other related parties:

Sr. No.	Nature of transactions	Subsidiary companies	Entities under Significant influence
(I)	Volume of transactions:	₹	₹
(i)	Loans given		
	- IITL Projects Limited	117,000,000 (35,000,000)	- (-)
	- IITL Nimbus The Express Park View	-	92,500,000
	- IITL Nimbus The Palm Village	(-)	(-)
	- IITL Nimbus The Hyde Park Noida	(-)	(-)
		(-)	(50,000,000)
(ii)	Refund of loans given		
	- IITL Projects Limited	102,500,000 (59,500,000)	- (-)
	- IIT Investrust Limited	-	-
	- IITL Nimbus The Hyde Park Noida	(20,722,468)	(-)
		(-)	(50,000,000)
(iii)	Subscription of equity shares		
	- IIT Media and Entertainment Private Limited	- (1,500,000)	- (-)
(iv)	Advance given		
	- IITL Projects Limited	- (47,500,000)*	- (-)
	* Converted into loan during the year		
(v)	Interest income		
	- IITL Projects Limited	8,730,408 (5,618,301)	- (-)
	- IIT Investrust Limited	-	-
	- IITL Nimbus The Express Park View	(352,992)	(-)
	- IITL Nimbus The Palm Village	-	2,757,378
	- IITL Nimbus The Hyde Park Noida	(-)	(-)
		(-)	3,400,000
		(-)	(-)
		(-)	(2,254,521)
(vi)	Dividend received		
	- IIT Investrust Limited	4,950,000 (-)	- (-)
(II)	Balances at year-end		
	Amount receivable as at year-end		
	- IIT Investrust Limited	10,086,800 (1,827,590)	- (-)
	- IITL Projects Limited	70,037,504 (103,982,171)	- (-)
	- IIT Insurance Broking & Risk Management Private Limited	75,444 (302,543)	- (-)
	- IITL Nimbus The Express Park View	-	92,500,000
	- IITL Nimbus The Palm Village	(-)	(-)
		(-)	95,000,000
		(-)	(-)

Figures in brackets are the corresponding figures of the previous year.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.21 Related party disclosures (Contd.):

(iii) Additional disclosures as required by the amended clause 32 of the listing agreement with Bombay Stock Exchange:

Particulars	Balance as at	Maximum amount outstanding during the year ended	No. of shares of the company held by the loanees as at
	31st March, 2012	31st March, 2012	31st March, 2012
	₹	₹	₹
A. Loans and advances in the nature of loans to subsidiaries-			
- IIT Investrust Limited	- (-)	- (20,722,468)	- (-)
- IITL Projects Limited	70,000,000 (55,500,000)	115,000,000 (80,000,000)	- (-)
B. Loans and advances in the nature of loans where there is: (i) Payment beyond seven years or (ii) no interest or interest below Section 372A of the Companies Act, 1956-			
(i) IIT Corporate Services Limited*	- (83,348,000)	83,348,000 (83,348,000)	- (-)
(ii) Nu-tech Corporate Services Limited#	- (-)	- (44,762,131)	- (-)
(iii) Yash Safety Product Limited*	2,500,000 (2,500,000)	2,500,000 (2,500,000)	- (-)
(iv) Micro Precision Pumps & Gears Limited*	2,000,000 (2,000,000)	2,000,000 (2,000,000)	- (-)

*No repayment schedule and no interest charged. Also provided for in the earlier years.

No repayment schedule and no interest charged. Also provided for in the earlier years and written off during the year ended 31st March, 2011

Figures in brackets are the corresponding figures of the previous year.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.22 Employee Benefits

(a) Defined Contribution Plan

Contribution to defined contribution plan, recognised in the Statement of Profit and Loss under Contribution to provident fund and other funds in Note 2.16 for the year are as under:

Particulars	31st March, 2012	31st March, 2011
	₹	₹
Employer's contribution to Regional Provident Fund Commissioner	531,300	509,746
Employer's contribution to Family Pension Fund	51,348	60,198

(b) Defined Benefit Plan

Gratuity (Funded)

	31st March, 2012	31st March, 2011
	₹	₹
i Reconciliation of opening and closing balances of Defined Benefit Obligation		
Present value of Defined Benefit Obligation as at the beginning of the year	770,309	571,821
Interest Cost	61,625	45,746
Current Service Cost	211,909	208,282
Benefits paid	-	-
Net Actuarial (Gain)/Loss	(59,644)	(55,540)
Present value of Defined Benefit Obligation as at the end of the year	984,199	770,309
ii Reconciliation of fair value of Plan Assets		
Fair value of Plan Assets as at the beginning of the year	1,218,202	840,794
Expected return on Plan Assets	117,630	81,159
Net Actuarial Gain / (Loss)	-	-
Employer's Contribution	183,200	296,249
Benefits paid	-	-
Fair value of Plan Assets as at the end of the year	1,519,032	1,218,202

The Company expects to contribute ₹ 38,464 to its Defined Benefit Gratuity plan during the annual period beginning after the Balance Sheet date.

The major categories of Plan Assets as a percentage of the fair value of total Plan Assets are as follows:

Bank Balance	10.33%	11.98%
Funds maintained with Life Insurance Corporation of India	89.67%	88.02%

Note: The Company is unable to obtain the details of major category of plan assets from the insurance company (Life Insurance Corporation of India) and hence the disclosure thereof is not made.

iii Net assets / (liabilities) recognised in the Balance Sheet

Present value of Defined Benefit Obligation	(984,199)	(770,309)
Fair value of Plan Assets	1,519,032	1,218,202
Net assets recognised in the Balance Sheet	534,833	447,893

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)
2.22 Employee Benefits (Contd.)

		Gratuity (funded)	
		31st March, 2012	31st March, 2011
		₹	₹
iv	Components of Employer's Expenses		
	Current Service Cost	211,909	208,282
	Interest Cost	61,625	45,746
	Expected return on Plan Assets	(117,630)	(81,159)
	Net Actuarial Loss	(59,644)	(55,540)
	Total expense recognised in Statement of Profit and Loss (See 'Contribution to provident and other funds' in Note 2.16)	96,260	117,329
	Actual return on Plan Assets	117,630	81,159
v	Actuarial Assumptions		
	Mortality Table	LIC (1994-96) (Ultimate)	
	Discount rate	8%	8%
	Expected rate of return on Plan Assets	9.66%	7.14%
	Salary escalation	6%	6%
vi	a. The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.		
	b. The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of the post-employment benefit obligations.		
	c. Expected rate of return on assets is determined based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.		
vii	Net assets / (liabilities) recognised in the Balance Sheet as at respective year ends and experience adjustment:		

	Gratuity (funded)			
	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹	As at 31st March, 2009 ₹
1. Present Value of Defined Benefit Obligation	984,199	770,309	571,821	301,389
2. Fair Value of Plan Assets	1,519,032	1,218,202	840,974	564,964
3. Funded Status [Surplus]	534,833	447,893	269,153	263,575
4. Net Asset	534,833	447,893	269,153	263,575
5. Experience adjustment arising on:				
a. Plan Liabilities (Gain)/Loss	(59,644)	(55,540)	46,798	58,345
b. Plan Assets (Gain)/Loss	20,174	9,804	5,639	3,060

Accounting Standard (AS) 15 Revised) on Employee Benefits notified by The Companies (Accounting Standards) Rules, 2006 requires the disclosure of the above information for the past four years; however the information is available only since the date of implementing the Standard.

viii The above information is as certified by the actuary and relied upon by the auditors.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.23 Expenditure in foreign currency

Particulars	Year ended 31st March, 2012 ₹	Year ended 31st March, 2011 ₹
Business promotion expenses	796,411	-
Total	796,411	-

2.24 (a) Open interests of Equity Stock Futures contracts as at 31st March, 2012 is ₹ Nil.

(b) The following Equity Stock Futures contracts had open interests as at 31st March, 2011:

Sr. No.	Name of Equity Stock Futures	No. of Units Involved	Position	No. of Contracts	Series of Future Contracts	Settlement price as at 31st March, 2011 ₹
1	Housing Development Finance Corporation Limited	2,000	Short	4	28th April, 2011	704.20
2	Reliance Industries Limited	1,500	Short	6	28th April, 2011	1,056.80
3	Mahindra and Mahindra Limited	1,500	Short	3	28th April, 2011	705.30
4	Reliance Capital Limited	2,500	Short	5	28th April, 2011	586.80
5	Housing Development and Infrastructure Limite	8,000	Short	8	28th April, 2011	177.75
6	Cairn India Limited	4,000	Short	4	28th April, 2011	353.75

(c) Intial Margin on Equity Stock Futures paid in cash as at 31st March, 2012 ₹ Nil (previous year ₹ 1,050,000)

2.25 Since the Company has disclosed segment information in the consolidated accounts the same have not been disclosed in the aforesaid financial statements in terms of Para. 4 of Accounting Standard (AS) 17 on Segment Reporting as notified under The Companies (Accounting Standards) Rules, 2006.

2.26 The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

For and on behalf of the Board of Directors

DR. B. SAMAL
Executive Chairman

BIPIN AGARWAL
Director

CUMI BANERJEE
CEO & Company Secretary

Mumbai: 24th May, 2012

Mumbai: 24th May, 2012

**AUDITORS' REPORT****TO THE BOARD OF DIRECTORS OF INDUSTRIAL INVESTMENT TRUST LIMITED**

As required under the Reserve Bank of India's Notification No. DNBS. 201 /DG(VL) – 2008 dated 18th September, 2008, on the basis of our audit of the books of account and other records of the Company for the year ended 31st March, 2012 in accordance with the Generally Accepted Auditing Standards and according to the information, explanations and representations given to us by the Management we report as follows in terms of paragraphs 3 and 4 of the Notification:

1. The Company is engaged in the business of Non- Banking Financial Institution as defined in Section 45 I (a) of the Reserve Bank of India Act, 1934 and has been classified as an Investment Company as indicated in the Certificate of Registration (CoR) bearing No. B-13.01368 dated 15th September, 2000 from the Reserve Bank of India ("the RBI").
2. The Company is entitled to continue to hold the CoR based on its asset / income pattern as on 31st March, 2012, which has been computed in the manner laid down in the RBI Circular No. DNBS (PD) C.C. No. 81 / 03.05.002 /2006-07 dated 19th October, 2006 and for which we have issued a

separate certificate dated 24th May, 2012 as required in terms of para.15 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

3. The Board of Directors has passed a resolution on 20th May, 2011 for non-acceptance of public deposits.
4. The Company has not accepted any public deposit during the year.
5. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria

Partner

Mumbai: 24th May, 2012

(Membership No. 42791)

Schedule to the Balance Sheet as at 31st March, 2012 of a non-deposit taking non-banking financial Company
(as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank), Directions, 2007)

	Particulars	31-03-2012		31-03-2011	
		Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	Liabilities Side:				
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:				
	(a) Debentures: Secured	-	-	-	-
	: Unsecured (other than falling within the meaning of public deposits)	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	-	-	-	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Public Deposits	-	-	-	-
	(g) Other Loans - Cash credit from bank	-	-	-	-
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive interest accrued thereon but not paid):				
	(a) In the form of Unsecured debentures	-	-	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other Public deposits	-	-	-	-



	Particulars	31-03-2012	31-03-2011
	Assets side :	Amount outstanding	Amount outstanding
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :(net of provisions for doubtful loans)		
	(a) Secured	-	-
	(b) Unsecured	447,664,201	283,372,504
	Total	447,664,201	283,372,504
(4)	Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors :		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities :		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
(5)	Break-up of Investments : (net of provisions for diminution)		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	8,168,411
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	Long Term Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	241,958,951	306,904,502
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-



Assets side :	Amount outstanding	Amount outstanding
2. Unquoted :		
(i) Shares : (a) Equity	155,830,399	155,830,399
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual funds	-	93,543,847
(iv) Government Securities	-	-
(v) Others - Immovable property	200,375	210,921
(vi) Others-Share Application Money	-	-
	397,989,725	564,658,080

(6) **Borrower group-wise classification of assets financed as in (3) and (4) above: (net of provisions for doubtful loans)**

Category	31-03-2012			31-03-2011		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries -	-	80,199,748	80,199,748	-	105,166,342	105,166,342
(b) Companies in the same group	-	187,500,000	187,500,000	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	179,964,453	179,964,453	-	178,206,162	178,206,162
Total	-	447,664,201	447,664,201	-	283,372,504	283,372,504

(7) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Category	31-03-2012		31-03-2011	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	290,704,227	280,033,073	293,568,505	280,033,073
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	68,186,976	117,756,277	203,444,248	284,414,086
Total	358,891,203	397,789,350	497,012,753	564,447,159

(8) **Other information**

Particulars	31-03-2012 Amount	31-03-2011 Amount
(i) Gross Non-performing Assets		
(a) Related parties	-	-
(b) Other than related parties	74,414,841	152,184,016
(ii) Net Non-performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

For and on behalf of the Board of Directors
Dr. B. SAMAL
Chairman

BIPINAGARWAL
Director

CUMI A. BANERJEE
CEO & Company Secretary

Mumbai :24th May,2012

INDUSTRIAL INVESTMENT TRUST LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

**AUDITORS' REPORT****TO THE BOARD OF DIRECTORS OF INDUSTRIAL INVESTMENT TRUST LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **INDUSTRIAL INVESTMENT TRUST LIMITED** ("the Company"), its subsidiaries and jointly controlled entities ("the Group") as at 31st March, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of: (i) three subsidiaries, whose financial statements reflect total assets of ₹ 271,383,290 as at 31st March, 2012, total revenues of ₹ 138,808,759 and net cash inflow amounting to ₹ 7,708,810 for the year ended on that date; and (ii) four joint ventures, whose financial statements reflect the Group's share of total assets of ₹ 2,466,045,900 as at 31st March, 2012, total revenues of ₹ 400,658,081 and net cash inflow amounting to ₹ 28,158,140 for the year ended on that date; as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, its aforesaid subsidiaries and joint ventures, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No. 117365W)

Z. F. Billimoria
Partner
(Membership No. 42791)

MUMBAI: 24th May, 2012



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	100,000,000	100,000,000
Reserves and surplus	2.2	785,923,102	792,580,884
		885,923,102	892,580,884
Minority Interest		1,719,433	18,880,320
Non-current liabilities			
Deferred tax liabilities (net)	2.3	1,422,980	1,605,347
Other long-term liabilities	2.4	1,426,310,699	1,009,265,829
Long-term provisions	2.5	1,046,957	276,740
		1,428,780,636	1,011,147,916
Current liabilities			
Short term borrowings	2.6	208,675,000	57,000,000
Trade payables	2.7	217,766,501	52,157,292
Other current liabilities	2.8	725,665,882	376,053,575
Short-term provisions	2.9	28,184,199	26,261,957
		1,180,291,582	511,472,824
TOTAL		3,496,714,753	2,434,081,944
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	2.10	15,966,325	15,296,026
(ii) Intangible assets	2.10	2,714,001	7,463,629
Goodwill on consolidation		88,816,011	88,816,011
Non-current investments	2.11	160,456,652	276,456,595
Long-term loans and advances	2.12	67,048,940	64,806,279
Deferred tax assets (net)	2.3	1,168,174	560,403
Other non-current assets	2.13	72,500	8,510,400
		336,242,603	461,909,343
Current assets			
Current investments	2.14	35,568,787	21,916,305
Inventories	2.15	2,431,960,872	1,490,709,871
Trade receivables	2.16	68,054,747	55,408,168
Cash and cash equivalents	2.17	249,494,047	186,446,671
Short-term loans and advances	2.18	340,703,516	214,971,995
Other current assets	2.19	34,690,181	2,719,591
		3,160,472,150	1,972,172,601
TOTAL		3,496,714,753	2,434,081,944

See accompanying notes (1 and 2.1 to 2.36) forming part of the financial statements

In terms of our report attached.	For and on behalf of the Board of Directors
For DELOITTE HASKINS & SELLS Chartered Accountants	Dr. B. SAMAL Chairman BIPIN AGARWAL Director
Z. F. BILLIMORIA Partner	CUMI A. BANERJEE CEO & Company Secretary
Mumbai: 24th May, 2012	Mumbai: 24th May, 2012

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

Particulars	Note No.	For the Year ended 31st March, 2012 ₹	For the Year ended 31st March, 2011 ₹
Revenue from operations	2.20	751,433,511	327,464,972
Other income	2.21	18,462,239	11,794,721
Total Revenue		769,895,750	339,259,693
Cost of sales	2.22	548,159,344	101,828,826
Employee benefits expense	2.23	74,333,009	45,675,920
Finance costs	2.24	2,649,906	119,442
Depreciation and amortisation expense			
- on investment property		10,546	11,101
- on fixed assets - tangible	2.10	4,464,149	4,741,334
- on fixed assets - intangible	2.10	818,950	1,430,320
Other expenses	2.25	151,148,026	67,412,374
Provision for diminution in value of investments		7,578,825	17,393,897
Contingent provisions against standard assets		502,885	141,115
Loss from trading of equity stock futures		-	191,598
Net loss on sale of long-term investments		42,763,032	-
Net loss on sale of current investments		2,877,586	-
Total expenses		835,306,258	238,945,927
Profit/(Loss) before exceptional items and tax		(65,410,508)	100,313,767
Exceptional items	2.28	80,000,000	-
Profit before tax		14,589,492	100,313,767
Tax expense:			
- Current tax		(24,583,700)	(33,237,500)
- MAT credit entitlement		3,174,600	-
- Deferred tax		790,138	158,181
- Current tax expense relating to prior years		(317,588)	(3,911,882)
		(20,936,550)	(36,991,201)
Profit/(Loss) after taxation and before adjustment of minority interest		(6,347,057)	63,322,566
Add: Net (Profit)/ Loss attributable to minority interest		17,110,887	(609,341)
Profit after taxation and after minority interest		10,763,830	62,713,225
Less: Pre acquisition loss of a joint venture		-	5,750
Profit for the year		10,763,830	62,718,975
Earnings per equity share:			
Basic and Diluted	2.31	1.08	6.27
Nominal Value per equity share		10.00	10.00

See accompanying notes (1 and 2.1 to 2.36) forming part of the financial statements

In terms of our report attached.	For and on behalf of the Board of Directors
For DELOITTE HASKINS & SELLS Chartered Accountants	Dr. B. SAMAL Chairman BIPIN AGARWAL Director
Z. F. BILLIMORIA Partner	CUMI A. BANERJEE CEO & Company Secretary
Mumbai: 24th May, 2012	Mumbai: 24th May, 2012



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

Particulars	For the Year ended 31st March, 2012 ₹	For the Year ended 31st March, 2011 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	14,589,492	100,313,767
Adjustments for:		
Depreciation on fixed assets - tangible	4,464,149	4,741,334
Amortisation of fixed assets - intangible	818,950	1,430,320
Depreciation on investment on immovable property	10,546	11,101
Interest income	(20,122,416)	(21,091,311)
Provision for doubtful loans no longer required	(80,000,000)	-
Loss on write off / sale of fixed assets	5,295,176	23,580
Finance costs		
- Interest on income tax	225,901	119,442
- Interest on loans	2,424,005	-
Dividend income	(4,314,505)	(1,330,100)
Advances written off	-	1,844,206
Provision for diminution in value of investments	7,578,825	17,393,897
Provision for write down in value of fixed assets no longer required	-	(2,002,576)
Contingent provisions against standard assets	502,885	141,115
Net (profit) / loss on sale of current investments	963,521	(37,851)
Net (profit) / loss on sale of long-term investments	42,763,032	(974,941)
Operating (profit) / loss before working capital changes	(24,800,439)	100,581,983
Changes in working capital		
Adjustments for (increase) / decrease in operating assets:		
Inventories (See Note 3 below)	(926,234,569)	(1,351,403,478)
Trade receivables	(12,646,579)	(46,125,153)
Short-term loans and advances	(113,350,519)	(21,314,477)
Long-term loans and advances	3,006,580	9,066,719
Other current assets	(28,868,085)	-
Other non-current assets	8,437,900	(8,460,400)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	165,609,209	29,842,382
Other current liabilities	349,819,142	343,838,974
Short-term provisions	2,356,069	253,632
Other long-term liabilities	417,044,871	933,994,248
Long-term provisions	770,217	276,740
Other adjustments :		
Bank balances not considered as cash and cash equivalents	(2,071,457)	172,927,647
Purchase of long-term investments	-	(91,030,437)
Purchase of current investments	(256,249,258)	(9,144,340)
Sale of long-term investments	108,272,087	63,421,311
Sale of current investments	261,415,537	969,820
Advance against investments	-	(143,260,851)
Repayment of loans from others	80,000,000	50,000,000
Interest received	7,191,048	10,967,506
Cash flow from operations	39,701,754	45,401,826
Direct taxes paid	(40,474,664)	(62,758,776)
Net cash used in operating activities	(772,910)	(17,356,950)

Particulars	For the Year ended 31st March, 2012 ₹	For the Year ended 31st March, 2011 ₹
B. CASH FLOW FROM INVESTING ACTIVITIES		
Bank balances not considered as cash and cash equivalents	(6,424,311)	(82,859,940)
Purchase of long-term investments	(42,500,000)	-
Purchase of current investments	(35,568,787)	(13,747,894)
Sale of current investments	16,064,060	-
Interest received (See Note 3 below)	10,502,983	9,059,298
Dividend income	4,314,505	1,330,100
Purchase of fixed assets	(7,938,220)	(11,766,986)
Proceeds from sale of fixed assets	1,319,624	-
Net cash used in investing activities	(60,230,146)	(97,985,422)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings availed	260,014,944	57,000,000
Repayment of borrowings	(108,339,944)	-
Finance cost (See Note 3 below)	(18,590,225)	(1,205,250)
Dividend paid to minority shareholders of subsidiaries	(50,000)	-
Dividend paid	(15,000,000)	(15,000,000)
Tax on dividend paid	(2,480,111)	(2,491,500)
Net cash generated from financing activities	115,554,664	38,303,250
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	54,551,608	(77,039,122)
D. CASH AND CASH EQUIVALENTS (See Note 2.17)		
As at the commencement of the year	72,186,729	149,225,851
As at the end of the year (See Note 2 below)	126,738,337	72,186,729
NET INCREASE/(DECREASE) AS DISCLOSED ABOVE	54,551,608	(77,039,122)

Notes:

- Cash flows relating to investment activities of the parent company are included under operating activities.
- Includes an amount of ₹ 3,433,228 (previous year ₹ 2,769,486) being balance in Unpaid dividend accounts.
- Changes in inventories is after adjusting borrowing costs capitalised. Interest received is inclusive of amount netted of from inventories and finance cost is inclusive of amount capitalised under inventories.
- Previous year figures have been regrouped wherever necessary.

In terms of our report attached.	For and on behalf of the Board of Directors	
For DELOITTE HASKINS & SELLS Chartered Accountants	Dr. B. SAMAL Chairman	BIPIN AGARWAL Director
Z. F. BILLIMORIA Partner	CUMI A. BANERJEE CEO & Company Secretary	
Mumbai: 24th May, 2012	Mumbai: 24th May, 2012	



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012

1.1 Basis of preparation:

a) The Consolidated Financial Statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra - group balances and intra - group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
- (ii) The financial statements of the jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra - group balances and intra - group transactions resulting in unrealized profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standards) Rules, 2006 using the "proportionate consolidation" method.
- (iii) The financial statements of the subsidiaries and jointly controlled entities used in the consolidation are drawn up to the same reporting date as that of the Company, i.e. 31st March, 2012.
- (iv) The excess of cost to the Company, of its investment in the subsidiaries and jointly controlled entities over the Company's portion of equity is recognised in the financial statements as Goodwill.
- (v) The excess of the Company's portion of equity of the subsidiaries and jointly controlled entities on the acquisition date over its cost of investment is treated as Capital Reserve.
- (vi) Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made.
- (vii) Net Profit for the year of the subsidiaries attributable to minorities is identified and adjusted against the Profit After Tax of the Group.

b) (i) The financial statements of the following subsidiaries have been consolidated as per Accounting standard 21 on "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006:

(ii) The financial statements of the following jointly controlled entities of IITL Projects Limited, have been consolidated as per Accounting standard 27 on "Financial Reporting of Interest in Joint Ventures" as notified by the Companies (Accounting Standards) Rules, 2006:

Name of Jointly Controlled Entity	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Extent of holding (%)	Period of holding	Extent of holding (%)	Period of holding
Capital Infraprojects Private Limited (CIPL)	50	Throughout the year	50	W.e.f. 24th March, 2011
IITL Nimbus The Hyde Park Noida	45	Throughout the year	45	W.e.f. 9th April, 2010
IITL Nimbus The Express Park View	47.50	w.e.f. 15th April, 2011	Nil	NA
IITL Nimbus The Palm Village	47.50	w.e.f. 24th June, 2011	Nil	NA

All the jointly controlled entities mentioned above are incorporated in India.

Name of Subsidiary	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Extent of holding (%)	Period of holding	Extent of holding (%)	Period of holding
IIT Investrust Limited (IITIL)	99	Throughout the year	99	Throughout the year
IIT Insurance Broking and Risk Management Private Limited (IITIBRMPL)	100	Throughout the year	100	Throughout the year
IITL Projects Limited (IITLPL)	71.74	Throughout the year	71.74	Throughout the year
IIT Media and Entertainment Private Limited (IITMEPL)	100	Throughout the year	100	W.e.f. 15th April, 2010

All the Subsidiaries mentioned above are incorporated in India.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)****1.1 Basis of preparation: (Contd.)**

- (iii) Group's share of interest in the assets, liabilities, income and expenses with respect to jointly controlled entities (each without elimination of the effects of transactions between the Group and the jointly controlled entities) on the basis of audited financial statements of the jointly controlled entities as at and for the period ended 31st March, 2012:

Particulars	31st March, 2012	31st March, 2011
		₹
RESERVES AND SURPLUS	(53,631,951)	1,625,531
NON-CURRENT LIABILITIES		
Deferred tax liabilities (net)	19,874	-
Other long term liabilities	1,363,892,232	930,612,295
Long-term provisions	148,693	-
CURRENT LIABILITIES		
Trade payable	186,639,067	22,692,885
Short term borrowings	297,737,500	102,000,000
Other current liabilities	635,443,789	325,121,828
Short term provisions	43,530	148,500
NON-CURRENT ASSETS		
Fixed Assets (Net Block)		
(i) Tangible assets	2,706,608	1,382,181
(ii) Intangible assets	418,462	128,174
Long term loan and Advances	6,192,227	6,738,330
Deferred Tax Assets (net)	81,212	-
Other non-current assets	22,500	-
CURRENT ASSETS		
Current investments	35,568,787	13,747,894
Inventories	2,287,184,425	1,319,157,745
Trade receivables	1,862,154	-
Cash and cash equivalents	80,182,569	27,274,430
Short-term loans and advances	57,517,065	58,684,739
Other current assets	675,233	137,545
INCOME		
Sale of flats	391,863,132	-
Dividend	4,157,828	1,328,605
Interest	2,782,231	211,692
Net profit on sale of investments	1,914,065	-
Other operating income	842,974	-
Miscellaneous Income	59,879	251,709
EXPENSES		
Cost of sales	366,158,056	-
Employee benefits expense	4,540,182	-
Finance costs	2,422,380	-
Operating and other expenses	77,557,862	17,975
Depreciation	789,353	-
Provision for taxation	3,766,250	148,500
Income transferred to capital	2,082,224	1,643,506

1.2 Significant Accounting Policies:**(i) Basis of accounting:**

The Group adopts the accrual concept in the preparation of the accounts. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

(ii) Revenue recognition:

- (a) Interest on all lending such as inter-corporate deposits, finance against securities and fixed deposits are accounted on time proportionate basis.
- (b) Rental income is accrued on the basis of the agreement.
- (c) Dividend is accounted when the right to receive payment is established and known.
- (d) Profit/Losses from share trading/investment activities is determined on the basis of weighted average carrying amount of investments and is recognised on the basis of contract notes.
- (e) Fees from real estate consultancy are accounted as per the terms of contract with the customers.
- (f) Revenue from real estate projects is recognised on the Percentage of Completion Method. Revenue is recognised in relation to the areas sold, on the basis of percentage of actual costs incurred as against the total estimated cost of the project under execution, subject to such actual costs being 25 percent or more of the total estimated cost. Land costs are not included for the purpose of computing the percentage of completion. The estimates of saleable area and costs are revised periodically by the Management. The effect of such changes in estimates is recognised in the period such changes are determined.
- (g) Commission and brokerage on insurance business is credited to income on the date of issue of the prime documents by the insurance Company, except where there are material installments, in which case the brokerage is booked on the due date of the installment. Adjustments to brokerage arising from premium additions, reductions and renewal directly deposited by the client are taken into account as and when they are known.
- (h) Brokerage income from stock broking activities is recognised on the basis of Contract Notes issued.
- (i) Brokerage income from primary market has been recognised on the basis of advice from the Registrar regarding allotment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)****1.2 Significant Accounting Policies: (Contd.)****(j) Equity Stock - Futures:**

In accordance with Guidance Note on "Accounting for Equity Index and Equity Stock Futures and Options" issued by The Institute of Chartered Accountants of India.

- (a) Equity Stock Futures are marked-to-market on a daily basis. Debit or credit balances, if any, are disclosed under Loans and Advances or Current Liabilities respectively. The "Mark-to-Market Margin Equity Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Stock Futures till the Balance Sheet date.
- (b) As at the Balance Sheet date, the profit / loss on open positions, if any, in Equity Stock Futures are accounted for as follows:
 - 1) Credit balance in the "Mark-to-Market Margin - Equity Stock Futures Account", being anticipated profit, is ignored and no credit is taken in Statement of Profit and Loss.
 - 2) Debit balance in the "Mark-to-Market Margin - Equity Stock Futures Account", being anticipated loss, is recognised in Statement of Profit and Loss.
- (c) On final settlement or squaring-up of contracts for Equity Stock Futures, the profit or loss is calculated as difference between settlement/ squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/ squared-up contract in "Mark-to-Market Margin - Equity Stock Futures Account" is recognised in Statement of Profit and Loss upon expiry of the contracts. When more than one contract in respect of the relevant series of Equity Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring up of the contract, the contract price of the contract so squared up is determined using First In First Out Method for calculating profit / loss on squaring-up.
- (d) "Initial Margin - Equity Stock Futures Account", representing the initial margin and "Margin Deposits" representing additional margin paid over and above the initial margin, for entering into contracts for Equity Stock Futures, which are released on final settlement/ squaring-up of underlying contracts, are disclosed under Loans and Advances.
- (k) Consultancy fees are recognised on the proportionate completion method based on management estimates of the stages of completion of the contracts.

(iii) Inventories :

- (a) Inventories are valued at lower of cost and net realisable value. Construction material cost is determined on a First in First Out basis. Construction work in progress comprises premium for development rights and expenditure relating to construction.
- (b) Stock of shares held as inventory has been valued at Cost or Market price whichever is lower. Cost is determined on weighted average basis.

(iv) Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation and amortisation. Cost comprises of the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use.

(v) Depreciation and amortisation:

- (a) Depreciation on fixed assets and investment in immovable property is provided on the written down value method, at the rates prescribed in Schedule XIV to Companies Act, 1956, except in respect of: (a) IITL where depreciation is provided on straight line method, at the rates prescribed in Schedule XIV to the Companies Act, 1956; and (b) IITL-Nimbus Hyde Park, Noida and IITL-Nimbus Express Park View, joint venture partnership firms where depreciation is provided on written down value method, at rates and in the manner as provided under section 32 of the Income Tax Act, 1961.
- (b) Depreciation on improvement in lease hold premises is provided over the period of lease.
- (c) Depreciation on additions to fixed assets is provided for the full year irrespective of the date of addition and no depreciation is provided on deletions to fixed assets in the year of sale except in respect of: (a) IITL where depreciation is provided proportionately; and (b) IITL-Nimbus Hyde Park, Noida and IITL-Nimbus Express Park View, joint venture partnership firms.
- (d) BSE card is amortised over a period of ten years on straight line method.
- (e) Computer software has been amortised over the period of its estimated useful life ranging from 3 to 6 years.

(vi) Investments:

Long Term Investments are valued at cost unless there is a diminution in value, other than temporary for which provision is made.

Current investments are stated at lower of cost and fair value.

(vii) Taxation:

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

Deferred tax is measured based on the tax rate and tax laws enacted or substantially enacted at the Balance Sheet date. Deferred tax asset on account of carried forward losses and unabsorbed depreciation are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal Income-tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

(viii) Provisions:

A provision is recognised 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 their present values and are determined based on management 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 management estimates.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

1.2 Significant Accounting Policies: (Contd.)

(ix) Impairment:

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. Impairment loss is provided to the extent the carrying amount of assets exceed their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

(x) Employee Benefits:

(a) Short term employee benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in Statement of Profit and Loss of the year in which the related service is rendered.

(b) Long term employee benefits:

(i) Defined Contribution Plan:

The eligible employees of the group are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the group makes monthly contributions at a specified percentage of the employees' eligible salary (currently 12% of employees' eligible salary). The contributions are made to Employees Provident Fund Organisation. Provident Fund and Family Pension Fund are classified as Defined Contribution Plans as the group has no further obligation beyond making the contribution. The contributions to Defined Contribution Plan are charged to Statement of Profit and Loss as incurred.

(ii) Defined Benefit Plan:

1. Gratuity

The group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Parent Company and IITL Projects Limited, a subsidiary makes contribution to LIC of India based on an independent actuarial valuation made at the year-end. Actuarial gains and losses are recognised in Statement of Profit and Loss.

2. Compensated absences

The group provides for the encashment of leave or leave with pay subject to certain rules. The Employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The Group makes provision for compensated absences based on an actuarial valuation carried out at the end of the year. Actuarial gains and losses are recognised in Statement of Profit and Loss.

(xi) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other Borrowing costs are recognised as an expense in the period in which they are incurred.

(xii) Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in Statement of Profit and Loss on a straight-line basis over the lease term.

2.1 Share Capital

Particulars	31st March, 2012 ₹	31st March, 2011 ₹
Authorised		
35,000,000 (previous year 35,000,000) Equity shares of ₹ 10 each	350,000,000	350,000,000
Issued, subscribed and paid-up:		
10,000,000 (previous year 10,000,000) Equity shares of ₹ 10 each fully paid-up	100,000,000	100,000,000
Total	100,000,000	100,000,000

a) Rights, preferences and restrictions 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 dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognised as distributions to equity shareholders is ₹ 1.50 (previous year ₹ 1.50).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after payment of all claims/liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

b) Shares held by holding company

Upto 27th June, 2011, 5,112,960 Equity shares were held by the erstwhile holding Company, N. N. Financial Services Private Limited.

c) Equity shares held by each shareholder holding more than 5 percent equity shares in the Company are as follows

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
N. N. Financial Services Private Limited	4,987,960	49.88	5,112,960	51.13
Nimbus India Limited	1,513,427	15.13	1,388,427	13.88
Life Insurance Corporation of India	1,225,017	12.25	1,225,017	12.25



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.2 Reserves and Surplus

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Capital Reserve		
Balance as per last Consolidated Balance Sheet	750	750
Capital reserve on consolidation		
Balance as per last Consolidated Balance Sheet	702,000	702,000
General Reserve		
Opening balance	168,812,058	166,780,058
Add: Transfer from Surplus in the Consolidated Statement of Profit and Loss	1,934,000	2,032,000
Closing balance	170,746,058	168,812,058
Special Reserve (as per the RBI regulations)		
Opening balance	250,225,000	242,099,000
Add: Transfer from Surplus in the Consolidated Statement of Profit and Loss	7,734,000	8,126,000
Closing balance	257,959,000	250,225,000
Surplus in Consolidated Statement of Profit and Loss		
Opening balance	372,841,076	337,771,601
Add: Profit for the year	10,763,830	62,718,975
Less: Dividend proposed to be distributed to equity shareholders (₹ 1.50 per share, previous year ₹ 1.50 per share)	15,000,000	15,000,000
Less: Tax on dividend	2,421,611*	2,491,500
Transferred to:		
- General Reserve	1,934,000	2,032,000
- Special Reserve	7,734,000	8,126,000
Closing balance	356,515,294	372,841,076
Total	785,923,102	792,580,884

* Tax on dividend is net of ₹ 861,139 being reversal of excess tax on dividend which is on account of dividend distribution tax paid by a subsidiary company on interim dividend under Section 115-O of Income tax act, 1961.

2.3 Deferred taxes

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Assets	Liabilities	Assets	Liabilities
Depreciation	217,303	1,890,182	311,289	1,747,607
Expenses u/s 35D	-	-	-	20,213
Items covered under section 43B - employee benefits	950,871	(467,202)	249,114	(162,473)
Total	1,168,174	1,422,980	560,403	1,605,347

The parent company has not recognised deferred tax assets of ₹ 3,710,364 (previous year ₹ 27,241,964) on account of carry forward business losses and unabsorbed depreciation due to absence of virtual certainty.

MAT credit of ₹ 62,863,401 (previous year ₹ 53,362,217) is not recognised as an asset as the parent company has carry forward business losses.

2.4 Other long-term liabilities

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Trade Payables		
- Premium for development rights#	1,414,038,527	584,450,378
- Retention money	12,272,172	424,815,451
Total	1,426,310,699	1,009,265,829

Premium for development rights payable in half-yearly installments to various real estate development authorities, pursuant to the lease deeds. The half-yearly installments payable within next 12 months, amounting to ₹ 178,182,984 is classified as current trade payables under Note 2.6.

2.5 Long-term provisions

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Provision for employee benefits	1,046,957	276,740
- Gratuity (See Note 2.33)		
Total	1,046,957	276,740

2.6 Short-term borrowings (Unsecured)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Loans from related parties (See Note 2.32)	65,312,500	25,000,000
Loan from others	143,362,500	32,000,000
- repayable on demand		
Total	208,675,000	57,000,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)****2.7 Trade payables**

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Premium for development rights	178,182,984	20,867,051
Payable to vendors	26,134,474	21,888,194
Retention money	1,672,614	-
Provision for expenses	10,798,218	7,570,284
Others	978,211	1,831,763
Total	217,766,501	52,157,292

2.8 Other current liabilities

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Unpaid dividends*	3,433,228	2,769,486
Security deposits	13,884,845	13,659,845
Rent received in advance	1,309,568	-
Statutory remittances	7,700,310	6,883,961
Interest accrued on borrowings	2,411,479	2,618,314
Advances received from customers	695,917,727	350,120,589
Others	1,008,725	1,380
Total	725,665,882	376,053,575

* Investor Protection and Education Fund shall be credited by the amount when due.

2.9 Short term provisions

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Proposed dividend	15,000,000	15,000,000
Tax on proposed dividend	2,433,000	2,491,500
Contingent Provision against Standard Assets	644,000	141,115
Mark to Market Margin - Equity Stock Futures	-	23,577
Provision for employee benefits - Compensated absences	3,344,892	965,247
Provision for income tax (net of advance tax)	6,711,812	7,590,023
Provision for fringe benefit tax (net of advance tax)	50,495	50,495
Total	28,184,199	26,261,957

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012
(Contd.)**
2.10 Fixed assets

ASSETS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	As at 1st April, 2011	Additions	Disposals	As at 31st March, 2012	As at 1st April, 2011	For the year	On disposals	As at 31st March, 2012	As at 31st March, 2011	
TANGIBLE										
Buildings	9,100,000	-	-	9,100,000	5,295,106	190,245	-	5,485,351	3,614,649	3,804,894
Improvement in lease hold premises	58,050	-	58,050	-	19,683	14,514	34,197	-	-	38,367
Furniture and fixtures	2,653,141	831,037	-	3,484,178	1,159,617	430,061	-	1,589,678	1,894,500	1,493,524
Vehicles	3,023,338	1,616,896	474,569	4,165,665	1,744,859	649,716	213,922	2,180,653	1,985,012	1,278,479
Plant and machinery	-	292,191	-	292,191	-	29,530	-	29,530	262,661	-
Office equipment	5,098,973	1,251,111	44,600	6,305,484	2,216,184	632,320	36,343	2,812,161	3,493,323	2,882,789
Computers	12,944,880	2,707,303	4,059,149	11,593,034	7,146,907	2,717,050	2,987,103	6,876,854	4,716,180	5,797,973
Sub-total	32,878,382	6,698,538	4,636,368	34,940,552	17,582,356	4,663,436*	3,271,565	18,974,227	15,966,325	15,296,026
Previous year	22,079,129	10,826,643	27,390	32,878,382	12,438,589	5,147,576	3,810	17,582,356		
INTANGIBLE										
Computer software	3,238,049	1,319,322	-	4,557,371	1,024,420	818,950	-	1,843,370	2,714,001	2,213,629
BSE Card	7,500,000	-	7,500,000	-	2,250,000	-	2,250,000	-	-	5,250,000
Sub-total	10,738,049	1,319,322	7,500,000**	4,557,371	3,274,420	818,950	2,250,000	1,843,370	2,714,001	7,463,629
Previous year	9,620,820	1,117,229	-	10,738,049	1,844,101	1,430,320	-	3,274,420		
Total	43,616,431	8,017,860	12,136,368	39,497,923	20,856,776	5,482,386	5,521,565	20,817,597	18,680,326	22,759,655
Previous year	31,699,949	11,943,872	27,390	43,616,431	14,282,690	6,577,896	3,810	20,856,776		

* Includes ₹ 199,287 (Previous year ₹ 406,242) is transferred to construction work in progress being expenditure in relation to construction

** BSE Card is written off during the year



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.11 Non-current investments

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Investments (fully paid-up) (valued at cost unless otherwise stated)		
Investment in Preference shares of other entities (unquoted)	42,500,000	-
In Equity Shares of other companies (unquoted)	11,920,399	11,920,399
In Equity Shares of other companies (quoted)	175,599,404	232,966,129
Less: Provision for diminution in the value of investments	(69,763,526)	(62,184,701)
	<u>105,835,878</u>	<u>170,781,428</u>
Investment in Units of Mutual Funds (unquoted)	-	95,543,847
Less: Provision for diminution in the value of investments	-	(2,000,000)
	-	<u>93,543,847</u>
Investment property (valued at cost less accumulated depreciation)		
Immovable property (cost)	1,069,071	1,069,071
Less: Accumulated depreciation	(868,696)	(858,150)
	<u>200,375</u>	<u>210,921</u>
Total	<u>160,456,652</u>	<u>276,456,595</u>
Aggregate amount of quoted investments (net of provision) [Market value ₹ 56,266,577; (previous year ₹ 91,741,866)]	105,835,878	170,781,428
Aggregate amount of unquoted investments	54,420,399	105,464,246
Investment property	200,375	210,921

2.12 Long-term loans and advances (unsecured, considered good, unless otherwise stated)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Capital advances	-	79,640
Security deposits:		
- With a related party (See Note 2.32)	468,000	468,000
- With others	39,456,154	41,053,200
Advances for supply of goods and services	354,577	5,057,754
Amount recoverable from gratuity fund (See Note 2.33)	602,650	403,103
Advance payment of income tax (net of provisions)	20,985,021	15,656,140
Balances with government authorities	5,182,538	2,088,442
Loans to others (considered doubtful)	4,500,000	87,848,000
Less: Provision for doubtful loans	(4,500,000)	(87,848,000)
	-	-
Total	<u>67,048,940</u>	<u>64,806,279</u>

2.13 Other Non-current assets (unsecured, considered good)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Bank deposits with more than 12 months maturities (under lien)	72,500	8,510,400
Total	<u>72,500</u>	<u>8,510,400</u>

2.14 Current investments (valued at lower of cost and fair value)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Other current investments (fully paid-up)		
In Equity Shares of other companies (quoted)	-	8,168,411
Investment in Units of Mutual Funds (unquoted)	35,568,787	13,747,894
Total	<u>35,568,787</u>	<u>21,916,305</u>
Aggregate amount of quoted investments [Market value ₹ Nil; (previous year ₹ 8,280,975)]	-	8,168,411
Aggregate amount of unquoted investments	35,568,787	13,747,894

2.15 Inventories

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Stock-in-trade of shares	-	32,353,389
Construction materials	3,511,525	892,170
Construction work-in-progress [See Note 2.15(a)]	2,428,449,347	1,457,464,312
Total	<u>2,431,960,872</u>	<u>1,490,709,871</u>

(a) Construction work-in-progress includes borrowing costs (interest expenses) capitalised during the year of ₹ 15,959,385 (Previous year : ₹ 1,587,467) and is net of investment income of ₹ 1,142,241 (Previous year: ₹ 410,321).

2.16 Trade receivables (unsecured, considered good)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Outstanding for a period exceeding six months from the date they are due for payment	17,736,467	5,035,116
Others	50,318,280	50,373,052
Total	<u>68,054,747</u>	<u>55,408,168</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.17 Cash and cash equivalents

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Cash on hand	485,518	267,096
Cheques on hand	5,227,282	627,337
Balances with banks		
- In current accounts	117,566,532	65,522,810
- In deposit accounts with original maturity upto 3 months	25,777	3,000,000
- In deposit accounts with original maturity of more than 3 months but less than or equal to 12 months	61,781,857	38,500,000
- In deposit accounts with original maturity of more than 12 months *	60,973,853	75,759,942
- In earmarked accounts - unpaid dividend accounts	3,433,228	2,769,486
Total	249,494,047	186,446,671

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is

* Deposits under lien are	22,887,900	15,559,942
---------------------------	------------	------------

2.18 Short-term loans and advances (unsecured, considered good)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Loans to related parties (See Note 2.32)	98,437,500	-
Security deposits	1,421,350	367,875
Advances for supply of goods and services	57,393,851	18,757,514
Prepaid expenses	1,835,010	1,687,136
Amount recoverable from gratuity fund (See Note 2.33)	66,960	50,987
Advance payment of income tax (net of provisions)	31,932,902	22,726,500
MAT credit entitlement	3,174,600	-
Balances with government authorities	201,469	2,729,721
Advances to others	2,979,023	153,911
Contribution to SPV	-	25,237,500
Advance against investments	143,260,851	143,260,851
Total	340,703,516	214,971,995

2.19 Other current assets (unsecured, considered good unless otherwise stated)

Particulars	As At 31st March, 2012 ₹	As At 31st March, 2011 ₹
Unbilled revenue	28,868,085	-
Interest accrued on:		
- bank deposits	5,822,096	2,719,591
- loans to others (considered doubtful)	151,315	151,315
Less: Provision for doubtful interest	(151,315)	(151,315)
	-	-
Total	34,690,181	2,719,591

2.20 Revenue from operations

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Interest [See Note 2.20 (a)]	8,274,156	12,683,925
Investment income [See Note 2.20 (b)]	8,676,445	3,697,727
Sale of Services [See Note 2.20 (c)]	717,799,758	295,116,796
Other operating income [See Note 2.20 (d)]	16,683,152	15,966,525
Total	751,433,511	327,464,972

2.20(a) Interest

- On deposits with banks	5,041,536	7,313,309
- On loans	3,232,620	5,370,616
Total	8,274,156	12,683,925

2.20 (b) Investment income

Dividend income - on long-term investments other than trade	1,197,863	1,928,496
Net profit on sale of long-term investments	-	974,941
Net profit on trading in equity shares	-	37,851
Net profit on trading in equity stock futures	3,826,182	-
Income from stock market operations	3,652,400	756,439
Total	8,676,445	3,697,727

2.20(c) Sale of services

Income from:		
- Sale of flats	586,878,970	120,424,645
- Real estate consultancy	2,695,000	10,665,000
Consultancy fees	29,000,000	71,556,200
Brokerage:		
- from insurance services	96,253,604	91,816,509
- on shares and mutual funds	2,972,184	654,442
Total	717,799,758	295,116,796

2.20(d) Other operating income

Rent on immovable property	15,714,816	15,714,816
Others	968,336	251,709
Total	16,683,152	15,966,525



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.21 Other income

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Interest:		
- On deposits with banks	7,991,915	5,459,253
- On loans	1,599,790	-
- On income tax refund	66,019	2,928,133
- On overdue receivables	2,190,535	20,000
Dividend income on current investments	4,314,505	1,330,100
Net profit on sale of current investments	1,914,065	-
Provision for write down in value of fixed assets no longer required	-	2,002,576
Others	385,410	54,659
Total	<u>18,462,239</u>	<u>11,794,721</u>

2.22 Cost of sales

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Construction materials and Construction work-in-progress at the beginning of the year	1,458,356,482	137,694,901
Additions during the year	1,521,763,734	1,422,490,407
Construction materials and Construction work-in-progress at the end of the year	(2,431,960,872)	(1,458,356,482)
Total	<u>548,159,344</u>	<u>101,828,826</u>

2.23 Employee benefits expense

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Salaries and bonus	66,478,329	41,280,853
Contribution to provident and other funds (See Note 2.33)	4,226,480	2,549,958
Gratuity (See Note 2.33)	770,217	276,740
Staff welfare expenses	2,857,983	1,568,369
Total	<u>74,333,009</u>	<u>45,675,920</u>

2.24 Finance cost

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Interest on loans	2,424,005	-
Interest on delayed / deferred payment of income tax	225,901	119,442
Total	<u>2,649,906</u>	<u>119,442</u>

2.25 Other expenses

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Electricity	2,057,765	1,703,596
Rent (See Note 2.26)	13,312,747	9,825,538
Insurance	2,413,948	1,218,692
Repairs and maintenance:		
- Buildings	1,749,476	2,424,974
- Others	4,607,799	1,481,443
	<u>6,357,275</u>	<u>3,906,417</u>
Rates and taxes	1,519,455	167,394
Travelling and conveyance	9,251,467	6,153,050
Printing and stationery	1,505,004	1,091,217
Communication expenses	6,043,599	3,490,775
Legal and professional fees	4,861,542	4,009,752
Directors' fees	1,785,000	2,485,000
Membership fees	812,829	1,966,333
Payments to auditors (See Note 2.27)	2,677,157	3,846,305
Advances written off	-	1,844,206
Loans written off	3,348,000	44,762,131
Less: Provision held	(3,348,000)	(44,762,131)
	-	-
Brokerage and commission	70,248,160	14,190,228
Advertisement and marketing expenses	12,816,581	277,181
Expenses for increase in authorised share capital	-	1,400,000
Training expenses	631,309	295,302
Donations	225,000	-
Service tax paid	2,850,126	4,235,760
Business promotion	2,450,650	2,514,213
Loss on write off / sale of fixed assets	5,295,176	23,580
Preliminary expenses	-	878,450
Miscellaneous	4,033,236	1,889,385
Total	<u>151,148,026</u>	<u>67,412,374</u>

2.26 The Group has taken office premises on operating lease. The lease terms are on the basis of the agreements entered into with the lessors. The agreements provide for increase in rent. There are no restrictions imposed by the lease arrangements. There are no sub leases. The lease rental expense recognised in the Statement of Profit and Loss for the year is ₹ 13,312,747 (previous year: ₹ 9,825,538).

The future minimum lease payments under non-cancellable operating leases for each of the following periods:

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Not later than one year	8,111,471	4,675,796
Later than one year but not later than five years	10,287,257	11,417,051
Later than five years	-	367,872
Total	<u>18,398,728</u>	<u>16,460,719</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.27 Payments to auditors

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
As auditors - statutory audit	1,295,625	941,000
For other services	1,113,000	2,537,060
Reimbursement of expenses	28,032	19,093
Service tax	267,858	359,664
Sub-total	2,704,515	3,856,817
Less: Service tax set off claimed	27,358	10,512
Total	2,677,157	3,846,305

The above excludes ₹ 882,400 (previous year ₹ Nil) paid to auditors of the Parent Company for other services and included in Advances to others in Note 2.18.

2.28 Exceptional items

Particulars	For the Year Ended 31st March, 2012 ₹	For the Year Ended 31st March, 2011 ₹
Provision for doubtful loans no longer required	80,000,000	-
Total	80,000,000	-

2.29 (a) Open interests of Equity Stock Futures contracts as at 31st March, 2012 is ₹ Nil.

(b) The following Equity Stock Futures contracts had open interests as at 31st March, 2011:

Sr. No.	Name of Equity Stock Futures	No. of Units Involved	Position	No. of Contracts	Series of Future Contracts	Settlement price as at 31st March, 2011 ₹
1	Housing Development Finance Corporation Limited	2,000	Short	4	28th April, 2011	704.20
2	Reliance Industries Limited	1,500	Short	6	28th April, 2011	1,056.80
3	Mahindra and Mahindra Limited	1,500	Short	3	28th April, 2011	705.30
4	Reliance Capital Limited	2,500	Short	5	28th April, 2011	586.80
5	Housing Development and Infrastructure Limited	8,000	Short	8	28th April, 2011	177.75
6	Cairn India Limited	4,000	Short	4	28th April, 2011	353.75

(c) Initial Margin on Equity Stock Futures paid in cash as at 31st March, 2012 ₹ Nil (previous year ₹ 1,050,000)

2.30 Contingent liabilities

Particulars	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
(i) Claims against a Joint Venture not acknowledged as debt	177,320	-
(ii) Guarantees		
Guarantees given by Parent Company to banks on behalf of third party	353,400,000	-
(iii) Taxation		
- Disputed income-tax matters in appeal	15,295,527	17,345,640
- Disputed wealth-tax matter in appeal	3,250,246	3,250,246
In respect of above items, outflow of resources would depend upon the outcome of the appeal.		

2.31 Basic earnings per share have been calculated by dividing profit after tax and after minority interest attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has not issued any potential equity shares and accordingly, the basic earnings per share and diluted earnings per share are the same. Values used in calculating earnings per share are as under:

Particulars	For the Year ended 31st March, 2012 ₹	For the Year ended 31st March, 2011 ₹
a) Numerator: Profit after tax (₹)	10,763,830	62,718,975
(b) Denominator: Weighted average number of equity shares	10,000,000	10,000,000
(c) Basic, as well as diluted, earnings per equity share (₹)	1.08	6.27



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.32 Related party disclosures:

(i) Names of related parties and nature of relationship where there are transactions with related parties:

Ultimate Holding Company: N. N. Financial Services Private Limited (upto 27th June, 2011)
 Joint Ventures: Capital Infraprojects Private Limited
 IITL Nimbus The Hyde Park Noida
 IITL Nimbus The Express Park View
 IITL Nimbus The Palm Village
 Nimbus Projects Limited
 Nimbus India Limited

Companies in which directors can exercise significant influence:

Key management personnel: Dr. B. Samal, Executive Chairman (Of the Holding Company)

(ii) Balances outstanding / transactions with related parties:

(a) Key management personnel:

Sr. No.	Nature of transactions	₹
(i)	Volume of transactions: Remuneration paid to Dr. B. Samal	2,352,000 (2,352,000)

Figures in brackets are the corresponding figures of the previous year.

(b) Other related parties:

Sr. No.	Nature of transactions	Joint Ventures	Companies under Significant influence
		(₹)	(₹)
I	Volume of transactions:		
(i)	Loans taken		
	- Nimbus Projects Limited	- (-)	37,949,944 (1,256,854)
	- Nimbus India Limited	- (-)	65,312,500 (25,000,000)
(ii)	Refund on loan taken		
	- Nimbus Projects Limited	- (-)	37,949,944 (1,256,854)
	- Nimbus India Limited	- (-)	25,000,000 (-)
(iii)	Loans given		
	-IITL Nimbus The Express Park View	61,687,500 (-)	- (-)
	-IITL Nimbus The Palm Village	76,118,438 (-)	- (-)
	-IITL Nimbus The Hyde Park Noida	- (27,500,000)	- (-)

(iv)	Refund of loans given		
	-IITL Nimbus The Express Park View	13,125,000 (-)	- (-)
	-IITL Nimbus The Palm Village	26,243,438 (-)	- (-)
	-IITL Nimbus The Hyde Park Noida	- (27,500,000)	- (-)
(v)	Security deposits given towards premises on rent		
	- Nimbus Projects Limited	- (-)	- (468,000)
(vi)	Contribution towards partnership firms		
	- Nimbus Projects Limited	- (-)	225,625 (-)
(vii)	Subscription of equity shares in a joint venture by		
	- Nimbus India Limited	- (-)	2,475,000 (-)
(viii)	Interest income		
	-IITL Nimbus The Express Park View	2,388,308 (-)	- (-)
	-IITL Nimbus The Palm Village	2,444,105 (-)	- (-)
	-IITL Nimbus The Hyde Park Noida	- (1,239,987)	- (-)
(ix)	Interest paid on loan		
	- Nimbus Projects Limited	- (-)	2,269,559 (-)
	- Nimbus India Limited	- (-)	4,354,584 (-)
(x)	Rent paid		
	- Nimbus Projects Limited	- (-)	- (352,409)
II Balances at year-end			
(i)	Amount Payable at year-end		
	- Nimbus Projects Limited	- (-)	- (81,770)
	- Nimbus India Limited	- (-)	65,312,500 (25,000,000)
(ii)	Amount receivable at year-end		
	- Nimbus Projects Limited (security deposit)	- (-)	468,000 (468,000)
	-IITL Nimbus The Express Park View	48,562,500 (-)	- (-)
	-IITL Nimbus The Palm Village	49,875,000 (-)	- (-)

Figures in brackets are the corresponding figures of the previous year.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)****2.33 Employee Benefits****A. Defined Contribution Plan**

Contribution to defined contribution plan, recognised in the Consolidated Statement of Profit and Loss under Contribution to provident and other funds in Note 2.23 for the year are as under :

Particulars	31st March, 2012 ₹	31st March, 2011 ₹
Employer's contribution to Regional Provident Fund Commissioner	1,748,425	1,775,800
Employer's contribution to Family Pension Fund	1,247,964	129,586
Employer's contribution to Employees' State Insurance Corporation	1,105,196	533,440

B. Defined Benefit Plan**Gratuity Plan :**

	Gratuity (funded)	Gratuity (unfunded)	Gratuity (funded)	Gratuity (unfunded)
	31st March, 2012 ₹	₹	31st March, 2011 ₹	₹
i. Reconciliation of opening and closing balances of Defined Benefit Obligation				
Present value of Defined Benefit Obligation as at the beginning of the year	845,845	276,740	571,821	81,733
Conversion to funded from unfunded	-	-	81,733	(81,733)
Interest Cost	67,668	22,139	52,285	-
Current Service Cost	272,661	837,449	280,561	598,069
Benefits paid	-	-	-	-
Net Actuarial (Gain) / Loss	(75,933)	(89,371)	(140,555)	(321,329)
Present value of Defined Benefit Obligation as at the end of the year	1,110,241	1,046,957	845,845	276,740
ii. Reconciliation of fair value of Plan Assets				
Fair value of Plan Assets as at the beginning of the year	1,299,935	N.A.	840,794	N.A.
Expected return on Plan Assets	139,501	N.A.	81,159	N.A.
Net Actuarial Gain / (Loss)	-	N.A.	-	N.A.
Employer's Contribution	340,415	N.A.	377,982	N.A.
Benefits paid	-	N.A.	-	N.A.
Fair value of Plan Assets as at the end of the year	1,779,851	N.A.	1,299,935	N.A.
The Group expects to contribute ₹ 350,000 to its Defined Benefit Gratuity plan during the annual period beginning after the Balance Sheet date.				
The major categories of Plan Assets as a percentage of the fair value of total Plan Assets are as follows:				
Bank Balance	8.82%		11.65%	
Funds maintained with Life Insurance Corporation of India	91.18%		88.38%	
Note: The Group is unable to obtain the details of major category of plan assets from the insurance company (Life Insurance Corporation of India) and hence the disclosure thereof is not made.				
iii. Net assets / (liabilities) recognised in the Balance Sheet				
Present value of Defined Benefit Obligation	(1,110,241)	(1,046,957)	(845,845)	(276,740)
Fair value of Plan Assets	1,779,851	N.A.	1,299,935	N.A.
Net assets / (liabilities) recognised in the Balance Sheet	669,610	(1,046,957)	454,090	(276,740)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.33 Employee Benefits (Contd.)

Gratuity Plan :

	Gratuity	Gratuity	Gratuity	Gratuity
	(funded)	(unfunded)	(funded)	(unfunded)
	31st March, 2012		31st March, 2011	
	₹	₹	₹	₹
iv. Components of Employer's Expenses				
Current Service Cost	272,661	837,449	280,561	598,069
Interest Cost	67,668	22,139	52,285	-
Expected return on Plan Assets	(139,501)	-	(81,159)	N.A.
Net Actuarial (Gain) / Loss	(75,933)	(89,371)	(140,555)	(321,329)
Total expense recognised in the Statement of Profit and Loss in Note 2.23 under: Contribution to provident and other funds	124,895	770,217	111,132	276,740
Actual return on Plan Assets	139,501	-	81,159	-

v. Actuarial Assumptions

Mortality Table		LIC (1994-96) (Ultimate)		
Discount rate	8%	8%	8%	8%
Expected rate of return on Plan Assets	9.66%	N.A.	7.14%	N.A.
Salary escalation	6%	7%	6%	7%

- vi. a. The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market.
- b. The discounting rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of the post-employment benefit obligations.
- c. Expected rate of return on assets is determined based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

vii. Net assets / (liabilities) recognised in the Balance Sheet as at respective year ends and experience adjustment:

	Gratuity				
	31st March, 2012	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008
	₹	₹	₹	₹	₹
1. Present Value of Defined Benefit Obligation	2,157,198	1,122,585	653,554	301,389	146,473
2. Fair Value of Plan Assets	1,779,851	1,299,935	840,794	564,964	525,128
3. Funded Status [Surplus]	(377,347)	177,350	187,240	263,575	378,655
4. Net Asset	(377,347)	177,350	187,240	263,575	378,655
5. Experience adjustment arising on:					
a. Plan Liabilities [Loss]	(43,355)	(55,540)	46,798	58,345	14,599
b. Plan Assets [Loss]	35,506	9,804	5,639	3,060	6,435

viii. The above information is as certified by the actuaries and relied upon by the auditors.

Note 1: The unfunded figures above pertain to subsidiaries namely IIT Insurance Broking and Risk Management Private Limited and IIT Investtrust Limited and joint ventures of a subsidiary namely Capital Infraprojects Private Limited, IITL Nimbus The Hype Park Noida, IITL Nimbus The Express Park View and IITL Nimbus The Palm Village.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012
(Contd.)**

2.34 Segment Information:
Primary segments • Business segments

	2011-2012					2010-2011					Total			
	Investment activities (Note below)	Insurance Broking	Real Estate activities	Investment Brokerage Services	Consultancy Services	Eliminations	Total	Investment activities (Note below)	Insurance Broking	Real Estate activities		Investment Brokerage Services	Consultancy Services	Eliminations
A. REVENUE														
1. External Revenue	32,437,720	96,253,604	590,770,003	2,972,184	29,000,000	16,605,166	751,433,511	38,735,840	91,824,383	131,344,504	697,960	71,556,200	-	334,158,887
2. Inter-segment revenue	16,605,166	-	-	-	-	-	11,848,259	65,825,784	-	-	-	-	65,825,784	3,772,202
3a. Interest income (unallocated)	-	-	-	-	-	-	6,613,980	-	-	-	-	-	-	1,328,605
3b. Unallocated income - others	-	-	-	-	-	-	18,462,239	-	-	-	-	-	-	1,328,605
3c. Total 3a-3b	-	-	-	-	-	-	25,544,458	-	-	-	-	-	-	2,657,410
Total revenue							769,895,750							339,259,894
B. RESULTS														
1. Segment result	(47,312,672)	20,384,452	(66,545,791)	(12,343,815)	25,078,300	-	(80,739,526)	(5,683,388)	39,022,799	1,125,920	(8,003,129)	69,840,878	-	96,303,080
2. Unallocated expenses	-	-	-	-	-	-	483,314	-	-	-	-	-	-	970,678
3. Interest expense	-	-	-	-	-	-	2,649,906	-	-	-	-	-	-	119,442
4. Exceptional item	-	-	-	-	-	-	80,000,000	-	-	-	-	-	-	-
5. Income (related in A 3c above)	-	-	-	-	-	-	18,462,239	-	-	-	-	-	-	5,100,807
6. Profit before tax	-	-	-	-	-	-	14,589,493	-	-	-	-	-	-	100,313,767
7. Provision for taxation	-	-	-	-	-	-	(20,936,550)	-	-	-	-	-	-	(36,991,201)
Profit/(Loss) after tax (before adjusting minority interest)	-	-	-	-	-	-	(6,347,057)	-	-	-	-	-	-	63,322,566
OTHER INFORMATION														
1. Segment assets	529,939,292	28,423,312	2,806,810,716	53,909,253	12,753,333	-	3,231,834,905	573,091,767	28,767,112	1,571,757,973	57,116,398	-	-	2,230,733,250
2. Goodwill on consolidation	-	-	-	-	-	-	68,616,011	-	-	-	-	-	-	68,616,011
3. Investments	-	-	-	-	-	-	35,568,787	-	-	-	-	-	-	13,747,894
4. Deferred tax asset	-	-	-	-	-	-	1,168,174	-	-	-	-	-	-	590,403
5. Advance payment of income-tax (net of provisions)	-	-	-	-	-	-	-	-	-	-	-	-	-	36,382,640
6. Miscellaneous expenditure (to the extent not written off)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Other unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Total assets	21,485,311	4,288,363	2,557,014,463	439,495	217,271	-	83,234,352	18,387,891	4,142,710	1,465,054,238	8,310,260	-	-	61,841,746
9. Segment liabilities	-	-	-	-	-	-	3,496,714,753	-	-	-	-	-	-	2,434,081,944
10. Share capital and reserves	-	-	-	-	-	-	2,563,445,503	18,387,891	-	-	-	-	-	1,485,875,099
11. Minority interest	-	-	-	-	-	-	865,923,102	-	-	-	-	-	-	862,590,884
12. Deferred tax liability	-	-	-	-	-	-	1,719,433	-	-	-	-	-	-	18,880,320
13. Provision for income-tax/ fringe benefit tax (net of advance)	-	-	-	-	-	-	1,422,960	-	-	-	-	-	-	1,605,347
14. Other unallocated liabilities	-	-	-	-	-	-	6,762,307	-	-	-	-	-	-	7,640,518
15. Total liabilities	-	-	-	-	-	-	17,441,428	-	-	-	-	-	-	17,499,776
16. Cost incurred during the period to acquire segment assets	-	-	-	-	-	-	3,496,714,753	-	-	-	-	-	-	2,434,081,944
17. Depreciation	2,794,890	1,828,982	2,770,105	566,817	57,066	-	8,017,860	72,970	8,523,870	1,985,235	1,361,797	-	-	11,943,872
18. Material Non-cash expenditure other than depreciation • Provision for diminution in value of Investments	1,159,498	2,606,438	954,253	526,916	46,543	-	5,293,648	474,339	4,194,837	145,341	1,378,238	-	-	6,182,755
	7,578,825	-	-	-	-	-	7,578,825	17,393,897	-	-	-	-	-	17,393,897

The Company caters to the need of domestic market and hence there are no reportable geographical segments.

Note: Segment revenue includes interest/dividend on investments and segment assets as the operations of the segment are primarily of a financial nature.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

2.35 Statement pursuant to general exemption received under Section 212 of the Companies Act, 1956 relating to subsidiary companies

(₹)

	2011-2012				2010-2011			
	IITL Projects Limited	IIT Investrust Limited	IIT Insurance Broking and Risk Management Private Limited	IIT Media and Entertainment Private Limited	IITL Projects Limited	IIT Investrust Limited	IIT Insurance Broking and Risk Management Private Limited	IIT Media and Entertainment Private Limited
1. Capital	50,079,000	125,000,000	25,000,000	1,500,000	50,079,000	125,000,000	25,000,000	1,500,000
2. Reserves	(3,391,067)	46,943,305	33,829,295	(1,243,074)	9,386,705	37,094,075	18,829,837	(199,336)
3. Total Assets	278,949,132	190,299,135	80,818,802	265,353	295,449,180	178,701,332	58,271,489	1,308,937
4. Total Liabilities	232,261,199	18,355,830	21,989,507	8,427	235,983,475	16,607,257	14,441,652	8,273
5. Details of Investments								
- Equity shares in Joint Venture	39,200,732	-	-	-	46,643,506	-	-	-
- Share in partnership Firm	5,000,000	-	-	-	50,000	-	-	-
6. Turnover	204,903,197	40,625,613	98,183,146	-	132,733,151	72,967,082	88,810,342	-
7. Profit before tax	(12,859,851)	15,866,656	22,235,078	(1,043,738)	(1,495,650)	65,580,400	36,689,991	(199,336)
8. Provision for taxation	82,079	(167,676)	(7,235,620)	-	(1,306)	(8,342,240)	(9,652,381)	-
9. Profit after tax	(12,777,772)	15,698,980	14,999,458	(1,043,738)	(1,496,956)	57,238,160	27,037,610	(199,336)
10. Proposed dividend	-	-	-	-	-	-	-	-
11. Interim dividend paid (including tax thereon)	-	5,849,75	-	-	-	-	-	-

2.36 The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

Signatures to Notes 1 and 2.1 to 2.36

For and on behalf of the Board of Directors

DR. B. SAMAL
Chairman

BIPIN AGARWAL
Director

CUMI A. BANERJEE
CEO & Company Secretary

Mumbai: 24th May, 2012

Mumbai: 24th May, 2012



Dear Shareholder

Industrial Investment Trust Limited

Sub : Green Initiative in Corporate Governance – Service of documents by electronic mode

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” allowing paperless compliance by Companies. In accordance with the recent Circular no. 17/2011 dated 21-04.2011 and Circular no. 18/2011 dated 29.04.2011 issued by the MCA, Companies can now send various notices and documents, including the Annual Report, to the shareholders through electronic mode to the registered e-mail addresses of shareholders.

Your Company appreciates this initiative and would like to enable conservation of paper thereby contributing to a Greener Environment. This initiative presents the shareholders of **Industrial Investment Trust Limited** with a unique opportunity to contribute towards Corporate Social Responsibility of the Company.

If you hold shares in demat form, we invite you to contribute to the cause by updating your email id details with your depository participant. In case you hold shares in physical form please complete the form given below and send it back to us.

Please note that as a member of the Company you are entitled to receive all such communication in physical form, upon request.

Best regards

Cumi Banerjee
CEO & Company Secretary

E-COMMUNICATION REGISTRATION FROM

(In terms of Circulars No. 17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

To,

Link Intime India Pvt. Ltd
Unit : **Industrial Investment Trust Limited**
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (West)
Mumbai 400 078

Dear Sir / Madam

Re : **Green Initiative in Corporate Governance – Service of document by electronic mode**

I/We agree to receive all communication from the Company in electronic mode. Please register my e-mail id in your records for sending communication through email.

Folio No. : _____
DP Id : _____
Client Id : _____
Name of the First Holder : _____
Name of Joint Holder : _____
Email Id (to be registered) : _____

I/We will keep the Company informed as and when there is any change in the e-mail address.

Date : _____ Signature of the first holder : _____

Important Notes :

1. Please fill in capital letters in legible handwriting.
2. Shareholders are requested to keep the Company informed as and when there is any change in the e-mail address. Unless the e-mail ID is changed by you by sending another communication in writing, the Company will continue to send all notices / documents to you at the above mentioned e-mail ID.



IITL GROUP

INDUSTRIAL INVESTMENT TRUST LIMITED

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

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending :

Full Name of Proxy :

(To be filled in Proxy Forms has been duly deposited with the Company)

I hereby record my presence at the 79th ANNUAL GENERAL MEETING of the Company at M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Mumbai-400 001 on Thursday, September 20, 2012 at 3.30 p.m.

Full Name of the sole / first holder

DP ID

Client Id / Folio No.:

No. of Shares held :

.....
Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

NOTE : The Copy of the Annual Report may please be brought to the meeting.



IITL GROUP

INDUSTRIAL INVESTMENT TRUST LIMITED

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

FORM OF PROXY

No of Shares

DP Id :

Client Id / Folio No. :

I / We.....

of..... in the district of

being a member of INDUSTRIAL INVESTMENT TRUST LIMITED, hereby appoint

members..... of in the district of

..... or failing him / her

of in the district of or

failing him / her of in the district

as my Proxy to attend and vote for me on my behalf at the 79th ANNUAL GENERAL MEETING of the Company to be held on

Thursday, September 20, 2012 at 3.30 pm and at any adjournment thereof.

Signed this Day of2012.

Place :

AFFIX
Re. 1/-
REVENUE
STAMP

Signature

NOTE : The Proxy Form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

Book-Post



If undelivered, please return to :

INDUSTRIAL INVESTMENT TRUST LIMITED

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