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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. G. M. Gandhi
Managing Director

Mr. C. M. Maniar
Non-Executive Director

Mr. C. C. Dalal
Non-Executive Director

Mr. N. A. Rathod
Non-Executive Director

Mr. A. B. Desai
Non-Executive Director

COMPANY SECRETARY
Mr. A. J. Chandra

AUDITORS
M/s. Jayesh Dadia & Associates
Chartered Accountants

REGISTERED OFFICE

1218, Maker Chambers V,
12th Floor, Nariman Point, Mumbai 400 021.
Tel: 022 6618 6633 / 2202 1171
Fax: 022 2204 9195
Email: investor.relations@pinc.co.in

REGISTRARS & SHARE TRANSFER AGENTS

M/s. Satellite Corporate Services Private Ltd.
B-302, Sony Apartments,
Opp. St. Jude High School,
Off Andheri Kurla Road,
Jarimari, Sakinaka, Mumbai - 400 072.
Tel: 022 2852 0461/ 62
Fax: 022 2851 1809
Email: service@satellitecorporate.com

NOTICE

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of Pioneer Investcorp Limited will be held on Thursday, 3rd September, 2009, at 11.30 a.m., at Kilachand Conference Room, 2nd Floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai – 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended on 31st March, 2009 and the Balance Sheet as at that date together with Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C.C Dalal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors.

“RESOLVED THAT M/s. Jayesh Dadia & Associates, Chartered Accountants, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, which remuneration may be paid on a progressive billing basis to be agreed between the Auditors and the Board of Directors”.

By order of the Board,

Registered Office:

1218 Maker Chambers V, 12th Floor,
Nariman Point, Mumbai 400 021.

Amit Chandra
Company Secretary

Dated: 29th July, 2009.

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself on a poll and a proxy need not be a member. A 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 Transfer Books in respect of the Equity Shares of the Company will remain closed from 29th August, 2009, to 3rd September, 2009, (both days inclusive).
3. Members are hereby informed that dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to the Investor Education & Protection Fund constituted by the Central Government under Sec. 205(A) & 205(C) of the Companies Act, 1956.
4. The following are the details of dividend paid by the Company and its respective due date of transfer to such fund of the Central Government, which remain unpaid.

| Sr. No. | Date of Declaration | Dividend for the year | Due date of transfer to the Government |
|---------|----------------------|--------------------------|--|
| 1 | 30th January, 2006 | Interim Dividend 2005-06 | 1st March, 2013. |
| 2 | 31st August, 2006 | Final Dividend 2005-06 | 30th September, 2013. |
| 3 | 20th September, 2007 | Dividend 2006-07 | 20th October, 2014. |
| 4 | 21st August, 2008 | Dividend 2007-08 | 21st September, 2015. |

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividend, which has been transferred to the credit of the Investor Education & Protection Fund of the Central Government under the provisions of Sec. 205(B) of the Companies Act, 1956. In view of the above, those Shareholders who have not encashed their dividend warrants are advised to send all the unclaimed dividend warrants to the Registrar & Share Transfer Agents or to the Registered Office of the Company for revalidation and encash them before the due date for transfer to the Central Government.

5. Members are requested to notify immediately any change in their address to the Company's Registrars and Share Transfer Agents, M/s. Satellite Corporate Services Private Limited, at their address at B-302, Sony Apartments, Opp. St. Jude High School, Off. Andheri Kurla Road, Jarimari, Sakinaka, Mumbai-400072. Tel. No: 022-2852 0461/2852 0462 Fax no.: 022-2851 1809 Email Address:- service@satellitecorporate.com.
6. Members desiring any information on the Accounts are requested to write to the Company at least 10 days prior to the date of the Meeting to enable the Management to keep the information ready.
7. Members are requested to bring their copy of the Annual Report to the Meeting.

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting their Twenty Fourth Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the year ended 31st March, 2009.

| Financial Highlights | 2008-2009 (Rupees in lakhs) | 2007-2008 (Rupees in lakhs) |
|---|---------------------------------------|---------------------------------------|
| Profit before Tax | 47.56 | 4249.54 |
| Less:- Provision for Tax | 16.50 | 1239.93 |
| Less:- Fringe Benefit Tax | 10.39 | 5.52 |
| Less: Deferred Tax Liabilities | 72.46 | 30.06 |
| Less:- Prior Period Item (net of tax expense) | 1155.29 | — |
| Less: Short Provision for Tax for Earlier Years | 30.25 | 3.10 |
| Net Profit/(Loss) after Tax | (1237.33) | 2970.92 |
| Add: Balance Brought Forward from the Previous Financial Year | 1798.49 | 532.19 |
| Less: Proposed Dividend | — | 174.90 |
| Less: Tax on Proposed Dividend | — | 29.72 |
| Less: Transfer to General Reserve | — | 1500.00 |
| Balance Carried Forward to Balance Sheet | 561.16 | 1798.49 |

Performance Review

The year under review was one of the most challenging for the financial services sector across the world. The fundamentals of investment banking models were challenged worldwide. The Indian financial market experienced the volatility in tandem with the global turmoil. An unabated exodus of Foreign Institutional Investors in the first three quarters of the financial year resulted in Sensex plummeting to 8000 level, lowest since 2005. The total outflows due to Foreign Institutional Investors for the year under consideration was to the tune of US \$ 11.36 bn (previous year inflow of US \$ 15.79 bn), with no action in the primary market (total Initial Public Offer previous year of US \$ 12.85 bn). Despite the extremely challenging environment, the Company managed to endure this difficult period and that enable it to enter Financial Year 2009-10 with a steady financial position and a long-term potential to capitalise on the carnage that is ravaging our industry. In addition, the Company has made changes to its cost structure and human resources that increased its flexibility in the operations on reduction of cost and increasing operational efficiency.

During the year under review, despite many challenges the company continued to strengthen its core competency of Investment Banking by rendering project and financial advisory services including private placement of Equities and issue of Bonds/GDRs/FCCBs to its various corporate clients and industrial houses.

We, at Pioneer, were not immune to the global turmoil, which resulted in decline in revenues and profit. While, gross revenues declined by 63% to Rs.2184.78 lakhs as against Rs.5861.16 lakhs in the previous year, resulting in decline in Profit before tax of the Company.

While the Company has not avoided every obstacle but it is confident that the Company's clients are able to rely on its relative strength and stability during the tough economic times.

Increase in Share Capital

During the year under review, the Company issued:

- 1) 10,86,250 Equity Shares to Mr. Gaurang Gandhi and 83 Equity Shares to Mr. Hemang Gandhi pursuant to Scheme of Amalgamation of Pioneer Tradestock Pvt. Ltd. with Pioneer Investcorp Ltd. approved by the Hon'ble High Court of Bombay;
- 2) 7,000 Equity Shares on the exercise of stock options to Non-Executive Independent Directors under "Pioneer Investcorp Ltd. - Employee Stock Options Scheme - 2006";
- 3) 2,85,000 Equity Shares to Mr. Gaurang Gandhi, Promoter and Managing Director of the Company on conversion of equivalent numbers of Warrants issued on Preferential basis; and
- 4) 85,000 Equity Shares to Mr. Gaurang Gandhi, Promoter and Managing Director of the Company on conversion of equivalent numbers of Warrants issued on Preferential basis.

Due to this, the issued, subscribed and paid up Equity Share Capital increased from Rs.1056.65 lakhs to Rs.1202.98 lakhs as of March 31st, 2009.

Dividend

The Company was consistent in distribution and payment of dividend to its shareholders during the last three years, however due to losses in the year under consideration, your Directors do not recommend any dividend for the year ended 31st March, 2009.

Subsidiary Companies and Consolidated Financial Statements

During the year under review, the Company's Wholly Owned Subsidiary Company Pioneer Investcorp International Ltd. regulated by Dubai International Financial Centre (DIFC) Dubai, has initiated the process of voluntary winding up since there was no longer a compelling economic reason for the Company to operate in or from the DIFC. Consequently, the said subsidiary's figures were not considered in the Consolidation of Financial statement for the year ended 31st March, 2009.

On an application made by the Company, the Ministry of Corporate Affairs has granted exemption under Section 212(8) of the Companies Act, 1956, from attaching to the Holding Company's Balance Sheet, Accounts and other documents of all its existing Subsidiaries, including its overseas Subsidiaries. Copies of the annual audited Accounts of all its existing Subsidiaries, including its overseas Subsidiaries, can also be sought by a member of the Company on making a written request to the Company in this regard. The Accounts of these Subsidiaries are available for inspection for members of the Company at the registered office of the Company. The Company has attached the Consolidated Financial Statements in this Annual Report, which includes the financial of all its existing Subsidiaries, except figures of Pioneer Investcorp International Ltd., being under voluntary winding up. From the Consolidated Financial statements it may be observed that Revenue and Profit before Tax for the year under review are Rs.4524.95 lakhs and Rs.80.26 lakhs respectively.

Directors Responsibility Statement

As required by Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures.
- ii) The Directors had selected such accounting policies and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;
- iii) The Directors had taken proper and sufficient care 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
- iv) The annexed Annual Accounts for the accounting year ended on 31st March, 2009, have been prepared on a going concern basis.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as a separate statement in the Annual Report.

Fixed Deposits

The Company has not accepted any Deposits during the year.

Directors

In accordance with Section 255 and 256 of the Companies Act 1956, and read with Articles 105, 106 and 107 of the Articles of Association of the Company, Mr. C. C. Dalal, Director of the Company retires by rotation and being eligible, offer himself for re-appointment at the ensuing Annual general Meeting of the Company.

As per the requirements of the Clause 49 of the Listing Agreement, brief resume of the Director proposed to be re-appointed, his qualification, experience and the names of the Companies in which he holds directorship, membership of the board committees, is provided in the Corporate Governance Report forming part of the Annual Report.

Auditors and Auditors Report

M/s. Jayesh Dadia & Associates, Chartered Accountants, and Auditors of the Company, will retire at the conclusion of the ensuing Annual General meeting, and being eligible, offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their reappointment if made, would be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their appointment.

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further explanation.

Particulars of Employees

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, and the rules framed there under, the names and other particulars of employees are set out in the Annexure to the Directors' Report. In terms of the provisions of Section 219 (1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the shareholders of the Company excluding the aforesaid annexure. The annexure is available for inspection at the Registered Office of the Company. Any Shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

Conservation of Energy, Technology Absorption, Foreign Earnings and Outgoings

The Company has no activities relating to Conservation of Energy and Technology Absorption.

The details of Company's foreign exchange earnings and outgo during the year under review are given in Note no.21 of Schedule 11 – Significant Accounting Policies and Notes to Accounts.

Employee Stock Option Schemes

The disclosures required to be made in the Directors' Report in respect of Employees Stock Option Schemes 2006 and 2007, in terms of the SEBI (Employee Stock Option Scheme) Guidelines, 1999, are contained in the Annexure, forming part of the Directors' Report.

Corporate Governance Report

The Company has complied with all the mandatory provisions of the revised Clause 49 of the Listing Agreement. As part of the Company's efforts towards better corporate practice and transparency, a separate report on Corporate Governance compliances is included as a part of Annual Report.

Acknowledgments

The Board wishes to express its deep appreciation to all the staff members for their excellent contribution and to the Bankers, shareholders and customers for their continued support.

On behalf of the Board of Directors

Mumbai
29th July, 2009.

G. M. Gandhi
Managing Director

C. C. Dalal
Director

ANNEXURE TO THE DIRECTORS' REPORT

Employee Stock Option Scheme

The stock options granted to the employees currently operate under two schemes, namely "Pioneer Investcorp Limited Employee Stock Option Scheme, 2006" (ESOP Scheme - 2006) and "Pioneer Investcorp Limited Employee Stock Option Scheme, 2007" (ESOP Scheme - 2007).

The Disclosures of both these Schemes, as on 31st March, 2009, in terms of Clause 12 of SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999, are as follows :-

| Particulars | ESOP Scheme - 2006 | ESOP Scheme - 2007 |
|---|---|--|
| a. Total grants authorized by the Plan (No.) | 10,00,000 | 20,00,000 |
| b. Pricing formula on date of grant | It is discounted to 30% of the closing market price of the Shares of the Company at Bombay Stock Exchange Limited prior to the day on which the options were granted. | It is the closing market price of the Shares of the Company at Bombay Stock Exchange Limited prior to the day on which the options were granted. |
| c. Variation in terms | No variations made in the terms of the options granted. | No variations made in the terms of the options granted. |
| d. Options granted during the year (No.) | Nil | Nil |
| e. Weighted Average Price per option granted | Rs.22.05 | Rs.100.52 |
| f. Options vested as of March 31, 2009 (No.) | 4,70,250 | 3,89,025 |
| g. Options exercised during the year (No.) | 7,000 | Nil |
| h. Money raised on exercise of options | Rs.1,54,350/- (Rupees One lakh fifty four thousand three hundred fifty only) | Nil |
| i. Options forfeited and lapsed during the year (No.) | 3,02,250 | 3,74,000 |
| j. Total number of options in force at the end of the year (No.) | 4,94,600 | 11,11,500 |
| k. Employee-wise details of options granted to | | |
| i) Senior Management | None | None |
| ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year. | None | None |

| Particulars | ESOP Scheme - 2006 | ESOP Scheme - 2007 |
|--|--|--|
| iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | None | None |
| l. Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with (Accounting Standard (AS) 20 Earnings per share). | Rs. 0.70. | Rs. 0.70. |
| m. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and EPS of the Company shall also be disclosed. | <p>Increase in profit by Rs.30,81,331.</p> <p>Increase in Basic EPS - Rs.0.26.</p> <p>Increase in Diluted EPS - Rs.0.26.</p> | <p>Decrease in profit by Rs.95,24,442.</p> <p>Decrease in Basic EPS - Rs.0.81.</p> <p>Decrease in Diluted EPS - Rs.0.81.</p> |
| n. Weighted - average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock. | <p>Exercise Price - Rs.22.05.</p> <p>Fair Value - Rs.17.92.</p> | <p>Exercise Price - Rs.100.52.</p> <p>Fair Value - Rs.46.80.</p> |
| o. A Description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information : | | |
| (a) Risk free interest rate | 8% | 8% |
| (b) Expected life | 4 - 7 Years | 4 - 6 Years |
| (c) Expected volatility | 48.89% | 26.64% - 64.36% |
| (d) Expected dividends | 1.59% | 0.42% to 2.15% |
| (e) Price of the underlying share in the market at the time of option grant | Rs.31.50. | Rs.58.20. - Rs.294.61. |

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Company is a registered Merchant Banker, having category – I registration from SEBI and provides Investment Banking and Financial Advisory Services. Its offerings include formulating capital structure, raising capital, debt restructuring, project financing and other corporate advisory services.

The Company and its Subsidiaries, over the years, has developed a strong understanding of many sectors due to its equity research capabilities and has leveraged the same to develop long lasting relationships with corporate as well as institutional investors. The Company and its subsidiaries now have presence in all the areas of financial sectors other than foreign exchange services.

CORPORATE STRUCTURE

The structure of its Wholly Owned Subsidiary Companies, their nature of Activities is as below:

| PIONEER INVESTCORP LIMITED | | | |
|--|--|---|--|
| Infinity.Com Financial Securities Ltd. – Trading cum Clearing Member of NSE, BSE & Depository Participant-CDSL, Trading member of MCX-SX | Pioneer Wealth Management Services Ltd. – Registered Portfolio Manager | Pioneer Fundinvest Pvt. Ltd. (Formerly known as Marine Drive Investments and Trading Company Pvt. Ltd.) – Non Banking Finance Company | PINC Fund Advisors LLC- Asset Management Company (Mauritius) |

Other Wholly Owned Subsidiaries are Pioneer Commodity Intermediaries Pvt. Ltd. – Trading cum Clearing Member of NCDEX and MCX, Pioneer Money Management Ltd. – Investment Company and Pioneer Investment Advisory Services Ltd. – Advisory & Consultancy. Pioneer Investcorp International Ltd., an Overseas Dubai based wholly owned subsidiary Company, is under voluntary winding up.

OUTLOOK AND OPPORTUNITIES

Financial year 2008-09 witnessed the most challenging business environment for Indian capital market. Since the last report, the Global financial markets have been battered by a series of exceptional and turbulent events including large number of Banks become Bankrupt in U.S. Indian equity market hit a low that it never witnessed since 2005 and equity trading volume reduced to nearly a third to the peak of the value. Primary market was completely frozen with no activity in this Financial Year. The activity shrank across all the segments of the market including Debt, Foreign Direct Investment etc. witnessing record low activity. However, there was a silver line in the dark cloud of financial year 2009 with activity getting intensified in the last three months. The market ended the year under consideration on a positive note with financial institutional investors coming back to the Indian capital market with positive FII inflow in the last three months resulting in financial year under consideration ended on a positive note.

The financial year under consideration has secured its place in the history as one of the toughest periods for the Global Economy. According to the World Bank, global economy would shrink by 2.9% in calendar year 2009 for the first time since the Second World War. The year witnessed bankruptcy of financial behemoths like Bear Sterns and Lehman Brothers, along with many other prominent bankruptcies in the financial market across the globe. The commodity price plummeted to nearly half of their peak value and Baltic Dry Index, a leading indicator of global trade, falling by 95%. The turmoil in global economy resulted in exodus of foreign institutional investors from India leading to rupee depreciating to Rs.51 per US Dollar.

The global financial market has showed strong bias towards the emerging economies as they continued their expansion. The Company believes that emerging markets like India and China would outperform the western economies. As Indian economy end the last financial year on the positive note with foreign institutional investors coming back to the Indian capital market, the Company expect its resilient business model to start showing good tractions.

GDP in the advanced economies is projected to decline by 3.8% in 2009 before growing by 0.6% in 2010. Although the projections are 0.6% points higher than in the April IMF forecast, growth in 2010 would still fall short of potential until late in the year, implying continuing increases in unemployment. Despite the challenging environment in the advanced economy, the emerging economies are expected to lead the growth. Emerging and developing economies are projected to regain growth momentum during the second half of 2009, albeit with notable regional differences. According to IMF, growth projections in emerging Asia have been revised upward to 5.5% in 2009 and 7.0% in 2010. The upgrade owes to improved prospects in China and India, in part reflecting substantial macroeconomic stimulus; and a faster-than-expected turnaround in capital flows.

The Company had prioritized its goals to strengthen its presence in the Indian capital market. Primarily, the Company will continue to reinforce its presence in investment banking leveraging its strong relationship with companies and clients. Moreover, the Company will focus on gaining market share in its trading business, where, the Company believes, that it has the motivated, experienced, client-focused sales and trading professionals in the capital market both in the Institutional segment and Wealth Management division. Also, the Company intend to build a strong brand by delivering excellent advice and execution for its equity advisory business.

The Company is confident that while sailing through this turbulent stage of economy, it will move up the league both in scale and presence and the Company should be in sound position to reap the benefits of the changing situation of the Indian economy and capital markets which the Company foresee over the next couple of years. The Company continues to remain confident that it is competitively placed and its strength would help to grab the opportunities in the capital market.

RISK AND CONCERN

The financial and capital market intermediating activity is heavily dependent on economic buoyancy. Though, Indian economy is strong and has high visibility on the growth fronts, the Company would be susceptible to the global economic cycles as all economies are globally getting inextricable interlinked. Thus, any Global Economic slowdown has the potential to severely impair the working of the company apart from domestic factors like political uncertainty, tightening of liquidity, hardening of interest rates and inflation etc.

The Company would also be affected if the Stock markets were to decline sharply. Increased competition in the Indian capital market with entry of global players in financial intermediation also poses a concern; consequently, this could lead to diminishing investor confidence, resulting in lower business volumes.

INTERNAL CONTROL SYSTEMS

As remarked by the auditors in their report, the Company has an internal control system commensurate with its requirements and the size of the business.

DISCUSSION OF FINANCIAL PERFORMANCE

As reasoned in the paras' mentioned under performance review, during the year under review, due to overall gloomy scenario, the gross revenues of the Company decline by 63% to Rs.2184.78 lakhs as against Rs.5861.16 lakhs in the previous year, resulting in decline in Profit before tax of the Company. The consolidated statement includes various subsidiaries, including its overseas subsidiary in Mauritius and the existing broking operations of the subsidiary having membership of BSE and NSE, except its Dubai based overseas Wholly Owned Subsidiary Company Pioneer Investcorp International Ltd., being under voluntary winding up.

MATERIAL DEVELOPMENT AND HUMAN RESOURCES

During the year under review, the Company has made changes to its cost structure and human resources that enhanced its operational flexibility in terms of cost reduction and improved efficiency.

CAUTIONARY STATEMENT

The statements made in this Report describe the Company's objectives and projections that may be forward looking statements within the meaning of applicable Securities laws and regulations. The actual results might differ materially from those expressed or implied depending on the economic conditions, government policies and other incidental factors, which are beyond the control of the Company and Management.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given below. The Company believes in good Corporate Governance that enables the group to perform ethically and efficiently to generate long term value and wealth for its shareholders and sharing the information in a transparent way with its shareholders, bankers, and customers.

1. BOARD OF DIRECTORS

a) Composition of Board

During the year under report, there was no change in the composition of the Board of Directors of the Company. Mr. G. M. Gandhi, Managing Director represents the Promoters group and four Independent Non Executive Directors are namely Mr. C. C. Dalal, Mr. C. M. Maniar, Mr. N. A. Rathod and Mr. A. B. Desai.

b) Non-executive Directors' compensation and disclosure

During the year under report, the Company has paid to all non-executive Directors sitting fee of Rs.10,000/- for each meeting of the Board or a Committee thereof attended by them, after deducting TDS.

c) Other provisions as to Board and Committees

(i) Meetings and attendance record of each Director

During the year under report from 1st April, 2008 to 31st March, 2009, the Board of Directors held seven meetings on 30.05.2008, 26.06.2008, 29.07.2008, 21.08.2008, 22.10.2008, 12.12.2008, and 29.01.2009.

Mr. C. C. Dalal, Mr. C. M. Maniar and Mr. A. B. Desai were present in all the seven Board Meetings, Mr. G. M. Gandhi, was present in five Board Meetings, Mr. N. A. Rathod was granted leave of absence by the Board of Directors of the Company.

All the Directors of the Company were present in the last Annual General Meeting of the Company, except Mr. N. A. Rathod.

(ii) Number of Directorships

Mr. C. M. Maniar is a Director of eighteen other companies, of which he is also a member of nine Board Committees. Mr. C. C. Dalal is a Director of two other companies and he is also a member of two Board Committees. Mr. G. M. Gandhi is a Director of eighteen other companies and he is also a member of one Board Committee. Mr. N. A. Rathod is a Director of thirty-seven other Companies and Mr. A. B. Desai is a Director of one other Company.

(iii) The Company complies with all laws applicable to the Company, and a compliance report to that effect was taken on record by the Board of Directors of the Company.

d) Code of Conduct

The Company has framed a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the Company. A declaration by Mr. G. M. Gandhi, Managing Director, regarding compliance by the Board Members and Senior Management personnel with the Code of Conduct is given as Annexure 1 to this report.

2. AUDIT COMMITTEE

The Audit Committee comprises of Mr. C. C. Dalal, Mr. C. M. Maniar, and Mr. A. B. Desai, all are non-executive Independent Directors and Mr. G. M. Gandhi, Managing Director of the Company. During the year under report the Audit Committee held four meetings and considered the quarterly, half yearly and audited accounts of the Company. The Audit Committee also supervised the Internal Audit system and procedures relating to internal control system. Mr. C. C. Dalal, Chairman of the Committee, Mr. C. M. Maniar and Mr. A. B. Desai, all independent Directors and members of the Audit Committee were present at all the four committee meetings. Mr. G. M. Gandhi, the other member of the Committee, was present at one committee meeting.

3. DISCLOSURES

a) Basis of Related Party Transactions

There were related party transactions with the related parties in the ordinary course of business as mentioned in Note no.26 of Schedule 11 – Significant Accounting Policies & Notes to Accounts. There were no material individual transactions with related parties, which are not in the normal course of business.

b) Disclosure of Accounting Treatment

All Accounting Standards mandatorily required have been followed in preparation of financial statements and no deviation has been made in following the same.

c) Risk Management

The necessary risk assessment and minimisation procedure has been followed by the Company as and when required.

d) Proceeds From Public Issues, Rights Issues, Preferential Issues etc.

During the year end under review, the Company has allotted in aggregate 3,70,000 Equity Shares to Mr. Gaurang Gandhi, Managing Director & Promoter, on Conversion of equivalent number of Convertible Warrants, issued on preferential basis to him on receipt of balance amount from him on exercising the conversion.

e) Remuneration of Directors

(i) There are no pecuniary relationships or transaction of the non-executive Directors with the Company except by way of sitting fees which is disclosed in point no.1 b) of this report.

(ii) During the year end under review, the Company has not paid any remuneration to Mr. G. M. Gandhi, Managing Director of the Company.

(iii) (a) The Company has granted *30,000 Stock options under "Pioneer Investcorp Ltd. Employee Stock Option Scheme – 2006" to the Non executive independent Directors of the Company and the details of which are as follows:

| Sr. No. | Names of Non Executive Independent Director | Number of stock options Granted – ESOP 2006 | Number of stock options exercised – ESOP 2006 (As on 31.03.2009) |
|---------|---|---|--|
| 1 | C. C. Dalal | 10,000 | 5,500 |
| 2 | C. M. Maniar | 10,000 | 5,500 |
| 3 | A. B. Desai | Nil | Nil |
| 4 | N. A. Rathod | Nil | Nil |
| | Total | 20,000 | 11,000 |

*10,000 Stock Options were granted to S. C. Bafna, who vacated his office as Director on 19th November, 2007.

(b) The Exercise Price for the aforesaid options granted was Rs.22.05 per option, which was discounted to 30% of the closing price of the shares of the Company at Bombay Stock Exchange Limited as on 28th February, 2006, prior to 1st March, 2006, the day on which the options were granted;

(c)The Stock options granted in "Pioneer Investcorp Ltd. – Employee Stock Option Scheme – 2006" shall vest after one year from the date of granting of options as per the following schedule.

| Dates of vesting of options | % of options granted available for exercising |
|-----------------------------|---|
| 01-03-2007 | 20% |
| 01-03-2008 | 35% |
| 01-03-2009 | 40% |
| 01-03-2010 | 5% |

(iv) The number of shares held by the non-executive Directors of the Company is as follows:

| Name of the Directors | Category of Director | No. of Shares held in the Company as at 31.03.2009. |
|-----------------------|----------------------------|---|
| Mr. C. M. Maniar | Independent– Non Executive | 5800 |
| Mr. C. C. Dalal | Independent– Non Executive | 5500 |
| Mr. N. A. Rathod | Independent– Non Executive | NIL |
| Mr. A. B. Desai | Independent– Non Executive | NIL |

f) Management

The Management Discussion and Analysis Report for the year under review as required under Clause 49 of the Listing Agreement, is given as a separate statement in the Annual Report.

g) Shareholders information

(i) Reappointment of Director

Mr. C. C. Dalal Director retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Pursuant to Clause 49 of the Listing Agreement, the information relating to reappointment of Director are as follows:

| Name of Director | Shri Chandravadan Dalal |
|--------------------------------------|---|
| Brief Resume | Mr. Chandravadan Dalal has been Non-Executive Independent Director of the Company for more than 14 years. Mr. Dalal holds a degree in commerce from the Mumbai University and is a Chartered Accountant from the Institute of Chartered Accountants of India (ICAI). After obtaining his charter from the ICAI he started his own practice in the name of C. C. Dalal & Co. |
| Nature of his expertise | He has over 50 years of professional experience in the field of Accounts and Taxation. |
| Other Directorship | Classic Infrastructure & Development Limited CREF Finance Limited |
| Other Committee Membership | Classic Infrastructure & Development Limited CREF Finance Limited |
| Number of Shares held in the Company | 5500 |

- (ii) The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchange immediately after the Board approves the same. The results are published in widely circulated National English newspaper and one regional language newspaper where the registered office of the Company is situated; and uploaded on the Company's website.
- (iii) The Shareholders / Investors Grievance Committee continued to function effectively during the year under review. It continued to attend the matters related to Share Transfers and redressal of Shareholders' complaints. This Committee has three directors, namely, Mr. C. M. Maniar, Mr. G. M. Gandhi and Mr. A. B. Desai. The complaints and grievances of shareholders received if any were duly attended by the Committee and as of now no complaints were pending. To expedite the process of transfer, the Board of Directors of the Company, has delegated the power of transfer to Mr. Gaurang Gandhi, Managing Director of the Company and also to Mr. Sanjay Kabra, Vice President – Finance jointly with Mr. Amit Chandra, Company Secretary of the Company. Further the Shares submitted for transfer in physical form were registered and returned by the Company's Registrars and Share Transfer Agents in about 20 days from receipt of the documents, provided the documents were found in order. Shares under objection were returned within two weeks.
- (iv) No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

5. MANAGING DIRECTOR CERTIFICATION

Certificate from Mr. G. M. Gandhi, Managing Director of the Company certifying the relevant clauses as required under point V of Clause 49 of the Listing Agreement was placed before the Board during the year under report.

6. ANNUAL GENERAL MEETINGS

a) The details of Annual General Meetings held in the last 3 years are as under

| Year | Day, Date and Time | Venue |
|-----------|---|---|
| 2005-2006 | Thursday, 31st August, 2006, at 11.30 a.m. | M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd floor, 18/20 K. Dubash Marg, Mumbai – 400 001. |
| 2006-2007 | Thursday, 20th September, 2007, at 11.30 a.m. | Kilachand Conference Room, 2nd floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai - 400020 |
| 2007-2008 | Thursday, 21st August, 2008, at 11.30 a.m. | Same as above. |

b) Special Resolutions/business transacted at the last three Annual General Meeting was as follows.

| Year | Matter |
|-----------|---|
| 2005-2006 | There was no business requiring Special Resolution. |
| 2006-2007 | There was no business requiring Special Resolution. |
| 2007-2008 | Mr. A. B. Desai and Mr. N. A. Rathod were appointed as Directors of the Company liable to retire by rotation. |

c) No Resolutions were passed during the year end under review, through Postal Ballot.

7. MEANS OF COMMUNICATIONS

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchange immediately after the Board approves the same. The results are published in one English newspaper and one regional language newspaper where the registered office of the Company is situated.

8. GENERAL SHAREHOLDERS INFORMATION

a) The Annual General Meeting of the Company will be held on Thursday, 3rd September, 2009, at 11.30 a.m., at Kilachand Conference Room, 2nd floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai – 400 020.;

b) Financial calendar

| | |
|--|--------------------------------------|
| Financial Reporting for Quarter I - (ending June 30, 2009) | 3rd / 4th week of July, 2009. |
| Financial Reporting for Quarter II - (ending September 30, 2009) | 3rd / 4th week of October, 2009. |
| Financial Reporting for Quarter III - (ending December 31, 2009) | 3rd / 4th week of January, 2010. |
| Financial Reporting for Quarter IV - (ending March 31, 2010) | 3rd / 4th week of April /June, 2010. |

c) The dates of Book Closure are 29th August, 2009 to 3rd September, 2009 (both days inclusive);

d) The Company's Shares are presently listed on Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400023. The Company's Stock code in the Exchange is 507864 and the ISIN number is INE746D01014;

e) Share Price – High and Low on Bombay Stock Exchange Limited, for the Financial Year April, 2008 to March, 2009, were as follows;

| Month | April 2008 | May 2008 | June 2008 | July 2008 | Aug. 2008 | Sept. 2008 | Oct. 2008 | Nov. 2008 | Dec. 2008 | Jan. 2009 | Feb. 2009 | March 2009 |
|-------------|---------------|-------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|---------------|
| High | 296.20 | 335.35 | 284.90 | 160.60 | 117.70 | 107.95 | 53.50 | 30.00 | 21.10 | 45.60 | 36.50 | 25.35 |
| Low | 202.50 | 265.50 | 160.60 | 104.00 | 101.00 | 53.25 | 26.20 | 18.75 | 12.65 | 22.15 | 21.90 | 20.70 |

f) The address and telephone and fax numbers of the Registrar and Share Transfer Agent of the Company are M/s. Satellite Corporate Services Private Limited, B-302, Sony Apartments, Opp. St. Jude High School, Off. Andheri Kurla Road, Jarimari, Sakinaka, Mumbai 400 072. Tel. No: 022-2852 0461 / 2852 0462 Fax no.: 022-2851 1809 Email Address :- service@satellitecorporate.com.

g) Detailed Shareholding pattern of the Company as on 31st March, 2009, is as under:

| Sr. No. | Category | No. of Shares held | Percentage of Shareholding |
|------------------------|---|--------------------|----------------------------|
| A | Promoter's holding | | |
| 1 | Promoters | 6267196 | 52.10 |
| Sub-Total (A) | | 6267196 | 52.10 |
| B | Non-Promoters Holding | | |
| 1 | Banks and Foreign Institutional Investors | 105763 | 0.88 |
| 2 | Others including Body Corporate | 5656874 | 47.02 |
| Sub-Total (B) | | 5762637 | 47.90 |
| Total (A + B) | | 12029833 | 100.00 |

h) The distribution of Shareholding of Equity Shares as on 31st March, 2009, is as under:

| Sr. No. | No. of Equity Shares | No. of Shareholders | No. of Shares | Percentage of Shareholding |
|--------------|----------------------|---------------------|-----------------|----------------------------|
| 1. | Less than 50 | 905 | 27673 | 0.23 |
| 2. | 51 to 100 | 2184 | 215418 | 1.79 |
| 3. | 101 to 500 | 1769 | 441934 | 3.67 |
| 4. | 501 to 1000 | 244 | 192882 | 1.60 |
| 5. | 1001 to 5000 | 197 | 425041 | 3.53 |
| 6. | 5001 to 10000 | 26 | 175459 | 1.46 |
| 7. | 10001 to 50000 | 43 | 845279 | 7.03 |
| 8. | 50001 to 100000 | 14 | 1121558 | 9.32 |
| 9. | 100001 to 500000 | 14 | 2422926 | 20.14 |
| 10. | 500001 & above. | 1 | 6161663 | 51.22 |
| TOTAL | | 5397 | 12029833 | 100.00 |

i) As on 31st March, 2009, nearly 75.03% of the Company's total Paid up Equity Shares were held in demat form with NSDL and CDSL;

j) The Company has paid listing fees for the Financial Year 2009-10 to Bombay Stock Exchange Limited, the only Exchange where shares of the Company are presently listed; and

k) The Company's Registered as well as Corporate office is located at 1218, Maker Chamber V, Nariman Point, Mumbai – 400 021, Tel. No.: 022 - 6618 6633 / 2202 1171, Fax no.: 022 - 2204 9195.

9. CERTIFICATE FROM AUDITORS

The certificate of Auditors relating to Corporate Governance is annexed hereto.

ANNEXURE TO CORPORATE GOVERNANCE REPORT **Declaration on compliance of the company's code of conduct.**

In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, I hereby confirm that, all the Directors and the Senior Management Personnel have affirmed compliance to the Code of Conduct for the Financial Year ended 31st March, 2009.

Mumbai
29th July, 2009.

G. M. Gandhi
Managing Director

AUDITORS' CERTIFICATE **Auditors' Certificate on Compliance with the Conditions of Corporate Governance,** **Under Clause 49 of the Listing Agreement**

To,
The Members of Pioneer Investcorp Limited,
Mumbai.

We have examined the compliance of conditions of Corporate Governance by Pioneer Investcorp Limited ("the Company"), for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Jayesh Dadia & Associates
Chartered Accountants

Nishit Dave
Partner
M.No.: 120073

Mumbai
29th July, 2009.

FINANCIAL STATEMENTS

AUDITORS' REPORT

To,

THE MEMBERS OF PIONEER INVESTCORP LIMITED

1. We have audited the attached Balance Sheet of PIONEER INVESTCORP LIMITED as at 31st March, 2009 and also Profit and Loss Account and the Cash Flow Statement for the year ended on that date 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 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 misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to 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 purpose of our Audit;

(ii) In our opinion, proper books of account as required by the law have been kept by the Company so far as appears from our examination of those books;

(iii) The Balance Sheet and the Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet and the Profit and Loss Account and Cash Flow statement dealt with by this Report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;

(v) On the basis of representations received from the Directors, as on 31st March 2009 and taken on record by the Board Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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 case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 ; and

(b) In case of the Profit and Loss account, of the loss for the year ended on that date; and

(c) In case of the Cash Flow statement, of the cash flow for the year ended on that date.

For Jayesh Dadia & Associates,
Chartered Accountants

Nishit Dave
Partner
M.No.: 120073

Mumbai
30th June 2009

ANNEXURE TO THE AUDITORS' REPORT

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

- (i)
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have been physically verified by the Management during the year at reasonable intervals. No material discrepancies were noticed on verification.
 - (c) During the year, the Company has not disposed off a major part of the fixed assets.
- (ii)
 - (a) The Company has conducted the physical verification of inventories being Shares and Securities, held by it, at reasonable intervals during the year;
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate and
 - (c) The Company has maintained proper records of such inventories, and as informed to us no material discrepancies were noticed on physical verification.
- (iii)
 - (a) During the year the Company has granted unsecured interest free loans aggregating to Rs.1027.15 lacs (previous year Rs.13.20 lacs), to three of its wholly owned subsidiaries. At the year end, the loans granted to six subsidiaries aggregates to Rs. 1029.03 lacs (previous year Rs.15.81 lacs). The Maximum balance outstanding during the year was Rs.1634.69 lacs (previous year Rs.105.84 lacs).
 - (b), (c), (d) since interest free loans are granted to the companies under section 301 are repayable on demand, comments under these clauses are not given.
 - (e) During the year Company has not taken any loans, secured or unsecured loan from the companies, covered in the register maintained under section 301 of the Act.
 - (f) & (g) Since no loans are taken during the year comment under these clauses are not given.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- (v)
 - (a) As explained to us, the Company has entered into all the particulars of contracts or arrangements referred to in section 301 of the Act; and
 - (b) As explained to us, transactions made in pursuance of all contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Company is not required to maintain cost accounting records as prescribed by Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (ix)
 - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including service tax, provident fund, income tax and other material statutory dues applicable to it.
 - (b) According to the information and explanation given to us, there are no disputed statutory dues.

- (x) The Company has been registered for a period of more than five years. It has no accumulated losses. The Company has not incurred cash loss for the current financial year and in immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to banks.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi mutual fund/ society. Accordingly, the provisions of clause 4(xiii) is not applicable to the company.
- (xiv) The Company is dealing in shares and securities and other investments and proper records have been maintained of the transactions and contracts and timely entries have been made therein and the shares and securities and other investments have been held by the company in its own name.
- (xv) As informed to us, the Company has given guarantee for loans taken by others from bank. However the terms and conditions whereof are not prejudicial to the interest of the Company.
- (xvi) The Company has obtained term loan from bank, and the same was applied for the purpose for which it was obtained.
- (xvii) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised for short term has been used for long term investments.
- (xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties covered in the register maintained under section 301 of the Act. However the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has not issued debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) As informed to us, no fraud on or by the Company has been noticed or reported during the year.

For Jayesh Dadia & Associates

Chartered Accountants

Nishit Dave

Partner

M.No.: 120073

Mumbai

30th June 2009

BALANCE SHEET AS AT 31ST MARCH, 2009.

| SOURCES OF FUNDS | Schedule No. | (Rs.) | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|-----------------|--------------------|------------------------------|------------------------------|
| Share Holders' Funds | | | | |
| Share Capital | 1 | 126,276,222 | | 111,642,892 |
| Share Capital Suspense Account | | — | | 10,863,330 |
| Application Money Received for Share Warrants | | 94,500,000 | | 131,702,500 |
| Reserves and Surplus | 2 | <u>550,162,278</u> | | <u>601,903,620</u> |
| | | | 770,938,500 | 856,112,342 |
| Secured Loans | 3 | | 156,743,186 | 540,578,411 |
| Deferred Tax Liability | | | <u>11,191,886</u> | <u>3,946,131</u> |
| | | | 938,873,572 | 1,400,636,884 |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets: | | | | |
| Gross Block | 4 | 145,302,588 | | 124,388,752 |
| Less: Depreciation | | <u>17,377,839</u> | | <u>21,866,007</u> |
| Net Block | | | 127,924,749 | 102,522,745 |
| Investments | 5 | | 387,687,474 | 648,765,945 |
| Current Assets, Loans and Advances : | | | | |
| Closing Stock | 6 | 107,990,490 | | 300,254,670 |
| Sundry Debtors | | 110,714,679 | | 502,681,731 |
| Cash and Bank Balances | | 85,178,998 | | 3,457,475 |
| Loans and Advances | | <u>218,611,834</u> | | <u>166,129,621</u> |
| | | 522,496,001 | | 972,523,497 |
| Less: Current Liabilities and Provisions : | | | | |
| Current Liabilities | 7 | 27,418,729 | | 151,284,272 |
| Provisions | | <u>71,815,923</u> | | <u>171,891,031</u> |
| | | 99,234,652 | | 323,175,303 |
| Net Current Assets | | | 423,261,349 | 649,348,194 |
| | | | 938,873,572 | 1,400,636,884 |
| SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS | | | | |
| | 11 | | | |

As per our report of even date attached

For Jayesh Dadia & Associates

Chartered Accountants

G.M.Gandhi
Managing Director**C.C.Dalal**
Director**Nishit Dave**

Partner

M. No. : 120073

Mumbai, 30th June, 2009

A.B.Desai

Director

A.J.Chandra

Company Secretary

Mumbai, 30th June, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | Schedule No. | 1st April, 2008 to 31st March, 2009 (Rs.) | 1st April, 2007 to 31st March, 2008 (Rs.) |
|--|-----------------|---|---|
| INCOME | | | |
| Income from Operations | | 5,356,712 | 438,788,616 |
| Income from Investments | | 77,125,546 | 141,190,958 |
| Other Income | 8 | 135,996,056 | 6,136,530 |
| Total Income | | 218,478,314 | 586,116,104 |
| EXPENDITURE | | | |
| Employment Cost | 9 | 83,824,499 | 55,698,471 |
| Administration and other expenses | 10 | 64,348,797 | 51,508,614 |
| Interest | | 55,304,235 | 49,524,081 |
| Depreciation | | 10,244,848 | 4,431,330 |
| Total Expenditure | | 213,722,379 | 161,162,496 |
| PROFIT BEFORE TAX | | 4,755,935 | 424,953,608 |
| Provision for Taxation | | (1,650,000) | (123,993,000) |
| Fringe Benefit Tax | | (1,039,180) | (552,104) |
| Deferred Tax | | (7,245,754) | (3,005,511) |
| Prior Period Item (net of tax expense) (See note 19) | | (115,529,115) | — |
| Excess/(Short) Provision for Tax of earlier year | | (3,024,728) | (310,499) |
| NET PROFIT/(LOSS) BEFORE APPROPRIATIONS | | (123,732,842) | 297,092,494 |
| Balance brought forward from previous year | | 179,849,009 | 53,218,648 |
| Less: Proposed Dividend | | — | 17,489,750 |
| Less: Dividend Distribution Tax | | — | 2,972,383 |
| Less: Transferred to General Reserve | | — | 150,000,000 |
| BALANCE CARRIED TO BALANCE SHEET | | 56,116,167 | 179,849,009 |
| Earning Per Share - (I) (See note 25) | | | |
| Basic | | (0.70) | 29.05 |
| Diluted | | (0.70) | 26.24 |
| Earning Per Share - (II) (See note 25) | | | |
| Basic | | (10.58) | 29.05 |
| Diluted | | (10.58) | 26.24 |
| Face Value of Share | | 10.00 | 10.00 |

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

11

As per our report of even date attached

For Jayesh Dadia & Associates

Chartered Accountants

G.M.Gandhi
Managing Director**C.C.Dalal**
Director**Nishit Dave**

Partner

M. No. : 120073

Mumbai, 30th June, 2009

A.B.Desai

Director

A.J.Chandra

Company Secretary

Mumbai, 30th June, 2009

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009.

| | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|---|------------------------------|------------------------------|
| Schedule 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 25,000,000 Equity Shares (previous year 25,000,000) of Rs.10/- each | <u>250,000,000</u> | <u>250,000,000</u> |
| Issued, Subscribed and Paid-up | | |
| 12,029,833 (10,566,500) Equity Shares of Rs.10/- each | <u>120,298,330</u> | <u>105,665,000</u> |
| Add :Amount paid up on Shares Forfeited | <u>5,977,892</u> | <u>5,977,892</u> |
| | <u>126,276,222</u> | <u>111,642,892</u> |
| Of the above: | | |
| (1) 7,000 (Previous Year 174,500) equity shares of Rs 10/- each are allotted pursuant to ESOP Scheme, 2006 | | |
| (2) 1,086,333 (Previous Year Nil) equity shares of Rs 10/- each are allotted to the shareholders of Pioneer Tradestock Pvt. Ltd., pursuant to the scheme of Amalgamation. | | |
| (3) 370,000 (Previous Year 2,065,000) equity shares of Rs 10/- each are allotted pursuant to Conversion of warrants. | | |
| Schedule 2 | | |
| RESERVES AND SURPLUS | | |
| General Reserve | 233,828,549 | 83,828,549 |
| Add: Transferred from Profit & Loss Account | <u>—</u> | <u>150,000,000</u> |
| | 233,828,549 | 233,828,549 |
| Share Premium Account | 104,577,250 | 65,576,750 |
| Employees Stock Options (See note 9 and 18) | | |
| Employees Stock options outstanding | 4,673,970 | 7,596,382 |
| Less: Deferred employee stock compensation | <u>1,464,179</u> | <u>4,430,091</u> |
| | 3,209,791 | 3,166,291 |
| Capital Reserve (See note 16) | 32,947,500 | — |
| Capital (Amalgamation) Reserve Account | 119,483,021 | 119,483,021 |
| Profit and Loss Account | <u>56,116,167</u> | <u>179,849,009</u> |
| | <u>550,162,278</u> | <u>601,903,620</u> |
| Schedule 3 | | |
| SECURED LOANS | | |
| Term Loan - From Axis Bank Ltd. (Secured by first charge on hypothecation of all moveable capital assets to Axis Bank Ltd.) | 57,275,380 | 26,404,716 |
| Vehicle Loan - From ICICI Bank Ltd. (Secured against hypothecation of Vehicles) | 800,248 | — |
| Cash Credit - Federal Bank Ltd. (Secured against Government Security Papers) | 10,823,865 | 284,293,228 |
| Cash Credit - Punjab National Bank. (Secured against Government Security Papers) | 78,380,567 | — |
| Term Loan - From ICICI Bank Ltd. (Secured by first charge on mortgage of office premises) | 9,463,126 | 10,026,715 |
| Indiabulls Financial Services Ltd. (Secured by pledge of shares) | — | 91,233,616 |
| Sonata Investments Ltd. (Secured by pledge of shares) | — | 128,620,136 |
| | <u>156,743,186</u> | <u>540,578,411</u> |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009.**Schedule 4****FIXED ASSETS**

| Particulars of Assets | Gross Block | | | Depreciation | | | Net Block | | | |
|---------------------------|------------------------|---------------------------------|----------------------------------|------------------------|-----------------------|--------------------------------|-----------------------|------------------------|------------------------|--------------------|
| | As at 01.04.2008 (Rs.) | Additions during the year (Rs.) | Deductions during the year (Rs.) | As on 31.03.2009 (Rs.) | Upto 01.04.2008 (Rs.) | For the year Adjustments (Rs.) | Upto 31.03.2009 (Rs.) | As on 31.03.2009 (Rs.) | As on 31.03.2008 (Rs.) | |
| Office Premises | 48,272,668 | — | 33,943,848 | 14,328,820 | 7,105,073 | 650,418 | 7,333,165 | 422,327 | 13,906,494 | 41,167,596 |
| Leasehold Office Premises | 4,222,688 | 3,081,540 | — | 7,304,228 | 161,524 | 989,666 | — | 1,151,190 | 6,153,038 | 4,061,164 |
| Office Equipments | 27,953,826 | 19,120,652 | 1,912,742 | 45,161,736 | 4,474,430 | 4,464,881 | 867,686 | 8,071,625 | 37,090,111 | 23,479,396 |
| Furniture & Fixtures | 33,799,060 | 542,692 | 9,163,112 | 25,178,640 | 8,065,993 | 2,010,282 | 6,532,165 | 3,544,110 | 21,634,530 | 25,733,067 |
| Vehicles | 2,774,058 | 1,602,509 | — | 4,376,567 | 2,030,308 | 211,155 | — | 2,241,463 | 2,135,104 | 743,750 |
| Software | 7,366,452 | 8,262,327 | — | 15,628,779 | 28,679 | 1,918,446 | — | 1,947,125 | 13,681,654 | 7,337,773 |
| Capital Work In Progress | — | 33,323,818 | — | 33,323,818 | — | — | — | — | 33,323,818 | — |
| Total | 124,388,752 | 65,933,538 | 45,019,702 | 145,302,588 | 21,866,007 | 10,244,848 | 14,733,016 | 17,377,839 | 127,924,749 | 102,522,745 |
| Previous Year | 76,555,473 | 47,833,279 | — | 124,388,752 | 17,434,677 | 4,431,330 | — | 21,866,007 | 102,522,745 | 59,120,795 |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009.

| | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|------------------------------|------------------------------|
| Schedule 5 | | |
| INVESTMENTS (Long Term, at cost) | | |
| (A) Trade Investments in Subsidiary Companies (Unquoted) | | |
| Infinity .com Financial Securities Ltd. (1,85,00,000 fully paid Equity Shares (previous year 1,85,00,000) of Rs.10/- each) | 244,501,960 | 244,501,960 |
| Infinity.com Financial Securities Ltd. (6,00,000 fully paid Redeemable Preference shares (previous year 6,00,000) of Rs 100/- each) | 21,498,040 | 21,498,040 |
| Pioneer Commodity Intermediaries Pvt. Ltd. (10,00,000 fully paid Equity Shares (previous year 10,00,000) of Rs. 10/- each) | 10,000,000 | 10,000,000 |
| Pioneer Investment Advisory Services Ltd. (50,000 fully paid Equity Shares (previous year 50,000) of Rs. 10/- each) | 500,000 | 500,000 |
| Pioneer Money Management Ltd. (30,00,000 fully paid Equity Shares (previous year 30,00,000) of Rs. 10/- each) | 30,000,000 | 30,000,000 |
| Pioneer Wealth Management Services Ltd. (69,90,000 fully paid Equity Shares (previous year 6,00,000) of Rs. 10/- each) | 69,900,000 | 6,000,000 |
| # Pioneer Investcorp International Ltd. (incorporated in Dubai) (Nil fully paid Equity Shares (previous year 5,00,000) of USD 1 each) | — | 20,240,000 |
| PINC Fund Advisors LLC. (incorporated in Mauritius) (1,00,000 fully paid Equity Shares (previous year 1,00,000) of USD 1 each) | 3,939,730 | 3,939,730 |
| Pioneer Fundinvest Pvt. Ltd.(Formerly known as "Marine Drive Investments and Trading Company Pvt. Ltd.") (21,000 fully paid Equity Shares (previous year 21,000) of Rs. 100/- each) | 3,612,000 | 3,612,000 |
| Total (A) | 383,951,730 | 340,291,730 |
| # Company under voluntary winding up | | |
| (B) Trade Investments in Associate Companies (Unquoted) | | |
| Pioneer Insurance & Reinsurance Brokers Pvt Ltd. (2,50,000 fully paid Equity Shares (previous year 2,50,000) of Rs. 10/- each) | 2,500,000 | 2,500,000 |
| Total (B) | 2,500,000 | 2,500,000 |
| (C) Trade Investments in Other Companies | | |
| Quoted | | |
| Arihant Foundations & Housing Ltd. (2,645 fully paid Equity Shares (previous year 2,645) of Rs. 10/- each) (Mkt Value as on 31st March 2009 is Rs.1,42,169 (previous year Rs.8,09,106)) | 1,235,744 | 1,235,744 |
| Adani Enterprises Ltd. (Nil fully paid Equity Shares (previous year 3,00,000) of Rs. 1/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.180,150,000)) | — | 176,444,605 |
| Mundra Port & Special Economic Zone Ltd. (Nil fully paid Equity Shares (previous year 20,000) of Rs. 10/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.11,590,000)) | — | 24,114,073 |
| Mercator Lines Ltd. (Nil fully paid Equity Shares (previous year 300,000) of Rs. 1/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.23,790,000)) | — | 46,383,391 |
| Gujarat NRE Coke Ltd. (Nil fully paid Equity Shares (previous year 2,50,000) of Rs. 10/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.34,825,000)) | — | 32,209,903 |
| (Total Mkt Value as on 31st March 2009 is Rs 142,169 (previous year Rs.251,164,106)) | | |
| Unquoted | | |
| Bill Forge Pvt Ltd. (Nil fully paid Equity Shares (previous year 3,300) of Rs. 10/- each) | — | 5,049,000 |
| Sansera Engineering Pvt. Ltd (Nil fully paid Equity Shares (previous year 265) of Rs. 100/- each) | — | 20,537,500 |
| Total (C) | 1,235,744 | 305,974,215 |
| Total Investments (A + B + C) | 387,687,474 | 648,765,945 |

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2009.

| | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|------------------------------|------------------------------|
| Schedule 6 | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| Current Assets: | | |
| Closing Stock of Government Security Papers* (See note 4 & 22) (at lower of cost or market value) | 107,990,490 | 300,254,670 |
| *(Government Securities Papers are pledged with Punjab National Bank) | | |
| Sundry Debtors: ** | | |
| (Unsecured and considered good) | | |
| Outstanding for more than six months | 1,012,175 | 81,107,148 |
| Other Debts | <u>109,702,504</u> | <u>421,574,583</u> |
| | 110,714,679 | 502,681,731 |
| ** (Debtors includes Rs Nil (previous year Rs. 197,756,933) on account of sale of Investments) | | |
| Cash and Bank Balances : | | |
| Cash and Cheques on hand | 35,913 | 46,519 |
| Balances with Scheduled Banks: in Current Account | <u>85,143,085</u> | <u>3,410,956</u> |
| | 85,178,998 | 3,457,475 |
| Loans and Advances : | | |
| (Unsecured and considered good) | | |
| Advances recoverable in cash or in kind for value to be received | 119,202,002 | 37,714,180 |
| Security Deposits | 15,150,010 | 15,208,280 |
| Advance Tax | <u>84,259,822</u> | <u>113,207,161</u> |
| | 218,611,834 | 166,129,621 |
| | <u>522,496,001</u> | <u>972,523,497</u> |
| Schedule 7 | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| Current Liabilities: | | |
| Sundry Creditors (Due to other than micro & small enterprises) | 20,060,872 | 70,558,984 |
| Advance from Client | 5,000,000 | 50,000,000 |
| Other Liabilities | 1,649,048 | 8,180,263 |
| Mark to Market Margin Stock F&O Account | — | 1,585,529 |
| Dividend Payable | — | 17,489,750 |
| Dividend Distribution Tax Payable | — | 2,972,383 |
| Unclaimed Dividends | <u>708,809</u> | <u>497,363</u> |
| | 27,418,729 | 151,284,272 |
| Provisions: | | |
| Provision for Taxation | 66,003,461 | 167,348,000 |
| Provision for Gratuity | 3,548,449 | 3,318,198 |
| Provision for Leave encashment on retirement | 672,729 | 672,729 |
| Provision for Fringe Benefit Tax | <u>1,591,284</u> | <u>552,104</u> |
| | 71,815,923 | 171,891,031 |
| | <u>99,234,652</u> | <u>323,175,303</u> |

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | 1st April, 2008 to 31st March, 2009 (Rs.) | 1st April, 2007 to 31st March, 2008 (Rs.) |
|---|---|---|
| Schedule 8 | | |
| OTHER INCOME | | |
| Interest income (Tax deducted at source Rs.132,195 (previous year Rs. 136,348)) | 1,061,185 | 871,840 |
| Commission | 75,000 | 100,000 |
| Rent | 3,913,733 | 4,985,988 |
| Miscellaneous Income | 2,167,257 | 116,566 |
| Dividend received | 108,188,725 | 62,137 |
| Profit on sale of Fixed Assets | 20,590,156 | — |
| | <u>135,996,056</u> | <u>6,136,530</u> |
| Schedule 9 | | |
| EMPLOYMENT COST | | |
| Salaries and Bonus | 80,464,347 | 50,004,007 |
| Gratuity | 549,960 | 2,071,641 |
| Employees Stock Compensation Expense | 109,650 | 2,255,941 |
| Employer's Contribution to Provident Fund | 1,553,488 | 1,056,790 |
| Staff Welfare | 1,147,054 | 310,092 |
| | <u>83,824,499</u> | <u>55,698,471</u> |
| Schedule 10 | | |
| ADMINISTRATION AND OTHER EXPENSES | | |
| Rent | 20,179,585 | 14,812,023 |
| Rates and Taxes | 1,144,103 | 335,702 |
| Power and Fuel | 2,384,768 | 1,545,060 |
| Insurance | 420,613 | 65,264 |
| Postage, Telex and Telephones | 3,451,622 | 1,669,715 |
| Printing and Stationery | 498,667 | 814,844 |
| Directors' Sitting Fees | 330,000 | 600,000 |
| Travelling and Conveyance | 8,584,476 | 3,049,671 |
| Motor Car Expenses | 5,103,899 | 2,820,562 |
| Advertisement | 192,177 | 3,278,695 |
| Legal and Professional Charges | 7,038,966 | 8,612,983 |
| Share Transfer Registrar's Fees | 75,000 | 75,000 |
| Securities Transaction Tax | 1,143,098 | 1,689,662 |
| Auditors' Remuneration: | | |
| Audit Fees | 325,000 | 325,000 |
| Tax Audit Fees | 50,000 | 50,000 |
| Certification work | 90,000 | 60,000 |
| | <u>465,000</u> | <u>460,000</u> |
| Miscellaneous Expenses | 13,336,823 | 11,679,434 |
| | <u>64,348,797</u> | <u>51,508,614</u> |

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

Schedule 11

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

The Company maintains its accounts on accrual basis, following the historical cost convention in compliance with the Accounting Standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956.

2. Fixed Assets

- a) Capitalised at acquisition cost including directly attributable costs such as freight, insurance and specific installation charges for bringing the assets to the working condition for use.
- b) Intangible assets are stated at cost, net of tax / duty availed, less accumulated amortization / impairment losses, if any. Cost includes original cost of acquisition, including incidental expenses related to such acquisition.

3. Depreciation on Fixed Assets

- a) Depreciation is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956;
- b) Depreciation on assets acquired and sold during the year/ period, has been charged pro-rata from / upto the month of acquisition/sale of the assets.
- c) Intangible assets such as softwares, leasehold office premises etc are amortised over a period of Five (5) years.

4. Inventories

All Shares and Securities are valued at Cost or market value, whichever is lower, in accordance with the Accounting Standard 2, "Inventory Valuations" issued by ICAI.

5. Investments

All Investments are stated at cost and provision for diminution in value, of permanent nature, if any, of Investments is charged to the Profit and Loss account.

6. Revenue Recognition

- a) Merchant Banking/Syndication/Advisory Fees are recognised on accrual basis.
- b) Income from Securities/Investments is recognized on accrual basis.

7. a) Future Contracts

Initial margin payment paid at the time of inception of the contract is shown under the head "Current Assets".

All the future contracts are marked to market on daily basis. The amount of marked to market margin received / paid into/from such accounts, are debited or credited to marked to market margin Index / Stock Future Account and appear as separate item as "Current Asset" or "Current Liability" as the case may be.

At the year end, appropriate provisions are created by debit to Profit & Loss Account for anticipated loss. Anticipated profit at the year end is ignored.

At the time of final settlement, the difference between the contract price and the settlement price is calculated and recognized in the Profit & Loss Account after adjusting provision created for anticipated loss, if any.

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.**b) Option Contracts**

At the inception of the contract, premium paid is debited to Index Option Premium Account or Stock Option Premium Account, as the case may be. On receiving the premium at the time of sale, the Index Option Premium Account or Stock Option Premium Account is credited and shown separately under the head "Current Assets" or "Current Liabilities" as the case may be.

All the Open Option Contracts are marked to market on daily basis in the similar manner as in the case of Future Contracts. If the Contracts are Open as on the Balance Sheet date, appropriate provision is made in the books of accounts by crediting / debiting the Profit & Loss Account.

At the time of Balance Sheet date, if the premium prevailing in the market for a contract of similar nature is lower than the premium so paid, then provision is made for the difference in the Profit & Loss Account.

If the premium received is lower than the premium prevailing in the market for contract of similar nature, appropriate provision for loss will be made by debiting Profit & Loss Account and crediting provision for loss on Index/Stock Option Account appearing under the head Current Liability.

At the time of settlement or at the time of squaring-up, premium is recognized either as expense or income as the case may be.

8. Borrowing Cost

Borrowing Cost that are attributable to acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. Such expenses are shown under Capital Work in Progress to be allocated to the relevant items of assets on such assets. Such expenses are shown under Capital Work in Progress to be allocated to the relevant items of assets on such assets being put to use.

A qualifying asset is an asset that takes substantial period of time to get ready for the intended use.

Borrowing Cost other than those incurred for qualifying asset is expensed out in the year in which it is incurred.

9. Employee Stock Option Plan

The accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employees Stock Option Scheme" of the Company, is amortised as "Deferred Employees compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

10. Foreign Currency Transactions

Foreign Currency Transactions are accounted for at the rates prevailing on the dates of the transactions. Foreign Currency Assets & Liabilities are converted at contracted rates / year end rates as applicable, the exchange differences on settlement are adjusted to the Profit and Loss Account.

11. Retirement Benefits**a) Defined Contribution Plan**

Company's contribution paid/payable during the year to provident fund, are charged to Profit & Loss Account. There are no other obligations other than the contribution payable to the respective trusts.

b) Defined Benefit Plan

Company's liability towards gratuity are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

discounted rate that is determined by the reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

12. Miscellaneous Expenditure

Preliminary Expenses, Development Expenditure, Share Issue Expenses in connection with Public Issue of Equity Shares by the Company and Rights Issue Expenses are written off over a period of 5 years.

13. Contingencies and Events occurring after the Balance Sheet Date

Accounting for contingencies (gains & losses) arising out of contractual obligations are made only on the basis of mutual acceptances. Events occurring after the date of Balance Sheet, where material, are considered upto the date of adoption of accounts.

14. Taxation

The current charge for taxes including Fringe Benefit Tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing difference that result between the profit offered for Income tax and the profit as per the financial statement. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or subsequently enacted by the Balance Sheet date & are reviewed for appropriateness of their respective carrying values at each balance sheet date.

15. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired.

If such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount

The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account.

If at the Balance Sheet date there is an indication that if a previously assessed impaired loss no longer exists, the reassessed asset is reflected at the recoverable amount, subject to a maximum of depreciated historical cost.

B. NOTES TO ACCOUNTS

16. During the previous year, the Company had issued 33,00,000 warrants to the promoter of the Company on a preferential basis pursuant to Chapter XIII of SEBI (DIP) Guidelines. Each warrant was convertible into one equity share of the Company at a conversion / exercise price of Rs.115 per resultant equity share, at any time before the expiry of 18 months from the date of allotment of the warrant.

The promoter have not exercised this option within the prescribed date to the extent of 28,65,000 warrants and consequently, such warrants stand lapsed. Accordingly, the initial application money of Rs.3,29,47,500 received on such warrants (being 10% of exercise price of Rs.115 per warrant) stands forfeited to the company as per the terms of issue and has been transferred to capital reserve.

17. Disclosure as per the clause 32 of the Listing Agreement.

Loans and Advances in the nature of advances given to Subsidiaries are given below. The previous year figures are shown in brackets.

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

| Name of the Company | Amount outstanding as on 31st March, 2009 (Rs.) | Maximum balance outstanding during the year (Rs.) | Investment in shares of the company No. of Shares |
|---|---|---|---|
| Pioneer Wealth Management Services Ltd. | 74915 (85220) | 59097050 (85220) | 6990000 (600000) |
| Pioneer Money Management Ltd. | Nil (1381965) | 1384215 (5031665) | 3000000 (3000000) |
| Pioneer Investment Advisory Services Ltd. | 80000 (72685) | 84535 (72685) | 50000 (50000) |
| Pioneer Investcorp International Limited | Nil (Nil) | 154916 (1413751) | Nil (500000) |
| PINC Fund Advisors LLC | 2580059 (40738) | 2580059 (3980468) | 100000 (100000) |
| Infinity.com Financial Securities Ltd. | 100168466 (Nil) | 100168466 (3505810) | 18500000 (18500000) |

18. The Company, under its various ESOP Schemes, has granted in aggregate 25,06,500 options, as on 31st March, 2009 (previous year 25,06,500).

Employee Stock option Reserve outstanding at the beginning of the year amounting to Rs.75,96,382 (previous year 94,50,000) was reduced proportionately by Rs.66,150 (previous year 16,49,025) on account of Share issued on the exercise of stock options and by Rs.28,56,262 (previous year 2,04,593) on account of stock options forfeited/lapsed during the year.

The details of outstanding options are as under:

| Particulars | Year Ended 31/03/2009 | | Year Ended 31/03/2008 | |
|---|-----------------------|-----------|-----------------------|-----------|
| | ESOP 2007 | ESOP 2006 | ESOP 2007 | ESOP 2006 |
| Options in force at the beginning of the year | 1485500 | 803850 | Nil | 1000000 |
| Add: Options granted during the year | Nil | Nil | 1506500 | Nil |
| Less: Options forfeited/lapsed | 374000 | 302250 | 21000 | 21650 |
| Less: Options Exercised during the year | Nil | 7000 | Nil | 174500 |
| Options in force at the end of the year | 1111500 | 494600 | 1485500 | 803850 |
| Vested Options outstanding-opening | 368700 | Nil | 200000 | Nil |
| Add: Options vested during the year | 519925 | 386800 | Nil | 350000 |
| Less: Options Exercised during the year | Nil | 7000 | Nil | 174500 |
| Less: Vested Options Lapsed | 130900 | 285250 | Nil | 6800 |
| Vested Options outstanding-closing | 389025 | 463250 | Nil | 368700 |

19. In the accounts ended 31st March, 2008, Rs.1774.24 Lacs was included as income under Income from Operations. The said income was not fructified and/or materialized due to the cancellation of a certain transaction between the concerned parties, consequent to which the same is reversed in the accounts during the year and shown under the head Prior Period Item amounting to Rs.1155.29 Lacs (net of tax expenses of Rs 618.95 Lacs).

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

| | Year Ended 31/03/2009 (Rs.) | Year Ended 31/03/2008 (Rs.) |
|--|-----------------------------------|-----------------------------------|
| 20. Contingent Liabilities on account of: Counter guarantees given to banks | — | 10,000,000 |

| | Year Ended 31/03/2009 (Rs.) | Year Ended 31/03/2008 (Rs.) |
|---------------------------------------|-----------------------------------|-----------------------------------|
| 21. Income Earned in Foreign Currency | | |
| Fee Income | — | 25,038,894 |
| Other Income# | 109,717,169 | — |
| Expenses Incurred in Foreign Currency | | |
| Traveling Expenses | 261,317 | 180,563 |

Other Income includes dividend received from subsidiary of Rs. 107,605,500

| | Year Ended 31/03/2009 (Rs.) | Year Ended 31/03/2008 (Rs.) |
|--|-----------------------------------|-----------------------------------|
| 22. Details of Government Securities transactions during the year, are as follows: | | |
| Sale of Securities | 8,722,447,366 | 9,104,682,091 |
| Add: Closing Stock at Market Value | 107,990,490 | 300,254,670 |
| Less: Purchase of Securities | 8,504,380,244 | 9,143,903,250 |
| Less: Opening Stock | 300,254,670 | 221,067,487 |
| Profit from trading in Government Securities | 25,802,942 | 39,966,024 |

23. Details of Open Interest in Equity / Index Future Contracts

| Nature of Contract | 31.03.2009 | | | 31.03.2008 | | |
|--------------------|-----------------|---------------|-------|-----------------|---------------|-------|
| | No of Contracts | No. of Shares | | No of Contracts | No. of Shares | |
| | | Long | Short | | Long | Short |
| Equity | Nil | Nil | Nil | 586 | 610200 | Nil |

| | Year Ended 31/03/2009 (Rs.) | Year Ended 31/03/2008 (Rs.) |
|---------------------------------------|-----------------------------------|-----------------------------------|
| 24. Managing Director's Remuneration: | | |
| a) Salaries | — | 210,000 |
| b) Perquisites | — | 156,085 |
| c) Commission | — | 1,672,689 |
| Total | — | 2,038,774 |

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

| | Year Ended 31/03/2009 | Year Ended 31/03/2008 |
|--|----------------------------------|--------------------------|
| 25. Earning per Share | | |
| Profit/(Loss) after tax before prior period item as per Profit & Loss Account (Rs.) (A) | (8,203,727) | 297,092,494 |
| Profit/(Loss) after tax as per Profit & Loss Account (Rs.) (B) | <u>(123,732,842)</u> | <u>297,092,494</u> |
| Weighted Average Number of Equity Share used in Computing Basic earnings per Share (C) | 11,690,710 | 10,228,212 |
| Add: Potential Equity Shares on account of ESOP, Equity shares issued on mergers etc. | Nil | 1,093,333 |
| Weighted Average Number of Equity Share used in Computing Diluted earnings per Share (D) | <u>11,690,710</u> | <u>11,321,545</u> |
| I Earning Per Share (Rs.) Basic - (A/C) | (0.70) | 29.05 |
| (Rs.) Diluted - (A/D) | (0.70) | 26.24 |
| II Earning Per Share (Rs.) Basic - (B/C) | (10.58) | 29.05 |
| (Rs.) Diluted - (B/D) | (10.58) | 26.24 |

26. Related Party Disclosures**Category I : Key Management Personnel**

- 1) Mr. M. M. Gandhi - Managing Director (up to 30.9.2007)
- 2) Mr. G. M. Gandhi - Managing Director

Category - II - Subsidiary Companies

- 1) Infinity.com Financial Securities Ltd.
- 2) Pioneer Commodity Intermediaries Pvt.Ltd.
- 3) Pioneer Money Management Ltd.
- 4) Pioneer Investment Advisory Services Ltd.
- 5) Pioneer Wealth Management Services Ltd.
- 6) PINC Fund Advisors LLC (incorporated in Mauritius)
- 7) Pioneer Fund Invest Pvt. Ltd.
(formerly known as Marine Drive Investments and Trading Company Pvt. Ltd)

Category - III - Other related Companies/Companies under same group

- 1) Pioneer Intermediaries Pvt. Ltd.
- 2) Pioneer Insurance & Reinsurance Brokers Pvt. Ltd.
- 3) Sharp Point Motors & Automobiles Pvt. Ltd.

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

- 4) Symbyosys Integrated Solutions Pvt. Ltd.
- 5) Pioneer Fund Advisors Pvt. Ltd.
- 6) Siddhi Portfolio Services Pvt. Ltd.
- 7) Benefit Realty Pvt. Ltd.
- 8) Sonal Denim & Processors Pvt. Ltd.
- 9) L.Gordhandas & Co. Clearing Agent Pvt. Ltd.

Details of related party transaction carried out during the year ended 31st March, 2009

| Nature of Transactions ((Received)/Paid) | (Amount in Rs.) | |
|--|-----------------|---------------|
| | 2008-2009 | 2007-2008 |
| Details of transactions with key management personnels (referred as category-I) | | |
| Managerial Remuneration | Nil | 2,038,774 |
| Share Capital | (3,700,000) | (650,000) |
| Share Premium | (38,850,000) | (6,825,000) |
| Share Warrant Application Money | Nil | (132,450,000) |
| Details of transactions with subsidiary companies (referred as category-II) | | |
| Purchase of Investments | 63,900,000 | 3,612,000 |
| Sale of Investments | (58,574,915) | Nil |
| Loans & Advances | 102,828,525 | 1,580,608 |
| Brokerage on Purchase/Sale of Securities | Nil | 327 |
| Details of transactions with other companies (referred as category-III) | | |
| Commission on account of Bank Guarantees | (75,000) | (100,000) |
| Repairs of Motor Cars | 165,861 | 104,296 |

27. The Company has made provision for following benefit plans as per Accounting Standard 15 (Revised 2005) " Employee Benefits".

| I Assumptions | Gratuity (In Rs.) | |
|---|-----------------------------------|-----------------------------------|
| | Valuation Date 31st March 2009 | Valuation Date 31st March 2008 |
| Mortality | LIC (1994-96) Ult | LIC (1994-96) Ult |
| Discount Rate | 8.00% | 8.00% |
| Rate of Increase in Compensation | 7.00% | 7.00% |
| Rate of Return (Expected) on plan assets Withdrawal Rates | 5.00% | 5.00% |

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

| | | |
|---|-------------|-------------|
| II Change in present Value of Obligations | | |
| PVO at beginning of period | 3,318,198 | 392,366 |
| Interest Cost | 252,667 | 31,389 |
| Current Service Cost | 1,070,778 | 1,439,653 |
| Benefits Paid | (319,709) | — |
| Actuarial gain/(loss) on obligation | (773,485) | 1,454,790 |
| PVO at end of period | 3,548,449 | 3,318,198 |
| III Changes in Fair value of plan Assets | | |
| Fair Value of plan assets at beginning of Period | — | — |
| Expected return on plan assets | — | — |
| Contributions | 319,709 | — |
| Benefits Paid | (319,709) | — |
| Actuarial gain/(loss) on plan assets | — | — |
| Fair Value of plan assets at end of Period | — | — |
| IV Fair Value of plan Assets | | |
| Fair Value of plan assets at beginning of Period | — | — |
| Actual return on plan assets | — | — |
| Contributions | 319,709 | — |
| Benefits Paid | (319,709) | — |
| Fair Value of plan assets at end of Period | — | — |
| Funded Status | (3,548,449) | (3,318,198) |
| Excess of Actual Over Estimated return On plan Assets | — | — |
| V Actuarial Gain/(Loss) Recognized | | |
| Actual Gain/(Loss) for the period (Obligation) | 773,485 | (1,454,790) |
| Actual Gain/(Loss) for the period (Plan Assets) | — | — |
| Total Gain/(Loss) for the period | 773,485 | (1,454,790) |
| Actuarial Gain/(Loss) Recognized for the period | 773,485 | (1,454,790) |
| Unrecognized Actuarial Gain/(Loss) at end of period | — | — |
| VI Amount to be recognized in the balance sheet and statement of profit & loss Account | | |
| PVO at end of period | 3,548,449 | 3,318,198 |
| Fair Value of plan assets at end of Period | — | — |
| Funded Status | (3,548,449) | (3,318,198) |
| Unrecognized Actuarial Gain/(Loss) | — | — |
| Net Asset/ Liability Recognized in the Balance Sheet | (3,548,449) | (3,318,198) |
| VII Expenses Recognized in the Statement of Profit & Loss A/c | | |
| Current Service Cost | 1,070,778 | 1,439,653 |
| Interest Cost | 252,667 | 31,389 |
| Expected Return on Plan Assets | — | — |
| Net Actuarial Gain/(Loss) Recognized For the period | (773,485) | 1,454,790 |
| Expense Recognized in the statement of Profit & Loss A/c | 549,960 | 2,925,832 |
| VIII Movements in the Liability Recognized in Balance Sheet | | |
| Opening Net Liability | 3,318,198 | 392,366 |
| Expenses as Above | 549,960 | 2,925,832 |
| Contribution Paid | (319,709) | — |
| Closing Net Liability | 3,548,449 | 3,318,198 |

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

28. Disclosure of Business Segment in accordance with AS-17 "Segment Reporting" issued by ICAI.

| | Fee Income | Income From Securities | Total As on 31.3.2009 |
|--|--------------------|------------------------|-----------------------|
| | (Rs.) | (Rs.) | (Rs.) |
| Segment Revenue | 130,564,895 | (48,082,637) | 82,482,258 |
| | <i>476,845,657</i> | <i>102,801,053</i> | <i>579,646,710</i> |
| Add: Unallocated Revenue | — | — | 135,996,056 |
| | — | — | <i>5,497,554</i> |
| Total Revenue | 130,564,895 | (48,082,637) | 218,478,314 |
| | <i>476,845,657</i> | <i>102,801,053</i> | <i>585,144,264</i> |
| Segment Result before Tax | 33,758,101 | (114,714,632) | (80,956,531) |
| | <i>387,140,200</i> | <i>42,045,240</i> | <i>429,185,440</i> |
| Add: Unallocated Income/(Expenses)(net) | — | — | 85,712,466 |
| | — | — | <i>(4,231,832)</i> |
| Profit before Tax | — | — | 4,755,935 |
| | — | — | <i>424,953,608</i> |
| Interest and Finance Charges | — | — | — |
| | — | — | — |
| Provision for Tax | — | — | (9,934,934) |
| | — | — | <i>(127,550,615)</i> |
| Prior Period Adjustment | — | — | (115,529,115) |
| | — | — | — |
| Provision for Tax for earlier years | — | — | (3,024,728) |
| | — | — | <i>(310,499)</i> |
| Net Profit | — | — | (123,732,843) |
| | — | — | <i>297,092,494</i> |
| Segment Assets | 366,391,440 | 502,277,964 | 868,669,404 |
| | <i>428,742,461</i> | <i>1,151,377,548</i> | <i>1,580,120,009</i> |
| Add:Unallocated Assets | — | — | 169,438,820 |
| | — | — | <i>143,692,178</i> |
| Total Assets | — | — | 1,038,108,224 |
| | — | — | <i>1,723,812,186</i> |
| Segment Liabilities | 94,248,675 | 89,204,431 | 183,453,106 |
| | <i>186,651,355</i> | <i>505,732,509</i> | <i>692,383,864</i> |
| Add:Unallocated Liabilities | — | — | 83,716,618 |
| | — | — | <i>175,315,981</i> |
| Total liabilities | — | — | 267,169,724 |
| | — | — | <i>867,699,845</i> |
| Capital Expenditure | 65,933,538 | — | 65,933,538 |
| | <i>47,833,279</i> | — | <i>47,833,279</i> |
| Depreciation | 10,244,848 | — | 10,244,848 |
| | <i>3,878,045</i> | — | <i>3,878,045</i> |
| Unallocated Depreciation | — | — | — |
| | — | — | <i>553,285</i> |
| Total Depreciation | 10,244,848 | — | 10,244,848 |
| | — | — | <i>4,431,330</i> |

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

Notes:

- 1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organization structure as well as the differential risks and returns of these segments.
- 2) The Company has disclosed business segments as the primary segment.
- 3) Since the Company provides services in the same economic environment, there are no geographic segments.
- 4) Figures in *Italics* are previous year figures.

29. In accordance with the Accounting Standard 22 "Accounting for taxes on income" (AS 22) issued by the ICAI, the Company has accounted for deferred taxes during the year. Following are the major components of deferred tax (assets)/liabilities

| | | Year Ended 31/03/2009 (Rs.) | Year Ended 31/03/2008 (Rs.) |
|---------------------------------------|---------|--|-----------------------------------|
| Deferred Tax Liability | | | |
| On account of Depreciation difference | (1) | 12,776,676 | 5,452,657 |
| Deferred Tax Asset | | | |
| On account of 43B disallowances | (2) | 1,584,790 | 1,506,526 |
| Net Deferred Tax Liability/(Asset) | (1 - 2) | 11,191,886 | 3,946,131 |

30. Provision for Income Tax and Fringe Benefit Tax has been made in the accounts as per the provisions of the Income Tax Act, 1961.
31. There are no dues outstanding to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act.
32. In the opinion of the Board of Directors and to the best of their knowledge adequate provisions has been made in the accounts for all known liabilities and the current assets, loans and advances have a value on realization in the ordinary course of business.
33. The figures of the previous year are regrouped or reclassified, wherever necessary, to make them comparable with the figures of current year.

SCHEDULES TO ACCOUNTS: 31ST MARCH, 2009.

34. Additional Information pursuant to Provisions of Part IV of Schedule VI of the Companies Act, 1956.

I. Registration Details

| | | |
|--------------------|---|-----------------------|
| CIN | : | L65990MH1984PLC031909 |
| Registration No. | : | 31909 |
| State Code | : | 11 |
| Balance Sheet Date | : | 31st March, 2009 |

Rs. in Thousands

II. Capital Raised during the year

| | | |
|-------------------|---|---|
| Public Issue | : | — |
| Rights Issue | : | — |
| Bonus Issue | : | — |
| Private Placement | : | — |

III. Position of Mobilisation and Deployment of Funds

| | | |
|-------------------|---|---------|
| Total Liabilities | : | 938,874 |
| Total Assets | : | 938,874 |

Sources of funds

| | | |
|---------------------------------|---|---------|
| Paid up Capital | : | 126,276 |
| Reserves & Surplus | : | 550,162 |
| Share Warrant Application Money | : | 94,500 |
| Secured Loans | : | 156,743 |
| Unsecured Loans | : | — |
| Deferred Tax Liability | : | 11,192 |

Application of Funds

| | | |
|---------------------------|---|---------|
| Net Fixed Assets | : | 127,925 |
| Investments | : | 387,687 |
| Net Current Assets | : | 423,261 |
| Miscellaneous Expenditure | : | — |
| Deferred Tax Asset | : | — |

IV. Performance of the Company

| | | |
|--------------------------|---|-----------|
| Total Income | : | 218,478 |
| Total Expenditure | : | 213,722 |
| Profit Before Tax | : | 4,756 |
| Profit/(Loss) After Tax | : | (123,733) |
| Earnings Per Share (Rs.) | : | (10.58) |
| Dividend Rate (%) | : | — |

V. Generic Names of Principal Products/Services of the Company (as per monetary terms)

| | | |
|---------------------|---|--|
| Item Code No. | : | Not Applicable |
| Product Description | : | Merchant Banking and those related to securities market |

Signature to Schedule 1 to 11
For Jayesh Dadia & Associates
Chartered Accountants

G.M.Gandhi
Managing Director

C.C.Dalal
Director

Nishit Dave
Partner
M. No. : 120073
Mumbai, 30th June, 2009

A.B.Desai
Director

A.J.Chandra
Company Secretary

Mumbai, 30th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | 2008 - 2009 (Rs.) | 2007 - 2008 (Rs.) |
|---|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax and Extraordinary Items | 4,755,935 | 424,953,608 |
| Adjustment for : | | |
| Depreciation & Obsolescence | 10,244,848 | 4,431,330 |
| Prior Period item | (115,529,115) | — |
| Employee Stock Compensation Expense | 109,650 | 2,255,941 |
| Profit on Sale of Investments | (77,125,546) | (141,190,958) |
| Profit on Sale of Fixed Assets | (20,590,156) | — |
| Interest / Dividend | (109,249,910) | (933,977) |
| | (312,140,229) | (135,437,663) |
| Operating Profit before working capital changes | (307,384,294) | 289,515,945 |
| Adjustment for : | | |
| Trade and other receivables | 502,801,681 | (514,299,289) |
| Trade and other payables | (226,629,831) | 115,794,669 |
| | 276,171,850 | (398,504,619) |
| Direct taxes paid | 25,922,611 | (101,511,313) |
| Net cash from Operating Activities | (5,289,833) | (210,499,987) |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchase of Fixed Assets | (65,933,538) | (47,833,279) |
| Sale of Fixed Assets | 50,876,842 | — |
| Sale of Investment | 417,104,018 | 567,166,513 |
| Purchase of Investment | (78,900,000) | (892,759,256) |
| Interest/Dividend received | 109,249,910 | 933,977 |
| Net Cash used in Investing Activities | 432,397,232 | (372,492,046) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Car loans taken | 800,248 | (235,696) |
| Term loans repaid | 30,307,076 | (7,539,886) |
| Cash Credit taken | (195,088,797) | 62,126,732 |
| Term loans taken | — | 20,879,431 |
| Loans taken from Financial Institutions | (219,853,752) | 219,853,752 |
| Dividend | — | (17,489,750) |
| Dividend Distribution Tax | — | (2,972,383) |
| Share Warrant Application Money | (37,202,500) | 127,502,500 |
| Capital reserve | 32,947,500 | — |
| Capital reserve (Amalgamation) | — | 119,483,021 |
| Share Premium | 39,000,500 | 32,576,750 |
| Employee Stock Option Reserve Reversal on issue | (66,150) | (1,649,025) |
| Share Capital Suspense Account | (10,863,330) | 10,863,330 |
| Share Capital Issued | 14,633,330 | 22,395,000 |
| Net Cash used in Financing Activities | (345,385,875) | 585,793,776 |
| Net Increase in cash and cash equivalents | 81,721,523 | 2,801,743 |
| Cash and cash equivalents at beginning of the year | 3,457,474 | 655,731 |
| Cash and cash equivalents at end of the year | 85,178,998 | 3,457,474 |

G.M.Gandhi
Managing DirectorC.C.Dalal
DirectorA.B.Desai
DirectorA.J.Chandra
Company SecretaryMumbai, 30th June, 2009**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Pioneer Investcorp Limited for the year ended 31st March, 2009. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreements of the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss account and the Balance Sheet of the Company covered by our report of even date to the members of the Company.

For JAYESH DADIA & ASSOCIATES

Chartered Accountants

Nishit Dave

Partner

M. No.: 120073

Mumbai, 30th June, 2009

DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 (8) OF THE COMPANIES ACT, 1956.

| Particulars | Infinity.com Financial Securities Limited | | Pioneer Wealth Management Services Limited | | Pioneer Money Management Limited | | Pioneer Investment Advisory Services Limited | | Pioneer Commodity Intermediaries Pvt. Limited | | PINC Fund Advisors LLC (Mauritius) | | Pioneer Fundinvest Pvt. Limited | |
|-------------------------------|---|-------------|--|-----------|----------------------------------|------------|--|-----------|---|-------------|------------------------------------|-------------|---------------------------------|-----------|
| | 2008-2009 | 2007-2008 | 2008-2009 | 2007-2008 | 2008-2009 | 2007-2008 | 2008-2009 | 2007-2008 | 2008-2009 | 2007-2008 | 2008-2009 | 2007-2008 | 2008-2009 | 2007-2008 |
| Share Capital | 245,000,000 | 245,000,000 | 69,900,000 | 6,000,000 | 30,000,000 | 30,000,000 | 500,000 | 500,000 | 10,000,000 | 10,000,000 | 3,939,730 | 3,939,730 | 2,100,000 | 2,100,000 |
| Reserves & Surplus | 89,583,984 | 88,935,887 | (429,746) | (418,498) | (234,907) | (184,752) | (46,534) | (33,739) | (2,056,820) | (2,461,392) | (2,550,854) | (2,792,805) | 580,379 | 499,443 |
| Total Assets | 592,058,098 | 713,636,896 | 69,706,494 | 5,792,238 | 29,803,171 | 31,222,497 | 571,544 | 564,230 | 7,958,129 | 7,571,556 | 4,088,680 | 1,256,491 | 2,747,816 | 2,611,279 |
| Total Liabilities | 257,474,114 | 379,701,010 | 236,239 | 210,736 | 38,078 | 1,407,249 | 118,078 | 97,969 | 14,949 | 32,948 | 3,298,108 | 109,566 | 67,437 | 11,836 |
| Investments | — | — | 58,574,915 | — | — | — | — | — | — | — | 40 | 40 | — | — |
| Revenue | 233,024,899 | 223,897,359 | 624,089 | 238,536 | 42,737 | 29,793 | 42,737 | 29,793 | 101,008 | 47,699 | — | — | 182,275 | — |
| Profit/(Loss) before Taxation | 4,083,052 | 70,418,110 | (64,867) | (196,360) | (87,155) | (126,426) | 205 | (13,553) | (244,239) | (419,962) | (603,329) | (2,869,290) | 135,936 | (83,315) |
| Provision for Taxation | 3,434,955 | 8,689,438 | (53,619) | 114,280 | 13,000 | 14,048 | 13,000 | 14,048 | (648,811) | (1,706) | — | — | 55,000 | — |
| Profit/(Loss) After Tax | 648,097 | 61,728,672 | (11,248) | (310,640) | (50,155) | (140,474) | (12,795) | (27,601) | 404,572 | (418,256) | (603,329) | (2,869,290) | 80,936 | (83,315) |

Note: i) The annual accounts of the above Subsidiary Companies are open for inspection for any investor at the Company's Registered Office of the respective Subsidiary Companies.
ii) Pioneer Investcorp International Limited (Dubai), has been referred for voluntary winding up, hence not included in the above statement.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

| 1 | Name of the Subsidiary | Infinity.com Financial Securities Limited | Pioneer Wealth Management Services Limited | Pioneer Money Management Limited | Pioneer Investment Advisory Services Limited | Pioneer Commodity Intermediaries Pvt. Limited | PINC Fund Advisors LLC | Pioneer Fundinvest Pvt. Limited |
|---|---|---|---|---|--|---|--|---|
| 2 | Financial Year of the Subsidiary ended on | 31.03.2009 | 31.03.2009 | 31.03.2009 | 31.03.2009 | 31.03.2009 | 31.03.2009 | 31.03.2009 |
| 3 | Date from which they became Subsidiary Companies | 31.3.2007 | 25.04.2006 | 25.04.2006 | 08.05.2006 | 21.11.2006 | 25.05.2007 | 31.03.2008 |
| 4 | Holding Company's interest No. of Equity Shares | 18,500,000 Equity shares of face value of Rs.10 each fully paid up and 6,00,000 Redeemable Preference shares of face value of Rs.100 each fully paid up | 6,990,000 Equity shares of face value of Rs.10 each fully paid up | 3,000,000 Equity shares of face value of Rs.10 each fully paid up | 50,000 Equity shares of face value of Rs.10 each fully paid up | 1,000,000 Equity shares of face value of Rs.10 each fully paid up | 100,000 Ordinary shares of face value of USD1 each fully paid up | 21,000 Equity shares of face value of Rs.100 each fully paid up |
| | - Extent of Holding | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| 5 | The net aggregate amount of subsidiary's Profits/ (Losses) so far as it concerns the members of the Holding Company | | | | | | | |

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

| 1 | Name of the Subsidiary | Infinity.com Financial Securities Limited | Pioneer Wealth Management Services Limited | Pioneer Money Management Limited | Pioneer Investment Advisory Services Limited | Pioneer Commodity Intermediaries Pvt. Limited | PINC Fund Advisors LLC | Pioneer Fundinvest Pvt. Limited |
|-----|--|--|--|---|--|--|---------------------------------|---------------------------------------|
| (a) | Not dealt with in the Holding Company's Accounts | | | | | | | |
| i) | For the Financial Year ended 31.03.09 | Rs. 648,097 | Rs. (11,248) | Rs. (50,155) | Rs. (12,795) | Rs. 404,572 | Rs. (603,329) | Rs. 80,936 |
| ii) | For the Financial Year ended 31.03.08 | Rs. 61,728,672 | Rs. (310,640) | Rs. (140,474) | Rs. (27,601) | Rs. (418,256) | Rs. (2,869,290) | Rs. (83,315) |
| (b) | Dealt with in the Holding Company's Accounts | | | | | | | |
| i) | For the Financial Year ended 31.03.09 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| ii) | For the Financial Year ended 31.03.08 | Nil | Nil | Nil | Nil | Nil | N.A | N.A |

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED AUDITORS' REPORT

TO,
THE BOARD OF DIRECTORS OF
PIONEER INVESTCORP LIMITED

1. We have audited the attached Consolidated Balance Sheet of PIONEER INVESTCORP LIMITED as at 31st March, 2009 and also Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Pioneer Investcorp Limited's ("the Company") management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In respect of financial statements of PINC Fund Advisors LLC (incorporated in Mauritius), we did not carry out the audit. These financial statements have been audited/reviewed by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of these subsidiary is based solely on the reports of other auditors. The financial statements of the said subsidiary reflect total assets of Rs.40,88,680 as at 31st March 2009 and total revenues of Rs.Nil for the year ended 31st March 2009.
4. We report that the consolidated financial statements have been prepared by Pioneer Investcorp Limited's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
 - (l) Based on our audit and on the other financial information of the components and to the best of our information and according to the explanations given to us, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In case of the Consolidated Balance Sheet, of the state of affairs of the company as at 31st March, 2009; and
 - (b) In case of the Consolidated Profit and Loss account, of the loss for the year ended on that date; and
 - (c) In case of the Consolidated Cash Flow statement, of the cash flow for the year ended on that date.

For **Jayesh Dadia & Associates,**
Chartered Accountants.

Nishit Dave
Partner
M.No.: 120073
Mumbai, 30th June, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009.

| SOURCES OF FUNDS | Schedule No. | (Rs.) | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|-----------------|----------------------|------------------------------|------------------------------|
| Share Capital | 1 | 126,276,222 | | 111,642,892 |
| Share Capital Suspense Account | | — | | 10,863,330 |
| Application Money Received for Share Warrants | | 94,500,000 | | 131,702,500 |
| Reserves and Surplus | 2 | <u>612,495,766</u> | | <u>762,999,215</u> |
| | | | 833,271,988 | 1,017,207,937 |
| Secured Loans | 3 | | 159,810,946 | 542,240,147 |
| Deferred Tax Liability | | | <u>7,769,581</u> | <u>1,077,921</u> |
| | | | <u>1,000,852,515</u> | <u>1,560,526,005</u> |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets: | 4 | | | |
| Gross Block | | 156,384,575 | | 131,880,853 |
| Less: Depreciation | | <u>21,915,193</u> | | <u>24,636,266</u> |
| Net Block | | | 134,469,382 | 107,244,587 |
| Investments | 5 | | 62,310,699 | 308,474,255 |
| Current Assets, Loans and Advances : | 6 | | | |
| Closing Stock | | 107,990,490 | | 300,254,670 |
| Sundry Debtors | | 249,016,920 | | 638,654,502 |
| Cash and Bank Balances | | 303,929,594 | | 468,650,566 |
| Loans and Advances | | 391,799,266 | | 438,701,756 |
| | | <u>1,052,736,270</u> | | <u>1,846,261,494</u> |
| Less: Current Liabilities and Provisions : | 7 | | | |
| Current Liabilities | | 149,111,432 | | 501,034,204 |
| Provisions | | 99,800,723 | | 200,858,580 |
| | | <u>248,912,155</u> | | <u>701,892,784</u> |
| Net Current Assets | | | 803,824,115 | 1,144,368,710 |
| Miscellaneous Expenses | | | | |
| Preliminary Expenditure (to the extent not written off) | | | 161,209 | 333,083 |
| Deferred Expenditure (to the extent not written off) | | | 87,110 | 105,370 |
| | | | <u>1,000,852,515</u> | <u>1,560,526,005</u> |
| SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS | 12 | | | |

As per our report of even date attached

For Jayesh Dadia & Associates

Chartered Accountants

G.M.Gandhi
Managing Director

C.C.Dalal
Director

Nishit Dave

Partner

M. No. : 120073

Mumbai, 30th June, 2009

A.B.Desai
Director

A.J.Chandra
Company Secretary

Mumbai, 30th June, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | Schedule No. | 1st April, 2008 to 31st March, 2009 (Rs.) | 1st April, 2007 to 31st March, 2008 (Rs.) |
|---|-----------------|---|---|
| INCOME | | | |
| Income from Operations | 8 | 228,625,834 | 694,847,427 |
| Income from Investments | | 77,125,546 | 213,105,091 |
| Other Income | 9 | <u>146,743,692</u> | <u>11,963,808</u> |
| Total Income | | <u>452,495,072</u> | <u>919,916,326</u> |
| EXPENDITURE | | | |
| Employment Cost | 10 | 248,355,104 | 141,342,854 |
| Administration and other expenses | 11 | 128,025,746 | 129,332,644 |
| Interest | | 56,076,739 | 50,626,480 |
| Depreciation | | <u>12,011,943</u> | <u>5,692,647</u> |
| Total Expenditure | | <u>444,469,532</u> | <u>326,994,625</u> |
| PROFIT BEFORE TAX | | 8,025,540 | 592,921,701 |
| Provision for Taxation | | (3,131,000) | (134,088,000) |
| Fringe Benefit Tax | | (2,569,180) | (2,202,104) |
| Deferred Tax | | (6,691,659) | 1,139,437 |
| Prior Period Item(net of tax expense) | | (115,529,115) | — |
| Excess/(Short) Provision for Tax of earlier year | | <u>(3,381,348)</u> | <u>(398,366)</u> |
| PROFIT/(LOSS) AFTER TAX | | (123,276,762) | 457,372,668 |
| Balance brought forward from previous year | | 334,382,137 | 53,182,203 |
| Less: Adjustment on account of Pioneer Investcorp International Ltd.(the company under voluntary winding up) | | <u>101,258,329</u> | <u>—</u> |
| NET PROFIT BEFORE APPROPRIATIONS | | 109,847,046 | 510,554,871 |
| Less: Provision of Gratuity Liability | | — | 5,710,601 |
| Less: Proposed Dividend | | — | 17,489,750 |
| Less: Dividend Distribution Tax | | — | 2,972,383 |
| Less: Transferred to General Reserve | | — | 150,000,000 |
| BALANCE CARRIED TO BALANCE SHEET | | <u>109,847,046</u> | <u>334,382,137</u> |
| Earning Per Share - (I) (See note 19) | | | |
| Basic | | (0.66) | 44.72 |
| Diluted | | (0.66) | 40.40 |
| Earning Per Share - (II) (See note 19) | | | |
| Basic | | (10.54) | 44.72 |
| Diluted | | (10.54) | 40.40 |
| Face Value of Share | | 10.00 | 10.00 |

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

12

As per our report of even date attached

For Jayesh Dadia & Associates

Chartered Accountants

G.M.Gandhi
Managing Director

C.C.Dalal
Director

Nishit Dave

Partner

M. No. : 120073

Mumbai, 30th June, 2009

A.B.Desai
Director

A.J.Chandra
Company Secretary

Mumbai, 30th June, 2009

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009.

| | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|------------------------------|------------------------------|
| Schedule 1 | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 25,000,000 Equity Shares (previous year 25,000,000) of Rs.10/- each | <u>250,000,000</u> | <u>250,000,000</u> |
| Issued, Subscribed and Paid-up | | |
| 12,029,833 (10,566,500) Equity Shares of Rs.10/- each | <u>120,298,330</u> | <u>105,665,000</u> |
| Add :Amount paid up on Shares Forfeited | <u>5,977,892</u> | <u>5,977,892</u> |
| | <u>126,276,222</u> | <u>111,642,892</u> |
| Of the above: | | |
| (1) 7,000 (Previous Year 174,500) equity shares of Rs 10/- each are allotted pursuant to ESOP Scheme' 2006 | | |
| (2) 1,086,333 (Previous Year Nil) equity shares of Rs 10/- each are allotted to the shareholders of Pioneer Tradestock Pvt. Ltd.,pursuant to the scheme of amalgamation. | | |
| (3) 370,000 (Previous Year 2,065,000) equity shares of Rs 10/- each are allotted pursuant to Conversion of warrants | | |
| Schedule 2 | | |
| RESERVES AND SURPLUS | | |
| General Reserve | 233,828,549 | 83,828,549 |
| Add: Transferred from Profit & Loss Account | — | 150,000,000 |
| | <u>233,828,549</u> | <u>233,828,549</u> |
| Share Premium Account | 104,577,250 | 65,576,750 |
| Employees Stock Options | | |
| Employees Stock options outstanding | 4,673,970 | 7,596,382 |
| Less: Deferred employee stock compensation | <u>1,464,179</u> | <u>4,430,091</u> |
| | 3,209,791 | 3,166,291 |
| Capital Reserve* | 40,632,166 | 7,684,666 |
| Capital (Amalgamation) Reserve Account | 119,483,021 | 119,483,021 |
| Foreign Exchange Currency Translation Reserve Account | 917,943 | (1,122,199) |
| Profit and Loss Account | <u>109,847,046</u> | <u>334,382,137</u> |
| | <u>612,495,766</u> | <u>762,999,215</u> |
| * Capital Reserve includes Rs.3,29,47,500 on account of forfeiture of Share Warrants application money received from Promoters due to non exercise of its conversion option into Equity Shares within the prescribed time limit. | | |
| Schedule 3 | | |
| SECURED LOANS | | |
| Term Loan-From Axis Bank Ltd. (Secured by first charge on hypothecation of all moveable capital assets to Axis Bank Ltd.) | 57,275,381 | 26,404,716 |
| Vehicle Loan-From ICICI Bank Ltd. (Secured against hypothecation of Vehicle) | 3,868,007 | 1,661,736 |
| Cash Credit-Federal Bank Ltd. (Secured against Government Security Papers) | 10,823,865 | 284,293,228 |
| Cash Credit - Punjab National Bank (Secured against Government Security Papers) | 78,380,567 | — |
| Term Loan-From ICICI Bank Ltd. (Secured by first charge on mortgage of office premises) | 94,63,126 | 10,026,715 |
| Indiabulls Financial Services Ltd (Secured by pledge of shares) | — | 91,233,616 |
| Sonata Investments Ltd (Secured by pledge of shares) | — | 128,620,136 |
| | <u>159,810,946</u> | <u>542,240,147</u> |

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009.

Schedule 4

FIXED ASSETS

| Particulars of Assets | Gross Block | | | Depreciation | | | Net Block | | | |
|---------------------------|------------------------|---------------------------------|----------------------------------|------------------------|-----------------------|--------------------|-------------------------------|-----------------------|------------------------|------------------------|
| | As at 01.04.2008 (Rs.) | Additions during the year (Rs.) | Deductions during the year (Rs.) | As on 31.03.2009 (Rs.) | Upto 01.04.2008 (Rs.) | For the year (Rs.) | Deductions/ Adjustments (Rs.) | Upto 31.03.2009 (Rs.) | As on 31.03.2009 (Rs.) | As on 31.03.2008 (Rs.) |
| Office Premises | 48,272,668 | — | 33,943,848 | 14,328,820 | 7,105,073 | 650,418 | 7,333,165 | 422,327 | 13,906,493 | 41,167,595 |
| Leasehold Office Premises | 4,222,688 | 3,081,540 | — | 7,304,228 | 161,524 | 989,666 | — | 1,151,190 | 6,153,038 | 4,061,164 |
| Office Equipments | 31,191,950 | 19,877,697 | 1,912,742 | 49,156,905 | 6,002,720 | 5,085,814 | 867,686 | 10,220,848 | 38,936,057 | 25,189,230 |
| Furniture & Fixtures | 34,046,250 | 575,317 | 9,163,112 | 25,458,455 | 8,215,596 | 2,032,815 | 6,532,165 | 3,716,245 | 21,742,210 | 25,830,654 |
| Vehicles | 4,830,806 | 3,775,605 | — | 8,606,411 | 2,678,753 | 668,249 | — | 3,347,003 | 5,259,408 | 2,152,053 |
| Software | 8,355,760 | 8,889,447 | — | 17,245,207 | 139,266 | 2,251,647 | — | 2,390,913 | 14,854,294 | 8,216,494 |
| License Fees | 960,731 | — | — | 960,731 | 333,334 | 333,334 | — | 666,668 | 294,063 | 627,397 |
| Capital Work In Progress | — | 33,323,818 | — | 33,323,818 | — | — | — | — | 33,323,818 | — |
| Total | 131,880,853 | 69,523,424 | 45,019,702 | 156,384,575 | 24,636,266 | 12,011,943 | 14,733,016 | 21,915,193 | 134,469,382 | 107,244,587 |
| Previous Year | 81,124,394 | 50,756,459 | — | 131,880,853 | 18,610,285 | 6,025,981 | — | 24,636,266 | 107,244,587 | 62,514,109 |

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009.

| | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|------------------------------|------------------------------|
| Schedule 5 | | |
| INVESTMENTS (Long Term, at cost) | | |
| (A) Trade Investments in Associate Companies (Unquoted) | | |
| Pioneer Insurance & Reinsurance Brokers Pvt. Ltd. (250,000 fully paid Equity Shares (previous year 250,000) of Rs.10/- each) | 2,500,000 | 2,500,000 |
| PINC India Opportunities Fund (incorporated in Mauritius) (1.01 fully paid Ordinary share of USD 1 Each) | 40 | 40 |
| Total (A) | 2,500,040 | 2,500,040 |
| (B) Trade Investments in Other Companies | | |
| Quoted | | |
| Arihant Foundations & Housing Ltd. (2,645 fully paid Equity Shares (previous year 2,645) of Rs. 10/- each) (Mkt Value as on 31st March 2009 is Rs. 142,169 (previous year Rs.809,106)) | 1,235,744 | 1,235,744 |
| Adani Enterprises Ltd. (Nil fully paid Equity Shares (previous year 300,000) of Rs. 1/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.180,150,000)) | — | 176,444,605 |
| Mundra Port & Special Economic Zone Ltd. (Nil fully paid Equity Shares (previous year 20,000) of Rs. 10/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.11,590,000)) | — | 24,114,073 |
| Mercator Lines Ltd. (Nil fully paid Equity Shares (previous year 300,000) of Rs. 1/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.23,790,000)) | — | 46,383,391 |
| Gujarat NRE Coke Ltd. (Nil fully paid Equity Shares (previous year 250,000) of Rs. 10/- each) (Mkt Value as on 31st March 2009 is Rs Nil.(previous year Rs.34,825,000)) | — | 32,209,903 |
| Unquoted | | |
| Bill Forge Pvt Ltd. (3,300 fully paid Equity Shares (previous year 3,300) of Rs. 10/- each) | 16,516,500 | 5,049,000 |
| Sansera Engineering Pvt. Ltd (265 fully paid Equity Shares (previous year 265) of Rs. 100/- each) | 42,058,415 | 20,537,500 |
| Total (B) | 59,810,659 | 305,974,215 |
| Total Investments (A + B) | 62,310,699 | 308,474,255 |

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009.

| | As at 31.03.2009 (Rs.) | As at 31.03.2008 (Rs.) |
|--|------------------------------|------------------------------|
| Schedule 6 | | |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| Current Assets: | | |
| Closing Stock of Government Security Papers* (at lower of cost or market value) | 107,990,490 | 300,254,670 |
| *(Government Securities Papers are pledged with Punjab National Bank) | | |
| Sundry Debtors: ** (Unsecured and considered good) Outstanding for more than six months | 6,525,864 | 82,467,960 |
| Other Debts | <u>242,491,056</u> | <u>556,186,542</u> |
| | 249,016,920 | 638,654,502 |
| ** (Debtors includes Rs. Nil (previous year Rs. 197,756,933) on account of sale of Investments) | | |
| Cash and Bank Balances : | | |
| Cash and Cheques on hand | 784,086 | 791,064 |
| Balances with Scheduled Banks: in Current Account | 239,670,035 | 371,077,700 |
| in Fixed Deposit Account*** | 60,565,015 | 93,012,522 |
| Accrued interest on Fixed Deposits | <u>2,910,458</u> | <u>3,769,280</u> |
| | 303,929,594 | 468,650,566 |
| *** Fixed Deposit amounting to Rs. 46,000,000 (previous year Rs.86,125,000), under lien with Axis Bank Ltd. towards Bank Guarantee Exposures | | |
| Loans and Advances : (Unsecured, considered good) | | |
| Advances recoverable in cash or in kind for value to be received | 158,968,211 | 116,754,555 |
| Security Deposits | 112,590,309 | 194,117,263 |
| Service Tax | 350,057 | 2,875,450 |
| Fringe Benefit Tax | 1,830,520 | — |
| Advance Tax | <u>118,060,169</u> | <u>124,954,488</u> |
| | 391,799,266 | 438,701,756 |
| | <u>1,052,736,270</u> | <u>1,846,261,494</u> |
| Schedule 7 | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| Current Liabilities: | | |
| Sundry Creditors (Due to other than micro and small enterprises) | 127,827,002 | 418,647,171 |
| Advance from Client | 5,000,000 | 50,000,000 |
| Other Liabilities | 15,575,621 | 9,377,251 |
| Mark to Market Margin Stock F&O Account | — | 2,040,348 |
| Provision for Loss on Index Options | — | 9,938 |
| Dividend Payable | — | 17,489,750 |
| Dividend Distribution Tax Payable | — | 2,972,383 |
| Unclaimed Dividends | 708,809 | 497,363 |
| | <u>149,111,432</u> | <u>501,034,204</u> |
| Provisions: | | |
| Provision for Taxation | 81,627,437 | 185,740,376 |
| Provision for Gratuity | 12,729,273 | 12,243,371 |
| Provision for Leave encashment on retirement | 672,729 | 672,729 |
| Provision for Fringe Benefit Tax | 4,771,284 | 2,202,104 |
| | <u>99,800,723</u> | <u>200,858,580</u> |
| | <u>248,912,155</u> | <u>701,892,784</u> |

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | 1st April, 2008 to 31st March, 2009 (Rs.) | 1st April, 2007 to 31st March, 2008 (Rs.) |
|---|---|---|
| Schedule 8 | | |
| INCOME FROM OPERATIONS | | |
| Income from Syndication Services/Securities | 146,400,171 | 547,109,307 |
| Income from Portfolio Management Services | 284,122 | — |
| Income from Brokerage and Depository Services | <u>81,941,541</u> | <u>147,738,120</u> |
| | <u><u>228,625,834</u></u> | <u><u>694,847,427</u></u> |
| Schedule 9 | | |
| OTHER INCOME | | |
| Interest Income | 11,488,459 | 6,581,919 |
| Commission | 75,000 | 100,000 |
| Rent | 3,913,733 | 4,985,988 |
| Miscellaneous Income | 2,487,619 | 117,185 |
| Dividend received | 108,188,725 | 178,717 |
| Profit on sale of Fixed Assets | <u>20,590,156</u> | — |
| | <u><u>146,743,692</u></u> | <u><u>11,963,808</u></u> |
| Schedule 10 | | |
| EMPLOYMENT COST | | |
| Salaries and Bonus | 238,548,727 | 130,038,268 |
| Gratuity | 1,113,545 | 5,286,213 |
| Employees Stock Compensation Expense | 109,650 | 2,255,941 |
| Employer's Contribution to Provident Fund | 1,553,488 | 1,056,790 |
| Staff Welfare | <u>7,029,694</u> | <u>2,705,642</u> |
| | <u><u>248,355,104</u></u> | <u><u>141,342,854</u></u> |

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | 1st April, 2008 to 31st March, 2009 (Rs.) | 1st April, 2007 to 31st March, 2008 (Rs.) |
|--|---|---|
| Schedule11 | | |
| ADMINISTRATION AND OTHER EXPENSES | | |
| Rent | 30,430,927 | 16,917,156 |
| Rates and Taxes | 1,171,103 | 4,195,730 |
| Power and Fuel | 3,212,102 | 2,413,784 |
| Bank Charges | 4,153,796 | 2,543,019 |
| Business Promotion | 3,413,880 | 6,340,591 |
| Conference and Seminar | 950,883 | 5,075,736 |
| Computer and Software Expenses | 1,158,127 | 1,484,735 |
| Membership and Subscription | 5,471,223 | 3,927,473 |
| Repairs & Maintenance | 4,106,940 | 2,465,309 |
| Office Expenses | 2,985,402 | 2,272,652 |
| Postage,Telex and Telephones | 8,574,545 | 6,754,095 |
| Printing and Stationery | 2,568,838 | 4,088,967 |
| Directors' Sitting Fees | 387,350 | 600,000 |
| Travelling and Conveyance | 14,840,279 | 17,152,689 |
| Motor Car Expenses | 13,218,353 | 6,970,640 |
| Advertisement | 192,177 | 3,294,786 |
| Legal and Professional Charges | 13,251,739 | 23,351,574 |
| SEBI Fees | 281,580 | 420,519 |
| Securities Transaction Tax | 1,615,531 | 3,151,375 |
| Transaction Charges | 2,816,086 | 4,122,334 |
| Vanda Account | 2,722,554 | 2,381,077 |
| Auditors' Remuneration: | | |
| Audit Fees | 758,263 | 1,017,189 |
| Tax Audit Fees | 50,000 | 50,000 |
| Certification work | 90,000 | 60,000 |
| | <u>898,263</u> | <u>1,127,189</u> |
| Preliminary Expenses w/off | 79,953 | 158,073 |
| Amortisation of Share Issue Expenses | 110,180 | 158,300 |
| Miscellaneous Expenses | 9,413,935 | 7,964,842 |
| | <u><u>128,025,746</u></u> | <u><u>129,332,644</u></u> |

Schedule 12

Significant Accounting Policies and Notes to Consolidated Accounts

A. Significant Accounting Policies

1. Basis of Consolidation

a) Basis of Preparation

The individual Balance Sheet as at March 31, 2009 and Profit and Loss Account for the year ended March 31, 2009 of Pioneer Investcorp Limited ('the Company') and its subsidiaries ('companies and/or subsidiaries'), collectively referred to as 'Group', have been consolidated as per principles of consolidation enunciated in Accounting Standard (AS) 21- 'Consolidated Financial Statements' issued by the Council of The Institute of Chartered Accountants of India.

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

b) Principles of Preparation

The financial statements of the group companies of Pioneer Investcorp Limited are prepared according to uniform accounting policies, in accordance with accounting principles generally accepted in India. The effects of all inter-group transactions and balances have been eliminated on consolidation.

c) List of Subsidiaries Consolidated

The individual Balance Sheet as at March 31, 2009 and Profit and Loss Account for the year ended March 31, 2009 of following subsidiaries are included in consolidation.

Pioneer Wealth Management Services Limited

Pioneer Money Management Limited

Pioneer Investment Advisory Services Limited

Pioneer Commodity Intermediaries Private Limited

Infinity.com Financial Securities Limited

PINC Fund Advisors LLC (incorporated in Mauritius)

Pioneer Fund invest Private Limited (Formerly known as Marine Drive Investments & Trading Company Private Limited)

Pioneer Investcorp International Limited, Dubai, (a wholly owned subsidiary of Pioneer Investcorp Limited), being under voluntary winding up, hence the same is not considered in the preparation of these Consolidated Financial Statements.

2. Basis of preparation of financial statements

The financial statements have been prepared under historical cost convention on an accrual basis.

3. Depreciation on Fixed Assets

- a) Depreciation is provided on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- b) Depreciation on assets acquired or sold during the year/period has been charged pro-rata from/up to the date of acquisition/sale of the assets.
- c) Intangible assets such as software, leasehold office premises etc are amortized over a period of Five (5) years

4. Inventories

All Shares and Securities are valued at Cost or market value, whichever is lower, in accordance with the Accounting Standard 2- "Inventory Valuations" issued by ICAI.

5. Stock Futures/Options

a) Future Contracts

- 1 Initial margin payment paid at the time of inception of the contract is shown under the head "Current Assets"
- 2 All the future contracts are marked to market on daily basis. The amount of marked to market margin received / paid into/from such accounts, are debited or credited to marked to market margin Index / Stock Future Account and appear as separate item as "Current Asset" or "Current Liability" as the case may be.
- 3 At the year end, appropriate provisions are created by debit to Profit & Loss Account for anticipated loss. Anticipated profit at the year end is ignored.
- 4 At the time of final settlement, the difference between the contract price and the settlement price is calculated and recognized in the Profit & Loss Account after adjusting provision created for anticipated loss, if any.

b) Option Contract

- 1 At the inception of the contract, premium paid is debited to Index Option Premium Account or Stock Option Premium Account, as the case may be. On receiving the premium at the time of sale, the Index Option Premium Account or Stock Option Premium Account is credited and shown separately under the head "Current Assets" or "Current Liabilities" as the case may be.
- 2 All the Open Option Contracts are marked to market on daily basis in the similar manner as in the case of Future Contracts. If the Contracts are Open as on the Balance Sheet date, appropriate provision is made in the books of accounts by crediting / debiting the Profit & Loss Account.

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

- 3 At the time of Balance Sheet date, if the premium prevailing in the market for a contract of similar nature is lower than the premium so paid, then provision is made for the difference in the Profit & Loss Account.
If the premium received is lower than the premium prevailing in the market for contract of similar nature, appropriate provision for loss will be made by debiting Profit & Loss Account and crediting provision for loss on Index/Stock Option Account appearing under the head Current Liability.
 - 4 At the time of settlement or at the time of squaring-up, premium is recognized either as expense or income as the case may be.
- 6. Borrowing Cost**
Borrowing Cost that are attributable to acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets. Such expenses are shown under Capital Work in Progress to be allocated to the relevant items of assets on such assets being put to use.
A qualifying asset is an asset that takes substantial period of time to get ready for the intended use.
Borrowing Cost other than those incurred for qualifying asset is expensed out in the year in which it is incurred.
- 7. Investments**
All Investments are stated at cost and provision for diminution in value of permanent nature, if any, of Investments is charged to the Profit and Loss account.
- 8. Revenue Recognition**
- a) Advisory & Syndication Fees is recognized on the completion of assignment.
 - b) Brokerage income on Secondary Market transactions and Future & Options market transactions is recognized on settlement date.
 - c) Brokerage income on debt market transaction is recognized at the end of the month
 - d) Income from Securities/Investments is recognized on accrual basis.
- 9. Foreign Exchange Transactions**
Transactions in foreign currencies are recorded at the prevailing rates at the time transactions are effected. Foreign currency assets & liabilities outstanding at the year-end are translated at the rates of exchange ruling on that day. Any gain or loss on transactions are accounted in the Profit & Loss account, or adjusted in the value of Fixed Assets/Investments, as applicable.
- 10. Retirement Benefits**
- a) **Defined Contribution Plan**
Company's contribution paid/payable during the year to provident fund, are charged to Profit & Loss Account. There are no other obligations other than the contribution payable to the respective trusts.
 - b) **Defined Benefit Plan**
Company's liability towards gratuity are determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discounted rate that is determined by the reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.
- 11. Deferred Employee Stock Compensation**
The Company has formulated an Employees Stock Option Scheme. The Scheme provides that employees are granted an option converted into equity shares of the Company that vests in a granted manner. The options may be exercised within a specified period. The Company follows the intrinsic value method as prescribed by the guidance note on "Accounting for stock options" issued by the Institute of chartered accountants of India ("ICAI") to account for its stock-based employees compensation plans. The

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

accounting value of stock options representing the excess of the market price over the exercise price of the shares granted under "Employees Stock Option Scheme" of the Company is amortized as "Deferred Employees compensation" on a straight-line basis over the vesting period in accordance with the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

12. Miscellaneous Expenditure

Preliminary Expenses, Development Expenditure, Share Issue Expenses in connection with Public Issue of Equity Shares by the Company and Rights Issue Expenses are written off over a period of 5 years.

13. Contingencies and Events occurring after the Balance Sheet Date

Accounting for contingencies (gains & losses) arising out of contractual obligations are made only on the basis of mutual acceptances. Events occurring after the date of Balance Sheet, where material, are considered upto the date of adoption of accounts.

14. Taxes on Income

Provision for current Income Tax and Fringe Benefit Tax has been computed in accordance with relevant tax regulations. Deferred tax is recognized for all timing differences between accounting income & taxable income and is quantified using enacted / substantively enacted tax rates as at the balance sheet date. Deferred tax assets are recognized subject to the management judgment that the realisation is reasonably certain.

15. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired.

If such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account.

If at the Balance Sheet date there is an indication that if a previously assessed impaired loss no longer exists, the reassessed asset is reflected at the recoverable amount, subject to a maximum of depreciated historical cost.

B. NOTES TO ACCOUNTS

16. The Consolidated Financial Statements envisage combining of financial statements of Pioneer Investcorp Ltd. and its following domestic and foreign subsidiaries:

| Names of Subsidiary Companies | % holding of Pioneer Investcorp Ltd. | Date of Financial Statement |
|--|--------------------------------------|-----------------------------|
| Pioneer Wealth Management Services Limited | 100 | 31st March' 2009 |
| Pioneer Money Management Limited | 100 | 31st March' 2009 |
| Pioneer Investment Advisory Services Limited | 100 | 31st March' 2009 |
| Pioneer Commodity Intermediaries Private Limited | 100 | 31st March' 2009 |
| Infinity.com Financial Securities Limited | 100 | 31st March' 2009 |
| PINC Fund Advisors LLC (incorporated in Mauritius) | 100 | 31st March' 2009 |
| Pioneer Fundinvest Private Limited (formerly known as Marine Drive Investments and Trading Company Private Limited) | 100 | 31st March' 2009 |

Note: Pioneer Investcorp International Limited, Dubai, (a wholly owned subsidiary of Pioneer Investcorp Limited), being under voluntary winding up and the same is not considered in the preparation of these consolidated Financial Statements. Hence the previous year's figures are not comparable to that extent.

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

20. Related Party Disclosures

Category I : Key Management Personnel

- 1) Mr. M. M. Gandhi - Managing Director (up to 30.9.07)
- 2) Mr. G. M. Gandhi - Managing Director
- 3) Mr. Hemang Gandhi - Director of Subsidiary
- 4) Mr. Ketan Gandhi - Director of Subsidiary
- 5) Mr. Rakesh Bhatia - Director of Subsidiary

Category - II - Relatives of Key Management Personnel

Directors' Wives

- 1) Mrs. Sulochana Gandhi
- 2) Mrs. Shabnam Gandhi
- 3) Mrs. Parul Gandhi
- 4) Mrs. Ami Gandhi

Directors' Children

- 1) Ms. Riddhima Gandhi
- 2) Mst. Jai Gandhi
- 3) Mst. Vir Gandhi
- 4) Mst. Abhijeet Gandhi

Category - III - Other related companies/companies under same group where common control exists.

- 1) Pioneer Intermediaries Pvt. Ltd.
- 2) Pioneer Insurance & Reinsurance Brokers Pvt. Ltd.
- 3) Siddhi Portfolio Services Pvt. Ltd.
- 4) Sharp Point Motors & Automobiles Pvt. Ltd.
- 5) Symbyosys Integrated Solutions Pvt. Ltd.
- 6) Pioneer Fund Advisors Pvt. Ltd.
- 7) Sonal Denim & Processors Pvt. Ltd.
- 8) Extermpore Securities & Investment Pvt. Ltd.
- 9) Associated Capital Market Management Pvt. Ltd.
- 10) Benefit Realty Pvt. Ltd.
- 11) Devraj Properties Pvt. Ltd.
- 12) L.Gordhandas & Co. Clearing Agent Pvt. Ltd.
- 13) Sargam Multi Trade Pvt. Ltd.

Category IV : Associate Concern

Associated Instruments & Services

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

Details of related party transaction carried out during the year ended 31st March, 2009

| Nature of Transactions ((Received)/Paid) | (Amount in Rs.) | |
|--|-----------------|---------------|
| | 2008-2009 | 2007-2008 |
| Details of transactions with key management personnels (referred as category-I) | | |
| Managerial Remuneration | — | 2,038,774 |
| Share Capital | (3,700,000) | (650,000) |
| Share Premium | (38,850,000) | (6,825,000) |
| Share Warrant Application Money | — | (132,450,000) |
| Sale of Investments | (348,000,856) | (65,567,091) |
| Purchase of Investments | 90,633,796 | 330,337,060 |
| Brokerage earned on purchase/sale of securities | (65,984) | (194,288) |
| Brokerage earned on F&O transactions | (11,448) | (14,066) |
| Closing Balances on account of Securities transactions (Debit/(Credit)) | — | (39,168) |
| Details of transactions with relatives of key management personnels (referred as category-II) | | |
| Sale of Investments | (58,105,552) | (148,573,345) |
| Purchase of Investments | 20,894,295 | 132,593,488 |
| Brokerage earned on purchase/sale of securities | (49,566) | (792,984) |
| Brokerage earned on F&O transactions | (523,930) | (1,305,813) |
| Closing Balances on account of Securities transactions (Debit/(Credit)) | (13,816,190) | (4,475,655) |
| Details of transactions with companies under common control (referred as category-III) | | |
| Sale of Investments | (125,270,855) | (177,847,038) |
| Purchase of Investments | 92,736,079 | 289,331,188 |
| Brokerage earned on purchase/sale of securities | (119,751) | (195,268) |
| Brokerage earned on F&O transactions | (11,857) | (16,160) |
| Closing Balances on account of Securities transactions (Debit/(Credit)) | (66,063,249) | (41,373) |
| Commission received on account of Bank Guarantees | — | (100,000) |
| Purchase of Vehicles | 2,173,096 | — |
| Income from trading in Government Securities | (25,931,988) | — |
| Repairs of Motor Cars | — | 104,296 |

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

21. Segment Reporting

| | Advisory & Merchant Banking Fees | Income From Securities/ Investments | Equity Brokerage and related Income | Total As on 31.3.2009 |
|--|--|---|--|-----------------------------|
| | (Rs.) | (Rs.) | (Rs.) | (Rs.) |
| Segment Revenue | 250,592,642 | (26,756,278) | 91,659,291 | 315,495,655 |
| | <i>590,293,469</i> | <i>171,457,123</i> | <i>153,062,561</i> | <i>914,813,153</i> |
| Add:Unallocated Revenue | — | — | — | 136,999,417 |
| | — | — | — | <i>5,103,173</i> |
| Total Revenue | 250,592,642 | (26,756,278) | 91,659,291 | 452,495,072 |
| | <i>590,293,469</i> | <i>171,457,123</i> | <i>153,062,561</i> | <i>919,916,326</i> |
| Segment Result before Tax | 153,466,859 | (93,826,444) | 74,879,095 | 134,519,510 |
| | <i>432,232,861</i> | <i>107,233,265</i> | <i>54,052,117</i> | <i>593,518,243</i> |
| Add:Unallocated Income/ (expenses)(net) | — | — | — | (126,493,972) |
| | — | — | — | <i>596,542</i> |
| Profit before Tax | — | — | — | 8,025,538 |
| | — | — | — | <i>592,921,701</i> |
| Interest and Finance Charges | — | — | — | — |
| | — | — | — | — |
| Provision for Tax | — | — | — | (12,391,839) |
| | — | — | — | <i>(135,150,667)</i> |
| Prior Period Adjustment | — | — | — | (115,529,115) |
| | — | — | — | — |
| Provision for Tax for earlier years | — | — | — | (3,381,348) |
| | — | — | — | <i>(398,366)</i> |
| Net Profit | — | — | — | (123,276,764) |
| | — | — | — | <i>457,372,668</i> |
| Segment Assets | 382,647,398 | 216,922,845 | 122,078,230 | 721,648,473 |
| | <i>131,640,007</i> | <i>818,387,752</i> | <i>691,758,434</i> | <i>1,641,786,194</i> |
| Add:Unallocated Assets | — | — | — | 528,116,199 |
| | — | — | — | <i>620,632,596</i> |
| Total Assets | — | — | — | 1,249,764,672 |
| | — | — | — | <i>2,262,418,789</i> |
| Segment Liabilities | 91,014,796 | 84,455,619 | 105,538,773 | 281,009,188 |
| | <i>187,187,186</i> | <i>506,197,266</i> | <i>359,336,253</i> | <i>1,052,720,705</i> |
| Add:Unallocated Liabilities | — | — | — | 135,483,494 |
| | — | — | — | <i>192,490,147</i> |
| Total liabilities | — | — | — | 416,492,682 |
| | — | — | — | <i>1,245,210,852</i> |
| Capital Expenditure | 69,523,424 | — | — | 69,523,424 |
| | <i>49,795,728</i> | — | — | <i>49,795,728</i> |
| Depreciation | 11,553,234 | 458,709 | — | 12,011,943 |
| | <i>5,139,362</i> | — | — | <i>5,139,362</i> |
| Unallocated Depreciation | — | — | — | — |
| | — | — | — | <i>553,285</i> |
| Total Depreciation | — | — | — | 12,011,943 |
| | — | — | — | <i>5,692,647</i> |

SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2009.

Notes:

- 1) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organization structure as well as the differential risks and returns of these segments.
- 2) The Company has disclosed business segments as the primary segment.
- 3) There are no reportable geographic segments.
- 4) Figures in *Italics* are previous year figures.

22. In accordance with the Accounting Standard 22 "Accounting for taxes on income" (AS 22) issued by the ICAI, the Company has accounted for deferred taxes during the year. Following are the major components of deferred tax (assets)/liabilities.

| | | Year Ended 31/03/2009 (Rs.) | Year Ended 31/03/2008 (Rs.) |
|--|-------|-----------------------------------|-----------------------------------|
| Deferred Tax Liability | | | |
| On account of Depreciation difference | (1) | 12,837,604 | 5,618,111 |
| Deferred Tax Asset | | | |
| On account of 43B disallowances & b/f losses | (2) | 5,068,023 | 4,540,190 |
| Net Deferred Tax Liability/(Asset) | (1-2) | 7,769,581 | 1,077,921 |

23. The figures of the previous year are regrouped or reclassified, wherever necessary, to make them comparable with the figures of current year.

Signature to Schedule 1 to 12
For Jayesh Dadia & Associates
Chartered Accountants

G.M.Gandhi
Managing Director

C.C.Dalal
Director

Nishit Dave
Partner
M. No. : 120073
Mumbai, 30th June, 2009

A.B.Desai
Director

A.J.Chandra
Company Secretary

Mumbai, 30th June, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009.

| | 2008 - 2009 (Rs.) | 2007 - 2008 (Rs.) |
|--|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before Tax and Extraordinary Items | 8,025,540 | 592,921,701 |
| Adjustment for : | | |
| Depreciation & Obsolescence | 12,011,943 | 5,692,647 |
| Prior Period item | (115,529,115) | — |
| Adjustment on account of Pioneer Investcorp International Ltd. | (101,258,328) | — |
| Employee Stock Compensation Expense | 109,650 | 2,255,941 |
| Profit on Sale of Investments | (77,125,546) | (213,105,091) |
| Profit on Sale of Fixed Assets | (20,590,156) | — |
| Preliminary Expenses | 190,133 | 316,372 |
| Interest / Dividend | (119,677,184) | (6,760,636) |
| | (421,868,603) | (211,600,767) |
| Operating Profit before working capital changes | (413,843,063) | 381,320,935 |
| Adjustment for : | | |
| Trade and other receivables | 623,740,453 | (645,765,340) |
| Trade and other payables | (458,680,810) | 335,471,713 |
| | 165,059,643 | (310,293,627) |
| Direct taxes paid | 1,682,450 | (105,048,954) |
| Net cash from Operating Activities | (247,100,970) | (34,021,646) |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchase of Fixed Assets | (69,523,424) | (49,795,729) |
| Sale of Fixed Assets | 50,876,844 | — |
| Sale of Investment-Others | 396,864,018 | 769,718,805 |
| Purchase of Investment-Others | (73,574,915) | (749,950,227) |
| Purchase of Investment-Subsidiaries/Associates | — | (136,179,770) |
| Interest/Dividend received | 119,677,184 | 6,760,636 |
| Net Cash used in Investing Activities | 424,319,707 | (159,446,285) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Car loans taken/(repaid) | 2,206,271 | (574,878) |
| Term loans repaid | (563,589) | (7,539,886) |
| Cash Credit taken/(repaid) | (195,088,797) | 59,065,563 |
| Term loans taken | 30,870,665 | 20,879,431 |
| Loans taken/(repaid) from Financial Institutions | (219,853,752) | 219,853,752 |
| Provision of Gratuity Liability of Previous Years | — | (5,710,601) |
| Dividend | — | (17,489,750) |
| Dividend Distribution Tax | — | (2,972,383) |
| Share Warrant Application Money | (37,202,500) | 127,502,500 |
| Capital reserve (Amalgamation) | — | 119,483,021 |
| Capital reserve | 32,947,500 | 4,910,488 |
| Share Premium | 39,000,500 | 32,576,750 |
| Employee Stock Option Reserve Reversal on issue | (66,150) | (1,649,025) |
| Share Capital Suspense Account | (10,863,330) | 10,863,330 |
| Share Capital Issued | 14,633,330 | 22,395,000 |
| Foreign Exchange Currency Translation Reserve Account | 2,040,148 | (1,122,199) |
| Net Cash used in Financing Activities | (341,939,709) | 580,471,113 |
| Net Increase in cash and cash equivalents | (164,720,972) | 387,003,182 |
| Cash and cash equivalents at beginning of the year | 468,650,566 | 81,647,384 |
| Cash and cash equivalents at end of the year | 303,929,594 | 468,650,566 |

G.M.Gandhi
Managing Director

C.C.Dalal
Director

A.B.Desai
Director

A.J.Chandra
Company Secretary

Mumbai, 30th June, 2009

PIONEER INVESTCORP LIMITED

Regd. Office : 1218 Maker Chambers V, 12th Floor, Nariman Point, Mumbai 400 021.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
(Member's Folio No. & Name of the Shareholder/Joint Holders & address in Block Letters to be furnished below)

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company at Kilchand Conference Room, 2nd Floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai 400 020 on Thursday, the 3rd September, 2009 at 11.30 a.m.

Signature of the Shareholder or Proxy

NOTES:

Shareholders / Proxy holders are requested to bring the Attendance Slip with them when they come to the Meeting and hand it over at the gate after affixing their signature on it.

Shareholders who come to attend the Meeting are requested to bring their copies of the Annual Report with them.

Shareholders are requested to advise, indicating their Folio Nos., the change in their address, if any, to the Registrar & Share Transfer Agents, M/s. Satellite Corporate Services Private Limited, B-302, Sony Apartments, Opp. St. Jude High School, Off. Andheri Kurla Road, Jarimari, Sakinaka, Mumbai 400 072.

----- (Tear here) -----

PIONEER INVESTCORP LIMITED

Regd. Office : 1218 Maker Chambers V, 12th Floor, Nariman Point, Mumbai 400 021.

PROXY FORM

Folio No. _____

I/We _____ of _____
being a Member / Members of PIONEER INVESTCORP LIMITED hereby appoint _____ of _____
of failing him _____ of _____
as my/our Proxy to vote for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company to be held on Thursday, 3rd September, 2009 at 11.30 a.m. at Kilchand Conference Room, 2nd Floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai 400 020 and at any adjournment thereof.

Signed this _____ day of _____ 2009.

Affix
Revenue
Stamp

Signature _____

Notes : The Proxy form must be returned so as to reach the Registered Office of the Company - not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.



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