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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 28511809  
Email: service@scspl.net

## NOTICE

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of Pioneer Investcorp Limited will be held on Thursday, 21st August, 2008, 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, 2008 and the Balance Sheet as at that date, together with Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2008.
3. To appoint a Director in place of Mr. C.M Maniar, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

### SPECIAL BUSINESS:

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

RESOLVED THAT Mr. Nalinkant Rathod, who was appointed by the Board of Directors, as an Additional Director of the Company pursuant to Article 96 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received notices in writing in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, from certain members proposing the candidature of Mr. Nalinkant Rathod for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

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

RESOLVED THAT Mr. Anand Desai, who was appointed by the Board of Directors, as an Additional Director of the Company pursuant to Article 96 of the Articles of Association of the Company and who holds office up to the date of the ensuing Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, and in respect of whom the Company has received notices in writing in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, from certain members proposing the candidature of Mr. Anand Desai for the office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation.

By order of the Board,

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

Dated: 26th June, 2008.

**Amit Chandra**  
Company Secretary

## 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 14th August, 2008, to 21st August, 2008, (both days inclusive).
3. Dividend on Equity Shares, when sanctioned, will be made payable on or after 21st August, 2008, to those Shareholders whose names stand on the Company's Register of Members on Thursday, 21st August, 2008. In respect of Shares held in electronic form, the dividend will be paid on the basis of beneficial ownership position as at the end of the day on Wednesday 13th August, 2008 as per data to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (I) Ltd. (CDSL) for this purpose.
4. 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.
5. 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	1st October, 2013.
3	20th September, 2007	Final Dividend 2006-07	20th October, 2014.

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.

6. 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@scspl.net.
7. 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.
8. Members are requested to bring their copy of the Annual Report to the Meeting.

## EXPLANATORY STATEMENTS

The following Explanatory Statements, as required by Section 173 of the Companies Act, 1956, set out all material facts relating to the business under items 5 and 6 mentioned in the accompanying Notice dated 26th June, 2008.

### Item No.5

The Board had appointed Mr. Nalinkant Rathod, as an Additional Director with effect from 18th January, 2008, pursuant to Article 96 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, Mr. Nalinkant Rathod holds office only up to the date of the forthcoming Annual General Meeting of the Company. Notices have been received from certain Members under Section 257 of the Act intimating their intention to propose Mr. Nalinkant Rathod's, candidature for the office of the Director. He is an Independent Director on the Board in terms of Clause 49 of the Listing Agreement.

The Board, therefore, recommends the passing of the Ordinary Resolution contained in Item no.5 of the accompanying notice.

Except Mr. Nalinkant Rathod, none of the other Directors is interested in the passing of this Resolution.

### Item No.6

The Board had appointed Mr. Anand Desai, as an Additional Director with effect from 18th January, 2008, pursuant to Article 96 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, Mr. Anand Desai holds office only up to the date of the forthcoming Annual General Meeting of the Company. Notices have been received from certain Members under Section 257 of the Act intimating their intention to propose Mr. Anand Desai's, candidature for the office of the Director. He is an Independent Director on the Board in terms of Clause 49 of the Listing Agreement.

The Board, therefore, recommends the passing of the Ordinary Resolution contained in Item no.6 of the accompanying notice.

Except Mr. Anand Desai, none of the other Directors, is interested in the passing of this Resolution.

## DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting their Twenty Third Annual Report on the business and operations of the Company along with the Audited Statements of Accounts for the year ended 31st March, 2008.

<b>Financial Highlights</b>	<b>2007-2008</b> (Rupees in lakhs)	<b>2006-2007</b> (Rupees in lakhs)
<b>Profit before Tax</b>	<b>4249.54</b>	1467.68
Less:- Provision for Tax	<b>1239.93</b>	411.00
Less:- Fringe Benefit Tax	<b>5.52</b>	0.93
Less: Deferred Tax Liabilities	<b>30.06</b>	10.22
Less: Short Provision for Tax for Earlier Years	<b>3.10</b>	1.74
<b>Net Profit after Tax</b>	<b>2970.92</b>	1043.79
Add: Balance Brought Forward from the Previous Financial Year	<b>532.19</b>	169.63
Less: Proposed Dividend	<b>174.90</b>	154.91
Less: Tax on Proposed Dividend	<b>29.72</b>	26.33
Less: Transfer to General Reserve	<b>1500.00</b>	500.00
<b>Balance Carried Forward to Balance Sheet</b>	<b>1798.49</b>	532.19

### Performance Review

The year under review, witnessed strong activity in the financial services sector in India, mainly due to the overall buoyancy in our economy and historic high of Sensex in January, 2008 of 21,207. While, there were strong inflows from the Foreign Institutional Investors to the tune of US \$ 15.79 bn (previous year: US \$ 6.95 bn), the Foreign Direct Investment inflows surged to US \$ 24.58 bn (previous year: 15.73 \$ bn) along with Initial Public Offers of around US \$ 12.85 bn (previous year: US \$ 6.25 bn) ensured that Indian capital market was amongst the most vibrant, globally. During the year under review, the Company continued to concentrate on its main business 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. This ensured a many-fold increase in revenues and profit. While, gross revenue rose 217% to Rs.5861.16 lakhs as against Rs.1847.81 lakhs in the previous year, the growth in net profit after tax was 185% to Rs.2970.92 lakhs as against Rs.1043.79 lakhs in the previous year.

### Increase in Share Capital

During the year under review, the Company issued:

- 1) 20,00,000 Equity Shares on conversion of equivalent numbers of Warrants issued on Preferential basis;
- 2) 1,74,500 Equity Shares on the exercise of stock options under the Pioneer Investcorp Ltd. Employee Stock Options Scheme - 2006 ; and

- 3) 65,000 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.832.70 lakhs to Rs.1056.65 lakhs as of March 31st, 2008.

### **Dividend**

The Board of Directors of the Company, for the year ended March 31st, 2008, has recommended a dividend @ 15% (Rs.1.50 per Equity Share of face value of Rs.10/- each), subject to approval of the shareholders at the Annual General Meeting. The dividend, if declared as above, would involve an outflow of Rs.174.90 lakhs towards dividend, and Rs.29.72 lakhs towards dividend tax, resulting in a total outflow of Rs.204.62 lakhs.

### **Subsidiary Companies and Consolidated Financial Statements**

During the year under review, the Company acquired balance 49% Share Capital of Infinity.com Financial Securities Limited (thus making a 100% Subsidiary of the Company) member of NSE and BSE with operations in all the segments of Equity and Securities business, and the Company also acquired entire Share Capital of a non operating existing Non-Banking Finance Company registered with Reserve Bank of India.

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 its existing Subsidiaries, Subsidiary acquired and including its overseas Subsidiaries incorporated during the year under review. Copies of the annual audited Accounts of its existing Subsidiaries, Subsidiary acquired and its overseas Subsidiaries incorporated during the year under review, 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 also 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 its existing Subsidiaries, Subsidiary acquired and its overseas Subsidiaries incorporated during the year under review. From the Consolidated Financial statements it may be observed that Revenue and Net Profit after Tax for the year under review is Rs.9199.17 lakhs and Rs.4573.73 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 profit 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, 2008, 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 under review.

### **Directors**

During the year under review, Mr. M. M. Gandhi, Managing Director and Mr. S. C. Bafna, Director vacated their office as Directors of the Company. The Board of Directors of the Company acknowledges with great respect valuable contributions made by both the Directors in the growth of the Company since inception.

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. M. Maniar, Director of the Company retire by rotation and being eligible, offer himself for re-appointment at the ensuing Annual general Meeting of the Company.

During the year under review, the Board of Directors of the Company have also appointed on 18th January, 2008, Mr. Nalinkant Rathod and Mr. Anand Desai, as Additional Directors, pursuant to Article 96 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, both the Directors can hold office up to the date of the forthcoming Annual General Meeting of the Company. Notices have been received from certain Members under Section 257 of the Act intimating their intentions to propose Mr. Nalinkant Rathod and Mr. Anand Desai's, candidature for the office of the Director.

As per the requirements of the Clause 49 of the Listing Agreement, brief resume of all the Directors proposed to be appointed and re-appointed, their qualification, experience and the names of the Companies in which they hold directorship, membership of the board committees, are 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 12 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  
26th June, 2008.

**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, 2008, 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	15,06,500
e. Weighted Average Price per option granted (Rs.)	Rs.22.05	Rs.100.52
f. Options vested as of March 31, 2008 (No.)	5,43,200	Nil
g. Options exercised during the year (No.)	1,74,500	Nil
h. Money raised on exercise of options	Rs.38,47,725/- (Rupees Thirty Eight lakhs forty seven thousand seven hundred twenty five only)	Nil
i. Options forfeited and lapsed during the year (No.)	21,650	21,000
j. Total number of options in force at the end of the year (No.)	8,03,850	14,85,500
k. Employee-wise details of options granted to		
i) Senior Management	Nil	Nil
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.	Nil	Kasi Vishwanathan 1,50,000 Manohar Arcot 1,00,000 Gealgeo Alankara 1,00,000

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.	Nil	Kasi Vishwanathan 1,50,000
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. 26.24	Rs. 26.24
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.	Decrease in profit by Rs. 20,22,087  Decrease in Basic EPS - Rs. 0.20  Decrease in Diluted EPS - Rs. 0.18	Decrease in profit by Rs. 1,32,09,586  Decrease in Basic EPS - Rs. 1.29  Decrease in Diluted EPS - Rs. 1.17
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.	Exercise Price - Rs. 22.05  Fair Value - Rs. 17.92	Exercise Price - Rs. 100.52  Fair Value - Rs. 46.80
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	31.50	58.20 - 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. It's 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. As the Indian economy posted one of its strongest growth performances in recent times, the Sensex, a representative of the stock markets, too tracked the same and rose from 12,455 at the beginning of the year and, after touching a high of 21,207, ended the year at 15,644.

These factors translated into opportunities for financial intermediaries, and your Company also took benefit of the same. The Corporate Finance and Advisory business of the Company exhibited a 217% increase in its revenues through a combination of high value advisory services and finance structuring of mid-cap Companies, capitalizing on the Corporate relationships nurtured by the Company over the past two decades.

In continuation of expansion of its Merchant Banking and Investment Banking business, the Company during the year under review acquired balance 49% Share Capital of Infinity.com Financial Securities Limited (thus making 100% Subsidiary of the Company), a member of NSE and BSE with operations in all the segments of Equity and Securities business, and also acquired entire Share capital of Marine Drive Investments and Trading Company Private Limited, a non operative existing Non-Banking Finance Company registered with Reserve Bank of India. The Company and its subsidiaries now have presence in the all 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 follows :

PIONEER INVESTCORP LIMITED				
			Incorporated overseas	
Infinity.Com Financial Securities Ltd. – Trading cum Clearing Member of NSE, BSE & CDSL	Pioneer Wealth Management Services Ltd. – Registered Portfolio Manager	Marine Drive Investments And Trading Company Pvt. Ltd. – Non Banking Finance Company	Pioneer Investcorp International Ltd.– Investment Banking Company	PINC Fund Advisors LLC- Asset Management Company

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.

## **OUTLOOK AND OPPORTUNITIES**

In fiscal 2008, the growth registered by the Indian economy was one of the strongest in recent times. This had its rub off on the capital markets and the stock markets embarked on a roller coaster ride. All segments of the markets namely Debt, Equity, IPOs, FDI etc. witnessed record mop-ups and the year also saw mega IPOs hitting the markets, namely Reliance Power, Mundra Port & SEZ Ltd., Power Grid Corporation Ltd, DLF etc. reflecting this optimism, the BSE Sensex surpassed multiple milestones and posted a high of 21,207 in January 2008.

However, there were certain threats on the Global Economy on the horizon like the weakening US dollar, soaring commodity prices, galloping crude prices and food grain shortages. The surging rupee caused consternation for the major part of the fiscal as it slid from Rs.43.30 for a USD to Rs.39.25, impacting multiple export oriented industries like IT, ITES, Textiles, Leather, gems and jewellery etc. The Reserve Bank of India took a pragmatic stand and managed to stabilize the situation and things have improved considerably in the second quarter of current year 2008. However global factors like soaring commodity prices, especially of food grains and crude have stoked inflationary pressure, which has moved into double digit territory. Despite measures like holding the petrol, diesel and LPG prices, imposing export duties, relaxing import duties, there is a distinct possibility that the growth engine of India Inc would slow down as it adjusts to these fiscal and operational pressures.

All these impacted sentiments of the capital markets, which have been in corrective mode since January 2008.

Considering the rapidly changing economic scenario, there are opportunities for niche players like our company. In light of the same, we have been consistently beefing up our team in all segments i.e. Investment Banking, Equity etc. While the focus in investment banking and equity has been on broadening domain expertise, the latter has also endeavored to broadbase its offerings. We are confident that your company will be well poised to capitalize on the upturn in sentiments and capitalize on any opportunities that would arise from the same.

Our emphasis on developing long term relationships with corporate clients and be a partner in their growth path has yielded good dividends in the past and should stand us in good stead in the coming year as we move up the value chain in the financial services segment.

Mindful of the fact that many organizations face pressure on multiple fronts during scale up in operations like HR, training etc , we have taken serious efforts in developing strong framework of processes and systems which would smoothen our growth and scale up by inducting personnel at key places with strong multi industry and multi disciplinary experiences.

We are confident that while sailing through this stage of turbulent stage of economy, we will move up the league standings both in scale and presence and we should be in an enviable position to reap the benefits of the changing situation of our economy and capital markets which we foresee over the next couple of years.

## **RISK AND CONCERN**

The financial and capital market intermediating activity is heavily dependent on economic buoyancy. Though, our economy is strong and has high visibility on the growth fronts, we 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 liquidity, hardening interest rates and inflation etc.

We would also be affected if the Stock markets were to decline sharply. Increased competition in our markets 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.

Manpower retention is a difficult measure considering the growing number of opportunities and ever-increasing number of players having presence globally in this industry.

## **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. The Company has initiated steps to document its systems and processes in various intermediation fields.

## **DISCUSSION OF FINANCIAL PERFORMANCE**

During the year under review, the Company had a many-fold increase in revenue amounting to Rs.5861.16 lakhs (previous year: Rs.1847.81 lakhs), which also resulted in increase in Profit after Tax of Rs.2970.92 lakhs (Previous Year Rs.1043.79 lakhs). The consolidated statement includes various subsidiaries, including its overseas subsidiaries which have initiated its operations and the existing broking operations of the subsidiary having membership of BSE and NSE.

## **MATERIAL DEVELOPMENT AND HUMAN RESOURCES**

During the year under review, the Company continued to recruit professionally qualified Senior Management Personnel who have wide experience in financial services sector. The Company has existing ESOP Schemes to attract and retain managerial talent.

## **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 information in a transparent way with its shareholders, bankers, and customers.

### 1. BOARD OF DIRECTORS

#### a) Composition of Board

During the year under report, Mr. M. M. Gandhi, Managing Director and Mr. S.C. Bafna, Independent Non Executive Director vacated their office as Director from the Board of the Company on 25.10.2007 & 19.11.2007 respectively. Mr. N.A. Rathod and Mr. A. B. Desai were appointed as additional Non-Executive Directors of the Company on 18.01.2008. Out of the total five Directors of the Company, four are independent non-executive Directors, namely Mr. C. C. Dalal, Mr. C. M. Maniar, Mr. N. A. Rathod and Mr. A. B. Desai, the other Director namely Mr. G. M. Gandhi (Managing Director) represent the Promoters group.

#### 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.

#### c) Other provisions as to Board and Committees

##### (i) Meetings and attendance record of each Director

During the year under report from 1st April, 2007 to 31st March, 2008, the Board of Directors held twelve meetings on 30.04.2007, 21.06.2007, 30.07.2007, 20.08.2007, 31.08.2007, 20.09.2007, 25.10.2007, 17.11.2007, 18.12.2007, 18.01.2008, 25.01.2008 and 12.02.2008.

Mr. S. C. Bafna, was present in eight Board Meetings till the date of his resignation, Mr. M. M. Gandhi was present in seven Board Meetings till the date of his resignation, Mr. C. M. Maniar, was present in ten Board Meetings, Mr. C. C. Dalal was present in all twelve Board Meetings, Mr. G. M. Gandhi, was present in ten Board Meetings, Mr. A. B. Desai was present in two Board Meetings, after the date of his appointment.

##### (ii) Number of Directorships

Mr. C. M. Maniar is a Director of sixteen 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 seventeen 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, who was appointed w. e. f. 25.01.2008, 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 five 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 and Mr. C. M. Maniar, both independent Directors and members of the Audit Committee were present at all the five committee meetings. Mr. G. M. Gandhi, the other member of the Committee, was present at three committee meetings.

## **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.27 of Schedule 12 – 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, on 10th May, 2007, the Company has allotted 20,00,000 Equity Shares to certain Non-Promoters Individuals and Body corporate, on conversion of 20,00,000 Convertible Warrants, issued on Preferential basis pursuant to Special resolution passed at the Extra Ordinary General Meeting of

the Company held on 1st March, 2006, on receipt of balance amount from them on exercising of the conversion.

During the year under report, on 25th October, 2007, the Company has allotted 65,000 Equity Shares to Mr. Gaurang Gandhi, Managing Director & Promoter pursuant to Special Resolution passed by the Shareholders of the Company through the process of Postal Ballot on 5th August 2007, on Conversion of 65,000 Convertible Warrants, issued on preferential basis to him on receipt of balance amount from him on exercising the conversion.

During the year under report, the Company has allotted 1,74,500 equity shares under, "Pioneer Investcorp Ltd. - Employee Stock Option Scheme - 2006".

#### 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) The Company has paid remuneration to Mr. M. M. Gandhi, Managing Director of the Company till his term end on 30.09.2007, whose appointment and remuneration has been fixed by the Company in terms of Special Resolution passed by the members. The remuneration paid till the end of his term to Mr. M. M. Gandhi, Managing Director is as follows:

<b>Mr. M. M. Gandhi, Managing Director's Remuneration:</b>	<b>(From 01.04.2007 Till 30.09.2007)</b>
a) Salaries	2,10,000
b) Perquisites	1,56,085
c) Commission	16,72,689
<b>Total</b>	<b>20,38,774</b>

(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 31.03.2008)
1	C. C. Dalal	10,000	2000
2	C. M. Maniar	10,000	2000
3	S. C. Bafna *	10,000	1500
4	N. A. Rathod	Nil	Nil
5	A. B. Desai	Nil	Nil
	<b>Total</b>	<b>30,000</b>	<b>5500</b>

\* Mr. S. C. Bafna, 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 31.03.2008.
Mr. C. M. Maniar	Independent - Non Executive	2300
Mr. C. C. Dalal	Independent - Non Executive	2000
Mr. N. A. Rathod	Independent - Non Executive	NIL
Mr. A. B. Desai	Independent - Non Executive	NIL
Mr. S. C. Bafna*	Independent - Non Executive	2100

\* Mr. S. C. Bafna, vacated his office as Director on 19th November, 2007.

#### **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 Directors**

Mr. C. M. Maniar Director retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

Mr. N. A. Rathod and Mr. A. B. Desai were appointed as additional directors on 18.01.2008 till the date of Annual General Meeting eligible, offer themselves for reappointment.

Pursuant to Clause 49 of the Listing Agreement, the information relating to reappointment of Director and appointment of new Directors are as follows:

Name of Directors	Shri Chaitan M. Maniar	Shri Nalinkant A. Rathod	Shri Anand B. Desai
Brief Resume	<p>Mr. Chaitan Maniar is Director of the Company for more than 23 years. Mr. Maniar is a Solicitor and Advocate. He is presently a Senior Partner of well known law firm Crawford Bailey &amp; Co. He is on the Board of various Companies.</p>	<p>Nalinkant Rathod is a Chartered Accountant by Profession, and is the President Director of PT Arutmin Indonesia and PT Kaltim Prima Coal, together the world's largest thermal coal minerals exporters. He is also the commissioner of PT Bumi Resources TBK, (Joint Venture of Indonesian Bakri Group with the Tata Group of India), a US \$ 9.00 Billion Mineral Export Company. He is also currently the Managing Director of Capital Managers Asia Pte Ltd. (CMA), a restructuring firm operating in Asia. CMA now focuses on investment in businesses and stocks.</p>	<p>Anand Desai is a qualified Chartered Accountant and brings a rich and varied experience spanning 25 years to his Directorship at Pioneer.</p>
		<p>Nalin is a seasoned cross cultural negotiator and deal maker who has also successfully turned around non-performing Investments into profitable and valuable investments. He will be a valuable addition to the Pioneer Board of Directors.</p>	<p>Anand has been a career Investment Banker having worked with M/s. J. M. Financial &amp; Kotak Mahindra. He started key initiatives for the Kotak group being the first Head of the Investment Bank in India and thereafter as the first CEO and Area Director for Kotak Mahindra International, Middle East. He then moved to the Media and Entertainment sector with Sony Entertainment Television as Head of Corporate Development.</p>
Nature of his expertise	<p>Specialized in matters relating to Corporate Law, Business Laws, Economic Laws and Laws relating to Industrial and Intellectual Property.</p>	<p>Specialized in Finance and Investment Banking.</p>	<p>Specialized in Finance and Investment Banking.</p>

Name of Directors	Shri Chaitan M. Maniar	Shri Nalinkant A. Rathod	Shri Anand B. Desai
Other Directorship	Akzo Nobel Coatings India Private Limited Amsar Private Limited Chemtex Engineering of India Limited. Foods & Inns Limited. Godfrey Philips India Limited Gujarat Ambuja Export Limited HGC Foundation Private Limited Hindalco Industries Limited Indo- Euro Investments Company Limited Indian Card Clothing Company Limited Multi Commodity Exchange of India Limited Northpoint Training & Research Private Limited Sudal Industries Limited Twenty-First Century Printers Limited Varun Shipping Company Limited Vadilal Industries Limited	Kelly Holdings Limited. Macropower Development Limited. Asia Pacific Investment Holdings Limited. Asia Pacific Equity Holdings Ltd. Radorm Technology Ltd. Far East Capital & Investment Ltd. Asia Pacific Finance & Investment Ltd. Multimedia Investments Ltd. Omi Capital Asia Limited CMA Fund Management Ltd. Stepscale Ltd. Springtrend Ltd. Asia Pacific Pipe Investment Corporation. Telecom Equipment Ltd. Far East Financial Services Ltd. Far East Canning Industries Ltd. Far Eastern Fisheries Ltd. Far Eastern Realty Ltd. Far Eastern Fertilizers Ltd. Far East Marketing Ltd. Far East Mining Ltd. Far Eastern Brahman Co. Ltd. Far Eastern Brahman Trading Co. Ltd. Great Asian Holdings PTE Ltd. Great Asian Commodity PTE Ltd. Capital Managers Asia PTE Ltd. Great Asia Shipping PTE Ltd. Solomed PTE Ltd. Elister IT Solutions (S) PTE Ltd. Times Watch Investments Ltd. Timeswitch Corporation Ltd. Northsea Services Ltd. PT. Elister IT Solutions PT CMA SCI Bosques Des Collins Prima Javasoftech Dubai Ltd. Elister IT Solutions (India) Pvt. Ltd.	Multi Consult Pvt. Ltd.

Name of Directors	Shri Chaitan M. Maniar	Shri Nalinkant A. Rathod	Shri Anand B. Desai
Other Committee Membership	Hindalco Industries Limited (Audit, Shareholder Grievance & Share Transfer Committees.) Varun Shipping Company Ltd. (Audit & Shareholders Grievance Committees) Twenty-First Century Printers Ltd. (Audit, Shareholder Grievance & Share Transfer Committees.) Godfrey Phillips India Ltd.(Shareholder Grievance & Share Transfer Committee)		
Number of Shares held in the Company	2300	Nil	Nil

(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 one English newspaper and one regional language newspaper where the registered office of the Company is situated.

(iii) The Shareholders / Investors Grievance Committee continued to function effectively and held four meetings 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 were duly attended by the Committee and as of now no complaints were pending. Mr. S. C. Bafna and Mr. M. M. Gandhi, Directors were present in all the four meetings till the date of their resignation, Mr. C. M. Maniar, Director was present in two meetings, and Mr. G. M. Gandhi, Director, was present in two meetings. To expedite the process of transfer, the Board of Directors of the Company, has delegated the power of transfers. 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
2004-2005	Thursday, 21st July, 2005, at 11.30 a.m.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 K. Dubash Marg, Mumbai - 400 001.
2005-2006	Thursday, 31st August, 2006, at 11.30 a.m.	Same as above
2006-2007	Thursday, 20th September, 2007, at 11.30 a.m.	Kilachand Conference Room, 2nd floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai - 400020

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

Year	Matter
2004-2005	There was no business requiring Special Resolution.
2005-2006	There was no business requiring Special Resolution.
2006-2007	There was no business requiring Special Resolution.

c) Special Resolutions were passed during the year end under review, through Postal Ballot pursuant to Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001. Mr. Pramod Shah, Practicing Company Secretary was appointed as a scrutinizer and most of the resolutions were passed through majority.

## 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 next Annual General Meeting of the Company will be held on Thursday, 21st August, 2008, 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, 2008)	3rd / 4th week of July, 2008.
Financial Reporting for Quarter II - (ending September 30, 2008)	3rd / 4th week of October, 2008.
Financial Reporting for Quarter III - (ending December 31, 2008)	3rd / 4th week of January, 2009.
Financial Reporting for Quarter IV - (ending March 31, 2009)	3rd / 4th week of April, 2009.

c) The dates of Book Closure are 14th August, 2008 to 21st August, 2008 (both days inclusive);

d) Dividend @ 15% (i.e. Rs.1.50 per share) will be paid on or after 21st August, 2008, if approved by the members at the ensuing Annual General Meeting of the Company;

e) 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;

f) Share Price – High and Low on Bombay Stock Exchange Limited, for the Financial Year April, 2007 to March, 2008, were as follows;

Month	April 2007	May 2007	June 2007	July 2007	Aug. 2007	Sept. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008	March 2008
<b>High</b>	81.65	102.40	127.25	228.25	368.50	434.45	445.00	718.40	680.00	926.35	674.95	493.00
<b>Low</b>	58.00	80.05	101.95	107.85	216.85	367.00	338.90	415.50	625.50	609.70	433.10	272.35

g) 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@scspl.net.

h) Detailed Shareholding pattern of the Company as on 31st March, 2008, is as under:

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
A	Promoter's holding		
1	Promoters	4810863	45.53
<b>Sub-Total ( A )</b>		<b>4810863</b>	<b>45.53</b>
B	Non-Promoters Holding		
1	Banks and Foreign Institutional Investors	258923	2.45
2	Others including Body Corporate	5496714	52.02
<b>Sub-Total ( B )</b>		<b>5755637</b>	<b>54.47</b>
<b>Total</b>		<b>10566500</b>	<b>100.00</b>

i) The distribution of Shareholding of Equity Shares as on 31st March, 2008, is as under:

Sr. No.	No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
1.	Less than 50	719	21485	0.20
2.	51 to 100	1960	193974	1.83
3.	101 to 500	1480	359976	3.41
4.	501 to 1000	161	126607	1.20
5.	1001 to 5000	114	260216	2.46
6.	5001 to 10000	17	122744	1.16
7.	10001 to 50000	29	587156	5.56
8.	50001 to 100000	15	1177078	11.14
9.	100001 to 500000	14	2647766	25.06
10.	500001 & above.	3	5069498	47.98
<b>TOTAL</b>		<b>4512</b>	<b>10566500</b>	<b>100.00</b>

j) As on 31st March, 2008, nearly 69.50% of the Company's totals Paid up Equity Shares were held in demat form with NSDL and CDSL;

k) The Company has paid listing fees for the Financial Year 2008-09 to Bombay Stock Exchange Limited, the only Exchange where shares of the Company are presently listed; and

l) The Company's Registered as well as Corporate office is located at 1218, Maker Chambers 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.**

As required under Clause 49 (I) (D) of the Listing Agreement, it is hereby affirmed that all the Board members and Senior Management Personnel have complied with code of conduct of the Company.

Mumbai  
26th June, 2008

**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, 2008, 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  
26th June, 2008

## 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, 2008 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 2008 and taken on record by the Board Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) 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, 2008 ; and

(b) In case of the Profit and Loss account, of the profit 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

26th June, 2008

## 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.13.20 lacs, to five of its wholly owned subsidiaries. At the year end, the loans granted to five subsidiaries aggregates to Rs 15.81 lacs. The Maximum balance outstanding during the year is 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

26th June, 2008



**BALANCE SHEET AS AT 31ST MARCH, 2008.**

SOURCES OF FUNDS	Schedule No.	(Rs.)	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Share Holders' Funds</b>				
Share Capital	1	111,642,892		89,247,892
Share Capital Suspense Account		10,863,330		—
Application Money Received for Share Warrants		131,702,500		4,200,000
Reserves and Surplus	2	<u>601,903,620</u>		<u>172,606,572</u>
			<b>856,112,342</b>	<b>266,054,464</b>
Secured Loans	3		540,578,411	245,494,078
Deferred Tax Liability			<u>3,946,131</u>	<u>940,620</u>
			<u><b>1,400,636,884</b></u>	<u><b>512,489,162</b></u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets:</b>	4			
Gross Block		124,388,752		76,555,473
Less: Depreciation		<u>21,866,007</u>		<u>17,434,677</u>
Net Block			102,522,745	59,120,796
Investments	5		648,765,945	181,982,244
<b>Current Assets, Loans and Advances :</b>	6			
Closing Stock		300,254,670		221,067,487
Sundry Debtors		502,681,731		103,170,190
Cash and Bank Balances		3,457,475		655,731
Loans and Advances		<u>166,129,621</u>		<u>29,328,244</u>
		<u><b>972,523,497</b></u>		<u><b>354,221,652</b></u>
<b>Less: Current Liabilities and Provisions :</b>	7			
Current Liabilities		151,284,272		37,468,294
Provisions		<u>171,891,031</u>		<u>45,367,236</u>
		<u><b>323,175,303</b></u>		<u><b>82,835,530</b></u>
<b>Net Current Assets</b>			<u><b>649,348,194</b></u>	<u><b>271,386,122</b></u>
			<u><b>1,400,636,884</b></u>	<u><b>512,489,162</b></u>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	12			

As per our report of even date attached

**For Jayesh Dadia & Associates**

Chartered Accountants

**G.M.Gandhi**  
Managing Director

**C.C.Dalal**  
Director

**C.M.Maniar**  
Director

**Nishit Dave**

Partner

M. No. : 120073

Mumbai, 26th June, 2008

**A.B.Desai**  
Director

**A.J.Chandra**  
Company Secretary

Mumbai, 26th June, 2008

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	Schedule No.	1st April, 2007 to 31st March, 2008 (Rs.)	1st April, 2006 to 31st March, 2007 (Rs.)
<b>INCOME</b>			
Income from Operations		476,845,657	145,514,646
Income from Securities/Investments	8	103,133,917	31,782,122
Other Income	9	6,136,530	7,484,114
<b>Total Income</b>		<b>586,116,104</b>	<b>184,780,882</b>
<b>EXPENDITURE</b>			
Employment Cost	10	55,698,471	10,446,685
Administration and other expenses	11	51,508,614	15,973,660
Interest		49,524,081	9,101,462
Depreciation		4,431,330	2,491,206
<b>Total Expenditure</b>		<b>161,162,496</b>	<b>38,013,013</b>
<b>PROFIT BEFORE TAX</b>		<b>424,953,608</b>	<b>146,767,869</b>
Provision for Taxation		(123,993,000)	(41,100,000)
Fringe Benefit Tax		(552,104)	(92,950)
Deferred Tax		(3,005,511)	(1,022,409)
Excess/(Short) Provision for Tax of earlier year		(310,499)	(173,579)
<b>NET PROFIT BEFORE APPROPRIATIONS</b>		<b>297,092,494</b>	<b>104,378,931</b>
Balance brought forward from previous year		53,218,648	16,962,827
Less: Proposed Dividend		17,489,750	15,490,500
Less: Dividend Distribution Tax		2,972,383	2,632,610
Less: Transferred to General Reserve		150,000,000	50,000,000
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>179,849,009</b>	<b>53,218,648</b>
Earning Per Share (See note 26)			
Basic		29.05	12.53
Diluted		26.24	10.11
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**C.M.Maniar**  
Director**Nishit Dave**  
Partner**A.B.Desai**  
Director**A.J.Chandra**  
Company Secretary

M. No. : 120073

Mumbai, 26th June, 2008

Mumbai, 26th June, 2008

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2008.**

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
25,000,000 Equity Shares (previous year 25,000,000) of Rs.10/- each	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
1,05,66,500 (8,327,000) Equity Shares of Rs.10/- each	<u>105,665,000</u>	83,270,000
Add :Amount paid up on Shares Forfeited	<u>5,977,892</u>	5,977,892
	<u>111,642,892</u>	<u>89,247,892</u>
Of the above:		
(1) 174,500 (Previous Year Nil) equity shares of Rs.10/- each are allotted pursuant to ESOP Scheme,2006		
(2) 2,065,000 (Previous Year Nil) equity shares of Rs.10/- each are allotted pursuant to Conversion of warrants		
<b>Schedule 2</b>		
<b>RESERVES AND SURPLUS</b>		
General Reserve	83,828,549	33,828,549
Add: Transferred from Profit & Loss Account	<u>150,000,000</u>	50,000,000
	233,828,549	83,828,549
Share Premium Account	65,576,750	33,000,000
Employees Stock Options (See note 9 and 19)		
Employees Stock options outstanding	7,596,382	9,450,000
Less: Deferred employee stock compensation	<u>4,430,091</u>	6,890,625
	3,166,291	2,559,375
Capital (Amalgamation) Reserve Account (See note 16)	119,483,021	—
Profit and Loss Account	<u>179,849,009</u>	53,218,648
	<u>601,903,620</u>	<u>172,606,572</u>
<b>Schedule 3</b>		
<b>SECURED LOANS</b>		
Term Loan-From ICICI Bank Ltd. (Secured by first charge on mortgage of office premises and hypothecation of all receivables arising from the lease to HDFC Bank Ltd.)	—	7,539,886
Term Loan-From Axis Bank Ltd. (Secured by first charge on mortgage of all moveable capital assets to Axis Bank Ltd.)	26,404,716	15,552,000
Vehicle Loan-From ICICI Bank Ltd. (Secured against hypothecation of Vehicle)	—	235,696
Cash Credit-Federal Bank Ltd. (Secured against Government Security Papers)	284,293,228	222,166,496
Term Loan-From ICICI Bank Ltd. (Secured by first charge on mortgage of office premises)	10,026,715	—
Indiabull Financial Services Ltd. (Secured by pledge of shares)	91,233,616	—
Sonata Investments Ltd. (Secured by pledge of shares)	128,620,136	—
	<u>540,578,411</u>	<u>245,494,078</u>

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2008.**

**Schedule 4**

**FIXED ASSETS**

Particulars of Assets	Gross Block				Depreciation			Net Block	
	As at 01.04.2007 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	As on 31.03.2008 (Rs.)	Upto 01.04.2007 (Rs.)	For the year Adjustments (Rs.)	Upto 31.03.2008 (Rs.)	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Office Premises	33,943,848	14,328,820	—	48,272,668	6,363,021	742,052	7,105,073	41,167,595	27,580,827
Leasehold Office Premises	—	4,222,688	—	4,222,688	—	161,524	161,524	4,061,164	—
Office Equipments	13,574,231	14,379,595	—	27,953,826	2,789,335	1,685,095	4,474,430	23,479,396	10,784,896
Furniture & Fixtures	26,263,336	7,535,724	—	33,799,060	6,354,308	1,711,686	8,065,993	25,733,067	19,909,028
Vehicles	2,774,058	—	—	2,774,058	1,928,013	102,294	2,030,308	743,750	846,044
Software	—	7,366,452	—	7,366,452	—	28,679	28,679	7,337,773	—
<b>Total</b>	<b>76,555,473</b>	<b>47,833,279</b>	<b>—</b>	<b>124,388,752</b>	<b>17,434,677</b>	<b>4,431,330</b>	<b>21,866,007</b>	<b>102,522,745</b>	<b>59,120,795</b>
Previous Year	49,779,985	27,111,904	336,416	76,555,473	15,279,887	2,491,206	17,434,677	59,120,795	—

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2008.**

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Schedule 5</b>		
<b>INVESTMENTS (Long Term, at cost)</b>		
<b>(A) Trade Investments in Subsidiary Companies (Unquoted)</b>		
Infinity .com Financial Securities Ltd. (18,500,000 fully paid Equity Shares (previous year 9,435,000) of Rs.10/- each)	244,501,960	124,696,000
Infinity .com Financial Securities Ltd. (600,000 fully paid Redeemable Preference shares (previous year 306,000) of Rs.100/- each)	21,498,040	10,964,000
Pioneer Commodity Intermediaries Pvt. Ltd. (1,000,000 fully paid Equity Shares (previous year 1,000,000) 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. (3,000,000 fully paid Equity Shares (previous year 50,000) of Rs.10/- each)	30,000,000	500,000
Pioneer Wealth Management Services Ltd. (600,000 fully paid Equity Shares (previous year 600,000) of Rs.10/- each)	6,000,000	6,000,000
Pioneer Investcorp International Ltd. (incorporated in Dubai) (500,000 fully paid Ordinary Shares (previous year Nil) of USD 1 each)	20,240,000	—
PINC Fund Advisors LLC. (incorporated in Mauritius)(100,000 fully paid Ordinary Shares (previous year Nil) of USD 1 each)	3,939,730	—
Marine Drive Investments and Trading Company Pvt. Limited (21,000 fully paid Equity Shares (previous year Nil) of Rs.100/- each)	3,612,000	—
<b>Total (A)</b>	<b>340,291,730</b>	<b>152,660,000</b>
<b>(B) Trade Investments in Associate Companies (Unquoted)</b>		
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
<b>Total (B)</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>(C) Trade Investments in Other Companies</b>		
<b>Quoted</b>		
Arihant Foundations & Housing Ltd. (2,645 fully paid Equity Shares (previous year 2,645) of Rs.10/- each) (Market Value as on 31st March, 2008 is Rs.809,106 (previous year Rs.931,966))	1,235,744	1,235,744
**Adani Enterprises Ltd. (300,000 fully paid Equity Shares (previous year Nil) of Rs.1/- each) (Market Value as on 31st March, 2008 is Rs.180,150,000.(previous year Rs.Nil))	176,444,605	—
**Mundra Port & Special Economic Zone Ltd. (20,000 fully paid Equity Shares (previous year Nil) of Rs.10/- each) (Market Value as on 31st March, 2008 is Rs.11,590,000.(previous year Rs.Nil))	24,114,073	—
**Mercator Lines Ltd. (300,000 fully paid Equity Shares (previous year Nil) of Rs.1/- each) (Market Value as on 31st March, 2008 is Rs.23,790,000.(previous year Rs.Nil))	46,383,391	—
**Gujarat NRE Coke Ltd. (250,000 fully paid Equity Shares (previous year Nil) of Rs.10/- each) (Market Value as on 31st March, 2008 is Rs.34,825,000.(previous year Rs.Nil))	32,209,903	—
<b>Unquoted</b>		
Bill Forge Pvt. Ltd. (3,300 fully paid Equity Shares (previous year 3,300) of Rs.10/- each)	5,049,000	5,049,000
Sansera Engineering Pvt. Ltd. (265 fully paid Equity Shares (previous year 265) of Rs.100/- each)	20,537,500	20,537,500
<b>Total (C)</b>	<b>305,974,215</b>	<b>26,822,244</b>
<b>Total Investments (A + B + C)</b>	<b>648,765,945</b>	<b>181,982,244</b>

\*\* Note: Shares are pledged with the Secured Lenders

**SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2008.**

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Schedule 6</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets:</b>		
Closing Stock of Government Security Papers* (See note 4 & 22) (at lower of cost or market value)	300,254,670	221,067,487
*(Government Securities Papers are pledged with Federal Bank)		
<b>Sundry Debtors: **</b>		
(Unsecured and considered good)		
Outstanding for more than six months	81,107,148	978,279
Other Debts	<u>421,574,583</u>	<u>102,191,911</u>
	502,681,731	103,170,190
** (Debtors includes Rs.197,756,933 (previous year Rs Nil) on account of sale of Investments)		
<b>Cash and Bank Balances :</b>		
Cash and Cheques on hand	46,519	62,377
Balances with Scheduled Banks: in Current Account	<u>3,410,956</u>	<u>593,354</u>
	3,457,475	655,731
<b>Loans and Advances :</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind for value to be received	37,714,180	5,662,187
Security Deposits	15,208,280	11,659,710
Advance Tax	<u>113,207,161</u>	<u>12,006,347</u>
	166,129,621	29,328,244
	<u>972,523,497</u>	<u>354,221,652</u>
<b>Schedule 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors (Due to other than Small Scale Industrial Undertakings)	70,558,984	17,769,562
Advance from Client	50,000,000	—
Other Liabilities	5,962,665	—
Mark to Market Margin Stock F&O Account	1,585,529	—
Due to Managing Director	2,217,598	1,321,459
Dividend Payable	17,489,750	15,490,500
Dividend Distribution Tax Payable	2,972,383	2,632,610
Unclaimed Dividends	497,363	254,163
	<u>151,284,272</u>	<u>37,468,294</u>
<b>Provisions:</b>		
Provision for Taxation	167,348,000	43,355,000
Provision for Gratuity (See Note 28)	3,318,198	1,246,557
Provision for Leave encashment on retirement	672,729	672,729
Provision for Fringe Benefit Tax	552,104	92,950
	<u>171,891,031</u>	<u>45,367,236</u>
	<u>323,175,303</u>	<u>82,835,530</u>

**SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	1st April, 2007 to 31st March, 2008 (Rs.)	1st April, 2006 to 31st March, 2007 (Rs.)
<b>Schedule 8</b>		
<b>INCOME FROM SECURITIES/INVESTMENTS</b>		
Profit on sale of Investments	141,190,958	36,132,504
Income from trading in Government Security Papers (See note 22)	39,966,024	(5,381,848)
Income/(Loss) from trading in Securities	<u>(78,023,065)</u>	1,031,466
	<u>103,133,917</u>	<u>31,782,122</u>
<b>Schedule 9</b>		
<b>OTHER INCOME</b>		
Interest income ( Tax deducted at source Rs.136,348 (previous year Rs. 396,818) )	871,840	1,795,960
Commission	100,000	100,000
Rent	4,985,988	4,935,531
Miscellaneous Income	116,566	235,873
Dividend received	62,137	411,750
Profit on sale of Fixed Assets	—	5,000
	<u>6,136,530</u>	<u>7,484,114</u>
<b>Schedule 10</b>		
<b>EMPLOYMENT COST</b>		
Salaries and Bonus	50,004,007	7,664,934
Gratuity	2,071,641	397,298
Employees Stock Compensation Expense	2,255,941	2,362,500
Employer's Contribution to Provident Fund	1,056,790	—
Staff Welfare	310,092	21,953
	<u>55,698,471</u>	<u>10,446,685</u>
<b>Schedule 11</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Rent	14,812,023	10,044,750
Rates and Taxes	335,702	335,202
Power and Fuel	1,545,060	443,504
Insurance	65,264	57,241
Postage, Telex and Telephones	1,669,715	314,937
Printing and Stationery	814,844	109,175
Directors' Sitting Fees	600,000	490,000
Travelling and Conveyance	3,049,671	195,059
Motor Car Expenses	2,820,562	655,294
Advertisement	3,278,695	35,619
Legal and Professional Charges	8,612,983	823,243
Share Transfer Registrar's Fees	75,000	75,000
Securities Transaction Tax	1,689,662	—
Auditors' Remuneration:		
Audit Fees	350,000	160,000
Tax Audit Fees	50,000	40,000
Certification work	60,000	66,000
	<u>460,000</u>	<u>266,000</u>
Miscellaneous Expenses	11,679,434	2,128,636
	<u>51,508,614</u>	<u>15,973,660</u>



## SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.

### Schedule 12

#### 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, 2008.****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, 2008.**

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. (1) Pursuant to the Scheme of Amalgamation under sections 391 to 394 of the Companies Act 1956, merger of Pioneer Tradestock Pvt. Ltd. (PTPL)(Transferor Company) with Pioneer Investcorp Ltd. (PIL)(Transferee Company) has been approved by the High Court of Judicature at Bombay vide its order dated 14th March 2008, with effect from 1st April 2007(the appointed date).
- (2) The Scheme is Operative from the appointed date i.e., 1st April 2007.

In terms of the Scheme, all assets and liabilities of PTPL have been transferred to and vested with the Company, with effect from the Appointed Date at their respective book values on that date. PTPL carried on all its businesses and activities for the benefit of and in trust for, the Company from the Appointed Date. Thus, the profit or income accruing or arising to PTPL, or expenditure or losses arising or incurred by them from the Appointed Date, are treated as the profit or income or expenditure or loss, as the case may be, of the Company. The Scheme have accordingly been given effect to in these Accounts.

The amalgamations have been accounted for under the 'Pooling of Interests Method' as prescribed by Accounting Standard -14 "Accounting for Amalgamations" (AS-14) issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the assets, liabilities and reserves of PTPL have been taken over at their book values on the Appointed Date, subject to adjustments specified in the Scheme of Amalgamation.

**SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.**

- (3) 10,86,333 equity shares of Rs.10/- each of the Company are to be issued to the erstwhile shareholders of PTPL in the ratio of 1 (one) fully paid equity shares of Rs.10/- each of the Company for 12 (twelve) fully paid up equity shares of Rs.10/- each held in PTPL. Pending allotment of shares an amount of Rs.1,08,63,330/- has been shown under Share Capital Suspense A/c as at 31st March 2008. These shares were subsequently issued to shareholders of PTPL on 30th May 2008 and shall rank pari-passu in all respects with the existing Equity Shares of the Company.
- (4) As per Scheme of Amalgamation the Assets and liabilities are adjusted as under.
- a) The Investments shown in the books of transferor Company in the equity and preference shares of Infinity.com Financial Securities Ltd. of Rs.130,340,000 has been shown under the Investments of the Transferee Company. The Net Current Assets shown in the books of transferor Company of Rs.13,995 has been shown under the Net Current Assets of the Transferee Company.
- b) The Profit & Loss Account Balance of Rs.6,005 (Debit balance) and the preliminary expenses of Rs.7,644 of the Transferor Company has been adjusted from the resultant capital reserve arising out of amalgamation and the same has been shown under the Reserves & Surplus of the Transferee Company.
17. During the year the Company has floated two wholly owned overseas Subsidiary Companies viz Pioneer Investcorp International Limited (incorporated in Dubai) and PINC Fund Advisors LLC (incorporated in Mauritius) and acquired 100% shareholding in an existing Non Banking Financial Company namely Marine Drive Investments and Trading Company Pvt. Ltd.
18. 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.

Name of the Company	Amount outstanding as on 31st March, 2008 (Rs.)	Maximum balance outstanding during the year (Rs.)	Investment in shares of the company No. of Shares
Pioneer Wealth Management Services Ltd.	85,220 <i>Nil</i>	85,220 <i>(240,246)</i>	600,000 <i>(600,000)</i>
Pioneer Money Management Ltd.	1,381,965 <i>(225,336)</i>	5,031,665 <i>(225,336)</i>	3,000,000 <i>(50,000)</i>
Pioneer Investment Advisory Services Ltd.	72,685 <i>(34,636)</i>	72,685 <i>(34,636)</i>	50,000 <i>(50,000)</i>
Pioneer Investcorp International Limited	Nil <i>NA</i>	1,413,751 <i>NA</i>	500,000 <i>NA</i>
PINC Fund Advisors LLC	40,738 <i>NA</i>	3,980,468 <i>NA</i>	100,000 <i>NA</i>

19. The Company, under its various ESOP Plan/Schemes, has granted in aggregate 2,506,500 options, as on 31st March, 2008 (previous year 1,000,000).
- Employee Stock option Reserve outstanding at the beginning of the year amounting to Rs.9,450,000 was reduced proportionately by Rs.1,649,025 on account of Share issued on the exercise of stock options and by Rs.204,593 on account of stock options forfeited/lapsed during the year.

**SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.**

The details of outstanding options are as under:

Particulars	Year Ended 31/03/2008		Year Ended 31/03/2007	
	ESOP 2007	ESOP 2006	ESOP 2007	ESOP 2006
Granted options outstanding for the scheme at the beginning	Nil	1,000,000	Nil	1,000,000
Options Granted during the year	1,506,500	Nil	Nil	Nil
Options forfeited	21,000	21,150	Nil	Nil
Vested Options outstanding at the beginning	Nil	200,000	Nil	200,000
Add: Options vested during the year	Nil	343,700	Nil	Nil
Less: Options exercised during the year	Nil	174,500	Nil	Nil
Less: Vested Options Lapsed	Nil	500	Nil	Nil
Vested Options outstanding at the end of the year	Nil	368,700	Nil	200,000

	Year Ended 31/03/2008 (Rs.)	Year Ended 31/03/2007 (Rs.)
20. Contingent Liabilities on account of: Counter guarantees given to banks	10,000,000	10,000,000

	Year Ended 31/03/2008 (Rs.)	Year Ended 31/03/2007 (Rs.)
21. Income Earned in Foreign Currency	25,038,894	34,323,000
Expenses Incurred in Foreign Currency	180,563	Nil

22. Details of Government Securities transactions during the year, are as follows:

	Year Ended 31/03/2008 (Rs.)	Year Ended 31/03/2007 (Rs.)
Sale of Securities	9,104,682,091	742,796,215
Add: Closing Stock at Market Value	300,254,670	221,067,487
Less: Purchase of Securities	9,143,903,250	969,245,550
Less: Opening Stock	221,067,487	—
Profit/(Loss) from trading in Government Securities	39,966,024	(5,381,848)

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

Nature of Contract	31.03.2008			31.03.2007		
	No of Contracts	No. of Shares		No of Contracts	No. of Shares	
		Long	Short		Long	Short
Equity	586	610,200	Nil	Nil	Nil	Nil

**SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.**

24. Computation of net profits in accordance with Section 198 of the Companies Act, 1956, and commission payable for the period ended 30th September, 2007 are as follows.

	(Rs.)
Profit for the period from April 07 to September 07	1,854,43,671
Add:- Directors' Remuneration including perquisites	366,085
Directors' sitting fees	400,000
Less:- Profit on sale of Investments	<u>18,940,849</u>
Net Profit as per Section 198	167,268,907
Commission payable to the Managing Director @ 1%	1,672,689

	Year Ended 31/03/2008 (Rs.)	Year Ended 31/03/2007 (Rs.)
25. Managing Director's Remuneration:		
a) Salaries	210,000	420,000
b) Perquisites	156,085	303,000
c) Commission	1,672,689	1,118,434
d) Gratuity	—	20,192
Total	<u>2,038,774</u>	<u>1,861,626</u>

	Year Ended 31/03/2008	Year Ended 31/03/2007
26. Earning per Share		
Profit after tax as per Profit & Loss Account (Rs.) (A)	<u>297,092,494</u>	<u>104,378,931</u>
Weighted Average Number of Equity Shares used in Computing Basic earnings per Share (B)	10,228,212	8,327,000
Add: Potential Equity Shares on account of ESOP, Equity shares issued on mergers etc.	1,093,333	2,000,000
Weighted Average Number of Equity Shares used in Computing Diluted earnings per Share (C)	<u>11,321,545</u>	<u>10,327,000</u>
Earning Per Share (Rs.) (A/B) - Basic	29.05	12.53
(A/C) - Diluted	26.24	10.11

27. 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

## SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.

### 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) Pioneer Investcorp International Ltd. (incorporated in Dubai)
- 7) PINC Fund Advisors LLC (incorporated in Mauritius)
- 8) 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.
- 4) Symbyosys Integrated Solutions Pvt. Ltd.
- 5) Pioneer Fund Advisors Pvt. Ltd.
- 6) Siddhi Portfolio Services Pvt. Ltd.
- 7) Sonal Denim & Processors Pvt. Ltd.
- 8) L.Gordhandas & Co. Clearing Agent Pvt. Ltd.

Details of related party transaction carried out during the year ended 31st March, 2008

Nature of Transactions ((Received) / Paid)	(Amount in Rs.)		
	Category I	Category II	Category III
1) Remuneration paid	2,038,774		
2) Share Capital	(650,000)		
3) Share Premium	(6,825,000)		
4) Share Warrant Application Money	(131,702,500)		
5) Purchase of Investments		3,612,000	
6) Commission received on account of Bank Guarantees			(100,000)
7) Loans & Advances		1,580,608	
8) Brokerage paid on purchase/sale of securities		327	
9) Repairs of Motor Cars			104,296



## SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.

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

		<b>Gratuity</b>
<b>I Assumption as at</b>		Valuation Date 31st March 2008
Mortality		LIC (1994-96) Ult
Discount Rate		8.00%
Rate of Increase in Compensation		7.00%
Rate of Return (Expected) on plan assets		—
Withdrawal Rates		5.00%
<b>II Change in present Value of Obligations</b>		
PVO at beginning of period		392,366
Interest Cost		31,389
Current Service Cost		1,439,653
Benefits Paid		—
Actuarial (gain)/loss on obligation		1,454,790
PVO at end of period		3,318,198
<b>III Changes in Fair value of plan Assets</b>		
Fair Value of plan assets at beginning of Period		—
Expected return on plan assets		—
Contributions		—
Benefits Paid		—
Actuarial gain/(loss) on plan assets		—
Fair Value of plan assets at end of Period		—
<b>IV Fair Value of plan Assets</b>		
Fair Value of plan assets at beginning of Period		—
Actual return on plan assets		—
Contributions		—
Benefits Paid		—
Fair Value of plan assets at end of Period		—
Funded Status		(3,318,198)
Excess of Actual Over Estimated return On plan Assets		—
<b>V Actuarial Gain /(Loss) Recognized</b>		
Actual Gain/(Loss) for the period (Obligation)		(1,454,790)
Actual Gain/(Loss) for the period (Plan Assets)		—
Total Gain/(Loss) for the period		(1,454,790)
Actuarial Gain/(Loss) Recognized for the period		(1,454,790)
Unrecognized Actuarial Gain/(Loss) at end the period		—



## SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.

<b>VI Amount to be recognized in the balance sheet and statement of Profit &amp; Loss Account</b>	
PVO at end of period	3,318,198
Fair Value of plan assets at end of Period	—
Funded Status	(3,318,198)
Unrecognized Actuarial Gain/(Loss)	—
Net Asset/(Liability) Recognized in the Balance Sheet	(3,318,198)
<b>VII Expenses Recognized in the Statement of Profit &amp; Loss Account</b>	
Current Service Cost	1,439,653
Interest Cost	31,389
Expected Return on Plan Assets	—
Net Actuarial (Gain)/Loss Recognized For the period	1,454,790
Expense Recognized in the statement of Profit & Loss Account	2,925,832
<b>VIII Movements in the Liability Recognized in Balance Sheet</b>	
Opening Net Liability	392,366
Expenses as Above	2,925,832
Contribution Paid	—
Closing Net Liability	3,318,198

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

	Fee Income (Rs.)	Income From Securities/Investments (Rs.)	Total As on 31.3.2008 (Rs.)
<b>Segment Revenue</b>	<b>476,845,657</b>	<b>102,801,053</b>	<b>579,646,710</b>
Add:Unallocated Revenue	—	—	5,497,554
Total Revenue	476,845,657	102,801,053	585,144,264
Segment Result before Tax	387,140,200	42,045,240	429,185,440
Add:Unallocated Income/(Expenses)(net)	—	—	(4,231,832)
Profit before Tax	—	—	424,953,608
Interest and Finance Charges	—	—	—
Provision for Tax	—	—	(127,550,615)
Provision for Tax for earlier years	—	—	(310,499)
Net Profit	—	—	297,092,494
<b>Segment Assets</b>	<b>428,742,461</b>	<b>1,151,377,548</b>	<b>1,580,120,009</b>
Add:Unallocated Assets	—	—	143,692,178
Total Assets	—	—	1,723,812,186
<b>Segment Liabilities</b>	<b>186,651,355</b>	<b>505,732,509</b>	<b>692,383,864</b>
Add:Unallocated Liabilities	—	—	175,315,981
Total liabilities	—	—	867,699,845
Capital Expenditure	47,833,279	—	47,833,279
Depreciation	3,878,045	—	3,878,045
Unallocated Depreciation	—	—	553,285
Total Depreciation	—	—	4,431,330

**SCHEDULES TO ACCOUNTS: 31ST MARCH, 2008.**

## 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.

30. 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

		<b>Year Ended 31/03/2008 (Rs.)</b>	Year Ended 31/03/2007 (Rs.)
Deferred Tax Liability			
On account of Depreciation difference	(1)	<b>5,452,657</b>	1,728,379
Deferred Tax Asset			
On account of 43B disallowances	(2)	<b>1,506,526</b>	787,759
Net Deferred Tax Liability/(Asset)	(1 - 2)	<b>3,946,131</b>	940,620

31. Provision for Income Tax and Fringe Benefit Tax has been made in the accounts as per the provisions of the Income Tax Act, 1961.
32. The Company does not owe any sum to Small Scale Industrial Undertaking, for more than 30 days.
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, 2008.

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

### I. Registration Details

Registration No.	:	31909
State Code	:	11
Balance Sheet Date	:	31st March, 2008

Rs. in Thousands

### II. Capital Raised during the year

Public Issue	:	—
Rights Issue	:	—
Bonus Issue	:	—
Private Placement	:	22,395

### III. Position of Mobilisation and Deployment of Funds

Total Liabilities	:	1,400,637
Total Assets	:	1,400,637

#### Sources of funds

Paid up Capital	:	111,643
Reserves & Surplus	:	601,904
Share Capital Suspense Account	:	10,863
Share Warrant Application Money	:	131,703
Secured Loans	:	540,578
Unsecured Loans	:	—
Deferred Tax Liability	:	3,946

#### Application of Funds

Net Fixed Assets	:	102,523
Investments	:	648,766
Net Current Assets	:	649,348
Miscellaneous Expenditure	:	—
Deferred Tax Asset	:	—

### IV. Performance of the Company

Total Income	:	586,116
Total Expenditure	:	161,162
Profit Before Tax	:	424,954
Profit After Tax	:	297,092
Earnings Per Share (Rs.)	:	29.05
Dividend Rate (%)	:	15

### 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 12  
For Jayesh Dadia & Associates  
Chartered Accountants

G.M.Gandhi  
Managing Director

C.C.Dalal  
Director

C.M.Maniar  
Director

Nishit Dave  
Partner  
M. No. : 120073  
Mumbai, 26th June, 2008

A.B.Desai  
Director

A.J.Chandra  
Company Secretary

Mumbai, 26th June, 2008

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	2007 - 2008 (Rs.)	2006 - 2007 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	424,953,608	146,767,869
Adjustment for :		
Depreciation & Obsolescence	4,431,330	2,491,206
Employee Stock Compensation Expense	2,255,941	2,362,500
Profit on Sale of Investments	(141,190,958)	(36,132,504)
Profit on Sale of Fixed Assets	—	(5,000)
Interest / Dividend	(933,977)	(2,207,710)
	<u>(135,437,663)</u>	<u>(33,491,508)</u>
<b>Operating Profit before working capital changes</b>	<b>289,515,945</b>	<b>113,276,361</b>
Adjustment for :		
Trade and other receivables	(514,299,289)	(327,462,759)
Trade and other payables	115,794,669	14,700,343
	<u>(398,504,619)</u>	<u>(312,762,416)</u>
Direct taxes paid	(101,511,313)	(6,013,296)
<b>Net cash from Operating Activities</b>	<b>(210,499,986)</b>	<b>(205,499,351)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(47,833,279)	(27,111,904)
Sale of Fixed Assets	—	5,000
Sale of Investment	567,166,513	162,555,394
Purchase of Investment	(892,759,256)	(218,856,134)
Interest/Dividend received	933,977	2,207,710
<b>Net Cash used in Investing Activities</b>	<b>(372,492,046)</b>	<b>(81,199,934)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Car loans repaid	(235,696)	(329,471)
Term loans repaid	(7,539,886)	(2,506,384)
Cash Credit taken	62,126,732	222,166,496
Term loans taken	20,879,431	15,552,000
Loans taken from Financial Institutions	219,853,752	—
Dividend	(17,489,750)	(15,490,500)
Dividend Distribution Tax	(2,972,383)	(2,632,610)
Share Warrant Application Money	127,502,500	—
Capital reserve (Amalgamation)	119,483,021	—
Share Premium	32,576,750	—
Employee Stock Option Reserve Reversal on issue	(1,649,025)	—
Share Capital Suspense Account	10,863,330	—
Share Capital Issued	22,395,000	—
<b>Net Cash used in Financing Activities</b>	<b>585,793,776</b>	<b>216,759,531</b>
<b>Net Increase in cash and cash equivalents</b>	<b>2,801,744</b>	<b>(69,939,754)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>655,731</b>	<b>70,595,485</b>
<b>Cash and cash equivalents at end of the year</b>	<b>3,457,475</b>	<b>655,731</b>

G.M.Gandhi  
Managing Director

C.C.Dalal  
Director

C.M.Maniar  
Director

A.B.Desai  
Director

A.J.Chandra  
Company Secretary

Mumbai, 26<sup>th</sup> June, 2008

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of Pioneer Investcorp Limited for the year ended 31st March, 2008. 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, 26<sup>th</sup> June, 2008

PIONEER INVESTCORP LIMITED

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

(Amount in Rs.)

Particulars	Infinity.com Financial Securities Limited	Pioneer Investcorp International Limited	Pioneer Wealth Management Services Limited	Pioneer Money Management Limited	Pioneer Investment Advisory Services Limited	Pioneer Commodity Intermediaries Pvt. Limited	PINC Fund Advisors LLC	Marine Drive Investments and Trading Company Pvt. Limited
Share Capital	245,000,000	20,240,000	6,000,000	30,000,000	500,000	10,000,000	3,939,730	2,100,000
Reserves & Surplus	88,935,887	100,062,889	(418,498)	(184,752)	(33,739)	(2,461,392)	(2,792,805)	499,443
Total Assets	713,636,896	120,701,889	5,792,238	31,222,497	564,230	7,571,556	1,256,491	2,611,279
Total Liabilities	379,701,010	399,000	210,736	1,407,249	97,969	32,948	109,566	11,836
Investments	—	—	—	—	—	—	40	—
Revenue	223,897,359	109,573,629	238,536	29,793	29,793	47,699	—	—
Profit before Taxation	70,418,110	101,258,329	(196,360)	(126,426)	(13,553)	(419,962)	(2,869,290)	(83,315)
Provision for Taxation	8,689,438	—	114,280	14,048	14,048	(1,706)	—	—
Profit After Tax	61,728,672	101,258,329	(310,640)	(140,474)	(27,601)	(418,256)	(2,869,290)	(83,315)

**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 Investcorp International Limited	Pioneer Wealth Management Services Limited	Pioneer Money Management Limited	Pioneer Investment Advisory Services Limited	Pioneer Commodity Intermediaries Pvt. Limited	PINC Fund Advisors LLC	Marine Drive Investments and Trading Company Pvt. Limited
2	Financial Year of the Subsidiary ended on	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008
3	Date from which they became Subsidiary Companies	31.3.2007	28.05.2007	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	1,85,00,000 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	5,00,000 Ordinary shares of face value of USD1 each fully paid up	6,00,000 Equity shares of face value of Rs.10 each fully paid up	30,00,000 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	10,00,000 Equity shares of face value of Rs.10 each fully paid up	1,00,000 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%	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 Investcorp International Limited	Pioneer Wealth Management Services Limited	Pioneer Money Management Limited	Pioneer Investment Advisory Services Limited	Pioneer Commodity Intermediaries Pvt. Limited	PINC Fund Advisors LLC	Marine Drive Investments and Trading Company Pvt. Limited
(a)	Not dealt with in the Holding Company's Accounts								
i)	For the Financial Year ended 31.03.08	Rs.61,728,672	Rs.101,258,329	Rs.(310,640)	Rs.(140,474)	Rs.(27,601)	Rs.(418,256)	Rs.(2,869,290)	Rs.(83,315)
ii)	For the Financial Year ended 31.03.07	Rs.3,303,908	N.A	Rs.(107,858)	Rs.(44,278)	Rs.(6,138)	Rs.(1,587,468)	N.A	N.A
(b)	Dealt with in the Holding Company's Accounts								
i)	For the Financial Year ended 31.03.08	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii)	For the Financial Year ended 31.03.07	Nil	N.A	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, 2008 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 Pioneer Investcorp International Limited (incorporated in Dubai) and 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 subsidiaries is based solely on the reports of other auditors. The financial statements of these subsidiaries reflect total assets of Rs. 12,19,58,380 as at 31st March 2008 and total revenues of Rs. 10,95,73,629 for the period ended 31st March 2008.
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.
  - (i) 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, 2008; and
    - (b) In case of the Consolidated Profit and Loss account, of the profit 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, 26<sup>th</sup> June, 2008

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008.

SOURCES OF FUNDS	Schedule No.	(Rs.)	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
Share Capital	1	111,642,892		89,247,892
Share Capital Suspense Account		10,863,330		—
Application Money Received for Share Warrants		131,702,500		4,200,000
Reserves and Surplus	2	<u>762,999,215</u>		<u>175,344,305</u>
			1,017,207,937	268,792,197
Secured Loans	3		542,240,147	250,556,165
Minority Interest			—	136,179,730
Deferred Tax Liability			<u>1,077,921</u>	<u>2,217,358</u>
			<u>1,560,526,005</u>	<u>657,745,450</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets:</b>	4			
Gross Block		130,920,122		81,124,394
Less: Depreciation		<u>24,302,932</u>		<u>18,610,285</u>
Net Block			106,617,190	62,514,109
Investments	5		308,474,255	115,137,702
<b>Current Assets, Loans and Advances :</b>	6			
Closing Stock		300,254,670		221,067,487
Sundry Debtors		638,654,502		169,065,159
Cash and Bank Balances		468,650,566		81,647,384
Loans and Advances		<u>439,329,153</u>		<u>237,689,751</u>
			<u>1,846,888,891</u>	<u>709,469,781</u>
<b>Less: Current Liabilities and Provisions :</b>	7			
Current Liabilities		501,034,204		176,196,808
Provisions		<u>200,858,580</u>		<u>53,934,159</u>
			<u>701,892,784</u>	<u>230,130,967</u>
<b>Net Current Assets</b>			1,144,996,107	479,338,814
<b>Miscellaneous Expenses</b>				
Preliminary Expenditure (to the extent not written off)			333,083	631,195
Deferred Expenditure (to the extent not written off)			<u>105,370</u>	<u>123,630</u>
			<u>1,560,526,005</u>	<u>657,745,450</u>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	13			

As per our report of even date attached

**For Jayesh Dadia & Associates**

Chartered Accountants

**G.M.Gandhi**  
Managing Director

**C.C.Dalal**  
Director

**C.M.Maniar**  
Director

**Nishit Dave**

Partner

M. No. : 120073

Mumbai, 26th June, 2008

**A.B.Desai**  
Director

**A.J.Chandra**  
Company Secretary

Mumbai, 26th June, 2008

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.

	Schedule No.	1st April, 2007 to 31st March, 2008 (Rs.)	1st April, 2006 to 31st March, 2007 (Rs.)
<b>INCOME</b>			
Income from Operations	8	738,031,589	241,684,418
Income from Securities/Investments	9	169,920,929	(8,629,676)
Other Income	10	<u>11,963,808</u>	<u>12,989,764</u>
<b>Total Income</b>		<u><b>919,916,326</b></u>	<u><b>246,044,506</b></u>
<b>EXPENDITURE</b>			
Employment Cost	11	141,342,854	29,553,718
Administration and other expenses	12	129,332,644	47,498,737
Interest		50,626,480	10,072,614
Depreciation		<u>5,692,647</u>	<u>2,908,819</u>
<b>Total Expenditure</b>		<u><b>326,994,625</b></u>	<u><b>90,033,888</b></u>
<b>PROFIT BEFORE TAX</b>		592,921,701	156,010,618
Prior Period Expenses		—	(34,625)
Provision for Taxation		(134,088,000)	(45,100,000)
Fringe Benefit Tax		(2,202,104)	(409,873)
Deferred Tax		1,139,437	(2,258,072)
Excess/(Short) Provision for Fringe Benefit Tax of earlier year		(40,491)	(61,973)
Excess/(Short) Provision for Tax of earlier year		<u>(357,875)</u>	<u>(173,579)</u>
<b>PROFIT AFTER TAX</b>		457,372,668	107,972,496
Minority Interest		—	(3,174,342)
<b>NET PROFIT BEFORE APPROPRIATIONS</b>		457,372,668	104,798,154
Balance brought forward from previous year		53,182,203	16,507,159
Less: Provision of Gratuity Liability (See note 25)		5,710,601	—
Less: Proposed Dividend		17,489,750	15,490,500
Less: Dividend Distribution Tax		2,972,383	2,632,610
Less: Transferred to General Reserve		<u>150,000,000</u>	<u>50,000,000</u>
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u><b>334,382,137</b></u>	<u><b>53,182,203</b></u>
Earning Per Share (See note 21)			
Basic		44.72	12.59
Diluted		40.40	10.15
Face Value of Share		10.00	10.00

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

13

As per our report of even date attached

**For Jayesh Dadia & Associates**

Chartered Accountants

**G.M.Gandhi**  
Managing Director

**C.C.Dalal**  
Director

**C.M.Maniar**  
Director

**Nishit Dave**

Partner

M. No. : 120073

Mumbai, 26th June, 2008

**A.B.Desai**

Director

**A.J.Chandra**

Company Secretary

Mumbai, 26th June, 2008

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008.

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
25,000,000 Equity Shares (previous year 25,000,000) of Rs. 10/- each	<u>250,000,000</u>	<u>250,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
10,566,500 (8,327,000) Equity Shares of Rs.10/- each	<b>105,665,000</b>	83,270,000
Add :Amount paid up on Shares Forfeited	<u>5,977,892</u>	<u>5,977,892</u>
	<u><b>111,642,892</b></u>	<u>89,247,892</u>
Of the above:		
(1) 174,500 (Previous Year Nil) equity shares of Rs.10/- each are allotted pursuant to ESOP Scheme' 2006		
(2) 2,065,000 (Previous Year Nil) equity shares of Rs.10/- each are allotted pursuant to Conversion of warrants		
<b>Schedule 2</b>		
<b>RESERVES AND SURPLUS</b>		
General Reserve	<b>83,828,549</b>	33,828,549
Add: Transferred from Profit & Loss Account	<u>150,000,000</u>	<u>50,000,000</u>
	<b>233,828,549</b>	83,828,549
Share Premium Account	<b>65,576,750</b>	33,000,000
Employees Stock Options (See note 11 and 18)		
Employees Stock options outstanding	<b>7,596,382</b>	9,450,000
Less: Deferred employee stock compensation	<u>4,430,091</u>	<u>6,890,625</u>
	<b>3,166,291</b>	2,559,375
Capital Reserve	<b>7,684,666</b>	2,774,178
Capital (Amalgamation) Reserve Account (See note 16)	<b>119,483,021</b>	—
Foreign Exchange Currency Translation Reserve Account	<b>(1,122,199)</b>	—
Profit and Loss Account	<u>334,382,137</u>	<u>53,182,203</u>
	<u><b>762,999,215</b></u>	<u>175,344,305</u>
<b>Schedule 3</b>		
<b>SECURED LOANS</b>		
Term Loan-From ICICI Bank Ltd. (Secured by first charge on mortgage of office premises and hypothecation of all receivables arising from the lease to HDFC Bank Ltd.)	—	7,539,886
Term Loan-From Axis Bank Ltd. (Secured by first charge on mortgage of all moveable capital assets to Axis Bank Ltd.)	<b>26,404,716</b>	15,552,000
Vehicle Loan-From ICICI Bank Ltd. (Secured against hypothecation of Vehicle)	<b>1,661,736</b>	2,236,614
Cash Credit-Federal Bank Ltd. (Secured against Government Security Papers)	<b>284,293,228</b>	222,166,496
Cash Credit A/C - Jammu & Kashmir Bank Ltd. (Secured against Book Debts)	—	3,061,169
Term Loan-From ICICI Bank Ltd. (Secured by first charge on mortgage of office premises)	<b>10,026,715</b>	—
Indiabull Financial Services Ltd (Secured by pledge of shares)	<b>91,233,616</b>	—
Sonata Investments Ltd (Secured by pledge of shares)	<b>128,620,136</b>	—
	<u><b>542,240,147</b></u>	<u>250,556,165</u>

**SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008.**

**Schedule 4**

**FIXED ASSETS**

Particulars of Assets	Gross Block			Depreciation			Net Block		
	As at 01.04.2007 (Rs.)	Additions during the year (Rs.)	Deductions during the year (Rs.)	As on 31.03.2008 (Rs.)	Upto 01.04.2007 (Rs.)	For the year Adjustments (Rs.)	Upto 31.03.2008 (Rs.)	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
Office Premises	33,943,848	14,328,820	—	48,272,668	6,363,021	742,052	7,105,073	41,167,595	27,580,827
Leasehold Office Premises	—	4,222,688	—	4,222,688	—	161,524	161,524	4,061,164	—
Office Equipments	15,839,214	15,352,736	—	31,191,950	3,682,338	2,320,382	6,002,720	25,189,230	12,156,876
Furniture & Fixtures	26,510,526	7,535,724	—	34,046,250	6,482,271	1,733,325	8,215,596	25,830,654	20,028,255
Vehicles	4,830,806	—	—	4,830,806	2,082,655	596,098	2,678,753	2,152,053	2,748,151
Software	—	8,355,760	—	8,355,760	—	139,266	139,266	8,216,494	—
<b>Total</b>	<b>81,124,394</b>	<b>49,795,728</b>	<b>—</b>	<b>130,920,122</b>	<b>18,610,285</b>	<b>5,692,647</b>	<b>24,302,932</b>	<b>106,617,190</b>	<b>62,514,109</b>
Previous Year	51,248,239	30,212,571	336,416	81,124,394	16,037,882	2,908,819	18,610,285	62,514,109	—

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008.

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Schedule 5</b>		
<b>INVESTMENTS (Long Term, at cost)</b>		
<b>(A) Trade Investments in Associate Companies (Unquoted)</b>		
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	—
<b>Total (A)</b>	<b>2,500,040</b>	<b>2,500,000</b>
<b>(B) Trade Investments in Other Companies</b>		
<b>Quoted</b>		
Arihant Foundations & Housing Ltd. (2,645 fully paid Equity Shares (previous year 2,645) of Rs.10/- each) (Market Value as on 31st March, 2008 is Rs 809,106 (previous year Rs.931,966))	1,235,744	1,235,744
**Adani Enterprises Ltd. (300,000 fully paid Equity Shares (previous year 400,000) of Rs.1/- each) (Market Value as on 31st March, 2008 is Rs.180,150,000.(previous year Rs.84,020,000))	176,444,605	80,667,495
**Mundra Port & Special Economic Zone Ltd. (20,000 fully paid Equity Shares (previous year Nil) of Rs.10/- each) (Market Value as on 31st March, 2008 is Rs.11,590,000.(previous year Rs.Nil))	24,114,073	—
**Mercator Lines Ltd. (300,000 fully paid Equity Shares (previous year Nil) of Rs.1/- each) (Market Value as on 31st March, 2008 is Rs.23,790,000 .(previous year Rs.Nil))	46,383,391	—
**Gujarat NRE Coke Ltd. (250,000 fully paid Equity Shares (previous year Nil) of Rs.10/- each) (Market Value as on 31st March, 2008 is Rs.34,825,000.(previous year Rs.Nil))	32,209,903	—
<b>Unquoted</b>		
Bill Forge Pvt. Ltd. (3,300 fully paid Equity Shares (previous year 3,300) of Rs.10/- each)	5,049,000	5,049,000
Shyam Telelinks Ltd. (Nil (previous year 476,400) fully paid Equity Shares of Rs.10/- each)	—	2,282,450
Sansera Engineering Pvt. Ltd. (265 fully paid Equity Shares (previous year 265) of Rs.100/- each)	20,537,500	20,537,500
<b>Total (B)</b>	<b>305,974,215</b>	<b>109,772,189</b>
** Note: Shares are pledged with the Secured Lenders		
<b>(C) Trade Investments in Other Companies</b>		
Reliance Liquid Fund (NAV as on 31.03.2007 is Rs.11,299)	—	10,524
Tata Liquid Fund (1,000/- Paid-up) (NAV as on 31.03.2007 is Rs.364,024)	—	339,459
J M Mutual Fund (NAV as on 31.03.2007 is Rs.16,723)	—	15,530
Can Bank Mutual Fund (NAV as on 31.03.2007 is Rs.2,500,000)	—	2,500,000
<b>Total (C)</b>	<b>—</b>	<b>2,865,513</b>
<b>Total Investments (A + B + C)</b>	<b>308,474,255</b>	<b>115,137,702</b>



## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008.

	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
<b>Schedule 6</b>		
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>Current Assets:</b>		
Closing Stock of Government Security Papers* (at lower of cost or market value)	300,254,670	221,067,487
*(Government Securities Papers are pledged with Federal Bank)		
Sundry Debtors: ** (Unsecured and considered good)		
Outstanding for more than six months	82,467,960	2,886,442
Other Debts	556,186,542	166,178,717
	<u>638,654,502</u>	<u>169,065,159</u>
**(Debtors includes Rs 197,756,933 (previous year Rs.Nil) on account of sale of Investments)		
<b>Cash and Bank Balances :</b>		
Cash and Cheques on hand	791,064	994,849
Balances with Scheduled Banks:		
in Current Account	371,077,700	31,501,129
in Fixed Deposit Account	93,012,522	47,489,211
Accrued interest on Fixed Deposits	3,769,280	1,662,195
	<u>468,650,566</u>	<u>81,647,384</u>
<b>Loans and Advances : (Unsecured, considered good)</b>		
Advances recoverable in cash or in kind for value to be received	117,381,952	150,812,361
Security Deposits	194,117,263	64,770,952
Application in Mutual Fund	—	1,000,000
Service Tax	2,875,450	802,538
Advance Tax	124,954,488	20,303,900
	<u>439,329,153</u>	<u>237,689,751</u>
	<u>1,846,888,891</u>	<u>709,469,781</u>
<b>Schedule 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities:</b>		
Sundry Creditors (Due to other than Small Scale Industrial Undertakings)	418,647,171	132,542,390
Advance from Client	50,000,000	—
Other Liabilities	7,159,654	23,955,686
Mark to Market Margin Stock F&O Account	2,040,348	—
Provision for Loss on Index Options	9,938	—
Due to Managing Director	2,217,598	1,321,459
Dividend Payable	17,489,750	15,490,500
Dividend Distribution Tax Payable	2,972,383	2,632,610
Unclaimed Dividends	497,363	254,163
	<u>501,034,204</u>	<u>176,196,808</u>
<b>Provisions:</b>		
Provision for Taxation	185,740,376	51,605,000
Provision for Gratuity (See note 25)	12,243,371	1,246,557
Provision for Leave encashment on retirement	672,729	672,729
Provision for Fringe Benefit Tax	2,202,104	409,873
	<u>200,858,580</u>	<u>53,934,159</u>
	<u>701,892,784</u>	<u>230,130,967</u>

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	1st April, 2007 to 31st March, 2008 (Rs.)	1st April, 2006 to 31st March, 2007 (Rs.)
<b>Schedule 8</b>		
<b>INCOME FROM OPERATIONS</b>		
Income from Advisory and Syndication Services	590,293,469	188,014,646
Income from Brokerage and Depository Services	147,738,120	53,669,772
	<u>738,031,589</u>	<u>241,684,418</u>
<b>Schedule 9</b>		
<b>INCOME FROM SECURITIES/INVESTMENTS</b>		
Profit on sale of Investments	213,105,091	37,350,806
Income from trading in Government Security Papers	39,966,024	(5,381,848)
Income/(Loss) from trading in Securities	<u>(83,150,186)</u>	<u>(40,598,634)</u>
	<u>169,920,929</u>	<u>(8,629,676)</u>
<b>Schedule 10</b>		
<b>OTHER INCOME</b>		
Interest Income	6,581,919	4,710,263
Commission	100,000	100,000
Rent	4,985,988	4,935,531
Miscellaneous Income	117,185	2,822,770
Dividend received	178,717	416,200
Profit on sale of Fixed Assets	—	5,000
	<u>11,963,808</u>	<u>12,989,764</u>
<b>Schedule 11</b>		
<b>EMPLOYMENT COST</b>		
Salaries and Bonus	130,038,268	25,733,846
Gratuity	5,286,213	397,298
Employees Stock Compensation Expense	2,255,941	2,362,500
Employer's Contribution to Provident Fund	1,056,790	—
Staff Welfare	2,705,642	1,060,074
	<u>141,342,854</u>	<u>29,553,718</u>

**SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.**

	1st April, 2007 to 31st March, 2008 (Rs.)	1st April, 2006 to 31st March, 2007 (Rs.)
<b>Schedule12</b>		
<b>ADMINISTRATION AND OTHER EXPENSES</b>		
Rent	16,917,156	10,774,697
Rates and Taxes	4,195,730	335,202
Power and Fuel	2,413,784	636,634
Bank Charges	2,543,019	2,253,816
Business Promotion	6,340,591	1,387,883
Conference & Seminar	5,075,736	68,844
Computer Expenses	1,484,735	125,688
Filing Fees	1,087,360	11,299
Membership & Subscription	3,927,473	1,527,323
Repairs & Maintenance	2,465,309	664,042
Office Expenses	2,272,652	756,562
Postage,Telex and Telephones	6,754,095	1,328,560
Printing and Stationery	4,088,967	2,413,689
Directors' Sitting Fees	600,000	490,000
Travelling and Conveyance	17,152,689	2,445,147
Motor Car Expenses	6,970,640	1,285,443
Advertisement	3,294,786	42,119
Legal and Professional Charges	23,351,574	9,408,553
SEBI Fees	420,519	3,583,271
Securities Transaction Tax/STP Charges	3,151,375	1,902,821
Transaction Charges	4,122,334	530,975
Vandha Account	2,381,077	—
Auditors' Remuneration:		
Audit Fees	1,017,189	404,932
Tax Audit Fees	50,000	40,000
Certification work	60,000	66,000
	<u>1,127,189</u>	<u>510,932</u>
Preliminary Expenses Written off	158,073	158,073
Amortisation of Share Issue Expenses	158,300	156,560
Miscellaneous Expenses	6,877,482	4,700,604
	<u><u>129,332,644</u></u>	<u><u>47,498,737</u></u>

**Schedule 13**

**Significant Accounting Policies and Notes to Accounts**

**A. Significant Accounting Policies:**

**1. Basis of Consolidation**

**a) Basis of Preparation**

The individual Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended March 31, 2008 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, 2008.

### 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, 2008 and Profit and Loss Account for the year ended March 31, 2008 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  
Pioneer Investcorp International Limited (incorporated in Dubai)  
PINC Fund Advisors LLC (incorporated in Mauritius)  
Marine Drive Investments & Trading Company Private Limited

## 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 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. 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.
- 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.

## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

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 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



## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

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 recognised 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 recognised 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. (1) Pursuant to the Scheme of Amalgamation under sections 391 to 394 of the Companies Act 1956, merger of Pioneer Tradestock Pvt. Ltd. (PTPL) (Transferor Company) with Pioneer Investcorp Ltd. (PIL)(Transferee Company) has been approved by the High Court of Judicature at Bombay vide its order dated 14th March 2008, with effect from 1st April 2007(the appointed date).

- (2) The Scheme is Operative from the appointed date i.e., 1st April 2007.

In terms of the Scheme, all assets and liabilities of PTPL have been transferred to and vested with the Company, with effect from the Appointed Date at their respective book values on that date. PTPL carried on all its businesses and activities for the benefit of and in trust for, the Company from the Appointed Date. Thus, the profit or income accruing or arising to PTPL, or expenditure or losses arising or incurred by them from the Appointed Date, are treated as the profit or income or expenditure or loss, as the case may be, of the Company. The Scheme have accordingly been given effect to in these Accounts.

The amalgamations have been accounted for under the 'Pooling of Interests Method' as prescribed by Accounting Standard -14 "Accounting for Amalgamations" (AS-14) issued by the Institute of Chartered Accountants of India (ICAI). Accordingly, the assets, liabilities and reserves of PTPL have been taken over at their book values on the Appointed Date, subject to adjustments specified in the Scheme of Amalgamation.

- (3) 10,86,333 equity shares of Rs.10 each of the Company are to be issued to the erstwhile shareholders of PTPL in the ratio of 1 (one) fully paid equity shares of Rs.10/- each of the Company for 12 (twelve) fully paid up equity shares of Rs.10/- each held in PTPL. Pending allotment of shares an amount of

## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

Rs.10,863,330 has been shown under Share Capital Suspense A/c as at 31st March, 2008. These shares were subsequently issued to shareholders of PTPL on 30th May 2008 and shall rank pari-passu in all respects with the existing Equity Shares of the Company.

- (4) As per Scheme of Amalgamation the Assets and liabilities are adjusted as under:
- The Investments shown in the books of transferor Company in the equity and preference shares of Infinity.com Financial Securities Ltd of Rs.130,340,000 has been shown under the Investments of the Transferee Company. The Net Current Assets shown in the books of transferor Company of Rs.13,995 has been shown under the Net Current Assets of the Transferee Company.
  - The Profit & Loss Account Balance of Rs.6,005 (Debit balance) and the preliminary expenses of Rs 7,644 of the Transferor Company has been adjusted from the resultant capital reserve arising out of amalgamation and the same has been shown under the Reserves & Surplus of the Transferee Company.
17. During the year the Company has floated two wholly owned overseas Subsidiary Companies viz Pioneer Investcorp International Limited (incorporated in Dubai) and PINC Fund Advisors LLC (incorporated in Mauritius) and acquired 100% shareholding in an existing Non Banking Financial Company namely Marine Drive Investments and Trading Company Pvt. Ltd.
18. The Company, under its various ESOP Plan/Schemes, has granted in aggregate 2,506,500 options, as on 31st March, 2008 (previous year 1,000,000).

Employee Stock option Reserve outstanding at the beginning of the year amounting to Rs. 9,450,000 was reduced proportionately by Rs. 1,649,025 on account of Share issued on the exercise of stock options and by Rs. 204,593 on account of stock options forfeited/lapsed during the year.

The details of outstanding options are as under:

Particulars	Year Ended 31/03/2008		Year Ended 31/03/2007	
	ESOP 2007	ESOP 2006	ESOP 2007	ESOP 2006
Granted options outstanding for the scheme at the beginning	Nil	1,000,000	Nil	1,000,000
Options Granted during the year	1,506,500	Nil	Nil	Nil
Options forfeited	21,000	21,150	Nil	Nil
Vested Options outstanding at the beginning	Nil	200,000	Nil	200,000
Add: Options vested during the year	Nil	343,700	Nil	Nil
Less: Options exercised during the year	Nil	174,500	Nil	Nil
Less: Vested Options Lapsed	Nil	500	Nil	Nil
Vested Options outstanding at the end of the year	Nil	368,700	Nil	200,000

Particulars	Year Ended 31/03/2008 (Rs.)		Year Ended 31/03/2007 (Rs.)	
	19. Contingent Liabilities on account of:			
(a) Counter guarantees given to banks	10,000,000		10,000,000	
(b) Guarantees issued by Banks, in the books of subsidiaries	172,250,000		85,500,000	
Against pledge of Fixed Deposit Receipts	87,946,323		42,450,000	



## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

	Year Ended 31/03/2008 (Rs.)	Year Ended 31/03/2007 (Rs.)
20. Income Earned in Foreign Currency	25,038,894	34,323,000
Expenses Incurred in Foreign Currency	1,440,650	251,640
	Year Ended 31/03/2008	Year Ended 31/03/2007
21. Earning per Share		
Profit after tax as per Profit & Loss Account (Rs.) (A)	<u>457,372,668</u>	<u>104,798,154</u>
Weighted Average Number of Equity Shares used in Computing Basic earnings per Share (B)	10,228,212	8,327,000
Add: Potential Equity Shares on account of ESOP, Equity shares issued on mergers etc.	1,093,333	2,000,000
Weighted Average Number of Equity Shares used in Computing Diluted earnings per Share (C)	<u>11,321,545</u>	<u>10,327,000</u>
Earning Per Share (Rs.) (A/B) - Basic	44.72	12.59
(A/C) - Diluted	40.40	10.15

### 22. Related Party Disclosures

#### Category I : Key Management Personnel

- 1) Mr. Manhar Gandhi - Managing Director (up to 30.9.07)
- 2) Mr. Gaurang 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

## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

### 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) Extempore Securities & Investment Pvt. Ltd.
- 9) Associated Capital Market Management Pvt. Ltd.
- 10) Sargam Multi Trade Pvt. Ltd.
- 11) Devraj Properties Pvt. Ltd.
- 12) L.Gordhandas & Co. Clearing Agent Pvt. Ltd.

### Category IV : Associate Concern

#### Associated Instruments & Services

Details of related party transaction carried out during the year ended 31st March, 2008

Nature of Transactions ((Received) / Paid)	(Amount in Rs.)		
	Category I	Category II	Category III
1) Remuneration paid	2,038,774		
2) Share Capital	(650,000)		
3) Share Premium	(6,825,000)		
4) Share Warrant Application Money	(131,702,500)		
5) Sale of Investments	(65,567,091)	(148,573,345)	(177,847,038)
6) Purchase of Investments	330,337,060	132,593,488	289,331,188
7) Commission received on account of Bank Guarantees			(100,000)
8) Brokerage earned on purchase/sale of securities	(194,288)	(792,984)	(195,268)
9) Brokerage earned on F&O transactions	(14,066)	(1,305,813)	(16,160)
10) Closing Balances on account of Securities transactions (Debit/(Credit))	(39,168)	(4,475,655)	(41,373)
11) Repairs of Motor Cars			104,296

## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

23. The summary of Consolidated Financial Statements represents consolidation of accounts of the Company with its following subsidiaries, all incorporated within India, as detailed below:

Name of Subsidiary	% holding of Pioneer Investcorp Ltd.	Date of Financial Statement
Pioneer Wealth Management Services Ltd.	100	31st March, 2008
Pioneer Money Management Ltd.	100	31st March, 2008
Pioneer Investment Advisory Services Ltd.	100	31st March, 2008
Pioneer Commodity Intermediaries Pvt. Ltd.	100	31st March, 2008
Infinity.com Financial Securities Ltd.	100	31st March, 2008
Pioneer Investcorp International Ltd. (incorporated in Dubai)	100	31st March, 2008
PINC Fund Advisors LLC (incorporated in Mauritius)	100	31st March, 2008
Marine Drive Investments and Trading Company Pvt. Ltd.	100	31st March, 2008

24. The Management has initiated the process to re-domicile the Pioneer Investcorp International Limited, a wholly owned subsidiary, incorporated in Dubai, from Dubai to Mauritius.
25. The Company (consolidated) has made provision for following benefit plans as per Accounting Standard 15 (Revised 2005) "Employee Benefits".

	<b>Gratuity</b>
<b>I Assumption as at</b>	Valuation Date
	31st March, 2008
Mortality	LIC (1994-96) Ult
Discount Rate	8.00%
Rate of Increase in Compensation	7.00%
Rate of Return (Expected) on plan assets	
Withdrawal Rates	5.00%
<b>II Change in present Value of Obligations</b>	
PVO at beginning of period	6,102,967
Interest Cost	491,237
Current Service Cost	3,537,910
Benefits Paid	—
Actuarial (gain)/loss on obligation	2,114,257
PVO at end of period	12,243,371
<b>III Changes in Fair value of plan Assets</b>	
Fair Value of plan assets at beginning of Period	—
Expected return on plan assets	—
Contributions	—
Benefits Paid	—
Actuarial gain/(loss) on plan assets	—
Fair Value of plan assets at end of Period	—

## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

<b>IV Fair Value of plan Assets</b>	
Fair Value of plan assets at beginning of Period	—
Actual return on plan assets	—
Contributions	—
Benefits Paid	—
Fair Value of plan assets at end of Period	—
Funded Status	(12,243,371)
Excess of Actual Over Estimated return On plan Assets	—
<b>V Actuarial Gain/(Loss) Recognized</b>	
Actual Gain/(Loss) for the period (Obligation)	(2,142,810)
Actual Gain/(Loss) for the period (Plan Assets)	—
Total Gain/(Loss) for the period	(2,142,810)
Actuarial Gain/(Loss) Recognized for the period	(2,142,810)
Unrecognized Actuarial Gain/(Loss) at end the period	—
<b>VI Amount to be recognized in the balance sheet and statement of Profit &amp; Loss Account</b>	
PVO at end of period	12,243,371
Fair Value of plan assets at end of Period	—
Funded Status	(12,243,371)
Unrecognized Actuarial Gain/(Loss)	—
Net Asset/(Liability) Recognized in the Balance Sheet	(12,243,371)
<b>VII Expenses Recognized in the Statement of Profit &amp; Loss Account</b>	
Current Service Cost	3,537,910
Interest Cost	491,237
Expected Return on Plan Assets	—
Net Actuarial (Gain)/Loss Recognized For the period	2,114,257
Expense Recognized in the statement of Profit & Loss Account	6,140,404
<b>VIII Movements in the Liability Recognized in Balance Sheet</b>	
Opening Net Liability	6,102,967
Expenses as Above	6,140,404
Contribution Paid	—
Closing Net Liability	12,243,371

**SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.**

**26. Segment Reporting**

	Advisory & Merchant Banking Fees	Income From Securities/ Investments	Equity Brokerage and related Income	Total As on 31.3.2008
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>Segment Revenue</b>	<b>590,293,469</b> <i>(188,014,646)</i>	<b>171,457,123</b> <i>((3,403,213))</i>	<b>153,062,561</b> <i>(53,669,772)</i>	<b>914,813,153</b> <i>(238,281,205)</i>
Add:Unallocated Revenue	—	—	—	<b>5,103,173</b> <i>(7,763,301)</i>
<b>Total Revenue</b>	<b>590,293,469</b> <i>(188,014,646)</i>	<b>171,457,123</b> <i>((13,403,213))</i>	<b>153,062,561</b> <i>(53,669,772)</i>	<b>919,916,326</b> <i>(246,044,506)</i>
<b>Segment Result before Tax</b>	<b>432,232,861</b> <i>(111,077,501)</i>	<b>107,233,265</b> <i>((13,270,390))</i>	<b>54,052,117</b> <i>(51,236,218)</i>	<b>593,518,243</b> <i>(149,043,329)</i>
Add:Unallocated Income/ (expenses)(net)	—	—	—	<b>(596,542)</b> <i>(6,967,289)</i>
<b>Profit before Tax</b>	—	—	—	<b>592,921,701</b> <i>(156,010,618)</i>
<b>Interest and Finance Charges</b>	—	—	—	— <i>(—)</i>
<b>Provision for Tax</b>	—	—	—	<b>(135,150,667)</b> <i>(47,767,945)</i>
<b>Prior Period Adjustments</b>	—	—	—	— <i>(34,625)</i>
<b>Provision for Tax for earlier years</b>	—	—	—	<b>(398,366)</b> <i>(235,552)</i>
<b>Net Profit</b>	—	—	—	<b>457,372,668</b> <i>(107,972,496)</i>
<b>Segment Assets</b>	<b>131,640,007</b> <i>(304,657,905)</i>	<b>818,387,752</b> <i>(336,205,189)</i>	<b>691,758,434</b> <i>(117,481,211)</i>	<b>1,641,786,194</b> <i>(758,344,305)</i>
Add:Unallocated Assets	—	—	—	<b>620,632,596</b> <i>(129,532,111)</i>
<b>Total Assets</b>	—	—	—	<b>2,262,418,789</b> <i>(887,876,416)</i>
<b>Segment Liabilities</b>	<b>187,187,186</b> <i>(201,143,198)</i>	<b>506,197,266</b> <i>(222,166,496)</i>	<b>359,336,253</b> <i>(138,655,522)</i>	<b>1,052,720,705</b> <i>(561,965,216)</i>
Add:Unallocated Liabilities	—	—	—	<b>192,490,147</b> <i>(57,119,005)</i>
<b>Total Liabilities</b>	—	—	—	<b>1,245,210,852</b> <i>(619,084,220)</i>
<b>Capital Expenditure</b>	<b>47,833,279</b> <i>(27,111,905)</i>	— <i>(—)</i>	<b>1,962,449</b> <i>(3,100,667)</i>	<b>49,795,728</b> <i>(30,212,571)</i>
<b>Depreciation</b>	<b>3,898,460</b> <i>(1,937,921)</i>	— <i>(—)</i>	<b>1,240,902</b> <i>(417,613)</i>	<b>5,139,362</b> <i>(2,355,534)</i>
<b>Unallocated Depreciation</b>	—	—	—	<b>553,285</b> <i>(553,285)</i>
<b>Total Depreciation</b>	—	—	—	<b>5,692,647</b> <i>(2,908,819)</i>

## SCHEDULES TO CONSOLIDATED ACCOUNTS : 31ST MARCH, 2008.

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.

27. 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.

		<b>Year Ended 31/03/2008 (Rs.)</b>	Year Ended 31/03/2007 (Rs.)
Deferred Tax Liability			
On account of Depreciation difference	(1)	5,618,111	3,005,117
Deferred Tax Asset			
On account of 43B disallowances	(2)	4,540,190	787,759
Net Deferred Tax Liability/(Asset)	(1 - 2)	1,077,921	2,217,358

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

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Signature to Schedule 1 to 13  
**For Jayesh Dadia & Associates**  
Chartered Accountants

**G.M.Gandhi**  
Managing Director

**C.C.Dalal**  
Director

**C.M.Maniar**  
Director

**Nishit Dave**  
Partner  
M. No. : 120073  
Mumbai, 26th June, 2008

**A.B.Desai**  
Director

**A.J.Chandra**  
Company Secretary

Mumbai, 26th June, 2008

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008.

	(Rs.)	2007 - 2008 (Rs.)	2006 - 2007 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before Tax and Extraordinary Items		592,921,701	156,010,618
Adjustment for :			
Depreciation & Obsolescence	5,692,647		2,908,819
Employee Stock Compensation Expense	2,255,941		2,362,500
Prior Period Expenses	—		(34,625)
Profit on Sale of Investments	(213,105,091)		(37,350,805)
Profit on Sale of Fixed Assets	—		(5,000)
Preliminary Expenses	316,372		314,633
Interest / Dividend	(6,760,636)		(5,126,463)
		<u>(211,600,767)</u>	<u>(36,930,941)</u>
Operating Profit before working capital changes		381,320,934	119,079,677
Adjustment for :			
Trade and other receivables	(645,765,340)		(89,404,868)
Trade and other payables	335,471,713		(171,841,495)
		<u>(310,293,627)</u>	<u>(261,246,363)</u>
Direct taxes paid		<u>(105,048,954)</u>	<u>(12,508,572)</u>
<b>Net cash from Operating Activities</b>		<b>(34,021,646)</b>	<b>(154,675,258)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Purchase of Fixed Assets	(49,795,728)		(30,212,571)
Sale of Fixed Assets	—		5,000
Sale of Investment-Associates	—		12,000,000
Sale of Investment-Others	769,718,805		154,481,846
Purchase of Investment-Others	(749,950,227)		(154,354,230)
Purchase of Investment-Subsidiaries/Associates	(136,179,770)		(152,660,000)
Interest/Dividend received	6,760,636		5,126,463
<b>Net Cash used in Investing Activities</b>		<b>(159,446,284)</b>	<b>(165,613,491)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Car loans repaid	(574,878)		(329,471)
Term loans repaid	(7,539,886)		(5,188,093)
Cash Credit taken	59,065,563		222,166,496
Term loans taken	20,879,431		17,437,997
Loans taken from Financial Institutions	219,853,752		—
Provision of Gratuity Liability of Previous Years	(5,710,601)		—
Dividend	(17,489,750)		(15,490,500)
Dividend Distribution Tax	(2,972,383)		(2,632,610)
Share Warrant Application Money	127,502,500		—
Capital reserve (Amalgamation)	119,483,021		—
Capital reserve	4,910,488		—
Share Premium	32,576,750		—
Employee Stock Option Reserve Reversal on issue	(1,649,025)		—
Share Capital Suspense Account	10,863,330		—
Share Capital Issued	22,395,000		—
Foreign Exchange Currency Translation Reserve Account	(1,122,199)		—
Company Formation Expenses	—		(396,518)
Share Issue Expenses	—		(61,400)
Share Capital Issued-Subsidiaries	—		12,000,000
<b>Net Cash used in Financing Activities</b>		<b>580,471,113</b>	<b>227,505,901</b>
<b>Net Increase in cash and cash equivalents</b>		<b>387,003,182</b>	<b>(92,782,848)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>81,647,384</b>	<b>174,430,232</b>
<b>Cash and cash equivalents at end of the year</b>		<b>468,650,566</b>	<b>81,647,384</b>

G.M.Gandhi  
Managing Director

C.C.Dalal  
Director

C.M.Maniar  
Director

A.B.Desai  
Director

A.J.Chandra  
Company Secretary

Mumbai, 26<sup>th</sup> June, 2008



**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 THIRD ANNUAL GENERAL MEETING of the Company at Kilchand Conference Room, 2nd Floor, Indian Merchant Chambers, IMC Marg, Churchgate, Mumbai 400 020 on Thursday, the 21st August, 2008 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 Third Annual General Meeting of the Company to be held on Thursday, 21st August, 2008 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 \_\_\_\_\_ 2008.

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.

**PINC**

bright thinking