



# **PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED**

**67<sup>th</sup>**  
**ANNUAL REPORT  
AND ACCOUNTS  
2013 - 2014**

***DIRECTORS***

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

– Executive Director

***COMPANY SECRETARY***

SHRI R. S. KASHYAP

***AUDITORS***

M/S. S. R. BATLIBOI & CO. LLP  
CHARTERED ACCOUNTANTS  
22, CAMAC STREET, BLOCK “C”  
3RD FLOOR, KOLKATA - 700 016

***REGISTRAR & SHARE TRANSFER AGENTS***

M/S NICHE TECHNOLOGIES PVT. LTD.  
D-511, BAGREE MARKET  
71, B. R. B. BASU ROAD  
KOLKATA - 700 001  
Phone : 033-22357270 / 22357271  
E-mail : nichetechpl@nichetechpl.com

***REGISTERED OFFICE***

BIRLA BUILDING  
9/1, R. N. MUKHERJEE ROAD  
KOLKATA - 700 001  
Phone : 033-30573700 / 30410900  
CIN : L24131WB1948PLC095302  
Website : [www.pilaniinvestment.com](http://www.pilaniinvestment.com)  
Email : [pilaniinvestment1@gmail.com](mailto:pilaniinvestment1@gmail.com)

Notice for Annual General Meeting is being sent separately through Speed Post/Registered Post as required under the Companies Act, 2013 and Rules made thereunder

## Contents

Directors Report.....	03
Corporate Governance Report.....	08
Independent Auditors' Report.....	17
Balance Sheet.....	22
Statement of Profit & Loss.....	23
Cash Flow Statement.....	24
Notes .....	26
Subsidiary Accounts.....	48
Consolidated Financial Statement.....	78

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Dear Shareholders,

We have pleasure in presenting the 67<sup>th</sup> Annual Report of the Company along with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2014. The Financial Results for the year are shown below :-

### FINANCIAL RESULTS

	<i>(Amount in ₹ '000)</i>	
	2013-2014	2012-2013
Profit from operations, Dividend, Interest and Rent Income	6,39,441	5,70,789
Profit on sale of shares	—	13,70,118
Less: Depreciation	1,579	248
Profit before tax	6,37,862	19,40,659
Less: Provision for taxation	38,197	3,51,300
Profit after taxation	5,99,665	15,89,359
Add: Balance brought down	16,89,966	8,09,800
Profit available for appropriation	22,89,631	23,99,159
Appropriations :		
Special Reserve	1,19,935	3,17,872
Proposed Dividend	1,97,719	1,97,719
Corporate Dividend Tax	33,602	33,602
General Reserve	2,00,000	1,60,000
Balance carried forward	17,38,375	16,89,966
	22,89,631	23,99,159

The profitability of the Company for the year under review appears less, the reason being the profit on the sale of shares in the previous year and dividend not received on it in the current year. International Markets were not favourable and disappointments on macro front locally were the major factors affecting the capital markets. In order to control high inflation, RBI has continued tighter monetary policies resulting in higher interest rates on the borrowings by the various Companies affecting their margins. The economy has grown by about 5% in 2013-2014 and RBI has pegged the GDP growth for the current fiscal year at the same level.

## **DIRECTORS' REPORT — (Contd.)**

This report has been prepared on the basis of the legal requirements under the Companies Act, 1956. As per General Circular no. 08/2014 issued by the Ministry of Corporate Affairs (MCA) dated 04-04-2014, the provisions of the Companies Act, 2013 will become applicable for all disclosures required under the Act for the year 2014-15 and subsequent years.

### **DIVIDEND**

The Board of Directors has recommended a dividend of ₹ 25/- (Rupees Twenty Five only) per equity share of ₹ 10/- each equivalent to 250% (two hundred fifty percent) on the paid up equity share capital of the Company for the year ended 31<sup>st</sup> March, 2014 as against ₹ 25/- (Rupees Twenty Five only) equivalent to 250% (two hundred fifty percent) paid in the previous year on the equity shares of ₹ 10/- each. The dividend will be paid when declared by the shareholders in accordance with law. The dividend will be free of tax in the hands of the shareholders. The Company will have to pay dividend distribution tax at the rate of 15% plus applicable surcharge and education cess, aggregating about 16.995% on the dividend amount so distributed.

### **CORPORATE SOCIAL RESPONSIBILITY**

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee) comprising of Shri B. K. Birla, Shri D. K. Mantri and Shri R. A. Makharia.

The said committee has been entrusted with the responsibility of formulating and recommending to the Board, Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the company, monitoring and implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

### **DIRECTORS**

In view of the provisions of the Companies Act, 2013 read with provisions of the Listing Agreement, 1/3<sup>rd</sup> of the Directors on the board are required to be Independent Directors.

Independent Directors are not to be considered for the purpose of determining the directors liable to retire by rotation. Three of the existing directors viz. Shri P. K. Khaitan, Shri D. K. Mantri and Shri K. K. Daga are Independent Directors. Shri R. A. Makharia is the Executive Director, not liable to retire by rotation. 1/3<sup>rd</sup> of the remaining directors are liable to retire by rotation. Accordingly, Shri A. V. Jalan will be retiring at the ensuing Annual General Meeting and being eligible, offers himself for being re-elected. So far as the above three Independent Directors are concerned at the ensuing Annual General Meeting of the company, they would be appointed as the Independent Directors of the Company for a term of 5 consecutive years commencing from the date of the said meeting.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies as mentioned in Note 2.1 of the Notes to Financial Statements and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as on 31<sup>st</sup> March, 2014 and the Profit or Loss of the Company for the financial year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the aforesaid Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

## **CORPORATE GOVERNANCE**

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

## **SUBSIDIARY COMPANY**

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

## **AUDITORS**

S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration Number : 301003E) the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Under the Companies Act, 2013 the Company's Statutory Auditors have compulsorily to retire by rotation after a fixed period. M/s. S. R. Batliboi & Co.LLP who have been the Company's Auditors for over 10 years are also due to retire but there is cooling off period of three years inclusive of 2014-2015. Hence M/s. S. R. Batliboi & Co.LLP are proposed to be reappointed for three years from the year 2014-2015 to be ratified every year and accordingly a resolution for their re-appointment will be placed before the Annual General Meeting for consideration by the share holders.

## **AUDITORS REPORT**

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

## **EMPLOYEES**

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

## **DEPOSITS**

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

## **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year under review, unpaid/unclaimed dividend for the financial year 2005-2006 has been transferred to the Investor Education and Protection Fund.

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

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

## **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **APPRECIATION**

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

For and on behalf of the Board of Directors

Kolkata  
May 27, 2014

**R. A. MAKHARIA**  
*Executive Director*

**B. K. BIRLA**  
*Director*

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

**A. Atlas Iron & Alloys Limited**

- i) Atlas Iron & Alloys Limited, subsidiary of the company went into Creditors Voluntary winding up vide its resolution dated 16<sup>th</sup> June, 1975 and the winding up proceedings are in progress. The information required to be given pursuant to Section 212 of the Companies Act, 1956, in respect of the Subsidiary as is applicable in view of the aforesaid is given below.
- ii) Pilani Investment and Industries Corporation Limited held 72,000 Equity Shares of ₹ 10/- each amounting to 96.83% of the total paid up Capital of 74,358 Equity Shares of ₹ 10/- each of Atlas Iron & Alloys Ltd. and continues to hold the same. In view of the Subsidiary being in liquidation and losses sustained by it, the investment of ₹ 7.20 lacs in the shares of the subsidiary as aforesaid is taken at nil value.

**B. PIC Properties Limited**

Pilani Investment and Industries Corporation Limited held 50,002 Equity Shares of ₹ 10/- each being the whole of the subscribed capital of PIC Properties Ltd. as on 31<sup>st</sup> March, 2014. The Financial year of the Company as well as the subsidiary ended on 31<sup>st</sup> March, 2014.

- a) The net aggregate amount, so far as it concerns members of holding company and is not dealt with in the Company accounts, of the Subsidiary's profits after deducting its losses or vice versa.  
For the Financial year of the Subsidiary ₹ 4,01,073 [Previous year ₹ 4,08,350]
- b) The net aggregate amount of the profits of the Subsidiary after deducting its losses or vice versa, so far such profits/losses are dealt with in the company's profits for the financial year of the Subsidiary is nil.

**C. PIC Realcon Limited**

Pilani Investment and Industries Corporation Limited held 50,000 Equity Shares of ₹ 10/- each being the whole of the subscribed capital of PIC Realcon Ltd. as on 31<sup>st</sup> March, 2014. The Financial year of the Company as well as the subsidiary ended on 31<sup>st</sup> March, 2014.

- a) The net aggregate amount, so far as it concerns members of holding company and is not dealt with in the Company accounts, of the Subsidiary's profits after deducting its losses or vice versa.  
For the Financial year of the Subsidiary ₹ 41,60,113 [Previous year ₹ 10,03,323]
- b) The net aggregate amount of the profits of the Subsidiary after deducting its losses or vice versa, so far such profits/losses are dealt with in the company's profits for the financial year of the Subsidiary is nil.

For and on behalf of the Board of Directors

Kolkata  
May 27, 2014

**R. A. MAKHARIA**  
Executive Director

**B. K. BIRLA**  
Director



**REPORT ON CORPORATE GOVERNANCE**

Your company has been practicing the principles of good Corporate Governance, which comprise all activities that result in the control of the company in a regulated manner, aiming to achieve transparent, accountable and fair management.

The details of Corporate Governance compliance by the company as per clause 49 of the Listing Agreement with the Stock Exchanges are as under :

**A. Company's philosophy on Corporate Governance**

Corporate Governance pertains to systems, by which companies are directed and controlled, keeping in mind long-term interest of Stakeholders. In sum, Corporate Governance is to achieve business excellence and dedicate itself to transparency in all its dealings and places and business efforts. The Company firmly believes in the spirit of Corporate Governance and the same has influenced its decisions and policies long before the guidelines became mandatory.

**B. Board of Directors****(i) Composition of the Board :**

The Board of directors comprises of seven members consisting of six Non-Executive Directors who account for eighty six percent of the Board strength as against minimum requirement of fifty percent as per the listing agreement. The Non-Executive Directors are eminent professionals drawn from amongst persons with experience in business and industry, finance and law. The composition is as under :-

Directors	Executive / Non-Executive / Independent	No. of Outside Directorship held Domestic Companies		No. of Outside Committees # (excluding **)	
		Public	Private	Member	Chairman
Shri B. K. Birla (DIN : 00055856)	Non-Executive	4	—	—	—
Shri Kumar Mangalam Birla (DIN : 00012813)	Non-Executive	9	17	—	—
Shri P. K. Khaitan (DIN : 00004821)	Non-Executive*	14	—	3	—
Shri D. K. Mantri (DIN : 00075664)	Non-Executive*	3	23	—	—
Shri A. V. Jalan (DIN : 01455782)	Non-Executive	2	11	—	—
Shri K. K. Daga (DIN : 00897823)	Non-Executive*	1	2	—	—
Shri R. A. Makharia (DIN : 00103430)	Executive***	1	—	—	—

\* Also independent

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

- \*\*\* Shri R. A. Makharia is the Managing Director, designated as Executive Director of the Company.
- # Only the two committees viz. the Audit Committee and the Shareholders Grievance Committee are considered for this purpose.
- None of the Directors of the Company hold any Equity Shares in the Company.
  - The Non-Executive Directors have no material pecuniary relationship or transactions with the Company in their personal capacity.

**(ii) Details of sittings fees, remuneration etc. paid to Directors**

Name of the Directors		Remuneration paid during 2013-2014 Sittings fees for attending Meetings of the Board and/or committee thereof (All figures in ₹)
Shri B. K. Birla		60,000
Shri Kumar Mangalam Birla		–
Shri P. K. Khaitan		1,60,000
Shri D. K. Mantri		1,60,000
Shri A. V. Jalan		80,000
Shri K. K. Daga		1,60,000
Shri R. A. Makharia		80,000
Executive Director	Remuneration	Benefits and perquisites including ₹ 5,90,988/- being rent
Shri R. A. Makharia	₹ 39,20,112/-	₹ 20,69,646/-

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

2. Shri P. K. Khaitan is a partner in Khaitan & Co., LLP and renders professional services to the Company and a sum of ₹ 7,56,244/- has been paid towards Professional services to Khaitan & Co. LLP during the year 2013-2014.

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

- a. 4 meetings of the Board of Directors were held during the year ended 31st March, 2014. These were held on :

- |                |                |                |
|----------------|----------------|----------------|
| (1) 28-05-2013 | (2) 06-08-2013 | (3) 08-11-2013 |
| (4) 14-02-2014 |                |                |