PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

68th

ANNUAL REPORT
AND ACCOUNTS
2014 - 2015

DIRECTORS

SHRI B. K. BIRLA
SHRI KUMAR MANGALAM BIRLA
SHRI D. K. MANTRI
SHRI A. V. JALAN
SHRI K. K. DAGA
SMT. SUCHARITA BASU DE
SHRI R. A. MAKHARIA
– Executive Director

CHIEF FINANCIAL OFFICER

SHRI N. K. BAHETI

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
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Notice for 68th Annual General Meeting is being sent separately through Speed Post/Registered Post as required under the Companies Act, 2013 and Rules made thereunder

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DIRECTORS' REPORT

TO THE SHAREHOLDERS

Dear Shareholders,

We have pleasure in presenting the 68th Annual Report of the Company along with the Audited Statements of Accounts for the year ended 31st March, 2015. The Financial Results for the year are shown below :-

FINANCIAL RESULTS

	(Amount in ₹ '000)	
	2014-2015	2013-2014
Profit from operations, Dividend, Interest and Rent Income	**4,43,593**	6,39,441
Less: Depreciation	**1,346**	1,579
Profit before tax	**4,42,247**	6,37,862
Less: Provision for taxation	**31,000**	38,197
Add : MAT credit entitlement	**12,493**	–
Profit after taxation	**4,24,190**	5,99,665
Add: Balance brought down	**17,38,375**	16,89,966
Profit available for appropriation	**21,62,565**	22,89,631
Appropriations :		
Special Reserve	**84,838**	1,19,935
Proposed Dividend	**1,97,719**	1,97,719
Corporate Dividend Tax	**40,251**	33,602
General Reserve	**1,00,000**	2,00,000
Balance carried forward	**17,39,757**	17,38,375
	21,62,565	22,89,631

The profitability of the Company for the year under review appears less, the reason being less dividend received 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 2014-2015 and RBI has pegged the GDP growth for the current fiscal year at the same level.

There is no change in the nature of the business of the Company. There were no significant orders passed by regulators neither there were any material changes and commitments effecting the financial position of the company.

DIRECTORS' REPORT — *(Contd.)*

The company has in place an internal control system which ensures proper recording of financial information and various regulatory and statutory compliances. The Company has in place a proper and efficient Risk Assessment and Minimization Programme.

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 31st March, 2015 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 20.358% on the dividend amount so distributed.

DIRECTORS

During the year Shri P. K. Khaitan, Non Executive Independent Director of the Company had resigned with effect from 29th May, 2014 to comply with the provisions of Section 165 of the Companies Act 2013.

The Board of Directors at their meeting held on 13th August, 2014 appointed Smt. Sucharita Basu De as an Additional Director and Independent Non-Executive Director of the Company with effect from 13th August, 2014. Smt. Sucharita Basu De holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment. Details of the proposal for the appointment of Smt. Sucharita Basu De as an Independent Director are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 68th Annual General Meeting of the Company. Her appointment is appropriate and in the best interest of the Company.

Shri Kumar Mangalam Birla will be retiring at the ensuing Annual General Meeting and being eligible, offers himself for being re-elected.

All the Independent Directors of the Company had a separate meeting on 30th December 2014 to review the performance of the Executive Director and also carried out the collective evaluation of the Board. Further the Board evaluated the performance of the Executive Director, Independent Directors Committees of the Board and of its own. The overall outcome from the evaluation was that the Board and its Independent Directors have performed effectively.

The Independent Directors of the Company have confirmed and declared that they are not disqualified to act as an Independent Director pursuant to the provisions of section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as an Independent Director.

All directors including Independent Directors and Key Managerial Personnel of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the

DIRECTORS' REPORT — *(Contd.)*

company and the declaration in this regard is made by the Executive Director which forms a part of this report as an Annexure.

The details of numbers and dates of Board Meetings and Committee Meetings including attendance of Directors is given in the attached Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 134 of the Companies Act, 2013, 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 31st March, 2015 and the Profit or Loss of the Company for the financial year ended on that date;

(iii) the Directors have taken proper and sufficient care 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.

(v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

(vi) there is a proper system to ensure compliance with the provisions with all applicable laws and that such systems are adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return is attached as Annexure - A in the prescribed form MGT - 9, which forms part of this report.

KEY MANAGERIAL PERSONNEL

In compliance of section of 203 of the Companies Act, 2013 Shri N. K. Baheti had been appointed as the Chief Financial Officer of the Company with effect from 29th January 2015.

Remuneration and other details of the key managerial personnel for the year ended 31st March 2015 are mentioned in the Extract of the Annual Return which is attached as Annexure - A and forms a part of this report.

TRANSACTIONS WITH RELATED PARTIES

None of the transactions with Related Parties falls under the scope of Section 188 (1) of the Companies Act, 2013. Information on transactions with Related Parties are given in prescribed form

DIRECTORS' REPORT — *(Contd.)*

AOC - 2 and the same forms part of this report.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Shri D. K. Mantri, Shri K. K. Daga, Shri A. V. Jalan and Smt. Sucharita Basu De as members. The Company Secretary is acting as the Secretary of the Committee. The Executive Director and the Chief Financial Officer are permanent invitees to the meeting to give clarification on accounts related issues. The Board had accepted all the recommendations as and when forwarded by the Audit Committee. The Company has in place a vigil mechanism viz. Whistle Blower Policy the details of which are available on the Company's website www.pilaniinvestment.com.

The details of terms of reference of the Audit Committee and other details relating to number of meetings and dates on which held including the attendance of each member are given separately in the attached Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board comprises of Shri D. K. Mantri, Shri K. K. Daga and Shri A.V. Jalan. The Company Secretary is acting as the Secretary of the Committee. The said Committee had devised a policy named as Nomination and Remuneration Policy which has been approved by the Board and a copy of the same is available on the Company's website www.pilaniinvestment.com. and is attached as Annexure - B and forms part of this Report.

The details of terms of reference of the Nomination and Remuneration Committee and other details relating to number of meetings and dates on which held including the attendance of each member are given separately in the attached Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee (CSR Committee) of the Board comprises of Shri B. K. Birla, Shri D. K. Mantri and Shri R. A. Makharia. The said Committee had devised a policy named as Corporate Social Responsibility Policy which has been approved by the Board and a copy of the same is available on the Company's website www.pilaniinvestment.com. and is attached as Annexure - C and forms part of this Report.

The details of terms of reference of the Corporate Social Responsibility Committee and other details relating to number of meetings and dates on which held including the attendance of each member are given separately in the attached Corporate Governance Report.

During the year your Company had contributed ₹109.00 lacs to various Trusts/Institutions working in the areas which is strictly in consonance with the CSR policy of the Company. The details of CSR expenditure in prescribed form is annexed as Annexure-D and forms part of this Report.

SECRETARIAL AUDIT

In compliance with the provisions of Section 204 of the Companies Act, 2013, a Secretarial Audit was

DIRECTORS' REPORT — *(Contd.)*

conducted during the year by the Secretarial Auditor M/s. K. C. Dhanuka & Company, Practicing Company Secretary. The Secretarial Auditor's Report is attached as Annexure-E and forms part of this report. There are no qualifications/observations/remarks made by the Secretarial Auditor in his report.

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 subsidiaries are annexed hereto.

AUDITORS

S.R. Batliboi & Co. LLP, the Statutory Auditors of the Company had been reappointed as the Statutory Auditors of the Company for period of three years at the 67th Annual General Meeting held on 29th August 2014. At the ensuing Annual General Meeting the appointment of the Statutory Auditors will be ratified.

AUDITORS REPORT

The observations made in the Auditors Report are self explanatory and, therefore, do not call for any further explanation under Section 134(3)(f)(i) of the Companies Act, 2013.

EMPLOYEES

Information required under Section 197 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as Annexure - F and forms part of this report.

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.

CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements have not been prepared by the Company due to non-availability of accounts of one of the Associate Companies.

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 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014, in so far as it relates to the conservation of the Energy and Technology Absorption is not applicable.

DIRECTORS' REPORT — *(Contd.)*

Particulars with regard to Foreign Exchange earnings and outgo - The Company has no such transactions.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, unpaid/unclaimed dividend for the Financial Year 2006-2007 has been transferred to the Investor Education and Protection Fund.

APPRECIATION

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

For and on behalf of the Board of Directors

Kolkata	**R. A. MAKHARIA**	**B. K. BIRLA**	**D. K. MANTRI**
May 27, 2015	*Executive Director*	*Director*	*Director*

ADDENDUM TO DIRECTOR'S REPORT DATED 27TH MAY, 2015

LISTING OF EQUITY SHARES

The Company has made an application to list its equity shares with The Calcutta Stock Exchange Limited and National Stock Exchange of India Limited since Madhya Pradesh Stock Exchange (MPSE) and Delhi Stock Exchange (DSE) where the equity shares of the company were originally listed have been derecognized by SEBI.

DIRECTOR

The Board of Directors, at their meeting held on 13th August, 2014 had appointed Smt. Sucharita Basu De as an Additional Director and Independent Non Executive Director with effect from 13th August, 2014. Although Smt. Sucharita Basu De holds office upto the date of the forthcoming Annual General Meeting but she has resigned from the Board of the Company with effect from 14th September, 2015.

CONSOLIDATED FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements have been prepared by the Company and the same forms part of the Annual Report.

For and on behalf of the Board of Directors

Kolkata	**R.A. MAKHARIA**	**D.K. MANTRI**
November 6, 2015	Executive Director	Director

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ '000s)

Sl.				
1.	Name of the subsidiary	Atlas Iron & Alloys Limited (In Liquidation)	PIC Properties Limited	PIC Realcon Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31.03.2015	31.03.2015	31.03.2015
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries	N. A.	N. A.	N. A.
4.	Share capital	720	500	500
5.	Reserves & Surplus	-	4632	9618
6.	Total Assets	-	32060	44988
7.	Total Liabilities	-	32060	44988
8.	Investments	-	4800	44601
9.	Turnover	-	741	4487
10.	Profit before taxation	-	1476	4454
11.	Provision for taxation	-	101	-
12.	Profit after taxation	-	1375	4454
13.	Proposed Dividend	-	-	-
14.	% of shareholding	96.83%	100%	100%

Notes : The following information shall be furnished at the end of the statement :

1. Names of subsidiaries which are yet to commence operations : NIL
2. Names of the subsidiaries which have been liquidated or sold during the year : NIL