



PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED



71st
**ANNUAL REPORT
AND ACCOUNTS**
2017 - 2018

DIRECTORS

(as on 29.05.2018)

SHRI B. K. BIRLA

SHRI KUMAR MANGALAM BIRLA

SHRI D. K. MANTRI

SHRI A. K. KOTHARI

SHRI A. V. JALAN

SMT. SURBHI SINGHI

CHIEF EXECUTIVE OFFICER

SHRI R. P. PANSARI

CHIEF FINANCIAL OFFICER

SHRI N. K. BAHETI

COMPANY SECRETARY

SHRI R. S. KASHYAP

AUDITORS

M/S. VIDYARTHI & SONS

CHARTERED ACCOUNTANTS

L-3, 1ST FLOOR, "MADHUVAN"

GANDHI NAGAR, GWALIOR - 474 002

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 71st Annual General Meeting is being sent separately through Speed Post / Registered Post / e-mail as required under the Companies Act, 2013 and Rules made thereunder.

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DIRECTORS' REPORT

Dear Shareholders,

We have pleasure in presenting the 71st Annual Report of the Company along with the Audited Statements of Accounts for the year ended 31st March, 2018. The Financial Results for the year are shown below:-

FINANCIAL RESULTS

| | (₹ in Lakhs) | |
|--|--------------|-----------|
| | 2017-2018 | 2016-2017 |
| Profit from operations, Dividend, Interest and Rental Income | 3672.31 | 4920.27 |
| Less: Depreciation | 54.11 | 63.10 |
| Profit before tax | 3618.20 | 4857.17 |
| Less: Provision for taxation | 55.00 | 460.00 |
| Add : MAT credit entitlement | 43.08 | 197.34 |
| Profit after taxation | 3606.28 | 4594.51 |
| Add: Balance brought forward | 20806.28 | 17130.67 |
| Profit available for appropriation | 24412.56 | 21725.18 |
| Appropriations : | | |
| Special Reserve | 721.26 | 918.90 |
| Equity Dividend | 1977.18 | - |
| Tax on Equity Dividend | 402.47 | - |
| Balance carried forward | 21311.65 | 20806.28 |
| | 24412.56 | 21725.18 |

CHANGE IN THE NATURE OF BUSINESS, IF ANY

During the year under review, there has been no change in the nature of business of the Company.

SHARE CAPITAL

During the year under review, there has been no change in the Share Capital of the Company.

MATERIAL CHANGES AND COMMITMENTS AFTER THE BALANCE SHEET DATE

There are no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

DIRECTORS' REPORT — (Contd.)

SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/ TRIBUNALS.

There are no significant material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROL

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, 2018 which is same as was paid in the previous year. 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 to about 20.358 % of the dividend amount so distributed.

TRANSFER TO RESERVES

Your Directors do not propose to transfer any amount to the General Reserves for the financial year ended 31st March, 2018 and the entire surplus of ₹ 21311.65 Lakhs is proposed to be retained in the Profit and Loss Account.

DIRECTORS

Shri Kumar Mangalam Birla (DIN: 00012813) will be retiring at the ensuing 71st Annual General Meeting and being eligible, offers himself for being re-elected.

All the Independent Directors of the Company had a separate meeting to review the performance and evaluation of Non-Independent Directors and the Board as a whole. The Nomination and Remuneration Committee of the Company also evaluated the performance of all the individual Directors on various parameters such as level of participation of the Directors, preparing themselves well in advance to take active participation at the meeting(s), level of knowledge, expertise etc. The Board after taking into consideration the evaluation as done by the Nomination and Remuneration Committee and by the Independent Directors, carried out an annual evaluation of its own performance and that of its Committees and individual Directors. The overall outcome of such evaluation was that the Board, its Committees and its individual Directors have performed effectively and satisfactorily.

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 Company and the Declaration in this regard has been made by the Chief Executive Officer which forms a part of this report as an Annexure.

DIRECTORS' REPORT — (Contd.)

The details of number and dates of Board Meetings and Committee Meetings including attendance of Directors is given in the attached Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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 along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies as mentioned in Note 2.1 of 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 on 31st March, 2018 and of the profit 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 of all applicable laws and that such systems were adequate and operating effectively.

CEO/CFO CERTIFICATION

As required by Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the CEO and CFO certification has been submitted to the Board and a copy thereof is contained in the Annual Report.

LISTING OF EQUITY SHARES

The Equity shares of your Company are listed at the National Stock Exchange of India Limited and BSE Limited.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as at 31st March, 2018 is attached as Annexure- A in the prescribed form MGT- 9, which forms part of this report.

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Shri R. P. Pansari, Managing Director upto 6th May, 2017 and Chief Executive Officer with effect from 7th May, 2017, Shri N. K. Baheti, Chief Financial Officer and Shri R. S. Kashyap, Company Secretary.

Remuneration and other details of the Key Managerial Personnel for the year ended 31st March, 2018 are mentioned in the Extract of the Annual Return which is attached as Annexure - A and forms part

DIRECTORS' REPORT — (Contd.)

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. However, the NIL disclosure in prescribed form AOC-2 is attached and the same forms part of this 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 is annexed to the Report on Corporate Governance.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming part of the Annual Report. The Company Secretary is acting as the Secretary of the Committee. The Chief Executive Officer and the Chief Financial Officer are permanent invitees to the meeting to give clarifications on related issues. The Board has 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.

Other details relating to number of meetings, dates of such meetings and the attendance of each member etc. have been given separately in the attached Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The composition and terms of reference of the Nomination and Remuneration Committee have been furnished in the Corporate Governance Report forming part of this Annual Report. The Company Secretary is acting as the Secretary of this Committee. The Committee had devised a policy named as "Nomination and Remuneration Policy" which has been duly approved by the Board and a copy of the same is available on the Company's website www.pilaniinvestment.com and is also attached as Annexure – B hereto and forms part of this Report.

Other details relating to number of meetings, dates of such meetings and attendance of each member etc. have been given separately in the attached Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The composition and terms of reference of the Corporate Social Responsibility Committee (CSR Committee) have been given in the Corporate Governance Report forming part of this Annual Report. The said Committee has devised a policy named as "Corporate Social Responsibility Policy" which has been duly approved by the Board and a copy of the same is available on the Company's website www.pilaniinvestment.com and is also attached as Annexure - C hereto and forms a part of this report.

Other details relating to number of meetings, dates of such meetings and attendance of each member etc. have been given separately in the attached Corporate Governance Report.

During the year your Company has contributed ₹ 20 Lakhs to various Trusts/Institutions working in

DIRECTORS' REPORT — (Contd.)

the areas which are in consonance with the CSR policy of the Company.

The details of CSR expenditure in prescribed form are given in Annexure- D which forms part of this report.

SUBSIDIARIES/ASSOCIATE COMPANIES

The Company has two Subsidiaries and one Associate as on 31st March, 2018. Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the Company's Subsidiaries/Associate in Form AOC-1 is attached with this report. During the financial year under review Kesoram Industries Limited has ceased to be an Associate Company.

Century Textiles and Industries Limited ("Century"), an Associate Company, has informed the National Stock Exchange of India Limited and BSE Limited that the Board of Directors of the said company has approved a draft scheme for the demerger of its Cement Business into UltraTech Cement Limited ("UltraTech Cement") which is subject to necessary approvals by various statutory and regulatory authorities as may be required. Pursuant to the said scheme, for every 8 (eight) fully paid up equity shares of ₹ 10/- each held in Century, 1 (one) fully paid up equity share of ₹ 10/- each of UltraTech Cement will be allotted.

SECRETARIAL AUDIT

In compliance with the provisions of Section 204 of the Companies Act, 2013, a Secretarial Audit was 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. The observations made in the Secretarial Auditors Report are self explanatory.

AUDITORS

M/s Vidyarthi & Sons, Chartered Accountants (ICAI Firm Registration No: 000112C) were appointed as the Statutory Auditors of the Company for a term of 5 years at the 70th Annual General Meeting (AGM) from the conclusion of the said meeting until the conclusion of the 75th AGM (subject to ratification of their appointment by the members at every AGM) at a remuneration to be fixed by the Board of Directors.

The Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 have since been amended vide Notification dated 7th May, 2018 of the Ministry of Corporate Affairs and the requirement of ratification of appointment of Statutory Auditors by the members at every AGM has been done away with. Accordingly, no ratification of appointment of M/s Vidyarthi & Sons, Chartered Accountants as the Statutory Auditors of the Company, by the members is needed at the ensuing AGM.

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 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are as per Annexure – F attached hereto and which forms part of this report.

DIRECTORS' REPORT — (Contd.)

DEPOSITS

The Company has not accepted/accessed 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.

LOANS, GUARANTEES AND INVESTMENTS

The Company has not given any loans, directly or indirectly, to any person or other body corporate or given any guarantee or provided any security in connection with a loan to any other body corporate or person except an Inter Corporate Deposit of ₹ 600 Lakhs given to one of the wholly owned subsidiary companies bearing interest.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard – 21 and form part of the Annual Report.

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. No particulars with regard to Foreign Exchange Earnings and Outgo are required as 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 2009-2010 has been transferred to the Investor Education and Protection Fund in accordance with the provisions of Section 124 and 125 of the Companies Act, 2013. In compliance with these provisions read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, your Company has also transferred 14,754 equity shares to the Demat Account of the IEPF Authority, in respect of which dividend had remained unpaid/unclaimed for a consecutive period of 7 years.

APPRECIATION

The Board of Directors would like to express their sincere appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government Authorities and members during the year under review. The Board of Directors also wish to 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 29, 2018

A. K. Kothari
Director
(DIN: 00051900)

D.K. Mantri
Director
(DIN: 00075664)

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 ₹ in Lakhs)

| 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 | 31.03.2018 | 31.03.2018 | 31.03.2018 |
| 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 | 7.20 | 5.00 | 5.00 |
| 5. | Reserves & surplus | - | (219.31) | 265.87 |
| 6. | Total assets | - | 343.34 | 448.05 |
| 7. | Total Liabilities | - | 343.34 | 448.05 |
| 8. | Investments | - | 35.74 | 446.01 |
| 9. | Turnover | - | 23.54 | 64.80 |
| 10. | Profit before taxation | - | (283.31) | 64.11 |
| 11. | Provision for taxation | - | 0.60 | - |
| 12. | Profit after taxation | - | (283.91) | 64.11 |
| 13. | Proposed Dividend | - | - | - |
| 14. | % of shareholding | 96.83% | 100% | 100% |

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

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