PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED

72nd

ANNUAL REPORT
AND ACCOUNTS
2018 - 2019

Respected Syt. Basant Kumar Birla
A True Karmayogi

DIRECTORS
(as on 14.08.2019)
Smt. Rajashree Birla – Non- Executive Chairperson
Shri D. K. Mantri
Shri A. K. Kothari
Shri A. V. Jalan
Shri Giriraj Maheswari
Shri Yazdi P. Dandiwala
Smt. Vanita Bhargava

CHIEF EXECUTIVE OFFICER
Shri R. P. Pansari

CHIEF FINANCIAL OFFICER
Shri N. K. Baheti

COMPANY SECRETARY
Shri R. S. Kashyap

STATUTORY AUDITORS
M/s. Vidyarthi & Sons
Chartered Accountants
L-3, 1st Floor, "Madhuvan"
Gandhi Nagar, Gwalior – 474002

REGISTRAR AND SHARE TRANSFER AGENTS
M/s Niche Technologies Pvt. Ltd.
3A, Auckland Place, 7th Floor,
Room No. 7A & 7B, Kolkata – 700017
Phone: (033) 2280 6616 / 6617
Email : nichetechpl@nichetechpl.com

Notice for 72nd 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.

REGISTERED OFFICE
Birla Building
9/1, R. N. Mukherjee Road
Kolkata- 700001
Phone: (033) 4082 3700 / 2220 0600
CIN: L24131WB1948PLC095302
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Boards' Report

Dear Shareholders

Your Directors are pleased to present the 72nd Annual Report of the Company alongwith the Audited Financial Statements for the year ended 31st March, 2019. The Financial Results for the year are shown below :-

(₹ in Lakhs)

Particulars	**Consolidated**		**Standalone**	
	2018-19	**2017-18**	**2018-19**	**2017-18**
Total Income	**2,517.99**	3,055.02	**4,852.34**	4,847.08
Less: Total expenses	**2,266.19**	496.52	**2,253.66**	451.77
Less: Exceptional Items	**-**	262.80	**-**	-
Profit before tax	**251.80**	2,295.70	**2,598.68**	4,395.31
Add / (Less): Tax expense	**(740.82)**	285.74	**(740.79)**	284.96
Profit after tax	**992.62**	2,009.96	**3,339.47**	4,110.35
Add: Share in profit of associate company Net profit after tax and share in profit of associate company	**22,137.00**	11,387.00	**-**	-
Profit for the year	**23,129.62**	13,396.96	**3,339.47**	4,110.35
Add / (Less): Actuarial gain on defined benefit plan (gratuity) Net of Income Tax	**(0.77)**	0.77	**(0.77)**	0.77
Realised gain on equity share	**10,625.86**	-	**10,625.86**	-
Less: Current tax on realised gain	**2,290.00**	-	**2,290.00**	-
Less: Other Adjustment relating to OCI	**285.00**	283.00	**-**	-
Add: Balance brought forward from previous year	**31,385.12**	21,371.30	**22,105.16**	21,094.95
Balance Available	**62,564.83**	34,486.03	**33,779.72**	25,206.07
Appropriations				
Dividend paid	**1,977.19**	1,977.18	**1,977.19**	1,977.18
Additional tax on dividend paid	**406.42**	402.47	**406.42**	402.47
Transfer to Reserve u/s. 45-1C of Reserve Bank of India Act, 1934	**2,335.07**	721.26	**2,335.07**	721.26
Closing Balance of retained earnings	**57,846.15**	31,385.12	**29,061.04**	22,105.16

DIRECTORS' REPORT — *(Contd.)*

INDIAN ACCOUNTING STANDARDS (IND AS)

The Ministry of Corporate Affairs vide its notification dated 16.02.2015 notified the Companies (Indian Accounting Standard) Rules, 2015 applicable to certain classes of companies. In pursuance to the said notification read with the Companies (Indian Accounting Standard) (Amendment) Rules, 2016, Ind AS became applicable to your Company with effect from 1st April, 2018. Accordingly, the Standalone and Consolidated Financial Statements for the year ended 31st March, 2019, have been prepared in accordance with Ind AS, and consequently, the Financial Statements for the previous year have been restated to conform to the provisions of the Ind AS.

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.

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, 2019 as against ₹ 25/- (Rupees Twenty Five only) per equity share 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 approved 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 20.555 % 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, 2019.

DIRECTORS

Sad demise of Shri B. K. Birla - Chairman Emeritus, of the Company

It is a matter of profound grief and sorrow, that our respected Shri B. K. Birla, Chairman Emeritus of the Company left for heavenly abode on 3rd July, 2019. Late Shri Birla was an industrialist of great repute, a philanthropist, an avid educationist and a true karmayogi for whom work was worship. The Company has lost an inspiring leader and a visionary and our country has also lost an entrepreneur and a philanthropist. He was not only one of the foremost pioneers of India's industrialization but such was his multifaceted personality and so were his contributions in various spheres of life that he was an Institution by himself and became a legend in his own life time.

Late Shri B. K. Birla who was appointed as a Director on the Company's Board in 1986 stepped down as Director of the Company with effect from 1st April, 2019 and the Board of Directors of the Company

DIRECTORS' REPORT — *(Contd.)*

in recognition of late Shri Birla's great contribution to the Company appointed him as the "Chairman Emeritus" with effect from 1st April, 2019.

The Board of Directors of the Company express their deep condolences and pay tribute to late Shri B. K. Birla, a great visionary leader.

Appointment of Smt. Rajashree Birla as Chairperson of the Company

Smt. Rajashree Birla on the recommendations of the Nomination and Remuneration Committee have been appointed as the Non- Executive Chairperson of the Company with effect from 1st April, 2019 for a period of three years.

Changes in Directorate

Shri Kumar Mangalam Birla resigned from the Directorship of the Company with effect from 7th August, 2018. The Board appreciated and placed on record the valuable services, able guidance and support provided by Shri Birla during his tenure as a Director of the Company.

Smt. Surbhi Singhi ceased to be a Director of the Company with effect from 14th November, 2018 pursuant to the provisions of Section 167 (1)(b) of the Companies Act, 2013. The Board appreciated and placed on record the valuable services rendered by Smt. Singhi during her tenure as a Director of the Company.

Shri A. V. Jalan (DIN: 01455782) will be retiring at the ensuing 72nd Annual General Meeting of the Company and being eligible, offers himself for being re-elected.

Shri D. K. Mantri (DIN: 00075664), will complete his first term of appointment on 28th August, 2019 as an Independent Director. He has been re-appointed on the recommendation of the Nomination and Remuneration Committee for another term of five consecutive years by the Board with effect from 29th August, 2019, subject to the approval of the shareholders by Special Resolution at the ensuing Annual General Meeting. Details of the proposal for the re-appointment of Shri Mantri as an Independent Director of the Company are mentioned in the Notice convening the 72nd Annual General Meeting of the Company alongwith the Explanatory Statement as required under Section 102 of the Companies Act, 2013. The aforesaid appointment is appropriate and in the best interest of the Company.

On the recommendations of the Nomination and Remuneration Committee, the Board of Directors have appointed Shri Giriraj Maheswari (DIN:00796252) and Shri Yazdi P. Dandiwala (DIN: 01055000) on 17th April, 2019 and Smt. Vanita Bhargava (DIN: 07156852) on 10th July, 2019 as the Additional Independent Directors of the Company. Shri Maheswari, Shri Dandiwala and Smt. Bhargava hold office up to the date of the ensuing Annual General Meeting of the Company and are eligible for appointment at the said Annual General Meeting of the Company. Details of the proposal for the appointment of Shri Maheswari, Shri Dandiwala and Smt. Bhargava as Independent Directors of the Company are mentioned in the Notice convening the 72nd Annual General Meeting of the Company along with the Explanatory Statement as required under Section 102 of the Companies Act, 2013. The aforesaid appointments are appropriate and in the best interest of the Company.

DIRECTORS' REPORT — *(Contd.)*

PERFORMANCE EVALUATION

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for evaluating the performance of Individual Directors, Committees of the Board 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 and expertise etc.

All the Independent Directors of the Company also had a separate meeting on 31st December, 2018 to review the performance and evaluation of Non- Independent Directors and the Board as a whole.

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 is that the Board, its Committees and individual Directors have performed effectively and satisfactorily.

DECLARATION BY INDEPENDENT DIRECTORS

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of the Act, read with the Schedules and Rules issued thereunder, as well as clause (b) of sub-regulation (1) of Regulation 16 of the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force). In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and wihout any external influence.

CODE OF CONDUCT

All the Board Members and Key Management Personnel of the Company have affirmed compliance with the Code of Conduct applicable to the Board Members and Employees of the Company for the year 2018-19 and a declaration in this regard has been made by the Chief Executive Officer which forms a part of this Report as an Annexure.

BOARD AND COMMITTEE MEETINGS

The details of number and dates of Board Meetings and Committee Meetings including attendance of

Directors for the year 2018-19, 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 –

DIRECTORS' REPORT — *(Contd.)*

(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 had selected such Accounting Policies 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, 2019 and of the Profit of the Company for that period;

(iii) the Directors had taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting and other 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 Directors had prepared the annual accounts on a going concern basis;

(v) the Directors had 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) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system is adequate and operating effectively.

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 this report.

SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/ TRIBUNALS

There were no significant material orders passed by the Regulators/Courts/Tribunals impacting the going concern status of the Company and its future operations.

INTERNAL FINANCIAL CONTROL

The Company believes that a strong internal control framework is an important pillar of Corporate Governance. The Company has in place adequate internal financial control system which ensures orderly and efficient conduct of its business, safeguarding of its assets and accuracy and completeness of accounting records, timely preparation of reliable financial information and various regulatory and statutory compliances.

CEO/CFO CERTIFICATION

As required by Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the CEO and CFO certificate for the financial year 2018-19 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 with The National Stock Exchange of India Limited and BSE Limited.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return as on 31st March, 2019 is attached as **Annexure - A** in the prescribed

DIRECTORS' REPORT — *(Contd.)*

form MGT- 9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, 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, Chief Executive Officer, 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, 2019 are mentioned in the Extract of the Annual Return which is attached as **Annexure - A** and forms 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 for the year ended 31st March, 2019. However, the NIL disclosure in prescribed form AOC-2 as on 31st March, 2019 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 attached as a part of this Annual Report of the Company. A certificate from Statutory 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 have been furnished in the Corporate Governance Report forming part of this 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 Audit Committee Meetings to give clarifications on accounts and 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