

**RAJASTHAN STATE INDUSTRIAL DEVELOPMENT AND INVESTMENT
CORPORATION LIMITED**

MINUTES OF : **Board meeting**
VENUE : **Udyog Bhawan, Jaipur**
DATE & TIME : **30th July 2011 at 12.30 P.M.**

PRESENT :

Shri Sunil Arora	Chairman
Dr. Ashok Singhvi	Prin. Secy. Small Ind. & Khadi Gramoudyog
Dr. Purushottam Agarwal	Commissioner (Inv. & NRI)
Shri Abhay Kumar	Secretary Finance
Shri Naresh Pal Gangwar	Secretary Energy
Shri Rajendra Bhanawat	Managing Director

Shri D.K. Sharma, Secretary was in attendance. Mrs. Aparna Sahay, Financial Advisor, Mrs. Urmila Rajoria, Advisor (A&M) and Shri P.M. Jain, G.M. (F&A) were also present.

LEAVE OF ABSENCE

The Board granted leave of absence to Shri Gurdial Singh Sandhu, Shri Raj Hans Upadhyay, Shri Umesh Kumar and Dr. Govind Sharma.

Item 1: Confirmation of minutes of the last meeting of the Board held on 29.06.2011.

The minutes of the meeting of the Board held on 29th June 2011 were confirmed and signed by the Chairman.

Item 2: Action Taken Report on the decisions of the previous meeting of the Board held on 29.06.2011.

The Board noted the position.

Item 3: Resolution passed by circulation by the Board regarding Reconstitution of Committee constituted by the Board under section 187 of the Companies Act 1956.

The following Resolution deemed to have been passed on 11th July 2011 was noted:

RESOLUTION :

“In partial modification of the Resolution adopted by the Board in its meeting held on 30th June 1984 vide item No. 7, **RESOLVED** that the Committee for appointment of the Authorized Representative of the Corporation under section 187 of the Companies Act, 1956, to attend and vote on behalf of the

Corporation, at the General Meetings of the Companies in which the Corporation is a member, be and is hereby re-constituted as under:

- i) Commissioner (Inv. & NRI); and
- ii) MD RIICO.”

Item 4: Disclosure of Interest by the Director.

The Board noted the disclosure of interest made by Dr. Dinesh Kumar Goyal vide his notice dated 1st July 2011 and adopted the following Resolution:

“**RESOLVED** that interest disclosed by Dr. Dinesh Kumar Goyal in his general notice pursuant to Sections 299(3)/305 of the Companies Act, 1956, which was read over in the meeting, be and is hereby noted.”

Item 5: Appointment of Shri Sunil Arora as Director and Chairman on the Board of Directors of the Corporation.

The Board noted the appointment of Shri Sunil Arora, Principal Secretary Industries and Chairman RIICO, as director and Chairman on the Board of Directors of the company w.e.f. 25th July 2011 vice Dr. Dinesh Kumar Goyal.

The following Resolution was adopted:-

RESOLUTION:

“**RESOLVED** that the appointment of Shri Sunil Arora as Director and Chairman on the Board of Directors of the Corporation with effect from assuming the charge, i.e. 25th July 2011, be and is hereby noted.”

The Board also noted the appointment of Shri Sunil Arora as Director and Chairman on the Board of Mahindra World City (Jaipur) Limited with effect from 25th July 2011, in place of Dr. Dinesh Kumar Goyal.

Item 6: Retirement of Directors by rotation.

In pursuance to the provisions of Article 77(ii) of the Articles of Association of the company, the Board decided that Shri Raj Hans Upadhyay, Shri Abhay Kumar and Shri Naresh Pal Gangwar, being the senior most directors, be retired at the ensuing 42nd Annual General Meeting (AGM). The Board further decided to request the State Government to consider re-nomination of Shri Raj Hans Upadhyay, Shri Abhay Kumar and Shri Naresh Pal Gangwar with effect from the date of the ensuing AGM.

It was further decided that in case of any change in the constitution of the Board before the forthcoming AGM, the senior most director(s) will retire at the ensuing AGM as per the provisions of Article 77(ii) of the Articles of Association of the company.

Item 7: Ex-post-facto approval for purchase of One Split Air Conditioner 2.0 Ton.

The Board discussed the agenda and accorded ex-post-facto approval for purchase of one Split Air Conditioner of 2.0 Ton in pursuance to State Government Circular No.P9(1)F-1(1)I.E./2010 dated 30.06.2010.

Item 8: Proposal for purchase of Two Nos. New Vehicles.

The Board discussed the agenda and accorded approval for purchasing 2 nos. of vehicles in pursuance to State Government Circular No.P9(1)F-1(1)I.E./2010 dated 30.06.2010. The make and model of the vehicles be decided by the Managing Director.

Item 9: Approval of Annual Accounts for the year ended on 31st March 2011.

The Board was informed that Audit Committee in its meeting held on 29th July 2011 has reviewed the Annual Accounts and recommended the same for consideration by the Board. The financial results, achievements made in the field of financial assistance, infrastructure activity and business development during the financial year 2010-11 were appraised to the Board through a power point presentation. The Board took note of the financial & physical performance and placed on record its appreciation for the commendable work done by the employees of the Corporation under the leadership of the Managing Director. The Board also discussed few issues with CA Mukesh Khandelwal and CA S.K. Gupta, the representatives of M/s. S. Singhal & Company, the Statutory Auditors.

The Board was informed that during the financial year 2010-11 the company has earned profit after tax of Rs.20355.62 lac, however, in order to conserve resources for extending financial assistance to Jaipur Metro Rail Project, the Board decided not to recommend dividend.

The Board accorded approval for making necessary reserves, provisions, write-offs/backs and change/re-wording/re-drafting/re-structuring of the Accounting Policies, wherever required.

The Board also approved the following:-

A. Reserves / Provisions:

- 1) to make provision of Rs.12.30 lacs against Standard Assets as per Reserve Bank of India directives.
- 2) to write back provision of Rs.109.71 lacs against non-performing assets as per RBI directives.
- 3) to make provision of Rs.179.04 lacs, against leave encashment liability, payable to employees as retirement benefit in compliance of Accounting Standard-15.

- 4) to make a provision of Rs.8200.00 lacs against income tax based on current year's income, Rs.257.81 lacs as deferred tax liability and Rs.8.50 lacs against wealth tax on the advice of tax consultant.
- 5) to create a reserve of Rs 620.30 lacs as special reserve under section 36(1) (viii) of Income Tax Act, 1961.
- 6) to appropriate Rs.3000.00 lacs towards Infra Improvement Fund for special maintenance of industrial areas in future and approve utilisation of Rs.11.90 lacs only out of the fund during the year.
- 7) to make provision of Rs.419.65 lacs against gratuity liability in compliance of Accounting Standard-15.

B. Write-off/back:

- 1) to write off/back various petty balances, net amount of Rs.0.99 lacs treated as income.
- 2) to write off infra dues of Rs.936.95 lacs on account of interest on implementation of amnesty scheme, service charges, water charges, overdue rent etc. from sick/closed units.
- 3) to write off Equity investment of Rs.30.00 lacs in Rajasthan Electronics Ltd. a subsidiary company dissolved during the year.
- 4) to write off Rs.13.81 lacs being expenses remained unrecovered against various borrower units since long and chances of recoveries are remote.
- 5) to write off joint publicity expenses apportioned to Rajasthan Financial Corporation (RFC) Rs.27.10 lacs in the past several years on final settlement of long pending account with RFC.
- 6) to write off Rs.29.92 lacs being amount advanced to Udyog Bhawan Common Facility Center (UBCF) from time to time to meet expenses on common services.
- 7) to approve contribution of Rs.23.91 lacs to UBCF for and on behalf of Rajasthan Small Industries Corporation whose financial position does not permit payment of dues contribution, to meet out expenses of UBCF

C. Accounting Policies

To reword/redraft/restructure the Accounting Policies, wherever considered necessary.

D. Proposed Dividend

No dividend is proposed for the current year for conservation of resources for extending financial assistance to Jaipur Metro Rail Project.

Dividend of Rs.1796.53 lacs and dividend tax thereon Rs.305.32 lacs proposed in the previous year's accounts has been reverted back in view of non-declaration by Annual General Meeting.

The Board also approved the Balance Sheet as on 31st March 2011 and Profit and Loss Account and Cash Flow Statement for the year ended on that date together with changes in Accounting Policies, Notes thereon and Schedules appended thereto. Shri Sunil Arora, Chairman; Dr. Purushottam Agarwal,

Director; Shri Rajendra Bhanawat, Managing Director; Mrs. Aparna Sahay, Financial Advisor and Shri D.K. Sharma, Secretary were authorized to authenticate the aforesaid documents and to hand over the same to Statutory Auditors for their report thereon.

Item 10: Proposal for payment of Bonus/Ex-gratia and Monetary Incentive.

The Board discussed the agenda and accorded approval for the payment of bonus/ex-gratia equivalent to 8.33% of the salary and ex-gratia/monetary incentive @ 11.67% of the salary to all the employees of the Corporation, for the financial year 2010-11, in appreciation of the good work done by them and also as an incentive for their professional dedication towards excellence, with the condition that in case of employees drawing salary exceeding Rs.3500/- (Running Pay + Grade Pay + D.A.) the amount of bonus/ex-gratia and monetary incentive will be calculated as if the salary was Rs.3500/- p.m.

Item 11: Approval of Directors' Report and fixation of the date for the Annual General Meeting.

The Board discussed and approved the Directors' Report for the financial year 2010-11 and accorded approval to:

- 1) authorize the Chairman to sign the Directors' Report on behalf of the Board, and to fix the date and time for holding the 42nd AGM;
- 2) authorize the MD for making any modification in Directors' Report, if considered necessary, before circulation to the shareholders;
- 3) call the 42nd AGM at a shorter notice with the consent of all the shareholders;
- 4) authorize the MD to approve the draft notice of AGM;
- 5) authorize the Secretary to issue notice of AGM under his signature and to circulate the report of CAG to shareholders; and
- 6) authorize the MD to approve the management's replies on behalf of the Board, in case of a qualified report of CAG.

With the permission of the Chair, following agenda items were taken up for consideration:

Item 12: Approval of increase in Audit fee of Statutory Auditors.

The Board discussed the agenda and recommended to the shareholders for enhancement in Statutory Audit fee from Rs.2,00,000/- to Rs.3,00,000/- for Financial Year 2010-11 and onwards.

Item 13: Post Retirement Benefit Scheme for the employees of the Corporation.

The Board discussed the agenda and also perused the recommendation given by the Sub-Group which was constituted by the Board in its meeting held on 2.11.2010. The Board also noted that the Corporation has earned highest ever income of Rs.721.36 crore and profit after tax of Rs.203.56 crore during the financial year 2010-11 which could not have been possible without the

stewardship of the Chairman and the Managing Director, and proactive approach and contribution by the employees of the Corporation at each level. In view of continuing profitability and strong liquidity position of the Corporation over the years, the Board felt it desirable that a kind of Post Retirement Benefit Scheme be introduced in the Corporation so that employees of the Corporation may get certain amount of monthly payments after their retirement, and on death by the surviving spouse. The Board also perused the requirement of funds as assessed by LIC and SBI Life.

In order to make functional the Post Retirement Benefit Scheme for the employees of the Corporation who are retiring after 1.4.2010, the Board accorded approval for one time contribution of Rs.50.00 crore to the Superannuation Fund so as to enable the retiring employees for Post Retirement Benefit equal to about 30% of last drawn Basic Pay + Grade Pay and 50% of the benefit to the surviving spouse. This is subject to approval of the State Government under the provisions of the RAPSAR Act.

The Board authorized the Managing Director to approve all incidental matters for implementation of the scheme. The Board also authorized the Financial Advisor for formation of Trust, creation of Fund, investment of Fund and completion of other formalities necessary to put in place Post Retirement Benefit Scheme for the employees of the Corporation.

After completing the above agendas, the Board took a brief break and re-assembled to consider the following agenda items with the permission of the Chair.

Item 14: Adoption of Auditors' Report on Annual Accounts for the year ended on 31st March 2011 and approval of replies of Management thereon.

The Board was informed that Audit Committee in its meeting held on 29th July 2011 had detailed discussions on the Annual Accounts, the Auditors' Report and Management replies thereon. The Board discussed the draft Auditors' Report with CA Mukesh Khandelwal and CA S.K. Gupta, the representatives of the Statutory Auditors, namely, M/s. S. Singhal & Company, Chartered Accountants. The Statutory Auditors briefed the major observations in the audit report.

After detailed discussions, the Board adopted the Auditors' Report on the annual accounts of the company for the year ended 31st March 2011 and approved the management replies on the comments of the Statutory Auditors report dated 30th July 2011 and the Annexure thereto, a copy of which was placed on the table in the meeting and initialed by the Chairman for the purpose of identification. The Board also authorized the Chairman to sign the replies on behalf of the Board. The replies may be circulated to the shareholders along with the Report of the Statutory Auditors.

The meeting concluded with a vote of thanks to the Chair.

The Board, while discussing the annual accounts, had formed a Sub-Group of Commissioner (Inv. & NRI), Secretary Finance (Revenue) and MD to give their recommendation and suggestions on Financial & Physical Management of the Corporation, Leveraging the Balance Sheet of the Corporation for raising funds for acquisition of land for the DMIC Projects.

While drafting the minutes these observations couldn't be recorded in the minutes through oversight. The minutes submitted as at 5/n above have already been approved by the Chairman but has not been circulated.

Therefore, if approved, the following general observation may be incorporated in the minutes, after item no. 14, before circulation please:

“GENERAL OBSERVATION

While discussing the financial accounts the Board observed that a provision of Rs.8200.00 lacs has to be made for Income Tax for the year 2010-11 as against Rs.2600.00 lacs during the previous year. The increase in tax liability is broadly on account of increase in net profit (i.e. Rs.291.02 crore against Rs.153.28 crore for previous year), delay in approval of industrial parks under section 80-IA of Income Tax Act, lesser expenses on development and maintenance of industrial areas etc.

The Board, after detailed discussions, formed a Sub-Group of Commissioner (Inv. & NRI), Secretary Finance (Revenue) and MD to give their recommendation and suggestions on Financial & Physical Management of the Corporation, Leveraging the Balance Sheet of the Corporation for raising funds for acquisition of land for the DMIC Projects.”

Submitted for kind perusal and approval.

MD

Chairman