

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

Minutes of : 4/2017 - Board Meeting
Venue : Udyog Bhawan, Jaipur
Date : 30th November 2017
**Commencement/Completion
time of meeting** : 5.00 P.M. /6.15 P.M.

Present :

Shri Rajeeva Swarup	CMD & ACS Industries
Shri D.B. Gupta	ACS, Finance
Shri Khemraj Choudhary	ACS, Revenue
Dr. Subodh Agarwal	Principal Secretary MSME & Khadi
Smt. Aparna Arora	Principal Secretary Mines & Petroleum
Shri Kunji Lal Meena	Commissioner Industries
Dr. Tina Kumar	Commissioner (Inv. & NRI)
Shri Anoop Khinchi	MD, RFC
Shri Raman Kumar Sharma	Independent Director

Shri D.K. Sharma, Secretary was in attendance. Ms. Anupama Sharma, Financial Advisor; Shri Vijay Pal Singh, Advisor (Infra/A&M); Shri Rajan Kapoor, GM(SP); and Shri R.K. Limba, GM (Finance) were also present.

Leave of absence: The Board granted leave of absence to Shri Anil Bafna, Independent Director.

Quorum:The Chairman was present. As the quorum was present, the meeting was called to order. Quorum was present throughout the meeting.

General Board Meeting & Consent for Shorter Notice: The Secretary informed the Board that as per the specific directives of the then MD, the notice for convening the meeting of the Board was issued as “4/2017 Special Meeting of the Board of Directors”, whereas there is no such provision in the Companies Act for a ‘Special Board Meeting’. He further informed that the meeting was initially scheduled for 29th November 2017 at 3.00 PM for which notices as well as few agenda notes were circulated to all the members on 22nd November 2017. Subsequently, additional agenda notes were also circulated on 28th & 29th November 2017. However, due to unavoidable reasons, the meeting was to be postponed for 30th November

2017 at 5.00 P.M. for which written intimation was also given to all the members. The members were requested to condone the delay in circulation of agenda notes at shorter notice.

The unilateral decision of the MD to call it a “special meeting of the BOD”, without any such provision in the Companies Act, and to do away with even the regular items as per established practice, e.g. Noting of minutes, Action Taken Report etc., and without any consultation with the Chairman in this regard, was considered unwarranted by the Board.

The Board also expressed serious displeasure at the circulation of agenda items at very short notice in spite of previous specific directions in the last meeting itself for timely circulation. The meeting notice was sent on November 22nd, precisely 7 days in advance of the scheduled date of the meeting, whereas the Chairman had given the date as early as November 16th. The notice had only two agenda items. The Chairman had directed the MD to send other agenda items as well. Subsequently 21 more agenda items were submitted at extremely short notice. Further, the decision of the MD to table only 2 agenda items for the meeting of the Board, when eventually 23 items were placed on directions of the Chairman shows the arbitrary attitude of the MD and one of lacking accountability and scant regard for getting decisions for the management timely. However, since the then MD has got transferred out, the matter was not pressed further.

Accordingly, the members present in the meeting unanimously agreed to waive the minimum notice period requirement for circulation of agenda notes and took up these items for consideration and approved unanimously:

Change of Managing Director: Due to recent change in the composition of Board and appointment of Shri Rajeeva Swarup, Chairman, as Managing Director also; the Board took up first the item 7. A supplementary agenda was also circulated before the Board in this regard.

Item 7: Appointment of Dr. Tina Soni as Managing Director of the Corporation.

The Board discussed the agenda and accorded approval the appointment of Dr. Tina Soni as Managing Director of the Corporation, during the leave period of Ms. Mugdha Sinha, w.e.f. 9th October 2017 to 15th November 2017, subject to approval of the shareholders in the General Meeting.

The Board further approved the appointment of Shri Rajeeva Swarup as Managing Director of the Corporation with effect from the forenoon of 29th November 2017, in place of Ms. Mugdha Sinha, subject to the approval of the shareholders in the General Meeting. Ms. Mugdha Sinha shall be deemed to have been ceased to be Director & Managing Director, w.e.f. 29th November 2017.

The Board also accorded approval of the appointment of Shri Rajeeva Swarup, the Managing Director, on the Boards of following companies, in place of Ms. Mugdha Sinha:

- | | | |
|----|--|----------|
| 1. | Rajasthan Electronic & Instruments Ltd. | Chairman |
| 2. | Rajasthan Asset Management Company Pvt. Ltd. | Director |
| 3. | Rajasthan Trustee Company Pvt. Ltd. | Director |

Item 1: Approval of financial statements for financial year ended on 31st March 2017.

The Board was informed that Audit Committee in its meeting held on 27th November 2017 has reviewed the Annual Accounts and recommended the same for consideration by the Board. The salient features like financial results, achievements made in the field of financial assistance, infrastructure activity and business development during the financial year 2016-17 were briefed to the Board by the Financial Advisor.

The Board after discussions accorded approval to the standalone and consolidated Ind-AS financial statements of the company for the financial year ended on 31st March 2017, along with notes on accounts and other information annexed thereto, proposals for making necessary reserves, provisions, loss in valuation of investments/re-wording / re-drafting/ re-structuring /modification / changes in the Accounting Policies, wherever required.

The Board adopted the following Resolutions:

RESOLUTIONS:

“RESOLVED that approval be and is hereby accorded for the following:

A. Provisions :

- 1) To make provision of Rs. 218.35 lac and Rs. 123.97 against gratuity liability in compliance of Accounting Standard-19 by charging to Profit & Loss Account and by charging to other comprehensive income respectively.
- 2) To make a provision of Rs. 5,500 lac against Income- tax based on current year's income and Rs 167.90 lac as deferred tax expenses on the advice of tax consultant.
- 3) To make a provision of Rs 360.55 lac for Doubtful debts and advances.

B. Loss in Valuation of Investments:

- (i) To book loss of Rs 774.81 lac in valuation of Investment in Shares of Jaipur Metro Corporation Limited due to reduction in fair value.
- (ii) To book loss of Rs 771.31 lac in valuation of Investment in Units of Rajasthan Venture Capital Funds due to reduction in fair value (net).

C. Reserves:

- i) To create a reserve of Rs. 1762.19 lacs as Special Reserve under section 36 (1)(viii) of Income Tax Act, 1961 in respect of Term Loan Revenue.
- ii) To transfer entire amount of Rs.220.39 crore from Infrastructure Improvement Reserve to General Reserve.

D. Accounting Policies

Due to applicability of change in the accounting from previous GAAP to Ind-AS on the company from the year 2016-17; Accounting Policies, Notes and additional information have been worked out with consequent effect in the Balance Sheet of 01.04.2015 and in Balance Sheet, profit & Loss Accounts and cash flow of 31.3.2016 and 31.3.2017 resulting in transactional adjustments, reconciliation whereof has been shown in the Financial Statements as note No. 1 to 46 along with Balance Sheet, Profit & loss Account, Cash Flow Statement and Statement of Changes in equity. The Board approved the same.

E. Proposed Dividend

The Board made recommendation for payment of dividend amounting to Rs. 2101.86 lac, inclusive of dividend distribution tax, for the financial year 2016-17, in view of profits during the financial year and comfortable liquidity position.

FURTHER RESOLVED that approval be and is hereby accorded to approve Standalone Ind-AS and Consolidated Ind-AS financial statements of the company for the financial year ended on 31st March 2017, comprising of Balance Sheet, Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with changes in Accounting Policies and notes thereon. Shri Rajeeva Swarup, Chairman & Managing Director; Ms. Tina Soni, Director; Ms. Anupama Sharma, Chief Financial Officer 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 2: Approval of Board’s Report and fixation of the date for the annual general meeting (AGM).

The Board discussed the agenda and approved the Board’s Report for the Financial Year 2016-17. The Board adopted the following Resolution:

RESOLUTION:

“**RESOLVED** that approval be and is hereby accorded to approve Boards’ Report for the Financial Year 2016-17 and authorized the Chairman of the Corporation to make changes in the report, if any, before submission of the same to the shareholders. The Chairman was also authorized to sign the Boards’ Report on behalf of the Board.”

The Board also accorded approval to:

- 1) call the 48th AGM at a shorter notice with the consent of the shareholders and authorized the Chairman to fix the date and time for holding the 48th AGM;
- 2) authorized the MD to approve the draft notice of AGM;

- 3) authorized the MD of the Corporation to approve the management's replies on behalf of the Board, in case of a qualified report of CAG, and
- 4) authorized the Secretary to issue notice of AGM under his signature; and to circulate the report of CAG to the shareholders.

Item 3: Partial amendment in the provisions of Rule 24(2)(b) related to Appeal against the cancellation order under the RIICO Disposal of Land Rules, 1979

In view of the changed situation in the Management, the Board directed to place the agenda note before IDC, which is fully empowered to decide the issue.

Item 4: Review of the existing policy for allotment of industrial plots pertaining to "First Come First Serve" basis linking it to investment & project criteria in unsaturated industrial areas.

In view of the changed situation in the Management, the Board directed to place the agenda note before IDC, which is fully empowered to decide the issue.

Item 5: Regularization of rented industrial shed in transferred industrial area in favour of tenant on outright sale basis (case of M/s. Dawson India Corporation Ltd., allottee of shed No.B-9 industrial area Rani Bazar, Bikaner).

In view of the changed situation in the Management, the Board directed to place the agenda note before IDC, which is fully empowered to decide the issue.

Item 6: Policy decision to insert new provisions in RIICO Disposal of Land Rules, 1979 regarding transfer fee, compliance of minimum built up area, requirement and utilization of the allotted institutional plots at the time of permission for transfer of the plots to Private University established by virtue of Act of Private University passed by Legislative Assembly.

In view of the changed situation in the Management, the Board directed to place the agenda note before IDC, which is fully empowered to decide the issue.

Item 8: Disclosure of interest by the Directors.

The Board noted interest disclosure made by the following Directors, disclosing their interest in other Companies/Bodies Corporate / Firms/ Societies, pursuant to Section 184(1) of the Companies Act 2013 read with the relevant rule 9(1):

1. Dr. Subodh Agarwal Notice dated 22nd September 2017
2. Shri Anil Bafna Notice dated 8th November 2017
3. Shri Raman Kumar Sharma Notice dated 8th November 2017

Dr. Subodh Agarwal informed the Board that at present he is not having any shares in Rajasthan Food & Civil Supplies Corporation Ltd. The Board noted the same.

The Board also noted declarations made by Shri Raman Kumar Sharma and Shri Anil Bafna, Independent Directors, under section 149(7) of the Companies Act, 2013; vide their notices dated 8th November 2017 and 8th November 2017, declaring that they met the criteria of independence, for the financial 2017-18, as provided in section 149(6) of the Companies Act, 2013.

Item 9: Certificate of Legal Compliance for quarter ended on 30th September 2017.

The Board took on record the Certificate of Legal Compliance, for quarter ended on 30th September 2017.

Item 10: Appointment of Secretarial Auditor for financial year 2016-17.

The Board discussed the agenda and adopted the following Resolution:

RESOLUTION:

“**RESOLVED** that approval be and is hereby accorded for the appointment of M/s. ARMS & Associates LLP, Company Secretaries, Jaipur, as Secretarial Auditor for conducting the secretarial audit of the Company for the year 2016-17, at a remuneration of Rs. 80,000/- (Rupees eighty thousand) plus GST”.

Item 11: Appointment of Cost Auditor.

The Board discussed the agenda and adopted the following Resolution:

RESOLUTION:

“**RESOLVED** that approval be and is hereby accorded for the appointment of M/s. A. Goyal & Company, Jaipur, Cost Accountant, as Cost Auditor of the Company for FY 2017-18, at consolidated fee of Rs. 30,000/- plus GST, subject to approval of the shareholders in General Meeting”.

Item 12: Approval of Cost Audit Report

The Board discussed the agenda and accorded approval to Cost Audit Report along with the annexures submitted by M/s. K.G. Goyal & Company, Cost Auditor and authorized the Managing Director and Company Secretary to sign and file the Cost Audit Report on behalf of the company.

Item 13: Minutes of the meeting of the Industrial Committee held on 5th October 2017.

The minutes of the meeting of Industrial Committee held on 5th October 2017 were noted.

Item 14: Minutes of the meeting of the CSR Committee held on 20th September 2017.

The minutes of the meeting of CSR Committee held on 20th September 2017 were noted.

Item 15: Minutes of the meetings of the Infrastructure Development Committee held on 29th August 2017 and 13th October 2017.

The minutes of the meetings of Infrastructure Development Committee held on 29th August 2017 and 13th October 2017 were noted.

Item 16: Project for Development of Land situated at Tonk Road, Jaipur

The agenda item was withdrawn since it was vague and submitted without any details or any specific recommendation. The same may be put up after due application of mind at the level of the management.

Item 17: Action Taken Report on the decisions of the previous meeting of the Board held on 19th September 2017.

The Board discussed the agenda and noted the position brought out in the agenda note. The Board directed that old references in respect to pending compliances be also given in the ATR. The Board also directed the following:

1. **Draft Policy for allotment of undeveloped Land:** The Board, in its meeting dated 30th March 2017 had directed that such a policy be prepared and put up before the Board. The Board in its meeting dated 29th June 2017 had directed that the policy be prepared at the earliest and put up at the next meeting. However, the policy was neither put up in the meeting of the Board on 19th September 2017 nor in the present meeting, in spite of displeasure having been communicated in the last meeting. It is clear that the previous MD had scant regard for the directions of the Board and no work on this was done in the last 8 months. In view of the changed situation, the policy be prepared within a period of two months definitely and put up before the Board.
2. **Request of the authorizee (JECC) for time extension for completion of minimum development obligation(MDO):** The matter has remained pending since March 2016. In spite of directions in the previous meetings of the Board, no specific agenda item was placed in this meeting.
3. **RIICO VISION 2017-18:** No report in this regard was submitted before the Board by the Management and it is evident that little work was done in this direction. Progress of implementation be placed in each meeting of the Board.
4. **Comparative Progress Report of April-October 2016 and April-October 2017:** The Board recorded its serious displeasure on dismal performance of the Company during first seven months of current financial year, i.e. April-October 2017, when compared with the previous year. The position of term loan sanction was as low as 8% and of disbursement mere 10% in first 7 months, as compared to 54% and 75% respectively in corresponding period last year. Total expenditure on Infra

activities was a mere 19% as compared to 57%. Similarly, expenditure on development works was just 12% as compared to 42%.

The Board was informed that the reasons included that negligible sanctions were issued, decision not taken timely in sanction of bids for the development works resulting in cancellation of tenders etc. It is more than evident that work had almost come to a standstill on account of lack of decision-making. This would have a very adverse impact on the profitability of the Corporation in the current financial year 2017-18, which is a matter of extreme concern. The Board expressed its dis-satisfaction with the work of the previous management. However, in view of the change of MD, the Board directed the new management to make all-out efforts to step up the progress and ensure that the revenue loss is recouped to the maximum extent possible and to achieve the targets fixed by the Board for FY 2017-18.

Item 18: To note the minutes of the last meeting of the Board held on 19th September 2017.

The minutes of the meeting of Board held on 19th September 2017 were noted.

Item 19: Amendment in RIICO Employees Services (Revised Pay Scales) Rules, 2008.

The Board discussed the agenda and accorded approval to amend the RIICO Employees Service (Revised Pay Scale) Rules 2008, analogous to the State Government, as under:

1. (i) the existing Schedule-I appended under Rule 6 substituted by the new schedule-I w.e.f. 01.07.2013, as per **Annexure-II** of the agenda note.
- (ii) the existing Schedule-III appended under Rule 19 substituted by the new schedule-III, as per **Annexure-III** of the agenda note.

(iii) the existing Schedule-IV appended under Rule 19 substituted by the new schedule-IV, as per **Annexure-IV** of the agenda note.

2. Analogous the State Government, to substitute the following Pay Band, Running Pay Band & Grade Pay appended under Schedule-I in RIICO Employees Services (Revised Pay Scale) Rules, 2008 as follows:

Existing				Revised			
Pay Band	Running Pay Band	Grade Pay No.	Grade Pay	Pay Band	Running Pay Band	Grade Pay No.	Grade Pay
4	5	6	7	4	5	6	7
PB-I	5200-20200	7	2000	PB-I	5200-20200	9A	2400
PB-1	5200-20200	8	2100	PB-1	5200-20200	9B	2400

3. The existing entries at S. No. 7, 8 of Rule 27 of RIICO Employees Services (Revised Pay Scale) Rules, 2008 be substituted as follows:

Existing (prior 01.07.2013)				Revised (w.e.f. 01.07.2013)		
Existing Grade Pay No.	Existing Grade Pay	Pay Band	Running Pay Band	Revised Grade Pay	Grade Pay	Increase in Pay in Running Pay Band
7	2000	PB-I	5200-20200	9A	2400	100
8	2100	PB-I	5200-20200	9B	2400	200

4. To insert new Rule 28 after Rule 27 of RIICO Employees Services (Revised Pay Scale) Rules, 2008, analogous to State Government, as follows:

"Notwithstanding anything contained in these Rules, over payment of pay and allowances thereon made to the RIICO Employees during the period from 01.07.2013 to 30.10.2017 (both days inclusive) shall not be recovered."

Item 20: Proposal for Payment of Bonus/Ex-gratia & Monetary Incentive.

The Board discussed the agenda and accorded approval to release the payment of bonus @ 8.33% amounting to the maximum limit of Rs. 7000/- per annum as per provisions of Bonus Act and Ex-gratia/ Monetary incentive of Rs. 1400/- per annum to the employees whose salary is not exceeding of Rs. 21000/- per month and to release maximum of Rs. 8400/- per annum on

account of Ex-gratia/ Monetary Incentive to those employees who are not covered under the Bonus Act for the FY 2016-17.

After completing the above agenda items, the Board took a brief break and re-assembled to consider and approve the following agenda items, which were taken up with the permission of the Chair, and the unanimous consent of directors present in the meeting, and approved the same unanimously:

Item 21: Treating difference as Personal Pay under RIICO Employees (Revised Pay Scales) Rules, 2008 analogous to the State Government.

The Board was informed that Finance (Rules) Department, GoR, vide order No.F.14(1)FD/Rules/2013 dated 30th October 2017 has ordered for treating difference as Personal Pay under Rajasthan Civil Services (Revised Pay) Rules, 2008 for its employees. Analogous to State Government, it is proposed to treat difference of sum of pay plus dearness allowance allowed as personal pay which is to be absorbed in future increases in pay, in certain cases from 01.07.2013 to 30.09.2017. Due to above re-calculation, no recovery of over payment shall be made as provided in Rule 28 of RIICO Employees Services (Revised Pay) Rules, 2008.

In view of above, the Board accorded approval to the above and also to treat difference as personal pay under RIICO Employees Services (Revised Pay Scales) Rules, 2008 analogous to State Government as notified vide order no. F.14 (1) FD/Rules/2013 dated 30.10.2017.

Item 22: Revision of pay scales of the employees of the Corporation.

The Board discussed the agenda and accorded in-principle approval for the adoption of Rajasthan Civil Services (Revised Pay) Rules, 2017 in the Corporation w.e.f. 1.10.2017 together with all the other relevant orders issued/to be issued by the State Government in this regard, as applicable to the Corporation employees.

The Board also authorized the Managing Director to adopt/make amendments in RIICO Service Rules, if any, in consonance to the amendments made/to be made in the Rajasthan Civil Services

Rules, 2017 by the State Government, which may be relevant to the employees of the Corporation.

Item 23: Adoption of Independent Auditors' Report on Financial Statements for the year ended on 31st March 2017 and approval of replies of Management thereon.

The Board was informed that Audit Committee in its meeting held on 27th November 2017 has detailed discussions on the Financial Statements for the year 31st March 2017 and the draft Independent Auditors' Report thereon with Shri Ajay Shah and Shri Arun Kumar Jain, partners of M/s. Jain Shah & Co., Chartered Accountants, Jaipur and the Statutory Auditors.

After detailed discussions, the Board adopted Independent Auditors' Report on the Standalone and Consolidated Ind-AS financial statements of the company for the year ended 31st March 2017 and authorized the Managing Director to approve and sign the management replies on the comments of the Independent Auditors' Report dated 29th November 2017 and the Annexure thereto, on behalf of the Board. The replies may be circulated to the shareholders along with the report of the Statutory Auditors.

General Comments:

The previous Managing Director Ms. Mugdha Sinha, had circulated copies to all the Board Members in respect of her responses to two separate directions on the directions issued by the Chairman in respect of the meeting notices and agenda items circulated for the meetings of the IDC and the Board scheduled for Nov. 24th and Nov. 29th 2017 respectively, pointing out to certain serious omissions on the part of the MD in deciding the withholding of certain pre-approved agenda items, considerable delay in issuance of agenda notes, unilaterally deciding the Board meeting to be held as a "special meeting" without any provision existing to that effect and other related issues which were against established practice and had given directions to the MD for compliance. However, Ms. Sinha neither complied with such directions nor gave a written response to the Chairman. Instead, she gave her responses to the Directors individually for consideration by the Board at its meeting to be held, which is against procedure. The Board was of the view that this action was not required. Responses to note sheets are official procedure and should have been replied to the authority concerned and not individually to the Board. The so-called explanations given by her

were lame and confirmed the recalcitrant attitude of Ms. Sinha in her functioning as MD. Similarly, the aspersions and remarks made against senior authority were completely baseless. In fact, the very fact that Ms. Sinha has been transferred out between the meeting of the IDC and the Board, without any replacement, vindicates these observations of the Board. No further action required.

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

CHAIRMAN