

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

MINUTES OF : **Board Meeting**
VENUE : **Udyog Bhawan, Jaipur**
DATE & TIME : **30th May 2014 at 11.00A.M.**

PRESENT :

Shri C. S. Rajan	Chairman
Shri Subhash Chandra Garg	Principal Secretary Finance
Shri S.K. Agrawal	Principal Secretary SSI & Khadi
Smt. Veenu Gupta	Managing Director
Shri Shikhar Agrawal	Commissioner JDA
Smt. Archana Singh	Executive Director
Dr. Prithviraj	Commissioner (Inv. & NRI)
Shri Vinod Ajmera,	Commissioner Industries.
Shri Madhusudhan Sharma	MD RFC

Shri D.K. Sharma, Secretary was in attendance. Shri Prakash Tekwani, Financial Advisor; Shri Shyam Lal Gurjar, Advisor(A&M), Shri Lalit Kumar, Advisor (Infra); Shri Suneet Mathur, GM (PR), Shri Lokesh Vijay, Addl.GM(BP), Shri Anoop Mathur, Sr. DGM (HRD) & Shri R.K. Limba, Sr. DGM (F&A) were also present.

LEAVE OF ABSENCE

The Board granted leave of absence to Shri Alok, Secretary Energy.

WELCOME OF DIRECTOR

At the outset, Board welcomed Shri Shikhar Agarwal, Dr. Prithviraj, Shri Madhusudhan Sharma and Smt. Archana Singh, Directors, who attended meeting of the Board of Directors for the first time, after their appointment, and expressed hope that Board will be benefited with their association.

Item 1: Confirmation of minutes of the last meeting of the Board held on 12th March 2014.

The minutes of the last meeting of the Board held on 12th March 2014 were confirmed and signed by the Chairman.

Item 2: Action Taken Report on the decisions of the previous meeting of the Board held on 12th March 2014.

The Board discussed the agenda and noted the position brought out in the agenda note. As regards to medical relief to the retired employees and process to be adopted for removal of encroachment on Corporation's land, the Board decided as under:

i. Amendment in RIICO Retired Employees Medical Relief Fund:

The Board was briefed about likely viability of medical relief fund to be created for the employees of the Corporation who have retired from the services from 1.4.1980 to 31.3.2010 and a comparison with the similar scheme in force at RSMM Ltd. It was concluded that with the contribution of Rs.20,000/- each retired employee + matching contribution from the Corporation for about 300 Nos. of retired employees; the corpus is unlikely to sustain for two years. However, the existing scheme for the benefit of employees who have retired on or after 1.4.2010 is reported to be viable. Board was also informed that none of the other State PSU has provided post-retirement medical relief to its employees. Moreover, the present financials of the Corporation do not support making additional contribution of Rs.10 Cr. for the purpose.

In view of above, the Board dropped the proposal to make additional contribution in RIICO Retired Employees Medical Relief Fund for the employees who have retired from the services from 1.4.1980 to 31.3.2010.

ii. Process to be adopted for removal of encroachment on Corporation's land:

A status note on present encroachment, powers available with the Corporation for removal of encroachment, efforts so far made and the strategy for removal of encroachment was placed before the Board. The Board noted that as per the field survey, about 908 acre land is under encroachment which has been broadly categorized as less than 1 acre (26 cases), 1 acre to 10 acre (54 cases) and more than 10 acre (17 cases).

After discussion Board directed as under :

- (a) The encroachments may broadly be categorized area-wise, those affected by court cases and nature of encroachment.
- (b) Drive for removal of encroachment be prioritized as follows:
 - i. Where large area affected by small encroachment;
 - ii. Temporary nature/recent encroachment;
 - iii. Where pucca construction is done over encroached land
 - iv. Cases affected by court order/case.

- (c) Following preventive action be taken for ensuring minimal encroachment:
- a. Identification of encroachment free private/government land at the time of acquisition;
 - b. Construction of boundary pillars as soon as possession of land is taken from LAO/Government authorities;
 - c. Immediate development/sale of land got freed from encroachment.

Item 3: Minutes of the meeting of the Infrastructure Development Committee of the Board held on 13th May 2014.

The Board noted the position.

Item 4: Minutes of the meeting of the Industrial Committee of the Board held on 13th May 2014.

The Board noted the position.

Item 5: Appointment of Directors.

The Board discussed the agenda and noted the appointment of Shri Shikhar Agrawal, Dr. Prithviraj, Shri Madhusudhan Sharma, as Directors on the Board of the Corporation with effect from 2nd April 2014, in place of Shri Abhay Kumar, Shri Siddharth Mahajan and Shri Yaduvendra Mathur. The Board further noted the appointment of Shri Alok and Smt. Archana Singh, as Directors on the Board of the Corporation with effect from 2nd April 2014.

The Board also noted the withdrawal of Shri Sudhansh Pant, as director, from the Board of the Corporation, with effect from 19th May 2014.

The Board further approved the nomination of MD, RFC, by virtue of his appointment as director on the Board, as a member of the following Committees of the Board, so long as MD, RFC remains as director on the Board:

1. Industrial Committee.
2. Infrastructure Development Committee.
3. Working Committee.
4. State Level Settlement Committee.
5. Audit Committee.
6. Committee constituted u/s. 187 of the Companies Act, 1956 to appoint authorized representative.

MD, RFC, shall also be the member of the various Committees formed under RIICO Disposal of Land Rules, 1979, vice CMD, RFC.

Item 6: Disclosure of interest by the Directors.

The Board discussed the agenda. The Board was informed that after circulation of the agenda notes, a notice of disclosure of interest was also received from Shri S.K. Agarwal, director. The same was placed in the meeting.

The Board noted the interest disclosure made by the Directors in their respective notices and adopted the following Resolution:

RESOLUTION:

“**RESOLVED** that the interest disclosed by the following Directors in their general notices pursuant to Section 184(1) of the Companies Act, 2013 read with the relevant rule 9(1), which were read over in the meeting, be and is hereby noted:

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|------------------------------|---|
| 1. Shri C.S. Rajan. | Notice dated 1 st May 2014. |
| 2. Shri Subhash Chandra Garg | Notice dated 30 th April 2014. |
| 3. Smt. Veenu Gupta | Notice dated 21 st April 2014. |
| 4. Shri Vinod Ajmera | Notice dated 8 th May 2014. |
| 5. Smt. Archana Singh | Notice dated 16 th May 2014. |
| 6. Shri Madhusudan Sharma | Notice dated 21 st May 2014. |
| 7. Shri Shikhar Agarwal | Notice dated 21 st May 2014. |
| 8. Dr. Prithvi Raj | Notice dated 19 th May 2014. |
| 9. Shri Alok | Notice dated 27 th May 2014. |
| 10. Shri S.K. Agarwal | Notice dated 29 th May 2014. |

Item 7: Media Plan of the Corporation for Financial Year 2014-15.

The Board discussed the proposal and accorded approval for the following:

- a) Provision of budget of Rs.300 lakh for PR expenditure during FY 2014-15, comprising of Rs.200 lakh and Rs.100 lakh for print media and electronic media respectively.
- b) Display advertisement may be issued only on specific occasions like: –
 - i) Trade fairs i.e. `Stonemart`, `Vastra`, `Ceraglass` organized by the Corporation.
 - ii) Conferences, Seminars, MOU Signing or any other similar events relating to Business Promotion to be organized by the Corporation.
 - iii) Upon important policy/schemes announcements by the Corporation.

- iv) In case of events where it is deemed by the Management that issue of display advertisement will help in promoting the cause of all the stakeholders.
- c) A broad list of print and electronic media for carrying out various advertisements, as proposed in agenda note, was approved.
- d) Authorizing Managing Director of the Corporation to approve print and electronic media advertisements.

Item 8: Approval of CSR Policy of RIICO Limited & Provisional CSR Budget for FY 2014-15.

The Board discussed the agenda and accorded approval for the CSR Policy of the Corporation as placed at Annexure – 2 of the agenda note with the following addition:

1. Corporation may take support of UNICEF officials in assessment of proposals;
2. CSR proposals be taken in a prescribed format;
3. 75% of proposed CSR budget may be got approved by CSR Committee and the management may decide for the remaining amount.

The Board also accorded approval for provisional CSR budget of Rs.4.33 Cr. for the F.Y. 2014-15.

Item 9: Approval for promoting IIIrd VC fund by RVCF and CIIE Initiatives with a corpus of Rs. 300 crores including Rs.100 crores under green shoe option and RIICO & SIDBI as anchor contributor of 15% amount.

Board discussed the agenda and also saw the presentation given by CEO of Rajasthan Asset Management Company who is managing the funds of RVCF. It was noted that the proposed RVCF-III fund will help supporting innovative ideas and new technology including seed stage investments and also provide reasonable returns to the investors.

During discussions it was felt that assistance extended by RVCF-II Fund to innovative/technical nature projects was less and substantial funds have been deployed in the businesses operating outside the State of Rajasthan.

After detailed deliberations the Board accorded in-principle approval to contribute to RVCF Fund-III as 'Anchor Contributor' as under:

1. Subscribing to 15% of the target corpus of the RVCF Fund-III, i.e. Rs. 30 Cr. initially with target corpus of Rs.200 Cr.
2. Additional subscription of Rs.15 Cr. under 'Green Shoe Option' for additional corpus of Rs.100 Cr.
3. Drawdown of committed amount shall be done over a period of 4-5 years from the date of commitment.

4. Amount will be released in installments of Rs.5 Cr. each and second and subsequent installments will be released once matching contribution from other sources have been received for the fund and 90% of the amount raised has been invested as venture funds.

The above is subject to the condition that the proposed RVCF – III fund will preferably support venture capital investments of innovative business model or technical nature to the extent of at least 50% of the total corpus and at least twice the amount contributed by RIICO should be invested in businesses operating in the state of Rajasthan.

Item 10: Budget Estimates for the year 2014-15 and Revised Estimates for the Year 2013-14.

The Board discussed the agenda. During discussions it was observed that there has been quantum jump under the head of operational expenses and adjustment of advances when figures of 2012-13 and RBE 2013-14 are compared. It was directed to circulate the reasons for variance to all the Directors.

After detailed discussions, the Board accorded approval to the revised budget estimates for the year 2013-14 and budget estimates for the year 2014-15.

Item 11: Revision of remuneration of Tax Consultant.

The Board discussed the agenda and accorded approval for the revision of fee of Tax Consultant M/s. Kalani & Co., Chartered Accountants, Jaipur, w.e.f. 1.4.2014 as under:

S No	Particulars	Fees w.e.f. 1.4.2014
1	Preparation and filing of Income Tax Return and its Assessment Proceedings before Assessing Officer	Rs.40,000/- per assessment
2	Appeal/Revision/Set aside with CIT (Appeals)/CIT after effective date - Appeals/revision involving addition upto Rs.5 cr. - Appeals/revision involving addition between Rs.5 cr. to Rs.25 cr. - Appeals/revision involving addition of Rs.25 cr. and above.	Rs.30,000/- per appeal.
3	Appeal before ITAT after effective date - Appeals involving addition upto Rs.5 cr. - Appeals involving addition between Rs.5 cr. to Rs.25 cr. - Appeals involving addition between Rs.25 cr. and	Rs.40,000/- per appeal

	above.	
4	Preparation & filing of Wealth Tax Return and its assessment completed	Rs.5000/- per assessment
5	Retainer ship fee for Income Tax matters	Rs.40,000/- for each year
6	Rectification proceedings u/s 154/155 of Income Tax Act	Nil
7	Office Expenses	10% of the fees on S.No. 1 to 5 only

Note: Service tax as applicable from time to time will be payable extra.

Item 12: Service Tax exemption on infra incomes of RIICO.

The Board noted the position brought out in the agenda note. As an abundant precaution the Board suggested that a reference may be made to UDH and Local Self Government Department, GoR, for issuing clarification/notification as regards that RIICO carries out Municipal functions, in its industrial areas, as listed out in twelfth schedule of Article 243 (W) of the Constitution.

Item 13: Compliances in pursuance to the Companies Act 2013.

The Board discussed the agenda and accorded approval to the following:

1. **Appointment of Directors:** In pursuance to Section 149 of the Companies Act, 2013 and Companies Appointment & Qualification of Directors Rules, 2014, the Board adopted following resolutions:

“RESOLVED that Smt.Veenu Gupta who have been deputed by the State Govt. in the Corporation as Managing Director w.e.f. 23rd Dec. 2013 be appointed as Managing Director of the Corporation. Since she is from Rajasthan cadre of Indian Administrative Service and her terms and conditions of appointment is governed as per the rules applicable to her services and/or the rules of the Corporation, the Board accorded approval to the same and recommended to the shareholders for its approval. “

“FURTHER RESOLVED that Smt. Archana Singh who have been deputed by the State Govt. in the Corporation as Executive Director w.e.f. 2nd April, 2014 be appointed as Executive Director of the Corporation. Since she is from Rajasthan cadre of Indian Administrative Service and her terms and conditions of appointment is governed as per the rules applicable to her services and/or the rules of the Corporation, the Board accorded approval to the same and recommended to the shareholders for its approval.”

2. **Key Managerial Person (KMP):** In pursuance to Section 203 of the Companies Act, 2013 read with Rule 8 of Companies (Appointment &

Remuneration of Managerial Personnel) Rule 2014, the following resolutions were adopted:

“RESOLVED that Shri Prakash Tekwani, RACs, posted in the Corporation as Financial Advisor on deputation from the State Government w.e.f. 5.3.2014 shall also perform as Chief Financial Officer (CFO) and his terms and conditions of appointment would be governed as per the rules applicable to his services and/or the rules of the Corporation. Since the incumbent is on deputation, his designation shall be Financial Advisor.”

“FURTHER RESOLVED that Shri Dinesh Kumar Sharma, Additional General Manager (Finance) in PB-4 of Grade Pay 8200, who is holding additional charge of Company Secretary of the Corporation since April 1995, shall continue to perform the duties of Company Secretary in addition to his responsibility as finance personnel. The pay, perks and allowances and his terms and conditions of appointment would be governed as per the service rules of the Corporation.”

3. **Audit Committee:**

In pursuance to Section 177 of the Companies Act, 2013, the Board accorded approval to reconstitute the Audit Committee having members of Principal Secretary, SSI & Khadi, MD RFC, Commissioner (Inv. & NRI). Principal Secretary SSI & Khadi was appointed as Chairman of Committee. The revised terms of reference of the Audit Committee shall be as follows :

- a) The recommendation for remuneration and terms of appointment of auditors of the Company, if not specifically spell out by CAG.
- b) Review and monitor the auditor’s independence and performance, and effectiveness of audit process.
- c) Examination of the financial statement and the auditors’ report thereon.
- d) Approval or any subsequent modification of transactions of the company with related parties.
- e) Scrutiny of inter-corporate loans and investments.
- f) Valuation of undertakings or assets of the company, wherever it is necessary.
- g) Evaluation of internal financial controls and risk management systems.
- h) Monitoring the end use of funds raised through public offers and related matters.
- i) May call for comments of auditor about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issued with the internal and statutory auditors and the management of the company.

- j) To have authority to investigate into any matter in relation to the items referred to at (a) to (h) above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

4. Secretarial Audit:

In pursuance to Section 204 of the Companies Act, 2013 and Rule 9 of Companies (Appointment & Remuneration of Managerial Personnel) 2014, the Board authorized the Managing Director of the Corporation to appoint a Practicing Company Secretary and fix his remuneration to conduct secretarial audit for 2014-15.

5. Minutes of Board and its Committees:

In pursuance to Rule 3(12)(b) of Companies (Meetings of Board and its powers) Rules, 2014, the Board prescribed three working days' time for a member of the Board and its Committees to confirm or give comments in writing, about the accuracy of recording of the proceedings in the draft minutes, failing which approval shall be presumed.

6. Internal Auditors:

The terms of reference of work to be assigned to the Internal Auditors for auditing the unit offices and head office be worked out with the internal auditors and proposal be placed before the Board in its meeting.

Item 14: Revamping the Organisation.

Due to paucity of time the agenda could not be considered.

Item 15: Ex-post-facto approval for hiring of taxi vehicles.

The Board discussed the agenda and, in pursuance to State Government Circular No.F.9(1)FD-1(1)Budget/2012 dated 1.7.13, accorded ex-post-facto approval for hiring of 34 Nos. of Taxi Vehicles, as detailed in the agenda note.

The Board also authorized the Managing Director to approve hiring of taxi vehicles in future.

Item 16: Ex-post-facto approval of the Memorandum of Understanding executed with FICCI for organizing "VASTRA" – An International Textile & Apparel Fair 2014" to be held from 29th to 31st October 2014 at Jaipur.

The Board discussed the agenda and accorded ex-post-facto approval to the cited MOU executed between RIICO and FICCI on 28.5.2014 for organizing "VASTRA-2014" from 29th to 31st October, 2014 at Jaipur. The Board also authorized Managing Director to decide any incidental matter, if arises in future, in relation to the MOU referred above.

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