

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

MINUTES OF : Board meeting
VENUE : Udyog Bhawan, Jaipur
DATE & TIME : 24th August 2012 at 4.30 P.M.

PRESENT :

Shri Sunil Arora	Chairman
Shri Raj Hans Upadhyay	Commissioner Industries
Dr. Purushottam Agarwal	Commissioner (Inv. & NRI)
Dr. Govind Sharma	Principal Secretary Finance
Shri Yaduvendra Mathur	CMD RFC
Shri Rajeshwar Singh	Secretary Small Ind. and Khadi Gramoudyog
Shri Sudhansh Pant	Secretary Mines & Petroleum Deptt.
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), Shri A.K. Jhalani, GM (Appraisal) and Shri P.M. Jain, G.M. (F&A) were also present.

LEAVE OF ABSENCE

The Board granted leave of absence to Shri Kuldeep Ranka , Commissioner JDA

Item 1: Confirmation of minutes of the meeting of the Board held on 12th June 2012.

The minutes of the meeting of the Board held on 12th June 2012 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 June 2012.

The Board noted the position.

Item 3: Minutes of the meetings of the Infrastructure Development Committee of the Board held on 13th June 2012 and 13th August 2012.

The Board noted the position.

Item 4: Minutes of the meeting of the State Level Settlement Committee of the Board held on 8th June 2012.

The Board noted the position.

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

The Board noted the appointment of Shri Sunil Arora, Principal Secretary Industries, as Chairman on the Board of Directors of the company w.e.f. 19th June 2012 vice Dr. Purushottam Agarwal, Commissioner (Inv. & NRI).

The following Resolution was adopted:-

RESOLUTION:

“**RESOLVED** that the appointment of Shri Sunil Arora as Chairman on the Board of Directors of the Corporation with effect from assuming the charge, i.e. 19th June 2012, be and is hereby noted.”

Item 6: Transfer of Shares.

The Board Discussed the position as brought out in the agenda note and approved the proposal contained therein.

The following Resolutions were adopted:-

RESOLUTIONS:

“**RESOLVED** that transfer of under mentioned two equity shares of Rs.1000/- each of the company be and is hereby approved:

S.No	Name of Transferor	Name of Transferee	No. of Share	Distinct ive No.
1.	Shri Gurdial Singh Sandhu	Shri Yaduvendra Mathur	1	1
2.	Dr. Ashok Singhvi	Shri Rajeshwar Singh	1	2401

FURTHER RESOLVED that the Secretary of the Corporation be and is hereby authorized to endorse the Share Certificates, in the name of the transferees.”

Item 7: 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 Dr. Purushottam Agarwal, Dr. Govind Sharma and Shri Yaduvendra Mathur, being the senior most directors, be retired at the ensuing 43rd Annual General Meeting (AGM). The Board further decided to request the State Government to consider re-nomination of Dr. Purushottam Agarwal, Dr. Govind Sharma and Shri Yaduvendra Mathur 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 8: Recommendations of the Sub Group constituted by the Board of Directors in respect of Amendment/Simplification in existing procedure/norms for term lending activities.

The Board discussed the agenda and accorded approval to the recommendations of the Sub-group as follows:

(A) Amendments/Simplification

S.No.	Issue	Recommendation of Sub-Group	
1.	Whether to delete the condition for submitting of post dated cheque by borrower for payment of principal and interest for the loans sanctioned under Working Capital Term Loan and Medium Term Multipurpose Loan Scheme.	Instead of obtaining post dated cheques for the aggregate amount of interest dues and repayment of principal amount from the borrowers, undated cheques of at least 8 quarterly installments of principal amount be obtained, at the time of documentation, to be lodged in the event of default by the borrower.	
2.	Whether to increase the amount of allowable booking advance in case of real estate projects.	Not considered in view of the fact that supporting real estate projects is not the primary object of the Corporation.	
3.	Whether to make proportionate disbursement for the loan cases where loan amount is more than Rs.5.00 crore.	Disbursement to the projects where the term loan exposure is Rs.5.00 crores or more, for cases other than cases covered under Incentive Scheme for Good Borrowers, shall be as below:	
	Term Loan Sanctioned (TL) (Rs. Crore)	Minimum Promoters' Contribution (PC) Deployed (As % of PC)	Maximum Disbursement Permitted (As % of TL sanctioned)
	5.00 – 10.00	i) 60% ii) 80%	i) 40% ii) 60% (Balance disbursement on deployment of 100% PC)

	>10.00	50%	40% (Balance disbursement on pro-rata basis linked to deployment of promoters' contribution in excess of minimum promoters' contribution deployed)
	Note: The above disbursement policy may be applied to Industrial/Hotel projects only. Further, in case of joint finance cases, the disbursement policy of lead financial institution/bank shall prevail.		
4.	How to attract new borrowers/first generation entrepreneurs and to suggest norms for financing of such cases.	New loan scheme, as below, for Young / First generation entrepreneurs was approved for adoption. <i>The eligibility criteria shall be finalized by the MD and Chairman before notifying the scheme:</i>	
	Name of the Scheme	Loan Scheme for Young/First Generation entrepreneurs	
	Purpose of Loan	For setting up of a new project (excluding real estate projects) covering investment in land, buildings, plant and machinery, miscellaneous fixed assets, margin money for working capital etc.	
	Loan Limit	Maximum term loan of Rs.1000.00 lacs.	
	Promoters' Contribution	Minimum 20% of the project cost.	
	Security Margin	Minimum 20% Collateral Security of appropriate amount to be taken to make up for the short fall in minimum security margin of 20%.	
	Interest Rate	Prevailing Interest Rate.	
	Repayment Period	7-8 years in quarterly installments including moratorium of 1-2 year.	
	Rebate on Timely Payment	As per prevailing policy	
	Processing Fee, Service Charges and Upfront Fee	@ 0.1%, 0.15% and 0.25% respectively on the loan amount.	
5.	Any other suggestion for substantially enhancing the loan portfolio of RIICO.	i. In case of financing of Solar Power Projects the Corporation may allow extended repayment period of maximum 10 years instead of maximum 8 years allowed in other cases, looking to capital intensive nature of such projects.	

		<p>ii. To organize business meets/ promotional campaigns in metropolitan and selected cities outside the State and within the State wherein trade bodies such as FICCI/PHD Chamber of Commerce/CII etc. may also be associated.</p> <p>iii. Regular advertisements in prominent national dailies regarding various financial assistance schemes of the Corporation, rate of interest etc.</p> <p>iv. Involvement of local unit offices that are in direct touch with business community/ entrepreneurs.</p> <p>v. Sharing of information about land allotment through RIICO website for the benefit of professional/ consultants who plays crucial role in bringing investment proposal to the Corporation.</p>
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(B) Interest Subsidy Scheme: In order to facilitate financial assistance at the lower rates to the entrepreneurs of backward district, as notified by the State Government, such as Banswara, Dungarpur, Sirohi, Karauli, Baran, Sawaimadhopur, Dholpur and Pratapgarh be allowed special rebate on the rate of interest as follows:

Particulars	Rebate in Interest
Small scale units (as per the definition of Small scale units, taken by MSME, GoI)	Interest rebate of 3% in the documented rate of interest.
Medium scale units (as per the definition of medium scale units, taken by MSME, GoI)	Interest rebate of 2% in the documented rate of interest.

The above rebate shall be in addition to admissible rebate to good borrowers and timely payment of term loan dues. No swapping of existing loan shall be permissible under this scheme. The scheme shall be valid upto March 2015.

Item 9: Approval of annual accounts of the Corporation for the year ended on 31st March 2012.

The Board was informed that Audit Committee in its meeting held on 24th August 2012 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 2011-12 were briefed to the Board. The Board took note of the financial & physical performance and placed on record its appreciation for the commendable work done by Team RIICO. The Board also discussed few issues with CA N.K. Sarda and CA S.K. Gupta, the representatives of M/s. S. Singhal & Company, the Statutory Auditors.

The Board accorded approval for making necessary reserves, provisions, write-offs/backlogs 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.23.23 lacs against Standard Assets as per Reserve Bank of India directives.
- 2) to write back provision of Rs.347.42 lacs against non-performing assets as per RBI directives.
- 3) to make provision of Rs.118.35 lacs, against leave encashment liability, payable to employees as retirement benefit in compliance of Accounting Standard-15.
- 4) to make a provision of Rs.12800.00 lacs against income tax based on current year's income, Rs.395.52 lacs as deferred tax liability and Rs.8.10 lacs against wealth tax on the advice of tax consultant.
- 5) to create a reserve of Rs 894.80 lacs as special reserve under section 36(1) (viii) of Income Tax Act, 1961.
- 6) to appropriate Rs.5000.00 lacs towards Infrastructure Development Reserve for special maintenance of industrial areas in future.
- 7) to make provision of Rs.404.26 lacs against gratuity liability in compliance of Accounting Standard-15.

B. Accounting Policies

The accounting policies be reworded/redrafted/restructured wherever considered necessary.

C. Proposed Dividend

The Board noted payment of interim dividend of Rs.4203.72 lacs to the shareholders. The Board made recommendation of final dividend of Rs.2101.86 lacs inclusive of dividend tax, equal to 10% of paid up capital of the company. Accordingly, the Board recommended to the shareholders payment of aggregate dividend of Rs. 6305.58 lacs for the financial year 2011-12 in view of earning of good profits during the financial year and comfortable liquidity position.

The Board also approved the Balance Sheet as on 31st March 2012 and 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 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: Approval of Directors' Report and fixation of the date of the Annual General Meeting.

The Board discussed the agenda and approved the Directors' Report for the financial year 2011-12 and also 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 43rd AGM;
- 2) authorize the MD for making any modification in Directors' Report, if considered necessary, before circulation to the shareholders;
- 3) call the 43rd 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.
- 6) authorize the MD of the Corporation to approve the management's replies on behalf of the Board, in case of a qualified report of CAG.

Item 11: Extension of time for holding the 43rd Annual General Meeting for the year 2011-12.

The Board discussed the agenda and decided to seek extension of time up to 31st October 2012, for holding the 43rd Annual General meeting, from the Company Law Board or any other competent authority. The Board adopted the following Resolution:

RESOLUTION

“**RESOLVED** that approval be and is hereby accorded for seeking extension of time, from the Company Law Board or any other competent authority, for holding the 43rd Annual General Meeting of the Rajasthan State Industrial Development & Investment Corporation Limited, Jaipur up to 31st October 2012 and placing the annual accounts for the financial year 2011-12 thereat.”

Item 12: 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 monetary incentive @ 11.67% of the salary to all the employees of the Corporation, for the financial year 2011-12, 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 13: Proposal for Investment in Renewable Energy Sector for Tax Saving Measures.

It was noted that this is no longer a tax saving measure. The Board discussed the agenda and formed a Sub-group of Commissioner Industries, Secretary Mines, Secretary Energy and MD to examine the issue holistically and at length and give their recommendation.

Item 14: Allotment of land for house sites in industrial areas for the employees of the Corporation.

The Board discussed the agenda and accorded 'in principle' approval to allot land for house sites within RIICO's industrial areas to the Corporation employees and authorized a Board Committee comprising Chairman, Commissioner Industries and the Managing Director to decide the modalities for the same.

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

Item 15: Making contribution to the Corpus Fund of Rajasthan Foundation.

The Board discussed the agenda and accorded approval for making contribution of Rs.5.00 crore to the corpus fund of Rajasthan Foundation with the observation that Rajasthan Foundation will make even more vigorous efforts to attract NRR investment in Rajasthan via RIICO/BIP etc.

Item 16: Adoption of Auditors' Report on Annual Accounts for the year ended on 31st March 2012.

The Board was informed that Audit Committee in its meeting held on 24th August 2012 had detailed discussions on the Annual Accounts and the Auditors' Report thereon. The Board discussed the draft Auditors' Report with CA N.K. Sarda 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 2012 and authorized the Managing Director to approve the management replies on the comments of the Statutory Auditors report dated 24th August 2012 and the Annexure thereto. The Board also authorized the Managing Director 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.

Item 17: Relaxation in Rule 15(5) of RIICO (Recruitment & Selection) Rules, 1974 read with Rule 4 of Recruitment of Dependents of Employees (Dying while in service) Rules 1985.

The Board discussed the agenda. Subject to approval of the State Government the Board accorded approval for relaxing the existing provision of Rule 15(5) of RIICO (Recruitment & Selection) Rules, 1974 read with Rule 4 of Recruitment of Dependents of Employees (Dying while in service) Rules, 1985 to the extent of limit of live children, so as to make eligible Shri Vishnu Kumar Solanki for appointment on the post of Sahayak-cum-Chowkidar as already offered vide appointment letter dated 1.5.2012.

Item 18: Proposal for change of designation of the post of Officer on Special Duty (Infra & Finance) to General Manager (Infra & Finance) in the same Running Pay Band.

The Board discussed the agenda and accorded approval for re-designating the post of OSD (Infra/Finance) as General Manager (Infra/Finance) in the Running Pay Rs.37400-67000 + G.P.8700 and also accorded ex-post-facto approval to the order dated 1.5.2012 issued in this regard.

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