

67th *Annual Report 2014-2015*



RTS POWER CORPORATION LIMITED

Mortal in Life - immortal memory



Late Surendra Bhutoria (1961-1995)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sri Sardul Singh Jain
 Sri Rajendra Bhutoria
 Sri Abhay Bhutoria
 Smt Rachna Bhutoria
 Sri Bachhraj Begwani
 Sri Ram Lal Saini
 Sri Alok Kumar Banthia

Chairman
 Vice Chairman & Whole-Time Director
 Managing Director
 Director
 Director
 Director
 Director

COMPANY SECRETARY

Sri J. Biswas

AUDITORS

A. C. Bhutoria & Co.
 Chartered Accountants
 2, India Exchange Place (2nd Floor)
 Kolkata - 700 001

BANKERS

State Bank of Bikaner & Jaipur
 ICICI Bank Limited
 Bank of Baroda
 Canara Bank
 Oriental Bank of Commerce
 IDBI Bank Ltd.

REGISTERED OFFICE

56, Netaji Subhas Road (2nd Floor)
 Kolkata - 700 001
 Phone : (033) 2242-6025, 2242-6054
 Fax : (033) 2242-6732
 E-mail : headoffice@rtspower.com
 Website : www.rtspower.com

CIN : L17232WB1947PLC016105

PLANTS

1. Rajasthan Transformers & Switchgears
 (A Unit of RTS Power Corporation Limited)
 Power & Distribution Transformers Unit
 C-174, Road No 9J Vishwakarma Industrial Area
 Chomu Road, Jaipur - 302013 (Rajasthan)
2. Rajasthan Transformers & Switchgears
 (A Unit of RTS Power Corporation Limited)
 Power & EHV Division Unit - 132 KV Class Transformers
 E-346, Road No. 16, Vishwakarma Industrial Area
 Jaipur - 302013 (Rajasthan)
3. Rajasthan Transformers & Switchgears
 (A Unit of RTS Power Corporation Limited)
 Distribution Transformers Division
 F 139 to 142 Udyog Vihar, Jetpura, Jaipur (Rajasthan)
4. RTS Power Corporation Limited
 Transformer & Speciality Oil Unit
 A-25, 26 RIICO Industrial Area, Kaladera
 Chomu, Jaipur, (Rajasthan)
5. Rajasthan Transformers & Switchgears
 (A Unit of RTS Power Corporation Limited)
 Power & Distribution Transformers Unit
 Near 14 KM Mile Stone, Mathura Road
 P.O. Artoni, Agra - 282007 (U.P.)
6. RTS Power Corporation Limited
 Power & Distribution Transformers Unit
 Jala Dhulagori, Sankrail, Dhulagori
 Howrah - 711302 (West Bengal)
7. RTS Power Corporation Limited
 Wind Energy Division
 Dhule - Maharashtra
8. RTS Power Corporation Limited
 Wind Energy Division
 Barmer - Rajasthan

REGISTRAR & SHARE TRANSFER AGENT :

NICHE TECHNOLOGIES PRIVATE LIMITED

D-511, BAGREE MARKET, 5TH FLOOR, 71, B.R.B. BASU ROAD, KOLKATA - 700001

PHONE : (033) 2234-3576, 2235-7270/7271/3070, Fax No. : (033) 2215-6823

E-mail: nichetechpl@nichetechpl.com

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Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting their 67th Annual Report on the business and operations of your Company and the audited Financial Statements of your Company for the year ended March 31, 2015:

FINANCIAL RESULTS

(₹ In Lacs)

	2014-2015		2013-2014	
Total Income		17214.68		14290.19
Total Expenditure		17071.03		14275.49
		143.65		14.70
Less:				
Non-recurring Item-adjustment under transitional provisions for Depreciation		18.82		0.00
Profit /(Loss) Before Tax		124.83		14.70
Less :				
Current Tax	25.00		2.80	
Deferred Tax	37.12	62.12	0.09	2.89
Profit /(Loss) After Tax		62.71		11.81
Add: Profit Brought Forward		936.49		924.68
Balance Carried to Reserves & Surplus		999.20		936.49

DIVIDEND

The Board of Directors has proposed to retain the meagre amount of profit of ₹ 62.71 lacs in Reserves and Surplus for expansion and further growth of the Company and therefore, has not recommended payment of any Dividend.

STATE OF THE COMPANY'S AFFAIRS

OPERATIONAL REVIEW

During the year under review, the Company's revenue from operations increased by 20% over last year to reach ₹ 170.85 crores. Including other income, total revenue grew by 20% from ₹ 142.90 Crores in 2013-2014 to ₹ 172.15 Crores in 2014-2015, amidst keen competition.

This year your Company has earned a Profit Before Tax of ₹ 125 Lacs as against ₹ 15 Lacs of last year, representing an increase of 733% over last year, in spite of continuous abnormal price hike of the major raw materials and cut throat competitive selling prices. Considering all these, your Company has achieved better results this year compared to last year. The Profit After Tax this year, however, comes to Rs 63 Lacs only.

Delayed payments by customers have resulted in increased borrowings which has been necessary to maintain cash flow position of your Company. Consequently, Finance Costs comprising of interest expenses and other costs of borrowings has increased by ₹1.63 Crores compared to last year. Had not such situation been arisen, your Company could have earned more profit.

Directors' Report

In order to meet the abovesaid situation, the Board of Directors of your Company have raised in the current Financial Year ₹7.50 Crores by issuing 9% Non-cumulative Redeemable Preference Shares to Promoter Companies and by selling your Company's holding of 2,82,500 Equity Shares of USD 1 each in its Wholly-owned Subsidiary Company, Blue Nile Projects Limited at Hong Kong to Promoters entity at a consideration of ₹ 2.40 Crores approx., more details of which have been given separately in this Report. The funds so raised have since been utilized to repay your Company's Unsecured Loan with the object of reducing interest burden of your Company.

FUTURE OUTLOOK

Your Company's continued effort in achieving higher exports has yielded fruitful result. This year the Company's export sales has registered a growth of about 150% over last year with its increase from ₹177 Lacs in 2013-2014 to ₹ 440 Lacs in 2014-2015. In 2013-2014 the increase in export front was 350% over 2012-2013. Your Company is putting much thrust on export Sales and expects further increase in export sales in coming years.

However, as in the past mushroom growth and unhealthy competition from various Transformer manufacturing Units in unorganized sector is posing problems to organized sector, like your Company, resulting in under utilization of production capacities, and therefore, the selling prices are under pressure, so as the margins.

ISSUE OF 9% NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES ON PRIVATE PLACEMENT BASIS

In order to raise funds for repayment of unsecured loans and thus to reduce interest burden of your Company, 1,00,00,000 (One crore) 9% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each, aggregating to ₹10,00,00,000/- (Rupees Ten crores), has been offered, in cash at par, on private placement basis to promoter companies and LLP, which are redeemable at par within a period not exceeding twenty years. Prior consent of Members by passing a Special Resolution for such Offer has been obtained through Postal Ballot and e-voting organized by your Company in the months of May and June, 2015.

75,00,000 (Seventy five lacs) 9% Non-Cumulative Redeemable Preference Shares of ₹10/- each, accepted out of such Offer and fully paid up in cash at par, has been allotted and issued by your Company in the month of July, 2015, by which an aggregate sum of ₹ 7,50,00,000/- (Rupees Seven Crore fifty lacs) has been raised for the proposed objective of repayment of the Company's unsecured loans. Such Preference Shares will not be listed with any Stock Exchange.

INCREASE OF AUTHORISED SHARE CAPITAL

Your Company's Authorised Share Capital as at the close of the last Financial Year 2014-2015 was ₹12,00,00,000/- (Rupees Twelve crores) divided into 1,20,00,000 (One core twenty lakh) Equity Shares of ₹ 10/- each. In view of the Issue of 1,00,00,000 (One crore) 9% Non-Cumulative Redeemable Preference Shares of ₹10/- each, aggregating to ₹10,00,00,000/- (Rupees Ten crores) on private placement basis, as said above, the Authorised Share Capital of your Company has been increased during the current Financial Year 2015-2016 to ₹ 22,00,00,000/- (Rupees Twenty two crores only) divided into 1,20,00,000 (One crore twenty lakh) Equity Shares of ₹ 10/- each and 1,00,00,000 (One crore) Redeemable Preference Shares of ₹ 10/- each. Consent to such increase of Authorised Share Capital along with the abovesaid Issue of Preference Shares has been given by Members on 8th June, 2015 through Postal Ballot and e-voting organized by your Company.

Directors' Report

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Monitoring and control of consumption of sources of energy like power, oil, etc. continued to be a priority area of your Company. Energy conservation procedures also form an important part of your Company's operational practices. No alternative sources of energy has so far been utilized. There is no capital investment during the year under review on energy conservation equipment.

Your Directors have nothing to report in the matter of Technology Absorption since your Company has neither hired nor imported any technology from outside sources. Your Company has no Research and Development (R&D) Department and has not spent any amount on R&D during the Financial Year.

Your Company has achieved increased Export business and consequently, Foreign Exchange earnings (FOB) out of such Export business during this year was ₹ 440.24 Lacs (increase of almost 150% over last year). The Foreign Exchange outgo during this year was as follows:

Expenditure in Foreign Currency

Foreign Travelling	₹ 5.78 Lacs
Bank Charges	₹ 0.20 Lacs
Foreign Exchange fluctuations (on settlement of dues)	₹ 1.29 Lacs
	<u>₹ 7.27 Lacs</u>

CONSOLIDATED FINANCIAL STATEMENT

The consolidated Financial Statements of the Company and its Subsidiaries for the year ended 31st March, 2015, prepared in accordance with the provisions of Sub Section 3 of Section 129 of the Companies Act, 2013 (the Act) and the applicable Accounting Standards and the Listing Agreements with the Stock Exchanges and duly audited by M/s A C Bhuteria & Co., Chartered Accountants, Auditors of the Company form a part of this Annual Report. The said consolidated Financial Statements shall be laid before the Annual General Meeting of the Company while laying its own Financial Statements under Sub Section (2) of the said Section. A separate Statement containing the salient features of the Financial Statements of its Subsidiaries has been given in Note No 38 to the Consolidated Financial Statements pursuant to first proviso to Sub Section (3) of Section 129 read with Rule 5 of The Companies (Accounts) Rules, 2014. The Accounts of the Subsidiary Companies are also available on the Company's Website.

DIRECTORS

The Board of Directors of the Company consists of a balanced profile of Members specializing in different fields that enables it to address the various business needs of the Company, while placing very strong emphasis on corporate governance.

(a) Independent Directors

Your Company has at present three Independent Directors, namely, Sri Sardul Singh Jain (DIN 00013758), Sri Bachchraj Begwani (DIN 03157720) and Sri Alok Kumar Banthia (DIN 00528159) which meets the requirements of both the Companies Act, 2013 (the Act) and the Rules made thereunder as well as amended Clause 49 of the Listing Agreement. They are not liable to retire by rotation.

Sri Alok Kumar Banthia was appointed as an additional Director of your Company by the Board with effect from August 14, 2014. Pursuant to Article 89 of the Articles of Association of the Company read with Section 161(1) of the Companies Act, 2013 he was appointed as a Director of your Company by the Members at the Company's Annual General Meeting held last year i.e. on 29th September, 2014. He was also appointed Independent Director of the Company by the Members for a period of five

Directors' Report

consecutive years from the conclusion of the Company's said last Annual General Meeting. He is a Non-Executive /Independent Director of your Company, not liable to retire by rotation.

Your Company has received declarations from all the above mentioned Independent Directors confirming that they meet with the criteria of independence as prescribed both under Sub-Section(6) of Section 149 of the Act and under the amended Clause 49 of the Listing Agreement with the Stock Exchange.

(b) Retirement of Director by rotation

As per the provisions of Companies Act, 2013 and the Articles of Association of the Company Sri Ram Lal Saini (DIN 03534117), Director of your Company will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

(c) Performance Evaluation and Familiarisation Programme for Directors

Your Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which also includes criteria for performance evaluation of the Independent Directors, Non-Executive Directors and Executive Directors, the proportional existence of three such categories of Directors in your Company also meets the requirement as prescribed both under the Act and the revised Clause 49 of the Listing Agreement. On the basis of such Policy a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors. Criteria for performance evaluation of Independent Directors and other Non-Executive Directors has been given in the Corporate Governance Report annexed herewith.

Your Company has also made a programme for familiarization of Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of the industry in which the Company operates, business models of the Company and related matters. However, out of the three Independent Directors of your Company, two Directors namely, Sri S. S. Jain and Sri B Begwani are for a very long time in your Company, and therefore, do not need as such any more familiarization programme. This is applicable to one Director only, namely Sri A K Bantia who was appointed last year and has completed such familiarization programme.

The details of the familiarization Programme has been disclosed on the Company's Website at the link www.rtspower.com.

The following Policies of the Company are attached herewith marked as Annexure C and Annexure D.

(i) Policy for selection of Directors and determining Directors' independence; and

(ii) Remuneration Policy for Directors, Key Managerial Personnel and other employees.

(d) Number of Meetings of the Board

There has been 12 Nos. Meetings of the Board of Directors during the Financial Year 2014-2015. Dates of such Meetings and attendance position of Directors in such Meetings have been given separately in the Report on Corporate Governance attached herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 (the 'Act') and, based upon representations from the Management, the Board, to the best of its knowledge and belief, confirms that :

- I. in the preparation of the Annual Accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed and there are no material departures from the same;

Directors' Report

- II. the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the Profit of the Company for the year ended on that date;
- III. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the Directors have prepared the Annual Accounts of the Company on a 'going concern' basis ,
- V. the Directors have 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 have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance in format as prescribed in the revised Clause 49 of the Listing Agreement forms a part of the Annual Report of your Company and is being attached hereto, marked as Annexure A along with the Auditors' Certificate on its compliance. A Report on Management Discussion and Analysis as stipulated in the said revised Clause 49 is also attached herewith marked Annexure B.

DEPOSITS

Your Company has not accepted any Deposit within the meaning of Sections 73 and 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 .

LISTING

Equity Shares of your Company were listed with the Stock Exchanges at Kolkata and Mumbai. The Board of Directors in its Meeting held on January 22, 2015 decided to voluntarily delist the Equity Shares from The Calcutta Stock Exchange Limited (CSE) on account of the following reasons:

1. There is absolutely no trading of the Equity Shares of your Company at CSE in the past so many years , including last Financial Year, and therefore, continuation of listing with this Exchange does not provide any significant advantage to the Shareholders of the Company or investors at large. Moreover, Shareholders suggested delisting from CSE in a number of Annual General Meetings of the Company held in the past.
2. The Voluntary Delisting will reduce the paper work and related cost, as compliance with Listing Agreement with CSE will no longer be required.

With the extensive network of the Stock Exchange, Mumbai (BSE) and with the extensive network of BSE terminals to other cities as well, investors will continue to have access to online dealings in the Company's securities across the country. Furthermore, all the tradings in the Company's Equity Shares takes place on the BSE and the listing with CSE does not serve the desired purpose and it only adds additional cost to the Company in the form of Listing Fees and other compliance cost.

Finally, CSE have allowed delisting of your Company's Equity Shares on March 13, 2015.

The Equity Shares of your Company, however, continue to be listed on BSE.

Directors' Report

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Companies Act, relevant dividend amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF).

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 29, 2014 (date of last Annual General Meeting) on the Company's Website (www.rtspower.com) and has also filed Form No 5 INV on December 8, 2014 with Registrar of Companies, West Bengal. Since the abovesaid last Annual General Meeting, the Company has also transferred unpaid and unclaimed Dividend amount in respect of Final Dividend 2006-2007 to the IEPF on December 9, 2014 and December 15, 2014 and filed Form No I with Registrar of Companies, West Bengal following such transfers.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return as provided in Sub Section 3 of Section 92 of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014 in Form MGT 9 is enclosed, marked as Annexure E.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS

M/s A .C. Bhuteria & Co, Chartered Accountants, statutory Auditors of the Company were re-appointed Auditors to hold office from the conclusion of Sixty Sixth Annual General Meeting (AGM) held on 29th September, 2014 till the conclusion of Sixty Ninth AGM to be held in 2017 subject to ratification by the Members at the Sixty Seventh and Sixty Eighth AGM of the Company. Accordingly, the Notice convening the ensuing Sixty Seventh AGM includes a Resolution seeking such ratification by the Members of the said re-appointment of the Auditors.

The Company has received a letter from the statutory Auditors to the effect that the ratification of their re-appointment, if made at the forthcoming AGM, would be in accordance with the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and that they are not otherwise disqualified.

AUDITORS' REPORT

The Notes on Financial Statements of the Company referred to in the Auditors' Report are self-explanatory and do not call for any further comments by the Board. The Auditors' Report does not contain any qualification, reservation or adverse remark.

BRANCH AUDITORS

M/S Jain Shrimal & Co., Chartered Accountants, Branch Auditors of the Company were re-appointed Branch Auditors to hold office from the conclusion of Sixty Sixth Annual General Meeting (AGM) held on 29th September, 2014 till the conclusion of the Sixty ninth AGM to be held in 2017 subject to ratification by the Members at the Sixty Seventh and Sixty Eighth AGM of the Company. Accordingly, the Notice convening the ensuing Sixty Seventh AGM includes a Resolution seeking such ratification by the Members of the said re-appointment of the Branch Auditors.

The Company has received a letter from the Branch Auditors to the effect that the ratification of their appointment, if made at the forthcoming AGM, would be in accordance with the limits prescribed under Section 141(3)(g) of the Companies Act, 2013 and that they are not otherwise disqualified.