



HELPING CONDUCT ELECTRICITY BETTER

RTS POWER CORPORATION LTD.
| 68TH ANNUAL REPORT | 2015-2016 |

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 Ram Lal Saini
Sri Alok Kumar Banthia

Chairman
Vice Chairman & Whole-Time Director
Managing 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

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

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Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting their 68th Annual Report on the business and operations of your Company and the audited Financial Statements of your Company for the year ended March 31, 2016:

FINANCIAL RESULTS

(₹ In Lacs)

	2015-2016		2014-2015	
Total Income		14532.63		17217.08
Total Expenditure		14499.75		17073.43
		32.88		143.65
Add :				
Exceptional Item		236.84		0.00
Less:				
Non-recurring Item- adjustment under transitional provisions for Depreciation as per Schedule II to the Companies Act, 2013		0.00		18.82
Profit /(Loss) Before Tax		269.72		124.83
Less :				
Current Tax	68.70		25.00	
Deferred Tax	(10.35)	58.35	37.12	62.12
Profit /(Loss) After Tax		211.37		62.71
Add: Profit Brought Forward		999.20		936.49
Balance Carried to Reserves & Surplus		1210.57		999.20

DIVIDEND

The Board of Directors has proposed to retain the meagre amount of operating profit of ₹ 33 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, your Company's revenue has fallen down to ₹ 142.41 Crores (17% approx) over last year. Including other income, total revenue has fallen down by 15% approx. from ₹172.17 Crores in 2014-2015 to ₹ 145.33 Crores in 2015-2016. Such shortfall arises mainly due to non-lifting of the Company's finished products by various customers.

This year your Company has earned a Profit Before Tax of ₹ 270 Lacs as against ₹ 125 Lacs of last year. Exceptional income, namely, profit on sale of land (₹150 lacs), profit on sale of other fixed assets (₹ 19 lacs) and profit on sale of investment in wholly-owned Subsidiary (₹ 68 lacs), amounted to ₹ 237 lacs this year.

Your Company's focus on better Working Capital Management (WCM) has borne fruit, which has reduced inventory by 21% approx. compared to last year and as a part of such WCM, the Company is making all out efforts to realise debtors as fast as possible and has been able to reduce its Debtors from ₹ 92.96 Crores to ₹ 56.79 Crores (reduction of 39% approx.) over last year. Your Company has seen a

Directors' Report

massive reduction in its Creditors from ₹ 78 Crores to ₹ 30 Crores, which is a reduction of 61% approx. over last year. The Unsecured Loans of your Company have been reduced from ₹ 17.65 Crores of last year to ₹ 5.37 Crores of this year. A reduction of 70% approx. Total Borrowings of your Company has come down from ₹ 45.06 Crores to ₹ 29.65 Crores over last year. A reduction of 34%. Its total outside liability (TOL) has come down from ₹ 127.31 Crores last year to ₹ 61.80 Crores this year, a reduction of almost 51% in course of one year, which is unprecedented in your Company's history. This is a very healthy sign for 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 155% over last year with its increase from ₹ 440 Lacs in 2014-2015 to ₹ 1121 Lacs in 2015-2016. In 2014-2015 the increase in export front was 150% over 2013-2014. 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 are the margins.

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 ₹ 1121.49 Lacs (increase of almost 155% over last year). The Foreign Exchange outgo during this year was as follows:

Expenditure in Foreign Currency

Foreign Travelling	₹ 13.97 Lacs
Bank Charges	₹ 1.46 Lacs
	<u>₹ 15.43 Lacs</u>

CONSOLIDATED FINANCIAL STATEMENT

The consolidated Financial Statements of the Company and its Subsidiaries (upto July 27,2015) for the year ended March 31,2016, 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 Regulations 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 ensuing 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 (upto July 27,2015) has been given in Note No 39 to the Consolidated Financial Statements pursuant to first proviso to Sub Section (3) of Section 129 read

Directors' Report

with Rule 5 of The Companies (Accounts) Rules, 2014. The duly audited Accounts of the Subsidiary Companies as on and upto July 27, 2015 are also available on the Company's Website.

DIRECTORS

The Board of Directors of your 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 two Independent Directors, namely, Sri Sardul Singh Jain (DIN 00013758) 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 the provisions contained in Regulation 17(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"). They are not liable to retire by rotation.

Your Company has received declarations from 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 Regulation 16(b) of the Listing Regulations.

(b) Resignation of a Director

Sri Bachhraj Begwani, Director of your Company has resigned with effect from January 27, 2016.

The Board of Directors of your Company places on record their due appreciation of the valuable contribution made by him and services rendered by him during his long tenure of office as a Director of your Company.

(c) Retirement of Director by rotation

As per the provisions of the Companies Act, 2013 and the Articles of Association of the Company Sri Rajendra Bhutoria (DIN 00013637), Director of your Company will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

(d) Performance Evaluation

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 Listing Regulations. On the basis of such Policy a process of formal annual evaluation has been made by the Board of 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.

The following Policies of the Company are attached herewith marked as **Annexure 'C'** and **Annexure 'D'**, which have also been placed on the Company's Website www.rtspower.com:

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

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

(e) Meetings of the Board and its Committees

The number and dates of Meetings of the Board and its Committees thereof and the Directors' present therein have been given in the Report on Corporate Governance attached herewith.

Directors' Report

KEY MANAGERIAL PERSONNEL

During the year there was no change in the Key Managerial Personnel of your Company.

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, 2016, the applicable Accounting Standards have been followed and there are no material departures from the same;
- 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, 2016 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 Part C of Schedule V under Regulation 34(3) of the Listing Regulations 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 Part B of the said Schedule is also attached herewith marked as **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.

No loan or deposit has been taken or accepted from any Director of your Company.

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, 2015 (date of its last Annual General Meeting) on the Company's Website (www.rtspower.com) and has also filed Form No 5 INV on February 26, 2016 with the 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 Interim Dividend and Final Dividend for the Financial Year 2007-2008 to IEPF both on November 3, 2015 and filed Form No I INV with the Registrar of Companies, West Bengal following such transfers.

Directors' Report

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, (FRN 303105E) statutory Auditors of the Company were re-appointed Auditors to hold office from the conclusion of Sixty Sixth Annual General Meeting (AGM) held on September 29, 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 Eighth AGM includes a Resolution seeking such ratification by the Members of the said re-appointment of the Auditors. Their said re-appointment, however, were ratified by the Members at the Sixty Seventh AGM held on September 29, 2015.

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 Sixty Eighth 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 Shriamal & Co., Chartered Accountants, (FRN 001704C), 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 September 29, 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 Eighth AGM includes a Resolution seeking such ratification by the Members of the said re-appointment of the Branch Auditors. Their said re-appointment, however, were ratified by the Members at the Sixty Seventh AGM held on September 29, 2015.

The Company has received a letter from the Branch Auditors to the effect that the ratification of their re-appointment, if made at the forthcoming Sixty Eighth 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.

INTERNAL AUDITORS

The Board has re-appointed , on the recommendation of the Audit Committee, M/s K.S. Bothra & Co, Chartered Accountants (FRN 304084E) as Internal Auditors of the Company to conduct Internal Audit of the functions and activities of the Company for the Financial Year 2016-2017.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors of your Company, on the recommendation of the Audit Committee, has appointed M/s K.G.Goyal & Associates (FRN 000024) as Cost Auditors of your Company, with due information to the Central Government by way of filing the prescribed Form No CRA 2 on June 6, 2016, for conducting audit of cost records of your

Directors' Report

Company for the Financial Year 2016-2017, subject to ratification of their remuneration as approved by the Board, on the recommendation of the Audit Committee, by the Members of the Company in its ensuing Annual General Meeting.

SECRETARIAL AUDITOR

The Board has appointed Sri Manoj Prasad Shaw, Proprietor of M/s Manoj Shaw & Co., Practicing Company Secretary (FCS No 5517 C.P. No 4194) to conduct Secretarial Audit for the Financial Year 2015-2016.

The Secretarial Audit Report for the Financial Year ended March 31, 2016 in the prescribed Form No MR3 is annexed herewith pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 marked as **Annexure 'F'** to this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEE GIVEN AND SECURITIES PROVIDED.

The Company has neither given any Loan and Guarantee nor provided any security in terms of Section 186 of the Companies Act, 2013.

The Company has not made any investment during the year under review.

CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Particulars of all contracts/ arrangements/transactions entered into by the Company during the Financial Year with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 are given in Form AOC 2 as prescribed in Rule 8(2) of the Companies (Accounts) Rules, 2014 annexed herewith and marked as **Annexure 'G'**. During the year the Company has not entered into any contract/ arrangement/transaction with any related parties which could be considered material in accordance with the Policy of the Company on materiality of the related party transactions.

The Policies on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's Website at the link www.rtspower.com

Your Directors draw attention of the Members to Note No 36 to the Financial Statements which sets out related party disclosures.

A Statement in summary form of transactions with related parties in the ordinary course of business has been periodically placed before the Audit Committee and the Board of Directors for its approval before entering into such transactions or making any amendment thereto.

SUBSIDIARIES

(i) Blue Nile Projects Limited, Hong Kong

As reported in the Company's last Annual Report 2014-2015 Blue Nile Projects Limited, Hong Kong has ceased to be a Subsidiary of your Company on July 27, 2015.

During the Financial Year 2015-16 this erstwhile Subsidiary Company of your Company, basically being a trading company, incorporated for the purpose of establishing Projects outside India, has incurred a loss of Rs 2,17,600/- (U.S.\$ 3400) upto July 27, 2015 which has been taken into account for the purpose of consolidation with Standalone Accounts of your Company.

(ii) ABAY Energy Private Limited Company, Ethiopia

Similarly, as reported in the Company's last Annual Report 2014-2015, ABAY Energy Private