



RTS Power Corporation Ltd.
72ND ANNUAL REPORT 2019-20

Mortal in Life - immortal in memory



Late Surendra Bhutoria (1961-1995)

CORPORATE INFORMATION

BOARD OF DIRECTORS

| | |
|-----------------------|--|
| Mr Sardul Singh Jain | Chairman |
| Mr Rajendra Bhutoria | Vice Chairman & Whole-Time Director |
| Mr Abhay Bhutoria | Managing Director |
| Ms Rachna Bhutoria | Director |
| Mr Ram Lal Saini | Director |
| Mr Alok Kumar Banthia | Director |
| Mr Siddharth Bhutoria | Whole-Time Director (w.e.f. July 15, 2020) |

CHIEF FINANCIAL OFFICER

Mr Mukesh Jain

COMPANY SECRETARY

Mr Sandip Gupta

AUDITORS

Lodha & Co.
Chartered Accountants
14 Government Place (East)
Kolkata - 700069

BANKERS

State Bank of India
ICICI Bank Limited
Bank of Baroda
Canara Bank
Oriental Bank of Commerce

REGISTERED OFFICE

56, Netaji Subhas Road (2nd Floor)
Kolkata - 700001
Phone : (033) 2242-6025, 9831039925
Fax : (033) 2242-6732
E-mail : headoffice@rtspower.com
Website : www.rtspower.com
CIN : L17232WB1947PLC016105

WHOLLY OWNED SUBSIDIARY

Reengus Wires Private Limited
CIN : U36997WB2019PTC234547

REGISTERED OFFICE

56, Netaji Subhas Road (2nd Floor)
Kolkata-700001
Phone : (033) 2242-6025, 9831039925
Fax : (033) 2242-6732
E-mail : headoffice@rtspower.com

PLANT OF WHOLLY OWNED SUBSIDIARY

Parasrampura, Tehsil Shrimadhopur,
KhatuShyam Ji Industrial Area,
Reengus, District Sikar, Rajasthan

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 & Specialty Oil Unit
A-25, 26 RILCO 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

7th Floor Room No 7A & 7B, 3A Auckland Road, Kolkata - 700017

Phone : (033) 2280-6616/17/18, Fax No (033) 2280-6619

E-mail : nichetechpl@nichetechpl.com

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Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 72nd Annual Report on the business and operations of your Company together with the audited Financial Statements for the year ended March 31, 2020 :

Financial Results and State of Affairs

(Rs. in Lakhs)

| | Financial Year ended March 31, 2020 (Standalone) | Financial Year ended March 31, 2019 (Standalone) | Financial Year ended March 31, 2020 (Consolidated) |
|--|---|---|---|
| Revenue from Operations | 11,227 | 25,171 | 11,162 |
| Other Income | 202 | 735 | 201 |
| Profit Before Depreciation, Finance Costs, Exceptional items and Tax Expenses | 862 | 2,433 | 791 |
| Less : Depreciation/Amortization/Impairment | 250 | 213 | 250 |
| Profit Before Finance Costs, Exceptional items and Tax Expenses | 612 | 2,220 | 541 |
| Less : Finance Costs | 285 | 1,423 | 285 |
| Profit Before Exceptional Items and Tax Expenses | 327 | 797 | 256 |
| Add/Less : Exceptional Items | 0 | 0 | 0 |
| Profit Before Tax Expense | 327 | 797 | 256 |
| Less : Tax Expenses | | | |
| Current Tax | 188 | 258 | 188 |
| Add : Deferred Tax Charge/Credit | (1,047) | (11) | (1,047) |
| Profit for the year | 1,186 | 550 | 1,115 |
| Other Comprehensive Income (Net of Tax) | 34 | 9 | 34 |
| Total | 1,220 | 559 | 1,149 |

Material Changes and commitments, if any, affecting financial position of the Company from the end of the Financial Year and till the date of this Report

No material changes and commitments affecting the financial position of your Company occurred between the end of the Financial Year of your Company to which the Financial Statements relate and the date of this Report.

Further, it is confirmed that there has been no change in the nature of business of your Company.

Share Capital

The Company has a Paid up Share Capital of Rs. 9.17 Crores as on March 31, 2020.

There has been no change in the Authorized Share Capital of your Company which remains at Rs. 22 Crores.

Your Company has neither issued Shares with differential voting rights nor granted Stock Options nor Sweat Equity Shares.

Your Company has not made any buy-back of its own Equity Shares.

Dividend

The Board of Directors has proposed to retain the entire amount of Profit of Rs. 12.20 Crores for expansion and further growth of your Company and, therefore, has not recommended payment of any Dividend.

Directors' Report

COVID 19

Consequent to outbreak of COVID 19, which has been declared a pandemic by World Health Organisation (WHO), Government of India and State Governments had declared lockdown effective from March 25, 2020 which has affected business in general. Your Company's primary source of revenue is from manufacturing and selling of Electrical Goods-Transformers, Cables etc. Your company's operation have been affected due to loss of production, suspension of the operation, disruption in supply chain, increase in credit period in respect of customer dues and non-availability of personnel during lockdown and various other facilities affecting the overall liquidity due to blockage of funds in inventories, receivables, etc. The production has started gradually from May, 2020 in all plants of your company.

Your Company has considered internal and external information while finalizing various estimates and taking assumptions in relation to its Financial Statements preparation upto the date of approval of the Financial Statements by the Board of Directors and no material impact of COVID-19 on the financial performance interalia including the carrying value of various current and non-current assets or on the going concern assumptions of the Company is expected to arise.

Amphan

The Company's Unit at Dhulagori was marginally damaged due to the severe cyclone Amphan. Necessary claim has been made with the Insurance company and the claim amount has been received.

Company's Performance

Your Company presents its seventy second operational performance for the Financial Year 2019-2020.

Net Revenue from Operations for the year was Rs. 112 crores as compared to Rs. 252 crores in the previous year resulting in a decrease of 55.55%. Profit Before Tax also saw a decrease of 58.97 % to Rs. 3.27 crores as against Rs. 7.97 crores in the previous year .The carried forward profit increased by 118.25 % to Rs. 12.20 crores over Rs. 5.59 crores in the previous year, due to a deferred tax add back of. Rs. 10.47 crores.

This drastic fall in revenue of the company is primarily due to the completion of most central funded schemes such as DDUGY and SAUBHAYA. At the same time the financial position of State Owned Utilities as well as many large and mid sized EPC companies, continue to remain very poor. This situation has been made worse due to the Covid 19 lockdown. Therefore under the current market scenario, your company will continue to remain selective in its order booking, and shall remain prudent in its external borrowings.

To enable your Company to expand its portfolio of products and services a Wholly –owned Subsidiary, Reengus Wires Private Limited has been formed for manufacture of galvanized steel wires and strips. This will help your Company to diversify its product range as well as diversify its customer profile. The commercial production of the plant has already commenced.

The Indian economy faces various headwinds and along with the impact of COVID 19 , in such a situation has badly impacted industry at all levels.Your Company remains very cautious. Opportunities for growth remain very few in the present scenario. Payments risks continue to remain high.

As has been the policy of Your Company, it has focused on improving its Balance Sheet and these efforts have borne fruit. Non-current borrowings have further come down from Rs. 0.51 Crores to Rs. 0.35 Crores. Current borrowings have seen a huge reduction and are down from Rs. 30.55 Crores to only Rs. 6.32 crores. A reduction of almost 80%. This augur's well for the company. Finance Cost has come down from Rs. 14.22 crores to Rs. 2.85 crores. The management is committed to the growth of the Company without relying on excessive borrowings. Given the huge reduction in debt, your company has become **Net Debt Free** (The value of investments, cash and cash equivalents and Bank Balances are now more than the borrowings of the company).

The Trade Payables continue to come down and have further reduced from Rs. 45.32 Crores to Rs. 20 Crores. These are all healthy signs for your Company.

Your Company remains focused by targeting profitable segments. Demand for your Company's products remain moderate.

Directors' Report

Future Outlook

Under the current scenario, given the impact of Covid 19 on the economy remaining unclear, it is very difficult to fully assess the impact on the business of your company. However, your company remains confident, given the strength of the business, wide range of products and strong Balance Sheet, once normalcy comes back to the economy, your company will be able to capitalize on growth opportunities and bounce back to higher growth.

Key Financial Ratios

In accordance with SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018, the Company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous Financial Year) in key sector-specific financial ratios including Debtors Turnover, Inventory Turnover, Interest Coverage Ratio, Current Ratio, Debt Equity Ratio, Operating Profit Margin (%) and Net Profit Margin (%) and details of any change in Return on Net Worth as compared to the immediately previous Financial Year

| Ratio | Financial Year 2019-2020 | Financial Year 2018-2019 |
|--------------------------|--------------------------|--------------------------|
| Current Ratio | 2.73 | 1.65 |
| Interest Coverage Ratio | 2.15 | 1.56 |
| Inventory Turnover Ratio | 3.84 | 6.81 |
| Net Profit Margin | 10.56 | 2.22 |
| Operating Profit Margin | 5.45 | 8.82 |
| Return on Net Worth | 9.46 | 11.45 |
| Debtors Turnover Ratio | 1.97 | 2.75 |
| Debt Equity Ratio | 0.40 | 1.67 |

- The Current ratio has improved significantly by better control and management of current assets
- The Interest coverage ratio has also improved on account of lower finance cost.
- The Inventory turnover ratio has decreased due to lower turnover
- The Net Profit margin has increased due to higher deferred tax credit during the year
- The decrease in Operating Profit Margin is on account of lower PBT
- Return on Net Worth has reduced due to lower profits
- Debtors turnover ratio has reduced on account of lower sales
- Debt Equity Ratio has improved due to reduction in borrowings of the Company.

Credit Rating

During the year your Company has received its Credit ratings from Brickwork Ratings India Private Limited. The Company improved its long term Bank facility Credit rating from BB+ to BBB- and its short term Bank facilities Credit rating from A 4 to A3.

The revision in the ratings assigned to the Bank facilities of the Company takes into account significant growth in the scale of operations during Financial Year 2018-2019 as well as comfortable gearing profile, profitability margin and the experience of the promoters.

The letter containing the credit ratings is available in the Company's Corporate Website www.rtspower.com and can be accessed under the head "Investor Relations".

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 amount on account of principal or interest on deposits from

Directors' Report

public was outstanding as on March 31, 2020.

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

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 Director 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 had an Export turnover of Rs. 672.93 Lakhs, lower than that of the previous year. This was mainly on account of non-availability of foreign currency in some of the exporting countries.

The Foreign Exchange outgo during this year was as follows:

Expenditure in Foreign Currency

| | |
|--------------------|-----------------|
| Foreign Travelling | Rs. 13.78 Lakhs |
|--------------------|-----------------|

Particulars of Loans given, investments made, guarantees 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 details of investments made by your Company during the Financial Year 2019-2020 are provided in Financial Statements of this Annual Report.

Indian Accounting Standards

Your Company has adopted Indian Accounting Standards (Ind- AS) with effect from April 1, 2017. Financial Statements for the year ended March 31, 2020 have been prepared in accordance with Ind-AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 and other applicable provisions of the Companies Act, 2013.

Policy and Particulars of Related Party Transactions

All transactions entered into with the related parties during the Financial Year ended March 31, 2020 were in the ordinary course of business and on an arm's length basis and without any conflict of interest in accordance with the provisions of the Companies Act, 2013 and SEBI Regulations, 2015.

Moreover, there were no materially significant related party transactions during the Financial Year which were in conflict with the interest of the Company. 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. There being no 'material' related party transactions as defined under Regulation 23 of Listing Regulations, no details need to be disclosed in Form AOC-2 in that regard.

All such contracts/arrangements/transactions with any related parties were placed before the Audit Committee and Board, for their approval. Prior omnibus approval of the Audit Committee/ Board is obtained on an annual basis, which is reviewed and updated on quarterly basis.

Directors' Report

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 during the year under review.

For the current Financial Year 2020-2021, the Audit Committee has given omnibus approval of related party transactions to be entered into by the Company on the basis of criteria laid down by it and approved by the Board of Director.

The Audit Committee reviews on a quarterly basis the details of related party transactions entered into by the Company pursuant to each of the omnibus approval given by it. All such related party transactions for which omnibus approval has been given by the Audit Committee has also been subsequently approved by the Board for the current Financial Year 2019-2020.

In line with the amendments in SEBI (LODR) (Amendment) Regulations, 2018, during the year, the Policy was reviewed by the Board of Directors. The Policy for related party transactions has been uploaded on the Company's corporate website www.rtspower.com and can be accessed under the head "Investor Relations". 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 corporate website at the link www.rtspower.com and can be accessed under the head "Investor Relations".

Your Directors draw attention of the Members to Note No. 45 to the Financial Statements which sets out details of related party disclosures.

Transfer of Unclaimed Dividend to Investor Education and Protection Fund

Pursuant to the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') (including any statutory modification(s)/re enactment(s)/amendment(s) thereof, for the time being in force), the dividend which remains unclaimed/unpaid for a period of seven (7) years from the date of transfer to the unpaid dividend account of the Company, is required to be transferred to the Investor Education and Protection Fund Authority ('IEPF') established by the Central Government.

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 no unpaid and unclaimed amounts lying with the Company as on September 30, 2019 (date of its last Annual General Meeting) as all unpaid and unclaimed amounts had already been transferred under Sub section (2) of Section 125 of the Act and the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016.

Since the last Annual General Meeting, the Company does not have any unpaid and unclaimed Dividend to be transferred under Sub section (2) of Section 125 of the Act and the IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016.

Mr. Sandip Gupta, Company Secretary of the Company acts as Nodal Officer of the Company. The detail of the Nodal Officer is available in the Company's Corporate Website www.rtspower.com and can be accessed under the head "Investor Relations."

Transfer of Equity Shares in respect of Unclaimed Dividend to Investor Education and Protection Fund (IEPF) Demat Account

The IEPF Rules also mandates, companies to transfer the Shares in respect of which dividend has not been paid/claimed by the Shareholders for seven (7) consecutive years or more to the Demat Account created by the IEPF Authority.

Further, in compliance with the provisions laid down in IEPF Rules, the Company had sent notices, subsequent reminders and also advertised in the newspaper seeking action from Shareholders who have not claimed their dividends for seven (7) consecutive years or more.

Accordingly, till the Financial Year ended March 31, 2011, the year in which the Company had last declared dividend, the Company had transferred Equity Shares on which Dividend remained unclaimed for a period of seven (7) years, to the Demat Account of the IEPF.

Directors' Report

It may please be noted that no claim shall lie against the Company in respect of Share(s) transferred to IEPF pursuant to the said Rules. The voting rights in respect of the above Equity Shares are frozen until the rightful owner claims the Equity Shares. All corporate benefits on such Shares in the nature of Bonus Shares, Split Shares, Rights, etc. shall be credited to 'Unclaimed Suspense Account', as applicable for a period of 7 years and thereafter be transferred in line with the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with Section 124(5) and Section 124(6) of the Companies Act, 2013.

However, the Shareholders are entitled to claim their Shares including all the corporate benefits accruing on such Shares, if any, from the IEPF Authority by submitting an online application in Form IEPF-5 and sending a physical copy of the Form IEPF-5 duly signed by all the joint shareholders, if any, as per the specimen signature recorded with the Company along with requisite documents enumerated in the Form IEPF-5, to the Company's RTA. The Rules and Form IEPF-5, as prescribed, for claiming back the Shares are available on the website of the IEPF i.e. on www.iepf.gov.in.

The Statement containing details of Name, Address, Folio No., Demat Account No. and No. of shares transferred to IEPF Demat Account is made available on Company's website www.rtspower.com. The Shareholders are therefore encouraged to verify their records and claim their dividends and Shares, if not claimed.

Subsidiary, Joint Venture and Associate Company

As on 31 March 2020, the Company has one Wholly-owned Subsidiary, Reengus Wires Private Limited (CIN U36997WB 2019PTC234547), incorporated during the year on October 30, 2019.

There are no associate companies or joint venture companies within the meaning of Section 2(6) of the Act.

The Company has prepared a Consolidated Financial Statement of the Company and its Wholly-owned Subsidiary, Reengus Wires Private Limited in the form and manner as that of its own, duly audited by M/s. Lodha & Co., the statutory auditors in compliance with the applicable Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter referred to as the 'SEBI Listing Regulations.')

The Consolidated Financial Statements for the year 2019-20 form a part of the Annual Report and Accounts and shall be laid before the Members of the Company at the AGM while laying its financial statements under Sub-section (2) of the said Section.

Pursuant to the provisions of Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiary are available on the website of the Company at www.rtspower.com and can be accessed under the head 'Investor Relations'.

The Company does not have any material subsidiary in the immediately preceding accounting year. However, as per Regulation 16 of the SEBI Listing Regulations, as amended, the Company has adopted the policy for determining 'material' subsidiaries, which states that a 'material' subsidiary means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Accordingly, a Policy on 'material subsidiaries' was formulated by the Audit Committee of the Board of Directors of the Company and the same is also posted on the Company's website and may be accessed at the link www.rtspower.com.