

RattanIndia Infrastructure Limited

Annual Report

2015



RattanIndia Infrastructure Limited

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Corporate Information

RattanIndia Infrastructure Limited (Formerly known as Indiabulls Infrastructure and Power Limited)

Board of Directors

Mr. Rajiv Rattan
Mrs. Anjali Nashier
Mr. Yashish Dahiya
Mr. Debashis Gupta
Mr. Narayanasany Jeevagan
Mr. Sanjiv Chhikara

Company Secretary

Mr. R K Agarwal

Chief Financial Officer

Mr. Samir Taneja

Statutory Auditors

Sharma Goel & Co. LLP
Chartered Accountants,
Y -59, Hauz Khas,
New Delhi – 110 016

Secretarial Auditors

D K Agarwal & Associates
Company Secretaries
824, Vikas Deep Building,
Laxmi Nagar District Centre, Vikas Marg,
Delhi – 110092

Internal Auditor

Mr. Amit Jain

Registrar and Transfer Agent

Karvy Computershare Private Limited
Karvy Selenium Tower-B, Plot No. 31 & 32, Financial District,
Gachibowli, Nanakramguda, Serilingampally,
Hyderabad – 500 032

Registered Office

M – 62 & 63, First Floor,
Connaught Place,
New Delhi – 110 001
Website: www.rattanindia.com/ril

Corporate Office

12th Floor, Tower A,
Building No 5, DLF Phase-3,
DLF Cyber City,
Gurgaon - 122002, Haryana

Bankers

HDFC Bank Limited
Bank of India
State Bank of India

ECONOMIC OVERVIEW

Investment climate in India is positive and new government is putting all its efforts to take the economy in the right direction. Indian economy is currently moving upside on the back of controlled inflation, decline in oil prices and government's commitment to reforms. The Indian economy has done well in 2014-15 as compared to previous year and has emerged as one of the most promising to the investors. The economy is poised to do well in 2015-16, with government's fiscal policy targeting for an investment-led growth and RBI's monetary policy using available room to further cut the interest rates. Prime minister has initiated "Make in India" campaign that aims at transforming India into a manufacturing hub.

With the softening of inflation coupled with macroeconomic and political stability, confidence is building in Indian economy and investors are hoping that a double-digit growth is not very far away. The double digit growth depends upon the government's quick action in unlocking the investments in stalled projects and availability of key inputs such as power, land, infrastructure and human skill formation. Business environment is also upbeat by investor-friendly policy announcements, planned switches in public spending from subsidies to investment, structural reforms and government's commitment to continue fiscal consolidation announced in the Union Budget for 2015-16.

Finance minister in Union Budget 2015-16 has provided higher allocations to infrastructure sector and a considerable increase in the resource transfer to states for promoting inclusive growth and strengthening fiscal federalism.

According to RBI, the world economy is growing at a modest pace and projected to improve further. Among India's major trading partners, who are also the major sources of our foreign capital inflows, the United States has just recovered from a long recession; Japan's economy is responding to the stimulus; the Eurozone, as a whole, is reporting a modest growth. However, on the whole global economy is expected to strengthen, setting the stage for an acceleration of global growth.

Last year, government has taken several steps to stimulate both growth cycle and investor sentiment. Going forward, government will have to continue with its agenda of reforms to boost investor sentiments, enhance climate for doing business by removing bottlenecks, improve employment generation and contain inflation so that RBI can reduce interest rates further.

INDUSTRY OVERVIEW

Infrastructure drives growth in an economy and is critical for the effective functioning of the economy. Growth in physical infrastructure has a direct impact on sustainability of overall growth and development of an economy. In recent years, India made significant progress in physical infrastructure such as electricity, railways, roads, ports, airports, irrigation and urban and rural water supply and sanitation with the government's focus on infrastructure development and increased investments in the sector. Power is most important element of infrastructure that is required for sustained growth of any economy. India has a huge potential for the development of power from coal, nuclear power and renewable sources of energy such as wind, solar, hydro, bagasse etc. However, these resources have not been tapped properly and country continues to deal with power deficits in many of its states. The demand for electricity is expected to grow in coming years and to meet this increasing requirement of electricity, massive addition of generating capacity in the country is required. India is witnessing significant interest from international investors in the infrastructure space. The Indian Government is taking every possible initiative to boost the infrastructure sector.

BUSINESS OVERVIEW

During the year under review, the Company has earned non-operational income of ₹ 400.21 lacs and the profit after tax was ₹ 59.62 lacs. Your Company is looking for consultancy options in generation, transmission and distribution of power. We understand the dynamics of these areas and our goal is to maintain effective relationships with stakeholders by using the extensive knowledge to benefit our clients.



Mr. Rajiv Rattan
Chairman

Management Discussion and Analysis (contd.)

The Company's major investment is in RattanIndia Power Limited (RPL). Brief review of the Projects of RPL is as under:

RPL is developing two coal based thermal power projects with an aggregate capacity of 5400 MW, being developed in two phases of 2700 MW each, in the State of Maharashtra viz. 2700 MW project in Nandgaonpeth of Amravati district and another 2700 MW in Sinnar of Nasik district.

Amravati Thermal Power Project - Phase-I (1350 MW):

All five Units have been successfully commissioned and pumping Power to MSEDCL. You would also happy to note that Amravati Power Transmission Company Ltd (100% subsidiary of RPL and holding Transmission License) has successfully commissioned the 400 KV transmission system for evacuation of power from Amravati Thermal Power Plant to Akola. The dedicated Railway Siding has also been operational which is hauling coal directly to the Plant through Railway rakes.

Nashik Thermal Power Project - Phase-I (1350 MW):

The project is in advance stage of construction; Unit#1 has already been successfully commissioned and Unit#2 is ready for commissioning. RPL has signed FSA for this Project with MCL & SECL. Government of Maharashtra has approved purchase of 950 MW from Nashik Phase-I by Maharashtra State Electricity Distribution Company Limited (MSEDCL) and BEST. MERC has approved purchase of 650 MW from Nashik Phase-I by MSEDCL and PPA for 300 MW with BEST is expected shortly.

COMPETITIVE STRENGTHS

Your Company has following competitive strengths which will enable it to take advantage of growth opportunities in the areas of its operation.

Experienced senior management team

Your Company's senior executives have extensive experience in the power industry and your Company is confident that the senior management's expertise will play a key role in the growth of your Company's business. In addition, the skills and diversity of senior management team give us flexibility to respond to changes in the business environment.

Highly experienced team

Your Company has recruited experts from various areas such as operations, project management, engineering and technology and has in-depth knowledge of their areas. This is a valuable resource to its clients and distinguishes your Company from its competitors.

STRATEGY

Your Company firmly believes that the most important aspect of competitive advantage is presence of experienced management team, strong systems and process, dedicated, committed & motivated staff managing its business activities.

The key components of your Company's strategy include:

Grow the client base

Your Company has strategy in place to increase the client base in the rapidly expanding infrastructure and power market in India. The company will expand its geographic presence and the range of services. Your Company will enhance its brand recognition through marketing initiatives in order to strengthen its position among potential clients.

Strong end-to-end service offerings

Your Company will offer end to end and customized service which would enable us to increase revenue from research, advisory and consulting services.

HUMAN RESOURCES

Your company's human resource policy provides an environment that motivates its employees to realize their full potential. Your Company respects each employee, motivates them and try to offer opportunities based on their skill sets and in this process

builds mutually benefiting relations between the Company and its employees. Your company has put in place a policy that not only increase productivity but also increases job satisfaction of its employees.

Your company has placed a recruitment system in the organization wherein right candidate with right skills is recruited for the position. Your company has established systems, which aims to provide training to employees at every level of the organization that leads to quality work output in their assigned work in turn helping in improving the bottom-line of your company.

INTERNAL CONTROL SYSTEMS

The Company has system of internal control commensurate with the nature and size of its operations, which effectively and adequately encompasses every facet of its operations and every functional area.

The system involves a compliance management team with the established policies, norms and practices as also the applicable statutes and rules and regulations with an inbuilt system of checks and balances so that appropriate and immediate corrective actions are initiated in the right earnest in the event of any deviations from the stipulated standards and parameters.

The effectiveness and deliverability of the internal control system is reviewed from periodically so that measures, if any, needed for strengthening of the same, with the changing business needs of the Company, can be taken.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the Company's Objectives, projections, estimates and expectations, may be forward looking statements within the meaning of applicable laws and Regulations and the actual results might differ from those expressed or implied herein.

The Company is not under any obligation to publicly amend, modify or revise any such forward looking statements on the basis of any subsequent developments, information or events.

Board's Report

Dear Shareholders,

Your Directors present to you the Fifth Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2015.

FINANCIAL RESULTS

The summary of the financial results of the Company for the financial year ended March 31, 2015, is as under-

Particulars	(Amount in ₹)	
	Year ended March 31, 2015	Year ended March 31, 2014
Profit before Tax and Depreciation	4,821,614	8,236,756
Less: Depreciation	30,497	78,914
Profit before Tax	4,791,117	8,157,842
Add/Less: Tax Expense/Tax Adjustment	(1,170,807)	4,311,478
Profit after Tax	5,961,924	3,846,364
Add: Balance Bought Forward Losses	(51,137,318)	(54,983,682)
Less: Adjustment relating to fixed assets	(209,534)	-
Accumulated Loss	(45,384,928)	(51,137,318)

BUSINESS REVIEW

Consultancy services are a growing business in India. During the year under review, the Company has earned non-operational income of ₹ 400.21 lacs and the profit after tax was ₹ 59.62 lacs. Your Company is looking for consultancy options in generation, transmission and distribution of power. We understand the dynamics of these areas and our goal is to maintain effective relationships with stakeholders by using the extensive knowledge to benefit our clients.

DIVIDEND

In view of insufficient profits during the period under review, no dividend has been recommended for the year ended March 31, 2015.

NAME CHANGE OF THE COMPANY

During the year under review, the name of the Company got changed from Indiabulls Infrastructure and Power Limited to RattanIndia Infrastructure Limited with effect from November 3, 2014 consequent to the issuance of a fresh certificate of incorporation by the Registrar of Companies, NCT of Delhi & Haryana, in favour of the Company, on the said date. The shareholders of the Company had approved the change in the name of the Company as aforesaid, through a special resolution passed to such effect, by way of a postal ballot, on October 16, 2014.

DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP) DETAILS

In accordance with the provisions of the Companies Act, 2013 and the Rules framed thereunder and the Articles of Association of the Company, Mrs. Anjali Nashier (DIN: 01942221) retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers herself for reappointment. The Board of Directors recommends her re-appointment. During the year under review, Mr. Sameer Gehlaut, Mr. Saurabh Kumar Mittal, Mr. Ram Kumar Sheokand, Mr. Rajender Singh Malhan and Mr. Joginder Singh Kataria had resigned from the Board. The Board places on record its deep appreciation for the valuable contribution made by them during their tenure as members of the Board of the Company.

During the year under review, Mrs. Anjali Nashier was appointed as a non-executive Non-Independent Director liable to retire by rotation and Mr. Yashish Dahiya, Mr. Debashis Gupta, Mr. Sanjiv Chhikara and Mr. Narayanasany Jeevagan as Independent Directors and thus not liable to retire by rotation.

The Board has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section 6 of Section 149 of the Act, and in the opinion of the Board they fulfil the conditions specified in the Act and the Rules made thereunder and are Independent of the management.

Mr. Rajiv Rattan was reappointed as Whole-time Director of the Company for a further period of five years on nil remuneration with effect from February 21, 2015.

Brief resumes of Mr. Rajiv Rattan and Mrs. Anjali Nashier, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, is provided in the Report on Corporate Governance forming part of the Annual Report.

Mr. Samir Taneja was appointed as Chief Financial Officer (CFO) of the Company in terms of Section 203 of the Companies Act, 2013. Mr. R. K. Agarwal was appointed as Company Secretary pursuant to Section 203 of the Companies Act, 2013 and as Compliance Officer in terms of the Listing Agreement with stock exchanges effective August 20, 2014 in place of Mr. Gaurav Srivastava who ceased as Company Secretary from August 19, 2014.

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

As mandated by Clause 49 of the Listing Agreements as also Section 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Company has a Nomination and Remuneration Committee in place, the constitution, the terms of reference and the scope of responsibility whereof are described in the Corporate Governance Report, forming part of the Board's Report.

The selection and appointment of Directors and their remuneration owes its genesis to the policy formulated by the Nomination and Remuneration Committee within the four corners of its charter and scope of responsibility with due consideration to the stipulations under various applicable enactments and regulations, primarily including the Companies Act, 2013 and in particular section 178(3) thereof, the Listing Agreements and the Income Tax Act, 1961. In formulating the policy, care has been taken to ensure that criteria laid down therein enable the Company to strike a balance between what is mandated by law, in letter as well as spirit, the principles of sound corporate governance, the functional requirements of the Company and the industry norms. The Policy may be accessed on Company's website at the link: <http://www.rattanindia.com/ril/investors.htm>.

EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Audit and Nomination and Remuneration Committees. A structured questionnaire / performance evaluation forms were prepared taking into consideration inputs received from the Directors for evaluation of the Board and its Committees, their effectiveness was broadly based on parameters like Strategic and Operational Oversight, the Dynamics, Composition, Level of Expertise, Terms of Reference, Board support and processes, Governance etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Director was carried out by the Independent Directors who also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. The Directors expressed their satisfaction with the evaluation process.

SUBSIDIARIES / JOINT VENTURES / ASSOCIATE COMPANIES

There is no subsidiary of the Company nor is the Company in any joint venture with any other company. Further, there has been no change in the associate company of the Company, i.e. RattanIndia Power Limited.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee of the Company comprises of Mrs. Anjali Nashier as the Chairperson and member and Mr. Sanjiv Chhikara and Mr. Yashish Dahiya as other members. The said Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the CSR activities to be undertaken by the Company and is responsible for monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities. The CSR Policy may be accessed on the Company's website at the link <http://www.rattanindia.com/ril/investors.htm>.

The Annual Report on CSR forms a part of the Board's Report and is annexed herewith marked as Annexure 'A'.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

Board's Report (contd.)

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms an integral part of this Report. A Practicing Company Secretary's Certificate certifying the Company's compliance with the requirements of Corporate Governance in relation to clause 49 of the Listing Agreement is attached to the report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

1. in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
2. 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 31st March, 2015 and of the profits of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts of the Company on a 'going concern' basis.
5. 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
6. 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.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy 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: <http://www.rattanindia.com/ril/investors.htm>.

Since all Related Party Transactions entered into by the Company were in the ordinary course of business and at an arms-length basis, form AOC-2 is not applicable to the Company. However the details of various related party transactions entered into during the financial year 2014-2015 are adequately set out in the notes to Financial Statements at page no. 62 of this report.

RISK MANAGEMENT

The Company has laid down a code to inform board members about the risk assessment and minimization procedures. The Company manages, monitors and reports on the principal risks and uncertainties that can impact its ability to achieve its strategic objectives. The Risk Management Policy of the Company primarily focuses on identifying, assessing and managing risks in the areas of – Company's assets and property, Employees, Foreign Currency Risks, Operational Risks, Non-compliance of statutory enactments, Competition Risks and Contractual Risks.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In terms of the provisions of Section 134(5)(e) of the Companies Act, 2013, the Directors are enjoined with the responsibility of ensuring that adequate systems of financial control are in place and operational in the Company. The Board of Directors have devised and effectuated a system of internal control commensurate with the nature and size of operations of the Company, covering within its ambit every sphere of operations and activities including more particularly the financial controls.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

AUDITORS & AUDITORS' REPORT

In the fourth Annual General Meeting of the Company held on September 30, 2014, M/s Sharma Goel & Co. LLP, Chartered Accountants (Regn. No. 000643N), were appointed as Statutory Auditors of the Company up to the financial year 2018-19 i.e. till the conclusion of Ninth Annual General Meeting of the Company. In terms of the applicable provisions of the Companies Act, 2013, the company shall place the matter relating to such appointment for ratification by members at every annual general meeting. Accordingly, the appointment of M/s Sharma Goel & Co. LLP, Chartered Accountants, Auditors is placed before the members for ratification. The Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

SECRETARIAL AUDITOR & SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messers D. K. Agarwal & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as Annexure 'B' to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

GREEN INITIATIVES

Electronic copies of the Annual Report 2015 and Notice of the 5th AGM are sent to all the members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2015 and Notice of the 5th AGM are sent in the permitted mode. Members requiring physical copies can send a request to the Company Secretary.

The Company is providing e-voting facility to all members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to section 108 of the Companies Act, 2013 and the Companies (Management and Administration) Amendment Rules, 2015. The instructions for e-voting are provided in the Notice.

LISTING WITH STOCK EXCHANGE

The equity shares of the Company continue to remain listed with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees payable to the exchanges for the financial year 2015-2016 have been paid. The Global Depository Receipts of the Company continue to be listed on the Luxembourg Stock Exchange.

DISCLOSURES:

Audit Committee

The Audit Committee comprises of three members namely, Mr. Narayanasany Jeevagan, independent Director as the Chairman and member and Mr. Debashis Gupta, independent Director and Mr. Rajiv Rattan, executive Director, as the other two members.

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report.

All the recommendations made by the Audit Committee, as to various matters, during the year under review, were accepted by the Board.

Vigil Mechanism

The Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing / vigil mechanism. The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the codes of conduct or policy. To guard against the victimization of the persons using the vigil mechanism, the Whistle Blower Policy of the Company makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.rattanindia.com/ril/investors.htm>.

Meetings of the Board

Eleven meetings of the Board of Directors were held during the FY 2014-15. For further details, please refer report on Corporate Governance to this Annual Report.