

RattanIndia Infrastructure Limited

Annual Report
2016



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

S. Khandelwal & Co.
Company Secretaries
C-65, LGF, Malviya Nagar,
New Delhi – 110017

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 & Corporate Office

5th Floor, Tower – B,
Worldmark - 1, Aerocity,
New Delhi – 110 037
Website: www.rattanindia.com/ril

Bankers

HDFC Bank Limited
Bank of India
State Bank of India

ECONOMIC OVERVIEW

The Indian economy has done well in 2015-16 as compared to previous year and has emerged as the fastest growing economy in the world. Inflation remained well within the comfort zone aided by low global crude oil and commodity prices. Economic growth is projected to remain strong, hovering around 7.5%. Private consumption will be boosted by expected large increases in public wages and declining inflation. Investment will pick up gradually as excess capacity fades, deleveraging continues for corporations and banks, and infrastructure projects mature. The investment climate in India is positive, and the Government is making all the efforts to take the economy in the right direction. 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. India's GDP is expected to grow by 7.7 per cent during fiscal year 2016-17. The growth rate is expected to be modest in the first half and is likely to accelerate in the second half once benefits of good monsoon and Seventh Pay Commission awards kick in. As per India Meteorological Department's (IMD) projection, the country is likely to witness above-normal rainfall this year after two consecutive years of drought. This is expected to augment agricultural output and propel growth in rural demand. The Finance Minister in the Union Budget 2016-17 has provided a record budgetary allocation of ₹ 2.21 lac crore for the infrastructure sector, and a considerable increase in the resource transfer to states for promoting inclusive growth and for strengthening fiscal federalism.



Mr. Rajiv Rattan
Chairman

The successful implementation of structural initiatives identified by the Government towards improving the ease of doing business in the country by enhancing transparency, speeding up the approvals process, resolving policy issues by working in tandem with the States and fostering greater levels of value addition within the country would be critical to boost the performance of the Indian economy and realise its true potential.

INDUSTRY OVERVIEW

Efficient and widespread infrastructure is pre requisite for country's economic growth. In recent years India is consistently increasing infrastructure spending. Indian government is also offering various incentives such as liberalization of FDI norms, tax holidays to mobilize resources from domestic as well as foreign sources. Currently India's infrastructure spending is 8% of GDP which is required to augment further to sustain economic growth. India's investments in infrastructure in past ten years has made it second fastest growing economy of the world after China. 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. Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. India is witnessing significant interest from international investors in the infrastructure space. The Government of India is taking every possible initiative to boost the infrastructure sector. The Government of India has projected very large investment requirements for providing infrastructure to specified norms and also supporting the growth process. They have also identified the need for introducing modern technologies to increase the speed and efficiency of developing this infrastructure. Therefore, the Government of India is actively striving towards stimulating construction activities in the country. The country, however, still faces significant infrastructural lacunae and requires additional investments. However given the huge demand for infrastructure development, accelerating savings and investment rates holds a key to revitalize the economy and achieve growth aspirations. With India's agenda to enhance infrastructure spending along with greater public private collaboration, both domestic and international investors are eyeing on this segment of Indian economy.

BUSINESS OVERVIEW

During the year under review, the Company has earned non-operational income of ₹ 68,027,865 and the profit after tax was ₹ 6,154,752. 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.

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 successfully commissioned and are supplying Power to Maharashtra State Electricity Distribution Company Limited (MSEDCL). You would also be happy to note that Amravati Power Transmission Company Ltd (100% subsidiary of RattanIndia Power Limited and holding Transmission License) has successfully commissioned the 103.3 km long 400 KV transmission system for evacuation of power from Amravati Thermal Power Plant to Akola. The dedicated Railway Siding has also been made 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. RattanIndia Nasik Power Ltd. has signed Fuel Supply Agreement (FSA) for this Project with Mahanadi Coalfields Limited (MCL) & South Eastern Coalfields Limited (SECL). Government of Maharashtra has approved purchase of 950 MW from Nashik Phase-I by MSEDCL and BEST. Maharashtra Electricity Regulatory Commission (MERC) has approved purchase of 650 MW from Nashik Phase-I by MSEDCL and Power Purchase Agreement (PPA) for 300 MW with BEST is expected shortly. Work on construction of railway line for plant railway siding is progressing swiftly.

COMPETITIVE STRENGTHS

Your company understands the market dynamics and therefore strives to cater to clients with its extensive knowledge in areas of Generation, Transmission and distribution. Our advisory services are currently oriented towards power sector in India. The Company's technically qualified and managerial manpower is well supported by excellent infrastructure and knowledge management facilities to deliver the client qualitative and cost effective solution in a time bound manner, meeting the global standards. Your Company's major competitive strengths are strong and experienced technical team with vast experience of developing Mega Thermal Power Plants and bidding for long term power purchase agreements through tariff based competitive bidding process. Your company has a strong regulatory perspective and is well versed with risks and commercial arrangements associated with development, construction and commissioning of various generation, transmission and distribution schemes.

Your Company has following competitive strengths which will enable it to take advantage of growth opportunities in Indian power sector:

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 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.

Leverage the management team's experience

Your Company's management team is highly skilled and has vast experience in power sector which will enable us to achieve our growth objectives. The management team is well connected to executive level management at utilities, regulators, vendors, technology leaders and investment professionals which would help us to grow our client base.

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

Human Resource is the most vital factor to achieve the goals of any organization. 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

Your Company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that inter alia provides assurance on orderly and efficient conduct of operations, security of assets, prevention and detection of frauds / errors, accuracy and completeness of accounting records and the timely preparation of reliable financial information.

Your 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 Sixth Annual Report together with the audited statement of accounts of the Company for the financial year ended March 31, 2016.

FINANCIAL RESULTS

The summary of the financial results of the Company for the financial year ended March 31, 2016, is as under-

(Amount in ₹)		
Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Profit before Tax and Depreciation	5,299,767	4,821,614
Less: Depreciation	30,497	30,497
Profit before Tax	5,269,270	4,791,117
Less: Tax Expense/Tax Adjustment	(885,482)	(1,170,807)
Profit/(Loss) after Tax	6,154,752	5,961,924
Balance Bought Forward Losses	(45,384,928)	(51,137,318)
Adjustment relating to fixed assets	-	(209,534)
Accumulated Loss	(39,230,176)	(45,384,928)

BUSINESS REVIEW

Consultancy services are a growing business in India. During the year under review, the Company has earned non-operational income of ₹ 68,027,865 and the profit after tax was ₹ 6,154,752. 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

No dividend has been recommended for the year ended March 31, 2016.

SHARE CAPITAL

The Company had on May 30, 2015, issued and allotted an aggregate of 55,811,832 equity shares of face value ₹ 2/- each against the conversion of equivalent number of warrants. Consequent to the said issuance and allotment, the issued, subscribed and paid-up equity share capital of the Company increased from ₹ 2,652,915,520/- divided into 1,326,457,760 equity shares of face value ₹ 2/- each to ₹ 2,764,539,184/- divided into 1,382,269,592 equity shares of face value ₹ 2/- each.

Further on December 3, 2015, the Company has issued and allotted 320,000,000 warrants of the Company, convertible into an equivalent number of equity shares of face value ₹ 2/- each, to a promoter group entity.

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.

Brief resume of Mrs. Anjali Nashier, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships/ chairpersonships of Board Committees, as required under the Listing Regulations with the Stock Exchanges in India, is provided in the Report on Corporate Governance forming part of the Annual Report.

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 7 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.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the key managerial personnel of the Company are Mr. Rajiv Rattan, Chairman and Whole Time Director, Mr. Samir Taneja, Chief Financial Officer and Mr. R. K. Agarwal, Company Secretary. There has been no change in the key managerial personnel during the year.

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

As mandated under the Listing Regulations and 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 Report on Corporate Governance, forming part of the Annual 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 Regulations 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/rii/investor-contacts/>.

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

Pursuant to the provisions of the Companies Act, 2013 and as required under the Listing Regulations, 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. A report on the performance and financial position of the associate company in the form AOC-1, stipulated under Companies Act, 2013, is provided as an Annexure to the consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared in accordance with the relevant Accounting Standards (AS) viz. AS 23 issued by the Institute of Chartered Accountants of India, form part of this Annual Report.

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, 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/rii/investor-contacts/>

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

In terms of the provisions of Regulation 34(2)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management's Discussion and Analysis Report 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. In terms of Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance along with Compliance Certificate issued by a Practicing Company Secretary is attached to and forms integral part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts for the year ended March 31, 2016, 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. they had 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, 2016 and of the profits of the Company for the year ended on that date;
3. they had 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. they had prepared the annual accounts of the Company on a 'going concern' basis;
5. they had 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. they had 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/investor-contacts/>.

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 2015-2016 are adequately set out in the notes to Financial Statements.

RISK MANAGEMENT

The Company has laid down 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.

Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud during the year under review.

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 M/s S Khandelwal & Co, 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, 2016 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 2016 and Notice of the 6th AGM are being 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 2016 and Notice of the 6th AGM are being 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 convening the 6th AGM of the Company. 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 2016-2017 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 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

In line with the requirements under Section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, 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 Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.rattanindia.com/ril/investor-contacts/>.