



*Creating*  
**World Class  
Infrastructure**

**49<sup>th</sup> Annual Report**  
2013-2014



**RAUNAQ INTERNATIONAL LIMITED**



## CLIENTS





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## Chairman's Message

### Dear Shareholders,

As I write to you today, it becomes imperative to talk about the hardship and optimism. The hardship of the stressed state of the economy governance and of the infrastructure sector over the previous two years and the optimism is about what we hope from the new government under Prime Minister Mr. Modi for the betterment of the Infrastructure Sector.

As you are aware, for three decades your Company has been executing turnkey engineering and construction contracts for the core infrastructure and industrial sectors in India ranging from Power, Chemicals, Hydrocarbon, Metal and Automobiles. While most of the Company's work has been focused on piping project – cross country piping, power station piping, and hydrocarbon and industrial utility piping, it has also progressed to small scale multi-disciplinary EPC projects and civil projects.

FY 2013-14 has been the second stressed year for the economy. Real GDP growth for 2013-14 remained at 4.9%. Coming on the back of 4.5% growth in 2012-13, this has been the first time after several years that India has languished at a sub - 5% growth for two successive years. The growth of construction activities in 2013-14 remained at mere 1.7%. Surely, India deserves much better.

The Infrastructure Sector in India today is confined to a stringent framework which includes various hardships for the entrepreneurs. For instance, environmental clearances continue to be a major hurdle to new infrastructure projects. Secondly, there is complete paralysis in decision-making and further, there is the vexatious issue of non-payment of dues by the government and public sector clients. This is faced by all infrastructure construction companies.



The current state of affairs of the economy vis-a-vis the Infrastructure Sector has created a major cash crunch across the entire infrastructure supply chain. In turn, the lack of liquidity in the system is further creating new rounds of delays in execution for want of working capital. Apart from the problem of liquidity, the sector is facing a major problem of delayed decision making. Large scale infrastructure development involves a varied group of diverse stakeholders, each with their own specific objectives that are often in conflict. Government agencies have the difficult role of being the adjudicators to such confrontations, while performing their primary responsibility of creating adequate infrastructure to harness economic growth. In a majority of cases, the solutions are complex and lengthy procedures have to be adopted. The interim period is one of decision inertia. This is the phase that India is going through in most segments of infrastructure.

Despite the critical situations, your Company continues to leverage its position and maintaining its numbers in terms of turnover and profitability. Your Company achieved its highest ever Turnover and Profitability during FY 2013-14. Further, it created a benchmark by completing the Cross Country pipeline of approx. 80 Kms. in the record time of one year for the job of Hindustan Zinc Limited.

The major concern was that your Company could bag only one order of ₹ 14 Crores during FY 2013-14.

The business diversification of your Company into the manufacturing of automotive clutches through its 100% wholly owned subsidiary Xlerate Driveline India Limited (XDIL) took some pace during the financial year 2013-14 and contributed to the turnover of the Company. However, the losses of initial phase of operations of XDIL had an impact on the profitability on consolidation of accounts.

During FY 2013-14, the sales and other income of the Company on Standalone basis was ₹ 14,110.90 Lacs against ₹ 8790.57 Lacs in the previous year. The profit after tax (PAT) is ₹ 602.53 Lacs against ₹ 270.37 Lacs in the last year.

The sales and other income of the Company on Consolidated basis in the year 2013-2014 was ₹ 15,279.25 Lacs against ₹ 8,818.68 Lacs in the previous year and the profit after tax (PAT) is ₹ 326.63 Lacs against ₹ 183.64 Lacs in the last year.

I heartily share with you that the Equity Shares of the Company have been listed on BSE Limited (BSE) (formerly known as the Bombay Stock Exchange Limited) w.e.f 21<sup>st</sup> March, 2014 and your Company is on upward trend in terms of recognition and value creation.

As we go through the process of transition, we continue to focus on enhancing our internal strengths. We are continuously working on improving our internal systems, processes and procedures with an objective of efficient and effortless scale up. Even in a sluggish market we have maintained our focus on execution and believe that our promise, to deliver on time with high quality to our customers, will hold us in good stead in the long term.

Further, it will take some time before India gets back to a higher growth path. Equally, however, the chances of this happening are the highest today compared to the last two to three years. So let us hope that it happens, and that the new government delivers its promise of governance and growth for which it has been democratically elected to power.

I would like to acknowledge the contribution of the associates, and the management at Raunaq International for their contribution to the Company's performance in FY 2013-14. The Management Executives, who today operationally manage the day to day activities of the Company need a special mention for all their efforts. It is the people at Raunaq International who will nurture the Company's ambitious growth plans.

We, at Raunaq International, have embarked on a well structured growth oriented journey. As we strive forward, there will be challenges that we will have to deal with. You, our stakeholders, investors and customers have always reposed faith in our business and it is this trust that drives our team forward. I take this opportunity to thank all our stakeholders for their valued support. I am confident that with your patronage, we will continue to deliver long term sustainable value.

**Surinder P. Kanwar**  
**Chairman & Managing Director**



## Board of Directors



**Mr. Surinder P. Kanwar**  
Chairman & Managing Director



**Mr. Sachit Kanwar**  
Joint Managing Director



**Dr. Sanjeev Kumar**  
Non Executive Independent Director



**Mr. N. V. Srinivasan**  
Non Executive Director



**Mr. V.K. Pargal**  
Non Executive Independent Director



**Mr. P. K. Mittal**  
Non Executive Independent Director



**Mr. Satya Prakash Mangal**  
Non Executive Independent Director



**Mr. Gautam Mukherjee**  
Non Executive Independent Director





## Core Management Team



**Mr. Sachit Kanwar**  
Joint Managing Director



**Mr. Rajan Malhotra**  
Chief Executive Officer



**Mr. P.C. Kothari**  
Vice President (Finance & Accounts)



**Mr. A. D. Jain**  
Vice President (Construction)



**Mr. Ashwani Chaswal**  
Vice President (Sales & Marketing)



## Company Information

### BOARD OF DIRECTORS

Mr. Surinder P. Kanwar  
*Chairman & Managing Director*

Mr. Sachit Kanwar  
*Joint Managing Director*

Mr. V.K. Pargal

Dr. Sanjeev Kumar

Mr. P. K. Mittal

Mr. Gautam Mukherjee

Mr. Satya Prakash Mangal

Mr. N.V. Srinivasan

### AUDIT COMMITTEE

Dr. Sanjeev Kumar

Mr. P.K. Mittal

Mr. V.K. Pargal

Mr. Satya Prakash Mangal

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. P.K. Mittal

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

### NOMINATION & REMUNERATION COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder P. Kanwar

Mr. P.K. Mittal

Mr. Gautam Mukherjee

### FINANCE COMMITTEE

Mr. P.K. Mittal

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

Dr. Sanjeev Kumar

### SHARE ISSUE COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

Mr. P.K. Mittal

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Surinder P. Kanwar

Mr. Sachit Kanwar

Mr. P. K. Mittal

Mr. Satya Prakash Mangal

### MANAGEMENT EXECUTIVES

Mr. Rajan Malhotra (CEO)

Mr. P.C. Kothari

Mr. A.D. Jain

Mr. Ashwani Chaswal

### AUDITORS

M/s V. P. Jain & Associates

### COMPANY SECRETARY

Mr. Kaushal Narula

### BANKERS

ING Vysya Bank Ltd.

State Bank of India

IndusInd Bank Ltd.

ICICI Bank Ltd.

### REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

44, Community Centre,

2<sup>nd</sup> Floor, Naraina Industrial Area,

Phase-I, Near PVR Naraina,

New Delhi- 110 028

### REGISTERED OFFICE

20 K.M., Mathura Road,

P. O. Amar Nagar,

Faridabad - 121 003 (Haryana)

### OTHER OFFICES

- 1009, Surya Kiran Building,  
19, Kasturba Gandhi Marg,  
New Delhi- 110 001
- 14<sup>th</sup> Floor, Hoechst House,  
Nariman Point, Mumbai-400 021
- Mukherjee House,  
17, Brabourne Road,  
Kolkata-700 001





Condensate Storage Tanks (DVC-Raghunathpur)

## DIRECTORS' REPORT

### To The Members

#### Raunaq International Limited

Your Directors have pleasure in presenting the 49<sup>th</sup> Annual Report of your Company together with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2014.

### FINANCIAL RESULTS

The highlights of **Consolidated Financial Results** of your Company and its subsidiary(ies) are as follows:

(₹/Lacs)

<b>Consolidated</b>		
<b>Particulars</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Revenue from Operations and Other Income (gross)	<b>15,279.25</b>	8,818.68
Profit before Finance Cost, Depreciation and Exceptional Items	<b>1,172.70</b>	635.89
Finance Cost	<b>381.85</b>	232.56
Depreciation	<b>123.55</b>	67.87
Profit Before Tax & Exceptional Items	<b>667.30</b>	335.46
Less: Exceptional Item	-	0.78
Profit Before Tax	<b>667.30</b>	334.68
Less: Tax Expense	<b>340.67</b>	151.04
<b>Profit After Tax</b>	<b>326.63</b>	183.64

The highlights of financial results of your company as a **standalone entity** are as follows:

(₹/Lacs)

<b>Standalone</b>		
<b>Particulars</b>	<b>Year ended March 31, 2014</b>	<b>Year ended March 31, 2013</b>
Revenue from Operations and other income (gross)	<b>14,110.90</b>	8,790.57
Profit before Finance Cost, Depreciation and Extraordinary Items	<b>1,344.82</b>	704.62
Finance Cost	<b>336.67</b>	232.20
Depreciation	<b>90.01</b>	64.63
Profit Before Tax	<b>918.14</b>	407.79
Less: Tax Expense	<b>315.61</b>	137.42
<b>Profit After Tax</b>	<b>602.53</b>	270.37
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	<b>1,586.84</b>	1,432.11
Add: Profit for the year	<b>602.53</b>	270.37
Less:		
Dividend for Earlier Year	<b>20.06</b>	-
Tax on distributed profits	<b>3.41</b>	-
Proposed Dividend - Equity	<b>40.12</b>	13.37
Tax on distributed profits	<b>6.82</b>	2.27
Transferred to General Reserve	<b>200.00</b>	100.00
<b>Closing Balance</b>	<b>1,918.96</b>	1,586.84



### **Dividend & Transfer to Reserves**

The Board is pleased to recommend a dividend of ₹ 1.20 per equity share of ₹ 10/- each for the financial year 2013-2014. The total payout will be ₹ 46.94 lacs, inclusive of dividend tax and surcharge thereon. Also the Directors have proposed to transfer an amount of ₹ 200 lacs to General Reserve.

Your Company has paid dividend of ₹ 20.06 Lacs and ₹ 3.41 Lacs as tax on distribution of dividend on pari passu basis on Bonus Shares allotted during the financial year 2013-14 to the shareholders on account of Final Dividend for the year 2012-13 as required under the Listing Agreement as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.

### **Subsidiary Company**

Your Company has a 100% wholly owned subsidiary, Xlerate Driveline India Limited (XDIL).

Xlerate Driveline India Limited (XDIL) is engaged in the manufacturing of automotive components having its Industrial Unit at Faridabad, Haryana.

As on date, the Company holds 1,18,77,038 (One Crore Eighteen Lakhs Seventy Seven Thousand Thirty Eight) Equity Shares of ₹ 10/- (Rupees Ten) each of XDIL amounting to ₹ 11,87,70,380/- (Rupees Eleven Crores Eighty Seven Lakhs Seventy Thousand Three Hundred Eighty Only) as an investment directly/through its nominees which is equivalent to 100% paid up capital of XDIL.

### **Business Operations**

During the year under review, the sales and other income of the Company on Standalone basis was ₹ 14,110.90 Lacs against ₹ 8,790.57 Lacs in the previous year. The profit after tax (PAT) is ₹ 602.53 Lacs against ₹ 270.37 Lacs in the last year.

The sales and other income of the Company on Consolidated basis in the year 2013-2014 was ₹ 15,279.25 Lacs against ₹ 8,818.68 Lacs in the previous year and the profit after tax (PAT) is ₹ 326.63 Lacs against ₹ 183.64 Lacs in the last year.

### **Future Outlook**

The Company has started the year 2014-15 with a not so healthy Order Book mainly because of lack of orders in the previous year 2013-14. However, the order book position during this year is expected to be reasonably good particularly in the second half of the FY 2014-15 on account of likely thrust by the new government in the Infrastructure and Power Sector.

### **Consolidated Financial Statements**

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial statements have been prepared in accordance with Accounting Standard-21 issued by the Institute of Chartered Accountants of India and have been provided in the Annual Report. These Consolidated Financial Statements provide financial information of your Company and its subsidiary as a single economic entity.

### **Exemption under Section 212(8) of the Companies Act, 1956**

The Ministry of Corporate Affairs, Government of India, vide its Circular Ref No. 51/12/2007-CL-III dated February 8, 2011, has provided an exemption to Companies from complying with the provisions of Section 212 of the Companies Act, 1956, provided such Companies publish the Audited Consolidated Financial Statements in the Annual Report.

Accordingly, in terms of the said general exemption, the Board of Directors of the Company, in its Meeting held on 23<sup>rd</sup> January, 2013, resolved that the Financial Statements and other required documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company for this fiscal.

The Annual Accounts of the Subsidiary Company and the related information are open for inspection by any member including the members of Subsidiary Company at the Registered Office of the Company and that of Subsidiary concerned, during the working hours on all working days. The Company will make available these documents to the members including members of subsidiary company upon receipt of request from them. The members, if they so desire, may write to the Company to obtain a copy of financials of the Subsidiary Company.

### **Allotment of Bonus Shares**

During the period under review, the Company has allotted 20,05,946 Bonus Equity Shares of ₹ 10/- (Rupees Ten) each to the existing Shareholders of the Company through capitalization of reserves on 23<sup>rd</sup> May, 2013. Your Company has also paid dividend on the said Bonus Shares on account of Final Dividend for the year 2012-13 out of the profits for the financial year 2013-14 as those shares were allotted prior to record date for the dividend payment and after the date of earlier year balance sheet.