

Value Focused



RAUNAQ EPC INTERNATIONAL LIMITED

Annual Report 2015-16

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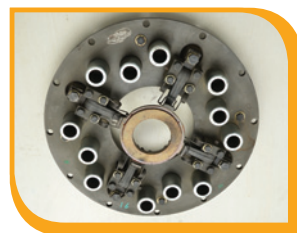


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Cautionary Statement Regarding Forward-Looking Statement

Statements in this Annual Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those in such forward looking statements. Important developments that could affect the Company's operations include a downtrend in the infrastructure sector, significant changes in political and economic environment in India or key financial markets abroad, tax laws, litigation, exchange rate fluctuations, interest and other costs.



Value Focused

All our strategies have always been aligned with creating sustainable value for all our stakeholders. Over the last few years, adjusting to the dynamic macro environment, we have enhanced our focus on more revenue accretive and diverse projects.

We have delivered diverse pipeline and storage projects across Power, Oil & Gas, Petrochemicals and other Industries. Our impeccable record of timely completion, within given cost over the past four decades is a benchmark for the industry. Navigating through the slowdown prevailing in the EPC segment in India, our strategy has been selective bidding. We have been very prudent in undertaking projects which are margin accretive.

Having made strong inroads in the replacement market for our automotive clutches business segment, we have increased our focus towards Original Equipment Manufacturers (OEMs). We have significantly augmented our product portfolio with new additions in the commercial vehicle segment. In order to increase our market reach, we are exploring export opportunities on the back of our Value for Money proposition.



Snapshot 2015-16

Operational Highlights

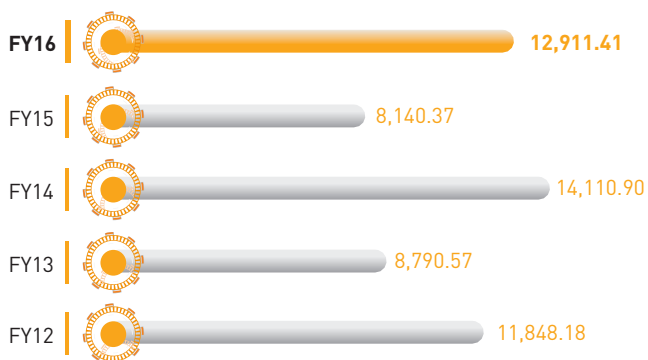
- Won a contract from Bharat Heavy Electricals Limited for its 2x660 MW super critical thermal power plants at Suratgarh, Rajasthan. The contract comprises erection, testing and commissioning of River/Canal Water, LP Piping and Fire Water Piping for this project.
- Added the Delhi Metro Rail Corporation (DMRC) in the client list and executing orders for Line – 8 of Janakpuri West to Kalindi Kunj.
- Augmented product portfolio in the automotive clutches business segment by adding clutches catering to heavy commercial vehicles.



Financial Highlights

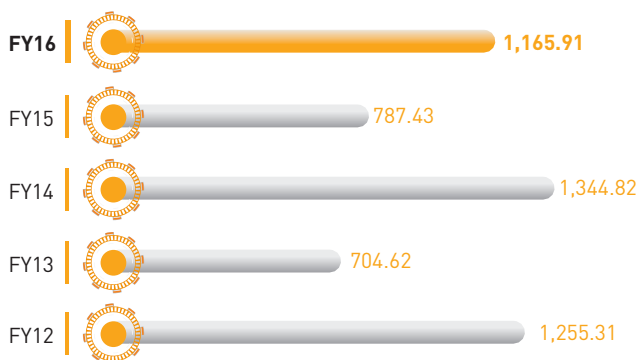
Total Income

(₹ in Lacs)



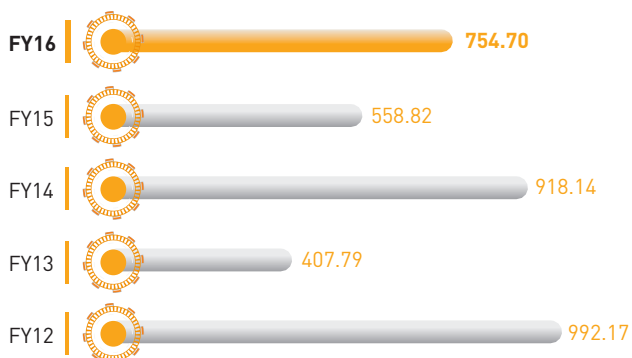
EBITDA

(₹ in Lacs)



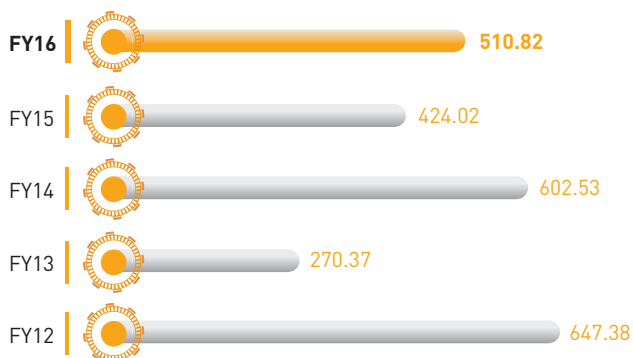
Profit Before Tax

(₹ in Lacs)



Profit After Tax

(₹ in Lacs)

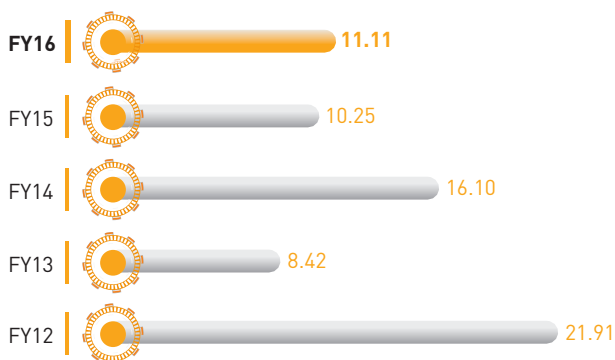


Executed Projects

Sl. No.	Client	Project	Job Description
1.	M/s Mahagenco (Maharashtra Generation Company)/Lanco Infratech Ltd., Gurgaon	3 x 660 MW coal based thermal power project at Koradi, Nagpur, Maharashtra	Supply, Erection, Testing & Commissioning of Low Pressure Piping (LP) & Fuel Oil Handling System (FOHS)
2.	National Thermal Power Corporation Ltd., Noida	2 x 250 MW coal based thermal power project at Rihand, Uttar Pradesh	Supply, Erection, Testing & Commissioning of LP Piping System & FOHS
3.	Reliance Energy Limited, Mumbai/Damodar Valley Corporation, Kolkata	2 x 600 MW coal based thermal power project at Raghunathpur, Purulia, West Bengal TPP	Supply, Erection, Testing & Commissioning of Cooling Water (CW)/LP Piping and Misc. Tanks Package including Equipment Erection
4.	Orient Cement Limited	Raw water intake and supply system at the Cement Plant at Chittapur (Near Gulbarga), Karnataka	Raw water piping, civil, mechanical and electrical systems on a turnkey basis

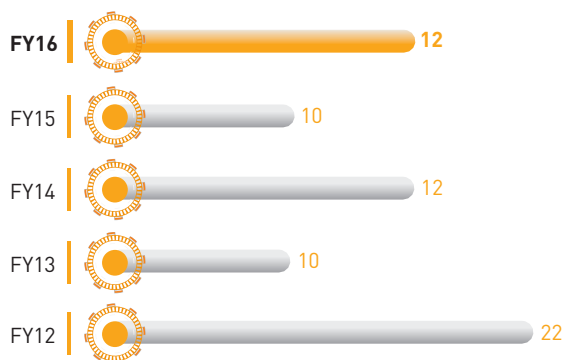
Return on Network

(In %)



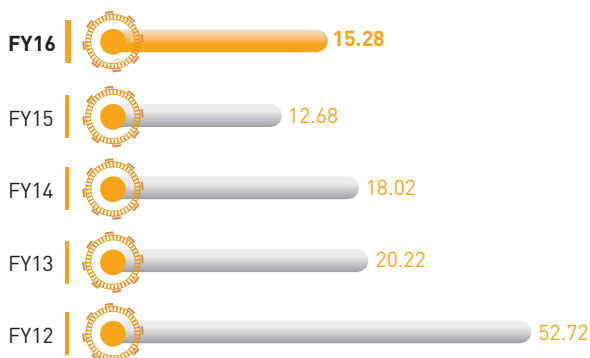
Dividend

(In %)



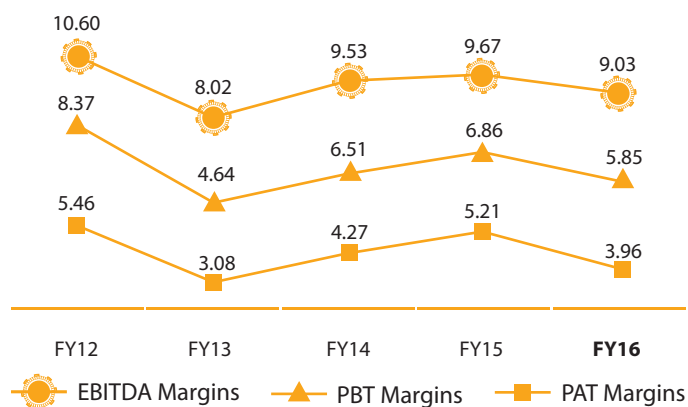
Earnings Per Share

(In ₹)



Profitability Margins

(In %)












Raunaq EPC International in brief

Raunaq EPC International Limited (REIL) is a flagship company of the esteemed 'Surinder P. Kanwar Group'. We are a diversified company with two broad business segments; EPC & Auto components. We have been providing pipeline and storage infrastructure solutions since the past four decades. We also undertake medium-sized projects for the core infrastructure and industrial sectors in India, including power, chemicals, hydro-carbon, metal, cross country pipelines and automobiles.

REIL has a 100% wholly owned subsidiary named Xlerate Driveline India Limited (XDIL). XDIL is engaged in the manufacture of automotive clutches for commercial vehicles catering to the after-markets segment.



Operational Fields

-  Industrial Piping System
-  Cross Country Pipeline and Piping Systems
-  Storage Tanks and Oil Handling Systems
-  Ash Water Recirculation Systems
-  Compressed Air Systems
-  Fire Water Systems
-  Site Fabrication and Equipment Erection Works





Key Differentiators

- Niche segment of mechanical works related to industrial plants, power plants and hydro carbon sectors.
- Strong engineering strength which helps to undertake complete system engineering solutions for pipeline and storage projects.
- Four decades of experience in executing piping and storage projects.
- Amicable relationship with the clients which helps to get repeat orders.
- Timely execution of projects.



Our Clients



Focus on quality EPC assignments



In our four decade journey, we have enabled seamless movement of fluids across farms, forest, deserts, etc. Our strength lies, not only in the execution of turnkey engineering projects, but in delivering the projects on schedule. This differentiates us from the rest.

The focus on quality is our business mantra for future growth. With concerted efforts on qualitative earnings, we are now bidding selectively for the EPC projects which have decent profitability margins and contribute well to our bottom-line.

We are shifting our focus on bidding for projects which are offered by financially sound companies which have satisfactory paying capabilities. We have reduced our aggression for winning projects as many EPC players in the industry have burn their hands by doing so. With years of experience and a good client data base, we have been meticulously analyzing the projects before going the whole hog to bag them. Carefully analyzing and working with a planned and well synchronized schedule has been our key strength. This has enabled us to deliver quality projects on schedule.

Going forward, we will continue to leverage our impeccable record to win good projects.





Focus on maximizing automotive prospects

With the objective of diversifying our base and leveraging our group company's experience and reach, we have ventured into the auto ancillary segment. We started our automobile clutches business in year 2013 and it has been showing good traction. In a short span of time, it has started to contribute 1/5th of our total revenue.

The auto ancillary business is being operated under our 100% wholly owned subsidiary, Xlerate Driveline India Limited and it currently caters to the replacement market for automobile clutches in India. After a successful initial stint with a few products, we are now focusing on strengthening the automotive clutches business by adding more products to our portfolio which can cater to the different sizes of Heavy Commercial Vehicles.

Having achieved sustained revenue growth in the replacement market over the past three years, we are now focusing on generating revenue from the OEM segment. Our immediate focus will be to bring technological improvements and advancement in our manufacturing facility which is prerequisite criteria for OEMs.

The division is focusing on leveraging its strength to provide very good quality automotive products at cheaper rates to venture into the overseas markets. We are currently engaging with many foreign based auto component manufacturers and the extent of interest shown by many global players is quite encouraging.



