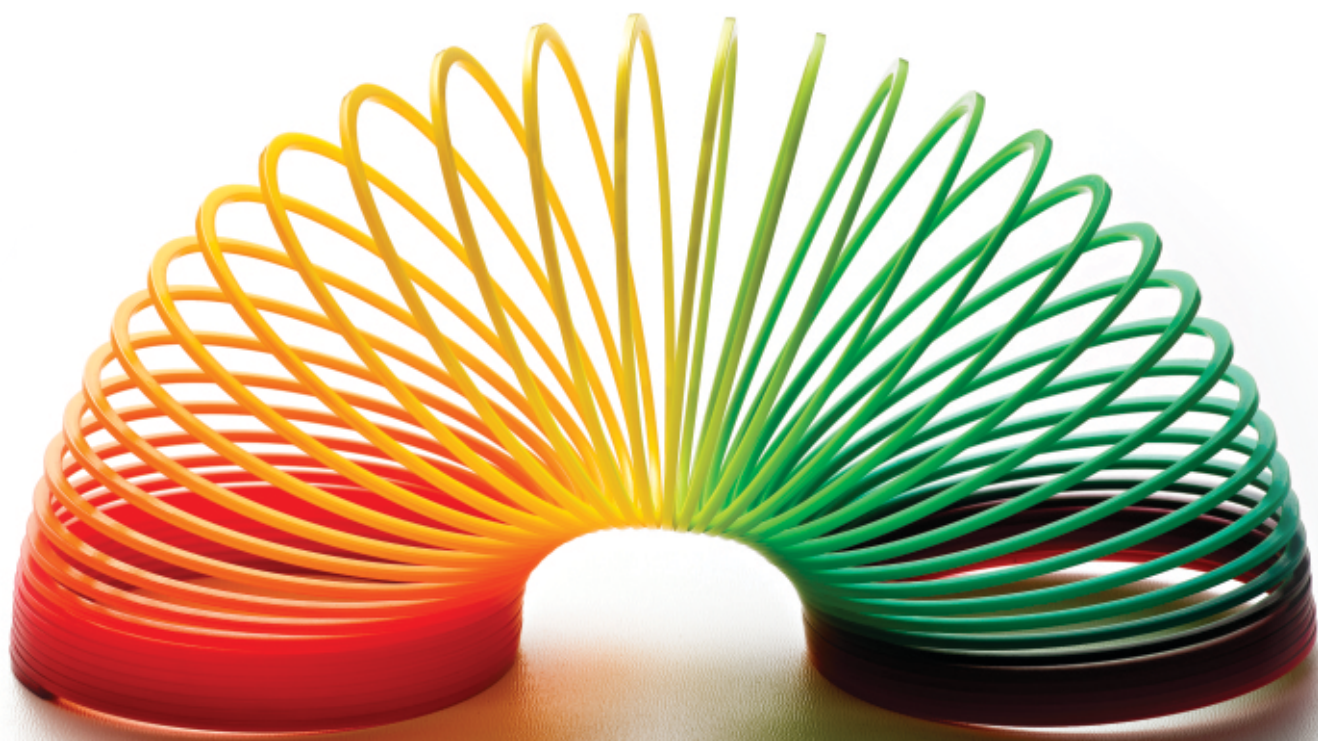




RAUNAQ EPC INTERNATIONAL LIMITED



  
**Resilient**  
by design

A N N U A L R E P O R T 2 0 1 7 - 1 8

# INSIDE THIS REPORT

## CORPORATE OVERVIEW

Resilient by Design	01
Corporate Identity	02
Operational Highlights	04
Financial Highlights	05
Chairman's Message	06
Board of Directors and Management Team	08
Corporate Information	09
CSR Initiatives	10

## STATUTORY REPORTS

Management Discussion and Analysis	11
Board's Report	16
Corporate Governance Report	33

## FINANCIAL STATEMENTS

Standalone Financial Statements	52
Consolidated Financial Statements	92

### Disclaimer Regarding Forward-Looking Statements

We have used a few forward-looking (futuristic) statements throughout the report solely to articulate our future growth prospects and to exemplify our intended milestones. However, the actual results may vary from the forward-looking statements as the business is subject to a number of risks and uncertainties according to the market scenario. For reader's reference, we have used words like 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar nature to signify every forward-looking statement. We do not guarantee that these statements will stand true, but we believe that these are backed up by prudent assumptions. The achievement of the result may vary due to risks, uncertainties and inaccurate assumptions. If in case, certain unforeseen risks or uncertainties dominate the market or any of the assumptions proved erroneous, then the final result may vary exponentially with respect to the anticipated, estimated or projected result. Thus, the readers should bear this in their mind.

We undertake no obligation to update any forward-looking statements publically, if there is any change in future events, there is new information, or whatsoever.

The logo features the word "Resilient" in a large, orange, sans-serif font. Above the letter 'i' is a stylized orange figure with arms raised in a 'Y' shape. Below the word "Resilient" is the phrase "by design" in a smaller, lowercase, orange, sans-serif font.

# Resilient

by design

“ W h e n  
the going gets tough, the tough  
get going”. The present market landscape is  
prone to challenges, uncertainties, and risks, and it is all  
about the 'survival of the fittest'. Those who have a clear vision,  
determination, and character to go a long way, stay their ground. A  
host of difficulties like changing trends, risks, and unforeseen events are a part  
and parcel of the corporate world. However, the key to ace the sphere is standing  
firm during the rough phases and taking challenges as the opportunities to improve the  
existing infrastructure. 'Resilience' is a trait that signifies the character of a successful  
enterprise. It refers to the art of facing the obstacles mightily and returning back as a better and  
more powerful organization. This correlates to our business philosophy.

At Raunaq, our core strengths are our vision, resilience, and adaptability to the changes. These have  
facilitated us to stand tall against all odds and endure the economic, sectoral and regulatory restrictions.  
Ever since our inception five decades back, we have constantly reinforced our capabilities and today, we  
are among the formidable EPC players of the country. The chief focus of our EPC business is on the Thermal  
Power sector. Till date, we have successfully completed 125 EPC projects. Our impressive track record has  
garnered us the status of the name that clients bank on when it comes to EPC projects pertaining to our operating  
segments.

Various government policies and global revolutions against fossil fuel-based energy have paved huge challenges  
for our EPC business, which has been the primary sector of our operations. However, instead of succumbing to the  
challenges, we have taken these as opportunities to showcase our skills. These adversities have rather encouraged  
us to exploit inventive ideas and explore new ways to survive amidst these.

In order to reinforce our vision of a sustainable and diversified business, we forayed into the automobile industry in  
FY'13 through our subsidiary, Xlerate Driveline India Ltd. (XDIL). XDIL deals with the manufacturing of automotive  
clutches. Ever since its inception, XDIL has emerged as a decent contributor to our consolidated performance and  
Financial Year 2017-18 (FY18), was first full year of steady topline for XDIL. It also achieved a major milestone and  
entered the league of OEMs (Original Equipment Manufacturers) in the year.

Our future growth strategy lays emphasis on focus on projects with decent margins in our EPC business. We also  
strive to venture into different sectors like water distribution system in the future so as to fully deploy and  
diversify our EPC capabilities. We are also mulling over the possibilities to diversify our geographic reach. For  
XDIL, we will continue to explore an array of opportunities that will facilitate in enhancing our OEM  
business. We will emphasize on developing new products and solutions for our customers. We are also  
optimistic about the present government's policies such as those related to strengthening National  
Highway Network and building Smart Cities Mission. We believe that these policies will act as a  
catalyst in boosting core infrastructure sector.

The FY18 has been a challenging year for our EPC business due to the macro  
environment. However, it has been a cultivating year for our automotive business  
as it seized an array of opportunities. With our constant efforts of harnessing  
these two entirely different aspects of our business under one roof, we  
aim to overcome all challenges in a short span of time.

We believe that our trait to overcome challenges  
is what makes us resilient by design.

# CORPORATE IDENTITY

## OVERVIEW

Raunaq EPC International Limited (Raunaq/REIL) is multi-disciplinary engineering, manufacturing, and industrial Company. Raunaq primarily deals with two business sectors- Engineering, Procurement and Construction (EPC); and Automotive Components (Automotive Clutch Systems).

Incepted in the year 1965, REIL is a Group Company of the reputed 'Surinder P. Kanwar Group' which is a conglomerate of established Companies like Bharat Gears Limited (Automotive) and Clip-Lok Simpax (India) Private Limited (re-usable logistical packaging solutions). Raunaq is an ISO 9001:2015 certified organization. Raunaq has a wholly-owned subsidiary Company, Xlerate Driveline India Limited (XDIL) through which it carries out the business of manufacturing of Automotive Clutch Systems.

## BUSINESSES

**Engineering, Procurement & Construction (EPC):** REIL is an established player with 5 decades of expertise in pipeline and storage infrastructure projects that are executed on a turnkey basis (engineering, procurement and construction).

**Key categories of the projects which Raunaq executes include:**

- Industrial Piping Systems
- Cross-country Piping and Piping Systems
- Storage Tanks and Oil Handling Systems
- Ash Water Circulations Systems
- Compressed Air Systems
- Fire Water Systems
- Site fabrication and equipment erection work



## REIL CLIENTELE


**Automotive Components (Xlerate Driveline India Limited):**

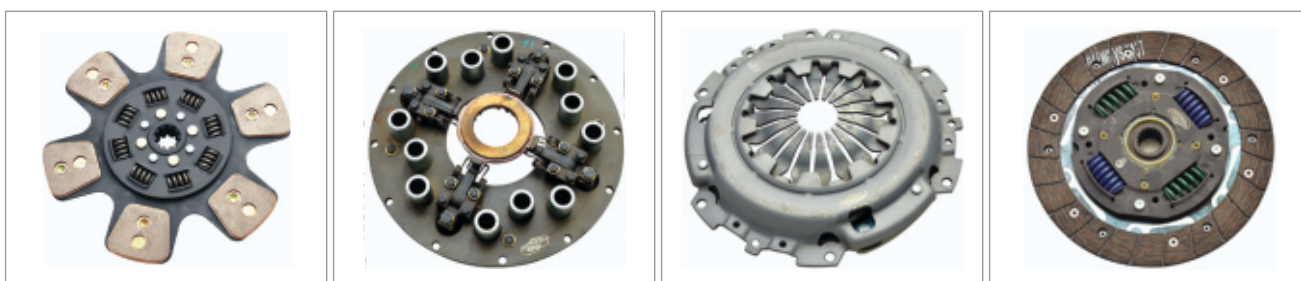
Raunaq, through XDIL specializes in manufacturing of clutch plates and clutch cover assemblies for the commercial vehicles. Raunaq's efforts in the automotive sector are further braced by one of the Group Companies 'Bharat Gears Limited', which is among the world leaders in gears technology and one of India's largest manufacturer of gears. XDIL has secured various quality, management and health & safety certifications viz. ISO/TS 16949:2009, OHSAS 18001:2007 and ISO 14001:2004.

**Major Product(s) and Technologies:**

- Clutch Plates
- Dry-friction clutch assemblies
- Majorly Single-plate push-type category
- Sizes wide spread from 180 mm to 240 mm and 352 mm to 430 mm

**Major Consumer Categories:**

- Heavy Commercial Vehicles
- Light Commercial Vehicles

**REIL EDGE**

**Diversified Business Portfolio:** Raunaq has diversified its business into two entirely distinct segments viz. EPC and Automotive. This has reduced the Company's exposure to risk that might arise due to business cyclicality.

**Present in promising sectors:** Raunaq has its presence in the two sectors that are significant for the Country's economy – Infrastructure and Automotive.

**Customer Trust through Customer First:** The Company has a long-standing reputation among its customers and is considered as one of the most formidable players in its area of business.

**Strong Lineage:** Raunaq has a strong lineage as it has a legacy of sustenance in the corporate world for more

than 5 decades. It is a part of the reputed 'Surinder P. Kanwar Group' that has top companies like 'Bharat Gears Limited' and 'Clip-Lok Simpak (India) Private Limited'.

**Presence in niche segment:** Raunaq operates in the niche segment of mechanical solutions for industrial, power and hydrocarbon sectors in its EPC Business.

**Presence in OEM business:** Raunaq is present in the promising and more stable business of Original Equipment Manufacturer & Original Equipment Supplier through wholly owned subsidiary XDIL.

**Pan-India Distribution Presence:** Raunaq has a strong Pan-India presence of distribution network leading to deeper market penetration and wider customer reach.

**XDIL DEALERS NETWORK**

Jammu & Kashmir	6	Maharashtra	11
Himachal Pradesh	1	Goa	1
Punjab	1	Bihar	2
Chandigarh	1	Jharkhand	2
Delhi	5	Odisha	2
Haryana	2	West Bengal	4
Rajasthan	2	North Eastern States	6
Uttar Pradesh	3	Andhra Pradesh	1
Uttarakhand	2	Telangana	1
Gujarat	1	Karnataka	4
Madhya Pradesh	4	Tamilnadu	6
Chhattisgarh	2	Kerala	4
		<b>Total Dealers - Pan-India</b>	<b>74</b>

# OPERATIONAL HIGHLIGHTS

## REIL - PROJECTS EXECUTION (EPC):

- Water Supply Arrangement for Under Construction Line-08 Phase-III from Kalindikunj Depot to Janakpuri West of Delhi Metro Rail Corporation.
- Completed LP Piping System (Includes CW, ACW, DM Transfer, DMCW and COLTCS System with Misc Tanks) at 3X150MW Coal Based Thermal Power Plant, Haldia – West Bengal.
- 12 MLD Water Conveyance System from Dariba Smelter Complex to SK Mines, Dariba, Rajasthan.



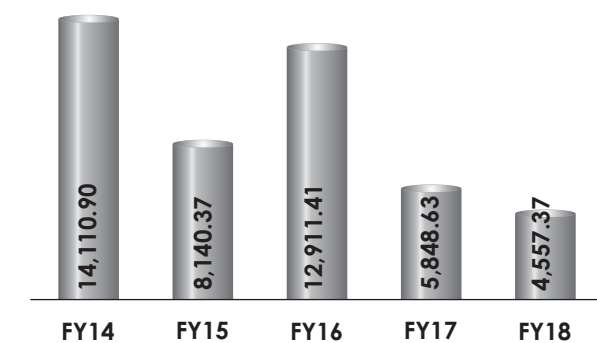
## XDIL – PRODUCTION HIGHLIGHTS:

- OEM revenues increased substantially from last year; from 4% of total revenue in FY17 to 30% in FY18.
- XDIL crossed profitability threshold and earned profits for 1<sup>st</sup> time since the inception.

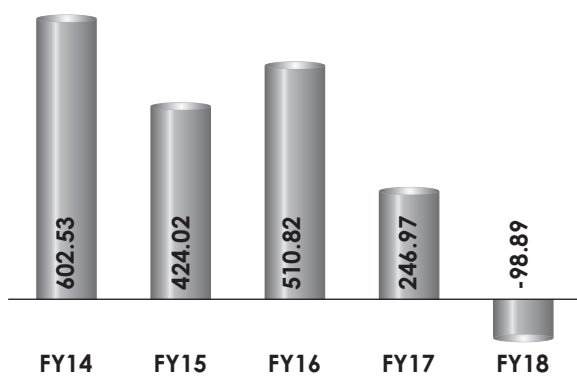


# FINANCIAL HIGHLIGHTS

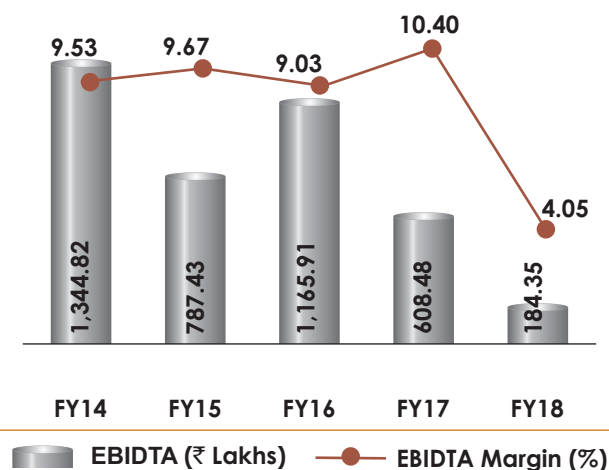
Total Income (₹ Lakhs)



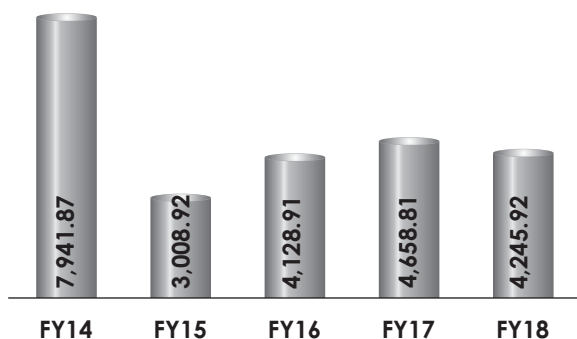
PAT (₹ Lakhs)



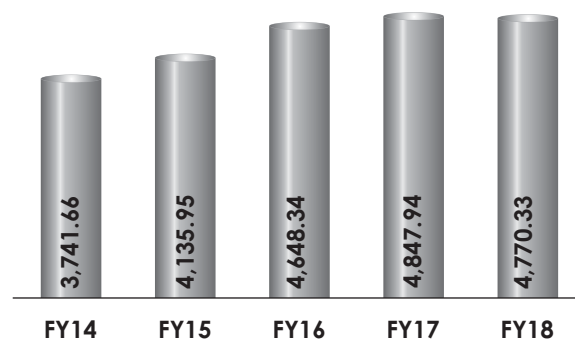
EBIDTA (₹ Lakhs) & EBIDTA Margin (%)



Market Capitalization (₹ Lakhs)



Net Worth (₹ Lakhs)



## CHAIRMAN'S MESSAGE



*Dear Shareholders,*

It is my pleasure to present the Annual Report for FY 2017-18. The year gone by was testing, but as the case with all obstacles, dark clouds have a silver lining too. We used this opportunity to reinvent ourselves and discover new growth avenues to tide over the slowdown in our mainstay EPC business. We are working to diversify our revenues with greater focus on the water distribution and our auto ancillary business. However, we remain steadfast in our focus on timely execution and quality focus. We expect, these efforts will pay off and fill the void developed due to slowdown in the power sector.

Our EPC business continued to face trying times with the overall slowdown in the thermal power sector. With enhanced focus on renewable fuel sources of generation, the thermal power sector is likely to witness pressures in times to come. The sector is going through a sluggish phase with capacity delays that led to a slowdown in new order booking for us. We also witnessed some slowdown in our Oil and Gas EPC business due to lapse of our eligibility license. We are working to overcome this hurdle by bidding for orders in the space as a joint contractor. In view of the sustained pressures on this segment, we made a tactical decision to diversify our operations and enhance our scope instead of taking on low margin orders and compress margins in an effort to stay afloat.

With our sustained track record of timely execution, engineering capabilities, and client relationships, we have begun focusing on the water distribution space. This sector holds ample potential in our Country. According to data from Dalburg Analysis, FAO and UNICEF, the Country is at the brink of a water crisis with 40% of the population expected to have difficulties in accessing drinking water by 2030. The Government has been steadily increasing budgetary allocation for the water sector, the 2018 union budget has increased the allocation by Rs 2,000 Crores for the purpose. This will be used to expand water resources for irrigation, drinking, and cleaning up the Ganga. The ministry is implementing key projects such as Namami Gange, Pradhan Mantri Krishi Sinchayi Yojana and river inter-linking. The above steps have led to increased orders in the pipeline and we expect to benefit from the same in the coming year.

Our other growth avenue will be auto component business, which we operated through our wholly owned subsidiary Xlerate Driveline India Limited. The auto-components industry accounts for 2.3% of India's Gross Domestic Product. This sector has been seeing favorable growth in the backdrop of robust growth in commercial vehicles, two-wheelers and passenger vehicles. The demand for Commercial vehicles is further expected to pick up due to pre-booking in light of compliance with BS-VI norms. Rising focus on infrastructure has also led to increasing demand of commercial and medium to heavy commercial vehicles. The passenger vehicles are well placed to witness strong growth on the back of increased demand in the key end user segments and pick up in rural incomes.

We made a substantial breakthrough in the OEM business; this is reflected in our auto component segment posting an annual revenue growth of 26% in FY 2017-18. To further enhance our presence in the sector, we are looking to forge alliances with new clients in commercial and passenger vehicles space. At the time, the OEM segment is providing recurring business and stability, the after market business is supporting our profitability and growth opportunities. Although, we have faced some temporary setback post the demonetization drive, the demand scenario has bounced back sharply recently.

Every hurdle gives us an opportunity to review and relook our actions, and the downturn in our main business segment has provided us with this opportunity. We have started thinking out of the box and came up with new avenues to scale our business. This has been a challenging yet exciting phase where our focus on quality and client relations have come to our aid. Going forward, we intend to grow in our newer focus areas of water distribution and auto ancillary space while retaining our core competencies in execution and timely execution.

In conclusion, I would like to thank all our shareholders for believing in us and standing by us through trying times. I would like to thank our customers and suppliers for their continued support in our existing and new growth plans. Last but of foremost value are our employees who have diligently worked with us on every step of the journey that we have undertaken, and are key to the success of our new path of revival. We firmly believe that our new efforts will bear fruit and put the Company back on the growth path.

With best regards,



**Surinder Paul Kanwar**  
Chairman and Managing Director

# BOARD OF DIRECTORS AND MANAGEMENT TEAM

## BOARD OF DIRECTORS



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



**Mr. Sachit Kanwar**  
Joint Managing Director



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



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



**Ms. Seethalakshmi  
Venkataraman**  
Non-Executive  
Independent Director



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



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



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

## MANAGEMENT TEAM



**Mr. Rajan Malhotra**  
Chief Executive Officer



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



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



**Mr. Sachin Kumar Mittal**  
Chief Financial Officer

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Surinder Paul 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. N.V. Srinivasan**

**Ms. Seethalakshmi Venkataraman**

### AUDIT COMMITTEE

Dr. Sanjeev Kumar

Mr. P.K. Mittal

Mr. V.K. Pargal

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

Mr. P.K. Mittal

Mr. Surinder Paul Kanwar

Mr. Sachit Kanwar

### NOMINATION & REMUNERATION COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder Paul Kanwar

Mr. P.K. Mittal

Mr. Gautam Mukherjee

### FINANCE COMMITTEE

Mr. P.K. Mittal

Mr. Surinder Paul Kanwar

Mr. Sachit Kanwar

Dr. Sanjeev Kumar

### SHARE ISSUE COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder Paul Kanwar

Mr. Sachit Kanwar

Mr. P.K. Mittal

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Surinder Paul Kanwar

Mr. Sachit Kanwar

Mr. P.K. Mittal

### BUSINESS STRATEGY COMMITTEE

Dr. Sanjeev Kumar

Mr. Surinder Paul Kanwar

Mr. Sachit Kanwar

Mr. P.K. Mittal

### SENIOR MANAGEMENT

Mr. Rajan Malhotra, *CEO*

Mr. A.D. Jain

Mr. Ashwani Chaswal

Mr. Sachin Kumar Mittal

### AUDITORS

M/s B.R. Maheshwari & Co. LLP

### COMPANY SECRETARY

Ms. Sukriti Manna

### BANKERS

State Bank of India

ICICI Bank Ltd.

Kotak Mahindra Bank Ltd.

IndusInd Bank Ltd.

### REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited

44, Community Centre, 2nd 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

- 14th Floor, Hoechst House, Nariman Point,  
Mumbai - 400 021

- Mookherjee House, 17, Brabourne Road,  
Kolkata - 700 001



***In FY15, the Company's Board of directors approved the Corporate Social Responsibility (CSR) policy on the recommendation of the CSR committee in terms of provisions of Section 135 of the Companies Act, 2013. The said policy is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com/pdf/corporate_social_responsibility_CSR_policy.pdf) under the link: [http://www.raunaqinternational.com/pdf/corporate\\_social\\_responsibility\\_CSR\\_policy.pdf](http://www.raunaqinternational.com/pdf/corporate_social_responsibility_CSR_policy.pdf). The broader activities proposed to be undertaken by the Company are incorporated under the CSR policy in line with the activities prescribed under the Schedule VII of the Companies Act, 2013. These include:***

- ✿ Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- ✿ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- ✿ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- ✿ Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- ✿ Protection of national heritage, art and culture, including the restoration of building and sites of historical importance and works of art and setting up of public libraries.
- ✿ Measures for the benefit of armed forces veterans, war widows and their dependents.
- ✿ Training to promote rural sports, nationally recognized sports, Paralympic and Olympic sports.

#### ✿ Rural Development projects.

Due to the tough financial conditions resulted out of long customers outstanding and adverse market conditions, the Company has not spent on CSR activities during the year 2017-18.

Though over the past decades, REIL has voluntarily been contributing to the lives of all its stakeholders in many different ways. This forms an integral part of the activities as enumerated in the CSR policy of the Company which it adopted after the enactment of the Companies Act, 2013. The Company has also contributed to the society, especially the needy persons, in special ways and through various NGOs.

### **Caring Autism**

Autism is a complex lifelong neurological disability affecting a person's communicative and imaginative skills and ability to relate with the people. Symptoms range from mild learning and social disability to severe impairment. A number of autistic children do not even develop proper speech while others do but are rarely able to use the language for clear communication.

There are nearly 2 million autistic persons in India and the diagnosis of autism is growing at an alarming rate. REIL has been an active corporate contributor to the cause supported by Action for Autism (AFA) which is the largest non-profit non-government organization providing support and services to persons with autism and their families.

# Management Discussion and Analysis

## ECONOMIC OVERVIEW

### Global Economy

In the year 2017, global output has grown by 3.8% according to the International Monetary Fund. Importantly, around 120 economies, for three quarters of world GDP, have seen a pickup in growth on a year-on-year basis in 2017 which seems sustainable as the growth has been broad based;

### Global GDP growth rate

(in %)

	World output	Advanced Economies	Emerging market and developing economies
2017	3.8	2.3	4.8
2018	3.9	2.5	4.9
2019 (E)	3.9	2.2	5.1

(Source: IMF.org)

Advanced economies like Germany, Japan, Korea and the United States had shown a good performance in 2017. Whereas the key emerging market and developing economies like Brazil, China and South Africa posted stronger than expected during the year.

World trade has also increased strongly in recent months with the outcome of the increase in the investments, particularly in advanced economies, and an increase in manufacturing output in Asia region. The PMIs (Purchasing Managers' Indices) indicate that going ahead, manufacturing activity will be firm. This reading is consistent with the strong consumer confidence which indicates healthy final demand.

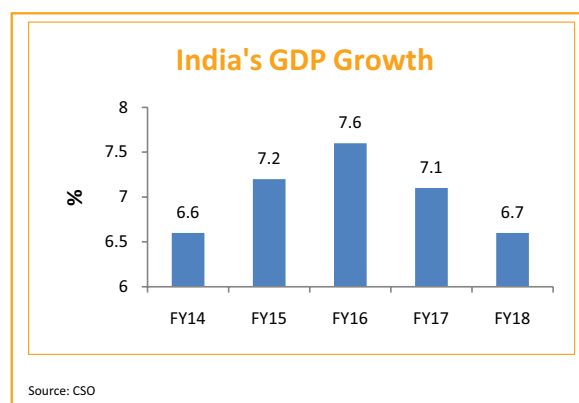
Based on current trends and policy scenarios, the IMF has revised its global growth forecasts for 2018 and 2019 upward by 0.2 percentage points to 3.9%. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes.

### Domestic

According to Central Statistics Office, India's GDP growth for FY18 is stayed at 6.7% which is lower than the 7.1% clocked in FY17, the sporadic dip in the growth rate is attributed to the fact that the economy recently received two major policy shocks in the form of demonetisation and the implementation of GST. The return to 7%+ growth, in the October-December quarter of FY18, which registered a growth of 7.2%, is viewed as an indicator that the economy has successfully adjusted to these shocks and recovered.

Further, the World Bank has projected that the Indian economy will grow at 7.3% in 2018 and 7.5% in the next two years. It stated that the Indian economy has enormous growth potential due to the implementation of

comprehensive reforms. Further IMF reported that Over the medium term, India's growth is expected to gradually rise with continued implementation of structural reforms that raise productivity and incentivise private investment. The Reserve Bank of India also expects the economy to grow 7.4% this fiscal.



Upon implementation of the GST, Retail inflation (as measured by the Consumer Price Index) in India began to rise in July 2017. However, after climbing steadily till November 2017, it began to decline, and had reached a five month low in March 2018. Accordingly, in early April 2018, the RBI lowered its April-September retail inflation projection to 4.7% from a previous range of 5.1-5.6%, released in February. Side by side, it maintained its policy rates during its April 2018 monetary policy review, taking a neutral stance on interest rates.

The government has been continuously introducing reforms in various sectors, aiming to achieve a growth rate of 7.0-7.5% in FY19 and a growth of above 8% in the near future as manufacturing, services and exports return to their good growth path. The focus of the Union Budget 2018 was on strengthening agriculture, rural development, health, education, employment, MSME and infrastructure sectors. Some landmark proposals included the mission to increase farmer income by 2020 alongside the setting up of 22,000 rural haats to protect the interests of small and marginal farmers. Further, the government has allocated Rs. 5.97 lakh crores towards enhancing the Country's existing infrastructure and creating world-class structures and committed to build one crore houses in the rural areas towards fulfilling its target of housing for all by 2020.

On the trade front, Indian exports have grown by 9.80% during FY 2017-18, its being the highest growth rate in six years. Imports also picked up nearly 20.00% as the commodity prices pushed up the value of shipments in and out of the Country along with a pick-up in global trade. However, the trade deficit was estimated to have widened to \$ 157 billion in FY 2017-18, compared to \$ 109 billion in FY 2016-17.

Overall, the optimistic global outlook as well as a strong pick up in the domestic economy bode well for capital goods.

## INDUSTRY OVERVIEW

### Infrastructure 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.

Foreign Direct Investment (FDI) received in Construction Development sector from April 2000 to December 2017 stood at US\$ 24.67 billion, according to the Department of Industrial Policy and Promotion (DIPP). India has a requirement of investment worth ₹ 50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the Country. India is witnessing significant interest from international investors in the infrastructure space. The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport, prior to the general elections in 2019.

The Government of India is taking every possible initiative to boost the infrastructure sector. Some of the steps taken in the recent past are being discussed hereafter.

- Announcements in Union Budget 2018-19:
  - o Massive push to the infrastructure sector by allocating ₹ 5.97 lakh crores for the sector.
  - o Railways received the highest ever budgetary allocation of ₹ 1.48 trillion.
  - o ₹ 16,000 crores towards Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme. The scheme aims to achieve universal household electrification in the Country.
  - o ₹ 4,200 crores to increase capacity of Green Energy Corridor Project along with other wind and solar power projects.
  - o Allocation of ₹ 10,000 crores to boost telecom infrastructure.
- The 90 smart cities shortlisted by the Government of India have proposed projects with investments of ₹ 191,155 crores which include Projects Focusing on Revamping an Identified Area (Area Based Projects) with investment of ₹ 152,500 crores.
- Contracts awarded under the Smart Cities Mission would show results by June 2018 as the work is already in full swing, according to Mr. Hardeep Singh Puri, Minister of State (Independent Charge) for Housing and Urban Affairs, Government of India.

India's national highway network is expected to cover 50,000 kilometres by 2019, with around 20,000 kms of works scheduled for completion in the next couple of years, according to the Ministry of Road Transport and Highways.

India and Japan have joined hands for infrastructure development in India's north-eastern states and are also setting up an India-Japan Coordination Forum for Development of North East to undertake strategic infrastructure projects in the north east. (Source: India Brand Equity Foundation)

### Power Sector

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the Country.

As on February, 2018, total installed capacity of power stations in India stood at 334,146.91 Megawatt (MW). The Ministry of Power has set a target of 1,229.4 billion units (BU) of electricity to be generated in the financial year 2017-18, which is 50 BU's higher than the target for 2016-17. The annual growth rate in renewable energy generation has been estimated to be 27 per cent and 18 per cent for conventional energy. (Source: India Brand Equity Foundation, Ministry of Power)

A report by a government committee on the optimal energy mix in power generation says that the thermal power sector may continue to bear the brunt of the thrust on renewable energy.

The report says coal-based power plants will have to be underutilized if the committed renewable capacities have to be added by 2021-22. The utilization levels or the plant load factor is estimated to fall to 56.5% by 2021-22 which will have a severe impact on the margin of safety and meagre returns for owners.

The utilization level estimate takes into account the coal-based capacity of 47,855 megawatts at various stages of construction, which are likely to be commissioned during 2017-22. Much of the capacity is being built by government-owned entities. So power offtake may not be a major issue for them. But they will restrict the opportunities available for the projects that are currently stalled, which are operating at sub-optimal utilization levels and without enough power offtake agreements.

The government report also says that in an alternative scenario of higher demand, the overall utilization of coal-based power plants could see a noticeable improvement. But the current subdued trends provide limited confidence about achieving higher demand.

Also adding to the uncertainty are the indirect costs of renewable energy integration. As renewables gain prominence, thermal power plants will have to become flexible in terms of generation to balance grid demand. This involves substantial costs and investments.

While the government seems aware of the challenges, if demand does not see noticeable improvement, the pain in the thermal power sector may last for a long while.

### Water Sector

The Budget has allocated ₹ 450 crores for groundwater management and regulation, which is ₹ 175 crores more than the RE for last year. The Government has made an additional allocation of almost ₹ 1,000 crores for extending and strengthening irrigation facilities and improving groundwater management in rural areas. The Budget for the water resources ministry has seen an over 15 per cent jump compared to the revised estimates (RE) for last year. In real terms, it amounts to a total of ₹ 1,200 crores, over 80 per cent (₹ 995 crores) of which has

been earmarked for efficient extraction of groundwater, especially in some selected backward districts and for command area development of irrigation projects. "Groundwater Irrigation Scheme" under Prime Minister Krishi Sinchai Yojna - Har Khet Ko Pani - will be taken up in 96 Irrigation deprived districts where less than 30 per cent of land holdings get assured irrigation presently. "I have allocated ₹ 2,600 crores for this purpose", Finance Minister Mr. Arun Jaitley said in his Budget speech.

Under AMRUT program, State level plans of ₹ 77,640 crores for 500 cities have been approved. Water supply contracts for 494 projects worth ₹ 19,428 crores and sewerage work contract for 272 projects costing ₹ 12,429 crores has been awarded. 482 cities have started Credit rating and 144 cities have got investment grade rating under Prime Minister Krishi Sinchai Yojna.

### Automotive Sector

The automobile industry, which comprises the production of commercial vehicles, passenger cars and three and two-wheelers, is one of the largest in the world. Due to a range of supportive factors, including availability of skilled labour at low cost, robust R&D centres and low cost steel production, the industry provides great opportunities for investment and direct & indirect employment to skilled and unskilled labour. According to IBEF, it accounts for 7.1% of the country's Gross Domestic Product (GDP).

The production of passenger vehicles, commercial vehicles, three wheelers and two wheelers grew at 14.41% year-on-year between April, 2017 and February, 2018, to 26,402,671 vehicles. According to IBEF, the Indian automotive aftermarket is estimated to grow at around 10-15% to reach \$ 16.5 billion by 2021 from around \$ 7 billion in 2016. It has the potential to generate up to \$ 300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12% to India's GDP.

India is also a prominent auto exporter and has strong export growth expectations for the near future. Overall automobile exports grew 15.81% year-on-year between April, 2017 and February, 2018.

## BUSINESS OVERVIEW

The Company, established in 1965, is engaged in the business of EPC AND auto components manufacturing (through its 100% wholly owned subsidiary Xlerate Driveline India Limited). In the EPC space the Company primarily specialises in plant piping/cross country piping, fuel oil handling and storage systems. While in the auto components business, it is into manufacture of after market automotive clutches for commercial vehicles.

## PERFORMANCE REVIEW

### Raunaq EPC International Limited (REIL)

In 2017-18, REIL's revenue decreased 28.33% from ₹ 5,848.63 Lakhs in 2016-17 to ₹ 4,557.37 Lakhs in 2017-18. The decline in revenues and profits was primarily on account of low order booking during the year driven by adverse market conditions prevailing in the power sector in the past four years. The Company's total order book position as on 31 March, 2018 stood at ₹ 5900 lacs.

In terms of execution, some of the major projects that the Company successfully worked on during 2017-18 include:

- Water Supply Arrangement for Under Construction Line-08 Phase-III from Kalindi Kunj Depot to Janakpuri West of Delhi Metro Rail Corporation.
- Complete LP Piping System (Includes CW, ACW, DM Transfer, DMCW and COLTCS System with Misc Tanks) at 3X150 MW Coal Based Thermal Power Plant, Haldia-West Bengal.
- 12 MLD Water Conveyance System from Dariba Smelter Complex to SK Mines, Dariba, Rajasthan.

### Xlerate Driveline India Limited (XDIL)

In 2017-18, XDIL's revenues has achieved a significant increase of 25.17% from ₹ 26.73 crores in FY 2016-17 to ₹ 33.46 crores in FY 2017-18. The major reasons for the increase in sales is due to rise in the revenue share in the OEM/OES segment which has provided strength to the working capital needs of the Company and further post demonetisation and settling of GST, demand has been steady in the After market business too. XDIL in the FY 2017-18 has achieved cash profits of ₹ 32.61 lacs and lowered its losses to ₹ 49.67 lacs from ₹ 1.37 crores in the FY 2016-17. With the business volume is picking up pace now, it will result in reduction of the overhead costs per unit production.

During the year, the Company has increased its growth momentum with the OEM (Original Equipment Manufacturer) and OES (Original Equipment Supplier) of commercial clutches which are major commercial segment players. This had provided the Company the much needed volume growth, steady business inflow and better cash flows which in turn had reduced the per unit overhead costs and breakeven.

## OUTLOOK

### Raunaq EPC International Limited

The Company intends to strategically grow its business vertically as well as horizontally. The vertical expansion strategy shall focus on strengthening scope of the piping system through partnering with international players having technologies that are non-existent in India. This shall enhance its eligibility criteria for projects with larger scope while at the same time provide access to newer technologies for creating a niche. The horizontal expansion strategy shall focus on exploring opportunities in the huge water distribution market of the country, given the declining scope of thermal power projects.

The Company is trying to enter the international arena by bidding for international projects. The geographical expansion shall allow it to reduce risk exposure of being restricted to a single country.

Quality and timely execution of projects shall remain our prime focus areas to enhance our brand image. The Company intends to select clients and projects cautiously to reduce exposure to laggard projects that can be a drag on its balance sheet.

### Xlerate Driveline India Limited

The Company focuses on leveraging existing OEM credentials to expand its OEM business portfolio necessary for scaling operations and effectively sweating

production lines that are currently running at one-third capacities. Further, it intends to fortify market share in the commercial segment and diversify to passenger vehicles segment, for which it is actively scouting for partners who can provide ready access to passenger vehicle market. Entry in passenger vehicle segment would be an important breakthrough for the Company as this segment has highest volume opportunity.

## RISKS AND CONCERNS

### Macroeconomic risk:

A downturn in the macroeconomic scenario along with unfavourable regulatory policies can negatively impact on business.

**Mitigation:** The current macroeconomic scenario of the country remains strong with interest rates and inflation being under control leading to favourable conditions for EPC players. Besides, the increased focus on infrastructure segment and initiatives undertaken to enhance ease of doing business and fast-track projects are all likely to improve the dire scenario of the EPC space over the past few years. Further, the water distribution space that the Company plans to diversify is amongst the most lucrative space owing to the growing demand for water and its inherent importance.

The automobile component industry is also likely to witness growth with decline in personal tax rates and implementation of GST (Goods and Services Tax).

Moreover, the Company is strongly focusing on international markets to reduce country dependent risk. In its automotive business the Company already has export presence in Nepal, Sri Lanka and Bangladesh while in the EPC business it is actively focusing on bidding international projects.

### Competition risk:

The increasing competition within the EPC space may coerce the Company to tender at lower prices leading to compressed margins.

**Mitigation:** The Company's focus on quality, timely delivery, projects brand value and successful track record give a competitive edge over others. Further, its vast experience, technology investments and competent work force enable to manage the project costs allowing it to provide customers the most competitive rates.

### Project execution risk:

Inability of the Company to effectively manage projects may lead to cost/time overruns and reputation loss.

**Mitigation:** The Company has adequate modern equipments which leads to high productivity at project sites. Investment in sophisticated IT infrastructure enabling real time data sharing, effective project planning and management, developing cost-effective designs and maintaining connectivity with employees at project sites. Besides, the Company has a competent engineering team having expertise in diverse fields. A combination of all these enables it to maintain a successful track-record of delivering quality projects in the scheduled time frame.

### Liquidity risk:

Inability of the Company to recover payments in time may hamper its working capital which in turn may impact funding of other on-going projects.

**Mitigation:** The Company conducts a judicious risk-return evaluation of each project and rigorous follow up for the outstanding balances over 180 days. In addition, the efficient fund management by talented human resources enables it to remain low on debt by prudent reinvestments of working capital to fund new projects.

### Business volume risks:

The Company's automotive business, being into aftermarket components requires high volumes to make it profitable and sustainable.

**Mitigation:** The Company has successfully obtained orders from OEM and OES from established commercial players that is likely to provide with steady business volumes. It is also exploring opportunities for new OEM approvals and extending portfolio to passenger vehicle segment.

### Production quality risk:

Inability of the Company to manufacture quality automotive products may result in rejection, loss of goodwill, inventory pile-up and losses.

**Mitigation:** The Company employs competent team having strong design and manufacturing skills. It has advanced equipments that ensures quality of manufactured products along with product testing facilities that validates the quality of the products as per the specifications.

### Fraud risk:

REIL cannot eliminate fraud entirely however, Company is trying to prevent some things from happening to lessen the financial impact to it.

**Mitigation:** We have put in place and strengthen anti-fraud measures. The Company has adopted following measures to tranquillize the risk:

- Carry out fraud risk assessment including results from past reviews and audits
- Improve controls
- An effective governance structure including appropriate lines of authority and Board oversight
- Independent check on performance and compliance
- Segregation of duties so that no employee has control over whole process

### Legal risk:

The traditional mechanisms for project risk allocation that are available in other countries are not suitable in India due to differences in legal systems. Moreover, we strive upon to develop a compliance structure which can be carefully studied and processed.

**Mitigation:** The management has a team of advisors for deep study of contractual terms and access the risk associated with it and make out strategies accordingly and provide legal proactive support and contingency planning.

**Information risk:**

Information risk is the probability that the information circulated by the Company can be leaked or destroyed. This may affect the Company's ongoing and upcoming operations.

**Mitigation:** The information risk mitigation process developed by our Company includes:

- Establishing information risk management practices that will help to make the organisation successful.
- Regular re-evaluation of the nature and extent of the risks to which the organization is exposed, plus periodic adjustment to ensure that the Company continues to steer the line between allowing risks to grow out of hand and constraining operational effectiveness.

**Technology risk:**

Your Company is engaged in providing service to the core infrastructure sector which faces the need of instituting new technology so as to gain cost advantage and timely completion of the project with the use of advanced techniques. Moreover a change in technology or an obsolete technique creates a huge risk and creates a cost burden on the projections and financials of the Company.

**Mitigation:** To mitigate such risk, the Company takes following measures:

- The Company is employed with latest upgraded equipments and other state of the art technology and takes adequate insurance coverage to protect its construction equipments and Company's other assets.
- The Company imparts training to its workers timely in consultation with experts and professionals.
- Active participation in the trade fairs and workshops for the understanding of new technological up gradations.

**Country risk:**

Your Company is trying to extend its product range and services in foreign territory. So it becomes utmost priority to evaluate country related risk before making any substantial investment commitments. The study of country related risk also become inherent in order to develop alternative scenarios.

**Mitigation:** Management is proactive in analyzing risk associated with across borders and carefully plans the terms and policies of the agreements.

**Reputation risk:**

Reputation is one of the most vital part of any organization's growth and expansion. Company not only has to build the reputation but it has to maintain as well for future. It is the most significant risk which management of the Company consider as challenge because it is associated with Company's market value. The Company's financial stability is outcome of the good reputation the Company holds in the market.

**Mitigation:** Your Company has ensured every step to maintain the reputation through good communication between bankers and stakeholders and strong relationship building by its work culture and corporate governance. The ethics are instilled throughout the organization via code of conduct for the board, management and employees. The Company has set up a management team for evaluating events that may trigger a negative impact on the organization.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has structured and well-defined internal control systems commensurate with the size and nature of the business it operates in. These systems, policies, procedures and guidelines cover various operational aspects. The Company stringently follow all procedures, ensures accuracy of financial information and compliance at all levels, and adheres to the laws, rules and statutes of the land. Periodic Internal Audit is also undertaken under the review of its Audit Committee. All activities are regularly monitored and any concerns raised are effectively addressed. The Internal Audit team independently reviews and strengthens the control measures. The Company's well-defined MIS systems further ensure that all expenses are within the budgetary allocations, and immediately flags off any mismatch for attention and corrective measures.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company considers human resources as a key factor responsible for its growth and long term sustainability. It periodically provides skill and personal development training to its employees to enhance productivity growth. In addition to this, the Company regularly arranges & organises events and festival celebration to keep the employees motivated. During the year, the industrial relations at the Head Office and Project sites remained cordial. As on 31 March, 2018, the Company had a total of 110 employees.

**CAUTIONARY STATEMENT**

*Statements in the Management Discussion and Analysis Report describing the Company's projections, estimates and expectations may be interpreted as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets in which the Company operates, changes in government regulations, tax laws and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.*

# BOARD'S REPORT

(SECTION 134 OF THE COMPANIES ACT, 2013)

## To The Members

### Raunaq EPC International Limited

Your Directors have pleasure in presenting the 53<sup>rd</sup> Annual Report of your Company together with the Audited Standalone and Consolidated Financial Statements and the Auditors' Report thereon for the Year ended 31 March, 2018.

## FINANCIAL RESULTS

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

(₹in/Lacs)

Consolidated		
Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Revenue from Operations and Other Income	7,903.17	8,521.25
Profit before Finance Cost and Depreciation	292.65	574.85
Finance Cost	331.06	333.36
Depreciation	161.37	143.95
Profit Before Tax	(199.78)	97.54
Less: Tax Expense	(51.46)	(11.74)
<b>Profit for the year</b>	<b>(148.32)</b>	109.28
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified to Profit and Loss (net of tax)</b>	<b>21.28</b>	1.72
<b>Total Comprehensive Income for the year</b>	<b>(127.27)</b>	111.00

The highlights of Financial results of your Company on **Standalone basis** are as follows:

(₹in/Lacs)

Standalone		
Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Revenue from Operations and Other Income	4,557.37	5,848.63
Profit before Finance Cost and Depreciation	184.35	608.48
Finance Cost	255.38	265.14
Depreciation	87.35	73.33
Profit Before Tax	(158.38)	270.01
Less: Tax Expense	(59.49)	23.04
<b>Profit for the year</b>	<b>(98.89)</b>	246.97
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified to Profit and Loss (net of tax)</b>	<b>21.28</b>	0.92
<b>Total Comprehensive Income for the year</b>	<b>(77.61)</b>	247.89

### Surplus in Statement of Profit and Loss

Opening balance	2,825.25	2,625.65
Add: Profit for the year	(77.61)	247.89
Less:		
Dividend paid- Equity	-	(40.12)
Tax on distributed profits	-	(8.17)
Transferred to General Reserve	-	-
<b>Closing Balance</b>	<b>2,747.64</b>	2,825.25

## Dividend

In view of loss for the year, your directors have not recommended any dividend on equity shares of the Company for the year ended 31 March, 2018.

## Business Operations

During the year under review, the sales and other income of the Company on Standalone basis was ₹ 4,557.37 Lacs against ₹ 5848.63 Lacs in the previous year. The Profit after tax (PAT) is ₹ (98.89) Lacs against ₹ 246.97 Lacs in the last year.

The sales and other income of the Company on Consolidated basis in the year 2017-18 was ₹ 7903.17 Lacs against ₹ 8,521.25 Lacs in the previous year and the profit after tax (PAT) is ₹ (148.32) Lacs against ₹ 109.28 Lacs in the last year.

The decline in revenues and profits was primarily on account of nil order booking during the year driven by adverse market conditions prevailing in the power sector in the past four years.

## Future Outlook

The Company intends to strategically grow its business vertically as well as horizontally. The vertical expansion strategy shall focus on strengthening scope of the piping system through partnering with international players having technologies that are non-existent in India. This shall enhance its eligibility criteria for projects with larger scope while at the same time provide access to newer technologies for creating a niche. The horizontal expansion strategy shall focus on exploring opportunities in the huge water distribution market of the country, given the declining scope of thermal power projects.

The Company is trying to enter the international arena by bidding for international projects. The geographical expansion shall allow it to reduce risk exposure of being restricted to a single country.

Quality and timely execution of projects shall remain our prime focus areas to enhance our brand image. The Company intends to select clients and projects cautiously to reduce exposure to laggard projects that can be a drag on its balance sheet.

## Consolidated Financial Statements

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"), Consolidated Financial statements have been prepared in accordance with IND AS-110 of the Indian Accounting Standards 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.

## Indian Accounting Standards (Ind AS) IFRS Converged Standards

The Company has adopted "IND AS" w.e.f. 01 April, 2017. Accordingly, the Financial Statements for the financial year ended 31 March, 2018 have been prepared in

accordance with IND AS. Explanations capturing areas of differences and reconciliations from Indian GAAP to IND AS have been provided in the notes forming part of the financial statements.

## Management Discussion and Analysis

A detailed analysis of the Company's operations in terms of performance in markets, business outlook, risk and concerns forms part of the Management Discussion and Analysis, a separate section of this report.

## Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors 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 31 March, 2018 and of the profit and loss of the Company for the period ended on that date;
- (c) the directors 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;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Related Party Contracts and Arrangements

The contracts or arrangements of the Company with related parties during the period under review referred to in Section 188(1) of the Companies Act, 2013 were in ordinary course of business and on 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 related party transaction policy of the Company. The said policy as approved by the Board in terms of provisions of Regulation 23 of the Regulations is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com/pdf/related_party_transactions_policy.pdf) under the link [http://www.raunaqinternational.com/pdf/related\\_party\\_transactions\\_policy.pdf](http://www.raunaqinternational.com/pdf/related_party_transactions_policy.pdf).

The prescribed form AOC-2 of the Companies (Accounts) Rules, 2014 is enclosed as **Annexure - “A”** to this report.

### Particulars of Loans, Guarantees or Investment

Details of Loans or guarantee given or security provided in terms of provisions of Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 has been adequately disclosed in the financial statements.

### Directors

During the financial year 2017-18, the members of the Company, at their Annual General Meeting held on 08 August, 2017 approved:

- re-appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company for a further period of 5 (Five) years w.e.f. 01 October, 2017;
- re-appointment of Mr. N.V. Srinivasan as Non-Executive Director of the Company, liable to retire by rotation in terms of the provisions of Section 152 of the Companies Act, 2013.

Mr. Satya Prakash Mangal ceased to be a Director of the Company pursuant to his resignation w.e.f. 15 February, 2018.

Mr. N.V. Srinivasan, Non-Executive Director of the Company, liable to retire by rotation in terms of the provisions of the Companies Act, 2013 has offered himself to be re-appointed as Non-Executive Director in terms of the provisions of Section 152 of the Companies Act, 2013 at the ensuing Annual General Meeting of the Company.

Therefore, in terms of Section 152 of the Companies Act, 2013, it has been proposed to appoint Mr. N.V. Srinivasan as Non-Executive Director of the Company at the ensuing Annual General Meeting (AGM) of the Company, liable to retire by rotation upto the conclusion of the next Annual General Meeting (AGM) of the Company.

The brief resume of Mr. N.V. Srinivasan is given in the notice calling the Annual General Meeting.

### Number of Meetings of the Board

During the financial year 2017-18, 5 (Five) Board Meetings were held on the following dates:

- 26 May, 2017;
- 20 June, 2017;
- 08 August, 2017;
- 06 November, 2017; and
- 01 February, 2018

The gap between any two meetings was not more than one hundred twenty days as mandated under the provisions of Section 173 of the Companies Act, 2013 and Regulation 17(2) of the Regulations.

### Independent Directors

In terms of provisions of Section 149(7) of the Companies Act, 2013, all the Independent Directors of the Company have furnished a declaration to the Company at the meeting of the Board of Directors held on 25 May, 2018 stating that they fulfill the criteria of Independent Director as prescribed under Section 149(6) of the Companies Act, 2013 and are not being disqualified to act as an Independent Director.

In terms of the Regulation 25(7) of the Regulations, the Company has adopted a familiarization programme for the Independent Directors to familiarize them with working of the Company, nature of the industry in which the Company operates, business model of the Company, their roles, rights, responsibilities, and other relevant details. The details of familiarization programme during the Financial Year 2017-18 are available on the official website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link i.e. <http://www.raunaqinternational.com/pdf/details-of-familiarization-programme-for-independent-directors-2017-2018.pdf>.

### Policy on Directors' Appointment and Remuneration

In terms of provisions of Section 178 of the Companies Act, 2013 read with Regulation 19 of the Regulations, a policy relating to remuneration for the Directors, Key Managerial Personnel and other employees has been adopted by the Board of Directors of the Company in pursuance of its formulation and recommendation by the Nomination and Remuneration Committee thereby analyzing the criteria for determining qualifications, positive attributes and independence of a Director. The said policy is annexed as **Annexure - “B”** to this report and is also available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link [http://www.raunaqinternational.com/pdf/Company\\_policy\\_on\\_nomination\\_and\\_remuneration.pdf](http://www.raunaqinternational.com/pdf/Company_policy_on_nomination_and_remuneration.pdf).

### Evaluation Process

The Board of Directors of the Company has established a framework for the evaluation of its own performance and Independent Directors of the Company and fixed certain parameters covering the evaluation of the Chairman, Executive Directors and Independent Directors on the basis of which the evaluation is being carried on annual basis in terms of provisions of the Companies Act, 2013 and the Regulations.

During the year under review, the Board of Directors at its meeting held on 01 February, 2018 have carried out the evaluation of its own performance and that of its committees and Independent Directors of the Company and the Independent Directors in their meeting held on even date have evaluated the performance of the Chairman and Non-Independent Directors of the Company respectively in accordance with the framework approved by the Board.

The evaluation results reflects that the Company is well equipped as far as the management as well as governance aspects are concerned.

### Key Managerial Personnel

The following Directors/Officials of the Company have been designated as Key Managerial Personnel (KMP) of the Company by the Board of Directors in terms of provisions of Section 203 of the Companies Act, 2013 and the Regulations:

1.	Mr. Surinder Paul Kanwar	Chairman & Managing Director
2.	Mr. Sachit Kanwar	Joint Managing Director
3.	Mr. Rajan Malhotra	Chief Executive Officer
4.	Mr. Sachin Kumar Mittal	Chief Financial Officer
5.	Ms. Sukriti Manna	Company Secretary

During the period under review, Mr. Shalesh Kumar has resigned from the post of AGM - F & A & (CFO) of the Company w.e.f. 20 September, 2017 and Mr. Sachin Kumar Mittal, Manager (F & A) of the Company has been designated as Manager- F & A & (CFO) of the Company w.e.f. 01 February, 2018.

Further, Mr. Kaushal Narula has resigned from the post of Company Secretary of the Company w.e.f. 04 October, 2017 and Ms. Chanchal Gupta, Company Secretary of Xlerate Driveline India Limited, wholly owned Subsidiary Company had been designated as Company Secretary of the Company w.e.f. 06 November, 2017.

Pursuant to resignation of Ms. Chanchal Gupta w.e.f. 24 April, 2018, Ms. Sukriti Manna, has been appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 25 May, 2018.

### Disclosure under Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Disclosures pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as **Annexure - "C"** to this report.

### Particulars of Employees

Information regarding employees in accordance with the provisions of Rule 5(2) and Rule 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure - "D"** to this Report.

### Risk Management

A robust and integrated enterprise risk management framework is in existence under which the common prevailing risks in the Company are identified, the risks so identified are reviewed on periodic basis by the Audit Committee and the management's actions to mitigate the risk exposure in a timely manner are assessed.

A risk management policy under the above said enterprise risk management framework as approved by the Board has been adopted by the Company and being reviewed on yearly basis.

### Corporate Social Responsibility

In terms of provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee ("CSR Committee") is in existence to monitor the Corporate Social Responsibility Policy of the Company as approved by the Board and the said policy is available on website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

The CSR Committee comprises of Mr. Surinder Paul Kanwar, Mr. Sachit Kanwar and Mr. P.K. Mittal.

As per the provisions of the said section, an amount of ₹ 9.80 Lacs was required to be spent on CSR activities by the Company during the financial year 2017-18.

The management explained that due to the tough financial conditions resulted out of long customers outstanding and adverse market conditions, the Company has not spent on CSR activities during the year 2017-18.

The report on CSR activities in terms of provisions of Rule 8 of the Companies (Corporate Social Responsibility) Rules, 2014 is enclosed as **Annexure - "E"** to this report.

### Audit Committee

The Audit Committee comprises of Dr. Sanjeev Kumar, Mr. V.K. Pargal and Mr. P.K. Mittal.

### Internal Complaints Committee for Prevention of Sexual Harassment

Pursuant to Section 21 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has constituted Internal Complaints Committee (ICC) where any grievances of sexual harassment at workplace can be reported.

The Company has also adopted a policy on Prevention of Sexual Harassment at workplace. The objective of the policy is to provide its women employees, a workplace, free from harassment/discrimination and every employee is treated with dignity and respect. The said policy is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link [http://www.raunaqinternational.com/pdf/prevention\\_of\\_sexual\\_harassment.pdf](http://www.raunaqinternational.com/pdf/prevention_of_sexual_harassment.pdf).

During the year under review, ICC of the Company has not received any complaint pertaining to sexual harassment of women at workplace.

### Subsidiaries/Joint Ventures/Associate Companies

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 1,48,77,038 (One Crore Forty Eight Lakhs Seventy Seven Thousand Thirty Eight) Equity Shares of ₹ 10/- (Rupees Ten) each of XDIL amounting to ₹ 14,87,70,380/- (Rupees Fourteen Crores Eighty Seven Lakhs Seventy Thousand Three Hundred Eighty Only) as an investment directly/through its nominees which is equivalent to 100% paid up equity capital of XDIL.

### Deposits

During the year under review, the Company did not accept any deposits.

### Investor Education and Protection Fund (IEPF)

In terms of provisions of Section 124(5) of the Companies Act, 2013 read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Unclaimed Final Dividend pertaining to the Financial Year 2009-10 amount aggregating to ₹ 1,30,753.00 (Rupees One Lakh Thirty Thousand Seven Hundred Fifty Three Only) had been transferred to the "Investor Education and Protection Fund" established by the Central Government.

Further, in terms of provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") and the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("the Amended Rules"), the Company is required to transfer the equity shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government and a statement containing such details are required to be filed with the Ministry of Corporate Affairs (MCA).

In pursuance of the above, pursuant to the transfer of the unclaimed dividend for the year 2009-10 to the IEPF on 20 August, 2017 i.e. upon completion of seven years from transfer of dividend into unclaimed dividend account, 41,559 (Forty One Thousand Five Hundred Fifty Nine) Equity Shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2009-10 have been transferred into demat account of IEPF Authority.

The unclaimed dividend for the year 2010-11 is proposed to be transferred to the Investor Education and Protection Fund (IEPF) on 23 August, 2018 i.e. upon completion of seven years from the transfer of said dividend into unclaimed dividend account. Subsequently, the equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2010-11 (net of the shares already transferred) shall also be transferred into IEPF.

In terms of the Rules dated 05 September, 2016 and the Amended Rules dated 28 February, 2017, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF during the Financial Year 2018-19 so as to enable them to claim their dividend attached to such shares before such dividend and shares are transferred to IEPF and further, the necessary information in this

regard is available on the website of the Company i.e. [www.raunaginternational.com](http://www.raunaginternational.com) for the convenience of the shareholders.

The Equity shares once transferred into IEPF can only be claimed by the concerned shareholder from IEPF Authority after complying with the procedure prescribed under the Rules and the Amended Rules.

### Auditors

The Statutory Auditors, M/s. B.R. Maheswari & Co. LLP, Chartered Accountants (ICAI Regn No. 001035N) had been appointed as Statutory Auditors of the Company in the 52<sup>nd</sup> Annual General Meeting held on 08 August, 2017 for a period of 5 (Five) years in terms of provisions of Section 139 of the Companies Act, 2013 to hold office from the 52<sup>nd</sup> AGM to the 57<sup>th</sup> AGM in the calendar year 2022.

### Report on Financial Statements

The report of M/s B.R. Maheswari & Co. LLP, Chartered Accountants (ICAI Regn. No. 001035N), the Statutory Auditors of the Company on the financial statements of the Company for the year ended 31 March, 2018 is annexed to the financial statements in terms of provisions of Section 134(2) of the Companies Act, 2013. The observations of the Auditors in their report are self-explanatory and/or explained suitably in the Notes forming part of the Financial Statements. The report of the Statutory Auditors does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

### Secretarial Audit

The Board has appointed M/s A.K. Jha & Associates, Practicing Company Secretaries, New Delhi as Secretarial Auditor for the Financial Year 2017-18 in terms of provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report of the Company for the Financial Year ended 31 March, 2018 in the prescribed Form MR-3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure - "F"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark which needs any explanation or comment of the Board.

### Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance. The Report on Corporate Governance as stipulated under Schedule V(C) of the Regulations forms part of this Report.

The requisite certificate of Compliance from M/s. A.K. Jha & Associates, Practicing Company Secretaries, New Delhi confirming compliance with the conditions of Corporate Governance is attached to this Report.

### Vigil Mechanism

In terms of provisions of Section 177 of the Companies Act, 2013, the Company has established an effective mechanism called Vigil Mechanism (Whistle Blower Mechanism). The mechanism under the Policy has been appropriately communicated within the organisation. The

purpose of this policy is to provide a framework to promote responsible whistle blowing by employees or by any other person who avails such mechanism. It protects employees or any other person who avails such mechanism wishing to raise a concern about serious irregularities, unethical behaviour, actual or suspected fraud within the Company by reporting the same to the Audit Committee.

Protected Disclosure can be made by the whistle blower in a closed and secured envelope or sent through e-mail to the Compliance Officer.

During the year under review, no employee was denied access to the Audit Committee.

The policy on vigil mechanism is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link [http://www.raunaqinternational.com/pdf/policy\\_on\\_vigil\\_mechanism.pdf](http://www.raunaqinternational.com/pdf/policy_on_vigil_mechanism.pdf).

### Reconciliation of Share Capital Audit

As per the directive of the Securities and Exchange Board of India (SEBI), the Reconciliation of Share Capital Audit is undertaken by a firm of Practicing Company Secretaries on quarterly basis. The Audit is aimed at reconciliation of total shares held in CDSL, NSDL and in physical form with the admitted, issued and listed capital of the Company.

The Reconciliation of Share Capital Audit Reports as submitted by the Auditor on quarterly basis were filed with the BSE Limited (BSE) through BSE Listing Centre, where the original shares of the Company are listed.

### Listing of Shares

The Equity shares of the Company are listed on the BSE Limited (BSE), Mumbai.

### Disclosures under Section 134 of the Companies Act, 2013

Except as disclosed elsewhere in the Annual Report, there have been no material changes and commitments, which can affect the financial position of the Company between the end of financial year and the date of this report.

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 of the Companies (Accounts) Rules, 2014:

The Company organizes the workshops/lectures on regular basis for its employees to promote, motivate and encourage them how to conserve the energy. The Company is in process to adopt the latest technologies for conservation of energy.

The particulars with respect to foreign exchange earnings and outgo during the year under review are as follows:

(₹/Lacs)

Particulars	2017-18	2016-17
Foreign Exchange Earned	-	-
Foreign Exchange Used	2.07	11.10

### Annual Return

In terms of provisions of Section 92(3) of the Companies Act, 2013 read with the Companies (Amendment) Act, 2017 and the relevant rules made thereunder, a copy of the Annual return as prescribed under Section 92 of the Companies Act, 2013, as amended shall be made available on the website of the Company [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link <http://www.raunaqinternational.com/pdf/annual-return-2017-18.pdf>.

### Court/Tribunal Orders

There were no instances of any significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### Acknowledgements

The Board of Directors gratefully acknowledge the continued co-operation, trust and support of the shareholders and would like to place on record its appreciation for the dedicated services rendered by the Employees at all levels. The Directors further express their gratitude to the Bankers, Customers and Sub-vendors and other associates for co-operation and confidence reposed by them in the Company.

For and on behalf of the Board of Directors



**Surinder Paul Kanwar**  
Chairman and Managing Director  
DIN: 00033524

Place: New Delhi  
Dated: 25 May, 2018

**Annexure-“A”**
**Form No. AOC-2**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

1. Details of contracts or arrangements or transactions not at arm's length basis:

**NIL**

2. Details of material contracts or arrangements or transactions at arm's length basis:

S.No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	Xlerate Driveline India Limited (XDIL), Wholly Owned Subsidiary	Agreement for: 1. Bearing administration expenses. 2. Cost against utilization of any Banking facilities such as BG/LC. 3. Sale/Purchase of any Raw Material/Stores/ Capital Goods.	1 (One) year with effect from 01 April, 2017	Transaction value not exceeding ₹ 1.00 Crore	NA	-
2.	Bharat Gears Limited (BGL) Company within the Group	Lease Agreement between the Company and BGL for portion of the leasehold office premises of BGL, situated at Mookherjee House, 17, Brabourne Road, Kolkata with facilities of water, electricity, repair & maintenance, security and housekeeping.	3 (Three) years effective from 01 December, 2016. Agreement entered on 01 April, 2017	Monthly lease rent of ₹1,500/- (Rupees One Thousand Five Hundred Only i.e. ₹ 60/- per Sq. Ft.)	NA	-

**For and on behalf of the Board of Directors**



**Surinder Paul Kanwar**  
Chairman and Managing Director  
DIN: 00033524

Place: New Delhi  
Dated: 25 May, 2018

## Annexure-“B”

## NOMINATION AND REMUNERATION POLICY

**Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations") as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

**Objective and purpose of the Policy:**

The objective and purpose of this policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Construction industry.
- To carry out evaluation of the performance of Directors as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 31 July, 2014.

**Effective Date:**

This policy shall be effective with retrospective effect from 01 April, 2014.

**Constitution of the Nomination and Remuneration Committee:**

The Board has changed the nomenclature of Remuneration Committee constituted on 23 March, 2009 by renaming it as Nomination and Remuneration Committee on 07 May, 2014. The Nomination and Remuneration Committee comprises of following Directors:

S. No.	Committee Member
1.	Dr. Sanjeev Kumar, Chairman (Independent Director)
2.	Mr. Surinder Paul Kanwar, Member (Chairman and Managing Director)
3.	Mr. P.K. Mittal, Member (Independent Director)
4.	Mr. Gautam Mukherjee, Member (Independent Director)

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

**Definitions:**

- "Board" means Board of Directors of the Company.
- "Directors" means Directors of the Company.
- "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
- "Company" means Raunaq EPC International Limited.
- "Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013.

**Key Managerial Personnel (KMP) means:**

- Executive Chairman and/or Managing Director;
  - Whole-time Director;
  - Chief Financial Officer;
  - Company Secretary;
  - Such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel (KMP) by the Board; and
  - Such other officer as may be prescribed.
- Senior Management** means who are members of its core management team excluding Board of Directors and all members of the management one level below the Executive Director, including the functional Heads. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

**Applicability:**

The Policy is applicable to;

- Directors (Executive and Non-Executive)
- Key Managerial Personnel
- Senior Management Personnel

**General:**

- This Policy is divided in three parts:
 

Part - A covers the matters to be dealt with and recommended by the Committee to the Board;

Part - B covers the appointment and nomination and;

Part - C covers remuneration and perquisites etc.
- The key features of this Company's policy shall be included in the Board's Report.

**PART – A**
**MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**
**The Committee shall:**

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

**PART – B**
**POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**
**Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

**Term /Tenure:**
**1. Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**2. Independent Director:**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

**PART – C**
**POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL**

- **General:**

1. The remuneration/compensation/commission etc.to the Chairman and Managing Director or Joint Managing Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to the Chairman and Managing Director or Joint Managing Director, if any shall be in accordance with the percentage/slabs/conditions laid down as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
4. Where any insurance is taken by the Company on behalf of its Chairman and Managing Director, Joint Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

• **Remuneration to Managing Director, Joint Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

The Managing Director, Joint Managing Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Joint Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

If Managing Director, Joint Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

• **Remuneration to Non-Executive/Independent Director:**

1. **Sitting Fees:**

The Non-Executive/Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

**Board's Diversity Policy**

REIL recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

All Board appointments, whenever required shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective.


The Nomination and Remuneration Committee ('the Committee') shall review and assess Board composition on behalf of the Board and recommend the appointment of new Directors, whenever the need for the same arises.

In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

*The policy has been initially approved by the Board of Directors of the Company on 31 July, 2014, amended on 27 May, 2016 with respect to the change of name of the Company and applicability of the Regulations and further amended on 25 May, 2018 pursuant to Companies (Amendment) Act, 2017.*

**For and on behalf of the Board of Directors**



**Surinder Paul Kanwar**  
Chairman and Managing Director  
DIN: 00033524

Place: New Delhi  
Dated: 25 May, 2018

## Annexure-“C”

### Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- Only one director draws managerial remuneration which is minimum remuneration as per Schedule V of the Companies Act, 2013. The ratio of the remuneration of such director to the median remuneration of the employees of the Company for the financial year 2017-18:

S.No.	Name of the Director	Ratio of Remuneration of Director to median remuneration of employees
1.	Mr. Sachit Kanwar Joint Managing Director	30.18

Other directors are being paid with sitting fees only, details of which are mentioned in the Corporate Governance Report.

- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S.No.	Name of the Director/KMP	% increase in Remuneration in the Financial Year 2017-18
1.	Mr. Sachit Kanwar Joint Managing Director	0.00
2.	Mr. Rajan Malhotra Chief Executive Officer	(7.53)
3.	Mr. Sachin Kumar Mittal Chief Financial Officer	Not Applicable*
4.	Ms. Chanchal Gupta Company Secretary	Not Applicable**

\* Appointed w.e.f. 12 December, 2017.

\*\* Drawn remuneration from Xlerate Driveline India Limited, Wholly Owned Subsidiary during Financial Year 2017-18. Resigned w.e.f. 24 April, 2018.

- Percentage increase in the remuneration of the median employee is (7.04)% in the Financial Year 2017-18.
- There were 110 permanent employees on the rolls of the Company as on 31 March, 2018.
- The average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year 2017-18 was (8.60)% and average percentage increase in the managerial remuneration of persons referred in point no. 2 is (2.39)% in the financial year 2017-18.
- It is affirmed that the remuneration paid is as per the Remuneration policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors



**Surinder Paul Kanwar**  
Chairman and Managing Director  
DIN: 00033524

Place: New Delhi  
Dated: 25 May, 2018

## Annexure-“D”

## Information pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Forming Part of the Board's Report for the year ended 31 March, 2018

S. No.	Name	Age in Years	Qualification	Designation	Date of Commencement of Employment	Years of Exp.	Remuneration (Rs. in Lacs)	Particulars of Last Employment	Percentage of Shareholding in the Company
<b>A.</b> Top Ten Employees of the Company in terms of remuneration drawn for the year ended 31 March, 2018									
1.	Mr. Sachit Kanwar	35	B.A. (ECO)	Joint Managing Director	23.03.2009	14	91.55	Lease Portfolio Manager-Airport Kia Toronto Ltd.	0.00
2.	Mr. Rajan Malhotra	60	B.E.	Chief Executive Officer	08.11.2005	39	39.31	Utility Power Tech Ltd.	0.00
3.	Mr. A.D. Jain	61	B. Tech - Civil	V.P.-Project	09.07.1979	39	32.50	The Cementation Construction Ltd.	0.00
4.	Mr. Ashwani Chaswal	61	BE	V.P.-Sales	01.06.1992	40	31.68	BST Mfg. Ltd	0.00
5.	Mr. Nitin Jain	56	DME	DGM-Sales	01.12.2006	33	15.86	AL Hassan Engineering Ltd.	0.00
6.	Ms. Jyotsana Dhaka	54	BE (Chem)-86	AGM-Design	01.12.2011	32	13.92	Indian Oiltanking Design & Engineering Ltd.	0.00
7.	Mr. Vipin Kumar	56	DME	AGM-Projects	01.02.2006	37	13.65	Tyco Valves & Controls India Pvt Ltd.	0.00
8.	Mr. Sachin Kumar Mittal**	29	B. Com, CA-12	Manager-A/c	12.12.2017	6	3.89	Delhi Flour Mills Co. Ltd.	0.00
9.	Mr. Akashdeep Sharma	42	B. Tech - 01	Sr. Manager-Projects	01.08.2011	17	11.28	Thermosystems Pvt. Ltd	0.00
10.	Mr. Jagmohan Singh Bisht	50	DME	Sr. Manager-Projects	06.08.2007	30	10.74	Lloyd Insulation (India) Ltd.	0.00

\*\* Included in Top 10 employees in terms of remuneration on the basis of remuneration payable for 12 months.

<b>B.</b>	Employed throughout the year ended 31 March, 2018 & were in receipt of Remuneration aggregating not less than ₹ 1,02,00,000/- per annum. <b>NIL</b>
<b>C.</b>	Employed for the part of the year ended 31 March, 2018 & were in receipt of Remuneration aggregating not less than ₹ 8,50,000/- per month. <b>NIL</b>
<b>D.</b>	if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company. <b>NIL</b>

**NOTES :**

- Remuneration includes Salary, Allowances, Co's Contribution to Provident Fund & Superannuation Fund and Value of other perquisites.
- Mr. Sachit Kanwar, Joint Managing Director is a relative of Mr. Surinder Paul Kanwar, Chairman & Managing Director of the Company.
- Appointment of Mr. Sachit Kanwar is on Contractual basis.

For and on behalf of the Board of Directors



**Surinder Paul Kanwar**  
Chairman and Managing Director  
DIN: 00033524

Place: New Delhi  
Dated: 25 May, 2018

**Annexure-“E”**
**Annual Report on CSR activities for the Financial Year 2017-18**

1.	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	A brief outline of the Company's CSR policy has been provided in the "CSR initiatives" section under the Annual Report
2.	The Composition of the CSR Committee:- Mr. Surinder Paul Kanwar      Chairman Mr. Sachit Kanwar              Member Mr. P.K. Mittal                  Member	
3.	Average net profit of the Company for last three financial years	489.87 Lacs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	9.80 Lacs
5.	Details of CSR spent during the financial year: (a) Total amount to be spent for the financial year (b) Amount unspent, if any (c) Manner in which the amount spent during the financial year is detailed below:	Nil

1	2	3	4	5	6	7	8
S.No.	CSR project or activity Identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1.					NIL		
<b>TOTAL</b>					NIL		

\* Give details of implementing agency.

6. During the Financial Year 2017-18, the management of the Company has formed the view that due to the tough financial conditions resulted out of long customers outstanding and adverse market conditions, the Company has not spent on CSR activities during the year 2017-18.
7. The CSR Committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.



**Surinder Paul Kanwar**  
**Chairman of CSR Committee**  
**DIN:00033524**



**Sachit Kanwar**  
**Joint Managing Director**  
**DIN:02132124**

Place: New Delhi  
Dated: 25 May, 2018

## Annexure-“F”

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To

The Members,

Raunaq EPC International Limited

(CIN: L51909HR1965PLC034315)

20, K.M. Mathura Road, P.O. Amar Nagar

Faridabad 121003 Haryana

We have conducted the Secretarial Audit in respect of compliances with applicable statutory provisions and the adherence to good corporate practices by Raunaq EPC International Limited having CIN: L51909HR1965PLC034315 (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure “A”** for the financial year ended on 31 March 2018 according to the provisions of:

- i. The Companies Act, 2013 (“the Act”) and the rules made thereunder, as applicable;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the Audit Period)
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) viz:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as applicable;
- vi. The other laws as may be applicable specifically in case of the Company on the basis of documents/information produced before us:
  - Chapter V of Finance Act, 1994 (Service Tax).
  - The Central Goods And Services Tax Act, 2017, Rules made thereunder and Notifications issued from time to time;
  - Income Tax Act, 1961.
  - Indian Contract Act, 1872.
  - Indian Stamp Act, 1999.
  - Limitation Act, 1963.
  - Negotiable Instrument Act, 1881.
  - Registration Act, 1908.
  - Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
  - Transfer of Property Act, 1882.
  - Trademark Act, 1999.
  - Contract Labour (Regulation and Abolition) Act, 1970.
  - Employees' State Insurance Act, 1948.
  - Employees Provident Funds and Miscellaneous Provisions Act, 1952 and Employees' Provident Funds Scheme, 1952.
  - Payment of Gratuity Act, 1972.
  - Minimum Wages Act, 1948.
  - The Equal Remuneration Act, 1976.

- Weekly Holidays Act, 1942.
- VAT/Sales Tax Laws.
- Work Contract Tax Laws.
- Environmental and Pollution Laws.
- Information Technology Act, 2000.

We have also examined compliance with the applicable clauses of the followings:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

However, the following Acts, Rules, Regulations, Guidelines, Standards or Agreement(s)/Arrangement(s) required to be reported as per prescribed format are not applicable to the Company during the Audit Period:

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

Based on information received and records maintained, We further report that:

- A. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and the listing regulations;
- B. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance before the meeting and a system exists for Directors to seek and obtain further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- C. The minutes of the meetings have been duly recorded and signed by the Chairman. The decisions of the Board were unanimous and no dissenting views had been raised on any business transacted thereof.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

We further report that we have not reviewed the compliances by the Company under the applicable direct and indirect tax laws w.r.t. maintenance of financial records and books of accounts since the same have been subjected to review by the statutory auditors and other designated professionals.

**For AK JHA & ASSOCIATES  
COMPANY SECRETARIES**



**(Anant Kumar)**

**Membership No. 7324**

**Certificate of Practice No.7834**

PLACE: New Delhi  
DATE: 14/05/2018

**Note:** This report is to be read with our ANNEXURE 'A' and ANNEXURE 'B' of even date which are annexed and forms an integral part of this report

## Annexure - "A"

Our report of even date is to be read along with the Annexure stating the:

**List of documents verified:-**

1. Memorandum of Association and Articles of Association;
2. Annual Report for the preceding three Financial Years;
3. Annual Return for Last AGM;
4. Quarterly Financial Results for the FY 2017-18;
5. Quarterly Compliance Report on Corporate Governance as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
6. Internal Audit Reports;
7. List of Shareholders/Shareholding Pattern & Copy of Shareholding Pattern filed with Stock-Exchange;
8. Organization Chart with changes in Chart during the FY 2017-18;
9. Due - Diligence report;
10. Policy document approved by the Board/committee in respect of Directors/Independent Directors, Code of Conduct, Vigil Mechanism/Whistle Blower, Related Party Transactions, Nomination and Remuneration of Directors/ Senior Management;
11. Copy of various Registration/Licenses/Approvals;
12. Documents with regard to appointment/re-appointment/ratification of:-
  - Statutory Auditors
  - Internal Auditors; &
  - Tax Auditors
13. Statutory Registers including:-
  - Register of Contracts or Arrangements in which directors are interested under Section 189 and Rule 16 of the Companies (Meetings of Board and its Powers) Rules, 2014;
  - Register of Investments not held in the name of the Company under Section 187(3) and Rule 14 of the Companies (Meetings of Board and its Powers) Rules, 2014;
- Register of Inter-Corporate Investments/Loans/ Guarantees/Securities to which Section 186 applies;
- Register of Directors, Key Managerial Personnel and their shareholding under Section 170 and Rule 17 of the Companies (Appointment and Qualification of Directors) Rules, 2014;
- Register of charges under Section 85 and Rule 10 of the Companies (Registration of Charges) Rules, 2014;
- Register and Index of Members under Section 88 and Rule 3 of the Companies (Management and Administration) Rules, 2014 being maintained by RTA ;
- Foreign Register of members, debenture-holders and other security-holders under Section 88 and Rule 7 of the Companies (Management and Administration) Rules, 2014;
14. Minutes books and Attendance Register of General Meetings, Board meetings and Committee Meetings under section 118;
15. All e-forms and returns filed during the Financial Year 2017-18 along with ROC with respective receipts/ challans fees paid;
16. Evidence of dispatch of notices of meeting;
17. Agenda papers;
18. Copies of notices of Annual General Meeting and explanatory statement and Newspaper cutting of public notice of Annual General Meeting ;
19. Dispatch register of Annual General Meeting notice;
20. Proxies lodged for general meetings, ballot papers, scrutinizer report;
21. Resolutions received from other Company/ companies who are shareholders and from whom resolutions for their authorized representatives have been received by the Company;
22. Copies of Form MBP-1 received from all directors under section 184 at the first meeting of the Board in financial year 2017-18 and during the Financial Year whenever there is any change in the disclosures already made;
23. Agreement with RTA and RTA report in respect of various matters handled by them on behalf of the Company;
24. Director's retirement by rotation table;

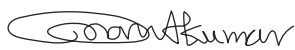
**ANNEXURE “B”**

25. Details of Project Sites/Branch Offices during the FY 2017-18;
26. Copies of all letters sent to and received from the stock exchange on which the Company's securities are listed;
27. Copies of all disclosures received by the Company under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
28. Copies of shareholding pattern filed with stock exchanges as prescribed in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
29. Copies of all communications with regard to SEBI (Prohibition of Insider Trading) Regulations, 2015 as per Companies Insider Trading Code;
30. List of Contracts executed by the Company during the F.Y. 2017-18 including any amendment/modification therein;
31. Compliance records under the Depositories act, 1996 and the regulations framed under the Act;
32. Sample check basis:
  - VAT
  - Service Tax
  - GST
  - Work Contract Tax
  - Labour Laws

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For AK JHA & ASSOCIATES  
COMPANY SECRETARIES**



**(Anant Kumar)**

**Membership No. 7324**

**Certificate of Practice No.7834**

PLACE: New Delhi  
DATE: 14/05/2018

**For AK JHA & ASSOCIATES  
COMPANY SECRETARIES**



**(Anant Kumar)**

**Membership No. 7324**

**Certificate of Practice No.7834**

PLACE: New Delhi  
DATE: 14/05/2018

# CORPORATE GOVERNANCE REPORT

For the Year ended 31 March, 2018

[Pursuant to Schedule V(C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("The Regulations")]

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Philosophy on Corporate Governance is to achieve Business Excellence, enhance long term values for its stakeholders, maintaining excellent relations across all levels and proper compliance with all applicable legal and regulatory requirements. We believe that Corporate Governance is a journey for constantly improving sustainable value creation and through the Governance mechanism in the Company, the Board alongwith its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

The Company not only adheres to the prescribed Governance practices under the regulations but is constantly striving to adopt emerging best practices. It is our endeavor to achieve higher standards and provide oversight and guidance to management in strategy implementation and risk management and fulfillment of stated goals and objectives. The Company's philosophy on Corporate Governance is based on the following principles:

- Accountability, Independence, effective internal surveillance, voluntary legal compliance and governing rules and procedures.
- Empowering the management and employees to showcase strength, ownership, innovation and passion to excel and lead.
- Efficient resource management to enhance enterprise value and return on investment.
- Working for the society and community.
- Be transparent and maintain a high degree of disclosure levels.
- Legal and statutory compliances in its true spirit.
- Safeguard integrity in financial reporting.

The Company has established systems and procedures to ensure that its Board of Directors is well-informed and well-equipped to fulfill its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value.

The Board of Directors ("the Board") is committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our corporate governance practices, under which we strive to maintain an effective, informed and Independent Board. We keep our governance practices under continuous review and benchmark ourselves to best practices.

The Company recognizes communication as key element in the overall Corporate Governance framework and therefore, emphasizes on keeping abreast its stakeholders including investors, lenders, vendors and customers on continuous basis by effective and relevant communication through Annual Reports, quarterly results, corporate announcements and reflecting the same on the Company's official website i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

## 2. GOVERNANCE STRUCTURE

The Company's Governance comprises a two fold layer, the Board of Directors and the Committees of the Board at the apex level and the Management of the Company at an operational level. This brings about a homogenous blend in governance as the Board lays down the overall corporate objectives and provides direction and independence to the Management to achieve these objectives within a given framework. This professionally managed process results in building a conducive environment for sustainable business operations and value creation for all stakeholders.

## 3. BOARD OF DIRECTORS

Your Company has an optimum combination of Executive and Non-Executive Independent Directors on the Board which includes one Woman Director in compliance of Regulation 17(1) of the Regulations. As on 31 March, 2018, the Board consists of 8 (Eight) members, the Chairman of the Board is an Executive Director and more than half of the strength of the Board consists of Non-Executive Independent Directors. The composition of the Board represents an optimal mix of professionalism, knowledge, expertise and experience that enables the Board to discharge its responsibilities efficiently and provide effective leadership to the business in line with the Company's present requirements.

There is no nominee Director in the Company.

### A. Board's definition of Independent Director

Independent Director shall mean Non-Executive Director, other than a Nominee Director of the Company:

- a. who in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a Promoter of the Company or its holding, subsidiary or associate Company;
- (ii) who is not related to Promoters or Directors in the Company, its holding, subsidiary or associate Company;

- c. apart from receiving Director's remuneration, has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had material pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who neither himself/herself nor any of his/her relatives:-
- holds or has held the position of a Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate Company in any of the three financial years immediately preceding the current financial year;
  - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of:-
    - a firm of Auditors or Company Secretaries in practice or Cost Auditors of the Company or its holding, subsidiary or associate Company; or
    - any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate Company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
- (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company;
- (v) is a material supplier, service provider or customer or a lessor or lessee of the Company;
- f. is not less than 21 years of age.
- The Board of Directors of the Company vide its resolution dated 03 February, 2012 has decided that the materiality/significance shall be ascertained on the following basis:
- The concept of 'materiality' is relevant from the total revenue inflow and/or outflow from and/or to a particular individual/body, directly or indirectly, during a particular financial year.
  - The term 'material' needs to be defined in percentage. One percent (1 per cent) or more of total turnover of the Company, as per latest audited annual financial statement.
- It has been confirmed by all the Independent Directors of the Company that as on 31 March, 2018, they fulfill the criteria of being "Independent Director" as stipulated under Regulation 16 of the Regulations.
- The **Table-1** gives Composition of the Board, Attendance record of the Directors at the Board Meetings and at the last Annual General Meeting (AGM); Number of their outside Directorships and their Memberships/Chairmanships in Board Committees.

**Table-1**

S.No.	Name of Director(s)	Category	No. of Board Meetings held/ attended	Attendance at last AGM	No. of outside Directorships held <sup>A</sup>	No. of Memberships/ Chairmanships in Board Committees <sup>B</sup>	
						Member	Chairman
1.	<sup>C</sup> Mr. Surinder Paul Kanwar	Chairman and Managing Director	5/5	Present	2	1	-
2.	<sup>C</sup> Mr. Sachit Kanwar	Joint Managing Director	5/5	Present	1	1	-
3.	<sup>D</sup> Mr. P.K. Mittal	Non-Executive Independent Director	5/4	Present	-	1	1
4.	Dr. Sanjeev Kumar	Non-Executive Independent Director	5/4	Absent	3	1	2
5.	Mr. V.K. Pargal	Non-Executive Independent Director	5/4	Present	2	1	-
6.	Mr. Gautam Mukherjee	Non-Executive Independent Director	5/5	Present	2	1	1
7.	Mr. N.V. Srinivasan	Non-Executive Director	5/4	Present	1	1	-
8.	<sup>E</sup> Mr. Satya Prakash Mangal	Non-Executive Independent Director	5/5	Present	NA	NA	NA
9.	Ms. Seethalakshmi Venkataraman	Non-Executive Independent Director	5/5	Present	-	-	-

<sup>A</sup>excluding directorship in Private Limited Companies, Alternate Directorship, Companies registered under Section 8 of the Companies Act, 2013 and Foreign Companies.

<sup>B</sup>For the purpose of considering the limit of the Committees on which a Director can serve, all Public Limited Companies, whether listed or not, are included and all other Companies including Private Limited Companies, Foreign Companies and the Companies under Section 8 of the Companies Act, 2013 are excluded and further, it includes Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee only in terms of Regulation 26(1) of the Regulations. None of the Directors of your Company is a Member of more than 10 (Ten) Committees or is the Chairman of more than 5 (Five) Committees across all Public Limited Companies in which they are Directors. The Membership/Chairmanship also includes Membership/Chairmanship in Raunaq EPC International Limited.

In terms of Regulation 25(1) of the Regulations, none of the Independent Director of the Company holds the position of the Independent Director in more than 7 (Seven) listed Companies, including Independent Directorship in Raunaq EPC International Limited and any such Director serving as a whole time Director in a listed Company is not serving as an Independent Director in more than 3 (Three) listed Companies including Raunaq EPC International Limited.

<sup>C</sup>Mr. Surinder Paul Kanwar is the father of Mr. Sachit Kanwar. Mr. Sachit Kanwar has been appointed as Joint Managing Director with effect from 01 June, 2016 for a period of 5(Five) years upto 31 May, 2021.

<sup>D</sup>Mr. P.K. Mittal is also providing professional/consultancy service to the Company in his individual capacity. Professional fees paid to him for the year 2017-18 is ₹ 1,96,000/- (Rupees One Lakh Ninety Six Thousand Only). The Board is of the opinion that such payments in the context of overall expenditure by the Company, is not significant and does not affect his independence.

Apart from this, no other Non-Executive Director is related to any other Director inter-se and has any material pecuniary relationships/transactions vis-à-vis the Company (other than the sitting fees for attending the Board/Committee meetings).

<sup>E</sup>Resigned w.e.f. 15 February, 2018.

The terms of appointment of the Directors appointed at the Annual General Meeting of the Company held on 08 August, 2017 are available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

In terms of Regulation 25(7) of the Regulations, the Company has adopted a familiarization programme for the Directors that covers familiarizing the Directors about the nature of the industry in which the Company operates, business model of the Company, their roles, responsibilities and other relevant details by way of:

- *Circulation of an elaborated note on business operations with regard to the operations and financial position of the Company as at the end of each quarter with the Agenda of each Board Meeting.*
- *Apprising the Board members about the operations at the ongoing project sites of the Company, the various clients, the new projects awarded to the Company, the debtors position and other details of the ongoing project sites so as to provide the Board a brief idea of the various types of jobs carried upon by the Company and their periodic developments.*
- *Updating the Directors of any amendments in laws, rules and regulations as applicable on the Company through various presentations at the Board Meeting(s) in consultation with the Statutory Auditors, Internal Auditors and the Secretarial Auditors of the Company likewise the Companies Act, SEBI Laws and such other laws and regulations as may be applicable.*
- *Various presentations are conducted at meetings of the Board/Committees of the Board periodically to familiarize the Directors with the business performance, business strategy, operations and functions of the Company. Such presentations help Directors to understand the Company's Strategy, Operations, Market Competition, Organization Structure, Risk Analysis and such other areas.*

The details of familiarization programme during the Financial Year 2017-18 are available on the official website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link: <http://raunaqinternational.com/pdf/details-of-familiarization-programme-for-independent-directors-2017-2018.pdf>.

## B. Board Meetings

During the financial year 2017-18, 5 (Five) Board Meetings were held on the following dates. The gap between any two meetings was not more than 120 (one hundred and twenty) days as mandated in Regulation 17(2) of the Regulations:-

- 26 May, 2017;
- 20 June, 2017;
- 08 August, 2017;
- 06 November, 2017; and
- 01 February, 2018

The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman and Managing Director, Joint Managing Director and Chief Financial Officer and circulates the same in advance to the Directors. The Board meets at least once every quarter inter alia to review the quarterly results. Additional meetings are held, when necessary. Presentations are made to the Board on the business operations and performance of the Company. The minutes of the proceedings of the meetings of the Board of Directors are noted and

the draft minutes are circulated amongst the members of the Board for their perusal. Comments, if any received from the Directors are also incorporated in the minutes, in consultation with the Chairman and Managing Director. The Minutes are signed by Chairman of the Board at the next meeting and signed minutes are circulated amongst the members of the Board for their perusal. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when considered necessary.

**Post Meeting Follow Up System:** The Company has an effective post Board Meeting follow up procedure. Action Taken Report on the decisions taken in a meeting are placed at the immediately succeeding meeting for information of the Board.

## C. Information supplied to the Board

The Board has complete access to all information with the Company. The information is provided to the Board on regular basis and the agenda papers for the meetings are circulated in advance of each meeting. The information supplied to the Board includes the following, extent to the applicability during the year as per Regulation 17(7) read with Schedule II of the Regulations.

- Annual Operating Plans and Budgets and any updates.
- Capital budgets and any updates.
- Quarterly, Half Yearly and Yearly Results of the Company.
- Minutes of the Meetings of Audit Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the level of Board of Directors, including appointment or removal of Chief Financial Officer and the Company Secretary.

The Board periodically reviews the compliance reports of all laws applicable to the Company prepared by the Company along with the declaration made by all the respective departmental heads and by the Joint Managing Director regarding compliance with all applicable laws.

## 4. BOARD COMMITTEES

### A. Audit Committee

#### I. Constitution and Composition

In terms of Regulation 18 of the Regulations, the "Audit Committee" comprises of the following 3 (Three) Non-Executive and Independent Directors, who have financial/accounting acumen to specifically look into internal controls and audit procedures.

All the members are financially literate and have accounting and financial management expertise. The **Table-2** gives the composition of the Audit Committee and attendance record of members of the Committee:

**Table-2**

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Dr. Sanjeev Kumar	Chairman	4/3
2.	Mr. P.K. Mittal	Member	4/4
3.	Mr. V.K. Pargal	Member	4/4
4.	Mr. Satya Prakash Mangal**	Member	4/4

\*\*During the year, Mr. Satya Prakash Mangal (the erstwhile Member of the Committee) ceased to be a member of the Committee due to his resignation w.e.f. 15 February, 2018. During the Financial Year 2017-18, 4 (Four) meetings of the Audit Committee were held and he was present at the said meetings.

Pursuant to the resignation of Mr. Satya Prakash Mangal w.e.f. 15 February, 2018, the Audit Committee has been reconstituted on 25 May, 2018 with the remaining members as per the requirements stipulated under the Companies Act, 2013 and the Regulations.

In addition to the Members of the Audit Committee, the Chief Financial Officer, Internal Auditors and Statutory Auditors attended the meetings of the Committee as invitees. Members held discussions with Statutory Auditors during the meetings of the Committee. The Audit Committee reviewed the quarterly, half-yearly and year to date un-audited and annual audited financials of the Company before submission to the Board of Directors for its consideration and approval. The Committee also reviewed the internal control systems and internal audit reports.

Mr. V.K. Pargal, Authorised Chairman of the Committee in the absence of Dr. Sanjeev Kumar, Chairman of the Committee was present at the last Annual General Meeting to answer the queries of the shareholders to their satisfaction.

Mr. Kaushal Narula, Company Secretary of the Company upto 04 October, 2017 acted as Secretary to the Audit Committee Meetings held on 26 May, 2017 and 08 August, 2017 respectively.

Pursuant to his resignation, Ms. Chanchal Gupta, Company Secretary of Xlerate Driveline India Limited (Wholly Owned Subsidiary of Raunaq EPC International Limited) had been designated as Company Secretary of the Company w.e.f. 06 November, 2017 and she acted as Secretary to Audit Committee Meeting held on 01 February, 2018.

## II. Audit Committee Meetings

During the year, 4 (Four) meetings of the Audit Committee were held on the following dates in terms of Regulation 18 of the Regulations:

- 26 May, 2017;
- 08 August, 2017;
- 06 November, 2017; and
- 01 February, 2018

## III. Powers of Audit Committee

The Audit Committee has been empowered with the adequate powers as mandated in Regulation 18 of the Regulations which includes the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

## IV. Role of Audit Committee

The role of the Audit Committee in terms of Regulation 18 read with Part C of Schedule II of the Regulations includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - b. changes, if any, in accounting policies and practices and reasons for the same.
  - c. major accounting entries involving estimates based on the exercise of judgment by management.
  - d. significant adjustments made in the financial statements arising out of audit findings.
  - e. compliance with listing and other legal requirements relating to financial statements.
  - f. disclosure of any related party transactions.
  - g. modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;

19. Approval of appointment of Chief Financial Officer (CFO) (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee may also review such matters as may be referred to it by the Board or which may be specified as role of the Audit Committee under amendments, if any, from time to time, to the Regulations, Companies Act and other Statutes.

#### V. **Review of Information by Audit Committee**

The Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant Related Party Transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit Reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; and
6. Statement of deviations, if required.

### B. **Nomination and Remuneration Committee**

#### I. **Constitution and Composition**

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the Regulations, the Nomination and Remuneration Committee constitutes of following 4 (four) Directors as members. **Table-3** gives the composition of the Nomination and Remuneration Committee and the attendance record of the members of the committee.

**Table-3**

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Dr. Sanjeev Kumar	Chairman	2/1
2.	Mr. Surinder Paul Kanwar	Member	2/2
3.	Mr. P.K. Mittal	Member	2/2
4.	Mr. Gautam Mukherjee	Member	2/2

Dr. Sanjeev Kumar, Mr. P.K. Mittal and Mr. Gautam Mukherjee are Non-Executive Independent Directors and Mr. Surinder Paul Kanwar is Chairman and Managing Director of the Company.

#### II. **Nomination and Remuneration Committee Meetings**

During the Financial Year 2017-18, 2 (Two) meetings of the Nomination and Remuneration Committee were held. **Table-4** gives the details of the date and purpose of the meetings of Nomination and Remuneration Committee:-

**Table-4**

S.No.	Date of Meeting	Purpose
1.	26 May, 2017	<ul style="list-style-type: none"> <li>Consideration and approval of the re-appointment of Mr. Surinder Paul Kanwar as Chairman and Managing Director of the Company for a further period of 5 (five) years w.e.f. 01 October, 2017.</li> <li>Consideration and recommendation of the appraisal of Key Managerial Personnel (KMP) and Senior Management Personnel of the Company to the Board of Directors.</li> </ul>
2.	01 February, 2018	Noting of the performance evaluation of Independent Directors carried on by the Board of Directors and performance evaluation by the Independent Directors in their separate meeting.

Mr. P.K. Mittal, Authorised Chairman of the Nomination and Remuneration Committee in the absence of Dr. Sanjeev Kumar, Chairman of the Committee was present at the last Annual General Meeting and replied to the queries of the shareholders to their satisfaction.

Mr. Kaushal Narula, Company Secretary of the Company upto 04 October, 2017 acted as Secretary to the Nomination and Remuneration Committee Meeting held on 26 May, 2017.

Pursuant to his resignation, Ms. Chanchal Gupta, Company Secretary of Xlerate Driveline India Limited (Wholly Owned Subsidiary of Raunaq EPC International Limited) had been designated as Company Secretary of the Company w.e.f. 06 November, 2017 and she acted as Secretary to the Nomination and Remuneration Committee Meeting held on 01 February, 2018.

#### III. **Role of Nomination and Remuneration Committee**

The role of the Nomination and Remuneration Committee in terms of the Regulations includes the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
2. formulation of criteria for evaluation of performance of Independent Directors and the Board;

3. devising a policy on Board diversity;
4. identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
5. deciding whether to extend or continue the term of appointment of the Independent Directors, on the basis of the report of performance evaluation of Independent Directors.

Pursuant to Schedule V to the Companies Act, 2013, in case of no profits or inadequate profits, the Nomination and Remuneration Committee has been empowered to consider, approve and recommend the remuneration of Whole Time Director/Managing Director.

#### IV. Nomination and Remuneration Policy

Pursuant to the provisions of the Companies Act, 2013 read with Regulation 19 of the Regulations, the policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management as approved by the Board is available on the website of the Company i.e. [www.raunaginternational.com](http://www.raunaginternational.com).

The objectives and purpose of the said policy are:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the Construction industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

While deciding the remuneration for Directors, Key Managerial Personnel and other employees, the Board and the Nomination and Remuneration Committee takes into consideration the performance of the Company, the current trends in the industry, the qualification of the appointee(s), positive attributes, their independence, expertise, past performance and other relevant factors. The Board/Committee regularly keeps track of the market trends in terms

of compensation levels and practices in relevant industries. This information is used to review the Company's remuneration policy from time to time.

#### V. Policy on Board Diversity

In terms of Regulation 19 of the Regulations, the Nomination and Remuneration Committee formed the policy on Board Diversity to provide for having a broad experience and diversity on the Board. The said policy is a part of Nomination and Remuneration Policy.

#### VI. Performance Evaluation

In terms of Regulation 17 of the Regulations, the Board of Directors in its meeting held on 01 February, 2018 evaluated the performance of Independent Directors in terms of criteria of performance evaluation as laid down by Nomination and Remuneration Committee which covers the area relevant to their role as Independent Director in the Company.

During the Financial Year 2017-18, a separate meeting of the Independent Directors of the Company was held on 01 February, 2018 in terms of Regulation 25 of the Regulations.

The Independent Directors in their separate meeting:

- i. reviewed the performance of non-independent Directors and the Board as a whole;
- ii. reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- iii. assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### VII. Remuneration of Directors for 2017-18

**Table-5**

(₹ In lacs)

NON-EXECUTIVE INDEPENDENT DIRECTORS				
Name of Members	Sitting Fees#		Salaries and Perquisites	Total
	Board Meetings	Committee Meetings		
Dr. Sanjeev Kumar	0.47	0.71	NIL	1.18
Mr. V.K. Pargal	0.47	0.53	NIL	1.00
Mr. P.K. Mittal	0.47	0.99	NIL	1.46
Mr. Gautam Mukherjee	0.58	0.18	NIL	0.76
Mr. N.V. Srinivasan	0.47	0.00	NIL	0.47
Mr. Satya Prakash Mangal***	0.58	0.64	NIL	1.22
Ms. Seethalakshmi Venkataraman	0.58	0.06	NIL	0.64
			Sub-Total (A)	6.73
EXECUTIVE DIRECTORS				
Mr. Surinder Paul Kanwar Chairman & Managing Director			• Salary	0.00
			• Contribution to provident and other funds (*)	-
			• Monetary value of perquisites (**)	-
				##0.00
Mr. Sachit Kanwar, Joint Managing Director			• Salary and allowances	73.00
			• Contribution to provident and other funds (*)	7.56
			• Monetary Value of perquisites (**)	10.99
				91.55
			Sub-Total (B)	91.55
			Grand Total	98.28

# Inclusive of Service Tax @ 15% & GST @ 18% as applicable during the year.

\*Excludes provision for gratuity which is determined on the basis of actuarial valuation done on an overall basis for the Company.

\*\*Excludes provision for compensated absences which is made based on the actuarial valuation done on an overall basis for the Company.

\*\*\*Resigned w.e.f. 15 February, 2018.

## Token remuneration of ₹ 1.00 per month.

There is no notice period or severance fee in respect of appointment of any of the above Managerial Personnel. Neither Mr. Surinder Paul Kanwar nor Mr. Sachit Kanwar is entitled for any performance linked incentives and the Company does not have any Stock Option Scheme.

The Company has paid remuneration to the Non-Executive Independent Directors by way of sitting fees at the rate of ₹ 10,000/- (Rupees Ten Thousand Only) for attending each meeting of the Board and Audit Committee and ₹ 5,000/- (Rupees Five Thousand Only) for other Committees of the Board of Directors of the Company.

## C. Stakeholders' Relationship Committee

In terms of the provisions of the Companies Act, 2013 and Regulation 20 of the Regulations, the "Stakeholders' Relationship Committee" constitutes of following 3 (Three) Directors as members.

The "Stakeholders' Relationship Committee" has been empowered to consider and resolve the grievances of shareholders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends and other miscellaneous grievances. The said Committee is also authorized to effect transfers/transmissions of Equity Shares/Debentures and other securities and also to issue Duplicate Share Certificates and other securities and matters related or incidental thereto.

The **Table-6** gives the composition of the Stakeholders' Relationship Committee and the attendance record of Members of the Stakeholders' Relationship Committee:

**Table-6**

S.No.	Name of Member	Designation	No. of meetings Held/ Attended
1.	Mr. P.K. Mittal	Chairman	1/1
2.	Mr. Surinder Paul Kanwar	Member	1/1
3.	Mr. Sachit Kanwar	Member	1/1

Mr. P.K. Mittal is Non-Executive Independent Director, Mr. Surinder Paul Kanwar is the Chairman & Managing Director and Mr. Sachit Kanwar is the Joint Managing Director of the Company.

### I. Stakeholders' Relationship Committee Meetings

During the Financial Year 2017-18, the Committee met 1(One) time on 26 May, 2017 and the Committee took note of status of requests received from the Shareholders for Dematerialisation, Rematerialisation, non-receipt of annual report, non-receipt of declared dividend, Transfers and Transmissions of Shares as on 31 March, 2017.

Mr. Kaushal Narula, Company Secretary of the Company upto 04 October, 2017 acted as Secretary to the Stakeholder's Relationship Committee as aforesaid and w.e.f. Ms. Chanchal Gupta, Company Secretary of Xlerate Driveline India Limited, 100% wholly owned subsidiary had been designated as the Company Secretary of the Company and acted as secretary to the said Committee.

### II. Sub-Committee

In order to have speedy disposal of the Shareholders'/Investors' requests for transfers and transmissions, a Sub-Committee consisting of the following Directors/Officers of the Company is in place for effecting transfer/transmission/split/consolidation of shares.

The Sub-Committee has also been empowered to approve the issue of Duplicate Share Certificates representing upto 500 Equity shares of the Company in lieu of those which are reported to be lost/misplaced by the shareholders upon the execution of the requisite Indemnity and other related documents.

- Mr. Surinder Paul Kanwar, Chairman and Managing Director
- Mr. Sachit Kanwar, Joint Managing Director
- Mr. Shalesh Kumar, Chief Financial Officer\*
- Mr. Kaushal Narula, Company Secretary\*\*
- Ms. Sukriti Manna, Company Secretary@
- Mr. Sachin Kumar Mittal, Chief Financial Officer@

\*Resigned w.e.f. 20 September, 2017.

\*\*Resigned w.e.f. 04 October, 2017.

@ Inducted w.e.f 25 May, 2018.

Any two of the above are authorised to consider and approve the transfer/transmission/split/consolidation of shares and to approve the issue of Duplicate Share Certificate(s) representing upto 500 Equity Shares of the Company. The Sub-Committee is attending to above said formalities at least once in a fortnight.

### III. Status of Investor Complaints/Requests

No. of Complaints received during financial year 2017-18	NIL
No. of Complaints resolved to the satisfaction of stakeholders during financial year 2017-18	NOT APPLICABLE

No. of pending requests for share transfers, transmissions, dematerialisations and rematerialisations as on 31 March, 2018.

Particulars	No. of Requests	No. of Securities
Transfers and Transmissions	NIL	NIL
Dematerialisations and Rematerialisations	NIL	NIL

In terms of Regulation 13 of the Regulations, the Company has filed the status of investor complaints at the end of each quarter with BSE Limited (BSE) through BSE Listing Centre duly signed by the Compliance Officer of the Company.

## D. Corporate Social Responsibility Committee ("CSR Committee")

### I. Constitution and Composition

In terms of provisions of Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee ("CSR Committee") constitutes of following 3 (Three) Directors as members to monitor the Corporate Social Responsibility Policy as approved by the Board, direct initiatives to be undertaken by the Company and recommend the amount of expenditure to be incurred on the activities referred to in the said policy.

A copy of the said policy is available on website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

The **Table-7** gives the composition of the CSR Committee:

**Table-7**

S.No.	Name of Member	Designation
1.	Mr. Surinder Paul Kanwar	Chairman
2.	Mr. Sachit Kanwar	Member
3.	Mr. P.K. Mittal	Member
4.	Mr. Satya Prakash Mangal*	Member

\*Resigned w.e.f. 15 February, 2018.

Mr. Surinder Paul Kanwar is Chairman and Managing Director, Mr. Sachit Kanwar is Joint Managing Director and Mr. P.K. Mittal and Mr. Satya Prakash Mangal are the Non-Executive Independent Directors of the Company. Pursuant to the resignation of Mr. Satya Prakash Mangal w.e.f. 15 February, 2018, the CSR committee has been reconstituted on 25 May, 2018 with the remaining members.

### II. CSR Committee Meetings

The CSR Committee in its meeting held on 25 May, 2018 formed the view and recommended to the Board that the amount of Rs. 9.80 Lacs was required to be spent on CSR activities by the Company during the year 2017-18.

The management explained that due to the tough financial conditions resulted out of long customers outstanding and adverse market conditions, the Company has not spent on CSR activities during the year 2017-18.

## E. Finance Committee

The "Finance Committee" of the Board of Directors of the Company is in existence which has been empowered to take care of the financing and other day to day requirements of the Company. The said Committee is authorised to borrow monies, make loans, issue Shares etc. and matters related or incidental thereto.

The **Table-8** gives the composition of the Finance Committee.

**Table-8**

S. No.	Name of Member	Designation
1.	Mr. P.K. Mittal	Chairman
2.	Mr. Surinder Paul Kanwar	Member
3.	Mr. Sachit Kanwar	Member
4.	Dr. Sanjeev Kumar	Member

Mr. P.K. Mittal and Dr. Sanjeev Kumar are the Non-Executive Independent Directors, Mr. Surinder Paul Kanwar is Chairman & Managing Director and Mr. Sachit Kanwar is Joint Managing Director of the Company.

During the Financial Year 2017-18, 2 (Two) meetings of Finance Committee were held on 03 May, 2017 and 15 July, 2017 respectively to discharge the functions delegated to the Committee.

## F. Business Strategy Committee

The Business Strategy Committee of the Board of Directors has been constituted to minutely review the operations of the Company. The said Committee is also authorized to form a long term strategy of the Company, review risk and opportunities, SWOT Analysis, advise the Board to take strategic decisions and matters related or incidental thereto.

The **Table-9** gives the composition of the Business Strategy Committee:

**Table-9**

S. No.	Name of Member	Designation
1.	Mr. Satya Prakash Mangal*	Chairman
2.	Dr. Sanjeev Kumar**	Chairman
3.	Mr. P.K. Mittal	Member
4.	Mr. Surinder Paul Kanwar**	Member
5.	Mr. Sachit Kanwar**	Member

\*Resigned w.e.f. 15 February, 2018.

\*\* Inducted w.e.f. 25 May, 2018.

The Committee has been reconstituted on 25 May, 2018 with said committee members, Dr. Sanjeev Kumar as Chairman and Mr. Surinder Paul Kanwar, Mr. Sachit Kanwar and Mr. P.K. Mittal as members.

During the Financial Year 2017-18, 1 (One) meeting of Business Strategy Committee was held on 27 November, 2017 to discharge the functions delegated to the Committee.

## 5. SUBSIDIARY COMPANIES

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

In terms of Regulation 16 of the Regulations, XDIL is "material non-listed Indian subsidiary Company" of the Company in the preceding financial year 2016-17.

The Company has complied with the following requirements mandated in Regulation 24 of the Regulations:

1. Dr. Sanjeev Kumar and Mr. V.K. Pargal, Non-Executive Independent Directors of the Company are also the Non-Executive Independent Directors on the Board of Xlerate Driveline India Limited (XDIL).
2. The Audit Committee periodically reviews the financial statements, in particular, the investments made by Xlerate Driveline India Limited (XDIL), if any.
3. The minutes of the Board Meetings of Xlerate Driveline India Limited (XDIL) are placed before the Board. The management periodically notifies to the Board of all significant transactions and arrangements entered into by Xlerate Driveline India Limited (XDIL).
4. The Company has formulated a policy on material subsidiary(ies) in accordance with the Regulation 16(1)(c) of the Regulations. The said policy has been posted on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com/pdf/policy_on_material_subsidiaries.pdf) under the link: [http://www.raunaqinternational.com/pdf/policy\\_on\\_material\\_subsidiaries.pdf](http://www.raunaqinternational.com/pdf/policy_on_material_subsidiaries.pdf).

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year.

## 6. COMPLIANCE OFFICER

Mr. Kaushal Narula, Company Secretary of the Company upto 04 October, 2017 was the Compliance Officer of the Company till the even date.

Pursuant to his resignation, Ms. Chanchal Gupta, Company Secretary of Xlerate Driveline India Limited (XDIL), Subsidiary Company had been designated as the Company Secretary and Compliance Officer of the Company w.e.f. 06 November, 2017.

Pursuant to resignation of Ms. Chanchal Gupta w.e.f. 24 April, 2018, Ms. Sukriti Manna, has been appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 25 May, 2018.

## 7. DIRECTORS

During the Financial Year 2017-18, the members of the Company, at their Annual General Meeting held on 08 August, 2017 approved the:

- re-appointment of Mr. Surinder Paul Kanwar as Chairman Cum Managing Director of the Company in terms of provisions of the Companies Act, 2013 as applicable for a further period of 5 (Five) years w.e.f. 01 October, 2017 on a token remuneration of Rupee One per month;
- re-appointment of Mr. N.V. Srinivasan as Non-Executive Director, liable to retire by rotation in terms of Section 152 of the Companies Act, 2013.

### Re-Appointment of existing Non-Executive Rotational Directors

Mr. N.V. Srinivasan, Non Executive Director the Company, liable to retire by rotation in terms of provisions of the Companies Act, 2013 has offered himself to be re-appointed as Non-Executive Director in terms of Section 152 of the Companies Act, 2013 at the ensuing Annual General Meeting of the Company.

Therefore, in terms of Section 152 of the Companies Act, 2013, it has been proposed to appoint Mr. N.V. Srinivasan as Non Executive Director at the ensuing Annual General Meeting (AGM) of the Company, liable to retire by rotation upto the conclusion of the next Annual General Meeting (AGM) of the Company in the Calendar year 2019.

As required under Regulation 36 of the Regulations, the information or details pertaining to the Director seeking re-appointment in the ensuing Annual General Meeting are furnished below.

The **Table-10** gives the information pertaining to the Non-Executive Director who is to be re-appointed in terms of the provisions of Section 152 of the Companies Act, 2013 respectively.

**Table-10**

S.No.	Particulars
1.	<p><b>Mr. N.V. Srinivasan, Director</b></p> <p><b>Brief Resume:</b> Mr. N.V. Srinivasan, aged 74 years is a Non-Executive Director of the Company since 30 October, 2006. He is a Graduate in Mechanical Engineering. He has done MS in Industrial Engineering from University of Illinois and he is an MBA from Graduate School of Business of the University of Pittsburgh in USA. He has a vast experience of 48 years.</p> <p>Mr. N.V. Srinivasan doesn't hold the chairmanship/ membership of any Committee of the Board of Raunaq EPC International Limited and is a Director and Chairman/ Member of the Committees of the Board of the following other Companies:</p>

S.No.	Name of the Company in which interested	Committee Chairmanship/ Membership
1.	Bharat Gears Limited	<ul style="list-style-type: none"> <li>Nomination and Remuneration Committee - Member</li> </ul>
		<ul style="list-style-type: none"> <li>Stakeholders' Relationship Committee - Member</li> </ul>

As on 31 March, 2018, he does not hold any Share in the Company.

## 8. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as detailed below:

### Annual General Meetings

**Table-11**

Financial Year	Venue	Date & Time	Special Resolution(s) Passed
2016-17	ARK Hall Hotel Saffron Kiran, 12/6, NH-2, Further to Sarai Metro Station, Near to Badarpur Toll Plaza, Sarai Khwaja, Faridabad-121003, (Haryana)	08.08.2017 03.00 P.M.	No
2015-16	Huda Convention Centre, Sector-12 Faridabad-121007 (Haryana)	03.08.2016 11.30 A.M.	Yes Re-Appointment of Mr. Sachit Kanwar as Joint Managing Director of the Company for a further period of 5 (Five) years w.e.f 01 June, 2016 on the terms and conditions including remuneration payable to him for a period of 3 (Three) years with effect from 01 June, 2016.
2014-15	HUDA Convention Centre, Sector-12 Faridabad-121007 (Haryana)	30.07.2015 11.30 A.M.	Yes Consideration and approval of Change of Name of the Company from "Raunaq International Limited" to "Raunaq EPC International Limited".

### Extra-ordinary General Meetings

No Extraordinary General Meeting of the Company was held during the Financial Year ended 31 March, 2018.

### Postal Ballot

There are no special resolutions passed during 2017-18 through postal ballot and no special resolution is proposed to be conducted through postal ballot.

## 9. MEANS OF COMMUNICATION

The Quarterly, Half Yearly and Annual Financial Results during the year were published by the Company as under:

**Table-12**

Financial Results	Name(s) Of Newspapers	Date(s) of Publication
Quarter/Year ended 31 March, 2017	Financial Express* Jansatta (Hiindi)**	27 May, 2017
Quarter ended 30 June, 2017	Financial Express* Jansatta(Hindi)**	09 August, 2017
Quarter/Half Year ended 30 September, 2017	Financial Express* Jansatta (Hindi)**	07 November, 2017
Quarter/Nine Months ended 31 December, 2017	Financial Express* Jansatta (Hindi)**	03 February, 2018

\* Financial Express- Mumbai & Delhi Edition.

\*\*Jansatta (Hindi)-Delhi Edition.

In addition to the above, the quarterly/half yearly and the annual financial results and official releases, if any, are also displayed under the "Investors" section on the Company's official website i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) for the information of all the shareholders.

Also, the Quarterly Results, Corporate Governance Report and Shareholding Pattern of the Company as mandated under Regulation 33, Regulation 27 and Regulation 31 of the Regulations respectively are filed with BSE Limited (BSE) through BSE Listing Centre.

Further, any interviews given by Company Executives/Management during the year are also displayed on the Company's official website i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

### Green Initiative

In support of the "Green Initiative" undertaken by the Ministry of Corporate Affairs (MCA), the Company had sent soft copies of Annual Reports for the year 2016-17 to all those shareholders whose e-mail addresses were made available to the depositories or the Registrar and Transfer Agents (RTA). Physical copies were sent to only those shareholders whose e-mail addresses were not available and for the bounced e-mail cases.

Besides the above, no other presentations were made to any institutional investor or to the analysts.

## 10. GENERAL SHAREHOLDERS' INFORMATION

### A. Company Registration Details:

The Company is registered under the Registrar of Companies, NCT of Delhi and Haryana.

The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L51909HR1965PLC034315.

## B. Annual General Meeting Details:

The forthcoming AGM of the Company shall be held at 11:30 A.M. on Thursday, the 02 August, 2018 at Faridabad Industries Association, FIA House, Bata Chowk, Faridabad - 121001 (Haryana).

## C. Financial Year:

Financial year of the Company commences on 01 April and ends on 31 March. The four Quarters of the Company end on 30 June; 30 September; 31 December and 31 March respectively.

## D. Listing on Stock Exchange and Stock Code:

The Shares of the Company are listed on the following Stock Exchange:

BSE Limited (BSE)  
(Stock Code 537840)

The Annual Listing Fees for the year 2018-19 shall be paid in advance to the BSE Limited.

## E. Market Price Data:

High and Low prices during each month of Financial Year 2017-18 on BSE Limited are as under:

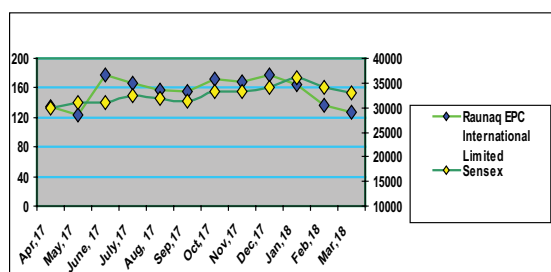
The Closing Price represents the price on the last trading day of each month of Financial Year 2017-18.

**Table-13**

Month	High (₹)	Low (₹)	Closing (₹)
April	140.00	127.50	133.90
May	136.50	120.75	124.20
June	177.95	118.20	177.95
July	195.85	154.80	166.30
August	176.50	142.20	157.05
September	174.95	144.10	155.30
October	184.00	150.55	172.05
November	219.95	162.10	168.80
December	188.00	161.25	178.35
January	191.95	163.00	163.70
February	171.00	134.00	137.25
March	149.00	117.00	127.00

The graphical presentation of movement of closing prices of the Company on BSE during the year is as under:

### **RAUNAQ EPC INTERNATIONAL LIMITED PRICES VERSUS SENSITIVITY AT BSE**



## F. Registrar and Transfer Agent:

Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited) is the Registrar and Transfer agent for handling both the share registry work relating to shares held in physical and electronic form at single point. The Share Transfers were duly registered and returned in the normal course within stipulated period, if the documents were clear in all respects.

The Shareholders are therefore advised to send all their correspondences directly to the Registrar and Transfer Agent of the Company at the below mentioned address:

Link Intime India Private Limited  
44, Community Centre, IInd Floor,  
Naraina Phase-I, Near PVR Naraina,  
New Delhi-110028  
Ph: 011-41410592-94  
Fax: 011-41410591  
E-mail: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in)

However, for the convenience of Shareholders, correspondences relating to Shares received by the Company are forwarded to the Registrar and Transfer Agent for action thereon.

In terms of Regulation 7 of the Regulations, the Company has filed a compliance certificate with BSE Limited (BSE) through BSE Listing Centre duly signed by Compliance Officer of the Company and the authorized representative of Registrar & Transfer Agent of the Company of the Company certifying that all activities in relation to both physical and electronic share transfer facility are maintained by the Registrar & Transfer Agent of the Company.

## G. Share Transfer System:

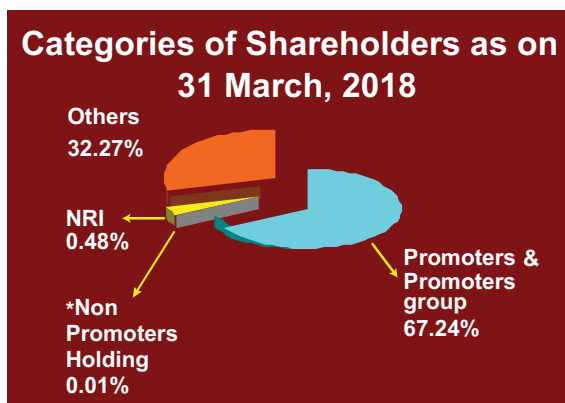
The Shares are accepted for registration of transfer at the Registered Office of the Company in addition to the office of Registrar and Transfer Agent (RTA), Link Intime India Private Limited. Link Intime India Private Limited is fully equipped to undertake the activities of Share Transfers and redressal of Shareholders grievances.

In order to have speedy disposal of the shareholders' requests for transfers and transmissions, a sub-committee consisting of the Directors/Officers of the Company is in place for effecting Transfer/Transmission/Split/Consolidation of Shares as detailed in Point 4 (C)(II) Sub Committee of this report.

After approval of the Sub-Committee, the Share Transfers are affected by the Registrar and Transfer Agent of the Company.

As per the requirements of Regulation 40(9) of the Regulations, the Company has obtained the Half Yearly Compliance Certificate from a Company Secretary in Practice for due compliance of Share Transfer formalities and same has been filed with BSE Limited(BSE) through BSE Listing Centre.

## H. Shareholding pattern of the Company as per category of shareholders as on 31 March, 2018



\* Non Promoters Holdings are Negligible

**Table-14**

Category	No. of Shares Held	%age of Share holding
<b>A. Promoters' holding</b>		
1. Promoters		
- Indian Promoters	1486630	44.47
- Foreign Promoters	761325	22.77
2. Persons acting in Concert	-	-
<b>B. Non-Promoters' Holding</b>		
3. Institutional Investors		
a. Mutual Funds and Unit Trust of India	-	-
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non-Govt. Institutions)	217	0.01
c. Foreign Institutional Investor	-	-
4. Others		
a. Private Corporate Bodies	58024	1.74
b. Indian Public	963876	28.83
c. Non Resident Indians/Overseas	16178	0.48
d. Any Other	56993	1.70
<b>Total</b>	<b>3343243</b>	<b>100.00</b>

## I. Distribution of Shareholding as on 31 March, 2018:

**Table-15**

No. of Equity shares held	Number of Shareholders	Number of Shares	%age to total shares
Up to 500	2434	162238	4.85
501 to 1000	157	119258	3.57
1001 to 2000	68	102010	3.05
2001 to 3000	21	54031	1.62
3001 to 4000	6	20875	0.62
4001 to 5000	17	76830	2.30
5001 to 10000	19	127085	3.80
10001 and above	23	2680916	80.19
<b>Total</b>	<b>2745</b>	<b>3343243</b>	<b>100.00</b>

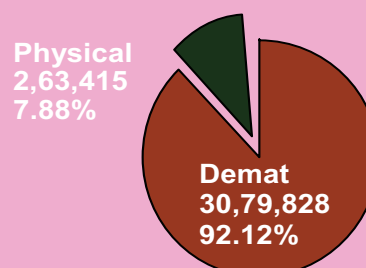
## J. Share Dematerialisation System:

The requests for dematerialisation of shares are processed by Registrar & Transfer Agent (RTA) expeditiously and the confirmation in respect of dematerialisation is entered by RTA in the depository system of the respective depositories by way of electronic entries for dematerialisation of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

## K. Dematerialization of Shares and Liquidity:

The Company's Equity Shares are compulsory traded on BSE Limited in the dematerialized mode and are available for trading under both the Depository Systems in India i.e. National Securities Depository Limited and Central Depository Services (India) Limited.

## Shares held in Demat/Physical Form as on 31 March, 2018



As on 31 March, 2018 a total of 30,79,828 equity shares of the Company of ₹ 10/- each, which form 92.12% of the paid up Equity Share Capital, stand dematerialized.

**Table-16**

PARTICULARS					
DEMAT				PHYSICAL	
NSDL		CDSL			
No. of shares	%	No. of shares	%	No. of shares	%
27,03,932	80.88	3,75,896	11.24	2,63,415	7.88

Outstanding ADRs/GDRs/Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

## L. Unclaimed Shares in Physical Mode:

As per Part F of Schedule V of the Regulations, there are no unclaimed shares in the Company.

In terms of Section 124(6) of the Companies Act, 2013 read with the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") and the Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017 ("the Amended Rules"), the Company is required to transfer the equity shares in respect of which dividends have remained unclaimed for a period of seven consecutive years to the IEPF Account established by the Central Government and a statement containing such details are required to be filed with the Ministry of Corporate Affairs (MCA).

In terms of above, pursuant to the transfer of the unclaimed dividend for the year 2009-10 to the IEPF on 20 August, 2017 i.e. upon completion of seven years from transfer of dividend into unclaimed dividend account, 41,559 (Forty One Thousand Five Hundred Fifty Nine) Equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2009-10 have been transferred into demat account of IEPF Authority.

Further, upon transfer of the unclaimed dividend for the year 2010-11 to the Investor Education and Protection Fund (IEPF) on 23 August, 2018 i.e. upon completion of seven years from the transfer of dividend into unclaimed dividend account, the equity shares relating to such dividend on which the dividend has not been claimed for the consecutive seven years since 2010-11 (net of the shares already transferred) shall also be transferred into IEPF.

In terms of the Rule 6(3) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the necessary communications have been made to the respective shareholders whose shares are required to be transferred to the IEPF during the Financial Year 2018-19 so as to enable them to claim their shares and the dividend attached to such shares before such dividend and shares are transferred to IEPF and further, the necessary information in this regard is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) for the convenience of the shareholders.

The Equity shares once transferred into IEPF can only be claimed by the concerned shareholder from IEPF Authority after complying with the procedure prescribed under the Rules and the amended Rules.

## M. Corporate Benefits

### Dividend History:

#### Dividend on Equity Shares

**Table-17**

Financial Year	Rate (%)	Amount (₹ in Lacs)
2017-18	NIL	NIL
2016-17	NIL	NIL
2015-16	12	40.12
2014-15	10	33.43
2013-14	12	40.12

## N. Office locations:

The Company's Registered Office is located at 20 K.M., Mathura Road, P.O. Amar Nagar, Faridabad, Pin - 121003, Haryana.

## O. Addresses for Correspondence:

For Share transfer/demat/remat of shares or any other query relating to shares:

Link Intime India Private Limited, 44, Community Centre, IInd Floor, Naraina Phase-I, Near PVR Naraina, New Delhi-110028, Phone No. 011-41410592-94, Email: [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in).

### For Investor Assistance:

Ms. Sukriti Manna, Company Secretary & Compliance Officer, Raunaq EPC International Limited, 20 K.M. Mathura Road, P.O. Amar Nagar, Faridabad - 121003, Phone:0129-4288888 Fax No. 0129-4288822-23 Email:[secretarial@raunaqintl.com](mailto:secretarial@raunaqintl.com).

## 11. OTHER DISCLOSURES

### A. Related Party Transactions:

During the year 2017-18, there were no material individual transactions with related parties which are not in the normal course of business or are not on arm's length basis in terms of Regulation 23 of the Regulations. The statements in summary form of transactions with Related Parties in the ordinary course of business are placed periodically before the Audit Committee for its consideration and approval. All disclosures related to financial and commercial transactions where Directors are interested are provided to the Board and the interested Directors neither participated in the discussion nor did they vote on such matters. The details of the Related Party Transactions during the year are given in the Notes forming part of financial statements.

Further, the Company has formulated a policy on materiality of Related Party Transactions in accordance with the Regulation 23 of the Regulations and the same is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com) under the link [http://www.raunaqinternational.com/pdf/related\\_party\\_transactions\\_policy.pdf](http://www.raunaqinternational.com/pdf/related_party_transactions_policy.pdf).

## **B. Disclosure of Accounting Treatment in preparation of Financial Statements:**

Raunaq EPC International Limited has followed the guidelines of Accounting Standards as mandated by the Central Government in preparation of its financial statements.

### **Indian Accounting Standards (IND AS) – IFRS Converged Standards**

The Company has adopted “IND AS” w.e.f. 01 April, 2017. Accordingly, the Standalone and Consolidated Financial Statements for the financial year ended 31 March, 2018 have been prepared in accordance with IND AS. Explanations capturing areas of differences and reconciliations from Indian GAAP to Ind AS have been provided in the notes forming part of the financial statements.

## **C. Risk Management Framework:**

In pursuance to the Companies Act, 2013 and Regulation 17(9) of the Regulations, the Company has in place mechanisms to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework.

A detailed note on Risk Management is given in the Management Discussion and Analysis section forming part of the Board's Report.

## **D. Management:**

Management Discussion and Analysis forms part of the Annual Report to the Shareholders for the Financial Year 2017-18.

## **E. Compliance by the Company:**

There were no instances of any non-compliance by the Company nor any penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority on any matter related to the Capital Markets, during the last three years.

## **F. Whistle Blower Policy/Vigil Mechanism:**

The Whistle Blower policy/Vigil Mechanism of the Company has been formulated as per Regulation 22 of the Regulations and Section 177

of the Companies Act, 2013. The policy provides a channel to the employees, Directors and any other person who avail such mechanism to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism of policy provides for adequate safeguards against victimization of employees, Directors and any other person who avails such mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The said policy has been communicated to all the personnel of the Company and is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

During the year, no unethical behavior has been reported. Further, the Company has not denied any personnel access to the Audit Committee and it will provide protection to Whistle Blower, if any, from adverse personnel action.

## **G. Policy on Preservation of Documents /Archival Policy on Website Disclosure:**

The Policy on Preservation of Documents/Archival Policy on Website Disclosure in accordance with the Regulation 9 and Regulation 30(8) of the Regulations respectively is in existence which provides the framework for preservation of documents and records of the Company for a specified period and the records of the Company which are no longer needed or are of no value are discarded after following the due process for discarding the same. This Policy aids the employees of the Company in understanding their obligations in retaining and preserving the documents and records which are required to be maintained as per the applicable statutory and regulatory requirements. The said policy is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

## **H. Policy on criteria for Determining Materiality of Events:**

The Policy on criteria for Determining Materiality of Events in accordance with Regulation 30 of the Regulations which defines the criteria for determining the materiality of events or information related to the Company provides that such information should be adequately disseminated in pursuance with the Regulations and further provides for the overall governance framework for such determination of materiality. The said policy is available on the website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

## I. CEO/CFO certification:

Certificate from Mr. Rajan Malhotra, Chief Executive Officer and Mr. Sachin Kumar Mittal, Chief Financial Officer in terms of Regulation 17(8) of the Regulations for the Financial Year ended 31 March, 2018 was placed before the Board of Directors of the Company in its meeting held on 25 May, 2018.

## J. Code of Conduct and Corporate Ethics:

### Code of Business Conduct and Ethics

Raunaq EPC International Limited believes that Good Corporate Governance is the key to the Conduct of Company's Business in a transparent, reliable and vibrant manner. It is of paramount importance for any Company to create an atmosphere of faith, integrity, accountability, responsibility and financial stability by adhering to commitment, ethical business conduct, a high degree of transparency thereby unlocking the individual intellectual capabilities and enabling its Board of Directors to conduct its duties under a moral authority, which ultimately leads to enhance legitimate needs and value of the stake holders. A copy of this code has been posted at Company's official website i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

### Code of Conduct for Prevention of Insider Trading

The Company has a comprehensive Code of Conduct for its Management, Staff and Directors for prevention of Insider Trading in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. The code lays down the guidelines and procedures to be followed and disclosures to be made while dealing with the Shares of the Company and cautioning them on the consequences of non-compliance. The pieces of the price sensitive information are disseminated to the Stock Exchanges timely, adequately and promptly on continuous basis for prevention of Insider Trading. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to Code for prevention of Insider Trading. A copy of same has been posted at the official website of the Company i.e. [www.raunaqinternational.com](http://www.raunaqinternational.com).

## K. Legal Compliance Reporting:

The Board of Directors reviews in detail, on a quarterly basis, the reports of compliance to all applicable laws and regulations in terms of Regulation 17 of the Regulations. The Company has developed a very comprehensive Legal compliance manual, which drills down from the Senior Management Personnel

to the executive-level person (who is primarily responsible for compliance) within the Company. Any non-compliance is seriously taken up by the Board, with fixation of accountability and reporting of steps taken for rectification of non-compliance.

## L. Mandatory Requirements:

The Company has complied with all the mandatory requirements of Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Regulations.

Details of compliances are given below:

**Table-18**

I. Disclosure on website in terms of Listing Regulations	Compliance status (Yes/No/NA)
Item	
Details of business	Yes
Terms and conditions of appointment of Independent Directors	Yes
Composition of various Committees of Board of Directors	Yes
Code of conduct of Board of Directors and Senior Management Personnel	Yes
Details of establishment of vigil mechanism/Whistle Blower policy	Yes
Criteria of making payments to Non-Executive Directors	Yes
Policy on dealing with Related Party Transactions	Yes
Policy for determining 'Material' subsidiaries	Yes
Details of familiarization programmes imparted to Independent Directors	Yes
Contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances	Yes
Email address for grievance redressal and other relevant details	Yes
Financial results	Yes
Shareholding pattern	Yes
Details of agreements entered into with the media companies and/or their associates	NA
New name and the old name of the listed entity	Yes

II. Annual Affirmations		
Particulars	Regulation Number	Compliance status (Yes/No/NA)
Independent Director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of Directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration Committee	19(1) & (2)	Yes
Composition of Stakeholders' Relationship Committee	20(1) & (2)	Yes
Composition and role of Risk Management Committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for Related Party Transaction	23(1),(5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all Related Party Transactions	23(2), (3)	Yes
Approval for material Related Party Transactions	23(4)	NA
Composition of Board of Directors of unlisted Material Subsidiary	24(1)	Yes
Other Corporate Governance requirements with respect to subsidiary of Company	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of Independent Directors	25(3) & (4)	Yes
Familiarization of Independent Directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to Code of Conduct from members of Board of Directors and Senior Management Personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of Directors and Senior Management	26(2) & 26(5)	Yes

## M. Non-Mandatory Requirements:

The Company has set up a Finance Committee and Business Strategy Committee, details whereof are given in the Board Committee section of this report.

## N. Investor Relations:

The growing requirements of disclosure, transparency and corporate governance have made it imperative for Companies to manage information flow and communicate more effectively with shareholders. Investor Relations at REIL aims at seamless two way communication with the Investor Community. It is based on the tenets of transparency, accuracy and timeliness of disclosures. There is a conscious effort towards the effective dissemination of information to the shareholders to communicate the Company's long term vision and goals.

## O. E-mail for investors:

The Company has designated [secretarial@raunaqintl.com](mailto:secretarial@raunaqintl.com) as e-mail address especially for investors' grievances.

SEBI has commenced processing of investor complaints in a centralised web based complaints redressal system i.e. SCORES. The Company has supported SCORES by using it as a platform for communication between SEBI and the Company.

## P. Nomination facility:

The Shareholders holding Shares in physical form may, if they so want, send their nominations in prescribed Form SH-13 of the Companies (Share Capital and Debentures) Rules, 2014, to the Company's RTA. The said form can be obtained from the Company's RTA or downloaded from the Company's Website [http://www.raunaqinternational.com/pdf/form\\_sh\\_13\\_nomination.pdf](http://www.raunaqinternational.com/pdf/form_sh_13_nomination.pdf). The Shareholders who wish to change or cancel their nominations, if already made, may send their requests in prescribed Form SH-14 of the Companies (Share Capital and Debentures) Rules 2014, to the Company's RTA which can be obtained from the Company's RTA or downloaded from the Company's Website [http://www.raunaqinternational.com/pdf/form\\_sh\\_14\\_variation-or-nomination.pdf](http://www.raunaqinternational.com/pdf/form_sh_14_variation-or-nomination.pdf). Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility or further change in nominations.

## Q. Updation of Shareholders information:

The Shareholders of the Company are requested to intimate their latest Residential Address along with the details of their Shareholding in "Updation of Shareholder's Information Form" (which can be obtained from the Registered Office of the Company or downloaded from the Company's Website <http://www.raunaqinternational.com/pdf/proforma-for-updation-of-shareholders-information.pdf>). The duly filled form for Updation of information may either be sent to the Company at its Registered Office or be hand-delivered at the Annual General Meeting of the Company.

On Behalf of the Board of Directors



Surinder Paul Kanwar

Place: New Delhi Chairman and Managing Director  
Dated: 25 May, 2018 DIN:00033524

### **COMPLIANCE CERTIFICATE AS PER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We have reviewed financial statements and the cash flow statement for the year 2017-18 and that to the best of our knowledge and belief:

- 1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- 3) No transaction entered into by the Company during the above said period, which is fraudulent, illegal or violative of the Company's Code of Conduct.

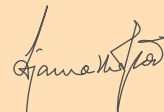
Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and we have disclosed to the Auditors and the Audit Committee, wherever applicable:

- 1) Deficiencies in the design or operation of internal controls, if any, which came to our notice and the steps we have taken or propose to take to rectify these deficiencies;
- 2) Significant changes in internal control over financial reporting during the year 2017-18;
- 3) Significant changes in accounting policies during the year 2017-18 and that the same have been disclosed in the notes to the financial statements;
- 4) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Raunaq EPC International Limited**



**Sachin Kumar Mittal**  
Chief Financial Officer



**Rajan Malhotra**  
Chief Executive Officer

Place: New Delhi  
Dated: 25 May, 2018

### **COMPLIANCE WITH CODE OF CONDUCT**

The Company has adopted "Code of Business Conduct and Ethics" pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Regulations"). This code deals with the Good Governance and ethical Practices, which the Company, the Board members and the Senior Management of the Company are expected to follow.

It is hereby affirmed that during the year 2017-18, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

**For Raunaq EPC International Limited**



**Sukriti Manna**  
Company Secretary



**Surinder Paul Kanwar**  
Chairman and Managing Director

Place: New Delhi  
Dated: 25 May, 2018

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members,  
**Raunaq EPC International Limited**  
(CIN: L51909HR1965PLC034315)  
20 K.M. Mathura Road, P.O. Amar Nagar  
Faridabad 121003 Haryana

We have examined the compliance of conditions of Corporate Governance by Raunaq EPC International Limited, hereinafter named as "the Company", for the financial year ended 31 March, 2018 as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For AK JHA & ASSOCIATES  
COMPANY SECRETARIES**



**(Anant Kumar)**

**Membership No. 7324**

**Certificate of Practice No.7834**

Place: New Delhi  
Date: 25 May, 2018

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF RAUNAQ EPC INTERNATIONAL LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Raunaq EPC International Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit, report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures

selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March, 2018 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matters

The comparative standalone Ind AS financial statements of the Company for financial year ended on 31 March, 2017 included in these standalone financial statements have been audited by predecessor auditors whose report for the year ended on 31 March, 2017 dated 26 May, 2017 expressed an unmodified opinion on those financial statements.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of written representations received from the directors as on 31 March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure 'A'**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 38 to the standalone Ind AS financial statements;
  - ii. The Company did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the **Annexure 'B'** a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **B R Maheswari and Co LLP**

Chartered Accountants

Firm's Registration No. 001035N/N500050



**Sanjay Nath**

Partner

Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

## **Annexure ‘A’ to the Independent Auditors’ Report**

**(Referred to in Paragraph 1(f) under the heading “Report on other legal and regulatory requirements” of our report of even date)**

### **Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Raunaq EPC International Limited (“the Company”) as of 31 March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For B R Maheswari and Co LLP**

Chartered Accountants

Firm’s Registration No. 001035N/N500050



**Sanjay Nath**

Partner

Place: New Delhi

Date: 25 May, 2018

Membership No.082700

## Annexure 'B' to the Independent Auditors' Report

(Referred to in Paragraph 2 under the heading "Report on other legal and regulatory requirements" of our report of even date)

1) In respect of its fixed assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- According to the information and explanations given to us, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- According to the information and explanations given to us, we report that the Company does not own any immovable property whether freehold or leasehold.

2) In respect of its inventories:

- The management has physically verified the inventories. In our opinion, the frequency of verification is reasonable.
- The discrepancies noticed on verification between the physical stocks and the book records were not material and such discrepancies have been properly dealt with in the books of accounts.

3) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.

4) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties cover under section 185 of the Act. In respect of investments made by the Company, the provisions of section 186 of the Act have been complied with.

5) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of section 73 to 76 of the Act or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder.

6) We have been informed by the Management that no cost records have been prescribed under section 148(1) of the Companies Act, 2013 in respect of Company's construction activities.

7) (a) According to the information and explanations given to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31 March, 2018 for a period of more than six months from the date they become payable.

- According to the information and explanations given to us, the details of disputed amount of

Income Tax, Value Added Tax, Sales Tax, Excise Duty, Custom Duty and Service Tax not deposited by the Company are as follows:

Name of the statute	Nature of the dues	Amount under dispute not yet deposited (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	22.63	1996-97	High Court Allahabad
	Penalty on excise duty	22.63	1997-98	
<b>Total (A)</b>		<b>45.26</b>		

- Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to the financial institutions, banks or debenture holders. The Company did not have any outstanding loans and borrowings from Government during the year.
- The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) during the year. In our opinion, the term loans have been applied for the purpose for which they were obtained.
- In our opinion and according to the information and explanations given to us, no fraud on or by the Company, by its officers or employees has been noticed or reported during the year.
- In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Standalone Ind AS Financial Statements, as required by the applicable Indian accounting standards.
- The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore reporting under clause 3(xiv) of the Order are not applicable.
- According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any non-cash transaction with directors or persons connected with him, therefore reporting under clause 3(xv) of the Order are not applicable.
- In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B R Maheswari and Co LLP**

Chartered Accountants

Firm's Registration No. 001035N/N500050



**Sanjay Nath**

Partner

Membership No. 082700

Place: New Delhi

Date: 25 May, 2018

# BALANCE SHEET

AS AT 31 MARCH, 2018

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>ASSETS</b>				
<b>Non-Current assets</b>				
Property, Plant and Equipment	3	595.62	547.88	594.37
Other Intangible Assets	4	24.42	36.91	35.45
<b>Financial Assets</b>				
a. Investments	5	1,981.18	1,827.00	1,674.78
b. Loans and Advances	6	6.13	6.13	7.16
c. Trade Receivables	7	2,427.89	944.29	166.34
d. Other Financial Assets	8	221.98	110.61	423.40
Deferred Tax Assets (Net)	9	172.40	110.55	57.14
<b>Total Non-Current Assets</b>		<b>5,429.62</b>	<b>3,583.37</b>	<b>2,958.65</b>
<b>Current Assets</b>				
Inventories	10	276.52	40.98	263.05
<b>Financial Assets</b>				
a. Trade Receivables	11	2,770.25	3,823.26	4,930.59
b. Cash and Cash Equivalents	12	144.27	287.51	458.80
c. Bank balances other than (b) above	13	542.46	899.13	835.34
d. Loans and Advances	14	7.92	10.91	16.13
e. Other Financial Assets	15	13.39	24.53	35.81
Current Tax Assets	16	65.09	53.11	180.47
Other Current Assets	17	263.66	205.54	392.87
<b>Total Current Assets</b>		<b>4,083.56</b>	<b>5,344.97</b>	<b>7,113.06</b>
<b>Total Assets</b>		<b>9,513.18</b>	<b>8,928.34</b>	<b>10,071.71</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	18	334.32	334.32	334.32
Other Equity	19	4,436.01	4,513.62	4,314.02
<b>Total Equity</b>		<b>4,770.33</b>	<b>4,847.94</b>	<b>4,648.35</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
a. Borrowings	20	79.27	2.97	44.12
Provisions	21	109.61	113.29	113.26
<b>Total Non-Current Liabilities</b>		<b>188.88</b>	<b>116.26</b>	<b>157.38</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
a. Borrowings	22	466.22	415.72	356.25
b. Trade Payables	23	2,967.74	2,875.27	3,951.82
c. Other Financial Liabilities	24	282.51	193.64	254.07
Other Current Liabilities	25	704.91	333.08	505.66
Provisions	26	132.59	146.43	198.20
<b>Total Current Liabilities</b>		<b>4,553.97</b>	<b>3,964.14</b>	<b>5,265.98</b>
<b>Total Liabilities</b>		<b>4,742.85</b>	<b>4,080.40</b>	<b>5,423.37</b>
<b>Total Equity and Liabilities</b>		<b>9,513.18</b>	<b>8,928.34</b>	<b>10,071.71</b>
Significant accounting policies and notes to standalone financial statements	1-50			

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)

**Sanjay Nath**  
Partner  
Membership No. 082700

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

Place: New Delhi  
Date: 25 May, 2018

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Revenue from operations	27	4,221.29	5,524.72
Other income	28	336.08	323.91
<b>Total revenue/income</b>		<b>4,557.37</b>	<b>5,848.63</b>
<b>EXPENSES</b>			
a. Cost of material consumed	29	1,722.42	2,211.72
b. Employee benefits expenses	30	913.34	945.31
c. Finance cost	31	255.38	265.14
d. Depreciation and amortization expenses	32	87.35	73.33
e. Other expenses	33	1,737.26	2,083.12
<b>Total expenses</b>		<b>4,715.75</b>	<b>5,578.62</b>
<b>Profit before tax</b>		<b>(158.38)</b>	<b>270.01</b>
Income tax expenses			
a. Current tax		-	95.00
b. Tax expense related to prior period		11.87	(18.09)
<b>Net current tax</b>	35	<b>11.87</b>	<b>76.91</b>
Deferred tax-charge/ (credit)	35	(71.36)	(53.87)
<b>Total tax expense</b>		<b>(59.49)</b>	<b>23.04</b>
<b>Profit for the year</b>		<b>(98.89)</b>	<b>246.97</b>
<b>Other Comprehensive Income</b>			
a. Items that may be reclassified to Profit and Loss			
Income tax effect		-	-
		-	-
b. Items that will not be reclassified to Profit and Loss			
Re-measurement gains/(losses) on defined benefit plan		30.79	1.37
Income tax effect		(9.51)	(0.45)
		21.28	0.92
<b>Other Comprehensive Income for the Year (net of tax) (a+b)</b>		<b>21.28</b>	<b>0.92</b>
<b>Total Comprehensive Income for the year</b>		<b>(77.61)</b>	<b>247.89</b>
<b>Earning per Equity share of [Nominal value per share ₹ 10/- (31 March, 2017 : ₹ 10/-)]</b>			
Basic earning per share	34	(2.96)	7.39
Diluted earning per share	34	(2.96)	7.39
Significant accounting policies and notes to standalone financial statements	1-50		

This is the Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board of Directors

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

**Sanjay Nath**  
Partner  
Membership No. 082700

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

Place: New Delhi  
Date: 25 May, 2018

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/(Loss) before tax	(158.38)	270.01
Adjustments for:		
Net gain on fair value of financial assets through Statement of Profit & Loss	(154.28)	(152.22)
Expected credit loss	39.21	164.86
Depreciation and amortization	87.35	73.33
Loss on sale of Fixed Assets	16.78	4.96
Interest and other charges	255.38	265.14
Interest income	(60.91)	(112.05)
Investment written off	0.10	-
Profit on sale of asset	(0.05)	(0.05)
<b>Operating profit before working capital changes</b>	<b>25.20</b>	<b>513.98</b>
<b>Changes in working Capital</b>		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	1,013.80	942.47
Inventories	(235.54)	222.07
Long term loans & advances	-	1.03
Short term loans & advances	2.99	5.22
Non-current trade receivables	(1,483.60)	(777.95)
Other current financial assets	11.14	11.28
Other non current financial assets	(111.37)	312.79
Other current assets	(70.10)	314.69
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade payables	92.47	(1,076.55)
Provisions	13.27	(50.38)
Other current liabilities	479.13	(183.19)
<b>Cash generated from operations</b>	<b>(262.61)</b>	<b>235.45</b>
Direct taxes paid (Net)	(11.87)	(76.91)
<b>Net Cash from operating activities</b>	<b>(274.48)</b>	<b>158.54</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(149.43)	(35.32)
Sale of fixed assets	10.11	2.11
Interest received	60.91	112.05
Investment in deposits	355.26	(62.75)
<b>Net Cash from/(used) in investment activities</b>	<b>276.85</b>	<b>16.09</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	116.80	(92.00)
Proceeds from short term borrowings	50.50	59.47
Repayment of long term borrowings	(57.53)	-
Interest and other charges paid	(255.38)	(265.14)
Dividend including dividend distribution tax paid	(1.41)	(47.23)
<b>Net Cash (used)/from financing activities</b>	<b>(147.02)</b>	<b>(344.89)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(144.65)</b>	<b>(170.26)</b>
<b>Opening balance of cash and cash equivalents *</b>	<b>300.19</b>	<b>470.45</b>
<b>Closing balance of cash and cash equivalents *</b>	<b>155.54</b>	<b>300.19</b>

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018.... CONTD.

### Reconciliation of cash and cash equivalents as per the cash flow statements

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
(a) Cash and cash equivalents as per above comprise of the following			
Cash on hand	1.18	1.45	2.44
Balance with scheduled banks:			
in current accounts	154.36	298.74	468.00
<b>Cash and cash equivalents at the end of the year</b>	<b>155.54</b>	<b>300.19</b>	<b>470.45</b>

(b) The above Cash flow statement is prepared as per "Indirect method" specified in Ind AS 7 "Statement of Cash Flows"

This is the Statement of Cash Flow referred to in our report of even date.

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sanjay Nath**  
Partner  
Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

For and on behalf of the Board of Directors

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

# STATEMENT OF CHANGES IN EQUITY

## A. Equity Share Capital

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Notes	Amount
<b>As at 01 April, 2016</b>		334.32
Change in equity share capital		-
<b>As at 31 March, 2017</b>	18	334.32
Change in equity share capital		-
<b>As at 31 March, 2018</b>	18	<b>334.32</b>

## B. Other Equity

Particulars	Notes	Reserves and Surplus				Total Other Equity
		Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance at 01 April, 2016		0.67	162.43	1,525.27	2,625.65	4,314.02
Profit for the year		-	-	-	246.97	246.97
<b>Total comprehensive income for the year</b>	19	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,872.62</b>	<b>4,560.99</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends		-	-	-	(40.12)	(40.12)
<b>Other transactions:</b>						-
Dividend distribution tax		-	-	-	(8.17)	(8.17)
Remeasurement of defined benefit plans (net of tax)		-	-	-	0.92	0.92
<b>Balance at 31 March, 2017</b>	19	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,825.25</b>	<b>4,513.62</b>
Balance at 01 April, 2017		0.67	162.43	1,525.27	2,825.25	4,513.62
Profit for the year		-	-	-	(98.89)	(98.89)
<b>Total comprehensive income for the year</b>	19	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,726.36</b>	<b>4,414.73</b>
<b>Other transactions</b>						
Remeasurement of defined benefit plans (net of tax)		-	-	-	21.28	21.28
<b>Balance at 31 March, 2018</b>	19	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,747.64</b>	<b>4,436.01</b>

This is the Statement of Changes in Equity referred to in our report of even date.

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sanjay Nath**  
Partner  
Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**For and on behalf of the Board of Directors**

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars
<b>1. COMPANY OVERVIEW</b>	
	<p>Raunaq EPC International Limited ('the Company') is engaged in Engineering Contracting Business, established in 1965 and primarily in the service of core infrastructural and industrial sectors in India, namely Power, Chemical, Hydro-carbon, Metal and Automobile sectors. The Company is a Limited Company and has its Registered Office in Haryana, India. Its shares are listed on the BSE Limited. The Company has sufficient in-house resources in terms of Engineering, Manpower, Tools &amp; Plants, and Technical know-how.</p> <p>These financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on 25 May, 2018.</p>
<b>2. SIGNIFICANT ACCOUNTING POLICIES</b>	
	<p>This Note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p>
<b>2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS</b>	
a.	<p>The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act. These financial statements for the year ended 31 March, 2018 are the first financial statements of the Company in accordance with Ind-AS.</p> <p>For all periods up to and including the year ended 31 March, 2017, the Company prepared its financial statements in accordance with previous GAAP, notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.</p> <p>The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards'. Refer note 48 for an explanation how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.</p> <p>Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.</p>
b.	<p>These financial statements have been prepared on a historical cost basis except for the following:-</p> <ul style="list-style-type: none"> <li>• Certain Financial Assets and Liabilities measured at fair value</li> <li>• Defined benefit plans-plan assets measured at fair value.</li> </ul>
<b>2.2 FUNCTIONAL AND PRESENTATION CURRENCY</b>	
	<p>These financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency and all amount are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.</p>
<b>2.3 USE OF ESTIMATES</b>	
	<p>The preparation of financial statements in accordance with Ind AS requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported account of assets, liabilities, income and expenses. Actual results may differ from these estimates.</p> <p>Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are known or materialized.</p>
<b>2.4 REVENUE RECOGNITION</b>	
a.	<p><b>REVENUE FROM CONSTRUCTION CONTRACT</b></p> <p>Contract Revenue is recognized under 'percentage of completion method'. Percentage of completion is determined as a proportion of cost incurred-to-date for work performed to estimated contract cost for each contract. Cost incurred in the year in connection with the future activity on a contract are excluded from contract cost in determining the stage of completion.</p>

Note	Particulars
	<p>Provision for expected loss is recognized immediately when it is probable that the total estimated contract costs will exceed the total contract revenue.</p> <p>When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.</p> <p>Revenue and cost associated with the a particular contract is only recognised when the cost of work performed is more than 25% of the total estimated contract cost of each contract.</p> <p>Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured and received from customer.</p>
<b>b. OTHERS ITEMS OF REVENUE</b>	
	<p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate method.</p> <p>Dividend income is recognised when the Company's right to receive the payment is established.</p> <p>Other items like extra items claim, insurance claims, any receipts on account of pending income tax, sales tax, GST and excise duty assessments, where quantum of accruals cannot be ascertained with reasonable certainty, are recognized as income only when revenue is virtually certain which generally coincides with receipts.</p>

## 2.5 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are carried at cost net of tax/duty credit availed less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

The items of property, plant and equipment which are not yet ready for use are disclosed as Capital work-in-progress and are carried at historical cost.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Property, Plant and Equipment are eliminated from the financial statements, either on disposal or when retired from active use.

Gain and losses on disposal or retirement of assets are determined by comparing proceeds with carrying amount. These are recognised in the Statement of Profit and Loss.

### Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values on the basis of useful life prescribed in Schedule II to the Act, which are also supported.

The residual values are not more than 5% of the original cost of the asset.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at end of each financial year and any changes there-in are considered as change in estimate and accounted prospectively.

## 2.6 INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets (Computer Software) are stated at cost less accumulated amortization and impaired loss, if any. Computer Software for internal use which is primarily acquired is capitalized. Subsequently, costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes licenses fees, cost of implementation, system integration services etc. where applicable.

Note	Particulars
	<p><b>Transition to Ind AS</b></p> <p>On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets (Computer Software) recognised as at 01 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets.</p> <p>The Company amortises intangible assets (Computer Software) with a finite useful life using the straight line method over a period of 3 years.</p>
<b>2.7</b>	<p><b>IMPAIRMENT OF ASSETS</b></p> <p>The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Company estimates the assets recoverable amount. An asset recoverable amount is the higher of an asset or Cash-generating unit (CGU) fair value less cost of disposal and its fair value in use. Recoverable amount is determined for an individual asset, unless the assets does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.</p> <p>In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. Impaired losses are recognised in statement of profit and loss.</p>
<b>2.8</b>	<p><b>INVENTORIES</b></p> <p>Raw material, stores, work-in-progress and traded goods are stated at the lower of cost and net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost of inventories comprises all cost of purchase and other cost incurred in bringing them to their present location and condition. The cost, in general, is determined under First In First Out (FIFO) Method.</p> <p>Contract cost incurred related to future activity of the contract are recognised as an asset provided it is probable that they will be recovered during the contract price. Such cost represent the amount due from customer and are often classified as contract work-in-progress.</p>
<b>2.9</b>	<p><b>FOREIGN CURRENCY TRANSACTIONS</b></p> <p>Transaction in foreign currencies are initially recorded by the Company at rates prevailing on the date of the transaction. Subsequently, monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference recognised in Profit and Loss. Difference arising on settlement of monetary items are also recognised in profit or loss.</p> <p>Non-monetary items that are carried in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the transaction.</p>
<b>2.10</b>	<p><b>EARNING PER SHARE</b></p> <p>Basic earnings per share is calculated by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For considering the Company's earning per share, the net profit or loss for the period is taken. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.</p>
<b>2.11</b>	<p><b>BORROWING COSTS</b></p> <p>Borrowing cost specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are charged to revenue in the period in which it is incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange difference to the extent regarded as an adjustment to the borrowing cost.</p> <p>Finance costs will normally include:</p> <ol style="list-style-type: none"> <li>interest expense calculated using the effective interest rate method as described in Ind AS 109,</li> <li>the unwinding of the effect of discounting provisions.</li> </ol>

Note	Particulars
------	-------------

## 2.12 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability is not considered. However, a disclosure for contingent liabilities is made when there is a possible obligation arising from past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

## 2.13 DIVIDEND

Dividend on equity shares is recorded as a liability on the date of approval by the shareholders and interim dividend is recorded as a liability on the date of declaration by the Company's Board of Directors.

## 2.14 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of cash flows, cash and cash equivalents consists of cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

## 2.15 EMPLOYEE BENEFITS

- Short term employee benefits are recognised as an expense in the statement of profit and loss of the year in which the related services are rendered.
- Compensated absence is accounted for using the project unit credit method, on the basis of actuarial valuation carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.
- Contribution payable by the Company to the concerned government authorities in respect of provident fund, family pension fund and employee state insurance are defined contribution plans. The contributions are recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The Company does not have any further obligation in this respect, beyond such contribution.
- Certain employees are participated in a defined contribution plan of superannuation. The Company has no further obligation to plan beyond its monthly contribution which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India.
- The cost of providing gratuity, a defined benefit plan, is determined using the Projected Unit Credit Method, on the basis of actuarial valuation carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in Statement of profit and loss.

The Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund. The fund is managed by trust, the corpus of which is invested with the Life Insurance Corporation of India.

## 2.16 LEASES

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the Statement of Profit and Loss over the lease term.

## 2.17 INCOME TAXES

Income tax expenses comprises current and deferred income tax. Income tax expenses are recognised in the Statement of Profit and Loss except that it relates to items recognised directly in equity, in those case it is recognised in 'Other Comprehensive Income'. Current Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Note	Particulars
	<p>Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.</p> <p>Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiary where it is expected that earnings of the subsidiary will not be distributed in foreseeable future. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously. The income tax provision of the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.</p>

## 2.18 FINANCIAL INSTRUMENTS

A financial instrument is any contract that give rise to a financial asset of one entity and financial liability or equity instrument of another entity.

### a. Financial Assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial assets.

#### Subsequent measurement

Financial assets are subsequently measured at amortized cost or fair value through profit or loss depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

#### Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

#### Impairment of Financial Assets

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets. If credit risks has not increased significantly 12 months ECL is used to provide the impairment loss. If credit risks has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risks since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expenses in the statement of profit & loss.

### b. Financial Liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings or payable.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Note	Particulars
	<p><u>Subsequent measurement</u></p> <p>The measurement of financial liabilities depends on their classification described below:</p> <p><b>Financial liabilities at fair value through profit and loss</b></p> <p>Financial liabilities at fair value through profit or loss includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. All changes in the fair value of such liability are recognised in the statement of profit and loss.</p> <p><b>Loan and borrowings</b></p> <p>After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized costs using EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.</p> <p><b>Derecognition</b></p> <p>A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.</p>

## 2.19 SEGMENT REPORTING

Operating systems are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Managing Director of the Company has been identified as CODM and he is responsible for allocating the resources, assessing the financial performance and position of the Company and making strategic decision. Refer note 37 for segment information presented.

## 2.20 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgement and assumptions which affect the reported amount of assets and liabilities as at the balance sheet date, reported amount of revenue and expenses for the year and disclosure of contingent assets and liabilities as at the balance sheet date.

The areas involving critical estimates or judgement are:

### i Critical estimates

- a Measurement of defined benefit obligations - Note 45
- b Estimated useful life of intangible assets, property, plant and equipment - Note 2.5 and 2.6
- c Estimated fair value of financial instruments - Note 47
- d Recognition of revenue - Note 2.4
- e Provision for expected credit losses - Note 40

### ii Significant Judgements

- a Designating financial asset/liability through fair value through profit or loss so as to reduce/eliminate accounting mismatch.
- b Probability of an outflow of resources to settle an obligation resulting in recognition of provision.

The estimates, judgements and assumptions used in the financial statements are based upon Management's evaluation of relevant facts and circumstances and as at the date of financial statements. Accounting estimates could differ from period to period and accordingly appropriate changes in estimates are made as the management becomes aware of the changes. Actual results could differ from the estimates.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 3 : Property, Plant & Equipment**

Particulars	Plant and Machinery	Tractor	Office Equipment	Furniture and Fixtures	Electricals Fittings	Vehicles	Computers	Total
<b>As at 31 March, 2017</b>								
<b>Gross carrying amount</b>								
Deemed cost as on 01 April, 2016	485.42	0.08	1.91	17.52	0.29	73.35	15.81	594.37
Addition	2.08	-	-	18.63	-	-	4.32	25.03
Disposals/transfers	9.56	-	-	-	-	7.06	0.98	17.60
<b>Closing gross carrying amount</b>	<b>477.94</b>	<b>0.08</b>	<b>1.91</b>	<b>36.15</b>	<b>0.29</b>	<b>66.29</b>	<b>19.15</b>	<b>601.80</b>
<b>Accumulated Depreciation</b>								
Depreciation charged during the year	44.00	-	0.98	3.19	0.03	10.20	6.10	64.50
Disposals/transfers	5.73	-	-	-	-	3.92	0.93	10.58
<b>Closing accumulated depreciation</b>	<b>38.27</b>	<b>-</b>	<b>0.98</b>	<b>3.19</b>	<b>0.03</b>	<b>6.28</b>	<b>5.17</b>	<b>53.92</b>
<b>Net carrying amount</b>	<b>439.67</b>	<b>0.08</b>	<b>0.93</b>	<b>32.96</b>	<b>0.26</b>	<b>60.01</b>	<b>13.98</b>	<b>547.88</b>
<b>As at 31 March, 2018</b>								
<b>Gross carrying amount</b>								
Opening gross carrying amount	477.94	0.08	1.91	36.15	0.29	66.29	19.15	601.81
Addition	10.74	-	0.79	0.39	0.19	135.28	2.16	149.55
Disposals/transfers	45.76	-	-	-	-	0.75	0.25	46.76
<b>Closing gross carrying amount</b>	<b>442.92</b>	<b>0.08</b>	<b>2.70</b>	<b>36.54</b>	<b>0.48</b>	<b>200.82</b>	<b>21.06</b>	<b>704.60</b>
<b>Accumulated Depreciation</b>								
Opening accumulated depreciation	38.27	-	0.98	3.19	0.03	6.28	5.17	53.92
Depreciation charged during the year	42.30	-	0.32	4.46	0.03	23.98	3.97	75.06
Disposals/transfers	19.19	-	-	-	-	0.57	0.24	20.00
<b>Closing accumulated depreciation</b>	<b>61.38</b>	<b>-</b>	<b>1.30</b>	<b>7.65</b>	<b>0.06</b>	<b>29.69</b>	<b>8.90</b>	<b>108.98</b>
<b>Net carrying amount</b>	<b>381.54</b>	<b>0.08</b>	<b>1.40</b>	<b>28.89</b>	<b>0.42</b>	<b>171.13</b>	<b>12.16</b>	<b>595.62</b>

**Note 4 : Other Intangible Assets**

Particulars	Software	Total
<b>As at 31 March, 2017</b>		
<b>Gross carrying amount</b>		
Deemed cost as on 01 April, 2016	35.45	35.45
Addition	10.29	10.29
Disposals/transfers	-	-
<b>Closing gross carrying amount</b>	<b>45.74</b>	<b>45.74</b>
<b>Accumulated Depreciation</b>		
Depreciation charged during the year	8.83	8.83
Disposals/transfers	-	-
<b>Closing accumulated depreciation</b>	<b>8.83</b>	<b>8.83</b>
<b>Net carrying amount</b>	<b>36.91</b>	<b>36.91</b>
<b>As at 31 March, 2018</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	45.74	45.74
Addition	-	-
Disposals/transfers	-	-
<b>Closing gross carrying amount</b>	<b>45.74</b>	<b>45.74</b>
<b>Accumulated Depreciation</b>		
Opening accumulated depreciation	8.83	8.83
Depreciation charged during the year	12.49	12.49
Disposals/transfers	-	-
<b>Closing accumulated depreciation</b>	<b>21.32</b>	<b>21.32</b>
<b>Net carrying amount</b>	<b>24.42</b>	<b>24.42</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 5 : Non-current Investments**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Investment in Equity Instruments</b>			
<b>A. Investments in Subsidiary Company (At cost)</b>			
<b>Unquoted</b>			
1,48,77,038 (31 March, 2017 : 1,48,77,038; 01 April, 2016 : 1,48,77,038) Equity shares of ₹ 10/- each fully paid up in Xlerate Driveline India Ltd.	1,487.70	1,487.70	1,487.70
<b>Sub-total</b>	<b>1,487.70</b>	<b>1,487.70</b>	<b>1,487.70</b>
<b>B. Investment in Others</b>			
<b>Quoted</b>			
At fair value through profit and loss (FVPL)			
2,93,300 (31 March, 2017 : 2,93,300; 01 April, 2016 : 2,93,300) Equity shares of ₹ 10/- each fully paid up in Bharat Gears Ltd.	493.48	339.20	186.98
<b>Unquoted</b>			
Net of provision, for other than temporary diminution			
Nil (31 March, 2017 : 10,000; 01 April, 2016 : 10,000)	-	0.10	0.10
Equity shares of ₹ 10/- each fully paid up in BST Mfg. Ltd.			
<b>Sub-total</b>	<b>493.48</b>	<b>339.30</b>	<b>187.08</b>
<b>Total</b>	<b>1,981.18</b>	<b>1,827.00</b>	<b>1,674.78</b>
Aggregate amount of Quoted Investments and market value thereof	493.48	339.20	186.98
Aggregate amount of Unquoted Investments	1,487.70	1,487.80	1,487.80

**Note 6 : Non-current Loans and Advances**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Security deposit</b>			
Unsecured, considered good*	6.13	6.13	7.16
<b>Total</b>	<b>6.13</b>	<b>6.13</b>	<b>7.16</b>

\* ₹ 5.00 lacs is given under protest against excise matter disputed in High Court.

**Note 7 : Non-current Trade Receivables**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Trade receivables including retention money	2,490.22	1,166.71	223.90
<b>Less: Expected credit loss (ECL)</b>	<b>(62.33)</b>	<b>(222.42)</b>	<b>(57.56)</b>
<b>Total</b>	<b>2,427.89</b>	<b>944.29</b>	<b>166.34</b>

**Note 8 : Other Non-current Financial assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Long Term Deposits with Banks with Maturity period more than 12 months</b>	<b>221.98</b>	<b>110.61</b>	<b>423.40</b>
Refer (a) below			
<b>Total</b>	<b>221.98</b>	<b>110.61</b>	<b>423.40</b>

(a) ₹ 221.98 (31 March, 2017 : ₹ 110.60, 01 April, 2016 : ₹ 423.40) held as Margin money against bank guarantees.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 9 : Deferred Tax Assets/(Liabilities) (Net)**

Particulars	As at 31 March, 2018	(Charged)/ credit during the year	As at 31 March, 2017	(Charged)/ credit during the year	As at 01 April, 2016
<b>Deferred tax assets on account of:</b>					
a) Provision for doubtful advances	0.17	(0.01)	0.18	-	0.18
b) Provision for diminution in value of investment	-	(0.38)	0.38	-	0.38
c) Provision for Excise Duty	13.99	(0.98)	14.97	-	14.97
d) Employees Benefits	31.45	(14.11)	45.56	3.09	42.47
e) Current year Income Tax losses	104.04	104.04	-	-	-
f) Unabsorbed Depreciation	25.97	25.97	-	-	-
g) Expected credit loss (ECL)	19.26	(54.28)	73.54	54.51	19.03
<b>Total deferred tax assets</b>	<b>194.88</b>	<b>60.25</b>	<b>134.63</b>	<b>57.60</b>	<b>77.04</b>
<b>MAT credit entitlement</b>					
<b>Deferred tax liabilities on account of:</b>					
a) Difference between book and tax depreciation	(22.48)	1.60	(24.08)	(4.18)	(19.90)
<b>Total deferred tax liabilities</b>	<b>(22.48)</b>	<b>1.60</b>	<b>(24.08)</b>	<b>(4.18)</b>	<b>(19.90)</b>
<b>Total deferred tax (net)</b>	<b>172.40</b>	<b>61.85</b>	<b>110.55</b>	<b>53.42</b>	<b>57.14</b>

**Note 10 : Inventories**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
At lower of cost and net realisable value			
Stock-in trade-traded goods	136.10	34.57	66.46
Goods-in transit	-	6.41	196.58
Work-in progress	140.42	-	-
<b>Total</b>	<b>276.52</b>	<b>40.98</b>	<b>263.05</b>

**Note 11 : Current Trade Receivables**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Unsecured considered good, unless otherwise stated</b>			
Trade receivables	2,770.25	3,823.26	4,930.59
<b>Total</b>	<b>2,770.25</b>	<b>3,823.26</b>	<b>4,930.59</b>

**Note 12 : Cash and Cash Equivalents**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Balance with Banks</b>			
In current account	143.09	286.06	456.36
Cash on hand	1.18	1.45	2.44
<b>Total</b>	<b>144.27</b>	<b>287.51</b>	<b>458.80</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 13 : Bank Balances other than Cash and Cash Equivalents**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Other Balances</b>			
<b>Earmarked balances with banks for:</b>			
Unpaid Dividends	11.27	12.68	11.64
<b>Fixed deposits with various authorities</b>			
Margin money against bank guarantees and others	531.19	886.45	823.70
<b>Total</b>	<b>542.46</b>	<b>899.13</b>	<b>835.34</b>

**Note 14 : Current Loans and Advances**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Unsecured, Considered good</b>			
Security Deposits	3.32	3.27	4.66
Loans and advances to employees	4.60	7.64	11.47
<b>Total</b>	<b>7.92</b>	<b>10.91</b>	<b>16.13</b>

**Note 15 : Other Current Financial Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Accrued Interest on Deposits with Banks and Others	13.39	24.53	35.81
<b>Total</b>	<b>13.39</b>	<b>24.53</b>	<b>35.81</b>

**Note 16 : Current Tax Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Current Tax Assets (net of provision)	65.09	53.11	180.47
<b>Total</b>	<b>65.09</b>	<b>53.11</b>	<b>180.47</b>

**Note 17 : Other Current Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Unsecured considered good</b>			
Prepaid Expenses	119.12	120.03	155.73
Advance income tax (net of provisions)			
Advances recoverable in cash or in kind or for value to be received	143.27	85.51	237.14
Others	1.27	-	-
<b>Unsecured considered doubtful</b>			
Advances recoverable in cash or in kind or for value to be received	0.54	0.54	0.54
Less: Allowance for doubtful debt	(0.54)	(0.54)	(0.54)
<b>Total</b>	<b>263.66</b>	<b>205.54</b>	<b>392.87</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 18 : Equity Share Capital**

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorized</b>						
Equity shares of ₹ 10 each (31 March, 2017 ₹ 10 each, 01 April, 2016 ₹ 10 each)	35,000,000	3,500.00	35,000,000	3,500.00	35,000,000	3,500.00
<b>Issued, Subscribed and Paid-up:</b>						
Equity shares of ₹ 10 each (31 March, 2017 ₹ 10 each, 01 April, 2016 ₹ 10 each)	3,343,243	334.32	3,343,243	334.32	3,343,243	334.32
<b>Total</b>		<b>334.32</b>		<b>334.32</b>		<b>334.32</b>

The Company has one class of equity share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**Issue of Bonus Shares**

During the financial year ended 31 March, 2014, the Company had issued 20,05,946 Equity Shares of ₹ 10/- each as fully paid up Bonus Shares after capitalization of General Reserves of ₹ 200.59 lakhs to shareholders in proportion of their shareholding.

Apart from the issue of bonus shares as mentioned above, the Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceding period of 5 financial years.

**Reconciliation of Shares Issued**

As no fresh issue of shares or reduction in capital was made during the current year as well as during the previous period, hence there is no change in the opening and closing capital. Accordingly, reconciliation of share capital has not been given.

**Details of Equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	No. of Shares	% of holding in that class of shares	No. of Shares	% of holding in that class of shares	No. of Shares	% of holding in that class of shares
Mr. Surinder Paul Kanwar	1,466,695	43.87	1,466,695	43.87	1,866,695	55.83
Gulab Merchandise Private Limited	644,825	19.29	644,825	19.29	244,825	7.32

**Note 19 : Other Equity**

Particulars	Refer following items	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Capital Reserve	19(a)	0.67	0.67	0.67
Securities Premium Reserve	19(b)	162.43	162.43	162.43
General Reserve	19(c)	1,525.27	1,525.27	1,525.27
Retained Earnings	19(d)	2,747.64	2,825.25	2,625.65
<b>Total</b>		<b>4,436.01</b>	<b>4,513.62</b>	<b>4,314.02</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	As at 31 March, 2018	As at 31 March, 2017
a. Capital Reserve-Balance at the beginning and end of the year	0.67	0.67
b. Securities Premium Reserve-Balance at the beginning and end of the year	162.43	162.43
c. General Reserve		
Balance at the beginning of the year	1,525.27	1,525.27
Add: Transferred from Retained Earnings	-	-
Balance at the end of the year	1,525.27	1,525.27
d. Retained Earnings		
Balance at the beginning of the year	2,825.25	2,625.65
Profit for the year	(98.89)	246.97
Remeasurement of defined benefit plans (net of tax)	21.28	0.92
Dividend	-	(40.12)
Tax on Dividend	-	(8.17)
Balance at the end of the year	2,747.64	2,825.25
<b>Total</b>	<b>4,436.01</b>	<b>4,513.62</b>

### Nature and purpose of Reserves

**Capital Reserve:** Represents the reserves created as a result of forfeiture of shares of the Company. Capital reserve will be utilized for issue of fully paid bonus shares.

**Securities Premium Reserve:** The amount received from share holders in excess of face value of the equity shares is recognised in Securities Premium Reserve and will be utilized as per provisions of the Companies Act, 2013.

**General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. General Reserve will be utilized as per provisions of the Companies Act, 2013. The same is a free reserve and available for distribution.

### Note 20 : Non-current Borrowings

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Secured Borrowings</b>			
Term loans from Banks	79.27	2.97	44.12
<b>Total</b>	<b>79.27</b>	<b>2.97</b>	<b>44.12</b>

### Rupee Term Loans from Banks

- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 5.16 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 9.76% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 1.03 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 10.76% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 2.37 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 10.13% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 1.52 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 11.00% p.a. in 59 monthly installments financed by Axis Bank.

(All amounts in ₹ Lakhs, unless otherwise stated)

- e. Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 3.99 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 11.00% p.a. in 59 monthly installments financed by Axis Bank.
- f. Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 18.74 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 11.00% p.a. in 36 monthly installments financed by Oriental Bank of Commerce.
- g. Term Loan from bank ₹ Nil (31 March, 2017 : ₹ 2.97 lacs & 01 April, 2016 : ₹ 11.31 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 10.50% p.a. in 35 monthly installments financed by Axis Bank.
- h. Term Loan from bank ₹ 79.27 lacs (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ Nil) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 8% p.a. in 60 monthly installments financed by HDFC Bank Ltd.

**Note 21 : Non-current Provisions**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Provision for employee benefits</b>			
Provision for compensated absences	64.34	68.02	67.99
<b>Provision-Others</b>			
Provision for Excise Duty	45.27	45.27	45.27
<b>Total</b>	<b>109.61</b>	<b>113.29</b>	<b>113.26</b>

**Note 22 : Current Borrowings**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Secured Borrowings</b>			
Working capital loans repayable on demand from			
Bank - Cash credit (CC)	466.22	415.72	356.25
<b>Total</b>	<b>466.22</b>	<b>415.72</b>	<b>356.25</b>

**Working capital loans repayment on demand from banks**

Working capital loan from Banks are secured by first charge by way of hypothecation on entire current assets including stock, stores, trade receivables etc., and also 1<sup>st</sup> charge by way of hypothecation on movable fixed assets (other than those which are exclusively charged in favour of the respective lenders) ranking pari passu amongst the Banks on the point of security.

**Note 23 : Trade Payables**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of Trade Payable other than micro enterprises and small enterprises	2,967.74	2,875.27	3,951.82
<b>Total</b>	<b>2,967.74</b>	<b>2,875.27</b>	<b>3,951.82</b>

In response to the Company's request made in March, 2018 to the Suppliers for providing copy of the registration Certificate, if registered under Micro, Small and Medium Enterprises Development 2006, none has sent Certificate of Registration with prescribed authority. Hence, no such supplier is identified and no disclosure made for amount due to such supplier as at 31 March, 2018.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 24 : Other Current Financial Liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Current maturities of long-term debt (Refer Note 20)	24.12	41.15	91.99
Unpaid dividend	11.27	12.68	11.64
Employee Dues	199.34	116.89	122.34
Creditors for expenses	47.78	22.93	28.09
<b>Total</b>	<b>282.51</b>	<b>193.64</b>	<b>254.07</b>

**Note 25 : Other Current Liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Statutory Dues	33.95	22.30	48.39
Contractually reimbursable expenses	18.50	7.97	7.77
Contract mobilization advances from customers	652.46	302.81	449.49
<b>Total</b>	<b>704.91</b>	<b>333.08</b>	<b>505.66</b>

**Note 26 : Current Provisions**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Provision for employee benefits</b>			
Provision for compensated absences	38.72	41.90	33.74
Provision for Gratuity	-	4.11	7.33
<b>Provision-others</b>			
Provision for other outstanding liabilities	93.87	100.42	157.13
<b>Total</b>	<b>132.59</b>	<b>146.43</b>	<b>198.20</b>

**Note 27 : Revenue from Operations**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Sales of service (service contracts/supply contracts)	4,221.29	5,524.72
<b>Total</b>	<b>4,221.29</b>	<b>5,524.72</b>

**Note 28 : Other Income**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Interest income	60.91	112.05
Net Gain/(loss) on fair value of financial assets through Statement of Profit & loss (FVPL)	154.28	152.22
Other non-operating income	120.89	59.64
<b>Total</b>	<b>336.08</b>	<b>323.91</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 29 : Cost of Materials Consumed**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Opening stock	34.56	66.46
Add: Purchases during the year	1,823.96	2,179.82
Less: Closing stock	136.10	34.56
Net material consumed	1,722.42	2,211.72
<b>Total</b>	<b>1,722.42</b>	<b>2,211.72</b>

**Note 30 : Employee Benefits Expenses**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
a. Salaries and wages	767.93	831.40
b. Contributions to provident and other fund	54.56	53.80
c. Gratuity fund contribution-(Refer note 45)	29.48	8.20
d. Staff welfare expenses	61.37	51.91
<b>Total</b>	<b>913.34</b>	<b>945.31</b>

**Note 31 : Finance Cost**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
a. Interest expenses on:		
Borrowings	110.89	70.75
b. Other borrowing costs	144.49	194.39
(Bank and other financial charges)		
<b>Total</b>	<b>255.38</b>	<b>265.14</b>

**Note 32 : Depreciation and Amortization Expenses**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Depreciation of property, plant and equipment	74.86	64.50
Amortization of intangible assets	12.49	8.83
<b>Total</b>	<b>87.35</b>	<b>73.33</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 33 : Other Expenses**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Consumption of stores and spare parts	63.43	73.33
Erection expenses	528.63	1,139.89
Power and fuel	26.76	17.90
Hire charges	16.89	13.24
Travelling & conveyance	105.77	146.91
Rent	47.16	72.36
Repairs and maintenance - Machinery	13.23	9.63
Insurance	19.37	37.18
Rates and taxes	64.67	172.05
Freight and forwarding	77.52	61.11
Payments to auditors (Refer Note (i) below)	5.63	6.80
Loss on fixed assets sold	16.78	4.96
Legal & Professional charges	100.07	84.78
Expected credit loss (ECL)	39.21	164.86
Bad Debt written off	526.58	-
Miscellaneous expenses	85.56	78.13
<b>Total</b>	<b>1,737.26</b>	<b>2,083.12</b>

**Auditors' Remuneration paid/payable for the year**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Statutory Audit fee	2.50	2.88
Limited review and other certifications	2.91	3.49
Reimbursement	0.23	0.44
<b>Total</b>	<b>5.64</b>	<b>6.81</b>

Note: Statutory audit fees of F.Y 2016-17 includes service tax amounting to ₹ 0.38 lacs.

**Note 34 : Earning Per Share**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Weighted average number of equity shares outstanding	3,343,243	3,343,243
Profit after tax available for shareholders	(98.89)	246.97
Basic & diluted earning per share	(2.96)	7.39
Nominal value per share	10.00	10.00

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 35 : Tax Reconciliation**

Reconciliation of tax expense and accounting profit as per Ind AS 12 :

**Income Tax Expenses**

This note provides an analysis of the Company's income tax expenses that how the tax expenses is affected by non-assessable and not-deductible items:

Particulars	2017-18	2016-17
<b>Income Tax Expenses</b>		
Current tax for the year	-	95.00
Adjustment for current tax of prior period	11.87	(18.09)
<b>Total current expenses</b>	<b>11.87</b>	<b>76.91</b>
<b>Deferred tax</b>		
Increase/(Decrease) in deferred tax assets	69.76	57.60
(Increase)/Decrease in deferred tax liabilities	1.60	(3.73)
<b>Total deferred tax Income/(Expenses)</b>	<b>71.36</b>	<b>53.87</b>
<b>Income tax expenses</b>	<b>(59.49)</b>	<b>23.04</b>

Reconciliation of tax expenses and accounting profit multiplied by applicable Indian tax rate:

Particulars	2017-18	2016-17
Profit before income taxes	(158.38)	270.01
Enacted tax rate in India (%)	30.90%	33.06%
Computed expected tax expenses	-	89.27
Tax effect due to non-taxable income for Indian tax purposes	(47.67)	(50.33)
Tax reversals	11.87	(18.09)
Effect of non-deductible expenses	12.12	54.51
Others	(35.80)	(52.32)
<b>Income tax expenses</b>	<b>(59.49)</b>	<b>23.04</b>

**Note 36 : Disclosure required pursuant to Ind AS -36 "Impairment of assets"**

The Company has carried out impairment test on its fixed assets as on the date of Balance Sheet and the Management is of the opinion that there is no asset for which provision for impairment is required to be made as per Ind AS - 36 "Impairment of Assets".

**Note 37 : Operating Segment information**

The Company's operations predominantly consist of construction activities. Hence there are no reportable segments under Ind AS - 108 "Operating Segment" during the year under report, the Company has engaged in its business only within India and not in any other country. The condition prevailing in India being uniform, no separate geographical disclosures are considered necessary.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 38 : Contingent Liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Contingent liabilities			
a. Guarantees/Letter of Credit given by the banks which are counter guaranteed by the Company and secured against Fixed and Current Assets	4,269.32	6,034.99	7,304.30
b. Guarantee given to bank on behalf of subsidiary Company	207.57	336.26	309.60
c. Others where Company had gone in to appeals before appropriate authorities:			
-Sales Tax	9.74	9.74	9.74
-Income Tax	1.74	1.74	5.72
<b>Total</b>	<b>4,488.37</b>	<b>6,382.73</b>	<b>7,629.36</b>

**Note 39 : Capital Management**

The Company's Capital management objective is to maximize the total shareholder's return by optimizing cost of capital through flexible capital structure that supports growth. Company ensure optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital requirement on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long term/short term borrowings. The Company monitors the capital structure on the basis of Net debts to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of Company's capital management, equity includes paid up equity share capital and reserves and surplus and Debt comprises of long term borrowings including current maturities of these borrowings.

The following table summarizes long term debt and equity of the Company:

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Equity Share Capital	334.32	334.32	334.32
Other Equity	4,436.01	4,513.62	4,314.02
Total Equity	4,770.33	4,847.94	4,648.35
Long Term Debt	103.39	44.12	136.12
<b>Debt to Equity Ratio</b>	<b>0.02</b>	<b>0.01</b>	<b>0.03</b>

**Note 40 : Financial Risk Management Objectives and Policies**

The Company's business activities are exposed to a variety of financial risk viz., market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Company's management.

**Market risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

**Interest rate risk**

Out of total borrowings, large portion represents short term borrowings and the interest rate primarily based on the Company's credit rating and also the changes in the financial market. Company influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest continuously monitoring over all factors rate risks.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Exposure to interest rate risk**

Particulars	As at 31 March, 2018	As at 31 March, 2017
Floating rate borrowings: Working capital loan	55.86	28.16
<b>Total</b>	<b>55.86</b>	<b>28.16</b>

**A change of 50 basis points (bp) in interest rates would have following impact on profit before tax**

Particulars	As at 31 March, 2018	As at 31 March, 2017
50 bp increase - Decrease in profit	2.50	1.46
50 bp decrease - Increase in profit	(1.63)	(0.90)

**Credit risk**

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, loans, investments and other financial assets.

At each reporting date, the Company measures loss allowance for certain class of financial assets based on historical trend, industry practices and the business environment in which the Company operates.

Credit risk with respect to trade receivables are limited, due to the Company's customer profiles are well balanced in Government and Non-Government customers and diversified amongst in various geographies. All trade receivables are reviewed and assessed on a quarterly basis.

Credit risk arising from investments and balances with banks is limited because the counter parties are banks and recognised companies with high credit worthiness.

**(i) Provision for expected credit losses**

The Company measures Expected Credit Loss (ECL) for financial instruments based on historical trend, industry practices and the business environment in which the Company operates.

For financial assets, a credit loss is the difference between:

- (a) the contractual cash flows that are due to an entity under the contract; and
- (b) the cash flows that the entity expects to receive.

The Company recognizes in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date in accordance with Ind AS 109.

In determination of the allowances for credit losses on trade receivables, the Company has used a practical expedience by computing the expected credit losses based on ageing matrix, which has taken into account historical credit loss experience and adjusted for forward looking information.

**(ii) The movement of Trade Receivables and Expected Credit Loss are as follows:**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Trade Receivables (Gross)	5,260.47	4,989.97	5,154.49
Less: Expected Credit Loss	(62.33)	(222.42)	(57.56)
<b>Trade Receivables (Net)</b>	<b>5,198.14</b>	<b>4,767.55</b>	<b>5,096.93</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

### Financial Instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Investments of surplus funds are made only with approved counterparties. The maximum exposure to credit risk for the components of the balance sheet is ₹ 6627.77 lacs as at 31.03.2018 and ₹ 6445.66 lacs as at 31.03.2017, which is the carrying amounts of cash and cash equivalents, other bank balances, investments (other than equity investments in subsidiary), trade receivables, loans and other financial assets.

### Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (i.e. trade receivables, other financial assets) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of working capital loans, letter of credit facility, bank loans and credit purchases.

The tables below provides details regarding the contractual maturities of significant financial liabilities to the contractual maturity date:

#### As at 31 March, 2018

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Bearing Loans and Borrowings (Including Current Maturities)	490.34	79.27	-	569.61
Trade Payables	2,967.74	-	-	2,967.74
Other Financial Liabilities	258.39	-	-	258.39
<b>Total</b>	<b>3,716.47</b>	<b>79.27</b>	<b>-</b>	<b>3,795.74</b>

#### As at 31 March, 2017

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Bearing Loans and Borrowings (Including Current Maturities)	456.87	2.97	-	459.84
Trade Payables	2,875.27	-	-	2,875.27
Other Financial Liabilities	152.49	-	-	152.49
<b>Total</b>	<b>3,484.63</b>	<b>2.97</b>	<b>-</b>	<b>3,487.60</b>

#### As at 01 April, 2016

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Bearing Loans and Borrowings (Including Current Maturities)	397.40	44.12	-	441.52
Trade Payables	3,951.82	-	-	3,951.82
Other Financial Liabilities	212.92	-	-	212.92
<b>Total</b>	<b>4,562.13</b>	<b>44.12</b>	<b>-</b>	<b>4,606.25</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 41 : Corporate Social Responsibility**

(i) Gross amount required to be spend by the Company during the F.Y 2017-18 is ₹ 9.80 lacs.

(ii) Amount spent during the financial year 2017-18

S.No	Particulars	In cash	Yet to be paid in Cash	Total Amount
(i)	Rural development	-	-	-
(ii)	On purpose other than (i) above	-	-	-
	<b>Total</b>	-	-	-

**Note 42 : Lease Payment**

Operating lease payments recognised in Statement of Profit and Loss for the year are as follows:-

Particulars	As at 31 March, 2018	As at 31 March, 2017
Car lease Rent	3.02	18.83
<b>Future minimum lease payments:</b>		
-Not later than one year	-	3.02
-Later than one year but not later than 5 years	-	-
-More than 5 years	-	-

**Note 43 : Expenditure in Foreign Currency**

Particulars	As at 31 March, 2018	As at 31 March, 2017
Other matter (Travel)	2.07	11.10

**Note 44 : Details of Consumption of Imported and Indigenous Items**

Particulars	As at 31 March, 2018	
	Amount (₹ in lacs)	percentage (%)
<b>Imported</b>		
(i) Raw Material	-	-
(ii) Stores, Spares, tools & tackles	-	-
<b>Indigenous</b>		
(i) Raw Material	1,722.42	100.00
	(2,211.72)	(100.00)
(ii) Stores, Spares, tools & tackles	63.43	100.00
	(73.33)	(100.00)
<b>Total</b>	<b>1,785.85</b> <b>(2,285.05)</b>	

figures in brackets are for the previous year.

(All amounts in ₹ Lakhs, unless otherwise stated)

#### **Note 45 : Employee Benefits**

##### **a) Defined Contribution Plans**

The Company's contribution to the Provident Fund and Superannuation funds are charged to the Profit and loss statement

During the year, the Company has recognised the following amounts in the statement of profit & loss:

Particulars	2017-18	2016-17
Contribution to Provident Fund and Family Pension Fund	40.95	42.15
Contribution to Superannuation Fund	5.41	5.54

##### **b) Post Employment Defined Benefit Plans**

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Trust fund managed by the Trust, makes payment to vested employees on retirement, death, incapacitation or termination/resignation of employment, of an amount based on the respective employee's eligible salary depending upon the tenure of service. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity plan are determined by actuarial valuation as set out in Note 2.15, based upon which, the Company makes contribution to the Gratuity fund.

##### **c) Other Long Term Employee Benefit Plan**

Leave Encashment Scheme [LES] (Unfunded)

The Company provides for accumulated leave benefit for eligible employees payable at the time of retirement/ resignation from service as per the policy of the Company, actual number of days outstanding based on last drawn salary. The liabilities with regard to leave encashment scheme are determined by actuarial valuation as set out in Note 2.15.

##### **d) Risk Exposure**

Aforesaid post employment defined benefit plans typically expose the Company to actuarial risks, most significant of which are discount rate risk, salary escalation risk and demographic risk.

###### **Discount Risk**

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of liability.

###### **Salary Escalation Risk**

The present value of defined benefit plan liability is calculated by reference to the future salaries of plan participant. An increase in the salary of plan participants will increase the plan liabilities.

###### **Demographic Risk**

In the valuation of liability certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumption thereby causing an increase in the plan liability.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Details of Defined Benefits plans-as required by Ind AS-19 Employee Benefits**

Particulars	Gratuity Funded	
	2017-18	2016-17
<b>Components of employee expenses</b>		
Current service cost	7.83	8.30
Past service cost	18.36	-
Interest cost	8.14	8.22
Expected return on plan assets	(7.82)	(8.32)
Total expenses recognised in the Profit & Loss Statement	26.51	8.20
Actuarial (gain)/loss-Obligation	(16.78)	(1.37)
Actuarial (gain)/loss-plan assets	(14.01)	-
Total Actuarial (gain)/loss recognised in other comprehensive (income)/expenses	(30.79)	(1.37)
<b>Actual Contribution &amp; Benefits payment for the year</b>	<b>2017-18</b>	<b>2016-17</b>
Actual benefits payments	9.15	19.71
Actual contributions	1.10	1.35
<b>Net assets/(liability) recognised in the Balance Sheet</b>	<b>2017-18</b>	<b>2016-17</b>
Present value of Defined Benefit Obligation	113.37	104.97
Fair value of Plan Assets	114.64	100.86
Funded Status [Surplus/(Deficit)]	1.27	(4.11)
Net assets/(liability) recognised in the Balance Sheet	1.27	(4.11)
<b>Change in Defined Benefits Obligation during the year</b>	<b>2017-18</b>	<b>2016-17</b>
Present value of Defined Benefit Obligation as at the beginning of the year	104.97	109.53
Current service cost	7.83	8.30
Past service cost	18.36	-
Interest Cost	8.14	8.21
Actuarial Losses/(Gains)	(16.78)	(1.37)
Benefits paid	(9.15)	(19.71)
Present value of Defined Benefits Obligation as at the end of the year	113.37	104.97
<b>Change in Fair value of the Plan Assets during the year</b>	<b>2017-18</b>	<b>2016-17</b>
Plan Asset as at the beginning of the year	100.86	110.90
Expected return on the Plan Assets	7.82	8.32
Actual Company contributions	1.10	1.35
Actuarial (Losses)/Gains	14.01	-
Benefits paid	(9.15)	(19.71)
Plan Asset as at the end of the year	114.64	100.86
<b>Actuarial Assumptions</b>	<b>2017-18</b>	<b>2016-17</b>
Discount rate	7.75%	7.50%
Expected return on plan assets	7.75%	7.50%
Withdrawal rate (per annum) (18 to 30 years)	5.00%	2.00%
Withdrawal rate (per annum) (30 to 44 years)	3.00%	2.00%
Withdrawal rate (per annum) (44 to 60 years)	2.00%	2.00%
Salary escalation rate	5.00%	5.00%

The expected rate of return on the plan asset (Gratuity funded) is based on the average long term rate of return expected on investment of funds during estimated term of obligation.

The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion & other relevant factors.

(All amounts in ₹ Lakhs, unless otherwise stated)

The major categories of plan assets as a percentage of the total plan assets	2017-18	2016-17
Insurer Managed Funds	100%	100%
Experience Adjustments	2017-18	2016-17
Present value of Defined Benefit Obligation as at the end of the year	113.37	104.97
Fair value of plan assets as at the end of the year	114.64	100.86
Funds Status [Surplus/(Defined)]	1.27	(4.11)
Experience adjustment of Plan Liabilities	2.31	(4.63)
Experience adjustment of Plan Asset	114.64	-

The liability for leave encashment is accounted for on accrual basis on actuarial valuation at the year end.

Sensitivity Analysis for significant assumptions as on 31.03.2018 are as follows:-

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
Sensitivity Analysis	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(4.91)	5.76	4.92	(4.18)	1.27	(1.46)

Sensitivity Analysis for significant assumptions as on 31.03.2017 are as follows:-

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
Sensitivity Analysis	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(5.95)	7.03	6.67	(5.71)	1.42	(1.64)

The Company expects to contribute ₹ 8.90 lacs (Previous year ₹ 10.27 lacs) to gratuity fund in next year.

The weighted average duration of the defined benefit obligation as at 31.03.2018 is 12 years (as at 31.03.2017: 11 years).

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

Particulars	(₹ in lacs)
01 April, 2018 to 31 March, 2019	58.41
01 April, 2019 to 31 March, 2020	5.81
01 April, 2020 to 31 March, 2021	5.27
01 April, 2021 to 31 March, 2022	10.48
01 April, 2022 to 31 March, 2023	8.36
01 April, 2023 onwards	57.72

#### Note 46 : Related Party Disclosures

Pursuant to Ind AS-24 "Related Party Disclosures", following parties are to be treated as related parties:

**(a) Where control exists:**

Xlerate Driveline India Ltd. (XDIL)

**(b) Entities over which key managerial personnel is able to exercise significant influence:**

Bharat Gears Limited (BGL)

Vibrant Finance & Investment Pvt. Ltd. (VFIPL)

Ultra Consultants Pvt. Ltd. (UCPL)

Future Consultants Pvt. Ltd. (FCPL)

Cliplok Simpak (India) Pvt. Ltd. (CSIPL)

Samreet Investment & Management Consultancy Pvt. Ltd. (SIMCPL)

Gulab Merchandise Pvt. Ltd. (GMPL)

(All amounts in ₹ Lakhs, unless otherwise stated)

**(c) Key managerial personnel**

Mr. Surinder Paul Kanwar - Chairman & Managing Director  
 Mr. Sachit Kanwar - Joint Managing Director  
 Dr. Sanjeev Kumar - Non-Executive Independent Director  
 Mr. Pradeep Kumar Mittal - Non-Executive Independent Director  
 Mr. V.K. Pargal - Non-Executive Independent Director  
 Mr. Gautam Mukherjee - Non-Executive Independent Director  
 Mr. Nagar Venkatraman Srinivasan - Non-Executive Director  
 Mrs. Seethalakshmi Venkataraman - Non-Executive Independent Director  
 Mr. Satya Prakash Mangal - Non-Executive Independent Director (upto 15.02.2018)

**Details of transactions with the related parties**

Particulars	Where control exists		Entities over which key managerial personnel is able to exercise significant influence		Key managerial personnel	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
<b>Transaction during the year</b>						
<b>Reimbursement of expenses</b>						
XDIL	-	0.37	-	-	-	-
<b>Rent Paid</b>						
BGL	-	-	12.21	11.82	-	-
VFIPL	-	-	4.98	5.52	-	-
<b>Electricity Charges paid</b>						
VFIPL	-	-	0.91	0.77	-	-
<b>Managerial remuneration</b>						
Mr. Surinder Paul Kanwar	-	-	-	-	*	*
Mr. Sachit Kanwar	-	-	-	-	93.05	93.05
Dr. Sanjeev Kumar	-	-	-	-	1.00	0.65
Mr. Pradeep Kumar Mittal	-	-	-	-	1.25	1.00
Mr. V.K. Pargal	-	-	-	-	0.85	0.80
Mr. Gautam Mukherjee	-	-	-	-	0.65	0.35
Mrs. Seethalakshmi Venkataraman	-	-	-	-	0.55	0.40
Mr. Satya Prakash Mangal	-	-	-	-	1.05	0.85
Mr. Nagar Venkatraman Srinivasan	-	-	-	-	0.40	0.30
<b>Professional Charges</b>						
Mr. Pradeep Kumar Mittal	-	-	-	-	1.96	2.05

Balances at the end of the year	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016
<b>Corporate Guarantee given to bank for credit limit sanctioned</b>									
XDIL	405.00	405.00	405.00	-	-	-	-	-	-
<b>Guarantee given for credit limits taken by Company</b>									
VFIPL	-	-	-	6,583.00	10,100.00	11,000.00	-	-	-
Mr. Surinder Paul Kanwar	-	-	-	-	-	-	7,133.00	10,750.00	116,550.00
<b>Amount Payable</b>									
Mr. Surinder Paul Kanwar	-	-	-	-	-	-	-	-	30.00

\* Token remuneration of ₹ 12 (Rupees Twelve) paid to Chairman &amp; Managing Director.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 47 : Financial Instruments**

Particulars	Notes	31 March, 2018			31 March, 2017			01 April, 2016		
		FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
<b>Financial Assets</b>										
Investment										
Equity Shares (Quoted)	5	493.48	-	-	339.20	-	-	186.98	-	-
Equity Shares (Unquoted)	5	-	-	1,487.70	-	-	1,487.80	-	-	1,487.80
Loans and Advances	6,14	-	-	14.05	-	-	17.04	-	-	23.30
Trade Receivables	7,11	-	-	5,198.14	-	-	4,767.55	-	-	5,096.93
Cash and Bank Balances	12,13	-	-	686.73	-	-	1,186.64	-	-	1,294.14
Other Financial Assets	8,15	-	-	235.37	-	-	135.14	-	-	459.21
<b>Total Financial Assets</b>		<b>493.48</b>	<b>-</b>	<b>7,621.99</b>	<b>339.20</b>	<b>-</b>	<b>7,594.17</b>	<b>186.98</b>	<b>-</b>	<b>8,361.38</b>
<b>Financial Liabilities</b>										
Borrowings	20,22	-	-	545.49	-	-	418.69	-	-	400.37
Trade Payables	23	-	-	2,967.74	-	-	2,875.27	-	-	3,951.82
Other Financial Assets	24	-	-	282.51	-	-	193.64	-	-	254.07
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>3,795.74</b>	<b>-</b>	<b>-</b>	<b>3,487.60</b>	<b>-</b>	<b>-</b>	<b>4,606.25</b>

**Fair Value Hierarchy**

The Company uses following method of hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly.

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

**i) Financial assets and liabilities are measured at-recurring fair value measurement at 31 March, 2018**

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investment in:					
Equity Instruments	5	493.48	-	-	493.48

**ii) Financial assets and liabilities are measured at-recurring fair value measurement at 31 March, 2017**

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investment in:					
Equity Instruments	5	339.20	-	-	339.20

**iii) Financial assets and liabilities are measured at-recurring fair value measurement at 01 April, 2016**

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investment in:					
Equity Instruments	5	186.98	-	-	186.98

During the year ended 31.03.2017 and 31.03.2016, there were no transfers between Level 1 and level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements. There is no transaction/balance under level 3.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 48 : First-time adoption of Ind AS****A. Basis of Preparation:**

These are the Company's first Standalone Financial Statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) and the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act. The accounting policies set out in Note 2 have been applied in preparing the Financial Statements for the year ended 31 March, 2018.

The Company has prepared standalone Financial Statements for the year ended 31 March, 2017 and opening Ind AS balance sheet as at 01 April, 2016 (date of transition of the Company). In preparation its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act, (hereinafter referred to as 'Previous GAAP'). An explanation of how the transition from Previous GAAP to Ind AS has affected the financial position, financial performance and cash flows of the Company is set out in the following tables and notes.

The Company has adopted Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. (Ind AS) on and from the Financial year 2017-18, with a transition date of 01 April, 2016. For all period up to and including the year ended 31 March, 2017, the Company has preparing its Financial Statements in accordance with the previously applicable Indian GAAP (hereinafter referred to as 'Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time adoption of Indian Accounting Standard (Ind AS 101). Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS Financial Statements be applied retrospectively and consistently for all the financial years presented, subject to mandatory exemptions and voluntary exemptions.

Accordingly, the Company has prepared Financial Statements which comply with Ind AS for the year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017.

**B. Exemptions and exemptions available:**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**Ind AS optional Exemption****i. Previous GAAP carrying values deemed cost exemption:**

Ind AS 101 permits a first-time adopter to elect to previous GAAP carrying values of all its property, plant and equipment as recognised in the Financial Statements as at the date of transition as its deemed cost under Ind AS. Accordingly, the Company has elected to measure all of its property, plant and equipment previous GAAP carrying value on date of transition as deemed cost.

**ii. Investment in Subsidiaries, joint ventures and associates:**

Ind AS 101 permits a first time adopter to measure its investment in subsidiaries, joint venture and associates at the date of transition, at cost determined in accordance with Ind AS 27 or deemed cost. The deemed cost of such investment shall be it's fair value at date of transition to Ind AS of the Company, or previous GAAP carrying amount at that date. Accordingly, The Company has elected to measure its investment in subsidiary at previous GAAP carrying amount as its deemed cost on the transition date.

**Ind AS Applicable Mandatory Exceptions****i. Estimates:**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 01 April, 2016 are consistent with the estimates as at the date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Investment in equity instruments carried at FVPL. Impairment of financial assets based on expected credit loss model.

**ii. De-recognition of financial assets and liabilities:**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transaction occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information was obtained at the time of initial accounting for those transactions.

The Company has opted to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(All amounts in ₹ Lakhs, unless otherwise stated)

**iii. Classification and measurement of financial assets:**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

**C. Reconciliation of Balance Sheet as previously reported under Previous GAAP to Ind AS:**

Particulars	Ref	As at 31 March, 2017			As at 31 March, 2016		
		As per Previous GAAP	Ind AS Impact	As per Ind AS	As per Previous GAAP	Ind AS Impact	As per Ind AS
<b>ASSETS</b>							
<b>Non-Current assets</b>							
Property, Plant and Equipment		547.88	-	547.88	594.37	-	594.37
Other Intangible Assets		36.91	-	36.91	35.45	-	35.45
Financial Assets							
a. Investments	F	1,634.68	192.33	1,827.00	1,634.68	40.10	1,674.78
b. Loans and Advances		6.13	-	6.13	7.16	-	7.16
c. Trade Receivables	F	-	944.29	944.29	-	166.34	166.34
d. Other Financial Assets		-	110.60	110.60	-	423.40	423.40
Deferred tax assets (Net)	F	37.02	73.53	110.55	38.11	19.03	57.14
Other Non Current Assets		209.92	(209.92)	-	29.33	(29.33)	-
<b>Total Non-Current Assets</b>		<b>2,472.54</b>	<b>1,110.83</b>	<b>3,583.37</b>	<b>2,339.10</b>	<b>619.54</b>	<b>2,958.65</b>
<b>Current Assets</b>							
Inventories		1,398.87	(1,357.88)	40.98	1,767.37	(1,504.32)	263.05
Financial Assets							
a. Trade Receivables		3,422.17	401.09	3,823.26	3,620.83	1,309.76	4,930.59
b. Cash and Cash Equivalents		1,297.25	(1,009.73)	287.51	1,717.54	(1,258.74)	458.80
c. Bank balances other than (b) above		-	899.13	899.13	-	835.34	835.34
d. Loans and Advances		269.56	(258.65)	10.91	589.47	(573.34)	16.13
e. Other Financial Assets		-	24.53	24.53	-	35.81	35.81
Current Tax Assets		-	53.11	53.11	-	180.47	180.47
Other Current Assets		24.53	181.01	205.54	35.81	357.06	392.87
<b>Total Current Assets</b>		<b>6,412.38</b>	<b>(1,067.39)</b>	<b>5,344.97</b>	<b>7,731.02</b>	<b>(617.96)</b>	<b>7,113.06</b>
<b>Total Assets</b>		<b>8,884.92</b>	<b>43.44</b>	<b>8,928.34</b>	<b>10,070.12</b>	<b>1.57</b>	<b>10,071.71</b>

Particulars	Ref	As at 31 March, 2017			As at 31 March, 2016		
		As per Previous GAAP	Ind AS Impact	As per Ind AS	As per Previous GAAP	Ind AS Impact	As per Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity Share Capital		334.32	-	334.32	334.32	-	334.32
Other Equity	F	4,470.18	43.44	4,513.62	4,264.16	49.86	4,314.02
<b>Total Equity</b>		<b>4,804.50</b>	<b>43.44</b>	<b>4,847.94</b>	<b>4,598.48</b>	<b>49.86</b>	<b>4,648.35</b>
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
Financial Liabilities							
a. Borrowings		2.97	-	2.97	44.12	-	44.12
Provisions		113.29	-	113.29	113.26	-	113.26
<b>Total Non-Current Liabilities</b>		<b>116.27</b>	<b>-</b>	<b>116.26</b>	<b>157.38</b>	<b>-</b>	<b>157.38</b>
<b>Current Liabilities</b>							
Financial Liabilities							
a. Borrowings		415.72	-	415.72	356.25	-	356.25
b. Trade Payables		2,875.27	-	2,875.27	3,951.82	-	3,951.82
c. Other Financial Liabilities		-	193.64	193.64	-	254.07	254.07
Other Current Liabilities		526.72	(193.64)	333.08	759.73	(254.07)	505.66
Provisions	F	146.43	-	146.43	246.49	(48.28)	198.21
<b>Total Current Liabilities</b>		<b>3,964.15</b>	<b>-</b>	<b>3,964.14</b>	<b>5,314.26</b>	<b>(48.28)</b>	<b>5,265.99</b>
<b>Total Liabilities</b>		<b>4,080.42</b>	<b>-</b>	<b>4,080.40</b>	<b>5,471.65</b>	<b>(48.28)</b>	<b>5,423.38</b>
<b>Total Equity and Liabilities</b>		<b>8,884.92</b>	<b>43.44</b>	<b>8,928.34</b>	<b>10,070.12</b>	<b>1.57</b>	<b>10,071.71</b>

**Note 48 : First-time adoption of Ind AS.... Contd.**

(All amounts in ₹ Lakhs, unless otherwise stated)

**D. Reconciliation of Statement of Profit and Loss as previously reported under IGAAP to Ind AS:**

Particulars	Ref.	As per Indian GAAP	Ind AS Transition impact	As per Ind AS
Revenue from operations		5,524.72	-	5,524.72
Other income	F	171.69	152.22	323.91
<b>Total revenue/income</b>		<b>5,696.41</b>	<b>152.22</b>	<b>5,848.63</b>
<b>EXPENSES</b>				
a. Cost of material consumed		2,211.72	-	2,211.72
b. Employee benefits expenses	F	943.94	1.37	945.31
c. Finance cost		265.14	-	265.14
d. Depreciation and amortization expenses		73.33	-	73.33
e. Other expenses	F	1,918.26	164.86	2,083.12
<b>Total expenses</b>		<b>5,412.39</b>	<b>166.23</b>	<b>5,578.62</b>
<b>Profit before Tax</b>		<b>284.02</b>	<b>(14.01)</b>	<b>270.01</b>
Income tax expenses				
a. Current tax		95.00	-	95.00
b. Earlier year tax		(18.09)	-	(18.09)
<b>Net Current Tax</b>		<b>76.91</b>	<b>-</b>	<b>76.91</b>
Deferred tax- charge/(credit)	F	1.09	(54.96)	(53.87)
<b>Total tax expense</b>		<b>78.00</b>	<b>(54.96)</b>	<b>23.04</b>
<b>Profit for the year</b>		<b>206.02</b>	<b>40.95</b>	<b>246.97</b>
<b>Other comprehensive Income</b>				
<b>a. Items that may be reclassified to Profit and Loss</b>				
Income tax effect		-	-	-
<b>b. Items that will not be reclassified to Profit and Loss</b>				
Re-measurement gains/(Losses) on defined benefit plan	F	-	1.37	1.37
Income tax effect	F	-	(0.45)	(0.45)
		-	0.92	0.92
<b>Other comprehensive Income for the Year (net of tax) (a+b)</b>		<b>-</b>	<b>0.92</b>	<b>0.92</b>
<b>Total comprehensive Income for the year</b>		<b>206.02</b>	<b>41.87</b>	<b>247.89</b>

**E. (i). Reconciliation of total equity as at 31 March, 2017 and 01 April, 2016:**

Particulars	Note for first time adoption	As at 31 March, 2017	As at 01 April, 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		4,804.50	4,598.48
Adjustment:			
Impact of measurement of certain receivables at fair value	F (i)	(222.42)	(57.56)
Proposed dividend together with tax thereon	F (ii)	-	48.29
Impact of measurement of quoted investment	F (iii)	192.33	40.10
Tax impact	F (v)	73.53	19.03
<b>Total Adjustments</b>		<b>43.44</b>	<b>49.86</b>
<b>Total equity (shareholder's fund) as per Ind AS</b>		<b>4,847.94</b>	<b>4,648.34</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**(ii). Reconciliation of total comprehensive income for the year ended 31st March, 2017:**

Particulars	Note for first time adoption	As at 31 March, 2017
<b>Profit after tax as per previous GAAP</b>		206.02
Adjustment:		
Impact of measurement of certain receivables at fair value	F (i)	164.86
Reclassification of actuarial loss/(gain) arising in respect of employee defined benefit scheme, to other comprehensive Income (OCI)	F (iv)	(1.37)
Impact of fair valuation of Investment in quoted investment	F (iii)	(152.22)
Tax Adjustments	F (v) & F(vi)	(52.22)
<b>Profit after tax as per Ind AS</b>		<b>246.97</b>
<b>Other Comprehensive income</b>		
Remeasurement of post-employment benefit obligations	F (iv)	1.37
Income tax relating to item above	F (v)	(0.45)
<b>Total Adjustments</b>		<b>247.89</b>
<b>Total equity (shareholder's fund) as per Ind AS</b>		

**F. Explanatory Notes to first-time adoption:**

Set out below are the notes to explain various adjustments pursuant to transition from previous GAAP to Ind AS.

**i. Trade Receivables:**

The Company is required to apply expected credit loss model as per Ind AS 109, for recognizing the loss allowance. As a result, the loss allowance on trade receivables increased by ₹ 222.42 lacs as at 31 March, 2017 (01 April, 2016: ₹ 57.56 lacs). Consequently, the total equity as at 31 March, 2017 decreased by ₹ 222.42 lacs (01 April, 2016: ₹ 57.56 lacs) and profit for the year ended 31 March, 2017 decreased by ₹ 164.86 lacs.

**ii. Proposed Dividend:**

In the financial statements under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend together with tax thereon of Nil as at 31 March, 2017 (01 April, 2016: ₹ 48.29 lacs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

**iii. Fair valuation of Investments:**

Under the previous GAAP, investments in equity instruments were classified as long term investments or current investments based on the intended holding period and reliability. Long term investments were carried at cost less provision for the than temporary diminution in carrying amount of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS investments in equity instruments (other than investment in subsidiary) are required to be measured at fair value. The Company has opted to measure investment in equity instruments (other than investment in subsidiary) at fair value through profit and loss account (FVPL). The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in profit & loss for the year ended 31 March, 2017. This increased the profit & loss by ₹ 152.22 lacs as at 31 March, 2017 (and retained earnings by ₹ 40.10 lacs as on 01 April, 2016). Consequent to above, the total equity as on 31 March, 2017 increased by ₹ 192.33 lacs (01 April, 2016 ₹ 40.10 lacs).

**iv. Remeasurement of Post-employment Benefit Obligations:**

In the financial statements prepared under previous GAAP, remeasurement benefit of defined plans, arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the statement of profit and loss. Under Ind AS, such remeasurment benefits relating to defined benefits plans is recognised in other comprehensive income as per the requirement of Ind AS 19-Employee Benefits.

As a result of this change, the profit for the year ended 31 March, 2017 decreased by ₹ 1.37 lacs and other comprehensive income has increased by the same amount. There is no impact on the total equity as on 31 March, 2017.

(All amounts in ₹ Lakhs, unless otherwise stated)

**v. Deferred Tax:**

In the financial statements prepared under previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/liability on timing differences between taxable profit and accounting profit. Under Ind AS, deferred tax is accounted as per the balance sheet approach which requires creation of deferred tax asset/liability on temporary differences between the carrying amount of an asset/liability in the balance sheet and its corresponding tax base.

The above changes have resulted in creation of deferred tax assets (net) amounting to ₹ 110.55 lacs as at 31 March, 2017 (01 April, 2016: ₹ 57.14 lacs). For the year ended 31 March, 2017, it has resulted in decrease in deferred tax expense and consequently deferred tax income of ₹ 54.32 lacs is booked in the statement of profit and loss for the year ended 31 March, 2016.

**vi. Current Tax:**

As required under Ind AS, tax component on, actuarial gains/losses on remeasurements of defined benefit plans and gains/losses on foreign exchange differences arising on translation of foreign operations which are transferred to other comprehensive income under Ind AS, has been adjusted with current tax debited to profit or loss. For the year ended 31 March, 2017, it has resulted in decrease in current tax expense by ₹ 0.45 lacs in the statement of profit and loss with corresponding tax credit in other comprehensive income.

**Note 49: Recent Accounting Pronouncements**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying following Ind AS:

- Ind AS 115- Revenue from Contracts with Customers
- Amendments to Ind AS 21- The Effects of Changes in Foreign Exchange Rates

These Ind AS are applicable to the Company from 01 April, 2018. The Company is evaluating the effects of the new Ind AS/amendments on its Financial Statements.

**Note 50: Previous year's figures are reclassified, where necessary, to conform to the current year's classification.****For and on behalf of the Board of Directors**

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sanjay Nath**  
Partner  
Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF RAUNAQ EPC INTERNATIONAL LIMITED

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Raunaq EPC International Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information ("the consolidated Ind AS financial statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit (financial performance), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on this consolidated Ind AS financial statements based on our audit. While conducting audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit, report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Group as at 31 March, 2018 and its consolidated profit (financial performance including other comprehensive income) its consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matters

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 2,523.12 lakhs as at 31 March, 2018, total revenues of Rs. 3,345.79 lakhs and net cash flows amounting to Rs. 0.18 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

The comparative consolidated Ind AS financial statements of the Company for financial year ended on 31 March, 2017 included in these consolidated financial statements have been audited by predecessor auditors whose report for the year ended on 31 March, 2017 dated 26 May, 2017 expressed an unmodified opinion on those financial statements.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that:

- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statement have been kept so far as it appears from our examination of those books.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and the Consolidated Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2018 and taken on record by the Board of Directors of the Holding Company, none of the directors of the Group

companies is disqualified as on 31 March, 2018, from being appointed as a director in terms of section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure 'A'**.
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated Ind AS financial statements discloses the impact of pending litigations on the consolidated financial position of the Group. Refer Note 38 to the consolidated Ind AS financial statements;
  - ii. The Group did not have any long-term contracts including any derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For **B R Maheswari and Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050



**Sanjay Nath**  
Partner

Place: New Delhi  
Date: 25 May, 2018

Membership No. 082700

## **Annexure ‘A’ to the Independent Auditors’ Report**

**(Referred to in Paragraph 1(f) under the heading “Report on other legal and regulatory requirements” of our report of even date)**

### **Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Raunaq EPC International Limited (“the Holding Company”) as of 31 March 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the group is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

as at 31 March, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B R Maheswari and Co LLP**

Chartered Accountants

Firm's Registration No. 001035N/N500050



**Sanjay Nath**

Partner

Place: New Delhi

Date: 25 May, 2018

Membership No. 082700

# CONSOLIDATED BALANCE SHEET

**AS AT 31 MARCH, 2018**
**(All amounts in ₹ Lakhs, unless otherwise stated)**

Particulars	Note No.	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>ASSETS</b>				
<b>Non-Current assets</b>				
Property, Plant and Equipment	3	1,577.38	1,582.79	1,646.00
Capital Work in Progress	3	5.18	1.06	20.59
Other Intangible Assets	4	27.83	41.96	42.14
Financial Assets				
a. Investments	5	493.48	339.30	187.08
b. Loans and Advances	6	18.83	22.93	17.91
c. Trade Receivables	7	2,427.89	944.29	166.34
d. Other Financial Assets	8	221.98	110.60	423.40
Deferred Tax Assets (Net)	9	394.62	340.72	252.89
Other Non current Assets	10	-	-	2.00
<b>Total Non-Current Assets</b>		<b>5,167.19</b>	<b>3,383.65</b>	<b>2,758.35</b>
<b>Current Assets</b>				
Inventories	11	655.78	278.87	495.84
Financial Assets				
a. Trade Receivables	12	3,640.73	4,501.94	5,509.63
b. Cash and Cash Equivalents	13	145.82	288.87	464.97
c. Bank balances other than (b) above	14	573.19	922.49	857.13
d. Loans and Advances	15	17.55	24.25	45.31
e. Other Financial Assets	16	13.39	25.16	93.45
Current Tax Assets	17	65.27	53.28	180.64
Other Current Assets	18	269.68	223.10	398.72
<b>Total Current Assets</b>		<b>5,381.41</b>	<b>6,317.96</b>	<b>8,045.70</b>
<b>Total Assets</b>		<b>10,548.60</b>	<b>9,701.61</b>	<b>10,804.06</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	19	334.32	334.32	334.32
Other Equity	20	3,782.88	3,910.15	3,847.46
<b>Total Equity</b>		<b>4,117.20</b>	<b>4,244.47</b>	<b>4,181.78</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
a. Borrowings	21	204.27	127.97	169.12
Provisions	22	118.98	119.69	119.42
<b>Total Non-Current Liabilities</b>		<b>323.25</b>	<b>247.66</b>	<b>288.55</b>
<b>Current Liabilities</b>				
Financial Liabilities				
a. Borrowings	23	1,021.61	951.77	716.40
b. Trade Payables	24	3,618.35	3,318.85	4,300.69
c. Other Financial Liabilities	25	339.07	221.84	284.00
Other Current Liabilities	26	879.89	455.56	702.20
Provisions	27	249.23	261.46	330.44
<b>Total Current Liabilities</b>		<b>6,108.15</b>	<b>5,209.48</b>	<b>6,333.73</b>
<b>Total Liabilities</b>		<b>6,431.40</b>	<b>5,457.14</b>	<b>6,622.28</b>
<b>Total Equity and Liabilities</b>		<b>10,548.60</b>	<b>9,701.61</b>	<b>10,804.06</b>
Significant accounting policies and notes to consolidated financial statements	1-51			

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

**Sanjay Nath**  
Partner  
Membership No. 082700

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

Place: New Delhi  
Date: 25 May, 2018

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Revenue from operations	28	7,546.17	8,188.23
Other income	29	357.00	333.02
<b>Total revenue/income</b>		<b>7,903.17</b>	<b>8,521.25</b>
<b>EXPENSES</b>			
a. Cost of material consumed	30	4,053.38	3,699.92
b. Changes in inventories of finished goods & work-in-progress	30A	(68.02)	53.73
b. Employee benefits expenses	31	1,144.05	1,141.43
c. Finance cost	32	331.06	333.36
d. Depreciation and amortization expenses	33	161.37	143.95
e. Other expenses	34	2,481.11	3,051.33
<b>Total expenses</b>		<b>8,102.95</b>	<b>8,423.71</b>
<b>Profit before tax</b>		<b>(199.78)</b>	<b>97.54</b>
Income tax expenses			
a. Current tax		-	95.00
b. Tax expense related to prior period		11.87	(18.09)
<b>Net current tax</b>	36	<b>11.87</b>	<b>76.91</b>
Deferred tax- charge/(credit)	36	(63.33)	(88.65)
<b>Total tax expense</b>		<b>(51.46)</b>	<b>(11.74)</b>
<b>Profit for the year</b>		<b>(148.32)</b>	<b>109.28</b>
<b>Other Comprehensive Income</b>			
a. <b>Items that may be reclassified to Profit and Loss</b>			
Income tax effect		-	-
		-	-
b. <b>Items that will not be reclassified to Profit and Loss</b>			
Re-measurement gains/(losses) on defined benefit plan		30.48	2.52
Income tax effect		(9.43)	(0.80)
		21.05	1.72
<b>Other Comprehensive Income for the Year (net of tax) (a+b)</b>		<b>21.05</b>	<b>1.72</b>
<b>Total Comprehensive Income for the year</b>		<b>(127.27)</b>	<b>111.00</b>
<b>Earning per Equity share of [Nominal value per share ₹ 10/- (31 March, 2017 : ₹10/-)]</b>			
Basic earning per share	35	(4.44)	3.27
Diluted earning per share	35	(4.44)	3.27
Significant accounting policies and notes to consolidated financial statements	1-51		

This is the Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board of Directors

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sanjay Nath**  
Partner  
Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit/(Loss) before tax	(199.78)	97.54
Adjustments for:		
Net gain on fair value of financial assets through statement of profit & loss	(154.28)	(152.22)
Expected credit loss	39.21	164.86
Depreciation and amortization	161.37	143.95
Loss on sale of fixed assets	16.78	4.96
Interest and other charges	323.16	326.74
Interest income	(62.72)	(113.78)
Investment written off	0.10	-
Reversal of provision	-	-
Profit on sale of Asset	(0.05)	(0.05)
<b>Operating profit before working capital changes</b>	<b>123.79</b>	<b>471.99</b>
<b>Changes in working capital</b>		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	822.00	842.85
Inventories	(376.91)	216.97
Capital advance	-	2.00
Long term loans & advances	4.10	(5.02)
Short term loans & advances	6.70	21.06
Non-current trade receivables	(1,483.60)	(777.95)
Other current financial assets	11.77	68.29
Other non current financial assets	(111.38)	312.80
Other current assets	(58.56)	302.97
<b>Adjustments for increase/(decrease) in operating liabilities:</b>		
Trade payables	299.50	(981.83)
Provisions	17.55	(66.20)
Other current financial liabilities	28.36	(1.73)
Other current liabilities	531.63	(257.26)
<b>Cash generated from operations</b>	<b>(185.05)</b>	<b>148.94</b>
Direct Taxes paid(net)	(11.87)	(76.91)
<b>Net Cash from operating activities</b>	<b>(196.92)</b>	<b>72.03</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(172.79)	(68.05)
Sale of fixed assets	10.11	2.11
Interest received	62.73	113.78
Rent received	-	-
Investment in deposits	347.89	(64.31)
<b>Net Cash from/(used) in investment activities</b>	<b>247.93</b>	<b>(16.47)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	136.14	83.88
Proceeds from short term borrowings	50.50	59.47
Repayment of long term borrowings	(57.53)	-
Interest and other charges paid	(323.16)	(326.74)
Dividend including dividend distribution tax paid	(1.41)	(47.24)
<b>Net Cash (used)/from financing activities</b>	<b>(195.47)</b>	<b>(230.62)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(144.46)</b>	<b>(175.06)</b>
<b>Opening balance of cash and cash equivalents *</b>	<b>301.55</b>	<b>476.61</b>
<b>Closing balance of cash and cash equivalents *</b>	<b>157.09</b>	<b>301.55</b>

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH, 2018

RECONCILIATION OF CASH AND CASH EQUIVALENTS AS PER THE CASH FLOW STATEMENTS....Contd.

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
(a) Cash and cash equivalents as per above comprise of the following			
Cash on hand	2.59	2.31	7.60
Balance with scheduled banks:			
in current accounts	154.50	299.24	469.01
<b>Cash and cash equivalents at the end of the year</b>	<b>157.09</b>	<b>301.55</b>	<b>476.61</b>

(b) The above Cash Flow statement is prepared as per "Indirect method" specified in Ind AS 7 "Statement of Cash Flows".

This is the Statement of Cash Flow referred to in our report of even date.

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sanjay Nath**  
Partner  
Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

For and on behalf of the Board of Directors

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## A. Equity Share Capital

(All amounts in ₹ Lakhs, unless otherwise stated)

	Notes	Amount
<b>As at 01 April, 2016</b>		334.32
Change in equity share capital		-
<b>As at 31 March, 2017</b>	19	334.32
Change in equity share capital		-
<b>As at 31 March, 2018</b>	19	334.32

## B. Other Equity

Particulars	Notes	Reserves and Surplus				Total other equity
		Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	
Balance at 01 April, 2016		0.67	162.43	1,525.27	2,159.08	3,847.46
Profit for the year		-	-	-	109.28	109.28
<b>Total comprehensive income for the year</b>	20	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,268.36</b>	<b>3,956.74</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends		-	-	-	(40.12)	(40.12)
<b>Other transactions:</b>						-
Dividend distribution tax		-	-	-	(8.17)	(8.17)
Remeasurement of defined benefit plans (net of tax)		-	-	-	1.72	1.72
<b>Balance at 31 March, 2017</b>	20	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,221.79</b>	<b>3,910.15</b>
Balance at 01 April, 2017		0.67	162.43	1,525.27	2,221.79	3,910.15
Profit for the year					(148.32)	(148.32)
<b>Total comprehensive income for the year</b>	20	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,073.47</b>	<b>3,761.83</b>
<b>Other transactions</b>						
Remeasurement of defined benefit plans (net of tax)					21.05	21.05
<b>Balance at 31 March, 2018</b>	20	<b>0.67</b>	<b>162.43</b>	<b>1,525.27</b>	<b>2,094.52</b>	<b>3,782.88</b>

This is the Statement of Change in Equity referred to in our report of even date.

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Sanjay Nath**  
Partner  
Membership No. 082700

Place: New Delhi  
Date: 25 May, 2018

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**For and on behalf of the Board of Directors**

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)  
**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note	Particulars
<b>1</b>	<p><b><u>COMPANY OVERVIEW</u></b></p> <p>Raunaq EPC International Limited ('the Company') is engaged in Engineering Contracting Business, established in 1965 and primarily in the service of core infrastructural and industrial sectors in India, namely Power, Chemical, Hydro-carbon, Metal and Automobile sectors and manufacturing of Automobile components through its Subsidiary. The Company is a Limited Company and has its Registered Office in Haryana, India. Its shares are listed on the BSE Limited. The Company, its Subsidiary collectively referred to as the "Group" here under.</p> <p>These financial statements are approved and adopted by the Board of Directors of the Parent Company in their meeting held on 25 May, 2018.</p>
<b>2</b>	<p><b><u>SIGNIFICANT ACCOUNTING POLICIES</u></b></p> <p>This Note provides a list of the significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.</p> <p><b>2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS</b></p> <p>a. These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2017 (as amended) and other relevant provisions of the Act. These consolidated financial statements for the year ended 31 March, 2018 is the first financial statement of the Group in accordance with Ind-AS.</p> <p>For all periods up to and including the year ended 31 March, 2017, the Group prepared its financial statements in accordance with previous GAAP, notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act.</p> <p>The Group have adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards'. Refer note 49 for an explanation how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.</p> <p>Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.</p> <p>b. These consolidated financial statements have been prepared on a historical cost basis except for the following:-</p> <ul style="list-style-type: none"> <li>• Certain Financial Assets and liabilities measured at fair value.</li> <li>• Defined benefit plans- Plan assets measured at fair value.</li> </ul> <p><b>2.2 FUNCTIONAL AND PRESENTATION CURRENCY</b></p> <p>These consolidated financial statements are presented in Indian Rupees (INR) which is also the functional currency of each Group's entities and all amount are rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.</p> <p><b>2.3 USE OF ESTIMATES</b></p> <p>The preparation of consolidated financial statements in accordance with Ind AS requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported account of assets, liabilities, income and expenses. Actual results may differ from these estimates.</p> <p>Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates are known or materialized.</p> <p><b>2.4 REVENUE RECOGNITION</b></p> <p>a. <b>REVENUE FROM CONSTRUCTION CONTRACT</b></p> <p>In case of Parent Company, contract revenue is recognized under 'percentage of completion method'. Percentage of completion is determined as a proportion of cost incurred-to-date for work performed to estimated contract cost for each contract. Cost incurred in the year in connection with the future activity on a contract are excluded from contract cost in determining the stage of completion.</p>

Note	Particulars
	<p>Provision for expected loss is recognized immediately when it is probable that the total estimated contract costs will exceed the total contract revenue.</p> <p>When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.</p> <p>Revenue and cost associated with the particular contract is only recognised when the cost of work performed is more than 25% of the total estimated contract cost of each contract.</p> <p>Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured and received from customer.</p>
<b>b.</b>	<b>REVENUE FROM SALE OF GOODS</b>
	<p>In case of Subsidiary Company, revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods. The Subsidiary Company provides normal warranty provisions for manufacturing defects on all its product sold, in line with industry practice. The Subsidiary Company does not provide any extended warranty or maintenance contracts to its customers.</p>
<b>c.</b>	<b>OTHERS ITEMS OF REVENUE</b>
	<p>Interest income is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate method.</p> <p>Dividend income is recognised when the right to receive the payment is established.</p> <p>Other items like extra items claim, insurance claims, any receipts on account of pending income tax, sales tax, GST and excise duty assessments, where quantum of accruals cannot be ascertained with reasonable certainty, are recognized as income only when revenue is virtually certain which generally coincides with receipts.</p>

## 2.5 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment are carried at cost net of tax/duty credit availed less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

The items of property, plant and equipment which are not yet ready for use are disclosed as Capital work-in-progress and are carried at historical cost.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Property, Plant and Equipment are eliminated from the financial statements, either on disposal or when retired from active use.

Gains and losses on disposal or retirement of assets are determined by comparing proceeds with carrying amount. These are recognised in the Statement of Profit and Loss.

### Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation is calculated using the straight line method to allocate their cost, net of their residual values on the basis of useful life prescribed in Schedule II to the Act, which are also supported.

The residual values are not more than 5% of the original cost of the asset.

The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at end of each financial year and any changes there-in are considered as change in estimate and accounted prospectively.

Note	Particulars
<b>2.6 INTANGIBLE ASSETS (OTHER THAN GOODWILL)</b>	
	Intangible assets (Computer Software) are stated at cost less accumulated amortization and impaired loss, if any. Computer Software for internal use which is primarily acquired is capitalized. Subsequently, costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes licenses fees, cost of implementation, system integration services etc. where applicable.
	<b>Transition to Ind AS</b>
	On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets (Computer Software) recognised as at 01 April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of such intangible assets.
	The Group amortises intangible assets (Computer Software) with a finite useful life using the straight line method over a period of (3 years) in Parent and (6 years) in subsidiary.
<b>2.7 IMPAIRMENT OF ASSETS</b>	
	The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Group estimates the assets recoverable amount. An assets recoverable amount is the higher of an asset or Cash-generating unit (CGU) fair value less cost of disposal and its fair value in use. Recoverable amount is determined for an individual asset, unless the assets does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
	In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining the fair value less costs of disposal, recent market transactions are taken in account. If no such transactions can be identified, an appropriate valuation model is used. Impaired losses are recognised in statement of profit and loss.
<b>2.8 INVENTORIES</b>	
	Raw material, stores, work-in-progress and traded goods are stated at the lower of cost and net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost. Cost of inventories comprises all cost of purchase and other cost incurred in bringing them to their present location and condition. The cost, in general, is determined under First in first out (FIFO) Method in Parent Company and under weighted average method in Subsidiary Company.
	Contract cost incurred related to future activity of the contract are recognised as an asset provided it is probable that they will be recovered during the contract price. Such cost represent the amount due from customer and are often classified as contract work-in-progress.
<b>2.9 FOREIGN CURRENCY TRANSACTIONS</b>	
	Transactions in foreign currencies are initially recorded by the Group at rates prevailing on the date of the transaction. Subsequently monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference recognised in Profit and Loss. Difference arising on settlement of monetary items are also recognised in profit or loss.
	Non-monetary items that are carried in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the transaction.
<b>2.10 EARNING PER SHARE</b>	
	Basic earning per share is calculated by dividing net profit or loss for the period attributable to equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earning per share is the net profit or loss for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, if any, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Parent Company and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
<b>2.11 BORROWING COSTS</b>	
	Borrowing cost specifically relating to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the asset. All other borrowing costs are charged to revenue in the period in which it is incurred. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange difference to the extent regarded as an adjustment to the borrowing cost.

Note	Particulars
	Finance costs will normally include:
	i) interest expense calculated using the effective interest rate method as described in Ind AS 109,
	ii) the unwinding of the effect of discounting provisions,
	iii) Dividends on preference shares that are classified as debt.

## 2.12 PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past events and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability is not considered. However, a disclosure for contingent liabilities is made when there is a possible obligation arising from past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

## 2.13 DIVIDEND

Dividend on equity shares are recorded as a liability on the date of approval by the shareholders and interim dividend are recorded as a liability on the date of declaration by the Board of Directors.

## 2.14 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

## 2.15 EMPLOYEE BENEFITS

- Short term employee benefits are recognised as an expense in the statement of profit and loss of the year in which the related service are rendered.
- Compensated absence is accounted for using the project unit credit method, on the basis of actuarial valuation carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.
- Contribution payable by the Group to the concerned government authorities in respect of provident fund, family pension fund and employee state insurance are defined contribution plans. The contributions are recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. The Group does not have any further obligation in this respect, beyond such contribution.
- In Parent Company, certain employees are participated in a defined contribution plan of superannuation. The Parent Company has no further obligation to plan beyond its monthly contribution which are periodically contributed to a trust fund, the corpus of which is invested with the Life Insurance Corporation of India. There is no such scheme in the subsidiary Company.
- The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuation carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Other costs are accounted in statement of profit and loss.

Parent Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund. The fund is managed by trust. The corpus of which is invested with the Life Insurance Corporation of India. Gratuity is unfunded in case of Subsidiary Company.

Note	Particulars
------	-------------

## 2.16 LEASES

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in net profit in the Statement of Profit and Loss over the lease term.

## 2.17 INCOME TAXES

Income tax expenses comprises current and deferred income tax. Income tax expenses are recognised in the Statement of Profit and Loss except that it relates to items recognised directly in equity, in those case it is recognised in 'Other Comprehensive Income'. Current Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balances sheet date.

Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax assets is recognised to the extent that it is probable that future profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiary where it is expected that earnings of the subsidiary will not be distributed in foreseeable future. The Group off sets current tax assets and Current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously. The income tax provision of the interim period is made based on the best estimate of the annual average tax rate expected to be applicable for the full financial year.

## 2.18 FINANCIAL INSTRUMENTS

A financial instrument is any contract that give rise to a financial assets of one entity and financial liability or equity instrument of another entity.

### a. Financial Assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial assets.

#### Subsequent measurement

Financial assets are subsequently measured at amortized cost or fair value through profit or loss depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

#### Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the assets expires or it transfers the financial assets and substantially all the risks and rewards of ownership of the assets to another entity.

#### Impairment of Financial Assets

The Parent Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets. If credit risks has not increase significantly 12 months ECL is used to provide the impairment loss. If credit risks has increased significantly lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risks since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

In Subsidiary Company, an impairment analysis is performed at each reporting date on an individual basis for each financial asset.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expenses in the statement of profit & loss.

**b. Financial Liabilities**
Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings or payable.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification described below:

**Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit or loss includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. All change in the fair value of such liability are recognised in the statement of profit and loss.

**Loan and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized costs using EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**2.19 SEGMENT REPORTING**

Operating systems are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Managing Director has been identified as CODM and he is responsible for allocating the resources, assess the financial performance and position of the Group and makes strategic decision. Refer Note 38 for segment information presented.

**2.20 CRITICAL ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgement and assumptions which affect the reported amount of assets and liabilities as at the balance sheet date, reported amount of revenue and expenses for the year and disclosure of contingent asset and liabilities as at the balance sheet date.

The areas involving critical estimates or judgement are:

**i Critical estimates**

- a Measurement of defined benefit obligations - Note 46
- b Estimated useful life of intangible assets, property, plant and equipment - Note 2.5 and 2.6
- c Estimated fair value of financial instruments - Note 48
- d Recognition of revenue - Note 2.4
- e Provision for expected credit losses - Note 41

**ii Significant Judgements**

- a Designating financial asset/liability fair value through profit or loss so as to reduce/eliminate accounting mismatch.
- b Probability of an outflow of resources to settle an obligation resulting in recognition of provision.

The estimates, judgement and assumptions used in the financial statements are based upon Management's evaluation of relevant facts and circumstances and as at the date of financial statements. Accounting estimates could differ from period to period and accordingly appropriate changes in estimates are made as the management becomes aware of the changes. Actual results could differ from the estimates.

**Note 3 : Property, Plant & Equipment****(All amounts in ₹ Lakhs, unless otherwise stated)**

Particulars	Land	Plant and Machinery	Tools & Dies	Tractor	Office Equipment	Furniture and Fixtures	Electricals Fittings	Electric Installation	Vehicles	Computers	Total	Capital work in progress
<b>As at 31 March, 2017</b>												
<b>Gross carrying amount</b>												
Deemed cost as on 01 April, 2016	534.34	837.17	96.97	0.08	2.79	63.95	2.23	14.79	73.35	20.33	1,646.00	20.59
Addition	-	16.50	35.19	-	-	20.73	-	-	-	4.86	77.28	15.66
Disposals/transfers	-	9.56	-	-	-	-	-	-	7.06	0.98	17.60	35.19
<b>Closing gross carrying amount</b>	<b>534.34</b>	<b>844.11</b>	<b>132.16</b>	<b>0.08</b>	<b>2.79</b>	<b>84.68</b>	<b>2.23</b>	<b>14.79</b>	<b>66.29</b>	<b>24.21</b>	<b>1,705.68</b>	<b>1.06</b>
<b>Accumulated Depreciation</b>												
Depreciation charged during the year	-	71.97	30.47	-	1.21	9.02	0.84	1.92	10.20	7.84	133.47	-
Disposals/transfers	-	5.73	-	-	-	-	-	-	3.92	0.93	10.58	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>66.24</b>	<b>30.47</b>	<b>-</b>	<b>1.21</b>	<b>9.02</b>	<b>0.84</b>	<b>1.92</b>	<b>6.28</b>	<b>6.91</b>	<b>122.89</b>	<b>-</b>
<b>Net carrying amount</b>	<b>534.34</b>	<b>777.87</b>	<b>101.69</b>	<b>0.08</b>	<b>1.58</b>	<b>75.66</b>	<b>1.39</b>	<b>12.87</b>	<b>60.01</b>	<b>17.30</b>	<b>1,582.79</b>	<b>1.06</b>
<b>As at 31 March, 2018</b>												
<b>Gross carrying amount</b>												
Opening gross carrying amount	534.34	844.11	132.16	0.08	2.79	84.68	2.23	14.79	66.29	24.21	1,705.68	1.06
Addition	-	12.94	16.43	-	1.10	0.39	0.19	-	135.28	2.46	168.79	20.55
Disposals/transfers	-	45.76	-	-	-	-	-	-	0.75	0.25	46.76	16.43
<b>Closing gross carrying amount</b>	<b>534.34</b>	<b>811.29</b>	<b>148.59</b>	<b>0.08</b>	<b>3.89</b>	<b>85.07</b>	<b>2.42</b>	<b>14.79</b>	<b>200.82</b>	<b>26.42</b>	<b>1,827.71</b>	<b>5.18</b>
<b>Accumulated Depreciation</b>												
Opening accumulated depreciation	-	66.24	30.47	-	1.21	9.02	0.84	1.92	6.28	6.91	122.89	-
Depreciation charged during the year	-	70.97	33.61	-	0.59	10.12	0.75	1.92	23.98	5.50	147.44	-
Disposals/transfers	-	19.19	-	-	-	-	-	-	0.57	0.24	20.00	-
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>118.02</b>	<b>64.08</b>	<b>-</b>	<b>1.80</b>	<b>19.14</b>	<b>1.59</b>	<b>3.84</b>	<b>29.69</b>	<b>12.17</b>	<b>250.33</b>	<b>-</b>
<b>Net carrying amount</b>	<b>534.34</b>	<b>693.27</b>	<b>84.51</b>	<b>0.08</b>	<b>2.09</b>	<b>65.93</b>	<b>0.83</b>	<b>10.95</b>	<b>171.13</b>	<b>14.25</b>	<b>1,577.38</b>	<b>5.18</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 4 : Other Intangible Assets**

Particulars	Software	Total
<b>As at 31 March, 2017</b>		
<b>Gross carrying amount</b>		
Deemed cost as on 01 April, 2016	42.14	42.14
Addition	10.29	10.29
Disposals/transfers	-	-
<b>Closing gross carrying amount</b>	<b>52.43</b>	<b>52.43</b>
<b>Accumulated Depreciation</b>		
Depreciation charged during the year	10.47	10.47
Disposals/transfers	-	-
<b>Closing accumulated depreciation</b>	<b>10.47</b>	<b>10.47</b>
<b>Net carrying amount</b>	<b>41.96</b>	<b>41.96</b>
<b>As at 31 March, 2018</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount	52.43	52.43
Addition	-	-
Disposals/transfers	-	-
<b>Closing gross carrying amount</b>	<b>52.43</b>	<b>52.43</b>
<b>Accumulated Depreciation</b>		
Opening accumulated depreciation	10.47	10.47
Depreciation charged during the year	14.13	14.13
Disposals/transfers	-	-
<b>Closing accumulated depreciation</b>	<b>24.60</b>	<b>24.60</b>
<b>Net carrying amount</b>	<b>27.83</b>	<b>27.83</b>

**Note 5 : Non-current Investments**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Investment in Others</b>			
<b>Quoted</b>			
At fair value through profit and loss (FVPL)	493.48	339.20	186.98
2,93,300 (31 March, 2017 : 2,93,300; 01 April, 2016 : 2,93,300)			
Equity shares of ₹ 10/- each fully paid up in Bharat Gears Ltd.			
<b>Unquoted</b>			
Net of provision, for other than temporary diminution	-	0.10	0.10
Nil (31 March, 2017 : 10,000; 01 April, 2016 : 10,000)			
Equity shares of ₹ 10/- each fully paid up in BST Mfg. Ltd.			
<b>Total</b>	<b>493.48</b>	<b>339.30</b>	<b>187.08</b>
Aggregate amount of Quoted Investments and market value thereof	493.48	339.20	186.98
Aggregate amount of Unquoted Investments	-	0.10	0.10

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 6 : Non-current Loans and Advances**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Security deposit</b>			
Unsecured, considered good*	18.83	22.93	17.91
<b>Total</b>	<b>18.83</b>	<b>22.93</b>	<b>17.91</b>

\* ₹ 5.00 lacs is given under protest.

**Note 7 : Non-current Trade Receivables**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Trade receivables including retention money	2,490.22	1,166.71	223.90
<b>Less: Expected credit loss (ECL)</b>	<b>(62.33)</b>	<b>(222.42)</b>	<b>(57.56)</b>
<b>Total</b>	<b>2,427.89</b>	<b>944.29</b>	<b>166.34</b>

**Note 8 : Other Non-current Financial Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Long Term Deposits with Banks with Maturity period more than 12 months</b>	<b>221.98</b>	<b>110.60</b>	<b>423.40</b>
Refer (a) below			
<b>Total</b>	<b>221.98</b>	<b>110.60</b>	<b>423.40</b>

(a) ₹ 221.98 (31 March, 2017 : ₹ 110.60, 01 April, 2016 : ₹ 423.40) held as Margin money against bank guarantees

**Note 9 : Deferred Tax Assets/(Liabilities) (Net)**

Particulars	As at 31 March, 2018	(Charged)/ credit during the year	As at 31 March, 2017	(Charged)/ credit during the year	As at 01 April, 2016
<b>Deferred tax assets on account of:</b>					
a) Provision for doubtful advances	0.17	(0.01)	0.18	-	0.18
b) Provision for diminution in value of investment	-	(0.38)	0.38	-	0.38
c) Provision for Excise Duty	13.99	(0.98)	14.97	-	14.97
d) Employees Benefits	33.43	(14.13)	47.57	3.16	44.41
e) Income Tax losses	267.41	84.62	182.78	19.69	163.09
f) Unabsorbed Depreciation	113.78	25.36	88.42	12.23	76.19
g) Expected credit loss (ECL)	19.26	(54.28)	73.54	54.51	19.03
<b>Total deferred tax assets</b>	<b>448.04</b>	<b>40.20</b>	<b>407.84</b>	<b>89.59</b>	<b>318.26</b>
<b>MAT credit entitlement</b>					
<b>Deferred tax liabilities on account of:</b>					
a) Difference between book and tax depreciation	(53.42)	13.70	(67.12)	(1.74)	(65.37)
<b>Total deferred tax liabilities</b>	<b>(53.42)</b>	<b>13.70</b>	<b>(67.12)</b>	<b>(1.74)</b>	<b>(65.37)</b>
<b>Total deferred tax (net)</b>	<b>394.62</b>	<b>53.90</b>	<b>340.72</b>	<b>87.85</b>	<b>252.89</b>

**Note 10 : Other Non current Assets**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Capital advances	-	-	2.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2.00</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 11 : Inventories**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Raw Material & Components	206.23	138.21	81.59
Stock-in trade-traded goods	207.75	74.79	146.90
Goods-in transit	-	6.41	196.58
Work-in progress	227.95	50.94	64.45
Stores Consumables	13.85	8.52	6.32
<b>Total</b>	<b>655.78</b>	<b>278.87</b>	<b>495.84</b>

**Note 12 : Current Trade Receivables**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Unsecured considered good, unless otherwise stated</b>			
Trade receivables	3,640.73	4,501.94	5,509.63
<b>Total</b>	<b>3,640.73</b>	<b>4,501.94</b>	<b>5,509.63</b>

**Note 13 : Cash and Cash Equivalents**

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
<b>Balance with Banks</b>			
In current account	143.23	286.56	457.37
Cash on hand	2.59	2.31	7.60
<b>Total</b>	<b>145.82</b>	<b>288.87</b>	<b>464.97</b>

**Note 14 : Bank Balances Other than Cash and Cash Equivalents**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Other Balances</b>			
<b>Earmarked balances with banks for:</b>			
Unpaid Dividends	11.27	12.68	11.64
<b>Fixed deposits with various authorities</b>			
Margin money against bank guarantees and others	561.92	909.81	845.50
With other authorities	-	-	-
<b>Total</b>	<b>573.19</b>	<b>922.49</b>	<b>857.13</b>

**Note 15 : Current Loans and Advances**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Unsecured, Considered good</b>			
Security Deposits	3.32	3.27	4.66
Loans and advances to employee	4.60	7.64	11.47
Duties & Taxes	0.28	9.73	27.12
Duty drawback receivable	3.33	3.33	2.06
Export incentive receivable	6.02	0.28	-
<b>Total</b>	<b>17.55</b>	<b>24.25</b>	<b>45.31</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 16 : Other Current Financial Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Accrued interest on deposits with Banks and others	13.39	25.16	36.45
Insurance claim receivable	-	-	57.00
<b>Total</b>	<b>13.39</b>	<b>25.16</b>	<b>93.45</b>

**Note 17 : Current Tax Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Current Tax Assets (net of provision)	65.27	53.28	180.64
<b>Total</b>	<b>65.27</b>	<b>53.28</b>	<b>180.64</b>

**Note 18 : Other Current Assets**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Unsecured considered good</b>			
Prepaid Expenses	120.27	121.60	157.28
Advance income tax (net of provisions)	-	-	-
Advances recoverable in cash or in kind or for value to be received	146.15	100.16	239.60
Others	3.26	1.34	1.84
<b>Unsecured considered doubtful</b>			
Advances recoverable in cash or in kind or for value to be received	0.54	0.54	0.54
Less: Allowance for doubtful debt	(0.54)	(0.54)	(0.54)
<b>Total</b>	<b>269.68</b>	<b>223.10</b>	<b>398.72</b>

**Note 19 : Equity Share Capital**

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs	No. of Shares	₹ in Lakhs
<b>Authorized</b>						
Equity shares of ₹ 10 each (31 March, 2017 ₹ 10 each, 01 April, 2016 ₹ 10 each)	35,000,000	3,500.00	35,000,000	3,500.00	35,000,000	3,500.00
<b>Issued, Subscribed and Paid-up:</b>						
Equity shares of ₹ 10 each (31 March, 2017 ₹ 10 each, 01 April, 2016 ₹ 10 each)	3,343,243	334.32	3,343,243	334.32	3,343,243	334.32
<b>Total</b>		<b>334.32</b>		<b>334.32</b>		<b>334.32</b>

The Parent Company has one class of equity share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Parent Company after distribution of all preferential amounts, in proportion to their shareholding.

**Issue of Bonus Shares**

During the financial year ended 31 March, 2014, the Parent Company had issued 20,05,946 Equity Shares of ₹ 10/- each as fully paid up Bonus Shares after capitalization of General Reserves of ₹ 200.59 lakhs to shareholders in proportion of their shareholding.

Apart from the issue of bonus shares as mentioned above, the Parent Company has not allotted any share pursuant to contracts without payment being received in cash nor has it bought back any shares during the preceeding period of 5 financial years.

(All amounts in ₹ Lakhs, unless otherwise stated)

### Reconciliation of Shares Issued

As no fresh issue of shares or reduction in capital was made during the current year as well as during the previous period, hence there is no change in the opening and closing capital. Accordingly, reconciliation of share capital has not been given.

### Details of Equity Shares held by shareholders holding more than 5% of the aggregate shares in the Parent Company

Particulars	As at 31 March, 2018		As at 31 March, 2017		As at 01 April, 2016	
	No. of Shares	% of holding in that class of shares	No. of Shares	% of holding in that class of shares	No. of Shares	% of holding in that class of shares
Mr. Surinder Paul Kanwar	1,466,695	43.87	1,466,695	43.87	1,866,695	55.83
Gulab Merchandise Private Limited	644,825	19.29	644,825	19.29	244,825	7.32

### Note 20 : Other Equity

Particulars	Refer following items	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Capital Reserve	19(a)	0.67	0.67	0.67
Securities Premium Reserve	19(b)	162.43	162.43	162.43
General Reserve	19(c)	1,525.27	1,525.27	1,525.27
Retained Earnings	19(d)	2,094.52	2,221.79	2,159.08
<b>Total</b>		<b>3,782.88</b>	<b>3,910.15</b>	<b>3,847.46</b>

Particulars	As at 31 March, 2018	As at 31 March, 2017
a. Capital Reserve-Balance at the beginning and end of the year	0.67	0.67
b. Securities Premium Reserve-Balance at the beginning and end of the year	162.43	162.43
c. General Reserve		
Balance at the beginning of the year	1,525.27	1,525.27
Add: Transferred from Retained Earnings	-	-
Balance at the end of the year	1,525.27	1,525.27
d. Retained Earnings		
Balance at the beginning of the year	2,221.79	2,159.08
Profit for the year	(148.32)	109.28
Remeasurement of defined benefit plans (net of tax)	21.05	1.72
Dividend	-	(40.12)
Tax on Dividend	-	(8.17)
Balance at the end of the year	2,094.52	2,221.79
<b>Total</b>	<b>3,782.88</b>	<b>3,910.15</b>

### Nature and purpose of Reserves

**Capital Reserve:** Represents the reserves created as a result of forfeiture of shares of the Parent Company. Capital reserve will be utilized for issue of fully paid bonus shares.

**Securities Premium Reserve:** The amount received from share holders in excess of face value of the equity shares is recognised in Securities Premium Reserve and will be utilized as per provisions of the Companies Act, 2013.

**General Reserve:** The Parent Company has transferred a portion of the net profit before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. General Reserve will be utilized as per provision of the Companies Act, 2013. The same is a free reserve and available for distribution.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 21 : Non-Current Borrowings**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Secured Borrowings</b>			
Term loans from Banks	79.27	2.97	44.12
<b>Unsecured Borrowings</b>			
1,25,000, 10% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up	125.00	125.00	125.00
<b>Total</b>	<b>204.27</b>	<b>127.97</b>	<b>169.12</b>

**Rupee Term Loans from Banks**

- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 5.16 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 9.76% p.a. in 59 monthly installments financed by Axis Bank
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 1.03 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 10.76% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 2.37 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 10.13% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 1.52 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 11.00% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 3.99 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 11.00% p.a. in 59 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ 18.74 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 11.00% p.a. in 36 monthly installments financed by Oriental Bank of Commerce.
- Term Loan from bank ₹ Nil (31 March, 2017 : ₹ 2.97 lacs & 01 April, 2016 : ₹ 11.31 lacs) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 10.50% p.a. in 35 monthly installments financed by Axis Bank.
- Term Loan from bank ₹ 79.27 lacs. (31 March, 2017 : ₹ Nil & 01 April, 2016 : ₹ Nil) was secured by way of hypothecation/exclusive charge on assets financed. Repayable along with interest at the rate of 8% p.a. in 60 monthly installments financed by HDFC Bank Ltd.

**Note 22 : Non-current Provisions**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Provision for employee benefits</b>			
a Provision for compensated absences	68.54	71.14	71.05
b Provision for Gratuity	5.17	3.28	3.10
<b>Provision-Others</b>			
Provision for Excise Duty	45.27	45.27	45.27
<b>Total</b>	<b>118.98</b>	<b>119.69</b>	<b>119.42</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 23 : Current Borrowings**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Secured Borrowings</b>			
Working capital loans repayable on demand from			
Bank - Cash credit (CC) [refer (i)]	646.97	695.76	593.11
NSIC RMA Account [refer (ii)]	94.64	76.01	73.29
<b>Unsecured Borrowings</b>			
a Loan from director	50.00	50.00	50.00
b Companies under joint control [refer (iii)]	110.00	110.00	-
c Others	120.00	20.00	-
<b>Total</b>	<b>1,021.61</b>	<b>951.77</b>	<b>716.40</b>

**Working capital loans repayment on demand from banks**

- (i) In case of Parent Company, working capital loan from banks are secured by first charge by way of hypothecation on entire current assets including stock, stores, trade receivables etc., and also 1<sup>st</sup> charge by way of hypothecation on movable fixed assets (other than those which are exclusively charged in favour of the respective lenders) ranking pari passu amongst the Banks on the point of security. In case of Subsidiary Company, secured by first charge by way of hypothecation of stocks of raw materials, stock-in-process, finished goods, stores & spares and Book-Debts/receivables and advance to suppliers.
- (ii) Secured against bank guarantee issued by Oriental Bank of Commerce.
- (iii) From Company In which KMP/Relatives of KMP can exercise significant Influence.

**Note 24 : Trade Payables**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of Trade Payable other than micro enterprises and small enterprises	3,618.35	3,318.85	4,300.69
<b>Total</b>	<b>3,618.35</b>	<b>3,318.85</b>	<b>4,300.69</b>

In response to the Company's request made in March 2018 to the Suppliers for providing copy of the registration Certificate, if registered under Micro, Small and Medium Enterprises Development 2006, none has sent Certificate of Registration with prescribed authority. Hence, no such supplier is identified and no disclosure made for amount due to such supplier as at 31 March, 2018.

**Note 25 : Other Current Financial Liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Current maturities of long-term debt (Refer Note 21)	24.12	41.15	91.99
Unpaid dividend	11.27	12.68	11.64
Employee Dues	199.34	116.89	122.34
Creditors for expenses	47.78	22.93	28.09
Payables on purchase of fixed assets & CWIP	31.30	2.94	4.67
Security deposit from customers	25.26	25.26	25.26
<b>Total</b>	<b>339.07</b>	<b>221.84</b>	<b>284.00</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 26 : Other Current Liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Statutory Dues	79.76	33.42	54.92
Contractually reimbursable expenses	18.50	7.97	7.77
Contract mobilization advances from customers	652.46	302.81	449.49
Customer credit balances	9.61	5.78	7.10
Other payables	119.56	105.58	182.92
<b>Total</b>	<b>879.89</b>	<b>455.56</b>	<b>702.20</b>

**Note 27 : Current Provisions**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
<b>Provision for employee benefits</b>			
Provision for compensated absences	41.34	45.55	37.58
Provision for Gratuity	-	4.11	7.33
<b>Provision-others</b>			
Provision for other outstanding liabilities	93.88	105.82	168.03
Provision for Turnover Discounts	59.46	57.96	65.59
Other Provisions	54.55	48.02	51.91
<b>Total</b>	<b>249.23</b>	<b>261.46</b>	<b>330.44</b>

**Note 28 : Revenue from Operations**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Sales of service	4,221.29	5,524.72
Sales of product	3,234.91	2,629.35
Sale of Scrap	81.62	34.16
Others	8.35	-
<b>Total</b>	<b>7,546.17</b>	<b>8,188.23</b>

**Note 29 : Other Income**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Interest income	62.73	113.79
Net Gain/(loss) on fair value of financial assets through Statement of Profit & loss (FVPL)	154.28	152.22
Other non-operating income	139.99	67.01
<b>Total</b>	<b>357.00</b>	<b>333.02</b>

**Note 30 : Cost of Materials Consumed**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Opening stock	172.77	148.05
Add: Purchases during the year	4,222.94	3,724.64
Less: Closing stock	342.33	172.77
Net material consumed	4,053.38	3,699.92
<b>Total</b>	<b>4,053.38</b>	<b>3,699.92</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 30A : Changes in Inventories of Finished Goods & Work-in-Progress**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
<b>Inventories (at the end of the year)</b>		
- Finished goods	71.65	40.22
- Work-in-progress	87.53	50.94
<b>Sub Total</b>	<b>159.18</b>	<b>91.16</b>
<b>Inventories (at the beginning of the year)</b>		
- Finished goods	40.22	80.44
- Work-in-progress	50.94	64.45
<b>Sub Total</b>	<b>91.16</b>	<b>144.89</b>
<b>Net (increase)/decrease</b>	<b>(68.02)</b>	<b>53.73</b>

**Note 31 : Employee benefits expenses**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
a. Salaries and wages	985.64	1,014.37
b. Contributions to provident and other fund	61.39	59.56
c. Gratuity fund contribution (Refer note 46)	29.48	8.20
d. Staff welfare expenses	67.54	59.30
<b>Total</b>	<b>1,144.05</b>	<b>1,141.43</b>

**Note 32 : Finance Cost**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
a. Interest expenses on:		
Borrowings	178.67	132.35
b. Other borrowing costs	152.39	201.01
(Bank and other financial charges)		
<b>Total</b>	<b>331.06</b>	<b>333.36</b>

**Note 33 : Depreciation and Amortization Expenses**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Depreciation of property, plant and equipment	147.24	133.48
Amortization of intangible assets	14.13	10.47
<b>Total</b>	<b>161.37</b>	<b>143.95</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 34 : Other Expenses**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Consumption of stores and spare parts	85.44	87.81
Job work expenses	151.72	87.41
Erection expenses	528.63	1,139.89
Power and fuel	57.00	48.16
Hire charges	16.89	13.24
Advertisement, marketing, selling & distribution expenses	205.90	189.31
Travelling & Conveyance	113.55	153.32
Excise duty expenses	71.02	347.65
Rent	93.56	117.35
Car hire expenses	4.35	3.97
Repairs and maintenance	40.57	36.36
Insurance	22.16	39.99
Rates and taxes	64.69	173.81
Warranty claim expenses	44.44	59.83
Freight and forwarding	157.64	162.53
Payments to auditors (Refer Note (i) below)	7.13	8.39
Loss on fixed assets sold	16.78	4.96
Legal & professional charges	120.86	102.57
Expected credit loss (ECL)	39.21	164.86
Bad debt written off	526.58	-
Miscellaneous expenses	112.99	109.93
<b>Total</b>	<b>2,481.11</b>	<b>3,051.33</b>

**Auditors' Remuneration paid/payable for the year**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Statutory Audit fee	3.10	3.48
Limited review and other certifications	3.71	4.29
Reimbursement	0.33	0.63
<b>Total</b>	<b>7.14</b>	<b>8.40</b>

Note: Statutory audit fees of F Y 2016-17 includes service tax amounting to ₹ 0.38 lacs.

**Note 35 : Earning Per Share**

Particulars	For the Year ended 31 March, 2018	For the Year ended 31 March, 2017
Weighted average number of equity shares outstanding	3,343,243	3,343,243
Profit after tax available for shareholders	(148.32)	109.28
Basic & diluted earning per share	(4.44)	3.27
Nominal value per share	10.00	10.00

(All amounts in ₹ Lakhs, unless otherwise stated)

### Note 36 : Tax Reconciliation

Reconciliation of tax expense and accounting profit as per Ind AS 12 :

#### Income Tax Expenses

This note provides an analysis of the Group income tax expenses that how the tax expenses is affected by non-assessable and not-deductible items:

Particulars	2017-18	2016-17
<b>Income Tax Expenses</b>		
Current tax for the year	-	95.00
Adjustment for current tax of prior period	11.87	(18.09)
<b>Total current expenses</b>	<b>11.87</b>	<b>76.91</b>
<b>Deferred tax</b>		
Increase/(Decrease) in deferred tax assets	49.63	89.59
(Increase)/Decrease in deferred tax liabilities	13.70	(0.94)
<b>Total deferred tax Income/(Expenses)</b>	<b>63.33</b>	<b>88.65</b>
<b>Income tax expenses</b>	<b>(51.46)</b>	<b>(11.74)</b>

Reconciliation of tax expenses and accounting profit multiplied by applicable Indian tax rate:

Particulars	2017-18	2016-17
Profit before income taxes	(199.78)	97.54
Enacted tax rate in India (%) - In Parent Company	30.90%	30.90%
Enacted tax rate in India (%) - In Subsidiary Company	25.75%	30.90%
Computed expected tax expenses	-	30.14
Tax effect due to non-taxable income for Indian tax purposes	(47.67)	(50.33)
Tax reversals	11.87	(18.09)
Effect of non-deductible expenses	12.12	54.51
Others	(27.77)	(27.97)
<b>Income tax expenses</b>	<b>(51.46)</b>	<b>(11.74)</b>

### Note 37 : Disclosure required pursuant to Ind AS -36 "Impairment of assets"

The Group has carried out impairment test on its fixed assets as on the date of Balance Sheet and the Management is of the opinion that there is no asset for which provision for impairment is required to be made as per Ind AS - 36 Impairment of Assets.

### Note 38 : Operating Segment information

- a) As per Ind AS-108 "Operating Segment" The Group have considered business segment as the reportable segment for the purpose of segment reporting disclosure. The business segments are construction activity Žcivil, mechanical and engineeringŽ and manufacturing of Automobile Components. The above segment have been identified taking into account the organisation structure as well as the differing risks and returns of these segments and so the Segment revenues, expenses, assets and liabilities.

#### Financial year 2017-18

Particulars	Construction Activity	Automobile Components	Total
Segment Revenue	4,221.29	3,324.88	7,546.17
Segment Expenses	4,715.75	3,387.20	8,102.95
Segment Profit	(494.46)	(62.32)	(556.78)
Segment Assets	8,025.48	2,523.12	10,548.60
Segment Liabilities	4,742.86	1,688.54	6,431.40

(All amounts in ₹ Lakhs, unless otherwise stated)

**Financial year 2016-17**

Particulars	Construction Activity	Automobile Components	Total
Segment Revenue	5,524.72	2,663.51	8,188.23
Segment Expenses	5,578.62	2,845.09	8,423.71
Segment Profit	(53.90)	(181.58)	(235.48)
Segment Assets	8,584.00	2,220.03	10,804.03
Segment Liabilities	5,423.38	1,198.90	6,622.28

- b) The revenue of the Group from the external customers are attributed to (i) the Group's country of domicile i.e. India and (ii) all foreign countries in total from which the Group derives revenue.

Particulars	As at 31 March, 2018	As at 31 March, 2017
Within India	7,430.52	8,084.19
Outside India	115.65	104.04
<b>Total</b>	<b>7,546.17</b>	<b>8,188.23</b>

**Note 39 : Contingent Liabilities**

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Contingent liabilities			
a. Guarantees/Letter of Credit given by the banks which are counter guaranteed by the Group and secured against Fixed and Current Assets	4,269.32	6,034.99	7,304.30
b. Others where Group had gone in to appeals before appropriate authorities:			
-Sales Tax	9.74	9.74	9.74
-Income Tax	1.74	1.74	5.72
<b>Total</b>	<b>4,280.80</b>	<b>6,046.47</b>	<b>7,319.76</b>

**Note 40 : Capital Management**

The Group Capital management objective is to maximize the total shareholder's return by optimizing cost of capital through flexible capital structure that supports growth. Group ensure optimal credit risk profile to maintain/enhance credit rating.

The Group determines the amount of capital requirement on the basis of annual operating plan and long-term strategic plans. The finding requirements are met through internal accruals and long term/short term borrowings. The Group monitors the capital structure on the basis of Net debts to equity ratio and maturity profile of the overall debt portfolio of the Group.

For the purpose of Group capital management, equity includes paid up equity share capital and reserves and surplus and Debt comprises of long term borrowings including current maturities of these borrowings.

The following table summarizes long term debt and equity of the Group:

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Equity Share Capital	334.32	334.32	334.32
Other Equity	3,782.88	3,910.15	3,847.46
Total Equity	4,117.20	4,244.47	4,181.78
Long Term Debt	228.39	169.12	261.12
<b>Debt to Equity Ratio</b>	<b>0.06</b>	<b>0.04</b>	<b>0.06</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

#### Note 41 : Financial Risk Management objectives and policies

The Group business activities exposed to a variety of financial risk viz., market risk, credit risk and liquidity risk. The Group focus is to foresee the unpredictability of financial risk and to address the issue to minimize the potential adverse effects of its financial performance.

The Group financial risk management is an integral part of how to plan and execute its business strategies. The Group financial risk management policy is set by the Group management.

##### Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes.

##### Interest rate risk

Out of total borrowings, large portion represents short term borrowings and the interest rate primarily basing on the Group credit rating and also the changes in the financial market. Group influence rating and also factors which influential the determination of the interest rates by the banks to minimize the interest continuously monitoring over all factors rate risks.

##### Exposure to interest rate risk

Particulars	As at 31 March, 2018	As at 31 March, 2017
Floating rate borrowings: Working capital loan	86.32	63.98
<b>Total</b>	<b>86.32</b>	<b>63.98</b>

##### A change of 50 basis points (bp) in interest rates would have following impact on profit before tax

Particulars	As at 31 March, 2018	As at 31 March, 2017
50 bp increase - Decrease in profit	3.66	2.67
50 bp decrease - Increase in profit	(2.79)	2.11

##### Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, loans, investments and other financial assets.

At each reporting date, the Group measures loss allowance for certain class of financial assets based on historical trend, industry practices and the business environment in which the Group operates.

Credit risk with respect to trade receivables are limited, due to the Group customer profiles are well balanced in Government and Non-Government customers and diversified amongst in various geographies. All trade receivables are reviewed and assessed on a quarterly basis.

Credit risk arising from investments and balances with banks is limited because the counter parties are banks and recognised companies with high credit worthiness.

##### (i) Provision for expected credit losses

The Group measures Expected Credit Loss (ECL) for financial instruments based on historical trend, industry practices and the business environment in which the Group operates.

For financial assets, a credit loss is the difference between:

- the contractual cash flows that are due to an entity under the contract; and
- the cash flows that the entity expects to receive.

The Group recognizes in profit or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date in accordance with Ind AS 109.

In determination of the allowances for credit losses on trade receivables, the Group has used a practical expedience by computing the expected credit losses based on ageing matrix, which has taken into account historical credit loss experience and adjusted for forward looking information.

(All amounts in ₹ Lakhs, unless otherwise stated)

(ii) The movement of Trade Receivables and Expected credit loss are as follows:

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 01 April, 2016
Trade Receivables (Gross)	6,130.95	5,668.65	5,733.53
Less: Expected Credit Loss	(62.33)	(222.42)	(57.56)
<b>Trade Receivables (Net)</b>	<b>6,068.62</b>	<b>5,446.23</b>	<b>5,675.97</b>

**Financial Instruments and Cash Deposits**

The Group considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Investments of surplus funds are made only with approved counterparties. The maximum exposure to credit risk for the components of the balance sheet is ₹ 7552.86 lacs as at 31.03.2018 and ₹ 7179.83 lacs as at 31.03.2017, which is the carrying amounts of cash and cash equivalents, other bank balances, investments, trade receivables, loans and other financial assets.

**Liquidity Risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (i.e. trade receivables, other financial assets) and projected cash flows from operations.

The Group objective is to maintain a balance between continuity of funding and flexibility through the use of working capital loans, letter of credit facility, bank loans and credit purchases.

The tables below provides details regarding the contractual maturities of significant financial liabilities to the contractual maturity date:

**As at 31 March, 2018**

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Bearing Loans and Borrowings (Including Current Maturities)	1,170.73	79.27	-	1,250.00
Trade Payables	3,618.35	-	-	3,618.35
Other Financial Liabilities	314.95	-	-	314.95
<b>Total</b>	<b>5,104.03</b>	<b>79.27</b>	<b>-</b>	<b>5,183.30</b>

**As at 31 March, 2017**

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Bearing Loans and Borrowings (Including Current Maturities)	1,117.92	2.97	-	1,120.89
Trade Payables	3,318.85	-	-	3,318.85
Other Financial Liabilities	180.69	-	-	180.69
<b>Total</b>	<b>4,617.46</b>	<b>2.97</b>	<b>-</b>	<b>4,620.43</b>

**As at 01 April, 2016**

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
Interest Bearing Loans and Borrowings (Including Current Maturities)	882.55	44.12	-	926.67
Trade Payables	4,300.69	-	-	4,300.69
Other Financial Liabilities	242.85	-	-	242.85
<b>Total</b>	<b>5,426.09</b>	<b>44.12</b>	<b>-</b>	<b>5,470.21</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 42 : Corporate Social Responsibility**

(i) Gross amount required to be spend by the Group during the F.Y 2017-18 is ₹ 9.80 lacs.

(ii) Amount spent during the financial year 2017-18:

S.No	Particulars	In cash	Yet to be paid in Cash	Total Amount
(i)	Rural development	-	-	-
(ii)	On purpose other than (i) above	-	-	-
	<b>Total</b>	-	-	-

**Note 43 : Lease Payment**

Operating lease payments recognised in Statement of Profit and Loss for the year are as follows:-

Particulars	As at 31 March, 2018	As at 31 March, 2017
Operating lease	49.42	63.82
<b>Future minimum lease payments:</b>		
-Not later than one year	53.48	49.53
-Later than one year but not later than 5 years	235.29	216.90
-More than 5 years	820.00	943.01

**Note 44 : Expenditure in Foreign Currency**

Particulars	As at 31 March, 2018	As at 31 March, 2017
Other matter (Travel)	2.07	11.10

**Note 45 : Details of Consumption of Imported and Indigenous Items**

Particulars	As at 31 March, 2018	
	Amount (₹ in lacs)	percentage (%)
<b>Imported</b>		
(i) Raw Material	95.62	0.02
	(127.02)	0.04
(ii) Stores, Spares, tools & tackles	-	-
<b>Indigenous</b>		
(i) Raw Material	3,811.20	99.98
	(3,489.76)	(99.96)
(ii) Stores, Spares, tools & tackles	209.99	100.00
	(156.47)	(100.00)
<b>Total</b>	<b>4,116.81</b>	
	<b>(3,773.25)</b>	

Figures in brackets are for the previous year.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 46 : Employee Benefits****a) Defined Contribution Plans**

Contribution to the provident Fund and Superannuation funds are charged to the Profit and loss statement.

During the year, the Group has recognised the following amounts in the profit & loss statement:

Particulars	2017-18	2016-17
Contribution to Provident Fund and Family Pension Fund	46.51	47.15
Contribution to Superannuation Fund	5.41	5.54

**b) Post Employment Defined Benefit Plans**

In Parent Company, provident for gratuity, a defined benefit retirement plan covering eligible employees. As per the scheme, the Gratuity Trust fund managed by the Trust, makes payment to vested employees on retirement, death, incapacitation or termination/ resignation of employment, of an amount based on the respective employee's eligible salary depending upon the tenure of service. Vesting occurs upon completion of five years of service. Liabilities with regard to the Gratuity plan are determined by actuarial valuation as set out in Note 2.15, based upon which, the Parent Company makes contribution to the Gratuity fund.

**c) Other Long Term Employee Benefit Plan**

Leave Encashment Scheme [LES] (Unfunded)

The Group provides for accumulated leave benefit for eligible employees payable at the time of retirement/ resignation from service as per the policy of the Group, actual number of days outstanding based on last drawn salary. The liabilities with regard to leave encashment scheme are determined by actuarial valuation as set out in Note 2.15.

**d) Risk Exposure**

Aforesaid post employment defined benefit plans typically expose the Group to actuarial risks, most significant of which are discount rate risk, salary escalation risk and demographic risk.

**Discount Risk**

The Group is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of liability.

**Salary Escalation Risk**

The present value of defined benefit plan liability is calculated by reference to the future salaries of plan participant. An increase in the salary of plan participants will increase the plan liabilities.

**Demographic Risk**

In the valuation of liability certain demographic (mortality and attrition rates) assumptions are made. The Group is exposed to this risk to the extent of actual experience eventually being worse compared to the assumption thereby causing an increase in the plan liability.

(All amounts in ₹ Lakhs, unless otherwise stated)

**Details of Defined Benefits plans- as required by Ind AS- 19 Employee Benefits**

Particulars	Gratuity Funded	Gratuity Unfunded	Gratuity Funded	Gratuity Unfunded
<b>Components of employee expenses</b>	<b>2017-18</b>		<b>2016-17</b>	
Current service cost	7.83	1.34	8.30	1.09
Past service cost	18.36	-	-	-
Interest cost	8.14	0.25	8.22	0.23
Expected return on Plan Assets	(7.82)	-	(8.32)	-
Total expenses recognised in the Profit & Loss Statement	26.51	1.59	8.20	0.18
Actuarial (gain)/loss- Obligation	(16.78)	0.31	(1.37)	(1.15)
Actuarial (gain)/loss-plan assets	(14.01)	-	-	-
Total Actuarial (gain)/loss recognised in other comprehensive (income)/expenses	(30.79)	0.31	(1.37)	(1.15)
<b>Actual Contribution &amp; Benefits payment for the year</b>	<b>2017-18</b>		<b>2016-17</b>	
Actual Benefits payments	9.15	-	19.71	-
Actual contributions	1.10	-	1.35	-
<b>Net assets/(liability) recognised in the Balance Sheet</b>	<b>2017-18</b>		<b>2016-17</b>	
Present value of Defined Benefit Obligation	113.37	5.17	104.97	3.28
Fair value of Plan Assets	114.64	-	100.86	-
Funded Status [Surplus/(Deficit)]	1.27	(5.17)	(4.11)	(3.28)
Net assets/ (liability) recognised in the Balance Sheet	1.27	(5.17)	(4.11)	(3.28)
<b>Change in Defined Benefits Obligation during the year</b>	<b>2017-18</b>		<b>2016-17</b>	
Present value of Defined Benefit Obligation as at the beginning of the year	104.97	3.28	109.53	3.10
Current service cost	7.83	1.34	8.30	1.09
Past service cost	18.36	-	-	-
Interest Cost	8.14	0.25	8.21	0.23
Actuarial Losses/(Gains)	(16.78)	0.31	(1.37)	(1.15)
Benefits paid	(9.15)	-	(19.71)	-
Present value of Defined Benefits Obligation as at the end of the year	113.37	5.17	104.97	3.28
<b>Change in Fair value of the Plan Assets during the year</b>	<b>2017-18</b>		<b>2016-17</b>	
Plan Asset as at the beginning of the year	100.86	-	110.90	-
Expected return on the Plan Assets	7.82	-	8.32	-
Actual Company contributions	1.10	-	1.35	-
Actuarial (Losses)/Gains	14.01	-	-	-
Benefits paid	(9.15)	-	(19.71)	-
Plan Asset as at the end of the year	114.64	-	100.86	-
<b>Actuarial Assumptions</b>	<b>2017-18</b>		<b>2016-17</b>	
Discount rate	7.75%	7.75%	7.50%	7.50%
Expected return on plan assets	7.75%	-	7.50%	-
Withdrawal rate (per annum) (18 to 30 years)	5.00%	5.00%	2.00%	2.00%
Withdrawal rate (per annum) (30 to 44 years)	3.00%	3.00%	2.00%	2.00%
Withdrawal rate (per annum) (44 to 60 years)	2.00%	2.00%	2.00%	2.00%
Salary escalation rate	5.00%	5.00%	5.00%	5.00%

(All amounts in ₹ Lakhs, unless otherwise stated)

The expected rate of return on the plan asset is based on the average long term rate of return expected on investment of funds during estimated term of obligation.

The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion & other relevant factors.

The major categories of plan assets as a percentage of the total plan assets	Gratuity Funded	Gratuity Unfunded	Gratuity Funded	Gratuity Unfunded
	2017-18		2016-17	
Insurer Managed Funds	100%	-	100%	-
<b>Experience Adjustments</b>	<b>2017-18</b>		<b>2016-17</b>	
Present value of Defined Benefit Obligation as at the end of the year	113.37	-	104.97	-
Fair value of plan assets as at the end of the year	114.64	-	100.86	-
Funds Status [Surplus/(Defined)]	1.27	-	(4.11)	-
Experience adjustment of Plan Liabilities	2.31	-	(4.63)	-
Experience adjustment of Plan Asset	114.64	-	-	-

The liability for leave encashment is accounted for on accrual basis on actuarial valuation at the year end.

Gratuity Funded Sensitivity Analysis for significant assumptions as on 31.03.2018 are as follows:-

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(4.91)	5.76	4.92	(4.18)	1.27	(1.46)

Gratuity Funded Sensitivity Analysis for significant assumptions as on 31.03.2017 are as follows:-

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(5.95)	7.03	6.67	(5.71)	1.42	(1.64)

Gratuity Unfunded Sensitivity Analysis for significant assumptions as on 31.03.2018 are as follows:-

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(4.63)	5.82	5.83	(4.61)	5.28	(5.04)

Gratuity Unfunded Sensitivity Analysis for significant assumptions as on 31.03.2017 are as follows:-

Assumptions	Discount rate		Future Salary		Withdrawal Rate	
	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease	1.00% Increase	1.00% Decrease
Impact on defined benefit obligation	(2.89)	3.74	3.75	(2.88)	3.32	(3.21)

The Parent Company expects to contribute ₹ 8.90 lacs (Previous year ₹ 10.27 lacs.) to gratuity fund in next year.

The weighted average duration of the defined benefit obligation as at 31.03.2018 is 12 years (as at 31.03.2017 : 11 years).

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Gratuity Funded	Gratuity Unfunded
01 April, 2018 to 31 March, 2019	58.41	0.17
01 April, 2019 to 31 March, 2020	5.81	0.18
01 April, 2020 to 31 March, 2021	5.27	0.20
01 April, 2021 to 31 March, 2022	10.48	0.23
01 April, 2022 to 31 March, 2023	8.36	0.24
01 April, 2023 onwards	57.72	6.45

#### Note 47 : Related Party Disclosures

Pursuant to Ind AS-24 "Related Party Disclosures", following parties are to be treated as related parties:

**(a) Entities over which key managerial personnel is able to exercise significant influence:**

Bharat Gears Limited (BGL)

Vibrant Finance & Investment Pvt. Ltd. (VFIPL)

Ultra Consultants Pvt. Ltd. (UCPL)

Future Consultants Pvt. Ltd. (FCPL)

Cliplok Simpak (India) Pvt. Ltd. (CSIPL)

Samreet Investment & Management Consultancy Pvt. Ltd. (SIMCPL)

Gulab Merchandise Pvt. Ltd. (GMPL)

**(b) Key managerial personnel**

Mr. Surinder Paul Kanwar - Chairman & Managing Director

Mr. Sachit Kanwar - Joint Managing Director

Dr. Sanjeev Kumar - Non-Executive Independent Director

Mr. Pradeep Kumar Mittal - Non-Executive Independent Director

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

Mr. Gautam Mukherjee - Non-Executive Independent Director

Mr. Nagar Venkatraman Srinivasan - Non-Executive Director

Mrs. Seethalakshmi Venkataraman - Non-Executive Independent Director

Mr. Satya Prakash Mangal - Non-Executive Independent Director (upto 15.02.2018)

Mr. Prabhat Chand Kothari - Director

Mr. Jagdeep Singh - Director

#### Details of transactions with the related parties

Particulars	Entities over which key managerial personnel is able to exercise significant influence		Key managerial personnel	
	2017-18	2016-17	2017-18	2016-17
<b>Transaction during the year</b>				
<b>Rent Paid</b>				
BGL	12.21	11.82	-	-
VFIPL	4.98	5.52	-	-
<b>Electricity Charges paid</b>				
VFIPL	0.91	0.77	-	-

(All amounts in ₹ Lakhs, unless otherwise stated)

**Note 47 : Related Party Disclosures .... Contd.****Details of transactions with the related parties**

Particulars	Entities over which key managerial personnel is able to exercise significant influence		Key managerial personnel	
	2017-18	2016-17	2017-18	2016-17
<b>Transaction during the year</b>				
<b>Managerial remuneration</b>				
Mr. Surinder Paul Kanwar	-	-	*	*
Mr. Sachit Kanwar	-	-	93.05	93.05
Mr. Sanjeev Kumar	-	-	1.00	0.65
Mr. Pradeep Kumar Mittal	-	-	1.25	1.00
Mr. V.K. Pargal	-	-	0.85	0.80
Mr. Gautam Mukherjee	-	-	0.65	0.35
Mrs. Seethalakshmi Venkataraman	-	-	0.55	0.40
Mr. Satya Prakash Mangal	-	-	1.05	0.85
Mr. Nagar Venkatraman Srinivasan	-	-	0.40	0.30
<b>Marketing Service Fee</b>				
BGL	-	-	135.31	131.37
<b>Interest on Loan</b>				
UCPL	1.50	1.08	-	-
Mr. Surinder Paul Kanwar	-	-	6.00	6.00
CSIPL	5.00	2.52	-	-
VFIPL	4.50	2.45	-	-
<b>Professional Charges</b>				
Mr. Pradeep Kumar Mittal	-	-	1.96	2.05

Particulars	Entities over which key managerial personnel is able to exercise significant influence			Key managerial personnel		
	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016
<b>Balances at the end of the year</b>						
<b>Issue of Preference Shares</b>						
GMPL	-	-	70.00	-	-	-
UCPL	-	-	55.00	-	-	-
<b>Unsecured Loan</b>						
CSIPL	-	50.00	-	-	-	-
VFIPL	-	45.00	-	-	-	-
UCPL	-	15.00	-	-	-	-

\* Token remuneration of ₹ 12 (Rupees Twelve) paid to Chairman &amp; Managing Director

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Entities over which key managerial personnel is able to exercise significant influence			Key managerial personnel		
	31 March, 2018	31 March, 2017	01 April, 2016	31 March, 2018	31 March, 2017	01 April, 2016
<b>Guarantee given for credit limits taken by Company</b>						
VFIPL	6,583.00	10,100.00	11,000.00	-	-	-
Mr. Surinder Paul Kanwar	-	-	-	7,538.00	11,155.00	116,955.00
Mr. Sachit Kanwar	-	-	-	405.00	405.00	405.00
<b>Amount Payable</b>						
Mr. Surinder Paul Kanwar	-	-	-	50.00	50.00	80.00
UCPL	15.00	15.00	-	-	-	-
BGL	83.87	42.31	28.97	-	-	-
CSIPL	50.00	50.00	-	-	-	-
VFIPL	45.00	45.00	-	-	-	-

#### Note 48 : Financial Instruments

Particulars	Notes	31 March, 2018			31 March, 2017			01 April, 2016		
		FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
<b>Financial Assets</b>										
Investment										
Equity Shares (Quoted)	5	493.48	-	-	339.20	-	-	186.98	-	-
Equity Shares (Unquoted)	5	-	-	-	-	-	0.10	-	-	0.10
Loans and Advances	6,14	-	-	36.38	-	-	47.18	-	-	63.23
Trade Receivables	7,11	-	-	6,068.62	-	-	5,446.23	-	-	5,675.97
Cash and Bank Balances	12,13	-	-	719.01	-	-	1,211.36	-	-	1,322.12
Other Financial Assets	8,15	-	-	235.37	-	-	135.76	-	-	516.85
<b>Total Financial Assets</b>		<b>493.48</b>	<b>-</b>	<b>7,059.38</b>	<b>339.20</b>	<b>-</b>	<b>6,840.63</b>	<b>186.98</b>	<b>-</b>	<b>7,578.27</b>
<b>Financial Liabilities</b>										
Borrowings	20,22	-	-	545.49	-	-	1,079.74	-	-	885.52
Trade Payables	23	-	-	2,967.74	-	-	3,318.85	-	-	4,300.69
Other Financial Liabilities	24	-	-	282.51	-	-	221.84	-	-	284.00
<b>Total Financial liabilities</b>		<b>-</b>	<b>-</b>	<b>3,795.74</b>	<b>-</b>	<b>-</b>	<b>4,620.43</b>	<b>-</b>	<b>-</b>	<b>5,470.21</b>

#### Fair Value Hierarchy

The Group uses following method of hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly.

**Level 3:** Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(All amounts in ₹ Lakhs, unless otherwise stated)

## i) Financial assets and liabilities are measured at-recurring fair value measurement at 31 March, 2018.

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investment in:					
Equity Instruments	5	493.48	-	-	493.48

## ii) Financial assets and liabilities are measured at-recurring fair value measurement at 31 March, 2017

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investment in:					
Equity Instruments	5	339.20	-	-	339.20

## iii) Financial assets and liabilities are measured at-recurring fair value measurement at 01 April, 2016

Particulars	Notes	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Investment in:					
Equity Instruments	5	186.98	-	-	186.98

During the year ended 31.03.2017 and 31.03.2016, there were no transfers between Level 1 and level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements. There is no transaction/balance under level 3.

**Note 49 : First-time adoption of Ind AS:****A. Basis of Preparation:**

These are the Group's first Consolidated Financial Statements prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) and the Companies (Indian Accounting Standards) Rule, 2015 as amended and other relevant provisions of the Act. The accounting policies set out in Note 2 have been applied in preparing the Financial Statements for the year ended 31 March, 2018.

The Group has prepared Consolidated Financial Statements for the year ended 31 March, 2017 and Opening Ind AS balance sheet as at 01 April, 2016 (date of transition of the Group). In preparation its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in Consolidated Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act, (hereinafter referred to as 'Previous GAAP'). An explanation of how the transition from Previous GAAP to Ind AS has affected the financial position, financial performance and cash flows of the Group is set out in the following tables and notes.

The Group has adopted Indian Accounting Standards (Ind AS) as notified under section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. (Ind AS) on and from the Financial year 2017-18, with a transition date of 01 April, 2016. For all period up to and including the year ended 31 March, 2017, the Group has preparing its Consolidated Financial Statements in accordance with the previously applicable Indian GAAP (hereinafter referred to as 'Previous GAAP').

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time adoption of Indian Accounting Standard (Ind AS 101). Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS Financial Statements be applied retrospectively and consistently for all the financial years presented, subject to mandatory exemptions and voluntary exemptions.

Accordingly, the Group has prepared Financial Statements which comply with Ind AS for the year ended 31 March, 2018, together with the comparative information as at and for the year ended 31 March, 2017.

(All amounts in ₹ Lakhs, unless otherwise stated)

## B. Exemptions and exemptions available:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS

### Ind AS optional Exemption

#### Previous GAAP carrying values deemed cost exemption:

Ind AS 101 permits a first-time adopter to elect to previous GAAP carrying values of all its property, plant and equipment as recognised in the Consolidated Financial Statements as at the date of transition as its deemed cost under Ind AS. Accordingly, the Group has elected to measure all of its property, plant and equipment at previous GAAP carrying value on date of transition as deemed cost.

### Ind AS Applicable Mandatory exceptions

#### i. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1st April, 2016 are consistent with the estimates as at the date made in conformity with previous GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Investment in equity instruments carried at FVPL. Impairment of financial assets based on expected credit loss model.

#### ii. De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transaction occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information was obtained at the time of initial accounting for those transactions.

The Group has opted to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

#### iii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

## C. Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind AS:

Particulars	Ref	As at 31 March, 2017			As at 31 March, 2016		
		As per Previous GAAP	Ind AS Impact	As per Ind AS	As per Previous GAAP	Ind AS Impact	As per Ind AS
<b>ASSETS</b>							
<b>Non-Current assets</b>							
Property, Plant and Equipment		1,582.79	-	1,582.79	1,646.00	-	1,646.00
Capital Work In Progress		1.06	-	1.06	20.59	-	20.59
Other Intangible Assets		41.96	-	41.96	42.14	-	42.14
Financial Assets							
a. Investments	F	146.98	192.32	339.30	146.98	40.10	187.08
b. Loans and Advances		22.93	-	22.93	19.91	(2.00)	17.91
c. Trade Receivables	F	-	944.29	944.29	-	166.34	166.34
d. Other Financial Assets		-	110.60	110.60	-	423.40	423.40
Deferred Tax Assets (Net)	F	-	340.72	340.72	-	252.89	252.89
Other Non Current Assets		209.92	(209.92)	-	29.33	(27.33)	2.00
<b>Total Non-Current Assets</b>		<b>2,005.64</b>	<b>1,378.01</b>	<b>3,383.65</b>	<b>1,904.95</b>	<b>853.40</b>	<b>2,758.35</b>
<b>Current Assets</b>							
Inventories		1,636.76	(1,357.89)	278.87	2,000.16	(1,504.32)	495.84
Financial Assets							
a. Trade Receivables		4,100.83	401.24	4,501.94	4,199.88	1,309.75	5,509.63
b. Cash and Cash Equivalents		1,321.96	(1,033.09)	288.87	1,745.52	(1,280.55)	464.97
c. Bank balances other than (b) above		-	922.49	922.49	-	857.13	857.13
d. Loans and Advances		300.63	(276.38)	24.25	624.66	(579.35)	45.31
e. Other Financial Assets		-	25.16	25.16	-	93.45	93.45
Current Tax Assets		-	53.28	53.28	-	180.64	180.64
Other Current Assets		25.16	197.94	223.10	93.45	305.26	398.71
<b>Total Current Assets</b>		<b>7,385.34</b>	<b>(1,067.25)</b>	<b>6,317.96</b>	<b>8,663.67</b>	<b>(617.98)</b>	<b>8,045.70</b>
<b>Total Assets</b>		<b>9,390.97</b>	<b>310.76</b>	<b>9,701.61</b>	<b>10,568.62</b>	<b>235.43</b>	<b>10,804.06</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Ref	As at 31 March, 2017			As at 31 March, 2016		
		As per Previous GAAP	Ind AS Impact	As per Ind AS	As per Previous GAAP	Ind AS Impact	As per Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
Equity Share Capital		459.32	(125.00)	334.32	459.32	(125.00)	334.32
Other Equity	F	3,595.51	314.64	3,910.15	3,558.31	289.15	3,847.46
<b>Total equity</b>		<b>4,054.83</b>	<b>189.64</b>	<b>4,244.47</b>	<b>4,017.63</b>	<b>164.15</b>	<b>4,181.78</b>
<b>Liabilities</b>							
<b>Non-Current Liabilities</b>							
Financial Liabilities							
a. Borrowings	F	2.97	125.00	127.97	44.12	125.00	169.12
Deferred Tax Liability (Net)		4.01	(4.01)	-	5.43	(5.43)	-
Other long term liabilities		2.99	(2.99)	-	3.08	(3.08)	-
Provisions		116.57	3.12	119.69	116.36	3.06	119.42
<b>Total Non-Current Liabilities</b>		<b>126.54</b>	<b>121.12</b>	<b>247.66</b>	<b>168.99</b>	<b>119.55</b>	<b>288.55</b>
<b>Current Liabilities</b>							
Financial Liabilities							
a. Borrowings		951.77	-	951.77	716.40	-	716.40
b. Trade Payables		3,315.86	2.99	3,318.85	4,297.61	3.08	4,300.69
c. Other Financial Liabilities		-	221.84	221.84	-	284.00	284.00
Other Current Liabilities		677.41	(221.85)	455.56	986.19	(283.99)	702.20
Provisions	F	264.57	(3.11)	261.46	381.79	(51.35)	330.44
<b>Total Current Liabilities</b>		<b>5,209.61</b>	<b>-</b>	<b>5,209.48</b>	<b>6,381.99</b>	<b>(48.26)</b>	<b>6,333.73</b>
<b>Total Liabilities</b>		<b>5,336.15</b>	<b>121.12</b>	<b>5,457.14</b>	<b>6,550.98</b>	<b>71.30</b>	<b>6,622.28</b>
<b>Total Equity and Liabilities</b>		<b>9,390.97</b>	<b>310.76</b>	<b>9,701.61</b>	<b>10,568.62</b>	<b>235.43</b>	<b>10,804.06</b>

**D. Reconciliation of Statement of Profit and Loss as previously reported under GAAP to Ind AS:**

Particulars	Ref.	" As per Indian GAAP "	Ind AS Transition impact	" As per Ind AS "
Revenue from operations		7,840.58	347.65	8,188.23
Other income	F	180.79	152.23	333.02
<b>Total revenue/income</b>		<b>8,021.37</b>	<b>499.88</b>	<b>8,521.25</b>
<b>EXPENSES</b>				
a. Cost of material consumed		3,699.92	-	3,699.92
b. Change in Inventories of finished goods, work-in-progress and stock-in-trade		53.73	-	53.73
c. Employee benefits expenses	F	1,138.91	2.52	1,141.43
d. Finance cost		333.35	0.01	333.36
e. Depreciation and amortization expenses		143.95	-	143.95
f. Other expenses	F	2,538.83	512.50	3,051.33
<b>Total expenses</b>		<b>7,908.68</b>	<b>515.03</b>	<b>8,423.72</b>
<b>Profit before tax</b>		<b>112.69</b>	<b>(15.16)</b>	<b>97.53</b>
Income tax expenses				
a. Current tax		95.00	-	95.00
b. Earlier year tax		(18.09)	-	(18.09)
<b>Net Current Tax</b>		<b>76.91</b>	<b>-</b>	<b>76.91</b>
Deferred tax- charge/ (credit)	F	(1.42)	(87.23)	(88.65)
<b>Total tax expense</b>		<b>75.49</b>	<b>(87.23)</b>	<b>(11.74)</b>
<b>Profit for the year</b>		<b>37.20</b>	<b>72.07</b>	<b>109.27</b>
<b>Other comprehensive Income</b>				
<b>a. Items that may be reclassified to statement of Statement Profit and Loss</b>				
Income tax effect		-	-	-
		-	-	-
<b>b. Items that will not be reclassified to Profit and Loss</b>				
Re-measurement gains/ (Losses) on defined benefit plan	F	-	2.52	2.52
Income tax effect	F	-	(0.80)	(0.80)
		-	1.72	1.72
<b>Other comprehensive Income for the Year (net of tax) (a+b)</b>		<b>-</b>	<b>1.72</b>	<b>1.72</b>
<b>Total comprehensive Income for the year</b>		<b>37.20</b>	<b>73.79</b>	<b>110.99</b>

(All amounts in ₹ Lakhs, unless otherwise stated)

**E. (i). Reconciliation of total equity as at 31 March, 2017 and 01 April, 2016:**

Particulars	Note for first time adoption	As at 31 March, 2017	As at 01 April, 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		4,054.83	4,017.63
Adjustment:			
Impact of measurement of certain receivables at fair value	F (i)	(222.42)	(57.56)
Proposed dividend together with tax thereon	F (ii)	-	48.29
Impact of measurement of quoted investment	F (iii)	192.33	40.10
Reclassification of preference share capital as borrowing under non current financial liabilities	F (vi)	(125.00)	(125.00)
Deferred Tax	F (v)	271.19	239.29
Tax impact	F (v)	73.53	19.03
<b>Total Adjustments</b>		<b>189.64</b>	<b>164.15</b>
<b>Total equity (shareholder's fund) as per Ind AS</b>		<b>4,244.47</b>	<b>4,181.78</b>

**(ii). Reconciliation of total comprehensive income for the year ended 31 March, 2017**

Particulars	Note for first time adoption	As at 31 March, 2017
<b>Profit after tax as per previous GAAP</b>		37.02
Adjustment:		
Impact of measurement of certain receivables at fair value	F (i)	164.86
Reclassification of actuarial loss/(gain) arising in respect of employee defined benefit scheme, to other comprehensive Income (OCI)	F (iv)	(2.52)
Impact of fair valuation of Investment in Quoted Investment	F (iii)	(152.22)
Tax Adjustments	F (v) & F(vi)	(82.38)
<b>Profit after tax as per Ind AS</b>		<b>109.28</b>
<b>Other Comprehensive income</b>		
Remeasurement of post-employment benefit obligations	F (iv)	2.52
Income tax relating to item above	F (v)	(0.80)
<b>Total Adjustments</b>		<b>111.00</b>
<b>Total equity (shareholder's fund) as per Ind AS</b>		

**F. Explanatory Notes to first-time adoption**

Set out below are the notes to explain various adjustments pursuant to transition from previous GAAP to Ind AS.

**i. Trade Receivables**

The Group is required to apply expected credit loss model as per Ind AS 109, for recognizing the loss allowance. As a result, the loss allowance on trade receivables increased by ₹ 222.42 lacs as at 31 March, 2017 (01 April, 2016: ₹ 57.56 lacs). Consequently, the total equity as at 31 March, 2017 decreased by ₹ 222.42 lacs (01 April, 2016: ₹ 57.56 lacs) and profit for the year ended 31 March, 2017 decreased by ₹ 164.86 lacs.

**ii. Proposed Dividend**

In the financial statements under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend together with tax thereon of Nil as at 31 March, 2017 (01 April, 2016: ₹ 48.29 lacs) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

**iii. Fair valuation of investments**

Under the previous GAAP, investments in equity instruments were classified as long term investments or current investments based on the intended holding period and reliability. Long term investments were carried at cost less provision for the than temporary diminution in carrying amount of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS investments in equity instruments are required to be measured at fair value. The Group has opted to measure investment in equity instruments at fair value through profit and loss account (FVPL). The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in profit & loss for the year ended 31 March, 2017. This increased the profit & loss by ₹ 152.22 lacs as at 31 March, 2017 (and retained earnings by ₹ 40.10 lacs as on 01 April, 2016). Consequent to above, the total equity as on 31 March, 2017 increased by ₹ 192.33 lacs (01 April, 2016 ₹ 40.10 lacs)

**iv. Remeasurement of Post-employment Benefit Obligations**

In the consolidated financial statements prepared under previous GAAP, remeasurement benefit of defined plans, arising primarily due to change in actuarial assumptions was recognised as employee benefits

(All amounts in ₹ Lakhs, unless otherwise stated)

expense in the statement of profit and loss. Under Ind AS, such remeasurment benefits relating to defined benefits plans is recognised in other comprehensive income as per the requirement of Ind AS 19- Employee Benefits.

As a result of this change, the profit for the year ended 31 March, 2017 decreased by ₹ 2.52 lacs and other comprehensive income has increased by the same amount. There is no impact on the total equity as on 31 March, 2017.

**v. Deferred Tax**

In the consolidated financial statements prepared under previous GAAP, deferred tax was accounted as per the income statement approach which required creation of deferred tax asset/liability on timing differences between taxable profit and accounting profit. Under Ind AS, deferred tax is accounted as per the balance sheet approach which requires creation of deferred tax asset/liability on temporary differences between the carrying amount of an asset/liability in the balance sheet and its corresponding tax base.

The above changes have resulted in creation of deferred tax assets (net) amounting to ₹ 340.72 lacs as at 31 March, 2017 (01 April, 2016: ₹ 252.89 lacs). For the year ended 31 March, 2017, it has resulted in decrease in deferred tax expense and consequently deferred tax income of ₹ 87.85 lacs is booked in the statement of profit and loss for the year ended 31 March, 2016.

**vi. Current Tax**

As required under Ind AS, tax component on, actuarial gains/losses on remeasurements of defined benefit plans and gains/losses on foreign exchange differences arising on translation of foreign operations which are transferred to other comprehensive income under Ind AS, has been adjusted with current tax debited to profit or loss. For the year ended 31 March, 2017, it has resulted in decrease in current tax expense by ₹ 0.80 lacs in the statement of profit and loss with corresponding tax credit in other comprehensive income.

**vi) Reclassification of Preference Share Capital**

In the consolidated financial statements prepared as per previous GAAP, Non-Cumulative preference shares were considered in Share Capital. Under IND AS Non-Cumulative preference shares are considered as Non-Current Financial Liabilities and are shown under borrowings.

As a result of this change, Equity share capital has decreased by ₹ 125.00 Lacs and Borrowings has been increased by the same amount.

**Note 50: Recent Accounting Pronouncements**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying following Ind AS:

- Ind AS 115- Revenue from Contracts with Customers.
- Amendments to Ind AS 21- The Effects of Changes in Foreign Exchange Rates.

These Ind AS are applicable to the Company from 01 April, 2018. The Group is evaluating the effects of the new Ind AS/amendments on its Financial Statements.

**Note 51: Previous year's figures are reclassified, where necessary, to conform to the current year's classification.**

For and on behalf of the Board of Directors

**For B R Maheswari & Co LLP**  
Chartered Accountants  
Firm's Registration No. 001035N/N500050

**Surinder Paul Kanwar**  
Chairman and Managing Director  
(DIN: 00033524)

**Sachit Kanwar**  
Joint Managing Director  
(DIN: 02132124)

**Dr. Sanjeev Kumar** (DIN: 00364416)  
**V.K. Pargal** (DIN: 00076639)  
**P.K. Mittal** (DIN: 00165315)  
**Gautam Mukherjee** (DIN: 02590120)

**Sanjay Nath**  
Partner  
Membership No. 082700

**Sachin Kumar Mittal**  
Chief Financial Officer  
(PAN: BHYPM1475M)

**Sukriti Manna**  
Company Secretary  
(PAN: BQSPM2468P)

**Seethalakshmi Venkataraman** (DIN: 07156898)  
Directors

Place: New Delhi  
Date: 25 May, 2018

**FORM AOC-I**

[Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]

(₹ in Lakhs)

S.NO.	PARTICULARS	
1.	NAME OF SUBSIDIARY	XLERATE DRIVELINE INDIA LIMITED
2.	SHARE CAPITAL	1487.70
3.	RESERVES & SURPLUS	(653.12)
4.	TOTAL ASSETS	2523.12
5.	TOTAL LIABILITIES	1688.54
6.	INVESTMENTS	-
7.	NET TURNOVER	3324.88
8.	PROFIT (LOSS) BEFORE TAXATION	(41.40)
9.	PROVISION FOR TAXATION	8.02
10.	PROFIT (LOSS) AFTER TAXATION	(49.42)
11.	% OF SHAREHOLDING	100%



--	--	--	--	--	--

--	--	--	--	--	--

Name(s):

[illegible][illegible][illegible][illegible][illegible][illegible]

--	--	--	--	--	--

--	--	--	--	--	--

--	--	--	--	--	--

FROM

TO

--	--	--	--	--	--

--	--	--	--	--	--

NOTES: 1. IN CASE THE SPACE IS NOT SUFFICIENT PLEASE ATTACH A SEPARATE SHEET.  
2. THE ABOVE PROFORMA MAY BE FILLED AND RETURNED EVEN IF THERE IS NO CHANGE IN THE PARTICULARS.



## Form No. SH-13 Nomination Form

[Pursuant to Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies  
(Share Capital and Debentures) Rules 2014]

To,  
Raunaq EPC International Limited  
20 K.M. Mathura Road, P.O. Box 353  
P.O. Amar Nagar, Faridabad-121 003  
Haryana

I/We \_\_\_\_\_ the holder(s) of the securities  
particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom  
shall vest, all the rights in respect of such securities in the event of my/our death.

(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive Nos.

(2) PARTICULARS OF NOMINEE/S

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR

- (a) Date of birth:
- (b) Date of attaining majority:
- (c) Name of guardian:
- (d) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:
- (i) Relationship with the minor nominee:

Name:

Address:

Name of the Security Holder(s)

Signature

Witness with name and address

Signature



**Form No. SH-14**  
**Cancellation or Variation of Nomination**

[Pursuant to sub-section (3) of Section 72 of the Companies Act, 2013 and rule 19(9) of the Companies  
(Share Capital and Debentures) Rules 2014]

To,  
Raunaq EPC International Limited  
20 K.M. Mathura Road, P.O. Box 353  
P.O. Amar Nagar, Faridabad-121 003  
Haryana

I/We hereby cancel the nomination(s) made by me/us in favor of \_\_\_\_\_  
\_\_\_\_\_ (name and address of the nominee) in respect of the below mentioned securities.

Or

I/We hereby nominate the following person in place of \_\_\_\_\_ as nominee in respect of the below mentioned securities in whom shall vest all rights in respect of such securities in the event of my/our death.

**(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled /varied)**

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive Nos.

**(2) (a) PARTICULARS OF THE NEW NOMINEE:**

- i. Name:
- ii. Date of Birth:
- iii. Father's/Mother's/Spouse's name:
- iv. Nationality:
- v. Address:
- vi. E-mail id:
- vii. Relationship with the Security holder:

**(b) IN CASE NEW NOMINEE IS A MINOR**

- i. Date of birth:
- ii. Date of attaining majority:
- iii. Name of guardian:
- iv. Address of guardian:

**(3) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY**

- (a) Name:
- (b) Date of Birth:
- (c) Father's/Mother's/Spouse's name:
- (d) Occupation:
- (e) Nationality:
- (f) Address:
- (g) E-mail id:
- (h) Relationship with the security holder:
- (i) Relationship with the minor nominee:

**Signature**

**Name of the Security Holder(s)**

**Witness with name and address**





RAUNAQ EPC INTERNATIONAL LIMITED

REGD. OFF.: 20 K.M., Mathura Road, P. O. Amar Nagar, Faridabad - 121 003 (Haryana) | [www.raunaqinternational.com](http://www.raunaqinternational.com)